ANNUAL REPORT
2010 - 2011

Leadership through Consolidation

HINDALCO INDUSTRIES 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 has truly excelled. Its consolidated revenue at US $ 15.85 billion, has been the highest ever. This is a growth of 24%. Its adjusted EBITDA stands at US $ 1.93 billion (Rs.8,724 crores). Its performance reflects four inherent strengths. First, its low cost business model. Second, its operational excellence.

Third, its superior product mix. And fourth, a balanced and de-risked portfolio.

Your Company's Copper production, both in India and Australia, has been impressive. One sees a marked improvement in operational efficiencies. Your Company's Copper Smelter in India and Nifty mines in Australia have recorded the highest copper production.

Novelis achieved outstanding results as well. A net income of US $ 116 million, an EBIDTA of $1.1 billion and a solid free cash flow of US $ 310 million. They reflect a number of ongoing initiatives, geared to strengthen the business. Among these are: optimizing the Company's footprint; reducing its cost base by closing underperforming and non-core plants, investing in recycling initiatives. Furthermore, the expansion of the Company's Pinda mill in Brazil and global debottlenecking projects designed to increase capacity, have been growth propellers.

Your Company has embarked on an aspirational growth path. Several projects are on the ground. I will touch upon a few, as in the Management Discussion and Analysis (MDA), these have been dealt in great depth. The Hirakud Flat Rolled Products project is underway. As perhaps you may be aware, the FRP production from the Novelis Plant at Rogerstone in UK is being moved to India. The project will be completed by end 2011. It will give your Company an edge in the local and export markets.

"All of your Company's Greenfield projects are on course. Of these projects, two aluminum smelters and one large alumina refinery viz. Mahan Aluminium, Aditya Aluminium and Utkal Alumina are in advance stage of execution with a capital outlay of US $ 5 billion."

All of your Company's Greenfield projects are on course. Of these projects, two aluminum smelters and one large alumina refinery viz. Mahan Aluminium, Aditya Aluminium and Utkal Alumina are in advance stage of execution with a capital outlay of US $ 5 billion. Let me reiterate that when these projects, along with those which are currently on the drawing board, are commissioned, your Company would be a 1.7 million ton aluminum company with a 6 million ton alumina refining capacity. There is great going for Hindalco in the coming years.

Outlook

I believe, your Company is well poised to emerge as "Global Metal Business' comprising India Centric Upstream business and Global Value Added Downstream business. As I mentioned earlier, your Company has embarked on an ambitious growth path with an announced investment plan of over US $ 6.5 billion in India and globally in the next three years. In my view, your Company is all set for a quantum growth leap.

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

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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.

"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."

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.

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 Group by 2015. Your Company will play a important role in reaching this destination.

Yours sincerely,

Kumar Mangalam Birla

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...DIVERSE WORLD

51 units • 13 countries

SUBSIDIARIES	UNIT LOCATED AT	
Novelis Inc	North America	• Rolled Product • Foil • Recycled Product
	Europe	• Rolled Product • Recycled Product
	Asia	• Rolled Product • Recycled Product
	South America	• Rolled Product • Alumina • Aluminium • Recycled Product
Aditya Birla Minerals Limited	Nifty Mines Mt Gordon Mines Australia	• Copper Cathode • Copper Concentrate • Copper Concentrate

WIDE OPERATIONS

• 34000 workforce • 15 + nationalities

Alumina Refinery

Aluminium Extrusion Plant

Aluminium Foil Plant

Aluminium Rolled Product Plant

Aluminium Smelter

Bauxite Mines

Coal Mines

Coating

Cold Rolled

Continous Casting

Converting

Copper Mines

Finishing

Hot Rolled

Integrated Aluminium Complex

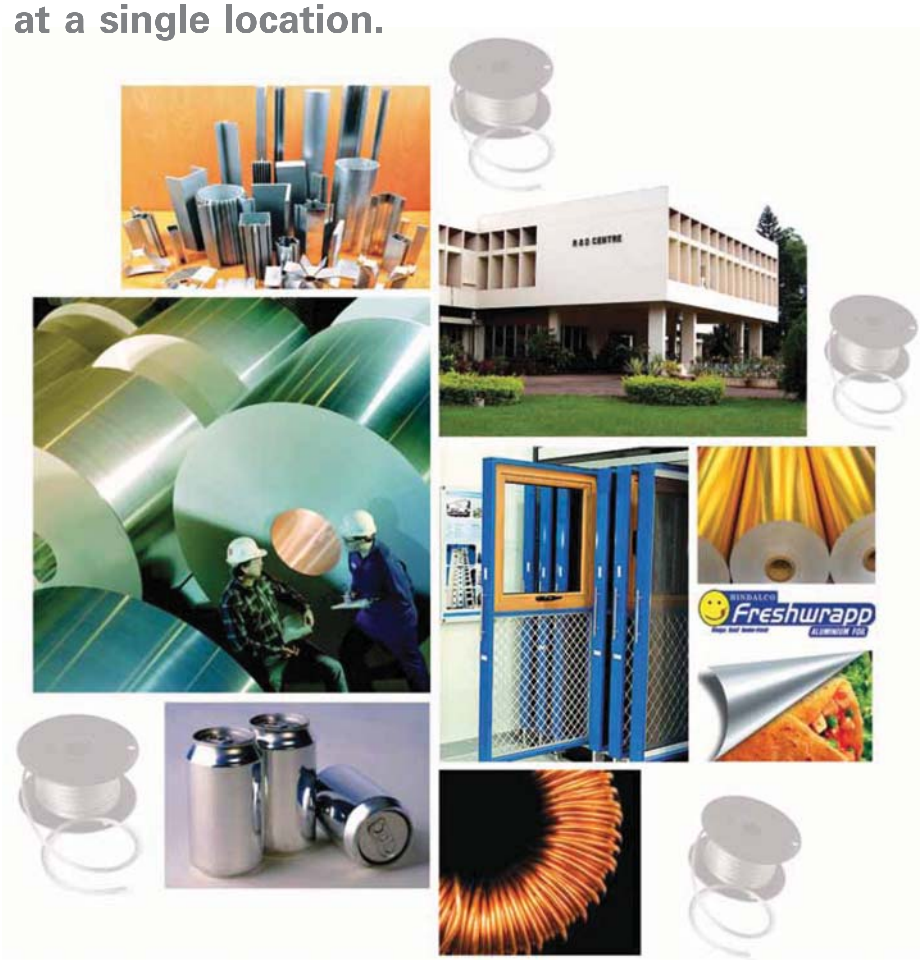
Integrated Copper Complex

Power Plant

R & D / Technology Centre

Recycling

Hindalco Industries Limited, the metals flagship company of the Aditya Birla Group, is an industry leader in aluminium and copper. A metals powerhouse with a consolidated turnover of Rs. 72,078 crore (US$ 15.85 billion), Hindalco is the world's largest aluminium rolling company and one of the biggest producers of primary aluminium in Asia. Its Copper smelter is the world's largest custom smelter at a single location.



CONTENTS

BOARD OF DIRECTORS

Non Executive Directors

Mr. Kumar Mangalam Birla, *Chairman*

Mrs. Rajashree Birla

Mr. Chaitan Manbhai Maniar

Mr. Sangram Singh Kothari

Mr. Madhukar Manilal Bhagat

Mr. Kailash Nath Bhandari

Mr. Askaran Agarwala

Mr. Narendra Jamnadas Jhaveri

Mr. Ram Charan

Mr. Jagdish Khattar

Executive Director

Mr. Debnarayan Bhattacharya
Managing Director

CHIEF FINANCIAL OFFICER

Mr. Sunirmal Talukdar
Group Executive President & CFO

COMPANY SECRETARY

Mr. Anil Malik

CORPORATE

Mr. Rengaiyengar Ram,
Executive President
(Corporate Projects & Procurement)

Mr. Vineet Kaul,
Chief People Officer

BUSINESS/UNIT HEAD

Mr.Dilip Gaur,
Group Executive President, Copper

Mr. Shashi Maudgal,
Chief Marketing Officer, Aluminium

Mr. Satish Mohan Bhatia,
President (Foil & Packaging)

Mr. Raghavendra Dhulkhed,
Senior President (Operations)

Mr. Sanjay Sehgal,
President (Chemicals & International Trade)

Mr. Dinesh Kumar Kohly,
Chief Operating Officer (Renukoot & Renusagar Units)

Utkal Alumina International Limited

Mr. Surya Kanta Mishra, CEO

Novelis Inc

Mr. Debnarayan Bhattacharya, Vice Chairman

Mr. Philip Martens, President & CEO

Aditya Birla Minerals Limited

Mr. Debnarayan Bhattacharya, Chairman

Mr. Sunil Kulwal, CEO & MD

AUDITORS

Singhi & Co., Kolkata

COST AUDITORS

R.Nanabhoy & Co., Mumbai
Mani & Co., Kolkata

	USD in Mn* 2010-11	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02 (₹ Crore)
PROFITABILITY											
Net Sales and Operating Revenues	5,246	23,859	19,522	18,220	19,201	18,313	11,396	9,523	6,208	4,986	2,331
Cost of Sales	4,546	20,674	16,572	15,184	15,800	14,298	8,791	7,247	4,708	3,741	1,337
Operating Profit	700	3,185	2,950	3,036	3,401	4,015	2,605	2,276	1,500	1,245	994
Depreciation and Impairment	151	687	667	645	588	638	521	463	317	264	154
Other Income	70	317	260	637	493	370	244	270	240	218	211
Interest and Finance Charges	48	220	278	337	281	242	225	170	177	136	46
Profit before Tax and Exceptional Items	571	2,595	2,265	2,690	3,026	3,505	2,103	1,913	1,246	1,063	1,005
Exceptional Items (Net)	-	-	-	-	-	-	(3)	9	-	163	-
Profit before Tax	571	2,595	2,265	2,690	3,026	3,505	2,106	1,904	1,246	899	1,005
Tax for current year	103	469	462	611	705	940	450	575	407	317	319
Tax adjustment for earlier years (Net)	(2)	(11)	(113)	(151)	(541)	-	-	-	-	-	-
Net Profit	470	2,137	1,916	2,230	2,861	2,564	1,656	1,329	839	582	686
FINANCIAL POSITION											
Gross Fixed Assets (including CWIP)	5,335	23,751	17,496	14,783	13,728	12,729	11,251	10,096	7,126	6,470	3,736
Depreciation and Impairment	1,506	6,703	6,059	5,506	4,799	4,246	3,635	3,169	1,918	1,607	1,041
Net Fixed Assets	3,829	17,048	11,438	9,277	8,929	8,483	7,616	6,927	5,208	4,863	2,695
Investments	4,099	18,247	21,481	19,149	14,108	8,675	3,971	3,702	3,377	2,648	1,985
Net Current Assets	666	2,964	2,716	5,068	4,051	3,741	4,150	1,958	1,833	1,923	1,303
Capital Employed	8,594	38,259	35,634	33,493	27,088	20,900	15,737	12,587	10,418	9,435	5,984
Loan Funds	1,634	7,272	6,357	8,324	8,329	7,359	4,903	3,800	2,565	2,395	958
Deferred Tax Liability (Net)	289	1,287	1,366	1,411	1,324	1,126	1,233	1,130	995	849	444
Net Worth	6,671	29,700	27,911	23,758	17,436	12,415	9,601	7,657	6,858	6,191	4,582
Net Worth represented by :											
Share Capital	43	191	191	170	123	104	99	93	92	92	74
Share Warrants/ Suspense	-	-	-	-	140	-	-	-	-	-	-
Reserves and Surplus #	6,628	29,509	27,720	23,588	17,174	12,311	9,502	7,564	6,765	6,099	4,507
	6,671	29,700	27,911	23,758	17,436	12,415	9,601	7,657	6,858	6,191	4,582
Dividend											
Preference Shares (including Tax)	-	-	-	0.03	0.03	-	-	-	-	-	-
Equity Shares (including Tax)	73.4	334	301	269	265	202	247	212	172	141	101

RATIOS AND STATISTICS

	Unit	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Operating Margin	%	13.35	15.11	16.66	17.71	21.92	22.86	23.90	24.17	24.97	42.64
Net Margin	%	8.96	9.81	12.24	14.90	14.00	14.53	13.96	13.51	11.68	29.42
Gross Interest Cover	Times	5.74	5.23	5.48	6.08	10.50	11.19	12.47	8.77	7.51	13.50
Net Interest Cover	Times	15.92	11.55	10.90	13.88	18.09	12.65	14.98	9.82	10.72	26.43
ROCE	%	7.36	7.14	9.04	12.21	17.93	14.79	16.55	13.66	12.71	17.56
ROE	%	7.19	6.86	9.39	16.41	20.66	17.24	17.36	12.23	9.40	14.97
Basic EPS $	Rs.	11.17	10.82	14.82	22.23	25.52	16.79	13.48	8.53	5.92	8.67
Diluted EPS $	Rs.	11.16	10.81	14.82	22.11	25.52	16.79	13.48	8.53	5.92	8.67
Cash EPS $	Rs.	14.76	14.58	19.10	26.80	31.87	22.07	18.18	11.76	8.61	10.62
Dividend per Share	%	150	135	135	185	170	220	200	165	135	135
Capital Expenditure	Rs. in Cr.	6,314	2,860	1,121	1,049	1,516	1,188	1,097	669	1,037	701
Foreign Exchange earning on Export	Rs. in Cr.	7,096	5,268	5,148	6,434	6,973	3,643	2,605	1,295	1,028	337
Debt Equity Ratio	Times	0.24	0.23	0.35	0.48	0.59	0.51	0.50	0.37	0.39	0.21
Book value per Share $	Rs.	155.14	145.87	139.73	142.09	118.97	97.40	82.54	74.16	66.95	61.53
Market Capitalisation	Rs. in Cr.	40,040	34,682	8,850	20,260	13,963	19,196	12,002	11,256	4,943	5,734
Number of Equity Shareholders	Nos.	320,965	339,281	435,064	335,337	520,019	396,766	117,721	117,124	153,606	35,955
Number of Employees	Nos.	19,341	19,539	19,867	19,667	20,366	19,593	19,687	13,675	13,752	12,955
Average Cash LME (Aluminium)	USD	2,257	1,868	2,234	2,623	2,663	2,028	1,779	1,496	1,354	1,395
Average Cash LME (Copper)	USD	8,140	6,112	5,885	7,521	6,985	4,099	3,000	2,046	1,586	-

* Balance sheet items are translated at closing exchange rate and Profit and Loss items are translated at average exchange rate.

Including Employee Stock Options Outstanding but Net of Miscellaneous Expenditure

$ Figures recomputed for all the years prior to 2005-06 for stock split in the ratio of 10 : 1 (Face value Rs. 10/- to Re. 1/-) effected in 2005-06.

Figures for 2002-03 onwards include figures relating to the copper business of Indo Gulf Corporation Limited acquired pursuant to Scheme of Arrangement with effect from 01.04.2002.

Figures for 2004-05 onwards include figures relating to de-merged Units of Indian Aluminium Company, Limited acquired pursuant to Scheme of Arrangement with effect from 01.04.2004.

Figures for 2007-08 onwards include figures of Indian Aluminium Company, Limited amalgamated pursuant to Scheme of Amalgamation with effect from 01.04.2007.

	USD in Mn*	(₹ Crore)									
	2010-11	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
PROFITABILITY											
Net Sales and Operating Revenues	15,848	72,078	60,708	65,963	60,013	19,316	12,120	10,105	8,223	6,401	3,565
Cost of Sales	14,089	64,076	50,962	62,993	53,378	14,886	9,275	7,675	6,268	4,899	2,365
Operating Profit	1,759	8,002	9,746	2,970	6,635	4,431	2,845	2,431	1,956	1,502	1,201
Depreciation and Impairment	605	2,750	2,784	3,038	2,488	865	796	632	514	371	218
Other Income	95	431	323	691	656	409	281	278	280	241	238
Interest and Finance Charges	404	1,840	1,104	1,228	1,849	313	301	216	235	190	81
Profit before Tax and Exceptional Items	845	3,843	6,181	(605)	2,954	3,662	2,028	1,860	1,486	1,182	1,141
Exceptional Items (Net)	-	-	-	-	-	-	(2)	13	1	161	7
Profit before Tax	845	3,843	6,181	(605)	2,954	3,662	2,030	1,847	1,485	1,020	1,133
Tax for current year	214	974	1,932	(805)	1,189	958	440	623	487	350	355
Tax adjustment for earlier years (Net)	(2)	(10)	(103)	(149)	(548)	0	(0)	(72)	1	(0)	-
Profit before Minority Interest	633	2,879	4,352	349	2,313	2,703	1,590	1,296	997	670	779
Minority Interest	80	366	424	(172)	219	16	11	11	4	5	30
Share in Profit/ (Loss) of Associates (Net)	13	57	3	37	(100)	1	-	-	-	-	-
Net Profit	540	2,456	3,925	484	2,193	2,686	1,580	1,285	993	666	749
FINANCIAL POSITION											
Gross Fixed Assets (including CWIP)	13,777	61,338	51,423	49,169	44,569	16,188	14,484	12,592	10,970	9,554	5,559
Depreciation and Impairment	3,549	15,802	16,622	14,404	7,405	5,035	4,600	3,906	3,041	2,495	1,608
Net Fixed Assets	10,228	45,536	34,801	34,765	37,164	11,153	9,883	8,685	7,929	7,060	3,950
Investments	2,438	10,855	11,246	10,389	14,008	7,874	3,163	2,956	1,866	1,187	1,241
Net Current Assets	1,415	6,301	5,172	3,011	4,254	4,257	3,967	2,161	2,249	2,305	1,607
Capital Employed	14,082	62,692	51,219	48,165	55,426	23,285	17,014	13,802	12,043	10,552	6,798
Loan Funds	6,220	27,692	23,999	28,310	32,352	8,443	6,279	4,931	3,724	3,304	1,395
Minority Interest	498	2,217	1,737	1,287	1,615	857	130	86	93	36	199
Deferred Tax Liability (Net)	844	3,760	3,938	2,811	4,172	1,172	1,228	1,134	1,195	1,026	598
Net Worth	6,519	29,023	21,545	15,758	17,286	12,814	9,377	7,651	7,031	6,186	4,606
Net Worth represented by :											
Share Capital	43	191	191	170	123	104	147	142	141	131	74
Share Warrants/ Suspense	-	-	-	-	140	-	-	-	-	11	-
Reserves and Surplus #	6,476	28,832	21,353	15,588	17,023	12,709	9,230	7,510	6,889	6,044	4,531
	6,519	29,023	21,545	15,758	17,286	12,814	9,377	7,651	7,031	6,186	4,606
Dividend											
Preference Shares (including Tax)	-	-	-	0.03	0.03	-	-	-	-	-	-
Equity Shares (including Tax)	73.5	334	303	271	268	204	249	213	173	141	101

RATIOS AND STATISTICS

	Unit	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Operating Margin	%	11.10	16.05	4.50	11.06	22.94	23.47	24.05	23.78	23.47	33.67
Net Margin	%	3.41	6.47	0.73	3.65	13.90	13.03	12.71	12.08	10.40	21.01
Gross Interest Cover	Times	4.58	9.12	2.98	3.30	9.91	8.87	10.32	8.60	6.89	11.41
Net Interest Cover	Times	4.58	9.12	2.98	3.94	15.44	10.37	12.54	9.53	9.16	17.81
ROCE	%	9.06	14.22	1.29	8.67	17.07	13.69	15.04	14.29	13.00	17.97
ROE	%	8.46	18.22	3.07	12.69	20.96	16.85	16.79	14.13	10.76	16.26
Basic EPS $	Rs.	12.84	22.17	3.21	17.04	26.73	16.02	13.03	10.11	6.77	9.46
Diluted EPS $	Rs.	12.83	22.16	3.21	16.95	26.73	16.02	13.03	10.11	6.77	9.46
Cash EPS $	Rs.	27.20	37.88	23.40	36.38	35.33	24.09	19.44	15.33	10.54	12.21
Capital Expenditure	Rs. in Cr	8,408	5,983	2,452	2,989	2,349	1,758	1,565	1,177	1,256	793
Debt Equity Ratio	Times	0.95	1.11	1.80	1.87	0.66	0.67	0.64	0.53	0.53	0.30
Book value per Share $	Rs.	151.61	112.59	92.68	140.86	122.79	95.14	82.47	76.03	66.89	61.86

* Balance sheet items are translated at closing exchange rate and Profit and Loss items are translated at average exchange rate.

Including Employee Stock Options Outstanding but Net of Miscellaneous Expenditure

$ Figures recomputed for all the years prior to 2005-06 for stock split in the ratio of 10 : 1 (Face value Rs. 10/- to Re. 1/-) effected in 2005-06.

Figures for 2003-04 onwards include the figures of Aditya Birla Chemicals (India) Limited which has become subsidiary of the Company with effect from 07.05.2003.

Figures for 2007-08 onwards include the figures of Novelis Inc., a foreign subsidiary, acquired by the Company on 16.05.2007 through its wholly-owned overseas subsidiaries.

D. Bhattacharya
Managing Director

Business Overview:

FY 11 witnessed a strong pricing environment for commodities driven by continued global economic recovery. Strong fundamental demand, buoyed by strong growth in industrial activity after a lull in FY 09; and fledgling recovery in FY10, coupled with growing emergence of commodities as an asset class manifested in strong prices for both copper and aluminium, the businesses in which your company operates.

However, the flip side to this commodity boom was a sharp rally in crude and energy prices giving rise to incessant cost pressures, which negated most benefits of higher commodity prices.

The year also brought in unique challenges for Hindalco as it suffered two major disruptions at

- Hirakud smelter (Aluminium) and
- Dahej plant due to cooling tower problem (copper)

Thus FY11 clearly tested the company's resilience and determination to deliver against a back drop of significant macroeconomic, strategic and operational challenges. Your company's business fired on all fronts, leveraged every opportunity in the book and demonstrated an unprecedented 'can do' spirit to deliver an outstanding performance against these odds. Every constituent of the business: Aluminum and Copper business in India , Novelis and ABML, contributed equitably to this delivery and in a way laid a strong strategic foundation for sustaining this improved performance into the future.

Business Highlights

The highlights of this year's performance were

- Consolidated Revenue of USD 15.9 billion on the back of strong showing by all businesses
- highest ever underlying EBITDA of $1.9 billion, reflecting the inherent strength of your company's low cost business model, operational excellence, superior product mix and a balanced portfolio.
- Strong cash flows to support the growth ambitions
- Innovative financing to fuel our growth plans.

  Your Company completed over USD 7 billion of financing transactions; each of them has been a landmark in itself:
- Financial closure of Utkal and Mahan: Achieved financial closure of two projects in a challenging liquidity environment. underpinned by an overwhelming response in syndications, a fitting testimony to our deal structuring capabilities and underlying credibility with the banking fraternity.
- Novelis refinancing: This was a landmark innovation in financing - not only did Hindalco get back 50% of the invested equity within 4 years, but also opened up a novel funding avenue between Novelis and Hindalco

Hindalco's consolidated revenue at Rs. 72,078 crore has been the highest ever, a growth of 19% year-on-year. Strong volumes, improved mix and higher commodity prices have been the growth drivers.

Profit before depreciation, interest and taxes stood at Rs. 8,433 crore as against Rs. 10,069 crore in FY10, which included Rs. 2,736 crore (USD 578 million) of unrealized gains on derivatives, as against unrealised loss of Rs. 291 crore (USD 64 million) in FY11. The underlying performance of the current year sets a new record, reflecting the inherent strength of the Company's low cost business model, operational excellence, superior product mix and a balanced and de-risked portfolio.

Adjusted consolidated EBITDA rose by 25% (31% in Dollar terms) compared to FY10:

Rs. Crore

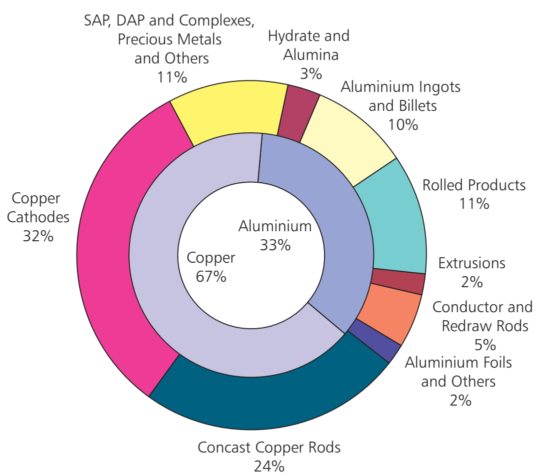
	FY11	FY10
EBITDA	8,433	10,069
Less: Unrealised Gain/(Loss) on Derivatives - Novelis	(291)	2,736
Transitional adjustment on adoption of AS-30 - India		349
Adjusted EBITDA	8,724	6,983

Of the total annual revenue of Rs. 72,078 crore, Aluminium Business contributed Rs. 56, 084 crore, up 17% over the last year. Aluminium EBIT stood at Rs. 4,469 crore compared to Rs. 5,998 crore in FY10. As indicated above, FY10 EBIT includes an unrealised gain on derivatives of Rs. 2,736 crore and transitional adjustment for AS-30 Rs. 349 crore. The results reflect a strong performance in the Aluminium Business in India and at Novelis.

In the Copper Business, revenue was higher at Rs. 15,887 crore, a rise of 26% from Rs 12,573 crore in FY10, mainly on account of higher volumes, higher copper LME and by-product credits. The benefits of the marked improvement in operational efficiencies were partially offset by lower TcRc and higher energy cost. The copper mines in Australia contributed significantly to the copper EBIT on the back of higher LME, despite a surge in input costs. EBIT of Rs. 1,082 crore for the Copper Business is 8% higher over last year.

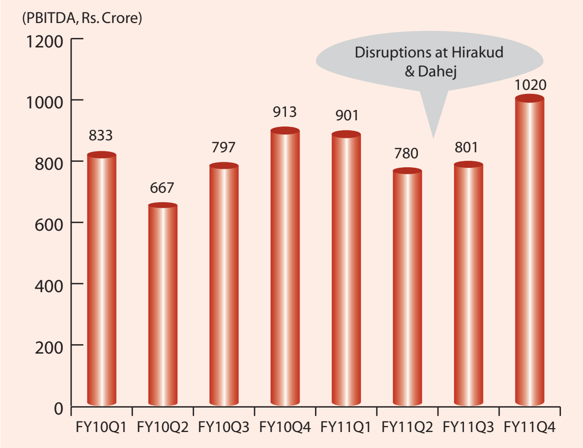
Hindalco Standalone:

Share of Net Sales Value



Revenues for the year crossed USD 5 Bn

For the year ended March 31, 2011, net sales at Rs. 23,859 crore grew by 22%. Highest ever copper volumes, better product and geographic mix, by-product credit and higher realisation led by higher commodity prices enabled the company clock an impressive growth.



Input cost pressures, lower TcRc and one-timers associated with the Hirakud power outage have been some of the constraints faced in attaining even higher levels of performance. EBITDA for FY11 stood at Rs. 3,502 crore as against Rs. 3,210 crore in FY10; inclusive of a gain of over Rs. 349 crore, arising on account of AS-30 transition. FY11 EBITDA was constrained by the one-timers mentioned above.

Operational Highlights:

The endeavour to produce more metal through asset sweating and through de-bottlenecking at Renukoot helped your company produce 538 KT, marginally lower than previous year's production of 555 KT of hot metal despite loss of over 20 KT productions at Hirakud.

Aluminium sales at Rs. 7,965 crore were up 14%, mainly on the back of better realization. Overall metal volumes were lower due to Hirakud disruption, however following proactive initiatives were taken to bridge the gap:

1. Higher Alumina sales by 28%, as surplus Alumina was diverted to third party sales.
2. Sold more metal in India, to benefit from higher realization.

The EBIT margin of the Aluminium business is amongst the highest relative to domestic and global peers which underlines our strategic thrust and commitment to combine cost leadership and portfolio de-risking.

FY11 posed several challenges to the Copper smelters worldwide. Strong copper prices resulting into higher working capital blockage, tightness in the concentrate market; and lower TCRC's along with severe cost inflation squeezed the custom smelters margins significantly.

The Copper smelting business delivered a strong performance against these significant odds. The business contributed Rs. 15,902 crore to the top line – a growth of 27% YOY, and delivered EBIT of Rs. 602 crore as compared with Rs. 660 Crore last year. However it is significant to note that last year's performance included a transitional gain of Rs.156 crore arising out of Derivative accounting. This has been a strong underlying performance delivered by the business despite the loss in production due to unexpected cooling tower problem coupled with adverse Tc/Rc and rising cost pressures.

Novelis

Novelis, Your Company's 100% subsidiary, today is poised for Rapid Transformational Growth. The adjusted EBITDA at a record level of USD 1.1 billion was up by 42% compared to previous year. The company also posted a net income of USD 116 million under US GAAP and a solid Free Cash Flow of USD 310 million during the year.

The record results at Novelis reflect a number of ongoing initiatives to strengthen the business and prepare it for transformational growth. The global realignment of the organization towards operating as a fully integrated global company, optimizing the Company's footprint and reducing its cost base by closing underperforming and non-core plants and by investing in recycling initiatives fuelled its growth. The focus continues to be on premium products, which now comprise over 70 percent of Novelis' product portfolio.

The refinancing and recapitalizing initiatives undertaken in FY11 have positioned the Company to significantly invest over the next few years to capture strong market growth in its key product segments globally.

Shipments of aluminium rolled products totaled 2,969 Kt for FY11, an increase of 10 percent compared to shipments of 2,708 Kt in the

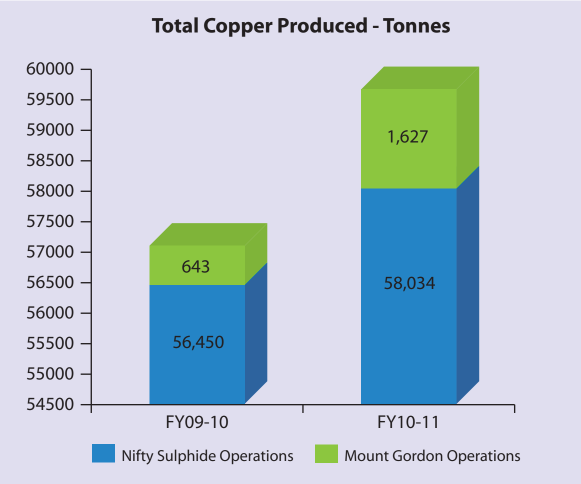
previous year. This increase in shipments for the year was driven by strong end-market conditions across all product segments globally, particularly in can, automotive and electronics. Net sales for FY11 were $10.6 billion, an increase of 22 percent compared to the $8.7 billion reported for FY10. Novelis intends to use its strong operating cash flow to fund $1.5 billion in capital expenditure over the next three years. The previously announced rolling mill expansion in Brazil and the recently announced expansion in Korea as well as strategic automotive expansion in North America are key focus areas in the near term to capitalize on future growth and solidify its position as the leading player in the global FRP industry.

Over the next year, Novelis expects continued strong demand in its key product segments. As a result, capital expenditure for FY12 is projected to be between $550 and $600 million. Much of this capital is earmarked for strategic investments, which include Brazilian and Asian rolling mill expansions, strategic automotive capacity increase in North America and recycling initiatives across operating regions. Debottlenecking projects are also being undertaken across the regions to increase the capacity.

Aditya Birla Minerals

Aditya Birla Minerals (ABML) delivered a strong performance in FY11 granting the fact that Mt Gordon facility remained under care and maintenance. Improvements in operational efficiencies across the board have resulted in the highest ever copper production from Nifty. Through various initiatives, including those that were initiated during the Global Financial Crisis of 2009/10, the company managed to offset the impact of the inflationary pressures on its cost structure. With a robust operational frame, Aditya Birla Minerals is on a strong footing to benefit from the global healthy economics.

The Company's financial performance for FY11 has been rewarding and encouraging. The consolidated revenue stood at A $464 million – up 22% from the previous year. The growth was driven by higher shipments as well as better realizations. Net profit after tax was A$57 million in FY11, recording a marginal decline from A$61 million in the previous year. The decline was primarily on account of the expenditure incurred towards environmental compliance for Mt Gordon that was under care and maintenance throughout the year. A rising Australian dollar against USD also impacted the profitability. Nevertheless, the restart of Mt Gordon operations and on the strength of strong copper prices for the year, your company is set to improve its operational and financial performance in the on-going financial year.



Projects

Hindalco's projects continue to follow the strategic plan which we have set for ourselves. Your Company has embarked on an aspirational growth path towards which, three new Aluminium Smelters and two new Alumina Refineries are being set up in the states of Odisha, Madhya Pradesh and Jharkhand. With these projects on stream, aluminium smelting capacity will touch around 1.7 Million-tonne and alumina refining capacity around 6 Million-tonne. The site work on these Greenfield projects is in various stages of progress.

Financing:

Your company took several proactive financing measures to ensure smooth progress on these projects.

Utkal and Mahan Financing

The three projects, viz. Utkal Alumina International Ltd. [UAIL], Mahan Aluminium and Aditya Aluminium, with a capital outlay of USD 5 billion are at various stages of execution. The equity for these projects has been financed by internal accruals and QIP issuance of USD 600 million in Nov '09.

During the year your company achieved the financial closure of UAIL and Mahan Aluminium through debt financing for Rs. 4,906 and Rs. 7,875 Crore respectively.

Novelis Refinancing:

As part of the company's strategy to align the capital structure to the needs of business requirements and provide more flexibility to the company, your company successfully completed refinancing initiative at Novelis. Novelis post spectacular turnaround is today poised for strong and steady growth. At the time of acquisition and during the turnaround phase the parent company took the acquisition debt on its book thus facilitating and supporting the smooth turnaround.

Given, the stability and sustainability of Novelis' de-risked business model your company during the year, refinanced the Novelis debt and in the process has facilitated the future growth plans for both Novelis and Indian operations.

The refinancing transactions consisted of the sale of $1.1 billion in aggregate principal amount of 8.375% Senior Notes (Due 2017) and $1.4 billion in aggregate principal amount of 8.75% Senior Notes (Due 2020) and the issuance of new $1.5 billion secured term loan credit facility .Novelis also replaced the existing $800 million asset based loan (ABL) facility with a new $800 million ABL facility.

The proceeds from the transactions were used to repay the prevailing secured term loan credit facility, to fund the tender offers and related consent solicitations for the old 7.25% Senior Notes (due 2015) and 11.5% Senior Notes (due 2015) and also to pay premiums, fees and expenses associated with the refinancing.

This exercise

- Ensured strategic as well as financial flexibility for both Hindalco and Novelis to grow by making cash fungible between both entities and ensuring covenant light debt structure
- Deleveraged Indian balance sheet and aligned the leverage to debt capacities
- Significantly improved maturity profile of Novelis debt

Corporate

The standalone basic and diluted Earnings Per Share were at Rs.11.2 per share FY11 as compared with Rs. 10.8 in FY10. The consolidated EPS was Rs. 12.8.

Business Performance Review:

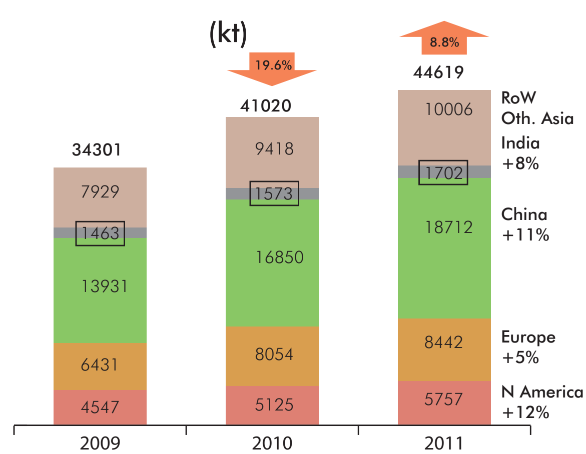
Aluminium Business

Industry Review

Global economy continued to recover after the unprecedented sharp fall in FY09 and an equally spectacular recovery in the later part of FY10. Strong demand from both emerging markets and developed markets on the back of increased Industrial activity fuelled the demand for commodities. However, emerging markets continued to be the torchbearer of this growth while the strong demand from developed market was primarily driven by restocking post crisis.

Globally, though the growth momentum continued, towards later part of FY 11, there were signs of growth moderation as most economies started facing strong headwinds post this rapid growth. Rising inflation, cost pressures and the steps taken by various governments, to tame the inflation could stem the growth. With economic sustainability of some of the European countries under question with rising sovereign debt concerns, the growth sustainability is under cloud. Similarly geo-political issues in Middle East too have slowed down the growth momentum.

The Indian economy is estimated to have grown at around 9% in real term. This strong growth



was on the back of strong industrial growth and was indeed a reflection of strong consumer demand across all the sectors.

Going forward though the growth momentum is expected to continue over long term following rising urbanization, industrialization and rising income levels leading to higher spend, there may be some roadblocks in the interim.

Strong inflationary pressures, rising deficit with strong crude prices, high interest regime are already impacting the growth momentum, with signs of moderation not only in the investments in the various projects especially infrastructure projects, but also in the consumer demand.

Aluminium Demand and Market:

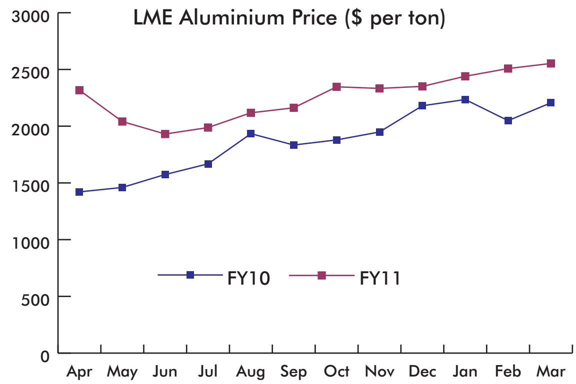
In CY 2010, the world aluminium consumption stood at around 41 Million tonnes, a sharp increase of over 20 % over 34 Million tonnes consumption in CY 2009. The CY10 production stood marginally higher at ~42 Million tonnes against production of 38 Million tonnes in CY 09.

The sharp rise in demand was the result of strong recovery in the emerging market demand and primarily restocking led growth in developed markets. As in the past, China continued to be the driving force behind this demand growth, growing at ~ 21% and contributing to over 41% of global aluminium demand in CY10.

Globally, Aluminium production too, increased as the producers restarted their capacities with the smart recovery in the aluminium LME. As a result the global markets continued to be in surplus.

During the crisis as the aluminium prices fell sharply, many players with bullish view on aluminium, started building aluminium inventory. Low storage cost added by negligible financing cost and positive outlook on prices resulted into inventory getting locked as contango exceeded carrying cost. This trend still continues resulting in shortage of aluminium in the physical market and rising premiums. Today, the global inventory stands at historical peaks and has created an overhang leading to a paradox of relatively depressed prices and yet higher premium.

Indian domestic demand continued to be robust on the back of strong industrial growth. Strong growth in the end user segments such as

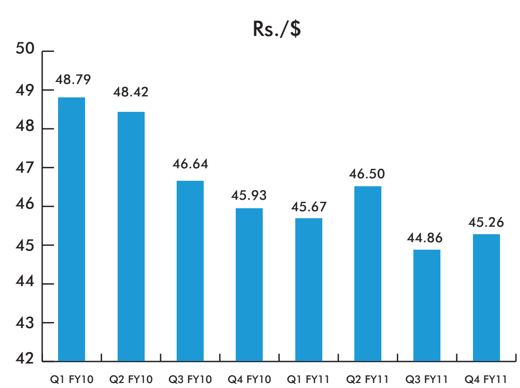


automobiles, Industrial and infrastructure; and thrust on power sector growth, propelled the aluminium demand which grew at 14% despite of some moderation towards later part of the year.

In FY11, LME average aluminium prices remained strong at around 2,250 $/tonne an increase of over 21% over previous year's average prices. The appreciating rupee though negated some of the LME price gains as for every tonne of aluminium sold we realised fewer rupee.

The aluminium prices continued to rise even as inventory levels remained at their historic highs. This was the result of tightness in the physical market, with most inventories as explained above tied up at various ware houses under financing deals.

Across the globe, the cost of production of aluminium increased sharply as input costs such as alumina and power surged. Alumina costs increased as the aluminium prices recovered and bauxite quality deteriorated. Strong increase in aluminium production with dwindling supply of



MANAGEMENT DISCUSSION AND ANALYSIS

Alumina

TAILOR-MADE SOLUTIONS FOR BUSINESSES WORLDWIDE

OUR CAPACITY

Alumina
1.50 million tpa

Refineries
Renukoot 700,000 tpa
Belgaum 350,000 tpa
Muri 450,000 tpa

Bauxite Reserves
JHARKHAND
Lohardaga/Gumla
MAHARASHTRA
Durgmanwadi/Chandgad
ODISHA
Maliparbat
CHATTISGARH
Samri

quality bauxite, coupled with rising crude related costs resulted in higher cost of alumina. The higher alumina cost has led to increased clamor for decoupling of alumina prices from aluminium prices. Alumina prices, which used to be around 11-5-12.5% of aluminium prices historically are today trading north of 16% and with a possible move to spot based pricing, are expected to increase further.

For most producers power costs increased with sharp rise in coal/energy prices. The cost of other inputs such as CPC coke and anodes also increased in line with the rise in the crude prices. In the Indian context increase in coal prices further accentuated the cost pressure.

Operational Review

On this backdrop, your Company's aluminium business operational performance was indeed exceptional and recorded a strong production performance despite loss of production due to Hirakud outage.

Alumina

Alumina production increased by 3% to 1.35 Million tonnes primarily through production ramp up at Muri. We also increased the higher paying domestic sale of specials by 16%. Overall alumina sales increased by 28% on account of lower captive consumption due to lower aluminium production at Hirakud. Alumina sales revenue increased by over 31% due to higher volumes and improved product mix.

Primary Metal

Primary aluminium production decreased only by 3% to 537,935 MT. despite a significant loss of production at Hirakud. Hirakud smelter facility production was adversely impacted because of outage due to incessant rains and thunderstorm.

Primary aluminium sales volumes were in line with the production, however the revenues showed a strong increase of over 14% due to higher LME.

Wire Rods

Wire rods production grew by over 3% from 91,903 MT in FY 10 to 94,307 MT. The production was increased to cater to growing demand from power sector.

Value Added Products (VAP)

This remains the key focus area of your company to enhance profitability. The VAP (i.e. flat rolled products, extrusions and foils) volumes in tonnage were impacted due to decline in metal volume. The overall revenue though remained strong on account of higher aluminium LME. The markup in the downstream business has shown a continuous improvement over the years with continuous improvement in product mix as well as geographical mix.

Flat Rolled products (FRP)

The FRP production was at 199,821 MT in line with lower metal production.

Extrusions

Extrusions production was affected as production activities at Alupuram, Kerala continued to be hampered following lock-out declared on February 22, 2011. The extrusion volumes were at 35,865 tonnes as compared with 38,909 tonnes in FY 10.

Financial Performance

The turnover of the aluminium domestic business increased by 14 per cent to Rs.7,965 Crore vis-à-vis Rs. 6,989 crore in the previous year, despite lower metal volumes and decline in VAP as average LME for the year was 21% higher than the previous year.

Earnings before interest and taxes (EBIT) increased by 13% to Rs. 2,004 Crore due to higher realizations, improved geographic mix and strong thrust on operational efficiency improvement. This improvement was in the face of strong cost inflation. The costs push, was the result of sharp increase in crude prices leading to significant increase in crude derivative prices such as CP coke and fuel oil. Coal prices also increased sharply. Your company also suffered on account of production loss at Hirakud, which is relatively low cost facility and subsequent spends on stabilizing the pot lines.

Aluminium producers across the globe experienced the impact of cost inflation as the global cost curve moved sharply upward. Your company's performance was amongst the best in the industry. This was possible due to its low cost structure, superior product and geographic mix as discussed earlier.

The various cost management measures successfully practiced by your company were

- Improvement in I/O norms such as Power consumption, Carbon consumption etc.
- Cost effective sourcing of key Raw materials.

The sustainability of your company's profitability is reflected in healthy EBIT margins of 25% despite these adversities.

Aluminium Outlook

In 2011, the global aluminium demand is expected to remain strong and is expected to increase by around 9% reaching to almost 45 Million tonnes. The Chinese demand is expected to rise by a healthy 11% even after considering demand moderation in the recent months. With a strong recovery in the US and EU the demand momentum is expected to remain strong.

Aluminium demand in India has been very strong in the recent past growing at almost 14% CAGR. Unlike the western world the primary demand driver for aluminium in India has been power sector which accounts for almost 48% demand. With government's stated committed spending towards achieving 70,000 MW generation target, the spend on power infrastructure will be huge. As far as the other aluminium consuming sectors are concerned with growing urbanisation the demand growth has picked up from packaging, automobile, construction (increased usage) electronics (cell phone, laptop bodies) etc.. The per capita consumption at ~1.2 kg is still abysmally low as compared with even China ~10 Kg and the western world ~ 15-18 Kg. This offers significant potential demand upside.

The Global demand outlook for FRP (Flat rolled products) is extremely bullish with rising demand from beverage cans; especially in the emerging markets, consumer electronics and automobile segment (with increased emphasis on weight reduction). Novelis is the global leader in this segment.

Aluminium production is expected to increase in line with the demand. The market surplus is going to continue for a while. Strong prices have led many smelters to restart their production in last one year. In addition some new smelters are on the verge of delivering.

The cost push has been felt in the recent times with rise in crude prices from the recent highs. Most input costs such as fuel oil, coal tar pitch, and caustic soda have increased along with the freight costs. Alumina costs for non integrated smelters have gone up and may increase further, notwithstanding new capacity additions, especially in the light of deteriorating bauxite quality, logistic related issues for new projects, increasing capital requirement and higher input costs.

The prices are expected to continue to stay range bound over the short term with a large inventory overhang. Aluminium inventories across the globe are near all time high. But most of these inventories are reportedly bound in financing deals and are not expected to flood the market. The long term fundamentals are strong with the emergence of aluminium as an eminent metal with applications touching several aspects of human life.

Business Outlook

Your Company has demonstrated the strength of its business model time and again especially in last few years, fraught with lots of uncertainty and volatility.

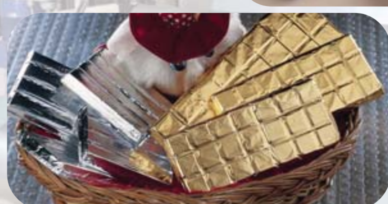
Your Company's strategy to achieve global size and scale through the acquisition of Novelis has demonstrated its merit and so far things have worked as per the plan. The de-risked business model of Novelis, where LME is a pass through, its robust product portfolio with over 50% going into manufacture of beverage cans and strong presence in emerging markets has shown its strength and is now poised for a transformational growth. It already has become value accretive for Hindalco and offers significant synergistic benefits going forward.

Yours company's ongoing brownfield and Greenfield expansion plans are progressing well notwithstanding the social, geo-political and other macroeconomic challenges. These are exciting yet challenging times and your company is confident of progressing on the laid out strategic path and achieve the desired global footprints and scale.

MANAGEMENT DISCUSSION AND ANALYSIS

Foil

LEADING SUPPLIER OF ALUMINIUM FOIL FOR VERSATILE PACKAGING SOLUTIONS



OUR CAPACITY

Foil Capacity

40,000 tpa

Foil Plants

Silvassa 30,000 tpa

Kollur 4,000 tpa

Kalwa 6,000 tpa

Brownfield Expansions

- Hirakud Smelter Expansion: The Smelter expansion at Hirakud from 155 KTPA to 161 KTPA was completed in Q4 FY11. A further expansion from 161 KTPA to 213 KTPA, along with a 100 MW Captive Power Plant [CPP] will be completed in early 2012.

- The next phase of expansion of the Smelter from the proposed 213 KTPA to 360 KTPA, with a corresponding increase in CPP capacity from 467.5 MW to 967.5 MW is under evaluation. The environmental clearance for this is already in place.

- Hirakud Flat Rolled Products [FRP] Project: This project is underway for the transfer of all key equipment for FRP production from Novelis plant at Rogerstone, UK to Hirakud. In addition, orders have also been placed for related and balancing equipment. This will enable the Company to produce a wide range of superior engineering products, including can-body stock, for the local and export markets. The project is slated for completion towards end-2011. Around 2,000 people are working at the site on civil and structural jobs.
- Belgaum Special Alumina: The Specials Plant expansion from 189 KTPA to 301 KTPA, with a coal based co-generation power plant. Natural gas adaptation for its rotary kilns is being evaluated.
- Novelis - South America:
  - Pinda is the largest aluminium rolling and recycling facility in South America in terms of shipments and the only facility in South America capable of producing can-body and end-stock. Pinda recycles primarily used aluminium beverage cans and is engaged in tolling recycled metal for its customers. In response to the growing demand for the company's products in South America, a plan to invest nearly USD 300 million to expand the aluminium rolling operations in Pinda was announced earlier. This expansion will increase the plant's capacity by more than 50% to approximately 600 Kt of aluminium sheet per year. The project is expected to come on stream by late 2012.

- Novelis - Asia
  - In May 2011, Novelis announced plans to invest approximately USD 400 million to expand the aluminium rolling and recycling operations in South Korea, in response to the growing demand in Asia and the Middle East. The rolling expansion, which will include investments in both hot rolling and cold rolling operations, will increase aluminium sheet capacity in Asia to 1,000 Kt annually. As a response to the projected market growth in the region, this move is designed to rapidly bring to market, high-quality aluminium rolling capacity, aligned with the projected needs of a growing customer base. The new capacity is expected to be commissioned in financial year 2013. The expansion will increase Novelis' aluminium sheet capacity in Asia by more than 50% and will also include the construction of a state-of-the-art recycling centre for used aluminium beverage cans and a casting operation.

Greenfield Projects

Greenfield Projects have made significant progress during the year.

- **Utkal Alumina International Ltd (UAIL):**

  The construction of the alumina refinery, along with a 90 MW captive co-generation plant is in progress at UAIL, a 100% subsidiary of the Company. The output from UAIL would be sufficient to feed alumina to the Mahan and the Aditya Smelters. Contractors have mobilised more than 9,000 people at the site. The erection of major equipment like boilers, evaporators and turbines has begun.

  The project performance review of some of the contracts indicates slippage in performance of certain contractors, mainly in the area of civil work. In order to avoid further slippage, some of the non-performing contractors have been suitably replaced with new contractors, who have better performance track record.

  Some of the delayed contracts have a cascading impact on the timely execution of other contracts and have the potential to increase both time and cost of the overall project. Internal accruals and free cashflows are adequate to meet the probable overruns, which are being estimated. Despite these overruns, the project capital cost continues to be favourably benchmarked with the capital cost of other comparable global projects. The operating cost of this project will continue to be in the lowest cost quartile of the global cost of production and will continue to be value accretive.

- **Mahan Aluminium Project:**

  This 359 KTPA Aluminium Smelter, along with 900 MW CPP, is coming up in Bargwan, Madhya Pradesh.

Greenfield Projects will significantly enchance the scale of operations and will further improve the cost competitiveness of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Contractors have mobilised about 16,000 people at the site. Engineering for the project is complete and major equipment for both the Smelter and the CPP have started arriving at the site. Civil foundation, fabrication and erection of structures have progressed substantially at both the Smelter and the CPP.

As indicated earlier, severe inflationary pressure is being witnessed, triggered by increases in commodity and fuel prices for the civil and other related activities of the project. The project cost and timelines of these contracts are being reviewed.

The coal requirement for the CPP will be primarily met from Mahan Coal Block, being developed by Mahan Coal Limited (MCL), a joint venture between the Company and Essar Power Limited. Mahan Coal Block was included under the category of 'No Go' area. An Empowered Group of Ministers has been set up to resolve all environment and forest issues for coal mines under "No Go" areas. We continue to be optimistic of a favourable outcome in the matter.

Your Company is in the process of finalising the arrangements for mining to fast-track the development of the mines, once the final forest clearance is received. As an interim measure, the Company has applied to the Ministry of Coal for temporary supply of coal (tapering linkage) to the Mahan CPP, until the Company's own mines commence operating at full capacity.

- **The Aditya Aluminium project:**

  A 359 ktpa, Aluminium smelter along with a 900 MW captive power plant, identical to the Mahan Project, is coming up in Orissa. The project has received stage 2 forest clearance in January 2011 and the construction work has started. Now the project is slated for completion in 2013.

- **The Aditya Refinery Project:**

  A 1.5 Million TPA Alumina Refinery along with a 90 MW cogen plant, replica of the Utkal Alumina refinery is coming up in Orissa. The preliminary cost estimate is in the order of magnitude is Rs. 6,000 Crores without financing cost. It is planned for commissioning in FY14.

- **The Jharkhand Aluminium project:**

  A 359 ktpa, Aluminium smelter along with a 900 MW captive power plant is coming up in Sonahatu, Jharkhand. The land acquisition process has already begun. The process for obtaining environmental clearance has begun. For this project the Tubed coal mine has been allotted to the project jointly with Tata Power.

  These projects will significantly enhance the scale of operations of your company and will further improve the cost competitiveness of your company firmly establishing it as one of the lowest cost global alumina and aluminium producers.

Copper Business Review

Industry Review

Global Refined copper consumption registered a smart recovery in CY 10 after two consecutive years of decline in CY 08 and CY 09. Consumption rose to a level of 18.5 million tonnes in CY 10 clocking a growth of 8.5% over CY 09 despite 46% rise in LME prices.

As with the most metals China continued to be the major demand driver, accounting for over 175% of total demand growth in last 5 years. In 2005, China's share of global copper consumption was 22.6%, with Europe at 23% and the USA at 13.7%. In 2010, China's share had risen to 38.4%, with Europe declining to 17.3% and the USA to 8.9%. The biggest absolute declines in copper consumption have come in Japan, Russia and North America. Much of this decline has come from consumption in end products that were previously produced in these regions moving to China, while in the USA, declining home construction and related consumer consumption have been major reasons behind the collapse in copper demand.

Global refined copper production recorded a healthy growth of 4% in CY10 over CY 09 after witnessing two years of marginal growth in CY 08 and CY 09.

As the refined copper production lagged the consumption, prices rose sharply to an average of 7533 $/t in CY10 from an average level of 5149 $/t in CY 09. Q-I of CY 11 saw the price breaking the 10,000 $/t mark for the first time.

The TC/RC for the CY 2010, were sharply lower than CY 09, when a sharp demand decline had provided a window of opportunity to the custom smelter to book relatively better long term terms. In CY 10, with the sharp improvement in demand for refined copper and with supply side issues unresolved benchmark TC/RC were ~ % lower than CY 2009 benchmark.

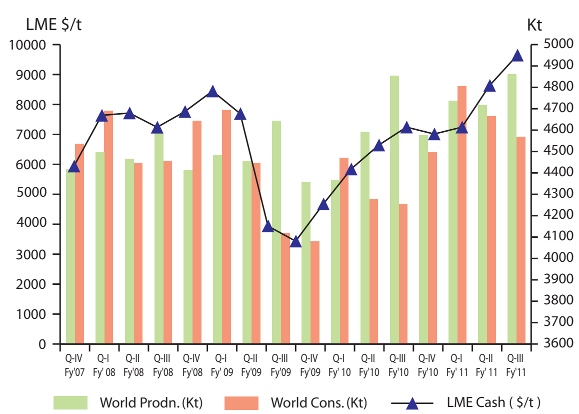
Spot TcRc remained depressed for most part of FY11 showing a significant volatility in the last two quarters. The later part of CY 10 witnessed a smart recovery in spot TcRc with a sharp bounce back to around 17 c/lb from a level of 3.5 c/lb in the previous quarter. The smelters also suffered on account of incessant cost push primarily driven by rising energy costs.

Business Performance:

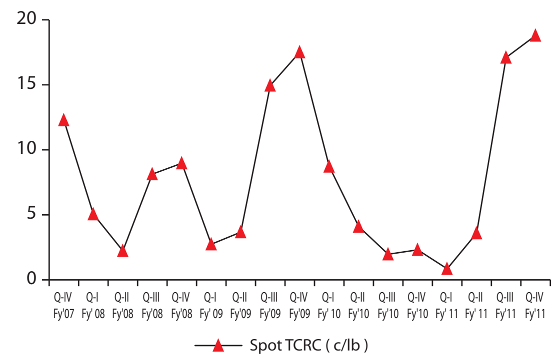
The Copper business performed well in a challenging macroeconomic environment. Your company recorded a strong production performance notwithstanding unexpected cooling tower problem at Dahej that resulted in loss of production. Your Company also managed its market mix well to improve overall copper realizations.

The primary value drivers of Indian copper smelter business are TCRC, acid realization, DAP subsidy, duty differential and input prices.

As seen above most value drivers for the year were unfavourable. On this backdrop, our efforts to reduce the impact of Tc/Rc on the smelter business have started yielding desired results.



Spot TCRC Market Trend (c/lb)



Our copper business today, in a way is a portfolio of various business opportunities stemming out of the by-products.

On the production front,

- the business maintained its cathode production despite outage due to cooling tower collapse.
- The recovery improvement trend is positive and so are the other efficiencies.
- It also increased production of CC Rods in an effort to maximise the gains across the value chain.
- New initiatives were undertaken to replace ore with copper scrap

On the marketing front, in addition to the higher CC rods sales, thrust on the focused markets and increased by-product sales allowed us to negate the impact of lower Tc/Rc and rising input costs.

During the year significant improvements were achieved in the operating performance. Your company delivered highest ever production of cathode, an improvement of 1% over the previous year despite loss of production. DAP volumes too were 21% higher than the previous year.

Today Dahej ranks in top quartile of the Global cost competitiveness and is today by far more robust, predictable and globally competitive business.

Copper Financials:

The sharp rise in LME coupled with marginally higher sales volumes led to higher revenues, which were increased by 18%. However, for custom smelters like your company, copper prices are just a pass through and the margins are largely determined by Tc/Rc and as a result a decline in LME copper prices did not have significant impact on the profitability.

Lower Tc/Rc, rising energy costs and appreciating rupee adversely impacted the profitability of copper business. However, operational improvements, better working capital management led to delivery of robust performance and strong cash flows.

Copper Outlook:

The global refined copper demand is expected to increase by around 5.5 % in CY2011. We expect long term demand for copper to be strong on the back of infrastructural demand from India, China and moderate demand growth from the western world. China will continue to have lion's share in the incremental growth and is expected to account for over 60% of incremental growth over next 5 years, thus accounting for around 44% of 2015 global estimated demand of ~ 24 Million tonnes.

In the medium term supply is likely to be constrained as there is a deficit of concentrate on account of delays in the expected new mine capacities, rising project costs and associated risk / socio-political factors. Higher capital costs, declining ore grades and labour related issues in some of the major copper producing countries are expected to restrict the availability of concentrate over medium term.

However, in the shorter run, liquidity crunch, inflationary pressures, monitory tightening etc. have resulted in demand moderation. This demand moderation, coupled with closure of Japanese smelters, which produce around 7% of global refined copper in the wake of earth quake/s and Tsunamis have resulted in temporary smelter shutdowns. As a result the demand for concentrates has declined, while miners continued to deliver. Hence Tc/Rc have improved substantially. We believe that this scenario will continue for a while and this augurs well for your company in the short term.

Indian refined copper consumption is expected to remain strong. The annual consumption growth

Smelting

LARGEST CUSTOM COPPER SMELTER AT A SINGLE LOCATION

OUR CAPACITY

Smelting
500,000 tpa
Copper Cathodes
500,000 tpa
Continuous Cast Copper Rods
142,200 tpa
Sulphuric Acid
16,70,000 tpa
Phosphoric Acid
180,000 tpa
DAP & Complexes
400,000 tpa
Gold
15 tpa
Silver
150 tpa
Mines (Australia)
Nifty
Mount Gordon

is expected to be around % with growth in power, automobile and manufacturing sector. The long term fundamentals are strong and the copper consumption is expected to increase with renewed thrust on power sector reforms and urban housing.

The copper consumption in India is relatively low. The per capita copper consumption stands at around 1.2 Kg as compared to 7Kgs in the US or even 3.6 Kgs in China and hence the growth potential is enormous.

Business Outlook

Your Company has continued to perform creditably in these challenging times. It continues to make steady progress on the planned growth track. Your Company will continue to strive to improve operating efficiencies and reduce conversion costs. Our production flexibility with respect to various value added byproducts will increase the available options for profit and cash flow improvements. Today Hindalco is well poised to emerge as "One Global Metal Business" with India Centric Upstream business and Global Value Added Downstream business.

The company has embarked on an ambitious growth path with an announced investment plan of over USD 6.5 billion in India and overseas in the next three years. With these projects coming on stream and strong growth prospects from downstream business Hindalco is set for a quantum growth leap.

Financial Review and Analysis:

Net Sales and Operating Revenues

Hindalco's consolidated revenue at Rs. 72,078 crores has been the highest ever, a growth of 19% year-on-year. Strong volumes, improved mix and higher commodity prices have been the growth drivers behind this strong performance.

For the year ended March 31, 2011, standalone revenues at Rs. 23,859 crores grew by 22%. Highest ever copper volumes, better product and geographic mix, by-product credit and higher realisation led by higher commodity prices enabled the company clock an impressive revenue growth.

Other Income

Stand alone other Income at Rs. 317 crore was higher on account of better yields and higher treasury corpus, post the return of capital by Novelis.

Interest

Consolidated Interest expenses increased from Rs.1,104 crore to Rs. 1,839 crore mainly due to one-time debt issuance cost related to the refinancing of USD 4.8 Bn at Novelis in Dec-10 and consequent higher interest in Q4. The debt issuance cost was expensed in the year of occurrence in Indian GAAP, unlike in US GAAP, where it is amortised over the life of the debt.

Standalone interest was lower due to lower working capital borrowing coupled with lower international interest rates.

Depreciation

Standalone depreciation charges were at Rs. 687 crore in FY11 against Rs. 667 crore in FY10.

Taxes

The provision for tax was at Rs. 458 Crore.

Profit

In FY11, net profit increased by 12% to Rs. 2,137 Crore. EBITDA for FY11 stood at Rs. 3,502 crore as against Rs. 3,210 crore in FY10; inclusive of a gain of over Rs. 349 crore, arising on account of AS-30 transition. FY11 improved smartly despite adverse impact of Input cost pressures, lower TcRc and one-timers associated with the Hirakud power outage.

Consolidated net profit stood at Rs. 2,456 Crore. Profit before depreciation, interest and taxes stood at Rs. 8,433 crore as against Rs. 10,069 crore in FY10, which is inclusive of Rs. 2,736 crore (USD 578 million) of unrealized gains on derivatives in FY10, as against unrealised loss of Rs.291 crore (USD 64 million) in FY11. The underlying performance of the current year sets a new record, reflecting the inherent strength of the Company's low cost business model, operational excellence, superior product mix and a balanced and de-risked portfolio.

Adjusted consolidated EBITDA rose by 25% (31% in Dollar terms) compared to FY10:

CASH FLOW ANALYSIS

₹ in Crore

Particulars	FY10	FY11	%
SOURCE OF CASH			
Cash from operations	1,717	2,257	32%
Non-operating income	322	359	5%
Net debt Inflows	-	901	13%
Equity Raised	2,750	9	0%
Return of Capital by subsidiaries	-	2,921	42%
Divestments of investments (Net)	-	553	8%
Total	**4,789**	**7,000**	**100%**
APPLICATION OF CASH			
Net capital expenditure	2,619	5,742	83%
Investment in subsidiaries	276	255	4%
Other investments (Net)	1,501	-	0%
Net debt Outflows	186	-	0%
Interest & Finance Charges	641	609	9%
Dividend payout	269	301	4%
Total	**5,492**	**6,907**	**100%**
Increase / (Decrease) in Cash and Cash Equivalents	**(703)**	**93**	

In a landmark transaction as detailed earlier Novelis Inc. a 100% step down subsidiary of the Company returned capital of USD 1.7 Bn. Out of this proceeds after prepayment of USD 1Bn loan which was guaranteed the Company, A V Minerals (Netherlands) B.V. returned Rs. 2921 Crore to the Company. This proceeds alongwith improved cash from operations helped in defraying capital expenditure of Rs.5742 Crore. No new long-term loan was drawn during the year.

RISK MANAGEMENT

In addition to the risk and currency fluctuation inherent in its operations, your company has got significant exposure to commodity prices. Hindalco's financial performance is significantly impacted by fluctuations in the prices of Aluminium, Alumina exchange rates and interest rates. The Company takes a very structured approach to the identification and quantification of each such risk and has a comprehensive risk management policy.

Clearly defined policies and management controls govern all risk management activities. Transactions in financial instruments for which there is no underlying exposure to the company are prohibited. All of the commodity, interest rate and foreign currency contracts are used to mitigate uncertainty and volatility and to cover underlying exposures.

Commodity Price Risk

Company's commodity hedging activities can be divided into following:

- Timing mismatch risk: This is the price risk arising due to timing mismatch of purchases of copper concentrate, which is priced based on copper, gold and silver content and sale of copper products, gold and silver. We use various spread risk management tools to hedge this risk.
- Absolute price risk: We have price risk on aluminium that we produce. We use various derivative tools for hedging this risk from time to time.

Foreign Currency Exchange Risk

Exchange rate movements, particularly between the Indian Rupee (INR) and United States Dollars (USD) have an impact on Hindalco's cost and revenues. Since the company is long in USD (inflow greater than outflow), the company will benefit from weakening of the INR against USD and conversely, is disadvantaged if the rupee appreciates. In order to hedge this risk, your Company uses various tools such as foreign currency borrowings, currency forward and option contracts.

Interest Rate Risk

Your company uses interest rate swaps to help maintain a strategic balance between fixed and floating-rate debts and to manage overall financing costs. Most of the long term loans are at fixed rate currently.

Project Execution Risk

Your company is in the process of setting up 4 greenfield projects in difficult terrain. The project execution is contingent upon several external factors including but not limited to land acquisition, project management skills, timely delivery of equipments, regulatory approvals, changes in government policies,inflationary factors etc. Any delay or change in these activities could result in change in implementation schedule and affect the financial performance of the company. Your company is continuously monitoring the progress to ensure that the implementation schedules are adhered.

Internal Control

A strong internal control culture is pervasive throughout our Group. Regular internal audits at all our locations are undertaken to ensure that the highest standards of internal control are maintained. The effectiveness of a business' internal control environment is a component of senior management performance appraisals. The principal aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' value and safeguarding the Group's assets. It provides a reasonable assurance on the internal control environment and assurance against material misstatement or loss.

The Group operates a comprehensive annual planning, financial reporting and forecasting process. The Board formally approves a strategic plan and the annual budget. The Group's performance is monitored against the budget on a monthly and quarterly basis by the Executive Committee; significant variances are reviewed. The audit observations are reported and discussed by the senior management and the important ones are also presented to the Audit Committee of the Board. The audit observations are discussed and the appropriate feedback is conveyed to the relevant managers.

Arising from the announcement of the Institute of Chartered Accountants of India dated 29th March, 2008 on Accounting for Derivatives, the Company has decided for early adoption of Accounting Standard (AS) 30 on Financial Instruments : Recognition and Measurement, in so far as it relates to derivative accounting, from 01st April, 2009. In order to get reliable fair valuation and do accounting of different types of derivative transactions which the Company enters into to mitigate certain financial risks, we have used one third party software of international repute. Besides its usefulness in the area of derivative accounting, this software also has the capability to effectively take care of various tenets of hedge accounting. The resultant impact of early adoption of the AS and various disclosure requirements associated with derivative accounting have been dealt with elaborately in Notes on Accounts section of separate financial statements of the Company.

Material developments in human resources / industrial relations front, including number of people employed

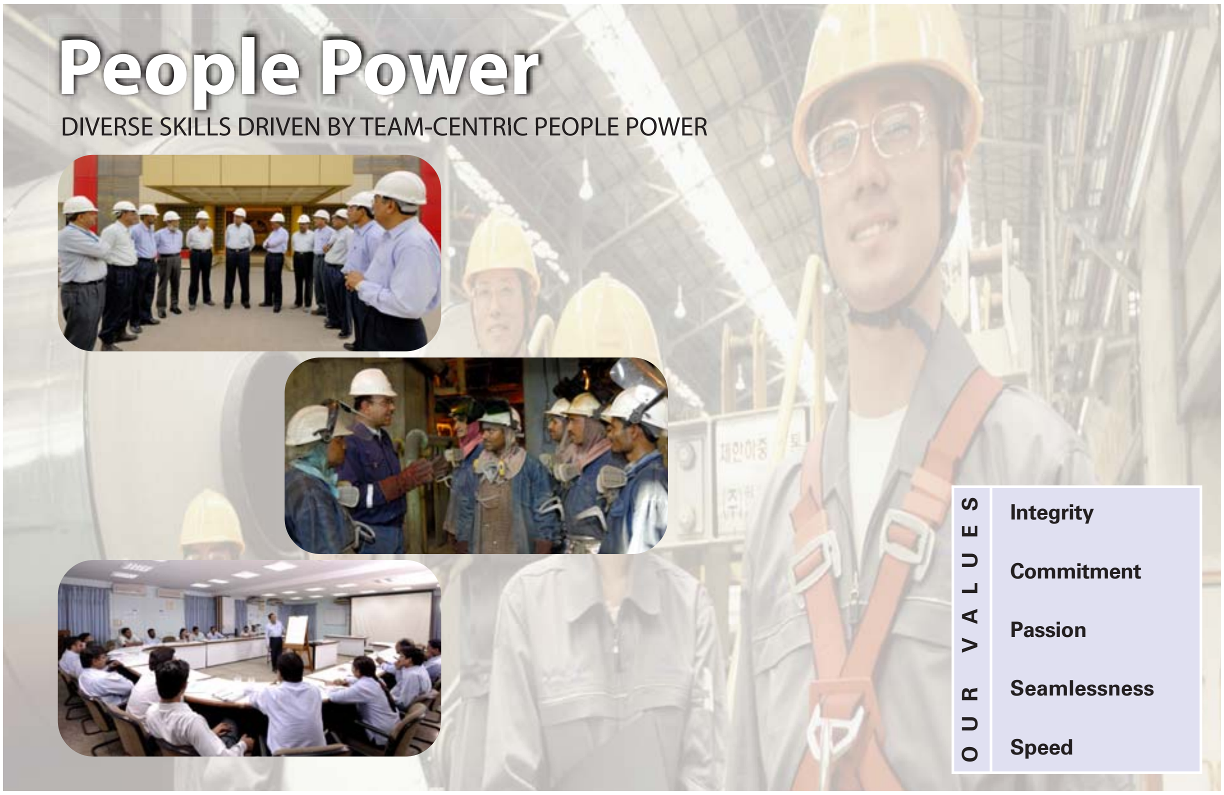
Our Group has time and again is adjudged amongst the best employer in India by global agencies such as Hewitt . Our culture and reputation as a business leader in the industry enables us to recruit and retain the best available talent in India.

Human capital

Our professionals are our most important assets. We are committed to remaining among the industry's leading employers. We have a pool of around 19,300 employees in our fold. The Group has a well laid talent development plan that ensures attracting the talent and provides for nurturing and enhancement of talent.

Training and Development

Our training, continuing education and career development programs are designed to ensure that our professionals enhance their business skills. Our group initiatives and our learning



campus provide continuous learning opportunities. Our in house faculty conducts integrated training for our new employees. Leadership development is a core part of our training program.

Conclusion

Yet again your Company recorded a strong performance in a year that witnessed strong commodity prices, but nevertheless was a very challenging year in many ways. Strong inflationary pressures leading to sharp rise in input prices, especially energy, appreciating rupee, rising coal prices in India these were some of the challenges faced by industry. In addition, your company also witnessed some of the one off unfortunate disruptions such as Hirakud outage and Dahej cooling tower failure that led to significant production loss and severe cost escalation. On this backdrop, this strong performance is testimony to the sound business models of our Aluminium and Copper businesses, the underlying strength of business operations, stable and capable processes, and successful implementation of a well thought out strategic plan for quantum growth supported by a strong balance sheet and robust cash flows from existing operations. The year also witnessed a strong performance by Novelis and ABML two contrasting businesses operating in two entirely different geographies amidst different challenges.

During the year, We not only tied up financing for our Greenfield projects (Utkal and Mahan) but through Novelis refinancing also successfully aligned our capital structure to the business needs thus facilitating the future growth.

Global economy is expected to continue its recovery; however this revival could be slow and may face strong headwinds. The upstream aluminium industry may continue to witness pricing pressure on account of large inventories while the cost push is expected to continue. The copper business too will continue to face challenges on account of cost inflation even as TC/RC s are expected to better in FY12.

At present the focus is on

- Maintaining profitability in an uncertain, inflationary macro- economic environment.

- Maximising Free Cash Flow from existing operations
- Ensuring planned progress on the projects in a challenging environment

Your company has strengthened its balance sheet, has reduced our leverage and improved our capital structure. We also have achieved financial closure of two projects .This would allow us to progress on the Greenfield projects through a calibrated approach. The brownfield expansions at Muri and Hirakud have been commissioned and will deliver the targeted cash flows to help finance our growth aspirations.

We are working on five greenfield sites, in difficult terrains, in a challenging regulatory environment and have put in place the necessary organization to keep these projects on track. These plans will enable your Company to grow in a steady and robust manner. Some of these projects have gained a significant visibility and are on course to reinforce low-cost advantage. This low cost advantage, along with high end technology of Novelis and a considerable head start with respect to foot print expansion in the well understood emerging markets shall catapult your company to greater heights.

CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE REPORT

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 i.e. 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 Hindalco Industries Ltd continuously strives for excellence through adoption of best governance & disclosure practices.

Compliance with Corporate Governance Guidelines

The Company is fully compliant with the requirements of the prevailing and applicable Corporate Governance Code. Your Company's compliance with requirements is presented in the subsequent sections of this Report.

BOARD OF DIRECTORS

Composition of the Board

Your Company's Board comprises of 9 Non-executive Directors as on 31st March, 2011 with considerable experience in their respective fields. Of these, 6 Directors are independent Directors. Clause 49 of the Listing Agreement, requires that if the Non-executive Chairman of the Company is the promoter then at least half of the Board of Directors of such Company should consist of independent Directors and we are in compliance with the above requirement.

None of the Directors on the Board is a Member of more than 10 Committee or a Chairman of more than 5 Committee (as specified in Clause 49), across all the Company in which he/she is a Director. All the Directors have intimated periodically about their Directorship and Membership in the various Board committees of other companies, which are within permissible limits of the Companies Act, 1956 and Corporate Governance Code.

The details of the attendance of each Director at the Board Meetings and Annual General Meeting held during the year and directorships, Membership/Chairmanship in Board Committees of other Companies are as follows:

Director	Category	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships Held[3]	Companies' Committee Positions Held[4]	
				Public	Member	Chairman
Mr. Kumar Mangalam Birla	Non Executive	6	Yes	10	—	—
Mrs. Rajashree Birla	Non Executive	4	Yes	6	1	—
Mr. A. K. Agarwala	Non Executive[2]	5	Yes	5	—	—
Mr. E. B. Desai[5]	Independent	4	Yes	N.A	N.A	N.A
Mr. S. S. Kothari	Independent	0	No	—	—	—
Mr. C. M. Maniar	Independent	5	Yes	15	6	1
Mr. M. M. Bhagat	Independent	6	Yes	4	2	1
Mr. K. N. Bhandari	Independent	6	Yes	12	1	1
Mr. N. J. Jhaveri	Independent	5	Yes	8	1	3
Mr. Ram Charan[6]	Independent	N.A	N.A	—	—	—
Mr. D. Bhattacharya	Managing Director	6	Yes	4	—	1

1. Independent Director means a director defined as such under Clause 49 of the Listing Agreement.
2. Mr. A. K. Agarwala was an Executive Director till 10th September 2003. Thereafter, he has moved to other responsibilities in the Aditya Birla Group.
3. Excludes Directorship held in Private Companies, Foreign Companies and Companies incorporated under Section 25 of the Companies Act, 1956.
4. Represents only membership/chairmanship of Audit Committee and Shareholders' / Investors' Grievance Committee of Indian Public Limited Companies.
5. Ceased as a Director w.e.f 24th December, 2010 due to his demise.
6. Appointed as an Additional director w.e.f 12th February, 2011.

Board's functioning and Procedure

Hindalco's Board of Directors play the primary role in ensuring good governance and functioning of the Company. All statutory and other significant and material information including information as mentioned in Annexure IA to Clause 49 of the Listing Agreement is placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the shareholders. The Board also reviews periodically the compliance of all applicable laws. 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 FY 2010-2011 are as outlined below:

Date of Board Meeting	City	No. of Directors Present
11th May, 2010	Mumbai	8 out of 10
4th June, 2010	Mumbai	8 out of 10
3rd August, 2010	Mumbai	9 out of 10
3rd September, 2010	Mumbai	9 out of 10
9th November, 2010	Mumbai	6 out of 10
12th February, 2011	Mumbai	7 out of 9

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted Committees of Directors to deal with matters and to monitor the activities falling within the terms of reference as follows:

AUDIT COMMITTEE

Constitution of Audit Committee and its functions:

Your Company has an Audit Committee at the Board level which acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process. The Committee presently comprises four Non-Executive Directors, all of whom are Independent Directors. During the year, the Audit Committee met 6 times to deliberate on various matters. Due to the demise of Mr. E.B. Desai, Mr. K.N.Bhandari an independent director was inducted in the Audit Committee in place of Mr. E.B. Desai. The details of the attendance by the Committee members are as follows:

Name of Director	No. of Meetings	
	Held	Attended
Mr. C. M. Maniar	6	5
Mr. E. B. Desai[4]	6	4
Mr. M .M. Bhagat	6	6
Mr. N.J. Jhaveri	6	5
Mr. K.N. Bhandari [5]	N.A	N.A

1. The Chairman of the Audit Committee, Mr. M.M. Bhagat was present at the last Annual General Meeting of your Company held on 3rd September, 2010.
2. Mr. D. Bhattacharya, Managing Director and Mr. S. Talukdar – Group Executive President & CFO, the representative of the Statutory Auditor, Head of the Internal Audit are permanent invitees of the Audit Committee. The representative of the Cost Auditors is invited to the Audit Committee Meetings whenever matters relating to cost audit are considered.
3. Mr. Anil Malik, Company Secretary, acted as Secretary to the Committee.
4. Ceased as a member due to death w.e.f 24th December, 2010.
5. Inducted as a member w.e.f 12th February, 2011.

The Audit Committee is endowed with the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other independent professional advice.
4. To secure attendance of outsiders with relevant experience and expertise, when considered necessary.
5. To review the risk management and mitigation plans.

The role of the Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

3. Approval of payment of fees for any other services rendered by the statutory auditors.
4. Reviewing, with the management the annual financial statements before submission to the Board for approval, focussing primarily on :
   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
   b. Changes, if any, in accounting policies and practices and reasons for the same.
   c. Major accounting entries involving estimates based on the exercise of judgment by management.
   d. Significant adjustments made in the financial statements arising out of audit findings.
   e. Compliance with listing and other legal requirements relating to financial statements.
   f. Disclosure of any Related party transactions.
   g. Qualifications in draft audit report.
5. Reviewing, with the management, the quarterly financial results before submission to the board for approval.
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. Looking into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditor, if any;.
13. To review the functioning of Whistle Blower Mechanism.
14. Reviewing the following information :
    - Management discussion and analysis of financial condition and results of operations;
    - Statement of significant related party transactions (as defined by the audit committee), submitted by management;
    - Management letters / letters of internal control weaknesses issued by the statutory auditors;
    - Internal audit reports relating to internal control weaknesses; appointment, removal and terms of remuneration of the Chief internal auditor;
    - Risk Managment frame work.
15. Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act and other statutes, as amended from time to time.

SHAREHOLDER'S GRIEVANCES COMMITTEE

The Company has an "Investor Grievance Committee" at the Board level to deal with various matters relating to redressal of shareholders and investor grievances, such as transfer and transmission of shares, issue of duplicate shares, non-receipt of dividend/notices/Annual Reports, etc. In addition, the Committee looks into other issues including status of dematerialisation / rematerialisation of shares and debentures, systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

The composition of the Committee is as follows:

Mr. E. B Desai - Chairman

Mr. C. M Maniar - Member

Due to the demise of Mr. E.B. Desai, Mr. K.N.Bhandari was inducted w.e.f 12th February, 2011.

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

Name of Director	No. of Meetings	
	Held	Attended
Mr. E.B. Desai[1]	4	3
Mr. C.M. Maniar	4	4
Mr. K.N. Bhandari [2]	4	1

1. Ceased as a director and member due to death w.e.f 24th December, 2010.
2. Inducted as a member w.e.f 12th February, 2011.

Mr. Anil Malik, Company Secretary, acts as Secretary to the Committee.

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 certain officers, who are authorised to transfer up to 10,000 shares under one transfer deed.

Mr. Anil Malik, Company Secretary is Compliance Officer of the Company.

Details of complaints received, disposed off and pending during the year, number of shares transferred during the year, time taken for effecting these transfers and the number of share transfers pending are furnished in the "Shareholder Information" section of this Annual Report.

Non Executive Directors' compensation and disclosure

All fees/compensation including sitting fee paid to the Non-Executive directors of the Company are fixed by Board of Directors within the limits approved by the shareholders. Details of sitting fee/compensation paid including stock options, if any, to them are given at the respective places in the report.

Remuneration of Directors and others

Since the Company has one Executive Director, your Company does not have a Remuneration Committee. The Board of Directors decides the remuneration of the Managing Director.

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

Besides sitting fees @ Rs. 5000/- per meeting of the Board or Committee thereof, the Company also pays Commission to the Non- Executive Directors.

For FY- 2010-11, the Board has approved payment of Rs.14 Crores (Previous Year Rs.14 Crores) as Commission to the Non- Executive Directors of the Company pursuant to the authority given by the shareholders at the Annual General Meeting held on 28th July, 2006 to pay Commission not exceeding 1% of the net profits of the Company to the Non Executive directors of the Company. The Amount of Commission payable is determined after assigning weightage to attendance and the type of meeting and other responsibilities.

Executive Director is paid remuneration within the limits envisaged under Schedule XIII of the Companies Act, 1956. The said remuneration is approved by the Board as well as the Shareholders of the Company.

The details of Remuneration package, fees paid etc. to Directors for the year ended 31st March, 2011

(a) Paid to Non- Executive Directors :

Name of Director(s)	Sitting Fees Paid	Commission payable	Total Payments Paid / Payable in 2010-11
	(In Rs.)	(Rs. in Lacs)	(Rs. in Lacs)
Mr. Kumar Mangalam Birla	35,000	1305.74	1306.09
Mrs. Rajashree Birla	20,000	24.96	25.16
Mr. E. B. Desai [5]	80,000	10.30	11.10
Mr. A. K. Agarwala	90,000	9.82	10.72
Mr. M. M. Bhagat	60,000	13.58	14.18
Mr. C. M. Maniar	1,30,000	13.50	14.80
Mr. K. N. Bhandari	35,000	7.24	7.59
Mr. S. S. Kothari	0	3.30	3.30
Mr. N.J. Jhaveri	55,000	11.56	12.11

Notes:

1. No Director is related to any other Director on the Board, except Mr. Kumar Mangalam Birla and Mrs. Rajashree Birla, who are son & mother respectively.
2. Your Company has a policy of not advancing any loan to its Directors except to Executive Director in the course of normal employment.
3. The Company had obtained shareholders' approval for payment of commission to its Non-Executive Directors & Independent Directors, not exceeding 1% of net profit of the Company.
4. Stock Options were not granted to any Non-Executive Directors.
5. Ceased as a Director w.e.f 24th December, 2010.

(b) Paid to Executive Director:

Executive Director	Relationship with other Directors	Business relationship with the Company, if any	Remuneration paid during 2010-11			
			All elements of remuneration package i.e, salary, benefits, bonuses, pension etc.	Fixed component & performance linked incentives, alongwith performance criteria	Service contracts, notice period, severance fee	Stock option details, if any
Mr. D. Bhattacharya	N.A	Managing Director	Rs. 17,31,22,796	See note (a)	See note (b)	See Note (c)

a) Mr. D. Bhattacharya was paid a sum of Rs. 5,50,00,000 towards performance bonus linked to achievement of targets.

b) The appointment is subject to termination by three months notice in writing on either side. Mr. D. Bhattacharya has been re-appointed for a further period of 5 years w.e.f. 1st October 2008. No severance fee is payable to the Managing Director.

c) 9,70,100 stock options were granted on 23rd August 2007 & 25th January 2008. 87,525 Options vested in him were exercised by Mr. D. Bhattacharya.

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 1,940,250 stock options at a price of Rs. 98.30 per share (1st Tranche) and granted 1,033,140 stock options at a price of Rs. 150.10 per share on 25th January, 2008 (2nd Tranche), to the eligible employees including the 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 Director's Report).

Details of Stock Options granted to Mr. D. Bhattacharya: Managing Director is as under:

Name of Director	**1st Tranche**			**2nd Tranche**		
	No. of Options Granted	**Vesting Date / %**	**Exercise Period**	**No. of Options Granted**	**Vesting Date / %**	**Exercise Period**
Mr. D. Bhattacharya	*2,70,100*	*23.08.08 (25%)*	*By 22.08.2013*	*7,00,000*	*25.01.09 (25%)*	*By 24.01.2014*
		23.08.09 (25%)	*By 22.08.2014*		*25.01.10 (25%)*	*By 24.01.2015*
		23.08.10 (25%)	*By 22.08.2015*		*25.01.11 (25%)*	*By 24.01.2016*
		23.08.11 (25%)	*By 22.08.2016*		*25.01.12 (25%)*	*By 24.01.2017*

All directors have disclosed their shareholding in the Company.

Details of shareholding of Directors as on March 31, 2011 is as follows:

NAME OF THE DIRECTORS	SHARES (Re.1 paid up)
Mr. Kumar Mangalam Birla	8,65,740
Mrs. Rajashree Birla	6,12,470
Mr. A.K. Agarwala	1,28,148
Mr. C.M. Maniar	47,565
Mr. M.M. Bhagat	4,000
Mr. S.S. Kothari	44,829
Mr. K.N. Bhandari	3,571
Mr. N.J. Jhaveri	5,000
Mr. D. Bhattacharya	90,740
Mr. Ram Charan*	2,500

* Note: 2,500 shares acquired by him and pending for transfer since Permanent Account Number (PAN No.) not obtained.

Code of Conduct

The Hindalco Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors, Senior management / employees of the Company. The Code is available on the Company's website.

For the year under review, all Directors, Senior management personnel of the Company have confirmed their adherence to the provisions of the said Code.

Declaration as required under Clause 49 of the Listing Agreement

We hereby confirm that:

All Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2011.

Place: Mumbai D. Bhattacharya
Date: 30th May, 2011 Managing Director.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

As part of Aditya Birla Group, the Company has a strong legacy of fair, transparent and ethical governance practices. The Company has a Code of Conduct for Prevention of Insider Trading in the Shares and securities of the Company for its Directors and designated employees.

SUBSIDIARY COMPANIES

Your Company does not have any material non-listed Indian Subsidiary Company. The Audit Committee reviews once in a year 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 before the Board of Directors for their review.

DISCLOSURES

(A) Basis of related party transaction:

All the related party transactions are strictly done on arm's length basis. The Company places all the relevant details before the Audit Committee from time to time. Attention of the Members is drawn to the disclosures of transactions with the related parties set out in Notes of Accounts forming part of the Annual Report.

(B) Non-compliance/Strictures/penalties/ imposed

The Company had given the Rights offer in 2005-06 to the existing share holders in the ratio of 1:4 at a premium of Rs. 95/- per share. As per the terms of offer, 25% money was payable on application, next 25% was payable between 9-12 months from the date of allotment and the balance 50% money was payable between 18-24 months from the date of allotment.

The Right Offer also was offered to NRI and GDR share holders. The Reserve Bank of India, vide its letter dated 4th October, 2010, informed to the Company that issuance of partly paid up shares is not recognized in FEMA and hence Company should take post facto Foreign Investment Promotion Board's approval for issuance of partly paid up shares to NRI/ GDR holders and also advised that after taking the FIPB's approval, the Company should approach Reserve Bank of India for compounding of the aforesaid violation.

The Company has subsequently obtained post facto approval from Foreign Investment Promotion Board for issuance of partly paid up shares to NRI/ GDR holders and made an application to Reserve Bank of India for compounding. The Reserve Bank of India vide its order dated 21st July, 2011 compounded the violation and levied a penalty of Rs. 10 Lakhs.

(C) Disclosure of Accounting Treatment

Your Company has followed all relevant Accounting Standards while preparing the Financial Statements.

(D) Risk Management

Risk evaluation and management is an ongoing process within the Organisation. Your Company has comprehensive risk management policy and it is periodically reviewed by the Board of Directors. During the period under review, a detailed exercise on Risk Management was carried out covering the entire gamut of operation of the Company.

(E) Proceeds from public issues, right issues, preferential issues etc:

The Company discloses to the Audit Committee, the uses/applications of proceeds/funds raised from QIP etc., as part of quarterly review of financial results.

(F) Remuneration Of Directors:

This is included separately in this Section.

(G) Management:

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 the Promoters, Directors or the Management, their subsidiaries or relatives, etc., that may have a potential conflict with interests of the Company.

(H) Shareholders

The Company has provided the details of the Directors seeking re-appointment in the Annual General Meeting notice attached with the Annual Report. A brief resume of Mr. Ram Charan alongwith his nature of expertise, names of companies in which he also holds directorship and the membership of Committees of the Board and his shareholding is duly provided in the Annual General Meeting notice attached with the Annual Report.

Quarterly Presentations on the Company results are available on the website of the Company (www.hindalco.com) and the Aditya Birla Group website (www.adityabirla.com).

CEO/CFO CERTIFICATION

The Managing Director and the CFO have certified to the Board that :

(a) They have reviewed financial statements and the Cash Flow statement for the year and that to the best of their knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) They accept responsibility for establishing and maintaining internal controls and that they have evaluated the effectiveness of the internal control systems of the Company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) They have indicated to the Auditors and the Audit committee

(i) significant changes in internal control during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

REPORT ON CORPORATE GOVERNANCE

A separate section on Corporate Governance forms part of the Annual Report. The Certificate from the Statutory Auditors confirming compliance with all the conditions of Corporate Governance as stipulated in Clause 49 of the Listing agreement forms part of this report.

GENERAL BODY MEETINGS

Details of Annual General Meetings

Location and time, where Annual General Meetings (AGMs) in the last three years were held:-

Year	AGM/EGM	Location	Date	Time
2009-10	AGM	Ravindra Natya Mandir, Mumbai	3rd September, 2010	2.30 p.m
2008-09	AGM	Ravindra Natya Mandir, Mumbai	18th September, 2009	3.30 p.m
2007-08	AGM	Ravindra Natya Mandir, Mumbai	19th September, 2008	3.30 p.m

In the last three years special resolution as set out in the respective notices for AGM's were passed by shareholders.

Whether any special resolution passed last year through postal ballot? No

Person who conducted the postal exercise : NA

Whether any special resolution is proposed to be conducted through postal ballot : No

MEANS OF COMMUNICATION

Quarterly results:

Newspaper in which normally Financial Results are published in:

Newspaper	Cities of Publication
Financial Express (English)	All editions
Navshakti (Marathi)	Mumbai Edition only

Any website, where displayed — www.hindalco.com
www.adityabirla.com

Whether the Company Website displays

All official news releases — Yes

Presentation made to Institutional Investors/Analysts — Yes

Besides that, Annual report, Quarterly Results, Shareholding Pattern Statement etc. are posted on the Corporate Filing and Dissemination System as per the requirements of Clause 52 of the Listing Agreement.

General Shareholder Information

Provided in the 'Shareholders Information' section of the Report and Accounts.

Status of compliance of Non mandatory requirement

1. The Company maintains a separate office for the Non-Executive Chairman. All necessary infrastructure and assistance are available to enable him discharge his responsibilities effectively.

2. Your Company does not have a Remuneration Committee. The Board of Directors fixes the remuneration of the Managing Director.

3. "Performance Update" consisting of financial and operational performance for the first six months of financial year has been sent to the shareholders since 2000-01. However this practice has been discontinued from 2008-09. Analyst Report is uploaded in the Company's website which is more elaborative and informative.

4. During the period under review, there is no audit qualification in the financial statement. The Company continues to adopt best practices to ensure unqualified financial statements.

5. During the duration of the Audit and Board Meetings, the management and the executive Director give extensive briefings to the Board members on the business model of the Company. The Company has also formed a Risk Management Board comprising of Directors and Executives of the Company which meets periodically to review Commodity and Foreign Exchange exposures of the Company.

6. All the Aditya Birla Group Companies have common "Corporate Principles & Code of Conduct", applicable to all the employees. Interalia, it provides mechanism to enforce and report violations of the principles and the code.

7. Voluntary Guidelines 2009:

   The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines, on Corporate Social Responsibility in December 2009. These guidelines are expected to serve as a bench mark for the Corporate Sector and also help them in achieving the highest standard of Corporate Governance. Your Company has in place most of the provision of these guidelines.

8. We have a Whistle Blower Policy and the Audit Committee reviews the same.

1. Annual General Meeting

- Date and Time	:	23^{rd} September, 2011 at 2.30 p.m
- Venue		Ravindra Natya Mandir P.L. Deshpande Maharashtra Kala Academy Prabhadevi, Mumbai 400025

2. Financial Year

- Financial reporting for the quarter ending June 30, 2011	:	On 12^{th} August, 2011
- Financial reporting for the half year ending September 30, 2011	:	On or Before 14th November, 2011
- Financial reporting for the quarter ending December 31, 2011	:	On or Before 14th February, 2012
- Financial reporting for the year ending March 31, 2012	:	On or Before 30th May, 2012
- Annual General Meeting for the year ended March 31, 2012	:	In the month of September 2012

3. Dates of Book Closure	:	16^{th} September, 2011 to 23^{rd} September, 2011 (Both days Inclusive)
4. Dividend Payment Date	:	After 23^{rd} September, 2011 (Within 30 days from date of AGM subject to approval of shareholders)
5. Registered Office	:	Century Bhavan, 3^{rd} Floor, Dr. Annie Besant Road, Worli, Mumbai - 400 030. Tel: (91-22) 6662 6666 Fax: (91-22) 2422 7586 / 2436 2516 E-Mail: anil.malik@adityabirla.com Website: www.adityabirla.com

6 (a) Listing Details:

Equity Shares	**Global Depository Receipts (GDRs)**
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001	Societe de la Bourse de Luxembourg Societe Anonyme, RC B6222, B.P.165, L-2011, Luxembourg
National Stock Exchange of India Limited "Exchange Plaza", Bandra Kurla Complex Bandra (East), Mumbai 400 051.	

Note: Listing Fees has been paid to all the Stock Exchanges as per their schedule.

6 (b) Overseas Depository for GDRs : J.P. Morgan Chase Bank
60 Wall Street, New York, NY 10260
Tel.: 1-302-552 0253 Fax: 1-302-552 0320

6 (c) Domestic Custodian of GDRs : Citibank N.A.
Trent House Plot No C-60
Bandra Kurla Complex, bandra
Mumbai 400051
Tel.: (022) 40296118
Fax: (022) 26532205

7. ISIN *Equity share: ISIN INE038A01020*
GDR : ISIN US4330641022 CUSIP No. 433064300

Stock Code:

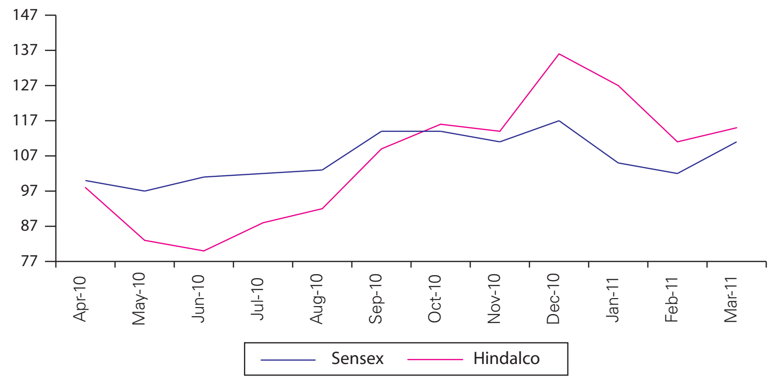
Stock Code:	**Scrip Code**
Bombay Stock Exchange	500440
National Stock Exchange	HINDALCO

StockExchange:	**Reuters**	**Bloomberg**
Bombay Stock Exchange	HALC.BO	HNDL IN
National Stock Exchange	HALC.NS	NHNDL IN
Luxembourg Stock Exchange (GDRs)	(GDRs)	HDCD LI

8. Stock Price Data

	Bombay Stock Exchange				National Stock Exchange				Luxembourg Stock Exchange		
	High	Low	Close	Volume	High	Low	Close	Volume	High	Low	Close
	(In Rs.)			(In Nos)	(In Rs.)			(In Nos)	(In US$)		
Apr-10	188.20	170.10	177.90	16,953,619	193.00	170.00	178.50	114,235,000	4.13	3.40	4.02
May-10	178.00	135.75	150.10	35,583,705	178.00	135.65	150.25	218,080,834	3.92	2.75	3.24
Jun-10	154.50	129.25	144.50	62,537,704	154.60	129.35	144.50	352,735,459	3.29	2.70	3.11
Jul-10	162.80	141.00	160.30	28,067,747	162.90	141.00	160.35	168,389,465	3.46	3.02	3.45
Aug-10	186.00	150.15	166.40	19,735,925	189.00	160.05	166.40	145,922,328	3.88	3.45	3.60
Sep-10	199.45	166.55	196.75	20,671,096	199.70	166.50	197.05	148,835,574	4.34	3.60	4.15
Oct-10	223.30	195.75	210.50	23,251,890	223.70	195.80	210.50	156,483,309	4.99	4.50	4.74
Nov-10	239.35	194.00	206.05	19,984,641	239.45	194.00	206.55	158,064,006	5.27	3.90	4.49
Dec-10	246.90	206.90	246.00	26,971,099	247.90	206.90	247.00	153,137,237	5.50	4.64	5.50
Jan-11	251.90	217.10	229.40	24,064,039	252.85	217.40	229.65	188,326,507	5.45	4.80	4.80
Feb-11	251.35	194.70	200.80	28,348,913	251.25	194.50	201.35	217,865,792	5.21	4.20	4.44
Mar-11	215.30	189.50	208.65	21,514,987	215.40	189.35	209.15	175,460,624	4.74	4.25	4.68

9. Stock Performance



10. Stock Performance over the past few years:

Absolute Returns (in %)				Annualised Returns (in %)			
	1YR	**3YR**	**5YR**		**1YR**	**3YR**	**5YR**
Hindalco	15.4	39.7	26.2	Hindalco	15.4	11.8	4.8
SENSEX	10.9	24.3	72.4	SENSEX	10.9	7.5	11.5
NIFTY	11.10	23.20	71.50	NIFTY	11.1	7.2	11.4

9. Registrar and Transfer Agents : The Company has In-House Investors Service Department registered with SEBI as category II Share Transfer Agent vide Registration no INR 000003910

Investors Service Department
Hindalco Industries Limited
Ahura Centre, 1st floor, B Wing
Mahakali Caves Road
Andheri (East), Mumbai- 400 093.
Tel: (91-22) 6691 7000
Fax: (91-22) 6691 7001
E-mail: hilinvestor@adityabirla.com

12. Details of Share Transfer System : Share transfer in physical form are registered and returned generally within a period of 15 days of receipt, provided the documents are clear in all respects. Officers of the Company have been authorized to approve transfers up to 10,000 Shares in physical form under one transfer deed and one Director of the Company has been authorized to approve the transfers exceeding 10,000 shares under one transfer deed.

The total number of shares transferred in the physical form during the year was 916,997.

	2010-11			2009-10		
Transfer period (in days)	No of Transfers	%	No of Shares	No of Transfers	%	No of Shares
1-10	1,184	83.00	633,073	1,111	88.24	523,242
11-15	153	11.00	67,584	92	7.31	53,281
16-20	25	2.00	1,16,692	11	0.88	14,201
21-above	60	4.00	99,648	45	3.57	27,895
Total	**1,422**	**100.00**	**916,997**	**1,259**	**100.00**	**618,619**

13. Investor Services

a) Complaints received during the year

Nature of complaints	2010-2011		2009-2010	
	Received	Cleared	Received	Cleared
Relating to Transfers, Transmissions Dividend, Interest, Redemption, Demat – Remat, Rights Issue and Change of Address etc.	99	99	82	82

b) Shares pending for transfer : Nil

14. Distribution of Shareholding of as on 31st March:

	2011			
No. of equity Share held	**No of Share Holders**	**% of share holders**	**No of Shares held**	**% share holding**
1-1000	297,664	92.74	46,641,733	2.43
1001-2000	10,072	3.14	14,695,993	0.76
2001-5000	7,432	2.00	23,596,655	1.81
5001-10000	2,934	0.91	20,761,473	1.00
10001-50000	2,057	0.64	40,286,976	2.00
50001-100000	208	0.57	14,833,902	0.00
100001 and above	598	0.00	1,753,581,182	92.00
Total	**320,965**	**100.00**	**1,914,397,914**	**100.00**

15. Dematerialisation of Shares and Liquidity : Around 97% of outstanding shares have been dematerialized. Trading in Hindalco Shares is available only in the dematerialized form.

16. Details on use of public funds obtained in three years : 213,147,391 equity shares of ₹ 1/- each at a premium of ₹ 129.90 were issued through Qualified Institutional Placement on 1st December, 2009. Entire amount has been spent for various ongoing projects and issue related expenses.

17. Outstanding GDR/ Warrants/Convertible Bonds : 175,294,492 GDR's are outstanding as on 31st March, 2011. Each GDR represents one underlying equity share.

18. Plant Locations:

Aluminium & Power

Renukoot Plant*
P.O. Renukoot -231217
Dist Sonbhadra Uttar Pradesh.
Tel : (05446) 252077-9
Fax: (05446) 252107/427

Renusagar Power Division
P. O. Renusagar
Dist. Sonbhadra,
Uttar Pradesh.
Tel : (05446) 277161-3/ 278592-5
Fax: (05446) 27164/278596

Hirakud Smelter
Hirakud 768 016
Dist: Sambalpur, Odisha
Tel: (0663) 2481307/452
Fax: (0663) 2481365

Hirakud Power
Post Box No.12
Hirakud 768 016
Dist: Sambalpur, Odisha
Tel: (0663) 2481307/ 2481273/452
Fax: (0663) 2481365

Copper

Birla Copper Division
P.O. Dahej, Lakhigam
Dist.Bharuch–392 130
Gujarat
Tel: (02641) 256004-06, 251009
Fax (02641) 251003/002

Chemicals/Bauxite/ Coal Mines

Muri Alumina
Post Chotamuri-835 101
Dist: Ranchi, Jharkhand
Phone: (06522) 244253/334
Fax: (06522) 244334

Belgaum Alumina
Village Yamanapur
Belgaum 590 010
Karnataka
Tel: (0831) 2999555/500
Fax: (0831) 2474697

Mines

Chandgad Mines
At Post: Chandgad 416509
Dist: Kolhapur
Maharashtra
Tel/Fax: (02320) 213342

Durgmanwadi Mines
At Post Radhanagri
Dist: Kolhapur,
Maharashtra - 416 212
Tel: (02321) 2371008
Fax: (02321) 237478

Lohardaga Mines
Dist: Lohardaga 835 302
Jharkhand
Tel/ Fax: (06526) 224112

Talabira Mines
Talabira-1, Coal Project
Qrs. No. A6/1
Saraswati Vihar
P.O. Sankarma
Dist. Sambalpur, Odisha
Tel: (0663) 2230573

Samri Mines
P.O: Kusumi 497222
Dist : Sarguja Chattisgarh
Tel/Fax(07778)274325

Sheet, Foil, Packaging & Extrusions

Foils Division
Village Khutli, Khanvel,
Silvassa-396 230
U.T. of Dadra & Nagar Haveli
Tel: (0260) 6618100
Fax: (0260) 2677025

Belur Sheet
39, Grand Trunk Road
Belurmath 711 202
Dist: Howrah, West Bengal
Tel: (033) 26100408/9
Fax: (033) 2654 5740

Taloja Sheet
Plot 2, MIDC Industrial Area
Taloja A.V.
Dist : Raigad
Navi Mumbai - 410 208
Maharashtra
Tel: (022) 66292929
Fax: (022) 2741 2430/31

Kalwa Foil
Thane Belapur Road
Kalwa, Thane 400 605
Maharashtra
Tel: (022) 25321141
Fax: (022) 25348798

Mouda Unit
Village Dahali
Ramtek Road, Mouda
Nagpur – 441 1104
Tel: (07115) 660777/786
Fax: (07115) 281410

Kollur Works
Village- Kollur Re Puram
MandalVia Mutangi
Medak Dist
Andhra Pradesh – 502 300
Tel: (08413) 234300 234204/05
Fax: (08455) 288829

Alupuram Extrusions
Alupuram P.B. No. 30
Kalamassery 683104
Dist Ernakulam Kerala
Tel: (0484)2532441-48
Fax (0484)2532468

*Renukoot works has also manufacturing facilities of Chemicals, Sheets and Extrusions.

19. Investor Correspondence : The Company Secretary
Hindalco Industries Limited
Century Bhavan, 3rd floor, Dr. Annie Besant Road,
Worli, Mumbai - 400 030.
Tel: (91-22) 6662 6666
Fax: (91-22) 2422 7586 / 2436 2516
Email: anil.malik@adityabirla.com

20. Categories of Shareholding (as on 31st March):

	2011				2010			
Category	**No of Share Holders**	**% of share holders**	**No of Shares held**	**% share holding**	**No of Share Holder**	**% of share holders**	**No of Shares held**	**% share holding**
Promoters & Promoters Group	21	0.01	613,797,188	32.87	21	0.01	613,797,188	32.08
Mutual Funds & UTI	179	0.06	47,408,657	2.48	128	0.04	56,043,833	2.93
Banks/ Financial Institutions/Ins/Govt	106	0.03	200,728,573	10.49	110	0.03	243,523,381	12.73
FIIs	582	0.18	591,819,320	30.91	453	0.13	553,768,633	28.94
Corporates	3,533	1.10	93,849,927	4.90	3,577	1.05	78,764,335	4.11
IndividualsSharesin transit/Trust	309,358	96.38	146,998,299	7.68	327,512	96.53	161,034,334	8.42
NRIs/ OCBs	7,185	2.24	44,501,458	2.32	7,479	2.21	41,387,609	2.16
GDRs*	1	0.00	1,75,294,492	8.35	1	0.00	1,65,143,129	8.63
Total	**320,965**	**100.00**	**1,914,397,914**	**100.00**	**339,281**	**100.00**	**1,913,462,442**	**100.00**

*15,542,309 GDR's are held by Promoter and Promoter Group.

21. Per share data:

	2010-11	2009-10	2008-09	2007-08	2006-07
Net Earnings (Rs. Crore)	2,137	1,916	2,230	2,861	2,564
Cash Earnings (Rs. Crore)	2,824	2,583	2,875	3,449	3,202
EPS (Rs.)	11.17	10.82	14.82	22.23	25.52
CEPS (Rs.)	14.76	14.58	19.10	26.80	31.87
Dividend per share (Rs.)	1.50@	1.35	1.35	1.85	1.70
Dividend pay out (%)	15.6@	15.7	12.0	9.3	7.9
Book Value per share (Rs.)	155.14	145.87	139.73	142.09	118.97
Price to earning (x)*	18.7	16.8	3.5	7.4	5.1
Price to cash earning (x)*	14.2	12.4	2.7	6.2	4.1
Price to Book Value (x)*	1.3	1.2	0.4	1.2	1.1

**Stock Prices as on 31st March.*
@ proposed dividend

22. OTHER USEFUL INFORMATION FOR SHAREHOLDERS

In pursuant to Clause 5A of the Listing Agreement the Company has already sent three reminders to all shareholders whose shares are returned undelivered in the Company's Right Issue offer made in the year 2005 and 2008. The Company is taking all necessary action to comply with Clause 5A of the Listing Agreement .

Shareholders who have not yet encashed their dividend warrants for the years 2003-2004 to 2009-2010 may approach the Company for revalidation / issue of duplicate dividend warrant quoting reference of their Ledger Folio numbers / DP & Client ID.

Shareholders of 6% Cumulative Redeemable Preference Shares who have not yet encashed their dividend warrants for the years 2007-2008, 2008-2009 and proceeds of Redemption amount may approach the Company for revalidation / issue of duplicate dividend warrant quoting reference of their Ledger Folio numbers / DP & Client ID.

- The Unclaimed dividend for the financial year 2002-2003 has been transferred by the Company to the Investor Education & Protection Fund constituted by the Central Government under Section 205A & 205C of the Companies Act, 1956.

  Shareholders are advised that dividends for the financial year ended 2003-2004 which remains unpaid/unclaimed over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund (IEPF) constituted by the Central Government under Section 205A & 205C of the Companies Act, 1956. Shareholders who have not claimed the dividend for this period are requested to lodge their claim with the Company, as under the amended provisions of Section 205B of the Act, no claim shall lay for the unclaimed dividends from IEPF by the Members.

  Upon effectiveness of the Scheme of Arrangement under the Companies Act, 1956 between Indo Gulf Corporation Limited (IGCL), Hindalco Industries Limited (Hindalco) and Indo Gulf Fertilisers Limited (IGFL), all unpaid dividend amounts of the then IGCL for FY1998-99 to FY 2001-02 have been taken over by the Company and transferred to the Investor Education & Protection Fund constituted by the Central Government under Section 205A & 205C of the Companies Act, 1956.

  Upon effectiveness of the Scheme of Arrangement under the Companies Act, 1956 between Indian Aluminium Company, Limited (Indal) and Hindalco Industries Limited (Hindalco) all unpaid dividend amounts of the then Indal for FY2000-01 and FY2001-02 have been taken over by the Company and transferred to the Investor Education and Protection Fund constituted by the Central Government under Section 205A and 205C of the Companies Act, 1956.

  As required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules 1978, the then Indal has transferred all unclaimed dividend up to FY 1994-95 to the General Revenue Account of the Central Government. Members who have so far not claimed or collected their dividend for the said financial year(s), may claim the same from the Registrar of Companies, West Bengal, Nizam Palace, 234/4, A J C Bose Road, Kolkata 700 020 by submitting an application in the prescribed form.

  In case of any query contact –

  Investor Service Department
  Hindalco Industries limited
  1, Prafulla Chandra Sen Sarani
  Kolkata 700 071
  Tel.: (033) 2281 2534
  Email ID: hilinvestor@adityabirla.com

The details of Dividend paid by the Company and the respective due dates of transfer of unclaimed/ un-encashed dividend to the designated fund of the Central Government:

Date of Declaration	Financial Year of Dividend	Due date of transfer to the Government
12th July, 2005	2004-05	August, 2012
28th July, 2006	2005-06	August, 2013
12th March, 2007	2006-07	April, 2014
19th September, 2008	2007-08	October, 2015
14th March, 2009	2008-09 (Dividend on Preference Shares)	April,2016
18th September,2009	2008-09	October,2016
3rd September,2010	2009-10	October,2017

- Green Initiative in Corporate Governance – Service of Documents in Electronic Form

As you are aware, Ministry of Corporate Affairs, Government of India (MCA) vide its Circular(s) Nos. 17 and 18 dated 21st April, 2011 and 29th April, 2011, respectively, has now allowed the companies to send Notices of General Meetings/other Notices, Audited Financial Statements, Directors' Report, Auditors' Report, etc., henceforth to their shareholders electronically as a part of its green initiative in Corporate Governance.

Keeping in view the aforesaid green initiative of MCA, your Company shall send the Annual Report and other documents to its shareholders in electronic form, to the e-mail address provided by them and made available to us by the Depositories. In case of any change in your e-mail address, you are requested to inform the same to your Depository. Shareholders holding shares in physical form are requested to inform their e-mail address to the Company, so that the Company can send the Annual Report and other documents to them in electronic form.

ADVANTAGES OF REGISTERING WITH THE COMPANY FOR E-COMMUNICATION:

- Will enable you to receive communication promptly and avoid loss of documents in postal transit.
- Will help in eliminating wastage of paper, reduce paper consumption and in turn save trees.

Please note that the said documents will be made available by the Company on its website www.hindalco.com. The physical copies of the same shall also be made available for inspection, during office hours, at the Registered Office of the Company at Century Bhavan, 3rd floor, Dr. Annie Besant Road, Worli, Mumbai - 400 030. Further, upon receipt of a request from you, your Company shall also furnish you the physical copy of the same free of cost.

In case you wish to receive the above documents in physical form, please send us an e-mail at hilinvestor@adityabirla.com or write to the Share Department of the Company at Ahura Centre, 1st floor, B Wing, Mahakali Caves Road, Andheri (East), Mumbai- 400 093 quoting reference of your DP ID & Client ID and name of the 1st Registered Shareholder.

We are confident that you would appreciate the "Green Initiative" taken by MCA.

We sincerely solicit your cooperation in helping your Company to implement the "Green Initiative".

- Members are requested to visit the Company's website ***www.hindalco.com*** for –
  - information on investor services being offered by the Company.
  - registering your E-mail ID with the Company to receive Notices of General Meetings/ other Notices, Audited Financial Statements, Directors' Report, Auditors' Report, etc., henceforth electronically.
- Shareholders are requested to keep record of their specimen signature before lodgment of shares with the Company to obviate possibility of difference in signature at a later date.
- Shareholders(s) of the Company who have multiple accounts in identical name(s) or holding more than one Share Certificates in the same name under different Ledger Folio(s) are requested to apply for consolidation of such Folio(s) and send the relevant Share Certificates to the Company.
- 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 of the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form.
- Shareholders are requested to give us their valuable suggestions for improvement of our investor services.
- Shareholders are requested to quote their E-mail Ids, Telephone/Fax numbers for prompt reply to their communication.

"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 institutionalized. 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 fully committed to sustainable development. All of its operations are run in an eco-efficient manner.

Your Company's plants are ISO 18001 EMS, OHSAS 14001 and SA8000 certified, and form an Integrated Management System (IMS). This has helped your Company in going beyond legislation and plan activities to reduce the environmental impact of operations. The IMS system was audited by M/s. DNV, India. They have recommended certification of the systems at your Company's plant in Renukoot, Renusagar and the Mines Division.

Our commitment to sustainable environment is translated into action through recoursing to the most appropriate technology, waste-management processes and value addition, conservation of water along with a slew of initiatives to reduce the carbon footprint.

Appropriate Technology

To lower particulate emission, two existing Baking Furnaces have been successfully retrofitted at Renukoot. Additionally, we intend replacing baking furnace No. 1 and 2 with a new state-of-the-art environment friendly Baking Furnace. The Statutory requirement for approval of the new Baking Furnace has been initiated with the respective Pollution Control Boards.

Advance Hi-Tech Dry Scrubbing systems on all pot lines, fuel-efficient calciners and boilers with high efficiency Electrostatic Precipitators (ESP) and computerized firing system with the Fume Treatment Plant (FTP) installed in baking furnaces, ensures a cleaner environment in and around Renukoot, 24x7.

At Renusagar, the Chemical Jet Dust Suppression system has been installed in all the Coal conveyers and at coal transfer points. The MST compound used for mist formation has reduced water consumption to a significant level (MST is the proprietary product name give by the supplier). Dust Extraction systems with bag filters provided at the coal screen, and water around the coal yard to suppress air borne coal particles, are other environment conservation measures. Bag filters at the Copper plant very efficiently capture dust from process gases. Bag filters are installed at smelters, captive power plant and precious metal recovery plant.

The installation of dry fog system is in progress in the unloading station at the aerial ropeway towards stalling dust emission.

The RAMCO OPTIMA software installation in the sulfuric acid plant at Dahej has resulted in better process control and improved Sulphur recovery.

Your Company's sulfuric acid plant operates on technology provided by Monsanto (USA). The SO2 gases emanating from the smelter converts to sulfuric acid at 99.85% efficiency.

Waste Management

Co-incineration of Spent Pot Lining (SPL) has been successfully carried out for the first time in the country in the CFBC boiler at the Hirakud Power Plant for the recovery of its calorific value. This was done by using a blend along with coal. These trials were conducted in two phases in the presence of the Central Pollution Control Board representatives. It has been observed that the overall impact of this method of disposal is superior to other methods. The report has been submitted to the regulatory authorities for approval.

At the Copper plant, discard slag is channelized towards road construction and as abrasive material. Phosphogypsum from phosphoric acid plant is used as a soil conditioner. It is also used by cement manufacturers. The construction sector utilizes it for making gypsum boards.

Fly ash put to productive use:

The use of fly ash in agricultural applications has resulted in a better yield. This initiative taken by Hirakud Power, jointly with the Department of Agriculture, (Govt. of Orissa) entailed using fly ash application in two blocks of the Sambalpur district during the Kharif season -2010.

Additionally, your Company supplies fly ash gratis to the Cement companies, utilizes it in constructing ash dykes, making bricks and blocks for use in the construction sector. Making fly ash bricks and blocks for construction activities and also recycles fly ash in building ash dykes for raising heights.

Cenosphere which is fine fly ash is channelized for usage in varied paint products.

Biogas Plant

As a proactive measure, at the Taloja Unit, a Bio Gas Plant has been installed for re-cycling food waste from the canteen. In the process, the plant generates around 5-7m3/Day of Bio Gas. The generated Bio-Gas used in the canteen, has reduced the consumption of LPG to some extent.

Steps towards water conservation

At the Silvassa Plant, we have undertaken rain water harvesting, which recharges the bore wells and thus effectively conserves water.

SUSTAINABLE DEVELOPMENT

At the Muri Plant, the Pressure Sand Filter backwash water reuse scheme has been implemented. This has resulted in reducing fresh water intake by about 10 to 15 M3/hr (metric cube per hour) and a similar quantity of intake to the Effluent Treatment Plant.

The Mouda rolling plant has installed a process ETP for treatment and recycling of process effluents. The unit is now a Zero Discharge plant and has proportionately reduced fresh water consumption

The Belgaum Plant has completed the construction of HDPE Lined Red Mud Pond No. 3 (Capacity of 675,000 m3) for holding plant effluent and run-off water. Construction of an effluent treatment plant of 400 m3/hr capacity for treating effluent and a lagoon (Capacity 175000 m3) for holding storm water and treated effluent from ETP is underway.

In your Company's Copper plant at Dahej in Gujarat, we have upgraded the River Osmosis (RO) plant. Here all the treated water from the effluent treatment plant undergoes another cycle of treatment. Consequently, the RO water quality is so good that it is directly circled to the plant for use as process water.

Towards reduction of the Carbon footprint

Your Company is reviewing three projects that have the potential to be evaluated under the Clean Development Mechanism (CDM) projects. Among these are:

1) Conversion of Kilns from Furnace oil to gas heating at Belgaum
2) Biomass Briquette as fuel in Thermic Fluid Heating System at Silvassa
3) Transportation mode change from Road to Rail at Belgaum and Dahej

You will also be pleased to learn that your Company has undertaken an in-house initiative for the mapping of Carbon footprint across all its manufacturing units in India. To facilitate the process of continuous monitoring, comparison and improvement, a company-wide database on Carbon footprint has been developed. The carbon footprint of all units of Hindalco is tracked every quarter and projects have been initiated to reduce the same.

Your Company continues to extend the Green Belt Cover in all its Unit locations. To give you just one example, at the Birla Copper plant at Dahej, more than 305,183 trees endow it with sylvan ambience.

The greenery encircling our plants, the swaying palms, the colorful 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.

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 that 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 660 villages and 10 urban slums, in proximity to its plants, across the country.

Health Care

We reached out to 3,25,000 villagers in 2,563 medical camps for general health checkups apart from thousands of villagers in the remotest areas through our rural mobile medical van services. Those afflicted with serious ailments were referred to our hospitals.

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

At the Company hospitals, across our plants, over 5.25 lakh patients have been treated at virtually no cost to them.

At the eye camps conducted by us, 2,923 patients were operated for cataract, and intra ocular lens were fitted for better sight.

At the medical camps organized for the physically challenged, 70 patients who were given artificial limbs, can now walk.

Mother and Child Health Care

We immunized 14,82,131 children against polio, and thousands of children against other diseases like malaria, typhoid and hepatitis-B.

More than 75,342 women took advantage of the anti-natal, post natal, mass immunization, nutrition and escort services for institutional delivery. These are core activities of the Reproductive and Child Health programmes.

Our programme on adolescent health care covered 1,888 girls.

As a result of our intensive motivation drive towards responsible family raising, 24,500 villagers opted for planned families.

Education

Over 12,365 children were enlisted this year at our Balwadis. Additionally, we were able to enroll 7,535 children in the local schools.

To encourage the spirit of excellence, 5,875 students from the rural schools supported by us, were awarded scholarships.

Several of our units foster the cause of the girl child through enlisting them with the Kasturba Gandhi Balika Vidyalaya(KGBV) - residential schools for girls.

Over 4,600 people have joined our adult literacy classes.

Sustainable Livelihood

At the Aditya Birla Rural Technology Park, more than 290 programmes were conducted. These related to repair and maintenance of diesel pump sets, electric and electronic goods, hand pumps, making bags, ropes, tailoring, knitting and cosmetics besides making of soft toys.

Skill sets of 12,976 rural youth have been honed to enable them stand on their feet.

Training in crop diversification, floriculture demonstration, integrated pest management and post harvest technology has been a boon to 23,242 farmers.

Watershed development projects ensure optimum use of land and water resources. Installation of lift irrigation projects, construction of check dams, water channels and digging of wells, have benefited 42,532 farmers.

Women Self Help Groups

Our 2,000 Self Help Groups empower 24,000 women financially and socially. These women have taken to tailoring, weaving, knitting, crafting bamboo baskets, san sutli(ropes), vermin compost, rearing samplings, mushrooms cultivation, making pickles, spices, selling vegetables and fruits and running grocery stores.

We were able to facilitate widow remarriages and dowryless marriages for 231 poor couples.

Infrastructure

Ongoing community support in the form of better roads, potable water systems, biogas plants, building of community centers, animal sheds, construction of dry toilets, provision of street light and electricity, along with subsidizing houses, served the needs of over 2,10,634 people.

To conserve water and support agriculture, 75 ponds and over a 115 check dams and bore wells were constructed.

Panchayat meeting halls, school buildings and community halls have also been maintained by your company.

Of the 105 villages that we have committed for conversion into model villages, 20 have been already transformed this year.

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 and lifting tens of thousands of people out of stark poverty. There is a newfound dignity among them. What more can one ask for?

Dear Shareholders,

The Board of Directors hereby presents the 52nd Annual Report, along with the audited annual standalone and consolidated accounts of your company for the year ended 31st March, 2011.

The year under review saw the economy recovering and with macro-economic factors remaining largely supportive, your Company strived to perform towards achieving a sustainable high-growth path. In terms of asset sweating, efficiencies and higher sales of value-added products, the year had been remarkable. However, steep cost inflation, especially towards the end of the year and volume loss in some of the Company's facilities, due to breakdowns, etc affected profit performance to some extent.

1. **Financial Performance summary**

   The financial performance of the company for the year ended March 31, 2011 is summarized below:

(Rs. Crore)

Particulars	Standalone		Consolidated	
	FY11	FY10	FY11	FY10
Net Sales and Other Operating Revenues	**23,859.2**	19,522.1	**72,077.9**	60,707.9
Profit before Interest, Depreciation and Tax	**3,502.2**	3,209.8	**8,432.5**	10,068.5
Interest	**220.0**	278.0	**1,839.3**	1,104.1
Profit before Tax	**2,594.7**	2,264.6	**3,843.2**	6,180.8
Tax Expenses	**457.8**	348.9	**963.8**	1,828.9
Profit before Minority Interest and share in Associates	**2,136.9**	1,915.6	**2,879.4**	4,351.9
Minority Interest	**-**	**-**	**365.9**	423.7
Share in (Profit)/ Loss of Associates	**-**	-	**57.1**	2.7
Net Profit	**2,136.9**	1,915.6	**2,456.4**	3,925.5
Balance brought forward from Previous year	**300.0**	300.0	**(377.1)**	(2,319.1)
Adjustment on Amalgamation, Acquisition and change in holding interest	**-**	-	-	(62.1)
Transfer from Debenture Redemption Reserve	-	87.5	**-**	87.5
BALANCE AVAILABLE FOR APPROPRIATIONS	**2,436.9**	2,303.1	**2,079.3**	1,631.8
APPROPRIATIONS				
Special Reserve			**0.5**	0.5
Proposed Dividend on Equity Shares	**287.2**	258.3	**287.7**	259.9
Tax on Proposed Dividend	**46.6**	42.9	**46.8**	43.5
Transfer to General Reserve	**1,753.2**	1,701.9	**1,752.8**	1,705.0
Balance Carried to Balance Sheet	**350.0**	300.0	**(8.5)**	(377.1)
Total	**2,436.9**	2,303.1	**2,079.3**	1,631.8

2. Financial Performance

Standalone Results

Revenues for the year crossed USD 5 Bn Mark

For the year ended March 31, 2011, net sales at Rs. 23,859 crore grew by 22%. Highest ever copper volumes, better product and geographic mix, by-product credit and higher realisation led by higher commodity prices enabled the company clock an impressive growth.

Input cost pressures, lower TcRc and one-timers associated with the Hirakud power outage have been some of the constraints faced in attaining even higher levels of performance.

Other Income at Rs. 317 crore was higher on account of better yields and higher treasury corpus, post the return of capital by Novelis. Interest was lower due to lower working capital borrowing coupled with lower international interest rates.

EBITDA for FY11 stood at Rs. 3,502 crore as against Rs. 3,210 crore in FY10, inclusive of a gain of over Rs. 349 crore, arising on account of AS-30 transition. FY11 EBITDA was constrained by the one-timers mentioned above.

Consolidated Results

Hindalco's consolidated revenue at Rs. 72,078 crore has been the highest ever, a growth of 19% year-on-year. Strong volumes, improved mix and higher commodity prices have been the growth drivers.

Profit before depreciation, interest and taxes stood at Rs. 8,433 crore as against Rs. 10,069 crore in FY10, which is inclusive of Rs. 2,736 crore (USD 578 million) of unrealized gains on derivatives in FY10, as against unrealised loss of Rs. 291 crore (USD 64 million) in FY11. **The underlying performance of the current year sets a new record, reflecting the inherent strength of the Company's low cost business model, operational excellence, superior product mix and a balanced and de-risked portfolio.**

Adjusted consolidated EBITDA rose by 25% (31% in Dollar terms) compared to FY10:

Rs. Crore	FY11	FY10
EBITDA	8,433	10,069
Less: Unrealised Gain/(Loss) on Derivatives-Novelis	(291)	2,736
Transitional adjustment on adoption of AS-30-India		349
Adjusted EBITDA	8,724	6,983

Interest expenses increased from Rs.1,104 crore to Rs. 1,839 crore mainly due to one-time debt issuance cost related to the refinancing of USD 4.8 bn at Novelis in Dec-10 and consequent higher interest in Q4. The debt issuance cost was expensed in the year of occurrence in Indian GAAP, unlike in US GAAP, where it is amortised over the life of the debt.

3. Dividend

The Board of Directors of Hindalco has recommended a dividend of Rs. 1.50 per share i.e. 150% aggregating to Rs. 287.17 crore. Together with corporate dividend tax of Rs. 46.59 crore, the total payout works out to Rs. 333.76 crore.

4. Consolidated Financial Statements

The audited standalone and Consolidated financial statements of your company, which form part of the annual report, have been prepared pursuant to Clause 41 of the Listing Agreement entered into with the Stock exchanges, in accordance with provisions of the Companies Act, 1956, the Accounting Standards AS-21 on Consolidated Financial Statements read with Accounting Standard 23 on Accounting for investments in Associates and AS-27 on Financial Reporting of Interest in Joint Ventures.

Idea Cellular Limited (Idea), an associate of the Company, has not been able to adopt its accounts for the year ended 31st March, 2011 due to certain exceptional circumstances. As such, share of profit or loss in Idea for the year ended 31st March, 2011 has not been incorporated in the consolidated accounts of the Company. Share of profit of Idea accounted for in consolidated accounts of the Company for the year ended 31st March, 2010 was Rs. 66 crore. Accordingly, the numbers for the current year are not comparable with those of the previous year.

5. Utilisation of Share issue proceeds

213,147,391 equity shares of Rs. 1/- each at a premium of Rs. 129.90 were issued through Qualified Institutions Placement on 1st December, 2009. Entire amount has been spent for various ongoing projects and issue related expenses within 31st March, 2011.

6. Goodwill Impairment Reversal and Business Reconstruction Reserve

The Company had recorded goodwill on acquisition of Novelis in 2007-08. Due to the deterioration in the global economic environment and the resultant significant decrease in both the market capitalization of the Company and the valuation of the Novelis' publicly traded 7.25% Senior Notes during the 2008-09, an impairment loss of goodwill of Rs. 3,597 crore was ascertained in 2008-09. This amount was adjusted against Business Reconstruction Reserve (BRR) account created as per a Scheme approved by the Hon'ble Bombay High Court (the Court).

During the year ended March 31, 2011, the Company performed an analysis to determine whether the specific external event of exceptional nature is not expected to recur and whether the factors of exceptional nature no longer exist. Such global economic crisis was exceptional in nature which triggered impairment loss of goodwill. Consequent to the global crisis, major economies across the globe made radical changes in their regulatory environments as also introduced legislation, policy initiatives and risk management procedures to prevent recurrence of such events in the future. As such, the specific external event of exceptional nature is not expected to recur.

During 2010-11, Novelis staged a record performance in terms of revenues, profitability, free cash flow and liquidity and is now poised for transformational growth. Its credit metrics improved significantly enabling it to arrange for a debt refinancing to the tune of $4.8 billion out of which a return of capital of $1.7 billion has been made leading to recapitalization of the company.

Consequent to above, the impairment loss of goodwill of Rs. 3,597.30 crore has been reversed in 2010-11. Since the impairment loss had been adjusted against BRR in 2008-09 as per the Court approved Scheme, the reversal of impairment loss of goodwill has also been adjusted against BRR in 2010-11. Impact of this on Profit and Loss account for the year 2010-11 has been mentioned in table below:

	Standalone-Higher/(Lower) by			Consolidated-Higher/(Lower)by		
	2010-11	2009-10	2008-09	2010-11	2009-10	2008-09
Net Profit (Rs. Crore)	-	-	(66.98)	3,439.29	(304.39)	(4,616.87)
Basic EPS (Rs.)	-	-	(0.44)	17.97	(1.72)	(30.67)
Diluted EPS (Rs.)	-	-	(0.44)	17.96	(1.72)	(30.67)

Pursuant to a court approved scheme of financial restructuring under sections 391 to 394 of the Companies Act 1956 ("the Scheme"), Rs. 8,647.37 crore was transferred during 2008-09 to Business Reconstruction Reserve (BRR) from Securities Premium Account for adjustment of certain specified expenses. Accordingly, the following amounts have been adjusted against the BRR:

(Rs. Crore)

	Standalone			Consolidated		
	2010-11	2009-10	2008-09	2010-11	2009-10	2008-09
Opening Balance	8,580.39	8,580.39	-	3,726.11	4,030.50	-
Add: Transfer from Securities Premium Account s per the Scheme	-	-	8,647.37	-	-	8,647.37
Less: Adjustments made:						
(a) Impairment loss/(reversal of impairment loss) of goodwill arising on consolidation of Novelis Inc. while preparing consolidated accounts of the group.	-	-	-	(3,597.30)	-	3,597.30
(b) Impairment of fixed assets	-	-	66.80	-	-	111.30
(c) Interest and Finance Charges on loan taken by A V Minerals (Netherlands) B.V., a subsidiary of the Company, for acquition of Novelis Inc. by the Company.	-	-	-	158.01	304.39	544.47
(d) Costs in connection with exiting business	-	-	-	-	-	363.62
(e) Certain costs in connection with the Scheme Closing Balance	-	-	0.18	-	-	0.18
	8,580.39	8,580.39	8,580.39	7,165.40	3,726.11	4,030.50

7. **Management Discussion and Analysis Report**

The Management & Discussion Analysis Report forming part of Directors' Report for the year under review, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange(s), forms part of Annual Report. The report provides strategic direction and a more detailed analysis on the performance of individual businesses and their outlook.

8. **Finance**

Your company took several proactive financing measures to ensure smooth progress on these projects.

Utkal and Mahan Financing

The three projects, viz. Utkal Alumina [UAIL], Mahan Aluminium and Aditya Aluminium, with a capital outlay of USD 5 billion are at an advanced stage of execution. The equity for these projects has been financed by internal accruals and QIP issuance of USD 600 million in Nov '09.

During the year your company has achieved the financial closure of UAIL and Mahan Aluminium through debt financing for Rs. 4,906 and Rs 7,875 Crore respectively.

Novelis Refinancing:

Novelis Inc., the Company's wholly-owned subsidiary and a global leader in aluminium rolled products and beverage can recycling, has completed refinancing transactions to recapitalize its Balance Sheet. The refinancing consisted of the sale of \$1.1 billion of 8.375% Senior Notes due 2017, \$1.4 billion of 8.75% Senior Notes due 2020 (collectively, the "New Senior Notes") and a new \$1.5 billion secured term loan credit facility.

The proceeds were used to refinance Novelis' prior secured term loan credit facility, to fund its previously announced cash tender offers for any and all of its \$1.124 billion 7.25% Senior Notes due 2015 (the "7.25% Notes") and its \$185.0 million 11.50% Senior Notes due 2015 (the "11.50% Notes") and to pay premiums, fees and expenses associated with the refinancing. In addition, a portion of

DIRECTORS' REPORT

the proceeds were used to fund a distribution of $1.7 billion as a return of capital to Novelis' parent company, AV Metals, Inc. Canada, which in turn repatriated the same as return of capital to its parent, AV Minerals (Netherlands) B.V., a fully owned subsidiary of Hindalco. Novelis also replaced its existing $800 million asset based loan ("ABL") credit facility with a new $800 million ABL facility. The new ABL terms and conditions are similar to the existing facility.

The new capital structure has strategic implications for Hindalco and Novelis. Novelis' ability to optimize its balance sheet is a testament to the management actions taken over the past two years to strengthen its core business and financial position. The refinancing provides Hindalco and Novelis with increased flexibility to address growth opportunities in order to further strengthen their global footprint.

AV Minerals (Netherlands) B.V. has used this amount for repayment of its outstanding debt and to return $650 million to Hindalco by way of reduction of the nominal value of its shares in the current quarter. On January 24, 2011, AV Minerals (Netherlands) B.V., a wholly-owned subsidiary of the Company, has reduced its nominal value of shares from Euro 1,000 per share to Euro 778.20 per share and has returned the excess paid up capital after paying up dues on partly paid-up shares. The extent of ownership interest of the Company in AV Minerals has not been affected by the reduction in the paid up capital.

The net excess paid up capital amounting to Rs. 2,962.72 crore (equivalent to Euro 477.58 million) was returned to the Company on January 25, 2011.

9. Expansion Projects

Hindalco - India

<u>Brownfield Expansion Projects</u>

Hirakud Smelter Expansion: The Smelter expansion at Hirakud from 155 KTPA to 161 KTPA was completed in Q4 FY11. A further expansion from 161 KTPA to 213 KTPA, along with a 100 MW Captive Power Plant [CPP] will be completed in early 2012.

The next phase of expansion of the Smelter from the proposed 213 KTPA to 360 KTPA, with a corresponding increase in CPP capacity from 467.5 MW to 967.5 MW is under evaluation. The environmental clearance for this is already in place.

Hirakud Flat Rolled Products [FRP] Project: This project is underway for the transfer of all key equipment for FRP production from Novelis plant at Rogerstone, UK to Hirakud. In addition, orders have also been placed for related and balancing equipment. This will enable the Company to produce a wide range of superior engineering products, including can-body stock, for the local and export markets. The project is slated for completion towards end-2011. Around 2,000 people are working at the site on civil and structural jobs.

Belgaum Special Alumina: The Specials Plant expansion from 189 KTPA to 301 KTPA, with a coal based co-generation power plant. Natural gas adaptation for its rotary kilns is being evaluated.

The Company has embarked on an aspirational growth path towards which, three new Aluminium Smelters and two new Alumina Refineries are being set up in the states of Odisha, Madhya Pradesh and Jharkhand. With these projects on stream, aluminium smelting capacity will touch around 1.7 mio-tonne and alumina refining capacity around 6 mio-tonne.

Of these greenfield projects, three projects, viz. Utkal Alumina [UAIL], Mahan Aluminium and Aditya Aluminium, with a capital outlay of USD 5 billion are at an advanced stage of execution. The equity for these projects has been financed by internal accruals and QIP issuance of USD 600 million in Nov '09. The Company has achieved the financial closure of UAIL and Mahan Aluminium through debt financing. The process of financial closure for the debt component of Aditya Smelter will be launched soon.

These greenfield projects are located at remote places, without adequate infrastructure and in an uncertain regulatory environment. The Company is in the process of building necessary infrastructure to support the execution of the project, followed by transition to regular commercial operations.

While the critical long lead equipment for UAIL, Mahan and Aditya Smelters have been tied up and committed, severe inflationary pressure is being witnessed, triggered by increase in the commodity and fuel prices, for the ongoing civil and other related activities.

An overview of the Greenfield Projects is as indicated below:

Project	Description	Location	Commissioning	Financing
Utkal Alumina [UAIL]	1.5 mio-tonne Alumina Refinery with integrated Bauxite Mines*	Rayagada Odisha	2012	Financial Closure Completed with financing of Rs. 4,906 crore
Mahan Aluminium+	359 KTPA Aluminium Smelter & 900 MW CPP **	Mahan, MP	End 2011	Financial Closure Completed with debt financing of Rs. 7,875 crore
Aditya Aluminium+	359 KTPA Aluminium Smelter & 900 MW CPP***	Lapanga, Odisha	Early 2013	Equity part already tied up, debt financing to be launched shortly
Aditya Alumina	Alumina Refinery with integrated Bauxite Mines	Koraput, Odisha	2014	
Jharkhand Aluminium	Aluminium Smelter	Sonahatu, Jharkhand	2015	

* MoEF approval for 3 mio-tonne/annum

** MoEF approval for 325 KTPA and 750 MW CPP

*** MoEF approval for 260 KTPA and 600 MW CPP

\+ Process or seeking approvals is in progress

Utkal Alumina International Ltd (UAIL): The construction of the alumina refinery, along with a 90 MW captive co-generation plant is in progress at UAIL, a 100% subsidiary of the Company. The output from UAIL would be sufficient to feed alumina to the Mahan and the Aditya Smelters. Contractors have mobilised more than 9,000 people at the site. The erection of major equipment like boilers, evaporators and turbines has begun.

The project performance review of some of the contracts indicates slippage in performance of certain contractors, mainly in the area of civil work. In order to avoid further slippage, some of the non-performing contractors have been suitably replaced with new contractors, who have better performance track record.

This has resulted in an additional estimated cost of Rs. 600 crore, as fresh contracts are at the current market price, with built-in bonuses referenced to the project milestone.

Some of the delayed contracts have a cascading impact on the timely execution of other contracts and have the potential to increase both time and cost of the overall project. Internal accruals and free cashflows are adequate to meet the probable overruns, which are being estimated.

Despite these overruns, the project capital cost continues to be favourably benchmarked with the capital cost of other comparable global projects.

The operating cost of this project will continue to be in the lowest cost quartile of the global cost of production and will continue to be value accretive.

Mahan Aluminium Project: This 359 KTPA Aluminium Smelter, along with 900 MW CPP, is coming up in Bargwan, Madhya Pradesh.

Contractors have mobilised about 16,000 people at the site. Engineering for the project is complete and major equipment for both the Smelter and the CPP have started arriving at the site. Civil foundation, fabrication and erection of structures have progressed substantially at both the Smelter and the CPP.

As indicated earlier, severe inflationary pressure is being witnessed, triggered by increases in commodity and fuel prices for the civil and other related activities of the project.

The project cost and timelines of these contracts are being reviewed.

The coal requirement for the CPP will be primarily met from Mahan Coal Block, being developed by Mahan Coal Limited (MCL), a joint venture between the Company and Essar Power Limited.

As communicated earlier, Mahan Coal Block was included under the category of 'No Go' area. An Empowered Group of Ministers has been set up to resolve all environment and forest issues for coal mines under "No Go" areas, meetings for which were held in February and April 2011, with the next meeting expected shortly. The Company continues to be optimistic of a favourable outcome in the matter.

The Company is in the process of finalising the arrangements for mining to fast-track the development of the mines, once the final forest clearance is received. As an interim measure, the Company has applied to the Ministry of Coal for temporary supply of coal (tapering linkage) to the Mahan CPP, until the Company's own mines commence operating at full capacity.

Expansion Projects

Novelis - South America

Pinda is the largest aluminium rolling and recycling facility in South America in terms of shipments and the only facility in South America capable of producing can-body and end-stock. Pinda recycles primarily used aluminium beverage cans and is engaged in tolling recycled metal for its customers. In response to the growing demand for the company's products in South America, a plan to invest nearly USD 300 million to expand the aluminium rolling operations in Pinda was announced earlier. This expansion will increase the plant's capacity by more than 50% to approximately 600 Kt of aluminium sheet per year. The project is expected to come on stream by late 2012.

Novelis - Asia

In May 2011, Novelis announced plans to invest approximately USD 400 million to expand the aluminium rolling and recycling operations in South Korea, in response to the growing demand in Asia and the Middle East. The rolling expansion, which will include investments in both hot rolling and cold rolling operations, will increase aluminium sheet capacity in Asia to 1,000 Kt annually. As a response to the projected market growth in the region, this move is designed to rapidly bring to market, high-quality aluminium rolling capacity, aligned with the projected needs of a growing customer base. The new capacity is expected to be commissioned in financial year 2013. The expansion will increase Novelis' aluminium sheet capacity in Asia by more than 50% and will also include the construction of a state-of-the-art recycling centre for used aluminium beverage cans and a casting operation.

10. Subsidiaries/ Joint Venture

Indal Exports Limited was dissolved on March 4, 2011. A V Aluminium in Canada was merged with Novelis Inc.

Novelis Inc. *(Wholly Owned Subsidiary of Hindalco)*

Novelis is poised for Rapid Transformational Growth. It has posted a net income of USD 116 million under US GAAP. The adjusted EBITDA at a record level of USD 1.1 billion was up by 42%. Novelis reported a solid Free Cash Flow of USD 310 million.

The record results at Novelis reflect a number of ongoing initiatives to strengthen the business and prepare it for transformational growth. The global realignment of the organization towards operating as a fully integrated global company, optimizing the Company's footprint and reducing its cost base by closing underperforming and non-core plants and by investing in recycling initiatives fuelled its growth. The focus is on premium products, which now comprise over 70 percent of Novelis' product portfolio.

Other strategic initiatives like the expansion of the Company's Pinda mill in Brazil and global debottlenecking projects designed to increase capacity have been growth enablers as well.

Furthermore, refinancing and recapitalizing the business has positioned the Company to significantly invest over the next few years to capture strong market growth in its key product segments globally.

Novelis has operated its assets at or near capacity for the entire year. The Company intends to use its strong operating cash flow to fund $1.5 billion in capital expenditure over the next three years. The previously announced rolling mill expansion in Brazil and the recently announced expansion in Korea as well as strategic automotive expansion in North America are key focus areas in the near term to capitalize on future growth and solidify its position as the leading player in the global FRP industry.

Shipments of aluminium rolled products totalled 2,969 Kt for FY11, an increase of 10 percent compared to shipments of 2,708 Kt in the previous year. This increase in shipments for the year was driven by strong end-market conditions across all product segments globally, particularly in can, automotive and electronics. Net sales for FY11 were $10.6 billion, an increase of 22 percent compared to the $8.7 billion reported for FY10.

Over the next year, Novelis expects continued strong demand in its key product segments. As a result, capital expenditure for FY12 is projected to be between $550 and $600 million. Much of this capital is earmarked for strategic investments, which include Brazilian and Asian rolling mill expansions, strategic automotive capacity increase in North America and recycling initiatives across operating regions. The Company plans to primarily use its strong operating cash flow to fund this capital expenditure.

Aditya Birla Minerals Ltd *[51% subsidiary of Hindalco]*

Nifty mines recorded the highest copper production and also highest ore mine processed to date. Production of copper was at an all time high at 59.6 Kt despite lower copper grade. Mount Gordon has received the requisite approval for mining. Net profit for the year is AUD 57 Million against AUD 61 Million in FY10.

The Ministry of Corporate Affairs, Government of India vide its Circular No. 5/12/2007-CL-III dated 8th February, 2011 has granted general exemption under Section 212(8) of the Companies Act, 1956, from attaching the balance sheet, profit and loss account and other documents of the subsidiary Companies to the balance sheet of the Company provided certain conditions are fulfilled. The Company has satisfied the conditions stipulated in the Circular and hence is entitled to the exemption. However, annual accounts of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary companies investor's seeking such information at any point of time. The annual accounts of the subsidiary companies are available for inspection by any shareholder's at the Registered office of the Company. The annual accounts of the subsidiary company is also available for inspection at their respective registered office.

Further, in line with the Listing Agreement and in accordance with the Accounting Standard 21 (AS-21), Consolidated Financial Statements prepared by the Company include financial information of its subsidiaries.

11. Employee Stock Option Scheme

The shareholders of the Company has approved an Employee Stock Option Scheme ("ESOS 2006"), formulated by the Company, under which the Company may issue 3,475,000 options to its permanent employees in the management cadre, in one or more tranches, whether working in India or out of India, including the Whole Time Directors of the Company. The shareholders have also approved giving discount up to 30% of the average price of the equity shares of the Company in the immediate preceding seven day period on the stock exchange. The ESOS 2006 is administered by the Compensation Committee of the Board of Directors of the Company ("the Committee"). Each option when exercised would be converted into one fully paid-up equity share of Re. 1/- each of the Company. The options will vest in 4 equal annual instalments after one year of the grant. The maximum period of exercise is 5 years from the date of vesting. Further, forfeited/ lapsed options are available to the Committee for grant.

During the year, under ESOS 2006, 572,160 options have been granted as Tranche III to its eligible employees as on 3rd September, 2010. However, under the ESOS 2006, so far the Committee has granted 3,545,550 options to its eligible employees in three tranches out of which 701,274 options were forfeited/ lapsed and are available to the Committee for grant as per term of the Scheme.

The compensation cost of stock options granted to employees have been accounted by the Company using the intrinsic value method. Accordingly, employee cost includes Rs. 1.34 crore (Previous year Rs. 1.00 crore) being the amortization of intrinsic value for the year ending 31st March, 2011.

Disclosure pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme) Guidelines, 1999 is given in Annexure – A.

12. 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 B).

In accordance with the provisions of Sections 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 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.

13. Fixed Deposits

The Company has not accepted any public deposits and, as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

14. Directors

In accordance with Article 146 of the Articles of Association of the Company, Mr. M.M. Bhagat , Mr. C.M. Maniar and Mr. S.S.Kothari retire from office by rotation, and being eligible, offer themselves for reappointment.

During the year Mr. Ram Charan was appointed as an Additional Director of the Company w.e.f 12th February, 2011 pursuant to Section 260 of the Companies Act, 1956.

15. Corporate Governance

Your Directors reaffirm their commitment to the corporate governance standards as prescribed by The Securities and Exchange Board of India (SEBI). A separate section on Corporate Governance together with a certificate from the Auditors of the Company regarding full compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchange(s) forms part of Annual Report.

16. Group Structure

Pursuant to intimation from the promoters, the names of the promoters and entities comprising "Group" are disclosed in the Annual Report for the purposes of the SEBI (Substantial Acquistions of Shares and Takeovers) Regulations, 1997.

17. Directors' Responsibility Statement

Your Directors affirm that the audited accounts containing financial statements for the financial year 2010-11 are in full conformity with the requirements of the Companies Act, 1956. They believe that the financial statements reflect fairly, the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. These statements were audited by the statutory auditors of the Company, M/s. Singhi & Co., Chartered Accountants.

Your Directors further confirm that:

1) In the presentation of the Annual Accounts, applicable Accounting Standards have been followed.

2) That the accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year.

3) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4) The Directors have prepared the Annual Accounts on a going-concern basis.

Your Company's internal Auditors have conducted periodic audits to provide reasonable assurance that established policies and procedures have been followed.

18. Awards & Recognitions

Several accolades have been conferred upon your Company, in recognition of its contribution in diverse fields. A selective list:

➢ Renukoot Unit received the "NIPM Gold Award for Best HR Practices" for the year 2010 by National Institute of Personal Management (NIPM).

➢ Renukoot Unit awarded the Greentech Gold Safety Award 2010 for Occupational Health and Safety Management in the Mining & Metals sector, by the Greentech Foundation, New Delhi.

➢ Renukoot Unit received the Greentech Environment Excellence Gold Award-2010 in the Metals sector for its efforts towards Environment Management by Greentech Foundation, New Delhi.

➢ Renukoot Unit recognised with the "Golden Peacock Award for Corporate Social Responsibility" for the year 2010.

➢ Renukoot Unit was presented the Greentech HR Excellence Silver Award for 2010 for excellence in Training.

➢ Renukoot Unit selected for "Best Exporter Award" for 2010 by the Container Corporation of India for contributing to India's economic progress through significant volume of exports.

➢ Renukoot Unit earned the National Energy Conservation Award (Second Prize) 2010, in the Metals Sector, presented by the Ministry of Energy, Government of India.

➢ Renukoot Unit received the Silver Certificate of "Indian Manufacturing Excellence Award – 2010" by the Economic Times and Frost & Sullivan

➢ Birla Copper received the Greentech Environment Excellence Gold Award-2010 in the Mining & Metals sector for its efforts towards Environment Management by Greentech Foundation, New Delhi.

➢ Birla Copper was awarded the Greentech Silver Safety Award 2010 for Occupational Health and Safety Management in the Mining & Metals sector by the Greentech Foundation, New Delhi.

➢ Renusagar Power Division received the Greentech Safety Gold Award 2011 in Power Sector for outstanding achievement in Safety Management by Greentech Foundation, New Delhi.

➢ Renusagar Power Division received the Greentech Gold Award 2010 in Thermal Power Sector for outstanding achievement in Environment Management by Greentech Foundation, New Delhi.

➢ Renusagar Power Division received the "Commendation for Safety Innovation Award 2010" by the Institution of Engineers (India).

➢ Renusagar Power Division received the "Special Commendation for the Golden Peacock Environment Management Award 2010" by the Institute of Directors, New Delhi.

- Hirakud Power Plant awarded Third Prize in the State level CII Orissa Award for Best Practices in Environment, Safety & Health – 2010
- Hirakud Power was awarded the Greentech Environment Excellent Gold Award - 2010 in the thermal power sector category.
- Hirakud Smelter earned a Certificate of Appreciation for commendable efforts towards Energy Conservation, presented by CII, Kolkata.
- Muri Alumina Plant was selected for the National Award for Excellence in Water Management 2010 - "Beyond the Fence" category, for the indigenous work being done by the unit, outside the fence as a Corporate Citizen and fulfilling its Corporate responsibilities.
- Taloja Rolling Plant received an award-cum-recognition from TATA TOYO Radiators Limited for helping them in their Import Substitution (High Impact Localisation- around 32 crore is their purchase per year) of one of their key supplies.

Quality Circle Awards

- Gold Awards to four Hindalco Renukoot Quality Circle Teams, Kushal, Vaibhav, Pragati, Nirantar, at the International Quality Circle Competition (IQCC 2010) held at Hyderabad
- Silver & Bronze Awards to Hindalco Hirakud Power Quality Circle Teams, Aryan & Power respectively at the International Convention on Quality Concept Circle (ICQCC-2010) held at Hyderabad.
- Quality Circle teams from Renukoot, Hirakud and Birla Copper Dahej Units excelled at the National QC Convention (NCQC 2010) winning Par Excellence, Excellence, Distinguished and Runners Up Awards.

Individual

- Mr. D. Bhattacharya, Managing Director, Hindalco selected for the prestigious Qimpro Gold Standard Business Award for 2010, given to a leader who has successfully implemented world-class quality practices in an organisation / institution.
- Global Corporate Excellence Award presented to Mr D. Bhattacharya, Managing Director, Hindalco for his exceptional efforts towards growth and promotion of non-ferrous metals industry in India. Presented by Corporate Monitor in association with the Department of Metallurgical Engineering and IT, Banaras Hindu University, Varanasi.
- Vishwakarma Rashtriya Puruskar awarded to four Renukoot Workers – Messrs A K Jha, D.S. Bist, Ravindra Kumar, and P.S. Rana, presented by the Ministry of Labour & Employment, Government of India.
- Prime Minister's Shram Awards 2010 to five Renukoot Workers : Mr Bhanwar Singh awarded Shram Bhusan Award and Messrs Mahendra Nath Gupta, Prem Narain awarded the Shram Veer Award while Messrs Hari Kant Gupta, Lallan Prasad received the Shram Shree Award, presented by the Ministry of Labour & Employment, Government of India.
- Prime Minister's Shram Award 2010 to Mr. Jayanti Patel from the Phosphoric Acid plant of Birla Copper Dahej unit, who earned the Shram Veer Award presented by the Labour Department, State Government of Gujarat.

19. Environment Protection and Pollution Control

Your Company is committed to sustainable development. Your Company is a signatory to the Global Compact and subscribes to the principle of triple-bottom line accountability.

A separate chapter in this report deals at length with your Company's initiatives and commitment to environment conservation.

20. Auditors

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

M/s. Singhi & Company, Chartered Accountants and Auditors of the Company, retire, and being eligible, offer themselves for appointment.

In pursuance to Section 233-B of the Companies Act, 1956 your Directors have appointed M/S Nanabhoy & Co. to conduct the cost audit of Aluminium Business, Fertiliser Business, Captive Power Plant at Renusagar and Co-Generation Plant at Dahej and Renukoot and M/S Mani & Co. to conduct the cost audit of Aluminium Business at Alupuram, Belgaum, Muri, Taloja, Belur, Hirakud, Mouda, Kollur and Captive Power Plant at Hirakud and Muri for the year 2011-2012 subject to the approval of Central Government.

21. Appreciation

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the Honorable Ministers, Secretaries and other officials of the Ministry of Mines, Ministry of Coal, the Ministry of Chemicals and Fertilizers and various State Governments. Your Directors thank the Financial Institutions and Banks associated with your Company for their support as well.

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.

Your involvement as Shareholders is greatly valued. Your Directors look forward to your continuing support.

For and on behalf of the Board

Mumbai
Dated the 30th Day of May,2011

Chairman

ANNEXURE 'A' TO THE DIRECTORS' REPORT

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

	Nature of Disclosure	Particulars
a)	Options Granted	3,545,550
b)	The pricing Formula	Tranche I The exercise price 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 30%. (Exercise price- Rs. 98.30 Per option) Tranche –II The exercise price was the closing market price, prior to the date of grant. (Exercise price - Rs. 150.10 per option) Tranche –III The exercise price 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 30%. (Exercise price - Rs. 118.35 per option)
c)	Options vested/exercisable as at March 31, 2011	12,69,323
d)	Options Exercised during the year	224,100
e)	The total number of shares arising as a result of exercise of options	224,100
f)	Options Lapsed	–
g)	Variation in terms of options	Nil
h)	Money realised on exercise of options	22,656,510
i)	Total number of options in force	2,348,478
j)	Employee-wise details of options granted:	
	i) Senior Managerial Personnel:	Mr. D Bhattacharya – 9,70,100
	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
	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
k)	Diluted Earnings per share	NA
l)	Difference between the employee compensation cost computed using intrinsic value of the stock options, and the employee compensation cost that shall have been recognised, if the fair value of the options was used.	Rs. 1.70 Crore

ANNEXURE 'A' TO THE DIRECTORS' REPORT (Contd.)

	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	
			Rs. Crore
		Particulars	**2010-11**
		Net Profit as Reported	2,136.92
		Less: Dividend on Preference Shares (including Tax)	0.00
		Net Profit attributable to Equity Shareholders	2,136.92
		Add: Compensation cost under ESOS as per intrinsic value included in the Net Profit	1.34
		Less: Compensation cost under ESOS as per fair value	-3.04
		Proforma Net Profit	2,135.22
		Reported Earning per Share (EPS):	
		Basic EPS (in Rs.)	11.17
		Diluted EPS (in Rs.)	11.16
		Proforma Earning per Share (EPS):	
		Basic EPS (in Rs.)	11.16
		Diluted EPS (in Rs.)	11.15
m)	i) Weighted-average exercise prices and weighted average fair values of options whose exercise price equals the market price of the stock	**Options granted under Tranche-II** Exercise price (Rs.) 150.10 Fair value (Rs.) 57.11	
	ii) Weighted-average exercise prices and weighted average fair values of options whose exercise price is less than the market price of the stock	**Options granted under Tranche-I** Exercise price (Rs.) 98.30 Fair value (Rs.) 65.78	**Options granted under Tranche-III** Exercise price (Rs.) 118.35 Fair value (Rs.) 102.96
	iii) Weighted-average exercise prices and weighted average fair values of options whose exercise price exceeds the market price of the stock		
n)	A description of method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:		
	i) Risk free Interest rate (%)	8	
	ii) expected life (No. of Years)	5	
	iii) expected volataility (%)	Tranche I 34% Tranche -II 37% Tranche -III 53%	
	iv) dividend yield (%)	Tranche I & II Rs. 170	Tranche III Rs. 135
	v) the price of the underlying shares in the market at the time of option grant	Tranche I Rs. 138.95 Tranche -II Rs. 150.10 Tranche -III Rs. 173.65	

ANNEXURE 'B' TO THE DIRECTORS' REPORT

[Statement of particulars under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988]

A. *CONSERVATION OF ENERGY*

Energy Conservation & its efficient use is a least cost option to mitigate the gap between demand & supply as well as it also plays a vital role for reducing our cost of production. Appreciating the importance of Energy Conservation, Your Company as a corporate entity has a very strong commitment towards it for the benefit of the Nation and itself. The Company has a well-established Energy Policy, which is meticulously adhered to across all the establishments of the Company in the country. Every unit of your Company has trained professionals to implement this policy. The Company has a well-defined Energy Management Organization structure, with a Bottom Up, & Top Down approach. It acts as a catalyst towards its continuous journey for excellence in Energy Conservation. Involvement of all employees right from workmen level to the top executive is ensured through walk through & detailed energy audits, quality circle, WCM committees and suggestion scheme. To inculcate awareness on the importance of Energy conservation, Your Company as corporate entity, focuses not only on employees of the company but also for the society.

The Company has dedicated Energy Cells with Energy Manager / Energy Auditor Certified by "**Bureau of Energy Efficiency"**, who are responsible for planning energy conservation initiatives, tracks latest technological developments in the field of energy conservation, review and make suggestions for implementing such initiatives in the operating plant as well as in new projects. Efforts to optimize process parameters, modernize & upgrade technology as well as equipments, with the objective of increasing Energy productivity are continuous and ongoing. Employees are encouraged to give suggestions and to get involved in Energy Conservation initiatives. Suggestions with significant merit are suitably rewarded under the well-established reward & recognition system.

Competent authorities have consistently recognized the company's efforts in Energy Conservation. Renukoot unit of your Company's Aluminium business has been awarded the Second Prize in the "National Energy Conservation Awards" instituted by the Ministry of Power, Government of India for the year 2010.

a. ENERGY CONSERVATION MEASURES UNDERTAKEN

GENERAL MEASURES

i. Replacement of convectional light with CFL / LED.
ii. Modification in lighting circuit for ON/OFF control of lights.
iii. Interlocking of Cooling Tower fan motor through temperature switch.
iv. Conversion of connection from delta to star for under loaded motors.
v. Installation of capacitor banks to improve power factor.
vi. Installation of small PLC logo in office AC system to avoid idle running.
vii. Motor HP rationalization.
viii. Installation of transparent sheet in roof to utilize the natural light.
ix. Interlocking of auxiliary equipments with main equipment.
x. Regular walk through audit of Steam and compressed air lines to avoid the losses.
xi. Regular monitoring and benchmarking of Energy Intensive equipments.
xii. Optimization of transformer loading.
xiii. Optimization of AC unit running time as well as temperature setting.
xiv. Energy audit from external agencies.
xv. Installation of efficient luminaries.
xvi. Optimum utilization of Energy through process redesigning as well as maximum utilization of equipment that offers improved energy efficiency.

1. ALUMINA PLANT:

i. Installation of 20 No A.P.F.C. (Automatic Power Factor controller) with existing variable capacitors bank at transformers outgoing feeder.

ii. Installation of VFD's for Drum Filter # 7, 8,9,10 & 11.

iii. Installation of level control switches around 60 Nos. in sump pits to avoid idle running sump pumps.

iv. Installation of additional heater and flash chamber in Evaporation # 1 to increase availability.

v. Revamping of Mill Pulp Heaters.

vi. Purge water reduction through introducing air purging in field sensors trappings in place of water thereby reducing steam consumption.

vii. Condensate hot water of 90 deg C coming out from conductivity sample rerouted back to system which was going to drain and finally to ETP.

viii. To enhance the life and timely action on heater maintenance on-line HTC calculation, MIS developed through DCS.

ix. Program developed in DCS/PHD to calculate idle running hours of energy extensive equipments like Hammer Mill, compressors, ID fan's, etc. to control the same.

x. Switch over from conventional panel based control to DCS for precise control and thereby reducing the overall energy consumption through optimizing the running hours of Drums and auxiliaries.

xi. To monitor and effectively optimize the performance of pumps, patented Data Matrix Technology (a Web based Monitoring system) installed at River side in intermediate pump for monitoring of pumps operational data including energy audits, dynamic performance analysis and diagnostic for performance optimization.

xii. Revamping of intermediate bauxite slurry heater.

2. SMELTER:

i. Power consumption reduced by capacity enhancement of bath crushing plant from 320 T/day to 350 T/day to reduce Specific power consumption.

ii. Optimization of Pulley ratio of alumina transfer system (TT-2 ID fan) to reduce power consumption.

iii. Mechanical locking system provided in center punch during holding to save compressed air in Pot Line 6 & 7.

iv. Optimization of header pressure by modulation of centrifugal compressor during non-working time.

v. Zero loss drain valve installed in place of manual valve to save compressed air.

vi. Pot air slide fan stopped by interconnecting the header of pot and main air slide fan of AAFS (Auto Alumina Feeding System).

vii. Installation of VFD in TT2 & TT5 Fans of Alumina conveying system to reduce power consumption.

viii. Installation of Blower in Anode cleaning system to avoid use of compressed air in Carbon plant.

ix. Provided interlocking in Baked anode hole cleaning Conveyor with anode movement to saved compressed Air.

x. Replacement of reciprocating compressor with screw compressors and installation of 12 numbers receivers to reduce power consumption.

3. FABRICATION PLANT:

i. Installation of VFD in the coolant supply pumps at Bliss Cold Mill, Davy Cold Mill, and Bliss Hot Mill to reduce the motor speed during coil feeding.

ii. Installation of VFD in Plant 2 Compressor to reduce compressor speed during no load.

iii. Installation of VFDs in Press 3 & 5 and Aging furnaces to save power.

iv. Occupancy sensor provided in the transformer yard and remote places to save power.

v. Installation of re –designed launder in Properzi furnace 1 to reduce the metal temp drop from furnace to casting station.

vi. Revamping of 1 no. Properzi furnace to save fuel.

vii. Installation of Multi Drive System for Hot Mill Roller Table & all VTs.

viii. Installation of VFD at exhaust blowers of Coater, Laminator & Printing machine.

4. POWER PLANTS / CO-GENERATIONS:

i Additional APH (Air Pre heater) Baskets installed in Boiler #5,6,7 & 8 to reduce the APH outlet temperature.

ii. Additional 2 coils provided in economizer lower bank of Spare boiler to reduce the APH Outlet temperature.

iii. Trimming of oversized CW Pump-1B & 8B impeller to save the power.

iv. Optimization of BFP (Boiler Feed Pump) # 8B,4B,7B and 3A impellers to save power.

v. Operation of single PA Fan instead of 2 (Two) Fans in Boiler # 9 &10.

vi. Modification of ash loading system to reduce power.

vii. Stage removal of Condensate Extraction Pump-5B impeller.

viii. Coating of impeller with Corrocoat material in CW Pump # 7A to reduce friction loss.

ix. Replacement of purge loss drier with Heatless air drier to save power.

x. Removal of feed pump rotor stage of Boiler # 4 of Co-Generation unit to reduce auxiliary power consumption.

xi. Installation of VFD in FD Fans of Boiler # 3.

xii. Heat recovery from Boiler # 3 flue gas by installing heat exchanger.

xiii. Up-gradation of Boiler#3 APH Basket to improve Boiler efficiency.

xiv. Installation of coal dust extraction system to reduce the coal dust losses at Co-Generation Unit.

xv. Stoppage of Co-gen-II Hot well pump by diverting incoming water in cooling tower.

xvi. Stoppage of one number PA fan in Boiler#2 by capacity enhancement of motor.

xvii. Replacement of Boiler# 2 PRS Pump motor by low rating motor.

xviii. Replacement of compressor cooling water Pump motor by low rating motor.

xix. Optimization of Boiler start up time to reduce fuel consumption during start up.

xx. Reduction in coal consumption by optimization of feed water temp, additional condensate recovery and replacement of steam trap & pipe.

5. FOILS DIVISION:

i. Installation of VFD at exhaust blowers of Coater, Laminator & Printing machine.

ii. Replacement of 150 HP Pump motor with 100 HP to save the power in Pump House.

iii. Replacement of reciprocating compressor with Screw Air Compressors.

iv. Optimization & proper distribution of load in feeders to switch off 2 no transformers during no load condition.

6. COPPER DIVISION:

i. Installed VFDs in CPP Boiler-3 ID Fan, PAP - FSA -67-PU01& FSA -67-PU02.

ii. SCF closed cooling pump with higher capacity, 600 M3/Hr ,132 Kw installed in place of 280M3 /hr X 2 Nos 75 Kw for each at Smelter I.

iii. Replacement of metallic blade with FRP blade in 14 nos. Cooling tower's Fans.

iv. Installation of High Pressure Liquid Oxygen storage and distribution system for Smelters, to produce and store Liquid Oxygen at favorable period and utilize the same during high venting potential period. The savings from the system is to the tune of 2.23% average reduction in oxygen venting.

b. ADDITIONAL INVESTMENT AND PROPOSALS BEING IMPLEMENTED

1. ALUMINA PLANT:

i. Installation of Capacitor banks to improve power factor.

ii. Installation of VFD in Washer 1,2 & 3 under flow pumps and HID spent liquor pumps.

iii. Replacement of Energy efficient motor of freon compressor of vanadium plant and fine seed Reslurry pumps.

iv. Installation of VFD for PT feed area slurry disposal pump & PD overflow re-circulation pump # 2 and Slurry dosing pump # 1 & 2.

v. Implementation of Advance process control in our Calciner# 2 to reduce oil consumption.

vi. To upgrade digesters interconnecting piping from 14 to 16 inch to reduce head loss in 2 Digesters in Dig-II.

vii. Up-Gradation of Liquor Decanter.

viii. APFC System for improvement of PF to Unity for entire plant.

ix. Installation of energy efficient pumps and VFDs in #13B evaporators.

x. Bokela modification on drum filter no.- 2.

xi. Improved Mechanical Seals for Slurry pumps in Mud thickener Section Mechanical and for liquor pumps in evaporator section.

xii. Conversion of Kilns from Furnace Oil to Gas heating.

2. SMELTER:

i. Installation of Air washer in compressor house to reduce suction air temperature.

ii. Redesigning of bag house of Pot line-5,6 DSS to reduce pressure drop.

iii. To reduce compressed air consumption of tapping by providing regulators in tapping air line.

iv. To reduce power consumption of alumina transfer system by replacing existing air slide with lower capacity fan.

v. DSS line-5 to 11 dry header modification for lowering down pressure drop.

vi. Provision for Mechanical locking arrangement in center punch during holding in 400 pots.

vii. Modification in Siphon of metal tapping for creating vacuum in siphon instead of whole cruces.

viii. Replacement of pneumatic operated tools (jackhammer, grinder and drill machine) with electric operated tools to save compressors power.

ix. To optimize idle running of slot cleaning machine to save power.

x. Speed Regulation of Air slide fans at TT5, motor through VFD.

xi. To run High efficient ID fan in Baking Furnace #5.

xii. Power factor improvement by installing capacitors in RS-5553840.

xiii Replacement of reciprocating compressors by centrifugal compressors.

xiv Replacement of old and inefficient rectiformers of RS-2.

xv Reduction in DC voltage drops in clamps and cathode bars.

xvi Installation of capacitor bank in LT side to improve power factor and reduce heat losses at rodding plant.

xvii Replacement of old and inefficient transformer of auxiliary sub-station-3.

3. FABRICATION PLANT:

i. Provision for interlocking arrangement in all the Conveyors in Bronx Cut - to - Length Line to run even when the product is not being processed.

ii. Charging car hydraulic motor to be stopped, when not in the use for more than 5 minute.

iii. Revamping of 1 no Properzi Furnace to save fuel.

iv. Transformer Yard, Oil Rectification area lights switch OFF and individual switch to be provided.

v. Provision for switching off Coil Cooling Fans when coil is not there.

vi. Logic to be developed to Stop the motors when the Line is stopped in Roll Forming Line.

vii. Replacement of Sodium vapour lamps by LED lamps in Caster plant.

viii. In DC # 2 Vapor Exhaust Fan 7.5 HP can be stopped when not required by providing one interlock with casting stop.

ix. Usage of Emulsion technology in Billet Casting Furnaces to reduce fuel consumption.

x. Replacement of inefficient motors with efficient motor.

xi. Replacement of reciprocating compressor with Screw compressor.

xii. Installation of VFD in Hot mill screw down motor.

xiii. Reinsulation of 1 no Annealing furnace and Soaking Pit.

4. POWER PLANTS / CO-GENERATION UNITS:

i. Addition of one cell in existing Cooling Tower # 7 to reduce Cold Water Temperature from 34 deg C to 33 deg C for improvement in Turbine Heat Rate.

ii. R & M of TG #1 including governing & excitation system for heat rate improvement.

iii. Renovation and Modernization (R&M) of Economizer of Spare Boiler for enhancing boiler efficiency thereby reducing Coal Consumption in Boiler.

iv. Fabrication and Installation of Coal Dryer, capacity 100 TPH for moisture removal from coal thereby enhancing boiler efficiency thereby reducing Coal Consumption in Boiler.

v. Installation of Back Pressure Steam Turbine in extraction-3rd to Deaerator line of TG # 3 & 4 thereby utilization of waste heat through PRDS.

vi. Replacement of old & inefficient "VEB PUMPEN" imported Boiler Feed Pump # 5A with efficient indigenous pump.

vii. Modification in Rotor stages of BFPs of Unit # 6,9&10.

viii. Installation of VFD in BFPs of Unit # 9 &10 and CEPs of Unit #3,4 & 5.

ix. Corro-coating of CW Pump's impeller of Unit # 1,2 & 5.

x. Installation of 200 TR Vapour Absorption Machine (VAM) in place of Vapour Compression Machine (VCM) in Administrative Building AC Plant.

xi. Replacement of transformers with Voltage regulator.

xii. Installation of 4 Nos. refrigerated type Instrument air dryers in place of existing heatless type instrument air dryers in Unit # 6&7 and heated type Instrument Air Dryers in Unit # 8.

xiii. Replacement of existing Wet Ash Disposal System of APH & Duct Hoppers of Boiler # 9&10 by Dense Phase Conveying System.

xiv. Installation of 40 Nos. Fan Coil Units in VFD Room #3 & 4, Spare Boiler, Boiler #5 to 8 and chilled water supply from Vapor Absorption Machine (VAM) No.3 instead of Package & Window AC.

xv. Installation of 56 Nos. VFD type Coal Feeding Control System in Coal Mills of Boiler # 1 to 10 & Spare Boiler in place of Existing Eddy Current Type DYNO Drive System.

xvi. To provide covered shed over crushed coal yard of CHP-3.

xvii. Installation of Plasma Ignition & Combustion Stabilization System (PICS) burner in Spare Boiler to reduce HSD consumption.

xviii. Up-gradation of Motor capacity of Boiler # 4 PA Fan at Co-Generation Unit to make system run on one Fan.

xix. Up-gradation of Boiler#1 bare tube economizer to improve efficiency by reducing flue gas temperature.

xx. Installation of HP heater in Co-gen.-II to improve cycle efficiency.

xxi. Installation of VFD in CEP (Condensate extraction Pump) of 31.4 MW Turbine.

xxii. Installation of VFD in PA Fan of Boiler # 3 Unit 3 and Cooling Tower of Unit 2 & 3.

xxiii. Replacement of Co-gen.-I Hot well Pump motor by low rating motor.

5. FOILS DIVISION:

i. Installation of VFD at Mill Fume Exhaust Blower, Annealing Furnaces etc.

ii. Replacement of old plant & street Lighting with Energy efficient lighting system.

iii. Providing interlock at fin coater for power pack for stopping at idle time.

6. COPPER DIVISION:

i. Installation of VFD in PA & ID Fans of Boiler # 4.

c. IMPACT OF MEASURES IN (a) AND (b) ABOVE

The various Energy Conservation Measures undertaken by your Company have yielded encouraging results in most production centers. Efforts continue to further optimize energy productivity through ongoing and planned measures.

ANNEXURE "B" TO THE DIRECTORS REPORT

d. TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER TON OF PRODUCTION (As per Form "A" below)

FORM A

A. Power & Fuel Consumption	2010-11	2009-10
1 Electricity		
a) Purchased from SEB's		
Units (KWH in thousands).	287,916	278,214
Total Amount (Rs. in Crore) (excluding	152	122
Minimum Demand Charges)	5.27	4.39
Rate/Unit (Rs.)		
b) Own Generation		
i) Through Steam Turbine/Generator		
Units (KWH in Thousands)	9,589,168	9,722,615
Cost/Unit (Rs.) (Coal & Fuel only)	1.43	1.26
ii) Through Diesel Generator		
Units (KWH in Thousands)	1,576	1,354
Cost/Unit (Rs.)	12.46	12.50
iii) Adjusted out of Banked Energy		
Units (KWH in Thousands)	-	31,295
2 Steam Coal (for Generation of Steam)		
Quantity (Tonnes)	9,730,685	9,730,854
Total Amount (Rs. in Crore)	1,502	1,337
Average Rate (Rs.)/Tonne	1,543	1,374
3 Furnace Oil (Fuel Oil,L.D.Oil,HSD Oil)		
Quantity (KL)	213,702	210,481
Total Amount (Rs. in Crore)	555	470
Average Rate (Rs.)/ KL	25,984	22,310
4 Steam (Purchased)		
Quantity (Tonnes)	225,797	243,341
Total Amount (Rs. in Crore)	5	5
Average Rate (Rs.)/ Tonne	206	207

B **Consumption per Unit of Production (per MT)**

		Unit	2010-11	2009-10
1	Aluminium Metal (including Alumina)			
	Electricity *	kwh	16,130	15,871
	Furnace Oil	Litres	210	223
	Steam Coal	MT	1.530	1.528
2	Redraw Rods (including Alloy Rods)			
	Electricity	kwh	55	56
	Furnace Oil	Litres	20	22
3	Fabricated Products (Rolled & Extrusion)			
	Electricity	kwh	1,019	1,063
	Furnace Oil	Litres	63	57
4	Aluminium Foil			
	Electricity	kwh	1,234	1,368
5	Copper Cathodes			
	Electricity	kwh	1539	1,504
	Furnace Oil	Litres	15	19
	Propane	Kg	0	0.01
	Naptha	Kg	0.04	7
	RLNG	SCM	84	69
6	Copper Rods			
	Electricity	kwh	60	62
	Propane	Kg		-
	RLNG	SCM	48	48
7	Di Ammonium Phospate (DAP/NPK)			
	Electricity	kwh	179	175
	Furnace Oil	Litres	-	2

* Increase in Electricity Per Ton is due to Pot restart after failure at Hirakud.

ANNEXURES 'B' TO DIRECTORS' REPORT

B. TECHNOLOGY ABSORPTION

Efforts made in Technology Absorptions

RESEARCH AND DEVELOPMENT (R&D)

FORM B

A. ALUMINIUM BUSINESS

1. Specific Areas in which R&D has been carried out

- Development of complex shaped extruded sections suitable for high-pressure gearbox application.
- Development of high purity metal casting suitable for high current density application as bus bar.
- Recovery and efficiency increase projects to improve yield and production of alumina manufacturing process.
- Current efficiency increase in smelter plant to improve productivity of reduction plant.
- Copper bar welding process optimization to achieve sound weld and reduce copper bar consumption.
- Recipe optimization to reduce carbon consumption and green house gas generation.
- Identification of potential work areas wherein clean and green technology can be implemented keeping economics.
- CDM verification audit.
- Development of turbine casing material and explore its casting, machining and fabrication in India for replacement of existing corroded and worn casings.
- Exploration of chemical treatment to produce graphite globules in CI instead of thermal treatment towards cost minimization effort.
- Modernization of Effluent treatment Plants have resulted in consumption of major chemicals thus reduction in generation of hazardous solid waste.
- Development of foils for PP cups and coated PVDC film.
- Development of new alloy for automobile radiator, radio frequency cable stock, high grade litho for digital application and 1xxx alloy for heat sink application.
- Development of UV visible printing on foil laminates.
- Process development for
  - i. High calcined soda alumina for ceramic application.
  - ii. Recovery of fluoride values from spent bath.
  - iii. Sintered alumina for refractory application.
- Installation of new diode based rectiformer, air dryer to reduce corrosion and regenerative burner to improve fuel efficiency.
- Improvised pot start-up method with optimum coke and graphite mix pre-heating.
- New Gauging system for better control on rolling mill installed.
- New Air Dryer Installed & Commissioned to avoid corrosion problem.
- Up gradation of control system on MG slitter with new Technology.
- Auto Tension Control System Commissioned for Unwinder of Separator S 25.
- New Energy Efficient Screw Compressors Installed & Commissioned.

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

Above mentioned initiatives have resulted in capture of new market segment and also lower cost of production, improved customer satisfaction along with better work environment.

3. **Future plan of action:**

- Explore possibility of taking carbon credits by Baking Furnace modifications.
- New product development easy peel lidding foil, peel/push child resistant blister foil, high UTS & high elongation finstock, AA 3003 for casserole application etc.
- Identification and use of different synthetic flocculants for improved red mud settling.
- Development of anode with better mechanical / electrical properties.
- Development of phosphatising treatment for application in corrosive environment in power plant.
- Adoption of Briquette fired technology in place of LPG.
- Implementation of rain water harvesting.
- Incorporation of new coating machine to cater high volume.

B. COPPER BUSINESS

1. **Specific areas in which R&D has been carried out**

- Successful commissioning of Decanter system in Cu-3 plant.
- RAMCO OPTIMA software installation in Sulphuric acid plants.
- Development and use of filter media in CCR plant.
- Redesigning of LPG burner for CCR-2 plant.
- Modification of side stream filter in SAP-1.
- Replacement of cooling tower fan blades by FRP blades.
- Creation of Reliability and Predictive engineering cell.
- Production of wax less 12.5 mm CC rods.
- Installation of dry fog nozzles at all transfer chutes for dust suppression.
- Installation of in-house made spring hammers in convection.

2. **Benefits derived as a result of the above R&D**

Above mentioned initiatives have resulted in new product development, improved plant operation and reliability, energy conservation and better environment and customer satisfaction.

3. **Future Plan of action**

- Up-gradation of Cu-2 Smelter.
- DHH technology for Phosphoric acid plant.
- Development of dust leaching process.

Expenditure on R & D

(Rs. Crore)

	2010-11	2009-10
a) Capital	0.13	2.35
b) Recurring	5.89	5.45
c) Total (a+b)	6.02	7.80
d) Total R & D Expenditure as % of Total Turnover	0.03%	0.04%

Technology Absorption, Adaptation and Innovation

i) Efforts in Brief:

- The Company has been able to improve quality, cost of production and entered into new market segments by successful absorption and up-gradation of imported technology.
- There has been continuous improvement in operational efficiency and productivity.
- Stabilization of reverse osmosis plant.

ii) Benefits derived:

- The Company has emerged as highly competitive player in Aluminium and Copper business.

iii) Details of technology imported in the past 5 years:

Technology Imported for	Year of Import	Has technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reason thereof and future plan of action
ALUMINIUM			
Clad Sheet manufacturing	2006-07	Yes	NA
Improvement in quality and productivity of brazing sheet	2007-08	Yes	NA
High Pressure Double Digestion Technology	2007-08	Yes	NA
COPPER			
Cryogenic air separation for Oxygen V	2006-07	Yes	NA
Molecular Recognition Technology for Bismuth Recovery	2008-09	Yes	NA
Continuous Cast Rod Plant-II from SouthWire, USA	2009-10	Yes	NA
3D TRASAR Technology for Reverse Osmosis plant from M/s NALCO, USA	2010-11	Yes	NA

C. FOREIGN EXCHANGE EARNINGS & OUTGO

a) Activities related to Exports

Exports during the year were Rs. 7,096.00 Crore.

b) Total Foreign Exchange used and earned

Foreign exchange used Rs. 16,525.48 Crore.

Foreign exchange earned Rs. 7,097.14 Crore.

Auditor's Certificate on Corporate Governance

To the Members of Hindalco Industries Limited

We have examined the compliance of the conditions of Corporate Governance by Hindalco Industries Limited for the year ended 31st March 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

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

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

Camp : Mumbai
Dated : The 30th day of May 2011.

For SINGHI & Co.,
Chartered Accountants
Firm Registration No.302049E

(RAJIV SINGHI)
Partner
Membership No. 53518

1-B, Old Post Office Street,
Kolkata -700 001

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

TGS Investment And Trade Private Limited

Trapti Trading And Investments Private Limited

Turquoise Investments And Finance Private Limited

Umang Commercial Company Limited

Vighnahara Enterprises LLP

Vaibhav Holdings Private Limited

Standalone Financial Statements

We have audited the attached balance sheet of **HINDALCO INDUSTRIES LIMITED** as at 31st March, 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.

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.

As required by the Companies (Auditor's report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose as Annexure, a statement on the matters specified in the paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred above, we report that:

1) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

2) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

3) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

4) 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 Companies Act, 1956.

5) On the basis of the written representations received from the directors as on 31st March , 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies in Schedule 19 and notes appearing thereon give the information required by the Companies Act, 1956 (as amended) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

   a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;

   (b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and

   (c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For SINGHI & CO.,
Chartered Accountants
Firm Registration No.302049E

Camp: Mumbai
Dated: The 30th day of May, 2011

RAJIV SINGHI
(Partner)
Membership No. 53518

1-B, Old Post Office Street,
Kolkata-700 001

I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

(b) Fixed Assets have been physically verified by the management according to a phased program designated to cover all items over a period of three years which in our opinion is, reasonable having regard to size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets have been physically verified by the management during the year and no material discrepancies between book record and physical inventory has been noticed.

(c) No substantial part of fixed assets has been disposed of during the year, which has bearing on the going concern assumption.

II. (a) Physical verification of inventory, (except stocks in transit and stocks lying with third parties, confirmation for which has been obtained) have been conducted at reasonable intervals during the year by the management/ outside agencies.

(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

(c) The Company has maintained proper records of inventory. No material discrepancies were noticed on physical verification.

III. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

IV. On the basis of checks carried out during the course of audit and as per explanations given to us, we are of the opinion that there are adequate internal control procedures 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 or reported in the internal controls.

V. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956, particulars of which needs to be entered into register maintained under Section 301 of the Act. Accordingly, clause 4(v)(b) of the Order is not applicable.

VI. The Directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there-under have been complied with in respect of deposits accepted from the public. We have been informed that, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other Court or Tribunal in this regard.

VII. The Company has an internal audit system, which in our opinion is commensurate with the size and nature of the business.

VIII. The Company has maintained proper cost records as prescribed by Central Government under Section 209 (1) (d) of the Companies Act, 1956 for the products of the Company but no detailed examination of such records has been carried out by us.

IX. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us no undisputed statutory dues as above were outstanding as at 31st March, 2011 for a period of more than 6 months from the date they became payable.

(b) According to the information and explanations given to us, the dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax and Cess which have not been deposited on account of any dispute and the forum where the dispute is pending as on 31st March 2011 are as under:

Name of the Statue	Nature of Dues	Amount (Rs. in Crores)	Period to which the amount relates	Forum where the disputes are pending
Central Sales Tax Act and Local Sales Tax Act	Sales Tax	11.66	1986-1987, 1989-1990, 1990-1991, 1992-1993, 1995-1996, 2001-2002 2003-2004	High Court
		7.98	1998-1999 to 2000-2001, 2002-2003 to 2008-2009	Tribunal
		32.55	1991-1992, 1994-1995, 1996-1997 to 2007-2008	Asst Commissioner/ Commissioner/Revisionery Authorities Level
The Central Excise Act, 1944	Excise Duty	168.32	2000-2001 to 2007-2008	Supreme Court
		274.20	1994-1995, 2000-2001, 2008-2009 to 2010-2011	High Court
		30.37	1988-1990 to 1991-1992, 1993-1994, 2000-2001 to 2010-2011	Tribunal
		3.09	2000-2001 to 2009-2010	Asst Commissioner/ Commissioner/Revisionery Authorities Level
The Service Tax under the Finance Act, 1994	Service Tax	19.62	1997-1998 to 1999-2000, 2004-2005 to 2010-2011	Tribunal
		7.20	2001-2002, 2005-2006, 2006-2007, 2008-2009 to 2010-2011	Asst Commissioner/ Commissioner/Revisionery Authorities Level
The Custom Act , 1962	Customs Act	18.32	2003-2004 to 2006-2007	Asst Commissioner/ Commissioner/Revisionery Authorities Level
Adhosanrachna Vikas Evam Parayavaran Upkar Adhiniyam, 2005	Chhattisgarh Development and Environment Cess	0.13	2005-2006 to 2010-2011	Supreme Court
Shakti Nagar Special Area Development Authority	Cess on Coal	6.30	1997-1998 to 2010-2011	Supreme Court
Income Tax Act 1961	Income Tax	14.56	1996-1997	ITAT

X. The Company does not have any accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.

XI. The Company has not defaulted in repayment of dues to Financial Institutions or Banks or Debenture holders.

XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of Shares, Debentures and other Securities.

XIII. The Company is not a chit fund or a nidhi/mutual benefit fund/ society.

XIV. The Company is not in the business of dealing or trading in shares. The Company has maintained proper records of transactions and contracts in respect of Shares, Securities, Debentures and other Investments and timely entries have been made therein. The Shares, Securities, Debentures and other Investments have been held by the Company, in its own name except to the extent of exemption, granted under Section 49 of the Companies Act, 1956.

XV. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given corporate guarantees for loans taken by its Subsidiaries and Joint Ventures from Banks and Financial Institutions (including foreign banks) 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 though unutilized funds which were not required for immediate use for capital expenditure have been temporarily invested in mutual funds / bank deposit.

XVII. According to the information and explanations given to us and on the basis of our overall examination of the Balance Sheet and Cash Flow Statement, we report that no funds raised on short term basis have been used for long term investment of the Company.

XVIII. During the year under audit, the Company has not made any preferential allotment of Shares to parties and Companies covered under register maintained under Section 301 of the Companies Act, 1956.

XIX. During the year under audit, the Company has neither issued any debentures nor was any debentures outstanding at the year end.

XX. The Company has not raised any money by Public Issues during the year.

XXI. During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practice in India, and according to the information and explanations given to us, we report that following fraud has been detected during the year.

"Duty Entitlement Pass Book and Vishesh Krishi Gram Udyog Yojna licenses for Rs 48.43 crore, purchased by the Company from market and used for payment of custom duty on import of raw material, were purportedly claimed to be fake and are being investigated by Directorate of Revenue Intelligence (DRI) Ahmedabad. The Company has voluntarily paid entire amount to the Custom Authorities with interest of Rs. 10.11 crore. The total amount paid Rs. 58.54 crore has been charged to Profit & Loss Account during the year. The Company has initiated legal action against the seller."

For SINGHI & CO.,
Chartered Accountants
Firm Registration No.302049E

Camp: Mumbai
Dated: The 30th day of May, 2011

RAJIV SINGHI
(Partner)
Membership No. 53518

1-B, Old Post Office Street,
Kolkata-700 001

	Schedule	As at 31st March, 2011	(₹ Crore) As at 31st March, 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	'1'	191.46	191.37
Employee Stock Options Outstanding		4.47	3.99
Reserves and Surplus	'2'	29,504.17	27,715.61
		29,700.10	**27,910.97**
LOAN FUNDS			
Secured Loans	'3'	5,170.31	5,153.90
Unsecured Loans	'4'	2,101.19	1,203.00
		7,271.50	**6,356.90**
DEFERRED TAX LIABILITY (NET)		1,287.49	1,366.44
	TOTAL	**38,259.09**	**35,634.31**
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	'5'	14,287.32	13,793.35
Less : Depreciation		6,484.98	5,840.00
Less : Impairment		217.96	218.53
Net Block		7,584.38	7,734.82
Capital Work-in-Progress		9,464.05	3,702.79
		17,048.43	**11,437.61**
INVESTMENTS	'6'	**18,246.75**	**21,480.83**
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	'7'	7,652.19	5,921.41
Sundry Debtors	'8'	1,268.99	1,311.87
Cash and Bank Balances	'9'	233.39	140.21
Other Current Assets	'10'	120.49	53.43
Loans and Advances	'11'	1,527.63	1,437.37
		10,802.69	**8,864.29**
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	'12'	7,194.10	5,426.93
Provisions	'13'	644.68	721.49
		7,838.78	**6,148.42**
NET CURRENT ASSETS		**2,963.91**	**2,715.87**
	TOTAL	**38,259.09**	**35,634.31**
Significant Accounting Policies and Notes on Accounts	'19'		

As per our report annexed.
For SINGHI & CO.
Chartered Accountants

For and on behalf of the Board of Hindalco Industries Limited

RAJIV SINGHI
Partner
Membership No. 53518

S. Talukdar
Group Executive President & CFO

Kumar Mangalam Birla – *Chairman*
D. Bhattacharya – *Managing Director*
M. M. Bhagat – *Director*

Camp: Mumbai
Dated: The 30th day of May, 2011

Anil Malik
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ Crore)

	Schedule	For the year ended 31st March, 2011	For the year ended 31st March, 2010
INCOME			
Gross Sales and Operating Revenues	'14'	25,348.12	20,569.67
Less: Excise Duty		1,488.91	1,047.58
Net Sales and Operating Revenues		**23,859.21**	**19,522.09**
Other Income	'15'	316.75	259.85
		24,175.96	**19,781.94**
EXPENDITURE			
(Increase)/ Decrease in Stocks	'16'	(394.67)	(755.25)
Trade Purchases		522.22	71.99
Manufacturing and Other Expenses	'17'	20,546.23	17,255.43
Interest and Finance Charges	'18'	219.96	278.00
Depreciation		687.48	671.36
Impairment (Net)		-	(4.15)
		21,581.22	**17,517.38**
PROFIT BEFORE TAX		**2,594.74**	**2,264.56**
Provision for Current Tax		566.52	374.20
Provision for Deferred Tax		(97.86)	87.90
Tax adjustment for earlier years (Net)		(10.84)	(113.17)
NET PROFIT		**2,136.92**	**1,915.63**
Balance brought forward from Previous year		300.00	300.00
Transfer from Debenture Redemption Reserve		-	87.50
BALANCE AVAILABLE FOR APPROPRIATIONS		**2,436.92**	**2,303.13**
APPROPRIATIONS			
Proposed Dividend on Equity Shares		287.17	258.32
Tax on Proposed Dividend		46.59	42.90
Transfer to General Reserve		1,753.16	1,701.91
Balance Carried to Balance Sheet		350.00	300.00
		2,436.92	**2,303.13**
Earnings per Share (EPS):			
Basic EPS (₹)		11.17	10.82
Diluted EPS (₹)		11.16	10.81
Significant Accounting Policies and Notes on Accounts	'19'		

As per our report annexed.
For SINGHI & CO.
Chartered Accountants

RAJIV SINGHI
Partner
Membership No. 53518

S. Talukdar
Group Executive President & CFO

Camp: Mumbai
Dated: The 30th day of May, 2011

Anil Malik
Company Secretary

For and on behalf of the Board of Hindalco Industries Limited

Kumar Mangalam Birla – *Chairman*
D. Bhattacharya – *Managing Director*
M. M. Bhagat – *Director*

(₹ Crore)

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax	2,594.74	2,264.56
Adjustment for :		
Interest and Finance charges	219.96	278.00
Depreciation	687.48	671.36
Impairment	-	(4.15)
Unrealized Foreign Exchange (Gain) / Loss (Net)	(35.93)	(34.68)
Employee Stock Option	1.34	1.00
Provisions / (Provisions written-back) - Net	(31.89)	(29.47)
Loss / (gain) on Derivative transactions (Net)	61.45	26.60
Provision / (write back) for diminution in carrying cost of Investments (Net)	5.15	0.29
Investing Activities (Net)	(317.17)	(254.87)
Operating profit before working capital changes	3,185.13	2,918.64
Changes in working Capital:		
Change in Inventories	(1,730.78)	(1,851.27)
Change in Trade and other Receivables	(61.95)	(507.37)
Change in Trade Payables	1,601.39	1,549.68
Cash generation from Operation	2,993.79	2,109.68
Payment of Direct Taxes	(736.42)	(392.40)
Net Cash Generated/ (used) - Operating Activities	**2,257.37**	**1,717.28**
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(5,749.36)	(2,641.59)
Sale of Fixed Assets	6.91	22.36
Purchase / Sale of shares of Subsidiaries (Net)	(255.23)	(816.06)
Return of Capital from Subsidiary (Net)	2,921.34	-
Purchase / Sale of Investments (Net)	553.07	(1,501.49)
Loans / Repayment of Advances & Loans from Subsidiaries (Net)	0.34	540.44
Interest received	67.71	95.01
Dividend received	291.18	226.74
Net Cash Generated/ (used) - Investing Activities	**(2,164.04)**	**(4,074.59)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and warrants (net of expenses)	9.09	2,750.20
Redemption of Preference Shares	-	(0.41)
Proceeds / Repayment of Long Term Borrowings (net)	(3.16)	(793.59)
Proceeds / Repayment of Short Term Borrowings (net)	904.55	607.80
Interest and Finance Charges	(609.47)	(641.46)
Dividend paid (including Dividend Tax)	(301.23)	(268.57)
Net Cash Generated/ (used) - Financing Activities	**(0.22)**	**1,653.97**
Net Increase / (Decrease) in Cash and Cash Equivalents	**93.11**	**(703.34)**
Add : Opening Cash and Cash Equivalents	131.84	835.18
Closing Cash and Cash Equivalent	**224.95**	**131.84**

Notes:

1 Closing cash and cash equivalents represent 'Cash and Bank Balances' except ₹ 8.44 crore (previous period ₹ 8.37 crore) lying in designated account with scheduled banks on account of unclaimed Dividend/ Fractional coupons of Shares, which are not available for use by the Company.

2 The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3:"Cash flow Statement" as specified in the Companies (Accounting Standard) Rule 2006.

3 Figures for the previous period have been regrouped / rearrranged wherever found necessary.

As per our report annexed.
For SINGHI & CO.
Chartered Accountants

For and on behalf of the Board of Hindalco Industries Limited

RAJIV SINGHI
Partner
Membership No. 53518

S. Talukdar
Group Executive President & CFO

Kumar Mangalam Birla – *Chairman*
D. Bhattacharya – *Managing Director*
M. M. Bhagat – *Director*

Camp: Mumbai
Dated: The 30th day of May, 2011

Anil Malik
Company Secretary

	As at 31st March, 2011	(₹ Crore) As at 31st March, 2010
SCHEDULE '1'		
SHARE CAPITAL		
Authorized:		
2,100,000,000 (Previous year 2,100,000,000) Equity Shares of ₹ 1/- each.	210.00	210.00
25,000,000 (Previous year 25,000,000) Redeemable Cumulative Preference Shares of ₹ 2/- each	5.00	5.00
	215.00	**215.00**
Issued:		
1,914,951,560 (Previous year 1,914,727,460) Equity Shares of ₹ 1/- each	191.50	191.47
	191.50	**191.47**
Subscribed and Paid-up:		
1,914,944,163 (Previous year 1,914,008,691) Equity Shares of ₹ 1/- each fully paid-up	191.49	191.40
Less: Face value of 546,249 (Previous year 546,249) Equity Shares forfeited	0.05	0.05
	191.44	**191.35**
Add: Forfeited Shares Account (Amount Paid-up)	0.02	0.02
	191.46	**191.37**

Notes:

1. **Subscribed and Paid-up Equity Share Capital include:**
   a. 491,766,770 (Previous year 491,766,770) Equity Shares of ₹ 1/- each fully paid-up allotted as Bonus Shares by Capitalisation of General Reserve and Capital Redemption Reserve.
   b. 6,000,000 (Previous year 6,000,000) Equity Shares of ₹ 1/- each fully paid-up allotted pursuant to a contract for consideration other than cash.
   c. 187,678,350 (Previous year 187,678,350) Equity Shares of ₹ 1/- each fully paid-up allotted to the share holders of erstwhile Indo Gulf Corporation Limited pursuant to the Scheme of Arrangement without payment being received in cash.
   d. 2,995,220 (Previous year 2,995,220) Equity Shares of ₹ 1/- each fully paid-up allotted to the share holders of erstwhile Indian Aluminium Company, Limited pursuant to the Scheme of Arrangement without payment being received in cash.
   e. 376 (Previous year 376) Equity Shares of ₹ 1/- each fully paid-up allotted to the share holders of erstwhile Indian Aluminium Company, Limited pursuant to the Scheme of Amalgamation without payment being received in cash.
2. Issued Equity Share Capital includes 7,397 (Previous year 718,769) Equity Shares of ₹ 1/- each kept in abeyance due to legal case pending.
3. During the year the Company has issued and allotted 224,100 Equity Shares of ₹ 1/- each fully paid-up against exercise of stock options. The Company has also allotted 711,372 Equity Shares of ₹ 1/- each fully paid-up against issued shares kept in abeyance due to legal case pending.

(₹ Crore)

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE '2 '		
RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	**139.54**	**139.54**
Capital Redemption Reserve		
As per last Balance Sheet	**101.57**	**101.57**
Securities Premium Account		
As per last Balance Sheet	2,742.46	-
Add: On allotment of Equity Shares through Qualified Institutions Placement (QIP)	-	2,768.79
Add: On allotment of Equity Shares kept in abeyance due to legal case pending	6.76	-
Add: On allotment of Equity Shares against exercise of Stock Options	3.10	0.61
	2,752.32	2,769.40
Less: QIP Issue Expenses (net of deferred tax)	-	26.94
	2,752.32	**2,742.46**
Business Reconstruction Reserve		
As per last Balance Sheet (refer Note No. B 16 in Schedule '19')	**8,580.39**	**8,580.39**
Debenture Redemption Reserve		
As per last Balance Sheet	-	87.50
Less: Transferred to Profit and Loss Account	-	87.50
	-	**-**
Hedging Reserve (refer Note No. B 21 (g) in Schedule '19')		
As per last Balance Sheet	4.63	-
Add: Gain/ (Loss) recognized during the year (Net)	(462.74)	(1.30)
	(458.11)	(1.30)
Less: Gain/ (Loss) recycled during the year (Net)	(438.28)	(5.93)
	(19.83)	**4.63**
General Reserve		
As per last Balance Sheet	15,847.02	14,375.69
Add: Transfer from Profit and Loss Account	1,753.16	1,701.91
	17,600.18	**16,077.60**
Less: Adjusted for Transitional Provision (refer Note No. B 21 (a) in Schedule '19')	-	230.58
	17,600.18	**15,847.02**
Profit and Loss Account Balance	**350.00**	**300.00**
	29,504.17	**27,715.61**

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE '3'		
SECURED LOANS		
Loans from Banks	5,170.31	5,153.90
	5,170.31	**5,153.90**

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE '4'		
UNSECURED LOANS		
Fixed Deposits	-	0.33
Short Term Loans:		
From Banks	2,094.64	1,192.97
Other Loans:		
From Others (due ₹ 2.00 crore with in one year; Previous year ₹ 3.15 crore)	6.55	9.70
	2,101.19	**1,203.00**

SCHEDULE '5'
FIXED ASSETS

(₹ Crore)

	ORIGINAL COST				DEPRECIATION				IMPAIRMENT				NET BOOK VALUE	
	As at 31st March, 2010	Additions/ Adjustments	Deductions	As at 31st March, 2011	As at 31st March, 2010	Additions/ Adjustments	Deductions	As at 31st March, 2011	As at 31st March, 2010	Additions/ Adjustments	Deductions/ Reversal	As at 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
A. Tangible Assets														
Mining Rights	**36.30**	0.20	-	**36.50** (a)	**16.80**	1.15	-	**17.95**	**-**	-	-	**-**	**18.55**	**19.50**
Leasehold Land	**42.53**	1.06	-	**43.59** (b)	**5.51**	0.58	-	**6.09**	**-**	-	-	**-**	**37.50**	**37.02**
Freehold Land	**71.83**	0.94	0.02	**72.75** (c)	**0.13**	-	-	**0.13**	**0.69**	-	-	**0.69**	**71.93**	**71.01**
Buildings	**1,223.66**	29.15	1.01	**1,251.80** (d)	**294.21**	32.98	0.48	**326.71**	**12.49**	-	-	**12.49**	**912.60**	**916.96**
Plant and Machinery	**11,940.19**	235.48	37.50	**12,138.17** (e)	**5,232.95**	613.65	28.38	**5,818.22**	**205.35**	-	0.57	**204.78**	**6,115.17**	**6,501.89**
Vehicles and Aircraft	**144.19**	257.06	8.55	**392.70**	**70.54**	12.27	4.68	**78.13**	**-**	-	-	**-**	**314.57**	**73.65**
Furniture and Fittings	**223.65**	12.13	11.20	**224.58**	**152.88**	15.63	9.25	**159.26**	**-**	-	-	**-**	**65.32**	**70.77**
Railway Sidings	**47.62**	12.31	-	**59.93** (f)	**10.19**	6.16	-	**16.35**	**-**	-	-	**-**	**43.58**	**37.43**
Live Stock	**0.08**	0.10	0.18	**-**	**-**	-	-	**-**	**-**	-	-	**-**	**-**	**0.08**
B. Intangible Assets														
Technological Licences	**30.92**	-	-	**30.92** (h)	**26.70**	3.68	-	**30.38**	**-**	-	-	**-**	**0.54**	**4.22**
Computer Software	**32.38**	4.07	0.07	**36.38** (h)	**30.09**	1.85	0.18	**31.76**	**-**	-	-	**-**	**4.62**	**2.29**
	13,793.35	**552.50**	**58.53**	**14,287.32** (g)	**5,840.00**	**687.95**	**42.97**	**6,484.98**	**218.53**	**-**	**0.57**	**217.96**	**7,584.38**	**7,734.82**
Previous Year	**13,393.07**	**546.71**	**146.43**	**13,793.35**	**5,241.65**	**671.36**	**73.01**	**5,840.00**	**264.45**	**3.92**	**49.84**	**218.53**		
C. Capital Work-in-Progress (including advances)													**9,464.05**	**3,702.79**
													17,048.43	**11,437.61**

Notes:

a. Mining Rights for 20/ 30 years lease written off proportionately.

b. Leasehold Land includes land amounting ₹ 20.73 crore (Previous year ₹ 20.73 crore) for which registration is pending. (Net Book Value ₹ 19.11 crore; Previous year ₹ 19.32 crore)

c. Freehold Land includes ₹ 0.30 crore (Previous year ₹ 0.30 crore) towards alternate land made available for acquiring right to use the forest land, ownership of which vests with the state government authorities. (Net Book Value ₹ 0.27 crore; Previous year ₹ 0.27 crore)

d. Buildings include:
   i) ₹ 2.93 crore (Previous year ₹ 2.93 crore) being contribution for construction of road, the ownership of which vests with the state government authorities. (Net Book Value ₹ 0.65 crore; Previous year ₹ 0.96 crore)
   ii) ₹ 16.36 crore (Previous year ₹ 16.36 crore) towards right to occupy and use of certain premises for which the Company has invested ₹ 13.18 crore (Previous year ₹ 13.18 crore) in Shares & Debentures of a company. (Net Book Value ₹ 12.88 crore; Previous year ₹ 13.16 crore)

e. Plant & Machinery include ₹ 60.54 crore (Previous year ₹ 60.54 crore) being the amount spent for laying power line and water pipe line, the ownership of which vests with the state government authorities. (Net Book Value ₹ 21.60 crore; Previous year ₹ 24.57 crore)

f. Railway Sidings include ₹ 9.14 crore (Previous year ₹ 9.14 crore) being assets not owned by the Company. (Net Book Value ₹ 6.94 crore; Previous year ₹ 7.56 crore)

g. Assets held under Co-ownership:
   i) Freehold Land - ₹ 52.44 crore (Previous year ₹ 52.44 crore). (Net Book Value ₹ 52.35 crore; Previous year ₹ 52.36 crore)
   ii) Buildings - ₹ 51.22 crore (Previous year ₹ 48.10 crore). (Net Book Value ₹ 43.43 crore; Previous year ₹ 41.27 crore)
   iii) Plant and Machinery - ₹ 37.03 crore (Previous year ₹ Nil). (Net Book Value ₹ 35.74 crore; Previous year ₹ Nil)
   iv) Vehicles and Aircraft - ₹ 60.77 crore (Previous year ₹ 60.76 crore). (Net Book Value ₹ 36.90 crore; Previous year ₹ 40.56 crore)
   v) Furniture and Fittings - ₹ 20.61 crore (Previous year ₹ 18.72 crore). (Net Book Value ₹ 8.76 crore; Previous year ₹ 9.22 crore)

h. The useful life of Technological Licences is considered 4 to 6 years and that of Computer Software is considered 2 to 3 years.

i. Figures as at 31st March, 2010 have been re-classified wherever necessary.

(₹ Crore)

	Face Value Per Unit	Numbers	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE '6'				
INVESTMENTS				
A. LONG TERM INVESTMENTS				
1. UNQUOTED				
a. Trade				
i. Shares in Subsidiary Companies - Fully paid-up				
Equity Shares of Utkal Alumina International Limited (87,921,728 Equity Shares acquired during the year)	₹ 10	1,138,164,068	1,248.43	1,160.51
Equity Shares of Dahej Harbour and Infrastructure Limited	₹ 10	50,000,000	50.00	50.00
Ordinary Shares of Birla Resources Pty Limited	AU $ 1	650,000	1.79	1.79
Equity Shares of Minerals & Minerals Limited	₹ 10	50,000	0.17	0.17
Equity Shares of Hindalco-Almex Aerospace Limited	₹ 10	30,359,000	30.36	30.36
Shares of A V Minerals (Netherlands) B.V. (refer Note No. B 7 in Schedule '19')	EUR 778.20	2,202,076	10,490.76	13,146.55
Equity Shares of Tubed Coal Mines Limited	₹ 10	4,170,000	4.17	2.97
Equity Shares of East Coast Bauxite Mining Company Private Limited	₹ 10	7,400	0.01	0.01
Equity Shares of Mauda Energy Limited	₹ 10	150,000	0.15	0.15
ii. Shares in Subsidiary Company - Partly paid-up				
Shares of A V Minerals (Netherlands) B.V.		-	-	98.83
iii. Other Shares, Debentures and Bonds - Fully paid-up				
Equity Shares of Mahan Coal Limited (6,500,000 Equity Shares acquired during the year)	₹ 10	11,875,000	11.88	5.38
Equity Shares of MNH Shakti Limited	₹ 10	3,765,000	3.77	3.77
Shares of Hydromine Global Minerals GMBH Limited	US $ 100	45	0.02	0.02
Equity Shares of Sanjana Cryogenic Limited	₹ 10	780,000	3.12	3.12
Equity Shares of Aditya Birla Science & Technology Company Limited	₹ 10	9,800,000	9.80	9.80
Equity Shares of Aditya Birla Ports Limited (acquired during the year)	₹ 10	100,000	0.10	-
b. Other than Trade				
i. Shares in Subsidiary Companies - Fully paid-up				
Equity Shares of Renuka Investments & Finance Limited	₹ 10	9,250,000	9.25	9.25
15% Redeemable Cumulative Preference Shares of Renuka Investments & Finance Limited	₹ 100	150		
Equity Shares of Renukeshwar Investments & Finance Limited	₹ 10	4,795,000	4.80	4.80
15% Redeemable Cumulative Preference Shares of Renukeshwar Investments & Finance Limited	₹ 100	150		
Equity Shares of Indal Exports Limited (refer Note No. B 15 in Schedule '19')			-	0.14
Equity Shares of Suvas Holdings Limited	₹ 10	2,024,700	2.03	2.03
Equity Shares of Lucknow Finance Company Limited	₹ 10	12,002,500	12.00	12.00
ii. Other Shares, Debentures, Units and Bonds - Fully paid-up				
Ordinary Shares of Birla International Limited	CHF 100	2,500	0.53	0.53
Equity Shares of Bharuch-Dahej Railway Company Limited	₹ 10	10,000,000	10.00	10.00
3.50% Cumulative Redeemable Preference Shares of Aditya Birla Health Services Limited	₹ 100	2,500,000	25.00	25.00
7% Compulsorily Convertible Cumulative Preference Shares of Birla Global Finance Company Limited	₹ 10	25,000,000	25.05	25.05
Balance Carried over			11,943.19	14,602.23

	Face Value Per Unit	Numbers	As at 31st March, 2011	As at 31st March, 2010
				(₹ Crore)
SCHEDULE '6' (Cont'd....)				
INVESTMENTS (Cont'd....)				
Balance Brought Forward			**11,943.19**	**14,602.23**
2. QUOTED				
a. Trade				
i. Shares in Subsidiary Companies - Fully paid-up				
Equity Shares of Aditya Birla Chemicals (India) Limited	₹ 10	12,004,987	12.45	12.45
Ordinary Shares of Aditya Birla Minerals Limited	-	159,820,001	480.76	480.76
b. Other than Trade				
i. Government Securities				
6.83% Government of India Bond, 2039			20.13	20.13
7.95% GOI FCI Special Bonds, 2026 (a)			-	10.26
6.65% GOI FCI Special Bonds, 2023 (a)			-	41.93
7.00% GOI FCI Special Bonds, 2022 (a)			-	60.79
6.20% GOI FCI Special Bonds, 2022 (a)			-	28.64
ii. Other Shares, Debentures, Units and Bonds - Fully paid-up				
Equity Shares of National Aluminium Company Limited (b)	₹ 5	28,667,404	75.20	75.20
Equity Shares of Aditya Birla Nuvo Limited	₹ 10	8,650,412	127.11	127.11
Equity Shares of Grasim Industries Limited (c)	₹ 10	2,299,059	72.54	85.04
Equity Shares of Ultra Tech Cement Limited (c)	₹ 10	1,313,748	12.50	-
Equity Shares of IDEA Cellular Limited	₹ 10	228,340,226	228.34	228.34
Units of Morgan Stanley Growth Fund - Growth Plan	₹ 10	2,000,000	2.00	2.00
6.85% Tax Free Unsecured Non-Convertible Bond of IIFCL	₹ 1,00,000	1,000	10.00	10.00
7.90% Corporation Bank Bonds	₹ 1,000,000	300	30.00	30.00
9.20 % HDFC Ltd. Bonds	₹ 1,000,000	349	35.87	35.87
			13,050.09	15,850.75
Less: Provision for Diminution in carrying cost of Investments			0.43	0.32
			13,049.66	**15,850.43**
B. CURRENT INVESTMENTS				
1. UNQUOTED				
a. Other than Trade				
i. Shares, Debentures, Units, Bonds and Others- Fully paid-up				
Certificate of Deposit of Punjab National Bank			24.43	-
Certificate of Deposit of Uco Bank			73.39	-
Certificate of Deposit of Allahabad Bank			48.81	-
Certificate of Deposit of Central Bank of India			171.17	-
Certificate of Deposit of Oriental Bank of Commerce			24.73	-
4,532,122,901 (Previous year 5,572,124,662) Units of various schemes of Mutual Funds (d)			4,722.11	5,630.40
2. QUOTED				
a. Other than Trade				
i. Government Securities				
7.95% GOI FCI Special Bonds, 2026 (a)			10.05	-
6.65% GOI FCI Special Bonds, 2023 (a)			38.94	-
7.00% GOI FCI Special Bonds, 2022 (a)			57.41	-
6.20% GOI FCI Special Bonds, 2022 (a)			26.05	-
			18,246.75	**21,480.83**
Aggregate Book Value:				
Unquoted Investments			17,007.83	20,232.63
Quoted Investments			1,238.92	1,248.20
			18,246.75	**21,480.83**
Aggregate Market Value of Quoted Investments			**4,672.67**	**4,304.76**

(a) During the year re-classified as Current Investments.

(b) During the year face value of ₹ 10/- each fully paid-up equity shares sub-divided into 2 (two) equity shares of ₹ 5/- each fully paid-up and 14,333,702 equity shares of ₹ 5/- each fully paid-up received as Bonus Share.

(c) During the year 1,313,748 equity shares of UltraTech Cement Limited (UltraTech) received due to the demerger and subsequent amalgamation of erstwhile Cement business of Grasim Industries Limited (GIL) with UltraTech. The carrying cost of equity shares of GIL has been apportioned to equity shares of UltraTech as acquisition cost on the basis of decrease in market value of shares of GIL as the effect of said demerger.

(d) 36,191,863,683 (Previous year 37,585,174,406 Units) has been purchased and sold during the year.

	As at 31st March, 2011	(₹ Crore) As at 31st March, 2010
SCHEDULE '7'		
INVENTORIES		
Stores and Spare parts	290.85	263.46
Coal and Fuel	124.06	120.82
Raw Materials	3,744.85	2,448.33
Work-in-Process	3,182.98	2,838.30
Finished Goods	278.95	228.96
Excise Duty on Stock	30.50	21.54
	7,652.19	**5,921.41**
SCHEDULE '8'		
SUNDRY DEBTORS		
(Unsecured unless otherwise stated)		
Exceeding six months:		
Considered Good (including ₹ 1.03 crore secured; Previous year ₹ 1.59 crore)	33.01	44.27
Considered Doubtful	34.34	36.50
Others:		
Considered Good (including ₹ 14.05 crore secured; Previous year ₹ 13.83 crore)	1,235.98	1,267.60
	1,303.33	**1,348.37**
Less: Provision for doubtful debts	34.34	36.50
	1,268.99	**1,311.87**
SCHEDULE '9'		
CASH AND BANK BALANCES		
Cash balance on hand	0.41	0.37
Cheques and Drafts in hand	13.08	25.95
Balance with Scheduled Banks:		
In Current Accounts	97.61	113.62
In Deposit Account	122.27	0.25
Balance with Others:		
In Current Accounts (with Municipal Co-operative Bank Limited, Mumbai, maximum balance at any time during the year ₹ 0.03 crore; Previous year ₹ 0.04 crore)	0.02	0.02
	233.39	**140.21**
SCHEDULE '10'		
OTHER CURRENT ASSETS		
Accrued Interest		
On Investments	3.36	3.20
On Inter Corporate Deposits and Deposit in Banks	0.20	-
On Others (including ₹ 1.42 crore from Subsidiaries; Previous year ₹ 0.26 crore)	5.35	4.80
Accrued Export and other Incentives	111.58	45.43
	120.49	**53.43**

(₹ Crore)

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE '11'		
LOANS AND ADVANCES		
(Unsecured considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received and/ or to be adjusted (including doubtful of ₹ 6.21 crore, Previous year ₹ 5.20 crore)	1,194.50	729.70
Advance and Loans to Subsidiaries	70.24	70.58
Derivative Assets (refer Note No. B 21 (c) in Schedule '19')	102.28	135.03
Balance with Customs, Port Trusts, Excise etc.	36.29	435.26
Inter Corporate Deposits	51.23	32.35
Advance Tax (Net of Provision)	38.64	-
Trident Trust (refer Note No. B 10 (e) in Schedule '19')	34.45	34.45
	1,527.63	**1,437.37**
SCHEDULE '12'		
CURRENT LIABILITIES		
Acceptance	1,768.39	1,781.61
Sundry Creditors (including ₹ 1.44 crore to Micro, Small and Medium enterprises refer Note No. B 33 in Schedule '19'; Previous year ₹ 1.05 crore)	4,709.36	2,966.23
Payable to Subsidiary Companies	221.58	229.65
Customers' Credit Balances and Advances against orders	110.54	108.89
Derivative Liabilities (refer Note No. B 21 (c) in Schedule '19')	260.49	245.98
Investor Education and Protection Fund shall be credited by the following:		
Unpaid Dividends	7.20	7.14
Unpaid Application/Call Money due for refund	0.44	0.44
Unpaid Redeemed Preference Shares	0.08	0.08
Other Liabilities	108.41	80.09
Interest accrued but not due on Debentures, Loans and Deposits	7.61	6.82
	7,194.10	**5,426.93**
SCHEDULE '13'		
PROVISIONS		
Taxation (Net of Advance Tax)	-	161.01
Dividends	287.16	258.32
Tax on Dividends	46.59	42.90
Employee Benefits	293.18	241.51
Other Provisions (including ₹ 14.50 crore refer Note No. B 3 (II) in Schedule '19')	17.75	17.75
	644.68	**721.49**

	Tonnes 2010-11	Tonnes 2009-10	(₹ Crore) For the year ended 31st March, 2011	For the year ended 31st March, 2010
SCHEDULE '14'				
GROSS SALES AND OPERATING REVENUES				
A. Sales:				
Hydrate and Alumina (Standard Metallurgical & Specials)	309,566	241,095	767.18	585.79
Aluminium Ingots/Billets	209,910	222,347	2,301.33	2,020.42
Aluminium Rolled Products	177,409	184,186	2,541.07	2,276.74
Aluminium Extruded Products	35,033	38,874	551.16	549.35
Aluminium Redraw Rods	94,294	91,964	1,092.87	913.72
Aluminium Foils	17,754	16,962	382.35	363.11
Continuous Cast Copper Rods	142,167	146,092	5,683.10	4,700.89
Copper Cathodes	207,640	185,213	7,532.90	5,594.87
Sulphuric Acid	815,276	763,142	191.76	59.84
DAP & Complexes	219,786	176,474	590.47	327.72
Gold	6.970	9.482	1,117.98	1,385.12
Silver	44.495	45.325	87.58	92.04
Miscellaneous			787.12	524.22
Net Sales			**23,626.87**	**19,393.83**
Excise Duty			1,488.91	1,047.58
Gross Sales			**25,115.78**	**20,441.41**
B. Operating Revenues:				
Export and Other Incentives			139.23	59.58
Miscellaneous Receipts and Claims			93.11	68.68
			232.34	**128.26**
			25,348.12	**20,569.67**

STANDALONE FINANCIAL STATEMENTS

(₹ Crore)

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
SCHEDULE '15'		
OTHER INCOME		
Rent Received	4.08	3.30
Profit/(Loss) on Fixed Assets sold/ discarded (Net)	(8.07)	(1.22)
Income from Investments		
Income from Current Investments		
Interest *	9.79	-
Dividend	238.26	127.38
Profit/(Loss) on sale of Investments (Net)	0.43	25.47
Changes in carrying amount of Investments (Net)	(5.04)	(0.18)
Income from Long Term Investments		
Interest *	7.63	17.60
Dividend (including ₹ 1.80 crore from Trade Subsidiary; Previous year ₹ 1.80 crore)	17.84	18.32
Profit/(Loss) on sale of Investments (Net)	0.46	2.27
(Diminution)/ write back in carrying cost of Investments (Net)	(0.11)	(0.11)
Interest on Inter Corporate Deposits and Deposit in Banks *	5.55	5.16
Interest from Others* (including ₹ 3.93 crore from Income Tax Department; Previous year ₹ 5.14 crore)	45.28	59.89
Miscellaneous Income	0.65	1.97
	316.75	**259.85**

** Tax deducted at source on Interest ₹ 0.77 crore (Previous year ₹ 3.77 crore).*

SCHEDULE '16'		
(INCREASE)/DECREASE IN STOCKS		
Opening Stocks:		
Work-in-Process	2,838.30	2,150.27
Finished Goods	250.50	172.66
	3,088.80	**2,322.93**
Less: Closing Stocks:		
Work-in-Process	3,182.98	2,838.30
Finished Goods	309.45	250.50
	3,492.43	**3,088.80**
	(403.63)	**(765.87)**
Less: Change in Excise Duty on Stock	(8.96)	(10.62)
	(394.67)	**(755.25)**

(₹ Crore)

	Tonnes 2010-11	Tonnes 2009-10	For the year ended 31st March, 2011	For the year ended 31st March, 2010
SCHEDULE '17'				
MANUFACTURING AND OTHER EXPENSES				
Raw Materials Consumed				
Copper Concentrate	1,177,490	1,176,075	13,403.78	11,405.57
Bauxite	1,135,775	1,360,126	202.83	189.23
Aluminium Fluoride	9,043	8,425	43.52	48.38
Caustic Soda	187,795	178,496	316.38	334.05
Calcined Petroleum Coke	159,275	156,872	333.02	253.50
Rock Phosphate	344,355	271,318	245.76	203.59
Ammonia	49,858	41,191	94.09	59.72
Pitch	37,318	37,759	94.01	92.62
Other Materials			797.55	639.02
Power and Fuel			2,221.48	1,938.00
Payments to and Provisions for Employees				
Salaries, Wages and Bonus			790.32	686.34
Contribution to Provident and other Funds			146.57	88.51
Employees Welfare			103.50	95.17
Other Expenses				
Consumption of Stores and Spare parts			382.57	369.11
Repairs to Buildings			30.26	33.96
Repairs to Machinery			255.84	200.32
Rates and Taxes			9.16	8.72
Rent			23.18	24.66
Insurance			42.30	33.85
Auditors' Remuneration			2.85	2.25
Research and Development			5.89	5.45
Discount on Sales			23.02	21.01
Commission on Sales			19.87	17.78
Freight and Forwarding (Net)			362.43	324.15
Doubtful Debts Provision/ (written back) (Net)			(1.15)	16.97
Bad Debts written off			3.72	0.40
Donation (including ₹ Nil to General Electoral Trust for political purposes; Previous year ₹ 12.55 crore)			31.20	46.43
Directors' Fees			0.05	0.05
Directors' Commission			14.00	14.00
Transfer to Capital Work-in-Progress and others			(42.82)	(14.19)
(Gain) / Loss on Change in Fair Value of Derivatives (Net)			105.61	(246.09)
Provisions/ Liability no longer required written back (Net)			(28.79)	(44.43)
Miscellaneous			514.23	407.33
			20,546.23	**17,255.43**

SCHEDULE '18'				
INTEREST AND FINANCE CHARGES				
Interest on Debentures and other Fixed Loans			488.59	496.30
Interest on Others (including ₹ 0.87 crore to Income Tax Department; Previous year ₹ 16.87 crore)			70.35	97.73
Other Finance Charges			51.32	19.75
			610.26	**613.78**
Less: Interest and Finance Charges Capitalized			390.30	335.78
			219.96	**278.00**

STANDALONE FINANCIAL STATEMENTS

SCHEDULE '19'

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the generally accepted accounting principles in India, the applicable mandatory Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956 of India.

2. Use of Estimates

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

3. Fixed Assets

(a) Tangible Assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises of purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use.

(b) Intangible Assets are stated at cost less accumulated amortization. Cost includes any directly attributable expenditure on making the asset ready for its intended use.

(c) Machinery spares which can be used only in connection with an item of Fixed Asset and whose use is not of regular nature are written off over the estimated useful life of the relevant asset.

4. Depreciation and Amortization

(a) Depreciation on Tangible Fixed Assets has been provided using Straight Line Method at the rates and manner prescribed under Schedule XIV of Companies Act, 1956 of India.

(b) Mining Rights and leasehold land are amortized over the period of lease on straight line basis.

(c) Intangible assets are amortized over their estimated useful lives on straight line basis.

5. Impairment

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount.

6. Leases

Lease payments under an operating lease are recognized as expense in the statement of Profit & Loss Account as per terms of lease agreement.

7. Investments

(a) Long term investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.

(b) Current investments are stated at lower of cost and fair value.

8. Inventories

(a) Inventories of stores and spare parts are valued at or below cost after providing for cost of obsolescence and other anticipated losses, wherever considered necessary.

(b) Inventories of items other than those stated above are valued 'At cost or Net Realizable Value, whichever is lower'. Cost is generally determined on weighted average cost basis and wherever required, appropriate overheads are taken into account. Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

(c) Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

9. Foreign Currency Transactions

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Year end balance of foreign currency transactions is translated at the year end rates. Exchange differences arising on settlement of monetary items or on reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized as income or expense in the period in which they arise. Foreign currency monetary items those are used as hedge instruments or hedged items are accounted as per accounting policy on derivative financial instruments.

SCHEDULE '19' (Cont'd)

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Cont'd)

10. Employee benefits

Employee benefits of short term nature are recognized as expense as and when it accrues. Long term employee benefits (e.g. long-service leave) and post employment benefits (e.g. gratuity), both funded and unfunded, are recognized as expense based on actuarial valuation at year end using the Projected unit credit method. Actuarial gain and losses are recognized immediately in the Profit & Loss Account.

11. Employee Stock Option Scheme

In respect of stock option granted to employees pursuant to the Company's stock option schemes, accounting is done as per the intrinsic value method permitted by the SEBI guidelines, 1999 and the Guidance Note on Share Based Payment issued by the Institute of Chartered Accountants of India (ICAI). The excess of market price of share as on date of grant of option over the exercise price is recognized as deferred employee compensation and is charged to Profit & Loss Account on straight line basis over the vesting period.

12. Revenue Recognition

Sales revenue is recognized on transfer of significant risk and rewards of the ownership of the goods to the buyer and stated at net of trade discount and rebates. Dividend income on investments is accounted for when the right to receive the payment is established. Export incentive, certain insurance, railway and other claims where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

13. Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

14. Taxation

Provision for current income tax is made in accordance with the Income tax Act, 1961. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

15. Derivative Financial Instruments

(a) The Company uses derivative financial instruments such as Forwards, Swaps, Options, etc. to hedge its risks associated with foreign exchange fluctuations. Risks associated with fluctuations in the price of the Company's products (Copper, Alumina, Aluminium and precious metals) are minimized by undertaking appropriate hedging transactions. The fair values of all such derivative financial instruments are recognized as assets or liabilities at the balance sheet date. Such derivative financial instruments are used as risk management tools only and not for speculative purposes.

(b) For derivative financial instruments and foreign currency monetary items designated as Cash Flow hedges, the effective portion of the fair value of the derivative financial instruments are recognized in Hedging Reserve and reclassified to 'Sales', 'Raw Materials Consumed' or 'Other Expenses' in the period in which the Profit & Loss Account is impacted by the hedged items or in the period when the hedge relationship no longer qualifies as cash flow hedge. In cases where the exposure gives rise to a non-financial asset, the effective portion is reclassified from Hedging Reserve to the initial carrying amount of the non-financial asset as a 'basis adjustment' and recycled to Profit and Loss Account when the respective non- financial asset affects the Profit and Loss Account in future periods. The ineffective portion of the change in fair value of such instruments is recognised in the profit and loss account in the period in which they arise If the hedging relationship ceases to be effective or it becomes probable that the expected transaction will no longer occur, hedge accounting is discontinued and the fair value changes arising from the derivative financial instruments are recognized in Other Expenses in the Profit & Loss Account.

(c) For derivative financial instruments designated as Fair Value hedges, the fair value of both the derivative financial instrument and the hedged item are recognized in 'Sales', 'Raw Materials Consumed' or 'Other Expenses' in the Profit & Loss Account till the period the relationship is found to be effective. If the hedging relationship ceases to be effective or it becomes probable that the expected transaction will no longer occur, future gains or losses on the derivative financial instruments are recognized in 'Other Expenses' in the Profit & Loss Account.

SCHEDULE '19' (Cont'd)

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Cont'd)

(d) If no hedging relationship is designated, the fair value of the derivative financial instruments is marked to market through Profit & Loss Account and included in 'Other Expenses'.

16. Research and Development

Expenditure incurred during research phase is charged to revenue when no intangible asset arises from such research. Assets procured for research and development activities are generally capitalized.

17. Government Grants

Government Grants are recognized when there is a reasonable assurance that the same will be received. Revenue grants are recognized in the Profit & 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.

18. Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.

B. NOTES ON ACCOUNTS

		(₹ Crore)
	As at 31st March, 2011	**As at 31st March, 2010**
1. Capital Commitments outstanding (Net of advance/Deposit paid ₹ 3,502.92 crore, previous year ₹ 2,152.81 crore)	9,988.03	8,337.71
2. Uncalled Liability on shares partly paid up	-	235.12
3. (I) Contingent Liabilities not provided for in respect of:		
(a) Claims/Disputed Liabilities not acknowledged as debt: Following demands are disputed by the Company and are not provided for:		
(i) Demand notice by Asstt. Collector Central Excise Mirzapur for excise duty on power generated by Company's captive power plant, Renusagar Power Company Limited (Since amalgamated).	9.12	9.12
* Writ petition is pending with the Hon'ble High Court of Delhi. Earlier demand raised was quashed by the Hon'ble High Court of Delhi. The amount has been sequestered in the Aluminium Regulation account. According to the terms of settlement dated 5th December, 1983 between the Central Govt. and the Company, this amount will be reimbursed to the Company in the event case is decided against the Company		
(ii) Demand of interest on past dues of the Aluminium Regulation account up to 31st December, 1987.	6.33	6.33
* The demand is in dispute with Controller of Aluminium Regulation Account.		
(iii) Retrospective Revision of Water Rates by UP Jal Vidyut Nigam Limited (April 1989 to June 1993 & Jan 2000 to Jan 2001).	4.08	4.08
* Writ petition pending with Lucknow Bench of Hon'ble High Court of Allahabad. The demand has been stayed vide order dated 11th May, 2001.		
(iv) Transit fees levied by Divisional Forest officer, Renukoot, on Coal and Bauxite.	93.43	74.21
* Appeal pending with the Hon'ble High Court of Allahabad and payment of transit fee has been stayed. According to the legal opinion received by the Company, the Forest department has no authority to levy such fees.		

STANDALONE FINANCIAL STATEMENTS

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

(₹ Crore)

		As at 31st March, 2011	As at 31st March, 2010
(v)	M.P Transit Fee on Coal demanded by Northern Coal Fields Limited. * Company had paid ₹ 15.73 crore under protest towards MP transit Fee on Coal and filed Writ Petition before the Hon'ble Jabalpur High Court. The Hon'ble High Court has struck down the levy and also ordered for refund of the amount paid under protest. The State government has filed an appeal against the order of the Hon'ble High Court before the Hon'ble Supreme Court and the order of Hon'ble High Court has been stayed.	22.54	21.82
(vi)	Imposition of Cess on Coal by Shaktinagar Special Area Development Authority. * Appeal is pending before the Hon'able High Court of Allahabad. Demand and levy has been stayed. According to legal opinion received by the Company, the state has no power to tax the mineral since this field is covered under Mines and Minerals Development and Regulation Act.	6.30	5.16
(vii)	Demand of Royalty on Vanadium by District Mining officer, Lohardaga. * Appeal is pending with the Hon'ble High Court of Allahabad. The demand has been stayed on certain conditions.	8.44	8.44
(viii)	The demand of Excise Duty on gold. *Part of the demand was confirmed against which our ROM request is pending at CESTAT. Department's appeal is pending before the Hon'ble Supreme Court for the part of the demand and penalty that was dropped.	155.31	155.31
(ix)	Demand for disallowances of depreciation claim and other claim on the leased assets by Lessor. - Arbitration proceedings completed, matter settled.	-	18.02
(x)	Tax under MPGATSVA, 2005 @ 5% on basic price of coal w.e.f. 30th September, 2005 by M.P. State Government. *Writ petition has been filed before the Hon'ble High Court of Madhya Pradesh at Jabalpur. Demand has been stayed.	52.55	48.19
(xi)	Demand raised on the assessment for entry tax with retrospective effect from the period 1st November, 1999 to till date. * Writ petition is pending before Hon'ble High Court of Allahabad and demand has been stayed.	213.53	179.28
(xii)	Demand raised on assessment under CST Act and UP Sales Tax Act. * Appeals have been filed with Sales Tax Tribunal and JC Appeal for different years.	9.07	5.56
(xiii)	Revision of surface rent on land by Government of Jharkhand w.e.f. 16th June, 2005. * Matter is in dispute at Hon'ble High Court of Jharkhand.	14.56	11.07
(xiv)	Demand made by Nayab Tehsildar Kusmi / Collector under Chattisgarh as per Adhosanrachna Vikas evam Parayavaran Upkar Adhiniyam, 2005 @ 5% as environment tax on royalty plus 5% as development tax. * The Writ petition which has been filed by the Company before Hon'ble High Court of Chhattisgarh at Bilaspur, has been transferred to the Hon'ble Supreme Court and tagged with other Civil Appeals.	3.47	2.71

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

(₹ Crore)

		As at 31st March, 2011	As at 31st March, 2010
(xv)	Service tax paid on Goods Transport Agency and Business Auxiliary Services. * Commissioner has confirmed the demand. Appeal is being filed at CESTAT New Delhi.	11.27	11.27
(xvi)	M.P Transit fee on Bauxite. * Writ petition pending with the Hon'ble High Court at Jabalpur.	1.26	1.20
(xvii)	Demand for Entry Tax relating to valuation dispute of 2004-05 to 2005-06, for which appeals have been filed. * Appeal has been filed with Additional CCT, Sambalpur.	4.37	1.18
(xviii)	CST demand on reopening of assessments for 1999-00 to 2003-04. * Appeals have been filed.	8.81	8.81
(xix)	Demand on Interest on excess CENVAT Credit taken. *Appeal pending with CESTAT, Mumbai.	1.00	1.00
(xx)	Demand for Sales Tax u/s 15B for A.Y. 2001-02 & 2002-03. * Appeal is pending with J. C Appellate Authority, Baroda.	8.17	14.62
(xxi)	Demand for VAT for AY 2007-08 * Appeal pending with Special Commissioner Appeal, Delhi	9.56	-
(xxii)	Service tax on insurance policy attributable to Renusagar. * Commissioner has confirmed the demand. Appeal is pending before the CESTAT, New Delhi.	4.49	2.86
(xxiii)	Demand of Interest on differential duty on account of final assessment of Bill of Entries. * The matter is pending with Commissioner of Customs, Appeal, Ahmedabad.	17.63	17.55
(xxiv)	Disallowance of CENVAT credit. * The matter is pending with CESTAT, Ahmedabad.	5.29	5.29
(xxv)	Demand for interest on claim with IFFCO, Kandla. * Matter is pending with arbitrator.	7.53	6.79
(xxvi)	Demand raised on assessment under CST Act and APGST Act for various years. * Appeals have been filed with appropriate authorities.	5.26	5.56
(xxvii)	Demand for Service Tax on Consulting Engineer Services and Scientific & Tech Service. * Appeal pending with Commissioner (Appeals), Ahmedabad.	3.84	3.84
(xxviii)	Excise duty on Dross *Company has challenged the letter issued by Excise department to pay Excise duty on dross before Hon'ble Allahabad High court.	14.42	9.13
(xxix)	Claim for Plot Rent at Lohardaga Siding – Matter settled	-	3.39
(xxx)	Demand of stamp duty on imported cargo * Matter is pending with Hon'ble High Court, Ahmedabad Gujarat	53.17	38.99
(xxxi)	Other Contingent Liabilities in respect of Excise, Customs, Sales Tax etc. each being for less than ₹ 1 crore. * The demands are in dispute at various legal forums.	18.01	12.08
	Total	**772.81**	**692.86**

*Indicating uncertainties

STANDALONE FINANCIAL STATEMENTS

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

(₹ Crore)

			As at 31st March, 2011	As at 31st March, 2010
(b)	(i)	Bills discounted with Banks	0.19	0.19
	(ii)	Corporate Guarantees outstanding (₹ 33.66 crore (previous year ₹ 7,446.04 crore**) given on behalf of subsidiary companies)	74.22	7,462.75
(c)		Customs duty on Capital Goods and Raw Materials imported under EPCG Scheme /Advance Licence, against which export obligation is to be fulfilled.	514.38	168.46

** includes US$ 1.4 billion (₹ 6,276.2 crore) given by the Company for due performance of facility agreement entered into by one of its wholly owned subsidiary Companies with the Bankers for availing loan of US$ 981.80 million for acquisition of Novelis Inc., since discharged.

(II) Provisions:

(₹ Crore)

Nature	Balance as at 1st April, 2010	Addition during the year	Utilisation during the year	Balance as at 31st March, 2011
Excise duty on electricity	5.47	-	-	5.47
Sales tax	1.84	-	-	1.84
Others	7.19	-	-	7.19
Total	**14.50**	**-**	**-**	**14.50**

(a) The provision for excise duty and sales tax are on account of legal matters, where the Company anticipates probable outflow. The amount of provision is estimated by the Company considering the facts and circumstances of each case for which cash flow will be determined on settlement of these matters.

(b) Provision for others is on account of dispute pertaining to non-supply of material to a customer.

(III) The Company has given undertakings to various Financial Institutions and Banks, as relevant, for:

(i) Following Sponsors Undertakings have been given by the Company, along with Aditya Birla Nuvo Ltd, Grasim Industries Ltd. and Birla TMT Holdings Pvt. Ltd (the Sponsors), being promoters of Idea Cellular Ltd.(Idea):-

(a) The Sponsors shall collectively continue to hold at least 33% of the equity capital of Idea till the end of FY 2015-16 and shall not without prior written approval of the Facility Agent, divest, transfer, assign, dispose of, pledge, charge, create any lien or in any way encumber 33% of shareholdings in Idea. Consequent upon the infusion of fresh equity capital of Idea, if the Sponsors' stake gets diluted from 40% to 33% in the equity capital of Idea, the Sponsors agree and undertake to obtain the prior consent of the Rupee Facility Agent and in other circumstances, the Sponsors agree and undertake to obtain the prior consent of the secured lenders representing 51% of the aggregate outstanding secured loans.

(b) The Sponsors shall collectively continue to hold 26% of the equity capital of Idea after FY 2015-16 and shall not without the prior written approval of the Rupee Facility Agent, divest, transfer, assign, dispose of, pledge, charge, create any lien or in any way encumber 26% shareholdings in the capital of Idea.

(c) Not without prior approval of the Facility Agent in writing divest shareholdings in the equity capital of Idea that may result in a single investor along with its affiliates holding more than 25% of the equity capital of Idea.

(ii) A Common Rupee Loan Agreement (CRLA) has been executed by the Company as the Sponsor to avail financing of ₹ 4,906 crore for project undertaken by Utkal Alumina International Limited (Utkal), a wholly-owned subsidiary of the Company.

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

Under the CRLA, the Company has following obligations as under:

a) To infuse base equity of ₹ 2,103 crore in Utkal.

b) To ensure that debt: equity ratio is always maintained at 70:30 in Utkal.

c) To hold minimum 51% equity shares in Utkal.

d) To bring funds for meeting cost overrun of the project.

e) If Utkal exercises its right or requires to replace any lender under the CRLA and to enable to bring other lender to replace such a lender within the permitted time, the Company is required to infuse funds for prepayment of the loan to such lender and for undrawn portion of such rupee lender.

4. The Company has received a notice dated 24th March, 2007 from collector (Stamp) Kanpur, Uttar Pradesh alleging that stamp duty of ₹ 252.96 crore is payable in view of order dated 18th November, 2002 of Hon'ble High Court of Allahabad approving scheme of arrangement for merger of Copper business of Indo Gulf Corporation Limited with the Company. The Company is of the opinion that it has a very strong case as there is no substantive/computation provision for levy/calculation of stamp duty on court order approving scheme of arrangement under Companies Act, 1956 within the provisions of Uttar Pradesh Stamp Act, moreover the properties in question are located in the State of Gujarat and thus the Collector (stamp) Kanpur has no territorial jurisdiction to make such a demand. It is pertinent to note that the Company in 2003-04 has already paid stamp duty which has been accepted as per the provisions of the Bombay Stamp Act 1958 with regard to transfer of shareholding of Indo Gulf Corporation Limited as per the Scheme of Arrangement. Furthermore, the demand made is on an incorrect assumption. The Company's contention amongst the various other grounds made is that the demand is illegal, against the principles of natural justice, incorrect, bad in law and malafide. The Company has filed a writ petition before the Hon'ble High Court of Allahabad, inter alia, on the above said grounds, which is pending determination.

5. (a) Purchase of Copper Concentrate is accounted for provisionally pending finalisation of contents in the concentrate, price, and custom duty including interest. Variations are accounted for in the year of settlement.

(b) Sales of Continuous Cast Copper Rod and Copper Cathode are accounted for provisionally, pending finalization of price. Variations are accounted for in the year of settlement.

(c) Final price payable on purchase of copper concentrate for which quotational price and quantity were not finalized in previous year, were realigned based on monthly average of LME & LMBA rate at the year end copper and precious metals respectively and accordingly provision for ₹ 108.06 crore (previous year ₹ 161.93 crore) was made. During the year final price payable was settled at ₹ 24.66 crore (previous year ₹ 420.18 crore) and accordingly receivable of ₹ 132.71 crore (previous year additional liabilities of ₹ 258.25 crore) have been adjusted in raw material consumption. Further, provisions for ₹ 3.54 crore (previous year ₹ 108.05 crore) was made on realignment of receipt of copper concentrate as on 31st March, 2011. Actual outflow is expected on finalization of quotational price and quantity in the next financial year.

(d) Final price receivable from sale of Copper for which quotational price was not finalized in previous year, were realigned at year end rate based on LME Rate and reversal of sales for ₹ 4.99 crore (previous year additional sales ₹ 0.08 crore) were accounted for. During the Year final price was settled at ₹ 13.35 crore (previous year ₹ 8.05 crore) and further reversal of sales for ₹ 8.36 crore (previous year credit for further sales ₹ 7.97 crore) was taken into account. As on 31st March, 2011, sale of Copper, Gold, Silver & Anode Slime amounting to ₹ 649.40 crore (previous year ₹ 553.12 crore) pending for price finalization were realigned at year-end rate of LME and an additional sales of ₹ 8.86 crore (previous year reversal of sales ₹ 4.99 crore) was accounted for. Actual inflow or outflow is expected on finalization of price.

6. Income amounting to ₹ 35.14 crore of dividend (previous year ₹ 81.47 crore), ₹ 0.36 crore of interest (previous year ₹ 10.08 crore) and ₹ 1.98 crore of profit on sale of investments (previous year ₹ 4.29 crore) derived from temporary deployment of surplus fund out of specific borrowing for various projects have been deducted from borrowing costs incurred.

7. On January 24, 2011, AV Minerals (Netherlands) B.V., a wholly-owned subsidiary of the Company, has reduced its nominal value of shares from Euro 1,000 per share to Euro 778.20 per share and has returned the excess paid up capital after paying up dues on partly paid-up shares. The extent of ownership interest of the Company in AV Minerals has not been affected by the reduction in the paid up capital.

The net excess paid up capital amounting to ₹ 2,962.72 crore (equivalent to Euro 477.58 million) was returned to the Company on January 25, 2011.

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

The carrying value of the investment has been adjusted for the above transaction and the resulting foreign exchange gain of ₹ 41.38 crore has been recorded under the head Miscellaneous Expenses in Schedule 17 to Profit and Loss Account.

8. Exchange gain / (loss) has been accounted for under respective head of accounts as under:

(₹ Crore)

Head of Accounts	2010-11	2009-10
Sales and Operating Revenues	(1.56)	(9.39)
Manufacturing and Other Expenses	118.39	185.86
Total	**116.83**	**176.47**

9. The Company is one of the promoter members of Aditya Birla Management Corporation Private Limited (ABMCPL), a Company limited by guarantee which has been formed to provide common facilities and resources to its members, with a view to optimize the benefits of specialization and minimize cost for each member. The Company is one of the participants in the common pool and shares the expenses incurred by ABMCPL and accounted for under appropriate heads.

10. Loans and Advances include

(₹ Crore)

	As at 31 st March 2011	2010
(a) Due from Officers (Maximum balance during the year ₹ 0.06 crore, previous year ₹ 0.07 crore)	0.03	0.06

(b) To subsidiary companies:-

(₹ Crore)

Name of Subsidiary	As at 31st March, 2011	Maximum outstanding during 2011	As at 31st March, 2010	Maximum outstanding during 2010
Renukeshwar Investments & Finance Limited	-	0.05	-	0.00
Renuka Investments & Finance Limited	-	0.09	-	0.18
Aditya Birla Chemicals (India) Limited	0.02	0.02	0.01	0.02
Lucknow Finance Company Limited	-	0.62	-	0.48
Utkal Alumina International Limited	0.12	75.75	0.51	498.62
Indal Exports Limited (since dissolved)	-	-	-	0.01
Birla (Nifty) Pty Limited	-	-	-	194.21
Birla Mt. Gordon Pty Limited	-	-	-	96.75
East Coast Bauxite Mining Company Private Limited	--	--	0.01	0.02
Hindalco-Almex Aerospace Limited	70.00	70.00	69.99	70.00
Dahej Harbour and Infrastructure Limited	0.00	0.00	-	-
Suvas Holdings Limited	0.00	0.00	-	1.84
Tubed Coal Mines Limited	0.00	1.20	-	0.00
A V Minerals (Netherlands) B.V.	-	154.07	-	114.00
Novelis Inc.	0.10	0.10	0.06	0.08
Total	**70.24**		**70.58**	

(c) Inter Corporate Deposits include ₹ 51.23 crore (previous year ₹ 32.35 crore) given to Aditya Birla Science and Technology Company Limited, an associate of the Company, bearing interest. Maximum balance outstanding during the year was ₹ 51.23 crore (previous year ₹ 32.35 crore).

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

(d) Loan to employees as per Company's policy are not considered.

(e) Balances with Trident Trust representing 16,316,130 equity shares of ₹ 1/- each of the Company issued pursuant to the Scheme of Arrangement approved by the Hon'ble High Courts at Mumbai and Allahabad vide their Orders dated 31st October, 2002 and 18th November, 2002, respectively, to the Trident Trust, which is created wholly for the benefit of the Company and is being managed by trustees appointed by it. The tenure of the trust is upto 23rd January, 2017.

11. Sundry Debtors include following amounts outstanding from subsidiary companies –

(₹ Crore)

	As at 31st March, 2011	**Maximum balance Outstanding**	**As at 31st March, 2010**	**Maximum balance Outstanding**
Aditya Birla Chemicals (India) Limited	1.22	1.69	1.10	1.30
Hindalco-Almex Aerospace Limited	4.63	4.70	1.55	3.62
Total	**5.85**		**2.65**	

12. Secured Loans of the Company consist of the following :

₹ Crore

	As at 31st March, 2011	**As at 31st March, 2010**
Cash Credit and Export Credit	27.32	10.91
Working capital facility granted by the Consortium Banks is secured by a first pari passu charge in the form of hypothecation on the entire stocks of raw materials, work-in-process, finished goods, consumable stores & spares and book debts pertaining to the Company's Aluminium business in favour of the said Banks jointly and each of them severally. Working Capital Loan of State Bank of India for the Copper business is secured by a first charge by way of hypothecation of stocks of raw materials, work-in-process, finished goods and consumable stores & spares of Copper business, both present and future, and second charge on the immovable properties of the Copper business secured by way of joint equitable mortgage of the immovable assets.		
Rupee Term Loans	5,142.99	5142.99
Secured by the first pari-passu charge on all immovable properties (except Greenfield projects i.e. Mahan Aluminium, Aditya Aluminium, and Aluminium project in the state of Jharkhand) of the company both present and future and hypothecation of all movable assets (except Book debt & current assets and movable assets of Greenfield Projects) both present and future of the company.(Repayment starting from 2013-14)		
Total Secured Loans from Banks	**5,170.31**	**5153.90**

13. Although the book / market value of certain investments (amount not ascertained) is lower than cost, considering the strategic and long term nature of the investments and asset base of the investee companies, in the opinion of the management such decline is temporary in nature and no provision is necessary for the same.

14. 213,147,391 equity shares of ₹ 1/- each at a premium of ₹ 129.90 were issued through Qualified Institutions Placement (QIP) on 1st December, 2009. Entire amount has been spent for various ongoing projects and issue related expenses within 31st March, 2011.

15. Indal Exports Limited, a wholly- owned subsidiary of the Company, has been dissolved on 4th March, 2011 following the Easy Exit Scheme, 2011 introduced by the Ministry of Corporate Affairs.

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

16. The Company had formulated a scheme of financial restructuring under Sections 391 to 394 of the Companies Act 1956 ("the Scheme") between the Company and its equity shareholders approved by the High Court of Judicature of Bombay to deal with various costs associated with its organic and inorganic growth plan. Pursuant to this, a separate reserve account titled as Business Reconstruction Reserve ("BRR") was created during the year 2008-09 by transferring balance standing to the credit of Securities Premium Account of the Company for adjustment of certain expenses as prescribed in the Scheme.

17. The total of future minimum lease payment commitments under non-cancelable operating lease agreement for a period of twenty years expiring in 2022 to use railway tracks along with locomotives for transportation of its materials are as under:

(₹ Crore)

	As at 31st March, 2011	As at 31st March, 2010
Not later than one year	0.40	0.40
Later than one year and not later than five years	1.60	1.60
Later than five years	2.47	2.87

18. Deferred Tax

Major components of Deferred Tax arising on account of temporary timing differences are:

(₹ Crore)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Deferred Tax Assets (A)		
On Retirement benefits expenses as per AS - 15	64.40	63.40
Expenses / provisions allowable	37.70	34.42
Total	**102.10**	**97.82**
Deferred Tax Liability (B)		
Depreciation	1,389.59	1,464.26
Total	**1,389.59**	**1,464.26**
Net Deferred Tax Liabilities (B-A)	**1,287.49**	**1,366.44**

19. Share-Based Compensation

The shareholders of the Company has approved an Employee Stock Option Scheme ("ESOS 2006"), formulated by the Company, under which the Company may issue 3,475,000 options to its permanent employees in the management cadre, in one or more tranches, whether working in India or out of India, including the Whole Time Directors of the Company. The shareholders have also approved giving discount upto 30% of the average price of the equity shares of the Company in the immediate preceding seven day period on the stock exchange. The ESOS 2006 is administered by the Compensation Committee of the Board of Directors of the Company ("the Committee"). Each option when exercised would be converted into one fully paid-up equity share of ₹ 1/- each of the Company. The options will vest in 4 equal annual installments after one year of the grant. The maximum period of exercise is 5 years from the date of vesting. Further, forfeited/lapsed options are available to the Committee for grant.

During the year, under ESOS 2006, 572,160 options have been granted as Tranche III to its eligible employees as on 3rd September, 2010. However, under the ESOS 2006, so far the Committee has granted 3,545,550 options to its eligible employees in three tranches out of which 701,274 options were forfeited/lapsed and are available to the Committee for grant as per term of the Scheme.

The compensation cost of stock options granted to employees have been accounted by the Company using the intrinsic value method. Accordingly, employee cost includes ₹ 1.34 crore (Previous year ₹ 1.00 crore) being the amortization of intrinsic value for the year ending 31st March, 2011.

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

Movement of Options Granted:

The movement of the options under ESOS 2006 for the year ended 31st March, 2011 are as follows:

Particulars	Stock Options (Numbers)	Range of Exercise Price (₹)	Weighted Average Exercise Price (₹)	Weighted Average Remaining Contractual life (Years)
Outstanding at beginning of the year	2,028,555	98.30 - 150.10	121.12	5.17
Granted during the year	572,160	118.35 - 118.35	118.35	6.93
Forfeited during the year	(28,137)	98.30 - 98.30	98.30	-
Exercised during the year	(224,100)	98.30 - 150.10	101.10	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	2,348,478	98.30 - 150.10	122.63	4.92
Exercisable at the end of the year	1,269,323	98.30 - 150.10	125.43	3.75

The movement of the options under ESOS 2006 for the year ended 31st March, 2010 are as follows:

Particulars	Stock Options (Numbers)	Range of Exercise Price (₹)	Weighted Average Exercise Price (₹)	Weighted Average Remaining Contractual life (Years)
Outstanding at beginning of the year	2,151,451	98.30 - 150.10	120.46	6.18
Granted during the year	-	-	-	-
Forfeited during the year	(78,652)	98.30 - 150.10	116.09	-
Exercised during the year	(44,244)	98.30 - 98.30	98.30	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	2,028,555	98.30 - 150.10	121.12	5.17
Exercisable at the end of the year	958,270	98.30 - 150.10	123.18	4.17

The weighted average share price at the date of exercise of stock options exercised during the year ended 31st March, 2011 and 31st March, 2010 was ₹ 206.45 and ₹ 158.81 respectively.

Fair Valuation:

At grant date, the estimated fair value of stock options granted in Tranche I, Tranche II and Tranche III under ESOS 2006 was ₹ 65.78, ₹ 57.11 and ₹ 102.96 respectively. The fair valuation of stock options have been done by an independent valuer using Black and Scholes Model. For fair valuation, expected volatility is based on the historical share price volatility over the past 5 years. The detail of stock options granted and the key assumptions taken into account for fair valuation are as under:

Particulars	Tranche I	Tranche II	Tranche III
Number of Option Granted	19,40,250	10,33,140	5,72,160
Grant Date	23.08.2007	25.01.2008	03.09.2010
Risk Free interest Rate (%)	8.00	8.00	8.00
Option Life (Years)	5	5	5
Expected Volatility	0.3391	0.3655	0.527
Expected Dividend Yield (%)	170.00	170.00	135.00
Share price at options grant date (₹ per Share)	138.95	150.10	173.65

Had the compensation cost for the stock options granted been recognized based on fair value at the date of grant (calculated using Black and Scholes Option Pricing Model), the proforma amount of net profit and earnings per share of the Company would have been as under:

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

	2010-11	2009-10
		(₹ Crore)
Reported Net Profit	**2,136.92**	**1,915.63**
Add: Compensation cost under ESOS as per intrinsic value included in the reported Net Profit	1.34	1.00
Less: Compensation cost under ESOS as per fair value	(3.04)	(2.84)
Proforma Net Profit	**2,135.22**	**1,913.79**
Reported Earning per Share (EPS):		
Basic EPS (₹)	11.17	10.82
Diluted EPS (₹)	11.16	10.81
Proforma Earning per Share (EPS):		
Basic EPS (₹)	11.16	10.81
Diluted EPS (₹)	11.15	10.80

20. (i) Disclosure as required by Accounting Standard 15 (Revised) on Employee Benefits:- In respect of Gratuity, a defined benefit scheme (based on actuarial valuation)-

(₹ Crore)

	Description	31st March, 2011	31st March, 2010
A	**Change in Obligations over the year ended 31 March, 2011**		
	Present Value of Defined Benefit Obligation at the beginning of the year	363.98	332.56
	Current Service cost	24.92	22.64
	Past Service Cost	-	-
	Interest Cost	28.49	26.09
	Curtailment cost/(credit)	-	-
	Settlement cost/(credit)	-	-
	Plan Amendments	0.12	-
	Amalgamations	-	-
	Actuarial (gains)/ losses	19.28	(2.33)
	Benefits paid	(16.54)	(14.98)
	Present Value of Defined Benefit Obligation at the end of the year	**420.25**	**363.98**
B	**Change in Plan Assets (Reconciliation of opening and closing balances)**		
	Fair value of Plan Assets at the beginning of the year	211.62	180.83
	Expected return on Plan Assets	17.44	14.14
	Actuarial Gain / (Loss)	-	-
	Contributions	33.76	31.63
	Benefits Paid	(16.54)	(14.98)
	Fair value of Plan Assets at the end of the year	**246.28**	**211.62**
C	**Reconciliation of fair value of assets and obligations**		
	Fair value of Plan Assets at the end of the year	246.28	211.62
	Present value of Obligation at the end of the year	(420.25)	(363.98)
	Amount recognised in Balance Sheet	**(173.97)**	**(152.36)**

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

D **Expense recognised during the year**	**2010-11**	**(₹ Crore) 2009-10**
Current Service cost	24.92	22.64
Past Service Cost	-	-
Interest cost	28.49	26.09
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Past Service Cost	0.12	-
Actuarial (gains)/losses	19.46	(1.53)
Expected return on plan assets	(17.62)	(14.93)
	55.37	**32.27**

E **Investment details of plan assets**		
Insurer managed Fund	93.63%	91.89%
Government Securities	0.04%	7.58%
Corporate Bonds	0.00%	0.14%
Others	6.33%	0.39%
	100.00%	**100.00%**

Note : Previous Year figures have been recast in line with Current Year.

F **Principal Actuarial Assumptions**		
Discount rate (based on the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities)	8.00%	8.00%
Expected rate of return on assets	8.00%	8.00%
Salary increases (taking into account inflation, seniority, promotion and other relevant factors)	6.00%	6.00%

The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specified number of days (ranging from 15 days to 1 month) of last drawn salary depending upon the tenure of service for each year of completed service subject to minimum service of five years payable at the time of separation upon superannuation or on exit otherwise.

(ii) In respect of Defined contribution schemes –

(a) As required under Guidance Notes on Implementation of Accounting Standard 15 (revised) issued by the ICAI in respect of exempted Provident Fund, the Company has ascertained shortfall in interest payable to the members of Provident Fund based on actuarial valuation and made appropriate provision in the books. The Company contributes 12% of salary for all eligible employees towards Provident Fund managed either by approved trusts or by the Central Government. The amount debited to Profit & Loss Account during the year was ₹ 55.00 crore (previous year ₹ 50.62 crore). In view of typical nature of such Provident fund scheme involving defined benefit underpin in respect of interest payable to members as declared by The Employees Provident Fund Organisation, the defined benefit obligation relating to interest shortfall is considered to be Other Long Term Employee Benefit.

(b) The Company contributes a certain percentage of salary for all eligible employees in managerial cadre towards Superannuation Funds managed by approved trusts or by Life Insurance Corporation of India. The amount debited to Profit & Loss Account during the year was ₹ 10.41 crore (previous year ₹ 9.38 crore).

21. Derivative Financial Instrument

a) The Company had adopted Accounting Standard 30, "Financial Instruments: Recognition and Measurement" issued by The Institute of Chartered Accountants of India so far as it related to derivative accounting during the year 2009-10.

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

b) In the ordinary course of business, the Company is exposed to risks resulting from changes in prices of commodity, exchange rate fluctuation and interest rate movements. It manages its exposure to these risks through derivative financial instruments. It uses derivative instruments such as forwards, futures, swaps and options to manage these risks. These derivative financial instruments reduce the impact of both favourable and unfavourable fluctuations. Except where noted, the derivative contracts are marked-to-market (MTM) and the related gains and losses are included in Profit and Loss Account in the current accounting period.

The Company's risk management activities are subject to the management, direction and control of Risk Management Board (RMB). The RMB is composed of two directors including Managing Director, Chief Financial Officer and other officers and employees selected by the Managing Director. The RMB reports to the Board of Directors on the scope of its activities.

The decision of whether and when to execute derivative financial instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. The tenure is always linked to the timing of the underlying exposure, with the connection between the two being regularly monitored. The Company is exposed to losses in the event of non-performance by the counterparties to the derivative contracts. All derivative contracts are executed with counterparties that, in our judgment, are creditworthy. The credit levels are reviewed to ensure that there is not an inappropriate concentration of outstanding to any particular counterparty.

Commodity Price Risk

Copper and Precious Metals

This business is conducted under a conversion model. The prices of input and output are derived from the same benchmark and/or are linked to each other through a defined formula. The objective of risk management is to attempt to use derivatives to match the price fluctuations arising out of the timing mismatch in pricing the input and output so as to `pass through' the change in input cost to customers to make the margins immune to the fluctuations in prices of the input and output.

Aluminium

This business is vertically integrated. The main raw material viz. bauxite (mostly mined from own mines) and other purchased raw materials do not have any linkage with the output price which is Aluminium LME prices. When the prices of input(s) and output(s) do not follow the above condition, then risk management attempts to use derivatives so as to protect the margins from adverse movements in prices on either side, i.e. from a rise in input cost or from a fall in output price.

As a condition of sale, customers often require the Company to enter into fixed price commitments. These commitments expose the Company to the risk of fluctuating aluminum prices between the time the order is committed and the time that the material is shipped. The Company may enter into derivative financial instruments to mitigate the risk arising out of the fixed price commitments. Consequently, the gain or loss resulting from movements in the price of aluminium on these contracts would generally be offset by an equal and opposite impact on the net sales and purchases being hedged.

Foreign Currency Exchange Risk

Exchange rate movements, particularly the United States Dollar (USD) and Euro (EUR) against Indian Rupee (INR), have an impact on our operating results. In addition to the foreign exchange flow from exports, the commodity prices in the domestic market are derived based on the landed cost of imports in India where LME prices and USD/INR exchange rate are the main factors. In case of conversion business, the objective is to match the exchange rate of outflows and related inflows through derivative financial instruments. With respect to Aluminium business where costs are predominantly in INR, the strengthening of INR against USD adversely affects the profitability of the business and benefits when INR depreciates against USD. The Company enters into various foreign exchange contracts to protect profitability. The Company also enters into various foreign exchange contracts to mitigate the risk arising out of foreign currency exchange rate movement in foreign currency contracts executed with foreign suppliers to procure capital items for its project activities.

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

c) The Asset and Liability position of various outstanding derivative financial instruments is given below:

(₹ Crore)

Particulars	Nature of Risk being Hedged	31st March, 2011			31st March, 2010		
		Liability	Asset	Net Fair Value	Liability	Asset	Net Fair Value
Current							
Cash flow hedges							
- Commodity contracts	All cash flow risk other than foreign currency	(107.60)	0.39	(107.21)	(77.11)	6.06	(71.05)
- Foreign currency contracts	Exchange rate movement risk	(5.46)	50.21	44.75	(98.71)	94.47	(4.24)
Non-designated hedges							
- Commodity contracts		(132.84)	47.86	(84.98)	(35.53)	10.42	(25.11)
- Foreign currency contracts		(12.86)	3.82	(9.04)	(19.01)	24.08	5.07
Total		**(258.76)**	**102.28**	**(156.48)**	**(230.36)**	**135.03**	**(95.33)**
Non - current							
Cash flow hedges							
- Commodity contracts	All cash flow risk other than foreign currency	(1.64)	-	(1.64)	-	-	-
- Foreign currency contracts	Exchange rate movement risk	-	-	-	(14.94)	-	(14.94)
Non-designated hedges							
- Foreign currency contracts		(0.08)	-	(0.08)	(0.68)	-	(0.68)
Total		**(1.72)**	**-**	**(1.72)**	**(15.62)**	**-**	**(15.62)**
Grand Total		**(260.48)**	**102.28**	**(158.20)**	**(245.98)**	**135.03**	**(110.95)**

d) The following table presents the outstanding position and fair value of various foreign currency derivative financial instruments:

Foreign currency forwards	Currency Pair	31st March, 2011			31st March, 2010		
		Average exchange rate	Notional Value (in Million)	Fair Value Gain/ (Loss) (₹ Crore)	Average exchange rate	Notional Value (in Million)	Fair Value Gain/ (Loss) (₹ crore)
Cash flow hedges							
Buy	AUD_INR	44.77	9.84	2.11	-	-	-
Buy	CHF_INR	49.27	0.12	0.02	48.64	3.17	(1.44)
Buy	EUR_INR	64.10	117.95	9.08	68.26	173.66	(107.69)
Buy	GBP_INR	72.79	1.68	(0.18)	74.91	2.93	(1.62)
Buy	NOK_INR	7.86	2.37	0.03	8.14	40.58	(2.05)
Buy	USD_INR	45.98	23.30	(1.46)	47.03	5.57	(0.85)
Sell	USD_INR	48.92	175.00	35.15	49.55	219.63	94.47
Total				**44.75**			**(19.18)**
Non-Designated							
Buy	AED_USD	3.67	25.46	(0.01)	-	-	-
Buy	AUD_INR	39.60	1.71	1.15	-	-	-
Buy	CHF_INR	49.55	0.12	0.03	47.08	0.54	(0.22)
Buy	EUR_INR	64.43	19.62	(0.34)	64.98	22.66	(8.77)
Buy	GBP_INR	73.59	0.66	(0.12)	67.97	0.33	0.02
Buy	NOK_INR	8.17	0.79	(0.00)	7.60	6.85	(0.02)
Buy	USD_INR	46.43	147.27	(9.83)	45.81	182.01	(10.25)
Sell	USD_INR	-	-	-	49.46	67.85	23.63
Buy	EUR_USD	-	-	-	1.35	0.03	0.00
Total				**(9.12)**			**4.39**

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

e) The following table presents the outstanding position and fair value of various commodity derivative financial instruments as at 31st March, 2011:

Commodity Futures/Forwards		Average Price (USD/Unit)	Qty	Unit	Notional value(USD in millions)	Fair Value Gain/(Loss) (₹ Crore)
Cash Flow Hedge						
Aluminium	Sell	2,712.25	108,600	MT	294.55	(25.60)
Gold	Sell	1,384.92	128,873	TOZ	178.48	(23.51)
Silver	Sell	29.86	1,755,908	TOZ	52.43	(59.74)
Total					**525.46**	**(108.85)**
Non Designated hedges						
Aluminium	Buy	2,563.58	38,425	MT	98.51	9.17
Aluminium	Sell	2,455.38	34,800	MT	85.45	(24.67)
Copper	Buy	9,360.11	16,475	MT	154.21	7.35
Copper	Sell	9,453.72	30,925	MT	292.36	2.27
Gold	Buy	1,428.60	595	TOZ	0.85	(0.18)
Gold	Sell	1,364.49	33,347	TOZ	45.50	(27.04)
Silver	Buy	37.93	16,080	TOZ	0.61	2.75
Silver	Sell	22.00	138,183	TOZ	3.04	(43.77)
Total					**680.53**	**(74.12)**
Commodity Options (Non Designated hedges)						
Aluminium	Sell	2,515.65	30,000	MT	75.47	(9.53)
Copper	Sell	*				(0.88)
Total					**75.47**	**(10.41)**
Commodity Swaps- Non Designated hedges						
Aluminium	Sell	*			-	(0.45)
Total					-	**(0.45)**

*** Represent derivatives matured within 31st March, 2011 for which cash flow to happen on settlement date during April, 2011.**

The following table presents the outstanding position and fair value of various commodity derivative financial instruments as at 31st March, 2010:

Commodity Futures/Forwards		Average Price (USD/Unit)	Qty	Unit	Notional value(USD in millions)	Fair Value Gain/(Loss) (₹ Crore)
Cash flow hedges						
Aluminium	Sell	2,320.78	11,000	MT	25.53	(0.15)
Gold	Sell	1,032.59	207,144	TOZ	213.90	(67.12)
Silver	Sell	16.58	1,123,556	TOZ	18.63	(3.78)
Total					**258.06**	**(71.05)**
Non-Designated Hedges						
Copper	Buy	7,507.91	3,700	MT	27.78	10.43
Copper	Sell	7,589.71	2,800	MT	21.25	(11.47)
Aluminium	Buy	2,153.20	6,625	MT	14.26	7.33
Aluminium	Sell	2,227.35	5,550	MT	12.36	(2.53)
Gold	Buy	1,109.36	551	TOZ	0.61	(0.65)
Gold	Sell	1,109.75	6,137	TOZ	6.81	(22.00)
Silver	Buy	*			-	0.01
Silver	Sell	17.01	242,356	TOZ	4.12	(2.63)
Total					**87.19**	**(21.51)**

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

Commodity Futures/Forwards		**Average Price (USD/Unit)**	**Qty**	**Unit**	**Notional value (USD in Millions)**	**Fair Value Gain/(Loss) (₹ Crore)**
Commodity options (Non – Designated hedges)						
Copper	Sell	*				(0.37)
Aluminium	Sell	*	4,500	MT	10.22	(0.23)
Total					**10.22**	**(0.60)**
Commodity Swaps (Non-designated hedges)						
Copper	Sell	*			-	(1.27)
Aluminium	Sell	*			-	(1.73)
Total					**-**	**(3.00)**

*** Represent derivatives matured within 31st March, 2010 for which cash flow to happen on settlement date during April, 2010.**

f) The following table presents details of amount held in Hedging Reserve and the period during which these are going to be released and affecting Profit & Loss Account: **(₹ Crore)**

Hedge Instrument Type	**Products/ Currency Pair**	**31st March, 2011** Closing Value in Hedging Reserve as at 31st March, 2011	**31st March, 2011** Release In less than 12 Months	**31st March, 2011** Release After 12 months	**31st March, 2010** Closing Value in Hedging Reserve as at 31st March, 2010	**31st March, 2010** Release In less than 12 Months	**31st March, 2010** Release After 12 Months
		Gain/(Loss)	**Gain/(Loss)**	**Gain/(Loss)**	**Gain/(Loss)**	**Gain/(Loss)**	**Gain/(Loss)**
Commodity Forwards	Aluminium	(10.64)	(10.13)	(0.51)	(0.18)	(0.18)	-
	Gold	(23.11)	(23.11)	-	(36.51)	(36.51)	-
	Silver	(59.34)	(59.34)	-	(4.56)	(4.56)	-
	Total	**(93.09)**	**(92.58)**	**(0.51)**	**(41.25)**	**(41.25)**	-
Debt		**44.76**	**44.76**	**-**	**64.92**	**64.92**	-
Foreign Currency Forwards	AUD_INR	4.90	4.90	-	-	-	-
	CHF_INR	0.02	0.02	-	(1.44)	(0.69)	(0.75)
	EUR_INR	(6.73)	(6.73)	-	(107.17)	(93.54)	(13.64)
	GBP_INR	(0.26)	(0.26)	-	(1.62)	(1.38)	(0.23)
	NOK_INR	(0.30)	(0.30)	-	(2.05)	(1.76)	(0.29)
	USD_INR	30.87	30.87	-	93.24	93.24	-
	Total	**28.50**	**28.50**	-	**(19.04)**	**(4.13)**	**(14.91)**
	Grand Total	**(19.83)**	**(19.32)**	**(0.51)**	**4.63**	**19.54**	**(14.91)**

g) The following table presents the amount of gain/(loss) recognized in Hedging Reserve and recycled during the year 2010-11:

₹ Crore

Item	**Opening Balance**	**Net Amount recognised**	**Recycled** Net Amount to P&L	**Recycled** Net Amount added to Non-Financial Assets	**Total Amount recycled**	**Closing Balance**
Commodity	(41.25)	(430.84)	(379.00)	-	(379.00)	(93.09)
Forex	45.88	(31.90)	24.92	(84.20)	(59.28)	73.26
Total	**4.63**	**(462.74)**	**(354.08)**	**(84.20)**	**(438.28)**	**(19.83)**

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

The following table presents the amount of gain/(loss) recognized in Hedging Reserve and recycled during the year 2009-10:

₹ Crore

Item	Opening Balance	Net Amount recognized	Net Amount recycled	Closing Balance
Commodity	-	(258.43)	(217.18)	(41.25)
Forex	-	257.13	211.25	45.88
Total	-	**(1.30)**	**(5.93)**	**4.63**

h) The following table presents the amount of gain/ (loss) recycled from Hedging Reserve and reference of the line item in Profit & Loss Account where those amounts are included:

₹ Crore

Schedule No.	Schedule Line Item	2010-11	2009-10
14	Aluminium Ingots/Billets	(52.22)	(73.81)
14	Copper Cathodes	8.72	11.55
14	Continuous Cast Copper Rods	(11.15)	11.05
14	Gold	(214.86)	(117.62)
14	Silver	(75.21)	(19.09)
17	Copper Concentrate	(8.63)	230.58
17	(Gain)/ Loss in change in Fair value of derivatives (net)	0.73	48.59

Sensitivities

The following table presents the estimated potential changes in the fair values of the foreign currency derivative financial instruments given a 10% changes in their respective indexes.

₹ Crore

		31st March, 2011			31st March, 2010		
Currency Pair	Change in Rate/Price	Change in Fair Value	Change in Profit & Loss Account	Change in Hedging Reserve	Change in Fair Value	Change in Profit & Loss Account	Change in Hedging Reserve
USD_INR	10%	1.84	(60.09)	61.93	212.78	111.91	100.87
EUR_INR	10%	86.56	15.05	71.51	118.52	13.71	104.81
GBP_INR	10%	1.67	0.54	1.14	2.21	0.22	1.98
NOK_INR	10%	0.23	0.00	0.23	3.20	0.47	2.74
CHF_INR	10%	0.11	0.00	0.11	1.43	0.21	1.22
AUD_INR	10%	5.28	1.15	4.13	-	-	-
Debt	10%	325.46	325.46	-	297.46	28.53	268.93

The following table presents the estimated potential change in the fair values of the commodity derivative financial instruments, given a 10% change in their respective indexes (LME in case of Aluminium and Copper, LBMA in case of Gold and Silver).

₹ Crore

		31st March, 2011			31st March, 2010		
Types of Derivative	Change in Rate/Price	Change in Fair Value	Change in Profit & Loss Account	Change in Hedging Reserve	Change in Fair Value	Change in Profit & Loss Account	Change in Hedging Reserve
Forwards	10%	319.63	64.58	255.04	129.32	26.86	102.46
Options	10%	25.56	25.56	-	1.71	1.71	-

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

i) Foreign currency exposures that are not hedged by a derivative instruments or otherwise are as under:

Currency	As at 31st March,2011 (in Million)		As at 31st March,2010 (in Million)	
	Payable	Receivable	Payable	Receivable
AUD	4.72	-	24.37	-
CHF	0.20	-	0.01	-
EUR	29.77	54.50	10.32	0.97
GBP	2.01	32.89	1.60	0.09
JPY	-	10.73	-	3.66
NOK	-	-	3.35	-
USD	1383.00	937.00	1166.24	38.69
SEK	-	-	-	0.01

22. In compliance with Accounting Standard 27 on Financial Reporting of Interests in Joint Ventures, following disclosures are made in respect of jointly controlled entities in which the Company is a joint venturer:

₹ Crore

Particulars	Hydromine Global Minerals (GMBH) Limited (Audited)		Mahan Coal Limited (Audited)	
Country of incorporation	British Virgin Islands		India	
	Year ended, 31st March, 2011	Year ended, 31st March, 2010	Year ended, 31st March, 2011	Year ended, 31st March, 2010
Percentage of Share in Joint Venture	45%	45%	50%	50%
Assets	21.72	19.92	14.76	7.09
Liabilities	0.03	0.09	1.04	0.74
Income	-	-	0.03	0.02
Expenditure	0.21	1.44	0.15	0.17
Capital Commitments (net of advance)	-	-	0.25	1.08
Contingent Liabilities	-	-	16.71	16.71

23. Earnings per Share (EPS)

	2010-11	**2009-10**
Net Profit (₹ Crore)	2,136.92	1,915.63
Weighted average number of Basic Equity Shares outstanding	1,913,780,429	1,770,939,077
Shares deemed to be issued for no consideration in respect of Stock Options	915,654	347,277
Weighted average number of Diluted Equity Shares outstanding	1,914,696,083	1,771,286,354
Face value of each Equity Share (₹)	1.00	1.00
Earnings per Share (EPS):		
Basic EPS (₹)	11.17	10.82
Diluted EPS (₹)	11.16	10.81

STANDALONE FINANCIAL STATEMENTS

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

24. Related Party Disclosures

A. List of Related Parties

(a) Subsidiaries of the Company

1 Minerals & Minerals Limited
2 Renukeshwar Investments and Finance Limited
3 Renuka Investments and Finance Limited
4 Lucknow Finance Company Limited
5 Dahej Harbour and Infrastructure Limited
6 Birla Resources Pty Limited
7 Aditya Birla Minerals Limited
8 Birla Maroochydore Pty Limited
9 Birla Nifty Pty Limited
10 Birla Mt. Gordon Pty Limited
11 Aditya Birla Chemicals (India) Limited
12 Utkal Alumina international Limited
13 Suvas Holdings Limited
14 Indal Exports Limited (dissolved on 4th March, 2011)
15 Hindalco-Almex Aerospace Limited
16 HAAL (USA) Inc.
17 A V Minerals (Netherlands) B.V.
18 A V Metals Inc.
19 A V Aluminum Inc. (merged with Novelis w.e.f. 29th September, 2010)
20 East Coast Bauxite Mining Company Private Limited
21 Tubed Coal Mines Limited
22 Mauda Energy Limited
23 Novelis (India) Infotech Ltd.
24 Novelis Inc.
25 Novelis No. 1 Limited Partnership
26 4260848 Canada Inc.
27 4260856 Canada Inc.
28 Novelis Cast House Technology Ltd.
29 Novelis Corporation
30 Aluminum Upstream Holdings LLC
31 Eurofoil Inc. (USA)
32 Evermore Recycling LLC
33 Logan Aluminium Inc.
34 Novelis Brand LLC
35 Novelis PAE Corporation
36 Novelis South America Holdings LLC
37 Novelis Belgique S.A.
38 Novelis Benelux NV
39 Albrasilis - Aluminio do Brasil Industria e Comércio Ltda.
40 Novelis do Brasil Ltda.
41 Novelis Foil France S.A.S.
42 Novelis Laminés France S.A.S.
43 Novelis PAE S.A.S.
44 Novelis Aluminium Beteiligungs GmbH
45 Novelis Deutschland GmbH
46 Novelis Aluminium Holding Company
47 Novelis Italia SpA
48 Novelis Luxembourg S.A.
49 Al Dotcom Sdn Berhad
50 Alcom Nikkei Specialty Coatings Sdn Berhad

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

51 Aluminum Company of Malaysia Berhad
52 Novelis de Mexico, S.A. de C.V.
53 Novelis Madeira, Unipessoal, Lda
54 Novelis Korea Limited
55 Novelis AG
56 Novelis Switzerland S.A.
57 Novelis Technology AG
58 Novelis UK Ltd.
59 Novelis Europe Holdings Limited
60 Novelis Services Limited
61 Novelis North America Holdings Inc.

(b) Trust of the Company

1 Trident Trust

(c) Joint Ventures

1 Hydromine Global Minerals GMBH Limited
2 Mahan Coal Limited

(d) Associate

1 Aditya Birla Science & Technology Company Limited
2 Idea Cellular Limited
3 Consórcio Candonga
4 France Aluminium Recyclage S.A.
5 Aluminium Norf GmbH
6 Deutsche Aluminium Verpackung Recycling GmbH
7 MiniMRF LLC (Delaware)

B. The Following transactions were carried out with the Related parties in the ordinary course of business:

Subsidiary Companies, Associate and Joint Ventures: ₹ Crore

Sl. No.	Transaction during the year	2010-11			2009-10		
		Subsidiaries	Associates	Joint Ventures	Subsidiaries	Associates	Joint Ventures
1	**Sales and Conversion**	**37.88**	**-**	**-**	**24.81**	**-**	**-**
	(a) Aditya Birla Chemicals (India) Limited	25.73	-	-	16.60	-	-
	(b) Hindalco - Almex Aerospace Limited	12.15	-	-	8.21	-	-
2	**Services rendered**	**0 .15**	**0.13**	**-**	**0.62**	**0 .15**	**-**
	(a) Dahej Harbour and Infrastructure Limited	0.14	-	-	0.61	-	-
	(b) Idea Cellular Limited (wef 1st January 2009)	-	0.13	-	-	0 .15	-
	(c) Others	0.01	-	-	0.01	-	-
3	**Interest and dividend received**	**3.20**	**2.66**	**-**	**12.09**	**1.31**	**-**
	(a) Aditya Birla Science & Technology Company Limited	-	2.66	-	-	1 .31	-
	(b) Aditya Birla Chemicals (India) Limited	1.80	-	-	1.80	-	-
	(c) Birla (Nifty) Pty Limited	0.00	-	-	6.81	-	-
	(d) Birla Mt Gordon Pty Limited		-	-	2.65	-	-
	(e) Hindalco - Almex Aerospace Limited	1.22	-	-	-	-	-
	(f) Others	0.18	-	-	0.83	-	-

STANDALONE FINANCIAL STATEMENTS

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

₹ Crore

Sl. No.	Transaction during the year	2010-11 Subsidiaries	2010-11 Associates	2010-11 Joint Ventures	2009-10 Subsidiaries	2009-10 Associates	2009-10 Joint Ventures
4	**Purchase of materials and Capital Equipments**	**2,289.79**	**-**	**-**	**1,819.23**	**-**	**-**
4.1	**Purchase of materials**	**2,203.48**			**1,819.23**		
	(a) Aditya Birla Chemicals (India) Limited	117.58	-	-	147.19	-	-
	(b) Birla (Nifty) Pty Limited	2,052.65	-	-	1,606.20	-	-
	(c) Birla Mt Gordon Pty Limited	32.39	-	-	51.98	-	-
	(d) Others	0.86	-	-	13.86	-	-
4.2	**Purchase of Capital Equipments**	**86.31**	**-**	**-**	**-**	**-**	**-**
	(a) Novelis Inc.	86.31	-	-	-	-	-
5	**Services received**	**29.72**	**14.03**	**-**	**29.37**	**14.25**	**-**
	(a) Aditya Birla Science & Technology Company Limited	-	12.47	-	-	8.67	-
	(b) Dahej Harbour and Infrastructure Limited	29.18	-	-	28.89	-	-
	(c) Idea Cellular Limited (wef 1st January 2009)	-	1.56	-	-	5.58	-
	(d) Others	0.54	-		0.48	-	-
6	**Investments, Deposits, loans and advances made during the year**	**348.41**	**27.21**	**11.14**	**759.04**	**19.12**	**18.41**
	(a) Aditya Birla Science & Technology Company Limited	-	27.21	-	-	19.12	-
	(b) Mahan Coal Limited	-	-	9.00	-	-	1.00
	(c) Hydromine Global Minerals GMBH Limited	-	-	2.14	-	-	17.41
	(d) A V Minerals (Netherlands) B.V.	166.71	-	-	312.30	-	-
	(e) Utkal Alumina International Limited	180.47	-	-	369.98	-	-
	(f) Hindalco - Almex Aerospace Limited	-	-	-	73.57	-	-
	(g) Others	1.23	-		3.19	-	-
7	**Investments, Deposits, loans and advances received back during the year**	**3,013.95**	**8.33**	**1.00**	**481.03**	**0.08**	**-**
	(a) Aditya Birla Science & Technology Company Limited	-	8.33	-	-	-	-
	(b) Mahan Coal Limited	-	-	1.00	-	-	-
	(c) Birla (Nifty) Pty Limited	-	-	-	194.21	-	-
	(d) Birla Mt Gordon Pty Limited	-	-	-	96.75	-	-
	(e) Utkal Alumina International Limited	92.44	-	-	190.06	-	-
	(f) A V Minerals (Netherlands) B.V.	2,921.34	-	-	-	-	-
	(g) Others	0.17	-	-	0.01	0.08	-
8	**Guarantees and Collateral securities given**	**12.12**	**-**	**-**	**1,138.30**	**-**	**-**
	(a) A V Minerals (Netherlands) B.V.	-	-	-	89.66	-	-
	(b) Utkal Alumina International Limited	12.12	-	-	1,000.00	-	-
	(c) Others	-	-	-	48.64	-	-

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd) ₹ Crore

Sl. No.	Transaction during the year	2010-11 Subsidiaries	2010-11 Associates	2010-11 Joint Ventures	2009-10 Subsidiaries	2009-10 Associates	2009-10 Joint Ventures
9	**Guarantees & Collateral securities received back during the year**	**7,424.50**	**-**	**-**	**-**	**-**	**-**
	(a) A V Minerals (Netherlands) B.V.	6,365.86	-	-	-	-	-
	(b) Utkal Alumina International Limited	1,000.00	-	-	-	-	-
	(c) Others	58.64	-	-	-	-	-
10	**Licence and Lease arrangements Licence Fees :**	**0.01**	**-**	**-**	**0.01**	**-**	**-**
	(a) Dahej Harbour and Infrastructure Limited	0.01	-	-	0.01	-	-
	Outstanding balance as at 31st March						
1	**Debit Balances**	**6.14**	**0.03**	**-**	**3.51**	**-**	**-**
	(a) Idea Cellular Limited (wef 1st January 2009)	-	0 .03	-	-	-	-
	(b) Aditya Birla Chemicals (India) Limited	1.22	-	-	1.11	-	-
	(c) Utkal Alumina International Limited	0.12	-	-	0.52	-	-
	(d) Hindalco - Almex Aerospace Limited	4.70	-	-	1.81	-	-
	(e) Others	0.10	-	-	0.07	-	-
2	**Credit Balances**	**221.59**	**0.04**	**-**	**240.15**	**0.03**	**-**
	(a) Idea Cellular Limited (wef 1st January 2009)		0.04	-	-	0.03	-
	(b) Aditya Birla Chemicals (India) Limited	1.33	-	-	4.26	-	-
	(c) Birla (Nifty) Pty Limited	220.05	-	-	222.00	-	-
	(d) Novelis Inc.	-	-	-	12.70	-	-
	(e) Dahej Harbour and Infrastructure Limited	0.02	-	-	0.55	-	-
	(f) Others	0.19	-	-	0.64	-	-
3	**Investments, Deposits, loans and advances**	**12,418.72**	**289.37**	**42.36**	**15,082.95**	**270.49**	**32.22**
	(a) Aditya Birla Science & Technology Company Limited	-	61.03	-	-	42.15	-
	(b) Idea Cellular Limited (wef 1st January 2009)	-	228.34	-	-	228.34	-
	(c) A V Minerals (Netherlands) B.V.	10,490.76	-	-	13,245.39	-	-
	(d) Aditya Birla Minerals Limited	480.76	-	-	480.76	-	-
	(e) Utkal Alumina International Limited	1,248.43	-	-	1,160.51	-	-
	(f) Mahan Coal Limited	-	-	14.50	-	-	6.50
	(g) Hydromine Global Minerals GMBH Limited	-	-	27.86	-	-	25.72
	(h) Others	198.77	-	-	196.29	-	-
4	**Guarantees and Collateral securities given**	**33.66**	**-**	**16.71**	**7,446.04**	**-**	**16.71**
	(a) A V Minerals (Netherlands) B.V.	-	-	-	6,365.86	-	-
	(b) Dahej Harbour and Infrastructure Limited	4.50	-	-	4.50	-	-
	(c) Utkal Alumina International Limited	12.12	-	-	1,000.00	-	-
	(d) Mahan Coal Limited	-	-	16.71	-	-	16.71
	(e) Others	17.04	-	-	75.68	-	-

(b) Trident Trust

	2010-11	2009-10
Beneficiary Interest in the Trust	34.45	34.45

(c) Key Managerial Personnel:

	2010-11	2009-10
Managerial Remuneration (Including perquisites)**	17.31	13.15

** Excluding Gratuity, Leave Encashment Provisions and Employee Compensation under Employee Stock Option Scheme.

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

25. Segment Reporting:

(a) Primary Segment Reporting (by Business Segment):

i) The Company has two reportable segments viz. Aluminium and Copper which have been identified in line with the Accounting Standard 17 on Segment Reporting, taking into account the organizational structure as well as differential risk and return of these segments. Details of products included in each segments are as under:

Aluminium : Hydrate & Alumina, Aluminium and Aluminium Products.

Copper : Continuous Cast Copper Rods, Copper Cathode, Sulphuric Acid, DAP & Complexes, Gold and Silver.

ii) Inter-segment transfers are based on market rates.

iii) Information about Primary Segments are follows:

(₹ Crore)

Particulars	2010-11			2009-10		
	Aluminium	Copper	Total	Aluminium	Copper	Total
REVENUE						
External Sales	7,962.16	15,897.05	23,859.21	6,985.56	12,536.53	19,522.09
Inter Segment Sales	2.98	5.06	8.04	3.02	3.73	6.75
Total Revenue	7,965.14	15,902.11	23,867.25	6,988.58	12,540.26	19,528.84
RESULTS						
Segment Results	2,003.67	601.64	2,605.31	1,766.58	660.13	2,426.71
Unallocated Other Income			282.72			205.40
Unallocated Corporate Expenses			(73.33)			(89.55)
Interest Expenses			(219.96)			(278.00)
Tax Expenses			(457.82)			(348.93)
Net Profit			2,136.92			1,915.63
OTHER INFORMATION						
Assets:						
Segment Assets	17,581.40	9,426.51	27,007.91	11,681.90	8,198.72	19,880.62
Unallocated Corporate Assets			19,089.96			21,902.11
Total Assets			46,097.87			41,782.73
Liabilities:						
Segment Liabilities	1,787.25	3,928.53	5,715.78	1,085.00	2,768.12	3,853.12
Unallocated Corporate Liabilities			10,681.99			10,018.64
Total Liabilities			16,397.77			13,871.76
Capital Expenditure	6,047.90	23.41		2,747.66	67.38	
Non-Cash Expenses:						
Depreciation (including Impairment)	502.92	173.61		496.05	164.24	
Others	2.57	-		16.13	1.24	

(b) **Secondary Segment Reporting (by Geographical demarcation):**

i) The Secondary segment is based on geographical demarcation i.e India and Rest of the World. Since all production and other facilities are located in India, segment assets except debtors are shown under one geographic segment i.e. India.

ii) Information about Secondary Segments are follows:

(₹ Crore)

	2010-11			2009-10		
Particulars	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue	16,350.84	7,516.41	23,867.25	14,149.88	5,378.96	19,528.84
Segment Assets	26,651.47	356.44	27,007.91	19,604.57	276.05	19,880.62
Segment Capital Expenditure	6,071.31	-	6,071.31	2,815.04	-	2,815.04

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

26. Miscellaneous Expenses under Manufacturing and Other Expenses (Schedule 17) include payment-

(₹ Crore)

	2010-11	2009-10
(a) to a firm of solicitors in which Director is a partner	0.04	0.46
(b) as pension to a Director who was president of the Company before appointment as Director	0.01	0.01

(₹ Crore)

	2010-11	2009-10
27. Auditors' Remuneration		
(a) **Statutory Auditors**		
Audit Fees	1.46	1.22
Certification/Company law/Other matters*	0.92	0.62
Tax Audit Fees	0.26	0.24
Expenses	0.14	0.10
(b) **Cost Auditors**		
Audit Fees	0.06	0.06
Expenses	0.01	0.01
Total	**2.85**	**2.25**

*(previous year figures excludes an amount of ₹ 0.65 crore related to certification work for QIP, which have been adjusted against Securities Premium Account).

(₹ Crore)

	2010-11	2009-10
28. Expenses include following payments to Managing Director		
Salary	3.72	3.30
Contribution to Provident Fund & Superannuation Fund	0.99	0.88
Special Allowance	3.17	2.82
Performance Linked Pay	5.50	3.99
Perquisites	2.80	1.16
Leave Travel Assistance	1.13	1.00
Total	**17.31**	**13.15**

Expenses towards gratuity and leave encashment provisions are determined actuarially on overall company basis and accordingly have not been considered in the above information. Compensation under Employee Stock Option Scheme has also not been considered in the above information.

29. Computation of Other Directors' Commission

Computation of net profit in accordance with Sections 198 and 309 (5) of the Companies Act, 1956.

(₹ Crore)

	2010-11	2009-10
Profit before extraordinary items and tax	**2,594.74**	**2,264.56**
Add:		
Other Directors' Commission	14.00	14.00
Directors' fees	0.05	0.05
Doubtful debts provision / (written back) - net	(1.15)	16.97
(Profit) / Loss on Fixed Assets sold / discarded (net)	8.07	1.22
Diminution in carrying cost of investments / (written back)	5.15	0.29
	2,620.86	**2,297.09**
Less:		
Profit on sale of Investments (net)	(0.89)	27.74
Net Profit for the year	**2,621.75**	**2,269.35**
Other Directors' Commission –1% of the above profit	26.22	22.69
Restricted to maximum amount payable	14.00	14.00

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

30. Capital work- in- progress includes

Pre-operative expenses pending allocation:-

(₹ Crore)

	2010-11	2009-10
Raw Materials Consumed	1.35	2.71
Power & Fuel	2.82	1.21
Salary, Wages, Bonus, Ex-gratia, Pension and Provisions	24.29	17.69
Raw Water Charges and Cess	0.11	0.01
Insurance	12.07	5.12
Technology Fee	-	95.49
Consultancy expenses	21.03	36.83
Depreciation	0.47	-
Miscellaneous expenses	18.84	57.58
	80.98	**216.64**
Add: Brought Forward from previous year	240.62	30.17
Sub Total	**321.60**	**246.81**
Less: Capitalized during the year	10.49	6.19
Balance pending allocation	**311.11**	**240.62**

31. Remittance of Dividend on Equity Shares / GDRs in Foreign Currency

	As at 31st March 2011	As at 31st March 2010
Number of Non-Resident Shareholders	505	489
Number of Shares held		
- Fully Paid-up	195,959,021	200,109,511
Dividend for the year (₹ Crore)	26.45	27.01

32. The amount transferable to Investor Education and Protection Fund does not include any amount due and outstanding to be transferred to the said fund except Rs. 0.07 crore (previous year Rs. 0.07 crore) which is held in abeyance due to legal case pending.

33. Information related to Micro, Small and Medium Enterprises Development Act, 2006 (the Act) is disclosed hereunder. The information given below has been determined to the extent such parties have been identified on the basis of information available with the Company:

(₹ Crore)

	As at 31st March 2011	As at 31st March 2010
(a) (i) Principal amount remaining unpaid to any supplier at the end of the accounting year.	1.44	1.05
(ii) Interest due on above	-	-
Total	**1.44**	**1.05**
(b) Amount of Interest paid by the buyer in terms of Section 16 of the Act, along with amount of payment made beyond the appointed date during the year.	-	-
(c) Amount 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.	-	-

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

34. Additional information pursuant to paragraphs 3 and 4 of Part II of Schedule VI to the Companies Act, 1956 (As amended)

(a) **Particulars in respect of Goods manufactured: -**

Class of goods	Installed Capacity			Actual Production			Stock of Goods Produced							
							Opening				Closing			
	Qty.		Qty.	Qty.		Qty.	01.04.10		01.04.09		31.03.11		31.03.10	
	2010-11 Tonnes		2009-10 Tonnes	2010-11 Tonnes		2009-10 Tonnes	Qty. Tonnes	Value (₹ Crore)	Qty. Tonnes	Value (₹ Crore)	Qty. Tonnes	Value (₹ Crores)	Qty. Tonnes	Value (₹ Crores)
Aluminium Metal	506,400	*	500,000	537,935		555,404	175	1.10	326	2.35	183	1.52	175	1.10
Rolled Products	205,000		205,000	199,821	#	205,265	5,044	47.55	5,734	54.89	4,330	43.43	5,044	47.55
Extruded Products	31,000		31,000	35,865	@	38,909	900	8.59	1,052	10.09	1,413	14.83	900	8.59
Conductor Redraw Rods	56,400		56,400	94,307	$	91,903	37	0.26	98	0.67	37	0.45	37	0.26
Aluminium Foil	40,000		40,000	17,698		16,920	278	4.06	320	5.37	222	2.60	278	4.06
Aluminium Wheel	-		-	-		1,792	-	-	8,296	1.69	-	-	-	-
	Pcs		Pcs	Pcs		Pcs	Pcs	-	Pcs	-	Pcs	-	Pcs	-
Hydrate & Alumina	1,500,000		1,500,000	1,352,877		1,307,323	31,721	50.21	19,064	23.50	15,554	27.87	31,721	50.21
Electricity	1,109.2	MW	1,109.2	9,213	MU	9,314	-	-	-	-	-	-	-	-
Electricity (Co-generation)	248.8	MW	248.8	1,463	MU	1,508	-	-	-	-	-	-	-	-
Continuous Cast Copper Rods (CCR)	142,200		142,200	144,553		147,220	471	16.26	597	11.24	2,324	99.54	471	16.26
Copper cathodes	500,000		500,000	335,598		333,360	2,348	80.22	217	4.03	1,603	69.74	2,348	80.22
Sulphuric Acid	1,670,000		1,670,000	1,097,158		1,042,799	49,932	4.16	21,929	-	13,319	1.04	49,932	4.16
Phosphoric Acid	180,000		180,000	102,167		85,187	-	-	-	-	-	-	-	-
DAP & complexes	400,000		400,000	219,805		182,378	5,610	10.19	8	0.02	5,269	9.97	5,610	10.19
Gold	15		15	6.960		9.116	0.015	2.05	0.381	42.46	0.005	0.89	0.015	2.05
Silver	150		150	45.076		44.856	0.881	1.96	1.350	2.69	1.462	4.99	0.881	1.96
Others								2.34		2.74		2.08		2.34
TOTAL								228.96		161.74		278.95		228.96

The Installed Capacity is as certified by the Management and license capacity is not given as licensing is not applicable.

* Installed capacity of Hirakud Smelter increased.

Includes 56 T (Previous Year 7 T) converted from outside party, 4134 T (Previous year 3618 T) being production out of customers' material and 23126 (Previous year 21461 T) transferred for captive consumption.

@ Include Nil T (Previous year 1 T) converted from outside party and 319 T (Previous year 67 T) transferred for captive consumption.

$ Include 13 T (Previous year Nil T) transferred for captive consumption.

Alumina includes 1059478 T (1053571 T) transferred for own consumption/ further processing.

Production of CCR, Copper cathodes, Sulphuric acid, and Phosphoric acid include 533 T, 142,926 T, 318,495 T and 102,167 T (Previous year 1182 T, 148,424 T, 251,654 T and 85,187 T) respectively which have been captively consumed / to be consumed.Copper cathodes also include 10,707 T (Previous Year Nil T) being production out of customers' material.

During the year production and standardization loss of DAP & complexes is 360 T (Previous Year is 302 T).

SCHEDULE '19' (Cont'd)

B. NOTES ON ACCOUNTS (Cont'd)

(b) **CIF value of imports** (Excluding goods in transit and imported items purchased locally): -

(₹ Crore)

Particulars	2010-11	2009-10
(i) Raw materials	14,393.18	11,704.99
(ii) Coal	178.76	136.97
(iii) Components & Spare parts	49.02	3.78
(iv) Capital Goods	900.62	120.68
(v) Trading Goods	396.64	71.99

(c) **Value of Raw Materials, Stores and Spare parts Consumed**

Particulars	2010-11		2009-10	
	Consumption (₹ Crore)	% of Total Consumption	Consumption (₹ Crore)	% of Total Consumption
(i) Raw Materials:				
Total	**15,530.94**		**13,225.68**	
Imported	13,740.33	88.47	11,872.54	89.77
Indigenous	1,790.61	11.53	1,353.14	10.23
(ii) Stores and Spare parts:				
Total	**382.57**		**369.11**	
Imported	42.69	11.16	36.19	9.80
Indigenous	339.88	88.84	332.92	90.20

(d) **Particulars in respect of Traded Goods**

Particulars	2010-11				2009-10			
	Quantity (M.T)		Value (₹ Crore)		Quantity (M.T)		Value (₹ Crore)	
	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale
Ammonia	-	-	-	-	8,750	8,750	11.99	12.27
Coal	-	-	-	-	-	-	-	-
Copper Cathode	14,223	14,223	521.25	519.90	2,408	2,408	60.00	60.49
Others	482.8	482.8	0.97	1.20	-	15	-	0.41
Total			**522.22**	**521.10**			**71.99**	**73.17**

Note : Sale figures are included in Schedule '14'.

(e) **Expenditure in Foreign Currency (Paid or Provided)**

(₹ Crore)

Particulars	2010-11	2009-10
Technical know-how & Professional Fee	40.42	69.77
Foreign Travelling	1.55	1.44
Commission	14.38	13.34
Interest	42.20	64.39
Others	508.71	222.45

(f) **Earnings in Foreign Exchange**

(₹ Crore)

Particulars	2010-11	2009-10
Export of Goods on FOB basis	7,096.00	5,267.58
Others	1.14	11.06

35. Figures of the previous year have been regrouped / rearranged wherever necessary.

SCHEDULE '19'(Cont'd)

NOTES ON ACCOUNTS (Cont'd)

36. **Balance Sheet Abstract and Company's General Business Profile**

I. REGISTRATION DETAILS

Registration No. 11-11238 Balance Sheet 31 03 2011 (Date Month Year)

State Code 11

II. CAPITAL RAISED DURING THE YEAR (₹ Crore)

Public/Euro Issue: NIL	QIP Issue: NIL
Bonus Issue: NIL	Right Issue#: 6.83
Share Warrants: NIL	Employee Stock Options: 3.12

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (₹ Crore)

Total Liabilities: 46097.87	Total Assets: 46097.87

Sources of Funds:

Paid-up Capital: 191.46	Secured Loans: 5170.31
Employee Stock Options Outstanding: 4.47	Unsecured Loans: 2101.19
Reserves & Surplus: 29504.17	Deferred Tax Liability (Net): 1287.49

Application of Funds:

Net Fixed Assets: 17048.43	Investments: 18246.75
Net Current Assets: 2963.91	Misc. Expenditure: NIL
Accumulated Losses: NIL	

IV. PERFORMANCE OF THE COMPANY (₹ Crore)

Turnover/Income: 24175.96	Total Expenditure: 21581.22
Profit/Loss Before Extraordinary Item & Tax: + 2594.74	Profit/Loss After Extraordinary Item & Tax: + 2136.92
Basic EPS (₹): 11.17	Diluted EPS (₹): 11.16
Dividend %*: 150.00	

Issued 711,372 Equity shares of ₹ 1/- each kept in abeyance due to legal case pending.

* Proposed

V. GENERIC NAMES OF FIVE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

Item Code No. (ITC Code)	Product Description
7601	ALUMINIUM INGOTS
7606	ALUMINIUM ROLLED PRODUCTS
7605	ALUMINIUM REDRAW RODS
74031 1	COPPER CATHODES
740710	CONTINUOUS CAST COPPER RODS

As per our report annexed.
For SINGHI & CO.
Chartered Accountants

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 30th day of May, 2011

S. Talukdar
Group Executive President & CFO

Anil Malik
Company Secretary

For and on behalf of the Board of Hindalco Industries Limited

Kumar Mangalam Birla – *Chairman*
D. Bhattacharya – *Managing Director*
M. M. Bhagat – *Director*

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

(₹ Crore)

	Name of the Subsidiary Companies	Financial year of the Subsidiary ended on	Extent of the Holding Company's interest (%)	Net aggregate amount of the Profit/(Loss) of the Subsidiary, so far as it concerns the members of the Holding Company				Additional Informa-tions under Sec. 212 (5)
				Not dealt with in the Holding Company's Accounts		Dealt with in the Holding Company's Accounts		
				For the Financial Year of the Subsidiary	For the previous Financial Years since they become Subsidiary	For the Financial Year of the Subsidiary	For the previous Financial Years since they become Subsidiary	
1	Indal Exports Limited **	-	100.00%	0.10	(0.03)	Nil	Nil	N.A.
2	Minerals & Minerals Limited	31.03.2011	100.00%	0.00	1.13	Nil	Nil	N.A.
3	Renuka Investments & Finance Limited	31.03.2011	100.00%	1.96	34.70	Nil	0.65	N.A.
4	Renukeshwar Investments & Finance Limited	31.03.2011	100.00%	1.18	24.72	Nil	0.10	N.A.
5	Suvas Holdings Limited	31.03.2011	51.00%	(0.05)	Nil	Nil	Nil	N.A.
6	Utkal Alumina International Limited	31.03.2011	100.00%	(2.35)	(15.41)	Nil	Nil	N.A.
7	Aditya Birla Chemicals (India) Limited	31.03.2011	54.65%	34.05	137.13	1.80	8.34	N.A.
8	Hindalco-Almex Aerospace Limited	31.03.2011	70.00%	(2.11)	(15.33)	Nil	Nil	N.A.
9	HAAL USA Inc $	31.03.2011	70.00%	(0.01)	0.08	Nil	Nil	N.A.
10	Lucknow Finance Company Limited	31.03.2011	100.00%	1.34	8.63	Nil	Nil	N.A.
11	Dahej Harbour and Infrastructure Limited	31.03.2011	100.00%	36.16	260.05	Nil	Nil	N.A.
12	East Coast Bauxite Mining Company Private Limited	31.03.2011	74.00%	(0.00)	(0.01)	Nil	Nil	N.A.
13	Tubed Coal Mines Limited	31.03.2011	60.00%	(0.02)	(0.04)	Nil	Nil	N.A.
14	Mauda Energy Limited	31.03.2011	100.00%	Nil	Nil	Nil	Nil	N.A.
15	Aditya Birla Minerals Limited - Consolidated *	31.03.2011	51.00%	125.92	112.53	Nil	65.05	N.A.
16	Birla Resources Pty Limited *	31.03.2011	100.00%	(0.00)	(8.68)	Nil	Nil	N.A.
17	A V Minerals (Netherlands) B.V. *	31.03.2011	100.00%	(362.74)	(1,493.13)	Nil	Nil	N.A.
18	A V Metals Inc # *	31.03.2011	100.00%	(0.46)	(15.24)	Nil	Nil	N.A.
19	A V Aluminum Inc ***	-	-	-	-	-	-	-
20	Novelis Inc - Consolidated # # *	31.03.2011	100.00%	3,825.50	(4,412.45)	Nil	Nil	N.A.

* Translated at Average exchange rate.
$ Subsidiary of Hindalco-Almex Aerospace Limited.
\# Subsidiary of AV Minerals (Netherlands) B.V.
\# # Subsidiary of AV Metals Inc.
** Dissolved on 4th March,2011.
*** Amalgamated with Novelis Inc w.e.f. 29th September, 2010.

Note:

1. As the Financial Year of the Subsidary Companies coincide with the Financial Year of the Holding Company, Section 212 (5) of the Companies Act, 1956, is not applicable.

For and on behalf of the Board of Hindalco Industries Limited

S. Talukdar
Group Executive President & CFO

Kumar Mangalam Birla – *Chairman*
D. Bhattacharya – *Managing Director*
M. M. Bhagat – *Director*

Anil Malik
Company Secretary

Dated: The 30th day of May, 2011

Consolidated Financial Statements

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF HINDALCO INDUSTRIES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HINDALCO INDUSTRIES LIMITED, ITS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES.

1) We have audited the attached consolidated balance sheet of **HINDALCO INDUSTRIES LIMITED**, ("the Company"), its subsidiaries, joint ventures and associates (collectively referred as "the Group") as at 31st March, 2011, the consolidated profit and loss account and also the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statement 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 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.

   a) We did not audit the financial statements of certain Indian subsidiaries whose financial statements reflect total assets of Rs.3858.12 crore as at 31st March, 2011, total revenue of Rs.277.72 crore and net cash flow amounting to Rs.35.10 crore for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of other auditors.

   b) The Consolidated Financial Statements of foreign subsidiaries namely Novelis Inc. and Aditya Birla Minerals Ltd and the standalone financial statements of A V Minerals (Netherlands) B.V., A V Metals Inc., and Birla Resources Pty Ltd. have not been audited by us. These financial statements have been audited by other auditors as appointed under the respective laws.

      (i) Of the above, certain foreign subsidiaries whose consolidated financial statements/financial statements reflect total assets of Rs.42,761.93 Crore as at 31st March, 2011, (net of investment of fellow foreign subsidiaries) total revenue of Rs.48,183.97 Crore and net cash flow amounting to Rs.530.10 Crore for the year then ended, have been prepared by the Management of the Company and its subsidiaries in accordance with the generally accepted accounting principles in India and other recognized accounting practices and policies followed by the Company. These financial statements have been audited by a firm of Chartered Accountants and have been included in the Consolidated Financial Statement of the Group on the basis of their Fit For Consolidation Report ("FFC") received from them.

      (ii) The Consolidated Financial Statements/financial statement of certain other foreign subsidiaries have been audited by other auditors appointed under the respective laws, converted into Indian GAAP by the management to the extent possible and reviewed by us. These foreign subsidiaries reflect total assets of Rs.3,331.72 Crore as at 31st March, 2011 and total revenue Rs.2,002.76 Crore and net cash flow amounting to Rs.655.37 Crore for the year then ended.

   c) These Consolidated Financial Statements include total assets of Rs.21.72 Crore as at 31st March, 2011 and total revenue of Rs. nil and net cash flow amounting to Rs.0.03 Crore for the year then ended, being proportionate share in the foreign Joint venture, Hydromine Global Minerals (GMBH) Limited which is based on financial statements audited by other firm of Chartered Accountants in accordance with Indian GAAP.

   d) The Company's share of loss in associates aggregating to Rs.2.34 Crore and the net carrying cost of investment as at 31st March, 2011 of Rs.796.76 Crore have been accounted for based on audited financial statements audited by other auditors.

   e) Our opinion on the figures included in the aforesaid results relating to subsidiaries, associates and joint ventures to the extent not audited/ reviewed by us, have been formed based on reports received from other auditors/ firm of Chartered Accountants.

3) We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", Accounting Standard (AS) 23, "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial reporting on interest in Joint Venture" and other applicable Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006 except as mentioned in paragraph 5(a) and (b) below.

4) Paragraph 4 of the Fit for Consolidation ("FFC") reports as referred to in paragraph 2(b)(i) above states that " Based on our audit, and on the basis of the information and explanations given to us, in our opinion, the accompanying FFC consolidated financial statements of the Company read with the notes thereon and attached thereto give, before the Ultimate Holding Company level consolidation adjustments/disclosures referred to in paragraph 2 above which have been properly carried out, a true and fair view in conformity with generally accepted accounting principles and other recognized accounting practices and policies in India".

5) Without qualifying our opinion, attention is drawn to the following -

(a) For reasons as explained in Note no. C 8 of Schedule 20 the impairment of goodwill amounting to Rs. 3,597.30 crore has been reversed during the year and taken to Business Reconstruction Reserve (BRR) instead of Profit and Loss Account.

Further interest cost of Rs.158.01 crore has also been adjusted with BRR instead of Profit And Loss Account as per the Scheme of Arrangement U/s 391 to 394 of the Companies Act 1956 approved by the Honorable High Court of Mumbai. Had the aforesaid treatment been not done than the reported net profit of the group for the year of Rs.2,456.37 crore would have been Rs.5,895.66 crore.

(b) The Consolidated Financial Statement of the Group for the year have been prepared without taking into consideration the share of profit or loss in consolidated results of its associates Idea Cellular Limited (Idea) for the year ended 31st March, 2011 for the reason stated in note no. C 2 of Schedule 20. The impact of same on the profit of the group for the year is not ascertainable.

6) We report that on the basis of the information and according to the explanations given to us, and on consideration of the separate audit reports and fit for consolidation reports, we are of the opinion that the said Consolidated Financial Statements, read together with significant accounting policies in Schedule 20 and notes appearing thereon and paragraph 5 above , give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the State of affairs of the Group as at 31st March, 2011;

(b) in the case of the Consolidated Profit and Loss Account, of the Consolidated Profit of the Group for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of the group for the year ended on that date.

For SINGHI & CO.
Chartered Accountants
Firm Registration No.302049E

Camp: Mumbai
Dated: the 30th day of May, 2011.

(RAJIV SINGHI)
Partner
Membership No. 53518

1B, Old Post Office Street
Kolkata, 700 001

	Schedule	As at 31st March, 2011	(₹ Crore) As at 31st March, 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	'1'	191.46	191.37
Employee Stock Options Outstanding		7.54	7.07
Reserves and Surplus	'2'	28,824.29	21,346.20
		29,023.29	**21,544.64**
LOAN FUNDS			
Secured Loans	'3'	13,735.78	10,762.71
Unsecured Loans	'4'	13,956.19	13,235.99
		27,691.97	**23,998.70**
MINORITY INTEREST		2,216.94	1,737.18
DEFERRED TAX LIABILITY (NET)		3,759.59	3,938.20
TOTAL		**62,691.79**	**51,218.72**
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	'5'	48,206.75	45,622.14
Less : Depreciation		15,546.91	12,749.22
Less : Impairment		254.53	3,872.40
Net Block		32,405.31	29,000.52
Capital Work-in-Progress		13,130.77	5,800.80
		45,536.08	**34,801.32**
INVESTMENTS	'6'	**10,854.89**	**11,245.54**
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	'7'	14,095.58	11,275.41
Sundry Debtors	'8'	7,999.57	6,543.69
Cash and Bank Balances	'9'	2,556.34	2,195.39
Other Current Assets	'10'	134.46	56.87
Loans and Advances	'11'	3,198.89	3,117.05
		27,984.84	**23,188.41**
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	'12'	16,469.16	13,099.62
Provisions	'13'	5,214.87	4,916.96
		21,684.03	**18,016.58**
NET CURRENT ASSETS		6,300.81	5,171.83
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	'14'	**0.01**	**0.03**
TOTAL		**62,691.79**	**51,218.72**
Significant Accounting Policies and Notes on Accounts	'20'		

As per our report annexed.
For SINGHI & CO.
Chartered Accountants

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 30th day of May, 2011

S. Talukdar
Group Executive President & CFO

Anil Malik
Company Secretary

For and on behalf of the Board of Hindalco Industries Limited

Kumar Mangalam Birla – *Chairman*
D. Bhattacharya – *Managing Director*
M. M. Bhagat – *Director*

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(₹ Crore)

	Schedule	For the year ended 31st March, 2011	For the year ended 31st March, 2010
INCOME			
Gross Sales and Operating Revenues	'15'	73,578.88	61,762.33
Less: Excise Duty		1,501.01	1,054.41
Net Sales and Operating Revenues		**72,077.87**	**60,707.92**
Other Income	'16'	430.85	322.71
		72,508.72	**61,030.63**
EXPENDITURE			
(Increase)/ Decrease in Stocks	'17'	(893.31)	(1,701.19)
Trade Purchases		522.32	73.80
Manufacturing and Other Expenses	'18'	64,447.17	52,589.52
Interest and Finance Charges	'19'	1,839.34	1,104.14
Depreciation		2,724.55	2,781.50
Impairment (Net)		25.46	2.10
		68,665.53	**54,849.87**
PROFIT BEFORE TAX		**3,843.19**	**6,180.76**
Provision for Current Tax		1,220.10	554.30
Provision for Deferred Tax		(246.22)	1,377.59
Tax adjustment for earlier years (Net)		(10.04)	(102.98)
PROFIT BEFORE MINORITY INTERESTS		**2,879.35**	**4,351.85**
Minority Interest		365.87	423.70
Share in (Profit)/ Loss of Associates (Net)		57.11	2.68
NET PROFIT		**2,456.37**	**3,925.47**
Balance brought forward from Previous year		(377.08)	(2,319.12)
Adjustment on Amalgamation, Acquisition and change in holding interest		-	(62.10)
Transfer from Debenture Redemption Reserve		-	87.50
BALANCE AVAILABLE FOR APPROPRIATIONS		**2,079.29**	**1,631.75**
APPROPRIATIONS			
Special Reserve		0.46	0.48
Proposed Dividend on Equity Shares		287.70	259.91
Tax on Proposed Dividend		46.78	43.48
Transfer to General Reserve		1,752.81	1,704.96
Balance Carried to Balance Sheet		(8.46)	(377.08)
		2,079.29	**1,631.75**
Earnings per Share (EPS):			
Basic EPS (₹)		12.84	22.17
Diluted EPS (₹)		12.83	22.16
Significant Accounting Policies and Notes on Accounts	'20'		

As per our report annexed.
For SINGHI & CO.
Chartered Accountants

For and on behalf of the Board of Hindalco Industries Limited

RAJIV SINGHI
Partner
Membership No. 53518

S. Talukdar
Group Executive President & CFO

Kumar Mangalam Birla – *Chairman*
D. Bhattacharya – *Managing Director*
M. M. Bhagat – *Director*

Camp: Mumbai
Dated: The 30th day of May, 2011

Anil Malik
Company Secretary

(₹ Crore)

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	3,843.19	6,180.76
Adjustment For:		
Interest and Finance Charges	1,839.34	1,104.14
Depreciation	2,724.55	2,781.50
Impairment (Net)	25.46	2.10
Unrealised Exchange (Gain)/ Loss (Net)	127.90	50.73
Employees Stock Option	1.34	1.00
Provisions/ Provisions written-back (Net)	(21.42)	(20.65)
Incidental/ Miscellaneous Expenditure written-off	0.29	12.31
Write-off and amortization of fair value adjustments	(70.13)	(715.14)
Impact of Foreign Exchange translation (Net)	(177.13)	(200.91)
Loss/ (Gain) on Derivative transactions (Net)	370.72	(2,698.97)
Investing Activities (Net)	(421.57)	(304.60)
Other Non-cash Items	-	(14.96)
Operating Profit before Working Capital changes	8,242.54	6,177.31
Change in Working Capital:		
Inventories	(2,708.73)	(3,110.95)
Trade and other Receivables	(1,686.71)	(650.75)
Trade Payables	3,692.33	3,163.31
Cash generation from Operation	7,539.43	5,578.92
Payment of Miscellaneous Expenditure	(0.04)	(0.02)
Payment of Direct Taxes	(1,313.09)	(635.25)
Net Cash generated/ (used) - Operating Activities	6,226.30	4,943.65
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(7,865.84)	(4,287.22)
Sale of Fixed Assets	148.79	104.84
Purchase/ Sale of Investments (Net)	507.41	(1,614.32)
Loans/ Repayments of Loans (Net)	49.31	(37.05)
Interest Received	147.01	145.30
Dividend Received	302.93	240.06
Net Cash generated/ (used) - Investing Activities	(6,710.39)	(5,448.39)

(₹ Crore)

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Shares issued (Net of Expenses)	9.90	2,754.26
Repayment of Preference Shares Capital on Redemption	-	(0.41)
Capital Subsidy Received	1.75	-
Proceeds/ Repayments of Long Term Borrowings (Net)	7,464.96	(685.44)
Proceeds/ Repayments of Short Term Borrowings (Net)	(3,726.52)	364.50
Interest and Finance Charges	(2,540.96)	(1,677.12)
Dividend Paid (including Dividend Tax)	(383.79)	(327.41)
Net Cash generated/ (used) - Financing Activities	825.34	428.38
Net Increase/(Decrease) in Cash and Cash Equivalents	341.25	(76.36)
Add: Opening Cash and Cash Equivalents	2,185.78	2,182.00
Add: Exchange variation on Cash and Cash Equivalents	19.71	80.14
Closing Cash and Cash Equivalents	**2,546.74**	**2,185.78**

Notes:

1. Closing Cash and Cash Equivalents represents Cash and Bank Balances except ₹ 9.60 crores (Previous year ₹ 9.61 crores) lying in designated account with banks on account of margin money, security deposits, unclaimed dividend etc., which are not available for use by the Group.
2. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 "Cash flow Statement" as specified in the Companies (Accounting Standard) Rule 2006.
3. Figures have been regrouped/ rearranged wherever necessary.

As per our report annexed.
For SINGHI & CO.
Chartered Accountants

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 30th day of May, 2011

S. Talukdar
Group Executive President & CFO

Anil Malik
Company Secretary

For and on behalf of the Board of Hindalco Industries Limited

Kumar Mangalam Birla – *Chairman*
D. Bhattacharya – *Managing Director*
M. M. Bhagat – *Director*

	As at 31st March, 2011	(₹ Crore) As at 31st March, 2010
SCHEDULE '1'		
SHARE CAPITAL		
Authorized:		
2,100,000,000 (Previous year 2,100,000,000) Equity Shares of ₹ 1/- each.	210.00	210.00
25,000,000 (Previous year 25,000,000) Redeemable Cumulative Preference Shares of ₹ 2/- each	5.00	5.00
	215.00	**215.00**
Issued:		
1,914,951,560 (Previous year 1,914,727,460) Equity Shares of ₹ 1/- each	191.50	191.47
	191.50	**191.47**
Subscribed and Paid-up:		
1,914,944,163 (Previous year 1,914,008,691) Equity Shares of ₹ 1/- each fully paid-up	191.49	191.40
Less: Face value of 546,249 (Previous year 546,249) Equity Shares forfeited	0.05	0.05
	191.44	**191.35**
Add: Forfeited Shares Account (Amount Paid-up)	0.02	0.02
	191.46	**191.37**
SCHEDULE '2 '		
RESERVES AND SURPLUS		
Capital Reserve	494.65	458.38
Capital Redemption Reserve	101.57	101.57
Securities Premium Account	3,341.42	3,331.55
Business Reconstruction Reserve (refer Note No. C 9 (a) in Schedule'20')	7,165.40	3,726.11
Business Restructuring Reserve	1.17	1.17
Special Reserve	8.99	8.53
Foreign Currency Translation Reserve	(32.94)	(1,576.24)
Hedging Reserve	110.41	(217.05)
General Reserve	17,642.08	15,889.26
Profit & Loss Account Balance	(8.46)	(377.08)
	28,824.29	**21,346.20**
SCHEDULE '3'		
SECURED LOANS		
Loans from Banks	13,735.15	10,761.38
Other Loans	0.63	1.33
	13,735.78	**10,762.71**
SCHEDULE '4'		
UNSECURED LOANS		
Fixed Deposits	-	0.33
Debentures/ Senior Notes	11,466.77	6,118.53
Short Term Loans:		
From Banks	2,229.88	1,814.27
From Others	-	100.00
Other Loans:		
From Banks	26.42	4,982.90
From Others	233.12	219.96
	13,956.19	**13,235.99**

SCHEDULE '5'

FIXED ASSETS

(₹ Crore)

	ORIGINAL COST		DEPRECIATION		IMPAIRMENT		NET BOOK VALUE	
	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010
A. Tangible Assets								
Mining Rights	1,503.03	1,343.52	701.83	615.50	-	-	801.20	728.02
Leasehold Land	100.52	99.47	9.53	8.28	-	-	90.99	91.19
Freehold Land	1,072.01	1,068.43	73.42	59.43	22.80	22.95	975.79	986.05
Buildings	4,958.36	4,797.93	1,337.36	1,044.44	12.49	12.49	3,608.51	3,741.00
Plant and Machinery	25,681.49	24,865.88	11,557.79	9,519.90	219.24	239.66	13,904.46	15,106.32
Vehicles and Aircraft	410.77	160.17	84.49	76.16	-	-	326.28	84.01
Furniture and Fittings	866.82	769.61	488.67	423.91	-	-	378.15	345.70
Railway Sidings	67.36	55.06	19.54	13.03	-	-	47.82	42.03
Live Stock	-	0.08	-	-	-	-	-	0.08
B. Intangible Assets								
Goodwill	8,941.36	8,030.66	-	-	-	3,597.30	8,941.36	4,433.36
Rehabilitation Assets	220.72	103.90	41.41	34.07	-	-	179.31	69.83
Technology	778.76	774.70	223.58	169.26	-	-	555.18	605.44
Computer Software	224.60	222.64	162.77	146.63	-	-	61.83	76.01
Trade Marks	646.84	628.68	125.34	90.39	-	-	521.50	538.29
Customer Relationship	2,113.89	2,080.11	408.40	298.27	-	-	1,705.49	1,781.84
Favourable Contracts	620.22	621.30	312.78	249.95	-	-	307.44	371.35
	48,206.75	**45,622.14**	**15,546.91**	**12,749.22**	**254.53**	**3,872.40**	**32,405.31**	**29,000.52**
C. Capital Work-in-Progress (including advances and incidental expenditure during construction period)							13,130.77	5,800.80
							45,536.08	**34,801.32**

	As at 31st March, 2011	(₹ Crore) As at 31st March, 2010
SCHEDULE '6'		
INVESTMENTS		
A. Long Term Investments:		
Government Securities	20.13	161.75
Shares in Associates		
Share in Net Assets	1,362.45	1,215.44
Goodwill/ Capital Reserve (Net)	3,452.67	3,476.71
Shares, Debentures, Bonds, Units of Mutual Funds and Others	497.39	488.04
B. Current Investments:		
Government Securities	132.45	-
Shares, Debentures, Bonds, Units of Mutual Funds and Others	5,389.80	5,903.60
	10,854.89	**11,245.54**
SCHEDULE '7'		
INVENTORIES		
Stores and Spare parts	848.35	754.44
Coal and Fuel	123.86	119.82
Raw Materials	5,541.92	3,747.23
Work-in-Process	5,805.72	5,074.62
Finished Goods	1,745.01	1,557.60
Excise Duty on Stock	30.72	21.70
	14,095.58	**11,275.41**
SCHEDULE '8'		
SUNDRY DEBTORS		
Considered Good	7,999.57	6,543.69
Considered Doubtful	67.82	56.88
	8,067.39	6,600.57
Less: Provision for doubtful debts	67.82	56.88
	7,999.57	**6,543.69**
SCHEDULE '9'		
CASH AND BANK BALANCES		
Cash balance on hand	0.89	1.03
Cheques and Drafts in hand	13.08	26.80
Balance with Scheduled Banks:		
In Current Accounts	129.08	138.71
In Deposit Account	298.50	65.59
Balance with Others:		
In Current Accounts	734.67	1,138.15
In Deposit Account	1,380.12	825.11
	2,556.34	**2,195.39**

	As at 31st March, 2011	(₹ Crore) As at 31st March, 2010
SCHEDULE '10'		
OTHER CURRENT ASSETS		
Accrued Interest		
On Investments	4.75	3.87
On Inter Corporate Deposits and Deposit in Banks	14.20	2.99
On Others	3.93	4.59
Accrued Export and other Incentives	111.58	45.42
	134.46	**56.87**
SCHEDULE '11'		
LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received/adjusted	2,018.39	1,429.53
Derivative Assets	932.67	1,052.33
Balance with Customs, Port Trusts, Excise etc.	128.50	479.02
Inter Corporate Deposits	84.88	121.72
Trident Trust	34.45	34.45
	3,198.89	**3,117.05**
SCHEDULE '12'		
CURRENT LIABILITIES		
Acceptances	1,768.39	1,781.61
Sundry Creditors	12,980.46	9,742.03
Customers' Credit Balances and Advances against orders	261.72	172.54
Derivative Liabilities	881.45	1,031.14
Investor Education and Protection Fund shall be credited by the following:		
Unpaid Dividends	7.35	7.26
Unpaid Application/Call Money due for Refund	0.44	0.44
Unpaid Redeemed Preference Shares	0.08	0.08
Other Liabilities	276.27	279.10
Interest accrued but not due on Debentures, Loans and Deposits	293.00	85.42
	16,469.16	**13,099.62**
SCHEDULE '13'		
PROVISIONS		
Provision for Taxation (Net)	410.20	489.07
Dividends	287.69	259.91
Dividend Tax	46.77	43.48
Employee Benefits	2,807.63	2,646.28
Other Provisions	1,662.58	1,478.22
	5,214.87	**4,916.96**
SCHEDULE '14'		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Miscellaneous	0.01	0.03
	0.01	**0.03**

	For the year ended 31st March, 2011	(₹ Crore) For the year ended 31st March, 2010
SCHEDULE '15'		
GROSS SALES AND OPERATING REVENUES		
A. Sales and Services		
Net Sales	71,800.80	60,548.36
Excise Duty	1,501.01	1,054.41
Gross Sales	**73,301.81**	**61,602.77**
B. Operating Revenues		
Export and other Incentives	139.23	59.58
Miscellaneous Receipts and Claims	137.84	99.98
	277.07	**159.56**
	73,578.88	**61,762.33**
SCHEDULE '16'		
OTHER INCOME		
Rent Received	6.56	5.43
Profit/(Loss) on Fixed Assets sold/discarded (Net)	10.70	(16.96)
Income from Current Investments:		
Interest	10.33	-
Dividend	238.50	128.12
Profit/(Loss) on sale of Investments (Net)	4.31	37.69
Change in carrying amount of Investments (Net)	(5.04)	(0.18)
Income from Long Term Investments:		
Interest	9.72	18.36
Dividend	18.23	18.72
Profit/(Loss) on sale of Investments (Net)	0.56	2.10
(Diminution)/ write back in carrying cost of Investments (Net)	(0.11)	(0.11)
Interest from Inter Corporate Deposits and Deposit in Banks	24.90	15.25
Interest from Others	109.47	101.61
Miscellaneous Income	2.72	12.68
	430.85	**322.71**
SCHEDULE '17'		
(INCREASE)/DECREASE IN STOCKS		
Opening Stocks:		
Work-in-Process	5,074.62	3,923.59
Finished Goods	1,579.30	1,330.11
	6,653.92	5,253.70
Less: Closing Stocks:		
Work-in-Process	5,805.72	5,074.62
Finished Goods	1,775.73	1,579.30
	7,581.45	6,653.92
	(927.53)	(1,400.22)
Less: Change in Excise Duty on Stock	(9.02)	(10.58)
Less: Currency Translation Adjustment	(25.20)	311.55
	(893.31)	**(1,701.19)**

	For the year ended 31st March, 2011	(₹ Crore) For the year ended 31st March, 2010
SCHEDULE '18'		
MANUFACTURING AND OTHER EXPENSES		
Raw Materials Consumed	47,416.27	38,100.38
Power and Fuel	3,686.80	3,345.14
Payments to and Provisions for Employees		
Salaries, Wages and Bonus	4,273.41	4,176.77
Contribution to Provident and other Funds	347.87	221.61
Employees Welfare	972.00	658.90
Other Expenses		
Consumption of Stores and Spare parts	2,092.05	2,190.31
Repairs to Buildings	151.18	183.88
Repairs to Machinery	1,129.10	836.97
Rates and Taxes	90.90	92.79
Rent	153.53	177.52
Insurance	132.13	118.05
Auditors' Remuneration	33.05	37.68
Research and Development	187.92	186.99
Discount on Sales	23.02	21.02
Commission on Sales	48.24	37.34
Freight and Forwarding (Net)	1,694.29	1,640.79
Provision for doubtful debts/(written back) (Net)	9.32	26.40
Bad Debts written off/(written back) (Net)	3.72	0.40
Donation	36.15	50.80
Directors' Fees	2.83	3.02
Directors' Commission	14.00	14.00
Miscellaneous Expenditure written off	0.20	0.73
Incidental Expenditure written off	0.09	11.58
Transfer to Capital Work-in-Progress and others	(42.82)	(14.19)
Liability no longer required written back (Net)	(80.12)	(143.01)
(Gain)/Loss on Change in Fair Value of Derivatives (Net)	(56.78)	(1,159.32)
Miscellaneous	2,128.82	1,772.97
	64,447.17	**52,589.52**
SCHEDULE '19'		
INTEREST AND FINANCE CHARGES		
Interest on Debentures and other Fixed Loans	1,104.32	983.51
Interest on Others	115.50	245.87
Other Finance Charges	1,014.82	210.54
	2,234.64	**1,439.92**
Less: Interest and Finance Charges Capitalized	395.30	335.78
	1,839.34	**1,104.14**

SCHEDULE '20'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements (CFS) relate to Hindalco Industries Limited (the Company), its Subsidiaries and its interest in Joint Ventures and Associates (the Group). The CFS have been prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements" (AS 21), Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" (AS 23) and Accounting Standard 27 on "Financial reporting of interests in Joint Ventures" (AS 27) and are prepared on the following basis:

(a) The financial statements of the Company and its Subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating inter-group balances and inter-group transactions including unrealized profits/ losses in period end assets, such as inventories, fixed assets etc. The difference between the Company's cost of investments in the Subsidiaries, over its portion of equity at the time of acquisition of shares is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve, as the case may be. Minority Interest's share in Net profit/ loss of consolidated subsidiaries for the year is adjusted against the income of the Group in order to arrive at the net income attributable to equity shareholders of the Company. Minority Interest's share in net assets of consolidated subsidiaries is presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders. Minority Interest in the consolidated financial statements is identified and recognized after taking into consideration:

   i. The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.

   ii. The minorities' share of movement in equity since the date parent-subsidiary relationship came into existence.

   iii. The losses attributable to the minorities are adjusted against the minority interest in the equity of the subsidiary.

   iv. The excess of loss over the minority interest in the equity, is adjusted against General Reserve of the Company.

(b) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are translated at the average rates prevailing during the period. Assets, liabilities and equity are translated at the closing rate. Any exchange difference arising on translation is recognized in the "Foreign Currency Translation Reserve".

(c) Investments in Associates are accounted for using equity method in accordance with AS 23. For this purpose investments are initially recorded at cost. Any goodwill/capital reserves arising at the time of acquisition are identified and carrying amount of investment are adjusted thereafter for the post acquisition share of profits or losses. Adjustment for any change in equity that has not been included in the profit and loss account are directly made in the carrying amount of investments without routing it through the consolidated profit and loss account. The corresponding debit/credit are made in the relevant head of the equity interest in the Consolidated Balance Sheet.

(d) Interests in jointly controlled entities, where the Company is a direct venturer, are accounted for using proportionate consolidation in accordance with AS 27. The difference between costs of the Company's interests in jointly controlled entities over its share of net assets in the jointly controlled entities, at the date on which interest is acquired, is recognized in the CFS as Goodwill or Capital Reserve as the case may be.

(e) The CFS are prepared by using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any and to the extent possible, are made in the CFS and are presented in the same manner as the Company's separate financial statements except otherwise stated elsewhere in this Schedule.

B. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the generally accepted accounting principles in India, the applicable mandatory Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956 of India.

2. Use of Estimates

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

3. Fixed Assets

(a) Tangible Assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises of purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use.

SCHEDULE '20' (Contd.)

(b) Intangible Assets are stated at cost less accumulated amortization. Cost includes any directly attributable expenditure on making the asset ready for its intended use.

(c) Machinery spares which can be used only in connection with an item of Fixed Asset and whose use is not of regular nature are written off over the estimated useful life of the relevant asset.

4. Depreciation and Amortization

(a) Depreciation on Tangible Fixed Assets are provided using straight line method based on estimated useful life or on the basis of depreciation rates prescribed under respective local laws.

(b) Mining Rights and leasehold land are amortized over the period of lease on straight line basis.

(c) Intangible assets, other than Goodwill, are amortized over their estimated useful lives on straight line basis.

(d) Depreciation on assets acquired under finance lease is spread over the lease term.

5. Impairment

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value being higher of value-in-use and net selling price. Value-in-use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount except in the case of goodwill for which specific external event of an exceptional nature that caused impairment loss has actually reversed the effect of that event.

6. Leases

(a) Lease payments under an operating lease are recognized as expense in the Profit and Loss Account as per terms of lease agreement.

(b) Finance leases prior to 1st April, 2001: Lease rental recognized as expense in the Profit and Loss Account as per terms of lease agreement.

(c) Finance leases on or after 1st April, 2001: The lower of the fair value of the assets and the present value of the minimum lease rental is recorded as fixed assets with corresponding amount shown as Unsecured Loan. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to Profit and Loss Account as interest cost.

7. Investments

(a) Long term Investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.

(b) Current investments are stated at lower of cost and fair value.

8. Inventories

(a) Inventories of stores and spare parts are valued at or below cost after providing for cost of obsolescence and other anticipated losses, wherever considered necessary.

(b) Inventories of items other than those stated above are valued 'At cost or Net Realizable Value, whichever is lower'. Cost is generally determined on weighted average cost basis and wherever required, appropriate overheads are taken into account. Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

(c) Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

9. Foreign Currency Transactions

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Year end balance of foreign currency transactions is translated at the year end rates. Exchange differences arising on settlement of monetary items or on reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized as income or expense in the period in which they arise. Foreign currency monetary items those are used as hedge instruments or hedged items are accounted as per accounting policy on derivative financial instruments.

10. Employee benefits

Employee benefits of short term nature are recognized as expense as and when it accrues. Long term employee benefits (e.g. long-service leave) and post employment benefits (e.g. gratuity), both funded and unfunded, are recognized as expense based on actuarial valuation at year end using the Projected unit credit method. Actuarial gain and losses are recognized immediately in the Profit & Loss Account.

SCHEDULE '20' (Contd.)

11. Employee Stock Option Scheme

In respect of stock option granted to employees pursuant to the Company's Stock Option Schemes, Accounting is done as per the intrinsic value method permitted by the SEBI Guidelines, 1999 and the Guidance Note on Share Based Payment issued by the ICAI. The excess of market price of share as on date of grant of option over the exercise price is recognized as deferred employee compensation and is charged to Profit & Loss Account on straight line basis over the vesting period.

12. Revenue Recognition

Sales revenue is recognized on transfer of significant risk and rewards of the ownership of the goods to the buyer and stated at net of trade discount and rebates. Dividend income on investments is accounted for when the right to receive the payment is established. Export Incentive, certain Insurance, railway and other claims where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

13. Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

14. Taxation

Provision for current Income Tax is made in accordance with local laws. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference.

15. Derivative Financial Instruments

(a) The Company uses derivative financial instruments such as Forwards, Swaps, Options, etc. to hedge its risks associated with foreign exchange fluctuations. Risks associated with fluctuations in the price of the Company's products are minimized by undertaking appropriate hedging transactions. The fair values of all such derivative financial instruments are recognized as assets or liabilities at the balance sheet date. Such derivative financial instruments are used as risk management tools only and not for speculative purposes.

(b) For derivative financial instruments and foreign currency monetary items designated as Cash Flow hedges, the effective portion of the fair value of the derivative financial instruments are recognized in Hedging Reserve and reclassified to 'Sales', 'Raw Materials Consumed', 'Interest' and 'Other Expenses' in the period in which the Profit and Loss Account is impacted by the hedged items or in the period when the hedge relationship no longer qualifies as cash flow hedge. In cases where the exposure gives rise to a non-financial asset, the effective portion is reclassified from Hedging Reserve to the initial carrying amount of the non-financial asset as a 'basis adjustment' and recycled to Profit and Loss Account when the respective non- financial asset affects the Profit and Loss Account in future periods. The ineffective portion of the change in fair value of such instruments is recognised in the Profit and Loss Account in the period in which they arise. If the hedging relationship ceases to be effective or it becomes probable that the expected transaction will no longer occur, hedge accounting is discontinued and the fair value changes arising from the derivative financial instruments are recognized in Other Expenses in the Profit and Loss Account.

(c) For derivative financial instruments designated as Fair Value hedges, the fair value of both the derivative financial instrument and the hedged item are recognized in 'Sales', 'Raw Materials Consumed', 'Interest' or 'Other Expenses' in the Profit and Loss Account till the period the relationship is found to be effective. If the hedging relationship ceases to be effective or it becomes probable that the expected transaction will no longer occur, future gains or losses on the derivative financial instruments are recognized in 'Other Expenses' in the Profit and Loss Account.

(d) For derivative financial instruments designated as Net Investment Hedges in Foreign Operations, gains and losses on derivative instruments are included, net of taxes, to the extent the hedges are effective, in the Foreign Currency Translation Reserve. The ineffective portion of net investment hedges in foreign operations, if any, are recognized as gains or losses and included in 'Other Expenses'.

(e) If no hedging relationship is designated, the fair value of the derivative financial instruments is marked to market through Profit and Loss Account and included in 'Other Expenses'.

16. Research and Development

Expenditure incurred during research phase is charged to revenue when no intangible asset arises from such research. Assets procured for research and development activities are generally capitalized.

SCHEDULE '20' (Contd.)

17. Government Grants

Government Grants are recognized when there is a reasonable assurance that the same will be received. 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.

18. Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.

C. NOTES ON ACCOUNTS

1. (a) The list of subsidiaries, joint ventures and associates which are included in the CFS of the Group and the Group's effective ownership interest therein are as under:

Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest	
			2010-11	2009-10
Indal Exports Limited *	Subsidiary	India	100.00%	100.00%
Minerals & Minerals Limited	Subsidiary	India	100.00%	100.00%
Aditya Birla Chemicals (India) Limited	Subsidiary	India	54.65%	54.65%
Utkal Alumina International Limited	Subsidiary	India	100.00%	100.00%
Suvas Holdings Limited	Subsidiary	India	51.00%	51.00%
Renukeshwar Investments & Finance Limited	Subsidiary	India	100.00%	100.00%
Renuka Investments & Finance Limited	Subsidiary	India	100.00%	100.00%
Dahej Harbour and Infrastructure Limited	Subsidiary	India	100.00%	100.00%
Lucknow Finance Company Limited	Subsidiary	India	100.00%	100.00%
Hindalco-Almex Aerospace Limited	Subsidiary	India	70.00%	70.00%
HAAL USA Inc. #	Subsidiary	USA	70.00%	70.00%
Tubed Coal Mines Limited	Subsidiary	India	60.00%	60.00%
East Coast Bauxite Mining Company Private Limited	Subsidiary	India	74.00%	74.00%
Mauda Energy Limited	Subsidiary	India	100.00%	100.00%
Birla Resources Pty Limited	Subsidiary	Australia	100.00%	100.00%
Aditya Birla Minerals Limited (Consolidated)	Subsidiary	Australia	51.00%	51.00%
AV Minerals (Netherlands) B.V	Subsidiary	Netherland	100.00%	100.00%
AV Metals Inc	Subsidiary	Canada	100.00%	100.00%
AV Aluminum Inc. **	Subsidiary	Canada	100.00%	100.00%
Novelis Inc. (Consolidated)	Subsidiary	Canada	100.00%	100.00%
Mahan Coal Limited	Joint Venture	India	50.00%	50.00%
Hydromine Global Minerals (GMBH) Limited	Joint Venture	British Virgin Islands	45.00%	45.00%
Idea Cellular Limited ***	Associate	India	6.92%	6.92%
Aditya Birla Science & Technology Company Limited	Associate	India	49.00%	49.00%

* Dissolved on 4th March, 2011.

** Amalgamated with Novelis Inc. w.e.f. 29th September, 2010.

*** Results for the year ended 31st March, 2011 not incorporated refer Note No. C 2 in Schedule 20.

\# Group's proportion of voting power is 100%.

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE '20' (Contd.)

(b) For the purpose of Consolidation, the Consolidated Financial Statements of Aditya Birla Minerals Limited reflecting consolidation for following entities as at 31st March, 2011 prepared in accordance with International Financial Reporting Standards have been restated, where considered material, to comply with Generally Accepted Accounting Principles in India. Disclosures in respect of these foreign subsidiaries are given to the extent of available information.

Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest #	
			2010-11	2009-10
Birla Maroochydore Pty Limited	Subsidiary	Australia	51.00%	51.00%
Birla Nifty Pty Limited	Subsidiary	Australia	51.00%	51.00%
Birla Mt Gordon Pty Limited	Subsidiary	Australia	51.00%	51.00%

Group's proportion of voting power is 100%.

(c) For the purpose of Consolidation, the Consolidated Financial Statements of Novelis Inc. reflecting consolidation for following entities as at 31st March, 2011 have been prepared in accordance with Generally Accepted Accounting Principles in India and other recognized accounting practices and policies followed by the Company.

Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest	
			2010-11	2009-10
Novelis Belgique SA	Subsidiary	Belgium	100.00%	100.00%
Novelis Benelux NV	Subsidiary	Belgium	100.00%	100.00%
Albrasilis - Aluminio do Brasil Industria e Comercia Ltda	Subsidiary	Brazil	99.99%	99.99%
Novelis do Brasil Ltda	Subsidiary	Brazil	99.99%	99.99%
4260848 Canada Inc	Subsidiary	Canada	100.00%	100.00%
4260856 Canada Inc.	Subsidiary	Canada	100.00%	100.00%
Novelis Cast House Technology Ltd.	Subsidiary	Canada	100.00%	100.00%
Novelis No. 1 Limited Partnership	Subsidiary	Canada	100.00%	100.00%
Novelis Foil France SAS	Subsidiary	France	100.00%	100.00%
Novelis Lamines France SAS	Subsidiary	France	100.00%	100.00%
Novelis PAE SAS	Subsidiary	France	100.00%	100.00%
Novelis Aluminium Beteiligungs GmbH	Subsidiary	Germany	100.00%	100.00%
Novelis Deutschland GmbH	Subsidiary	Germany	100.00%	100.00%
Novelis Aluminium Holding Company	Subsidiary	Ireland	100.00%	100.00%
Novelis Italia SpA	Subsidiary	Italy	100.00%	100.00%
Novelis Luxembourg SA	Subsidiary	Luxembourg	100.00%	100.00%
Aluminum Company of Malaysia Berhad	Subsidiary	Malaysia	58.24%	58.24%
Alcom Nikkei Specialty Coatings Sdn Berhad #	Subsidiary	Malaysia	58.24%	58.24%
Al Dotcom Sdn Berhad #	Subsidiary	Malaysia	58.24%	58.24%
Novelis (India) Infotech Ltd.	Subsidiary	India	100.00%	100.00%
Novelis de Mexico SA de CV	Subsidiary	Mexico	100.00%	100.00%
Novelis Korea Ltd.	Subsidiary	South Korea	67.90%	67.90%
Novelis AG	Subsidiary	Switzerland	100.00%	100.00%
Novelis Switzerland SA	Subsidiary	Switzerland	100.00%	100.00%
Novelis Technology AG	Subsidiary	Switzerland	100.00%	100.00%
Novelis Europe Holdings Limited	Subsidiary	UK	100.00%	100.00%
Novelis UK Ltd.	Subsidiary	UK	100.00%	100.00%

SCHEDULE '20' (Contd.)

Name of the Company	Relationship	Country of Incorpora-tion	Group's proportion of Ownership Interest	
			2010-11	2009-10
Aluminum Upstream Holdings LLC (Delaware)	Subsidiary	USA	100.00%	100.00%
Eurofoil, Inc. (USA) (New York)	Subsidiary	USA	100.00%	100.00%
Logan Aluminium Inc. (Delaware) ##	Subsidiary	USA	40.00%	40.00%
Novelis Corporation (Texas)	Subsidiary	USA	100.00%	100.00%
Novelis Madeira, Unipessoal, Limited	Subsidiary	Portugal	100.00%	100.00%
Novelis Services Limited	Subsidiary	UK	100.00%	100.00%
Novelis Brand LLC (Delaware)	Subsidiary	USA	100.00%	100.00%
Novelis PAE Corporation (Delaware)	Subsidiary	USA	100.00%	100.00%
Novelis South America Holdings LLC	Subsidiary	USA	100.00%	100.00%
Novelis North America Holdings Inc.	Subsidiary	USA	100.00%	N.A.
Evermore Recycling LLC	Subsidiary	USA	55.80%	55.80%
Consorcio Candonga	Associate	Brazil	50.00%	50.00%
France Aluminium Recyclage SA	Associate	France	20.00%	20.00%
Aluminium Norf GmbH	Associate	Germany	50.00%	50.00%
Deutsche Aluminium Verpackung Recycling GmbH	Associate	Germany	30.00%	30.00%
MiniMRF LLC (Delaware)	Associate	USA	50.00%	50.00%

\# Group's proportion of voting power is 100%.

\## Subsidiary on account of management control.

2. Idea Cellular Limited (Idea), an associate of the Company, has not been able to adopt its accounts for the year ended 31st March, 2011 due to certain exceptional circumstances. As such, share of profit or loss in Idea for the year ended 31st March, 2011 has not been incorporated in the Consolidated Accounts of the Company. Share of profit of Idea accounted for in consolidated accounts of the Company for the year ended 31st March, 2010 was ₹ 66.01 crore. Accordingly, the numbers for the current year are not comparable with those of the previous year.

3. (a) Accounting Policy in respect of "Environment and Rehabilitation Expenditure" followed by the Company's Australian subsidiaries namely Aditya Birla Minerals Limited, Birla Maroochydore Pty Limited, Birla Nifty Pty Limited, Birla Mt. Gordon Pty Limited and Birla Resources Pty Limited are different from the accounting policies followed by the Company. The difference between the accounting policy followed and the amount involved is given below:

Accounting Policy		₹ Crore		Proportion (%)	
Parent	Subsidiary	2010-11	2009-10	2010-11	2009-10
The cost of reclamation of mined out land, forestation are treated as part of other expenses in Manufacturing and Other Expenses when cost incurred.	Provision for estimated future cost of environmental and rehabilitation using net present value are made and capitalized as mine properties and amortized over remaining life of the mine. Any change in net present value at Balance Sheet date is considered as borrowing cost.	215.59	98.77	100	100

(b) In view of different sets of environment in which foreign subsidiaries operate in their respective countries, provision for depreciation is made to comply with local laws and by use of management estimate. It is practically not possible to align rates of depreciation of such subsidiaries with those of the Company. However on review, the management is of the opinion that provision of such depreciation is adequate.

SCHEDULE '20' (Contd.)

4. The Company's proportionate share in the Assets, Liabilities, Income and Expenditure of its Joint Venture companies included in these CFS are given below:

(₹ Crore)

	As at 31st March, 2011	As at 31st March, 2010
BALANCE SHEET:		
Assets:		
Fixed Assets:		
Gross Block	4.77	0.63
Less : Depreciation	0.17	0.09
Net Block	4.60	0.54
Capital Work-in-Progress	29.36	24.62
	33.96	25.16
Cash and Bank Balances	1.88	1.25
Other Current Assets	0.03	0.03
Loans and Advances	0.60	0.56
	36.47	27.00
Liabilities:		
Share Capital	11.90	5.40
Advance against Equity	25.44	22.37
Reserves and Surplus	(1.94)	(1.59)
Secured Loans	0.67	0.40
Current Liabilities	0.40	0.42
	36.47	27.00

(₹ Crore)

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
PROFIT AND LOSS ACCOUNT:		
Income:		
Other Income	0.03	0.03
	0.03	0.03
Expenditure:		
Manufacturing and Other Expenses	0.35	1.59
Interest and Finance Charges	0.01	0.01
Depreciation	0.01	0.01
	0.37	1.61
Profit/ (Loss) before Tax	(0.34)	(1.58)
Provision for Current Tax	0.01	0.01
Net Profit/ (Loss)	(0.35)	(1.59)
Balance brought forward from Previous year	(1.59)	-
Balance Carried to Balance Sheet	(1.94)	(1.59)

5. 213,147,391 equity shares of ₹ 1/- each at a premium of ₹ 129.90 were issued through Qualified Institutions Placement on 1st December, 2009. Entire amount has been spent for various ongoing projects and issue related expenses within 31st March, 2011.

6. Balances with Trident Trust representing 16,316,130 equity shares of ₹ 1/- each fully paid-up of the Company issued pursuant to the Scheme of Arrangement approved by the Hon'ble High Courts at Mumbai and Allahabad vide their Orders dated 31st October, 2002 and 18th November, 2002, respectively, to the Trident Trust, which is created wholly for the benefit of the Company and is being managed by trustees appointed by it. The tenure of the trust is upto 23rd January, 2017.

SCHEDULE '20' (Contd.)

7. Indal Exports Limited, a wholly-owned subsidiary of the Company, has been dissolved on 4th March, 2011 following the Easy Exit Scheme, 2011 introduced by the Ministry of Corporate Affairs.

8. The Company had recorded goodwill on acquisition of Novelis in 2007-08. Due to the deterioration in the global economic environment and the resultant significant decrease in both the market capitalization of the Company and the valuation of the Novelis' publicly traded 7.25% Senior Notes during the 2008-09, an impairment loss of goodwill of ₹ 3,597 crore was ascertained in 2008-09. This amount was adjusted against Business Reconstruction Reserve (BRR) account created as per a Scheme approved by the Hon'ble Bombay High Court (the Court).

   During the year ended March 31, 2011, the Company performed an analysis to determine whether the specific external event of exceptional nature is not expected to recur and whether the factors of exceptional nature no longer exist. Such global economic crisis was exceptional in nature which triggered impairment loss of goodwill. Consequent to the global crisis, major economies across the globe made radical changes in their regulatory environments as also introduced legislation, policy initiatives and risk management procedures to prevent recurrence of such events in the future. As such, the specific external event of exceptional nature is not expected to recur.

   During 2010-11, Novelis staged a record performance in terms of revenues, profitability, free cash flow and liquidity and is now poised for transformational growth. Its credit metrics improved significantly enabling it to arrange for a debt refinancing to the tune of $4.8 billion out of which a return of capital of $1.7 billion has been made leading to recapitalization of the Company.

   Consequent to above, the impairment loss of goodwill of ₹ 3,597.30 crore has been reversed in 2010-11. Since the impairment loss had been adjusted against BRR in 2008-09 as per the Court approved Scheme, the reversal of impairment loss of goodwill has also been adjusted against BRR in 2010-11. Impact of this on Profit and Loss account for the year 2010-11 has been mentioned in Note No. C 9 in this schedule.

9. (a) Pursuant to a Court approved scheme of financial restructuring under Sections 391 to 394 of the Companies Act 1956 ("the Scheme"), ₹ 8,647.37 crore was transferred during 2008-09 to Business Reconstruction Reserve (BRR) from Securities Premium Account for adjustment of certain specified expenses. Accordingly, the following amounts have been adjusted against the BRR:

(₹ Crore)

	2010-11	2009-10	2008-09
Opening Balance	3726.11	4,030.50	-
Add: Transfer from Securities Premium Account as per the Scheme	-	-	8,647.37
Less: Adjustments made:			
(a) Impairment loss / (reversal of impairment loss) of goodwill arising on consolidation of Novelis Inc. while preparing consolidated accounts of the Group	(3,597.30)	-	3,597.30
(b) Impairment of Fixed Assets	-	-	111.30
(c) Interest and Finance Charges on loan taken by A V Minerals (Netherlands) B.V., a wholly owned subsidiary of the Company, for acquisition of Novelis Inc. by the Company	158.01	304.39	544.47
(d) Costs in connection with exiting business	-	-	363.62
(e) Certain costs in connection with the Scheme	-	-	0.18
Closing Balance	7,165.40	3,726.11	4,030.50

SCHEDULE '20' (Contd.)

(b) Impact of aforesaid adjustment is given below:

	Higher/ (Lower) by		
	2010-11	**2009-10**	**2008-09**
Net Profit (₹ Crore)	3,439.29	(304.39)	(4616.87)
Basic EPS (₹)	17.97	(1.72)	(30.67)
Diluted EPS (₹)	17.96	(1.72)	(30.67)

10. The Company has not chosen the option of adjusting exchange difference on long term foreign currency loan to the cost of the assets acquired out of these foreign currency loans issued by the Ministry of Corporate Affairs vide Notification (F.No. 17/33/2008/CL-V) dated 31st March, 2009. However one of the subsidiaries, included in consolidated accounts, has opted for the said option and consequently during the year ₹ Nil (Previous year ₹ 6.21 crore) exchange difference on restatement of long term loans used for acquiring assets has been capitalized.

11. The Company has received a notice dated 24th March, 2007 from collector (Stamp) Kanpur, Uttar Pradesh alleging that stamp duty of ₹ 252.96 crore is payable in view of order dated 18th November, 2002 of Hon'ble High Court of Allahabad approving scheme of arrangement for merger of Copper business of Indo Gulf Corporation Limited with the Company. The Company is of the opinion that it has a very strong case as there is no substantive/computation provision for levy/calculation of stamp duty on court order approving scheme of arrangement under Companies Act, 1956 within the provisions of Uttar Pradesh Stamp Act, moreover the properties in question are located in the State of Gujarat and thus the collector (stamp) Kanpur has no territorial jurisdiction to make such a demand. It is pertinent to note that the Company in 2003-04 has already paid stamp duty which has been accepted as per the provisions of the Bombay Stamp Act 1958 with regard to transfer of shareholding of Indo Gulf Corporation Limited as per the Scheme of Arrangement. Furthermore, the demand made is on an incorrect assumption. The Company's contention amongst the various other grounds made is that the demand is illegal, against the principles of natural justice, incorrect, bad in law and malafide. The Company has filed a writ petition before the Hon'ble High Court of Allahabad, inter alia, on the above said grounds, which is pending determination.

12. The Company has given undertakings to various Financial Institutions and Banks, as relevant, for:

(a) Following Sponsors Undertakings have been given by the Company, along with Aditya Birla Nuvo Ltd, Grasim Industries Ltd. and Birla TMT Holdings Pvt. Ltd (the Sponsors), being promoters of Idea Cellular Ltd.(Idea):

i. The Sponsors shall collectively continue to hold at least 33% of the equity capital of Idea till the end of FY 2015-16 and shall not without prior written approval of the Facility Agent, divest, transfer, assign, dispose of, pledge, charge, create any lien or in any way encumber 33% of shareholdings in Idea. Consequent upon the infusion of fresh equity capital of Idea, if the Sponsors' stake gets diluted from 40% to 33% in the equity capital of Idea, the Sponsors agree and undertake to obtain the prior consent of the Rupee Facility Agent and in other circumstances, the Sponsors agree and undertake to obtain the prior consent of the secured lenders representing 51% of the aggregate outstanding secured loans.

ii. The Sponsors shall collectively continue to hold 26% of the equity capital of Idea after FY 2015-16 and shall not without the prior written approval of the Rupee Facility Agent, divest, transfer, assign, dispose of, pledge, charge, create any lien or in any way encumber 26% shareholdings in the capital of Idea.

iii. Not without prior approval of the Facility Agent in writing divest shareholdings in the equity capital of Idea that may result in a single investor along with its affiliates holding more than 25% of the equity capital of Idea.

(b) A Common Rupee Loan Agreement (CRLA) has been executed by the Company as the Sponsor to avail financing of ₹ 4,906 crore for project undertaken by Utkal Alumina International Limited (Utkal), a wholly-owned subsidiary of the Company. Under the CRLA, the Company has following obligations:

i. To infuse base equity of ₹ 2,103 crore in Utkal.

SCHEDULE '20' (Contd.)

ii. To ensure that debt equity ratio is always maintained at 70:30 in Utkal.

iii. To hold minimum 51% equity shares in Utkal.

iv. To bring funds for meeting cost overrun of the project.

v. If Utkal exercises its right or requires to replace any lender under the CRLA and to enable to bring other lender to replace such a lender within the permitted time, the Company is required to infuse funds for prepayment of the loan to such lender and for undrawn portion of such rupee lender.

13. Additional Information:

(₹ Crore)

	2010-11		**2009-10**
	Shares in Joint Ventures	**Consolidated**	**Consolidated**
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	0.25	12,734.65	12,852.26
(b) Contingent liabilities not provided for in respect of:			
i. Claims against the Company not acknowledged as debts	-	864.96	792.13
ii. Bills discounted with Banks	-	0.19	0.19
iii. Corporate Guarantees outstanding	16.71	40.56	108.85
iv. Custom duty on Capital goods and Raw Materials imported under Advance License/ EPCG Scheme against which Export obligations to be fulfilled	-	595.17	168.46

14. Major components of Deferred Tax arising on account of temporary timing differences are as under:

(₹ Crore)

	2010-11	**2009-10**
Deferred Tax Liability:		
Depreciation	5,025.14	5,526.68
Others	1,126.58	935.26
	6,151.72	**6,461.94**
Deferred Tax Assets:		
Un-amortized Expenditure	37.81	34.63
Brought forward Business Loss	878.71	1,251.26
Others	1,475.61	1,237.85
	2,392.13	**2,523.74**
Deferred Tax Liability (Net)	**3,759.59**	**3,938.20**

15. Exchange (gain)/loss have been accounted for under respective heads of account as under:

(₹ Crore)

	2010-11	**2009-10**
Sales and Operating Revenues	1.56	9.39
Manufacturing and Other Expenses	2.06	(278.40)
Total	**3.62**	**(269.01)**

SCHEDULE '20' (Contd.)

16. (a) Future obligation under non-cancelable operating leases are as under:

(₹ Crore)

	2010-11	2009-10
Not later than one year	126.20	129.04
Later than one year and not later than five years	332.47	272.81
Later than five years	199.08	112.30

(b) Future obligations towards minimum lease payments under the finance leases taken on or after 1st April, 2001 are as under:

(₹ Crore)

	2010-11		2009-10	
	Payment	Present Value	Payment	Present Value
Not later than one year	36.39	36.39	36.16	36.13
Later than one year and not later than five years	125.75	85.21	124.56	85.33
Later than five years	121.63	61.62	132.38	67.07

17. Earnings Per Share (EPS):

	2010-11	2009-10
Net Profit attributable to Equity Shareholders (₹ Crore)	2,456.37	3,925.47
Weighted average number of Basic Equity Shares outstanding	1,913,780,429	1,770,939,077
Shares deemed to be issued for no consideration in respect of Stock Options	915,654	347,277
Weighted average number of Diluted Equity Shares outstanding	1,914,696,083	1,771,286,354
Face value of Equity Shares (₹)	1.00	1.00
Earnings per Share (EPS):		
Basic EPS (₹)	12.84	22.17
Diluted EPS (₹)	12.83	22.16

18. Segment Reporting:

(a) Primary Segment (by Business Segment):

i) The Group has three reportable segments viz. Aluminium, Copper and Others which have been identified in line with the Accounting Standard 17 on "Segment Reporting", taking into account the organizational structure as well as differential risk and return of these segments. Details of products included in each segment are as under:

a. Aluminium : Alumina, Aluminium Metal and Aluminium Metal Products.

b. Copper : Continuous Cast Copper Rods, Copper Cathodes, Sulphuric Acid, DAP & Complexes, Gold and Silver.

c. Others : Caustic and Others.

ii) Inter-segment transfers are at market rates.

SCHEDULE '20' (Contd.)

iii) Information about Primary Segment is follows:

(₹ Crore)

Particulars	2010-11				2009-10			
	Aluminium	Copper	Others	Total	Aluminium	Copper	Others	Total
REVENUE								
External Sales	56,058.27	15,882.30	137.30	72,077.87	48,061.13	12,568.99	77.80	60,707.92
Inter-segment transfers	25.84	5.05	100.53	131.42	17.99	3.73	131.28	153.00
Total Revenue	56,084.11	15,887.35	237.83	72,209.29	48,079.12	12,572.72	209.08	60,860.92
RESULTS								
Segment Results	4,469.27	1,082.23	65.32	5,616.82	5,998.03	1,003.49	72.14	7,073.66
Unallocated Other Income				378.51				281.86
Unallocated Corporate Expenses				(312.80)				(70.62)
Interest Expenses				(1,839.34)				(1,104.14)
Tax Expenses				(963.84)				(1,828.91)
Minority Interest				(365.87)				(423.70)
Share in Profit/(Loss) of Associates (Net)				(57.11)				(2.68)
Net Profit				2,456.37				3,925.47
OTHER INFORMATION								
Assets:								
Segment Assets	58,914.64	12,073.12	313.24	71,301.00	45,821.27	10,506.40	343.94	56,671.61
Unallocated Corporate Assets				13,074.81				12,563.66
Total Assets				84,375.81				69,235.27
Liabilities:								
Segment Liabilities	14,555.04	4,288.74	19.68	18,863.46	12,393.06	2,854.83	28.60	15,276.49
Unallocated Corporate Liabilities				36,489.07				32,414.17
Total Liabilities				55,352.53				47,690.66
Capital Expenditure	8,196.44	192.14	19.37		5,828.15	145.58	9.66	
Non-Cash Expenses:								
Depreciation (including Impairment)	2,421.91	296.43	20.36		2,391.24	365.07	20.38	
Others	13.04	-	-		25.57	1.23	-	

(b) Secondary Segment (by Geographical demarcation):

i) The secondary segment is based on geographical demarcation i.e. India and Rest of the World.

ii) Information about Secondary Segment is follows:

(₹ Crore)

Particulars	2010-11			2009-10		
	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue	16,615.94	55,593.35	72,209.29	14,411.17	46,449.75	60,860.92
Segment Assets	30,368.07	40,932.93	71,301.00	22,199.11	34,472.50	56,671.61
Capital Expenditure	7,170.22	1,237.73	8,407.95	3,638.76	2,344.63	5,983.39

SCHEDULE '20' (Contd.)

19. Derivative Financials Instruments and Risk Management:

a) The Company has adopted Accounting Standard 30, "Financial Instruments: Recognition and Measurement" issued by The Institute of Chartered Accountants of India so far as it relates to derivative accounting.

b) In the ordinary course of business, the Company is exposed to risks resulting from changes in prices of commodity, exchange rate fluctuation and interest rate movements. It manages its exposure to these risks through derivative financial instruments. It uses derivative instruments such as forwards, futures, swaps and options to manage these risks. These derivative financial instruments reduce the impact of both favourable and unfavourable fluctuations. Except where noted, the derivative contracts are marked-to-market (MTM) and the related gains and losses are included in Profit and Loss Account in the current accounting period.

The Company's risk management activities are subject to the management, direction and control of Risk Management Board (RMB). The RMB is composed of two directors including Managing Director, Chief Financial Officer and other officers and employees selected by the Managing Director. The RMB reports to the Board of Directors on the scope of its activities.

The decision of whether and when to execute derivative financial instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. The tenure is always linked to the timing of the underlying exposure, with the connection between the two being regularly monitored.

The Company is exposed to losses in the event of non-performance by the counterparties to the derivative contracts. All derivative contracts are executed with counterparties that, in our judgment, are creditworthy. The credit levels are reviewed to ensure that there is not an inappropriate concentration of outstanding to any particular counterparty.

Commodity Price Risk

Copper and Precious Metals

This business is conducted under a conversion model. The prices of input and output are derived from the same benchmark and/or are linked to each other through a defined formula. The objective of risk management is to attempt to use derivatives to match the price fluctuations arising out of the timing mismatch in pricing the input and output so as to 'pass through' the change in input cost to customers to make the margins immune to the fluctuations in prices of the input and output.

Aluminium

This business is vertically integrated. The main raw material viz. bauxite (mostly mined from own mines) and other purchased raw materials do not have any linkage with the output price which is Aluminium LME prices. When the prices of input(s) and output(s) do not follow the above condition, then risk management attempts to use derivatives so as to protect the margins from adverse movements in prices on either side, i.e. from a rise in input cost or from a fall in output price.

As a condition of sale, customers often require the Company to enter into fixed price commitments. These commitments expose the Company to the risk of fluctuating aluminum prices between the time the order is committed and the time that the material is shipped. The Company may enter into derivative financial instruments to mitigate the risk arising out of the fixed price commitments. Consequently, the gain or loss resulting from movements in the price of aluminum on these contracts would generally be offset by an equal and opposite impact on the net sales and purchases being hedged.

Natural Gas

The Company purchases natural gas on the open market in Europe, Asia and South America which exposes the Company to market price fluctuations. The Company mitigates the future exposure to natural gas prices through the use of forward purchase contracts.

Electricity

The Company has entered into an electricity swap in North America to fix a portion of the cost of electricity requirement in North America

Foreign Currency Exchange Risk

Exchange rate movements, particularly the United States Dollar (USD) and Euro (EUR) against Indian Rupee (INR), have an impact on our operating results. In addition to the foreign exchange flow from exports, the commodity prices in the domestic market are derived based on the landed cost of imports in India where LME prices and USD/INR exchange rate are the main factors. In

SCHEDULE '20' (Contd.)

case of conversion business, the objective is to match the exchange rate of outflows and related inflows through derivative financial instruments. With respect to Aluminium business where costs are predominantly in INR, the strengthening of INR against USD adversely affects the profitability of the business and benefits when INR depreciates against USD. The company enters into various foreign exchange contracts to protect profitability.

The Company enters into various cross currency swaps to manage the exposure to fluctuating exchange rate arising from loans given to and net investments made in various European subsidiaries.

The Company also enters into various foreign exchange contracts to mitigate the risk arising out of foreign currency exchange rate movement in foreign currency contracts executed with foreign suppliers to procure capital items for its project activities.

Interest Rate Risk

The Company is exposed to changes in interest rates due to financing, investing and cash management activities. The Company enters into interest rate swap contracts to manage its exposure to changes in the benchmark LIBOR interest rate arising from various floating rate debts.

Net Investment Hedges

For derivative instruments that are designated as hedges of net investment in foreign operations, gains and losses on derivative instruments are included (net of taxes), to the extent the hedges are effective, in Cumulative Translation Adjustment (CTA). The ineffective portions of hedges of net investments in foreign operations, if any, are recognised as gains or losses and included in 'Other Expenses' in the Profit and Loss Account.

c) The Asset and Liability position of various outstanding derivative financial instruments is given below:

(₹ Crore)

Particulars	Nature of Risk being Hedged	31st March, 2011			31st March, 2010		
		Liability	Asset	Net Fair Value	Liability	Asset	Net Fair Value
Current							
Cash flow hedges							
- Commodity contracts	All cash flow risk other than foreign currency	(236.61)	200.52	(36.09)	(112.65)	6.06	(106.59)
- Interest rate contracts	Exchange rate movement risk	-	-	-	(64.85)	-	(64.85)
- Foreign currency contracts	Exchange rate movement risk	(11.73)	258.59	246.86	(98.71)	94.91	(3.80)
Fair value Hedges							
- Commodity contracts		-	40.45	40.45	-	-	-
Net Investment Hedges							
- Foreign currency contracts	Exchange rate movement risk	-	-	-	(1.50)	-	(1.50)
Non-designated hedges							
- Commodity contracts		(408.60)	289.14	(119.46)	(441.98)	679.84	237.86
- Foreign currency contracts		(96.70)	67.92	(28.78)	(60.70)	238.01	177.31
- Interest rate contracts		(15.88)	-	(15.88)	-	-	-
Total		(769.52)	856.62	87.10	(780.39)	1,018.82	238.43
Non - current							
Cash flow hedges							
- Commodity contracts	All cash flow risk other than foreign currency	(1.64)	-	(1.64)	(122.92)	-	(122.92)
- Interest rate contracts	Exchange rate movement risk	-	-	-	(8.78)	2.75	(6.03)
- Foreign currency contracts	Exchange rate movement risk	(0.05)	45.07	45.02	(14.94)	-	(14.94)
Net Investment Hedges							
- Foreign currency contracts	Exchange rate movement risk	-	-	-	(92.06)	-	(92.06)
Non-designated hedges							
- Commodity contracts		(105.90)	23.94	(81.96)	(4.64)	26.29	21.65
- Foreign currency contracts		(3.76)	7.04	3.28	(7.42)	4.47	(2.95)
- Interest rate contracts		(0.59)	-	(0.59)	-	-	-
Total		(111.94)	76.05	(35.89)	(250.76)	33.51	(217.25)
Grand Total		(881.46)	932.67	51.21	(1,031.15)	1,052.33	21.19

SCHEDULE '20' (Contd.)

d) The following table presents the outstanding position and fair value of various foreign currency derivative financial instruments:

Foreign currency forwards	Currency Pair	31st March, 2011 Average exchange rate	31st March, 2011 Notional Value (in Million)	31st March, 2011 Fair Value Gain/ (Loss) (₹ crore)	31st March, 2010 Average exchange rate	31st March, 2010 Notional Value (in Million)	31st March, 2010 Fair Value Gain/(Loss) (₹ Crore)
Cash flow hedges							
Buy	AUD_INR	44.77	9.84	2.11	-	-	-
Buy	CHF_INR	49.27	0.12	0.02	48.64	3.17	(1.44)
Buy	EUR_INR	64.10	117.95	9.08	68.26	173.66	(107.69)
Buy	GBP_INR	72.79	1.68	(0.18)	74.91	2.93	(1.62)
Buy	NOK_INR	7.86	2.37	0.03	8.14	40.58	(2.05)
Buy	USD_INR	45.98	23.30	(1.46)	47.03	5.57	(0.85)
Buy	BRL_USD	0.52	576.52	211.26	-	-	-
Buy	EUR_USD	1.36	62.44	19.45	-	-	-
Sell	USD_INR	48.92	175.00	35.15	49.55	219.63	94.47
Sell	BRL_USD	0.61	14.16	0.03	-	-	-
Sell	USD_AUD	0.97	68.60	16.39	1.11	12.30	0.44
Total				**291.88**			**(18.74)**
Net investment hedge							
Sell	EUR_USD	-	-	-	1.21	162.48	(93.56)
				-			**(93.56)**
Non-Designated							
Buy	AED_USD	3.67	25.46	(0.01)	-	-	-
Buy	AUD_INR	39.60	1.75	1.15	-	-	-
Buy	CHF_INR	49.55	0.12	0.03	47.08	0.54	(0.22)
Buy	EUR_INR	64.65	23.22	(0.73)	64.98	22.66	(8.77)
Buy	GBP_INR	73.59	0.66	(0.12)	67.97	0.33	0.02
Buy	NOK_INR	8.17	0.79	-	7.60	6.85	(0.02)
Buy	USD_INR	46.43	147.27	(9.83)	45.81	182.01	(10.25)
Buy	GBP_EUR	1.16	127.07	(3.73)	1.13	89.93	2.96
Buy	KRW_USD	-	726.88	26.56	-	260.31	25.82
Buy	USD_EUR	0.73	373.64	(43.57)	-	-	-
Buy	GBP_USD	1.59	86.50	(1.88)	1.66	90.28	(12.69)
Buy	USD_CHF	0.98	63.48	(11.61)	-	-	-
Buy	CAD_USD	0.98	53.73	10.92	-	-	-
Buy	USD_BRL	1.65	49.52	(0.33)	-	-	-
Buy	EUR_USD	1.37	0.37	0.08	1.41	32.74	(1.78)
Buy	CHF_USD	-	-	-	0.95	7.39	(0.04)
Buy	CHF_GBP	0.66	8.43	0.80	0.60	4.38	0.94
Buy	CHF_EUR	0.76	157.98	6.62	0.68	66.23	4.94
Buy	EUR_KRW	1,526.90	1.06	0.13	-	-	-
Buy	BRL_USD	-	-	-	0.50	256.03	53.95
Sell	USD_INR	-	-	-	49.46	67.85	23.63
Sell	SEK_GBP	-	-	-	0.09	0.78	(0.05)
Sell	KRW_EUR	-	-	-	-	0.34	(0.03)
Sell	KRW_USD	-	-	-	-	209.85	67.69
Sell	GBP_USD	-	-	-	1.57	27.59	4.10
Sell	GBP_EUR	-	-	-	1.15	32.84	3.90
Sell	EUR_USD	-	-	-	1.40	192.91	32.94
Sell	DKK_EUR	-	-	-	0.13	0.30	-
Sell	CHF_USD	-	-	-	0.96	22.67	(0.69)
Sell	CHF_EUR	-	-	-	0.68	9.77	(10.69)
Sell	CAD_USD	-	-	-	0.98	49.85	(0.29)
Sell	BRL_USD	-	-	-	0.56	16.50	(0.13)
Sell	SEK_EUR	-	-	-	0.10	0.30	-
Sell	AUD_GBP	-	-	-	0.55	0.70	(0.88)
Total				**(25.50)**			**174.36**

SCHEDULE '20' (Contd.)

e) The following table presents the outstanding position and fair value of various commodity derivative financial instruments as at 31st March, 2011:

Commodity Futures/ Forwards		Average Price (USD/Unit)	Qty	Unit	Notional value (USD in millions)	Fair Value Gain/(Loss) (₹ Crore)
Cash Flow Hedge						
Aluminium	Sell	2,562.13	291,450.00	MT	773.43	166.27
Gold	Sell	1,384.92	128,873.00	TOZ	178.48	(23.51)
Silver	Sell	29.86	1,755,908.00	TOZ	52.43	(59.74)
Copper	Sell	8,517.00	28,750.00	MT	244.86	(117.75)
Total						**(34.73)**
Fair Value Hedge						
Aluminium		2,259.95	24,685.00	MT	64.65	40.45
Total						**40.45**
Non Designated hedges						
Aluminium	Buy	2,492.99	323,350.00	MT	844.73	213.95
Aluminium	Sell	2,469.03	465,689.00	MT	1,213.95	(204.74)
Copper	Buy	9,360.11	16,475.00	MT	154.21	7.35
Copper	Sell	9,453.72	30,925.00	MT	292.36	2.27
Gold	Buy	1,428.60	595.00	TOZ	0.85	(0.18)
Gold	Sell	1,364.49	33,347.00	TOZ	45.50	(27.04)
Silver	Buy	37.93	16,080.00	TOZ	0.61	2.75
Silver	Sell	22.00	138,183.00	TOZ	3.04	(43.77)
Electricity	Buy	90.15	1,420,384.00	MWh	45.92	(131.11)
Natural Gas	Buy	5.09	6,670,000.00	MMBtu	33.97	(10.02)
Total						**(190.55)**
Commodity Options						
Cash Flow Hedge						
Copper	Sell	9,022.00	1,250.00	MT	11.28	(3.01)
Total						**(3.01)**
Non Designated hedges						
Aluminium	Sell	2,515.65	30,000.00	MT	75.47	(9.53)
Copper	Sell	*	-	MT	-	(0.88)
Total						**(10.41)**
Commodity Swaps- Non						
Designated hedges						
Aluminium	Sell	*	-	MT	-	(0.45)
Total					-	**(0.45)**

***Represent derivatives matured within 31st March, 2011 for which cash flow to happen on settlement date during April, 2011.**

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE '20' (Contd.)

e) The following table presents the outstanding position and fair value of various commodity derivative financial instruments as at 31st March, 2010:

Commodity Futures/ Forwards		Average Price (USD/Unit)	Qty	Unit	Notional value (USD in millions)	Fair Value Gain/(Loss) (₹ Crore)
Cash flow hedges						
Aluminium	Sell	2,320.91	11,000.00	MT	25.53	(0.15)
Gold	Sell	1,032.61	207,144.00	TOZ	213.90	(67.11)
Silver	Sell	16.58	1,123,556.00	TOZ	18.63	(3.78)
Electricity	Buy	32.33	1,671,040.00	MWh	54.02	(157.10)
Total						**(228.14)**
Non-Designated Hedges						
Copper	Buy	7,508.11	3,700.00	MT	27.78	10.43
Copper	Sell	7,589.29	2,800.00	MT	21.25	(11.47)
Aluminium	Buy	2,036.47	541,860.00	MT	1,103.48	589.53
Aluminium	Sell	2,266.85	482,406.00	MT	1,093.54	(253.74)
Gold	Buy	1,107.08	551.00	TOZ	0.61	(0.65)
Gold	Sell	1,109.66	6,137.00	TOZ	6.81	(22.00)
Silver	Buy	*	-		-	0.01
Silver	Sell	17.00	242,356.00	TOZ	4.12	(2.63)
Mid-West Premium	Buy	0.06	-	Lbs	-	(0.06)
Natural Gas	Buy	5.91	4,200,000.00	MMBtu	24.84	(25.79)
Total						**283.63**
Commodity options						
Cash flow hedges						
Copper	*Sell*		1,375.00	MT	10.71	(0.80)
Total						**(0.80)**
Non-Designated Hedges						
Copper	Sell	*	5,300.00	MT	40.03	(9.84)
Aluminium	Sell	3,660.00*	2,250.00	MT	14.49	(0.26)
Aluminium	Buy	2,803.03	1,188.00	MT	3.33	2.79
Total						**(7.31)**
Commodity Swaps						
Cash flow hedges						
Copper	*Sell*	7,664.00	1,375.00	MT	10.54	(0.57)
Total						**(0.57)**
Non-Designated Hedges						
Copper	Sell	7271*	6,050.00	MT	43.99	(15.07)
Aluminium	Sell	*	-	MT	-	(1.73)
Total						**(16.80)**

***Represent derivatives matured within 31st March, 2010 for which cash flow to happen on settlement date during April, 2010.**

SCHEDULE '20' (Contd.)

f) The following table presents the outstanding position and fair value of various interest rate derivative financial instruments:

		As of 31-Mar-2011			As of 31-Mar-2010		
Interest rate swaps	**Fixed leg**	**Average price (USD/Unit)**	**Notional value (USD in millions)**	**Fair value (₹ Crore)**	**Average price (USD/Unit)**	**Notional value (USD in millions)**	**Fair value (₹ Crore)**
Cash flow hedges							
1M USD Libor	Pay fixed				1.65%	520.00	(30.01)
3M Euribor	Pay fixed				2.21.%	60.00	(5.88)
3M USD Libor	Pay fixed				2.15%	465.00	(34.99)
Non-Designated Hedges							
1M USD Libor	Pay fixed	1.97%	220.00	(16.47)			
Total			**220.00**	**(16.47)**		**1,045.00**	**(70.88)**

g) The following table presents details of amount held in Hedging Reserve and the period during which these are going to be released and affecting Profit & Loss Account:

₹ Crore

		31st March, 2011			31st March, 2010		
		Closing Value in Hedging Reserve as at 31st March, 2011	Release		Hedging Reserve as at 31st March, 2011	Release	
Hedge Instrument Type	Products/ Currency Pair		In less than 12 Months	After 12 Months		In less than 12 Months	After 12 months
		Gain/(Loss)	Gain/(Loss)	Gain/(Loss)	Gain/(Loss)	Gain/(Loss)	Gain/(Loss)
Commodity Forwards	Aluminium	152.20	152.70	(0.50)	(0.18)	(0.18)	
	Gold	(23.10)	(23.10)	-	(36.51)	(36.51)	
	Silver	(59.30)	(59.30)	-	(4.56)	(4.56)	
	Copper	(5.30)	(3.70)	(1.60)			
	Electricity	(137.30)	(25.90)	(111.40)	(160.09)	(23.78)	(136.30)
	Total	**(72.80)**	**40.70**	**(113.50)**	**(201.34)**	**(65.03)**	**(136.30)**
Commodity Swaps	Copper	-	-	-	(0.56)	(0.56)	
Commodity Option	Copper	-	-	-	(0.39)	(0.39)	
Debt		44.80	44.80	-	64.92	64.92	
Interest rate swaps	1M USD Libor	-	-	-	(29.55)	(40.33)	10.79
	3M Euribor	-	-	-	(5.61)	(0.59)	(5.02)
	3M USD Libor	-	-	-	(25.80)	7.00	(32.80)
	Total			**-**	**(60.96)**	**(33.92)**	**(27.04)**
Foreign currency Forwards	AUD_INR	4.90	4.90	-	-	-	-
	CHF_INR	0.02	0.02	-	(1.44)	(0.69)	(0.75)
	EUR_INR	(6.73)	(6.73)	-	(107.17)	(93.54)	(13.64)
	GBP_INR	(0.26)	(0.26)	-	(1.62)	(1.38)	(0.23)
	NOK_INR	(0.30)	(0.30)	-	(2.05)	(1.76)	(0.29)
	USD_INR	30.87	30.87	-	93.24	93.24	-
	USD_EUR	25.39	-	25.39	-	-	-
	USD_BRL	78.72	36.54	42.18	-	-	-
	USD_AUD	5.80	5.80	-	0.31	0.31	-
	Total	**138.41**	**70.84**	**67.57**	**(18.73)**	**(3.82)**	**(14.91)**
	Grand Total	**110.41**	**156.34**	**(45.93)**	**(217.05)**	**(38.80)**	**(178.25)**

SCHEDULE '20' (Contd.)

h) The following table presents the amount of gain/(loss) recognized in Hedging Reserve and recycled during the year 2010-11:

(₹ Crore)

Item	Opening Balance	Net Amount recognised	Recycled			CTA	Closing Balance
			Net Amount to P&L	Net Amount added to Non-Financial Assets	Total Amount recycled		
Commodity	(202.28)	(194.95)	(345.33)	20.91	(324.42)	-	(72.81)
Forex	46.19	79.11	24.92	(82.84)	(57.92)	-	183.22
Interest	(60.96)	(34.00)	(95.42)	-	(95.42)	(0.46)	-
Total	**(217.05)**	**(149.84)**	**(415.83)**	**(61.93)**	**(477.76)**	**(0.46)**	**110.41**

The following table presents the amount of gain/(loss) recognized in Hedging Reserve and recycled during the year 2009-10:

(₹ Crore)

Item	Opening Balance	Net Amount recognised	Net Amount Recycled to P&L	CTA	Closing Balance
Commodity	(89.00)	(320.35)	(191.79)	15.27	(202.28)
Forex	-	257.44	211.25	-	46.19
Interest	(83.72)	13.42	-	9.35	(60.96)
Total	**(172.72)**	**(49.49)**	**19.46**	**24.62**	**(217.05)**

i) The following table presents the amount of gain/ (loss) recycled from Hedging Reserve and reference of the line item in Profit & Loss Account where those amounts are included:

₹ Crore

Schedule No.	Schedule Line Item	2010-11	2009-10
15	Net Sales	(344.72)	(187.92)
18	Raw Materials Consumed	(8.63)	230.58
18	(Gain)/Loss in change in Fair value of derivatives (net)	62.47	23.20

Sensitivities

The following table presents the estimated potential changes in the fair values of the foreign currency derivative financial instruments given a 10% changes in their respective indexes.

₹ Crore

Currency Pair	Change in Rate/ Price	Change in Fair Value	31st March, 2011			31st March, 2010		
			Change in Profit & Loss Account	Change in Hedging Reserve	Change in Fair Value	Change in Profit & Loss Account	CTA	Change in Hedging Reserve
USD_INR	10%	1.84	(60.09)	61.93	212.78	111.91		100.87
EUR_INR	10%	88.82	17.31	71.51	118.52	13.71		104.81
GBP_INR	10%	1.67	0.54	1.14	2.21	0.22		1.98
NOK_INR	10%	0.23	-	0.23	3.20	0.47		2.74
CHF_INR	10%	0.11	-	0.11	1.43	0.21		1.22
AUD_INR	10%	5.30	1.17	4.13	-	-		-
CHF_USD	10%	49.12	49.12	-	19.28	19.28		-
GBP_USD	10%	31.26	31.26	-	2.82	2.82		-
CAD_USD	10%	22.33	22.33	-	20.17	20.17		-
KRW_USD	10%	80.37	80.37	-	21.07	21.07		-
BRL_USD	10%	183.07	17.02	166.04	91.01	91.01		-
EUR_USD	10%	107.40	89.58	17.81	178.15	95.67	82.49	-
USD_AUD	10%	29.76	18.69	11.07	4.16	-		4.16
Debt	10%	325.46	325.46	-	297.46	28.53		268.93

SCHEDULE '20' (Contd.)

The following table presents the estimated potential change in the fair values of the commodity derivative financial instruments, given a 10% change in their respective indexes (LME in case of Aluminium and Copper, LBMA in case of Gold and Silver, NYMEX NYISO Zone, a Peak Rate in the case of Electricity).

₹ Crore

Types of Derivative	Change in Rate/ Price	31st March, 2011			31st March, 2010		
		Change in Fair Value	Change in Profit & Loss Account	Change in Hedging Reserve	Change in Fair Value	Change in Profit & Loss Account	Change in Hedging Reserve
Forwards	10%	409.91	(76.29)	486.18	198.31	90.95	101.77
Options	10%	89.72	25.6	64.11	14.45	10.51	3.95

The following table presents the estimated potential change in the fair values of the interest rate derivative financial instruments, given a 10% change in their respective indexes (USD Libor in case of Interest rate swaps)

₹ Crore

Types of Derivative	Change in Rate/ Price	31st March, 2011			31st March, 2010		
		Change in Fair Value	Change in Profit & Loss Account	Change in Hedging Reserve	Change in Fair Value	Change in Profit & Loss Account	Change in Hedging Reserve
1M USD Libor	100 bps	8.93	8.93		2.94		2.94
3M Euribor	100 bps				1.28		1.28
3M USD Libor	100 bps				7.48		7.48

20. Disclosure in respect of Related Party pursuant to Accounting Standard 18:

(a). List of Related Parties:

(i) Associates:

Aditya Birla Science and Technology Company Limited

Idea Cellular Limited

Aluminium Norf GmbH

Consorcio Candonga

MiniMRF LLC (Delaware)

Deutsche Aluminium Verpackung Recycling GmbH

France Aluminium Recyclage SA

(ii) Joint Ventures:

Mahan Coal Limited

Hydromine Global Minerals (GMBH) Limited

(iii) Trust:

Trident Trust

(iv) Key Managerial Personnel:

Mr. D. Bhattacharya - Managing Director

SCHEDULE '20' (Contd.)

(b). The following transactions were carried out with the related parties in the ordinary course of business:

(i). **Associates and Joint Ventures:**

(₹ Crore)

	2011		2010	
	Associates	**Joint Ventures**	**Associates**	**Joint Ventures**
Transactions during the year ended 31st March:				
Service Received	1,055.43	-	1,155.19	-
Purchase of Goods/ Power	-	-	5.45	-
Service Rendered	0.13	-	0.15	-
Interest and Dividend Received	8.88	-	11.12	-
Investments, Deposits, Loans and Advances given	95.43	11.14	33.58	1.74
Investments, Deposits, Loans and Advances received	72.00	1.00	16.61	-
Balance as at 31st March:				
Debit Balance	125.94	-	108.01	-
Credit Balance	223.14	-	238.86	-
Investments, Deposits, Loans and Advances	4,393.79	12.71	4,256.18	2.57

(ii). **Trust:**

(₹ Crore)

	2010-11	**2009-10**
Beneficiary Interest in Trust	34.45	34.45

(iii). **Key Managerial Personnel**:

(₹ Crore)

	2010-11	**2009-10**
Managerial Remuneration (including perquisites) *	18.01	13.88

* Excluding gratuity, leave encashment provisions and employee compensation under Employee Stock Option Scheme.

21. Figures of previous year have been regrouped/ rearranged wherever necessary.

As per our report annexed.
For SINGHI & CO.
Chartered Accountants

For and on behalf of the Board of Hindalco Industries Limited

RAJIV SINGHI
Partner
Membership No. 53518

S. Talukdar
Group Executive President & CFO

Kumar Mangalam Birla – *Chairman*
D. Bhattacharya – *Managing Director*
M. M. Bhagat – *Director*

Camp: Mumbai
Dated: The 30th day of May, 2011

Anil Malik
Company Secretary

FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2011

₹ Crore

	Name of the Subsidiary Company	Country	Capital	Reserves	Total Assets	Total Liabilities	Investments **	Turnover/ Revenues	Profit/ (Loss) before Tax	Provision for Tax	Profit/ (Loss) after Tax	Proposed Dividend
1	Indal Exports Limited $	India	-	-	-	-	-	0.16	0.13	0.03	0.10	-
2	Minerals & Minerals Limited	India	0.05	1.12	1.60	0.43	-	0.48	0.01	0.01	0.00	-
3	Renuka Investments & Finance Limited	India	9.25	36.15	45.83	0.43	33.24	2.81	2.63	0.67	1.96	-
4	Renukeshwar Investments & Finance Limited	India	4.80	25.79	30.61	0.02	26.58	1.37	1.35	0.17	1.18	-
5	Suvas Holdings Limited	India	3.97	(0.10)	3.92	0.05	-	0.06	(0.08)	0.02	(0.10)	-
6	Utkal Alumina International Limited	India	1,138.16	(17.76)	3,226.73	2,106.33	120.19	0.88	(2.32)	0.03	(2.35)	-
7	Aditya Birla Chemicals (India) Limited	India	23.39	328.66	436.98	84.93	46.02	253.03	71.44	9.14	62.30	1.17
8	Hindalco-Almex Aerospace Limited	India	92.37	(24.92)	104.61	37.16	0.00	24.22	(3.02)	-	(3.02)	-
9	HAAL USA Inc ***	USA	0.00	0.11	0.11	(0.00)	-	0.27	(0.01)	-	(0.01)	-
10	Lucknow Finance Company Limited	India	12.00	9.98	22.84	0.86	7.05	2.07	1.84	0.50	1.34	-
11	Dahej Harbour and Infrastructure Limited	India	50.00	296.21	370.59	24.38	155.02	66.79	43.77	7.61	36.16	-
12	East Coast Bauxite Mining Company Private Limited	India	0.01	(0.02)	0.01	0.01	-	-	(0.00)	-	(0.00)	-
13	Tubed Coal Mines Limited	India	6.95	(0.10)	7.16	0.31	-	0.07	(0.01)	0.02	(0.03)	-
14	Mauda Energy Limited	India	0.15	-	0.15	0.00	-	-	-	-	-	-
15	Aditya Birla Minerals Limited *	Australia	2,079.78	57.76	2,385.69	248.15	-	61.25	58.13	(3.27)	61.41	-
16	Birla Nifty Pty Limited ^ *	Australia	403.41	1,028.87	2,181.66	749.37	-	1,928.45	549.67	165.67	383.99	-
17	Birla Maroochydore Pty Limited ^ *	Australia	46.15	(35.83)	60.80	50.49	-	0.00	(11.02)	(3.31)	(7.72)	-
18	Birla Mt Gordon Pty Limited ^ *	Australia	110.76	(448.02)	354.72	691.98	-	73.74	(167.70)	(50.31)	(117.39)	-
19	Birla Resources Pty Limited *	Australia	3.00	(0.00)	3.04	0.05	-	0.21	(0.00)	-	(0.00)	-
20	A V Minerals (Netherlands) B.V. *	Netherlands	10,019.67	(1,861.13)	8,158.54	-	-	0.68	(362.74)	-	(362.74)	-
21	A V Metals Inc # *	Canada	8,091.50	(17.07)	8,074.43	0.00	-	-	(0.46)	-	(0.46)	-
22	A V Aluminum Inc $$ *	Canada	-	-	-	-	-	-	-	-	-	-
23	Novelis Inc. # # *	Canada	-	(15.68)	19,526.75	19,542.43	-	4,768.41	4,063.44	46.50	4,016.93	-
24	4260848 Canada Inc. @ *	Canada	549.88	1.06	550.94	-	-	-	2.32	-	2.32	-
25	4260856 Canada Inc. @ *	Canada	824.79	(5.76)	819.03	-	-	-	3.49	-	3.49	-
26	Novelis No. 1 Limited Partnership @ *	Canada	0.00	425.89	430.79	4.90	-	-	(5.59)	-	(5.59)	-
27	Novelis Brand LLC (Delaware) @ *	USA	0.00	222.59	653.39	430.79	-	-	90.96	-	90.96	-
28	Novelis South America Holdings LLC @ *	USA	0.00	-	0.00	-	-	-	(0.00)	-	(0.00)	-
29	Aluminum Upstream Holdings LLC (Delaware) @ *	USA	0.00	(0.00)	0.00	-	-	-	(0.00)	-	(0.00)	-
30	Novelis (India) Infotech Ltd. @ *	India	20.73	2.52	26.69	3.45	-	22.68	3.92	0.09	3.83	-
31	Novelis Corporation (Texas) @ *	USA	7,482.43	(3,781.13)	10,925.34	7,224.03	1.98	18,522.11	215.54	82.21	133.33	-
32	Novelis de Mexico SA de CV @ *	Mexico	0.03	0.17	0.32	0.11	-	-	-	-	-	-
33	Novelis do Brasil Ltda. @ *	Brazil	(267.81)	2,645.56	6,424.57	4,046.82	196.21	5,485.27	328.11	198.68	129.43	-
34	Novelis Madeira, Unipessoal, Lda @ *	Portugal	0.03	119.26	546.85	427.56	-	1,907.92	43.88	0.00	43.87	-
35	Novelis Korea Limited @ *	Korea	0.47	1.62	3.89	1.80	-	7.63	0.69	0.08	0.61	-
36	Alcom Nikkei Specialty Coatings Sdn Berhad @ *	Malaysia	18.02	33.41	93.13	41.71	-	183.29	1.35	0.12	1.23	-
37	Aluminum Company of Malaysia Berhad @ *	Malaysia	197.60	85.28	338.08	55.20	-	430.07	11.57	2.65	8.92	-
38	Al Dotcom Sdn. Berhad @ *	Malaysia	0.00	-	0.00	-	-	-	-	-	-	-
39	Novelis UK Ltd. @ *	England	1,201.91	(960.32)	788.44	546.84	-	2,048.55	33.10	(46.01)	79.11	-
40	Novelis Services Limited @ *	Wales	0.04	2.12	262.68	260.51	-	205.08	32.76	17.46	15.30	-
41	Novelis Deutschland GmbH @ *	Germany	704.86	87.03	3,861.29	3,069.40	420.96	13,002.56	587.92	0.85	587.07	-
42	Novelis Aluminium Beteiligungs GmbH @ *	Germany	0.16	0.15	0.31	0.01	-	-	(0.00)	-	(0.00)	-
43	Novelis Switzerland SA @ *	Switzerland	24.30	209.38	986.46	752.78	-	2,065.58	52.80	6.97	45.83	-
44	Novelis Laminés France SAS @ *	France	19.60	17.60	38.87	1.67	-	7.01	1.64	0.56	1.08	-
45	Novelis Italia SPA @ *	Italy	606.88	(108.65)	1,035.32	537.10	-	1,296.52	12.69	4.33	8.36	-
46	Novelis Benelux NV @ *	Belgium	-	-	-	-	-	-	-	-	-	-
47	Novelis Aluminium Holding Company @ *	Ireland	967.21	1,638.62	5,234.13	2,628.31	-	600.60	398.78	159.05	239.73	-
48	Novelis Luxembourg SA @ *	Luxembourg	518.91	(372.42)	430.24	283.74	-	777.03	(19.28)	(5.63)	(13.65)	-
49	Novelis Cast House Technology Ltd. @ *	Canada	-	-	-	-	-	-	-	-	-	-
50	Eurofoil Inc. (USA) (New York) @ *	USA	-	-	0.00	0.00	-	-	-	-	-	-

FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2011

₹ Crore

Name of the Subsidiary Company	Country	Capital	Reserves	Total Assets	Total Liabilities	Investments **	Turnover/ Revenues	Profit/ (Loss) before Tax	Provision for Tax	Profit/ (Loss) after Tax	Proposed Dividend
51 Novelis PAE Corporation (Delaware) @ *	USA	1.45	0.15	1.59	0.00	-	-	-	-	-	-
52 Novelis PAE SAS @ *	France	25.54	40.67	214.72	148.50	-	113.69	4.34	1.20	3.13	-
53 Novelis Foil France SAS @ *	France	51.83	(149.45)	563.55	661.17	-	615.06	(62.15)	(1.60)	(60.55)	-
54 Novelis Belgique SA @ *	Belgium	126.43	(106.56)	24.12	4.25	-	-	0.60	-	0.60	-
55 Novelis Europe Holdings Limited @ *	Wales	1,184.99	(37.15)	2,226.16	1,078.31	-	-	190.46	(0.21)	190.67	-
56 Novelis Technology AG @ *	Switzerland	2.43	2.01	4.47	0.03	-	-	(0.07)	(0.00)	(0.07)	-
57 Novelis AG @ *	Switzerland	4.86	1,006.30	4,520.78	3,509.63	-	348.65	144.92	19.12	125.80	-
58 Logan Aluminium Inc. (Delaware) @ *	USA	0.00	(122.29)	598.49	720.77	-	1,575.17	2.15	0.12	2.03	-
59 Evermore Recycling LLC (J-V) @ *	USA	-	2.25	2.25	-	-	-	(0.62)	-	(0.62)	-
60 ALBRASILIS - Aluminio do Brasil Industria e Comércio Ltda @ *	Brazil	-	-	-	-	-	-	-	-	-	-
61 Novelis North America Holdings Inc. @*	USA	2.16	(3,771.80)	11,636.70	15,406.35	-	19,271.33	233.95	14.34	219.61	-

* Balance sheet items are translated at closing Exchange rate and Profit/(Loss) items are translated at average exchange rate.
*** Subsidiary of Hindalco-Almex Aerospace Limited.
^ Subsidiary of Aditya Birla Minerals Limited.
\# Subsidiary of AV Minerals (Netherlands) B.V.
\# # Subsidiary of AV Metals Inc.
@ Subsidiary of Novelis Inc.
$ Dissolved on 4th March,2011.
$$ Amalgamated with Novelis Inc w.e.f. 29 th September, 2010.
** Excluding Investment in Subsidiaries.

Note: The Ministry of Corporate Affairs, Government of India vide its Circular No. 5/12/2007-CL-III dated 8th February, 2011 has granted general exemption under Section 212(8) of the Companies Act, 1956, from attaching the balance sheet, profit and loss account and other documents of the subsidiary Companies to the balance sheet of the Company provided certain conditions are fulfilled. However, annual accounts of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary companies investor's seeking such information at any point of time. The annual accounts of the subsidiary companies are available for inspection by any shareholder's at the Registered office of the Company. The annual accounts of the subsidiary company is also available for inspection at their respective registered office.

ADITYA BIRLA

HINDALCO

VISION, MISSION & VALUES

Vision

"To be a premium metals major, global in size and reach, excelling in everything we do, and creating value for its stakeholders"

Mission

"To relentlessly purse the creation of superior shareholder value by exceeding customer expectations profitably, unleashing employee potential and being a responsible corporate citizen adhering to our values"

Values

Integrity *Honesty in every action.*

Commitment *Doing whatever it takes to deliver, as promised.*

Passion *Missionary zeal arising out of an emotional engagement with work.*

Seamlessness *Thinking and working together across functional silos, hierarchy levels, businesses and geographies.*

Speed *Responding to stakeholders with a sense of urgency.*

HINDALCO & ITS SUBSIDIARIES/JVs

Hindalco Industries Limited	:	Aluminium, Copper
<u>Subsidiaries</u>		
• Novelis Inc., Canada	:	Aluminium Rolled Products
• Aditya Birla Chemicals (India) Limited	:	Caustic Soda, Liquid Chlorine, Hydrochloric Acid
• Aditya Birla Minerals Limited	:	Copper Mining
• Hindalco-Almex Aerospace Limited	:	Aerospace Alloy
• Utkal Alumina International Limited	:	Alumina
• Dahej Harbour & Infrastructure Limited	:	Handling of Captive Cargo (Copper Unit) and Commercial Cargo
• Novelis (India) Infotech Ltd.	:	Information Technology Services
• Tubed Coal Mines Ltd.	:	Mining
<u>Joint Ventures</u>		
• Mahan Coal Limited	:	Mining

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