

ANNUAL REPORT
2010 - 2011



Leadership through Consolidation





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



Dear Shareholder,

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

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

For the Financial Year 2010-11, your Company's consolidated revenues stood at US \$ 4.7 billion (₹ 21,585 crores) vis-à-vis US \$ 4.3 billion (₹ 20,195 crores) in the previous year. Net profit at US \$ 501 million (₹ 2,279 crores) is lower by 17% in comparison to US \$ 581 million (₹ 2,759 crores) – excluding extraordinary item in FY 2010.

“Our growth plans in the VSF sector continue to be aggressive. We are the world’s No.1 in this sector with our Group’s current capacity, in excess of 744,000 tons. Our intent is to ramp up to 1 million tons, in the near future.”

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

Leadership through consolidation

In the **Pulp and Fibre business**, the acquisition of Domsjö Fabriker has indeed been a high point. This is a world-class company with cutting edge technology. Its production process, coupled with its state-of-the-art biorefinery, add enormous value. Its high quality pulp will enable us enhance the supply of top quality premium VSF to our customers. The acquisition is in line with our strategy of having a significant part of our speciality pulp for our consumption through a captive source. With Domsjö we are closer to this goal.

Our growth plans in the VSF sector continue to be aggressive. We are the world’s No.1 in this sector with our Group’s current capacity, in excess of 744,000 tons. In China, we have nearly doubled our production capacity from 36,000 tons to 70,000 tons. At Harihar (Karnataka) a 36,500 tpa Brownfield expansion will go on stream in the near future. Additionally, a 120,000 tpa VSF plant at Vilayat will be up and running by the year 2013. Our intent is to ramp up to 1 million tons, in the near future.

Intensifying its focus on speciality products, your Company has begun manufacturing “micro modal” a finer denier modal widely used in knitwear and women’s wear. Your Company has also tied up with leading textile manufacturers for the use of its speciality fibres in denims for women, suitings and school uniforms.

Cement Sector

The acquisition of ETA Star Cement marked our foray beyond Indian shores. It has always been our aspiration to establish our leadership position in India and to have a formidable presence in the Indian Ocean rim. This region is a focus area for your Company in the white cement sector as well. This acquisition along

with the amalgamation of Samruddhi Cement, has bolstered UltraTech, your Company's subsidiary leadership position. UltraTech has become a PAN India player. Alongside, we have gained a strong foothold in the growing markets in the Middle East and the neighbouring regions. Today, UltraTech's capacity stands raised to 52 million tons. UltraTech is among the top-10 global cement companies.

Capital outlays

In the VSF sector, your Company's capex stands at US \$ 540 million (₹ 2,400 crores). This is towards the Greenfield and Brownfield projects at Vilayat (Gujarat) and Harihar (Karnataka) to which I have alluded earlier and partly towards modernization.

To accelerate the pace of growth in cement, over the next 3 years, your Company has earmarked a capital outlay of US \$ 2.5 billion (₹ 11,000 crores). We are investing in the setting up of additional clinkerisation plants at Chhattisgarh and Karnataka together with grinding units, bulk packaging terminals and ready mix concrete plants across the country. These expansions are expected to be operational in FY14 and will augment our cement capacity by 9.2 mtpa.

Outlook

I believe, the pricing of competitive fibres and cotton production will have a bearing on profitability in the short term. Rising input costs may impair earnings to some extent.

In the cement sector, current issues such as the demand supply mismatch, infrastructural bottlenecks and rising input costs are challenges that we have to grapple with currently. In the last few years, new capacity additions of around 100 mtpa, coupled with the prevailing sluggish demand has resulted in a surplus scenario. At the same time, the substantial hike in coal and petro-products prices have led to a drastic increase in input costs. So, overall in the short term one feels bearish about the sector.

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“In my view, over the long term the cement sector is likely to grow in excess of 8.5%. My optimism stems from the Government’s enhanced focus on urban as well as rural infrastructure development and housing.”

In my view, over the long term the cement sector is likely to grow in excess of 8.5%. My optimism stems from the Government’s enhanced focus on urban as well rural infrastructure development and housing. Furthermore, the enhanced capital allocation towards infrastructure in the 12th – Five year plan will be a growth propeller. We are positive that we will continue to do well.

To our teams

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

The Aditya Birla Group in perspective

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

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

It is a matter of great satisfaction for me that the key strength of the Group, as identified in the OHS, continues to be the great sense of pride that our

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

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

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

Our commitment to employee learning and development at all levels, is unrelenting. In 2010-11, there were 30,000 touch points with our learners through multiple formats of learning. More than 25,000 employees enlisted in e-learning programmes at Gyanodaya, our Institute of Management Learning. This year, at Gyanodaya, 200 colleagues at very senior levels attended specially designed programmes. They

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

had the opportunity to interact with professors from leading Universities and B-Schools. They were a great faculty, drawn from Universities such as Stanford, RICE, Michigan and Duke at the global level along with professors from the IIMs and ISB (Hyderabad). Our senior managers also derived immense value from training and learning sessions conducted by leading consultancies such as The Centre for Creativity Leadership (CCL), The Hay Group and The Works Partnership (TWP), among others.

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

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

Yours sincerely,



Kumar Mangalam Birla

BOARD OF DIRECTORS

Mr. Kumar Mangalam Birla - Chairman
 Mrs. Rajashree Birla
 Mr. M.L. Apte
 Mr. B.V. Bhargava
 Mr. R.C. Bhargava
 Mr. Arun Kanti Dasgupta
 Mr. Cyril Shroff
 Dr. Thomas M. Connelly
 Mr. Shailendra K. Jain
 Mr. D.D. Rathi
 Mr. Adesh Gupta, Whole-Time Director
 Mr. K.K. Maheshwari, Whole-Time Director

Manager & Chief Financial Officer

Mr. Adesh Gupta

Company Secretary

Mr. Ashok Malu

Statutory Auditors

M/s. G.P. Kapadia & Co., Mumbai
 M/s. Deloitte Haskins & Sells, Mumbai

Branch Auditors

M/s. Vidyarthi & Sons, Gwalior

Solicitors

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

EXECUTIVES**Fibre & Pulp Business**

Mr. K.K. Maheshwari Business Director
 Mr. S.K. Saboo Group Advisor,
 Chairman's Office
 Dr. Prakash Maheshwari Group Executive President,
 Chief Operating Officer (India)
 & Head (Projects)
 Mr. Vijay Kaul Group Executive President
 (Global Marketing & Pulp
 Operations)
 Mr. Sunay B. Kamat Executive President,
 Birla Cellulosic, Kharach
 Mr. Rajendra Jain Executive President, Harihar
 Mr. Indrajit Mitra Executive President,
 Grasim Cellulosic, Vilayat

Cement Business

Mr. O.P. Puranmalka Business Head
 Mr. R.K. Shah Group Executive President &
 CMO (Mfg. & Projects)
 Mr. S.N. Jajoo Chief Marketing Officer
 Mr. K.C. Birla Sr. Executive President (Finance)

Chemical Business

Mr. Lalit Naik Business Head
 Mr. K.C. Jhanwar Group Executive President
 Mr. G.K. Tulsian Executive President

Textile Business

Mr. Pranab Barua Business Head
 Mr. S. Krishnamoorthy President

Corporate Finance Division

Mr. Pavan K. Jain Executive President

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Registered Office: Birlagram, Nagda 456 331 (M.P.)
www.grasim.com/www.adityabirla.com

Year →	Unit	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	
Production											
Grey Cement	Mn. Tons	39.67	37.02	32.18	31.22	29.98	28.43	26.13	12.60	11.91	
Ready-Mix Concrete	Mn. Cu. Mtrs.	4.39	3.87	3.85	2.84	1.57	1.07	1.08	0.83	0.61	
White Cement	Tons	540844	514291	441118	407882	364649	350174	315368	310578	310163	
Viscose Staple Fibre	Tons	305087	302092	232745	279901	246833	228981	247952	221005	224610	
Caustic Soda	Tons	242037	229801	207226	188537	136685	165509	161966	157541	151445	
Sponge Iron ^	Tons	–	77069	420156	562000	525183	505825	780341	687272	612879	
Turnover*											
Grey Cement	Mn. Tons	39.96	37.29	32.65	31.45	30.06	28.60	26.31	12.71	11.98	
Clinker	Mn. Tons	1.60	2.29	2.31	2.13	2.50	1.46	2.93	0.15	0.21	
Ready-Mix Concrete	Mn. Cu. Mtrs.	4.39	3.87	3.85	2.84	1.57	1.07	1.08	0.83	0.61	
White Cement	Tons	546661	509054	438394	396295	367167	347500	311454	314819	305223	
Viscose Staple Fibre	Tons	305072	308431	238463	269781	250725	242399	231533	229110	227900	
Caustic Soda	Tons	241365	229876	207520	187356	137830	165853	163111	156967	150825	
Sponge Iron ^	Tons	–	75427	423414	557187	571127	478291	772799	676921	612425	
^ Sold on 22nd May, 2009											
* Including Captive Consumption											
Profit & Loss Account											
		2010-11 (USD Million¹)								(₹ in Crore)	
Net Revenue (Including Other Operating Income)											
Cement		3505	15969	15475	13512	11792	9940	6938	5652	2549	2352
Viscose Staple Fibre		1060	4830	3940	2915	3456	2706	1990	2009	1808	1685
Chemicals		119	542	493	523	418	319	386	352	295	257
Sponge Iron		—	—	111	1008	951	756	635	1021	639	406
Textiles		92	419	351	318	295	271	247	260	242	229
Others (Mainly Telecom)**		—	1	1	431	438	327	234	180	106	82
Inter-segment Elimination		-39	-176	-175	-210	-208	-177	-156	-160	-129	-104
Total Net Revenue		4737	21585	20195	18496	17141	14142	10275	9315	5510	4908
PBITD											
Cement		735	3347	4706	3686	3747	3175	1459	974	458	361
Viscose Staple Fibre		357	1628	1339	521	1109	754	493	613	572	586
Chemicals		27	124	125	155	138	81	125	104	74	53
Sponge Iron		—	—	-39	135	160	85	74	390	254	104
Textiles		6	27	24	15	7	5	3	12	13	-9
Others/Unallocated/Inter-segment Elimination		60	271	168	267	261	191	182	180	171	57
Total PBITD		1185	5397	6322	4779	5422	4290	2337	2272	1543	1151
Interest		89	406	334	307	222	229	219	284	196	213
Gross Profit (PBDT)		1096	4991	5988	4472	5200	4061	2118	1988	1347	938
Depreciation		250	1138	995	865	670	610	563	556	308	287
Profit before Tax, Exceptional & Extraordinary Items		846	3853	4993	3607	4530	3451	1555	1432	1039	651
Exceptional Items (EI)		—	—	—	—	46	—	4	-129	1	-169
Profit before Tax & Extraordinary Items		846	3853	4993	3607	4576	3451	1559	1303	1040	482
Total Tax		210	958	1570	992	1466	1092	402	442	302	163
Net Profit before Extraordinary Items		636	2895	3423	2615	3110	2359	1157	861	738	319
Extraordinary Items (EO)		—	—	336	—	236	—	—	—	—	—
Net Profit before Minority Interest		636	2895	3759	2615	3346	2359	1157	861	738	319
Less: Minority Interest		145	660	714	444	457	392	116	-19	—	—
Add: Share in Profit/(Loss) of Associate**		10	44	51	16	2	-0.4	—	—	—	—
Net Profit		501	2279	3096	2187	2891	1967	1041	880	738	319

**Results of Idea Cellular Limited were consolidated as 'Joint Venture' (till 31st December, 2009) and thereafter as an 'Associate'.

Note 1 - 1 USD = INR 45.56

	(₹ in Crore)									
	2010-11 (USD Million ²)	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Balance Sheet										
Gross Fixed Assets (incl. CWIP)	5420	24164	21717	21041	19258	14481	11927	11312	6333	6061
Net Fixed Assets (incl. CWIP)	3542	15791	14553	14216	12918	8468	6411	6294	3549	3596
Investments	1779	7933	6676	3550	1661	2272	1352	769	2342	1609
Goodwill	543	2419	2007	2001	1991	1844	1773	1958	122	120
Net Current Assets	342	1526	649	943	609	859	652	674	366	439
	6206	27669	23885	20710	17179	13443	10188	9695	6379	5764
Equity Share Capital	21	92	92	92	92	92	92	92	92	92
Share Capital (Other than Equity)	8	38	36	33	29	6	43	43	42	42
Employee Stock Options Outstanding	3	15	14	12	6	—	—	—	—	—
Reserves & Surplus	3237	14429	12383	11418	9048	6460	4698	3947	3224	2630
Net Worth	3269	14574	12525	11555	9175	6558	4833	4082	3358	2764
Minority Interest	976	4351	3755	1670	1269	859	514	500	—	—
Deferred Tax Liability (Net)	440	1962	2006	1592	1158	1153	1158	1179	602	592
Loan Funds	1521	6782	5599	5893	5577	4873	3683	3934	2419	2408
	6206	27669	23885	20710	17179	13443	10188	9695	6379	5764
Fixed Assets and Reserves exclude Revaluation	—	—	—	3	4	4	4	5	5	6
Ratios & Statistics										
PBIDT Margin	(%)	24.6	30.9	25.5	31.1	29.8	22.3	23.8	26.9	22.9
Net Margin	(%)	10.6	13.7	11.8	15.2	13.9	10.1	10.8	13.4	9.9
Interest Cover (PBIDT–Current Tax/ Total Interest)	(x)	10.8	13.9	10.7	13.1	13.3	8.7	6.3	6.4	4.5
ROACE (PBIT/Avg. CE)	(%)	16.5	23.9	20.7	31.0	31.1	17.8	21.4	20.3	15.0
RONW (PAT before EI/EO/Avg. NW)	(%)	16.8	22.9	21.1	33.2	34.5	23.3	27.1	24.1	17.7
Total Debt Equity Ratio	(x)	0.36	0.34	0.45	0.53	0.66	0.69	0.86	0.72	0.87
Net Debt to Equity Ratio	(x)	—	—	0.3	0.4	0.4	0.5	0.7	0.4	0.7
Net Debt to PBIDT Ratio	(x)	—	—	0.8	0.8	0.7	1.1	1.5	0.8	1.7
Basic Earnings per Share (before EI/EO)	₹/Share	248.5	300.9	238.5	284.5	214.6	113.1	110.0	80.4	53.2
Book Value per Share	₹/Share	1589	1366	1260	1001	715	527	445	366	301

 Note ² - 1 USD = INR 44.58

Year →	2010-11	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
	(₹ in Crore)										
Profit & Loss Account	(USD Million ¹)										
Net Revenue											
(Including Other Operating Income)											
Viscose Staple Fibre	915	4170	3574	2534	3011	2309	1935	1963	1766	1641	1329
Chemicals	119	542	493	523	418	319	386	352	295	257	220
Cement (Demerged w.e.f. 1st October, 2009)	—	—	4221	7019	5956	5155	3655	2804	2420	2189	2075
Sponge Iron (Sold on 22nd May, 2009)	—	—	111	1008	951	756	635	1021	639	406	332
Textiles	17	78	63	58	173	271	247	260	242	229	276
Others	—	—	—	—	—	—	—	—	—	6	271
Inter-segment Elimination	-32	-144	-149	-176	-183	-166	-156	-148	-128	-104	-116
Total Net Revenue	1020	4646	8313	10965	10325	8644	6703	6252	5233	4623	4387
PBIDT											
Viscose Staple Fibre	325	1479	1315	514	1097	712	495	611	573	588	344
Chemicals	27	124	125	155	138	81	125	104	74	53	26
Cement (Demerged w.e.f. 1st October, 2009)	—	—	1423	1911	1876	1623	800	551	447	359	455
Sponge Iron (Sold on 22nd May, 2009)	—	—	-39	135	160	85	74	390	254	104	51
Textiles	2	7	6	2	6	5	3	12	13	-9	-24
Others/Unallocated	45	207	142	128	147	113	100	117	142	40	57
Total PBIDT	399	1817	2972	2844	3424	2619	1597	1785	1504	1136	909
Interest	10	46	120	139	107	112	103	139	154	169	190
Gross Profit (PBDT)	389	1771	2852	2705	3317	2507	1494	1646	1350	967	719
Depreciation	39	176	351	457	353	318	292	285	273	254	252
Profit before Tax, Exceptional & Extraordinary Items	350	1595	2501	2248	2964	2189	1202	1361	1077	713	467
Exceptional Items (EI)	—	—	—	—	46	37	4	-57	—	-168	-6
Profit before Tax & Extraordinary Items	350	1595	2501	2248	3010	2226	1206	1304	1077	545	461
Total Tax	91	413	745	600	962	690	343	418	298	177	108
Net Profit before Extraordinary Items	259	1182	1756	1648	2048	1536	863	886	779	368	353
Extraordinary Items (EO)	—	—	336	—	185	—	—	—	—	—	-50
Net Profit	259	1182	2092	1648	2233	1536	863	886	779	368	303
Equity Dividend (including CTD)	43	197	309	316	316	287	209	167	145	103	83
Balance Sheet	(USD Million ²)										
	(₹ in Crore)										
Gross Fixed Assets (incl. CWIP)	692	3085	3145	12277	10615	7974	6416	6052	5802	5594	5371
Net Fixed Assets (incl. CWIP)	368	1643	1829	8304	7050	4593	3307	3204	3213	3264	3263
Investments	1550	6910	6325	4609	4081	4275	3482	2982	2541	1796	1416
Net Current Assets	140	624	281	820	815	892	753	745	549	613	733
	2058	9177	8435	13733	11946	9760	7542	6931	6303	5673	5412
Share Capital	21	92	92	92	92	92	92	92	92	92	92
Employee Stock Options Outstanding	2	10	10	10	5	—	—	—	—	—	—
Reserves & Surplus	1802	8032	7043	9372	8040	6134	4886	4232	3514	2879	2615
Net Worth	1824	8134	7145	9474	8137	6226	4978	4324	3606	2971	2707
Deferred Tax Balance	52	230	252	864	607	583	584	599	632	626	640
Loan Funds	182	813	1038	3395	3202	2951	1980	2008	2065	2076	2065
	2058	9177	8435	13733	11946	9760	7542	6931	6303	5673	5412
Fixed Assets and Reserves exclude Revaluation Reserve	—	—	—	3	4	4	4	5	5	6	7
Ratios & Statistics											
PBIDT Margin	(%)	36.8	34.8	25.4	32.3	29.6	23.2	27.8	27.6	24.0	20.2
Net Margin	(%)	25.4	21.1	15.0	19.4	17.3	12.8	15.1	14.9	11.6	8.2
Interest Cover (PBIDT-Current Tax/ Total Interest)	(x)	30.3	15.5	11.8	14.5	15.7	11.9	9.6	7.9	5.6	4.4
Total Debt to Equity Ratio	(x)	0.10	0.15	0.36	0.39	0.47	0.40	0.46	0.57	0.70	0.76
Net Debt to Equity Ratio	(x)	—	—	0.2	0.2	0.2	0.2	0.3	0.3	0.6	0.8
Net Debt to PBIDT Ratio	(x)	—	—	0.7	0.6	0.5	0.6	0.8	0.6	1.4	2.3
Dividend per Share	₹/Share	20.0	30.0	30.0	30.0	27.5	20.0	16.0	14.0	10.0	9.0
Basic Earnings per Share (before EI/EO)	₹/Share	128.8	191.5	179.8	218.3	163.5	93.7	102.9	85.0	58.5	39.1
Book Value per Share	₹/Share	887	779	1033	887	679	543	472	393	324	295
No. of Equity Shareholders	No.	164548	158702	168801	162411	168671	164847	174831	191770	242359	263549
No. of Employees	No.	6568	6636	13592	13200	15023	15156	15363	15971	16648	16912

Note 1 - 1 USD = INR 45.56

Note 2 - 1 USD = INR 44.58

OVERVIEW

Globally as well as locally, two clear themes have dominated the economy in the year gone by, namely, the resurgence in growth post the economic crisis and the increasing pressure on natural resources which is pushing the prices of inputs and energy to record levels. The pressure on resources has been exacerbated further by natural disasters like earthquake and tsunami in Japan and man-made political unrest gripping the whole of the Middle East and North Africa. The impact of these events has percolated into the Indian economy as well. As a result, Indian businesses have come under increasing cost pressures, while enjoying healthy growth.

After the economic crisis, turnaround was faster in India driven by India's demographic dividend. Private consumption has been the biggest growth driver for the economy in FY11. There was rebound in the agriculture sector and healthy growth in the manufacturing and services sector. Economic recovery which had gained momentum in the first half of FY11 started showing signs of moderation in the second half. The biggest hindrance to growth momentum, however, has been high inflation. Inflation refuses to abate and has forced RBI to pursue monetary tightening measures even at the cost of growth. Rising energy prices and interest rates will continue to pose a challenge for businesses in the near future. Despite these short term challenges, the overall economic sentiment remains healthy and we expect a good growth rate for the next year as well.

The macro-economic scenario has impacted your Company's businesses. While the VSF business witnessed growing demand and realisations, these were accompanied by increasing pressure on prices of key raw materials. The cement industry was marked by volatility in prices due to oversupply on the one hand and the sluggish demand growth on the other. Global hardening of energy prices, more particularly in the second half, had an adverse impact on the cement sector as power, fuel and freight constitute major part of the cost pie.

STRATEGIC INITIATIVES

Accelerating Growth of VSF Business

With an objective of retaining our leadership in VSF business and gain from the growing demand for textiles in emerging market, your Company is setting up a 120,000 TPA Greenfield VSF plant at Vilayat, Gujarat, at an investment of ₹ 1,700 crore. In addition, the capacity at Harihar (Karnataka) will be raised by 36,500 TPA through a brownfield expansion at a cost of ₹ 449 crore. The Vilayat plant will cater to the specialty fibre segment and take us higher in the value added product range. Thus, with the proposed expansions, VSF capacity will increase by almost 50% to half a million tons with the ability to serve the market with the entire range of VSF fibres. Both the projects are slated for commissioning in FY13. These expansions will place VSF business on a high growth trajectory for the future.

In line with our strategy of backward integration, we will also establish a caustic soda plant at Vilayat.

Acquisition of Domsjo Fabriker AB, Sweden

Securing pulp availability for VSF expansions remains an important area of focus. Towards this objective, your Company has acquired 1/3rd stake in Aditya Holding AB, Sweden, which acquired Domsjo Fabriker AB (Domsjo), Sweden, at an enterprise value of Swedish Kroner (SEK) 2.12 Billion (approx. ₹ 1,570 crore). This will entail an investment of SEK 380 Million (approx. ₹ 280 crore) and will be funded entirely out of internal accruals.

Accelerating Growth of Cement Business

In line with its strategy to scale up its presence in the cement sector, UltraTech Cement Ltd., (UltraTech), a subsidiary of your Company, is setting up brownfield expansions aggregating to 9.2 million TPA at its units in Chhattisgarh and Karnataka. This will increase the capacity of cement business by 20%. Orders have already been placed for major equipments. The projects are expected to be operational from early FY14. UltraTech is working on further projects to consolidate its leadership position in the business.

Acquisition of ETA Star Cement, UAE

In September 2010, UltraTech completed acquisition of ETA Star Cement Company LLC comprising of 2.3 million TPA clinker facility and grinding units of 2.1 million TPA in UAE, 0.4 million TPA in Bahrain and 0.5 million TPA in Bangladesh.

UltraTech's capacity thus stands augmented to 52 million TPA which makes it the 9th largest cement company in the World. (Source: BNP Paribas)

BUSINESS PERFORMANCE REVIEW

Cement

	Unit	2010-11	2009-10	% Change
Grey Cement				
Capacity	Mn. TPA	51.75	48.75	6
Production	Mn. Tons	39.67	37.02	7
Sales Volumes ¹	Mn. Tons			
- Cement		39.96	37.29	7
- Clinker		1.60	2.29	(30)
Realisation	₹/Ton			
- Cement (Domestic)		3,360	3,503	(4)
- Clinker		1,697	1,785	(5)
White Cement				
Production	Tons	540,844	514,291	5
Sales Volumes ²	Tons	546,661	509,054	7
Realisation	₹/Ton	8,571	8,304	3
Net Divisional Revenue	₹ in Crore	15,969.1	15,475.0	3
PBIDT ³	₹ in Crore	3,483.2	4,767.4	(27)
PBIDT Margin	%	21.6	30.6	—

¹ Includes captive consumption for RMC.

² Includes captive consumption for value added products.

³ Includes income of cement subsidiaries related to unallocated corporate capital employed.

Performance Review

FY11 was quite challenging for the cement industry. While on the one hand, demand growth weakened due to lower realty and infrastructure spending, extended monsoons and logistical constraints further dampened the construction activity on the other. On the supply front, overcapacity continued to plague the industry. During the year, the industry witnessed capacity addition of around 28 million TPA in addition to the 60 million TPA added in the previous year. Industry capacity utilisation was at 75% against 84% recorded in the previous year.

Surplus scenario together with sluggish demand and volatile prices adversely impacted domestic realisations which were lower by 4% as compared to the previous year.

On the cost front, higher imported as well as domestic coal prices resulted in a 25% increase in energy costs which rose substantially from ₹ 671/ton to ₹ 838/ton. During the year, imported coal prices rose by 36% from CIF US\$ 89/ton to US\$ 121/ton. In addition to normal price hike in domestic coal, there was a further increase in domestic coal prices in the range of 30%-150% from 1st March, 2011, onwards. The full impact of the increase will be seen in FY12.

The impact in price hike was partially offset by improved efficiency. The share of captive power has further increased with improvement in efficiency of captive power generation plants. 78% of total power requirement is now met through captive generation. In order to conserve natural resources, your Company has enhanced the use of alternative fuels. Freight and handling expenses for domestic dispatches increased on account of hike in freight rates linked with the increase in diesel prices. The overall lead distance shortened considerably over the previous year with stabilisation of new capacities and a close focus on main markets.

Both RMC and White Cement recorded good performance with the turnover for RMC recording a growth of 24% and that of White Cement 19%. White Cement Business growth is linked with higher sale of Wall Care Putty and other white cement products.

The decline in cement prices, coupled with higher cost, led to severe contraction of margins and PBIDT.

Outlook for Cement Business

The cement industry is likely to grow at over 8.5% per annum to sustain the growth in infrastructure, housing development and government initiatives in rural development. Though the government has demonstrated its intention to pursue aggressive nation building by doubling capital outlay in XIIth Five-Year Plan, its implementation is critical. The present surplus scenario may last for the next 8 to 10 quarters. The pricing environment remains challenging due to the surplus capacity. With rising energy costs due to greater reliance on imports, margins may continue to remain under pressure.

Capex Plan – Cement Business

A total capex of ₹ 11,000 crore has been slated for the cement business comprising of ₹ 5,150 crore on expansion projects and ₹ 5,850 crore towards augmentation of the grinding and evacuation facility, logistics infrastructure, captive thermal power plant, waste heat recovery system, modernisation, etc.

Viscose Staple Fibre (VSF)

	Unit	2010-11	2009-10	% Change
<u>Standalone Performance</u>				
Installed Capacity	TPA	333,975	333,975	—
Production	Tons	305,087	302,092	1
Sales Volumes	Tons	305,072	308,431	(1)
Net Divisional Revenue	₹ in Crore	4,169.5	3,574.2	17
Average Realisation	₹/Ton	126,614	106,481	19
PBIDT	₹ in Crore	1,479.3	1,315.5	12
PBIDT Margin	%	35.3	36.6	—
<u>Consolidated Performance</u>				
Net Divisional Revenue	₹ in Crore	4,829.6	3,940.2	23
PBIDT	₹ in Crore	1,627.9	1,339.2	22
PBIDT Margin	%	33.6	33.8	—

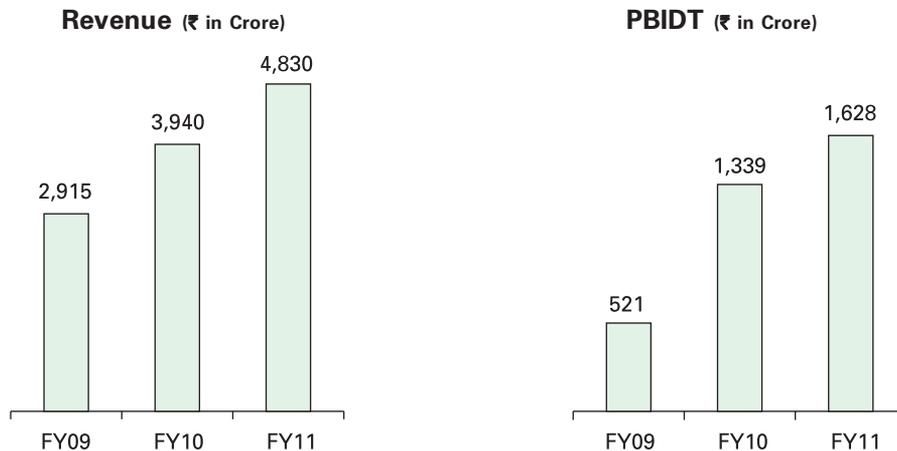
Performance Review

FY11 has been a buoyant year in the history of the fibre industry with the prices of all fibres reaching their all-time high. This was mainly driven by:

- Improved demand for textiles compared to Calendar Year (CY) 2009 despite concerns on consumption in US and European Union markets. Lower purchases in CY 2009 in the value chain also partly resulted in a higher demand in the current year (pipeline filling).
- Continued support of various stimulus packages across the globe.
- The significant drop in production of cotton in China (6.5 million tons in CY 2010 against 7.0 million tons in CY 2009) and Pakistan (1.9 million tons in CY 2010 against 2.1 million tons in CY 2009) due to vagaries of nature resulted in a significant increase in prices of cotton and consequently of VSF and PSF.
- Cost push effect — High cost of pulp and increase in crude price also contributed to price rise.

The business earned PBIDT of ₹ 1,479 crore at a standalone level. Production and sales remained at last year’s levels as acute water shortage in June-July 2010 led to an extended shutdown at the Nagda plant. Your Company achieved 98% capacity utilisation (excluding shutdown period). At standalone level, operating margin moderated marginally due to the rise in pulp prices and other input costs. Average pulp cost increased by 27%.

At the consolidated level in the business, PBIDT grew by 21% with better performance from the Company’s pulp JVs in Canada. Higher volumes and prices supported by better product quality resulted in higher profitability.



Sector Outlook

Global VSF demand is expected to grow at 5-6% in both the textiles and the non-woven segments over the long term. The entire fibre market pie is expanding, on account of the population growth and prosperity in key emerging markets. Increasing consumer awareness about the benefits of cellulose fibres has attracted greater focus on offering innovative VSF variants, in terms of colour, texture and other value-added properties. The trends promise huge innovations in specialty fibres and their applications.

The profitability in the short term will be governed by the prices of competing fibres, inputs and energy costs. Cotton production in the forthcoming season will also be the key influencing factor.

Business Outlook

Your Company’s efforts are aimed at creating differentiation in quality as well as range of fibres vis-à-vis its competitors in the next year. The business will also continue to invest in building a strong R&D

base for both fibre and pulp. VSF business is poised for accelerated growth with sizable expansion projects under implementation and rising demand.

Chemicals

	Unit	2010-11	2009-10	% Change
Caustic Soda				
- Installed Capacity	TPA	258,000	258,000	—
- Production	Tons	242,037	229,801	5
- Sales Volumes	Tons	241,365	229,876	5
Net Divisional Revenue	₹ in Crore	542.3	492.8	10
ECU Realisation	₹/Ton	18,720	18,096	3
PBIDT	₹ in Crore	124.3	124.8	—
PBIDT Margin	%	22.9	25.3	—

Performance Review

The chemical business achieved record production and sales volume supported by a capacity utilisation of 94%. This is despite the water shortage impacting operations in the first half. Sales volumes grew by 5%. Chlorine and HCl prices recovered from the abnormally low levels in the last year. However, caustic soda prices declined due to cheap imports. Higher raw material and energy cost led to lower operating margin.

During the year, a 10,000 TPA Chlorinated Paraffin Wax plant was commissioned for increasing the captive use of chlorine. The capacity of the plant will be doubled in FY12.

Sector Outlook

The demand outlook for caustic looks positive with higher offtake from the aluminium and fibre industries and normal demand growth from the other end-user industries. Caustic prices have improved in the last quarter, and the trend is expected to continue with a gradual gain in capacity utilisation in the industry.

Business Outlook

A 182,500 TPA Caustic plant and a 60 MW power plant are being put up at Vilayat alongside the VSF plant, mainly for captive use. This will entail an investment of ₹ 772 crore.

The Business expects to maintain high capacity utilisation given the favourable demand outlook.

Grasim Bhiwani Textiles Limited (GBTL)

The Textile subsidiary, GBTL, recorded a revenue growth of 19% from ₹ 288 crore to ₹ 342 crore, driven both by higher offtake in the Ready Made Garment segment and better pricing. The business has also intensified its focus on high-end segments like women's wear. Higher fibre and yarn prices were passed on to customers. As a result, the business was able to maintain its PBIDT margin. The Company earned a net profit of ₹ 4.3 crore during the year.

FINANCIAL REVIEW AND ANALYSIS

Consolidated Financial Performance

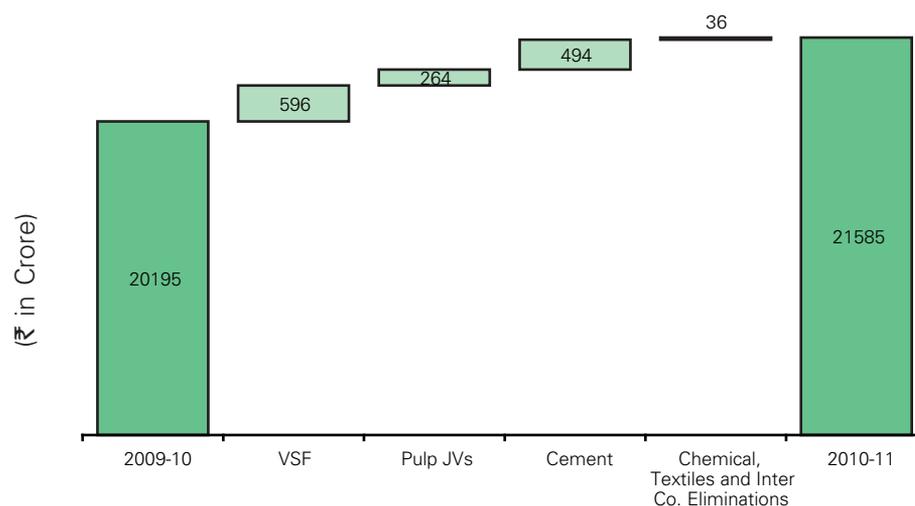
(₹ in Crore)

	2010-11	2009-10	% Change
Income from Operations	21,585.2	20,194.8	7
Non-Operating Income	397.4	273.6	46
PBIDT	5,396.7	6,322.3	(15)
Interest	405.6	334.6	21
Depreciation	1,138.4	994.7	14
Profit before Tax Expenses	3,852.8	4,993.0	(23)
Total Tax Expenses	957.6	1,570.5	(39)
Net Profit after Tax	2,895.2	3,422.5	(15)
Less: Minority Share	660.0	714.1	—
Add: Share in Profit of Associates	43.8	51.1	—
Net Profit before Extraordinary Gains	2,279.0	2,759.5	(17)
Comparable Net Profit	2,411.6 ¹	2,759.5	(13)

¹ Direct participation of erstwhile Grasim Shareholders in Samruddhi Cement/UltraTech Cement on cement restructuring added back for better comparison.

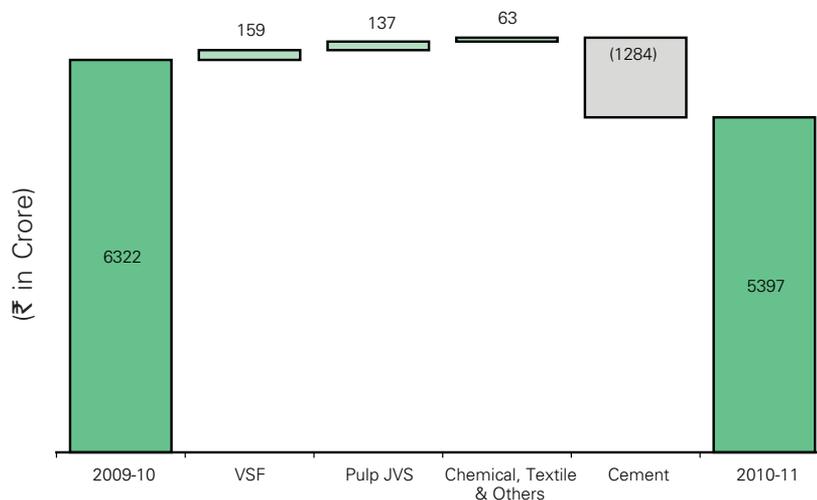
Net Income from Operations

Net income from operations grew by 7% from ₹ 20,195 crore to ₹ 21,585 crore. All businesses have contributed to higher sales.



Other Income

Other income at ₹ 397 crore grew by 46% on account of higher income from investment of surplus fund in debt schemes of mutual funds and higher dividend income.



Operating Profit (PBIDT)

PBIDT declined by 15% due to lower operating profit in Cement business as elaborated under the Segmental Review and Analysis.

Interest

The interest cost in FY11 stood at ₹ 406 crore (net of interest capitalised) as against ₹ 335 crore in the previous year. UltraTech’s subsidiary, UltraTech Cement Middle East Investments Limited, borrowed \$220 million for the acquisition of ETA Star Cement. Loans aggregating ₹ 450 crore were raised in the second half of FY10 to fund expansion projects in the Cement business. Interest for the full year on these loans was reflected in the books in FY11. Interest cover (including interest capitalised) is at a comfortable level of 10.8 times.

Depreciation

Net addition to the Gross Block was ₹ 1,863 crore primarily towards normal capex. As a result, depreciation increased by 14% from ₹ 995 crore in FY10 to ₹ 1,138 crore in FY11.

Total Tax Expenses

The total tax expenses at ₹ 958 crore declined by 39%. Current tax was lower at ₹ 973 crore in the current year as against ₹ 1,214 crore in the previous year due to lower profits and reversal of income tax provision for earlier years in UltraTech. Provision for deferred tax was reversed to the tune of ₹ 15 crore as against deferred tax charge of ₹ 357 crore in the previous year.

Net Profit (Before Extraordinary Gain)

Net profit stood at ₹ 2,279 crore vis-à-vis ₹ 2,759 crore in FY10.

Standalone Financial Performance

(₹ in Crore)

	2010-11	2009-10*		% Change (Like-to-Like Basis)
		Continued Business	As Reported	
Net Income from Operations	4,645.9	3,980.5	8,312.6	17
PBIDT	1,817.1	1,588.4	2,972.3	14
Net Profit after Tax (Before Extraordinary Gain)	1,181.7	986.2	1,756.0	20

*The reported results for the year ended 31st March, 2010, are not comparable as the same include results of the Sponge Iron and Cement Business of the Company, sold/demerged during the Financial year 2009-10, effective from 22nd May, 2009 and 1st October, 2009, respectively. Hence, the results of the continued businesses (excluding the results of the Sponge Iron and Cement Business) have been given for last year for better comparison.

The Standalone results on a comparable basis were impressive. Net income from operations increased by 17% due to improved realisations in VSF business and higher volumes and realisations in Chemical business. PBIDT grew by 14% from ₹ 1,588 crore to ₹ 1,817 crore. Net Profit of the continued businesses (excluding extraordinary gain) was ₹ 1,182 crore as against ₹ 986 crore in FY10, reflecting an increase of 20%.

CASH FLOW ANALYSIS (Standalone)

(₹ in Crore)

	2010-11
Sources of Cash	
Cash from Operations	1,093.4
Sale of Fixed Assets	226.7
Non-Operating Cash Flow (Dividend and Interest Income)	229.5
Proceeds from Equity (Issue of Shares under ESOS)	2.3
Decrease in Cash and Cash Equivalent	1.3
	1,553.2
Uses of Cash	
Net Increase in Investments	706.0
Capital Expenditure	183.4
Decrease in Debts	223.9
Increase in Working Capital	86.7
Interest	45.2
Dividend	308.0
	1,553.2

Sources of Cash

Cash from Operations

The cash from operations was ₹ 1,093 crore during the year.

Sale of Fixed Assets

Fixed assets aggregating ₹ 227 crore were sold during the year, including an aircraft for ₹ 216 crore.

Uses of Cash

Net Increase in Investments

Major net investments of your Company were made in the debt schemes of various mutual funds and certificates of deposit of Banks.

Capital Expenditure (Net)

Your Company spent ₹ 183 crore on various modernisation and upgradation schemes.

Increase in Working Capital

Increase in sundry debtors due to improved realisations led to an increase in working capital.

Decrease in Debts

Rupee term loans aggregating ₹ 38 crore were repaid. Deferred sales tax loans amounting to ₹ 5 crore were repaid. Short-term borrowings were lower by ₹ 181 crore.

Dividend

A dividend of ₹ 30 per share amounting to ₹ 308 crore (including corporate tax on dividend of ₹ 34 crore) was paid for FY10.

RISKS AND CONCERNS

Your Company has a comprehensive risk management policy, which *inter alia* provides for risk identification, assessment, reporting and mitigation procedure. The risk management framework actively supports the Board in its strategic decision making.

During the year, the Audit Committee reviewed the risk management framework of the Company, the key risks associated with the different businesses and was satisfied with the measures taken to mitigate the same.

An analysis of the Company's key business risks and mitigation plans is as follows:

Competitor Risk

The market is highly competitive with no fiscal barriers and entry of large MNCs into the country with inorganic growth strategies. Your Company continues to focus on increasing its market share and taking marketing initiatives that help create differentiation and provide optimum service to its customers.

Project Execution Risk

As expansions continue to remain a priority for the Company, execution of large projects is exposed to risks of time and cost over-run. Project execution is largely dependent upon land purchase, project management skills, timely delivery by the equipment suppliers and adherence to schedule by civil contractors. Any delay in project implementation impacts the revenues and profit for the delayed period. Your Company has set up a dedicated project implementation cell to continuously review project execution to ensure that timelines and budgets are adhered to.

Human Resource Risk

Your Company's ability to deliver value is shaped by its ability to attract, train, motivate, empower and retain the best professional talent. These abilities have to be developed across the Company's rapidly expanding operations. Your Company continuously benchmarks HR policies and practices with the best in the industry and carries out the necessary improvements to attract and retain the best talent.

Foreign Exchange Risk

Your Company's policy is to hedge long-term foreign exchange risk as well as short-term exposures within the defined parameters. The long-term foreign exchange liability is fully hedged on held to maturity basis. As imports (including capital goods import) exceeded exports, your Company has suitably hedged the differential short-term exposure from time to time to appropriately manage the currency risk.

Interest Rate Risk

Your Company is exposed to interest rate fluctuations on its borrowings. It uses a judicious mix of fixed and floating rate debts within the stipulated parameters to mitigate the interest rate risk. Your Company continuously monitors its interest rate exposures and uses interest rate swaps in the case of foreign currency borrowings having floating rate of interest.

Commodity Price Risk

Your Company is exposed to the risk of price fluctuation on raw materials, energy sources as well as finished goods. Considering the normal correlation in the prices of raw materials and finished goods, the risk is reduced. Your Company's strategy of backward integration in pulp and caustic soda in VSF business helps minimise the effect of increase in the prices of raw materials. Setting up of captive power plants minimises the effect of the rise in energy cost, a major cost element of cement manufacturing.

Forward integration in value added products, e.g., specialty fibre in VSF, ready-mix concrete in cement, wall-care putty in white cement, etc., reduces the impact of price fluctuation in finished goods.

Input Availability Risk

The continued availability of natural resource for current needs and future growth requirements is a key risk.

On the energy front, indigenous coal availability continues to be insufficient to meet the current and growing demand in the country. Cement business operations are dependent on the continuous availability of quality coal at economical prices. Towards this objective, entering into long-term contracts, securing coal blocks and linkages are top priority. Use of alternative fuels for its operation is being pursued in earnest.

Cement business has sufficient limestone reserves at its existing facilities. It is on continuous look out for sourcing of additional limestone reserves for enhancing the existing plant life as well as for its future expansion.

In the VSF business, a high level of backward integration in pulp and caustic helps mitigate the risk of non-availability of input material for existing capacity. For the expansion projects, securing pulp supplies is a thrust area. In this direction, the acquisition of stake in Domsjo will help. Caustic soda capacity of 182,500 tons is being set up to meet captive need.

INTERNAL CONTROL SYSTEM

Your Company has appropriate internal control systems for business processes, with regard to efficiency of operations, financial reporting and controls, compliance with applicable laws and regulations, etc. Clearly defined roles and responsibilities for all managerial positions have also been institutionalised. All operating parameters are monitored and controlled. Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and suggests ways of further strengthening them, from time to time.

CONCLUSION

Strong consumption as well as investments have supported India's growth story and will continue to do so in future. Your Company with its presence in Cement and VSF will immensely benefit from both rising investment and consumption. Large capacity expansions under implementation in the Cement and VSF businesses will enable your Company to grow at a rapid pace and further consolidate its leadership.

CAUTIONARY STATEMENT

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

Governance Philosophy

Corporate governance refers to a set of laws, regulations and good practices that enable an organisation to perform efficiently and ethically generate long-term wealth and create value for all its stakeholders.

We, at **Grasim Industries Limited**, are committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are self-driven, reflecting the culture of the trusteeship that is deeply ingrained in our value system and reflected in our strategic growth process. Our governance philosophy rests on five basic tenets, viz.,

- Board accountability to the Company and stakeholders,
- Equitable treatment to all shareholders,
- Strategic guidance and effective monitoring by the Board,
- Protection of minority interests and rights, and
- Transparency and timely disclosure.

In line with the above philosophy, your Company continuously strives for excellence through adoption of best governance and disclosure practices. In terms of Clause 49 of the Listing Agreement executed with the stock exchanges, the details of compliance for the year ended 31st March, 2011, are as follows:

Compliance with Corporate Governance Guidelines

I. BOARD OF DIRECTORS

(A) Composition of Board

Your Company's Board comprises of 12 Directors, 6 of whom are Independent Directors, 4 are Non-Executive Directors and 2 are Whole-Time Directors with considerable experience in their respective fields.

Name of Director	Executive/Non-Executive/Independent#	No. of Equity Shares Held as on 31st March, 2011	No. of Outside Directorships Held ¹			No. of Board Meetings		Attended Last AGM \$
			Public	Member	Chairman	Held	Attended	
Mr. Kumar Mangalam Birla	Non-Executive	23,915	10	-	-	4	4	No
Mrs. Rajashree Birla	Non-Executive	72,280	6	1	-	4	2	No
Mr. M.L. Apte	Independent	130	8	5	-	4	3	No
Mr. B.V. Bhargava	Independent	357	9	4	4	4	4	Yes
Mr. R.C. Bhargava	Independent	227	9	4	4	4	4	No
Mr. A.K. Dasgupta	Independent (LIC Nominee)	100	4	-	-	4	3	Yes
Dr. Thomas Martin Connelly Jr.*	Independent	100	-	-	-	2	1	No
Mr. Cyril Shroff	Independent	137	-	-	-	4	1	No
Mr. S.G. Subrahmanyam@	Independent	100	N.A.	N.A.	N.A.	2	2	No
Mr. Shailendra K. Jain	Non-Executive	1,591	4	-	-	4	3	No
Mr. D.D. Rathi	Non-Executive	100	1	1	-	4	4	No
Mr. Adesh Gupta	Whole-Time Director	980	9	2	-	4	4	Yes
Mr. K.K. Maheshwari**	Whole-Time Director	14	2	2	1	4	4	No

Independent Director means a Director defined as such under Clause 49 of the Listing Agreement.

\$ AGM held on 20th August, 2010, at the Registered Office of the Company at Nagda, M.P.

* Appointed as an Independent Director w.e.f. 20th August, 2010.

** Appointed as Whole-Time Director w.e.f. 20th May, 2010.

@ Mr. S.G. Subrahmanyam retired as an Independent Director, w.e.f. 20th August, 2010.

Notes:

1. Excluding Directorship held in private companies, foreign companies and companies under Section 25 of the Companies Act, 1956.
2. Only two Committees of the Board, viz., the Audit Committee and the Shareholders' Grievance/ Allotment and Transfer Committee are considered.

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

(B) Non-Executive Directors' Compensation and Disclosures

All fees/compensation paid to the Non-Executive Directors and Independent Directors are approved by the Board of Directors and have shareholders' approval. Details of sitting fees/ compensation paid to them are given at respective places in this report.

(C) Other Provisions as to Board and Committees

Your Company's Board of Directors play primary role in ensuring good governance and functioning of the Company. The Board's role, functions, responsibility and accountability are clearly defined. All relevant information as specified in Annexure IA to Clause 49 of the Listing Agreement with the Stock Exchanges is regularly placed before the Board. Agenda and Notes on Agenda are circulated to the Directors in advance of each meeting of the Board of Directors. Where it is not practical to attach or send the relevant information as a part of agenda papers, the same are tabled at the meeting and the presentations are made to the Board. The Members of the Board have complete freedom to express their opinion and the decisions are taken after detailed discussions.

The Board meets at least once in a quarter to review the quarterly financial results and operations of your Company. Apart from the above, additional Board Meetings are convened by giving appropriate notice to address the specific needs of the Company.

During the year under review, the Board met 4 times. The details of Board Meetings held during FY 2010-11 are as under:

Sl. No.	Date of Board Meeting	City	No. of Directors Present
1.	20.05.2010	Mumbai	9
2.	31.07.2010	Mumbai	10
3.	28.10.2010	Mumbai	8
4.	25.01.2011	Mumbai	11

(D) Code of Conduct

The Board of Directors plays an important role in ensuring good governance and has laid down the Code of Conduct ("the Code") applicable to all Board Members and Senior Management of the Company. The Code is also posted on the website of the Company. A declaration by Whole-Time Directors affirming the compliance of the Code by Board Members and Senior Management Executives is given at the end of the report.

II. AUDIT COMMITTEE

(A) Qualified and Independent Audit Committee

Your Company has an Audit Committee at the Board level, with the powers and the role that are in accordance with the Clause 49 II (C) and (D) of the Listing Agreement, which acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process.

The composition of the Audit Committee is as follows:

1. Mr. B.V. Bhargava, Chairman
2. Mr. R.C. Bhargava, Member
3. Mr. M.L. Apte, Member

All the members of the Audit Committee are Independent Directors and are financially literate. Whole-Time Directors and CFO are permanent invitees to the Audit Committee Meetings. The statutory as well as internal auditors of the Company are also invited to the Audit Committee Meetings.

Mr. Ashok Malu, Company Secretary, acts as the Secretary to the Audit Committee.

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 20th August, 2010.

(B) Meetings of Audit Committee

During the year under review, the Audit Committee met 7 times to deliberate on various matters and the details of the composition, attendance by the Committee Members and sitting fees paid to them are as follows:

Name of Committee Member	No. of Meetings		Sitting Fees Paid (₹)
	Held	Attended	
Mr. B.V. Bhargava	7	7	70,000
Mr. R.C. Bhargava	7	7	70,000
Mr. M.L. Apte	7	6	60,000

(C) Powers of Audit Committee

The Audit Committee is endowed with the following powers:

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

(D) Role of Audit Committee

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.

- c. Major accounting entries involving estimates based on the exercise of judgement by the management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report, if any.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
 8. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 9. Discussion with internal auditors any significant findings and follow up thereon.
 10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 12. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.
 13. Approval of appointment of CFO after assessing the qualifications, experience and background, etc., of the candidate.
 14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee, including reviewing the Risk Management and minimisation plans.

(E) Review of Information by Audit Committee

The Audit Committee reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor; and
6. Risk assessment and minimisation procedures.

Other Committees

i) ESOS Compensation Committee:

The ESOS Compensation Committee comprises of the following Directors, viz., Mr. Kumar Mangalam Birla, Mr. M.L. Apte and Mr. Cyril Shroff. The Committee was formed to implement, administer and supervise the Employee Stock Option Scheme–2006 (the Scheme). The Committee has granted 2,89,437 Options (inclusive of Options lapsed and re-issued) to the eligible management cadre employees of the Company, subject to the provisions of the Scheme and other applicable statutory provisions, out of which 42,909 Options have vested during the year.

ii) Finance Committee:

The Company has a Finance Committee to look into various matters, *inter alia*, to approve opening and operation of Bank Accounts, execution of Power of Attorneys, to authorise officers of the Company in the matter of availment of secured and unsecured loans, to approve signing of agreements with the regulatory authorities and to authorise officers of the Company for performing acts required under various laws.

During the year under review, the Committee met 4 times to deliberate on various matters referred above. Details of the attendance by Directors at the Committee meeting and sitting fees paid to them are as follows:

Name of Committee Member	No. of Meetings		Sitting Fees Paid (₹)
	Held	Attended	
Mr. B.V. Bhargava, Chairman	4	4	20,000
Mr. D.D. Rathi	4	4	20,000
Mr. S.G. Subrahmanyans [§]	2	2	10,000
Mr. Adesh Gupta*	2	2	—

[§] Mr. S.G. Subrahmanyans ceased to be a member of the Finance Committee, w.e.f. 20th August, 2010.

* Mr. Adesh Gupta was appointed as a member of the Finance Committee, w.e.f. 20th August, 2010.

iii) Cement Demerger Committee

The Board had constituted “Cement Demerger Committee” of the Board to look into various matters, *inter alia*, pertaining to the Scheme of Arrangement (Scheme) for demerger of the Cement Business of the Company with Samruddhi Cement Limited, a subsidiary of the Company and to authorise officers of the Company for performing various acts required for making the Scheme effective.

During the year under review, the Committee met 3 times to deliberate on various matters referred above. Details of the attendance by Directors at the Committee meeting and sitting fees paid to them are as follows:

Name of Committee Member	No. of Meetings		Sitting Fees Paid (₹)
	Held	Attended	
Mr. B.V. Bhargava, Chairman	3	3	15,000
Mr. D.D. Rathi	3	2	10,000
Mr. Adesh Gupta	3	3	—

III. SUBSIDIARY COMPANIES

Your Company does not have any material non-listed Indian Subsidiary Company. The Audit Committee reviews the financial statements and, in particular, the investments made by the unlisted subsidiary companies. The minutes of the Board meetings as well as statements of all significant transactions of the unlisted subsidiary companies are placed before the Board of Directors of the Company for its review.

IV. DISCLOSURES

(A) Basis of Related Party Transactions:

Your Company places all the relevant details before the Audit Committee periodically.

A comprehensive list of related party transactions as required by the Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India, forms part of the Note No. 19 of Part B of Schedule 22 to the Accounts in the Annual Report. These transactions are not likely to have any conflict with the interests of the Company at large.

(B) Disclosure of Accounting Treatment

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

(C) Risk Management

Your Company has a comprehensive risk management policy. Your Company has laid down procedures to inform Board Members about the risk assessment and minimisation procedures. These procedures are periodically reviewed to ensure that executive management controls the risks through properly defined framework.

The Audit Committee, which has been designated by the Board for the purpose, reviews the adequacy of the risk management framework of the Company, the key risks associated with the businesses of the Company and the measures and steps in place to minimise the same and, thereafter, the details are presented to and discussed at the Board Meeting. The risk management issues are discussed in the Management Discussion and Analysis Report.

(D) Proceeds from Public Issues, Rights Issues, Preferential Issues, etc.

During the year under review, the Company has not raised any proceeds from public issue, rights issue or preferential issue.

(E) Remuneration of Directors

All decisions relating to the remuneration of the Directors are taken by the Board of Directors of the Company in accordance with the Shareholders' approval, wherever necessary. Sitting fee to the Non-Executive/Independent Directors for attending Board Meetings was paid @ ₹ 20,000/- per meeting. In the AGM held on 25th August, 2006, the shareholders had approved payment of commission not exceeding 1% per annum of the net profits of the Company to the Non-Executive Directors. Each year, the Board fixes the amount to be paid as commission. For FY 2010-11, the Board has approved the payment of ₹ 11 crore as commission to the Non-Executive Directors. The amount of commission payable is determined after assigning weightage to attendance, type and significance of the meetings to the overall functioning of the Company.

Sitting fee to the Members of the Audit Committee for attending the meetings of the Committee was paid @ ₹ 10,000/- per meeting.

Sitting fee to the Members of the Shareholders' Grievance/Allotment and Transfer Committee for attending the meetings of the Committee was paid @ ₹ 5,000/- per meeting.

Sitting fee to the Members of the Finance Committee for attending the meetings of the Committee was paid @ ₹ 5,000/- per meeting.

Details of remuneration paid/to be paid to the Directors for the year under review is as under:

a. Non-Executive/Independent Directors:

Name of Director	Commission (₹)	Sitting Fees (for Board & its Committees) (₹)
Mr. Kumar Mangalam Birla*	9,70,00,000	80,000
Mrs. Rajashree Birla*	48,00,000	40,000
Mr. M.L. Apte	15,00,000	1,20,000
Mr. B.V. Bhargava	22,00,000	1,85,000
Mr. R.C. Bhargava	17,00,000	1,50,000
Mr. A.K. Dasgupta**	2,50,000	60,000
Dr. Thomas Martin Connelly Jr.***	1,00,000	20,000
Mr. Cyril Shroff	6,00,000	20,000
Mr. S.G. Subrahmanyans\$	8,00,000	50,000
Mr. Shailendra K. Jain	8,50,000	60,000
Mr. D.D. Rathi	2,00,000	1,15,000
Total	11,00,00,000	9,00,000

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

** Paid/Payable to Life Insurance Corporation of India.

*** Appointed as an Independent Director w.e.f. 20th August, 2010.

\$ Mr. S.G. Subrahmanyans retired as an Independent Director w.e.f. 20th August, 2010.

Mr. Adesh Gupta and Mr. K.K. Maheshwari are Whole-Time Directors of the Company and as such no sitting fee was paid to them. Details of sitting fees paid for meetings of the Committees of the Board are also given at the respective places in this report.

b. Whole-Time Directors:

Whole-Time Director	Relationship with other Directors, if any	Business relationship with the Company	Remuneration paid during 2010-11		
			Salary, benefits, bonus, etc., paid during the year	Performance linked incentive paid during the year for FY 2009-10	Service contracts, notice period, severance fee
Mr. Adesh Gupta	None	Manager, Whole-Time Director & CFO	₹ 183.70 lacs	₹47.08 lacs	Upto 2nd October, 2014 Refer Note (b)
Mr. K.K. Maheshwari (w.e.f. 20th May, 2010)	None	Whole-Time Director	₹ 366.77 lacs	N.A.	Upto 19th May, 2015 Refer Note (b)

Notes:

- a) The Board has approved payment of performance linked variable pay for FY 2009-10 to the Whole-Time Director(s) on achieving of the targets.

- b) Whole-Time Directors' appointment is subject to termination by three months' notice in writing on either side.
- c) Details of stock options granted to the Whole-Time Directors during the year are set out in Annexure to the Directors' Report.

No significant/material transactions have been made with the Non-Executive Directors vis-à-vis the Company.

All Non-Executive Directors have disclosed their shareholding in the Company. Details of shareholding of Non-Executive and/or Independent Directors have been disclosed herein above.

(F) Management

- i) The Management Discussion and Analysis Report forms part of the Annual Report and is in accordance with the requirements laid out in Clause 49 of the Listing Agreement.
- ii) No material transaction has been entered into by the Company with the Promoters, Directors or the Management, their subsidiaries or relatives, etc., which may have a potential conflict with the interest of the Company.

(G) Shareholders

- i) The Company has provided the details of the Directors seeking reappointment at the end of this Report.
- ii) Copies of the Press Release and Quarterly Presentations on Company's performance are hosted on the website of the Company www.grasim.com and the Group's website www.adityabirla.com
- iii) Shareholders' Grievance Committee:

The Company has a "Shareholders' Grievance/Allotment and Transfer Committee" at the Board level to look into various issues relating to shareholders/investors including transfer and transmission of shares as well as non-receipt of dividend, Annual Report, shares after transfers and delays in transfer of shares. In addition, the Committee looks into other issues including status of dematerialisation/rematerialisation of shares and debentures as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

The Committee comprises of the following Directors, viz., Mr. Cyril Shroff, Mr. D.D. Rathi and Mr. Adesh Gupta.

During the year under review, the Committee met once to deliberate on various matters referred above. Details of attendance by Directors at the Committee meeting and sitting fees paid to them are as follows:

Name of Committee Member	No. of Meetings		Sitting Fees Paid (₹)
	Held	Attended	
Mr. Cyril Shroff, Chairman	1	—	—
Mr. D.D. Rathi	1	1	5,000
Mr. Adesh Gupta	1	1	—

Mr. Ashok Malu, Company Secretary, acts as Secretary to the Committee.

- iv) The Company's shares are compulsorily traded and delivered in the dematerialised form in all Stock Exchanges. To expedite the transfer in the physical segment, necessary authority has been delegated by your Board to the Officers and Directors of the Company, who are authorised to approve the share transfers/transmissions. Details of share transfers/transmissions approved by the Officers and Directors are placed before the Committee/Board.

Name and Designation of Compliance Officer: Mr. Ashok Malu, Company Secretary.

- v) Details of shareholders' complaints received, number of shares transferred during the year and the time taken for effecting these transfers are furnished in the "Shareholder Information" section of this Annual Report.

- vi) Compliances by the Company

No strictures/penalties have been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets, during the last 3 years.

V. CEO/CFO CERTIFICATION

Mr. Adesh Gupta, Manager, Whole-Time Director & CFO and Mr. K.K. Maheshwari, Whole-Time Director of the Company have certified to the Board that:

- (a) They have reviewed the Financial Statements and the Cash Flow Statement for the year and that to the best of their knowledge and belief:
- i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and they have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the Auditors and the Audit Committee :
- i) significant changes in internal control 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 they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Grasim Industries Limited

Adesh Gupta
Manager, Whole-Time Director & CFO

K.K. Maheshwari
Whole-Time Director

Place: Mumbai
Date: 11th May, 2011

VI. REPORT ON CORPORATE GOVERNANCE

This Corporate Governance Report forms part of the Annual Report. The Company is fully compliant with all the provisions of Clause 49 of the Listing Agreement of the Stock Exchanges in India.

VII. COMPLIANCE

- i) Certificate from the Statutory Auditors confirming compliance with all the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges in India is annexed to the Directors' Report and forms part of the Annual Report.
- ii) Status of Compliance of Non-mandatory Requirement:
 - a) The Company maintains a separate office for the Non-Executive Chairman. All necessary infrastructure and assistance are made available to enable him to discharge his responsibilities.
 - b) The Company does not have a Remuneration Committee. The remuneration of the Directors is decided and approved by the Board of Directors.
 - c) "Half Yearly Performance Update" consisting of financial and operational performance for the Half Year ending on 30th September is being sent to the shareholders since 2000-01 and this practice continued this year as well.

VIII. GENERAL BODY MEETINGS

Details of Annual General Meetings

Location and time, where last 3 Annual General Meetings (AGMs) were held:

Year	Location	Date	Time
2007-08	Registered Office, Birlagram, Nagda (M.P.)	02.08.2008	12.30 p.m.
2008-09	- do -	08.08.2009	12.30 p.m.
2009-10	- do -	20.08.2010	12.30 p.m.

All the resolutions, including the special resolution(s) set out in the respective Notices of the previous 3 AGMs were passed by the Shareholders.

Postal Ballot

No resolution has been passed last year through postal ballot.

IX. MEANS OF COMMUNICATION

- Quarterly results:

Results are normally published in :	<i>Newspaper</i>	<i>Cities of Publication</i>
	Business Standard	All Editions
	Business Line	All Editions
	Nai Duniya	Indore

Results are displayed on our websites : www.grasim.com & www.adityabirla.com
- Company's website displays all official news releases, and the presentation made to Institutional Investors/Analysts.
- There is a separate section for General Shareholder information which forms part of the Annual Report.

CODE OF CONDUCT

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the Code of Conduct for the year ended 31st March, 2011.

For Grasim Industries Limited

Adesh Gupta
Manager, Whole-Time Director & CFO

K.K. Maheshwari
Whole-Time Director

Place: Mumbai
Date: 11th May, 2011

Details of the Directors seeking re-appointment in the ensuing Annual General Meeting

Name of Director	Mr. M.L. Apte	Mr. R.C. Bhargava	Mrs. Rajashree Birla	Mr. Cyril Shroff
Date of Birth	05.10.1932	30.07.1934	15.09.1945	07.11.1959
Date of Appointment	06.05.1987	25.07.2000	14.03.1996	25.07.2000
Expertise in specific functional areas	Industrialist	Management Consultant	Industrialist	Solicitor
Qualification	B.A.	M.Sc. (Maths) M.A. (Dev. Economics)	B.A.	Solicitor
No. of Equity Shares held	130	227	72,280	137
List of outside Company Directorships held	<ol style="list-style-type: none"> 1 Apte Amalgamations Ltd. 2 Bajaj Hindustan Ltd. 3 Kulkarni Power Tools Ltd. 4 Standard Industries Ltd. 5 Tata Asset Management Ltd. 6 The Bombay Burmah Trading Corpn. Ltd. 7 The Raja Bahadur International Ltd. 8 Zodiac Clothing Co. Ltd. 	<ol style="list-style-type: none"> 1 Aditya Birla Sunlife Asset Management Company Ltd. 2 Dabur India Ltd. 3 Idea Cellular Ltd. 4 Infrastructure Leasing & Financial Services Ltd. 5 Maruti Suzuki India Ltd. 6 Optimus Global Services Ltd. 7 Polaris Software Lab. Ltd. 8 Thomson Press Ltd. 9 UltraTech Cement Ltd. 	<ol style="list-style-type: none"> 1 Aditya Birla Health Services Ltd. 2 Aditya Birla Nuvo Ltd. 3 Essel Mining & Industries Ltd. 4 Hindalco Industries Ltd. 5 Idea Cellular Ltd. 6 UltraTech Cement Ltd. 	—
Chairman/Member of the Committees of the Board of Directors of the Company	<ol style="list-style-type: none"> 1 Audit Committee - Member 2 ESOS Compensation Committee - Member 	<ol style="list-style-type: none"> 1 Audit Committee - Member 	—	<ol style="list-style-type: none"> 1 Shareholders Grievance/ Allotment and Transfer Committee - Chairman 2 ESOS Compensation Committee - Member
Chairman/Member of the Committees of Directors of other Companies in which he/she is a Director				
a) Audit Committee	<ol style="list-style-type: none"> 1 Standard Industries Ltd. - Member 2 The Bombay Burmah Trading Corp. Ltd. - Member 3 Zodiac Clothing Co. Ltd. - Member 	<ol style="list-style-type: none"> 1 Dabur India Ltd - Member 2 Infrastructure Leasing & Financial Services Ltd.-Chairman 3 Optimus Global Services Ltd. - Chairman 4 Polaris Software Lab. Ltd. - Member 5 Thomson Press Ltd. - Chairman 6 UltraTech Cement Ltd. - Chairman 	<ol style="list-style-type: none"> 1 Aditya Birla Health Services Ltd. - Member 	—
b) Shareholders/Investors Grievance Committee/Share Transfer Committee	<ol style="list-style-type: none"> 1 The Bombay Burmah Trading Corp. Ltd. - Member 2 Zodiac Clothing Co. Ltd. - Member 	<ol style="list-style-type: none"> 1 Maruti Suzuki India Ltd. - Member 2 UltraTech Cement Ltd. - Member 	—	—

1. Annual General Meeting

- Date and Time : 17th September, 2011 at 12.30 p.m.
- Venue : Grasim Staff Club,
Registered Office: Birlagram-456 331
Nagda, Madhya Pradesh, India

2. Financial Calendar

- Financial reporting for the quarter ending June 30, 2011 : End of July 2011
- Financial reporting for the quarter/half year ending September 30, 2011 : End of October 2011
- Financial reporting for the quarter ending December 31, 2011 : End of January 2012
- Financial reporting for the year ending March 31, 2012 : End of April 2012
- Annual General Meeting for the year ending March 31, 2012 : End of August 2012

- 3. Dates of Book Closure** : 8th September, 2011 to 17th September, 2011
(Both days inclusive)

- 4. Dividend Payment Date** : On or after 23rd September, 2011

- 5. Registered Office & Share Department:** Birlagram-456 331, Nagda,
Madhya Pradesh, India
Tel: (07366) 246760-246766, 256556
Fax: (07366) 244114/246024
E-Mail ID for Share Deptt.:
shares@adityabirla.com
E-Mail ID for Investor Complaints:
grasimshares@adityabirla.com
Website: www.grasim.com

6. (a) Listing Details:

Equity Shares	Global Depository Receipts (GDRs)
1. Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 023	Societe de la Bourse de Luxembourg Societe Anonyme R.C.B. 6222, B P 165 L - 2011, Luxembourg
2. National Stock Exchange of India Limited "Exchange Plaza", Bandra-Kurla Complex, Bandra (East), Mumbai-400 051	

Note: Listing fee for the year 2011-2012 has been paid to Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. Listing fee for the GDRs has been paid to Societe de la Bourse de Luxembourg for the calendar year 2011.

- 6. (b) Overseas Depository for GDRs** : Citibank N.A.
 Depository Receipt Services
 388, Greenwich Street, 14th Floor
 NEW YORK, NY – 10013
 Tel.: 001-877-2484237
- 6. (c) Domestic Custodian of GDRs** : Citibank N.A.
 Trent House, 3rd Floor
 G-60, Bandra-Kurla Complex
 Bandra (East), Mumbai-400 051
 Tel.: 91-22-40296118; Fax: 91-22-26532235

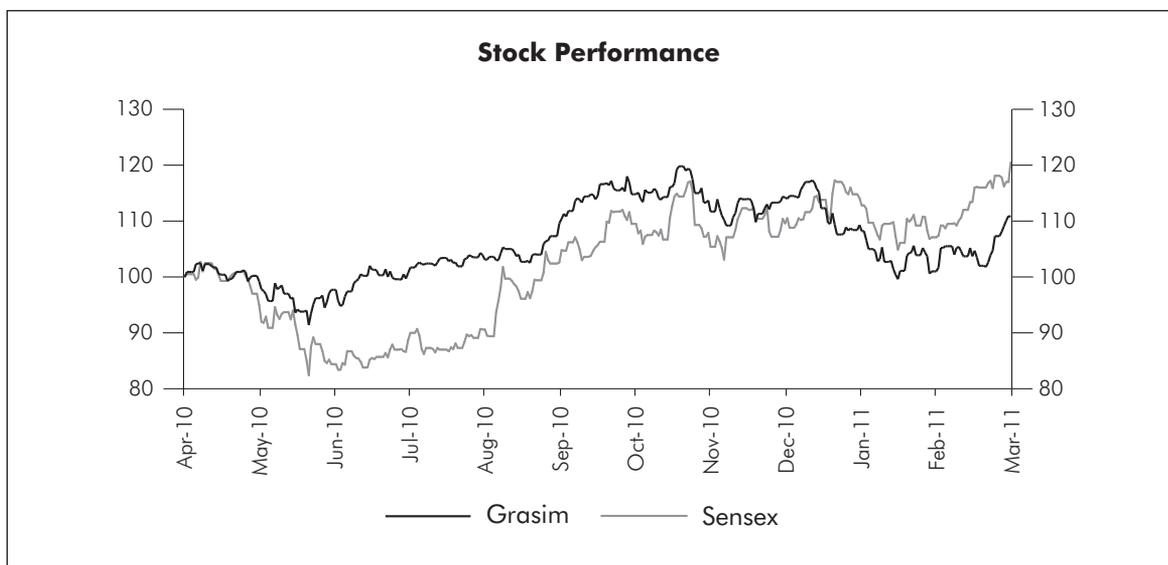
7. Stock Code :

	Reuters	Bloomberg
Bombay Stock Exchange (500300)	GRAS.BO	GRASIM IN
National Stock Exchange (GRASIM)	GRAS.NS	NGRASIM IN
Luxembourg Stock Exchange (GDRs)	GRAS.LU	GRAS LX

8. Stock Price Data:

	Bombay Stock Exchange			National Stock Exchange			Luxembourg Stock Exchange	
	High	Low	Avg. Vol.	High	Low	Avg. Vol.	High	Low
	(In ₹)		(In Nos.)	(In ₹)		(In Nos.)	(In US\$)	
Apr-10	2,914.8	2,719.1	24,271	2,913.8	2,721.1	117,776	55.6	50.6
May-10	2,725.0	1,750.4	45,260	2,729.2	1,700.1	234,890	51.8	47.5
Jun-10	1,855.0	1,740.0	23,379	1,854.0	1,740.0	110,584	54.7	49.7
Jul-10	1,912.0	1,800.1	30,106	1,920.0	1,805.1	113,701	53.5	49.6
Aug-10	2,149.7	1,830.0	33,611	2,149.5	1,829.0	161,504	55.6	43.5
Sep-10	2,261.8	2,021.0	21,783	2,262.0	2,020.0	114,672	53.1	50.0
Oct-10	2,385.0	2,185.6	14,369	2,385.0	2,187.8	73,361	49.8	40.0
Nov-10	2,487.0	2,144.0	13,461	2,480.0	2,142.0	72,452	46.1	40.0
Dec-10	2,377.0	2,208.2	9,225	2,388.0	2,203.0	36,855	40.8	36.0
Jan-11	2,510.0	2,260.0	11,890	2,510.0	2,260.0	70,985	42.7	37.3
Feb-11	2,393.0	2,190.0	5,629	2,395.0	2,190.0	53,874	60.3	39.3
Mar-11	2,550.0	2,260.0	21,106	2,549.7	2,251.2	136,963	64.9	58.6

9. Stock Performance:



10. Stock Performance and Returns:

Absolute Returns (In %)

(In Percentage)	1 Year	3 Years	5 Years
GRASIM	17.00*	27.88*	59.68*
BSE Sensex	10.94	24.29	72.39
NSE Nifty	11.14	23.22	71.45

Annualised Returns (In %)

(In Percentage)	1 Year	3 Years	5 Years
GRASIM	17.00*	8.54*	9.81*
BSE Sensex	10.94	7.52	11.51
NSE Nifty	11.14	7.21	11.39

* Returns adjusted for issue of shares of Samruddhi Cement Limited against demerger of Cement Business (Source: Bloomberg)

11. Registrar and Transfer Agents

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

: In-house Share Transfer
Registered with SEBI as Category II -
Share Transfer Agent vide Registration
No. INR 000003688

Share Department

Grasim Industries Limited
Birlagram-456 331, Nagda,
Madhya Pradesh
Tel: (07366) 246760-246766, 256556
Fax: (07366) 244114/246024
E-Mail ID for Share Deptt.:
shares@adityabirla.com
E-Mail ID for Investor Complaints:
grasimshares@adityabirla.com

12. Share Transfer System:

Share transfers in physical form are registered and returned within a period of 10 days from the date of receipt, if the documents are clear in all respects. Officers of the Company have been authorised to approve transfers upto 1000 shares in physical form under one transfer deed. One Director jointly with two Officers has been authorised to approve the transfers exceeding 1000 shares under one transfer deed. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with the Stock Exchanges.

13. Investor Services:

Complaints received during the year ended 31st March, 2011

Nature of Complaints	2010-11	
	Received	Attended
Relating to Transfer, Transmission, Dividend, Interest, Demat & Remat, Change of address, etc.	23	23

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

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% Shareholding
1-100	144,232	87.65	3,932,545	4.29
101-200	10,589	6.44	1,529,053	1.67
201-500	6,529	3.97	2,036,586	2.22
501-1000	1,743	1.06	1,216,354	1.32
1001-5000	987	0.60	1,941,987	2.12
5001-10000	115	0.07	825,230	0.90
10001 & above	353	0.21	80,217,023	87.48
Total	164,548	100.00	91,698,778	100.00

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

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares held	As a Percentage of (A)+(B)+(C)
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian	23	23,412,257	25.53
(2)	Foreign	—	—	—
	Total Shareholding of Promoter and Promoter Group (A)	23	23,412,257	25.53
(B)	Public Shareholding			
(1)	Institutional Investors			
(a)	Mutual Funds/UTI	202	7,484,702	8.16
(b)	Financial Institutions/Banks	77	67,323	0.07
(c)	Insurance Companies	23	9,132,762	9.96
(d)	Foreign Institutional Investors	287	21,592,393	23.55
	Total (B)(1)	589	38,277,180	41.74

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	As a Percentage of (A)+(B)+(C)
(2)	Non-Institutions			
(a)	Bodies Corporate	1,844	6,137,890	6.69
(b)	Individual:-			
	a. Individual shareholders holding nominal share capital up to ₹ 1 lakh	157,191	9,443,803	10.30
	b. Individual shareholders holding nominal share capital in excess of ₹1 lakh	20	961,472	1.05
(c)	Overseas Bodies Corporate	7	2,622,613	2.86
(d)	Non-Resident Indians	4,873	731,824	0.80
	Total B(2)	163,935	19,897,602	21.70
	Total Public Shareholding (B1+B2)	164,524	58,174,782	63.44
(C)	Shares held by Custodians and against which Depository Receipts have been issued (GDRs)			
(a)	Promoter and Promoter Group	—	4,802,304	5.24
(b)	Public	1	5,309,435	5.79
	Total (C)	1	10,111,739	11.03
	GRAND TOTAL (A)+(B)+(C)	164,548	91,698,778	100.00

Note: Total Promoter and Promoter Group holding, including the GDRs, is 30.77%.

16. Dematerialisation of Shares and Liquidity : 89.96% of outstanding Equity (including 11.03% of capital in the form of Global Depository Receipts) has been dematerialised as on 31st March, 2011. Equity Shares of the Company are available for dematerialisation through both the depositories, viz., National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

**ISIN for Grasim's Equity Shares -
INE047A01013**

**ISIN for Grasim's GDR - US3887061030
CUSIP No. 388706103**

17. Details on use of public funds obtained in the last three years : Not Applicable

18. Outstanding GDRs/Warrants and Convertible Bonds : 10,111,739 GDRs are outstanding as on 31st March, 2011. Each GDR represents one underlying Equity Share. There are no Warrants/Convertible Bonds outstanding as at the year-end.

19. Plant Locations:**Fibre & Pulp****Staple Fibre Division**

Birlagram - 456 331, Nagda
Madhya Pradesh
Tel: (07366) 246760-246766
Fax: (07366) 244114/246024

Harihar Polyfibers & Grasilene Division

Harihar, Dist. Haveri
Kumarapatnam - 581 123, Karnataka
Tel: (08373) 242171-75
Fax: (08373) 242875 (08192) 247555

Birla Cellulosic

Birladham, Kharach,
Kosamba - 394120
Dist. Bharuch (Gujarat)
Tel: (02646) 270001-5
Fax: (02646) 270010, 270310

Grasim Cellulosic Division

Plot No.1, GIDC
Vilayat Industrial Estate
P. O. Vilayat
Taluka: Vagra,
District: Bharuch - 392012 (Gujarat)

Chemical**Chemical Division**

Birlagram - 456 331
Nagda, Madhya Pradesh
Tel: (07366) 246760 - 246766
Fax: (07366) 246176/245845/246097

Grasim Chemical Division

Plot No.1, GIDC
Vilayat Industrial Estate
P. O. Vilayat
Taluka: Vagra,
District: Bharuch - 392 012 (Gujarat)

Textiles**Vikram Woollens**

GH I to IV, Ghironghi, Malanpur
Dist. Bhind (M.P.) - 477117
Tel: (07539) 283602, 283603
Fax: (07539) 283339

20. Investor Correspondence : Share Department**Grasim Industries Limited**

Registered Office: Birlagram - 456 331, Nagda (M.P.)
Tel: (07366) 246760-246766, 256556;
Fax: (07366) 244114/246024
E-Mail ID for Share Department: shares@adityabirla.com
E-Mail ID for Investor Complaints:
grasimshares@adityabirla.com

21. OTHER USEFUL INFORMATION FOR SHAREHOLDERS**Unpaid/Unclaimed Dividends**

1. In terms of Section 205A of the Companies Act, 1956, all unclaimed equity dividends upto Financial Year 1994-95, have been transferred to the General Revenue Account of the Central Government. Shareholders who have so far not encashed their dividend warrant(s) for the said period, may claim the same from the Registrar of Companies – Madhya Pradesh, Sanjay Complex, 3rd Floor, 'A' Block, Jayendraganj, Gwalior - 474009 (M.P.) by submitting an application in Form II of the Companies Unpaid (Transfer to General Reserve Account of the Central Government) Rules, 1978.
2. Pursuant to Sections 205A and 205C of the Companies Act, 1956, unclaimed equity dividends for the financial years 1995-96 to 2002-2003 have been transferred by the Company to the Investor Education & Protection Fund (IEPF) constituted by the Central Government. No claim by the Shareholders shall lie against IEPF or the Company in respect of the said unclaimed amount.
3. Shareholders are advised that dividends for the financial year 2003-2004 onwards, which remains unpaid/unclaimed over a period of 7 years, is to be statutorily transferred by the Company to IEPF. Shareholders who have not claimed the dividends for this period are

requested to lodge their claim with the Company, as once unclaimed dividend is transferred to IEPF, no claim by the Shareholders shall lie in respect thereof against IEPF or the Company.

NECS Facility

To enable faster remittance of dividend through “National Electronic Clearing Service”(NECS), Members are requested to provide their new account number allotted to them by their respective banks after implementation of Core Banking Solutions (CBS). The account number must be provided to the Company in respect of the shares held in physical form and to your Depository Participants in respect of the shares held in electronic form.

Shareholders holding shares in physical form are requested to provide details of their bank account for availing Electronic Clearing Service” (ECS) facility in the form available at the website of the Company. However, if the shares are held in dematerialised form, the ECS mandate has to be communicated to the respective Depository Participant (DP). Changes, if any, in the details furnished earlier may also be communicated to the Company or DP, as the case may be. The Company uses ECS facility for remitting dividends to its shareholders wherever available.

Share Transfer/Dematerialisation

1. Share transfer requests are acted upon within 7 days from the date of their receipt at the Share Department. In case no response is received from the Company within 30 days of lodgement of transfer request, the lodger should immediately write to the Share Department of the Company with full details so that necessary action could be taken to safeguard interest of the concerned against any possible loss/interception during postal transit.
2. Dematerialisation requests duly completed in all respects are normally processed within 7 days from the date of receipt at the Share Department of the Company.
3. Investors/Shareholders are requested to kindly note that if physical documents, viz., Demat Request Form (DRF), Share Certificates, etc., are not received from their DP's by the Company within a period of 15 days from the date of generation of the Demat Request Number (DRN) dematerialisation, the DRN will be treated as rejected/cancelled. This step is being taken on the advice of the Depositories so that no demat request remains pending beyond a period of 21 days. This note is only to caution investors/shareholders that they should ensure that their DPs do not delay in sending the DRF and share certificates to the Company after generating the DRN.
4. The Securities and Exchange Board of India (SEBI) vide circular Ref. No. MRD/DoP/Cir-05/2007 dated April 27, 2007, has made PAN mandatory for all securities market transactions. Thereafter, vide Circular No. MRD/DoP/Cir-05/2009 dated May 20, 2009, SEBI has clarified that for securities market transactions and off-market/private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTAs for registration of such transfer of shares.

SEBI has further clarified that it shall also be mandatory to furnish a copy of PAN in the following cases:

- a) Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.
- b) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
- c) Transposition of shares, when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

Correspondence with the Company

Shareholders/Beneficial Owners are requested to quote their Folio No./DP and Client ID Nos., as the case may be, in all correspondence with the Company. All correspondence regarding shares of the Company should be addressed to the Share Department of the Company at its Registered Office at Birlagram, Nagda - 456 331 (M. P.) and not to the Corporate Finance Division or to any other office(s) of the Company.

Non-Resident Shareholders

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

- Indian address for sending all communications, if not provided so far;
- Change in their residential status on return to India for permanent settlement;
- Particulars of the Bank Account maintained with a bank in India, if not furnished earlier; and
- RBI Permission number with date to facilitate prompt credit of dividend in their Bank Accounts

General Information

1. Shareholders holding shares in physical form are requested to notify to the Company, change in their address/Pin Code number and Bank Account details promptly by written request under the signatures of sole/first jointholder.

Beneficial Owners of shares in demat form are requested to send their instructions regarding change of address, bank details, nomination, power of attorney, change in e-mail address, etc., directly to their DP as the same are maintained by the DPs.

2. To prevent fraudulent encashment of dividend warrants, members are requested to provide their Bank Account details (if not provided earlier) to the Company (if shares are held in physical form) or to DP (if shares are held in demat form), as the case may be, for printing of the same on their dividend warrants.
3. In case of loss/misplacement of shares, investors should immediately lodge a FIR/Complaint with the police and inform to the Company along with original or certified copy of FIR/Acknowledged copy of Police complaint along with a self-attested copy of PAN Card.
4. Section 109A of the Companies Act, 1956, extends nomination facility to individuals holding shares in physical form in companies. Shareholders, in particular, those holding shares in single name, may avail the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form, which can be downloaded from the website of the Company or obtained from the Share Department of the Company by sending written request through any mode including e-mail on "shares@adityabirla.com".

5. Green Initiative in Corporate Governance – Service of Documents in Electronic Form

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

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

ADVANTAGES OF REGISTERING WITH THE COMPANY FOR E-COMMUNICATION:

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

Please note that the said documents will be made available by the Company on its website www.grasim.com. The physical copies of the same shall also be made available for inspection, during office hours, at the Registered Office of the Company at Birlagram, Nagda - 456 331 (M.P.). Further, upon receipt of a request from you, your Company shall also furnish you the physical copy of the same free of cost.

In case you wish to receive the above documents in physical form, please send us an e-mail at grasimshares@adityabirla.com or write to the Share Department of the Company at its Registered Office at Birlagram, Nagda - 456 331 (M.P.) quoting reference of your DP ID & Client ID and name of the 1st Registered Shareholder.

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

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

6. Members are requested to visit the Company’s website www.grasim.com for –
 - information on investor services being offered by the Company.
 - downloading of various forms/formats, viz., Nomination Form, ECS Mandate Form, formats of Affidavits and Indemnity Bonds, etc.,
 - registering your E-mail ID with the Company to receive Notices of General Meetings/other Notices, Audited Financial Statements, Directors’ Report, Auditors’ Report, etc., henceforth electronically.
7. Shareholders are requested to give us their valuable suggestions for improvement of our investor services.

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

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

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

We take immense pride in sharing with you that this year the President of India bestowed the Padma Bhushan Award on Mrs. Birla in recognition of her exemplary social work. She was also the recipient of the Golden Peacock Life Time Achievement Award for Community Development, which she received in Portugal at the hands of the honorable former Prime Minister of Sweden Mr. Ola Ullsten.

A Snapshot of your Company's work –

Your Company's CSR Activities are concentrated in 122 villages and 36 urban slums, close to our plants at Nagda (Madhya Pradesh), Harihar (Karnataka) and Kharach (Gujarat).

Health Care:

Through our medical camps, we reached out to 1,72,847 villagers for general health checkups and an additional 33,899 villagers in the remotest areas through our rural mobile medical van services. Those afflicted with serious ailments were referred to our hospitals.

At the eye camps organized by us, 2,392 patients were treated. Of these, 850 were operated for cataract and 250 persons were provided with spectacles for better sight.

At Kharach, we held the cleft-lip plastic surgery camp, 37 patients were operated upon. Up until now 1,171 children and adults have benefitted through the 20 camps that we have conducted in collaboration with USA based NGO "Smile Train".

At the medical camps organized for the physically challenged, 146 patients were provided with artificial limbs that enabled them walk again. The Special Day Care Centre for differently abled children at Nagda has been recognized by the Government as the 'Block Resource Centre'. We look after 25 children at this Centre.

More than 420 patients were treated for oral health problems.

We conducted programmes at Harihar to educate the village populace on infectious diseases. We examined over 2,650 patients who were subsequently treated. At Nagda, through a series of TB awareness programmes in the urban slums, we sensitized 3,622 persons.

Nearly 3,074 villagers benefited from the speciality medical camps organized at Nagda, Harihar and Kharach for cardiac checkup, skin diseases, arthritis and other health problems. Furthermore, at Nagda, we have tied up with the Government services to promote Ayurveda, Yoga and Homeopathy.

Mother and Child Health Care:

Over 67,270 children were immunized against polio and 4,445 children for malaria, typhoid and hepatitis-B.

Around 27,243 women took advantage of the anti-natal, post natal, mass immunization, nutrition and escort services for institutional delivery. These form part of our Reproductive and Child Health Care programmes.

In sessions on adolescent health care and nutrition awareness over 4,750 girls and mothers were actively engaged. As a result of our intensive motivation drive towards responsible family raising 1,447 villagers opted for planned families.

Education:

Nearly 900 children were enlisted this year at our Balwadis. Additionally, we were able to enroll 781 children to the local schools in Kharach, Harihar and Nagda. To encourage the spirit of excellence 86 children from our adopted rural schools in Harihar were awarded scholarships.

To focus on the girl child, our units support the cause of Girl child education through their engagement with the Kasturba Gandhi Balika Vidyalayas (KGBV) – residential schools for girls. More than 4 education centres across Nagda provide bridge education to girls who had dropped out from the education stream, mid-way. So far, 233 girls have been successfully placed in KGBVs and other Government schools.

At Kharach our team has gone a step further. They have taken a written commitment from the parents of girls to support their education. As a way of reciprocity 72 girls are teaching their mothers, in a programme titled “Chal Ma Sathe

Bhaniye”, which translates as “Come Mother, Let Us Learn Together”. Over 207 people have joined our adult literacy classes at Kharach and Nagda. More than 1,000 students of various Government schools were provided with school bags, notebooks, stationery and utensils for the mid-day meal support. Our talent search programme ‘Pratibha Karanji’ drew 755 children from different schools in Harihar.

Our teacher training programme in Harihar and Nagda benefitted 69 teachers.

Safe drinking water and sanitation:

The installation of Reverse Osmosis Plants and water tanks has had a salutary impact on the villagers. More than 35,000 villagers have access to safe drinking water in our operational areas in Gujarat, MP and Karnataka.

Supporting the Nirmal Gram Yojana, we have facilitated the construction of 351 individual toilets in villages around Kharach and Nagda.



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

Sustainable Livelihood:

As part of our endeavours towards renewable energy, 155 bio-gas units have been set up in villages around Nagda.

We immunized 20,753 animals at animal husbandry and other veterinary camps in Nagda and Harihar.

The exposure to various cropping techniques at Nagda and Harihar benefitted 375 farmers. The farm based income generation project covered 130 farmers. We are promoting organic farming at Harihar and Nagda. So far 122 farmers have adopted this process.

The dairy at Nagda provides marketing support to several milk collection centres in the villages and provides a sustainable income to 600 villagers. At Harihar the dairy based income supported 142 households.

Self Help Groups and Income Generation:

Our 184 self help groups empower 2000 households financially and socially. Most of the SHGs have been linked with the economic schemes of NABARD and the District Industries Centre. At the various tailoring centres across all the units, 360 women were trained. The Ansuya Kendra at Birla Cellulosic, Kharach, started with the objective of training rural women, particularly those from BPL families, scheduled tribes and scheduled castes to be self reliant. It has enabled 1,450 women stand on their feet, supplement the household income and in some instances run their family.

Vocational training programmes in 36 different trades were conducted for 848 youngsters. They were trained in two-wheeler repairing, driving, domestic electric repair, fitting, electric motor rewinding, mobile repairing and computer training. Girls were trained also to become beauticians.



'Freedom from Polio'

Infrastructure Development:

The 4 dams constructed at Nagda on the river Chambal continue to benefit nearly a 100,000 people in Nagda as well as the rural populace.

Your Company has constructed/renovated Community halls, school buildings, boundary walls, anganwadi centres, panchayat office, PHC Centres and cattle sheds around its Harihar, Nagda and Kharach plants. Through the Jal Nirmal Programme for safe drinking water it reached out to the villagers at Harihar.

The shed constructed for weavers at Harihar has gone a long way in increasing their productivity and market.

Social Welfare:

Under the mass marriage programme 194 couples in Harihar and Nagda were married.

We helped new beneficiaries to access Government pension funds for old age widows and the physically handicapped.

Programmes on legal rights, safety and environment and insurance conducted at Harihar, Kharach and Nagda were very well received by the 4,000 participants from the interiors.

In sum:

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



*'Chal Maa, Saathe Bhaniye'
(Come Mother, let us learn together)*



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

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

conservation and sustainable development are always on our radar. Social and environmental practices in our Group entail the simultaneous creation of economic, environmental and social value, and taking these practices far beyond compliance. Over the last decade these measures have been institutionalized. Consequently, these are integrated into our business strategies and in our endeavours to foster inclusive growth as well.”

– Kumar Mangalam Birla

Your Company is committed to conserve the Environment, and its eco-friendly approach is evident across all spheres of its operations. Its major focus areas are - Waste Management, Energy Management, Water Conservation, Biodiversity Management, Afforestation and Reduction in Emissions.

All of your Company’s plants in the Viscose Staple Fibre, Pulp and Textile businesses are ISO 14001 EMS certified. The plant at Nagda is OHSAS-18001 and SA-8000 certified. All products manufactured

under the Birla Cellulosic brand confirm to the highest ecological parameters established for products that touch the skin. The OEKO TEX-100 certification by BTTG, UK testifies that Birla Cellulose contains no harmful substance and is safe for use.

Your Company continuously upgrades its effluent treatment plants. The treated effluent and treated domestic sewage is recycled for reuse in process applications such as Make Up water in Auxiliary cooling towers, gardening and spraying on coal ash for wetting. We have installed a briquette plant for the burning of ETP sludge in the existing coal fired boilers to utilize the heat value of the bio-mass sludge.

Scrubbers, cyclones, condensers, the sulphur recovery plant and electrostatic precipitators are our ways to stem air pollution.

Your Company has pioneered the recovery of CS₂ from spinning off gases, based on the absorption and desorption technology at Nagda. Towards this a special plant has been commissioned. This is the first time world over that such an innovative technology is being experimented in the VSF industry.

At your Company's pulp plant at Harihar, the Advanced Process Control System of the lime kiln has been upgraded. This sustains / reduces the usage of fossil fuel. A part of the organically rich waste water viz. Pre-hydolysate Liquor (PHL) is being recycled to generate biogas. Biogas is being used as a replacement for fossil fuels like Low Density Oil (LDO) and Furnace Oil. Over 93% of LDO and 2.6% of Furnace Oil has been

replaced by Biogas. The Pulp Unit is augmenting its biogas generation capacity. This initiative is expected to reduce the load on the effluent treatment plant, lessen the usage of Furnace Oil consumption and lower the emission of green house gases.

At the Birla Cellulosic plant in Kharach, we have initiated the development of mangroves in a 10 hectare area at the creek of the river Kim. We began the seeding, replantation and protection of mangroves from stray animals during the year. We are pleased to inform you that the mangroves have come up very well. In this project, we have enlisted the support of Kantha Vistar Satayapurna, a Surat based NGO.

Our CDM project relating to the steam condensing turbine is being reviewed by the validator M/s. RINA (Gujarat).

At the Birla Cellulosic plant, fly ash generated from the power plant is fully utilized for manufacturing bricks. For infrastructure projects at Birla Cellulosic, only fly ash bricks are used.

Your Company continues to extend the Green Belt Cover in all of its plant locations. Nagda boasts of over 3,30,000 trees / plants / rose-beds, enveloping 76% of the plant complex. At Kharach over 2,000 trees were planted this year.

The greenery encircling our plants, the swaying palms, the colorful flowerbeds and the constant chirping of the birds, show nature at its best.

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

TO THE SHAREHOLDERS OF GRASIM INDUSTRIES LIMITED,**Dear Shareholders,**

Your Directors have pleasure in presenting the 64th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2011.

As the Management Discussion and Analysis section focuses on your Company's strategies for growth, in depth, your Board is providing only a brief overview in this report.

CONSOLIDATION OF CEMENT BUSINESS

The demerger of the Company's Cement business into a separate subsidiary, Samruddhi Cement Limited (SCL), and the subsequent merger of SCL with UltraTech Cement Limited (UltraTech) (another subsidiary) were completed. This has paved the way for the shareholders of Grasim to participate directly in a focussed entity engaged in the Cement business.

We are confident that this pragmatic step will yield rich dividends in the long run and lay a strong foundation for the future growth of your Company.

GROWTH OF THE EXISTING BUSINESSES**Expansion of Viscose Staple Fibre (VSF) Capacity**

A total capex of ₹ 2,400 crore has been approved by the Board for the VSF business. This includes the cost of setting up a 120,000 TPA greenfield VSF plant at Vilayat (Gujarat) and expansion of its capacity at Harihar (Karnataka) by 36,500 TPA.

In line with its strategy of resource de-risking critical inputs, your Company will also establish a Caustic Soda plant at Vilayat with a capacity of 182,500 tons.

Acquisition of Domsjo Fabriker AB, a Swedish Pulp Manufacturing Company

Your Company has, 1/3rd stake in Aditya Holding AB, Sweden, which controls Domsjo Fabriker AB, Sweden, a leading manufacturer of specialty pulp used in the manufacture of VSF.

Expansion of Cement Capacity

A total capex of ₹ 11,000 crore has been approved by the UltraTech Board. This includes brownfield expansions aggregating to 9.2 million TPA at Chhattisgarh and Karnataka units which are expected to be operational from early FY14. In the existing projects, UltraTech is strengthening logistic support, waste heat recovery, etc., for future growth.

Acquisition of ETA Star Cement, UAE

In September 2010, UltraTech completed the acquisition of ETA Star Cement Company LLC with its assets comprising of 2.3 million TPA clinker facility and grinding units of 2.1 million TPA in UAE, 0.4 million TPA in Bahrain and 0.5 million TPA in Bangladesh. With this acquisition, UltraTech gained direct access to the markets in the Middle East and neighbouring regions. Consequent to this acquisition, UltraTech's capacity stands augmented at 52 million TPA.

FINANCIAL PERFORMANCE

Your Company has reported improved results on the back of superior performance from VSF, a core business of your Company, which moved in tandem with the other competing fibres.

The performance of your Company's Cement subsidiary, UltraTech, was impacted mainly due to the slowdown in the realty sector.

(₹ in Crore)

	Consolidated		Stand-alone		
	2010-11	2009-10	2010-11		2009-10
				Continued Business#	Total (As Reported)
Gross Turnover	23,570.54	21,710.54	4,891.40	4,111.79	8,841.79
Gross Profit	4,991.17	5,987.72	1,771.49	1,539.75	2,851.92
Less: Depreciation	1,138.37	994.71	176.29	151.28	351.14
Profit before Tax and Exceptional Item	3,852.80	4,993.01	1,595.20	1,388.47	2,500.78
Tax Expenses	957.61	1,570.48	413.49	402.27	744.75
Profit after Tax from Ordinary Activities	2,895.19	3,422.53	1,181.71	986.20	1,756.03
Extraordinary Items					
- Profit on Sale of Sponge Iron Unit	—	336.07	—	336.07	336.07
- Profit after Tax after Extraordinary Activities	2,895.19	3,758.60			2,092.10
			1,181.71	1,322.27	
Add: Share in Profit/(Loss) of Associates	43.78	51.05	—	—	—
Less: Minority Interest	659.96	714.12	—	—	—
Net Profit	2,279.01	3,095.53	1,181.71	1,322.27	2,092.10
Amount Transferred on Change in Stake in Subsidiaries/Joint Ventures	(350.01)	—	—		—
Debenture Redemption Reserve Written Back	—	39.83	—		5.00
Balance brought forward from Previous Year	3,499.23	3,406.07	2,219.07		2,180.97
Surplus Available for Appropriation	5,428.23	6,541.43	3,400.78		4,278.07
Appropriations:					
- Reserve Fund	0.29	0.68	—		—
- General Reserve	3,618.55	2,700.00	2,500.00		1,750.00
- Debenture Redemption Reserve	65.17	12.50	—		—
- Proposed Dividend	183.40	275.05	183.40		275.05
- Corporate Tax on Dividend	40.33	53.97	13.66		33.95
- Balance carried to Balance Sheet	1,520.49	3,499.23	703.72		2,219.07
	5,428.23	6,541.43	3,400.78		4,278.07

Results for the year ended 31st March, 2010, for Continued Businesses (excluding the results of Sponge Iron/Cement businesses sold/demerged w.e.f. 22nd May, 2009 and 1st October, 2009, respectively) have been given for better comparison.

At the consolidated level, while there is no change in the Revenue and Operating Profit of the Company, on account of the demerger/merger of the Cement Business, the Net Profit after minority share has been impacted due to the direct participation of the Company's shareholders in SCL/UltraTech on demerger/merger of the Cement business of the Company, as explained above.

DIVIDEND

Your Board has recommended a dividend of ₹ 20 per share, subject to your approval. The total outflow on account of the dividend (inclusive of the Corporate Tax on Dividend) would be ₹ 197.06 crore.

EMPLOYEE STOCK OPTION SCHEME (ESOS)

During the year, 71,297 Employee Stock Options were granted to certain eligible employees of the Company. Out of the Options granted in the earlier years, 42,909 Options were vested.

During the year, some of the option holders have exercised options thereby converting 15,207 options into shares of ₹ 10 each and, accordingly, 15,207 shares were allotted to the concerned option holders.

The details of Employee Stock Options granted pursuant to the Employee Stock Option Scheme -2006 (ESOS-2006), as also the disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are set out in Annexure 'A' to this Report.

DEBENTURES AND TERM LOANS

Your Company has not raised any long term loans. Term loans aggregating ₹ 38 crore have been repaid.

AWARDS AND ACCOLADES

Some of the significant accolades earned by your Company during the year include:

- *Greentech Environment Award 2010 – Gold: Harihar Polyfibers, Harihar.*
- *Most Innovative Environmental Project Award 2011 by CII Godrej Green Business Centre: Harihar Polyfibers, Harihar.*

RESEARCH AND DEVELOPMENT

Your Company's unwavering commitment to R&D and to sustainably surpass "Quality" requirements in a holistic manner has been endorsed by accreditations from the Ministry of Science and Technology, Government of India, for the newly set up "Wood and Pulp Research Centre" at Harihar (Karnataka) and the "Textile Research and Application Development Centre" (TRADC) at Kharach (Gujarat). The "Birla Research Institute for Applied Sciences" already enjoys this status.

The Pilot Plant facilities at the new state-of-the-art, "Wood and Pulp Research Centre," became operational in July 2010. It fosters continuous improvements in process, product quality and environment management of the Pulp plants through ongoing projects in areas related to Wood morphology, pulping and bleaching optimisation and quality improvement. This centre will help the business in evaluating suitability of various species of wood for DG pulp and aid customised process design. The Birla Research Institute for Applied Sciences is actively engaged in development and patenting of a novel next generation fibre besides having developed process for Flame Retardant Viscose Fibres for which patents have been obtained. TRADC has been facilitating the market seeding of new fibres so developed through evolving their optimal downstream processing techniques and producing test quantities of finished products with them. These endeavours have resulted in the Market launch of a Denim collection based on our solvent spun fibre "Excel" as also a special trousers collection based on a new colour fast spun dyed fibre. Work is ongoing to develop and seed specialty products based on functional fibres providing added value and exclusive convenience to our end-customers. All our R&D Centres are being further strengthened with new equipment and analytical instruments.

Towards upgrading our environmental standards, a plant based on a novel process to reduce emissions has been commissioned at one of our production lines for confirming the results obtained in pilot trials.

HUMAN RESOURCES

Your Company believes that Human Resources play a very critical role in its growth. Your Directors are pleased to inform you that the Aditya Birla Group, of which your Company is a part,

has been declared as one of the Best Employers in India by the Aon – Hewitt survey conducted recently. The Group ranked second among two hundred other Indian organisations which took part. The process entailed a rigorous six-month exercise involving HR systems and processes audit, online survey with several employees, face to face meetings with Leadership teams, HR and a cross section of employees.

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

CORPORATE GOVERNANCE

Your Directors reaffirm their continued commitment to good corporate governance practices. Your Company fully adheres to the standards set out by the Securities and Exchange Board of India for Corporate Governance practices and has implemented all of its stipulations.

As required by Clause 49 of the Listing Agreement of Stock Exchanges, a separate section on Corporate Governance together with a certificate from your Company's statutory Auditors, forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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 preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the accounting policies selected have been applied consistently and judgements and estimates are made that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at the end of the financial year and of the profit or loss of your Company for that period;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your

Company and for preventing and detecting fraud and other irregularities; and

- iv) the annual accounts have been prepared on a going concern basis.

CONSOLIDATED FINANCIAL STATEMENTS AND RESULTS OF SUBSIDIARY COMPANIES

The Consolidated Financial Statements have been prepared by your Company in accordance with the applicable Accounting Standards (AS-21, AS-23 and AS-27) issued by the Institute of Chartered Accountants of India and the provisions of the listing agreement with the Stock Exchanges. Together with the Auditors' Report, these form part of the Annual Report.

In terms of the recent General Circular of the Ministry of Corporate Affairs (MCA), Government of India, the copy of Balance Sheet, Profit and Loss Account, Directors' Report, Auditors' Report, etc., of the subsidiary companies are not attached with the Annual Report of the Company. The related information on the Annual Accounts of the subsidiary companies shall be made available to the shareholders of the Company and of the subsidiary companies, who shall seek such information at any point of time. The Annual Accounts of the subsidiary companies will also be kept for inspection by any shareholder at the Registered Office of the Company and that of the subsidiary companies concerned. The Statement pursuant to Section 212 of the Companies Act, 1956, containing the details of the Company's subsidiaries and the gist of the financial performance of the subsidiary companies forms part of the Consolidated Financial Statements of this Annual Report.

PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956

Information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, stipulated under Section 217(1)(e) of the Companies Act, 1956, is set out in a separate statement, attached to this report (Annexure 'B') and forms part of it.

In accordance with the provisions of Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the Directors' Report, as an addendum thereto. However, in tandem with the provisions of

Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts as set out therein are being sent to all members of the Company excluding the aforesaid information about the employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company Secretary at the Registered Office of the Company.

DIRECTORS

Subject to your approval, the Board of Directors has appointed Mr. Adesh Gupta as the Manager of the Company, in addition to his present role as the Whole-time Director and CFO of the Company, w.e.f. 22nd March, 2011 to 2nd October, 2014.

Mr. M.L. Apte, Mr. R.C. Bhargava, Mrs. Rajashree Birla and Mr. Cyril Shroff, the existing Directors of the Company, retire from office by rotation and being eligible, offer themselves for re-appointment.

A brief resume of the Directors being re-appointed, is incorporated in the Corporate Governance Section, which forms part of this Annual Report.

It is with great pride that we share with you that the following Awards have been conferred on your Director, Mrs. Rajashree Birla:

- the exalted 'Padma Bhushan Award' by the Government of India in recognition of her exemplary contribution in the area of social work;
- the prestigious 'Global Golden Peacock Life Time Achievement Award' for Community Development for her Outstanding Contribution towards Community Development and Social Welfare; and
- the coveted 'AIMA Managing India Award' for the "Corporate Citizen of the Year".

AUDITORS

The Board, on the recommendation of the Audit Committee, has proposed that M/s. G.P. Kapadia & Co., Chartered Accountants, Mumbai and M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, be re-appointed as the Joint Statutory Auditors of the Company, to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company. M/s. G.P. Kapadia &

Co., Chartered Accountants, Mumbai, and M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, have forwarded their certificates to the Company, stating that their re-appointment, if made, will be within the limit specified in that behalf in Sub-section (1B) of Section 224 of the Companies Act, 1956.

The Board, on the recommendation of the Audit Committee, has also proposed that M/s. Vidyarthi & Sons, Chartered Accountants, Gwalior, be re-appointed as the Branch Auditors of Vikram Woollens, a Division of your Company.

Resolutions seeking your approval on these items are included in the Notice of the ensuing Annual General Meeting.

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

COST AUDITORS

In pursuance of Section 233-B of the Companies Act, 1956, your Directors have appointed M/s. R. Nanabhoy & Co., Mumbai, and M/s. R.J. Goel & Co., Delhi, as the Cost Auditors to conduct the Cost Audit of Pulp and Fibre, Caustic Soda, Sulphuric Acid and Textiles for the year 2011-12. The approval of the Central Government for the appointment has since been received.

APPRECIATION

Your Directors wish to take this opportunity to express their sincere appreciation to the Central and State Governments, banks, financial institutions, stakeholders and business associates for their whole-hearted support and co-operation.

Your Directors also wish to place on record their deep appreciation of the contribution of your Company's employees at all levels which has been pivotal to your Company's growth.

For and on behalf of the Board



Kumar Mangalam Birla
Chairman

Mumbai, 28th June, 2011

	Nature of Disclosure	Particulars		
		Tranche 1	Tranche 2	Tranche 3
j)	Employee wise details of options granted			
	i) Senior Managerial Personnel	—	—	1. Mr. K.K. Maheshwari: 43,932 (Whole-Time Director) 2. Mr. Adesh Gupta: 6,981 (Whole Time Director)
	ii) Any other employee who received a grant in any one year of option amounting to 5% or more of options granted during that year	—	—	1. Dr. Prakash Maheshwari: 12,090 2. Mr. Sunay Kamat: 4,147 3. Mr. Gerard D'Cunha: 4,147
	iii) Identified employees who were granted option. During any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	—	—	—
k)	Diluted Earnings Per Share	Diluted EPS: ₹ 128.77		
l)	Difference between the employee compensation cost, computed using the intrinsic value of the stock options and the employee compensation cost that shall have been recognised if the fair value of the options was used. The impact of this difference on profits and on EPS of the Company.	Particulars		₹ in Crore
		Net Profit		1,181.71
		Add: Intrinsic Value Compensation Cost		1.41
		Less: Fair Value Compensation Cost		2.67
		Adjusted Net Profit		1,180.45
		<u>Earnings Per Share (₹)</u>		
As reported : Basic			128.86	
As reported : Diluted			128.77	
As adjusted : Basic			128.72	
As adjusted : Diluted			128.64	

	Nature of Disclosure	Particulars		
		Tranche 1	Tranche 2	Tranche 3
m)	(i) Weighted-average exercise prices and weighted-average fair values of options whose exercise price equals the market price of the stock		Revised Weighted average exercise price (₹): 2,279.00 Revised Weighted average fair value(₹): 872.13	
	(ii) Weighted-average exercise prices and weighted-average fair values of options whose exercise price is less than the market price of the stock	Revised Weighted-average exercise price (₹): 1,523.00 Revised Weighted-average fair value (₹): 1,038.81	NA	Weighted-average exercise price (₹): 1,440.00 Weighted-average fair value (₹): 1,130.00
	(iii) Weighted-average exercise prices and weighted-average fair values of options whose exercise price exceeds the market price of the stock	NA	NA	NA
n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: On the Date of Grant (i) risk-free interest rate (%) (ii) expected life (No. of years) (iii) expected volatility (%) (iv) dividend yield (%) (v) the price of the underlying share in market at the time of option grant	7.78 5 33 2.38 ₹ 2,728	7.78 5 36 2.38 ₹ 2,885	8.09 3.5 45.64 Nil ₹ 2,057

Information under Section 217(1) (e) of the Companies Act, 1956 read with Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2011

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken

The Company is continuously engaged in the process of energy conservation through improved operational and maintenance practices. Following measures have been taken by different units of the Company:

i) Viscose Staple Fibre and Pulp Units

- Adoption of triple effect steam ejectors.
- Replacement of condenser of centrifugal compressor by energy efficient pump.
- Installation of Variable Frequency Drives.
- Temperature based steam control for Sulphur Melting Pits in CS2 Plant.
- Adoption of gravity flow of Slurry from Pulper to Homogeniser in place of pumping.
- Replacement of FTL and Well Glass by CFL.

ii) Chemical Units

- Replacement of old electrolyzer with energy efficient electrolyzer.
- Installation of Capacitor Banks for improving power factors.
- Installation of Variable Frequency Drive.
- Replacement of old motors with energy efficient motors.

iii) Textile Units

- Optimisation in Humidification plant and Chiller operation.
- Installation of energy efficient pump in water supply.
- Optimisation in TFO speeds.

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

i) Viscose Staple Fibre and Pulp Units

- Adoption of Brine Screw Chiller with eco friendly refrigerant Reciprocating Brine Chiller
- Adoption of Triple Effect Anhydrous Evaporator.
- Adoption of 3HP/720 RPM motor for reduction of stirrer RPM.
- Replacement of pumps, variable frequency drives and LV drives for energy saving.
- Lighting transformers for Viscose and Spinning area.
- Installation of energy efficient surface aerators in effluent treatment plant.
- Replacement of vacuum filter circulation pump with higher efficiency pump and old motors with IP 55 protection motors.

ii) Chemical Units

- Replacement of Low capacity Chlorine compressor with higher capacity.
- Installation of Variable Frequency Drives.
- Replacement of Generation I Electrolyzers with Generation V Electrolyzers.
- Installation of Energy Efficient Light Fittings.

iii) Textile Unit

- Installation of R.O. plant for Boiler.
- Replacement of old motors in soft winding.

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

- The above measures have resulted/ will result in reduction in energy consumption, increase in productivity and reduction in energy cost.

d) Total Energy Consumption and Energy Consumption per Unit of Production:

As per Form "A" attached.

FORM 'A'

Total Energy Consumption and Energy Consumption per unit of Production

(A) POWER & FUEL CONSUMPTION

	<u>Unit</u>	<u>Current Year</u>	<u>Previous Year</u>
1. Electricity			
a) Purchased - Unit	'000	222895	334181
Total amount	₹ in lacs	10035	14765
Rate per Unit	₹/Unit	4.50	4.42
b) Own Generation			
I) Through Diesel Generator - Unit	'000	131	41889
Unit per Liter of Diesel Oil	Units/Ltr.	3.44	3.64
Cost / Unit	₹/Unit	11.32	6.93
II) Through Steam Turbine - Units	'000	571280	1130683
Units per Kg. Of Steam			
Co-generation of Steam & Power			
Cost / Unit	₹/Unit	2.01	2.63
(Cost of fuel and duties only)			
2. Coal (Slack, Steam & ROM including Lignite Coal & other Alternative Fuel)			
For Co-generation of Steam & Power	Tonne	1085285	1926711
For Process in Cement Plants	Tonne	-	918265
Total amount	₹ in lacs	37411	95749
Average rate	₹/Tonne	3447.10	3365.55
3. Furnace Oil (Including LSHS)			
Quantity	K. Ltrs.	5896	17428
Total amount	₹ in lacs	1595	3258
Average rate	₹/K. Ltr.	27045	18697
4. Light Diesel Oil			
Quantity	K. Ltrs.	971	1011
Total amount	₹ in lacs	340	304
Average rate	₹/K. Ltr.	34990	30097
5. High Speed Diesel Oil			
Quantity	K. Ltrs.	38	2522
Total amount	₹ in lacs	15	806
Average rate	₹/K. Ltr.	38418	31958
6. Internal Generation			
Steam			
a) From Chemical Recovery Boiler in Rayon Pulp plants			
Quantity	Tonne	587829	595953
Total Cost	₹ in lacs	61	49
Rate/Unit	₹/Tonne	10	8
(Cost of Oil used for firing support in Boiler)			
b) From Waste Heat Boiler in Sulphuric Acid Plants:			
Quantity	Tonne	182922	182488
Total Cost	₹ in lacs	N.A.	N.A.
Rate/Unit	₹/Tonne	N.A.	N.A.

(B) CONSUMPTION PER UNIT OF PRODUCTION :

	Unit	Electricity (units)		Coal/Petcoke		Steam (Tonne)	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1. Viscose Staple Fibre (incl. for intermediate & by products)							
Standard	Per Tonne	1,500	1,500	-	-	12.50	12.50
Actual	Per Tonne	1,213	1,208	-	-	9.21	9.62
2. Caustic Soda (For Cell House only) Membrane Cell Plant							
Standard	Per Tonne	2,400	2,400	-	-	-	-
Actual	Per Tonne	2,192	2,167	-	-	-	-
3. Cement*							
Grey Cement :							
Electricity							
Standard	Per Tonne	-	100	-	-	-	-
Actual	Per Tonne	-	78	-	-	-	-
Coal / Petcoke							
Standard	K.Cal Per Kg of Clinker	-	-	-	710-800	-	-
Actual	K.Cal Per Kg of Clinker	-	-	-	714	-	-
White Cement :							
Electricity							
Actual	Per Tonne	-	114	-	-	-	-
4. Textiles (Actual consumption)							
Yarn	Per 100 Kg.	614	688	-	-	0.16	0.23
Fibre Dyeing	Per 100 Kg.	-	-	-	-	0.56	0.57
5. Stable Bleaching Powder (SBP)							
Standard	Per Tonne	140	140	-	-	0.15	0.15
Actual	Per Tonne	129	129	-	-	0.15	0.15
6. Poly Aluminium Chloride							
Standard	Per Tonne	75	75	-	-	0.27	0.33
Actual	Per Tonne	58	60	-	-	0.27	0.27
7. Chlorosulphonic Acid							
Standard	Per Tonne	35	35	-	-	0.11	0.11
Actual	Per Tonne	35	29	-	-	0.10	0.10
8. Caustic Fusion Plant							
Standard	Per Tonne	58	60	-	-	0.86	0.18
Actual	Per Tonne	60	58	-	-	0.11	0.08
9. Chlorinated Paraffin							
Standard	Per Tonne	150	-	-	-	0.85	-
Actual	Per Tonne	140	-	-	-	0.87	-

* Cement Business has been demerged with effect from 1st October, 2009.

B. TECHNOLOGY ABSORPTION

Efforts made in Technology Absorption in Form "B".

**RESEARCH & DEVELOPMENT (R&D)
FORM "B"**

1 Specific areas in which R&D carried out by the Company:**Viscose Staple Fibre Units**

- Establishment of Wood and Pulp Research Centre at Harihar facilitating Wood morphology, pulping and bleaching optimisation and quality improvement.
- Development of optimal downstream processing techniques resulting in launch of a Denim collection based on solvent spun fibre "Excel".

2 Future Plan of Action**Viscose Staple Fibre Units**

- To develop and seed speciality products based on functional fibres
- Commissioning of a plant based on novel process on one of the production lines to reduce emissions.

3 Expenditure on R & D

Expenditure	₹ Cr.
a. Capital	2.11
b. Recurring	5.54
	7.65
c. Total R & D Expenditure as a percentage of turnover	0.17%

4 Technology Absorption, Adoption and Innovation

The Company continuously strives to adopt latest technology for improving productivity, product quality and reducing consumption of scarce raw material, energy and other inputs.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company is exporting Viscose Staple Fibre, Chemicals, Textiles, Plant and Machinery and has taken successful initiatives for increasing exports.

(a) Activities related to Exports

Exports on F.O.B. basis during the year : ₹ 825.07 Crore

(b) Total Foreign Exchange used and earned

Foreign Exchange used : ₹ 13.66 Crore

Foreign Exchange earned : ₹ 845.51 Crore

TO THE MEMBERS OF GRASIM INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **GRASIM INDUSTRIES LIMITED** ("the Company") as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto, in which are incorporated the Returns from Vikram Woollens Division, audited by Branch auditors. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Division audited by branch auditor; whose report has been forwarded to us and has been dealt with by us in preparing this report;
 - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and the audited Branch Returns;
 - (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)

B. P. Shroff
Partner

Membership No.: 34382
Place: Mumbai
Date: 11th May, 2011

For **G.P. KAPADIA & CO.**
Chartered Accountants
(Registration No. 104768W)

Atul B. Desai
Partner

Membership No.: 30850

TO THE MEMBERS OF GRASIM INDUSTRIES LIMITED**(Referred to in paragraph 3 of our report of even date)**

- (i) Having regard to the nature of the Company's business/activities/results, clauses (x) regarding cash loss incurred by the Company, (xiii) regarding chit fund, nidhi / mutual benefit fund / societies and (xiv) regarding dealing or trading in shares, securities, debentures and other investments, of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management except stocks lying with third parties for which confirmations have been obtained.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) According to the information and explanation given to us, the Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, during the year.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public in terms of the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
- (viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of the Company's business.
- (ix) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the Company's products to which the said

rules are applicable and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

- (x) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of the above mentioned statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess, to the extent applicable, which have not been deposited as on 31st March, 2011 on account of disputes and the forum where the dispute is pending are given below:

Sr. No.	Name of the statute (Nature of dues)	Forum where dispute is pending	Amount (₹ in Crores)	Period
1	Sale Tax and Value Added Act (Tax)	Supreme Court, High Court Appellate Authorities Assessing Authorities	3.25 0.18 0.83	2004-2005 2000-2010 2008-2011
2	Customs Act, 1962 (Duty)	Appellate Authorities Assessing Authorities	3.24 1.18	2001-2010 1985-1986
3	Central Excise Act, 1944 (Duty/Penalty)	Supreme Court, High Court Appellate Authorities	1.00 4.56	1997-2010 2000-2010
4	Service Tax under the Finance Act, 1994 (Tax)	Tribunal Appellate Authorities Assessing Authorities	0.04 6.28 0.54	2006-2010 2000-2010 2000-2010
5	Cess under various Acts (Cess/Interest)	Supreme Court, High Court Appellate Authorities	7.92 0.10	1981-2004 1996-1999

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders during the year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanation given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interests of the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used for long term investment.

- (xvi) According to the information and explanations given to us, during the period covered by our audit report, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xvii) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued debentures.
- (xviii) According to the information and explanations given to us, the Company has not raised any money by way of public issue during the year.
- (xix) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)

B. P. Shroff
Partner
Membership No.: 34382

Place: Mumbai
Date : 11th May, 2011

For **G. P. KAPADIA & CO.**
Chartered Accountants
(Registration No. 104768W)

Atul B. Desai
Partner
Membership No.: 30850

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF GRASIM INDUSTRIES LIMITED

We have examined the compliance of the conditions of Corporate Governance by Grasim Industries Limited for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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

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

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

For **G. P. Kapadia & Co.**
Chartered Accountants
(Registration No. 104768W)

Atul B. Desai
Partner
Membership No. 30850

Place: Mumbai
Date: 28th June, 2011

GRASIM INDUSTRIES LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedules	As at 31st March, 2011	(₹ in Crore) As at 31st March, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1A	91.72	91.70
Employee Stock Options Outstanding	1B	9.95	9.51
Reserves and Surplus	2	<u>8,032.07</u>	<u>7,044.16</u>
		8,133.74	7,145.37
Loan Funds			
Secured Loans	3	556.21	743.64
Unsecured Loans	4	<u>257.54</u>	<u>293.98</u>
		813.75	1,037.62
Deferred Tax Liabilities (Net) [Note 15, Sch. 22(B)]		229.82	252.16
Total Funds Employed		<u>9,177.31</u>	<u>8,435.15</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	2,983.88	3,102.16
Less: Depreciation and Amortisation		<u>1,442.07</u>	<u>1,316.10</u>
Net Block		1,541.81	1,786.06
Capital Work-in-Progress		<u>100.96</u>	<u>42.98</u>
		1,642.77	1,829.04
Investments	6	6,910.25	6,324.79
Current Assets, Loans and Advances			
Inventories	7	421.65	417.24
Sundry Debtors	8	478.70	345.01
Cash and Bank Balances	9	14.65	15.92
Other Current Assets	10	2.20	0.95
Loans and Advances	11	<u>536.38</u>	<u>385.12</u>
		1,453.58	1,164.24
Less:			
Current Liabilities and Provisions			
Liabilities	12	370.87	302.37
Provisions	13	<u>458.42</u>	<u>580.55</u>
		829.29	882.92
Net Current Assets		624.29	281.32
Total Funds Utilised		<u>9,177.31</u>	<u>8,435.15</u>

Significant Accounting Policies and Notes on Accounts 22 & 23

The Schedules referred to above form an integral part of the Balance Sheet

In terms of our report attached

For DELOITTE HASKINS & SELLS,
Chartered Accountants

For G.P. KAPADIA & CO.,
Chartered Accountants

For GRASIM INDUSTRIES LIMITED

B.P. SHROFF
Partner

ATUL B. DESAI
Partner

M.L. APTE
B.V. BHARGAVA
R.C. BHARGAVA
THOMAS M. CONNELLY
SHAILENDRA K. JAIN
D.D. RATHI
Directors

Mumbai
Dated: 11th May, 2011

ASHOK MALU
Company Secretary

ADESH GUPTA
Manager,
Whole-Time Director & CFO

K.K. MAHESHWARI
Whole-Time Director

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

	Schedules	For the Year ended 31st March, 2011	(₹ in Crore) For the Year ended 31st March, 2010
INCOME			
Gross Sales		4,891.40	8,841.79
Less: Excise Duty		374.36	669.68
Net Sales		4,517.04	8,172.11
Interest and Dividend Income	14	251.91	223.70
Other Income	15	174.76	152.06
Increase/(Decrease) in Stocks	16	12.97	(10.98)
		4,956.68	8,536.89
EXPENDITURE			
Raw Materials Consumed	17	1,952.58	2,168.07
Manufacturing Expenses	18	674.78	1,700.26
Purchases of Finished and Traded Goods		—	30.91
Payments to and Provisions for Employees	19	300.01	480.93
Selling, Distribution, Administration and Other Expenses	20	216.02	1,195.08
Interest	21	45.59	120.39
Depreciation and Amortisation [Note 1, Sch. 5]		176.29	351.14
		3,365.27	6,046.78
Less: Captive Consumption [Net of Excise ₹ 3.79 crore (Previous Year ₹ 10.22 crore)]		3.79	10.67
		3,361.48	6,036.11
Profit before Tax from Ordinary Activities*		1,595.20	2,500.78
Provision for Taxation: Current Tax		(461.20)	(666.40)
Deferred Tax		22.34	(103.65)
Write Back of Excess Provision for Tax/Income Tax Refund Related to Earlier Years (Net)		25.37	25.30
Total Tax Expenses**		(413.49)	(744.75)
Profit after Tax from Ordinary Activities		1,181.71	1,756.03
Extraordinary Items:			
Profit on Sale of Sponge Iron Unit (Net of Tax of ₹ 8.65 crore)		—	336.07
Profit after Tax		1,181.71	2,092.10
Debenture Redemption Reserve no longer required		—	5.00
Balance brought forward from Previous Year		2,219.07	2,180.97
Profit Available for Appropriation		3,400.78	4,278.07
Appropriations:			
Proposed Dividend		183.40	275.05
Corporate Dividend Tax		13.66	33.95
Transfer to General Reserve		2,500.00	1,750.00
Balance carried to Balance Sheet		703.72	2,219.07
		3,400.78	4,278.07
Equity Share of Face Value ₹ 10 each			
Basic Earnings Per Share before Extraordinary Items (₹)		128.86	191.51
Diluted Earnings Per Share before Extraordinary Items (₹)		128.77	191.44
Basic Earnings Per Share after Extraordinary Items (₹)		128.86	228.16
Diluted Earnings Per Share after Extraordinary Items (₹)		128.77	228.08
* Including Profit/(Loss) of discontinued operations:			
Sponge Iron Unit		—	(43.92)
Cement Business		—	1,156.23
** Including Tax Expense/(Credit) related to discontinued operations:			
Sponge Iron Unit		—	(13.52)
Cement Business		—	356.00

Significant Accounting Policies and Notes on Accounts 22 & 23

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

In terms of our report attached

For DELOITTE HASKINS & SELLS,
Chartered Accountants

For G.P. KAPADIA & CO.,
Chartered Accountants

For GRASIM INDUSTRIES LIMITED

B.P. SHROFF
Partner

ATUL B. DESAI
Partner

M.L. APTE
B.V. BHARGAVA
R.C. BHARGAVA
THOMAS M. CONNELLY
SHAILENDRA K. JAIN
D.D. RATHI
Directors

Mumbai
Dated: 11th May, 2011

ASHOK MALU
Company Secretary

ADESH GUPTA
Manager,
Whole-Time Director & CFO

K.K. MAHESHWARI
Whole-Time Director

(₹ in Crore)
As at 31st
March, 2010

SCHEDULE 1A

SHARE CAPITAL

Authorised

95,000,000	Equity Shares of ₹ 10 each	95.00	95.00
	Redeemable Cumulative Preference Shares of ₹ 100 each		
150,000	15% "A" Series	1.50	1.50
100,000	8.57% "B" Series	1.00	1.00
300,000	9.30% "C" Series	3.00	3.00
		100.50	100.50

Issued, Subscribed and Paid up

91,698,778	Equity Shares of ₹ 10 each fully paid (Previous Year 91,683,571 Equity Shares)	91.70	91.68
	Of the above,		
29,532,500	Equity Shares were issued as fully paid-up Bonus Shares by way of Capitalisation of Share Premium and Reserve		
19,360,609	Equity Shares were issued as fully paid-up for acquiring the cement business of Aditya Birla Nuvo Limited pursuant to Scheme of Arrangement without payment being received in cash		
9,901,495	Equity Shares represented by Global Depository Receipts		

Share Capital Suspense

14,906	Equity Shares (Previous Year 14,906) of ₹ 10 each to be issued as fully paid-up pursuant to acquiring of cement business of Aditya Birla Nuvo Limited under the Scheme of Arrangement without payment being received in cash	0.02	0.02
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Total Issued, Subscribed and Paid-up Share Capital including Share Capital Suspense	91.72	91.70
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SCHEDULE 1B

EMPLOYEE STOCK OPTIONS OUTSTANDING

Employee Stock Options Outstanding	13.18	10.77
Less: Deferred Employees Compensation Expenses	3.23	1.26
	9.95	9.51

Outstanding Employee Stock Options exercisable into 224,570 (Previous Year 185,654) Equity Shares of ₹ 10 each fully paid up. [Note 17 of Schedule 22(B)]

SCHEDULE 2

RESERVES AND SURPLUS

	Balance as at 31st March, 2010	Addition during the year	Deduction/ Adjustments during the year	Balance as at 31st March, 2011
Securities Premium Account	1.88	3.26*	—	5.14
General Reserve	4,823.21	2,500.00	—	7,323.21
Surplus as per Profit and Loss Account	2,219.07	984.65	2,500.00	703.72
	<u>7,044.16</u>	<u>3,487.91</u>	<u>2,500.00</u>	8,032.07
Previous Year	<u>9,375.44</u>	<u>1,793.14</u>	<u>4,124.42</u>	7,044.16

Note:

* Additions to Securities Premium is on Account of shares issued under Employee Stock Options Scheme.

SCHEDULE 3

SECURED LOANS

Loans and Advances from Banks:

Working Capital Borrowings (Note 1)

48.79

(₹ in Crore)
As at 31st
March, 2010

198.24

Rupee Term Loans:

- Secured by Specific Assets of Units [see Note 2(a)]*

88.51

104.00

- Secured by First *pari passu* Charge [see Note 2(b)]**

271.88

294.37

External Commercial Borrowings [Note 2(b)]***

147.03

147.03

556.21

743.64

Notes:

1. Working Capital Borrowings are secured by hypothecation of stocks and book debts of the Company.

2. (a) Two Rupee Term Loans are secured by exclusive charge on certain specific fixed assets of the Company

88.51

104.00

(b) Rupee Term Loans and External Commercial Borrowings are secured by First *pari passu* charge on the fixed assets, both present and future of the Company located at Nagda (Staple Fibre, Chemical and Engineering & Development Divisions), Kharach (Staple Fibre Division) and Harihar (Staple Fibre and Pulp Divisions) [excluding those specific fixed assets which are exclusively charged for the loans mentioned in Note 2(a) above]

(i) Rupee Term Loans

271.88

294.37

(ii) External Commercial Borrowings

147.03

147.03

*Repayable within a year

18.19

15.49

**Repayable within a year

24.38

22.49

***Repayable within a year

68.52

—

SCHEDULE 4

UNSECURED LOANS

Short Term Loans and Advances:

From Banks:

Export Packing Credit

—

22.86

Documentary Demand Bills/Usance Bills under Letter of Credit Discounted

13.12

21.30

Other Loans and Advances:

From Banks:

External Commercial Borrowings*

147.67

147.67

From Others:

Deferred Sales Tax Loan**

96.75

102.15

257.54

293.98

*Repayable within a year

147.67

—

**Repayable within a year

5.26

5.40

SCHEDULE 5

FIXED ASSETS

(₹ in Crore)

PARTICULARS	← GROSS BLOCK →				← DEPRECIATION/AMORTISATION →				NET BLOCK	
	As at 1st April, 2010	Additions	Deductions	As at 31st March, 2011	As at 1st April, 2010	For the Year	Deductions	As at 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Land										
- Freehold	14.05	1.06	—	15.11	—	—	—	—	15.11	14.05
- Leasehold	84.35	1.37	—	85.72	1.59	0.42	—	2.01	83.71	82.76
Buildings	295.74	5.40	0.08	301.06	83.54	8.78	0.07	92.25	208.81	212.20
Railway Sidings	5.67	—	—	5.67	2.21	0.27	—	2.48	3.19	3.46
Plant and Machinery	2,329.03	96.60	13.30	2,412.33	1,116.66	122.64	10.99	1,228.31	1,184.02	1,212.37
Furniture, Fittings and Office Equipment	100.63	6.69	3.72	103.60	74.11	6.88	3.32	77.67	25.93	26.52
Vehicles	265.27	14.38	227.00	52.65	32.41	36.20	36.34	32.27	20.38	232.86
Intangible Assets:										
- Computer Software	7.42	0.31	—	7.73	5.58	1.50	—	7.08	0.65	1.84
- Trade Mark	—	0.01	—	0.01	—	—	—	—	0.01	—
Total	3,102.16	125.82	244.10	2,983.88	1,316.10	176.69	50.72	1,442.07	1,541.81	—
Previous Year	11,060.82	1,198.60	9,157.26	3,102.16	3,972.54	351.39	3,007.83	1,316.10	—	1,786.06
Capital Work-in-Progress (including Advances and Pre-operative Expenses)									100.96	42.98
									1,642.77	1,829.04

(₹ in Crore)
For the Year ended 31st March, 2011
For the Year ended 31st March, 2010

Notes:

1. Depreciation and Amortisation for the year	176.69	351.39
Less: Capitalised as pre-operative Expenses	0.40	0.13
Less: Additional Depreciation on revalued assets withdrawn from Capital Reserve	—	0.12
	176.29	351.14
2. Pre-operative Expenses incurred during the year		
Power and Fuel	—	0.78
Repairs to Other Assets	—	0.01
Salaries, Wages, Bonus and Gratuity	—	2.27
Contribution to Provident and Other Funds	—	0.12
Rent and Hire Charges	0.11	0.15
Rates and Taxes	—	0.01
Insurance	—	0.61
Stationery, Printing, Postage and Telephone Expenses	—	0.02
Travelling and Conveyance	0.01	0.19
Legal and Professional Charges	0.02	0.26
Depreciation	0.40	0.13
Miscellaneous Expenses	0.31	1.66
Interest on Loans and Debentures	—	19.31
	0.85	25.52
Less: Process Stock, Sale of Trial Run Production and Misc. Receipts	—	0.25
Total amount included in Fixed Assets/Capital Work-in-Progress, which is transferred to Samruddhi Cement Ltd., pursuant to the demerger of the cement business of the Company	—	25.27
Total Pre-Operative Expenses	0.85	—

SCHEDULE 5 (Contd.)

	As at 31st March, 2011	(₹ in Crore) As at 31st March, 2010
3. Buildings includes Workers' Quarters mortgaged with state governments against subsidies received:		
Gross Block	0.50	0.50
Net Block	0.02	0.02
4. Assets Held on co-ownership with other companies		
Gross Block	97.76	96.42
Net Block	69.01	69.61
5. Fixed Assets include Capital Expenditure for Research and Development Activities		
Gross Block	33.92	31.64
Net Block	24.02	23.42
Additions during the year	2.11	1.09
6. Capital Work-in-Progress includes advance against capital orders, technical know-how and supervision fees, machinery under installation/in-transit, construction materials purchases, other assets under erection and pre-operative expenses.		

SCHEDULE 6

	Face Value (In ₹ unless stated otherwise)	Total Nos.		
INVESTMENTS				
LONG TERM INVESTMENTS				
(At Cost unless otherwise stated)				
1. Government Securities (Unquoted) – Deposited with Government Departments			0.02	0.02
2. Shares, Bonds and Debentures				
A TRADE INVESTMENTS				
(i) Equity Shares – Fully Paid:				
a) Quoted				
Thai Rayon Public Company Limited, Thailand	Thai Baht 1	13,988,570	1.07	1.07
			1.07	1.07
b) Unquoted				
P.T. Indo Bharat Rayon Co. Limited, Indonesia	US\$ 100	5,000	0.40	0.40
A.V. Cell Inc., Canada, Class 'A' Shares of total value of Canadian Dollar 13.50 Million	—	81,000	50.67	50.67
A.V. Nackawic Inc., Canada, Class 'A' Shares of total value of Canadian Dollar 24.75 Million (Refer Note 4)	—	123,750	102.38	102.38
Birla Jingwei Fibres Co. Limited	—	—	66.05	66.05
Total value of RMB 114,473,783				
Birla Lao Pulp and Plantations Company Limited (Previous Year 8,000 Shares)	US\$ 1000	12,000	53.68	35.82
Aditya Birla Science & Technology Company Limited	10	7,799,500	7.80	7.80
Bhubaneshwari Coal Mining Limited	10	98,800	0.10	—
Aditya Birla Ports Limited	10	50,000	0.05	—
			281.13	263.12
			282.20	264.19

SCHEDULE 6 (Contd.)

	Face Value (In ₹ unless stated otherwise)	Total Nos.	As at 31st March, 2011	(₹ in Crore) As at 31st March, 2010
(ii) Preference Shares: Fully Paid				
Unquoted				
6% Cumulative Redeemable Retractable, Non-voting Preferred Shares of A.V. Nackawic Inc., Canada	—	6,750,000	26.65	26.65
Total value of Canadian Dollar 6.75 Million (Refer Note 4)			<u>308.85</u>	<u>290.84</u>
B OTHER INVESTMENTS				
(i) Equity Shares – Fully Paid:				
a) Quoted				
Aditya Birla Nuvo Limited	10	3,345,816	68.37	68.37
Idea Cellular Limited (Refer Note 3)	10	171,013,894	171.01	171.01
Larsen & Toubro Limited	2	3,851,984	23.10	23.10
Hindalco Industries Limited	1	54,542,475	351.11	351.11
Thai Carbon Black Public Company Limited, Thailand	Thai Baht 1	8,250,000	2.18	2.18
			<u>615.77</u>	<u>615.77</u>
b) Unquoted				
Alexandria Carbon Black Co., S.A.E.	US\$ 10	243,080	14.99	14.99
Indophil Textile Mills Inc., Philippines	Peso 10	422,496	0.04	0.04
Birla International Limited, Isle of Man	CHF 100	2,500	0.53	0.53
Welspun Maxsteel Limited	10	100,000	0.10	0.10
			<u>15.66</u>	<u>15.66</u>
(ii) Unquoted – Preference Shares – Fully Paid:				
3.50% Cumulative Redeemable Preference Shares of Aditya Birla Health Services Limited	100	2,500,000	25.00	25.00
			<u>656.43</u>	<u>656.43</u>
3. Shares In Subsidiary Companies				
(i) Equity Shares – Fully Paid:				
a) Quoted				
UltraTech Cement Limited [Refer Note 6, Sch. 22(B)] (Previous Year 68,192,294)	10	165,335,150	2,636.25	2,551.21
b) Unquoted				
Samruddhi Swastik Trading and Investments Limited	10	6,500,000	6.50	6.50
Sun God Trading and Investments Limited	10	49,000	0.05	0.05
Grasim Bhiwani Textiles Limited (Previous Year 20,040,000 Shares)	10	20,050,000	60.05	60.05
Samruddhi Cement Limited [Refer Note 6, Sch. 22(B)] (Previous Year 170,000,000 Shares)	5		—	85.04
(ii) Unquoted–Preference Shares – Fully Paid:				
Sun God Trading and Investments Limited *(₹ 10,000; Previous Year ₹ 10,000)	100	100	*	*
			<u>2,702.85</u>	<u>2,702.85</u>

SCHEDULE 6 (Contd.)	Face Value (In ₹ unless stated otherwise)	Total Nos.	As at 31st March, 2011	(₹ in Crore) As at 31st March, 2010
CURRENT INVESTMENTS (At Cost or Fair Value, whichever is less)				
(i) Unquoted – Fully Paid:				
Units of Debt Schemes of various Mutual Funds (Previous Year 2,573,955,496)	2,936,442,611		3,126.25	2,642.25
(ii) Quoted – Fully Paid:				
a) Government Securities				
6.90% GOI 2019	200,000,000	—	—	18.81
6.35% GOI 2020	150,000,000	—	—	13.59
b) Certificate of Deposits (CD's of Scheduled Banks)			115.22	—
c) Bonds			0.63	—
			115.85	32.40
			3,242.10	2,674.65
			6,910.25	6,324.79
Aggregate Cost of:				
a) Quoted Investments			3,368.94	3,200.45
b) Unquoted Investments			3,541.31	3,124.34
			6,910.25	6,324.79
Aggregate Market Value of Quoted Investments			22,245.87	11,129.18

Notes:

- No. of Units of Various Mutual Funds - Debt Schemes purchased and redeemed during the year 8,631,445,922 (Previous Year 11,028,524,382)
- During the year the Company has purchased and sold following Securities:

<u>Bonds</u>	<u>Face Value (₹ in Crores)</u>
6.35% GOI 2020	5.00
7.80% GOI 2020	20.00
7.99% GOI 2017	10.00
8.13% GOI 2022	15.00
8.20% GOI 2022	10.00
- Non-disposal undertaking for Idea Cellular Limited (Idea) investment has been provided to certain banks for credit facilities extended by them to Idea.
- Non-disposal undertaking for A.V. Nackawic Inc. investment has been provided to certain banks for credit facilities extended by them to A.V. Nackawic Inc.

SCHEDULE 7

INVENTORIES

Stores and Spare Parts, Packing Materials and Fuels	64.13	71.62
Raw Materials	291.26	294.78
Finished Goods	45.28	28.60
By-Products	3.28	2.51
Process Stock	14.62	17.97
Waste/Scrap	3.08	1.76
	421.65	417.24

(₹ in Crore)
As at 31st
March, 2010

SCHEDULE 8

SUNDRY DEBTORS*

(Unsecured, Considered Good, unless otherwise stated)

Due for period exceeding six months	2.25	1.72
Others	476.45	343.29
	478.70	345.01

*Includes amount in respect of which the Company holds deposits and Letters of Credit/Guarantees from Banks

350.07 207.33

SCHEDULE 9

CASH AND BANK BALANCES

Cash Balance on Hand	0.08	0.12
Bank Balances:		
With Scheduled Banks:		
Current Accounts (including cheques under collection)#	14.40	13.65
Deposit Accounts*	0.16	2.14
	14.56	15.79
In Government Treasury Saving Account	0.01	0.01
	14.65	15.92

Notes:

# Includes Unpaid Dividend	9.21	8.19
* Includes		
a) Lodged as Security with Government Department	0.05	0.06
b) Earmarked for Employees' Security Deposit	—	0.01
c) Interest Accrued	0.01	0.03

SCHEDULE 10

OTHER CURRENT ASSETS

Interest Accrued on Investments	2.20	0.95
	2.20	0.95

SCHEDULE 11

LOANS AND ADVANCES

Unsecured (Considered Good, unless otherwise stated)

Deposits with Bodies Corporate	314.97	176.55
Deposits and Balances with Government and other Authorities (including Accrued Interest)	12.64	11.53
Other Deposits	30.87	29.61
Advances to Subsidiaries	31.86	43.55
Advances recoverable in cash or in kind or for value to be received	146.04	123.88
	536.38	385.12

Due from:

- Private Limited Company in which a Director of the Company is a Director	—	—
- Maximum Outstanding during the Year	—	1.60

SCHEDULE 12

CURRENT LIABILITIES

Sundry Creditors:

	As at 31st March, 2011	(₹ in Crore) As at 31st March, 2010
a) Micro, Small and Medium Enterprises [Note 9 of Schedule 22(B)] [To the extent identified with available information]	—	—
b) Others*	283.50	201.44
	283.50	201.44
Security and Other Deposits	9.57	8.11
Unpaid Dividend (Amount transferable to Investor Education and Protection Fund, when due)	9.21	8.19
Other Liabilities	61.13	77.58
Interest Accrued but not Due on Loans	7.46	7.05
	370.87	302.37
* Includes Payable to Subsidiary Companies		
- UltraTech Cement Limited	0.20	—
- Samruddhi Cement Limited	—	0.09

SCHEDULE 13

PROVISIONS

Employee Benefits	46.96	69.99
Proposed Dividend	183.40	275.05
Corporate Dividend Tax	13.66	33.95
Provision for Taxation (Net of Advance Tax)	214.40	201.56
	458.42	580.55

SCHEDULE 14

INTEREST AND DIVIDEND INCOME

On Investments:

Interest (Gross) on:

Government and Other Securities **3.70** 1.80

Dividend (Gross) from:

a) Trade Investments (Long Term) **15.16** 9.15

b) Investment in Subsidiary Companies (Long Term) **70.67** 31.56

c) Others: Long Term **14.61** 13.30

Current **97.51** 101.21

Others:

Interest (Gross) on:

Bank and Others {Tax deducted at source ₹ 2.47 crore
(Previous Year ₹ 3.25 crore)} **50.26** 66.68

251.91 223.70

**For the Year
ended 31st
March, 2011**

For the Year
ended 31st
March, 2010

SCHEDULE 15

OTHER INCOME

	For the Year ended 31st March, 2011	(₹ in Crore) For the Year ended 31st March, 2010
Export Incentives	40.75	47.83
Rent Received {Tax deducted at source ₹ 0.24 crore (Previous Year ₹ 0.40 crore)}	2.17	2.26
Processing Charges {Tax deducted at source ₹ 0.07 crore (Previous Year ₹ 0.06 crore)}	3.28	3.67
Insurance Claims	0.16	2.07
Profit on Sale of : Current Investments (Net)	4.39	0.57
: Long Term Investments (Net)	—	0.35
: Fixed Assets	33.31	—
Excess Provisions Written Back (Net)	31.89	27.83
Scrap/Waste Sales (Net of Excise Duty)	20.09	21.78
Miscellaneous Receipts*	38.72	45.70
	174.76	152.06
	—	0.13

* Includes Lease Rent

SCHEDULE 16

INCREASE/(DECREASE) IN STOCKS

Closing Stock

Finished Goods	45.28	28.60
By-Products	3.28	2.51
Process Stock	14.62	17.97
Waste/Scrap	3.08	1.76
	66.26	50.84

Opening Stock

Finished Goods	28.60	152.60
By-Products	2.51	7.92
Process Stock	17.97	143.12
Waste/Scrap	1.76	4.02
	50.84	307.66

Add: (Increase)/Decrease in Excise Duty on Stocks	(2.45)	(7.34)
Stock Transfer on account of sale of Sponge Iron Unit	—	24.86
Stock Transfer on account of demerger of Cement Business	—	228.32
	12.97	(10.98)

SCHEDULE 17

RAW MATERIALS CONSUMED

Opening Stock	294.78	618.07
Purchases and Incidental Expenses (includes Cost of Limestone raised)	1,951.22	2,182.72
	2,246.00	2,800.79
Less:		
Sales	2.16	4.79
Stock Transfer on account of sale of Sponge Iron Unit	—	258.51
Stock Transfer on account of demerger of Cement Business	—	74.64
Closing Stock	291.26	294.78
	293.42	632.72
	1,952.58	2,168.07

SCHEDULE 18

MANUFACTURING EXPENSES

	For the Year ended 31st March, 2011	(₹ in Crore) For the Year ended 31st March, 2010
Consumption of Stores, Spare Parts and Components, Packing Materials and Incidental Expenses	122.93	333.70
Power and Fuel	498.93	1,165.64
Freight and Handling Expenses on Clinker Transfer	—	98.11
Processing Charges	7.81	15.27
Repairs to Buildings	14.35	17.63
Repairs to Machinery (excluding Spare Parts and Components)	22.92	55.47
Repairs to Other Assets	7.84	14.44
	674.78	1,700.26

SCHEDULE 19

PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

Salaries, Wages and Bonus	264.58	427.58
Contribution to Provident and Other Funds	18.44	29.21
Welfare Expenses	15.58	22.01
Employee Compensation Expenses under Employee Stock Option Scheme [Refer Note 17 Schedule 22(B)]	1.41	2.13
	300.01	480.93

SCHEDULE 20

SELLING, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES

Commission to Selling Agents	5.82	38.40
Brokerage and Discount	5.36	51.26
Freight and Handling Expenses	52.75	729.41
Advertisements and Sales Promotion	18.92	122.95
Insurance	4.28	8.57
Rent (including Lease Rent)	2.81	15.67
Rates and Taxes	2.36	40.58
Stationery, Printing, Postage and Telephone Expenses	3.50	10.13
Travelling and Conveyance	11.45	21.04
Legal and Professional Charges	8.45	24.89
Bad Debts Written Off	—	0.04
Provision for : Bad and Doubtful Debts	—	0.03
: Doubtful Loans and Advances	—	3.32
Research Contribution and Expenses	7.32	4.48
Contribution to General Electoral Trust	—	13.25
Donations	16.03	18.26
Directors' Fees	0.09	0.05
Directors' Commission	11.00	15.30
Exchange Rate Difference (Net)	7.54	8.23
Loss on Sale and/or Discard of Fixed Assets (Net)	—	2.64
Diminution in Value of Investments	—	0.49
Miscellaneous Expenses	58.34	66.09
	216.02	1,195.08

SCHEDULE 21

INTEREST

On Fixed Period Loan and Debentures*	40.47	118.51
Other Interest	5.12	21.19
	45.59	139.70
Less: Interest Capitalised	—	19.31
	45.59	120.39
* Net of Interest subsidy from Government	17.71	17.23

SCHEDULE 22

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(A) Significant Accounting Policies:

1. Accounting Concepts:

The financial statements are prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply in all material aspects with the Accounting Standards (AS) notified under the Companies (Accounting Standard) Rules, 2006 (as amended), other pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of the Companies Act, 1956, and guidelines issued by Securities and Exchange Board of India.

2. Use of Estimates:

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

3. Fixed Assets:

Fixed assets are stated at cost, less accumulated depreciation/amortisation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

4. Foreign Currency Transactions:

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency existing at Balance Sheet date are translated at the year-end exchange rates.

Exchange differences, including premium or discount on forward exchange contracts, arising till the commissioning of fixed assets, relating to borrowed funds and liabilities in foreign currency for acquisition of the fixed assets, are adjusted to the cost of fixed assets. Other premium or discount on forward exchange contracts is amortised as expense or income over the life of the contract. All other exchange differences are recognised in the Profit and Loss Account.

5. Financial Derivatives:

Financial derivative instruments, such as Swaps and Options, are used to hedge risks associated with fluctuations in foreign exchange and interest rates. The derivative contracts are closely linked with the underlying transactions and are intended to be held to maturity. The underlying transactions are recorded as per terms of the financial derivative contracts.

6. Treatment of Expenditure during Construction Period:

Expenditure during construction period is included under Capital Work-in-Progress and the same is allocated to the respective fixed assets on the completion of construction.

7. Investments:

Investments are classified as long term based on management intention, all other investments are classified as current 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 permanent diminution (i.e., other than temporary diminution) in value.

8. Inventories:

Inventories, except scrap, are valued at the lower of cost and net realisable value. Waste/Scrap is valued at net realisable value. The cost is computed on weighted-average basis. Proceeds in respect of sale of raw material/stores are credited to their respective heads.

Cost of Finished goods and process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Obsolete, defective, slow moving and unserviceable inventories are duly provided for.

9. Research and Development Expenditure:

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

SCHEDULE 22 (Contd.)**10. Depreciation/Amortisation:**

Depreciation/Amortisation charge is provided for on the following basis:

- (a) On fixed assets on written-down-value method in respect of Viscose Staple Fibre Division, Nagda, Engineering Division, Nagda and Corporate Finance Division, Mumbai and on Straight Line Method in respect of assets of other Divisions including Power Plants at Nagda; applying the rates/useful life specified in Schedule XIV of the Companies Act, 1956, except as stated hereunder:

Asset	Estimated Useful Life
Leasehold Land	over the period of lease
Motor Cars	5 years
Computer Software	3 years
Computer and Other Electronic Office Equipment	4 years
Furniture, Fixtures and Electrical Fittings	7 years

Continuous process plants as defined in Schedule XIV of the Companies Act, 1956, have been classified on technical assessment and depreciation provided accordingly.

- (b) In respect of Revalued Fixed Assets, on straight line method on the gross value of assets as increased by the amount of revaluation at lower rates, based on life of assets, as ascertained by the valuers.
- (c) In respect of fixed assets added/disposed off during the year on *pro-rata* basis with reference to the month of addition/deduction except in case of new projects where it is provided on the basis of days of use.
- (d) Individual assets costing less than ₹ 5,000 are depreciated in full in the year of acquisition.

11. Impairment of Assets:

Carrying amount of assets is reviewed at the Balance Sheet date if there is indication of impairment based on the internal and external factors.

The assets are treated as impaired when the carrying amount of asset exceeds its recoverable amount. An impairment loss, if any, is charged to the Profit and Loss Account in the year in which the asset is identified as impaired. Reversal of impairment loss recognised in prior years is recorded when there is an indication that impairment loss recognised for the asset no longer exists or has decreased.

12. Revenue Recognition:

Sales revenue is recognised on transfer of the significant risks and rewards of ownership of the goods to the buyer and stated at net of sales tax, VAT, trade discounts and rebates but includes excise duty.

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

Interest income is recognised on time proportion basis.

Income against claims of the Company, viz., export incentives, insurance and railway claims, etc., is recognised on accrual/right to receive basis. However, where the quantum of accrual cannot be ascertained with reasonable certainty, the same is accounted on acceptance basis.

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between sale price, carrying value of Investment and other incidental Expenses.

13. Employee Benefits:

- (a) Short-term employee benefits and contribution to defined contribution plans are recognised as an expense on accrual at the undiscounted amount in the Profit and Loss Account.

The contribution as specified under the law are paid to the Provident Fund set up as irrevocable trust by the Company or to the Regional Provident Fund Commissioner. The Company is generally liable for annual contribution and any shortfall in the fund assets based on the government specified minimum rates of return. Such contributions and shortfall, if any, are recognised in the Profit and Loss Account as an expense in the year incurred.

SCHEDULE 22 (Contd.)

- (b) Post-employment and other long-term employee benefits are recognised as an expense, at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the Profit and Loss Account.
- (c) Employee Stock Option Scheme: The stock options granted are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India, whereby the intrinsic value of options is recognised as deferred employee compensation. The deferred employee compensation is charged to Profit and Loss Account on straight line basis over the vesting period of the option. The employee stock option outstanding account is shown net of any unamortised deferred employee compensation.

14. Government Grants:

Government grants are recognised when there is reasonable assurance that the same will be received. Capital grants relating to specific assets are reduced from the gross value of the fixed assets and capital grants for Project Capital Subsidy are credited to Capital Reserve. Revenue grants are recognised in the Profit and Loss Account.

15. Borrowing Cost:

Interest and other costs in connection with the borrowing of the funds to the extent related/attribution to the acquisition/construction of qualifying fixed assets are capitalised upto the date when such fixed assets are ready for their intended use and all other borrowing costs are charged to Profit and Loss Account.

16. Provision for Current and Deferred Tax:

Provision for Current Tax is made on the basis of estimated taxable income for the current accounting period in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax resulting from timing difference between book and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent there is a reasonable certainty that the deferred tax assets will be realised in future.

17. Operating Leases:

Leases where significant portion of risk and reward of ownership are retained by the Lessor are classified as Operating Leases and lease rentals thereon are charged to Profit and Loss Account over the period of the lease.

18. Provisions/Contingencies:

A provision is 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 (as provided/charged to Profit and Loss Account) based on best estimate of the amount required to settle the obligation at the Balance Sheet date.

Contingent Liabilities are not recognised but are disclosed, and Contingent Assets are neither recognised nor disclosed, in the financial statements.

(B) NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for in respect of:

(a) Claims/Demands against the Company challenged by the Company and not acknowledged as debts

	Current Year	(₹ in Crore) Previous Year
- Excise Duty/Cenvat Credit/Service Tax	7.65	33.18
- Water Cess	22.53	19.05
- Custom Duty	3.70	1.97
- Sales Tax/VAT	2.01	0.17
- Others	36.05	38.14

(b) Custom Duty which may arise if obligation for exports is not fulfilled against import of raw materials and machinery

	0.85	1.43
--	-------------	------

(c) Letter of Undertaking-cum-Indemnity, Corporate Guarantees given to Bank/Financial Institutions for finance provided to subsidiaries and joint ventures

	378.68	84.00
- Amount outstanding against the above	178.36	65.00

SCHEDULE 22 (Contd.)

- | | Current Year | (₹ in Crore)
Previous Year |
|---|---------------|-------------------------------|
| 2. Estimated amount of contracts remaining to be executed on capital account and not provided (Net of advance paid ₹ 43.60 crore, Previous Year ₹ 14.63 crore) | 226.17 | 25.74 |
| 3. The reported numbers for the previous year ended 31st March, 2010, are not comparable as same include results of the discontinued Sponge Iron and Cement business of the Company, sold/demerged during the Financial Year 2009-10, effective from 22nd May, 2009, and 1st October, 2009, respectively. | | |
| 4. Idea Cellular Limited (Idea), an Associate of the Company, was originally a tripartite joint venture between A.V. Birla Group, Tata Group and AT&T Group. With the exit of AT&T and the Tata Group, Idea is now part of A.V. Birla Group. Prior to its exit, Tata Group had alleged that the A.V. Birla Group had committed material breach of the Shareholders Agreement and the Tata Group invoked the arbitration clause, pursuant to which an Arbitral Tribunal has been constituted, which has taken up the claims of the Tata Group and the counter-claims of the A.V. Birla Group and proceedings are on going. The Company believes that it has a strong case to counter the allegations of breach and it does not contemplate any liability to arise on this matter. | | |
| 5. During the year, the Company has entered into a Joint Venture agreement with Essel Mining and Industries Ltd. to form a Joint Venture Company namely Bhubneshwari Coal Mining Company Limited to undertake contract coal mining business. | | |
| 6. During the year, under a Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956, Samruddhi Cement Limited (SCL), a subsidiary of the Company, has been amalgamated with UltraTech Cement Ltd. (UTCL), another subsidiary of the Company, w.e.f. 1st July, 2010. Accordingly, the shareholders of SCL have been issued 4 (four) equity shares of UTCL of the face value of ₹ 10 each credited as fully paid up, in lieu of 7 (seven) equity shares of SCL of the face value of ₹ 5 each (fully paid up). As a result, shareholding of the Company in UTCL stands increased to 60.34%.

In the previous year, under a scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 (the scheme), the erstwhile Cement Business of the Company (Net Asset Value ₹ 4,088.26 crore) was transferred to SCL w.e.f. 1st October, 2009. In term of the scheme, SCL issued one equity share of the face value of ₹ 5 each fully paid for every one fully paid-up equity share of the Company on record date. | | |
| 7. During the year, the Company has acquired 4,000 additional shares of Birla Lao Pulp and Plantation Company Limited, a Joint Venture of the Company, at a cost of ₹ 17.86 crore. | | |
| 8. (a) Loans and Advances in the nature of Loans and other Advances given to subsidiaries and associates. | | |

(₹ in Crore)

Name of the Company	Relationship	Balance as on 31st March		Maximum Balance Outstanding during the Financial Year	
		2011	2010	2011	2010
Samruddhi Swastik Trading and Investments Limited	Subsidiary	0.04	—	0.04	154.94
Samruddhi Cement Limited	Subsidiary	—	13.09	13.09	13.09
Sun God Trading and Investments Limited	Subsidiary	—	—	—	0.01
UltraTech Cement Limited	Subsidiary	0.02	—	1.94	0.98
Harish Cement Limited	Subsidiary	—	—	—	46.74
Grasim Bhiwani Textiles Limited	Subsidiary	31.80	30.46	39.73	32.31
A.V. Cell Inc., Canada*	Joint Venture	32.80	29.82	32.80	29.82
Aditya Birla Science & Technology Company Limited	Associate	10.43	25.73	40.74	25.73

*As per covenants agreed by A.V. Cell Inc, Canada, in respect of its loan from local government, this loan is repayable to the Company (being promoter) after the loans of local government are repaid.

SCHEDULE 22 (Contd.)

- (b) Payments made to employees by way of Loans and Advances in the nature of loan where no interest is charged or interest is charged at a rate less than the rate prescribed in Section 372A of Companies Act, 1956:

	Current Year	(₹ in Crore) Previous Year
Outstanding at the year end	5.54	5.07
Maximum Balance Outstanding during the year	13.32	12.00

9. There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

10. (a) The following are included under other heads of expenses in the Profit and Loss Account:

	Current Year	(₹ in Crore) Previous Year
Stores and Spares Consumed	—	20.57
Power and Fuel	—	22.10
Repairs to Machinery	—	9.13
Repairs to Other Assets	—	0.08
Royalty and Cess	—	60.04
Rates and Taxes	—	5.20
Ship Operation and Management Charges	—	0.98
Others	—	0.53

- (b) Provision for Taxation: Current Tax includes Wealth Tax
- | | | |
|--|-------------|------|
| | 0.50 | 0.42 |
|--|-------------|------|

11. Revenue Expenditure on Research and Development included in the different heads of expenses in Profit and Loss Account
- | | | |
|--|-------------|------|
| | 5.54 | 4.39 |
|--|-------------|------|

12. Auditors' Remuneration (excluding Service Tax) charged to Profit and Loss Account

	Current Year	(₹ in Lakhs) Previous Year
(a) Statutory Auditors:		
Audit Fee	38.00	61.08
Tax Audit Fee	2.50	2.60
For Certification and Other Work	21.29	7.36
Reimbursement of Expenses	2.72	3.92
(b) Branch Auditors:		
Audit Fee	0.75	0.75
Tax Audit Fee	0.30	0.30
For Certification and Other Work	0.25	6.03
Reimbursement of Expenses	0.02	0.17
(c) Cost Auditors:		
Audit Fee	1.20	2.57
For Certification and Other Work	0.02	0.01
Reimbursement of Expenses	0.34	0.35

SCHEDULE 22 (Contd.)

13. (a) Whole-Time Directors' Remuneration:

	Current Year	(₹ in Crore) Previous Year
Salary	5.21	5.25
Contribution to Provident Fund and Other Funds	0.52	0.50
Perquisites*	0.24	0.70
	<u>5.97</u>	<u>6.45</u>

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

Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall company basis at the end of each year and, accordingly, have not been considered in the above information. Employee compensation under Employee Stock Option Scheme has also not been considered in the above information.

(b) Commission to Non-Executive Directors	<u>11.00</u>	<u>15.30</u>
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Computation of net profit in accordance with Section 198 of the Companies Act, 1956

Profit before Tax and Extraordinary Items as per Profit and Loss Account	1,595.20	2,500.78
Add:		
Managerial Remuneration	5.97	6.45
Directors' Fee	0.09	0.05
Commission to Non-Executive Directors	11.00	15.30
	<u>1,612.26</u>	<u>2,522.58</u>
Less:		
Profit on Sale of Long Term Investments (Net)	—	0.35
Profit on Sale of Current Investments (Net)	4.39	0.57
	<u>4.39</u>	<u>0.92</u>
Net Profit	<u>1,607.87</u>	<u>2,521.66</u>
Commission		
- Amount	11.00	15.30
- Percentage to Net Profit	0.68%	0.61%

14. Earnings Per Share:

Net Profit for the year from Ordinary Activities attributable to Equity Shareholders	₹ in Crore	1,181.71	1,756.03
Net Profit for the year (after Extraordinary Items) attributable to Equity Shareholders	₹ in Crore	1,181.71	2,092.10
Weighted-average number of Equity Shares Outstanding	Nos.	91,703,915	91,693,335
Weighted-average number of Potential Equity Shares on exercise of options	Nos.	61,612	35,260
(a) Basic Earnings Per Share (Face Value of ₹ 10 each)			
- From Ordinary Activities	₹	128.86	191.51
- After Extraordinary Items	₹	128.86	228.16
(b) Diluted Earnings Per Share (Face Value of ₹ 10 each)			
- From Ordinary Activities	₹	128.77	191.44
- After Extraordinary Items	₹	128.77	228.08

SCHEDULE 22 (Contd.)

15. Deferred Tax Assets and Liabilities as on 31st March, 2011, are as under: (₹ in Crore)

	As on 31st March, 2011	Current Year Charge	As on 31st March, 2010
Deferred Tax Assets:			
Accrued Expenses deductible on payment basis	3.93	0.02	3.91
Expenses allowable in installments in Income Tax	3.71	(1.86)	5.57
Provision for Contingencies allowable on payment basis	3.33	0.83	2.50
Others	—	(0.14)	0.14
	10.97	(1.15)	12.12
Deferred Tax Liability:			
Accumulated Depreciation	240.79	(23.49)	264.28
Net Deferred Tax Liability	229.82	(22.34)	252.16

16. Details of Company's interest in its Joint Ventures, having Joint Control, as per the requirement of AS-27 on Financial Reporting of Interest in Joint Ventures is as under:

(₹ in Crore)

Particulars	Birla Jingwei Fibre Company Limited	Birla Lao Pulp and Plantations Company Limited	A.V. Cell Inc., Canada	A.V. Nackawic Inc., Canada	Bhubneshwari Coal Mining Limited
% Shares Held	31.00%	40.00%	45.00%	45.00%	26.00%
Assets	191.26 <i>(121.18)</i>	52.93 <i>(36.50)</i>	244.76 <i>(166.61)</i>	435.65 <i>(383.48)</i>	0.08 —
Liabilities	127.41 <i>(54.73)</i>	1.56 <i>(2.57)</i>	102.12 <i>(100.44)</i>	264.23 <i>(273.59)</i>	— —
Income	147.21 <i>(102.16)</i>	0.16 <i>(0.10)</i>	320.55 <i>(227.00)</i>	405.80 <i>(258.77)</i>	— —
Expenses	152.10 <i>(97.76)</i>	2.06 <i>(1.57)</i>	248.59 <i>(231.43)</i>	350.16 <i>(278.42)</i>	— —
Contingent Liabilities	— —	— —	0.31 <i>(0.39)</i>	— —	— —

Note: Previous Year figures are given in brackets and Italics.

17. Under the ESOS-2006, the Company has granted 289,437 Options to its eligible employees in three tranches, the details of which are given hereunder:

(a) **Employee Stock Option Scheme:**

Particulars	Tranche I	Tranche II	Tranche III
No. of Options Granted	201,530	16,610	71,297
Method of Accounting	Intrinsic Value	Intrinsic Value	Intrinsic Value
Vesting Plan	Graded Vesting – 25% every year	Graded Vesting – 25% every year	Graded Vesting – 25% every year
Normal Exercise Period	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting
Grant Date	23rd August, 2007	25th January, 2008	30th August, 2010
Grant Price (₹ Per Share)	1,928	2,885	1,440
Revised Grant Price*	1,523	2,279	1,440
Market Price on the Date of Grant of Option (₹)	2,728	2,885	2,057

* As per the Scheme of Arrangement as mentioned in Note 6 of Schedule 22(B), a Compensatory Employee Stock Option Scheme (CESOS) was formulated by Samruddhi Cement Limited (SCL), under which the stock option holders of the Company were entitled to one stock option of SCL for every stock option held by them in the Company. The CESOS is an outcome of the Scheme and is in no way a modified or a new ESOS.

SCHEDULE 22 (Contd.)

The impact on account of CESOS has been accounted for based on the dividend grant price of the stock option issued by SCL under CESOS, as per division of stock option grant price under Employee Stock Option Scheme-2006, (ESOS-2006) recommended by the Merchant Bankers to ESOS-2006.

(b) **Movement of Options Granted:**

Particulars	2010-11	2009-10
Options Outstanding at the beginning of the year	185,654	208,144
Granted during the year	71,297	—
Exercised during the year	15,207	8,992
Lapsed during the year	17,174	13,498
Options Outstanding at the end of the year	224,570	185,654
Options Unvested at the end of the year	99,334	88,120
Options Exercisable at the end of the year	125,236	97,534

(c) **Fair Valuation:**

The fair value of options used to compute proforma net income and earnings per equity share has been done by an independent firm of Chartered Accountants on the date of grant using Black-Scholes Model.

The key assumptions in Black-Scholes Model for calculating fair value as on the date of grant are:

Risk Free Rate	7.78% (Tranche I & II), 8.09% (Tranche III)
Option Life	Vesting Period (1 Year) + Average of Exercise Period
Expected Volatility	Tranche I: 33%, Tranche II: 36%, Tranche III: 45.64%
Expected Growth in Dividend	2.38% (Tranche I & II), Nil (Tranche III)

The weighted-average fair value of the option, as on the date of grant, works out to ₹ 1,052 per stock option.

Had the compensation cost for the stock options granted under ESOS-2006 been determined, based on fair-value approach, the Company's net profit and earnings per share would have been as per the proforma amounts indicated below:

(₹ in Crore)

Particulars	2010-11	2009-10	
		(Before Extraordinary Items)	(After Extraordinary Items)
Net Profit (As Reported)	1,181.71	1,756.03	2,092.10
Add: Compensation Expenses under ESOS included in the Net Profit	1.41	2.13	2.13
Less: Compensation Expenses under ESOS as per Fair Value	2.67	3.82	3.82
Net Profit (Fair Value basis)	1,180.45	1,754.34	2,090.41
Basic Earnings Per Share (As Reported)-₹/Share	128.86	191.51	228.16
Basic Earnings Per Share (Fair value basis)-₹/Share	128.72	191.33	227.98
Diluted Earnings Per Share (As Reported)-₹/Share	128.77	191.44	228.08
Diluted Earnings Per Share (Fair Value basis)-₹/Share	128.64	191.25	227.89

18. Segment Reporting:

(a) **Primary Segment Reporting (by Business Segment)**

(i) Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17), taking into account the organisational structure as well as the differential risks and returns of these segments. Details of products included in each of the segments are as under:

Fibre and Pulp	- Viscose Staple Fibre and Rayon Grade Pulp
Chemicals	- Caustic Soda and Allied Chemicals
Cement	- Grey and White Cement (upto 30th September, 2009)
Sponge Iron	- Sponge Iron (upto 22nd May, 2009)
Textiles	- Yarn

SCHEDULE 22 (Contd.)

(ii) Inter-segment transfers of independent marketable products are at market rates.

(iii) Information about Business Segments (For the Current Year 2010-11):

(₹ in Crore)

	Fibre & Pulp	Chemicals	Cement	Sponge Iron	Textiles	Eliminations	Total Company
A REVENUE:							
Gross Sales (External)	4,355.85	460.53	—	—	75.02	—	4,891.40
Gross Sales (Inter-segment)	24.65	121.28	—	—	—	(145.93)	—
Total Gross Sales	4,380.50	581.81	—	—	75.02	(145.93)	4,891.40
Other Income	138.72	13.71	—	—	3.82	(9.97)	146.28
Unallocated Corporate Other Income							280.39
Total Other Income	138.72	13.71	—	—	3.82	(9.97)	426.67
Total Revenue	4,519.22	595.52	—	—	78.84	(155.90)	5,318.07
B RESULTS:							
Segment Result (PBIT)	1,372.78	90.41	—	—	5.76	—	1,468.95
Unallocated Corporate Income/ (Expenses)							171.84
Interest Expenses							(45.59)
Profit before Tax							1,595.20
Provision for Current Tax							(461.20)
Deferred Tax							22.34
Write Back of Excess Provision for Tax/Income Tax Refund related to earlier years (Net)							25.37
Profit after Tax							1,181.71
C OTHER INFORMATION:							
Segment Assets	2,096.44	481.86	—	—	34.07		2,612.37
Unallocated Corporate Assets							7,394.23
Total Assets							10,006.60
Segment Liabilities	264.10	42.20	—	—	10.71		317.01
Unallocated Corporate Liabilities							1,555.85
Total Liabilities							1,872.86
Capital Expenditure	106.05	62.85	—	—	1.64		170.54
Unallocated Corporate Capital Expenditure							13.25
Total Capital Expenditure							183.79
Depreciation and Amortisation	106.45	33.84	—	—	1.18		141.47
Unallocated Corporate Depreciation and Amortisation							34.82
Total Depreciation and Amortisation							176.29
Significant Non-Cash Expenses other than Depreciation and Amortisation							1.41

SCHEDULE 22 (Contd.)

Information about Business Segments (For the Previous Year 2009-10):

(₹ in Crore)

	Fibre & Pulp	Chemicals	Cement	Sponge Iron	Textiles	Eliminations	Total Company
A REVENUE:							
Gross Sales (External)	3,667.03	386.81	4,609.43	119.40	59.12	—	8,841.79
Gross Sales (Inter-segment)	17.21	134.85	0.42	—	—	(152.48)	—
Total Gross Sales	3,684.24	521.66	4,609.85	119.40	59.12	(152.48)	8,841.79
Other Income	119.57	11.05	32.01	2.16	4.23	(7.01)	162.01
Unallocated Corporate Other Income							213.75
Total Other Income	119.57	11.05	32.01	2.16	4.23	(7.01)	375.76
Total Revenue	3,803.81	532.71	4,641.86	121.56	63.35	(159.49)	9,217.55
B RESULTS:							
Segment Result (PBIT)	1,203.98	92.80	1,227.97	(43.90)	4.58		2,485.43
Unallocated Corporate Income/ (Expenses)							135.74
Interest Expense							(120.39)
Profit before Tax from Ordinary Activities and Tax							2,500.78
Provision for Current Tax							(666.40)
Deferred Tax							(103.65)
Write Back of Excess Provision for Tax/Income Tax Refund related to earlier years (Net)							25.30
Profit after Tax from Ordinary Activities							1,756.03
Extraordinary Items (Profit on sale of Sponge Iron unit)							336.07
Net Profit for the period							2,092.10
C OTHER INFORMATION:							
Segment Assets	1,961.18	440.85			30.97		2,433.00
Unallocated Corporate Assets							6,885.07
Total Assets							9,318.07
Segment Liabilities	219.19	32.27			6.28		257.74
Unallocated Corporate Liabilities							1,914.96
Total Liabilities							2,172.70
Capital Expenditure	52.50	41.13	423.66		0.45		517.74
Unallocated Corporate Capital Expenditure							222.30
Total Capital Expenditure							740.04
Depreciation and Amortisation	111.51	32.00	195.15	4.71	1.10		344.47
Unallocated Corporate Depreciation and Amortisation							6.67
Total Depreciation and Amortisation							351.14
Significant Non-Cash Expenses other than Depreciation and Amortisation							2.13

SCHEDULE 22 (Contd.)

(b) Secondary Segment Reporting (by Geographic Segment)

The Company's operating facilities are located in India.

	(₹ in Crore)	
	Current Year	Previous Year
Revenue:		
India	4,041.15	8,092.61
Rest of the World	850.25	749.18
Total	4,891.40	8,841.79
Assets:		
India	9838.82	9,177.59
Rest of the World	168.46	140.48
Total	10,007.28	9,318.07
Capital Expenditure:		
India	183.79	740.04
Rest of the World	—	—
Total	183.79	740.04

19. Related Party Transactions:

- (a) Parties where control exists –
Subsidiaries:

Sun God Trading and Investments Limited	Star Cement Co. LLC, Dubai, UAE
Samruddhi Swastik Trading and Investments Limited	Star Cement Co. LLC, RAK, UAE
Samruddhi Cement Limited (w.e.f. 4th September, 2009 and upto 30th June, 2010)	Al Nakhla Crusher LLC, Fujairah, UAE
UltraTech Cement Limited	Arabian Cement Industry LLC, Abu Dhabi, UAE
Dakshin Cement Limited	Arabian Gulf Cement Co. WLL, Bahrain
UltraTech Cement Lanka Private Limited	Emirates Power Company Ltd., Bangladesh
(previously known as UltraTech Ceylinco (Private) Limited)	Emirates Cement Bangladesh Ltd., Bangladesh
UltraTech Cement Middle East Investment Limited (w.e.f. 3rd March, 2010)	Harish Cement Limited
	Grasim Bhiwani Textiles Limited
	Vikram Sponge Iron Limited (upto 21st May, 2009)

- (b) Other Related Parties with whom transactions have taken place during the year:

Joint Ventures:

A.V. Cell Inc., Canada	Bhaskarpara Coal Company Limited;
A.V. Nackawic Inc., Canada	Madanpur (North) Coal Company (Private) Limited; and
Birla Jingwei Fibres Company Limited	Bhubaneswari Coal Mining Limited
Birla Lao Pulp & Plantations Company Limited	

Associates:

Aditya Birla Science & Technology Company Limited	Idea Cellular Limited
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Key Management Personnel:

Shri Shailendra K. Jain, Whole-Time Director (upto 31st March, 2010)	Shri K.K. Maheshwari, Whole-Time Director (w.e.f. 20th May, 2010)
Relatives of Shri Shailendra K. Jain:	Shri D.D. Rathi, Whole-Time Director (upto 31st May, 2009)
- Smt. Niharika Jain, Wife	Enterprise where significant influence exists:
- Shri Suvrat Jain, Son	- Vishal Industries and Chemicals Private Limited
- Shri Devavrat Jain, Son	
Shri Adesh Gupta, Whole-Time Director and Manager (w.e.f. 3rd October, 2009)	
Relative of Shri Adesh Gupta:	
- Smt. Usha Gupta, Wife	

SCHEDULE 22 (Contd.)

(c) **Nature of Transaction**

(₹ in Crore)

Particulars	Subsidiaries	Joint Ventures	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprise where significant influence exists	Total
1. Sales and Services							
UltraTech Cement Limited	0.28 (70.11)	—	—	—	—	—	0.28 (70.11)
Grasim Bhiwani Textiles Limited	27.44 (23.31)	—	—	—	—	—	27.44 (23.31)
Others	0.02 (0.10)	0.30 (0.62)	—	—	—	—	0.32 (0.72)
Total	27.74 (93.52)	0.30 (0.62)	—	—	—	—	28.04 (94.14)
2. Interest and Other Income Received/Receivable							
UltraTech Cement Limited	0.48 (31.92)	—	—	—	—	—	0.48 (31.92)
A.V. Cell Inc. Canada	—	1.75 (1.79)	—	—	—	—	1.75 (1.79)
A.V. Nackwic Inc. Canada	—	2.46	—	—	—	—	2.46
Aditya Birla Science & Technology Company Limited	—	—	1.92 (1.05)	—	—	—	1.92 (1.05)
Others	0.10 (1.62)	—	—	—	—	—	0.10 (1.62)
Total	0.58 (33.54)	4.21 (1.79)	1.92 (1.05)	—	—	—	6.71 (36.38)
3. Purchases of Goods/Payment for Other Services							
UltraTech Cement Limited	2.10 (73.52)	—	—	—	—	—	2.10 (73.52)
A.V. Cell Inc., Canada	—	—	—	—	—	—	—
A.V. Nackwic Inc., Canada	—	(1.01)	—	—	—	—	(1.01)
Aditya Birla Science & Technology Company Limited	—	430.71 (515.97)	—	—	—	—	430.71 (515.97)
Mr. K.K. Maheshwari	—	—	6.32 (6.15)	—	—	—	6.32 (6.15)
Mr. Adesh Gupta	—	—	—	3.67 (0.86)	—	—	3.67 (0.86)
Others	0.26 (0.61)	—	0.44 (1.76)	0.02 (5.59)	0.02 (0.10)	—	0.74 (8.06)
Total	2.36 (74.13)	430.71 (516.98)	6.76 (7.91)	5.98 (6.45)	0.02 (0.10)	—	445.83 (605.57)
4. Finance Provided							
Harish Cement Limited	— (21.12)	—	—	—	—	—	— (21.12)
Grasim Bhiwani Textiles Limited	13.00	—	—	—	—	—	13.00
Aditya Birla Science & Technology Company Limited	—	—	15.00 (15.20)	—	—	—	15.00 (15.20)
Others	0.04 (1.50)	—	—	—	(1.00)	—	0.04 (2.50)
Total	13.04 (22.62)	—	15.00 (15.20)	—	(1.00)	—	28.04 (38.82)
5. Repayment against Finance Provided							
Samruddhi Swastik Trading and Investment Limited	— (3.09)	—	—	—	—	—	— (3.09)
Samruddhi Cement Limited	13.09 (1.25)	—	—	—	—	—	13.09 (1.25)
Grasim Bhiwani Textiles Limited	11.66 (1.84)	—	—	—	—	—	11.66 (1.84)
Vishal Industries and Chemicals Private Limited	—	—	—	—	—	(1.60)	(1.60)
Aditya Birla Science & Technology Company Limited	—	—	30.30	—	—	—	30.30
Total	24.75 (6.18)	—	30.30	—	—	(1.60)	55.05 (7.78)

SCHEDULE 22 (Contd.)

(₹ in Crore)

Particulars	Subsidiaries	Joint Ventures	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprise where significant influence exists	Total
6. Acquisition of Investment							
Samruddhi Swastik Trading and Investment Limited							
- Shares of UltraTech Cement Limited	—	—	—	—	—	—	—
	(172.04)	—	—	—	—	—	(172.04)
- Shares of Samruddhi Cement Limited	—	—	—	—	—	—	—
	(17.04)	—	—	—	—	—	(17.04)
Total	—	—	—	—	—	—	—
	(189.08)	—	—	—	—	—	(189.08)
7. Investment in Equity Shares							
Samruddhi Cement Limited	—	—	—	—	—	—	—
	(67.96)	—	—	—	—	—	(67.96)
A.V. Nackawic Inc., Canada	—	—	—	—	—	—	—
	—	(39.95)	—	—	—	—	(39.95)
Birla Lao Pulp & Plantations Company Limited	—	17.86	—	—	—	—	17.86
	—	(9.67)	—	—	—	—	(9.67)
Others	—	0.10	—	—	—	—	0.10
	—	(0.54)	—	—	—	—	(0.54)
Total	—	17.96	—	—	—	—	17.96
	(67.96)	(50.16)	—	—	—	—	(118.12)
8. Dividend Received							
UltraTech Cement Limited	40.92	—	—	—	—	—	40.92
	(31.56)	—	—	—	—	—	(31.56)
Samruddhi Cement Limited	29.75	—	—	—	—	—	29.75
	—	—	—	—	—	—	—
Total	70.67	—	—	—	—	—	70.67
	(31.56)	—	—	—	—	—	(31.56)
9. Receipt of Equity Shares of UltraTech Cement Ltd. (UTCL) from UTCL in lieu of shares of Samruddhi Cement Ltd. [Refer Note 6 of Schedule 22(B)]							
	85.04	—	—	—	—	—	85.04
	—	—	—	—	—	—	—
Total	85.04	—	—	—	—	—	85.04
	—	—	—	—	—	—	—
10. Sale of Fixed Assets							
UltraTech Cement Limited	0.01	—	—	—	—	—	0.01
	(0.15)	—	—	—	—	—	(0.15)
Others	—	—	—	—	—	—	—
	—	—	—	(0.03)	—	—	(0.03)
Total	0.01	—	—	—	—	—	0.01
	(0.15)	—	—	(0.03)	—	—	(0.18)
11. Purchase of Fixed Assets							
UltraTech Cement Limited	1.55	—	—	—	—	—	1.55
	(0.23)	—	—	—	—	—	(0.23)
Samruddhi Cement Limited	0.06	—	—	—	—	—	0.06
	(0.03)	—	—	—	—	—	(0.03)
Total	1.61	—	—	—	—	—	1.61
	(0.26)	—	—	—	—	—	(0.26)

SCHEDULE 22 (Contd.)

(₹ in Crore)

Particulars	Subsidiaries	Joint Ventures	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprise where significant influence exists	Total
12. Outstanding Balances as on 31st March							
Debtors							
Grasim Bhiwani Textiles Limited	4.93	—	—	—	—	—	4.93
	<i>(1.49)</i>	—	—	—	—	—	<i>(1.49)</i>
Total	4.93	—	—	—	—	—	4.93
	<i>(1.49)</i>	—	—	—	—	—	<i>(1.49)</i>
13. Loans and Advances							
Samruddhi Swastik Trading and Investments Limited	0.04	—	—	—	—	—	0.04
	—	—	—	—	—	—	—
Samruddhi Cement Limited	—	—	—	—	—	—	—
	<i>(13.09)</i>	—	—	—	—	—	<i>(13.09)</i>
Harish Cement Limited	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
Grasim Bhiwani Textiles Limited	31.80	—	—	—	—	—	31.80
	<i>(30.46)</i>	—	—	—	—	—	<i>(30.46)</i>
A.V. Cell Inc., Canada	—	32.80	—	—	—	—	32.80
	—	<i>(29.82)</i>	—	—	—	—	<i>(29.82)</i>
Aditya Birla Science & Technology Company Limited	—	—	10.43	—	—	—	10.43
	—	—	<i>(25.73)</i>	—	—	—	<i>(25.73)</i>
Others	0.02	1.74	—	—	1.00	—	2.76
	—	—	—	—	<i>(1.00)</i>	—	<i>(1.00)</i>
Total	31.86	34.54	10.43	—	1.00	—	77.83
	<i>(43.55)</i>	<i>(29.82)</i>	<i>(25.73)</i>	—	<i>(1.00)</i>	—	<i>(100.10)</i>
14. Creditors							
UltraTech Cement Limited	0.20	—	—	—	—	—	0.20
	—	—	—	—	—	—	—
A.V. Nackawic Inc., Canada	—	30.48	—	—	—	—	30.48
	—	<i>(27.80)</i>	—	—	—	—	<i>(27.80)</i>
Others	—	—	—	—	—	—	—
	<i>(0.09)</i>	—	—	—	—	—	<i>(0.09)</i>
Total	0.20	30.48	—	—	—	—	30.68
	<i>(0.09)</i>	<i>(27.80)</i>	—	—	—	—	<i>(27.89)</i>
15. Guarantees and Collaterals							
Grasim Bhiwani Textiles Limited	80.00	—	—	—	—	—	80.00
	<i>(80.00)</i>	—	—	—	—	—	<i>(80.00)</i>
A.V. Nackawic Inc., Canada	—	298.68	—	—	—	—	298.68
	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
	—	<i>(4.00)</i>	—	—	—	—	<i>(4.00)</i>
Total	80.00	298.68	—	—	—	—	378.68
	<i>(80.00)</i>	<i>(4.00)</i>	—	—	—	—	<i>(84.00)</i>

Note: Previous Year figures are given in brackets and Italics.

SCHEDULE 22 (Contd.)

20. Retirement Benefits:

A Defined Benefit Plans:

- a) Gratuity: The employees' gratuity fund scheme is managed by a Trust. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method as prescribed by Accounting Standard (AS) 15 Employee Benefits, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up final obligation.

The amount recognised in respect of gratuity (funded by the Company) is as under:

	Current Year	(₹ in Crore) Previous Year
(i) Present value of the fund defined benefit obligation at the end of the period	122.35	122.77
Fair Value of Plan Assets	131.25	115.96
Amount not recognised as an Asset [limit in Para 59(b) of (AS) 15]	0.20	—
Net Liabilities/(Assets)	(8.70)	6.81
(ii) The amounts recognised in salary, wages and employee benefits in the Profit and Loss Account as follows in respect of gratuity:		
Current Service Cost	5.66	9.68
Interest on Defined Benefit Obligations	9.95	12.60
Expected Return on Plan Assets	(8.37)	(11.04)
Net Actuarial (Gain)/Loss recognised during the period	2.54	4.02
Effect of the limit in Para 59(b) of (AS) 15	0.20	—
Net Cost	9.98	15.26
Less: Capitalised as pre-operative expenses in respect of projects/old disputed settlements	—	0.09
Net Charge to the Profit and Loss Account	9.98	15.17
(iii) Actual Return on Plan Assets		
Expected Return on Plan Assets	8.37	11.04
Actuarial Gain/(Loss) on Plan Assets	0.83	2.96
Actual Return on Plan Assets	9.20	14.00
(iv) Reconciliation of Present Value of the Obligation		
Opening Defined Benefit Obligation as on 1st April, 2010	122.77	202.61
Current Service Cost	5.66	9.68
Interest Cost	9.95	12.60
Actuarial (Gain)/Loss	3.38	6.98
Transferred Liability (on demerger of Cement Business)	—	(88.80)
Benefits Paid	(19.41)	(20.30)
Closing Defined Benefit Obligation as on 31st March, 2011	122.35	122.77
(v) Reconciliation of Fair Value of the Plan Assets		
Opening Fair Value of the Plan Assets	115.96	173.84
Expected Return on Plan Assets	8.37	11.04
Actuarial Gain/(Loss)	0.83	2.96
Assets Distributed on Settlement (on demerger of Cement Business)	—	(88.80)
Contributions by the Employer	25.50	37.22
Benefits Paid	(19.41)	(20.30)
Closing Fair Value of the Plan Assets	131.25	115.96

SCHEDULE 22 (Contd.)

	Current Year	Previous Year
(vi) Investment Details of Plan Assets		
Government of India Securities	12%	25%
Corporate Bonds	12%	16%
Insurer Managed Fund	69%	48%
Others	7%	11%
Total	100%	100%
(vii) There are no amounts included in the Fair Value of Plan Assets for:		
i) Company's own financial instrument		
ii) Property occupied by or other assets used by the Company		
The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.		
(viii) Principal Actuarial Assumptions at the Balance Sheet date		
Discount/Rate	8.28%	8.27%
Estimated Rate of Return on Plan Assets	7.50%	7.50%
The estimates of future salary increases are considered taking into account inflation, seniority promotion and other relevant factors	8.00%	8.00%
Mortality	Published Rates under LIC (1994-96) Mortality Tables	
	(₹ in Crore)	

(ix) Experience Adjustments	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Defined Benefit Obligation	122.35	122.77	202.61	174.20
Plan Assets	131.25	115.96	173.84	139.88
Surplus/(Deficit)	8.90	(6.81)	(28.77)	(34.32)
Experience Adjustment on Plan Liabilities	3.25	10.16	21.37	10.69
Experience Adjustment on Plan Assets	0.83	2.96	4.18	2.96

b) The obligation for compensated absence is recognised in the same manner as gratuity, amounting to reversal of ₹ 1.84 crore (Previous Year charge ₹ 9.32 crore) for the year ended 31st March, 2011.

B Defined Contribution Plans:

Amount recognised as expense and included in the Schedule 18 — "Contribution to Provident and Other Funds" — ₹ 18.44 crore (Previous Year ₹ 29.21 crore).

21. Disclosure of Derivative Instruments:

(a) Derivative Instruments as on 31st March, 2011

Type of Instrument	Type of Exposure	Currency	31st March, 2011	31st March, 2010	(In Millions)
					Cross Currency
(i) Forward Contracts (For hedging of foreign currency exposures)	Exports	USD	2.00	—	INR
	(Receivable)	Euro	10.95	—	INR
	Import	USD	10.81	9.27	INR
	(Payables)	Euro	10.52	0.07	INR
		JPY	12.52	3.91	INR
(ii) Currency and Interest Rate Swaps (For hedging of foreign currency and interest rate exposures)	ECB	USD	15.00	15.00	INR
		JPY	5,696.73	5,696.73	INR

SCHEDULE 22 (Contd.)

(b) Unhedged Foreign Currency Exposure as on

Type of Exposure	Currency	(In Millions)	
		31st March, 2011	31st March, 2010
(i) Exports (Receivables)	USD	0.20	7.57
	Euro	—	0.42
(ii) Imports (Payables)	USD	0.19	0.17
	Euro	0.10	0.22
	GBP	—	0.02
	JPY	175.95	3.54
(iii) Loans (Receivables)	CAD	7.68	6.75

22. Movement of provisions during the period as required by Accounting Standard -29 "Provision, Contingent Liabilities and Contingent Asset" notified under the Companies (Accounting Standard) Rules, 2006 (as amended):

	₹ in Crore	
	Current Year	Previous Year
Provisions made for Mines Closure/Restoration		
Opening Balance	—	0.36
Add: Provision made during the year	—	0.17
Less: Utilised during the year	—	—
Balance transferred to Samruddhi Cement pursuant to scheme of demerger	—	0.53

23. Previous year's figures have been regrouped and rearranged wherever necessary to conform to this year's classification.

24. Additional information required under Part II of Schedule VI to the Companies Act, 1956, is as per Schedule 23.

SCHEDULE 23

ADDITIONAL INFORMATION UNDER PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

A. CAPACITY AND PRODUCTION

Products	Unit	Installed Capacity (Quantity)		Production# (Quantity)	
		2010-11	2009-10	2010-11	2009-10
1. Viscose Staple Fibre/Polynosic/ HWM/Hi-Performance/Speciality Fibre	Tonne	333,975	333,975	305,087	302,092
2. Sulphuric Acid (Captive and Intermediate Products)	Tonne	297,850	277,045	253,622	241,457
3. Carbon-di-Sulphide (Captive and Intermediate Products)	Tonne	61,800	57,785	54,221	56,220
4. Rayon Grade Pulp	Tonne	70,000	70,000	73,360	73,099
5. Rayon Grade Caustic Soda	Tonne	258,000	258,000	242,037	229,801
6. Stable Bleaching Powder	Tonne	29,436	29,436	25,672	26,725
7. Man-Made Fibre Yarn	Kg. (in 000's) Spindles	8,832	8,832 Spindles	2,284	2,091
8. Cement	Tonne	—	22,550,000@	—	9,537,397
9. Ready-Mix Concrete	Cu. Metre	—	5,356,361@	—	1,081,034
10. White Cement	Tonne	—	560,000@	—	237,875
11. Putty	Tonne	—	260,000@	—	99244
12. Industrial Machinery	Tonne	15,950	15,950	##	##
13. Poly Aluminium Chloride	Tonne	36,000	36,000	37,661	37,229
14. Chloro Sulphonic Acid	Tonne	23,400	23,400	14,723	17,581
15. Sponge Iron	Tonne	—	900,000*	—	77,069

Notes:

- Licensed capacity not indicated due to abolition of industrial licences under The Industries (Development and Regulation) Act, 1951.
- The Installed Capacities are certified by the Management and accepted by the Auditors as correct, being a technical matter.
- #Includes third party processing.
- ##Quantitative data cannot be given as production represents fabrication, machining, etc., against individual orders for made-to-order machines/equipment.
- @Pursuant to scheme of demerger of Cement business of the Company, the related installed capacity is transferred to Samruddhi Cement Limited w.e.f. 1st October, 2009.
- *Related installed capacity is transferred pursuant to scheme of sale of Sponge Iron unit w.e.f. 22nd May, 2009.

SCHEDULE 23 (Contd.)

B. TURNOVER AND STOCKS:

(Value ₹ in Crore)

Products	Unit	Turnover				Stock					
		2010-11		2009-10		As on 31.3.2011		As on 31.3.2010		As on 31.3.2009	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
1. Viscose Staple Fibre	Tonne	303,858 1,214*	4,156.29	306,355 2,076*	3,471.63	1,607	18.02	1,591	12.65	7,929	62.00
2. Rayon Grade Pulp	Tonne	— 72,598*	—	— 73,441*	—	1,825	5.72	1,063	2.83	1,405	3.68
3. Rayon Grade Caustic Soda	Tonne	162,280 79,085*	272.25	150,599 79,277*	275.48	4,198	5.90	3,525	4.81	3,600	5.06
4. Stable Bleaching Powder	Tonne	25,842	25.90	26,693	24.67	135	0.10	305	0.22	272	0.19
5. Sodium Sulphate	Tonne	212,237 1,843*	170.72	213,389 1,751*	158.16	6,553	3.10	4,816	2.42	4,889	2.36
6. Chlorine	Tonne	168,932 16,348*	82.40	162,980 10,500*	27.39	1,361	0.15	665	0.07	183	—
7. Man-Made Fibre Yarns (in 000's)	Kg.	2,356	74.33	2,129	58.43	66	2.22	67	1.60	106	3.02
8. Industrial Machinery			0.80		3.64						
9. Poly Aluminium Chloride	Tonne	34,168 883*	36.93	38,256 1,016*	40.17	3,845	3.04	1,234	0.95	3,277	3.23
10. Chlorosulphonic Acid	Tonne	14,666	9.69	17,566	9.73	123	0.06	65	0.03	50	0.01
11. Cement	Tonne	—	—	9,138,421 298,977	3,813.98	—	—	—	—	142,140	33.44
12. Ready-Mix Concrete	Cu. Metre	—	—	1,081,373	302.08	—	—	—	—	—	—
13. White Cement	Tonne	—	—	214,080 21,802*	189.27	—	—	—	—	22,762	12.83
14. Putty	Tonne	—	—	97,587 31*	206.17	—	—	—	—	9,362	8.91
15. Sponge Iron	Tonne	—	—	75,427	116.09	—	—	—	—	9,340	14.84
16. Others@			62.09@		144.90@		6.97		3.02		3.03
			4,891.40		8,841.79		45.28		28.60		152.60

Notes:

- * Inter-Divisional Transfers/Captive Consumption.
- @ Includes Service Income ₹ 0.79 crore (Previous Year ₹ 2.95 crore), Tax deducted at source ₹ 0.05 crore (Previous Year ₹ 0.24 crore).

SCHEDULE 23 (Contd.)

C RAW MATERIALS, STORES, SPARE PARTS AND COMPONENTS:

(Value ₹ in Crore)

Particulars	Unit	2010-11		2009-10	
		Quantity	Value	Quantity	Value
a) Raw Materials Consumed:					
Pulp Wood	Tonne	223,766	114.83	222,956	100.94
Dissolving Pulp	Tonne	238,468	1,272.69	235,608	964.80
		72,598*	—	73,441*	—
Caustic Soda	Tonne	99,800	152.47	96,681	152.26
		74,207*	—	74,163*	—
Sulphur	Tonne	135,341	128.99	134,195	64.63
Salt	Tonne	382,924	50.06	362,895	52.10
Hydrated Lime	Tonne	19,427	5.09	20,317	5.36
Cotton/Man-made Fibres	Kg. (in 000's)	586	6.36	522	4.84
		1,365*	—	1,221*	—
Limestone	Tonne	—	—	10,557,395	104.55
Clinker	Tonne	—	—	252,854	69.79
		—	—	1,141,393*	—
Chemicals (for Wall Care Putty)	Tonne	—	—	2,811	46.04
Gypsum	Tonne	—	—	410,014	48.50
Fly Ash	Tonne	—	—	1,730,773	62.20
Laterite, Hematite, etc.	Tonne	—	—	405,938	31.53
Sand (for Ready-Mix Concrete)	Tonne	—	—	882,371	34.88
Aggregates (for Ready-Mix Concrete)	Tonne	—	—	1,170,872	52.48
Steel Plates, Sheets, etc.	Tonne	732	5.07	268	1.39
Natural Gas	SMQ (in 000's)	—	—	19,699	16.24
Iron Ore Pellets	Tonne	—	—	22,788	44.66
Iron Ore Lumps	Tonne	—	—	97,431	67.91
Others			217.02		242.97
			1,952.58		2,168.07
* Consumption of own production					
b) Purchase of Finished Goods:					
Cement	Tonne	—	—	96,704	30.83
Ready-Mix Concrete	Tonne	—	—	339	0.06
Others					0.02
			0.00		30.91
c) Imports at CIF Value:					
Raw Materials			739.84		776.52
Spare Parts, Components and Coal			6.58		132.06
Capital Goods			24.65		277.45

SCHEDULE 23 (Contd.)

d) Total Value of Raw Materials, Stores, Spare Parts and Components consumed:

(Value ₹ in Crore)

	Raw Materials				Stores, Spare Parts, Components, etc.			
	2010-11		2009-10		2010-11		2009-10	
	Value	%	Value	%	Value	%	Value	%
Imported	904.74	46%	866.77	40%	5.20	4%	41.76	12%
Indigenous	1,047.84	54%	1,301.30	60%	117.73	96%	312.51	88%
	1,952.58	100%	2,168.07	100%	122.93	100%	354.27	100%

(₹ in Crore)

D. EXPENDITURE IN FOREIGN CURRENCY:

	Current Year	Previous Year
i) Technical Know-how and Services	0.11	0.14
ii) Professional and Consultancy Fees	1.21	0.73
iii) Interest and Commitment Charges on Foreign Currency Loans	21.56	73.82
iv) Others	12.34	9.22

E EARNINGS IN FOREIGN EXCHANGE:

	Current Year	Previous Year
i) Export of Goods — On F.O.B. basis	825.07	728.26
ii) Technical Know-how and Service Charges	0.30	0.39
iii) Interest and Dividend	17.68	11.50
iv) Others	2.46	0.03

F. DIVIDEND IN FOREIGN CURRENCY:

Year	No. of Shareholders	No. of Shares Held	Amount of Dividend Remitted
For FY 2008-09	179	2,650,698	795.21
For FY 2009-10	175	2,651,694	795.51

Signatures to Schedule '1' to '23'

For GRASIM INDUSTRIES LIMITED

M.L. APTE
B.V. BHARGAVA
R.C. BHARGAVA
THOMAS M. CONNELLY
SHAILENDRA K. JAIN
D.D. RATHI
Directors

Mumbai
Dated: 11th May, 2011

ASHOK MALU
Company Secretary

ADESH GUPTA
Manager,
Whole-Time Director & CFO

K.K. MAHESHWARI
Whole-Time Director

GRASIM INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in Crore)

	Current Year	Previous Year	
A. Cash Flow from Operating Activities			
(a) Net Profit before Tax	1,595.20	2,500.78	
Adjustment for:			
Write Down in Value of Assets Held for Disposal	—	0.60	
Depreciation	176.29	351.14	
Interest Expenses	45.59	120.39	
Interest Income	(32.81)	(22.72)	
Dividend Income	(197.95)	(155.22)	
Provision for Mines Restoration	—	0.17	
Provision for Bad and Doubtful Debts	—	0.03	
Provision for Loans and Advances	—	3.32	
Bad Debts Written Off	—	0.04	
Excess Provision Written Back (Net)	(31.89)	(27.83)	
Employee Compensation Expenses under Employee Stock Option Scheme	1.41	2.13	
(Profit)/Loss on Sale of Fixed Assets (Net)	(33.31)	2.64	
(Profit)/Loss on Sale of Long Term Investments (Net)	—	(0.35)	
MTM Loss/(Reversal) on Current Investments	(0.49)	0.49	
Unrealised Exchange Rate Difference on Restatement of Loan	(1.24)	(3.03)	
(Profit)/Loss on Sale of Current Investments (Net)	(4.39)	(0.57)	
	1,516.41	2,772.01	
(b) Operating Profit Before Working Capital Changes			
Adjustments for:			
Trade and Other Receivables	(158.90)	(111.60)	
Inventories	(4.41)	(132.24)	
Trade Payables	76.61	31.97	
	1,429.71	2,560.14	
(c) Cash Generated from Operations			
Direct Taxes Paid (Net)	(422.99)	(539.62)	
Cash from Operating Activities	1,006.72	2,020.52	
Net Cash from Operating Activities	1,006.72	2,020.52	2,020.52
B. Cash Flow from Investing Activities			
Purchase of Fixed Assets	(183.40)	(720.59)	
Sale of Fixed Assets	226.69	15.78	
(Increase)/Decrease in Current Investments	(594.86)	(1,419.34)	
Long Term Investments	(0.05)	—	
Sale of Investments	32.29	10.00	
Loans and Advances to Joint Ventures, Subsidiaries and others	(125.49)	(13.33)	
Investment in Subsidiaries	—	(257.30)	
Investment in Joint Ventures	(17.96)	(49.63)	
Assets Held for Disposal	—	0.08	
Interest Received	31.56	22.25	
Dividend Received	197.95	155.22	
Net Cash from/(used in) Investing Activities before Extraordinary Items	(433.27)	(2,256.86)	
Extraordinary Items			
- Proceeds on Sale of Sponge Iron Unit	—	1,024.88	
Net Cash from/(used in) Investing Activities	(433.27)	(1,231.98)	(1,231.98)
C. Cash Flow from Financing Activities			
Proceeds from Equity	2.31	1.73	
Proceeds from Borrowings	—	201.86	
Repayments of Borrowings	(223.87)	(425.78)	
Interest Paid (Net of Interest Subsidy)	(45.18)	(132.24)	
Dividends Paid	(274.03)	(273.94)	
Corporate Dividend Tax	(33.95)	(41.38)	
Net Cash from/(used in) Financing Activities	(574.72)	(669.75)	(669.75)
D. Net Increase/(Decrease) in Cash and Cash Equivalents	(1.27)	118.79	118.79
Cash and Cash Equivalents at the beginning of the year	15.92	113.38	113.38
Cash Balance Transferred on Demerger of Cement Business	—	(118.67)	
Cash Balance Transferred on Sale of Sponge Iron Business	—	(97.58)	
Cash and Cash Equivalents at the end of the year	14.65	15.92	15.92
(Cash and Cash Equivalents Represent Cash and Bank Balances)			

Notes:

- Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3.
- Cash and Cash Equivalents includes ₹ 9.26 crore (Previous Year ₹ 8.25 crore) which are statutorily and contractually restricted accounts.
- Transactions arising out of demerger as per Note 6 of Schedule 22(B) are non-cash transactions and not considered in the above cash flow working of previous year.
- Previous year figures have been regrouped/recast wherever necessary.

In terms of our report attached

For DELOITTE HASKINS & SELLS,
Chartered Accountants

For G.P. KAPADIA & CO.,
Chartered Accountants

For GRASIM INDUSTRIES LIMITED

B.P. SHROFF
Partner

ATUL B. DESAI
Partner

M.L. APTE
B.V. BHARGAVA
R.C. BHARGAVA
THOMAS M. CONNELLY
SHAIENDRA K. JAIN
D.D. RATHI
Directors

Mumbai
Dated: 11th May, 2011

ASHOK MALU
Company Secretary

ADESH GUPTA
Manager,
Whole-Time Director & CFO

K.K. MAHESHWARI
Whole-Time Director

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF GRASIM INDUSTRIES LIMITED

1. We have audited the attached Consolidated Balance Sheet of **GRASIM INDUSTRIES LIMITED** ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at 31st March, 2011 the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India read together with our remarks in paragraph 3(b) below. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. (a) The Consolidated Financial Statement of the Company which were prepared considering unaudited reviewed results of Idea Cellular Limited, an associate company, for the nine months to 31st December 2010, were earlier approved by the Board of Directors (BoD) at their meeting held on 11th May, 2011 inter alia for the purpose of publishing annual audited financial results pursuant to Clause 41 of the Listing Agreement with the Stock Exchanges. We had issued our report dated 11th May, 2011 on the said Consolidated Financial Statements addressed to the BoD. Subsequently those consolidated financial statements have been amended to give effect of unaudited financial results of the associate for the year ended on 31st March, 2011 (see Note 2 of Schedule 23(B)).
(b) Apart from the forgoing event, the attached Consolidated Financial Statements do not take into account any events subsequent to the date of approval of the Consolidated Financial Statements approved earlier by the Board of Directors and reported upon by us as aforesaid.
4. We did not audit the financial statements of certain subsidiaries and jointly controlled entities, whose financial statements reflect total assets of ₹ 2006.11 Crores as at 31st March, 2011, total revenues of ₹ 630.40 Crores and net cash inflows amounting to ₹0.85 Crores for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and jointly controlled entities is based solely on the reports of the other auditors.
5. The financial statements of Jointly controlled entities, whose financial statements reflect total assets of ₹ 910.37 Crores as at 31st March, 2011, total revenues of ₹ 659.06 Crores and net cash inflows amounting to ₹ 58.44 Crores for the year ended on the date as considered in the Consolidated Financial Statements are unaudited and certified by the Management and our opinion is so far as it relates to the amounts included in respect of these jointly controlled entities is based solely on such management certification.
6. As stated in note 2 of Schedule 23(B) the financial statements of the associates whose financial statements reflect the Group's share of net profit for the year ended 31st March, 2011 of ₹ 43.78 crores and Group's share of net profit of ₹ 463.42 crores up to 31st March, 2011 as considered in the Consolidated Financial Statements are based on unaudited financial statements certified by the management and our opinion in so far as it relates to the amounts included in respect of these associates is based solely on such management certification.
7. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
8. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries, associates and jointly controlled entities and subject to our comments in relation to financial statements of, jointly controlled entities in paragraph 4 above and associates in paragraph 5 above, and to the best of our information and according to the explanation given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.117366W)

For **G.P. KAPADIA & CO.**
Chartered Accountants
(Registration No. 104768W)

B. P. Shroff
Partner
Membership No.:34382

Atul B. Desai
Partner
Membership No.:30850

Place: Mumbai
Date: 28th June, 2011

GRASIM INDUSTRIES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in Crore)
As at 31st
March, 2010

SOURCES OF FUNDS

Shareholders' Funds

	Schedules		As at 31st March, 2011	As at 31st March, 2010
Equity Share Capital	1	91.72		91.70
Share Capital (Other than Equity)	2	37.73		36.26
Employee Stock Option Outstanding	2A	14.73		14.02
Reserves and Surplus	3	14,429.19		12,382.66

14,573.37
4,351.39

Minority Interest

Loan Funds

Secured Loans	4	3,834.58		3,829.51
Unsecured Loans	5	2,948.14		1,769.72

6,782.72

Deferred Tax Liabilities (Net)

[Refer Note 12 of Schedule 23(B)]

1,961.57

TOTAL FUNDS EMPLOYED

27,669.05

APPLICATION OF FUNDS

Fixed Assets

Gross Block	6	22,806.55		20,943.85
Less: Depreciation/Amortisation		8,374.93		7,164.55
Net Block		14,431.62		13,779.30
Capital Work-in-Progress		1,357.81		773.41

15,789.43

Fixed Assets Held for Disposal

1.22

Goodwill

7 **2,419.07** 2,007.06

Investments

8 **7,933.25** 6,675.86

Current Assets, Loans and Advances

Inventories	9	2,721.64		2,183.48
Sundry Debtors	10	1,434.63		880.28
Cash and Bank Balances	11	284.35		237.00
Interest Accrued on Investments		2.20		0.95
Loans and Advances	12	1,435.61		1,236.19

5,878.43

Less:

Current Liabilities and Provisions

Liabilities	13	3,575.28		3,036.96
Provisions	14	777.09		852.16

4,352.37

Net Current Assets

1,526.06

Miscellaneous Expenses

0.02

TOTAL FUNDS UTILISED

27,669.05

Significant Accounting Policies and Notes on Accounts

23

The Schedules referred to above form an integral part of the Balance Sheet

In terms of our report attached

For GRASIM INDUSTRIES LIMITED

For DELOITTE HASKINS & SELLS,
Chartered Accountants

For G.P. KAPADIA & CO.,
Chartered Accountants

KUMAR MANGALAM BIRLA
Chairman

B.P. SHROFF
Partner

ATUL B. DESAI
Partner

M.L. APTE
B.V. BHARGAVA
R.C. BHARGAVA
SHAIENDRA K. JAIN
D.D. RATHI
Directors

Mumbai
Dated: 28th June, 2011

ASHOK MALU
Company Secretary

ADESH GUPTA
Manager,
Whole-Time Director & CFO

K.K. MAHESHWARI
Whole-Time Director

GRASIM INDUSTRIES LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedules	For the Year ended 31st March, 2011	(₹ in Crore) For the Year ended 31st March, 2010
INCOME			
Gross Sales		23,570.54	21,710.54
Less: Excise Duty		2,301.52	1,777.12
Net Sales		<u>21,269.02</u>	19,933.42
Interest and Dividend Income	15	319.34	257.72
Other Income	16	394.17	277.18
Increase in Stocks	17	162.06	21.76
		<u>22,144.59</u>	<u>20,490.08</u>
EXPENDITURE			
Raw Materials Consumed	18	4,504.82	3,624.49
Manufacturing/Operating Expenses	19	6,326.38	5,289.17
Purchases of Finished and Traded Goods		152.29	139.23
Payments to and Provisions for Employees	20	1,237.52	1,060.96
Selling, Distribution, Administration and Other Expenses	21	4,545.39	4,075.37
Interest	22	405.57	334.55
Depreciation and Amortisation (Refer Note 2 of Schedule 6)		1,138.37	994.71
Less: Captive Consumption		(18.55)	(21.41)
		<u>18,291.79</u>	<u>15,497.07</u>
Profit before Tax from Ordinary Activities (*)		3,852.80	4,993.01
Provision for Taxation – Current Tax		(1,123.55)	(1,238.87)
Provision for Taxation – Deferred Tax		15.13	(356.86)
Write Back of Excess Provision for Tax/Income Tax Refund related to earlier years (Net)		150.81	25.25
Total Tax Expenses (**)		(957.61)	(1,570.48)
Profit after Tax from Ordinary Activities		2,895.19	3,422.53
Extraordinary Items			
Profit on Sale of Sponge Iron Unit [Refer Note 7 of Schedule 23(B)]		—	336.07
Profit after Tax after Extraordinary Items		2,895.19	3,758.60
Less: Minority Interest		659.96	714.12
Add: Share in Profit of Associates		43.78	51.05
Net Profit		2,279.01	3,095.53
Debenture Redemption Reserve no longer required		—	39.83
Balance brought forward from Previous Year		3,499.23	3,406.07
Amount Transferred to General Reserve on Amalgamation of Samruddhi Cement Limited with UltraTech Cement Limited		(350.01)	—
Profit Available for Appropriation		5,428.23	6,541.43
Appropriations:			
Special Reserve Fund		0.29	0.68
Debenture Redemption Reserve		65.17	12.50
Proposed Dividend		183.40	275.05
Corporate Dividend Tax (Including Subsidiaries)		40.33	53.97
General Reserve		3,618.55	2,700.00
Balance carried to Balance Sheet		1,520.49	3,499.23
		<u>5,428.23</u>	<u>6,541.43</u>
Basic EPS for the period before Extraordinary Items (₹)		248.52	300.94
Diluted EPS for the period before Extraordinary Items (₹)		248.35	300.83
Basic EPS for the period after Extraordinary Items (₹)		248.52	337.60
Diluted EPS for the period after Extraordinary Items (₹)		248.35	337.47
(*) Including (Loss) of discontinued operations.		—	(43.92)
(**) Including (Tax Credit) related to discontinued operations.		—	(13.52)

Significant Accounting Policies and Notes on Accounts 23

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

In terms of our report attached

For DELOITTE HASKINS & SELLS,
Chartered Accountants

B.P. SHROFF
Partner

Mumbai
Dated: 28th June, 2011

For G.P. KAPADIA & CO.,
Chartered Accountants

ATUL B. DESAI
Partner

ASHOK MALU
Company Secretary

For GRASIM INDUSTRIES LIMITED

KUMAR MANGALAM BIRLA
Chairman

M.L. APTE
B.V. BHARGAVA
R.C. BHARGAVA
SHAIENDRA K. JAIN
D.D. RATHI
Directors

ADESH GUPTA
Manager,
Whole-Time Director & CFO

K.K. MAHESHWARI
Whole-Time Director

(₹ in Crore)
As at 31st
March, 2010

**As at 31st
March, 2011**

SCHEDULE 1

EQUITY SHARE CAPITAL

Share Capital

Issued, Subscribed and Paid up

91,698,778	Equity Shares of ₹ 10 each fully paid (Previous Year 91,683,571 Equity Shares)	91.70	91.68
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Share Capital Suspense

14,906	Equity Shares (Previous Year 14,906) of ₹ 10 each to be issued as fully paid-up pursuant to acquiring of cement business of Aditya Birla Nuvo Limited under the Scheme of Arrangement without payment being received in cash	0.02	0.02
		91.72	91.70

SCHEDULE 2

SHARE CAPITAL (OTHER THAN EQUITY)

Class 'B' Non-Voting Shares of AV Cell Inc.	20.67	19.87
6% Cumulative, Redeemable, Retractable Preference Share Capital of AV Nackawic Inc.	17.06	16.39
	37.73	36.26

SCHEDULE 2A

EMPLOYEE STOCK OPTION OUTSTANDING

Employees Stock Option Outstanding	19.53	15.84
Less: Deferred Employees Compensation Expenses	4.80	1.82
	14.73	14.02

SCHEDULE 3

RESERVES AND SURPLUS

	Balance as at 31st March, 2010	Additions during the year	Deductions/ Adjustments during the year	Balance as at 31st March, 2011
Capital Reserve				
- Capital Subsidy	0.51	—	(0.01)	0.52
- Others	0.03	—	—	0.03
Debenture Redemption Reserve	72.18	65.17	23.02	114.33
Securities Premium Account	1.98	6.31	0.76	7.53
General Reserve (Refer Note below)	8,790.12	3,618.55	(352.87)	12,761.54
Special Reserve Fund	2.93	0.29	—	3.22
Foreign Currency Translation Reserve	15.68	5.02	(0.83)	21.53
Surplus as per Profit and Loss Account	3,499.23	2,279.01	4,257.75	1,520.49
	12,382.66	5,974.35	3,927.82	14,429.19
Previous Year	11,420.89	5,852.95	4,891.18	12,382.66

Note:

Adjustments on account of Amalgamation of Samruddhi Cement Limited with UltraTech Cement Limited.

(₹ in Crore)
As at 31st
March, 2010

**As at 31st
March, 2011**

SCHEDULE 4

SECURED LOANS

Non-Convertible Debentures	1,037.44	1,036.33
Other Loans:		
Term Loans from Banks and Financial Institutions		
Rupee Loans	874.02	913.37
Foreign Currency Loans	1,350.97	1,323.75
Deferred Sales-tax Loans	8.20	3.10
Other Secured Loans	198.71	188.06
Working Capital Borrowings from Banks	365.24	364.90
	<u>3,834.58</u>	<u>3,829.51</u>

SCHEDULE 5

UNSECURED LOANS

Short Term Loans and Advances:		
From Banks	152.87	71.09
Other Loans and Advances:		
From Banks	2,201.40	1,069.57
From Others:		
Deferred Sales Tax Loans	569.00	611.16
Other Long Term Loans	24.87	17.90
	<u>593.87</u>	<u>629.06</u>
	<u>2,948.14</u>	<u>1,769.72</u>

SCHEDULE 6

FIXED ASSETS

(₹ in Crores)

DESCRIPTION	Gross Block						Depreciation						Net Block	
	As at 1 st April, 2010	Additional Acquired @	Additions	Exchange Trans. Diff.	Deductions	As at 31 st March, 2011	As at 1 st April, 2010	Additional Acquired @	Additions	Exchange Trans. Diff.	Deductions	As at 31 st March, 2011	As at 31 st March, 2011	As at 31 st March, 2010
Freehold Land	763.50	6.37	212.77	1.47	0.54	983.57	—	—	—	—	—	983.57	983.57	763.50
Leasehold Land	210.59	—	10.25	0.29	0.47	220.66	28.48	—	6.99	0.01	0.01	35.47	185.19	182.11
Buildings	1,488.20	43.29	143.64	1.86	4.12	1,672.87	374.63	13.37	49.18	0.53	1.26	436.45	1,236.42	1,113.57
Railway Sidings	289.96	—	8.21	—	0.17	298.00	138.63	—	13.76	—	—	152.39	145.61	151.33
Plant and Machinery	17,436.58	981.41	660.11	16.26	85.70	19,008.66	6,279.93	145.38	971.41	3.19	51.81	7,348.10	11,660.56	11,156.65
Furniture, Fittings and Office Equipment	378.24	11.25	46.11	1.04	16.36	420.28	263.13	9.52	38.07	0.55	15.16	296.11	124.17	115.11
Plantations	25.85	—	9.82	0.80	—	36.47	—	—	—	—	—	36.47	36.47	25.85
Vehicles etc.	303.07	3.92	27.68	0.03	231.47	103.23	50.39	3.01	42.88	0.01	39.42	56.87	46.36	252.68
Intangible Assets														
- Softwares	47.86	10.23	4.80	0.13	0.22	62.80	29.36	8.08	12.24	0.04	0.18	49.54	13.26	18.50
- Trade Mark	—	—	0.01	—	—	0.01	—	—	—	—	—	0.01	0.01	—
	20,943.85	1,056.47	1,123.40	21.88	339.05	22,806.55	7,164.55	179.36	1,134.53	4.33	107.84	8,374.93	14,431.62	13,779.30
Previous Year	19,061.33	—	2,717.28	19.99	854.75	20,943.85	6,825.41	—	989.21	2.76	652.83	7,164.55		
Capital Work-in-Progress (including Advances and Pre-operative Expenses)													1,357.81	773.41
													15,789.43	14,552.71

(₹ in Crores)

**For the Year ended
31st March, 2011**

For the Year ended
31st March, 2010

Notes:

1. @ Assets Acquired on Acquisition of ETA Star Cement [Refer Note 6 of Schedule 23(B)]		
2. Depreciation/Amortisation for the year	1,134.53	989.21
Less: Capitalised as Pre-Operative Expenses	1.74	0.23
Less: Additional Depreciation on Revalued Assets withdrawn from Capital Reserve	—	0.12
Less: Charged to Plantation	—	1.15
Add : Obsolescence	5.58	1.17
Add : Pre-Operative Expenses charged to Profit and Loss Account	—	5.83
Depreciation/Amortisation charged to Profit and Loss Account	<u>1,138.37</u>	<u>994.71</u>

**SCHEDULES FORMING PART OF
CONSOLIDATED FINANCIAL STATEMENTS**

	As at 31st March, 2011	(₹ in Crore) As at 31st March, 2010
SCHEDULE 7		
GOODWILL		
In case of Investment in Subsidiaries:		
Carrying Cost of Investment	2,702.85	2,702.85
Less: Grasim's Share in Net Worth on Acquisition	793.57	747.71
	1,909.28	1,955.14
Goodwill arising in Consolidated Financial Statements of Subsidiaries	471.32	14.95
	2,380.60	1,970.09
In case of Investment in Joint Ventures:		
Carrying Cost of Investment	272.87	254.91
Less: Grasim's Share in Net Worth on Acquisition	234.40	217.94
	38.47	36.97
	2,419.07	2,007.06
SCHEDULE 8		
INVESTMENTS		
LONG TERM (At Cost, unless otherwise stated)		
Quoted		
Shares, Bonds and Debentures		
Equity Investment in Associates – At Cost	171.01	171.01
Share in Profit/Reserves of Associates	463.68	415.99
	634.69	587.00
Equity Investments – Others	445.85	445.87
Unquoted		
Government and Trust Securities	0.02	0.02
Shares, Bonds and Debentures		
Equity Investment in Associates – At Cost	7.80	7.80
Share in Profit/Reserves of Associates	(0.26)	2.51
	7.54	10.31
Equity Investments – Others	16.12	16.07
Other Investments	70.17	70.16
	1,174.39	1,129.43
CURRENT (At Cost or Fair Value, whichever is less)		
Quoted		
GOI Securities, Bonds/Certificate of Deposits (with Scheduled Banks)	115.85	32.40
Unquoted		
Investments in Mutual Funds/Treasury Bills	6,643.01	5,504.03
Fixed Deposits with Financial Institutions	—	10.00
	6,758.86	5,546.43
	7,933.25	6,675.86
SCHEDULE 9		
INVENTORIES		
Stores and Spare Parts, Packing Materials and Fuels	1,251.75	1,002.47
Raw Materials	617.92	522.49
Finished Goods (including Trading Goods)	385.56	262.56
By-Products	3.28	2.51
Process Stock	460.03	386.59
Waste/Scrap (at Net Realisable Value)	3.10	6.86
	2,721.64	2,183.48

	As at 31st March, 2011	(₹ in Crore) As at 31st March, 2010
SCHEDULE 10		
SUNDRY DEBTORS*		
(Unsecured, Considered Good, except otherwise stated)		
Due for period exceeding six months	51.35	17.61
(Net of doubtful, fully provided ₹ 9.22 crore, Previous Year ₹ 0.43 crore)		
Others	1,383.28	862.67
	1,434.63	880.28
	<hr/> <hr/>	<hr/> <hr/>
* Includes amount in respect of which the Company holds deposits and/or Letters of Credit/Guarantees from Banks	649.19	308.73
SCHEDULE 11		
CASH AND BANK BALANCES		
Cash Balances on Hand (including Cheques on Hand)	25.13	14.26
Bank Balances:		
Current Accounts (including cheques under collection)#	213.91	187.03
Saving Accounts	9.52	2.83
Deposit Accounts	35.78	32.87
	<hr/>	<hr/>
In Government Treasury Saving Account	259.21	222.73
	0.01	0.01
	284.35	237.00
	<hr/> <hr/>	<hr/> <hr/>
# Unclaimed Dividend	10.33	9.35
SCHEDULE 12		
LOANS AND ADVANCES		
Secured Loans		
Loans against House Property and Loans to Employees	0.10	0.13
Unsecured Loans		
Deposits with Bodies Corporate	301.02	163.14
Deposits and Balances with Government and other Authorities (including Accrued Interest)	412.31	219.09
Other Deposits (Net of doubtful, fully provided Nil, Previous Year ₹ 3.32 Crore)	31.57	98.76
Advances recoverable in cash or in kind or for value to be received – (Net of Provision, ₹ 1.24 crore, Previous Year ₹ 0.22 crore)	690.61	755.07
	<hr/>	<hr/>
	1,435.51	1,236.06
	1,435.61	1,236.19
	<hr/> <hr/>	<hr/> <hr/>
SCHEDULE 13		
CURRENT LIABILITIES		
Sundry Creditors	2,194.27	1,786.37
Security and Other Deposits	492.58	434.27
Unpaid Dividends	11.57	9.86
Other Liabilities	785.98	712.83
Bank Overdraft	0.47	2.56
Interest Accrued but not Due on Debentures and Other Loans	90.41	91.07
	<hr/>	<hr/>
	3,575.28	3,036.96
	<hr/> <hr/>	<hr/> <hr/>

	As at 31st March, 2011	(₹ in Crore) As at 31st March, 2010
SCHEDULE 14		
PROVISIONS		
Retirement Benefits	192.62	179.65
Proposed Dividends	183.40	275.05
Corporate Dividend Tax	40.33	53.97
Provision for Current Taxation (Net of Advance Tax)	150.48	201.49
Provision for Mines Restoration	9.38	7.42
Provision for Assets Transfer Cost [Refer Note 3 and 18 of Schedule 23(B)]	194.37	131.16
Other Provisions	6.51	3.42
	777.09	852.16
	For the Year ended 31st March, 2011	For the Year ended 31st March, 2010
SCHEDULE 15		
INTEREST AND DIVIDEND INCOME		
Interest (Gross) on:		
Government and Other Securities	3.70	1.80
Dividend (Gross) on:		
Trade Investment	15.16	9.67
Others	230.48	174.27
Interest on Banks and Other Accounts	70.00	71.98
	319.34	257.72
SCHEDULE 16		
OTHER INCOME		
Export Incentives	46.28	52.34
Rent Received	0.14	1.28
Lease Rent	2.88	2.03
Processing Charges	3.26	3.64
Insurance Claims	5.45	6.83
Profit on Sale of : Current Investments (Net)	23.33	2.62
: Long Term Investments (Net)	—	0.35
: Fixed Assets (Net)	39.03	—
Excess/Short Provisions (Net)	56.65	59.04
Exchange Rate Differences (Net)	2.74	0.89
Scrap/Waste Sales (Net of Excise Duty)	70.33	50.48
Miscellaneous Receipts	144.08	97.68
	394.17	277.18
SCHEDULE 17		
INCREASE/(DECREASE) IN STOCKS		
Closing Stock		
Finished Goods	380.99	257.57
By-Products	3.28	2.51
Process Stock	460.03	386.59
Waste/Scrap	3.10	6.86
	847.40	653.53
Less:		
Opening Stock		
Finished Goods	257.57	294.20
By-Products	2.51	7.92
Process Stock	386.59	330.86
Waste/Scrap	6.86	4.08
	653.53	637.06
Less: Increase/(Decrease) in Excise Duty on Stock	(16.56)	(14.46)
Less: Adjustment\$	(15.25)	19.75
	685.34	631.77
	162.06	21.76

\$ Adjustment includes Stock Transfers i) on Sale of Unit, ii) from Pre-Operative Expenses, iii) on Acquisition of Subsidiary and, iv) Exchange Translation Difference.

(₹ in Crore)
For the Year
ended 31st
March, 2010

**For the Year
ended 31st
March, 2011**

SCHEDULE 18

RAW MATERIALS CONSUMED

Opening Stock	522.49	727.71
Stock Transferred on Acquisition of Subsidiary	50.96	—
Purchases and Incidental Expenses	4,559.11	3,682.57
	5,132.56	4,410.28
Less:		
Sales	2.21	4.79
Stock Transfer on Sale of Unit	—	258.51
Adjustment on Amalgamation of Samruddhi Cement Limited with UltraTech Cement Limited	7.61	—
Closing Stock	617.92	522.49
	627.74	785.79
	4,504.82	3,624.49

SCHEDULE 19

MANUFACTURING/OPERATING EXPENSES

Consumption of Stores, Spare Parts and Components, Packing Materials and Incidental Expenses	1,150.57	1,060.53
Power and Fuel	4,362.93	3,522.35
Freight and Handling Expenses on Clinker Transfer	380.75	350.12
Processing Charges	65.88	51.41
Hire Charges of Plant and Machinery and Others	18.81	6.59
Repairs to Buildings	49.99	49.62
Repairs to Machinery (excluding Spare Parts and Components)	233.87	197.39
Repairs to Other Assets	63.58	51.16
	6,326.38	5,289.17

SCHEDULE 20

PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

Salaries, Wages and Bonus	1,062.35	926.63
Contribution to Provident and Other Funds	94.20	73.26
Welfare Expenses	78.74	58.43
Employee Compensation Expenses under Employee Stock Option Scheme	2.23	2.64
	1,237.52	1,060.96

(₹ in Crore)
For the Year
ended 31st
March, 2011

For the Year
ended 31st
March, 2010

SCHEDULE 21

SELLING, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES

Commission to Selling Agents	142.69	125.24
Brokerage and Discount	215.95	187.02
Freight and Handling Expenses	3,091.68	2,749.13
Advertisements	417.95	419.49
Insurance	30.86	26.43
Rent (including Lease Rent)	74.16	50.44
Rates and Taxes	118.63	124.76
Stationery, Printing, Postage and Telephone Expenses	32.19	31.65
Travelling and Conveyance	74.30	58.34
Legal and Professional Charges	98.06	81.89
Bad Debts Written Off	0.09	3.01
Provision for Doubtful Debts	0.05	0.31
Provision for Doubtful Loans and Advances	—	3.32
Research Contribution and Expenses	7.83	4.93
Donations	16.09	34.20
Directors' Fee and Commission	36.23	15.52
Exchange Rate Differences (Net)	0.16	—
Loss on Sale and/or Discard of Fixed Assets (Net)	—	3.26
Miscellaneous Expenses	188.47	156.43
	4,545.39	4,075.37

SCHEDULE 22

INTEREST

On Fixed Period Loans and Debentures*	345.36	303.58
On Other Accounts	64.89	64.07
	410.25	367.65
Less: Interest Capitalised	4.68	33.10
	405.57	334.55
* Net of Interest Subsidy from Government	20.94	20.49

SCHEDULE 23

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Concepts:

The financial statements are prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply in all material aspects with the Accounting Standards (AS) notified under the Companies (Accounting Standard) Rules, 2006 (as amended), other pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of the Companies Act, 1956, and guidelines issued by Securities and Exchange Board of India.

2. Use of Estimates:

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

SCHEDULE 23 (Contd.)

3. Fixed Assets:

Fixed Assets are stated at cost, less accumulated depreciation/amortisation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

4. Fixed Assets Held for Disposal:

Fixed assets held for disposal are stated at lower of net book value and net realisable value.

5. Foreign Currency Transactions:

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency existing at Balance Sheet date are translated at the year-end exchange rates. Exchange differences, including premium or discount on forward exchange contracts, arising till the commissioning of fixed assets, relating to borrowed funds and liabilities in foreign currency for acquisition of the fixed assets, are adjusted to the cost of fixed assets. Other premium or discount on forward exchange contracts is amortised as expense or income over the life of the contract. All other exchange differences are recognised in the Profit and Loss Account.

6. Financial Derivatives:

Financial derivative instruments, such as Swaps and Options, are used to hedge risks associated with fluctuations in foreign exchange and interest rates. The derivative contracts are closely linked with the underlying transactions and are intended to be held to maturity. The underlying transactions are recorded as per terms of the financial derivative contracts.

7. Treatment of Expenditure During Construction Period:

Expenditure during construction period is included under Capital Work-in-Progress and the same is allocated to the respective fixed assets on the completion of construction.

8. Investments:

Investments are classified as long term based on management intention, all other investments are classified as current investment. 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 permanent diminution (i.e., other than temporary diminution) in value.

9. Inventories:

Inventories, except scrap, are valued at the lower of cost and net realisable value. Waste/Scrap is valued at net realisable value. The cost is computed on weighted-average basis. Proceeds in respect of sale of raw materials/stores are credited to their respective heads.

Cost of finished goods and process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Obsolete, defective, slow moving and unserviceable inventories are duly provided for.

10. Research and Development Expenditure:

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

11. Depreciation/Amortisation:

Depreciation/Amortisation charge is provided for on the following basis:

- On fixed assets applying the rates/useful life specified in Schedule XIV of the Companies Act, 1956, or based on estimated useful life, whichever is higher.

Continuous process plants as defined in Schedule XIV of the Companies Act, 1956, have been classified on technical assessment and depreciation provided accordingly.

SCHEDULE 23 (Contd.)

The details of estimated life for each category of assets is as under:

Category of Assets	Estimated Useful Life (in years)
Leasehold Land	Over the period of lease
Buildings	9 - 30 Years
Workers' Quarters under Government Subsidised Schemes	58 Years
Railway Sidings	20 Years
Plant and Machinery	5 - 30 Years
Ships	19 Years
Furniture, Fittings and Office Equipment	3 - 12 Years
Vehicles	3 - 11 Years
Intangible Assets – Softwares	3 - 5 Years

- In respect of Revalued Fixed Assets, on straight line method on the gross value of assets as increased by the amount of revaluation at lower rates, based on life of assets, as ascertained by the valuers.
- In respect of fixed assets added/disposed off during the year on *pro-rata* basis with reference to the month of addition/deduction except in case of new projects where it is provided on the basis of days of use.
- Individual assets costing less than ₹ 5,000 are depreciated in full in the year of acquisition.

12. Impairment of Assets:

Carrying amount of assets is reviewed at the Balance Sheet date if there is indication of impairment based on the internal and external factors.

The assets are treated as impaired when the carrying amount of asset exceeds its recoverable amount. An impairment loss, if any, is charged to the Profit and Loss Account in the year in which the asset is identified as impaired. Reversal of impairment loss recognised in the prior years is recorded when there is an indication that impairment loss recognised for the asset no longer exists or has decreased.

13. Revenue Recognition:

- Sales revenue is recognised on transfer of the significant risks and rewards of ownership of the goods to the buyer and stated at net of sales tax, VAT, trade discounts and rebates but includes excise duty.
- Income from services is recognised as the services are rendered (based on agreement/arrangement with the concerned customers).
- Dividend income on investments is accounted for when the right to receive the payment is established.
- Interest income is recognised on time proportion basis.
- Income against the claims of the Company, viz., export incentives, insurance and railway claims, etc., is recognised on accrual/right to receive basis. However, the quantum of accrual cannot be ascertained with reasonable certainty, the same is accounted on acceptance basis.
- Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between sale price, carrying value of Investment and other incidental Expenses.

14. Employee Benefits:

- Short-term employee benefits and contribution to defined contribution plans are recognised as an expense on accrual at the undiscounted amount in the Profit and Loss Account.

The contribution as specified under the law are paid to the Provident Fund set up as irrevocable trust by the Company or to the Regional Provident Fund Commissioner. The Company is generally liable for annual contribution and any shortfall in the fund assets based on the government specified minimum rates of return. Such contributions and shortfall, if any, are recognised in the Profit and Loss Account as an expense in the year incurred.

- Post-employment and other long-term employee benefits are recognised as an expense, at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the Profit and Loss Account.

SCHEDULE 23 (Contd.)

- Employee Stock Option Scheme: The stock options granted are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India, whereby the intrinsic value of options is recognised as deferred employee compensation. The deferred employee compensation is charged to Profit and Loss Account on straight line basis over the vesting period of the option. The employee stock option outstanding account is shown net of any unamortised deferred employee compensation.

15. Government Grants:

Government grants are recognised when there is reasonable assurance that the same will be received. Capital grants relating to specific assets are reduced from the gross value of the fixed assets and capital grants for Project Capital Subsidy are credited to Capital Reserve. Revenue grants are recognised in the Profit and Loss Account.

16. Borrowing Cost:

Interest and other costs, in connection with the borrowing of the funds to the extent related/attribution to the acquisition/construction of qualifying fixed assets, are capitalised upto the date when such fixed assets are ready for their intended use and all other borrowing costs are charged to Profit and Loss Account.

17. Provision for Current and Deferred Tax:

Provision for Current Tax is made on the basis of estimated taxable income for the current accounting period in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax, resulting from timing difference between book and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. The Deferred Tax Asset is recognised and carried forward only to the extent there is a reasonable certainty that the Deferred Tax Assets will be realised in future.

18. Mines Restoration Expenditure:

The Company provides for the expenditure to restore the mines based on technical estimates by internal/external specialists. The total estimate of restoration expenditure is apportioned over the estimated quantities of total mineral reserves and provision is made based on the quantity of minerals mined during the year.

19. Operating Leases:

Leases, where significant portion of risk and reward of ownership are retained by the Lessor are classified as Operating Leases and lease rentals thereon are charged to Profit and Loss Account.

20. Provisions/Contingencies:

A provision is 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 (as provided/charged to Profit and Loss Account) based on best estimate of the amount required to settle the obligation at the Balance Sheet date.

Contingent Liabilities are not recognised but are disclosed, and Contingent Assets are neither recognised nor disclosed, in the financial statements.

21. Goodwill:

Goodwill arising out of consolidation of financial statements of Subsidiaries and Joint Ventures is not amortised. However, the same is tested for impairment at each Balance Sheet Date.

(B) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CFS)

1. Principles of Consolidation:

- (a) The Consolidated Financial Statements (CFS) are prepared in accordance with Accounting Standard on "Consolidated Financial Statements" (AS-21), "Financial Reporting of Interests in Joint Ventures" (AS-27) and "Accounting for Investments in Associates in Consolidated Financial Statements" (AS-23) issued by the Institute of Chartered Accountants of India.

SCHEDULE 23 (Contd.)

The CFS are prepared using uniform significant accounting policies, in accordance with the generally accepted accounting policies. The effect of intra-group transactions between Grasim, Subsidiaries and Joint Ventures are eliminated in consolidation.

- (b) The CFS comprises the Audited Financial Statements (except as mentioned otherwise) of Grasim Industries Ltd. (Grasim/The Company), its Subsidiaries and its interest in Joint Ventures and Associates for the year ended 31st March, 2011, which are as under:

Subsidiaries:

Name of the Company	Note	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %		% Shareholding and Voting Power along with subsidiaries	
				31.3.2011	31.3.2010	31.3.2011	31.3.2010
Sun God Trading and Investments Limited		SGTIL	India	100.00	100.00	100.00	100.00
Samruddhi Swastik Trading and Investments Limited		SSTIL	India	100.00	100.00	100.00	100.00
Grasim Bhiwani Textiles Limited		GBTL	India	100.00	100.00	100.00	100.00
Samruddhi Cement Limited	*	SCL	India	—	64.96	—	64.96
UltraTech Cement Limited		UltraTech	India	60.34	54.78	60.34	54.78
Dakshin Cements Limited	@	DCL	India	60.34	54.78	100.00	100.00
UltraTech Cement Lanka Private Limited	@	UTCPL	Sri Lanka	48.27	43.82	80.00	80.00
UltraTech Cement Middle East Investment Limited (w.e.f. 3rd March, 2010)	@	UTCMEIL	UAE	60.34	54.78	100.00	100.00
Harish Cement Limited	# @	HCL	India	60.34	64.96	100.00	100.00
Star Cement Co. LLC, UAE (w.e.f. 31st August, 2010)	^	SCCLD	UAE	48.27	NA	80.00	NA
Star Cement Co. LLC, Ras-Al-Khaimah (w.e.f. 31st August, 2010)	^	SCCLRAK	UAE	48.27	NA	80.00	NA
Al Nakhla Crusher, LLC, Fujairah (w.e.f. 6th September, 2010)	^	ANCL	UAE	48.27	NA	80.00	NA
Arabian Cement Industry LLC, Abu Dhabi (w.e.f. 15th September, 2010)	^	ACIL	UAE	48.27	NA	80.00	NA
Arabian Gulf Cement Co. W.L.L. (w.e.f. 27th September, 2010)	^	AGCCW	Bahrain	48.27	NA	80.00	NA
Emirates Power Company Ltd. (w.e.f. 27th August, 2010)	^	EPCL	Bangladesh	48.27	NA	80.00	NA
Emirates Cement Bangladesh Ltd. (w.e.f. 27th August, 2010)	^	ECBL	Bangladesh	48.27	NA	80.00	NA

* Incorporated on 4th September, 2009, as wholly owned Subsidiary of SSTIL upto 3rd October, 2009. Pursuant to scheme of arrangement, post-issue of shares to shareholders of the Company percentage held by the Company reduced to 64.96%. Pursuant to another scheme of arrangement SCL merged with UltraTech. [Refer Note 3 of Schedule 23(B)]

Wholly owned Subsidiary of Grasim directly upto 30th September, 2009, subsequently wholly owned Subsidiary of SCL upto 30th June, 2010 and subsequently wholly owned Subsidiary of UltraTech w.e.f. 1st July, 2010.

@ Subsidiaries held through UltraTech.

^ Subsidiaries held through UTCMEIL [Refer Note 6 of Schedule 23(B)].

Joint Venture Companies (JV):

Name of the Company	Note	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %		% Shareholding and Voting Power along with subsidiaries	
				31.3.2011	31.3.2010	31.3.2011	31.3.2010
A. V. Cell Inc.	^	AVC	Canada	45.00	45.00	45.00	45.00
A. V. Nackawic Inc.	^	AVN	Canada	45.00	45.00	45.00	45.00
Birla Jingwei Fibres Co. Limited	^	BJFC	China	31.00	31.00	31.00	31.00
Birla Lao Pulp and Plantations Company Limited	^	BLPP	Laos	40.00	40.00	40.00	40.00
Bhaskarpara Coal Company Limited	# @	BCCL	India	28.58	30.77	47.37	47.37
Madanpur (North) Coal Company Private Limited	@	MCCPL	India	6.74	6.12	11.17	11.17
Bhubaneswari Coal Mining Limited	\$	BCML	India	26.00	NA	26.00	NA

JV of Grasim upto 30th September, 2009, thereafter JV of SCL upto 30th June, 2010 and subsequently JV of UltraTech w.e.f. 1st July, 2010. Ownership Interest held by UltraTech.

@ JV of UltraTech, Ownership Interest held by UltraTech.

\$ Incorporated as JV on 21st September, 2010 [(Refer Note 4 of Schedule 23(B))].

^ Unaudited Accounts Considered.

SCHEDULE 23 (Contd.)

Associates:

Name of the Company	Note	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %		% Shareholding and Voting Power along with subsidiaries	
				31.3.2011	31.3.2010	31.3.2011	31.3.2010
Aditya Birla Science & Technology Co. Ltd.	^	ABSTCL	India	39.00	39.00	39.00	39.00
Idea Cellular Ltd.	\$ ^	Idea	India	5.18	5.18	5.18	5.18

^ Unaudited Accounts Considered.

\$ [Refer Note 2 of Schedule 23 (B)].

- (c) The Consolidated Financial Statements includes four JV's and nine Subsidiaries incorporated outside India, whose Financial Statements have been restated in Indian Rupees considering them as non-integral part of the Group's operations. In translating the Financial Statements of such JV's for incorporation in the Financial Statements, the assets and liabilities, both monetary and non-monetary, are translated at closing rate. All Income and Expenses are translated at yearly average exchange rate and resulting exchange differences are accumulated in Foreign Currency Translation Reserve.
2. These revised CFS have been drawn by the Company revising the CFS earlier approved by the Board on 11th May, 2011 on which the Statutory Auditors of the Company have issued their report dated 11th May, 2011. The CFS earlier approved by the Board on 11th May, 2011 and the Statutory Auditors Report thereon dated 11th May, 2011 have not been circulated to the Shareholders of the Company. In the CFS approved earlier, accounts of the Company, one associate, Idea Cellular Ltd. (Idea), for the nine months ended 31st December, 2010 were considered in the absence of Idea's accounts for the quarter / year ended 31st March, 2011.
- Subsequently on 13th June, 2011 the Board of Idea has approved its unaudited CFS for the year ended 31st March 2011 and the same have been subjected to limited review by Idea's auditors.
- Consequently the earlier approved CFS of the Company are revised to incorporate the unaudited CFS of Idea for the financial year ended 31st March, 2011 and these revised CFS have been approved by the Board of the Company.
- Idea's accounts for the year ended 31st March, 2011, as incorporated in the Company's CFS are subject to change on the final outcome in the sub-judice matter of the Scheme of Amalgamation of Spice Communications Ltd. with Idea, pending in the Hon'ble High Court of Delhi. However, the impact of the same, if any, on Company's CFS is not likely to be material considering that the Company holds 5.18% equity share capital in Idea.
3. (a) During the year, under a Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956, Samruddhi Cement Limited (SCL), a subsidiary of the Company, has been amalgamated with UltraTech Cement Ltd. (UltraTech), another subsidiary of the Company, w.e.f. 1st July, 2010. Accordingly, the shareholders of SCL have been issued 4 (four) equity shares of UltraTech of the face value of ₹ 10 each credited as fully paid up, in lieu of 7 (seven) equity shares of SCL of the face value of ₹ 5 each (fully paid up). As a result, shareholding of the Company in UltraTech stand increased to 60.34%.
- (b) During the previous year, under a Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956, (the Scheme) Cement Business (*intra alia* comprising of Grey Cement, White Cement, Ready-Mix Concrete Businesses) of the Company was transferred to its wholly owned subsidiary SCL w.e.f. 1st October, 2009. In terms of the Scheme, the shareholders of the Company received 1 (one) equity share of SCL of the face value of ₹ 5 each, credited as fully paid-up, for every 1 (one) fully paid-up equity share of the Company held on 28th May, 2010, the record date fixed for this purpose.
4. During the current year, the Company has entered into an Joint Venture Agreement with Essel Mining and Industries Ltd. to form a Joint Venture Company, namely, Bhubneshwari Coal Mining Company Limited, to undertake contract coal mining business.
5. During the current year, the Company has acquired 4,000 additional shares of Birla Lao Pulp and Plantation Company Limited (a JV) at a cost of ₹17.86 crore. There has been no change in the Ownership Percentage on account of this additional Investment.
6. During the current year, UltraTech's wholly-owned subsidiary, 'UltraTech Cement Middle East Investments Limited', has completed the acquisition of ETA Star Cement (Star) and has acquired management control of its operations in UAE, Bahrain and Bangladesh.

SCHEDULE 23 (Contd.)

7. During the previous year, a Scheme of Arrangement for sale of Sponge Iron Unit of the Company became effective on 22nd May, 2009. The profit on sale of the Sponge Iron Unit amounting to ₹ 336.07 crore (Net of tax of ₹ 8.65 crore) has been accounted for as an Extraordinary Item in previous year. Consequent to sale of Sponge Iron Unit, the Financial Statements of the Company for the previous year ended 31st March, 2010, include the operations of the Sponge Iron Business upto 22nd May, 2009, and are, therefore, strictly not comparable with the figures of the current year ended 31st March, 2011.
8. Idea Cellular Limited (Idea), an Associate of the Company, was originally a tripartite Joint Venture between A.V. Birla Group, Tata Group and AT&T Group. With the exit of AT&T and the Tata Group, Idea is now part of A.V. Birla Group. Prior to its exit, Tata Group had alleged that the A.V. Birla Group had committed material breach of the Shareholders' Agreement and the Tata Group invoked the arbitration clause, pursuant to which an Arbitral Tribunal has been constituted, which has taken up the claims of the Tata Group and the counter-claims of the A.V. Birla Group and proceedings are on going. The Company believes that it has a strong case to counter the allegations of breach and it does not contemplate any liability to arise on this matter.
9. The Company's proportionate share in Assets, Liabilities, Income and Expenses of its Joint Venture Companies included in these Consolidated Financial Statements are given below:

(₹ in Crore)

BALANCE SHEET	As at 31st March, 2011	As at 31st March, 2010
SOURCES OF FUNDS		
Shareholders' Funds		
Equity Share Capital	310.97	274.21
Other Share Capital	51.71	49.67
Reserves and Surplus	72.39	(46.37)
	435.07	277.51
Loan Funds		
Secured Loans	345.46	328.68
Unsecured Loans	32.86	31.31
	378.32	359.99
TOTAL	813.39	637.50
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	635.27	542.22
Less: Depreciation	131.24	96.54
Net Block	504.03	445.68
Capital Work-in-Progress	59.24	46.67
	563.27	492.35
Investments		
	12.47	11.92
Current Assets, Loans and Advances		
Inventories	158.23	119.16
Sundry Debtors	93.61	54.69
Cash and Bank Balances	79.51	18.01
Loans and Advances	13.68	12.51
	345.03	204.37
Less:		
Current Liabilities and Provisions		
Liabilities	99.82	66.83
Provisions	7.58	4.33
	107.40	71.16
Net Current Assets	237.63	133.21
Miscellaneous Expenditure	0.02	0.02
TOTAL	813.39	637.50
Contingent Liability	0.31	0.39

SCHEDULE 23 (Contd.)

(₹ in Crore)

PROFIT AND LOSS ACCOUNT	For the Year ended 31st March, 2011	For the Year ended 31st March, 2010
INCOME		
Net Sales	852.26	587.42
Interest and Dividend Income	0.45	0.24
Other Income	1.18	0.82
Increase/(Decrease) in Stocks	7.00	(6.16)
	860.89	582.32
EXPENDITURE		
Raw Materials Consumed	342.93	273.86
Manufacturing/Operating Expenses	155.59	120.30
Purchases of Finished and Other Products	—	—
Payments to and Provisions for Employees	101.69	87.32
Selling, Distribution, Administration and Other Expenses	99.37	77.15
Interest	14.65	10.69
Depreciation and Amortisation	29.31	32.92
	743.54	602.24
Profit before Tax	117.35	(19.92)
Provision for Current Tax	—	(0.01)
Net Profit	117.35	(19.93)
Adjustment on Account of Merger of SCL with UltraTech	0.04	—
Balance brought forward from Previous Year	(39.52)	(19.59)
Profit Available for Appropriation	77.87	(39.52)
Appropriations	—	—
Balance Carried to Balance Sheet	77.87	(39.52)
	77.87	(39.52)

10. The Ministry of Textiles, vide its orders dated 30th June, 1997, and 1st July, 1999, has deleted cement from the list of commodities to be packed in Jute bags under the Jute Packaging (Compulsory Use in Packing Commodities) Act, 1987. In view of this, the Company does not expect any liability for non-dispatch of cement in Jute bags in respect of earlier years.

(₹ in Crore)

	As at 31st March, 2011	As at 31st March, 2010
11. (a) Contingent Liabilities:		
(i) Claims not acknowledged as debts		
- Excise Duty/Service Tax	192.27	174.73
- Water Cess	23.00	19.05
- Custom Duty	12.26	2.39
- Sales Tax/VAT	136.81	106.23
- Royalty on Limestone	181.06	156.28
- Others	235.16	210.12
(ii) Custom Duty which may arise if obligation for export is not fulfilled against import of raw materials and machinery	0.85	1.43
(iii) Letter of Undertaking-cum-Indemnity, Corporate Guarantees given to Bank/Financial Institutions	306.33	7.65
- Amount Outstanding against the above	63.10	—
(b) Estimated Amount of Contracts remaining to be executed on capital account and not provided for (Net of the Advances Paid)	2,327.88	575.06
(c) Deferred Preference Share Dividend	1.61	1.12

SCHEDULE 23 (Contd.)

		(₹ in Crore)	
		As at 31st March, 2011	As at 31st March, 2010
12.	Deferred Tax Assets and Liabilities as on 31st March, 2011, are as under:		
	Deferred Tax Assets:		
	Accrued Expenses deductible on payment basis*	167.26	87.02
	Expenses allowable in installments in Income Tax	4.36	41.15
	Provision for Contingencies allowable on payment basis	3.33	2.50
	Provision for Doubtful Debts allowable in year of write off against Debtors	—	0.09
	Unabsorbed Losses	20.54	—
	Others	9.10	0.96
		204.59	131.72
	Deferred Tax Liability:		
	Depreciation	2,158.77	2,129.97
	Payments allowed under tax not expensed in books	7.39	7.47
	Net Deferred Tax Liability	1,961.57	2,005.72
	Notes:		
	(a) *During the current year, ₹ 29.31 crore adjusted in General Reserve on account of Cost of Assets transferred Pursuant to Scheme of Amalgamation of SCL with UltraTech. [Refer Note 3a of Schedule 23(B)]		
	(b) Deferred Tax benefits are recognised as assets to the extent that it is more likely than not future taxable profit will be available against which the asset can be utilised.		
		For the Year ended 31st March, 2011	For the Year ended 31st March, 2010
13.	Earnings Per Share:		
	Net Profit for the period from Ordinary Activities attributable to Equity Shareholders	₹ in Crores 2,279.01	2,759.46
	Net Profit for the period (after Extraordinary Items) attributable to Equity Shareholders	₹ in Crores 2,279.01	3,095.53
	Weighted-average number of Equity Shares Outstanding	Nos. 91,703,915	91,693,335
	Weighted-average Potential Equity Shares on exercise of option	Nos. 61,612	35,260
	(a) Basic Earnings Per Share (Face Value of ₹ 10 each)		
	From Ordinary Activities	₹ 248.52	300.94
	After Extraordinary Items	₹ 248.52	337.60
	(b) Diluted Earnings Per Share (Face Value of ₹ 10 each)		
	From Ordinary Activities	₹ 248.35	300.83
	After Extraordinary Items	₹ 248.35	337.47
14.	Segment Reporting:		
	(a) Primary Segment Reporting (by business segment)		
	Segments have been identified in line with the Accounting Standard on Segment Reporting (AS 17), taking into account the organizational structure as well as the differential risk and returns of these segments. Details of products included in each of the segments are as under:		
	Fibre & Pulp	- Viscose Staple Fibre and Wood Pulp	
	Chemicals	- Caustic Soda and Allied Chemicals	
	Cement	- Grey Cement, White Cement and Allied Products	
	Sponge Iron	- Sponge Iron (upto 22nd May, 2009)	
	Textiles	- Fabric and Yarn	
	Others	- Investment Subsidiaries and Contract Coal Mining	

SCHEDULE 23 (Contd.)

- (b) **Inter-segment transfers of independent marketable products are at market rates.**
(c) **Information about Business Segments for the Current Year ended 31st March, 2011**

(₹ in Crore)

	Fibre & Pulp	Chemicals	Cement	Textiles	Others	Eliminations	Total
A REVENUE:							
Gross Sales (External)	4,987.72	460.44	17,720.20	402.18	—	—	23,570.54
Gross Sales (Inter-segment)	52.07	121.37	3.55	0.11	—	(177.10)	—
Total Gross Sales	5,039.79	581.81	17,723.75	402.29	—	(177.10)	23,570.54
Other Income	129.23	13.73	212.47	20.96	1.91	(10.93)	367.37
Unallocated Corporate Other Income							346.14
Total Other Income	129.23	13.73	212.47	20.96	1.91	(10.93)	713.51
Total Revenue	5,169.02	595.54	17,936.22	423.25	1.91	(188.03)	24,284.05
B RESULTS:							
Segment Result (PBIT)	1,492.06	90.41	2,422.18	17.53	1.68	(2.26)	4,021.60
Unallocated Corporate Income							236.77
Interest Expense							(405.57)
Profit before Tax from Ordinary Activities							3,852.80
Write Back of Excess Provision for Tax/Income Tax Refund related to earlier years (Net)							150.81
Provision for Current Tax Deferred Tax							(1,123.55) 15.13
Net Profit before and after Tax after Extraordinary Items							2,895.19
Less: Minority Interest Add: Share in Profit of Associates							659.96 43.78
Net Profit							2,279.01
C OTHER INFORMATION:							
Segment Assets	3,017.70	481.86	19,908.27	262.07	27.09	(11.69)	23,685.30
Unallocated Corporate Assets							8,336.10
Total Assets							32,021.40
Segment Liabilities	352.09	42.20	3,349.66	81.72	0.90	(5.50)	3,821.07
Unallocated Corporate Liabilities							9,275.59
Minority Interest							4,351.39
Total Liabilities							17,448.05
Capital Expenditure	183.26	62.85	1,440.63	7.81	—	—	1,694.55
Unallocated Corporate Capital Expenditure							13.25
Depreciation and Amortisation	135.76	33.84	924.60	9.14	0.21	—	1,103.55
Unallocated Corporate Depreciation and Amortisation							34.82
Total Depreciation and Amortisation							1,138.37
Significant Non-Cash Expenses other than Depreciation							2.23

SCHEDULE 23 (Contd.)

Information about Business Segments for the Previous Year ended 31st March, 2010

(₹ in Crore)

	Fibre & Pulp	Chemicals	Cement	Sponge Iron	Textiles	Others	Eliminations	Total
A REVENUE:								
Gross Sales (External)	4,008.88	386.72	16,866.15	117.42	331.37	—	—	21,710.54
Gross Sales (Inter-segment)	40.57	134.94	1.14	1.98		—	(178.63)	—
Total Gross Sales	4,049.45	521.66	16,867.29	119.40	331.37	—	(178.63)	21,710.54
Other Income	110.13	11.05	154.43	2.16	20.96	3.96	(7.01)	295.68
Unallocated Corporate Other Income								239.22
Total Other Income	110.13	11.05	154.43	2.16	20.96	3.96	(7.01)	534.90
Total Revenue	4,159.58	532.71	17,021.72	121.56	352.33	3.96	(185.64)	22,245.44
B RESULTS:								
Segment Result (PBIT)	1,194.79	92.80	3,907.67	(43.90)	15.46	3.71	(3.32)	5,167.21
Unallocated Corporates Income								160.35
Interest Expense								(334.55)
Profit before Tax from Ordinary Activities								4,993.01
Write Back of Excess Provisions for Tax/Income Tax Refund related to earlier years (Net)								25.25
Provision for Current Tax Deferred Tax								(1,238.87) (356.86)
Profit after Tax from ordinary Activities								3,422.53
Extraordinary Items								
Profit (Net of Tax) on Sale of Sponge Iron Unit								336.07
Net Profit after Tax after Extraordinary Items								3,758.60
Less: Minority Interest								714.12
Add: Share in Profit of Associates								51.05
Net Profit								3,095.53
C OTHER INFORMATION:								
Segment Assets	2,693.25	440.85	17,240.03	—	236.67	25.31	(21.94)	20,614.17
Unallocated Corporate Assets								7,159.36
Total Assets								27,773.53
Segment Liabilities	273.82	32.27	2,830.34	—	60.91	0.59	(18.01)	3,179.92
Unallocated Corporate Liabilities								8,314.15
Minority Interest								3,754.84
Total Liabilities								15,248.91
Capital Expenditure	95.55	41.13	1,146.81	—	2.55	—	—	1,286.04
Unallocated Corporate Capital Expenditure								222.30
Depreciation and Amortisation	144.43	32.00	797.92	4.71	8.76	0.22	—	988.04
Unallocated Corporate Depreciation and Amortisation								6.67
Total Depreciation and Amortisation								994.71
Significant Non-Cash Expenses other than Depreciation								2.64

SCHEDULE 23 (Contd.)

(d) Secondary Segment Reporting (by Geographic Segment)

	Current Year	(₹ in Crore) Previous Year
Segment Revenues (Gross Sales):		
- India	21,110.00	19,944.71
- Rest of the World	2,460.54	1,765.83
	<u>23,570.54</u>	<u>21,710.54</u>
Segment Assets:		
- India	29,844.39	27,106.54
- Rest of the World	2,177.01	666.99
	<u>32,021.40</u>	<u>27,773.53</u>
Capital Expenditure:		
- India	1,585.20	1,465.15
- Rest of the World	122.60	43.19
	<u>1,707.80</u>	<u>1,508.34</u>

15 Related Party Transactions:

(a) Related Parties with whom transactions have taken place during the year:

Joint Ventures:

A.V. Cell Inc., Canada
A.V. Nackawic Inc., Canada
Birla Jingwei Fibres Company Limited
Birla Lao Pulp & Plantations Company Limited
Bhaskarpara Coal Company Limited
Madanpur (North) Coal Company (Private) Limited
Bhubaneswari Coal Mining Limited

Associates:

Aditya Birla Science & Technology Company Limited
Idea Cellular Limited

Key Management Personnel:

Shri Shailendra K. Jain, Whole-Time Director (upto 31st March, 2010)
Relatives of Shri Shailendra K. Jain:
- Smt. Niharika Jain, Wife
- Shri Suvrat Jain, Son
- Shri Devavrat Jain, Son
Shri Adesh Gupta, Whole-Time Director and Manager (w.e.f 3rd October, 2009)
Relative of Shri Adesh Gupta:
- Smt. Usha Gupta, Wife
Shri K.K. Maheshwari, Whole-Time Director (w.e.f 20th May, 2010)
Shri D.D. Rathi, Whole-Time Director (upto 31st May, 2009)
Enterprise where significant influence exists:
- Vishal Industries and Chemicals Private Limited
Shri S. Misra, Managing Director and CEO of UltraTech Cement Limited (Upto 31st March, 2010)
Shri O.P. Puranmalka, Whole-Time Director of Samruddhi Cement Limited (Upto 31st March, 2010), Whole-Time Director of UltraTech Cement Limited (w.e.f. 1st April, 2010)
Relative of Shri O.P. Puranmalka:
- Smt. Sita Puranmalka
Shri Kamal Rathi, Manager of Samruddhi Cement Limited (Upto 30th June, 2010)
Shri S. Krishnamoorthy, Manager of Grasim Bhiwani Textiles Limited (Upto 31st March, 2010)
Shri Surendra Sharma, Manager of Grasim Bhiwani Textiles Limited (w.e.f. 17th April, 2010)

SCHEDULE 23 (Contd.)

(b) Details of Transactions:

(₹ in Crore)

Nature of Transactions	Joint Ventures	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises where significant influence exists	Total
1. Sales and Services						
Birla Jingwei Fibres Company Limited	0.30	—	—	—	—	0.30
	(0.62)	—	—	—	—	(0.62)
Total	0.30	—	—	—	—	0.30
	(0.62)	—	—	—	—	(0.62)
2. Interest and other Income Received/Receivable						
A.V. Cell Inc.	1.75	—	—	—	—	1.75
	(1.79)	—	—	—	—	(1.79)
A.V. Nackawic Inc.	2.46	—	—	—	—	2.46
	—	—	—	—	—	—
Aditya Birla Science & Technology Company Ltd.	—	1.92	—	—	—	1.92
	—	(1.05)	—	—	—	(1.05)
Others	—	—	0.02	—	—	0.02
	—	—	(0.01)	(0.02)	—	(0.03)
Total	4.21	1.92	0.02	—	—	6.15
	(1.79)	(1.05)	(0.01)	(0.02)	—	(2.87)
3. Purchases of Goods/Payment for Other Services						
A.V. Cell Inc.	—	—	—	—	—	—
	(1.01)	—	—	—	—	(1.01)
A.V. Nackawic Inc.	430.71	—	—	—	—	430.71
	(515.97)	—	—	—	—	(515.97)
Others	—	6.76	10.15	0.07	—	16.98
	—	(7.91)	(13.38)	(0.10)	—	(21.39)
Total	430.71	6.76	10.15	0.07	—	447.69
	(516.98)	(7.91)	(13.38)	(0.10)	—	(538.37)
4. Finance Provided						
Aditya Birla Science & Technology Company Ltd.	—	15.00	—	—	—	15.00
	—	(15.20)	—	—	—	(15.20)
Others	0.10	—	—	0.98	—	1.08
	—	—	—	(1.00)	—	(1.00)
Total	0.10	15.00	—	0.98	—	16.08
	—	(15.20)	—	(1.00)	—	(16.20)
5. Repayment against Finance Provided						
Vishal Industries and Chemicals Private Limited	—	—	—	—	—	—
	—	—	—	—	(1.60)	(1.60)
Others	—	30.30	0.50	—	—	30.80
	—	—	—	—	—	—
Total	—	30.30	0.50	—	—	30.80
	—	—	—	—	(1.60)	(1.60)

SCHEDULE 23 (Contd.)

(₹ in Crore)

Nature of Transactions	Joint Ventures	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises where significant influence exists	Total
6. Investment in Equity						
A.V. Nackawic Inc.	—	—	—	—	—	—
	<i>(39.95)</i>	—	—	—	—	<i>(39.95)</i>
Birla Lao Pulp & Plantations Company Limited	17.86	—	—	—	—	17.86
	<i>(9.67)</i>	—	—	—	—	<i>(9.67)</i>
Others	0.10	—	—	—	—	0.10
	<i>(4.41)</i>	—	—	—	—	<i>(4.41)</i>
Total	17.96	—	—	—	—	17.96
	<i>(54.03)</i>	—	—	—	—	<i>(54.03)</i>
7. Sale of Fixed Assets						
Shri Shailendra K. Jain	—	—	—	—	—	—
	—	—	<i>(0.03)</i>	—	—	<i>(0.03)</i>
Total	—	—	—	—	—	—
	—	—	<i>(0.03)</i>	—	—	<i>(0.03)</i>
8. Outstanding Balances as on 31st March, 2011						
<u>Loans and Advances</u>						
A.V. Cell Inc.	32.80	—	—	—	—	32.80
	<i>(29.82)</i>	—	—	—	—	<i>(29.82)</i>
Aditya Birla Science & Technology Company Ltd.	—	10.48	—	—	—	10.48
	—	<i>(25.73)</i>	—	—	—	<i>(25.73)</i>
Others	2.46	—	0.28	1.98	—	4.72
	—	—	<i>(0.78)</i>	<i>(1.00)</i>	—	<i>(1.78)</i>
Total	35.26	10.48	0.28	1.98	—	48.00
	<i>(29.82)</i>	<i>(25.73)</i>	<i>(0.78)</i>	<i>(1.00)</i>	—	<i>(57.33)</i>
<u>Creditors</u>						
A.V. Nackawic Inc.	30.48	—	—	—	—	30.48
	<i>(27.80)</i>	—	—	—	—	<i>(27.80)</i>
Total	30.48	—	—	—	—	30.48
	<i>(27.80)</i>	—	—	—	—	<i>(27.80)</i>
9. Guarantees and Collaterals						
A.V. Nackawic Inc.	298.68	—	—	—	—	298.68
	—	—	—	—	—	—
Others	7.65	—	—	—	—	7.65
	<i>(4.00)</i>	—	—	—	—	<i>(4.00)</i>
Total	306.33	—	—	—	—	306.33
	<i>(4.00)</i>	—	—	—	—	<i>(4.00)</i>

Notes: 1. Previous Year's figures are given in Brackets and Italics.
2. Transactions with Joint Ventures are reported at full values.

SCHEDULE 23 (Contd.)

16 Retirement Benefits

A Defined Benefit Plans:

- a) **Gratuity:** The employees' gratuity fund scheme is managed by respective Trust of each group company. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method as prescribed by Accounting Standard (AS) 15 Employee Benefit, which recognises each period of service giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up final obligation.

The amount recognised in respect of gratuity (funded by the respective group companies) is as under:

	Current Year	Previous Year
		(₹ in Crore)
(i) Present value of the funded defined benefit obligation at the end of the period	314.07	280.57
Fair Value of Plan Assets	306.70	265.47
Amount not recognised as an Asset [limit in Para 59(b) of (AS) 15]	0.43	—
Net Liabilities/(Assets)	7.37	15.10
(ii) The amounts recognised in salary, wages and employee benefits in the Profit and Loss Account as follows in respect of gratuity:		
Current Service Cost	20.09	18.74
Interest on Defined Benefit Obligations	24.08	20.75
Expected return on plan assets	(20.97)	(19.08)
Net Actuarial (Gain)/Loss recognised during the period	9.15	4.57
Effect of the limit in Para 59(b) of (AS) 15	5.24	—
Net Cost	37.59	24.98
Less: Capitalised as pre-operative expenses in respect of projects/old disputed settlements	0.09	0.09
Net Charge to Profit and Loss Account	37.50	24.89
(iii) Actual Return on Plan Assets		
Expected Return on Plan Assets	20.97	19.08
Actuarial Gain/(Loss) on Plan Assets	2.24	3.64
Actual Return on Plan Assets	23.21	22.72
(iv) Reconciliation of Present Value of the Obligation and the Fair Value of the Plan Assets:		
Opening Defined Benefit Obligation as on 1st April, 2010	280.57	256.71
Current Service Cost	20.09	18.74
Interest cost	24.08	20.75
Actuarial (Gain)/Loss	11.39	8.19
Benefits Paid	(29.94)	(24.46)
Past Service Cost	7.88	0.64
Closing Defined Benefit obligation as on 31st March, 2011	314.07	280.57
(v) Change in Fair Value of the Plan Assets		
Opening Fair Value of the Plan Assets	265.47	224.64
Expected Return on Plan Assets	20.97	19.08
Actuarial (Gain)/Loss	2.24	3.64
Contributions by the Employer	47.96	42.57
Benefits Paid	(29.94)	(24.46)
Closing Fair Value of the Plan Assets	306.70	265.47

SCHEDULE 23 (Contd.)

	Current Year	Previous Year
(vi) Investment Details of Plan Assets		
Government of India Securities	13%	20%
Corporate Bonds	11%	13%
Insurer Managed Fund	72%	59%
Others	4%	8%
Total	100%	100%

- (vii) (a) The Fair Value of the Plan Assets related to UltraTech Cement Ltd. (a Subsidiary Company) includes 8.8% Non-Convertible Debentures of the said Company of the face value of ₹ 1.20 crore purchased at ₹ 1.19 crore.
- (b) There are no amount included in the Fair Value of Plan Assets for:
- Company's own financial instrument other than those mentioned above [(viii)(a)]
 - Property occupied by or other assets used by the Company.
- (c) The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.
- (viii) **Principal Actuarial Assumptions at the Balance Sheet Date**
- | | | |
|---|--------------------|-------------|
| Discount Rate | 8.20%-8.28% | 8.27%-8.45% |
| Estimated Rate of Return on Plan Assets | 7.50%-8.00% | 7.50%-8.00% |
| The estimates of future salary increases are considered taking into account inflation, seniority promotion and other relevant factors | 8.00% | 8.00% |

	Published Rates of LIC (1994-96) Mortality Tables			
(ix) Experience Adjustments	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
Defined Benefit Obligation	314.07	280.57	256.71	213.98
Plan Assets	306.70	265.47	224.64	172.81
Surplus/(Deficit)	(7.37)	(15.10)	(32.07)	(41.17)
Experience Adjustment on Plan Liabilities	9.94	10.12	30.64	16.69
Experience Adjustment on Plan Assets	2.65	4.26	5.79	3.03

- b) The obligation for compensated absence is recognised in the same manner as gratuity, amounting to ₹ 22.27 crore (Previous Year ₹ 18.39 crore) for the year ended 31st March, 2011.

B Defined Contribution Plans:

Amount recognised as expense and included in the Schedule 20 — "Contribution to Provident and Other Funds" — ₹ 59.08 crore (Previous Year ₹ 58.36 crore).

SCHEDULE 23 (Contd.)

17 Disclosure of Derivative Instruments

(a) Derivative Instruments as on 31st March, 2011

		(In Millions)			
Type of Instrument	Type of Exposure	Currency	As at 31st March, 2011	As at 31st March, 2010	Cross Currency
(i) Forward Contracts (For hedging foreign currency exposures)	Exports (Receivables)	USD	6.94	13.88	INR
		Euro	10.95	—	INR
	Import (Payables)	USD	82.01	43.69	INR
		Euro	10.52	4.06	INR
		Euro	45.70	13.25	USD
		JPY	12.52	3.91	INR
		CHF	—	1.07	USD
		DKK	—	—	INR
		Import Trade Finance	USD	25.00	3.04
	JPY	—	—	USD	
(ii) Currency and Interest Rate Swaps (For hedging of foreign currency and interest rate exposures)	ECB	USD	25.00	25.00	INR
		JPY	40,385.23	40,385.23	INR
	Import Trade Finance	JPY	694.90	6,848.81	INR
		USD	2.60	8.90	INR
(iii) Currency Options and Interest Swaps (For hedging of foreign currency and interest rate exposures)	ECB	USD	40.00	40.00	INR
(iv) Interest Rate Swaps (For hedging interest rate exposures)	Mibor Linked Debentures	INR	2,000.00	2,000.00	INR

(b) Unhedged Foreign Currency Exposure as on 31st March, 2011

		(In Millions)	
Type of Exposure	Currency	As at 31st March, 2011	As at 31st March, 2010
(i) Bank Balances	USD	2.60	2.65
(ii) Exports (Receivables)	USD	18.10	17.97
	Euro	—	0.42
(iii) Imports (Payable)	USD	0.19	0.17
	Euro	0.10	0.22
	GBP	—	0.02
	JPY	175.95	3.54
(iv) Interest Payable	USD	0.30	—
(v) Borrowings	USD	25.19	—
(vi) Loans (Receivables)	CAD	7.68	6.75

SCHEDULE 23 (Contd.)

18 Movement of provisions during the period as required by Accounting Standard-29 "Provisions, Contingent Liabilities and Contingent Asset" notified under the Companies (Accounting Standard) Rules, 2006 (as amended):

	Current Year	(₹ in Crore) Previous Year
(a) Provisions made for Mines Closure/Restoration		
Opening Balance	7.42	5.48
Add: Provision made during the year	1.96	2.09
Less: Utilised during the year	—	0.15
Closing Balance during the year	9.38	7.42
(b) Provision for Cost of Transfer of Assets		
Opening Balance	131.16	—
Add: Provision made during the year	88.21	131.16
Less: Utilised during the period	25.00	—
Closing Balance	194.37	131.16

19 Information related to Subsidiary Companies (Refer Page No. 124)

20 Figures pertaining to the Subsidiary Companies and Joint Ventures have been reclassified wherever necessary to bring them in line with the Company's Financial Statements.

21 Previous year's figures have been regrouped and rearranged wherever necessary to conform to this year's classification.

Signatures to Schedule "1" to "23"

For GRASIM INDUSTRIES LIMITED

KUMAR MANGALAM BIRLA
Chairman

M.L. APTE
B.V. BHARGAVA
R.C. BHARGAVA
SHAILENDRA K. JAIN
D.D. RATHI
Directors

Mumbai
Dated: 28th June, 2011

ASHOK MALU
Company Secretary

ADESH GUPTA
Manager,
Whole-Time Director & CFO

K.K. MAHESHWARI
Whole-Time Director

19 Information related to Subsidiary Companies

Sr. No.	Name of the Subsidiary Companies	Year	Currency Symbol	Share Capital (Including Share Application Money)	Reserves and Surplus (Net of Debit balance of Profit and Loss Account)	Total Assets (Fixed Assets + Current Assets + Deferred Tax Assets)	Total Liabilities (Debits + Current Liabilities + Provisions + Deferred Tax Liabilities)	Details of Investments (excluding investments in subsidiary companies)- Treasury Bill	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend after Tax
1	Samruddhi Swastik Trading And Investments Limited	2010-11 2009-10	INR	6.50 6.50	19.56 18.13	4.05 4.28	0.90 0.63	22.91 20.98	—	1.68 3.64	0.25 0.25	1.43 3.39	—
2	Sun God Trading And Investments Limited	2010-11 2009-10	INR	0.05 0.05	—	0.04 0.04	—	0.01 0.01	—	—	—	—	—
3	Grasim Bhiwani Textiles Ltd. (GBTL)	2010-11 2009-10	INR	20.05 20.05	44.45 40.17	232.76 210.46	168.26 150.24	—	327.37 272.29	7.62 5.06	3.34 0.47	4.28 4.59	—
4	Samruddhi Cement Limited (SCL) (upto 30th June, 2010)	2010-11	INR	130.84	4,452.56	8,562.49	5,217.73	1,238.54	2,199.96	468.98	153.98	315.00	53.40
5	Ultra Tech Cement Limited (UTCL) - (Standalone)	2010-11 2009-10	INR	274.04 124.49	10,387.22 4,482.17	16,264.27 6,673.44	9,333.33 3,736.33	3,512.01 1,637.75	4,290.63 7,049.68	941.99 1,588.16	324.03 494.92	617.96 1,083.24	191.09 87.10
6	Dakshin Cement Limited (DAK)	2010-11 2009-10	INR	0.05 0.05	—	0.41 0.28	0.36 0.23	—	—	—	—	—	—
7	Harish Cement Limited (HCL)	2010-11 2009-10	INR	0.05 0.05	—	126.63 77.99	126.58 77.94	—	—	—	—	—	—
8	Ultra Tech Cement Lanka Private Limited	2010-11 2009-10	SLR INR SLR INR	50.00 20.20 50.00 19.69	58.38 23.58 45.71 18.19	151.56 61.29 155.45 60.69	70.46 28.53 59.74 23.18	27.28 11.02	623.87 248.81 617.10 256.55	48.20 19.26 38.86 14.24	20.54 8.30 15.36 6.05	27.66 10.96 23.50 8.19	10.80 5.98 5.00 2.08
9	Ultra Tech Cement Middle East Investment Limited, UAE (Standalone) (w.e.f. 3rd March, 2010)	2010-11 2009-10	AED INR AED INR	15.48 187.94 0.60 7.34	(0.51) (6.23) (0.00) (0.04)	0.02 0.20 0.60 7.31	44.13 535.88 0.00 0.01	—	—	(0.51) (6.33)	—	(0.51) (6.33)	—
10	Star Cement Co LLC, Dubai, UAE (w.e.f. 31st August, 2010)	2010-11 2009-10	AED INR	5.09 61.75	0.24 2.89	21.91 265.84	16.58 201.20	—	19.12 237.27	(2.35) (29.18)	—	(2.35) (29.18)	—
11	Arabian Cement Industry LLC, Abu Dhabi, UAE (w.e.f. 15th September, 2010)	2010-11 2009-10	AED INR	1.00 12.14	(0.41) (4.95)	19.36 234.95	18.77 227.77	—	17.33 214.96	(2.29) (28.46)	—	(2.29) (28.46)	—
12	Star Cement Co LLC, Ras-Al-Haimah, UAE (w.e.f. 31st August, 2010)	2010-11 2009-10	AED INR	14.36 174.29	1.65 20.07	87.29 1,059.40	71.28 865.03	—	32.69 406.54	3.53 43.76	—	3.53 43.76	—
13	AI Nakhla Crusher, LLC, Fujairah, UAE (w.e.f. 6th September, 2010)	2010-11	AED INR	0.20 2.43	(3.73) (45.23)	3.87 46.92	7.39 89.73	—	0.65 8.10	(0.75) (9.34)	—	(0.75) (9.34)	—
14	Arabian Gulf Cement Co WLL, Bahrain (w.e.f. 27th September, 2010)	2010-11	BHD INR	0.03 3.57	0.56 67.24	0.69 81.88	0.09 11.07	—	0.45 55.09	(0.09) (10.65)	—	(0.09) (10.65)	—
15	Emirates Cement Bangladesh Ltd., Bangladesh (w.e.f. 27th August, 2010)	2010-11	Takka INR	158.93 104.00	(77.32) (50.59)	178.12 116.56	96.51 63.15	—	136.81 85.53	(2.26) (1.41)	(10.79) (6.74)	8.53 5.33	—
16	Emirates Power Company Ltd., Bangladesh (w.e.f. 27th August, 2010)	2010-11 2009-10	Takka INR	27.00 17.67	(21.88) (14.32)	30.99 20.28	25.87 16.93	—	9.03 5.64	(3.43) (2.14)	5.13 3.21	(8.56) (6.35)	—

Note : — For Holding Subsidiary Relationship refer note 1(b) of Schedule 23 B

- NA - Not Applicable (Refer Note 5 of Schedule 23 B)

- For converting the figures given in foreign currency appearing in the accounts of the subsidiary companies into equivalent Indian Rupee (INR), following Exchange rates are used for INR

Sr. No.	Currency	Symbol	Balance Sheet (Closing Rate)		Profit and Loss Account (Average Rate)	
			31st March, 2011	31st March, 2010	FY 2010-11	FY 2009-10
1	SriLankan Rupee	SLR	2.4756	2.5389	2.5074	2.4054
2	UAE Dirham	AED	0.0824	0.0818	0.0806	NA
3	Bangladeshi Takka	Takka	1.5282	NA	1.5996	NA
4	Bahrain Dinar	BHD	0.0084	NA	0.0082	NA

GRASIM INDUSTRIES LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Current Year	₹ in Crore Previous Year
A. Cashflow from Operating Activities		
a. Net Profit before Tax	3,852.80	4,993.01
<u>Adjustment for:</u>		
Depreciation/Amortisation	1,138.37	994.71
Employees Compensation Expenses under Employee Stock Option Scheme	2.23	2.64
Interest Expenses	405.57	334.55
Interest Income	(50.10)	(20.27)
Dividend Income	(245.64)	(183.94)
Provision for Bad and Doubtful Debts and Advances/(Written Back) (Net)	(3.29)	3.63
Bad Debts Written Off	0.09	3.01
Non Cash Items	(32.31)	(30.17)
(Profit)/Loss on Sale of Fixed Assets (Net)	(39.03)	3.26
(Profit)/Loss on Sale of Long Term Investments (Net)	—	(0.35)
(Profit)/Loss on Sale of Current Investments (Net)	(23.33)	(2.62)
	5,005.36	6,097.46
b. Operating Profit before Working Capital Changes		
<u>Adjustments for:</u>		
Trade and Other Receivables	(354.97)	(18.24)
Inventories	(383.60)	(251.94)
Trade Payables	313.59	120.51
	4,580.38	5,947.79
c. Cash Generated from Operations		
Direct Taxes Paid (Net)	(1,020.86)	(1,119.03)
	3,559.52	4,828.76
Net Cash from Operating Activities		
B. Cashflow from Investing Activities		
Purchase of Fixed Assets	(1,672.65)	(1,478.00)
Sale of Fixed Assets	240.06	22.51
Government Grants	—	0.34
Purchase of Long Term Investments	(0.10)	(0.26)
Investment in Subsidiaries	(717.40)	—
Increase/(Decrease) in Current Investments	(1,278.41)	(3,300.63)
Expenditure for Cost of Assets Transferred from Samruddhi Cement Limited to UltraTech Cement Limited, pursuant to Scheme of Arrangement [Refer Note 3 of Schedule 23(B)]	(25.00)	—
Sale of Investments	89.76	10.00
Loans and Advances to other companies	(134.07)	2.91
Interest Received	42.94	20.40
Dividend Received	245.64	183.94
<u>Extra Ordinary Items</u>		
Proceeds on Sale of Sponge Iron Unit	—	1,024.88
	(3,209.23)	(3,513.91)
Net Cash from/(used in) Investing Activities		
C. Cashflow from Financing Activities		
Proceeds from Issue of Equity/Preference Share Capital	3.72	1.80
Proceeds from Borrowings	1,069.80	717.17
Repayments of Borrowings	(589.91)	(1,181.82)
Interest Paid	(415.29)	(386.64)
Dividends Paid	(325.04)	(302.50)
Corporate Dividend Tax	(53.97)	(51.96)
	(310.69)	(1,203.95)
Net Cash from/(used in) Financing Activities		
D. Net Increase/(Decrease) in Cash and Cash Equivalents	39.60	110.90
Cash and Cash Equivalent at beginning of the year	237.00	227.02
Cash and Cash Equivalents Transferred on Acquisition of Subsidiary	6.29	—
Cash and Cash Equivalents Transferred on Sale of Sponge Iron Business	—	(97.58)
Effect of Exchange Rate on Consolidation of Foreign Joint Ventures	1.46	(3.34)
Cash and Cash Equivalents at the end of the year	284.35	237.00
(Cash and cash equivalent represent Cash and Bank Balances)		

Note : - Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3.
 - Cash and Cash Equivalents includes ₹ 10.33 crore (Previous Year ₹ 9.35 crore) which are statutorily and contractually restricted accounts.
 - Previous year figures have been regrouped/recast wherever necessary.

In terms of our report attached

For GRASIM INDUSTRIES LIMITED

For DELOITTE HASKINS & SELLS,
Chartered Accountants

For G.P. KAPADIA & CO.,
Chartered Accountants

KUMAR MANGALAM BIRLA
Chairman

B.P. SHROFF
Partner

ATUL B. DESAI
Partner

M.L. APTE
B.V. BHARGAVA
R.C. BHARGAVA
SHAILENDRA K. JAIN
D.D. RATHI
Directors

Mumbai
Dated: 28th June, 2011

ASHOK MALU
Company Secretary

ADESH GUPTA
Manager,
Whole-Time Director & CFO

K.K. MAHESHWARI
Whole-Time Director

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

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



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UltraTech Cement awarded the Business Superbrand 2010.

For the last six years construction engineers have chosen UltraTech Cement for their projects all over the country. And millions of consumers across India have reinforced their choice. So today, when we have been awarded the 'Business Superbrand of the Year', thousands of you all over the country will readily agree with the eminent panel of expert marketers who have chosen us for this prestigious award.



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Birla White (Unit of UltraTech Cement Ltd.)

Central Marketing Office: Ground Floor, Ahura Centre, 82, Mahakali Caves Road, Near M.I.D.C. Office, Andheri (East), Mumbai - 400 093. Tel: 022- 6692 8313 /16 Fax: 022-6692 8301

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ADITYA BIRLA GROUP

Because we believe the Environment is our Future

The Birla Cellulose Environmental Exchange



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BIODEGRADABLE - Our fibres, when disposed, degrade into the soil completely, not leaving any residue.

SUSTAINABLE - Our plantations owned and managed by us, have a cycle of 7 years, and are a completely renewable resource.

ECO-FRIENDLY - Using eco-friendly technologies, innovative production processes like closed loop manufacturing and ICU concept manufacturing have reduced wastage and emissions to lowest possible levels.



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GRASIM INDUSTRIES LIMITED

Registered Office: P.O. Birlagram, Nagda - 456 331 Dist. Ujjain (M.P.)

NOTICE is hereby given that the Sixty-fourth Annual General Meeting of the shareholders of **Grasim Industries Limited** will be held at the Registered Office of the Company at GRASIM STAFF CLUB, Birlagram, Nagda, District Ujjain, Madhya Pradesh - 456 331, on Saturday, the 17th day of September, 2011 at 12.30 P.M. to transact, with or without modifications, as may be permissible, the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended 31st March, 2011 and the Reports of the Directors and the Auditors of the Company.
2. To declare dividend on Equity Shares for the year ended 31st March, 2011.
3. To appoint a Director in place of Mr. M.L. Apte, who retires from office by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. R.C. Bhargava, who retires from office by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mrs. Rajashree Birla, who retires from office by rotation, and being eligible, offers herself for re-appointment.
6. To appoint a Director in place of Mr. Cyril Shroff, who retires from office by rotation, and being eligible, offers himself for re-appointment.
7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution relating to the appointment of Statutory Auditors of the Company:

“RESOLVED that pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. G.P. Kapadia & Co., Chartered Accountants, Mumbai (Registration No. 104768W), and Messrs. Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Registration No. 117366W), the retiring Joint Statutory Auditors of the Company, be and are hereby re-appointed as the Joint Statutory Auditors of the Company to hold office as such from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, at such remuneration to each of them, plus service tax as applicable and reimbursement of actual out of pocket expenses as may be incurred in the performance of their duties, as the Audit Committee/Board of Directors may fix in this behalf.”

8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution relating to the appointment of the Branch Auditors of the Company:

“RESOLVED that pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Vidyarthi & Sons, Chartered Accountants, Lashkar, Gwalior (Registration No. 000112C), be and are hereby re-appointed as Branch Auditors of the Company, to audit the Accounts in respect of the Company’s Vikram Woollens Division at Malanpur (M.P.) to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, at such remuneration, plus service tax as applicable and reimbursement of actual out of pocket expenses as may be incurred in the performance of their duties, as the Audit Committee/Board of Directors may fix in this behalf.”

SPECIAL BUSINESS:

9. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 387 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s), or re-enactment thereof, for the time being in force), the rules and regulations made there under (“the Act”), the consent of the Company be and is hereby accorded to the appointment of Mr. Adesh Gupta, Whole-Time Director and CFO of the Company, as the Manager of the Company as defined in Section 2(24) of the Act, in addition to his present designations, w.e.f. 22nd March, 2011 till 2nd October, 2014, with liberty to either party to terminate the said appointment on three months’ notice in writing to the other.”

“RESOLVED FURTHER THAT the terms and conditions, including the terms and conditions pertaining to remuneration and tenure, as existing and applicable to Mr. Adesh Gupta in his capacity as Whole-Time Director and CFO of the Company and as already approved by the shareholders of the Company at the Annual General Meeting held on 20th August, 2010, shall remain the same and shall also apply to Mr. Adesh Gupta’s appointment as the Manager of the Company, without any additional payment (in the form of remuneration or otherwise) being made to him in relation to his capacity as a Manager of the Company.”

10. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

“RESOLVED THAT in partial modification of the Resolution passed by the members of the Company at the Annual General Meeting held on 20th August, 2010 and pursuant to Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the said Act), including any statutory modification or re-enactment thereof for the time being in force, consent of the Company be and is hereby accorded:

- i) to the revision in the amount of the Basic Salary payable to Mr. K.K. Maheshwari, Whole-Time Director of the Company, upto an overall limit of Rs. 25,00,000 (Rupees Twenty-five lacs only) per month;
- ii) to the revision in the amount of Special Allowance payable to Mr. K.K. Maheshwari upto an overall limit of Rs. 30,00,000 (Rupees Thirty lacs only) per month; and
- iii) to the revision in the amount of Performance Bonus linked to the achievement of targets as may be decided by the Board and/or other compensation payable to Mr. K.K. Maheshwari, as may be decided by the Board from time to time upto the end of his tenure, the same to be made on a *pro rata* basis every month or on an annual basis or partly monthly and partly on annual basis at the discretion of the Board subject to a maximum of Rs. 4,00,00,000 (Rupees Four crore only) in a year on this account,

as may be decided by the Board of Directors of the Company from time to time for the remainder of his tenure of his current term, i.e., upto 19th May, 2015, subject, however, to the limits prescribed in Part II of Schedule XIII to the said Act and subject to the consequential variation or increase in the remuneration due to the revision in the terms of his remuneration as aforesaid, and conditions of his appointment remaining the same as approved at the Annual General Meeting of the Company held on 20th August, 2010.”

11. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to Sections 198, 309(4) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof for the time being in force) (“the Act”), consent of the Company be and is hereby accorded to the payment of, in addition to the sitting fees for attending the meetings of the Board of Directors (“Board”) or Committee(s) thereof and reimbursement of expenses, in accordance with the relevant provisions of the Articles of Association of

the Company, commission to the Directors of the Company (other than the Whole-Time Directors, Managing Director or the Manager of the Company, as the case may be), for a period of five years commencing from 1st April, 2011, at a rate not exceeding 1% (one per cent) per annum of the net profits of the Company calculated in accordance with the relevant provisions of the Act, in each year, but subject to such ceiling, if any, per annum as the Board may from time to time fix in this behalf, such commission being divisible amongst the Directors of the Company in such proportion and in such manner as may be decided by the Board."

**By Order of the Board,
For Grasim Industries Limited,**



ASHOK MALU

Joint President & Company Secretary

Place : Mumbai

Date : 30th July, 2011

NOTES FOR MEMBERS' ATTENTION:

1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER.

THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2) An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item Nos. 9 to 11 of the Notice as set out above, is annexed hereto.

3) The Register of Members and Share Transfer Books of the Company will remain closed from 8th September, 2011 to 17th September, 2011 (both days inclusive), for the purpose of

payment of dividend, if approved by the Members.

4) a) Pursuant to Section 205A of the Companies Act, 1956, all dividends upto the Financial Year 1994-95, which remained unclaimed, have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not encashed their dividend warrants for the said period, are requested to claim the amount from the Registrar of Companies – Madhya Pradesh, Sanjay Complex, 3rd Floor, Jayendra Ganj, Gwalior-474 009 (M.P.). In case any assistance is required, shareholders may please write to the Share Department of the Company at its Registered Office at Nagda.

b) In terms of the provisions contained in Section 205C of the Companies Act, 1956, the Company has already deposited/transferred the unpaid/unclaimed dividends for the Financial Years 1995-96 to 2002-2003 to the Investor Education and Protection Fund (IEPF). No claim shall lie against the IEPF or the Company in respect of the unpaid/unclaimed amount transferred to the IEPF.

c) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the Financial Year 2003-2004 and the dividends for the subsequent years, which remain unpaid or unclaimed for a period of 7 years will be transferred to IEPF. Shareholders who have so far not encashed the dividend warrant(s) for the Financial Year 2003-2004 are requested to make their claim to the Share Department at the Registered Office of the Company at Nagda before *11th August, 2011*, failing which the unpaid/unclaimed amount will be transferred to the IEPF. It may also be noted that once the unpaid/unclaimed dividend is transferred to the IEPF as above, no claim shall lie against IEPF or the Company in respect of such amount by the member.

5) a) Shareholders are requested to notify any change of address:

- (i) to their Depository Participants (DPs) in respect of the shares held in demat form, and
 - (ii) to the Company to its Share Department at the Registered Office at Nagda in respect of the shares held in physical form.
- b) In case the mailing address mentioned on this Annual Report is without the PIN CODE, shareholders are requested to kindly inform their PIN CODE immediately to their DP or the Company, as mentioned above.
- 6) Non-Resident Indian Shareholders are requested to inform the Share Department of the Company or to their concerned DP, as the case may be, immediately:
- a) the change in the residential status on return to India for permanent settlement, and
 - b) the particulars of the NRE Account with a bank in India, if not furnished earlier.
- 7) Shareholders are requested to correspond in connection with the shares held by them by addressing letters directly to the Share Department of the Company situated at the Registered Office of the Company at Birlagram, Nagda-456 331 (M.P.) and not to any other Office of the Company, quoting reference of their folio numbers or their Client ID number with DP ID number, as the case may be.
- 8) Shareholders who are holding shares in identical order of names in more than one folio are requested to send to the Share Department of the Company the details of such folios together with the original Share Certificates for consolidation of their holdings in one folio. The Share Certificates will be returned to the Shareholders after making requisite changes thereon.
- 9) As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. Shareholders holding shares in physical form may obtain the Nomination Form 2B prescribed by the Government from the Share Department of the Company or download it from the

Company's website www.grasim.com. Shareholders holding shares in demat form are required to approach their DPs for the nomination.

- 10) a) Shareholders are advised to avail of the facility for receipt of future dividends through Electronic Clearing Service (ECS). The ECS facility is available at the specified locations. Shareholders holding shares in dematerialised mode are requested to contact their respective DPs for availing ECS facility. Shareholders holding shares in physical form are requested to download the ECS form from the website of the Company and the same duly filled up and signed along with a photo copy of a cancelled cheque may be sent to the Share Department of the Company at the Registered Office at Birlagram, Nagda-456 331 (M.P).
- b) To avoid the incidence of fraudulent encashment of the dividend warrants, Shareholders are requested to intimate the Company under the signature of the Sole/First Jointholder, the following information, so that the Bank Account Number and Name and Address of the Bank can be printed on the dividend warrants:
- 1) Name of Sole/First Jointholder 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 Account (SA) or Current Account (CA), and
 - v) Bank Account Number allotted by the Bank.
- 11) Shareholders who hold shares in the dematerialised form and desire a change/correction in the bank account details, should intimate the same to their concerned DP and not to the Share Department of the Company. Shareholders are also requested to give the MICR Code of their banks to their DPs. The Company will not entertain any direct request from such shareholders for change of address,

transposition of names, deletion of name of deceased jointholder and change in the bank account details. The said details will be considered as will be furnished by the DPs to the Company.

- 12) Shareholders are requested to read the "Shareholders' Information" Section of the Annual Report for useful information.
- 13) Shareholders desirous of obtaining any information/clarification on the accounts and operations of the Company are requested to send in written queries to the Company, at least one week before the date of the Meeting. Replies will be provided in respect of such written queries received, only at the Meeting.
- 14) Pursuant to the requirement of the Listing Agreement of the Stock Exchanges on Corporate Governance, relating to re-appointment of the retiring Directors, a statement containing the required details of the concerned Directors forms part of the Directors' Report on Corporate Governance.
- 15) **Green Initiative in Corporate Governance – Service of Documents in electronic form**

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

Keeping in view the aforesaid initiative of MCA, your Company shall send the Annual

Report to its shareholders in electronic form, to the e-mail address provided by them and made available to us by the Depositories. In case of any change in your e-mail address, you are requested to please inform the same to your Depository.

ADVANTAGES OF REGISTERING WITH THE COMPANY FOR E-COMMUNICATION:

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

Please note that the said documents will be made available by the Company on its website **www.grasim.com**. The physical copies of the same shall also be made available for inspection, during office hours, at our Registered Office of the Company at Birlagram, Nagda-456 331 (M.P.). Further, upon receipt of a request from you, your Company shall also furnish you the physical copy of the same free of cost.

However, in case you wish to receive the above documents in physical form, please send us an e-mail at grasimshares@adityabirla.com.

We are confident that you will appreciate the "Green Initiative" taken by the Government. We sincerely solicit your cooperation in helping your Company to implement the "Green Initiative" and would request you to please register your e-mail Id with the Company/your Depository so as to henceforth, receive all documents from the Company in electronic mode.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO. 9

The Board of Directors ("the Board") have appointed Mr. Adesh Gupta as Manager of the Company as defined under Section 2(24) of the Companies Act, 1956 ("the Act"), with effect from 22nd March, 2011 till 2nd October, 2014, in addition to his present designations, Whole-Time Director and CFO of the Company.

The terms and conditions, including the terms and conditions pertaining to remuneration and tenure, as existing and applicable to Mr. Adesh Gupta in his capacity as Whole-Time Director and CFO of the Company and as already approved by the shareholders of the Company at the Annual General Meeting held on 20th August, 2010, shall remain the same and shall also apply to Mr. Adesh Gupta's appointment as the Manager of the Company, without any additional payment (in the form of remuneration or otherwise) being made to him in relation to his capacity as a Manager of the Company.

For reference of the shareholders, the terms and conditions of the appointment of Mr. Adesh Gupta as Whole-Time Director and CFO of the Company as approved by the shareholders of the Company at the Annual General Meeting held on 20th August, 2010, and existing as on date pursuant to the revision made by the Board by Circular Resolution passed on 8th September, 2010, are set out below:

1. Period:

Five years with effect from 3rd October, 2009, with liberty to either party to terminate the appointment on three months' notice in writing to the other.

2. Remuneration:

(a) Basic Salary of Rs. 6,07,867 (Rupees Six lac seven thousand eight hundred sixty-seven only) per month with such increments as may be decided by the Board from time to time, subject, however, to a ceiling of Rs. 9,00,000 (Rupees Nine lac only) per month as Basic Salary.

(b) Special Allowance of Rs. 6,71,372 (Rupees Six lac seventy-one thousand three hundred seventy-two only) per month, with such increments as may be decided by the Board from time to time, subject, however, to a ceiling of Rs. 12,00,000 (Rupees Twelve lac only) per

month. This allowance, however, will not be taken into account for calculation of benefits such as Provident Fund, Gratuity, Superannuation and Leave Encashment.

(c) Performance Bonus linked to the achievement of targets, as may be decided by the Board, subject to a maximum of Rs. 1,20,00,000 (Rupees One crore twenty lacs only) per annum.

(d) Long-term Incentive Compensation (LTIC) including Stock Option Plan, if any, as per the Scheme applicable to the Senior Executives of the Company/Aditya Birla Group including that of any parent/subsidiary company.

3. Perquisites:

(a) Housing: Free furnished accommodation and reimbursement of other expenses for the upkeep and maintenance thereof as per the Rules of the Company.

(b) Medical Expenses: Reimbursement of expenses incurred in India for self and family at actuals (including domiciliary medical and insurance premium for hospitalisation policy, as applicable).

(c) Leave Travel Expenses: Leave Travel Expenses for self and family, subject to a ceiling of one month's Basic Salary for a year as per the Rules of the Company.

(d) Club Fees: Fees of one Corporate Club in India (including admission and membership fee).

(e) Personal Accident Insurance Premium for self and family as per the Rules of the Company.

(f) (i) Company's contribution towards Provident Fund and Superannuation Fund, on Basic Salary as per the Rules of the Company.

(ii) Gratuity calculated on Basic Salary as per the Rules of the Company.

(g) Upto two cars for use on Company's business.

(h) Leave and encashment of leave, in accordance with the Rules of the Company.

(i) Other Allowances / benefits / perquisites: Any other allowances, benefits and perquisites as per the Rules applicable to the Senior Executives of the Company and/or which may become applicable in the future and/or any other allowance, perquisites as the Board may from time to time decide.

- (j) Any other onetime periodic retirement benefits as may be decided by the Board at the time of retirement.
4. Subject as aforesaid, the Whole-Time Director shall be governed by such other Rules as are applicable to the Senior Executives of the Company from time to time.
 5. The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 309, 310 and all other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the said Act or any statutory modifications or re-enactment thereof for the time being in force, or otherwise as may be permissible at law.
 6. For the purposes of Gratuity, Provident Fund, Superannuation and other like benefits, if any, the service of Mr. Gupta, Whole-Time Director, will be considered as continuous service with the Company from the date of his joining the Aditya Birla Group.
 7. The Board be and is hereby authorised to revise the remuneration and perquisites payable to Mr. Gupta from time to time. The next revision in his salary will be effective from 1st July, 2011.
 8. So long as Mr. Gupta functions as the Whole-Time Director of the Company he shall not be subject to retirement by rotation and shall not be paid any fees for attending the meetings of the Board of Directors of the Company or any Committee(s) thereof.
 9. Though, considering the provisions of Section 314(1) of the Companies Act, 1956, Mr. Gupta would not be holding any office or place of profit by his being a mere Director of the Company's Subsidiaries/Joint Ventures, approval be and is hereby also granted by way of the abundant caution for him to accept the sitting fees/commission paid/payable to other Directors for attending meetings of Board(s) of Directors/Committee(s) of Subsidiaries/Joint Ventures of the Company or companies promoted by the Aditya Birla Group.

Where in any financial year comprised by the period of appointment, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid to Mr. Gupta in accordance with the applicable provisions of Schedule XIII of the Act and subject to the approval of the Central Government, if required.

The circular resolutions passed by your Board on 8th September, 2010 and 22nd March, 2011, respectively, and the resolution passed by the shareholders at the Annual General Meeting held on 20th August, 2010, shall be kept open for inspection by the shareholders of the Company at the Registered Office of the Company between 10 a.m. and 12 noon on all working days (except Sundays and public holidays) upto the date of the ensuing Annual General Meeting.

The Board commends the above appointment and accordingly recommends the Special Resolution as set out in Item No. 9 of the Notice for your approval.

Mr. Adesh Gupta, Manager, Whole-Time Director and CFO of the Company, is deemed to be interested in this Special Resolution. None of the other Directors is concerned or otherwise interested in the said Special Resolution.

ITEM NO. 10

Mr. K.K. Maheshwari was appointed as the Whole-Time Director of the Company pursuant to Section 269 and other applicable provisions of the Companies Act, 1956, for a period of 5 (five) years with effect from 20th May, 2010, as per the resolution passed at the Annual General Meeting of the Company held on 20th August, 2010, on the terms set out in that resolution.

Considering the inflationary trend and the substantial increase in the business activities of the Company resulting in increase in the workload and responsibilities of the Whole-Time Director as also the amount of remuneration payable to managerial personnel occupying similar positions in other comparable companies, the Board of Directors of the Company has deemed fit to increase the respective limits of the Basic Salary, Special Allowance and Performance Linked Bonus and/or any other compensation payable to Mr. Maheshwari with effect from 1st July, 2011, for the remaining period of his current tenure which is expiring on 19th May, 2015, with corresponding consequential variations or increase in the remuneration due to the revision in the terms of his remuneration as aforesaid. The other terms and conditions of his appointment shall remain the same as approved by the members at the Annual General Meeting held on 20th August, 2010.

The Board accordingly recommends the Special Resolution as set out in Item No. 10 of the Notice for your approval.

Although not necessary, a copy of the resolution passed at the Annual General Meeting of the

Company held on 20th August, 2010, is available for inspection of the members to ascertain any information that they may require, at the Registered Office of the Company between 10 a.m. and 12 noon on all working days (except Sundays and public holidays) upto the date of the ensuing Annual General Meeting.

Mr. K.K. Maheshwari, Whole-Time Director of the Company, is deemed to be interested in this Special Resolution. None of the other Directors is concerned or otherwise interested in the said Special Resolution.

ITEM NO. 11

At the Annual General Meeting of the Company held on 25th August, 2006, the Members of the Company, *inter alia* had approved the payment of commission to the Directors of the Company (other than the Whole-Time Directors of the Company), not exceeding 1% (One per cent) per annum of the net profits of the Company calculated in accordance with the relevant provisions of the Companies Act, 1956, in a financial year, for a period of 5 years commencing from 1st April, 2006.

The aforesaid approval was valid up to the financial year ended 31st March, 2011. It is, therefore, proposed to obtain fresh approval of the Members to continue the payment of the commission to the Directors (other than the Whole-Time Directors, Managing Director or the Manager of the Company, as the case may be) for a period of five years commencing from 1st April, 2011, as may be

decided by the Board of Directors of the Company from time to time at a rate not exceeding 1% of the net profits of the Company in each year calculated in accordance with the relevant provisions of the Companies Act, 1956, subject to such ceiling, if any, per annum as the Board may from time to time fix in that behalf. Such commission will be distributed amongst the Directors of the Company (other than Whole-Time Directors, Managing Director or the Manager of the Company, as the case may be) in such proportion and manner as the Board may, from time to time, decide each year as set out in this Special Resolution.

The Board accordingly recommends the Special Resolution as set out in Item No. 11 of the Notice for your approval under Section 309(4)(b) and other applicable provisions of the Companies Act, 1956.

All the Non-Whole-Time Directors of your Company are deemed to be interested or concerned in this Special Resolution.

**By Order of the Board,
For Grasim Industries Limited**



ASHOK MALU

Joint President & Company Secretary

Place : Mumbai

Date : 30th July, 2011



GRASIM INDUSTRIES LIMITED

Registered Office: Birlagram, Nagda-456 331 (M.P.)

Website: www.grasim.com : Email ID: grasimshares@adityabirla.com

Date: 30th July, 2011

Dear Shareholder,

Sub: Green Initiative in Corporate Governance – Electronic Mode of Service of Documents

1. Ministry of Corporate Affairs, Government of India (MCA), vide its Circular Nos. 17 and 18 dated 21st April, 2011 and 29th April, 2011, respectively, has clarified that the Company would be in compliance of the provisions of the Companies Act, 1956, if the Company serves the Notice of General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc., to its shareholders through electronic mode, at the e-mail address provided by them to the Company.
2. **Shareholders holding shares in demat (electronic) form**
 - (a) In case you are holding shares of the Company in demat (electronic) form, the Company proposes to send the aforesaid documents to you in electronic form, at the e-mail address provided by you, and which will be made available to us by your Depository Participant (DP).
 - (b) In case of any change in your e-mail address, we request you to inform the said change to your Depository Participant (DP) to enable them to update their records.
 - (c) As such, the e-mail address registered by you with your DP will henceforth be used by the Company for service of the said documents, including those covered under Section 219 of the Companies Act, 1956. To this effect, the Company has also sent an e-mail on 29th April, 2011, to those shareholders whose e-mail IDs were available with us.
 - (d) If, however, you wish to continue to receive the said documents in physical mode, please send us an e-mail at grasimshares@adityabirla.com or write to the Share Department of the Company at its Registered Office at Birlagram, Nagda-456331 (M.P.) quoting reference of your DP ID and Client ID and name of the first Registered shareholder.
3. **Shareholders holding shares in physical form**

In case you are holding shares of the Company in physical form, please register your e-mail address with the Company at grasimshares@adityabirla.com mentioning your Folio Number, name of First Registered Holder and the e-mail ID, so that all such documents can be served upon you henceforth in electronic mode at the said e-mail address.
4. Please note that the said documents will be made available by the Company on its website, www.grasim.com. Physical copies of the same shall be made available for inspection, during office hours, at our Registered Office at Birlagram, Nagda-456 331 (M.P.).
5. Upon receipt of a request from you, your Company shall also send you the physical copy of the above documents free of cost.

Thanking you
Yours faithfully,

For Grasim Industries Limited

Ashok Malu
Company Secretary

I hereby request Grasim Industries Limited to register my following e-mail address for service of the Notice of General Meeting(s), Audited Financial Statements, Directors' Report, Auditors' Report and other documents to me in electronic mode instead of in physical mode:

Ledger Folio No./DP ID & Client ID* _____

Full Name of First Registered Holder* _____

E-mail ID (to be Registered for above purpose)* _____

Mobile/Phone No. _____

Date*: _____

Signature*: _____

* Mandatory fields

Note:

- > The above format is also available on the website of the Company, www.grasim.com.
- > Shareholders are requested to keep the Company/their DP, as the case may be, informed of any change in their E-mail ID.

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORMAT

To
Share Department
Grasim Industries Limited
Birlagram, Nagda 456 331 (M.P.)

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND.

Dear Sirs,

(Please fill-in the information in CAPITAL LETTERS in ENGLISH ONLY. Please TICK (3) wherever applicable.)

For shares held in physical form

— For Office Use Only — ECS Ref.No. :
--

Master Folio No.

For shares held in electronic form

DP ID

Client ID

Name of Sole/First holder	
Bank Name	
Branch Name	
Branch Code	<input type="text"/>

(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank). **Please attach a xerox copy of a cheque or a blank cheque of your bank account duly cancelled for ensuring accuracy of the bank's name, branch and code number.**

Account type	Savings		Current		Cash Credit	
--------------	---------	--	---------	--	-------------	--

Ledger No./Ledger Folio No.	
-----------------------------	--

A/c No. (as appearing in the cheque book)	
---	--

Effective date of this mandate	
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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, Grasim Industries Limited, will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by RBI/Grasim Industries Limited.

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

Place : _____

Date : _____

 (Signature of Sole/First Holder)

 (Name of Sole/First Holder)

Tear Here



GRASIM INDUSTRIES LIMITED

Registered Office: Birlagram, Nagda-456331 (M.P.)

Form of Proxy

Proxy No.:

(For office use only)

I/We _____ of _____ being a member/members of Grasim Industries Limited hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to vote for me/us on my/our behalf at the 64th Annual General Meeting of the Company to be held on Saturday, 17th September, 2011 at 12.30 p.m. or at any adjournment thereof.

Signed this _____ day of _____ 2011

Folio/DP ID - Client ID No.:

No. of Shares held :

(Please sign across the stamp)

Affix
Re. 1
Revenue
Stamp

(Signature)

NOTE(S):

1. The proxy need NOT be a member of the Company.
2. The proxy form signed across revenue stamp should reach Company's Registered Office at least 48 hours before the scheduled time of meeting.