



Good things come to those who *innovate.*  
To those who weather the storm,  
who challenge the norms,  
who stay true to their vision, values and beliefs.

To those who follow their *passion,*  
stick to their commitments and keep  
their heads up high in times of difficulty.

As we continue on our path to growth & success  
we will tackle setbacks and difficulties with the same focus,

*persistence*  
*strength*  
that we believe in.

ANNUAL REPORT | 2012 - 2013

ADITYA BIRLA CHEMICALS (INDIA) LIMITED



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

***DIRECTORS***

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

***MANAGING DIRECTOR***

Shri V. R. Agrawal

***UNIT HEAD (REHLA)***

Shri B. B. Dixit

***COMPANY SECRETARY***

Shri Akash Mishra

***BANKERS***

HDFC Bank Limited  
Bank of Baroda  
State Bank of India  
Axis Bank Limited

***STATUTORY AUDITORS***

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

***COST AUDITORS***

M/s. R. Nanabhoy & Co.  
Cost Accountants,  
Mumbai

***REGISTERED OFFICE***

“Ghanshyam Kunj”  
Garhwa Road, P.O. Rehla-822 124  
Dist. Palamau (Jharkhand)  
Phone : (06584) 262 211, 262 221, 262 488  
Fax No: (06584) 262 205

***MANUFACTURING UNITS***

- (1) Garhwa Road, P.O. Rehla - 822 124  
District – Palamau (Jharkhand)  
(2) Renukoot Chemical Division,  
P.O. Renukoot – 231 217  
District – Sonbhadra (Uttar Pradesh)

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## DIRECTORS' REPORT TO SHAREHOLDERS

**Dear Shareholders,**

We are pleased to present the 37th Annual Report together with the Annual Accounts of your Company for the financial year ended 31st March 2013.

**FINANCIAL PERFORMANCE**

The performance of the Company for the Financial Year ended 31st March 2013 is summarised below :

	(₹ in crores)	
	<u>2012-2013</u>	<u>2011-2012</u>
Gross Turnover	840.85	665.18
Gross Profit/(Loss)	105.76	70.67
Depreciation	(60.02)	(54.02)
Profit before Tax	45.74	16.65
Provision for current tax	(9.84)	(3.33)
Provision for deferred tax	(26.06)	(11.61)
MAT Credit Entitlement	9.81	3.33
Current Tax adjustment for earlier years	-	(0.75)
Profit/(Loss)after Tax	19.65	4.29
Balance brought forward from previous year	279.04	276.11
Balance available for Appropriation	298.69	280.40
<b>APPROPRIATIONS :</b>		
Proposed Dividend	2.34	1.17
Tax on Proposed Dividend	0.39	0.19
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	295.96	279.04

The journey of excellence of your Company has been furthered by commissioning of its expansion of Caustic Soda project at Renukoot (U.P.). It is commendable that despite the pressure of increasing input costs for power, coal and other raw materials and the unstable supply of power from the grid, the Company has succeeded in maintaining its excellent business performance.

The financial data of the Company for the previous year are inclusive of the financial data of Renukoot Chemical Division from post acquisition period i.e. 24th May 2011; hence these are not fully comparable with the current year's financial data. The Net Sales of your Company grew significantly from Rs. 609.08 crores in the F.Y. 2011-12 to Rs. 755.21 crores in F.Y. 2012-13. Your Company also registered a impressive rise in its operating profit, from Rs. 151.37 crores in F.Y. 2011-12 to Rs. 196.10 crores in F.Y. 2012-13. The interest cost was up from Rs. 80.70 crores in F.Y. 2011-12 to Rs. 90.34 crores in F.Y. 2012-13. Depreciation expenses also increased from Rs. 54.02 crores in F.Y. 2011-12 to Rs. 60.02 crores in F.Y. 2012-13. These factors led to a higher profit before tax at Rs. 45.74 crores, against the preceding year's Rs. 16.65 crores. After tax adjustment, the net profit significantly soared to Rs. 19.65 crores, compared to Rs. 4.29 crores in the previous year.

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

**DIVIDEND**

Your Directors recommend a dividend @ 10% i.e. Re. 1.00 per share on the paid up equity share of Rs. 10/- each of the Company.

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

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

#### EXPANSION

Your Company has commissioned and commenced commercial production from its expansion of Caustic Soda project at Renukoot (U.P.) having a capacity to manufacture 145 MT per day of Caustic Soda. Your Company has incorporated latest state of art energy efficient and environment friendly membrane cell technology. The management is also exploring various measures to expand the business of the Company.

As reported earlier, your Company has started the new project of 30 MW Captive Co-generation Power Plant at Rehla, which will be commissioned by June 2014.

#### AWARDS AND ACCOLADES

Your directors are pleased to share with you that your Company has received the "Environment Excellence Gold Award-2012" in Chemical sector by Green Tech Foundation. Moreover, for the exemplary work in communities, your Company has bagged Company received the "ICC Award for Social Responsibility 2012" for outstanding contribution towards Agriculture & Watershed Development.

#### COMMUNITY SERVICES

Your Company has been working constantly to make a qualitative difference to the lives of the underprivileged people leaving near its area of operations. Your Company serves 76,000 people leaving below the poverty line in 47 villages. Your Company has successfully undertaken major initiatives in education, healthcare, livelihood, women empowerment and agriculture improvement programs with a focus on sustainable development through innovative and need based initiatives.

Your Company's CSR team works in collaboration with the Birsa agriculture university, NABARD, DRDA, PRIs, Kisan mitra, Gram Siksha Committees, Village Development Committees as well as several Government programs like MNREGA, NHRM etc. The Community Initiatives and CSR projects have achieved unprecedented success. The performance demonstrated in this field has always fostered the image of your Company as a social, caring and responsible corporate citizen.

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

Your Company is committed to the safety of employees and has engaged all stakeholders', involved directly or indirectly, activities related to safety. Your Company has taken various steps to promote safety, health and pollution control.

Your Company is continuing the safety service of M/s DuPont India Pvt. Ltd since January 2012. We are committed to implement world class safety standards and embedding a safety culture throughout the organization. Our team is working to implement the safety standards that are being suggested by DuPont experts.

Your Company has installed the hardware to implement safety standards and is continuously upgrading the plant's process safety through better instrumentation and control. The 145 TPD Caustic Soda plant, using environment friendly and energy efficient state-of-the-art technology from UHDE, has been commissioned as per the schedule. High pressure alarm in chlorine storage tank has been connected to DCS to avoid over pressurization and Anti-collision devices have been installed in chlorine filling cranes. To strengthen the safety systems, additional chlorine sensors have been installed in the chlorine bottling and liquid chlorine storage tanks. Moreover, Motorized Sky lift for safe working at height, fork lift and Motorized Jumbo trolley for safe Materials Handling, Pull cord as safety trip devices in salt conveyor and Audio visual caution alarm in railway siding during arrival of rail rack are used on regular basis.

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

#### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association, Shri Askaran Agarwala and Shri Jagdish Chandar Chopra, Directors, retire by rotation in the ensuing Annual General Meeting of the Company and

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

being eligible, offer themselves for re-appointment in the ensuing General Meeting.

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

### **CORPORATE GOVERNANCE**

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

### **LISTING OF SHARES**

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

### **TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

During the year under review, unpaid/unclaimed dividend for financial year 2004-05 has been transferred to the Investor Education & Protection Fund.

### **FIXED DEPOSITS**

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

### **AUDITORS AND AUDITORS' REPORT**

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

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

### **COST AUDIT**

In line with the requirement of the Central Govt. and pursuant to Section 233B of the Companies Act, 1956, the Company carries out an audit of cost accounts relating to its products every year. The Company has appointed M/s. R. Nanabhoy & Co., Cost Accountants, Mumbai, to audit the cost accounts relating to its products for the financial year 2013-14. A Certificate from the Cost Auditors has been received to the effect that their appointment would be within the limits prescribed under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for appointment within the meaning of section 226 of the said Act. The due date for filing of the Cost Audit Report is 180 days from the close of financial year, which was extended by the authority for financial year 2011-12 due to induction of XBRL mode, and the Cost Audit Report of the Company for the financial year 2011-12 was filed on 26.01.2013 within the extended due date.

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

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

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

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

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

#### CODE OF CONDUCT

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

#### DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors wish to inform that the Audited Accounts containing Financial Statements for the financial year ended 31st March 2013 are in full conformity with requirements of the Companies Act, 1956. Your Directors believe that the Financial Statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and result of operations.

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

- i) in the presentation of the Annual Accounts, applicable accounting standards have been followed ;
- ii) the accounting policies have been consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of your Company as at 31st March 2013 and of the profit for the financial year ended 31st March 2013;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities ;
- iv) the annual accounts of your Company have been prepared on a going concern basis ;
- v) the Company's Internal Auditors had conducted periodic audits to provide reasonable assurance that the Company's established policies and procedures have been followed.

#### INDUSTRIAL RELATIONS

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

#### ACKNOWLEDGEMENTS

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

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

Place : Mumbai  
Dated : May 8, 2013

For and on behalf of the Board of Directors

A. K. Agarwala  
Director

L. S. Naik  
Director

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

Information under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988 and forming part of the Directors' Report for the year ending 31st March 2013

**A. CONSERVATION OF ENERGY:****(a) Energy conservation measures taken:**

- Replacement of inefficient Instrument air compressors with energy efficient compressors
- Replacement of old and inefficient pump-motor set
- Installation of VFDs in various equipments
- Replacement of conventional luminaries with energy efficient CFL & LED luminaries
- Hydro-jet cleaning of condensers to improve TG heat rate
- Stoppage of one CW Pump by interconnected operation of CW discharge header of both units
- Recycling of CT Basin blow down water for ACW cooling and dust suppression spray
- Energy efficient FRP blades installed in Cooling Tower in replacement of inefficient GRP blades

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

- Installation of VFDs
- Installation of high capacity pump to serve both for electrolyzers and CEU
- Revamping of cooling tower in Power Plant
- Installation of energy monitoring Software for close monitoring of power
- Integration of utility (compressed air, Nitrogen and DM water) and Brine plant for Old and New Membrane cell plants

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

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

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

- As per Form "A" attached

**B. TECHNOLOGY ABSORPTION:**

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

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:****(a) Activities relating to exports:**

The Company exports Aluminum Chloride Anhydrous, Chlorinated paraffin wax, Stable Bleaching Powder and Caustic soda flakes to more than ten countries.

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

- Foreign exchange earned : ₹ 7308.58 Lacs
- Foreign exchange used : ₹ 4618.96 Lacs

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## ANNEXURE FORM "A"

### DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

<b>A. POWER AND FUEL CONSUMPTION</b>	<b>Current Year 2012-13</b>	<b>Previous Year 2011-12</b>	
<b>1. Electricity</b>			
(a) Purchase			
Unit (KWH in thousand)	50839	53860	
Total amount (Rs. In lacs)	2252	2191	
Rate/ unit (Rs.) (Average Cost)	4.43	4.07	
(b) Own generation (Net)			
(i) Through Diesel generator			
Unit (KWH in thousand)	25	17	
Unit per Ltr. of diesel oil	2.54	0.74	
*Cost/ unit (Rs.)	17.80	19.82	
(* higher due to fuel consumption on regular test run of DG set)			
(ii) Through steam turbine/ generator (Net)			
Unit (KWH in thousand)	457124	444597	
Total amount (Rs. In lacs)	13113.47	12355.20	
Rate / unit (Rs.) (Average cost)	2.87	2.78	
<b>2. Coal used in Boiler of 'E' &amp; 'F' Grade</b>			
Quantity (Tonnes in thousand)	517.93	487.55	
Total Cost (Rs. in lacs)	12259.01	10985.91	
Average rate per tonne (Rs.) (Average cost)	2366.91	2253.30	
<b>3. Furnace Oil/ HSD</b>			
Quantity (K. Ltr.)	313.01	493.94	
Total Amount (Rs. in lacs)	145.29	195.68	
Average rate/ Ltr. (Rs.) (Average cost)	46.42	39.62	
<b>4. Others/ internal generation</b>			
(Please give details)			
Quantity	Nil	Nil	
Total cost	Nil	Nil	
Rate / unit	Nil	Nil	
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>			
<b>Products (with details) &amp; Unit</b>	<b>Standard</b>	<b>Current Year 2012-13</b>	<b>Previous Year 2011-12</b>
Electricity (KWH/MT)	2500	2580	2583
Furnace oil (Ltr./ MT)	—	—	—

FORM "B"

**DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION**

**RESEARCH & DEVELOPMENT**

- |   |   |   |
|---|---|---|
| 1. <b>Specific areas in which R &amp; D is carried out by the Company</b> | : | <ul style="list-style-type: none"> <li>● Successful trial of optimized coal sizing for Boilers resulting in un-burnt carbon control and improved efficiency</li> <li>● Modification of Ash Fluidization stone in conveying system for smooth working</li> <li>● Developed new grades of Chlorinated Paraffin Wax</li> </ul>   |
| 2. <b>Benefits derived as a result of above R &amp; D</b>                 | : | <ul style="list-style-type: none"> <li>● Plant performance improved and significant savings achieved</li> <li>● Better operational control and safety</li> <li>● Reduced specific power consumption in Caustic Soda &amp; Power Plant</li> <li>● New Market Development for new Grades of Chlorinated Paraffin Wax</li> <li>● Overall down time of equipments reduced</li> </ul>  |
| 3. <b>Future plan of action</b>   | : | <ul style="list-style-type: none"> <li>● Up-gradation in Ambient Air quality monitoring system.</li> <li>● Installation of VFDs and other energy saving schemes.</li> <li>● Replacement of Turbine Guide Blade Carrier for reducing steam consumption.</li> <li>● Installation of 2nd 132KV Bay.</li> <li>● Reduction in Iron content in Aluminum Chloride and development of new Grades of Chlorinated Paraffin Wax</li> </ul> |
| 4. <b>Expenditure on R &amp; D</b>  | : | <ul style="list-style-type: none"> <li>● ₹ 365.00 lacs – for energy saving schemes</li> </ul>   |

**TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION**

- Logic modification in Ion Exchange column to increase equipment reliability
- Installation of improved version of Sequential Event Recorder
- 11KV generator bus duct covered by FRP covering replacing metallic covering
- Replacement of 120 nos. Gen IV elements with Gen V elements
- Adoption of SVCC metal spray technology for Boiler tubes metal coating in erosion prone zone for improved operation
- Replacement of CU Flexible Jumper in 25 MW Generator adaptor box
- Up-gradation of LT ACB in CW MCC
- Installation of additional Oxygen Analyzer

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

### REPORT ON CORPORATE GOVERNANCE

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

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

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

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

#### BOARD OF DIRECTORS

The Board of Directors, as on 31st March 2013, comprises eight Directors out of whom seven are non-executive Directors. Since the Company does not have a Chairman, Directors present in the meeting elect one of them to take the chair and a non-executive Director is appointed as Chairman of the meeting. The Majority of the Directors are non-executive and half of the total strength of the Board is independent. All the directors are above 21 years of age and are not related to other directors in any manner. The composition of the Board as on 31st March 2013, attendance at Board meetings held during the financial year under review and at the last Annual General meeting and the number of Directorships and Memberships/Chairmanships in public Companies held by Directors as on 31st March 2013 (including the Company) are given below :

Name of Director	*Category	No. of Board meetings held	No. of Board meetings attended	** No. of other Directorships	*** Committee Membership		Attendance at last AGM
					Member	Chairman	
Shri A. K. Agarwala	Non Executive	4	3	6	—	—	No
Shri L. S. Naik	Non Executive	4	4	3	3	1	No
Shri K. C. Jhanwar	Non Executive	4	4	1	1	—	No
Shri Biswajit Choudhuri	Independent	4	4	7	3	5	Yes
Shri P. P. Sharma	Independent	4	1	4	—	—	No
Shri J. C. Chopra	Independent	4	4	1	1	—	No
Shri G. M. Dave	Independent	4	4	6	6	2	No
Shri V. R. Agrawal	Managing Director	4	4	—	1	—	Yes

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

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

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

**CORPORATE GOVERNANCE (Contd..)**

During the year 2012-13, four (4) Board Meetings were held, the details of which are given here-in-below :

Date	Board Strength	No. of Directors Present
11.05.2012	8	7
13.08.2012	8	7
31.10.2012	8	8
13.02.2013	8	6

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri Askaran Agarwala and Shri Jagdish Chandar Chopra, Directors, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

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

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

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

**AUDIT COMMITTEE**

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

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

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

The Committee held four (4) meetings during the year under review on 11.05.2012, 13.08.2012, 31.10.2012 and 13.02.2013.

The attendance of members at the meetings was as follows :

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

### CORPORATE GOVERNANCE (Contd..)

Name of Member	Status	No.of meetings attended
Shri Biswajit Choudhuri	Chairman	4
Shri L. S. Naik	Member	4
Shri J. C. Chopra	Member	4
Shri G. M. Dave	Member	4
Shri V. R. Agrawal	Permanent Invitee	4

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

#### SHAREHOLDERS' GRIEVANCE COMMITTEE

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

The Shareholders' Grievance Committee comprises three Non-Executive Directors and the Managing Director and is headed by a Non-Executive Director. The Committee held four (4) meetings during the year under review on 11.05.2012, 13.08.2012, 31.10.2012 and 13.02.2013. The attendance of members at the meetings was as follows :

Name of Member	Status	No.of meetings attended
Shri L. S. Naik	Chairman	4
Shri Biswajit Choudhuri	Member	4
Shri K. C. Jhanwar	Member	4
Shri V. R. Agrawal	Member	4

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

#### COMPLIANCE OFFICER

Name : Akash Mishra, Company Secretary

Address : Aditya Birla Chemicals (India) Limited, Garhwa Road, P.O. Rehla - 822 124, District - Palamau (Jharkhand)

Phone No. : 06584-262211/221

Fax No. : 06584-262205

E-mail : akash.mishra@adityabirla.com

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

## CORPORATE GOVERNANCE (Contd..)

**REMUNERATION COMMITTEE**

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

The Remuneration Committee comprises four Non-Executive Directors. The Committee held one (1) meeting during the year under review on 31.10.2012. The attendance of members at the meeting was as follows :

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

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

Name of Director	Sitting fee paid (₹)
Shri A.K. Agarwala	60,000/-
Shri L. S. Naik	210,000/-
Shri K. C. Jhanwar	130,000/-
Shri Biswajit Choudhuri	210,000/-
Shri P. P. Sharma	20,000/-
Shri J. C. Chopra	170,000/-
Shri G. M. Dave	160,000/-

There was no other pecuniary relationship or transaction of the Non Executive Directors with the Company and the Company has not granted any stock option to any of its Directors. As on 31st March 2013, except Shri A. K. Agarwala and Shri Biswajit Choudhuri, Directors, who hold 14700 and 100 equity shares of the Company respectively, no other Directors of the Company hold any shares in the Company, as reported.

The aggregate value of salary and perquisites paid for the year 2012-13 to the Managing Director is as follows :

(all fig. in ₹ in Lacs)

	Salary	Variable Pay	All other elements of the remuneration package	Total
Shri V. R. Agrawal	39.72	8.89	11.43*	60.04

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

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

### CORPORATE GOVERNANCE (Contd..)

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

#### SHARE TRANSFER

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

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

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

Sr. No.	Description	Nos. received				Total received	Replied/ addressed	Pending
		Q1	Q2	Q3	Q4			
<b>A.</b>	<b>Letters received from Statutory bodies</b>							
	SEBI	0	0	0	0	0	0	0
	Stock Exchanges	0	0	0	0	0	0	0
<b>B.</b>	<b>Complaints from Shareholders</b>	0	0	0	0	0	0	0
<b>C.</b>	<b>Queries/requests</b> Issue of duplicate certificates, Change of address, Bank mandates, Correction of Name, Transmission/ Transfer of Shares query, Demat updation status/query, Dividend related query/ revalidation, Query on fully paid up etc.	10	09	15	16	50	50	0
	<b>Total</b>	<b>10</b>	<b>09</b>	<b>15</b>	<b>16</b>	<b>50</b>	<b>50</b>	<b>0</b>

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

### CORPORATE GOVERNANCE (Contd..)

<b>General Shareholder Information</b>	
Registered Office	Aditya Birla Chemicals ( India ) Limited, “Ghanshyam Kunj” Garhwa Road, P.O. Rehla - 822 124, Distt.Palamau (Jharkhand)
Annual General Meeting	Date and Time: 10th September 2013 at 10:00 A.M. Venue : Aditya Birla Chemicals (India ) Limited “Ghanshyam Kunj” Garhwa Road, P.O. Rehla - 822 124 Distt. Palamau (Jharkhand) Dividend payment date : 5th October 2013 Date of Book Closure: 2nd September 2013 to 10th September 2013 (both days inclusive)
Financial calendar (Tentative)	<ul style="list-style-type: none"> <li>● Results for the quarter ending 30th June 2013 : by 14th August 2013</li> <li>● Results for the quarter ending 30th September 2013 : by 14th November 2013</li> <li>● Results for the quarter ending 31st December 2013 : by 14th February 2014</li> <li>● Results for the quarter/year ending 31st March 2014 : by 14th May 2014</li> <li>● Next Annual General Meeting (next year) : by 30th September 2014</li> </ul>
Listing on Stock Exchanges & Stock Code	i) Bombay Stock Exchange Limited, Mumbai (Stock Code : 500057)  ii) National Stock Exchange of India Ltd., Mumbai (Symbol – “ABCIL”)  Annual Listing Fee (as applicable) paid upto 2013-14
Demat ISIN in NSDL and CDSL for Equity Shares	ISIN INE605B01016

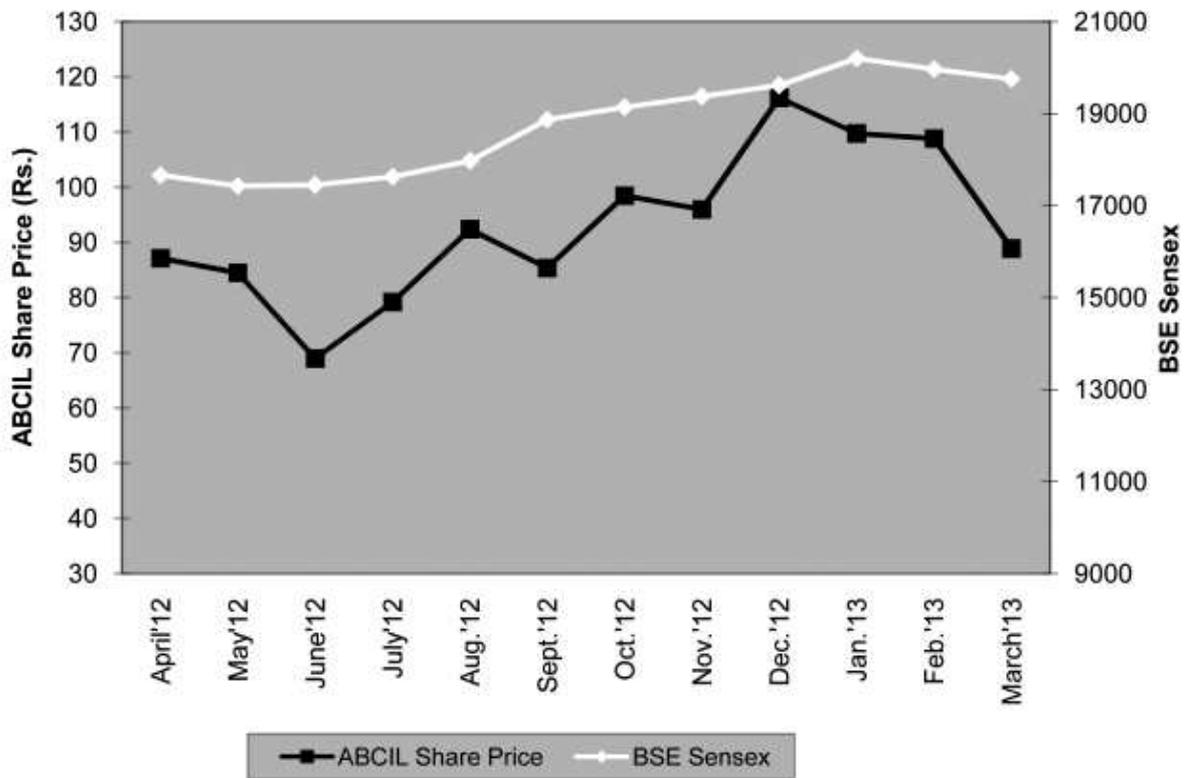
#### MARKET PRICE DATA : HIGH, LOW DURING EACH MONTH IN FINANCIAL YEAR 2012-13

Month	Bombay Stock Exchange		National Stock Exchange	
	High(Rs.)	Low(Rs.)	High(Rs.)	Low(Rs.)
April 2012	87.15	78.55	86.40	78.75
May 2012	84.50	66.00	86.60	65.50
June 2012	69.00	62.75	74.00	63.00
July 2012	79.20	66.00	79.75	66.00
August 2012	92.40	71.70	92.50	68.75
September 2012	85.35	76.75	87.90	77.30
October 2012	98.45	81.10	99.00	83.40
November 2012	96.00	85.00	99.00	85.80
December 2012	116.20	86.05	116.25	86.00
January 2013	109.75	89.35	109.80	89.30
February 2013	108.80	83.00	109.00	82.65
March 2013	88.90	74.00	88.60	75.10

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## CORPORATE GOVERNANCE (Contd..)

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



Registrar and Transfer Agent	<b>M/s. C. B. Management Services (P) Ltd.</b> P-22, Bondel Road, Kolkata-700 019 Phone No.(s) : 033 – 40116728/40116717/ 2280 6692-93-94 / 2486 Fax No. : 033 - 2287 0263 Email : <a href="mailto:rta@cbmsl.com">rta@cbmsl.com</a>		
Distribution of shareholding as on 31st March 2013	Category	No. of shares	% of shareholding
	Promoters	13,169,987	56.31
	Mutual Funds and UTI	1,500	0.01
	Banks/ Financial Institutions/Central Govt. / State Govt.(s) / Insurance Companies/ Trust	2,034,500	8.70
	Corporate Bodies	572,981	2.45
	Individuals	5,140,362	21.98
	NRI/FII/OCB	2,452,223	10.49
	Clearing Member	14,947	0.06
	<b>TOTAL</b>	<b>23,386,500</b>	<b>100.00</b>

**CORPORATE GOVERNANCE (Contd..)**

Holding of shares as on 31st March, 2013	i) NSDL : 9,053,641 ii) CDSL : 13,980,574 iii) Physical : 352,285 (1.51 % of Company's Equity Shares in physical form)
Plant location	<ul style="list-style-type: none"> <li>● Garhwa Road, P.O. Rehla - 822 124 District – Palamau (Jharkhand)</li> <li>● Renukoot Chemical Division, P.O. Renukoot – 231 217 District – Sonebhadra (Uttar Pradesh)</li> </ul>
Address for correspondence	Garhwa Road, P.O. Rehla – 822 124 Distt. Palamau (Jharkhand) Email : <a href="mailto:abcil.investors@adityabirla.com">abcil.investors@adityabirla.com</a> <a href="mailto:akash.mishra@adityabirla.com">akash.mishra@adityabirla.com</a> <a href="mailto:murari.prasad@adityabirla.com">murari.prasad@adityabirla.com</a>

**ANNUAL GENERAL MEETINGS**

Particulars	FY 2009 – 2010	FY 2010 – 2011	FY 2011 – 2012
Date and Time	06.08.2010 at 10:00 A.M.	08.08.2011 at 10:00 A.M.	08.08.2012 at 10:00 A.M.
Venue	Garhwa Road, P.O. Rehla – 822 124 Distt. Palamau (Jharkhand)	Garhwa Road, P.O. Rehla – 822 124 Distt. Palamau(Jharkhand)	Garhwa Road, P.O. Rehla – 822 124 Distt. Palamau(Jharkhand)

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

**DISCLOSURES**

- (i) There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors, management, relatives except for those disclosed in the Annual Report for the year ended 31st March 2013.
- (ii) The Company has complied with the requirements of regulatory authorities on capital markets and no penalty/stricture has been imposed against it in the last 3 years.
- (iii) The Company has complied with mandatory requirements, as reflected in this report and has adopted the non-mandatory requirement of constitution of Remuneration Committee.
- (iv) The Directors' Responsibility Statement has been stated in the Directors' Report.
- (v) Management Discussion and Analysis Report is enclosed separately and forms part of Directors' Report.
- (vi) The Company does not have any Subsidiary Company.
- (vii) CEO / CFO Certificate : The Managing Director and Finance Head has certified to the Board the particulars as stipulated vide Clause 49(V) and the said certificate is appended to this report.
- (viii) Notes on the Statement of Accounts referred to in the Auditors' Report are self explanatory, and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

### CORPORATE GOVERNANCE (Contd..)

#### MEANS OF COMMUNICATION

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

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

Annual Report, Quarterly Results, Shareholding Patterns, Un-claimed Dividend details etc. of the Company are posted on the website of the Company : [www.adityabirlachemicalsindia.com](http://www.adityabirlachemicalsindia.com)

Annual Report, Quarterly Results, Shareholding Patterns etc. of the Company are also posted on the website of the Stock Exchanges : [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com)

#### CAUTIONARY STATEMENT

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

#### COMPLIANCE CERTIFICATE OF THE AUDITORS

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

Place : Mumbai  
Dated : May 8, 2013

For and on behalf of the Board of Directors

A. K. Agarwala  
Director

L. S. Naik  
Director

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

The Board of Directors of Aditya Birla Chemicals ( India ) Limited has laid down a Code of Conduct for all Board Members and Senior Management of the Company, which is posted on the website of the Company. The Board Members and Senior Management have affirmed compliance with the Code of Conduct of the Company during the financial year ended 31st March 2013.

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

**V. R. AGRAWAL**

[ Managing Director ]

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

We hereby certify that :

- a) we have reviewed financial statements and the cash flow statement for the year ending 31st March 2013 and that to the best of our knowledge and belief;
- i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) there are, to the best of our knowledge and belief , no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) we have indicated to the Auditors and the Audit Committee;
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an Employee having a significant role in the Company's internal control system over financial reporting.

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

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

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

### AUDITORS' CERTIFICATE

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

To,

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

1. We have examined the compliance of conditions of Corporate Governance by Aditya Birla Chemical (India) Limited ('the Company') for the year ended March 31, 2013, as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Date: May 8, 2013

Place: Mumbai

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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY DEVELOPMENTS AND OUTLOOK

Globally Caustic Soda Industry faced a challenging year. Consequent to the slowdown in housing sector, the demand of PVC declined, leading to lower chlorine demand. This had an adverse impact on the operating rates of caustic soda plant. Caustic soda production in China grew by only 6% in 2012 as compared to 16% in 2011.

Global demand for caustic increased by 1.8% in 2012, reaching 63.3 Million Tons. Global capacity stood at 94 Million Tons with an average operating rate of around 67%.

Caustic Soda production in India declined by 1.5% and touched 2.49 Million Tons in financial year 2012-13. Chlorine consumption growth in India was low as Ethylene Dichloride imports into India continued. This impacted the production of Caustic soda, where the industry average operating rate has been around 80%.

Caustic Soda consumption in India is expected to grow in line with growth of user industries such as Alumina and Textiles. Our Company has completed the expansion of capacity at Renukoot by 145 TPD.

Management is hopeful the leadership position of your Company will be reinforced in the coming years by the measures under way.

### RISKS AND CONCERNS

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

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a strong internal control system to ensure protection of its resources, to provide accurate and speedy financial statements and reports and to ensure compliance with policies, procedures and legal obligations. The prime objective of the system of internal control is the management of business risks so as to safeguard assets of the Company and long term interest of all the stakeholders and to provide reasonable assurance against any mis-statement or loss.

The Company has a balanced organization structure, well-defined authority levels and set guidelines and rules for conducting business transactions. The Company's internal auditors periodically conduct audits to ensure adequacy of internal control systems, adherence to management instructions and policies and compliance with the laws and regulations in force. The internal audit reports are circulated to the Management who initiate actions as per the requirement. The Audit Committee, whose Chairman is an independent Director, meets periodically with the Management and the Auditors of the Company to review the process of internal audit, statutory audit, risk management and internal control systems.

### FINANCIAL AND OPERATIONAL PERFORMANCE

#### Financial Performance Highlights

The financial data of the Company for the previous year are inclusive of the financial data of Renukoot Chemical Division from post acquisition period, i.e. 24th May 2011; hence these are not fully comparable with the current year's financial data. The gross turnover for the year under review was Rs. 840.85 crores as compared to Rs. 665.18 crores in the previous year, an increase of 26%. The profit before interest, depreciation and tax was Rs. 196.10 crores. After providing Rs. 90.34 crores for interest, Rs. 60.02 crores for depreciation and Rs. 26.09 crores for taxes, net profit for the year was Rs. 19.65 crores. Earnings per share was Rs. 8.40 compared with Rs. 1.84 in last year and return on shareholders' funds was 5.21% vis-à-vis 1.19% last year.

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.,)

#### Operational Performance Highlights

The average production of Caustic Soda for the year 2012-13 was 512 TPD. During the year under review, average power generation was 59.66 MWH, with a Plant Load factor of 75%. The net turnover, at Rs. 755.21 crores as compared to Rs. 609.08 crores in the previous year, reflects a rise of 24%. The Company's good performance is due to optimum utilization of plant capacity, optimization of process parameters and various cost reduction initiatives.

Interest cost was at Rs. 90.34 crores, as compared to Rs. 80.70 crores in the previous year.

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

#### HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Human Resource plays a pivotal strategic role in the growth and the transforming the business and achieving the business result as a strategic partner. Human Resource has always been adopting the best practices, which is why the Aditya Birla Group has been benchmarked among the top Companies. Your Company is committed to capitalize on the potential of Human Capital through structured processes in the areas such as nurturing, developing and retaining talent with a clear cut focus on HR as an administrative expert, employee champion, change agent and an organizational architect.

In recognition of this, your Company is committed to recruit suitable talent and entrust them with challenging role. It also focuses on people development, paving the way for organizational excellence in the competitive and fast changing business environment. Building, developing and upgrading employee competencies, in line with business needs and strategies, institutionalized processes is the key area of thrust of your Company for ensuring sustainable growth.

The employees of the Company are nominated to customized training programs at Gayanodaya, the Aditya Birla Group's institute of management learning. Your Company also has an agreement with various external consultants and trainers like ISTD, HRDC and VLS, which help to develop competencies of employees. This is a very effective enabler as participants are explored to the current trends and practices in their respective fields, thus upbeat their skill for higher responsibilities in the future.

Over the last few years, your Company has launched many new HR initiatives on employees engagement, Employees Value Proposition, Culture to reinforce Growth Strategy, My Development Plan, Talent Management and 360° Feedback for Managers, Kaizen & Suggestion scheme, Multi-Skilling, Austerity & Cost Saving Drive and Domestic Safety Management for the spouses of the employee with a view to create a 'Great Place of Work' and help employees to continuously add value for achieving superior performance.

The Company continuously updates the infrastructural facilities and amenities for its employees and their families such as enhanced amenities at the Hospital, health check-up on regular basis, development of the School, improvement of quality of life etc.

The Company has a committed work force of about 929 employees as on 31.03.2013.

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

#### Cautionary Statement

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

Place : Mumbai  
Dated : May 8, 2013

For and on behalf of the Board of Directors

A. K. Agarwala  
Director

L. S. Naik  
Director

## INDEPENDENT AUDITORS' REPORT

### To the Members of ADITYA BIRLA CHEMICALS (INDIA) LIMITED

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of **ADITYA BIRLA CHEMICALS (INDIA) LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedural selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management. as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
  - 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 the Cash Flow Statement, of the cash flows for the year ended on that date

#### Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

### INDEPENDENT AUDITORS' REPORT

- b. 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;
- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the applicable Accounting Standards referred to in subsection (3C) of section 211 of the Act;
- e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

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

Place: Mumbai  
Date: May 08, 2013

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

**INDEPENDENT AUDITORS' REPORT**

**Annexure referred to in paragraph 7 of the Our Report of even date to the members Aditya Birla Chemicals (India) Limited on the accounts of the company for the year ended 31st March, 2013**

- (i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) The Company has a program for phased physical verification of all its fixed assets which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification
- (c) The Company has not disposed off substantial part of its fixed assets during the year
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year
- (b) The procedures of physical verification of inventory followed by the managements are reasonable and adequate in relation to the size of the Company and the nature of its business
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification
- (iii) The Company has neither taken nor granted any Loans, secured or unsecured from/ to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, clause (iii)(b) to (iii)(g) of paragraph 4 of the order are not applicable to company for the year
- (iv) In our opinion and according to the information and explanations given, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of examination of the books and records of the Company and according to the information and explanations given, and as per checking carried out in accordance with the auditing standards generally accepted in India, neither we have observed nor have we been reported of any continuing failure to correct major weakness in the internal control system relating to these areas
- (v) Based on the audit procedures applied and according to the information and explanations given, there are no contracts or arrangements referred to in section 301 of the Act that need to be entered in the register maintained under that section. Hence clause (v)(b) of para 4 of the Order is not applicable
- (vi) The Company has not accepted any deposits from public to which the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public applies
- (vii) In our opinion, the company has an internal audit system commensurate with the size of the company and nature of its business
- (viii) We have broadly reviewed the accounts and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been maintained.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Custom Duty, Excise Duty, Cess, and other material statutory dues applicable to it. There were no arrears as at March 31, 2013 for a period exceeding six months from the date they became payable
- (b) According to the information and explanations given, there are no dues of sales-tax, income-tax, wealth-tax, service tax, custom duty, excise duty and cess, which have not been deposited on account of any dispute except as under:

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

### INDEPENDENT AUDITORS' REPORT

Name of the Statute	Nature of dues	Period	Amount (Rs in Lac)	Forum where dispute is pending
Income Tax Act 1961	Income Tax and Interest	AY 2002-03 & 2006-07	5.10	CIT (Appeal), Ranchi
		AY 2007-08	197.02	CIT (Appeals) and Petition u/s 154
		AY 2008-09, 2009-10 & 2010-11	502.44	CIT(Appcal), Ranchi
Sales Tax/ Trade Tax	Sales Tax	FY 1989-90, 1990-91 & 2003-04	13.79	Allahabad High Court
		AY 2005-06	26.69	Office of the Joint Commissioner (A), Mirzapur
UP Tax on Entry of Goods into Local Area Tax, 2007	Entry Tax	FY 2006-07 to FY 2011-12	217.52	Supreme court
Central Excise Act 1944	Cenvat and Penalty	FY 1995-96,1999-2000, 2005-06 & 2007-08	58.64	CESTAT, New Delhi
		FY 1996-97 to FY 2000-01	4.53	High Court, Allahabad
		FY 2000-01 to FY 2006-07	561.00	CESTAT, New Delhi
		FY 2004-2008	525.70	CESTAT, Kolkata
		FY 2006-07	7.38	AC, Central Excise, Mirzapur
Sec 94 of Finance act 1994	Service Tax and Penalty	FY 2005-06 & 2006-07	164.32	CESTAT, New Delhi

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

**INDEPENDENT AUDITORS' REPORT**

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

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

Place: Mumbai  
Date: May 08, 2013

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

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## BALANCE SHEET AS AT MARCH 31, 2013

(₹ in Lacs)

	<u>Note No.</u>	<u>As at March 31, 2013</u>	<u>As at March 31, 2012</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	B.1	2,338.65	2,338.65
Reserves and Surplus	B.2	<u>35,376.00</u>	<u>33,684.61</u>
		<u>37,714.65</u>	<u>36,023.26</u>
<b>Non-Current Liabilities</b>			
Long-term Borrowings	B.3	58,593.75	68,228.75
Deferred Tax Liabilities (Net)	B.4	7,360.95	4,754.42
Long-term Provisions	B.5	<u>896.01</u>	<u>930.60</u>
		<u>66,850.71</u>	<u>73,913.77</u>
<b>Current Liabilities</b>			
Short-term Borrowings	B.6	13,351.25	2,527.54
Trade Payables	B.7	1,800.82	805.99
Other Current Liabilities	B.8	25,241.28	15,420.26
Short-term Provisions	B.9	<u>648.12</u>	<u>416.89</u>
		<u>41,041.46</u>	<u>19,170.68</u>
	Total	<u>145,606.82</u>	<u>129,107.71</u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	B.10	105,926.59	93,143.35
Intangible Assets	B.11	1,850.45	2,097.06
Capital Work-in-Progress	B.12	2,124.55	3,620.67
Non-Current Investments	B.13	504.43	1,714.67
Long-term Loans and Advances	B.14	3,801.77	2,945.42
Other Non-Current Assets	B.15	<u>426.57</u>	<u>3,192.63</u>
		<u>114,634.37</u>	<u>106,713.80</u>
<b>Current Assets</b>			
Current Investments	B.16	146.69	169.29
Inventories	B.17	9,057.00	6,641.11
Trade Receivables	B.18	10,426.90	7,544.05
Cash and Bank Balances	B.19	3,003.51	3,575.61
Short-Term Loans and Advances	B.20	2,983.37	2,486.09
Other Current Assets	B.21	<u>5,354.98</u>	<u>1,977.76</u>
		<u>30,972.45</u>	<u>22,393.91</u>
	Total	<u>145,606.82</u>	<u>129,107.71</u>
Significant accounting policies			
A			
Significant Accounting Policies and other Notes on Accounts form an integral part of Financial Statements			
As per our attached report of even date			
<b>For Khimji Kunverji &amp; Co</b>			
Chartered Accountants			
Firm Registration No. 105146W			
Hasmukh B Dedhia		Biswajit Choudhuri	Director
Partner (Membership No. F-033494)		L.S. Naik	Director
Place : Mumbai	Akash Mishra	K. C. Jhanwar	Director
Dated : May 8, 2013	Company Secretary	V. R. Agrawal	Managing Director

**ADITYA BIRLA CHEMICALS (INDIA) LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

(₹ in Lacs)

	<u>Note No.</u>	<u>For the year ended March 31, 2013</u>	<u>For the year ended March 31, 2012</u>
<b>REVENUES</b>			
Gross Revenue from Operations	B.22	<b>88,854.14</b>	67,064.06
Less: Excise Duty Paid		<b>8,564.30</b>	5,609.98
Net Revenue from Operations		<b>80,289.84</b>	61,454.08
Other Income	B.23	<b>1,052.04</b>	1,123.07
Total Revenues	Total -A	<b>81,341.88</b>	62,577.15
<b>EXPENSES</b>			
Cost of Raw Materials Consumed	B.24	<b>39,860.72</b>	31,645.76
Purchases of Stock-in-Trade	B.25	<b>4,155.52</b>	113.45
Changes in Inventories	B.26	<b>(932.53)</b>	(321.39)
Employee Benefits Expenses	B.27	<b>4,362.86</b>	3,494.14
Power and Fuel	B.28	<b>3,758.75</b>	3,734.46
Finance Costs	B.29	<b>9,034.00</b>	8,069.90
Depreciation and Amortization Expenses	B.30	<b>6,002.24</b>	5,401.94
Other Expenses	B.31	<b>9,115.61</b>	6,500.23
Total Expenses	Total-B	<b>75,357.16</b>	58,638.49
Profit before Exceptional and Extraordinary items and Tax	Total A-B	<b>5,984.72</b>	3,938.66
Exceptional items : Loss on discarded assets	B.32	<b>1,410.63</b>	2,273.98
Profit before Extraordinary items and tax		<b>4,574.09</b>	1,664.68
Profit before tax		<b>4,574.09</b>	1,664.68
Tax Expenses	B.33		
Current tax		<b>2.68</b>	74.43
Deferred tax		<b>2,606.53</b>	1,160.85
Profit/ (Loss) for the period		<b>1,964.88</b>	429.40
<b>Earnings per Share of Rs 10/- each (EPS)</b>	B.35		
Basic EPS (Rs)		<b>8.40</b>	1.84
Diluted EPS (Rs)		<b>8.40</b>	1.84
Significant accounting policies	A		
Significant Accounting Policies and other Notes on Accounts form an integral part of Financial Statements			
As per our attached report of even date			
<b>For Khimji Kunverji &amp; Co</b>			
Chartered Accountants			
Firm Registration No. 105146W			
Hasmukh B Dedhia		Biswajit Choudhuri	Director
Partner (Membership No. F-033494)		L.S. Naik	Director
Place : Mumbai	Akash Mishra	K. C. Jhanwar	Director
Dated : May 8, 2013	Company Secretary	V. R. Agrawal	Managing Director

**ADITYA BIRLA CHEMICALS (INDIA) LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

(₹ in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	4,574.08	1,664.68
Adjustment for :		
Finance Costs	8,884.00	8,069.90
Depreciation and Amortization Expenses	6,002.24	5,401.94
Miscellaneous Expenditure written off	150.00	-
(Profit)/Loss on sale of Assets (Net)	47.07	19.28
Write-off and amortization of fair value adjustments	1,157.45	2,273.98
(Gain) / Loss from Investing Activities (Net)	2.39	(149.91)
Interest / Dividend Received	(598.60)	(648.26)
<b>Operating profit before working capital changes</b>	<b>20,218.63</b>	<b>16,631.61</b>
Changes in working Capital:		
Change in Inventories	(2,415.89)	(4,685.55)
Change in Trade and other Receivables	(2,882.85)	(5,007.67)
Change in Trade and other Payables	994.85	654.15
Change in long term loans & advances	104.36	(1,023.44)
Change in other current assets	(1,097.97)	(2,405.19)
Change in long term provisions	(34.59)	783.94
Change in Other Balances with Banks	2,221.61	212.28
Change in Other Current Liabilities	5,396.76	5,377.17
Change in Non Current Assets	2,616.06	(1,553.23)
<b>Cash generation from Operation</b>	<b>25,120.97</b>	<b>8,984.06</b>
Payment of Direct Taxes	(963.40)	(571.69)
<b>Net Cash Generated/ (Used) - Operating Activities</b>	<b>24,157.57</b>	<b>8,412.37</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Proceeds from Head Office		
Purchase of Fixed Assets	(18,272.75)	(83,365.97)
Sale of Fixed Assets	25.47	1,760.82
Sale / (Purchase) of Long Term Investments (Net)	1,198.22	814.32
Sale / (Purchase) of other Investments (Net)	28.30	2,050.01
Interest Received	567.75	429.23
<b>Net Cash Generated/ (Used) - Investing Activities</b>	<b>(16,453.02)</b>	<b>(78,311.59)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from State Capital Subsidy	-	525.00
Proceeds / (Repayment) from Long-term Borrowings	(8,151.25)	73,869.60
Proceeds / (Repayment) from Short-term Borrowings (Net)	10,823.71	2,422.47
Finance Cost Paid	(8,591.60)	(7,656.46)
Dividend Paid (including Dividend Tax)	(135.90)	(135.90)
<b>Net Cash Generated/ (Used) - Financing Activities</b>	<b>(6,055.04)</b>	<b>69,024.71</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>1,649.51</b>	<b>(874.50)</b>
Add : Opening Cash and Cash Equivalents	121.80	996.30
Closing Cash and Cash Equivalents	<b>1,771.31</b>	121.80
Notes:		
1. Cash and Cash equivalents include cheques/drafts in hands and remittance in transit and balance with Banks.		
2. Previous years figures have been regrouped/rearranged wherever necessary.		
As per our attached report of even date		
<b>For Khimji Kunverji &amp; Co</b>		
Chartered Accountants		
Firm Registration No. 105146W		
Hasmukh B Dedhia		Biswajit Choudhuri Director
Partner (Membership No. F-033494)		L.S. Naik Director
Place : Mumbai	Akash Mishra	K. C. Jhanwar Director
Dated : May 8, 2013	Company Secretary	V. R. Agrawal Managing Director

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### A. BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

#### BACKGROUND

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

In the financial year 2011-12, the company acquired Chloro Chemical Division and salt works of Kanoria Chemicals & Industries Limited situated respectively at Renukoot (Uttar Pradesh) and Jhangi (Gujarat) (articulated as 'Renukoot Chemical Division' or 'RCD') with effect from May 24, 2011 ('the effective date'). The assets, liabilities, revenue, expenses and other details in the financial statements for the previous year include numbers/details of RCD from the effective date. The corresponding figures and details of previous year, are therefore, not fully comparable with those for the year under report which include items of RCD for full year.

#### SIGNIFICANT ACCOUNTING POLICIES

##### (i) BASIS OF PREPARATION

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

##### (ii) USE OF ESTIMATES

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

##### (iii) FIXED ASSETS

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

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

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

##### (iv) DEPRECIATION / AMORTISATION

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

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

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

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

#### (v) INVESTMENTS

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

#### (vi) IMPAIRMENT OF ASSETS

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

#### (vii) INVENTORIES

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

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

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

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

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

**Defined Contribution Plan**

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

**Defined Benefit Plan**

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

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

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

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

**(xi) BORROWING COST**

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

**(xii) TAXATION**

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

**(xiii) INTANGIBLE ASSETS**

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

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

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

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

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

### (xv) CONTINGENT LIABILITIES AND PROVISIONS

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

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

### B. NOTES ON FINANCIAL STATEMENTS

#### B.1 Share Capital

##### Authorized, Issued, Subscribed and Paid-up Share Capital

	As at March 31, 2013	As at March 31, 2012
<b>Authorized</b>		
24,500,000 (Previous year 24,500,000) Equity Shares of ₹ 10/- each.	2,450.00	2,450.00
50,000 (Previous year 50,000) Redeemable Cumulative Preference Shares of ₹ 100/- each	50.00	50.00
11% Redeemable Cumulative Preference Shares of ₹ 100/- each (Free of Company's Tax but subject to deduction of tax at source at the prescribed rates and redeemable at par between 7 to 10 years from the date of allotment by giving three months notice in writing).	<u>2,500.00</u>	<u>2,500.00</u>
<b>Issued, Subscribed and Fully Paid-up</b>		
23,386,500 (Previous year 23,386,500) Equity Shares of ₹ 10/- each	<u>2,338.65</u>	<u>2,338.65</u>
	<u>2,338.65</u>	<u>2,338.65</u>

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

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

##### Reconciliation of the number of Shares outstanding

Particulars	As at March 31, 2013		As at March 31, 2012	
	No.	Amount	No.	Amount
Equity shares outstanding at the beginning of the year	23,386,500	2,338.65	23,386,500	2,338.65
Add : During the year	-	-	-	-
Equity shares outstanding at the end of the year	23,386,500	2,338.65	23,386,500	2,338.65

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

Name of shareholder	As at March 31, 2013		As at March 31, 2012	
	Number of Shares held	Percentage of Holding	Number of Shares held	Percentage of Holding
Hindalco Industries Limited	12,004,987	51.33	12,004,987	51.33
Renuka Investment and Finance Limited (Subsidiary of Hindalco Industries Ltd)	775,000	3.31	775,000	3.31
Fidelity Puritan Trust-Fidelity Low - Priced Stock Fund	2,338,600	10.00	2,338,600	10.00
Bihar State Industrial Development Corporation Ltd	2,028,000	8.67	2,028,000	8.67

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

<b>B.2 Reserves and Surplus</b>		<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>	
Capital Reserve		<b>1,700.00</b>	1,700.00	
Securities Premium Reserve		<b>1.75</b>	1.75	
General Reserve		<b>4,078.04</b>	4,078.04	
Surplus in Profit and Loss Account		<b>29,596.21</b>	27,904.82	
		<b>35,376.00</b>	33,684.61	
<b>Additions and deductions for the year ended 31.03.2013</b>				
	<b>Opening</b>	<b>Addition</b>	<b>Deduction</b>	<b>Closing</b>
Capital Reserve	1,700.00	-	-	1,700.00
Securities Premium Reserve	1.75	-	-	1.75
General Reserve	4,078.04	-	-	4,078.04
Surplus in Profit and Loss Account	27,904.95	1,964.88	(273.62)	29,596.21
	<b>33,684.74</b>	<b>1,964.88</b>	<b>(273.62)</b>	<b>35,376.00</b>
<b>Additions and deductions for the year ended 31.03.2012</b>				
	<b>Opening</b>	<b>Addition</b>	<b>Deduction</b>	<b>Closing</b>
Capital Reserve*	1,175.00	525.00	-	1,700.00
Securities Premium Reserve	1.75	-	-	1.75
General Reserve	4,078.04	-	-	4,078.04
Surplus in Profit and Loss Account	27,611.32	429.40	(135.90)	27,904.82
	<b>32,866.11</b>	<b>954.40</b>	<b>(135.90)</b>	<b>33,684.61</b>
*Grant received from Jharkhand State Government of Rs. Nil (Previous Year Rs.525.00 lacs) in the nature of Capital subsidy not related to any specific assets credited to capital reserve during the year.				
<b>Details of allocations and appropriation for balance in statement of Profit and Loss</b>				
		<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>	
As per last Balance Sheet		<b>27,904.95</b>	27,611.32	
Add: Profit for the period		<b>1,964.88</b>	429.39	
		<b>29,869.83</b>	28,040.71	
Less: Dividend on Equity Shares		<b>233.87</b>	116.93	
Less: Tax on Proposed Dividend		<b>39.75</b>	18.97	
Less: Transfer to General Reserve		<b>-</b>	-	
Closing Balance		<b>29,596.21</b>	27,904.81	
<b>B.3 Long-term Borrowings</b>				
<b>Secured</b>				
Term Loans				
From Banks		<b>58,593.75</b>	68,228.75	
		<b>58,593.75</b>	68,228.75	

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

- (i) Security and Terms of Term loan from Banks amounting to Rs. 58,593.75 Lacs (Previous Year Rs. 67,968.75 Lacs)
- (a) **Nature of Securities**  
Secured by way of first charge to the Bank on all the movable plant and machinery both present and future being movable properties, now stored at or being stored installed at Rehla, Jharkhand and Renukoot, Uttar Pradesh and second charge on all the stock in trade both present and future and all the book debts, outstanding money receivables, claims and bills due / to be due to the company.
- (b) Term of Repayment  
Repayable 29 (Previous year 32) quarterly instalment of Rs.2,343.75 lacs each from August 31, 2012 alongwith interest of 11.10% p.a. (Previous Year 11.5% p.a.) (also refer Note B.8.(i))
- (ii) Security & Terms of Term loan from Banks amounting to Rs Nil (Previous Year Rs 260 Lacs)
- (a) Nature of Securities  
Term loan by way of first exclusive charge to the Bank all the stock in trade both present and future consisting of raw materials, finished goods, goods in process of manufacturing and all the book debts, outstanding moneys receivable, claims and bills etc. & all the movable plant and machinery both present and future stored at or at present installed at Garhwa Road, Rehla, Distt: Palamau.
- (b) Term of Repayment  
Repayable 1 (Previous year 4 equal instalments of Rs.280 Lacs and last instalment of Rs.260 Lacs) last instalment of Rs.260 lacs on April 1, 2013 alongwith interest of 8% p.a.(also refer Note B.8.(i))

### B.4 Deferred Tax

	As at <u>March 31, 2013</u>	As at <u>March 31, 2012</u>
<b>Deferred Tax Liabilities</b>		
Depreciation and Amortization Expenses	7,602.96	4,828.70
Processing Fee	8.50	8.11
	<u>7,611.46</u>	<u>4,836.81</u>
<b>Deferred Tax Assets</b>		
Retirement benefits Expenses	39.48	-
Voluntary Retirement	0.83	1.93
Other items	210.20	80.46
	<u>250.51</u>	<u>82.39</u>
<b>Deferred Tax Liabilities/ (Assets) (Net)</b>	<u>7,360.95</u>	<u>4,754.42</u>

### B.5 Long-Term Provisions

Provision for Employee Benefits (Refer Note B.38)	896.01	930.60
	<u>896.01</u>	<u>930.60</u>

### B.6 Short-term Borrowings

#### Secured

Loans repayable on demand		
From Banks	10,561.88	2,527.54
	<u>10,561.88</u>	<u>2,527.54</u>

#### Unsecured

Loans repayable on demand		
From Others	2,789.37	-
	<u>2,789.37</u>	<u>-</u>
	<u>13,351.25</u>	<u>2,527.54</u>

#### Security

- (i) ₹ 199.85 lacs Secured against pledge of Fixed Deposits of the Company.
- (ii) ₹ 10362.03 lacs against exclusive first charge by way of hypothecation on all stock in trade both present & future consisting of raw materials, finished goods, goods in process and all book debts, outstanding money receivables, claims & bills due / to be due to the Company.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

**B.7 Trade Payables**

	<u>As at March 31, 2013</u>	<u>As at March 31, 2012</u>
Payable to Micro, Small and Medium Enterprises	118.24	71.66
Payable to Others	1,682.58	734.33
	<u>1,800.82</u>	<u>805.99</u>

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

Sl. No.	Particulars	Current Year	Previous Year
a)	i) Principal amount remaining unpaid to any supplier at the end of the accounting year ii) Interest due on above	118.24 -	71.66 -
b)	Amount of interest paid by the buyer in terms of Section 16 of the Act, along with amount of the payment made beyond the appointed date during the year.	-	-
c)	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	-	-
d)	Amount of interest accrued and remaining unpaid at the end of financial year	-	3.31
e)	Amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Act.	-	0.07

**B.8 Other Current Liabilities**

(i) Current maturities of long-term debt (Refer note B.3)	9,635.00	8,151.25
(ii) Interest accrued but not due on borrowings	697.92	409.45
(iii) Advance from customers	517.77	498.13
(iv) Unpaid Dividends	14.31	14.89
(v) Foreign Currency Payable	2,745.93	-
(vi) Employee related Liabilities	481.52	433.95
(vii) Other Sundry creditors	7,637.11	3,697.22
(viii) Security & Other Deposits	556.63	266.68
(ix) Statutory Dues Payables (Refer note B.45)	2,954.19	1,748.78
(x) Book overdraft	0.90	199.91
	<u>25,241.28</u>	<u>15,420.26</u>

**B.9 Short-term Provisions**

(i) Employee Benefits (Refer note B.38)	226.63	133.19
(ii) Provisions for Others (Refer note B.37 B)	147.86	147.80
(iii) Proposed Dividends (Refer note below)	233.87	116.93
(iv) Tax on Proposed Dividends (Refer note below)	39.76	18.97
	<u>648.12</u>	<u>416.89</u>

The Board of Director have recommended dividend @ 10% i.e. Re 1/- per equity share of the company for the year.

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

### B.10 Tangible Assets

	As at March 31, 2013	As at March 31, 2012
Net Carrying Amount of each class of Tangible Assets are as under :		
Freehold Land	5,486.47	5,447.75
Leasehold Land*	435.85	481.24
Buildings	14,803.27	11,403.91
Plant and Equipment	81,075.51	73,062.94
Chlorine Tonners	1,965.60	173.19
Vehicles	699.49	727.72
Railway Siding	939.06	1,004.55
Furniture and Fixtures	391.56	712.02
Office Equipment	129.78	130.03
	<u>105,926.59</u>	<u>93,143.35</u>

\*Leasehold land includes land, the lease titles whereof are in process of being transferred in the name of the company.

### Reconciliation of the Gross and Net Carrying Amount of each class of tangible Assets during FY 2012-13 :

	As at 01.04.2012	RCD	Additions	Deductions /Adjustment	As at 31.03.2013
<b>Cost</b>					
Freehold Land	5,447.75	-	-	(38.73)	5,486.47
Leasehold Land	535.90	-	-	-	535.90
Buildings	12,443.33	-	3,789.87	38.73	16,194.48
Plant and Equipment	89,274.55	-	15,488.71	3,276.19	101,487.07
Chlorine Tonners	1,263.11	-	351.85	(2,143.20)	3,758.16
Vehicles	846.37	-	70.14	8.93	907.58
Railway Siding	1,378.50	-	-	-	1,378.50
Furniture and Fixtures	923.18	-	48.06	332.68	638.56
Office Equipment, Computers	325.01	-	20.24	30.57	314.68
	<u>112,437.70</u>	<u>-</u>	<u>19,768.87</u>	<u>1,505.17</u>	<u>130,701.40</u>
<b>Accumulated Depreciation</b>					
Freehold Land	-	-	-	-	-
Leasehold Land	54.66	-	45.38	(0.01)	100.05
Buildings	1,039.42	-	351.78	-	1,391.21
Plant and Equipment	16,211.61	-	4,709.93	509.99	20,411.56
Chlorine Tonners	1,089.92	-	426.68	(275.96)	1,792.56
Vehicles	118.65	-	92.88	3.44	208.09
Railway Siding	373.95	-	65.48	(0.01)	439.44
Furniture and Fixtures	211.16	-	47.99	12.14	247.01
Office Equipment, Computers	194.98	-	17.09	27.17	184.90
	<u>19,294.35</u>	<u>-</u>	<u>5,757.21</u>	<u>276.76</u>	<u>24,774.81</u>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

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

	As at 01.04.2011	RCD	Additions	Deductions /Adjustment	As at 31.03.2012
<b>Cost</b>					
Freehold Land	66.70	5,381.05	-	-	5,447.75
Leasehold Land	140.96	394.94	-	-	535.90
Buildings	2,780.06	9,612.50	63.76	12.99	12,443.33
Plant and Equipment	32,642.17	60,041.86	1,281.17	4,690.65	89,274.55
Chlorine Tonners	1,291.37	-	-	28.26	1,263.11
Vehicles	189.33	558.96	126.81	28.73	846.37
Railway Siding	736.29	642.21	-	-	1,378.50
Furniture and Fixtures	150.70	765.01	7.47	-	923.18
Office Equipment	298.30	-	26.71	-	325.01
	38,295.88	77,396.53	1,505.92	4,760.63	112,437.70
<b>Accumulated Depreciation</b>					
Freehold Land	-	-	-	-	-
Leasehold Land	22.55	-	32.11	-	54.66
Buildings	734.20	-	305.38	0.16	1,039.42
Plant and Equipment	11,841.30	-	4,467.19	96.88	16,211.61
Chlorine Tonners	979.87	-	136.91	26.86	1,089.92
Vehicles	58.07	-	71.22	10.64	118.65
Railway Siding	312.88	-	61.07	-	373.95
Furniture and Fixtures	108.91	-	102.25	0.00	211.16
Office Equipment	179.96	-	15.03	0.01	194.98
	14,237.74	-	5,191.16	134.55	19,294.35

## B.11 Intangible Assets

	As at March 31, 2013	As at March 31, 2012
Net Carrying Amount of each class of Intangible Assets		
Value of Licence	1,826.28	2,049.90
Computer software	24.17	47.16
	1,850.45	2,097.06

## Reconciliation of the Gross and Net Carrying Amount of each class of Intangible Assets during FY 2012-13:

	As at 01.04.2012	RCD	Additions	Deductions /Adjustment	As at 31.03.2013
<b>Cost</b>					
Value of Licence	2,236.26	-	-	-	2,236.26
Computer software	179.00	-	-	3.06	175.94
	2,415.26	-	-	3.06	2,412.20
<b>Accumulated Amortization</b>					
Value of Licence	186.36	-	223.63	-	409.98
Computer software	131.84	-	21.40	1.48	151.76
	318.20	-	245.03	1.48	561.74

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

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

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

### B.12 Capital Work-in-Progress

	As at March 31, 2013	As at March 31, 2012
Capital Work in Progress	2124.55	3620.67
<b>The Above includes Pre-operative expenses pending allocation</b>		
Consultancy & Legal Charges	478.42	675.34
Insurance	10.52	2.92
Transportation Charges	139.78	29.89
Foreign Exchange Fluctuation	(30.00)	-
Power and fuel	-	3.86
Administrative & other Expenses	124.87	54.05
Labour & consumables	103.48	8.23
	827.07	774.29
Add: Brought forward from previous year	806.66	62.62
	1,633.73	836.91
Less: Allocated to Fixed Assets	1,348.80	30.25
<b>Total</b>	284.93	806.66

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

### B.13 Non-Current Investments

#### Long-Term, Non Trade

(valued at amortised cost method, unless stated otherwise)

Investments in Debentures and Bonds	504.43	1,714.67
	504.43	1,714.67
	504.43	1,714.67
Less: Provision made for diminution in value of Investments	-	-
	504.43	1,714.67
<b>Aggregate amount and Market value:</b>		
Aggregate amount of Unquoted Investments	-	42.57
Aggregate amount of Quoted Investments	504.43	1,672.10
Aggregate market value of Quoted Investments	498.34	1,645.70

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

Investments in Debentures or Bonds	Face value per Unit (₹ in Lacs)	As at March 31, 2013		As at March 31, 2012	
		Number	(₹ in Lacs)	Number	(₹ in Lacs)
<b>Quoted (other than trade)</b>					
10.20% TATA STEEL LTD. 2015	10.00	20	204.43	20	206.54
7.35% HUDCO TX SR-SD5 2013	10.00	-	-	9	87.35
6.75% IDBI BANK LTD OMNI-1 2013	1.00	-	-	40	38.05
9.97% APPFCL 2022	10.00	-	-	20	200.00
8.15% Central Bank of India 2015	10.00	-	-	10	98.20
6.5% IDBI Bank Ltd. 2014	0.05	-	-	1,000	46.88
8% IDBI Bank Ltd. 2016	10.00	-	-	10	97.39
7.5% IDBI Bank Ltd. 2015	10.00	-	-	5	47.89
7.7% IDBI Bank Ltd. 2016	10.00	-	-	5	48.07
9.4% G.E.Shiping 2018	10.00	-	-	50	501.73
9.05% TATA Capital Ltd. 2020	10.00	30	300.00	30	300.00
			<u>504.43</u>		<u>1,672.10</u>
<b>Unquoted (other than trade)</b>					
6.9% MECON LTD 2013	4.00	-	-	11	42.57
			-		42.57
			<u>504.43</u>		<u>1,714.67</u>
<b>B.14 Long-term Loans and Advances</b>					
			<u>As at March 31, 2013</u>	<u>As at March 31, 2012</u>	
(i) Capital Advances					
Unsecured, Considered Good			917.63	1,022.00	
(ii) Security Deposits					
Unsecured, Considered Good			1.44	1.44	
(iii) Loans and advances to Employees			-	-	
(iv) Current Tax Assets (Net of Provisions)			188.98	226.69	
(v) MAT Credit Entitlement			2,693.72	1,695.29	
			<u>3,801.77</u>	<u>2,945.42</u>	
<b>B.15 Other Non-Current Assets</b>					
(i) Balance with Banks:					
Deposits with more than 12 months maturity			-	2,400.00	
Earmarked deposit with bank held as margin money			101.57	317.63	
(ii) Unamortized Expenses			325.00	475.00	
			<u>426.57</u>	<u>3,192.63</u>	



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

	As at March 31, 2013	As at March 31, 2012
<b>B.18 Trade Receivables</b>		
(i) Outstanding for a period exceeding six months (from the due date)		
Unsecured, Considered Good	115.30	322.68
Doubtful	336.93	5.91
(ii) Outstanding for a period less than six months (from the due date)		
Unsecured, Considered Good	10,311.60	7,221.37
	<u>10,763.83</u>	<u>7,549.96</u>
Less: Allowance for bad and doubtful debts	336.93	5.91
	<u>10,426.90</u>	<u>7,544.05</u>
Trade Receivables include dues from Holding Company, Hindalco Industries Limited, Rs. 1862.60 lacs (Previous year ₹ 1,507.92 lacs) maximum due at any time during the year ₹ 2090.52 lacs (Previous year ₹ 1,966.12 lacs)		
<b>B.19 Cash and Bank Balances</b>		
(i) <b>Cash and Cash Equivalents</b>		
Balance with Banks:		
Deposits with less than 3 months maturity	1,704.58	6.26
Current Accounts	56.31	99.84
Cheques and Drafts on hand	1.50	7.76
Cash in hand	8.91	7.94
	<u>1,771.31</u>	<u>121.80</u>
(ii) <b>Others</b>		
Balance with Banks:		
Earmarked Balances	14.31	14.89
Earmarked deposit with bank held as margin money	517.89	1,020.34
Deposits above 3 months but before 12 months maturity	700.00	2,418.58
	<u>1,232.20</u>	<u>3,453.81</u>
	<u>3,003.51</u>	<u>3,575.61</u>
<b>B.20 Short-term Loans and Advances</b>		
<b>Unsecured, Considered Good</b>		
Loan and Advance to Employees	27.11	17.21
Loan and Advance for Trade (Goods and Services)	1,530.38	1,770.12
Other loans and advances*	647.94	29.16
Security Deposits	777.94	669.60
	<u>2,983.37</u>	<u>2,486.09</u>
*Includes Inter-Corporate Deposit (ICD) of Rs.300.00 lacs to Tanfac Industries Ltd.		
<b>B.21 Other Current Assets</b>		
(i) Accrued Interest	496.00	465.15
(ii) Accrued Export and Other Incentives	152.77	122.25
(iii) Prepaid Expenses	58.54	52.55
(iv) Unamortized Expenses	150.00	150.00
(v) Fixed Assets held for sale	33.71	572.00
(vi) Defer Premium on Forward Cover	34.17	-
(vii) Foreign Currency Receivables	2,745.93	-
(viii) Claims and Other Receivables	1,683.85	615.81
	<u>5,354.98</u>	<u>1,977.76</u>

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>B.22 Revenue from Operations</b>		
Sale of Products	84,085.14	66,518.02
Other Operating Revenues		
Export and Other Incentives	175.45	145.78
Insurance Claims (Net)	3.21	110.00
Recovery from Hydrolic Testing	1.93	4.20
Rent on Hydrogen cylinders/Property at Veraval	0.07	0.17
Sale of Traded Goods	4,262.74	-
Sale of Scrap	325.60	285.89
Gross Revenue from Operations	88,854.14	67,064.06
Less: Excise Duty Paid	8,564.30	5,609.98
Net Revenue from Operations	80,289.84	61,454.08
<b>Details of sale of product</b>		
Caustic Soda	58,398.49	42,598.47
Liquid Chlorine	(739.25)	1,356.41
Hydrochloric Acid (33%)	662.99	1,062.12
Sodium Hypo Chlorite (Lye)	420.82	305.01
Aluminium Chloride	9,684.01	9,939.84
Power	179.61	1,730.15
Compressed Hydrogen	79.22	45.30
Stable Bleaching Powder	3,988.98	3,000.50
Chlorinated Parafinn	8,108.37	4,640.20
Poly-Aluminum Chloride	2,518.85	1,539.64
Others	783.04	300.38
	84,085.13	66,518.02
<b>B.23 Other Income</b>		
(i) Interest Income		
On Long Term Investments	113.02	148.34
On Fixed Deposits	446.30	468.36
On Others	39.28	31.56
(ii) Gain/ (Loss) on sale of Investments (Net)		
On Long Term Investments	(8.09)	79.93
On Current Investments	5.70	69.98
(iii) Subsidy - Sales Tax	334.39	-
(iv) Rent Income	4.82	4.48
(v) Liabilities No Longer Required, written back	5.70	243.28
(vi) Miscellaneous Income	53.10	41.18
(vii) Previous Year Adjustment	41.37	2.84
(viii) Sundry Balance written off/back(Net)	16.44	33.12
	1,052.04	1,123.07

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012				
<b>B.24 Cost of Raw Materials Consumed</b>						
Salt	8,944.66	6,782.62				
Alumina Hydrate	1,187.19	628.61				
Aluminium Ingots	6,234.42	6,092.45				
Barium Carbonate	654.31	623.24				
Coal	12,268.53	10,986.02				
Lime	1,479.94	728.56				
Sulphuric Acid	138.63	-				
Packing Materials	1,068.11	883.60				
Heavy - Normal Parafinn	2,190.39	1,980.54				
Normal Parafinn	4,372.34	1,381.56				
Others	1,322.20	1,558.56				
	<u>39,860.72</u>	<u>31,645.76</u>				
<b>B.25 Purchases of Stock-in-Trade</b>						
Finished Goods	4,155.52	113.45				
	<u>4,155.52</u>	<u>113.45</u>				
<b>B.26 Changes in Inventories</b>						
<b>Opening Stocks</b>						
Finished Goods	1,314.14	165.87				
Work-in-Progress	277.80	109.78				
Waste / Scrap	10.56	6.20				
	<u>1,602.50</u>	<u>281.85</u>				
<b>Stocks acquired from RCD</b>						
Finished Goods	-	707.22				
Work-in-Progress	-	173.35				
	<u>-</u>	<u>880.57</u>				
	<u>1,602.50</u>	<u>1,162.42</u>				
<b>Less: Closing Stocks</b>						
Finished Goods	2,305.97	1,314.14				
Work-in-Progress	271.72	277.80				
Stock-in-Trade	105.43	-				
Waste / Scrap	-	10.56				
	<u>2,683.11</u>	<u>1,602.50</u>				
	<u>(1,080.61)</u>	<u>(440.08)</u>				
Change in Excise Duty on Stock (Net)	148.08	118.69				
	<u>(932.53)</u>	<u>(321.39)</u>				
Details of Work-in-Progress under broad heads are given below :						
	<b>For the year ended March 31, 2013</b>			For the year ended March 31, 2012		
	Opening	RCD	Closing	Opening	RCD	Closing
Aluminium	177.32	-	172.31	81.31	88.77	177.32
Caustic Soda	20.16	-	63.77	-	20.96	20.16
Brine	28.67	-	33.87	22.26	-	28.67
Others	51.65	-	1.77	6.21	63.62	51.65
	<u>277.80</u>	<u>-</u>	<u>271.72</u>	109.78	173.35	277.80

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>B.27 Employee Benefits Expenses</b>		
Salaries, Wages and Bonus	3,641.40	2,849.25
Contractors' PF and Bonus	89.99	79.49
Contribution to Provident and other Funds	305.22	285.30
Employee Welfare	326.24	280.10
	<u>4,362.86</u>	<u>3,494.14</u>
<b>B.28 Power and Fuel</b>		
Power and Fuel*	3,629.06	3,619.33
Electricity Duty	129.69	115.13
	<u>3,758.75</u>	<u>3,734.46</u>
*Power and Fuel cost includes liability of Rs 892.39 Lacs (Previous year Rs. 691.50 Lacs) towards Renewable Purchase Obligation which is being contested		
<b>B.29 Finance Costs</b>		
Interest Expenses	8,882.56	7,695.90
Other Borrowing Costs	151.44	264.48
(Gain) /Loss on foreign currency transactions and translation (Net)	-	109.52
	<u>9,034.00</u>	<u>8,069.90</u>
<b>B.30 Depreciation and Amortization Expenses</b>		
Depreciation Expenses	5,757.21	5,191.16
Amortization Expenses	245.03	210.78
	<u>6,002.24</u>	<u>5,401.94</u>

**ADITYA BIRLA CHEMICALS (INDIA) LIMITED**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

(₹ in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>B.31 Other Expenses</b>		
Consumption of Stores and Spare parts	2,962.39	2,342.74
Legal & Professional Charges	294.81	189.97
Rent	50.02	39.55
Contractual Labour-Packing	101.93	93.84
Repairs to Buildings	132.38	82.00
Repairs to Machinery	736.58	391.52
Repairs to Others	325.25	153.00
Insurance	251.21	180.99
Rates and Taxes	67.72	36.99
Business Head Office Expenses*	43.19	44.64
Auditors' Remuneration (See Note Below)	20.03	16.26
Freight and Forwarding (Net)	2,355.13	1,908.36
Bad and doubtful debts, loans and advances written off	333.02	7.40
Donation	1.97	1.97
Directors' Sitting Fees	9.60	11.10
(Profit)/ Loss on Fixed Assets sold (Net)	47.07	19.28
(Gain)/ Loss on foreign currency transactions and translation (Net)	118.23	22.63
Job Work Expenses	-	9.89
Raw Water charges and Cess	58.21	71.39
Travelling & Conveyance	132.31	110.39
Commission on Sales	276.32	184.37
Advertisement	5.14	7.81
Rebate & Claims	38.91	25.84
Brokerage/Demat Charges on Investment	0.16	1.06
Premium / Discount Written Off	3.93	3.98
Miscellaneous Expenses	750.10	543.26
	<u>9,115.61</u>	<u>6,500.23</u>
<p>*With a view to optimise the benefits of specialisation and minimise cost to the Company, its share of expenses towards business operations of Rs 43.19 Lacs (Previous year Rs. 44.64 lacs) contributed to Grasim Industries Limited the same has been accounted under 'Business Head Office expenses in Notes B.31</p>		
<p>Details of Auditors' Remuneration are as follows</p>		
<p>Statutory Auditors:</p>		
Audit Fees	7.00	5.75
Tax Audit Fees	1.90	1.50
Certification work (Including Quarterly Limited Reviews)	9.39	8.10
Reimbursement of expenses	1.24	0.63
	<u>Total (A)</u>	<u>15.98</u>
<p>Cost Auditors</p>		
Statutory/ Cost Audit Fees	0.40	0.20
Reimbursement of expenses	0.10	0.08
	<u>Total (B)</u>	<u>0.28</u>
	<u>Total (A+B)</u>	<u>16.26</u>

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

### B.32 Exceptional Items

	For the year ended March 31, 2013	For the year ended March 31, 2012
Loss on Discard of Fixed Assets	1,410.63	2,273.98
	<u>1,410.63</u>	<u>2,273.98</u>

Out of the Assets acquired of RCD (Refer note under title Background), the Company has identified Lindane/BHC plants (which have been shut down for past few years) and Mercury Plant which are classified as 'assets held for disposal'. The resultant loss of Rs. 1410.63 Lacs (Previous Year Rs. 2273.98 Lacs) has been booked and classified as exceptional item during the year.

### B.33 Tax Expenses

#### Current Tax Expenses

Current Tax for the year	984.48	333.29
MAT Credit Entitlement	(981.80)	(333.29)
Current Tax adjustments for earlier years (Net)	-	74.43
	<u>2.68</u>	<u>74.43</u>

#### Deferred Tax Expenses

Deferred Tax for the year	2,606.53	1,160.85
	<u>2,606.53</u>	<u>1,160.85</u>

### B.34 Segment information

The Company is primarily engaged in Chlor Alkali Chemicals. Since the inherent nature of entire business activities is governed by the same act of risk and returns, there is no reportable segment. Company does not have reportable secondary segment.

### B.35 Earning per Share (EPS)

Net Profit (Rs. in Lacs)	1,964.88	429.40
Weighted average number of shares used in the calculation of EPS		
Weighted average number of Basic Equity Shares outstanding	23,386,500	23,386,500
Weighted average number of Diluted Equity Shares outstanding	23,386,500	23,386,500
Face value of per share (Rs.)	10.00	10.00
Basic EPS (Rs.)	8.40	1.84
Diluted EPS (Rs.)	8.40	1.84

### B.36 Commitments

S.N.	Particulars	As at March 31, 2013	As at March 31, 2012
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	11,298.96	6,749.19
b)	The company has other commitments under fuel supply agreement (FSA) with CIL for lifting of minimum guaranteed quantity of coal every year under that FSA	-	-

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

<b>B.37 CONTINGENT LIABILITIES &amp; PROVISIONS</b>			
<b>S.N.</b>	<b>Particulars</b>	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
A)	Contingent Liabilities not provided for in respect of the following:		
a)	Outstanding Bank Guarantees (Against which Rs. 316 lacs has been deposited as FDR with Banks, Previous year Rs. 406 lacs)	<b>1,787.09</b>	1,717.01
b)	Claims/Disputed liabilities against the Company not acknowledged as debt		
i)	a) Annual Minimum Guarantee Electricity charges & delayed payment surcharge thereon against which Rs.100 lacs (previous year Rs.100 lacs) has been deposited ( <i>The order of Consumer Grievance Redressal Forum relating to Annual Minimum Guarantee case was challenged by JSEB before Ranchi High Court. On hearing, the Ranchi High Court directed JSEB to raise the bill in accordance with the Forum's order subject to final adjudication of pending writ. Complying with Forum's order, JSEB has raised bill which involved a refund of Rs 17.80 Lacs to the Company. Since the writ is pending before the Court, contingent liability of Rs.6562.84 lacs has been disclosed in the accounts.</i> )	<b>6562.84</b>	6,511.25
	b) Delayed payment of surcharge on the amount of fuel surcharge arrears	<b>483.63</b>	482.12
ii)	Amount claimed by the Kandla Port Trust not acknowledge by company, matter is pending before the Court.	<b>382.60</b>	382.60
iii)	Income Tax		
	a) AY 1998–99, 2000–01, ITAT (Appeals) effect Pending with A.O.	<b>Nil</b>	13.15
	b) AY 2007–08 for which the Company has filed appeal with CIT (Appeals) and Petition u/s 154 has been filed for considering correct amount of TDS & Advance Tax	<b>197.02</b>	197.02
	c) AY 2008–09 for which the Company has filed appeal with CIT (Appeals) and Petition u/s 154 has been filed for considering correct amount of TDS	<b>357.32</b>	357.32
	d) AY2010-11 for which the Company has filed appeal with CIT (Appeals) and Petition u/s 154 has been filed for reducing demand (Against which Rs.19.09 lacs paid)	<b>141.78</b>	-
	e) Various other cases for which the Company has filed appeal with CIT (Appeals)	<b>8.44</b>	8.44
iv)	Liquidated damage and interest claimed by BSIDC not acknowledged by the Company	<b>157.20</b>	143.18
v)	Compensation payable against various labour cases pending with various Courts	<b>156.00</b>	156.00
vi)	Land revenue and Maintenance charges payable to Ranchi Industrial Area Development Authority (RIADA), Ranchi	<b>NIL</b>	10.50
vii)	Incremental Lease Rent with Interest to Tata Motors Ltd. as per the order of High court	<b>42.42</b>	-
viii)	Sales Tax		
	AY 2003-04 for which the Company has filed writ no.1811/2007 before Allahabad High Court against Dy Commissioner(A), Sonebhadra Order (due to non submission of certificate of Trade tax check post at Nepal Border Rs.1.63 lac was deposited)	<b>10.86</b>	10.86

**ADITYA BIRLA CHEMICALS (INDIA) LIMITED**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

(₹ in Lacs)

S.N.	Particulars	As at March 31, 2013	As at March 31, 2012
ix)	Excise		
a)	For the Period (2000-01 to 2006-07): Demand of Excise duty on clearance of SBP to M/s UNICEF without payment of Excise duty under Notification No. 108/95 C.E. Case is pending before CESTAT, New Delhi	60.42	60.42
b)	For the Period (June'03- March' 07): Case against demand raised for excise duty is pending before CESTAT, New Delhi	533.46	533.46
c)	For the Period (April'04- September'08): Case against demand raised for excise duty is pending before CESTAT, Kolkata	525.70	-
d)	Various other cases pending before excise department, high Court & CESTAT	14.76	14.76
x)	Service tax		
a)	Demand of Service Tax for the period April' 05- June' 06. Cases were pending before CESTAT, New Delhi.	141.21	141.21
b)	Demand of penalty on service tax on banking and other financial services availed by company for issue of FCCB. Cases were pending before CESTAT, New Delhi.	25.11	25.11

**B) Provisions**

Nature	Opening Balance	Addition	Utilization	Closing Balance
Various pending labour cases with Court	147.80	0.00	0.00	147.80

**B.38 RETIREMENT BENEFITS**

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

**AMOUNTS RECOGNISED IN THE BALANCE SHEET IN RESPECT OF GRATUITY (FUNDED BY THE COMPANY):**

**Present value of the funded defined benefit obligation:**

	As at March 31, 2013	As at March 31, 2012
<b>A Status</b>		
a) at the end of the period	743.54	670.67
b) Fair value of plan assets	(748.85)	(663.83)
c) Net Liability/ (Asset)	(5.31)	6.84

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

	Current Year	Previous Year
<b>A Components of Employer Expenses</b>		
a) Current Service Cost	32.65	36.34
b) Interest on Defined Benefit Obligations	56.57	51.40
c) Expected Return on Plan Assets	(63.57)	(48.33)
d) Actuarial Losses/ (Gains) on defined benefit obligation	23.43	74.06
e) Actuarial losses/ (gains) on Plan assets	(1.23)	(19.27)
f) Net Gratuity Cost	47.85	94.20

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

**Actual Return on Plan Assets:**

	As at March 31, 2013	As at March 31,2012
a) Expected Return on Plan Assets	63.57	48.33
b) Actuarial Gain/ (Loss) on Plan Assets	1.23	19.27
c) Actual Return on Plan Assets	64.80	67.60

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

<b>A Change in Defined Benefit Obligation</b>		
a) Opening Present Value of Defined Benefit Obligation	670.67	614.26
b) Current Service Cost	32.65	36.34
c) Interest Cost	56.57	51.40
d) Actual (Gains)/ losses	23.43	74.06
e) Benefits Paid	(39.78)	(105.39)
f) Closing Present Value of Defined Benefit Obligation	743.54	670.67
<b>B Change in Fair Value of Assets</b>		
a) Opening Plan assets	663.83	544.38
b) Expected Return on plan assets	63.57	48.33
c) Actual Company contributions	60.00	157.24
d) Employee Contributions	-	-
e) Actuarial gains/ (losses) on Plan Assets	1.23	19.27
f) Benefits paid	(39.78)	(105.39)
g) Closing Plan assets	748.85	663.83

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

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

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

**AMOUNTS RECOGNISED IN THE BALANCE SHEET IN RESPECT OF GRATUITY (NON FUNDED BY THE COMPANY):**

Present value of the funded defined benefit obligation:

	As at March 31, 2013	As at March 31,2012
<b>A Status</b>		
a) at the end of the period	862.89	829.93
b) Fair value of plan assets	-	-
c) Net Liability/ (Asset)	862.89	829.93

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

### Amounts recognised in Salary, Wages and Employee Benefits in the Profit and Loss Account in respect of gratuity:

	Current Year	Previous Year
<b>A Components of Employer Expenses</b>		
a) Current Service Cost	38.40	40.36
b) Interest on Defined Benefit Obligations	76.17	67.43
c) Expected Return on Plan Assets	—	-
d) Actuarial Losses/ (Gains)	31.38	(31.00)
e) Actuarial losses/ (gains) on Plan assets	—	-
f) Net Gratuity Cost	145.95	76.79

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

	As at March 31, 2013	As at March 31, 2012
<b>A Change in Defined Benefit Obligation</b>		
a) Opening Present Value of Defined Benefit Obligation	829.93	855.86
b) Current Service Cost	38.40	40.36
c) Interest Cost	76.17	67.43
d) Actual (Gains)/ losses	31.38	(31.00)
e) Benefits Paid	(112.99)	(102.72)
f) Closing Present Value of Defined Benefit Obligation	862.89	829.93
<b>B Change in Fair Value of Assets</b>		
a) Opening Plan assets	—	—
b) Expected Return on plan assets	—	—
c) Actual Company contributions	112.99	102.72
d) Employee Contributions	—	—
e) Actuarial gains/ (losses) on Plan Assets	—	—
f) Benefits paid	(112.99)	(102.72)
g) Closing Plan assets	—	—

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

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

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

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

	As at March 31, 2013	As at March 31,2012
<b>A Status</b>		
a) At the end of the period	259.75	227.01
b) Fair value of plan assets	–	–
c) Net Liability/ (Asset)	259.75	227.01

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

	Current Year	Previous Year
<b>A Components of Employer Expenses</b>		
a) Current Service Cost	19.77	3.67
b) Interest on Defined Benefit Obligations	21.91	18.05
c) Expected Return on Plan Assets	–	–
d) Actuarial Losses/(Gains)	63.97	47.00
e) <b>Net Leave encashment Cost</b>	105.65	68.72

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

	As at March 31, 2013	As at March 31,2012
<b>A Change in Defined Benefit Obligation</b>		
a) Opening Present Value of Defined Benefit Obligation	227.01	224.13
b) Current Service Cost	19.77	3.67
c) Interest Cost	21.91	18.05
d) Actuarial (Gains)/ Losses	63.97	47.00
e) Benefits Paid	(72.91)	(65.84)
f) Closing Present Value of Defined Benefit Obligation	259.75	227.01
<b>B Change in Fair Value of Assets</b>		
a) Opening Plan assets	–	–
b) Expected Return on plan assets	–	–
c) Actual Company contributions	72.91	65.84
d) Employee Contributions	–	–
e) Actuarial gains/ (losses) on Plan Assets	–	–
f) Benefits paid	(72.91)	(65.84)
g) Closing Plan assets	–	–

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

### Principal Actuarial Assumptions at the Balance Sheet date (Rehla Unit)

	As on March 31, 2013	As on March 31, 2012
Discount Rate	8.25%	8.00%
Rate of return on plan Assets (only in case of Gratuity)	9.00%	8.00%
Rate of increase salaries	5.00%	5.00%
Expected Average remaining working lives of employees (years)	13.04	12.65
Withdrawal Rates	Varying between 8% per annum to 1% per annum depending on duration and age of the employees	

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

	As on March 31, 2013	As on March 31, 2012
Discount Rate	8.25%	8.00%
Rate of increase salaries	5.00%	5.00%
Expected Average remaining working lives of employees (years)	13.49	13.08
Withdrawal Rates	Varying between 8% per annum to 1% per annum depending on duration and age of the employees	

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

#### In respect of Defined contribution schemes—

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

The Company has recognised the following amount as an expense and included in the Notes B.27 “Contribution to Provident Fund and other Funds”:

	Current Year	Previous Year
Contribution to Employee Provident Fund	241.21	205.13
Contribution to Superannuation Fund	25.49	25.31

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

### B.39 LOANS AND ADVANCES INCLUDES

Amount Receivable from	Balance as on March 31, 2013	Balance as on March 31, 2012	Maximum amount due at any time during the year ended March 31, 2013	Maximum amount due at any time during the year ended March 31, 2012
Managing Director	NIL	NIL	NIL	NIL
Dues from Employees	25.88	17.21	71.16	32.45

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

**B.40 RELATED PARTY DISCLOSURE**

Disclosure in respect of Related Parties pursuant to Accounting Standard 18

**(A) List of Related Parties****(i) Holding Company**

Hindalco Industries Limited

**(ii) Fellow Subsidiaries Company**

- |   |  |
|---|--|
| 1. Aditya Birla Minerals Limited                            | 2. Al Dotcom Sdn. BHD.                             |
| 3. Albrasilis - Alumínio do Brasil Industriae Comercia Ltda | 4. Alcom Nikkei Specialty Coatings Sdn Berhad      |
| 5. Aluminum Company of Malaysia Berhad                      | 6. Aluminum Upstream Holdings LLC                  |
| 7. Aluminium Norf GmbH                                      | 8. 4260848 Canada Inc.                             |
| 9. AV Metals Inc, Canada                                    | 10. AV Minerals BV, Netherland                     |
| 11. Birla Maroochydore Pty Limited                          | 12. Birla Mt Gordon Pty Limited                    |
| 13. Birla Nifty Pty Limited                                 | 14. Birla Resources Pty Limited                    |
| 15. Consórcio Candonga (Unincorporated Joint venture)       | 16. Dahej Harbour and Infrastructure Limited       |
| 17. Deutsche Aluminium Verpackung Recycling GmbH(J-V)       | 18. East Coast Bauxite Mining Company Private Ltd. |
| 19. Eurofoil, Inc.  | 20. Evermore Recycling LLC                         |
| 21. France Aluminium Recyclage SA                           | 22. Hindalco – Almex Aerospace Limited             |
| 23. Hindalco Guinea SARL                                    | 24. 4260856 Canada Inc.                            |
| 25. Logan Aluminium Inc.                                    | 26. Lucknow Finance Company Limited                |
| 27. Mauda Energy Limited                                    | 28. Minerals and Minerals Limited                  |
| 29. MiniMRF LLC (J-V)                                       | 30. Novelis Acquisitions LLC                       |
| 31. Novelis North America Holdings Inc.                     | 32. Novelis (India) Infotech Ltd.                  |
| 33. Novelis AG  | 34. Novelis Aluminium Beteiligungsgesellschaft mbH |
| 35. Novelis Aluminium Holding Company                       | 36. 8018227 Canada Inc.                            |
| 37. Novelis Brand LLC                                       | 38. 8018243 Canada Limited                         |
| 39. Novelis Corporation (Texas)                             | 40. Novelis Cast House Technology Ltd              |
| 41. Novelis Deutschland GmbH                                | 42. Novelis de Mexico SA de CV                     |
| 43. Novelis Europe Holdings Limited                         | 44. Novelis do Brasil Ltda                         |
| 45. Novelis Inc.  | 46. Novelis (Shanghai) Aluminum Trading Company    |
| 47. Novelis Korea Ltd.                                      | 48. Novelis Italia SpA                             |
| 49. Novelis (China) Aluminum Products Co. Ltd.              | 50. Novelis Lamines France SAS                     |
| 51. Novelis No. 1 Limited Partnership                       | 52. Novelis Madeira, Unipessoal, Lda               |
| 53. Novelis PAE SAS   | 54. Novelis PAE Corporation                        |
| 55. Novelis South America Holdings LLC                      | 56. Novelis Services Limited                       |
| 57. Novelis MEA Ltd.  | 58. Novelis Switzerland SA                         |
| 59. Novelis UK Ltd.   | 60. Renuka Investments & Finance Limited           |
| 61. Renukeshwar Investments & Finance Ltd.                  | 62. Suvas Holdings Limited                         |
| 63. Tubed Coal Mines Ltd.                                   | 64. Utkal Alumina International Limited            |
| 65. Novelis Delaware LLC                                    | 66. Novelis Sheet Ingot GmbH                       |
| 67. Novelis Vietnam Company Limited                         |  |

**(iii) Key Managerial Personnel**

Mr. V.R.Agrawal

**(iv) Significant Influence**

Tanfac Industries Ltd.

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

### (B) During the year following transactions were carried out with the related parties in the ordinary course of business

Sl. No.	Nature of relationship/ Transactions	Holding company	Fellow Subsidiary	KMP	Significant Influence	Total
1	Managing Director Remuneration	– –	– –	<b>60.04</b> (96.62)	– –	<b>60.04</b> (96.62)
2	Purchase of goods/ licence	<b>7,642.13</b> (6,444.09)	– –	– –	– –	<b>7,642.13</b> (6,444.09)
3	Sale of goods	<b>38,178.47</b> (25,146.67)	– –	– –	– –	<b>38,178.47</b> (25,146.67)
4	Sale of Assets & Services	<b>1.07</b> (1.03)	– –	– –	– –	<b>1.07</b> (1.03)
5	Dividend paid	<b>60.02</b> (60.02)	<b>3.88*</b> (3.88)*	– –	– –	<b>63.90</b> (63.90)
6	Sundry Debtors	<b>1,862.60</b> (1,507.92)	– –	– –	– –	<b>1,862.60</b> (1,507.92)
7	Sundry Creditors	<b>445.20</b> (306.76)	– –	– –	– –	<b>445.20</b> (306.76)
8	Loans and Advances	– –	– –	– –	<b>300.00</b> –	<b>300.00</b> –

\* Paid to Renuka Investments & Finance Limited

✓ Amounts in brackets represent corresponding amount of previous year.

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

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

**B.41** Power (electricity) purchase as well as sale (supply) to UPPCL & JSEB has been accounted for in the accounts as sale/ purchase of power.

**B.42** In the opinion of the management, Current Assets, Loan and Advances would realize, at least, at the value stated in the Balance Sheet, in the normal course of business.

### **B.43 REMUNERATION TO MANAGING DIRECTOR**

	Current Year	Previous Year		
	V.R.Agrawal	S.S.Gupta up to 23.10.2011	V.R.Agrawal from 24.10.2011	Total
Basic Salary	<b>20.90</b>	15.18	8.62	23.80
Special allowance	<b>18.82</b>	13.23	7.66	20.89
Variable Pay	<b>8.89</b>	13.47	-	13.47
Contribution to Provident and Other Funds*	<b>5.64</b>	4.00	2.33	6.33
Medical expenses	<b>0.49</b>	1.34	0.11	1.45
Other Perquisites **	<b>5.30</b>	28.35	2.33	30.68
Total	<b>60.04</b>	75.57	21.05	96.62

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

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

(₹ in Lacs)

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

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

**B.44** Stores & Spares consumed includes replacement of Spare parts of Plant & Machinery, as per consistent policy followed by the company.

**B.45** Statutory dues include provision of Rs. 697.40. Lacs (Previous Year Rs. 510.26 Lacs) is made for liability towards Entry Tax of Goods Act, 2007 (U.P) which is disputed

**B.46 OTHER ADDITIONAL INFORMATION**

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

	2012-13		2011-12	
	Amount	%	Amount	%
<b>i) Consumption of Raw Materials</b>				
Imported	1,724.72	4.33	1,921.19	6.07
Indigenous	38,125.55	95.67	29,724.57	93.93
<b>Total</b>	<b>39,850.27</b>	<b>100.00</b>	31,645.76	100.00
<b>ii) Consumption of Stores &amp; Spares</b>				
Imported	331.76	10.85	400.90	17.11
Indigenous	2,726.90	89.15	1,941.84	82.89
<b>Total</b>	<b>3,058.66</b>	<b>100.00</b>	2,342.74	100.00

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

	2012-13	2011-12
<b>CIF Value of Imports</b>		
i) Raw materials	2,354.84	801.14
ii) Capital Goods & Components	2,147.19	442.52
<b>Expenditure in Foreign Currency (Payment against purchase orders)</b>	<b>4,618.96</b>	1,281.10
<b>Earnings in Foreign Currency</b>		
Export of goods on FOB basis	7,308.58	4,907.05

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(₹ in Lacs)

### (C) DIVIDEND TO NON-RESIDENT SHAREHOLDERS

Year	No. of Shareholders	No. of Shares held	Amount of dividend remitted
For F Y 10-11	6	1,400	0.01
For F Y 11-12	5	1,200	0.01

**B.47 Figures of previous year have been regrouped/ rearranged wherever necessary**

As per our attached report of even date

**For Khimji Kunverji & Co**

Chartered Accountants

Firm Registration No. 105146W

Hasmukh B Dedhia  
Partner (Membership No. F-033494)  
Place : Mumbai  
Dated : May 8, 2013

Akash Mishra  
Company Secretary

Biswajit Choudhuri Director  
L.S. Naik Director  
K. C. Jhanwar Director  
V. R. Agrawal Managing Director

## **COMPANY SECRETARY'S RESPONSIBILITY STATEMENT**

The Company Secretary confirms that, for the financial year 2012-13, the Company has :

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

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

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

Place : Mumbai

Dated : May 8, 2013

## ADITYA BIRLA CHEMICALS ( INDIA ) LIMITED

Parameters	Unit	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13
<b>Financial Results</b>											
Gross Turnover	Rs.in crores	107.84	124.83	129.05	166.31	202.51	230.91	241.08	261.07	665.18	840.85
PBDIT	Rs.in crores	37.96	50.88	55.31	71.30	85.01	79.90	94.83	94.44	151.37	196.10
PBDT	Rs.in crores	25.78	41.95	47.52	60.58	75.81	74.32	91.26	91.80	70.67	105.76
PBT	Rs.in crores	16.06	29.70	38.12	44.76	58.45	55.60	71.22	71.44	16.65	45.74
PAT	Rs.in crores	8.63	26.45	26.15	33.76	49.27	46.08	60.74	62.30	4.29	19.65
Net Worth	Rs.in crores	56.64	81.53	108.56	146.13	195.79	239.34	289.36	352.05	360.23	377.15
Current Ratio	Numbers	1.42	1.34	0.98	1.66	1.56	2.13	3.44	4.14	1.34	1.11
Debt Equity Ratio	Numbers	1.37	0.73	1.02	0.76	0.40	0.19	0.15	0.04	1.96	1.91
Earning per share	Rs./Share	4.84	11.31	11.18	14.43	21.07	19.70	25.97	26.64	1.84	8.40
Return on Capital Employed	%	21.07	27.39	32.00	21.25	23.04	19.62	20.52	19.07	9.12	12.41
Book Value/Share	Rs./Share	24.21	34.84	46.42	62.49	83.72	102.34	123.73	150.53	154.03	161.27
Return on Net worth	%	15.24	32.44	27.51	23.10	25.16	19.25	20.99	17.70	1.19	5.21
Dividend	%	5%	8%	10%	15%	15%	15%	15%	5%	5%	10%

## ECS / NEFT MANDATE FORMAT

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

Dear Sirs,

**FORM FOR ECS / NEFT FOR PAYMENT OF DIVIDEND**  
**Please fill-in the information in CAPITAL LETTERS in ENGLISH ONLY**

Please TICK  Wherever applicable

For Office use only
ECS Ref.No. :

For shares held in physical form

Master Folio No.																			
------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

For shares held in electronic form

DP ID																			
-------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Client ID																			
-----------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Name of First holder																			
Bank Name																			
Branch Name																			
MICR Code																			
Bank IFS Code Number																			
Account Type	Saving				Current														
A/c No.(as appearing in the cheque book)																			
	Please attach a photocopy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the Bank's name, branch and code number.																		
Effective date of this mandate																			

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

Place \_\_\_\_\_

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

Date \_\_\_\_\_

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

Tear here

**ADITYA BIRLA CHEMICALS ( INDIA ) LIMITED**  
 "Ghanshyam Kunj", Garhwa Road, P.O. Rehla - 822 124, Distt.Palamau (Jharkhand)

**ATTENDANCE SLIP**  
**37th Annual General Meeting**

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

I/We hereby record my/our presence at the Annual General Meeting of the Company being held on Tuesday, the 10th September 2013 at 10:00 A. M. at the Registered Office of the Company.

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

\*Applicable for investors holding shares in electronic form.

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

**ADITYA BIRLA CHEMICALS ( INDIA ) LIMITED**  
 "Ghanshyam Kunj", Garhwa Road, P.O. Rehla - 822 124, Distt.Palamau (Jharkhand)

**P R O X Y F O R M**

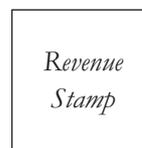
DP ID*		Regd. Folio No.	
Client ID*			

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

I/We.....  
 of.....being a Member/ Members of Aditya Birla Chemicals ( India ) Limited hereby appoint ..... of .....or failing him ..... of.....as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 37th Annual General Meeting of the Company, to be held on Tuesday, the 10th September 2013 at 10:00 A. M. and at any adjournment thereof.

As Witness my/our hand/hands this..... day of.....2013.

Signature (s).....



\*Applicable for investors holding shares in electronic form

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

Tear here

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

### REGISTERED OFFICE

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

Phone : (06584) 262 211, 262 221, 262 488 Fax No: (06584) 262 205

Email : abcil.investors@adityabirla.com

### NOTICE

**Notice** is hereby given that the 37th Annual General Meeting of members of Aditya Birla Chemicals ( India ) Limited ( “the Company” ) will be held at the Registered Office of the Company at “Ghanshyam Kunj”, Garhwa Road, P.O. Rehla – 822 124, Distt. Palamau (Jharkhand) on 10th September 2013 at 10:00 A.M. to transact the following business with or without modification(s) :

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013 and the Statement of Profit & Loss for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March 2013.
3. To appoint a Director in place of Shri Askaran Agarwala, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Jagdish Chandar Chopra, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

#### SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s), the following resolutions as Ordinary Resolutions:
  - (a) “Resolved that pursuant to provisions of Section 293 (1)(d) and other applicable provisions , if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and provisions of Memorandum and Articles of Association of the Company and subject to the necessary approvals, if any, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sum or sums of money from time to time at their discretion, as deem fit, by way of loans, advances, issue of any kind of security(ies) or instruments, even if the borrowing(s) together with the monies already borrowed by the Company, including the borrowings in foreign currencies, (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business), exceeds the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, and to determine, fix, negotiate, arrange or agree to the terms and conditions of all such monies borrowed / to be borrowed from time to time, provided however, that the money or monies to be borrowed by the Company together with the money already borrowed shall not, at any time, exceed Rs. 2000 crores.”

“Resolved further that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or experimental to implement the Resolution without being required to seek

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

any further consent or approval of the Company or otherwise, to the end and intent that they shall be deemed to have given their approval thereto expressly by authority of this resolution”.

- (b) “Resolved that the consent of the Company be and is hereby granted in terms of Section 293 (1)(a) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and provisions of Memorandum and Articles of Association of the Company and subject to the necessary approvals, if any, to the Board of Directors to mortgage and/or charge and/or lien, in addition to the mortgages/charges/liens created /to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the Lender(s), Agent(s) and Trust(s)/Trustee(s), for securing the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) and securities (comprising fully/partly Convertible Debentures and/or Non-Convertible Debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rate/notes/bonds or other debt instruments, issued,/to be issued by the Company, from time to time, subject to the limits approved under Section 293 (1)(d) of the Companies Act, 1956, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premium on prepayment, remuneration of the Agent(s)/Trustees, premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s)/Heads of Agreement(s)/Debenture Trust Deed(s) or loan agreements or any other document, entered into/to be entered into between the Company and the Lender (s)/Agent(s) and Trustee (s)/Trustees(s), in respect of the said loans/borrowings/debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee hereof and the Lender(s)/Agent(s)/Trustees(s)”.

“Resolved further that for the Purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to finalise, settle and execute such documents/deeds/writings/papers/ agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt, that may arise in regard to creating mortgages/charges/liens as aforesaid”.

***Registered Office:***

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

Place : Mumbai  
Dated : May 8, 2013

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

**Akash Mishra  
Company Secretary**

## NOTICE

### NOTES :

1. **A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend the meeting and the Proxy need not be a member of the Company. A Proxy may not vote except in a poll. Proxies in order to be effective must be received at the Company's Registered Office at Garhwa Road, P.O. Rehla, Distt. Palamau not less than forty eight hours before the commencement of the meeting.**
2. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Brief resume of Directors seeking appointment/re-appointment including nature of their expertise in specific functional areas and names of Companies in which they hold directorship and membership / chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in this notice. The Board of Directors of the Company commends the respective appointment/re-appointment of the aforesaid Directors.
4. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 10:30 A.M. and 12:30 P.M. upto the date of the Meeting.
8. The Register of Members and Share Transfer Books of the Company will remain closed from 2nd September 2013 to 10th September 2013 (both days inclusive) for the purpose of payment of dividend.
9. The Company's shares are listed at the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd., Mumbai.
10. The dividend, as recommended by the Board, if sanctioned at the meeting, will be paid within 30 days from the date of this Annual General Meeting to those members or their mandates whose names stand registered on the Company's Register of Members :
  - i) as Beneficial Owners as at the end of the business on 31st August 2013, as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form, and
  - ii) as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before 31st August 2013.
11. Pursuant to the provisions of Section 205-A(5) of the Companies Act, 1956, the amount of dividend which remains unpaid or unclaimed for a period of 7 years would be transferred to the Investor Education and Protection Fund, constituted by the Central Government and the Shareholders would not be able to claim any amount of dividend transferred to the fund. As such, shareholders who have not encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividends. The due date for transfer of Unpaid Dividend are given hereinbelow :

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

Dividend For F.Y.	Date of Annual General Meeting	Date due for transfer to “Investor Education & Protection Fund”
2005-06	11.08.2006	10.09.2013
2006-07	11.08.2007	10.09.2014
2007-08	21.08.2008	20.09.2015
2008-09	29.06.2009	28.07.2016
2009-10	06.08.2010	05.09.2017
2010-11	08.08.2011	07.09.2018
2011-12	08.08.2012	07.09.2019

12. Members are requested to notify immediately any change of address :
- i) to the their Depository Participants(DPs) in respect of their electronic share accounts, and
  - ii) to the Company to its Share Department at the Registered Office at Garhwa Road or to our Registrars, M/s. C.B. Management Services (P) Ltd., Kolkata.
13. **Please note that as per SEBI Circular no. CIR/MRD/DP/10/2013 dated 21st March 2013, in order to enable usage of electronic payment instruments, our Company/Registrars, M/s. C. B. Management Services (P) Ltd. is required to maintain requisite bank details of our Members and as such it is requested –**
- (i) to Members, who hold shares in Demat mode, to ensure that their correct Bank account particulars are available in the database of their depositories,
  - (ii) to Members, who hold physical share certificates, to intimate our Registrars, M/s. C. B. Management Services (P) Ltd., under the signature of the Sole/First Joint holder, the following information :
    - 1) Name of Sole/first Joint holder and Folio No.
    - 2) Particulars of Bank Account, viz.
      - i) Name of the Bank
      - ii) Name of Branch
      - iii) Complete address of the Bank with Pin code Number
      - iv) Account Type, whether Savings (SB) or Current Account (CA)
      - v) Bank Account Number
      - vi) Bank MICR Code Number
      - vii) Bank IFS Code Number
14. Members who hold shares in the dematerialized form and want to change/correct the Bank account details, should send the same immediately to their concerned Depository Participant and not to the Company or the Registrar. Members are also requested to give the MICR Code of their Bank to their Depository Participant. The Company will not entertain any direct request from Members, who hold shares in the dematerialized form for change of address, transposition of names, deletion of name of deceased joint holder and change in the Bank account details.
15. In terms of Section 109(A) of the Companies Act, 1956, the Shareholder may nominate a person to whom the shares held by him/her shall vest in the event of his/her death.

NOTICE

In case the Shareholder wishes to avail the nomination facility in respect of the shares held, the Shareholder can write to the Company/Registrars to obtain the nomination form.

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

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

**Item No. 6**

In a view of future expansion of business and capital expenditures of your Company Aditya Birla Chemicals (India) Limited the present limit of Borrowings of Rs. 1200 crores, as approved by members of the Company, would not be sufficient to cater the need of finance so the borrowings limit is required to be enhanced from Rs. 1200 crores to Rs. 2000 crores and this borrowings also require authorization to create charge on the present and future assets of the Company.

None of the Directors of the Company is, in any way, concerned or interested in the Resolutions.

The Board recommends the Resolutions for enhancing the borrowing limit and to create charge for the purpose of borrowings for your approval.

**Registered Office:**

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

Place : Mumbai  
Dated : May 8, 2013

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

**Akash Mishra  
Company Secretary**

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

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

1.	Name of Director	:	Shri Askaran Agarwala																											
	Date of Birth	:	01.07.1933																											
	Educational Qualification	:	B.Com., F.C.A., L.L.B.																											
	Date of Appointment on the Board of the Company	:	09.05.2001																											
	Category of Director	:	Non Executive																											
	Area of Expertise / Experience	:	Joined Hindalco in 1959 and appointed to the Board of Directors in 1998. Having vast experience at senior leadership role in various industries. Presently holding the position of Trustee of G.D. Birla Medical Research and Education Foundation, Vaibhav Medical Education Foundation, Aditya Vikram Birla Memorial Trust and Sarla Basant Birla Memorial Trust.																											
	Other Directorships (excluding Alternate Directorship and Private Companies)	:	<table border="0"> <tr> <td>i)</td> <td>Hindalco Industries Limited</td> <td>Director</td> </tr> <tr> <td>ii)</td> <td>Udyog Services Limited</td> <td>Director</td> </tr> <tr> <td>iii)</td> <td>Tanfac Industries Limited</td> <td>Director</td> </tr> <tr> <td>iv)</td> <td>Aditya Birla Insurance Brokers Limited</td> <td>Director</td> </tr> <tr> <td>v)</td> <td>Novelis Inc., Canada</td> <td>Director</td> </tr> <tr> <td>vi)</td> <td>Aditya Birla Power Co. Limited</td> <td>Director</td> </tr> <tr> <td>vii)</td> <td>P. T. Elegant Textile Industry</td> <td>Director</td> </tr> <tr> <td>viii)</td> <td>P. T. Indo-Bharat Rayon</td> <td>Director</td> </tr> <tr> <td>ix)</td> <td>Aditya Birla Health Services Limited</td> <td>Additional Director</td> </tr> </table>	i)	Hindalco Industries Limited	Director	ii)	Udyog Services Limited	Director	iii)	Tanfac Industries Limited	Director	iv)	Aditya Birla Insurance Brokers Limited	Director	v)	Novelis Inc., Canada	Director	vi)	Aditya Birla Power Co. Limited	Director	vii)	P. T. Elegant Textile Industry	Director	viii)	P. T. Indo-Bharat Rayon	Director	ix)	Aditya Birla Health Services Limited	Additional Director
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viii)	P. T. Indo-Bharat Rayon	Director																												
ix)	Aditya Birla Health Services Limited	Additional Director																												
	Chairman/Member of the Committee of the Board of Directors of the Company	:	Nil																											
	Chairman/Member of the Committee of the Board of Directors of other Companies in which he/she is a Director.	:	<table border="0"> <tr> <td><u>Hindalco Industries Limited</u></td> <td>Member</td> </tr> <tr> <td>Finance Committee</td> <td></td> </tr> <tr> <td><u>Novelis Inc., Canada</u></td> <td>Member</td> </tr> <tr> <td>Compensation Committee</td> <td></td> </tr> </table>	<u>Hindalco Industries Limited</u>	Member	Finance Committee		<u>Novelis Inc., Canada</u>	Member	Compensation Committee																				
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**ADITYA BIRLA CHEMICALS (INDIA) LIMITED**

**NOTICE**

2.	<b>Name of Director</b>	:	<b>Shri Jagdish Chandar Chopra</b>	
	Date of Birth	:	04.03.1931	
	Educational Qualification	:	M.A. (Economics)	
	Date of Appointment on the Board of the Company	:	17.10.2006	
	Category of Director	:	Independent	
	Area of Expertise / Experience	:	Worked in the corporate sector in Senior Management positions, for over 50 years, as Marketing Director of Hindustan Lever, Senior Vice President and Director of Voltas, Senior Vice President and Director Marketing at Tata Consultancy Services, apart from being on the Board of no. of Tata Companies. Has been a member of the Board of Governors of National Applied Economic Research, Committees of the Planning Commission and Vice Chairman of Agro Foods Punjab, a joint sector Company of Punjab Govt. and Voltas, which handled the entry of Pepsi in India.	
	Other Directorships (excluding Alternate Directorship and Private Companies)		i) Global Offshore Services Limited	Director
			ii) The Indian Society of Advertisers	Director
	Chairman/Member of the Committee of the Board of Directors of the Company.	:	Audit Committee	Member
			Remuneration Committee	Chairman
	Chairman/Member of the Committee of the Board of Directors of other Companies in which he/she is a Director.	:	<u>Global Offshore Services Limited</u>	
			Borrowing Committee	Member



**ADITYA BIRLA CHEMICALS ( INDIA ) LIMITED**

Regd.Office : "Ghanshyam Kunj", Garhwa Road,

P.O. Rehla - 822 124

Distt.Palamau (Jharkhand)

Dated : May 11, 2013

Dear Member,

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

Please note that since trading of our shares are permitted in electronic form only, we would earnestly request you to get your shares demated, if not done yet, as it will facilitate trading. You are well aware that Equity Shares of our Company are listed at Bombay Stock Exchange and National Stock Exchange. We feel dematerialization will help us to serve you better.

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

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

**3. Please note that as per SEBI Circular no. CIR/MRD/DP/10/2013 dated 21st March 2013, in order to enable usage of electronic payment instruments, our Company/Registrars, M/s. C. B. Management Services (P) Ltd. is required to maintain requisite bank details of our Members and as such, it is requested :**

- (i) to Members, who hold shares in Demat mode, to ensure that their correct Bank account particulars are available in the database of their depositories,
- (ii) to Members, who hold physical share certificates, to intimate our Registrars, M/s. C. B. Management Services (P) Ltd., under the signature of the Sole/First Joint holder, the following information :
  - 1) Name of Sole/first Joint holder and Folio No.
  - 2) Particulars of Bank Account, viz.
    - i) Name of the Bank
    - ii) Name of Branch
    - iii) Complete address of the Bank with Pin code Number
    - iv) Account Type, whether Savings (SB) or Current Account (CA)
    - v) Bank Account Number
    - vi) Bank MICR Code Number
    - vii) Bank IFS Code Number

Thanking you,

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

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



ICC Award for Social Responsibility 2012



Environment Excellence Gold Award-2012