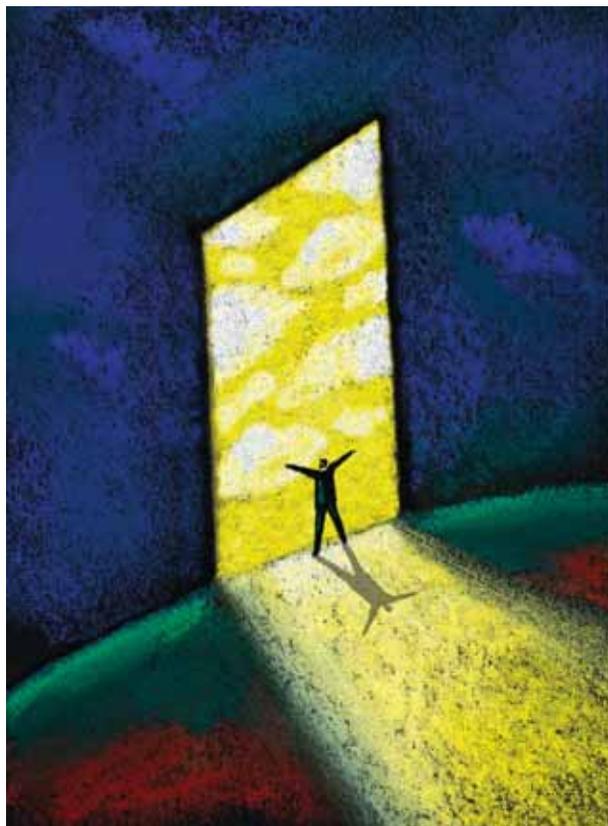


LAST MAN  
STANDING

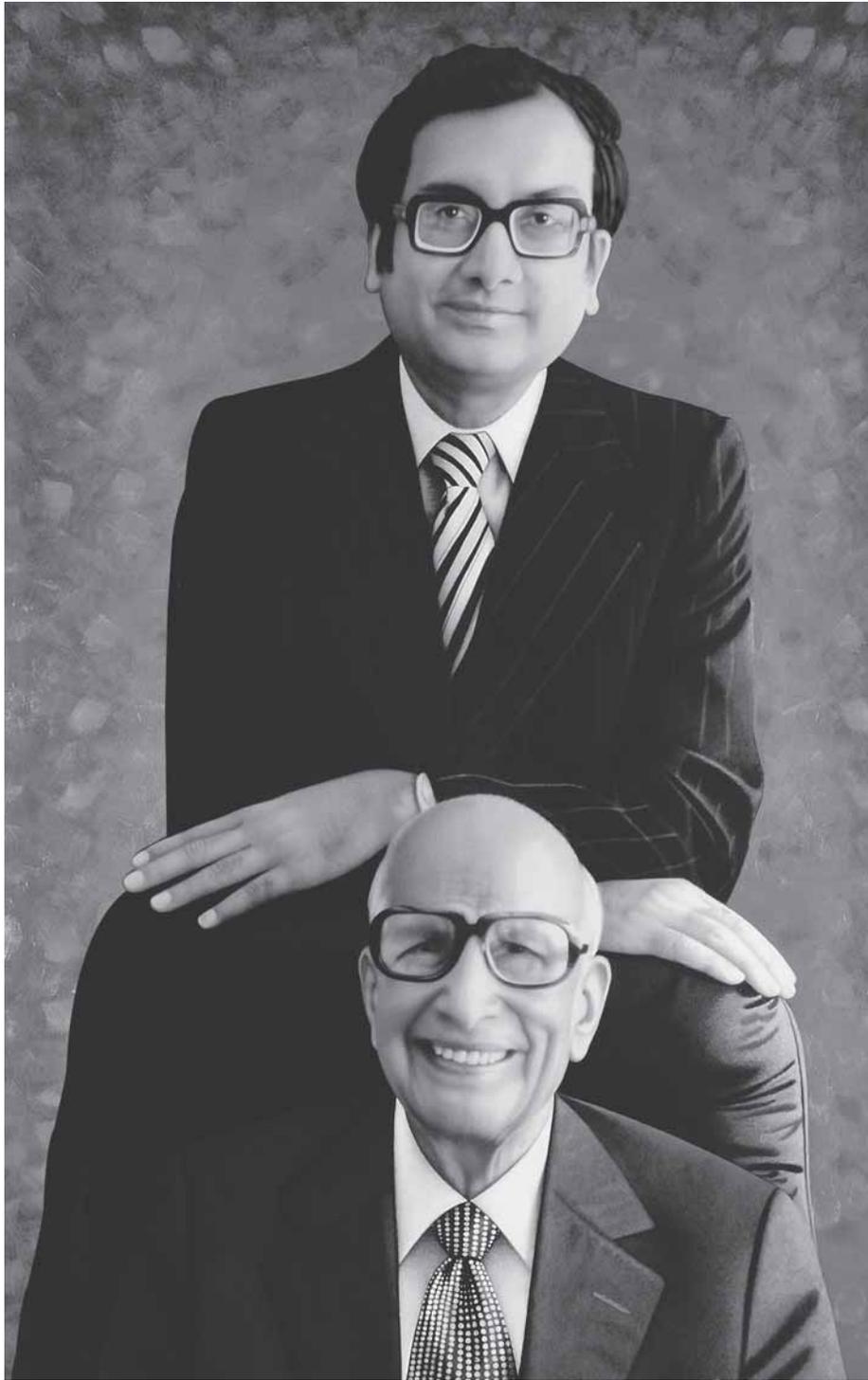


FIRST MAN  
**FORWARD**



ANNUAL REPORT  
2011 - 2012

**GRASIM INDUSTRIES LIMITED**



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



## Dear Shareholders,

Almost four years after the greatest financial and economic upheaval since the Great Depression, the global economy is regaining a measure of stability and confidence. But the risks to growth looks unsteady once again, with the problems in the Euro Zone. The IMF projects that the global economic growth will decline from 4% in 2011 to 3.5% in 2012, before picking up to 4% in 2013. The Euro zone shows signs of slipping into a recession again, though that is expected to be offset by around 2% growth in the US and 6% in the emerging and developing economies. The economies of Africa, particularly sub-Saharan Africa, are demonstrating structural improvement. Japan is on the road to normalcy after the twin disasters of the tsunami and the Fukushima nuclear reactor accident. The global supply chains, disrupted by the disasters in Japan and the floods in Thailand, have been restored. The financial condition of the large global corporations is extremely strong, and their cash holdings at an all-time high.

The worst-case scenarios for the global economy have not come to pass. That, in no small measure, is due to the unprecedented stimulus provided by governments and central banks. Europe has also reached a degree of consensus on fiscal reforms. The ECB has also put in

place firewalls to ward off a widespread economic contagion.

Clearly, the road ahead is not yet smooth. The bond, inter-bank and sovereign debt markets in Europe remain jittery. The process of financial deleveraging still has a long way to go. Oil prices remain stubbornly high. Unemployment is proving extremely sticky and concerns about inequality are growing. A major worry is the political gridlock in many major countries, that makes it difficult to strike the right trade-offs between growth and fiscal and monetary restraint.

The Indian economy was quick off the mark in recovering after the 2008 shocks. But the growth momentum has slowed considerably over the past year. GDP growth in the third quarter of FY 2011-12 was 6.1%, down from 8.3% in the corresponding quarter of FY 2010-11. Some of the key indicators are bearish. Gross fixed capital formation has contracted in recent months. Growth in industrial production in the April 2011-February 2012 period slid to 3.5%, compared to 8.1% during the same period last year. Inflation, particularly in food items, remains high. There have been major slippages on the fiscal side. The current account deficit, in the April-December 2011 period widened to 4.0% of GDP, a clear warning sign. On a trade-weighted basis the Rupee depreciated around 8% in the past year. Given the slippage in growth, RBI's decision to ease monetary policy was timely. Even so monetary policy will not be effective unless it is supported by fiscal restraint. India's economy is poised delicately. Recent policies have not taken the economy forward. These have a bearing on your Company's growth and performance.

For the Financial Year 2011-12, your Company's consolidated revenues stood at US\$ 5.3 billion (₹ 25,244 crores) vis-à-vis US\$ 4.7 billion (₹ 21,550 crores) in the previous year. Net profit at US\$ 553 million (₹ 2,647 crores) is higher by 16% (in rupee terms) in comparison to US\$ 501 million (₹ 2,279 crores).

## VSF – ramping up capacities

Your Company has completed the acquisition of a one-third stake in Domsjö Fabriker (Sweden). As I had apprised you earlier, this acquisition marks a major milestone for our VSF business, giving us access to quality pulp.

Our efforts to solidly consolidate our pole position in the VSF business in which we enjoy a leadership status globally, continue. Through a Greenfield project at Vilayat (Gujarat) 120,000 tpa and Brownfield expansions at Grasim Harihar (Karnataka) 36,500 tpa and Domsjö Fabriker (Sweden) 45,000 tpa, we intend to beef up our leadership position. These expansion projects will be commissioned during FY-2012-13. Collectively, these projects will ramp up capacities by 50% to an impressive 498 ktpa.

Furthermore, a 180,000 tpa Greenfield plant in Turkey is in planning stage. As a country, Turkey offers enormous potential, given its pre-eminence as a major textile hub. A detailed study and obtaining the requisite approvals to get this project going, is underway.

## Cement

We have lined up aggressive growth plans in the Cement sector as well. Brownfield expansions at Chhattisgarh and Karnataka, are expected to become operational by the first quarter of FY-2013-14. With this our total Cement capacity will stand augmented by 10 million tpa, bringing it to a total of 62 million tpa, up by 20%, further bolstering our top of the league status.

## Capital Outlays

In the VSF and related Chemicals businesses, your Company's capex stands at US\$ 700 million (₹ 3,700 crores). This is largely towards the Greenfield and Brownfield projects at Harihar and Vilayat.

In the Cement sector, we have provided for a capital outlay of over US\$ 2 billion (₹ 10,400 crores).

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*Our efforts to solidly consolidate our pole position in the VSF business in which we enjoy a leadership status globally, continue. Through a Greenfield project at Vilayat (Gujarat) 120,000 tpa and Brownfield expansions at Grasim Harihar (Karnataka) 36,500 tpa and Domsjö Fabriker 45,000 tpa, we intend to beef up our leadership position. Collectively, these projects will ramp up capacities by 50% to an impressive 498 ktpa.*

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Our plans include setting up of clinkerisation plants at Chhattisgarh and Karnataka, grinding units, captive power plants, bulk packaging terminals, ready-mix concrete plants and enhancing logistics infrastructure besides modernisation.

### Outlook

I look upon both the VSF and Cement sector as having great growth potential over the long haul. In the short term in VSF, volatile market conditions, the mushrooming of VSF capacities in China and an abundance of the cotton crop, may lead to some concerns.

In the Cement sector, given the huge gaps in infrastructure and the Government's intent to bridge them through a sharp focus on infrastructure in the 12<sup>th</sup> Five-Year plan, my outlook in the long term is buoyant. That said, the surplus capacity scenario that exists today may continue for the next 3 years. In the present context, high input costs, rising energy and freight costs coupled with volatile prices, are challenges that we have to grapple with proactively.

Let me conclude on an optimistic note, more so when I look at the quantum leap in the capacities of your Company's key businesses. Your Company with its strong fundamentals, is all set to attain new milestones in its growth trajectory.

### To our teams

I thank of all our teams for their solid performance, undiluted commitment and laser sharp focus on delivering results.

### The Aditya Birla Group in perspective

Despite a choppy global economy, our Group turned in a solid performance in FY 2011-12, anchored by our 133,000 strong workforce comprising 42 nationalities spanning 36 countries. Our consolidated revenues were a little over 40 billion dollars, reflecting a 14% growth.

It is my abiding belief that our people are the single most important enablers from every perspective. It is with a sense of deep pride that I share with you the fact that our continuous investment in the people area has paid rich dividends. Our Group has been ranked fourth in the Global Top Companies for Leaders and first in Asia Pacific in the Top Companies for Leaders' 2011 study conducted by Aon Hewitt, Fortune and the RBL Group. 470 companies worldwide participated in this study. This recognition is personally heartening for me, given that we have competed against the best of breed global companies.

I personally am convinced that we are now forging ahead on the people front. Our dedicated efforts in enhancing the quality of life of our employees and their families, continues unabated.

Our Talent Management and Leadership Development processes have been further enhanced, to meet our very specific talent requirements, with many more employees being included. To mention a few, launched:

- a Global Manufacturing Leadership Program to induct lateral recruits and fortify our technical talent in our Units.
- a Continuing Education Policy to support managers in acquiring higher specialist education for skills upgradation while they continue to be in their jobs.
- "Cutting Edge", the accelerated P&L Leadership development Program, to enable function leaders to transition to P&L roles.
- And over 30,000 touch points to our learners through multiple learning formats. With these the number of people being targeted for honing competencies and developing skills has risen many times over. This is in sync with our "World of Opportunities" proposition. The customization of these learning programmes is far sharper this year on.

---

*In the VSF and related Chemicals businesses, your Company's capex stands at US\$ 700 million (~ 3,700 crores). This is largely towards the Greenfield and Brownfield projects at Harihar and Vilayat.*

*In the Cement sector, we have provided for a capital outlay of over US\$ 2 billion (~ 10,400 crores). Our plans include setting up of clinkerisation plants at Chhattisgarh and Karnataka, grinding units, captive power plants, bulk packaging terminals, ready-mix concrete plants and enhancing logistics infrastructure besides modernisation.*

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*Our Group has been ranked fourth in the Global Top Companies for Leaders and first in Asia Pacific in the Top Companies for Leaders' 2011 study conducted by Aon Hewitt, Fortune and the RBL Group. 470 companies worldwide participated in this study. This recognition is personally heartening for me, given that we have competed against the best of breed global companies.*

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### **Beyond Business**

Given that our employees have a desire to contribute to the larger community, including those of their colleagues who need support, we are setting up a new trust called the "World Of Opportunities Foundation", through which our employees can contribute to supporting the higher education of children in need.

### **Last Man Standing-First Man Forward**

And finally let me add that over the years, we have through determined and deliberate effort come to be in this position of being the 'Last Man Standing', almost across each of our businesses. And when we do face a downturn today, from our position of strength, the message I want to convey is that, the last man standing has the best chance at being the first man forward. The first man forward to consolidate market positions, to show superior performance in each industry and get a few steps ahead of competition.

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. A. K. Dasgupta (upto 21<sup>st</sup> June, 2012)  
 Mr. Cyril Shroff  
 Dr. Thomas M. Connelly  
 Mr. Shailendra K. Jain  
 Mr. N. Mohan Raj (w.e.f. 21<sup>st</sup> June, 2012)  
 Mr. D.D. Rathi  
 Mr. K.K. Maheshwari, Managing Director  
 Mr. Adesh Gupta, Whole-Time Director

**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  
 (Marketing) & Head-Pulp  
 Operations  
 Mr. Vinod Tiwari Chief Operating Officer  
 (Pulp Operations)  
 Dr. Aspi Patel Chief Technology Officer  
 Mr. Rajeev Gopal Chief Marketing Officer  
 Dr. Raju Mistry Chief People Officer

**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)  
 Mr. C. B. Tiwari Chief People Officer

**Chemical Business**

Mr. Lalit Naik Business Head  
 Mr. K.C. Jhanwar Group Executive President  
 Mr. G.K. Tulsian Executive President  
 Mr. Gerard Dcunha Chief People Officer

**Textile Business**

Mr. Thomas Varghese Chief Executive Officer  
 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](http://www.grasim.com/www.adityabirla.com)

Year —>	Unit	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
<b>Production</b>											
Grey Cement	Mn. Tons	42.11	39.67	37.02	32.18	31.22	29.98	28.43	26.13	12.60	11.91
Ready-Mix Concrete	Mn. Cu. Mtrs.	4.84	4.39	3.87	3.85	2.84	1.57	1.07	1.08	0.83	0.61
White Cement	Lac Tons	5.67	5.41	5.14	4.41	4.08	3.65	3.50	3.15	3.11	3.10
Viscose Staple Fibre	Tons	321085	305087	302092	232745	279901	246833	228981	247952	221005	224610
Caustic Soda	Tons	260326	242037	229801	207226	188537	136685	165509	161966	157541	151445
Sponge Iron ^	Tons	—	—	77069	420156	562000	525183	505825	780341	687272	612879
<b>Turnover *</b>											
Grey Cement (Incl. Clinker)	Mn. Tons	43.96	41.56	39.58	34.96	33.58	32.56	30.06	29.24	12.86	12.19
Ready-Mix Concrete	Mn. Cu. Mtrs.	4.84	4.39	3.87	3.85	2.84	1.57	1.07	1.08	0.83	0.61
White Cement	Lac Tons	5.55	5.47	5.09	4.38	3.96	3.67	3.48	3.11	3.15	3.05
Viscose Staple Fibre	Tons	306917	305072	308431	238463	269781	250725	242399	231533	229110	227900
Caustic Soda	Tons	265816	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											
<b>Profit and Loss Account</b>											
		2011-12									
		(USD Million)									
		( in Crore)									
<b>Revenue from Operations (Net)</b>											
Cement	4016	19236	15941	15475	13512	11792	9940	6938	5652	2549	2352
Viscose Staple Fibre	1045	5007	4824	3940	2915	3456	2706	1990	2009	1808	1685
Chemicals	162	777	542	493	523	418	319	386	352	295	257
Sponge Iron	—	—	—	111	1008	951	756	635	1021	639	406
Textiles	101	484	419	351	318	295	271	247	260	242	229
Others (Mainly Telecom) **	—	—	—	1	431	438	327	234	180	106	82
Inter-segment Elimination	-54	-260	-176	-175	-210	-208	-177	-156	-160	-129	-104
<b>Total Net Revenue</b>	<b>5270</b>	<b>25244</b>	<b>21550</b>	<b>20195</b>	<b>18496</b>	<b>17141</b>	<b>14142</b>	<b>10275</b>	<b>9315</b>	<b>5510</b>	<b>4908</b>
<b>PBIDT</b>											
Cement	894	4283	3345	4706	3686	3747	3175	1459	974	458	361
Viscose Staple Fibre	266	1274	1628	1339	521	1109	754	493	613	572	586
Chemicals	34	161	124	125	155	138	81	125	104	74	53
Sponge Iron	—	—	—	-39	135	160	85	74	390	254	104
Textiles	8	39	28	24	15	7	5	3	12	13	-9
Others/Unallocated/ Inter-segment Elimination	118	563	270	168	267	261	191	182	180	171	57
<b>Total PBIDT</b>	<b>1320</b>	<b>6320</b>	<b>5395</b>	<b>6322</b>	<b>4779</b>	<b>5422</b>	<b>4290</b>	<b>2337</b>	<b>2272</b>	<b>1543</b>	<b>1151</b>
Interest	66	314	407	334	307	222	229	219	284	196	213
<b>Gross Profit (PBDT)</b>	<b>1254</b>	<b>6006</b>	<b>4988</b>	<b>5988</b>	<b>4472</b>	<b>5200</b>	<b>4061</b>	<b>2118</b>	<b>1988</b>	<b>1347</b>	<b>938</b>
Depreciation	241	1154	1139	995	865	670	610	563	556	308	287
<b>Profit before Tax, Exceptional and Extraordinary Items</b>	<b>1013</b>	<b>4852</b>	<b>3849</b>	<b>4993</b>	<b>3607</b>	<b>4530</b>	<b>3451</b>	<b>1555</b>	<b>1432</b>	<b>1039</b>	<b>651</b>
Exceptional Items (EI)	—	—	—	—	—	46	—	4	-129	1	-169
<b>Profit before Tax and Extraordinary Items</b>	<b>1013</b>	<b>4852</b>	<b>3849</b>	<b>4993</b>	<b>3607</b>	<b>4576</b>	<b>3451</b>	<b>1559</b>	<b>1303</b>	<b>1040</b>	<b>482</b>
Total Tax Expenses	276	1321	954	1570	992	1466	1092	402	442	302	163
<b>Net Profit before Extraordinary Items</b>	<b>737</b>	<b>3531</b>	<b>2895</b>	<b>3423</b>	<b>2615</b>	<b>3110</b>	<b>2359</b>	<b>1157</b>	<b>861</b>	<b>738</b>	<b>319</b>
Extraordinary Items (EO)	—	—	—	336	—	236	—	—	—	—	—
<b>Net Profit before Minority Interest</b>	<b>737</b>	<b>3531</b>	<b>2895</b>	<b>3759</b>	<b>2615</b>	<b>3346</b>	<b>2359</b>	<b>1157</b>	<b>861</b>	<b>738</b>	<b>319</b>
Less: Minority Interest	197	947	660	714	444	457	392	116	-19	—	—
Add: Share in Profit/(Loss) of Associate**	13	63	44	51	16	2	-0.4	—	—	—	—
<b>Net Profit</b>	<b>553</b>	<b>2647</b>	<b>2279</b>	<b>3096</b>	<b>2187</b>	<b>2891</b>	<b>1967</b>	<b>1041</b>	<b>880</b>	<b>738</b>	<b>319</b>

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

Note 1 - 1 USD = INR 47.90

Balance Sheet <sup>3</sup>	2011-12		2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
	(USD Million <sup>2</sup> )	(in Crore)									
Net Fixed Assets (incl. CWIP and Capital Advances)	3796	19312	15789	14553	14216	12918	8468	6411	6294	3549	3596
Long-Term Loans and Advances (excluding Capital Advances)	53	269	202								
Investments (Non-Current and Current)	1548	7876	7933	6676	3550	1661	2272	1352	769	2342	1609
Goodwill	491	2496	2419	2007	2001	1991	1844	1773	1958	122	120
Current Assets (excluding Current Investments)	1293	6581	5678	4538	4498	4281	3302	2619	2397	1494	1480
	<b>7181</b>	<b>36534</b>	<b>32021</b>	<b>27774</b>	<b>24265</b>	<b>20851</b>	<b>15886</b>	<b>12155</b>	<b>11418</b>	<b>7507</b>	<b>6805</b>
Equity Share Capital	18	92	92	92	92	92	92	92	92	92	92
Share Capital (Other than Equity)	8	42	38	36	33	29	6	43	43	42	42
Reserves and Surplus	3329	16935	14443	12397	11430	9054	6460	4698	3947	3224	2630
Net Worth	3355	17069	14573	12525	11555	9175	6558	4833	4082	3358	2764
Minority Interest	1029	5233	4351	3755	1670	1269	859	514	500	—	—
Deferred Tax Liabilities (Net)	389	1979	1962	2006	1592	1158	1153	1158	1179	602	592
Long-Term Liabilities and Provisions	37	190	166								
Total Loan Funds <sup>4</sup>	1383	7036	6783	5599	5893	5577	4873	3683	3934	2419	2408
Current Liabilities <sup>4</sup>	988	5027	4186	3889	3555	3672	2443	1967	1723	1128	1041
	<b>7181</b>	<b>36534</b>	<b>32021</b>	<b>27774</b>	<b>24265</b>	<b>20851</b>	<b>15886</b>	<b>12155</b>	<b>11418</b>	<b>7507</b>	<b>6805</b>
Fixed Assets and Reserves exclude Revaluation Reserve	—	—	—	—	3	4	4	4	5	5	6

Note <sup>2</sup> - 1 USD = INR 50.88

Note <sup>3</sup> - Balance Sheet for FY2011-12 and FY2010-11 have been published in formats prescribed as per revised Schedule VI of Companies Act, 1956, whereas data for the period upto FY2009-10 are as per old Schedule VI. For better comparison with earlier years, some figures have been regrouped.

Note <sup>4</sup> - Short-Term Borrowings and Current Maturities of Long-Term Borrowings have been included in Total Loan Funds excluding the same from Current Liabilities.

Ratios and Statistics											
PBIDT Margin	(%)	24.3	24.6	30.9	25.5	31.1	29.8	22.3	23.8	26.9	22.9
Net Margin	(%)	10.5	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)	13.4	10.6	13.9	10.7	13.1	13.3	8.7	6.3	6.4	4.5
ROACE (PBIT/Avg. CE)	(%)	17.5	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)	(%)	16.7	16.8	22.9	21.1	33.2	34.5	23.3	27.1	24.1	17.7
Total Debt Equity Ratio	(x)	0.32	0.36	0.34	0.45	0.53	0.66	0.69	0.86	0.72	0.87
Net Debt to Equity Ratio	(x)	0.03	—	—	0.28	0.41	0.38	0.48	0.74	0.38	0.72
Net Debt to PBIDT Ratio	(x)	0.1	—	—	0.76	0.78	0.66	1.09	1.49	0.82	1.72
Basic Earnings per Share (before EI/EO)	₹/Share	288.7	248.5	300.9	238.5	284.5	214.6	113.1	110.0	80.4	53.2
Book Value per Share	₹/Share	1861	1589	1366	1260	1001	715	527	445	366	301

Year —>	2011-12		2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
	(USD Million <sup>1</sup> )										
( ` in Crore)											
<b>Profit and Loss Account</b>											
<b>Revenue from Operations (Net)</b>											
Viscose Staple Fibre	896	4292	4164	3574	2534	3011	2309	1935	1963	1766	1641
Chemicals	162	777	542	493	523	418	319	386	352	295	257
Cement (Demerged w.e.f. 1st October, 2009)	—	—	—	4221	7019	5956	5155	3655	2804	2420	2189
Sponge Iron (Sold on 22nd May, 2009)	—	—	—	111	1008	951	756	635	1021	639	406
Textiles	22	105	78	63	58	173	271	247	260	242	229
Others	—	—	—	—	—	—	—	—	—	—	6
Inter-segment Elimination	-43	-204	-144	-149	-176	-183	-166	-156	-148	-128	-104
<b>Total Net Revenue</b>	<b>1037</b>	<b>4970</b>	<b>4640</b>	<b>8313</b>	<b>10965</b>	<b>10325</b>	<b>8644</b>	<b>6703</b>	<b>6252</b>	<b>5233</b>	<b>4623</b>
<b>PBIDT</b>											
Viscose Staple Fibre	244	1167	1479	1315	514	1097	712	495	611	573	588
Chemicals	34	161	124	125	155	138	81	125	104	74	53
Cement (Demerged w.e.f. 1st October, 2009)	—	—	—	1423	1911	1876	1623	800	551	447	359
Sponge Iron (Sold on 22nd May, 2009)	—	—	—	-39	135	160	85	74	390	254	104
Textiles	2	11	7	6	2	6	5	3	12	13	-9
Others/Unallocated	80	383	207	142	128	147	113	100	117	142	40
<b>Total PBIDT</b>	<b>360</b>	<b>1722</b>	<b>1817</b>	<b>2972</b>	<b>2844</b>	<b>3424</b>	<b>2619</b>	<b>1597</b>	<b>1785</b>	<b>1504</b>	<b>1136</b>
Interest	8	36	46	120	139	107	112	103	139	154	169
<b>Gross Profit (PBDT)</b>	<b>352</b>	<b>1686</b>	<b>1771</b>	<b>2852</b>	<b>2705</b>	<b>3317</b>	<b>2507</b>	<b>1494</b>	<b>1646</b>	<b>1350</b>	<b>967</b>
Depreciation	30	144	176	351	457	353	318	292	285	273	254
<b>Profit before Tax, Exceptional and Extraordinary Items</b>	<b>322</b>	<b>1542</b>	<b>1595</b>	<b>2501</b>	<b>2248</b>	<b>2964</b>	<b>2189</b>	<b>1202</b>	<b>1361</b>	<b>1077</b>	<b>713</b>
Exceptional Items (EI)	—	—	—	—	—	46	37	4	-57	—	-168
<b>Profit before Tax and Extraordinary Items</b>	<b>322</b>	<b>1542</b>	<b>1595</b>	<b>2501</b>	<b>2248</b>	<b>3010</b>	<b>2226</b>	<b>1206</b>	<b>1304</b>	<b>1077</b>	<b>545</b>
Total Tax Expenses	76	365	413	745	600	962	690	343	418	298	177
<b>Net Profit before Extraordinary Items</b>	<b>246</b>	<b>1177</b>	<b>1182</b>	<b>1756</b>	<b>1648</b>	<b>2048</b>	<b>1536</b>	<b>863</b>	<b>886</b>	<b>779</b>	<b>368</b>
Extraordinary Items (EO)	—	—	—	336	—	185	—	—	—	—	—
<b>Net Profit</b>	<b>246</b>	<b>1177</b>	<b>1182</b>	<b>2092</b>	<b>1648</b>	<b>2233</b>	<b>1536</b>	<b>863</b>	<b>886</b>	<b>779</b>	<b>368</b>
Equity Dividend (including CTD)	46	218	197	309	316	316	287	209	167	145	103
<b>Balance Sheet <sup>3</sup></b>											
( ` in Crore)											
Gross Fixed Assets (incl. CWIP)	802	4081	3085	3145	12277	10615	7974	6416	6052	5802	5594
Net Fixed Assets (incl. CWIP and Capital Advances)	494	2514	1643	1829	8304	7050	4593	3307	3204	3213	3264
Long-Term Loans and Advances (excluding Capital Advances)	23	117	98	—	—	—	—	—	—	—	—
Investments (Non-Current and Current)	1342	6830	6910	6325	4609	4081	4275	3482	2982	2541	1796
Current Assets (excluding Current Investments)	310	1575	1356	1164	3098	2986	2342	2026	1854	1496	1496
	<b>2169</b>	<b>11036</b>	<b>10007</b>	<b>9318</b>	<b>16011</b>	<b>14117</b>	<b>11210</b>	<b>8815</b>	<b>8040</b>	<b>7250</b>	<b>6556</b>
Share Capital	18	92	92	92	92	92	92	92	92	92	92
Reserves and Surplus	1771	9007	8042	7053	9382	8045	6134	4886	4232	3514	2879
Net Worth	1789	9099	8134	7145	9474	8137	6226	4978	4324	3606	2971
Deferred Tax Balance	47	239	230	252	864	607	583	584	599	632	626
Long-Term Liabilities and Provisions	10	51	47	—	—	—	—	—	—	—	—
Total Loan Funds <sup>4</sup>	141	720	814	1038	3395	3202	2951	1980	2008	2065	2076
Current Liabilities <sup>4</sup>	182	927	782	883	2278	2171	1450	1273	1109	947	883
	<b>2169</b>	<b>11036</b>	<b>10007</b>	<b>9318</b>	<b>16011</b>	<b>14117</b>	<b>11210</b>	<b>8815</b>	<b>8040</b>	<b>7250</b>	<b>6556</b>
Fixed Assets and Reserves exclude Revaluation Reserve	—	—	—	3	4	4	4	4	5	5	6
<b>Ratios and Statistics</b>											
PBIDT Margin (%)		31.7	36.8	34.8	25.4	32.3	29.6	23.2	27.8	27.6	24.0
Net Margin (%)		23.7	25.5	21.1	15.0	19.4	17.3	12.8	15.1	14.9	11.6
Interest Cover (PBIDT - Current Tax/Total Interest)	(x)	36.8	30.3	15.5	11.8	14.5	15.7	11.9	9.6	7.9	5.6
Total Debt to Equity Ratio	(x)	0.08	0.10	0.15	0.36	0.39	0.47	0.40	0.46	0.57	0.70
Net Debt to Equity Ratio	(x)	—	—	—	0.22	0.24	0.21	0.19	0.33	0.25	0.55
Net Debt to PBIDT Ratio	(x)	—	—	—	0.75	0.57	0.50	0.59	0.79	0.61	1.45
Dividend per Share `/Share		22.5	20.0	30.0	30.0	30.0	27.5	20.0	16.0	14.0	10.0
Basic Earnings per Share (before EI/EO) `/Share		128.3	128.9	191.5	179.8	218.3	163.5	93.7	102.9	85.0	58.5
Book Value per Share `/Share		992	887	779	1033	887	679	543	472	393	324
No. of Equity Shareholders	No.	155904	164548	158702	168801	162411	168671	164847	174831	191770	242359
No. of Employees	No.	6618	6568	6636	13592	13200	15023	15156	15363	15971	16648

Note <sup>1</sup> - 1 USD = INR 47.90

Note <sup>2</sup> - 1 USD = INR 50.88

Note <sup>3</sup> - Balance Sheet for FY2011-12 and FY2010-11 have been published in formats prescribed as per revised Schedule VI of Companies Act, 1956, whereas data for the period upto FY2009-10 are as per old Schedule VI. For better comparison with earlier years, some figures have been regrouped.

Note <sup>4</sup> - Short-Term Borrowings and Current Maturities of Long-Term Borrowings have been included in Total Loan Funds excluding the same from Current Liabilities.

## OVERVIEW

Global business sentiments in FY11-12 (Financial Year from April 2011 to March 2012) were marred by poor economic growth and debt concerns in the European Union. The Greece crisis and related problems with other countries not only affected the Euro Zone but also the rest of the world, including India. High crude oil prices added to the economic uncertainties. Amidst this global environment and the country's internal factors, Indian economic growth also moderated with GDP growing by 6.5% in comparison to 8.4% in the previous financial year. While there was slower consumption growth, investment recorded a sharp slowdown. Average inflation at 9%, remained high during the year. This led to policy interest rate hikes by RBI continuously which further deteriorated the domestic investment scenario. The Indian rupee weakened sharply in the second half of FY11-12 as current account deficit widened and capital inflows reduced. Weaker currency led to further fuelling of inflation. With the easing of monetary policy by RBI, an impetus to growth is expected.

Your Company was also affected by these macro-economic conditions. Rising energy cost and rupee depreciation led to a substantial increase in input costs for both Viscose Staple Fibre (VSF) and Cement. While higher interest rates resulted in a slowdown in infrastructure development and housing demand in urban India, inflation impacted consumption led demand.

## STRATEGIC INITIATIVES

### Acquisition of Domsjo Fabriker AB, Sweden

Your Company completed the acquisition of a 1/3<sup>rd</sup> stake in Aditya Holding AB, Sweden (the holding company of leading pulp manufacturer Domsjo Fabriker AB, Sweden), in June 2011. The acquisition of Domsjo will help secure high quality dissolving grade pulp for VSF expansion.

### Setting up of Greenfield VSF Plant in Turkey

To expand global footprint, plans are on anvil to set up a greenfield VSF plant in Turkey. To this end, Grasim has invested 1/3<sup>rd</sup> of the initial capital of Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi (ABES), for acquiring land and meeting initial expenses during the year. ABES is in the process of undertaking a detailed study and subsequently seeking the necessary approvals.

## BUSINESS PERFORMANCE REVIEW

### Viscose Staple Fibre (VSF)

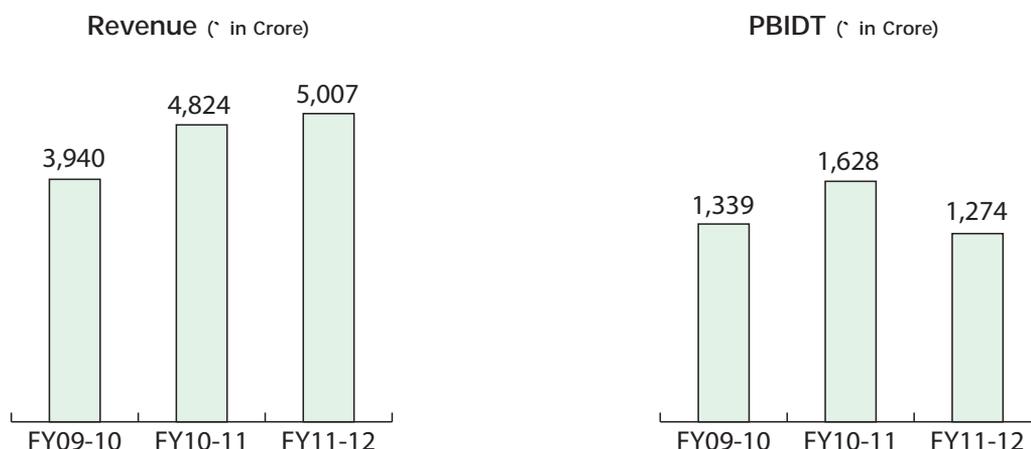
	Unit	FY11-12	FY10-11	% Change
<b><u>Standalone Performance</u></b>				
Installed Capacity	TPA	333,975	333,975	—
Production	Tons	321,085	305,087	5
Sales Volumes	Tons	306,917	305,072	1
Net Divisional Revenue	` in Crore	4,292.4	4,163.9	3
Average Realisation	`/Ton	129,563	126,614	2
PBIDT	` in Crore	1,167.5	1,479.4	(21)
PBIDT Margin	%	27.0	35.3	—
<b><u>Consolidated Performance</u></b>				
Net Divisional Revenue	` in Crore	5,007.2	4,823.8	4
PBIDT	` in Crore	1,273.5	1,628.0	(22)
PBIDT Margin	%	25.3	33.6	—

### Performance Review

In FY11-12, prices of VSF and competing fibres corrected from their peak level witnessed in last year. In anticipation of record crop, cotton prices declined during the first quarter. High inventory and a cautious approach adopted by the Textile Value Chain amidst Euro Zone uncertainties affected business sentiments and demand for VSF. There were spurts of demand to restore depleted inventory by the downstream players in the second half. Higher input cost and sharp rupee depreciation impaired operating margins.

Your Company operated all of its VSF plants at full capacity (excluding the shutdown period at its Nagda plant for water shortage). Production increased by 5% with reduced shutdown days at the Nagda plant. Sale volumes improved marginally as compared to the last year. A sharp depreciation in rupee, rise in energy prices, and higher caustic and sulphur prices led to substantial increase in input costs. The average pulp cost was up by 11%. Increase in input costs resulted in lower PBIDT and operating margins.

The performance of Pulp JVs was impacted due to increase in energy cost coupled with softening of Pulp prices. Difficult market conditions affected the performance of the fibre JV Birla Jingwei in China.



### Capex Plan – VSF Business

The VSF greenfield projects at Vilayat (120,000 TPA), Gujarat, and the brownfield expansion (36,500 TPA) at Harihar, Karnataka, are on track. The Vilayat project is slated for commissioning towards the end of FY12-13. The Harihar project is expected to be commissioned in two phases during the current year. Total capital outlay of ₹ 2,700 crore has been earmarked on above projects and other normal capex, of which ₹ 700 crore is already spent. Balance amount of ₹ 2,000 crore will be spent during FY12-13.

An additional water reservoir is being constructed at Nagda to create additional water storage capacity to meet water requirements during summers (pre-monsoon period). This will help in ensuring continuous plant operations at Nagda and avoid the plant shutdown due to water shortage. This is expected to be commissioned in June 2012.

### Sector Outlook

The demand for textile will continue to expand as growing population and rising prosperity in the emerging markets will fuel consumption. With limited availability of arable land for cotton due to competition with other cash crops, VSF demand is expected to grow reasonably well in long term.

In the short run, the market condition may remain volatile. New capacities in China may create pressure on markets. Stability in the Euro Zone and macro-economic policies will be the key factors influencing demand. Profitability will be governed largely by the dynamics of competing fibres, input and energy costs.

## Business Outlook

The focus of the Company continues to be on specialty fibres. The Company's plan to produce specialty fibre at Vilayat will lead to market enlargement. The business will increase its efforts towards building a strong R&D, which will enable it to launch new product offerings. With the availability of increased volumes post expansion, VSF business will be able to achieve accelerated growth and increase its market share globally.

## Chemicals

	Unit	FY11-12	FY10-11	% Change
<b>Caustic Soda</b>				
- Installed Capacity	TPA	258,000	258,000	—
- Production	Tons	260,326	242,037	8
- Sales Volumes	Tons	265,816	241,365	10
Net Divisional Revenue	₹ in Crore	776.8	542.2	43
ECU Realisation	₹/Ton	24,030	18,720	28
PBIDT	₹ in Crore	160.8	124.3	29
PBIDT Margin	%	20.6	22.9	—

## Performance Review

The Chemical business performed well. Despite the water shortage impacting operations in the first quarter, business attained a record production and sales volume. Caustic prices remained firm as industry capacity utilisation was affected due to low chlorine offtake. Chlorine prices declined to abnormal levels on account of lower demand of chlorine derivatives. High international prices resulted in lower import of Caustic. Gains from higher ECU realisations were partially offset by high salt cost and energy cost. Large export of salt, a key raw material for Caustic, from India led to a spike in salt prices. Operating profit at ₹ 161 crore increased by 29%.

Your Company has been making concerted efforts to expand its portfolio of Value Added Products to increase the captive use of chlorine and simultaneously add value. Towards this end, the capacity of Chlorinated Paraffin Wax was increased from 10,000 TPA to 20,000 TPA during the year.

## Sector Outlook

The demand for Caustic will be driven by higher consumption from the key consuming industries such as Aluminium, Paper and Pulp, Fibre, etc. Caustic prices are expected to remain firm given the favourable demand supply outlook.

## Business Outlook

The expansion project of 182,500 TPA under implementation at Vilayat along with VSF project, mainly for captive use, is expected to be commissioned by the end of FY12-13, as scheduled. The business expects to maintain high capacity utilisation, given the favourable demand outlook.

**UltraTech Cement Ltd. (Cement Subsidiary)**

	Unit	FY11-12	FY10-11	% Change
<b>Grey Cement</b>				
Capacity	Mn. TPA	51.75	51.75	—
Production	Mn. Tons	42.11	39.67	6
Sales Volumes <sup>1</sup>	Mn. Tons			
- Cement		42.60	39.96	7
- Clinker		1.36	1.60	(15)
Cement Realisation (Domestic)	`/Ton	3,903	3,433	14
<b>White Cement</b>				
Capacity	Lac Tons	5.60	5.60	—
Production	Lac Tons	5.53	5.41	2
Sales Volumes <sup>1</sup>	Lac Tons	5.55	5.47	2
Net Divisional Revenue	` in Crore	19,235.7	15,940.8	21
PBIDT <sup>2</sup>	` in Crore	4,564.7	3,481.5	31
PBIDT Margin	%	23.3	21.6	—

<sup>1</sup> Includes captive consumption for Ready Mix Concrete and value added products.

<sup>2</sup> Includes income of cement subsidiary related to unallocated corporate capital employed.

**Performance Review**

The Indian economy saw growth moderation primarily on account of continuing high inflation and interest rates, exchange rate volatility and continuing rise in energy cost. The cement industry was impacted on account of these developments. However, demand recovery was seen from November 2011. The industry continued to have surplus capacity with capacity utilisation at around 73%.

Operating costs, particularly the cost of power and coal, increased substantially, attributable mainly to the over 30% hike in price of domestic coal by Coal India Ltd. Imported coal prices also escalated as the rupee depreciated. Consequent to the escalation in the cost of diesel, freight costs saw a steep hike. The hike in railway freight and change in the excise duty structure further burdened the industry. The variable costs rose by 13%. The impact of higher energy prices were partially offset by fuel mix optimisation.

Both RMC and White Cement recorded good performance. RMC volumes were up by 10%. White Cement continued to operate at full capacity utilisation. Wall Care Putty, a value added product of White Cement, continued to grow impressively.

PBIDT increased by 31% supported largely by higher volumes of all the products.

**Outlook for Cement Business**

The cement demand is expected to grow by more than 8%. Infrastructure, housing development and rural development will be the major growth drivers. Capital outlay on infrastructure has been doubled to \$1 trillion in the Twelfth Five-Year Plan. This will boost cement demand. Demand growth should lead to higher volumes and better capacity utilisation for your Company.

Despite the 8% projected growth in demand, the surplus scenario is likely to continue for another 3 years. In the present context, rising energy costs pose a challenge to the businesses. Margins may come under pressure due to volatile prices and increase in freight cost.

**Capex Plan – Cement Business**

The Chhattisgarh and Karnataka brownfield expansion projects together with the grinding units and bulk packaging terminals are on track and are targeted to be operational by Q1 FY13-14. Consequently, UltraTech's cement capacity will be enhanced by 10 Mn. TPA to reach 62 Mn. TPA. With the enhanced capacity, volumes will increase from FY13-14. A total capex of ` 10,400 crore is under implementation. Of this, ` 5,500 crore is on expansion projects and ` 4,900 crore towards augmentation of the grinding and evacuation facility, logistic infrastructure, captive thermal power plant, waste heat recovery system, modernisation and upgradation, etc.

### Grasim Bhiwani Textiles Limited (GBTL)

GBTL revenue grew by 9% from ` 341 crore to ` 372 crore despite weak global sentiments. The fall in export volumes was compensated by domestic retail sales. The focus on high-end segments like women's wear, contributed positively. The thrust on increasing conversion margins resulted in a higher net profit from ` 4.3 crore in the previous year to ` 6.2 crore, this year.

## FINANCIAL REVIEW AND ANALYSIS

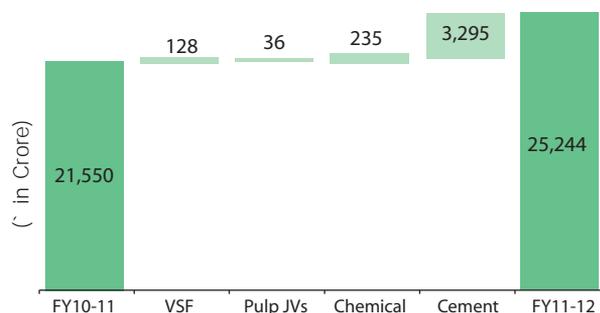
### Consolidated Financial Performance

	FY11-12	FY10-11	% Change
<b>Revenue from Operations (Net)</b>	<b>25,244.3</b>	<b>21,550.2</b>	<b>17</b>
Other Income	745.4	399.1	87
<b>Profit before Interest, Depreciation and Tax</b>	<b>6,320.3</b>	<b>5,394.5</b>	<b>17</b>
Interest	313.7	406.7	(23)
Depreciation	1,154.4	1,138.4	1
<b>Profit before Tax Expenses</b>	<b>4,852.2</b>	<b>3,849.4</b>	<b>26</b>
Tax Expenses	1,320.8	954.2	38
<b>Profit after Tax</b>	<b>3,531.4</b>	<b>2,895.2</b>	<b>22</b>
Less: Minority Interest	947.1	660.0	44
Add: Share in Profit of Associates	63.2	43.8	44
<b>Profit for the Year</b>	<b>2,647.5</b>	<b>2,279.0</b>	<b>16</b>

(` in Crore)

### Revenue from Operations

Revenue from operations was up by 17% at ` 25,244 crore. All businesses recorded higher revenues. The Cement business' contribution was the highest with better capacity utilisation.

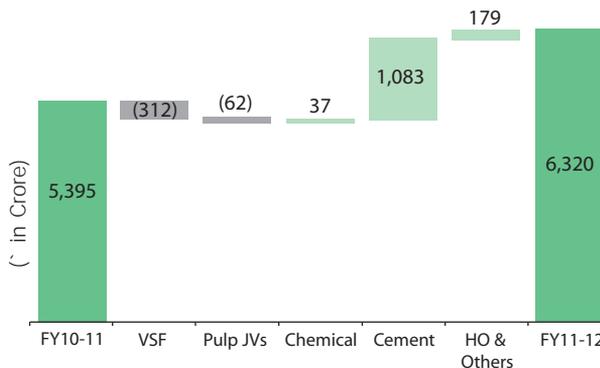


### Other Income

Other income at ` 745 crore grew by 87% on account of higher treasury size and improvement in yields.

### Operating Profit (PBIDT)

PBIDT increased by 17% driven by the Cement business as elaborated under the Segmental Review and Analysis.



### Finance Cost

The finance cost declined from ` 407 crore in the previous year to ` 314 crore in FY11-12 despite the rising rate scenario. Finance cost is net of subsidy received in Cement business in terms of State Investment Promotion Scheme amounting to ` 64.6 crore. Interest cover (including interest capitalised) is at a comfortable level of 13 times. Both Grasim and UltraTech are rated AAA, which helps in raising loans at competitive rates.

### Depreciation

Increase in depreciation from ` 1,138 crore in FY10-11 to ` 1,154 crore in FY11-12 is due to net addition to the Gross Block of ` 1,610 crore, primarily towards the normal capex.

### Tax Expenses

The tax expenses were higher by 38%. Current tax increased to ` 1,321 crore vis-a-vis ` 954 crore in the previous year as a result of higher profits. There was a reversal of income tax provision for earlier years amounting to ` 151 crore in FY10-11. As against deferred tax charge of ` 18 crore in the current year, provision for deferred tax was reversed to the tune of ` 15 crore in the previous year.

### Profit for the Year

Profit for the year increased by 16% from ` 2,279 crore to ` 2,647 crore.

### Standalone Financial Performance

(` in Crore)

	FY11-12	FY10-11	% Change
Revenue from Operations (Net)	4,969.7	4,640.1	7
Profit before Interest, Depreciation and Tax	1,721.8	1,816.8	(5)
Profit for the Year	1,177.0	1,181.7	—

Net income increased by 7% contributed by better performance from VSF and Chemical business. The Standalone performance for the year was maintained despite constrained performance of VSF business, given the market conditions.

### CASH FLOW ANALYSIS (Standalone)

(` in Crore)

	FY11-12
<b>Sources of Cash</b>	
Cash from Operations	946.0
Net Decrease in Investments	296.3
Non-Operating Cash Flow (Dividend and Interest Income)	250.0
Proceeds from Equity (Issue of Shares under ESOS)	1.7
Decrease in Cash and Cash Equivalents	3.6
	1,497.6
<b>Uses of Cash</b>	
Capital Expenditure (Net)	1,014.3
Decrease in Debts	94.0
Increase in Working Capital	154.8
Interest	37.8
Dividend	196.7
	1,497.6

## Sources of Cash

### Cash from Operations

The Company generated ` 946 crore from operations.

### Net Decrease in Investments

The Company invested ` 275 crore in acquiring a 1/3<sup>rd</sup> stake in Aditya Holding AB, Sweden (holding company of leading pulp manufacturer Domsjo Fabriker AB), as mentioned earlier. During the year, Grasim has formed a Joint Venture for setting up a Greenfield project in Turkey. Towards initial capital, the Company has invested ` 57 crore.

Investments of ` 590 crore (net) in the debt schemes of various mutual funds, bonds and certificate of deposits were redeemed on maturity.

### Uses of Cash

#### Capital Expenditure (Net)

The Company spent ` 742 crore on Greenfield VSF and Caustic Soda project at Vilayat, Gujarat, and brownfield expansion of VSF at Harihar. The balance capex was incurred on various modernisation and upgradation schemes.

#### Increase in Working Capital

The increase in raw material in transit and finished goods inventory in VSF business led to an increase in the working capital.

#### Decrease in Debts

Foreign Currency Loans aggregating ` 216 crore were repaid on the due date. Long-Term Loans amounting to ` 169 crore under TUF scheme were raised, for the VSF projects at Vilayat and Harihar. TUF loan of ` 43 crore and deferred sales tax loans amounting to ` 5 crore were repaid.

#### Dividend

A dividend of ` 20 per share amounting to ` 196.7 crore (including the corporate tax on dividend of ` 13.7 crore) was paid for FY10-11.

## RISKS AND CONCERNS

Your Company has a comprehensive risk management system, 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:

### Commodity Price Risk

The Company is exposed to the risk of price fluctuation on raw materials, energy as well as finished goods. Considering the normal correlation in the prices of raw materials and finished goods, the risk is reduced. The 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 reduces the effect of the rise in energy cost, a major cost element of cement manufacturing.

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

### Input Availability Risk and Securing Natural Resources

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

In the VSF business, a high level of backward integration in pulp and caustic mitigates the risk of non-availability of input material for existing capacity. For the expansion projects, securing pulp supplies is a thrust area. In this regard, the acquisition of stake in Domsjo will help. Caustic soda capacity of 183,000 tons is being set up to meet its captive need.

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. Your Company is also making efforts to increase the use of alternative fuels in its operations.

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

Acquisition of land for expansion programme is a key challenge, both in terms of time and cost. Your Company's CSR activities and delivering societal value will stand it in good stead in this regard.

### Project Execution Risk

As expansions 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. The Company has set up a dedicated project implementation cell to review project execution to ensure that timelines and budgets are adhered to.

### Human Resource Risk

The 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. The 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

The 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. Your Company suitably hedges the differential short-term exposure between export and import to appropriately manage the currency risk.

### Interest Rate Risk

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

### Competitor Risk

The market is highly competitive with no fiscal barriers and entry of new players. To address this risk, your Company deploys multi-pronged plans for continuous improvements in the area of cost, quality, customer service and brand equity.

### Compliance Risk

Growth in business coupled with increasing regulatory enactments has also brought in additional compliance requirements. Your Company monitors and reviews changes in the regulatory framework on a regular basis and ensures compliance with all applicable laws.

## INTERNAL CONTROL SYSTEM

The 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

Leadership position and cost competitiveness in both VSF and Cement will be strengthened on an ongoing basis. Capacity expansions under implementation in both VSF and Cement will provide additional volumes leading to rapid growth and help further consolidate your Company's leadership.

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### 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, 2012, are as follows:

### Compliance with Corporate Governance Guidelines

#### BOARD OF DIRECTORS

##### (A) Composition of Board

Your Company's Board comprises of 12 Directors, having considerable professional experience in their respective fields. Out of them, 6 are Independent Directors, 4 are Non-Executive Directors and 2 Executive Directors.

The Executive Directors include Managing Director and Whole-time Director. Your Board has appointed Mr. K.K. Maheshwari as Managing Director w.e.f. 6th March, 2012, prior to which he was Whole-time Director of the Company.

The composition of the Board is in conformity with the requirements of Clause 49 of the Listing Agreement.

Name of Director	Executive/ Non-Executive/ Independent	No. of Equity Shares held as on 31st March, 2012	No. of outside Directorships held in Indian Public Ltd. Companies	No. of outside Committee Positions held in Audit/Investor Grievance Committee		No. of Board Meetings		Attended Last AGM held on 17.09.2011
				Member	Chairman	Held	Attended	
Mr. Kumar Mangalam Birla	Non-Executive	23,915	9	—	—	6	4	No
Mrs. Rajashree Birla	Non-Executive	72,280	6	1	—	6	3	No
Mr. M.L. Apte	Independent	130	8	5	—	6	6	Yes
Mr. B.V. Bhargava	Independent	357	9	3	4	6	6	Yes
Mr. R.C. Bhargava	Independent	227	9	4	5	6	5	Yes
Mr. A.K. Dasgupta (Representing Equity Interest of LIC)	Independent	100	2	—	—	6	4	No
Dr. Thomas Martin Connelly Jr.	Independent	100	—	—	—	6	4	No
Mr. Cyril Shroff	Independent	137	—	—	—	6	2	No
Mr. Shailendra K. Jain	Non Executive	1591	4	1	—	6	6	Yes
Mr. D.D. Rathi	Non-Executive	100	1	1	—	6	6	Yes
Mr. K.K. Maheshwari	Managing Director	14	2	1	1	6	6	Yes
Mr. Adesh Gupta	Whole-time Director	980	9	2	—	6	6	Yes

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) Role of Board of Directors**

Your Company's Board of Directors play primary role in ensuring good governance, smooth functioning of the Company and in the creation of shareholder value. The Board's role, functions, responsibility and accountability are clearly defined. As Board's primary role is fiduciary in nature, it is responsible for ensuring that the Company runs on sound ethical business practices, and that the resources of the Company are utilised in a manner so as to create sustainable growth and value for the Company's shareholders and the other stakeholders and also to fulfil the aspirations of the society and the communities in which it operates. As part of its function, your Board periodically reviews all the relevant information, which is required to be placed before it pursuant to Clause 49 of the Listing Agreement and in particular reviews and approves corporate strategies, business plans, annual budgets, projects and capital expenditure. Your Board monitors the Company's overall corporate performance, directs and guides the activities of the Management towards the set goals and seek accountability. Your Board also sets standards of corporate behaviour, ensures transparency in corporate dealings and compliance with the laws and regulations.

Agenda of the Board Meeting and Notes on Agenda are circulated to the Directors as far as possible well in advance of each Board Meeting. At the Board Meeting, elaborate presentations are made to the Board. The Members of the Board discusses each agenda item freely in detail.

Your 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 and the business requirements of the Company.

During the year under review, the Board met 6 times. The details of Board Meetings held during FY 2011-12 are as under:

Sl. No.	Date of Board Meeting	City	No. of Directors Present
1.	03.05.2011	Mumbai	6
2.	11.05.2011	Mumbai	8
3.	30.07.2011	Mumbai	12
4.	22.10.2011	Mumbai	10
5.	24.01.2012	Mumbai	12
6.	06.03.2012	Mumbai	10

Your Company also uses video/tele-conferencing facilities to enable participation of your Directors in the Board/Committee Meetings.

**AUDIT COMMITTEE/OTHER COMMITTEES AT BOARD LEVEL****(A) Qualified and Independent Audit Committee**

Your Company has an Audit Committee at the Board level which acts as a link between the management, the statutory and internal auditors, and the Board of Directors and oversees the financial reporting process. It interacts with statutory, internal & cost auditors, and reviews and recommends their appointment and remuneration. The Audit Committee is provided with necessary assistance and information so as to enable it to carry out its function effectively.

The scope of the functioning of the Audit Committee is to review, from time to time, the audit and internal control procedures, the accounting policies of the Company, oversight of the Company's financial reporting process so as to ensure that the financial statements are correct, sufficient and credible, and it performs such other functions and role, and exercises the powers as are

recommended from time to time by SEBI, Stock Exchanges and/or under the Companies Act, 1956. Your Audit Committee mandatorily reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by the management;
3. Management letters/letters of internal control weaknesses, if any, issued by the Statutory Auditors;
4. Internal audit reports relating to internal control weaknesses, if any, and implementation of action points arising there from; and the appointment, removal and terms of remuneration of the Chief Internal Auditor;
5. Quarterly and annual financial statements; and
6. Risk assessment and minimisation procedures.

The Audit Committee comprises of the following Directors, all of who are Independent Directors and are financially literate and having accounting or related financial management expertise:

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

The Managing Director and the Whole-time Director & CFO are permanent invitees to the Audit Committee Meetings.

The Statutory as well as Chief Internal Auditor of the Company are also invited to the Audit Committee Meetings. The representatives of the Cost Auditors are also invited to the Audit Committee Meetings whenever matters relating to the Cost Audit are considered.

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 17th September, 2011.

#### **Meetings of Audit Committee:**

During the year under review, the Audit Committee met 6 times to deliberate on various matters. The details of attendance of the Committee members is as follows:

Name of Committee Member	No. of Meetings	
	Held	Attended
Mr. B.V. Bhargava, Chairman	6	6
Mr. R.C. Bhargava	6	6
Mr. M.L. Apte	6	6

#### **(B) Other Committees at the Board Level**

##### **i) Shareholders' Grievance/Allotment and Transfer 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 twice to deliberate on various matters referred above. Details of attendance of the Committee members is as follows:

Name of Committee Member	No. of Meetings	
	Held	Attended
Mr. Cyril Shroff, Chairman	2	—
Mr. D.D. Rathi	2	2
Mr. Adesh Gupta	2	2

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

## ii) ESOS Compensation Committee

The ESOS Compensation Committee comprises of the following Directors, viz., Mr. Kumar Mangalam Birla (Chairman), Mr. M.L. Apte and Mr. Cyril Shroff. The Committee was formed to implement, administer and supervise the Employees Stock Option Scheme – 2006 (the Scheme).

## iii) 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 of the Committee members is as follows:

Name of Committee Member	No. of Meetings	
	Held	Attended
Mr. B.V. Bhargava, Chairman	4	4
Mr. D.D. Rathi	4	4
Mr. Adesh Gupta	4	4

## REMUNERATION OF NON-EXECUTIVE/EXECUTIVE 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 is paid to the Non-Executive/Independent Directors for attending Board/Committee Meetings as under:

Board/Board Committee	Sitting Fees per meeting
Board	₹ 20,000/-
Audit Committee	₹ 10,000/-
Shareholders' Grievance/Allotment and Transfer Committee	₹ 5,000/-
ESOS Compensation Committee	₹ 5,000/-
Finance Committee	₹ 5,000/-

Mr. K.K. Maheshwari and Mr. Adesh Gupta are the Managing Director and the Whole-time Director of the Company, respectively, and as such no sitting fee is payable to them.

In addition to the payment of sitting fees, the Company also pays commission to the Non-Executive Directors of the Company. The amount of the commission payable to the Non-Executive Directors is determined after assigning weightage to attendance, type and significance of the

meetings to the overall functioning of the Company. In the AGM held on 17th September, 2011, the shareholders had approved payment of commission not exceeding 1% per annum of the net profits of the Company to the Non-Executive Directors for a period of five years commencing from 1st April, 2011, as may be decided by the Board of Directors. As such, each year the Board fixes the amount to be paid as commission. For FY 2011-12, the Board has approved the payment of ₹ 11 crores as commission to the Non-Executive Directors.

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

**a. Non-Executive/Independent Directors:**

Name of Director	Commission (₹)	Sitting Fees (for Board and its Committees) (₹)
Mr. Kumar Mangalam Birla	9,70,00,000	80,000
Mrs. Rajashree Birla	47,00,000	60,000
Mr. M.L. Apte	17,00,000	1,80,000
Mr. B.V. Bhargava	21,00,000	2,00,000
Mr. R.C. Bhargava	16,00,000	1,60,000
Mr. A.K. Dasgupta*	3,00,000	80,000
Dr. Thomas Martin Connelly Jr.	3,00,000	80,000
Mr. Cyril Shroff	7,00,000	40,000
Mr. Shailendra K. Jain	14,00,000	1,20,000
Mr. D.D. Rathi	2,00,000	1,50,000
Total	11,00,00,000	11,50,000

\* Sitting Fees upto 31.03.2012 paid to LIC. Commission is payable to LIC.

**b. Managing Director/Whole-time Director:**

Managing Director/ Whole-time Director	Relationship with other Directors, if any	Business Relationship with the Company	Remuneration paid during 2011-12		
			Salary, Benefits, Bonus, etc., paid during the Year	Performance linked Incentive paid during the Year for FY 2010-11	Service Contracts, notice period, severance Fee
Mr. K.K. Maheshwari	None	Managing Director	₹ 453.18 lac	₹ 277.26 lac	Upto 5th March, 2017 Refer Note (b)
Mr. Adesh Gupta	None	Whole-time Director & CFO	₹ 197.56 lac	₹ 50.93 lac	Upto 2nd October, 2014 Refer Note (b)

Notes:

- The Board has approved payment of performance-linked variable pay for FY 2010-11 as aforesaid to the Managing Director and Whole-time Director on achieving of the targets.
- Managing Director and Whole-time Director's appointment is subject to termination by three months' notice in writing on either side.
- Details of stock options granted to the Managing Director and the Whole-time Director during the year are set out in Annexure to the Directors' Report.

## DISCLOSURES

### (A) 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.

### (B) Basis of Related Party Transactions:

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

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. 4.5 of the Financial Statements to the Accounts in the Annual Report. These transactions are not likely to have any conflict with the interests of the Company at large.

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

### (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, Right Issues, Preferential Issues, etc.

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

### (E) Management Discussion and Analysis Report/Disclosure of Accounting Treatment

- i) Management Discussion and Analysis Report forms part of the Annual Report and is in accordance with the requirements laid out in the Listing Agreement.
- ii) Your Company follows all relevant Accounting Standards while preparing the Financial Statements.

## 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.

## COMPLIANCES

- 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) 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.
- iii) Details of the Directors' seeking appointment / reappointment has been provided in the Notice of AGM.

- iv) Details of shareholders' complaints received, number of shares transferred during the year and the time taken for processing these transfers are furnished in the "Shareholder Information" section of this Annual Report.
- v) Status of compliance of Non-mandatory requirement
- 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.
  - The Company does not have a Remuneration Committee. The remuneration of the Directors is decided and approved by the Board of Directors.
  - "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.
- vi) Voluntary Guidelines – 2009
- The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines on 'Corporate Governance' and 'Corporate Social Responsibility' in December 2009. These guidelines are expected to serve as a benchmark for the Corporate Sector and also help them in achieving the highest standard of corporate governance.
- Most of the provisions of these guidelines are in place. Your Company will strive to adopt the remaining provisions in a phased manner.
- vii) There is a separate section for General Shareholder information which forms part of Annual Report.
- viii) Name and Designation of Compliance Officer: Mr. Ashok Malu, Company Secretary.

## GENERAL BODY MEETINGS

### Details of Annual General Meetings

During the last 3 years, the Annual General Meetings (AGM) of your Company were held at the Registered Office of the Company at Birlagram, Nagda-456331, M.P. as under:

Year	Date of AGM	Time
2008-09	08.08.2009	12.30 p.m.
2009-10	20.08.2010	12.30 p.m.
2010-11	17.09.2011	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 in FY12 through postal ballot.

## MEANS OF COMMUNICATION

- Copies of the Press Release and Quarterly Presentations on Company's performance made to Institutional Investors/Analysts are hosted on the website of the Company [www.grasim.com](http://www.grasim.com) and the Group's website [www.adityabirla.com](http://www.adityabirla.com)

- Quarterly results:

Results are normally published in :

<i>Newspaper</i>	<i>Cities of Publication</i>
Business Standard	All Editions
Business Line	All Editions
The Economic Times	Mumbai Edition
Nai Duniya	Indore Edition

Results are displayed on our websites :

[www.grasim.com](http://www.grasim.com) and [www.adityabirla.com](http://www.adityabirla.com)

## CODE OF CONDUCT

The Board of Directors plays an important role in ensuring good governance and have 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 Company.

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all the Board Members and Senior Management of the Company have confirmed compliance with the Code of Conduct for the year ended 31st March, 2012.

## CEO/CFO CERTIFICATION

Mr. K.K. Maheshwari, Managing Director and Mr. Adesh Gupta, Whole-time Director & CFO 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.

K.K. Maheshwari  
Managing Director

Adesh Gupta  
Whole-time Director & CFO

Place: Mumbai  
Date: 5th May, 2012

**1. Annual General Meeting**

- Date and Time : 7th September, 2012 at 11.30 a.m.
- Venue : Grasim Staff Club,  
Registered Office: Birlagram-456 331  
Nagda, Madhya Pradesh, India

**2. Financial Calendar for Reporting**

- Quarters ending on June 30, 2012; : Within one month of the close of the  
September 30, 2012 and December 31, 2012 : respective quarter
- For the year ending March 31, 2013 : Within 45 days of the close of the year
- Annual General Meeting for the year ending : By August / September, 2013  
March 31, 2013

- 3. Dates of Book Closure** : 29th August, 2012 to 7th September, 2012  
(both days inclusive)

- 4. Dividend Payment Date** : On or after 10th September, 2012

- 5. Registered Office** : Birlagram-456 331, Nagda,  
Madhya Pradesh, India  
Tel.: (07366) 246760-246766, 256556  
Fax: (07366) 244114/246024  
**Website** : [www.grasim.com](http://www.grasim.com) / [www.adityabirla.com](http://www.adityabirla.com)

**6 (a) Listing Details:**

- Equity Shares of the Company are : 1. Bombay Stock Exchange Limited  
listed on : 2. National Stock Exchange of India Limited
- Global Depository Receipts (GDRs) : Societe de la Bourse de Luxembourg  
are listed on

*Note: All Listing Fees on Shares/GDRs have been paid and no amount is outstanding.*

- 6 (b) Overseas Depository for GDRs** : Citibank N.A.  
Depository Receipt Services  
388, Greenwich Street, 14th Floor  
NEW YORK, NY – 10013  
Tel: +212 – 723 – 4483; Fax: +212 – 723 – 8023

- 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

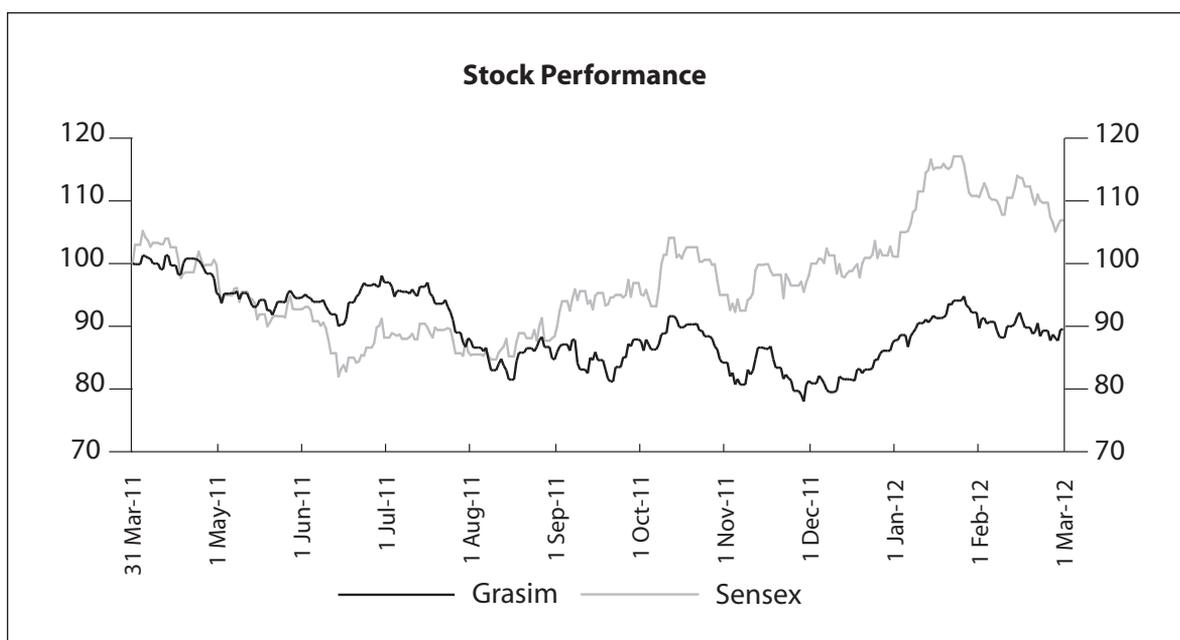
**7. Stock Code :**

	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
ISIN No. of Equity Shares	INE047A01013		
ISIN No. of GDRs	US3887061030 CUSIP No. 388706103		

## 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-11	2,625.00	2,375.00	16,113	2,626.35	2,371.55	96,741	58.23	53.93
May-11	2,492.90	2,196.00	7,583	2,489.00	2,195.00	63,162	55.67	48.93
Jun-11	2,335.00	1,981.20	7,244	2,337.35	1,981.90	54,310	51.94	44.84
Jul-11	2,259.80	2,048.00	7,038	2,259.80	2,048.00	75,811	50.46	46.55
Aug-11	2,235.00	2,040.00	6,309	2,235.00	2,015.00	64,692	49.81	45.36
Sep-11	2,376.90	2,120.00	9,304	2,405.70	2,102.15	84,487	48.63	45.56
Oct-11	2,580.00	2,257.00	7,952	2,612.15	2,241.80	71,629	52.18	45.00
Nov-11	2,539.80	2,207.65	6,723	2,550.00	2,205.10	52,437	51.59	43.17
Dec-11	2,550.00	2,277.50	8,339	2,548.00	2,280.00	68,996	48.29	43.94
Jan-12	2,640.00	2,374.05	8,695	2,643.50	2,375.00	64,335	53.14	45.31
Feb-12	2,924.45	2,609.20	11,237	2,928.00	2,607.15	92,153	58.60	54.11
Mar-12	2,845.85	2,545.70	7,691	2,849.95	2,545.05	67,696	56.08	50.86

## 9. Stock Performance:



**10. Stock Performance and Returns:**

Absolute Returns (In %)

(In Percentage)	1 Year	3 Years*	5 Years*
GRASIM	6.93	122.57	68.26
BSE Sensex	-10.50	79.27	33.14
NSE Nifty	-9.23	75.29	38.57

Annualised Returns (In %)

(In Percentage)	1 Year	3 Years*	5 Years*
GRASIM	6.93	30.56	10.97
BSE Sensex	-10.50	21.48	5.89
NSE Nifty	-9.23	20.57	6.74

\* 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 communications 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 Dept.:  
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 15 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 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, 2012

Nature of Complaints (relating to)	2011-12	
	Received	Attended
Transfer, Transmission, Duplicate shares, Change of address, etc.	7	7
Annual Report	1	1
Dividend, Interest, Redemption, etc.	4	4
Others	6	6
<b>TOTAL</b>	<b>18</b>	<b>18</b>

**14. Distribution of Shareholding as on 31st March, 2012:**

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% Shareholding
1-100	136,275	87.41	3,698,426	4.03
101-200	10,189	6.54	1,471,498	1.61
201-500	6,311	4.05	1,966,113	2.14
501-1000	1,696	1.09	1,187,069	1.29
1001-5000	977	0.63	1,903,704	2.08
5001-10000	114	0.07	828,374	0.90
10001 & above	342	0.21	80,654,558	87.95
<b>Total</b>	<b>155,904</b>	<b>100.00</b>	<b>91,709,742</b>	<b>100.00</b>

**15. Categories of Shareholding as on 31st March, 2012:**

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% Shareholding
Promoters and Promoter Group	24	0.00	23,428,918	25.55
UTI and Mutual Funds	179	0.10	7,239,615	7.89
Banks, Financial Institutions and Insurance Companies	105	0.10	8,280,532	9.03
FII's	290	0.20	21,519,463	23.46
GDRs	1	0.00	*10,536,733	11.49
NRIs/OCBs	4,689	3.00	3,310,675	3.61
Other Corporates	1,838	1.20	7,481,866	8.16
Individuals	148,778	95.40	9,911,940	10.81
<b>Total</b>	<b>155,904</b>	<b>100.00</b>	<b>91,709,742</b>	<b>100.00</b>

\* Includes 4,802,304 GDRs held by Promoters/Promoter Group.

**16. Dematerialisation of Shares and Liquidity:**

94.38% of outstanding Equity (including 11.49% of capital in the form of Global Depository Receipts) has been dematerialised as on 31st March, 2012.

• National Securities Depository Ltd. (NSDL)	:	90.45%
• Central Depository Services (India) Ltd. (CDSL)	:	3.93%
Total		<u>94.38%</u>

**17. Details on use of public funds obtained in the last three years** : No public funds have been obtained in the last three years.

**18. Outstanding GDRs/Warrants and Convertible Bonds** : 10,536,733 GDRs (Previous Year 10,111,739) are outstanding as on 31st March, 2012. Each GDR represents one underlying equity share. There are no warrants/convertible bonds outstanding as at the year-end.

**19. Plant Locations:****Fibre and Pulp Plants**

Name	Address	Phone Nos.	Fax Nos.
Staple Fibre Division	Birlagram-456 331, Nagda Madhya Pradesh	Tel.: (07366) 246760/246766	Fax: (07366) 244114/246024
Harihar Polyfibers and Grasilene Division	Harihar, Dist. Haveri Kumarapatnam-581 123, Karnataka	Tel.: (08373) 242171-75	Fax: (08373) 242875 (08192) 247555
Birla Cellulosic	Birladham, Kharach, Kosamba-394 120 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-392 012 Gujarat	—	—

**Chemical Plants**

Grasim 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	—	—

**Textile Plant**

Vikram Woollens	GH I to IV, Ghironghi Malanpur-477 117 Dist. Bhind Madhya Pradesh	Tel.: (07539) 283602, 283603	Fax: (07539) 283339
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**20. Investor Correspondence:**

**For Secretarial Matters and  
Investor Grievances**

**: 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](mailto:shares@adityabirla.com)  
Investor Complaints: [grasimshares@adityabirla.com](mailto:grasimshares@adityabirla.com)

**Other than Secretarial Matters : Grasim Industries Limited  
Corporate Finance Division**  
A2, Aditya Birla Centre,  
S.K. Ahire Marg, Worli,  
Mumbai – 400 030  
Tel: (022) 66525000, Fax : 022 66525114 ; 02224995114  
E-Mail ID: [grasimcfd@adityabirla.com](mailto:grasimcfd@adityabirla.com)

## 21. OTHER USEFUL INFORMATION FOR SHAREHOLDERS

### PROCESS FOR IMPORTANT INVESTOR SERVICES

#### Share Transfer/Dematerialisation

Share transfer request for physical shares is acted upon within 15 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.

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.

Shareholders are requested to note that if physical documents, viz., Demat Request Form (DRF), Share Certificates, etc., are not received from their concerned DPs by the Company within a period of 15 days from the date of generation of the DRN for dematerialisation, the DRN will be treated as rejected/cancelled. This step is being taken on the advice of National Securities Depository Limited (NSDL), so that no demat request remains pending beyond a period of 21 days.

#### Permanent Account Number (PAN)

Members who hold shares in physical form are advised that SEBI has made it mandatory that a self attested copy of the PAN card of the transferee(s), members, surviving joint holders/legal heirs be furnished to the Company while making request for transfer, deletion of name of deceased joint holder, transposition of names, and transmission of shares, as the case may be.

#### Nomination Facility for Shareholding

Section 109A of the Companies Act, 1956, extends nomination facility to individuals holding shares in physical form. 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"

#### Change of Address and Furnishing of Bank Details

Shareholders holding shares in physical form should notify to the Company, change in their address with Pin Code number and Bank Account details by written request under the signatures of sole/first joint holder.

Beneficial Owners of shares in demat form should 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 said records are maintained by the DPs.

To prevent fraudulent encashment of dividend warrants, please provide your Bank Account Details to the Company (if shares are held in physical form) or to your DP (if shares are held in demat form), for printing of the same on the dividend warrants.

#### Registering of E-mail Address:

Request you to please provide your e-mail address for availing the facility of e-communication, so as to enable us to serve you fast.

#### Loss of Shares

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.

**Correspondence with the Company**

Shareholders/Beneficial Owners are requested to quote their Folio No./DP and Client ID Nos., in all correspondence with the Company.

All correspondence regarding physical shares should be addressed to the Share Department of the Company at its Registered Office at Birlagram-456 331, Nagda (M. P.) and not to any other office(s) of the Company including the Corporate Finance Division.

Shareholders can send such correspondence, which does not require signature verification for processing, through E-mail on shares@adityabirla.com

**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.

**Unclaimed Dividends**

Unclaimed equity dividends up to 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-474 009 (M.P.), by submitting an application in Form II of the Companies Unpaid (Transfer to General Reserve Account of the Central Government) Rules, 1978.

Unclaimed equity dividend for the financial years 1995-96 to 2003-2004 have been transferred to the Investor Education and Protection Fund (IEPF) constituted by the Central Government. No claim by the Shareholders shall lie against IEPF in respect of the said unclaimed amount.

Your Company will transfer the unclaimed dividend for the financial year 2004-2005 to IEPF in August 2012. Shareholders, who have not claimed the dividend for aforesaid period, are requested to lodge their claim with the Company by 10th July 2012.

**Payment of Dividend through National Electronic Clearing Services (NECS)**

Your Company provides the facility for remittance of dividend to the members through NECS. To facilitate dividend payment through NECS, Members, who hold shares in demat mode, should inform their depository participant and such of the members holding shares in physical form should inform the Company of the core banking account number allotted to them by their bankers consequent upon the banks migration to the core banking system. In cases where the core banking account number is not intimated to the Company/Depository Participant, the Company will issue physical dividend warrants to the Members.

**Unclaimed Shares in Physical Form**

Clause 5A II of the Listing Agreement provides the manner of dealing with the shares issued in physical form pursuant to a public issue or any other issue, and which remains unclaimed with the Company. In compliance with the provisions of the said Clause, the Company has sent three reminders under Registered Post as under to the shareholders whose share certificates were returned undelivered and are lying unclaimed so far.

- 1st Reminder had been sent on 19th July, 2011;
- 2nd Reminder was sent on 29th September, 2011; and
- 3rd Reminder was sent on 7th December, 2011

In terms of Clause 5A(II) of the Listing Agreement, your Company will initiate appropriate steps on unclaimed shares by transferring and dematerialising them into one folio in the name of "Grasim Industries Limited Unclaimed Share Suspense Account". In case your shares are lying unclaimed with the Company, you are requested to claim the same. Upon transfer and dematerialisation to the suspense account, the voting rights on the said shares shall remain frozen till the rightful owner of such shares claims the shares.

### **Company's Website**

Members are requested to visit the Company's website [www.grasim.com/www.adityabirla.com](http://www.grasim.com/www.adityabirla.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.; and
- **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.**

### **Service of Documents in Electronic Form (Green Initiative in Corporate Governance)**

In order to conserve paper and environment, Ministry of Corporate Affairs (MCA), Government of India, has allowed and envisage 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 green 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 it by the Depositories. In case of any change in your e-mail address, you are requested to please inform the same to your Depository.

**Shareholders can avail e-communication facility by registering their e-mail address with the Company by sending the request on e-mail to [grasimshares@adityabirla.com](mailto:grasimshares@adityabirla.com) or by logging on to Company's website [www.grasim.com](http://www.grasim.com)**

**You will get following advantages by registering your e-mail address with the Company for availing e-communication:**

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

Your Company will make the said documents available on its website [www.grasim.com/www.adityabirla.com](http://www.grasim.com/www.adityabirla.com) Please note that physical copies of the above documents shall also be made available for inspection, during office hours, at the Registered Office of the Company at Birlagram-456 331, Nagda (M.P.).

**In case you wish to receive the same in physical form, please write to our Share Department or send us an e-mail at [grasimshares@adityabirla.com](mailto:grasimshares@adityabirla.com) Upon receipt of a request from you, physical copy shall be provided free of cost.**

### **Feed Back:**

Members are requested to give us their valuable suggestions for improvement of our investor services to our Corporate Office at Mumbai or the Share Department at Nagda.

Life in the villages is tough. Literacy levels are far from the desired levels as are educational facilities. That by and large women are nonentities should come as no surprise. A low awareness of health and hygiene and the lack of healthcare facilities make life a difficult call for the villagers. Water is a perennial problem. Many villages are ravaged either by floods or plagued by droughts. Not all of the tens of thousands of villagers are gainfully employed. Even as the Government is seized of these issues and is endeavouring to lift the lot of the poor, it will be still a while that these issues will be resolved.

We, in tandem with the Government, work to change the face of our villages and move the villagers from their lowly conditions, according them the dignity that every human being deserves.

So under the aegis of the Aditya Birla Centre for Community Initiatives and Rural Development, spearheaded by Mrs. Rajashree Birla, we at Grasim, work in 100 villages and 36 urban slums that are in proximity to our plants at Nagda (Madhya Pradesh), Harihar (Karnataka) and Kharach (Gujarat).

We believe that bringing the benefits of education, basic healthcare, sustainable livelihood, infrastructure and espousing social reform will make a difference to the lives of the poor.

### In the healthcare domain listen to the story of Panditji.

Basantlalji Vyas popularly known as Panditji at village Hatai (Nagda) had been employed as a Rural Post Master for 40 years. After his retirement over 10 years ago, he had been serving as a one-man window for the elderly villagers to the outside world in his own capacity. The only house around to subscribe to newspapers and journals he used to disseminate all that was happening in the outside world. From telling them about education on buttons and boxes (internet) to long distance communication through snuffbox

type machines (mobile phones) it was left to Panditji alone. But when it came to his own cause he was helpless. He was suffering from partial blindness caused by cataract. He was willing to get himself operated but the question was 'Where would he get the assurance of quality care?' Being indispensable to the villagers, they had offered to contribute for his treatment, but no doctor assured of a 100% success.

The Grasim team, on its yearly cataract surgery programme, was on the lookout for destitute cases. The villagers offered Panditji's name. The operation was carried out using the latest technique of phaco emulsification, by one of the best doctors in the country, specially brought in from Ahmedabad at the Grasim's hospital. Panditji's daily routine is now again characterised by a very busy schedule. Disseminating news about new discoveries, religious discourses and even comments by experts on the future of the rupee.

The Rural Development team gives priority to women and those cases where people are the poorest, blind in both eyes, and any other cause which make them really helpless. It is a completely free package with post-operative facilities.

This year through our medical camps, coupled with our rural mobile medical vans services, we reached out to 1,73,661 villagers. The afflictions treated included besides cataract, arthritis and osteoporosis, skin ailments. Additionally, 49,984 children were immunised against various afflictions such as polio, malaria, typhoid and hepatitis-B, while 18,474 women were given pre-natal and post-natal care besides escort services for institutional delivery.

### Sparking the desire to learn

With child marriages still happening in the interiors, and every extra hand after the age of 10 put to work, education is hardly a top priority. At the Hansot Taluka (Kharach), the Birla Cellulosic team have introduced innovative ways of sparking

the desire to learn among both children and parents. Intensive parent counselling on how education can be a leveller and give their children a future so different from their own, has indeed worked wonders. A quaint function titled “Bal Praveshotsav” that celebrates the enlisting of children at schools and felicitates the parents as well, has proved to be a resounding success. Believing that preparatory schools can help build a stronger foundation for education, Grasim has gone far beyond supporting anganwadis. Their programme “Ramhat” – schools that instil values along with life skills and learning, extended to 5 schools where 574 village children enjoy studying. Here everything is built on trust. So children who buy pencils or erasers or sharpeners or notebooks have to put the money in a till as it substitutes cash counter. At the end of the day when the material is picked up and the money in the till is tallied, and if a discrepancy is found, then the Principal instead of accusing and chiding the children simply says that some child has forgotten to pay for what he has taken. There is no finger pointing and by the end of the day the money comes back. For the child who has not paid for what he took, realises his wrongdoing. Through such an approach, “sanskara” i.e. the right values are instilled. The mode of teaching is experiential and not rote learning. Thanks to our team, at Kharach the literacy rate is 80% in the true sense of the term.

This year over 2,000 children have been registered at angawadis and the local schools in Kharach, Harihar and Nagda. All along the focus on the education of the girl child continues as our teams work with the Kasturba Gandhi Balika Vidyalayas (KGBV) – residential schools for girls. Much to their credit, they have been able to coax the parents of 273 girls to let their daughters study in the KGBV and other Government schools.

### Safe drinking water and sanitation

The installation of 15 Reverse Osmosis plants and water tanks have provided access to safe drinking water to more than 35,000 villagers in

Gujarat, M.P. and Karnataka where we operate. Alongside, we have facilitated the construction of 294 individual toilets in villages.

### Sustainable livelihood

Among our other initiatives, immunisation of 8,257 animals, farm based income generation projects encompassing nearly 500 farmers, exposure to best cropping techniques and organic farming as well, have been greeted well by the farmers. Furthermore, over 600 villagers make a living through the dairy at Nagda, while at Harihar it benefits 142 households.

### Self Help Groups and Income Generation

We have helped set up 215 Self Help Groups encompassing over 2,600 women. What is most heartening is that none of these groups – linked with NABARD and the District Industries Centre have ever defaulted on the loan amount, which is almost ` 25 lakhs. This year, the Ansuya Mahila Atma Gaurav Kendra, an arm of Birla Cellulosic trained 625 rural women in eking out a living.

Alongside, we trained 922 youngsters in various skills such as two-wheeler repair and maintenance, driving, electrical and electronic repairs, motor rewinding and more. The girls were trained in tailoring and cosmetology.

### On the social change front

We conducted a mass marriage programme in Harihar for 182 couples.

We also acted as catalysts for widows, the elderly and the differently abled people, helping them access Government support such as pension and other financial aid.

We held awareness sessions relating to legal rights, safety and environment and insurance. These were attended by 2,165 participants.

### Infrastructure Development

Besides constructing dams, community halls, renovation of school buildings, Anganwadi

Centres, Primary Healthcare Centres and cattle sheds, our team at Kharach stepped in to help provide rural connectivity between Amod village to Sahol village – a 12 km stretch. Our infrastructure development initiatives at Kharach, Harihar and Nagda have been greatly valued by the 31,172 beneficiaries.

### Model Villages

Finally, a word on our model villages. Of the 100 villages, in which we work, we have earmarked 20 villages for transformation into model villages. Up until now 8 , villages viz – Kharach and Panjroli in Kharach, Hirebidre in Harihar, and Gindwania, Nayan, Takrawada, Hatai and Palki in Nagda have

become model villages. Making of a model village entails ensuring self-reliance in all aspects viz. Education, healthcare and family welfare, infrastructure, agriculture and watershed management and working towards sustainable livelihood patterns. Fundamentally, ensuring that their development reaches a stage wherein village committees take over the complete responsibility and our teams become dispensable.

### In sum

The ethos of giving and caring, which forms the very essence of inclusive growth, is part of our Group's DNA, our Group's character.



1. *Agarbathi Making Training.*
2. *School on Wheels by individual Blessing.*
3. *Assistance to construct Water Tank.*
4. *Education at door step.*
5. *Adult Education Program - A daughter teaches her mother.*



### Synergizing growth with responsibility

Social and environmental practices, far beyond compliance, have been an integral part of your Company's philosophy since its inception. These investments were undertaken with an innate sense of responsibility towards the well-being of society and the environment. In recent years, to cement these relationships, our initiatives have become more structured and have been seamlessly integrated in our business process.

Our key focus areas include - Waste Management, Energy Management, Water Conservation, Biodiversity Management, Afforestation and Reduction in Emissions.

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.

The Effluent Treatment plants at your Company's locations at Nagda, Harihar and Kharach are continuously upgraded. Recycling the treated effluent and domestic sewage and using the treated water in process applications is an integral part of our operation. The water is also used for gardening and spraying on coal ash. Wet coal ash precludes any form of combustion. We have now been able to convince farmers to use the treated effluent for irrigation in their fields. This year, we were able to help them irrigate 4,145 bighas of land at Nagda.

The briquette plant to burn ETP sludge in the existing coal fired boilers for utilizing the heat value of the biomass sludge, continues to save energy.

The special plant commissioned in the earlier year to recover CS<sub>2</sub> from Spinning Off gases, based on absorption and desorption technology is running well at Nagda. The results are encouraging.

To conserve electrical energy at your Company's Harihar plant, initiatives such as installation of Variable Frequency Drive (VFD) for different equipments, Lighting Transformer for plant lighting and Energy Efficient Pumps have been installed. These endeavours have significantly pared the carbon footprint.

In the ongoing 100 TPD Fibre expansion project at Harihar, we have opted for new technologies. These aim at minimizing steam and power consumption and reducing emissions. Going forward, in the coming year, we will install Circulating Fluidized Bed Combustion (CFBC) Boilers to cut coal usage.

Additionally, biogas is being used to replace fossil fuel like Light Diesel Oil (LDO) and Furnace Oil. During the year 95% of the LDO and 8% of Furnace Oil was substituted with biogas.

Low speed surface aerators with a modified design for efficient transfer of oxygen have been installed to lower power consumption.

The Demineralization (DM) plant has been upgraded to lower NaOH consumption by 45%. So the waste water generation from DM plant has lessened significantly, in turn decreasing the load on the ETP.

Replacing the existing old recovery boilers with a new boiler with higher thermal efficiency is on the anvil. The new boiler would significantly trim the coal steam usage and help reduce the Unit's carbon footprint.

Yet another step that we have taken is shrinking of chemicals and steam in the pulping process.

At Birla Cellulosic the purity of the chemical gypsum from the ETP sludge has been significantly bettered. Around 6,764 MT of

chemical gypsum was dispatched for use in cement manufacturing.

Likewise, fly ash generated from the power plant is fully utilized to make bricks. At Birla Cellulosic, new buildings use only fly ash bricks made by small entrepreneurs.

Through a series of steps we are now able to reduce water consumption by 2600 M3 everyday at Kharach. Additionally, recycling the MSFE condensate water partly after neutralization and further treatment, along with other innovate ideas has led to saving 700 M3 water every day.

This year at Kharach, our team conducted trials with 100 M3/day Reverse Osmosis plant to explore the possibility of a further reduction in fresh water consumption.

The process for sewage water treatment has been upgraded. The water from the 1,400 M3/day sewage treatment plant in used for belt press washing, coal cooling in the power plant and the cooling tower at the auxiliary department. There is zero discharge of sewage water and importantly it has resulted in saving 1000 M3 water.

Your Company's green belt cover in all of its plant locations exudes a leafy splendor. At Nagda, we have 3,45,000 trees covering 76% of the plant, while at Kharach, our plant has 1,70,000 trees. Birla Cellulosic also wears a green look. It is working in Bhavnagar towards a mangrove plantation in a 100 hectare area at the estuary of the river Kim, along the Coast of Roniyo Island in Bhavnagar. Up until now, 10 hectares spout lush mangroves.

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 65<sup>th</sup> Annual Report and Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2012.

As the Management Discussion and Analysis Section focuses on your Company's strategies for growth and the performance review of the businesses/operations of the Company in depth, your Board is providing only a brief overview.

### STRATEGIC ACQUISITION

#### Acquisition of Domsjo Fabriker AB, a Swedish Pulp Manufacturing Company

During the year under review, your Company acquired a 1/3<sup>rd</sup> stake in Aditya Group AB, Sweden, which controls Domsjo Fabriker AB, Sweden ("Domsjo"), a leading manufacturer of specialty pulp used in the manufacture of Viscose Staple Fibre (VSF). The acquisition will ensure supply of high quality dissolving grade pulp for your Company's VSF projects.

### GROWTH OF THE EXISTING BUSINESSES

#### Expansion of VSF Capacity

Your Company's VSF greenfield project (120,000 TPA) at Vilayat (Gujarat) and brownfield expansion (36,500 TPA) at Harihar (Karnataka) are progressing in line with the schedule. The Caustic Soda project (182,500 TPA) at Vilayat is also on

track. The Vilayat projects are slated for commissioning by the end of the current financial year, while the Harihar project will be commissioned in two phases during the current financial year.

#### Expansion of Cement Capacity

Your Company's subsidiary, UltraTech Cement Limited (UltraTech), is setting up additional clinkerisation plants at Chhattisgarh and Karnataka, grinding units, bulk packaging terminals and ready-mix concrete plants at various locations. These are expected to be operational by Q1 FY14. Consequently, UltraTech's cement capacity will stand enhanced by 10 million TPA at 62 million TPA.

These projects are being funded through a judicious mix of internal accruals and borrowings.

### FINANCIAL PERFORMANCE

Your Company has reported improved performance during the year with its Consolidated Revenue from Operations (Net) surpassing the ` 25,000 crore mark at ` 25,244 crore (up by 17%) and Consolidated Profit for the year growing by 16% at ` 2,647 crore.

The performance of your Company's subsidiary, UltraTech, improved on all 3 parameters, viz., Production, Sales and Profitability. Variable cost increased, driven by high input and energy costs.

(₹ Crore)

	Consolidated		Standalone	
	2011-12	2010-11	2011-12	2010-11
<b>Revenue from Operations (Net)</b>	<b>25,244.30</b>	<b>21,550.23</b>	<b>4,969.72</b>	<b>4,640.06</b>
Profit before Interest, Depreciation/ Amortisation and Tax (PBIDT)	6,320.25	5,394.52	1,721.81	1,816.80
Less: Finance Costs	313.64	406.75	35.82	45.81
Less: Depreciation	1,154.41	1,138.37	144.20	176.29
<b>Profit before Tax</b>	<b>4,852.20</b>	<b>3,849.40</b>	<b>1,541.79</b>	<b>1,594.70</b>
Tax Expense	1,320.77	954.21	364.79	412.99
<b>Profit after Tax</b>	<b>3,531.43</b>	<b>2,895.19</b>	<b>1,177.00</b>	<b>1,181.71</b>
<b>Add:</b> Share in Profit/(Loss) of Associates	63.16	43.78	—	—
<b>Less:</b> Minority Interest	947.13	659.96	—	—
<b>Profit for the Year</b>	<b>2,647.46</b>	<b>2,279.01</b>	<b>1,177.00</b>	<b>1,181.71</b>
Amount Transferred on Change in Stake in Subsidiaries/Joint Ventures	—	(350.01)	—	—
Balance brought forward from Previous Year	1,520.49	3,499.23	703.72	2,219.07
<b>Surplus Available for Appropriation</b>	<b>4,167.95</b>	<b>5,428.23</b>	<b>1,880.72</b>	<b>3,400.78</b>
<b>Appropriations:</b>				
- Reserve Fund	0.50	0.29	—	—
- General Reserve	3,206.23	3,618.55	1,000.00	2,500.00
- Debenture Redemption Reserve	(71.50)	65.17	—	—
- Proposed Dividend	206.36	183.40	206.36	183.40
- Corporate Dividend Tax	47.59	40.33	12.02	13.66
- Balance carried to Balance Sheet	778.77	1,520.49	662.34	703.72
	<b>4,167.95</b>	<b>5,428.23</b>	<b>1,880.72</b>	<b>3,400.78</b>

## DIVIDEND

Your Directors have recommended a dividend of ₹ 22.50 per equity share. The dividend, if approved by the members, would involve a cash outflow of ₹ 218.38 crore (inclusive of Corporate Dividend Tax).

Equity shares that may be allotted upon exercise of Options granted under the Employee Stock Option Scheme and out of the Share Capital Suspense, and before the Book Closure for payment of dividend will rank *pari passu* with the existing shares and shall also be entitled to receive the aforesaid dividend.

## EMPLOYEE STOCK OPTION SCHEME (ESOS)

During the year:

- 6,037 Employee Stock Options were granted to the eligible employees of the Company;

- 45,388 Options were vested out of the Options granted in the earlier years; and
- 10,964 Options were exercised and, accordingly, 10,964 equity 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 the Annexure 'A' to this Report.

## FINANCE

Your Company raised a long-term rupee loan of ₹ 169 crore for financing its VSF expansion projects. Term loans aggregating ₹ 259 crore were repaid during the year.

## AWARDS AND ACCOLADES

In recognition of the extraordinary contribution made towards setting corporate governance standards in India, for authoring the first ever Securities and Exchange Board of India (SEBI) initiated Corporate Governance Report in India and for benchmarkable Governance standards in Aditya Birla Group companies, the Asian Centre for Corporate Governance and Sustainability has conferred the "Transformational Leader Award" on Mr. Kumar Mangalam Birla.

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

- *GREENTECH Environment Award 2011 - Gold Award - from Greentech Foundation: Chemical Division, Nagda (M.P.)*
- *State Level Safety Award (1st Prize for Fuel Efficient Boiler) from Karnataka State Safety Institute: Grasilene Division, Harihar (Karnataka)*
- *Best Fuel Efficient Boiler Award (1st Prize) from Department of Factories and Boilers, Government of Karnataka: Grasilene Division, Harihar*
- *Unnatha Suraksha Puraskara from National Safety Council, Karnataka, for Outstanding Safety Performance and Management Systems during 2009-10: Harihar Polyfibers, Harihar*
- *Best Tax Payer Award (2nd Prize) for 2009-10 from M.P. State Government: Staple Fibre Division Nagda*

## RESEARCH AND DEVELOPMENT

The focus on building the business' technology capabilities moved forward significantly in 2011. The new leadership team began the development and execution of a comprehensive technology plan extending from plantation to fibre. Extensive new capabilities for pulp R&D were added as part of the Domsjo acquisition strengthening the existing infrastructure for developments along the value chain including the Wood and Pulp Research Centre at Harihar, Birla Research Institute for

Applied Sciences (for fibres) at Nagda and the Textile Research and Application Development Centre (TRADC) at Kharach. These Centres have accreditations from the Ministry of Science and Technology, Government of India. Plans for expanding fibre R&D at Aditya Birla Science & Technology Company Ltd., an Associate of your Company at Talaja, were also initiated along with the pursuit of the semi-commercial scale Fibre Research Centre in Kharach. These investments coupled with the growing analytical and research support available through the Corporate R&D organisation at Talaja, are critical to your Company's growth.

Important programmes aimed at improving pulp quality, productivity, environmental management and cost were supported by the Wood and Pulp Research Centre and the R&D organisation at Domsjo. A global programme portfolio is being formulated as part of the technology plan.

The thrust on developing a novel next generation cellulosic fibre continued at the Birla Research Institute for Applied Sciences. The programme was critically reviewed in the 4<sup>th</sup> quarter to assess the current technology barriers, and work streams were initiated to define leads for resolution of the issues.

A new process variation for viscose production was successfully tested at bench scale, given its potential for quality and environment improvement at a competitive cost. A novel process and plant for treatment of emissions from VSF manufacturing has been successfully demonstrated on an industrial scale on one of our lines.

Scouting work aimed at creating specialty fibres with innovative characteristics is ongoing. For example, incorporation of nano-cellulose in our fibres is being explored as a route to enhanced tensile properties. Several additional specialty variants of viscose fibres, based on market feedback of limited test quantities, are in the first iteration of testing.

Major application development and downstream process innovations carried out at TRADC include development of Nylon/Excel blended fabrics for

the Army and its comparison with Nylon/Cotton blended fabrics, process optimization to make superior quality yarns from spun-dyed black VSF for knits, and for processing knits made from Excel fibres for which the patent is pending.

All our R&D Centres are being further strengthened with new equipment and analytical instruments.

### HUMAN RESOURCES

Your Company continues to believe that Human Resources would be a critical factor for its growth. The key focus of the business remained retaining and helping talent grow so as to meet the growth aspirations of the business. The emphasis was on grooming in-house talent enabling them to take higher responsibilities.

The Senior Management Team spent considerable time in reviewing the existing talent base and processes used for honing the skills of the members in the Talent Pool and assessing their preparedness for shouldering higher responsibilities.

### 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 General Circular of the Ministry of Corporate Affairs (MCA), Government of India, the copy of Balance Sheet, Statement of Profit and Loss, Directors' Report, Auditors' Report, etc., of the subsidiary companies is 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) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are to be set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Report and Accounts as set out therein are being sent to all members of the Company excluding the information about the employees. Any member, interested in obtaining such particulars, may write to the Company Secretary at the Registered Office of the Company.

### **DIRECTORS**

As you are aware, Mr. K.K. Maheshwari, who was the Whole Time Director of your Company, was appointed as its Managing Director by your Board on 6th March, 2012. His appointment is proposed for your approval in the ensuing Annual General Meeting (AGM) of the Company.

Mr. Kumar Mangalam Birla, Mr. B.V. Bhargava and Mr. D.D. Rathi, Directors of the Company, retire from office by rotation and, being eligible, have offered themselves for re-appointment at the ensuing AGM.

Mr. A.K. Dasgupta, the erstwhile Managing Director of Life Insurance Corporation of India (LIC) and the nominee of LIC on the Company's Board, has resigned with effect from 21st June, 2012. The Board places on record its sincere appreciation of the valuable services rendered by Mr. Dasgupta during his tenure as a Member of the Board.

At the request of LIC, Mr. N. Mohan Raj, Executive Director of LIC, was appointed as an Additional Director of the Company and accordingly, his appointment is placed for your approval.

Resolutions seeking your approval on these items are included in the Notice convening the AGM. The Board recommends the above appointments/re-appointments. A brief resume of the Directors, being appointed/re-appointed, has been incorporated in the Notice of the ensuing AGM.

### **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, from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the 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 for the year 2012-13.

The due date for filing the Cost Audit Reports for the financial year 2010-2011 was 30<sup>th</sup> September, 2011 and the same were filed by the Cost Auditors on 12<sup>th</sup> September, 2011 and 17<sup>th</sup> September, 2011 respectively.

## APPRECIATION

Your Directors record their sincere appreciation of the Central and State Governments, banks, financial institutions, stakeholders and business associates for their whole-hearted support and co-operation.

For and on behalf of the Board



Kumar Mangalam Birla  
Chairman

Date: 21<sup>st</sup> June, 2012

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

	Particulars	Details of Employee Stock Options as on 31 <sup>st</sup> March, 2012			
		Tranche 1	Tranche 2	Tranche 3	Tranche 4
a)	Number of Stock Options Granted	2,01,530	16,610	71,297	6,037
b)	The pricing Formula	Exercise price was determined by averaging the daily closing price of the Company's equity shares during the 7 days immediately preceding the date of grant and discounting it by 30%.  Exercise Price : ` 1,928	Exercise price was determined by averaging the daily closing price of the Company's equity shares during the 7 days immediately preceding the date of grant and discounting it by 5%.  Exercise Price : ` 2,885	Exercise price was determined by averaging the daily closing price of the Company's equity shares during the 7 days immediately preceding the date of grant and discounting it by 30%.  Exercise Price : ` 1,440	Exercise price was determined by averaging the daily closing price of the Company's equity shares during the 7 days immediately preceding the date of grant and discounting it by 30%.  Exercise Price : ` 1,594
c)	Options Vested	1,62,654	14,345	17,824	—
d)	Options Exercised	34,726	—	437	—
e)	The total number of shares arising as a result of exercise of options	34,726	—	437	—
f)	Options forfeited /cancelled /lapsed	38,876	2,265	—	—
g)	Variation of terms of options	Pursuant to the Scheme of Arrangement for demerger of Cement Business of the Company to Samruddhi Cement Limited ("Samruddhi") (a subsidiary of the Company, which has since been merged with UltraTech Cement Limited (another subsidiary of the Company)), the Exercise Price of stock options of the Company issued under Tranche 1 and Tranche 2 was divided between the stock options issued by the Company and the stock options issued by Samruddhi under its Compensatory Stock Options Scheme. Accordingly, the Exercise Price of stock options issued by the Company stands revised as under:  ` 1,523/-		None	None
h)	Money realized by exercise of options	` 5,65,29,458/-	—	` 6,29,280/-	—
i)	Total number of options in force	1,27,928	14,345	70,860	6,037
j)	Employee wise details of options granted				
	i) Senior Managerial personnel	Mr. Shaileendra K. Jain # : 16,980* Mr. D.D. Rathi # : 7,550*	—	Mr. K.K. Maheshwari : 43,932 Mr. Adesh Gupta : 6,981	—
	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	—	—	Dr. Prakash Maheshwari : 12,090 Mr. Sunay Kamat : 4,147 Mr. Gerard D'Cunha : 4,147	Dr. Raju Mistry : 4,147 Mr. D.P. Modani : 1,890
	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	` 128.22			
l)	Difference between the employee compensation cost, computed using the intrinsic value of the stock options and the employee compensation cost that shall have been recognized if the fair value of the options was used.	<b>Particulars</b>			<b>` Crore</b>
		Net Profit			1,177.00
		Add: Intrinsic value Compensation Cost			1.96
		Less: Fair Value Compensation Cost			3.63
		Adjusted Net Profit			1175.33
		<b>Earnings Per share (₹)</b>			
	The impact of this difference on profits and on EPS of the company.	As reported : Basic			128.33
		As reported : Diluted			128.22
		As adjusted : Basic			128.14
		As adjusted : Diluted			128.03

# Ceased to be in employment of the Company

\* Net of Options cancelled / lapsed

	Particulars	Details of Employee Stock Options as on 31 <sup>st</sup> March, 2012			
		Tranche 1	Tranche 2	Tranche 3	Tranche 4
m)	(i) Weighted-average exercise prices and weighted-average fair values of options whose exercise price equals the market price of the stock	N.A.	Revised Weighted average exercise price : ` 2,279.00  Revised Weighted average fair value : ` 872.13	N.A.	N.A.
	(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	N.A.	Weighted average exercise price : ` 1,440.00  Weighted average fair value : ` 1,130.00	Revised Weighted average exercise price : ` 1,594.00  Weighted average fair value : ` 1,259.39
	(iii) Weighted-average exercise prices and weighted-average fair values of options whose exercise price exceeds the market price of the stock	N.A.	N.A.	N.A.	N.A.
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: <b>On the date of Grant</b>				
	(i) risk-free interest rate (%)	7.78	7.78	8.09	8.09
	(ii) expected life (No. of years)	5	5	5	5
	(iii) expected volatility (%)	33	36	45.64	31.73
	(iv) dividend yield (%)	1.84	1.80	1.58	0.61
	(v) the price of the underlying share in market at the time of option grant	` 2,728	` 2,885	` 2,018	` 2,330

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

## A. CONSERVATION OF ENERGY

### a) Energy Conservation Measures Taken

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

- Installation of Variable Frequency Drives.
- Installing energy efficient aerators in Effluent Treatment Plant.
- Running single ejector systems for reduced steam consumption.
- Replacement of old ejectors with energy efficient ejectors.
- Installation of 3HP/720 rpm motor for reduction of stirrer rpm.

#### ii) Chemical Unit

- Replacement of old motors with energy efficient motors.
- Remembraning of inefficient electrolyzer.
- Installation of higher capacity chlorine compressor.

#### iii) Textile Unit

- Optimisation in Humidification plant and chiller operation.
- Optimisation in bump press.
- 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 energy efficient ejector system for MODAL de-aerator.
- Adoption of LV Drives for boiler.
- Installation of Caustic Dilution plant.
- Replacement of conventional surface aerators with energy efficient aerators in effluent treatment plant.

#### ii) Chemical Unit

- 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

- Replacement of old motors in soft winding.
- Enhancement of belt speed of dryer for reduction in power consumption.
- Conversion of boiler from coal to petcoke.

### 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 AND FUEL CONSUMPTION

	<u>Unit</u>	<u>Current Year</u>	<u>Previous Year</u>
<b>1. Electricity</b>			
a) Purchased - Unit	'000	<b>368653</b>	222895
Total Amount	` in Lac	<b>17158</b>	9523
Rate per Unit	`/Unit	<b>4.65</b>	4.27
b) Own Generation			
i) Through Diesel Generator - Unit	'000	<b>183</b>	131
Unit per Litre of Diesel Oil	Units/Ltrs.	<b>3.36</b>	3.44
Cost/Unit	`/Unit	<b>12.97</b>	11.32
ii) Through Steam Turbine - Units	'000	<b>740423</b>	832350
Units of Steam per Kg. of Coal	Kg./Kg.	<b>5.16</b>	5.25
Units of Electricity per Kg. of Steam	Kg./Kg.	<b>0.28</b>	0.29
Cost/Unit	`/Unit	<b>3.60</b>	2.66
(Cost excl. Interest and Depreciation)			
<b>2. Coal (Slack, Steam and other Alternative Fuel)</b>			
For Co-generation of Steam and Power	Tonne	<b>1066381</b>	1085285
Total Amount	` in Lac	<b>43713</b>	37411
Average Rate	`/Tonne	<b>4099</b>	3447
<b>3. Furnace Oil (Including LSHS)</b>			
Quantity	K. Ltrs.	<b>6453</b>	5896
Total Amount	` in Lac	<b>2379</b>	1595
Average Rate	`/K. Ltr.	<b>36869</b>	27045
<b>4. Light Diesel Oil</b>			
Quantity	K. Ltrs.	<b>965</b>	971
Total Amount	` in Lac	<b>456</b>	340
Average Rate	`/K. Ltr.	<b>47229</b>	34990
<b>5. High Speed Diesel Oil</b>			
Quantity	K. Ltrs.	<b>54</b>	38
Total Amount	` in Lac	<b>24</b>	15
Average Rate	`/K. Ltr.	<b>43609</b>	38418
<b>6. Internal Generation</b>			
Steam			
a) From Recovery Boiler in Rayon Grade Pulp Plants			
Quantity	Tonne	<b>581216</b>	587829
Total Cost	` in Lac	<b>121</b>	61
Rate/Unit	`/Tonne	<b>21</b>	10
(Cost of Oil used for firing support in Boiler)			
b) From Waste Heat Boiler in Sulphuric Acid Plants:			
Quantity	Tonne	<b>776822</b>	739258
Total Cost	` in Lac	<b>N.A.</b>	N.A.
Rate/Unit	`/Tonne	<b>N.A.</b>	N.A.

**(B) CONSUMPTION PER UNIT OF PRODUCTION :**

Particulars	Unit	Standard	Actual	
			Current Year	Previous Year
<b>VSF</b>				
Electricity	Units/Tonne	1500	1219	1255
Steam	Tonne/Tonne	12.50	9.03	9.62
<b>Caustic Soda</b>				
Electricity	Units/Tonne	2400	2215	2192
Steam	Tonne/Tonne	0.09	0.19	0.24
<b>Textiles:</b>				
<b>Yarn</b>				
Electricity	Units/100 Kg.	—	722	614
Steam	Tonne/100 Kg.	—	0.16	0.16
<b>Fabric</b>				
Electricity	Units/100 Kg.	—	—	—
Steam	Tonne/100 Kg.	—	0.64	0.56
<b>Stable Bleaching Powder (SBP)</b>				
Electricity	Units/Tonne	140	125	129
Steam	Tonne/Tonne	0.13	0.13	0.15
<b>Poly Aluminium Chloride</b>				
Electricity	Units/Tonne	75	58	58
Steam	Tonne/Tonne	0.25	0.28	0.27
<b>Chlorosulphonic Acid</b>				
Electricity	Units/Tonne	35	38	35
Steam	Tonne/Tonne	0.11	0.10	0.10
<b>Caustic Fusion Plant</b>				
Electricity	Units/Tonne	60	63	60
Steam	Tonne/Tonne	0.09	0.07	0.11
<b>Chlorinated Paraffin</b>				
Electricity	Units/Tonne	123	88	140
Steam	Tonne/Tonne	0.09	0.08	0.09

**B. TECHNOLOGY ABSORPTION**

Efforts made in Technology Absorption in Form "B".

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

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

- New process and plant for treatment of emissions from VSF.
- Creation of speciality fibre by incorporating nano cellulose in fibre to enhance tensile properties.
- Development of optimal downstream processing techniques to make superior quality yarn from spun dyed black VSF.

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

- Improving pulp quality and productivity.
- To explore additional specialty variants of Viscose Fibre.

**3 Expenditure on R&D**

<b>Expenditure</b>	<b>₹ in Crore</b>
a. Capital	1.22
b. Recurring	9.71
	<b>10.93</b>
c. <b>Total R&amp;D Expenditure as a percentage of turnover</b>	0.22%

**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.

No Technology has been imported during the last five financial years.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company is exporting Viscose Staple Fibre, Chemicals, Textiles, and 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: ₹ 1118.78 crore

**(b) Total Foreign Exchange used and earned**

Foreign Exchange used: ₹ 1047.52 crore

Foreign Exchange earned: ₹ 1140.43 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, 2012, the Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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, 2012;
    - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
    - (c) in the case of 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, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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 : 5th May, 2012

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 explanations 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 cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie

the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (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, 2012 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, 2012 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 to which the amount relates
1.	Sales Tax Act and Value Added Tax Act (Sales Tax)	High Court	3.47	2004 - 2005 2008 - 2009
		Appellate Authorities	0.10	2000 - 2001
		Assessing Authorities	0.67	2004 - 2005 2009 - 2011
2.	Customs Act, 1962 (Customs Duty and Interest)	High Court	0.21	2001 - 2002
		Appellate Authorities	2.08	2005 - 2008
		Assessing Authorities	2.15	1985 - 1986 2004 - 2006
3.	Central Excise Act, 1944 (Excise Duty and Interest)	Supreme Court	0.25	2002 - 2003
		High Court	1.99	1997 - 2000 2002 - 2004 2007 - 2008
		Appellate Authorities	3.66	2002 - 2003 2004 - 2005 2008 - 2009 2011 - 2012
		Assessing Authorities	1.75	2004 - 2005
4.	Service Tax under the Finance Act, 1994 (Service Tax, Interest and Penalty)	High Court	0.01	2009 - 2010
		Appellate Authorities	6.40	2005 - 2008 2009 - 2010
		Assessing Authorities	2.48	2008 - 2009 2011 - 2012
5.	Cess under various Acts (Cess and Interest)	High Court	6.00	1986 - 1987 2002 - 2003
		Appellate Authorities	0.59	1978 - 1980 1988 - 1989

- (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 and financial institutions 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 explanations 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 : 5th May, 2012

For **G.P. KAPADIA & CO.**

Chartered Accountants  
(Registration No. 104768W)

**Atul B. Desai**  
Partner

Membership No.: 30850

## **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, 2012, 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: 5th May, 2012

**GRASIM INDUSTRIES LIMITED**  
**BALANCE SHEET AS AT 31st MARCH, 2012**

	Note	Current Year	Previous Year
in Crore			
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	91.72	91.71
Reserves and Surplus	2.2	9,007.67	8,042.02
		<b>9,099.39</b>	8,133.73
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	2.3	567.34	487.82
Deferred Tax Liabilities (Net)	2.4	239.24	229.82
Other Long-Term Liabilities	2.5	12.12	9.83
Long-Term Provisions	2.6	39.04	37.19
		<b>857.74</b>	764.66
<b>Current Liabilities</b>			
Short-Term Borrowings	2.7	63.00	61.92
Trade Payables	2.8	295.05	223.53
Other Current Liabilities	2.9	290.06	401.53
Short-Term Provisions	2.10	430.83	421.23
		<b>1,078.94</b>	1,108.21
<b>TOTAL</b>		<b>11,036.07</b>	10,006.60
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	2.11		
Tangible Assets		1,547.11	1,541.15
Intangible Assets		1.42	0.66
Capital Work-in-Progress		476.94	56.53
		<b>2,025.47</b>	1,598.34
Non-Current Investments	2.12	4,474.45	3,668.78
Long-Term Loans and Advances	2.13	604.87	142.92
		<b>7,104.79</b>	5,410.04
<b>Current Assets</b>			
Current Investments	2.14	2,355.29	3,241.47
Inventories	2.15	630.91	421.65
Trade Receivables	2.16	509.23	455.63
Cash and Bank Balances	2.17	11.02	14.65
Short-Term Loans and Advances	2.18	401.27	425.79
Other Current Assets	2.19	23.56	37.37
		<b>3,931.28</b>	4,596.56
<b>TOTAL</b>		<b>11,036.07</b>	10,006.60

Significant Accounting Policies

1

Accompanying Notes are an integral part of the Financial Statements

In terms of our report attached

For DELOITTE HASKINS & SELLS,  
Chartered AccountantsFor G.P. KAPADIA & CO.,  
Chartered Accountants

For GRASIM INDUSTRIES LIMITED

K.K. Maheshwari  
Managing DirectorB.V. Bhargava  
R.C. Bhargava  
M.L. ApteB.P. Shroff  
PartnerAtul B. Desai  
PartnerAdesh Gupta  
Whole-time Director & CFO

Directors

Mumbai  
Dated: 5th May, 2012Ashok Malu  
Company Secretary

**GRASIM INDUSTRIES LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012**

	Note	Current Year	Previous Year
` in Crore			
<b>REVENUE</b>			
Sale of Products and Services (Gross)	3.1	5,256.60	4,917.16
Other Operating Revenues	3.2	97.28	97.26
		<u>5,353.88</u>	<u>5,014.42</u>
Less: Excise Duty		384.16	374.36
<b>Revenue from Operations (Net)</b>		<b>4,969.72</b>	<b>4,640.06</b>
Other Income	3.3	463.46	297.77
<b>Total Revenue (I)</b>		<b>5,433.18</b>	<b>4,937.83</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	3.4	2,405.33	1,949.63
Purchases of Stock-in-Trade	3.5	15.70	-
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	3.6	(132.10)	(10.09)
Employee Benefits Expenses	3.7	331.14	295.63
Power and Fuel		675.68	498.85
Freight and Handling Expenses		67.99	53.03
Other Expenses	3.8	370.19	337.77
		<u>3,733.93</u>	<u>3,124.82</u>
Less: Captive Consumption [Net of Excise Duty of ` 2.56 Crore (Previous Year ` Nil)]		22.56	3.79
<b>Total Expenses (II)</b>		<b>3,711.37</b>	<b>3,121.03</b>
<b>Profit before Interest, Depreciation/Amortisation and Tax (PBIDT) (I) - (II)</b>		<b>1,721.81</b>	<b>1,816.80</b>
Finance Costs	3.9	35.82	45.81
Depreciation and Amortisation		144.20	176.29
<b>Profit before Tax</b>		<b>1,541.79</b>	<b>1,594.70</b>
Tax Expenses			
Current Tax		356.61	460.70
Provision for Tax of earlier years written back		(1.24)	(25.37)
Deferred Tax		9.42	(22.34)
<b>Total Tax Expenses</b>		<b>364.79</b>	<b>412.99</b>
<b>Profit For The Year</b>		<b>1,177.00</b>	<b>1,181.71</b>
<b>Earnings Per Equity Share (Face Value ` 10 each)</b> 3.11			
Basic (`)		128.33	128.86
Diluted (`)		128.22	128.77

Significant Accounting Policies 1

Accompanying Notes are an integral part of the Financial Statements

In terms of our report attached

For DELOITTE HASKINS & SELLS,  
Chartered AccountantsFor G.P. KAPADIA & CO.,  
Chartered Accountants

For GRASIM INDUSTRIES LIMITED

K.K. Maheshwari  
Managing DirectorB.V. Bhargava  
R.C. Bhargava  
M.L. ApteB.P. Shroff  
PartnerAtul B. Desai  
PartnerAdesh Gupta  
Whole-time Director & CFO

Directors

Mumbai  
Dated: 5th May, 2012Ashok Malu  
Company Secretary

## GENERAL INFORMATION

Grasim Industries Limited (the "Company") is engaged primarily in two businesses, Viscose Staple Fibre (VSF) and in cement through its subsidiary. It also produces Caustic Soda and allied Chemicals and Rayon Grade Pulp which are used in the manufacture of VSF. The manufacturing plants of the Company, its Subsidiaries and its Joint Ventures are located in India, Middle East, Sri Lanka, Canada, Bangladesh and China. The Company is a public limited company and its shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE), and the Company's GDR's are listed on the Luxembourg Stock Exchange.

## SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Basis of Preparation:

The financial statements have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) in India under historical cost convention on accrual basis and comply in all material aspects with the Accounting Standards (AS) and the relevant provisions prescribed in the Companies Act, 1956, besides the pronouncements/guidelines of the Institute of Chartered Accountants of India and of the Securities and Exchange Board of India.

### 1.2 Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and reported amount of revenues and expenses during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, the actual outcome may be different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise.

### 1.3 Government Grants:

Any government grant is recognised when there is reasonable assurance of its receipt. A capital grant relating to specific assets is reduced from the gross value of the fixed assets and capital grant for Project Capital Subsidy is credited to Capital Reserve. Revenue grant is recognised in the Statement of Profit and Loss.

### 1.4 General Reserve:

General Reserve is created by appropriation from profits of the current year and/or undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard. The General Reserve is a free reserve and can be utilised in accordance with the provisions of the Companies Act, 1956.

### 1.5 Fixed Assets:

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

### 1.6 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.

### 1.7 Impairment of Assets:

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

The assets are treated as impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss, if any, is charged to the Statement of Profit and Loss as and when it arises. Impairment loss recognised in prior years is reversed when there is an indication that impairment loss recognised for the asset no longer exists or may have decreased.

### 1.8 Classification of Assets and Liabilities as Current and Non-Current:

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current – non-current classification of assets and liabilities.

**1.9 Investments:**

Investments are classified as Current and Non-Current. Current Investments are those investments which are readily realisable, and are intended to be held for not more than one year from the date of investment. All other investments are classified as long-term investments.

Current investments are stated at lower of cost and fair value determined for each category of investments.

Long-term investments are stated at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

**1.10 Inventories:**

Inventories are valued at the lower of cost and net realisable value. The cost is computed on weighted-average basis. In case of sale of raw material/stores the proceeds 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. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. In the absence of cost, waste/scrap is valued at estimated net realisable value.

Obsolete, defective, slow moving and/or unserviceable inventories, if any, are duly provided for.

**1.11 Financial Derivatives:**

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

**1.12 Revenue Recognition:**

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

Income from services is recognised as they are rendered (based on agreement/arrangement with the concerned customers).

Dividend income on investments is accounted for as and 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.

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

**1.13 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 Statement of Profit and Loss.

The Provident Fund contribution as specified under the law is paid to the Provident Fund set up as an irrevocable trust by the Company or to the Regional Provident Fund Commissioner. The Company is liable for any shortfall in the Fund assets based on the Government specified minimum rates of return. Such shortfall, if any, is recognised in the Statement of Profit and Loss.

Long-term employee benefits, including deferred post-employment 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 Statement of Profit and Loss. Gratuity is funded with an approved fund.

**1.14 Employee Share-Based Payments:**

The stock options granted under Employee Stock Option Scheme, 2006, are accounted for as per the accounting treatment prescribed by the 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 the Statement of Profit and Loss on the 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.

### 1.15 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 the Balance Sheet date are restated at the year-end exchange rates.

The premium or discount on forward exchange contracts entered into to hedge an existing asset/liability is amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense as the case may be on such occurrence.

Forward exchange contracts, outstanding as at the year end on account of firm commitment are marked to market. In accordance with the announcement by the Institute of Chartered Accountants of India on 'Accounting for Derivatives' the losses, if any, are recognised in the Statement of Profit and Loss while gains are ignored.

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. All other exchange differences are recognised in the Statement of Profit and Loss.

### 1.16 Research and Development Expenditure:

Expenditure incurred during research phase is capitalised if such expenditure leads to creation of any intangible asset, otherwise the expenditure is charged to revenue. Fixed assets procured for research and development activities are generally capitalised.

### 1.17 Operating Leases:

Leases, where risk and reward of ownership, are significantly retained by the lessor are classified as operating leases, and lease rentals thereon are charged to the Statement of Profit and Loss equally over the period of the lease.

### 1.18 Borrowing Cost:

Interest and other costs in connection with the borrowing of funds to the extent attributable to the acquisition or construction of a qualifying fixed asset are capitalised as part of the cost of such asset till such time the asset is ready for its intended use. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

### 1.19 Depreciation/Amortisation:

Depreciation/Amortisation charge is provided on fixed assets on written-down-value method in respect of fixed assets of Viscose Staple Fibre Division (excluding Power Plants), Nagda, Engineering Division, Nagda and Corporate Finance Division, Mumbai, and on Straight-line Method in respect of other assets.

For provision of Depreciation/Amortisation the rates/useful life specified in Schedule XIV of the Companies Act, 1956, are applied except for the following assets where different useful life as stated below is used:

<u>Asset</u>	<u>Estimated Useful Life</u>
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

Individual assets costing less than ` 5,000 are depreciated in full in the year of acquisition.

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

In respect of fixed assets added/disposed off during the year depreciation is provided on *pro-rata* basis with reference to the month of addition/deduction, however, in case of new projects the depreciation from the date of commissioning of such project is charged to the Statement of Profit and Loss.

**1.20 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 are applicable as on the Balance Sheet Date. The Deferred Tax asset is recognised and carried forward only to the extent there is a reasonable certainty of its realisation in future.

**1.21 Segment Reporting:**

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company.

Primary Segments are identified based on the nature of products and services, the different risks and returns and the internal business reporting system. Revenue, Expense, Assets and Liabilities, which relate to the Company as a whole and could not be allocated to segments on a reasonable basis, have been classified as Unallocated.

Secondary segment is identified based on geography in which major operating divisions of the Company operate.

Inter-segment revenue have been accounted for based on the transaction price agreed to between the segments, which is primarily market based.

**1.22 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 and in respect of which a reliable estimate can be made. Provisions are determined (as provided/charged to the Statement of Profit and Loss) based on estimate of the amount required to settle the obligation at the Balance Sheet date and are not discounted to present value.

Contingent liabilities are not recognised but are disclosed in the financial statements. Claims against the Company where the possibility of materialisation is remote are not considered as contingent liabilities.

Contingent assets are neither recognised nor disclosed in the financial statements.

**2.1 SHARE CAPITAL**

	Current Year	Previous Year
` in Crore		
<b>2.1.1 Authorised</b>		
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
	<u>100.50</u>	<u>100.50</u>
<b>2.1.2 Issued, Subscribed and Fully Paid</b>		
91,709,742 (91,698,778) Equity Shares of ` 10 each fully paid	91.71	91.70
<b>Share Capital Suspense</b>		
14,906 (14,906) Equity Shares 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	0.01	0.01
	<u>91.72</u>	<u>91.71</u>
<b>2.1.3 Aggregate number of Equity Shares allotted as fully paid-up out of Share Suspense account as aforesaid during the period of five years immediately preceding (without payment being received in cash)</b>	<b>745</b>	<b>925</b>

				` in Crore	
				Current Year	Previous Year
<b>2.1.4</b>	<b>Reconciliation of the Number of Equity Shares Outstanding (including Share Capital Suspense)</b>	<b>Number of Shares</b>			
		<u>Current Year</u>	<u>Previous Year</u>		
	Outstanding as at the beginning of the year	91,713,684	91,698,477	91.71	91.70
	Issued during the year under Employee Stock Option Scheme	10,964	15,207	0.01	0.01
	Outstanding as at the end of the year	<u>91,724,648</u>	<u>91,713,684</u>	<u>91.72</u>	<u>91.71</u>
<b>2.1.5</b>	<b>List of Shareholders holding more than 5% shares in the Equity Share Capital of the Company:</b>				
	Life Insurance Corporation of India	6,512,338	7,283,159		
	Turquoise Investment and Finance Private Limited	5,908,341	5,908,341		
	Trapti Trading and Investments Private Limited	5,477,863	5,477,863		
<b>2.1.6</b>	Equity Shares of ` 10 each represented by Global Depository Receipts (No voting rights)	10,536,733	10,111,739		
<b>2.1.7</b>	<b>219,170 (224,570) Equity Shares of Face Value of ` 10 each are reserved for issue under Employee Stock Option Scheme, 2006 (ESOS-2006)</b>				
<b>2.1.7.1</b>	Under the ESOS-2006, the Company has granted 295,474 Options to its eligible employees in four tranches, the details of which are given hereunder:				
		<b>Tranche</b>			
		<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>
	No. of Options Granted	201,530	16,610	71,297	6,037
	Grant Date	23rd Aug, 2007	25th Jan, 2008	30th Aug, 2010	2nd June, 2011
	Grant Price (` Per Share)	1,928	2,885	1,440	1,594
	Revised Grant Price*	1,523	2,279	N.A.	N.A.
	Market Price on the Date of Grant (`)	2,728	2,885	2,018	2,330
	Method of Accounting	Intrinsic Value			
	Graded Vesting Plan	25% every year, commencing one year from the date of grant			
	Normal Exercise Period	5 years from the date of vesting			
	* The Grant Price in respect of Tranche I and II was revised as per the Scheme of Demerger of Cement Business.				

	` in Crore	
	Current Year	Previous Year
<b>2.1.7.2 Movement of Options Granted</b>		
	<b>Number of Options</b>	
	<u>Current Year</u>	<u>Previous Year</u>
Outstanding at the beginning of the year	224,570	185,654
Granted during the year	6,037	71,297
Exercised during the year	10,964	15,207
Lapsed during the year	473	17,174
Outstanding at the end of the year	219,170	224,570
Options: Unvested at the end of the year	59,510	99,334
Exercisable at the end of the year	159,660	125,236

**2.1.7.3 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:

	Tranche			
	I	II	III	IV
Risk-Free Rate	7.78%	7.78%	8.09%	8.09%
Option Life	Vesting Period (1 Year) + Average of Exercise Period			
Expected Volatility	33.00%	36.00%	45.64%	31.73%
Dividend	1.84%	1.80%	1.58%	0.61%

The weighted average fair value of the option, as on the date of grant, works out to ` 1,056 per stock option (Previous Year ` 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 follows:

<b>Profit for the year (As Reported)</b>	<b>1,177.00</b>	1,181.71
Add: Compensation Expenses under ESOS included in the Statement of Profit and Loss	<b>1.96</b>	1.41
Less: Compensation Expenses under ESOS as per Fair Value	<b>3.63</b>	2.67
<b>Profit for the year (Fair Value Basis)</b>	<b>1,175.33</b>	1,180.45
Basic Earnings Per Share: (As Reported) - ` /Share	<b>128.33</b>	128.86
<b>(Fair Value Basis) - ` /Share</b>	<b>128.14</b>	128.72
Diluted Earnings Per Share: (As Reported) - ` /Share	<b>128.22</b>	128.77
<b>(Fair Value Basis) - ` /Share</b>	<b>128.03</b>	128.64

## 2.2 RESERVES AND SURPLUS

₹ in Crore

	Securities Premium Account	General Reserve	Employee Share Options Out- standing #	Foreign Currency Translation Reserve	Surplus as per Statement of Profit and Loss	Total
<b>Current Year</b>						
Opening Balance as at 1st April, 2011	5.14	7,323.21	9.95	-	703.72	8,042.02
Profit for the Year	-	-	-	-	1,177.00	1,177.00
Transfer from Statement of Profit and Loss to General Reserve	-	1,000.00	-	-	(1,000.00)	-
Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	(218.38)	(218.38)
Movement related to ESOS	2.35	-	1.27	-	-	3.62
Restatement of Long-term Monetary Loan to a Foreign Joint Venture	-	-	-	3.41	-	3.41
<b>Closing Balance as at 31st March, 2012</b>	<b>7.49</b>	<b>8,323.21</b>	<b>11.22</b>	<b>3.41</b>	<b>662.34</b>	<b>9,007.67</b>
<b>Previous Year</b>						
Opening Balance as at 1st April, 2010	1.88	4,823.21	9.51	-	2,219.07	7,053.67
Profit for the Year	-	-	-	-	1,181.71	1,181.71
Transfer from Statement of Profit and Loss to General Reserve	-	2,500.00	-	-	(2,500.00)	-
Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	(197.06)	(197.06)
Movement related to ESOS	3.26	-	0.44	-	-	3.70
<b>Closing Balance as at 31st March, 2011</b>	<b>5.14</b>	<b>7,323.21</b>	<b>9.95</b>	<b>-</b>	<b>703.72</b>	<b>8,042.02</b>

**2.2.1** The Board of Directors has recommended a dividend of ₹ 22.50 per share for the year ended 31st March, 2012 (Previous Year ₹ 20 per share).

The total cash outflows on account of the dividend ₹ 206.36 Crore (Previous Year ₹ 183.40 Crore) and on account of Corporate Dividend Tax ₹ 12.02 Crore (Previous Year ₹ 13.66 Crore).

**2.2.2** Proposed Dividend (including Corporate Dividend Tax) for the Current Year includes ₹ 0.01 Crore related to Previous Year.

# Net of Deferred Employees' Compensation Expenses ₹ 1.65 Crore (₹ 3.23 Crore).

## 2.3 LONG-TERM BORROWINGS

### Secured

Term Loans from Banks  
Rupee Term Loans  
Foreign Currency Loans

441.37	317.82
50.60	78.51
<b>491.97</b>	<b>396.33</b>

### Unsecured

Deferred Sales Tax Loans

75.37	91.49
<b>567.34</b>	<b>487.82</b>

2.3.1 Nature of Security and Repayment Terms	` in Crore			
	Current Year Current	Current Year Non-Current	Previous Year Current	Previous Year Non-Current
<b>Secured Long-Term Borrowings:</b>				
(a) Rupee Term Loans secured by exclusive charge on certain specific fixed assets of the Company located at Nagda (Staple Fibre Division) and Harihar (Staple Fibre and Pulp Divisions) Quarterly ballooning repayment from October 2007, over 8 years	15.35	54.97	18.19	70.32
(b) Rupee Term Loan secured by first <i>pari-passu</i> 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 (a) above] Quarterly ballooning repayment from April 2010, over 8 years	30.00	217.50	24.38	247.50
(c) Rupee Term Loan secured by first <i>pari-passu</i> charge on the Plant and Machinery, both present and future, of the Company located at Vilayat (Staple Fibre Division) Quarterly ballooning repayment from April 2014, over 5 years	-	168.90	-	-
(d) Foreign Currency Loans secured by first <i>pari-passu</i> 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 (a) above]				
- Repayable after 5 years, bullet repayment in March 2013	27.91	-	-	27.91
- Repayable after 5 years, bullet repayment in April 2013	-	50.60	-	50.60
- Repaid in October 2011	-	-	68.52	-
<b>Total Secured Borrowings (I)</b>	<b>73.26</b>	<b>491.97</b>	<b>111.09</b>	<b>396.33</b>
<b>Unsecured Long-Term Borrowings:</b>				
(a) Deferred Sales Tax Loans				
- Repayable in six annual instalments starting from 31st May, 2012	10.89	54.46	-	65.35
- Repayable after ten years from the respective year in which the actual tax was collected, starting from 14th March, 2011	5.23	20.91	5.26	26.14
(b) Foreign Currency Loans				
- Repaid in September 2011	-	-	73.70	-
- Repaid in October 2011	-	-	73.97	-
<b>Total Unsecured Borrowings (II)</b>	<b>16.12</b>	<b>75.37</b>	<b>152.93</b>	<b>91.49</b>
<b>Total Borrowings (I + II)</b>	<b>89.38</b>	<b>567.34</b>	<b>264.02</b>	<b>487.82</b>

		` in Crore	
		Current Year	Previous Year
<b>2.4</b>	<b>DEFERRED TAX LIABILITIES (NET)</b>		
		<b>Current Year</b>	<b>Charge for the Year</b>
			<b>Previous Year</b>
	<b>Deferred Tax Liabilities:</b>		
	Accumulated Depreciation	250.51	9.72
			240.79
	<b>Deferred Tax Assets:</b>		
	Accrued expenses deductible on payment basis	4.79	0.86
	Expenses allowable in instalments in Income Tax	2.41	(1.30)
	Provision for contingencies allowable on payment basis	3.88	0.55
	Others	0.19	0.19
		11.27	0.30
			10.97
	<b>Deferred Tax Liabilities (Net)</b>	<b>239.24</b>	<b>9.42</b>
			<b>229.82</b>
<b>2.5</b>	<b>OTHER LONG-TERM LIABILITIES</b>		
	Security and Other Deposits		0.32
	Other Liabilities		11.80
			9.53
			<b>12.12</b>
			<b>9.83</b>
<b>2.6</b>	<b>LONG-TERM PROVISIONS</b>		
	For Employee Benefits		39.04
			37.19
			<b>39.04</b>
			<b>37.19</b>
<b>2.7</b>	<b>SHORT-TERM BORROWINGS</b>		
	<b>Loans Repayable on Demand from Bank</b>		
	<b>Secured</b>		
	Working Capital Borrowings		56.74
			48.80
	<b>Unsecured</b>		
	Documentary Demand Bills/Usance Bills under Letter of Credit Discounted		6.26
			13.12
			<b>63.00</b>
			<b>61.92</b>
	<b>2.7.1</b> Working capital borrowings are secured by hypothecation of stocks and book debts of the Company		
<b>2.8</b>	<b>TRADE PAYABLES</b>		
	Due to Micro and Small Enterprises		3.34
	Others		291.71
			223.53
			<b>295.05</b>
			<b>223.53</b>
	There is no principal amount and interest overdue to the Micro and Small Enterprises. During the year no interest has been paid to such parties. This information have been determined to the extent such parties have been identified on the basis of information available with the Company.		
<b>2.9</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Current maturities of long-term debt (Note 2.3.1)	89.38	264.02
	Interest accrued but not due on borrowings	5.47	7.46
	Unpaid Dividends (Amount transferable to Investor Education and Protection Fund, when due)	9.55	9.21
	Security and Other Deposits (Trade Deposits)	9.53	9.27
	Other Payables (including Statutory Dues, etc.)	176.13	111.57
		<b>290.06</b>	<b>401.53</b>

	Current Year	Previous Year
in Crore		
<b>2.10 SHORT-TERM PROVISIONS</b>		
For Employee Benefits	9.52	9.77
For Proposed Dividend	206.36	183.40
For Corporate Dividend Tax	12.02	13.66
For Taxation (Net of Advance Tax)	202.93	214.40
	<u>430.83</u>	<u>421.23</u>

**2.11 FIXED ASSETS**

	Gross Block				Depreciation/Amortisation				Net Block
	Opening	Additions	Deductions	Closing	Opening	For the Year	Deductions	Closing	Closing
<b>Current Year</b>									
<b>TANGIBLE ASSETS</b>									
Freehold Land	15.11	10.13	-	25.24	-	-	-	-	25.24
Leasehold Land	85.72	-	-	85.72	2.01	0.43	-	2.44	83.28
Buildings	301.06	11.85	2.26	310.65	92.25	8.74	1.03	99.96	210.69
Plant and Equipment	2,412.33	118.57	15.70	2,515.20	1,228.31	123.06	13.25	1,338.12	1,177.08
Furniture and Fixtures	24.83	2.38	0.62	26.59	20.84	1.40	0.53	21.71	4.88
Vehicles	52.65	5.80	2.91	55.54	32.27	5.42	2.16	35.53	20.01
Office Equipment	78.77	6.19	2.99	81.97	56.83	4.94	2.81	58.96	23.01
Railway Sidings	5.67	-	-	5.67	2.48	0.27	-	2.75	2.92
<b>Total Tangible Assets</b>	<b>2,976.14</b>	<b>154.92</b>	<b>24.48</b>	<b>3,106.58</b>	<b>1,434.99</b>	<b>144.26</b>	<b>19.78</b>	<b>1,559.47</b>	<b>1,547.11</b>
<b>INTANGIBLE ASSETS</b>									
Computer Software	7.73	1.25	0.01	8.97	7.08	0.49	0.01	7.56	1.41
Trade Mark	0.01	-	-	0.01	-	-	-	-	0.01
<b>Total Intangible Assets</b>	<b>7.74</b>	<b>1.25</b>	<b>0.01</b>	<b>8.98</b>	<b>7.08</b>	<b>0.49</b>	<b>0.01</b>	<b>7.56</b>	<b>1.42</b>
	<u>2,983.88</u>	<u>156.17</u>	<u>24.49</u>	<u>3,115.56</u>	<u>1,442.07</u>	<u>144.75</u>	<u>19.79</u>	<u>1,567.03</u>	<u>1,548.53</u>
								Capital Work-in-Progress (including Pre-operative Expenses)	476.94
								<b>Total Fixed Assets</b>	<b>2,025.47</b>
<b>Previous Year</b>									
<b>TANGIBLE ASSETS</b>									
Freehold Land	14.05	1.06	-	15.11	-	-	-	-	15.11
Leasehold Land	84.35	1.37	-	85.72	1.59	0.42	-	2.01	83.71
Buildings	295.74	5.40	0.08	301.06	83.54	8.78	0.07	92.25	208.81
Plant and Equipment	2,329.03	96.60	13.30	2,412.33	1,116.66	122.64	10.99	1,228.31	1,184.02
Furniture and Fixtures	24.36	1.28	0.81	24.83	19.80	1.76	0.72	20.84	3.99
Vehicles	265.27	14.38	227.00	52.65	32.41	36.20	36.34	32.27	20.38
Office Equipment	76.27	5.41	2.91	78.77	54.31	5.12	2.60	56.83	21.94
Railway Sidings	5.67	-	-	5.67	2.21	0.27	-	2.48	3.19
<b>Total Tangible Assets</b>	<b>3,094.74</b>	<b>125.50</b>	<b>244.10</b>	<b>2,976.14</b>	<b>1,310.52</b>	<b>175.19</b>	<b>50.72</b>	<b>1,434.99</b>	<b>1,541.15</b>
<b>INTANGIBLE ASSETS</b>									
Computer Software	7.42	0.31	-	7.73	5.58	1.50	-	7.08	0.65
Trade Mark	-	0.01	-	0.01	-	-	-	-	0.01
<b>Total Intangible Assets</b>	<b>7.42</b>	<b>0.32</b>	<b>-</b>	<b>7.74</b>	<b>5.58</b>	<b>1.50</b>	<b>-</b>	<b>7.08</b>	<b>0.66</b>
	<u>3,102.16</u>	<u>125.82</u>	<u>244.10</u>	<u>2,983.88</u>	<u>1,316.10</u>	<u>176.69</u>	<u>50.72</u>	<u>1,442.07</u>	<u>1,541.81</u>
								Capital Work-in-Progress (including Pre-operative Expenses)	56.53
								<b>Total Fixed Assets</b>	<b>1,598.34</b>

		` in Crore	
		Current Year	Previous Year
<b>2.11.1</b>	Buildings include workers' quarters mortgaged with state governments against subsidies received:		
	Gross Block	0.50	0.50
	Accumulated Depreciation	0.48	0.48
	Net Block	0.02	0.02
<b>2.11.2</b>	Assets held on co-ownership with other companies		
	Gross Block	97.79	97.76
	Accumulated Depreciation	30.22	28.75
	Net Block	67.57	69.01
<b>2.11.3</b>	Fixed Assets include Capital Expenditure for Research and Development Activities		
	Gross Block	35.18	34.47
	Accumulated Depreciation	11.34	9.90
	Net Block	23.84	24.57
	Additions during the year	1.22	2.11
<b>2.11.4</b>	Depreciation and Amortisation for the year	144.75	176.69
	Less: Capitalised as Pre-operative Expenses	0.55	0.40
	Depreciation and Amortisation for the year charged to the Statement of Profit and Loss	144.20	176.29
<b>2.11.5</b>	Pre-operative Expenses incurred during the year		
	Salaries, Wages, Bonus and Gratuity	6.19	-
	Consumption of Stores, Spare Parts and Components, Packing Materials and Incidental Expenses	0.30	-
	Rent and Hire Charges	0.56	0.11
	Power and Fuel	0.34	-
	Rates and Taxes	0.72	-
	Insurance	0.55	-
	Exchange Rate Difference Loss/(Gain) (Net)	1.19	-
	Depreciation	0.55	0.40
	Other Expenses	2.68	0.34
	Finance Costs	1.30	-
		14.38	0.85
	Add : Pre-operative Expenditure Incurred upto Previous Year	0.85	-
	Less: Pre-operative Expenditure Allocated to Fixed Assets during the Year	0.31	-
	<b>Total Pre-operative Expenses</b>	14.92	0.85

				` in Crore	
				Current	Previous
				Year	Year
				Face	Total
				Value	Nos.
<b>2.12</b>	<b>NON-CURRENT INVESTMENTS</b>				
	(Long-Term, Fully Paid-up, At Cost)				
	<b>Trade Investments</b>				
	Investments in Equity Instruments				
	Investments in Subsidiaries				
	UltraTech Cement Limited #	` 10	165,335,150	2,636.25	2,636.25
	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	` 10	20,050,000	60.05	60.05
	Aditya Birla Power Ventures Limited	` 10	50,000	0.05	-
				<b>2,702.90</b>	<b>2,702.85</b>
	Investments in Joint Ventures				
	A.V. Cell Inc., Canada, Class 'A' Shares of aggregate value of Canadian Dollar 13.50 Million	WPV	81,000	50.67	50.67
	A.V. Nackawic Inc., Canada, Class 'A' Shares of aggregate value of Canadian Dollar 24.75 Million (Note 2.12.2)	WPV	123,750	102.38	102.38
	Birla Jingwei Fibres Co. Limited, China, Shares of aggregate value of RMB 114,390,000	WPV	-	66.05	66.05
	Birla Lao Pulp and Plantations Company Limited, Laos (Previous Year 12,000 shares)	US\$ 1000	14,000	63.54	53.68
	Bhubaneswari Coal Mining Limited (Previous Year 98,800 shares)	` 10	11,700,000	11.70	0.10
	Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi, Turkey	TRY 10	1,999,998	56.67	-
				<b>351.01</b>	<b>272.88</b>
	Investment in Associates				
	Aditya Birla Science & Technology Company Limited	` 10	7,799,500	7.80	7.80
	Aditya Group AB, Sweden	SEK 1000	38,025	274.89	-
				<b>282.69</b>	<b>7.80</b>
	Others				
	Thai Rayon Public Company Limited, Thailand #	Thai Baht 1	13,988,570	1.07	1.07
	P.T. Indo Bharat Rayon Co. Limited, Indonesia	US\$ 100	5,000	0.40	0.40
	Aditya Birla Ports Limited	` 10	50,000	0.05	0.05
				<b>1.52</b>	<b>1.52</b>
	Investments in Preference Shares				
	Investment in Subsidiaries				
	Sun God Trading and Investments Limited * ` 10,000	` 100	100	*	*
	Investment in Joint Ventures				
	6% Cumulative Redeemable Retractable, Non-voting Preferred Shares of A.V. Nackawic Inc., Canada, aggregate value of Canadian Dollar 6.75 Million	WPV	6,750,000	26.65	26.65
	Others				
	3.50% Cumulative Redeemable Preference Shares of Aditya Birla Health Services Limited	` 100	2,500,000	25.00	25.00
	<b>Other Investments</b>				
	Investments in Equity Instruments				
	Investment in Associates				
	Idea Cellular Limited (Note 2.12.2) #	` 10	171,013,894	171.01	171.01
	Others				
	Aditya Birla Nuvo Limited #	` 10	3,345,816	68.37	68.37
	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
	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	200,000	0.10	0.10
				<b>460.42</b>	<b>460.42</b>
	Investments in Government or Trust Securities				
	Deposited with Government Departments			<b>0.02</b>	<b>0.02</b>
	Bonds #			<b>160.23</b>	<b>0.63</b>
	Investments in Debt Schemes of various Mutual Funds		293,000,000	<b>293.00</b>	-
				<b>4,474.45</b>	<b>3,668.78</b>
	WPV - Without Par Value				
	# Quoted Investments				
<b>2.12.1</b>	Aggregate Book Value of:				
	Quoted Investments			<b>3,706.32</b>	3,253.72
	Unquoted Investments			<b>768.13</b>	415.06
				<b>4,474.45</b>	<b>3,668.78</b>
	Aggregate Market Value of Quoted Investments			<b>28,770.78</b>	22,128.31
<b>2.12.2</b>	Non-disposal undertaking has been provided to certain Banks for credit facilities extended by them to A.V. Nackawic Inc. and Idea Cellular Limited.				

		` in Crore	
		Current Year	Previous Year
<b>2.13</b>	<b>LONG-TERM LOANS AND ADVANCES</b> <b>(Unsecured, Considered Good, unless otherwise stated)</b>		
	Capital Advances for Purchase of Fixed Assets	488.20	44.43
	Security Deposits	33.68	24.53
	Loans and Advances to Related Parties (Note 4.5.3)	69.89	70.31
	Balances with Government Authorities	5.92	0.72
	Other Loans and Advances (includes Advances to Suppliers, etc.)	7.18	2.93
		<b>604.87</b>	<b>142.92</b>
<b>2.13.1</b>	<b>Disclosure as per Clause 32 of the Listing Agreement:</b>		
(a)	Loans and Advances given to Subsidiaries and Associate (including Current Loans and Advances):		
		<b>Maximum Balance Outstanding during the</b>	
		<b>Current</b>	<b>Previous</b>
	<b>Name of the Company</b>	<b>Year</b>	<b>Year</b>
	<b>Subsidiaries</b>		
	Samruddhi Swastik Trading and Investments Limited	-	0.04
	Sun God Trading and Investments Limited	3.82	-
	Samruddhi Cement Limited	-	13.09
	UltraTech Cement Limited	-	1.94
	Grasim Bhiwani Textiles Limited	31.84	39.73
	<b>Associates</b>		
	Aditya Birla Science & Technology Company Limited	11.82	40.74
		<b>47.48</b>	<b>95.54</b>
(b)	Payments made to employees by way of Loans and Advances in the nature of loans where no interest is charged or interest is charged at a rate less than the rate prescribed in Section 372A of Companies Act, 1956:		
	Outstanding Balance at the year end	8.16	5.54
	Maximum Balance Outstanding during the year	9.64	13.32
<b>2.14</b>	<b>CURRENT INVESTMENTS</b> (At Cost or Fair Value, whichever is less)		
		<b>Number of Units</b>	
	Investments in Debt Schemes of various Mutual Funds	2,196,641,305	(2,936,442,611)
	Certificate of Deposits (CD's of Scheduled Banks)		
		2,332.55	3,126.25
		22.74	115.22
		<b>2,355.29</b>	<b>3,241.47</b>
<b>2.14.1</b>	Aggregate Book Value of:		
	Quoted Investments	2,144.82	2,982.64
	Unquoted Investments	210.47	258.83
		<b>2,355.29</b>	<b>3,241.47</b>
<b>2.14.2</b>	Aggregate Market Value of Quoted Investments	2,199.79	3,382.51
<b>2.14.3</b>	Current Investments includes current portion of Long-Term Investments as per the definition provided in Accounting Standard (AS) 13 Accounting for Investments	1,933.95	2,005.39

		` in Crore	
		Current Year	Previous Year
<b>2.15</b>	<b>INVENTORIES</b> (Valued at lower of cost or net realisable value, unless otherwise stated)		
	Raw Materials {(includes in transit ` 163.46 Crore (Previous Year ` 63.55 Crore)}	333.04	296.98
	Work-in-Progress	16.14	14.62
	Finished Goods	194.45	39.56
	Stores and Spare Parts {(includes in transit ` 0.08 Crore (Previous Year ` Nil)}	28.43	21.75
	Fuel	51.48	38.80
	By-Products	0.50	3.28
	Waste/Scrap (valued at Net Realisable Value)	3.04	3.08
	Others (mainly includes Packing Materials)	3.83	3.58
		<u>630.91</u>	<u>421.65</u>
<b>2.16</b>	<b>TRADE RECEIVABLES *</b> (Unsecured, unless otherwise stated) Outstanding for a period exceeding six months from the date they are due for payment		
	Considered Good	1.15	1.34
	Doubtful	0.76	0.21
		<u>1.91</u>	<u>1.55</u>
	Less: Provision for Doubtful Debts	0.76	0.21
		<u>1.15</u>	<u>1.34</u>
	<b>Others</b>	<b>508.08</b>	<b>454.29</b>
	Considered Good	<u>509.23</u>	<u>455.63</u>
	* Includes amount in respect of which the Company holds Deposits and Letters of Credit/Guarantees from Banks	<b>351.93</b>	<b>350.07</b>
<b>2.17</b>	<b>CASH AND BANK BALANCES</b>		
	Cash and Cash Equivalents		
	Balances with Banks	1.20	5.19
	Cash on Hand	0.09	0.08
		<u>1.29</u>	<u>5.27</u>
	Other Bank Balances		
	Earmarked Balances with Banks		
	In Government Treasury Saving Account	0.01	0.01
	Unpaid Dividend	9.55	9.21
	Bank Deposit *	0.17	0.16
		<u>9.73</u>	<u>9.38</u>
		<u>11.02</u>	<u>14.65</u>
	* Includes		
	Lodged as security with Government Department	0.08	0.05
	Interest Accrued	0.02	0.01
<b>2.18</b>	<b>SHORT-TERM LOANS AND ADVANCES</b> Unsecured (Considered Good, unless otherwise stated)		
	Security Deposits	14.14	15.48
	Loans and Advances to Related Parties (Note 4.5.3)	9.40	7.52
	Balances with Government Authorities	60.57	36.52
	Deposits with Bodies Corporate	200.00	270.00
	Other Short-Term Loans and Advances (includes Advances to Suppliers, etc.)	117.16	96.27
		<u>401.27</u>	<u>425.79</u>
<b>2.19</b>	<b>OTHER CURRENT ASSETS</b>		
	Interest Accrued on Investments	6.16	2.20
	Others (includes Insurance Claims, Export Incentives Receivables, etc.)	17.40	35.17
		<u>23.56</u>	<u>37.37</u>

		in Crore	
		Current Year	Previous Year
<b>3.1</b>	<b>SALE OF PRODUCTS AND SERVICES (GROSS)</b>		
	Sale of Products	5,255.23	4,916.37
	Sale of Services	1.37	0.79
		<u>5,256.60</u>	<u>4,917.16</u>
<b>3.2</b>	<b>OTHER OPERATING REVENUES</b>		
	Export Incentives	42.66	40.75
	Insurance Claims	0.06	0.16
	Sundry Balances Written Back (Net)	3.93	2.10
	Rent Received	2.28	2.17
	Scrap Sales (Net)	26.70	20.34
	Others	21.65	31.74
		<u>97.28</u>	<u>97.26</u>
<b>3.3</b>	<b>OTHER INCOME</b>		
	Interest Income on		
	Government and Other Securities	15.07	3.70
	Bank and Other Accounts	60.31	50.26
	Dividend Income from		
	Long-Term Investments - Trade	5.86	15.16
	Long-Term Investments - Others	27.82	14.61
	Subsidiary Companies	99.20	70.67
	Current Investments - Mutual Funds	79.73	97.51
	Profit on Sale of		
	Long-Term Investments (Net)	155.44	4.12
	Current Investments (Net)	1.24	0.27
	Fixed Assets (Net)	0.83	33.31
	Exchange Rate Difference (Net)	8.46	-
	Others	9.50	8.16
		<u>463.46</u>	<u>297.77</u>
<b>3.4</b>	<b>COST OF MATERIALS CONSUMED</b>		
	Opening Stock	296.98	297.62
	Add : Purchases and Incidental Expenses	2,441.89	1,951.15
	Less: Sales	0.50	2.16
	Less: Closing Stock	333.04	296.98
		<u>2,405.33</u>	<u>1,949.63</u>
	<b>3.4.1</b> Details of Raw Materials Consumed:		
	Dissolving Pulp	1,467.68	1,272.69
	Sulphur	170.99	128.99
	Pulp Wood	150.49	111.88
	Caustic Soda	219.06	152.47
	Salt	69.90	50.06
	Others	327.21	233.54
		<u>2,405.33</u>	<u>1,949.63</u>
<b>3.5</b>	<b>PURCHASES OF STOCK-IN-TRADE</b>		
	Chemicals	15.70	-
		<u>15.70</u>	<u>-</u>

		` in Crore	
		Current Year	Previous Year
<b>3.6</b>	<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
	<b>Opening Stock</b>		
	Finished Goods	39.56	25.76
	By-Products	3.28	2.51
	Process Stock	14.62	17.97
	Waste/Scrap	3.08	1.76
		<u>60.54</u>	<u>48.00</u>
	<b>Less: Closing Stock</b>		
	Finished Goods	194.45	39.56
	By-Products	0.50	3.28
	Process Stock	16.14	14.62
	Waste/Scrap	3.04	3.08
		<u>214.13</u>	<u>60.54</u>
	<b>(Increase)/Decrease in Stocks</b>	<u>(153.59)</u>	<u>(12.54)</u>
	Less : (Increase)/Decrease in Excise Duty on Stocks	<u>(21.49)</u>	<u>(2.45)</u>
		<u>(132.10)</u>	<u>(10.09)</u>
<b>3.7</b>	<b>EMPLOYEE BENEFITS EXPENSES</b>		
	Salaries and Wages	291.04	260.21
	Contribution to Provident and Other Funds	20.42	18.44
	Staff Welfare Expenses	17.72	15.57
	Expenses on Employee Stock Option Scheme (Note 2.1.7)	1.96	1.41
		<u>331.14</u>	<u>295.63</u>
<b>3.8</b>	<b>OTHER EXPENSES</b>		
	<b>3.8.1 Manufacturing Expenses</b>		
	Consumption of Stores, Spare Parts and Components and Incidental Expenses	110.76	95.65
	Consumption of Packing Materials	34.21	27.28
	Processing Charges	9.89	7.81
	Repairs to Buildings	16.73	14.34
	Repairs to Machinery	29.60	23.15
	<b>3.8.2 Administration, Selling and Distribution Expenses</b>		
	Advertisement and Sales Promotion	24.22	18.00
	Insurance	5.37	4.16
	Rent (including Lease Rent)	4.76	2.81
	Rates and Taxes	4.29	2.67
	Research Contribution and Expenses	10.96	7.32
	Donations	15.58	16.03
	Directors' Fees	0.12	0.09
	Directors' Commission	11.00	11.00
	Exchange Rate Difference (Net)	-	7.54
	Miscellaneous Expenses	92.70	99.92
		<u>370.19</u>	<u>337.77</u>

		` in Crore	
		Current Year	Previous Year
<b>3.8.3 Auditors' Remuneration (excluding Service Tax) charged to the Statement of Profit and Loss</b>			
<b>Payments to Statutory Auditors:</b>			
Audit Fee		0.38	0.38
Tax Audit Fee		0.03	0.03
Fees for Other Services		0.27	0.21
Reimbursement of Expenses		0.06	0.03
<b>Payments to Branch Auditors:</b>			
Audit Fee		0.01	0.01
Tax Audit Fee { ` 30,000 (Previous Year ` 30,000 )}		-	-
Fees for Other Services { ` 20,000 (Previous Year ` 25,000 )}		-	-
Reimbursement of Expenses { ` 14,360 (Previous Year ` 1600 )}		-	-
<b>Payments to Cost Auditors:</b>			
Audit Fee		0.01	0.01
Fees for Other Services { ` 1,500 (Previous Year ` 1,500 )}		-	-
Reimbursement of Expenses { ` 17,820 (Previous Year ` 34,131)}		-	-
<b>3.9 FINANCE COSTS</b>			
Interest on Fixed Period Loans #		34.29	40.47
Other Interest		2.73	5.34
Other Borrowing Costs		0.10	-
		<u>37.12</u>	<u>45.81</u>
Less: Capitalised		1.30	-
		<u>35.82</u>	<u>45.81</u>
# Net of Interest subsidy from Government ` 17.89 Crore (Previous Year ` 17.71 Crore)			
<b>3.10</b>	Revenue Expenditure on Research and Development included in the different heads of expenses in the Statement of Profit and Loss	9.71	5.54
<b>3.11 EARNINGS PER SHARE:</b>			
Net Profit for the year from ordinary activities attributable to Equity Shareholders	` in Crore	1,177.00	1,181.71
Weighted-average-number of Equity Shares Outstanding	Nos	91,719,718	91,703,915
Weighted-average-number of Potential Equity Shares on Exercise of Options	Nos	78,809	61,612
Basic Earnings Per Share (Face Value of ` 10 each)	`	128.33	128.86
Diluted Earnings Per Share (Face Value of ` 10 each)	`	128.22	128.77

		` in Crore	
		Current Year	Previous Year
<b>4.1</b>	<b>Contingent Liabilities not provided for in respect of :</b>		
	<b>4.1.1 Claims/Disputed Liabilities not acknowledged as debt:</b>		
	Custom Duty	3.70	3.70
	Sales Tax/Purchase Tax/VAT	0.20	2.01
	Excise Duty/Cenvat Credit/Service Tax	7.58	7.65
	Water Cess	24.17	22.53
	Various claims in respect of disputed liabilities of discontinued business in earlier year	70.00	-
	Others	26.81	36.05
	<b>Out of the above matter disputes pending with Revenue and other Government authorities challenged/appealed by the Company are:</b>		
	(a) Water charges for water not made available as per agreement	22.32	20.68
	(b) Penalty for not utilising the land within the time limit prescribed as per the sanction document, utilisation of which is delayed due to non-fulfilment of condition by Gujarat Industrial Development Corporation	5.34	-
	(c) Claims arising from disputes of vendors/contractors	7.16	7.56
	(d) Service Tax on Goods Transport Agency on full amount of service instead on 25% of value of services	5.90	4.81
	Cash outflows for the above are determinable only on receipt of judgements pending at various forums/authorities		
	<b>4.1.2 Custom Duty (Net of Cenvat Credit) which may arise if obligation for exports is not fulfilled against import of raw materials and machinery</b>	<b>8.06</b>	<b>0.85</b>
	<b>4.1.3 Letter of Undertaking-cum-Indemnity, Corporate Guarantees given to Bank/ Financial Institutions for finance provided to subsidiary and joint venture</b>	<b>207.61</b>	<b>378.68</b>
	- Amount Outstanding against above	<b>96.69</b>	<b>178.36</b>
<b>4.2</b>	Estimated amount of contracts remaining to be executed on capital account and not provided (Net of Advance paid of ` 488.20 Crore, Previous Year ` 44.43 Crore)	<b>1,427.14</b>	<b>226.17</b>
<b>4.3</b>	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:		

	Assets	Liabilities	Income	Expenses	Contingent Liabilities
Birla Jingwei Fibre Company Limited (31%)	238.65 <i>(191.26)</i>	206.94 <i>(127.41)</i>	190.23 <i>(147.21)</i>	231.70 <i>(152.10)</i>	-
Birla Lao Pulp & Plantations Company Limited (40%)	69.23 <i>(52.93)</i>	1.71 <i>(1.56)</i>	0.07 <i>(0.16)</i>	2.43 <i>(2.06)</i>	-
A.V. Cell Inc. (45%)	313.51 <i>(244.76)</i>	111.53 <i>(102.12)</i>	313.06 <i>(320.55)</i>	272.01 <i>(248.59)</i>	0.16 <i>(0.31)</i>
A.V. Nackawic Inc. (45%)	507.68 <i>(435.65)</i>	270.00 <i>(264.23)</i>	450.53 <i>(405.80)</i>	405.94 <i>(350.16)</i>	-
Bhubaneswari Coal Mining Limited (26%)	43.13 <i>(0.08)</i>	34.91 -	6.12 -	9.18 -	-
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi (33.33%)	57.74 -	0.14 -	1.02 -	0.48 -	-

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

#### 4.4 Segment Reporting

##### 4.4.1 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 organisational reporting 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
Others	-	Mainly Textiles

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

Unallocated items include general corporate income, expense, assets and liabilities which are not allocated to any business segment.

in Crore

##### Information about Business Segments (Current Year):

	Fibre and Pulp	Chemicals	Others	Eliminations	Total Company
<b>REVENUE</b>					
Gross Sales (External)	4,507.64	645.62	103.34	-	5,256.60
Gross Sales (Inter-segment)	23.21	193.77	-	(216.98)	-
<b>Total Gross Sales</b>	<b>4,530.85</b>	<b>839.39</b>	<b>103.34</b>	<b>(216.98)</b>	<b>5,256.60</b>
Other Income (including Other Operating Revenues)	115.37	17.32	1.26	(6.88)	127.07
Unallocated Corporate Other Income	-	-	-	-	433.67
<b>Total Other Income</b>	<b>115.37</b>	<b>17.32</b>	<b>1.26</b>	<b>(6.88)</b>	<b>560.74</b>
<b>Total Revenue</b>	<b>4,646.22</b>	<b>856.71</b>	<b>104.60</b>	<b>(223.86)</b>	<b>5,817.34</b>
<b>RESULTS</b>					
<b>Segment Result (PBIT)</b>	<b>1,062.96</b>	<b>125.70</b>	<b>9.83</b>	<b>-</b>	<b>1,198.49</b>
Unallocated Corporate Income/(Expenses)					379.12
Finance Costs					(35.82)
<b>Profit before Tax</b>					<b>1,541.79</b>
Current Tax					(356.61)
Deferred Tax					(9.42)
Provision for Tax of Earlier Years Written Back					1.24
<b>Profit after Tax</b>					<b>1,177.00</b>
<b>OTHER INFORMATION:</b>					
<b>Segment Assets</b>	<b>3,072.28</b>	<b>653.45</b>	<b>48.48</b>	<b>-</b>	<b>3,774.21</b>
Unallocated Corporate Assets					7,261.86
<b>Total Assets</b>					<b>11,036.07</b>
<b>Segment Liabilities</b>	<b>367.02</b>	<b>94.65</b>	<b>16.06</b>	<b>-</b>	<b>477.73</b>
Unallocated Corporate Liabilities					1,458.95
<b>Total Liabilities</b>					<b>1,936.68</b>
<b>Capital Expenditure</b>	<b>839.60</b>	<b>159.43</b>	<b>4.53</b>	<b>-</b>	<b>1,003.56</b>
Unallocated Corporate Capital Expenditure					16.79
<b>Total Capital Expenditure</b>					<b>1,020.35</b>
<b>Depreciation and Amortisation</b>	<b>104.52</b>	<b>35.07</b>	<b>1.41</b>	<b>-</b>	<b>141.00</b>
Unallocated Corporate Depreciation and Amortisation					3.20
<b>Total Depreciation and Amortisation</b>					<b>144.20</b>
<b>Significant Non-Cash Expenses other than Depreciation and Amortisation</b>					<b>1.96</b>

in Crore

## Information about Business Segments (Previous Year):

	Fibre and Pulp	Chemicals	Others	Eliminations	Total Company
<b>REVENUE</b>					
Gross Sales (External)	4,381.59	460.55	75.02	-	4,917.16
Gross Sales (Inter-segment)	24.65	121.28	-	(145.93)	-
<b>Total Gross Sales</b>	<b>4,406.24</b>	<b>581.83</b>	<b>75.02</b>	<b>(145.93)</b>	<b>4,917.16</b>
Other Income (including Other Operating Revenues)	107.36	13.51	3.73	(9.96)	114.64
Unallocated Corporate Other Income					280.39
<b>Total Other Income</b>	<b>107.36</b>	<b>13.51</b>	<b>3.73</b>	<b>(9.96)</b>	<b>395.03</b>
<b>Total Revenue</b>	<b>4,513.60</b>	<b>595.34</b>	<b>78.75</b>	<b>(155.89)</b>	<b>5,312.19</b>
<b>RESULTS</b>					
<b>Segment Result (PBIT)</b>	<b>1,373.00</b>	<b>90.41</b>	<b>5.76</b>	<b>-</b>	<b>1,469.17</b>
Unallocated Corporate Income/(Expenses)					171.34
Finance Costs					(45.81)
<b>Profit before Tax</b>					<b>1,594.70</b>
Current Tax					(460.70)
Deferred Tax					25.37
Provision for Tax of Earlier Years Written Back					22.34
<b>Profit after Tax</b>					<b>1,181.71</b>
<b>OTHER INFORMATION:</b>					
<b>Segment Assets</b>	<b>2,096.44</b>	<b>481.86</b>	<b>34.07</b>	<b>-</b>	<b>2,612.37</b>
Unallocated Corporate Assets					7,394.23
<b>Total Assets</b>					<b>10,006.60</b>
<b>Segment Liabilities</b>	<b>296.20</b>	<b>53.43</b>	<b>10.97</b>	<b>-</b>	<b>360.60</b>
Unallocated Corporate Liabilities					1,512.26
<b>Total Liabilities</b>					<b>1,872.86</b>
<b>Capital Expenditure</b>	<b>106.05</b>	<b>62.85</b>	<b>1.64</b>	<b>-</b>	<b>170.54</b>
Unallocated Corporate Capital Expenditure					13.26
<b>Total Capital Expenditure</b>					<b>183.80</b>
<b>Depreciation and Amortisation</b>	<b>106.45</b>	<b>33.84</b>	<b>1.18</b>	<b>-</b>	<b>141.47</b>
Unallocated Corporate Depreciation and Amortisation					34.82
<b>Total Depreciation and Amortisation</b>					<b>176.29</b>
<b>Significant Non-Cash Expenses other than Depreciation and Amortisation</b>					<b>1.41</b>

	Current Year	Previous Year
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## 4.4.2 Secondary Segment Reporting (by Geographical Segment):

The Company's operating facilities are located in India.

**Segment Revenues (Gross Sales):**

India	4,114.60	4,066.91
Rest of the World	1,142.00	850.25
<b>Total</b>	<b>5,256.60</b>	<b>4,917.16</b>
<b>Segment Assets:</b>		
India	3,599.71	2,479.17
Rest of the World	174.50	133.20
<b>Total</b>	<b>3,774.21</b>	<b>2,612.37</b>
<b>Capital Expenditure:</b>		
India	1,003.56	170.54
Rest of the World	-	-
<b>Total</b>	<b>1,003.56</b>	<b>170.54</b>

## 4.5 Related Party Transactions

### 4.5.1 Parties where control exists:

#### Subsidiaries:

Sun God Trading and Investments Limited	UltraTech Cement Limited
Samruddhi Swastik Trading and Investments Limited	Samruddhi Cement Limited
Grasim Bhiwani Textiles Limited	(w.e.f. 4th September, 2009 and upto 30th June, 2010)
Aditya Birla Power Ventures Limited	
(w.e.f. 29th July, 2011)	

#### Sub-Subsidiaries:

UltraTech Cement Lanka Private Limited, Sri Lanka	Emirates Cement Bangladesh Ltd., Bangladesh
Dakshin Cement Limited	PT UltraTech Mining Indonesia, Indonesia (w.e.f. 12th April, 2011)
Harish Cement Limited	UltraTech Cement SA (PTY), South Africa (w.e.f. 9th April, 2011)
UltraTech Cement Middle East Investment Limited, Dubai, UAE	UltraTech Cement Mozambique Limitada, Mozambique (w.e.f. 22nd February, 2012)
Star Cement Co. LLC, Dubai, UAE	PT UltraTech Investments Indonesia, Indonesia (w.e.f. 26th March, 2012)
Star Cement Co. LLC, RAK, UAE	
Al Nakhla Crusher LLC, Fujairah, UAE	
Arabian Cement Industry LLC, Abu Dhabi, UAE	
Arabian Gulf Cement Co. WLL, Bahrain	
Emirates Power Company Ltd., Bangladesh	

### 4.5.2 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
Birla Jingwei Fibres Company Limited, China	Bhubaneswari Coal Mining Limited (w.e.f. 21st September, 2010)
Birla Lao Pulp & Plantations Company Limited, Laos	
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi, Turkey (w.e.f. 30th December, 2011)	

#### Associates :

Aditya Birla Science & Technology Company Limited
Idea Cellular Limited
Aditya Group AB, Sweden (w.e.f. 13th June, 2011)

#### Key Management Personnel:

Shri K.K. Maheshwari, Managing Director
Shri Adesh Gupta, Whole-time Director

#### Relatives of Key Management Personnel:

Relatives of Shri Adesh Gupta:
Smt. Usha Gupta, Wife

in Crore

	Current Year	Previous Year
<b>4.5.3 Nature of Transactions:</b>		
<b>(a) Sales and Services (Gross)</b>		
Grasim Bhiwani Textiles Limited	30.04	27.44
UltraTech Cement Limited	0.30	0.28
Samruddhi Cement Limited	-	0.02
Birla Jingwei Fibres Company Limited	0.08	0.30
<b>Total</b>	<b>30.42</b>	<b>28.04</b>

	in Crore	
	Current Year	Previous Year
<b>(b) Interest and Other Income</b>		
Grasim Bhiwani Textiles Limited	0.69	-
UltraTech Cement Limited	0.71	0.48
Samruddhi Cement Limited	-	0.10
A.V. Cell, Inc.	1.44	1.75
A.V. Nackawic, Inc.	1.93	2.46
Aditya Birla Science & Technology Company Limited	0.68	1.92
<b>Total</b>	<b>5.45</b>	<b>6.71</b>
<b>(c) Dividend Received</b>		
UltraTech Cement Limited	99.20	40.92
Samruddhi Cement Limited	-	29.75
<b>Total</b>	<b>99.20</b>	<b>70.67</b>
<b>(d) Purchase of Goods/Payment of Other Services (Net of Cenvat Credit, if available)</b>		
Grasim Bhiwani Textiles Limited	0.30	0.07
Samruddhi Cement Limited	-	0.19
UltraTech Cement Limited	2.34	2.10
A.V. Cell, Inc.	113.51	-
A.V. Nackawic, Inc.	288.13	430.71
Aditya Birla Science & Technology Company Limited	7.25	6.32
Idea Cellular Limited	0.47	0.44
Shri K.K. Maheshwari, Managing Director	7.30	3.67
Shri Adesh Gupta, Whole-time Director & CFO	2.45	2.29
Smt. Usha Gupta	0.02	0.02
<b>Total</b>	<b>421.77</b>	<b>445.81</b>
<b>(e) Finance Provided</b>		
Samruddhi Swastik Trading and Investments Limited	-	0.04
Sun God Trading and Investments Limited	3.79	-
Grasim Bhiwani Textiles Limited	45.00	13.00
Aditya Birla Science & Technology Company Limited	1.39	15.00
<b>Total</b>	<b>50.18</b>	<b>28.04</b>
<b>(f) Repayment against Finance Provided</b>		
Sun God Trading and Investments Limited	0.03	-
Grasim Bhiwani Textiles Limited	62.72	11.66
Samruddhi Cement Limited	-	13.09
Aditya Birla Science & Technology Company Limited	-	30.30
<b>Total</b>	<b>62.75</b>	<b>55.05</b>
<b>(g) Investment in Equity Shares/Debentures/Preference Shares</b>		
Aditya Birla Power Ventures Limited	0.05	-
Birla Lao Pulp & Plantation Company Limited	9.85	17.86
Bhaskarpara Coal Company Limited	-	0.10
Bhubaneswari Coal Mining Limited	11.60	-
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi, Turkey	56.67	-
Aditya Group AB, Sweden	274.89	-
<b>Total</b>	<b>353.06</b>	<b>17.96</b>

	` in Crore	
	Current Year	Previous Year
(h) Receipt of Equity Shares of UltraTech Cement Ltd. (UTCL) in lieu of shares of Samruddhi Cement Ltd.	-	85.04
(i) <b>Sale of Fixed Assets</b>		
UltraTech Cement Limited	0.01	0.01
(j) <b>Purchase of Fixed Assets</b>		
Grasim Bhiwani Textiles Limited	0.03	-
UltraTech Cement Limited	15.92	1.55
Idea Cellular Limited	0.03	-
Samruddhi Cement Limited	-	0.06
<b>Total</b>	<u>15.98</u>	<u>1.61</u>
<b>Outstanding Balances as on year end</b>		
(k) <b>Trade Payables</b>		
UltraTech Cement Limited	0.45	0.20
A.V. Cell, Inc.	27.26	-
Idea Cellular Limited	0.01	-
A.V. Nackawic, Inc.	14.83	30.48
<b>Total</b>	<u>42.55</u>	<u>30.68</u>
(l) <b>Other Current Liabilities</b>		
Grasim Bhiwani Textiles Limited	12.00	-
(m) <b>Trade Receivables</b>		
Grasim Bhiwani Textiles Limited	6.08	4.93
Samruddhi Swastik Trading and Investments Limited	0.05	-
<b>Total</b>	<u>6.13</u>	<u>4.93</u>
(n) <b>Advance Given against Equity Shares</b>		
Bhubaneswari Coal Mining Limited	9.40	-
(o) <b>Long-Term Loans and Advances</b>		
Grasim Bhiwani Textiles Limited	23.62	26.08
A.V. Cell, Inc.	34.45	32.80
Aditya Birla Science & Technology Company Limited	11.82	10.43
Smt. Usha Gupta	-	1.00
<b>Total</b>	<u>69.89</u>	<u>70.31</u>
(p) <b>Short-Term Loans and Advances</b>		
Samruddhi Swastik Trading and Investments Limited	-	0.04
Grasim Bhiwani Textiles Limited	2.52	5.72
UltraTech Cement Limited	-	0.02
Sun God Trading and Investments Limited	3.79	-
A.V. Nackawic, Inc.	1.93	1.69
Birla Lao Pulp & Plantation Company Limited	0.16	0.05
Smt. Usha Gupta	1.00	-
<b>Total</b>	<u>9.40</u>	<u>7.52</u>
(q) <b>Guarantees and Collaterals</b>		
Grasim Bhiwani Textiles Limited	80.00	80.00
A.V. Nackawic, Inc.	127.61	298.68
<b>Total</b>	<u>207.61</u>	<u>378.68</u>

		` in Crore	
		Current Year	Previous Year
<b>4.6</b>	<b>Retirement Benefits</b>		
<b>4.6.1</b>	<b>Defined Benefit Plans:</b>		
4.6.1.1	Gratuity: The employees' gratuity fund 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 the 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:		
(i)	Present value of the funded defined benefit obligation at the end of the period	140.21	122.35
	Fair Value of Plan Assets	138.98	131.25
	Amount not recognised as an Asset [limit in Para 59(b) of (AS) 15]	-	0.20
	<b>Net Liability/(Asset)</b>	<b>1.23</b>	<b>(8.70)</b>
(ii)	The amounts recognised in salary, wages and employee benefits in the Statement of Profit and Loss as follows in respect of gratuity:		
	Current Service Cost	5.86	5.66
	Interest on Defined Benefit Obligations	10.04	9.95
	Expected Return on Plan Assets	(9.60)	(8.37)
	Net Actuarial (Gain)/Loss recognised during the period	11.12	2.54
	Effect of the Limit in Para 59(b) of (AS) 15	(0.20)	0.20
	<b>Net Cost</b>	<b>17.22</b>	<b>9.98</b>
	Less: Capitalised as Pre-operative Expenses in respect of projects	0.40	-
	<b>Net Charge to the Statement of Profit and Loss</b>	<b>16.82</b>	<b>9.98</b>
(iii)	<b>Actual Return on Plan Assets</b>		
	Expected Return on Plan Assets	9.60	8.37
	Actuarial Gain/(Loss) on Plan Assets	(0.14)	0.83
	<b>Actual Return on Plan Assets</b>	<b>9.46</b>	<b>9.20</b>
(iv)	<b>Reconciliation of Present Value of the Obligations</b>		
	Opening Defined Benefit Obligations as on 1st April, 2011	122.35	122.77
	Current Service Cost	5.86	5.66
	Interest Cost	10.04	9.95
	Actuarial (Gain)/Loss	10.98	3.38
	Benefits Paid	(9.02)	(19.41)
	<b>Closing Defined Benefit Obligation as on 31st March, 2012</b>	<b>140.21</b>	<b>122.35</b>
(v)	<b>Reconciliation of Fair Value of the Plan Assets</b>		
	Opening Fair Value of the Plan Assets	131.24	115.96
	Expected Return on Plan Assets	9.60	8.37
	Actuarial Gain/(Loss)	(0.14)	0.83
	Contributions by the Employer	7.30	25.50
	Benefits Paid	(9.02)	(19.41)
	<b>Closing Fair Value of the Plan Assets</b>	<b>138.98</b>	<b>131.25</b>
(vi)	<b>Investment Details of Plan Assets</b>		
	Government of India Securities	10%	12%
	Corporate Bonds	9%	12%
	Insurer Managed Fund	78%	69%
	Others	3%	7%
	<b>Total</b>	<b>100%</b>	<b>100%</b>

		` in Crore	
		Current Year	Previous Year
(vii)	<b>There are no amounts included in the Fair Value of Plan Assets for:</b>		
a)	Company's own financial instrument		
b)	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)	<b>Principal Actuarial Assumptions at the Balance Sheet date</b>		
	Discount Rate	8.51%	8.28%
	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	
(ix)	<b>Experience Adjustments</b>		
		31st March, 2012	31st March, 2011
		31st March, 2010	31st March, 2009
		31st March, 2008	31st March, 2007
	Defined Benefit Obligations	140.21	122.35
	Plan Assets	138.98	131.25
	Surplus/(Deficit)	(1.23)	8.90
	Experience Adjustment on Plan Liabilities	13.45	3.25
	Experience Adjustment on an Assets	(0.14)	0.83
		10.16	21.37
		4.18	2.96
(x)	The best estimate of the expected Contribution for the next year amounts to ` 7.50 Crore (Previous Year ` 7.50 Crore).		

4.6.1.2 The obligation for compensated absences is recognised in the same manner as gratuity, amounting to charge of ` 2.21 Crore (Previous Year reversal ` 1.84 Crore).

**4.6.2 Defined Contribution Plans:**

Amount recognised as expense and included in the Note 3.7 as "Contribution to Provident and Other Funds" ` 20.42 Crore (Previous Year ` 18.44 Crore).

IIIIIn Crore

**4.7 Disclosure of Derivative Instruments**

**4.7.1 Derivative Instruments as on 31st March, 2012:**

Type of Instrument	Type of Exposure	Currency	Current Year	Previous Year	Cross Currency
A. Forward Contracts (For hedging of foreign currency exposures)	Exports (Receivables)	USD	-	0.20	INR
		Euro	-	1.10	INR
		USD	-	1.08	INR
	Import (Payables)	Euro	-	1.05	INR
		USD	1.88	-	INR
		JPY	-	1.25	INR
B. Currency and Interest Rate Swaps (For hedging of foreign currency and interest rate exposures)	ECB	USD	-	1.50	INR
		JPY	201.67	569.67	INR

**4.7.2 Unhedged Foreign Currency Exposure as on 31st March, 2012:**

Type of Exposure	Currency	Current Year	Previous Year
Exports (Receivables)	USD	2.35	1.40
	Euro	1.50	0.03
Imports (Payables)	USD	1.45	0.02
	Euro	0.02	0.01
	GBP	-	-
	JPY	-	17.60
Loans (Receivables)	CAD	0.71	0.77



**GRASIM INDUSTRIES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012**

in Crore

	Current year	Previous Year	
<b>A. Cash Flow from Operating Activities</b>			
(a) Profit before Tax	1,541.79	1,594.70	
Adjustment for :			
Depreciation and Amortisation	144.20	176.29	
Finance Costs	35.82	45.81	
Interest Income	(41.33)	(32.81)	
Dividend Income	(212.61)	(197.95)	
Provision for Bad and Doubtful Debts	0.55	-	
Employee Compensation Expenses under Employee Stock Option Scheme	1.96	1.41	
(Profit)/Loss on Sale of Fixed Assets (Net)	(0.83)	(33.31)	
MTM Loss/(Reversal) on Current Investments	-	(0.49)	
Unrealised Exchange Rate Difference on Restatement of Loans	-	(1.24)	
(Profit)/Loss on Sale of Investments (Net)	(156.68)	(4.39)	
(b) Operating Profit before Working Capital Changes	1,312.87	1,548.02	
Adjustments for :			
Trade and Other Receivables	(85.79)	(158.90)	
Inventories	(209.26)	(4.41)	
Trade Payables	140.23	44.72	
(c) Cash Generated from Operations	1,158.05	1,429.43	
Direct Taxes Paid (Net)	(366.84)	(422.49)	
<b>Net Cash from Operating Activities</b>		791.21	1,006.94
<b>B. Cash Flow from Investing Activities</b>			
Purchase of Fixed Assets	(1,019.80)	(183.40)	
Sale of Fixed Assets	5.53	226.69	
Purchase of Long-Term Investments	-	(0.05)	
Sale/(Purchase) of Mutual Funds, Bonds and Certificate of Deposits (Net)	590.26	(562.57)	
Loans and Advances to Subsidiaries, Joint Ventures and Associates	(10.86)	22.27	
Intercorporate Deposits	70.00	(147.76)	
Investment in Subsidiary	(0.05)	-	
Investments in Joint Ventures and Associates	(353.02)	(17.96)	
Interest Received	37.37	31.56	
Dividend Received	212.61	197.95	
<b>Net Cash from/(used in) Investing Activities</b>		(467.96)	(433.27)
<b>C. Cash Flow from Financing Activities</b>			
Proceeds from Equity (Net)	1.67	2.31	
Proceeds from Borrowings	197.59	-	
Repayments of Borrowings	(291.61)	(223.87)	
Interest Paid (Net of Interest Subsidy)	(37.81)	(45.40)	
Dividends paid	(183.06)	(274.03)	
Corporate Dividend Tax	(13.66)	(33.95)	
<b>Net Cash from/(used in) Financing Activities</b>		(326.88)	(574.94)
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalents</b>		(3.63)	(1.27)
<b>Cash and Cash Equivalents at the beginning of the year</b>		14.65	15.92
<b>Cash and Cash Equivalents at the end of the year</b>		11.02	14.65

**Notes :**

- 1) Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3.
- 2) Cash and Cash Equivalents include Rs. 9.63 Crore (Previous Year Rs. 9.26 Crore) which are statutorily and contractually restricted accounts.
- 3) Previous year figures have been regrouped/recast wherever necessary.

In terms of our report attached

For DELOITTE HASKINS & SELLS,  
Chartered AccountantsFor G.P. KAPADIA & CO.,  
Chartered Accountants

For GRASIM INDUSTRIES LIMITED

K.K. Maheshwari  
Managing DirectorB.V. Bhargava  
R.C. Bhargava  
M.L. ApteB.P. Shroff  
PartnerAtul B. Desai  
PartnerAdesh Gupta  
Whole-time Director & CFO

Directors

Mumbai

Dated: 5th May, 2012

Ashok Malu  
Company Secretary

**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, 2012, the Consolidated Statement of Profit and Loss 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. 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. The audit report of the branch auditors of Vikram Woollens Division of the Company has been submitted to us and the same has been considered by us in preparing this report.
4. The Consolidated Financial Statements reflect the Group's share of total assets of ` 373.14 Crores as at 31st March, 2012, total revenues of ` 367.81 Crores and net cash outflows of ` 0.36 Crores for the year ended on that date of four subsidiaries whose financial statements have been audited by M/s G.P. Kapadia & Co., one of the joint auditors of the Company and the Group's share of net profit of ` 37.45 Crores for the year ended 31st March, 2012 and Group's share of net profit and reserves of ` 502.92 Crores up to 31st March, 2012 of one associate whose financial statements have been audited by M/s Deloitte Haskins & Sells, one of the joint auditors of the Company.
5. We did not audit the financial statements of twelve subsidiaries and three jointly controlled entities, whose financial statements reflect total assets of ` 2,268.11 Crores as at 31st March, 2012, total revenues of ` 1,101.49 Crores and net cash outflows amounting to ` 20.58 Crores for the year ended on that date and one associate whose financial statements reflect Group's share of net loss for the year ended 31st March, 2012 of ` 1.28 Crores and Group's share of net loss of ` 0.64 Crores up to 31st March, 2012 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, jointly controlled entities and an associate is based solely on the reports of the other auditors.
6. The financial statements of three subsidiaries and five jointly controlled entities, whose financial statements reflect total assets of ` 1,081.58 Crores as at 31st March, 2012, total revenues of ` 724.22 Crores and net cash inflows amounting to ` 21.85 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 in so far as it relates to the amounts included in respect of these subsidiaries and jointly controlled entities is based solely on such management certification.
7. As stated in note 4.2 the financial statements of one associate whose financial statements reflect the Group's share of net profit for the year ended 31st March, 2012 of ` 26.09 Crores and Group's share of net profit of ` 26.09 crores up to 31st March, 2012 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 this associate is based solely on such management certification.
8. 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.
9. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its subsidiaries, jointly controlled entities and associates and read with our comments in paragraphs 4, 5, 6 and 7, and to the best of our information and according to the explanations 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, 2012;
  - (ii) in the case of the Consolidated Statement of Profit and Loss, 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)

**B.P. Shroff**  
Partner  
Membership No.: 34382

Mumbai, 5th May, 2012

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

**Atul Desai**  
Partner  
Membership No.: 30850

**GRASIM INDUSTRIES LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2012**

	Note		Current Year	in Crore Previous Year
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' Funds</b>				
Share Capital	2.1	91.72		91.71
Share Capital (Other than Equity)	2.2	41.92		37.73
Reserves and Surplus	2.3	<u>16,935.01</u>		14,443.90
			<b>17,068.65</b>	14,573.34
<b>Minority Interest</b>			<b>5,233.38</b>	4,351.39
<b>Non-Current Liabilities</b>				
Long-Term Borrowings	2.4	5,700.87		4,114.77
Deferred Tax Liabilities (Net)	2.5	1,979.04		1,961.57
Other Long-Term Liabilities	2.6	23.04		12.03
Long-Term Provisions	2.7	<u>166.93</u>		154.01
			<b>7,869.88</b>	6,242.38
<b>Current Liabilities</b>				
Short-Term Borrowings	2.8	850.45		836.26
Trade Payables	2.9	2,635.32		2,178.43
Other Current Liabilities	2.10	2,065.24		3,214.87
Short-Term Provisions	2.11	<u>811.51</u>		624.65
			<b>6,362.52</b>	6,854.21
<b>TOTAL</b>			<b>36,534.43</b>	32,021.32
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Fixed Assets	2.12			
Tangible Assets		15,008.80		14,389.83
Intangible Assets		43.90		41.78
Capital Work-in-Progress		2,460.48		865.63
Intangible Assets Under Development		<u>0.64</u>		0.14
		<b>17,513.82</b>		15,297.38
Goodwill	2.13	2,496.41		2,419.07
Non-Current Investments	2.14	2,853.74		1,200.01
Long-Term Loans and Advances	2.15	<u>2,066.54</u>		694.07
			<b>24,930.51</b>	19,610.53
<b>Current Assets</b>				
Current Investments	2.16	5,022.06		6,733.23
Inventories	2.17	3,071.11		2,721.64
Trade Receivables	2.18	1,728.75		1,410.74
Cash and Bank Balances	2.19	325.21		284.54
Short-Term Loans and Advances	2.20	1,424.40		1,210.06
Assets Held for Disposal		0.15		1.22
Other Current Assets	2.21	<u>32.24</u>		49.36
			<b>11,603.92</b>	12,410.79
<b>TOTAL</b>			<b>36,534.43</b>	32,021.32

Significant Accounting Policies 1

Accompanying Notes are an integral part of the Financial Statements

In terms of our report attached

For DELOITTE HASKINS & SELLS,  
Chartered Accountants

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

For GRASIM INDUSTRIES LIMITED

K.K. Maheshwari  
Managing Director

B.V. Bhargava  
R.C. Bhargava  
M.L. Apte

B.P. Shroff  
Partner

Atul B. Desai  
Partner

Adesh Gupta  
Whole-time Director & CFO

Directors

Mumbai  
Dated: 5th May, 2012

Ashok Malu  
Company Secretary

**GRASIM INDUSTRIES LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012**

	Note	Current Year	Previous Year
` in Crore			
<b>REVENUE</b>			
Sale of Products and Services (Gross)	3.1	27,642.41	23,619.81
Other Operating Revenues	3.2	256.46	231.94
		<u>27,898.87</u>	<u>23,851.75</u>
Less: Excise Duty		<u>2,654.57</u>	<u>2,301.52</u>
<b>Revenue from Operations (Net)</b>		<b>25,244.30</b>	<b>21,550.23</b>
Other Income	3.3	745.36	399.10
<b>Total Revenue (I)</b>		<b>25,989.66</b>	<b>21,949.33</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	3.4	5,365.67	4,500.23
Purchases of Stock-in-Trade	3.5	261.61	152.16
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	3.6	(85.82)	(159.18)
Employee Benefits Expense	3.7	1,377.17	1,231.74
Power and Fuel		5,460.49	4,364.25
Freight and Handling Expenses	3.8	3,885.76	3,468.13
Other Expenses	3.9	3,482.12	3,016.03
		<u>19,747.00</u>	<u>16,573.36</u>
Less: Captive Consumption [Net of Excise Duty of ` 6.72 Crore (Previous Year ` 1.16 Crore)]		77.59	18.55
<b>Total Expenses (II)</b>		<b>19,669.41</b>	<b>16,554.81</b>
<b>Profit Before Interest, Depreciation/Amortisation and Tax (PBIDT) (I) - (II)</b>		<b>6,320.25</b>	<b>5,394.52</b>
Finance Costs	3.10	313.64	406.75
Depreciation and Amortisation		1,154.41	1,138.37
<b>Profit Before Tax</b>		<b>4,852.20</b>	<b>3,849.40</b>
Tax Expense			
Current Tax		1,314.33	1,120.15
Provision for Tax of Earlier Year Written Back		(11.23)	(150.81)
Deferred Tax		17.67	(15.13)
<b>Total Tax Expense</b>		<b>1,320.77</b>	<b>954.21</b>
<b>Profit After Tax</b>		<b>3,531.43</b>	<b>2,895.19</b>
Add: Share in Profit of Associates		63.16	43.78
Less: Minority Interest		947.13	659.96
<b>Profit for the Year</b>		<b>2,647.46</b>	<b>2,279.01</b>
<b>Earnings Per Equity Share (Face Value ` 10 each)</b>	3.11		
Basic (`)		288.65	248.52
Diluted (`)		288.40	248.35

Significant Accounting Policies 1  
 Accompanying Notes are an integral part of the Financial Statements

In terms of our report attached

For DELOITTE HASKINS & SELLS,  
Chartered Accountants

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

For GRASIM INDUSTRIES LIMITED

K.K. Maheshwari  
Managing Director

B.V. Bhargava  
R.C. Bhargava  
M.L. Apte

B.P. Shroff  
Partner

Atul B. Desai  
Partner

Adesh Gupta  
Whole-time Director & CFO

Directors

Mumbai  
Dated: 5th May, 2012

Ashok Malu  
Company Secretary

## GENERAL INFORMATION

Grasim Industries Limited ("the Company"/"Grasim") is engaged primarily in two businesses, Viscose Staple Fibre (VSF) and in cement through its subsidiary. It also produces Caustic Soda and allied Chemicals and Rayon Grade Pulp, which are used in the manufacture of VSF. The manufacturing plants of the Company, its Subsidiaries and its Joint Ventures are located in India, Middle East, Sri Lanka, Canada, Bangladesh and China. The Company is a public limited company, and its shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE), and the Company's GDR's are listed on the Luxembourg Stock Exchange.

## SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Basis of Preparation:

The financial statements have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) in India under historical cost convention on accrual basis and comply in all material aspects with the Accounting Standards (AS) and the relevant provisions prescribed in the Companies Act, 1956, besides the pronouncements/guidelines of the Institute of Chartered Accountants of India and of the Securities and Exchange Board of India.

### 1.2 Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and reported amount of revenues and expenses during the reporting period. Although these estimates are based on the management's knowledge of current events and actions, the actual outcome may be different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise.

### 1.3 Government Grants:

Any government grant is recognised when there is reasonable assurance of its receipt. A capital grant relating to specific assets is reduced from the gross value of the fixed assets and capital grant for Project Capital Subsidy is credited to Capital Reserve. Revenue grant is recognised in the Statement of Profit and Loss.

### 1.4 General Reserve:

General Reserve is created by appropriation from profits of the current year and/or undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard. The General Reserve is a free reserve and can be utilised in accordance with the provisions of the Companies Act, 1956.

### 1.5 Fixed Assets:

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

### 1.6 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.

### 1.7 Impairment of Assets:

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

The assets are treated as impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss, if any, is charged to the Statement of Profit and Loss as and when it arises. Impairment loss recognised in prior years is reversed when there is an indication that impairment loss recognised for the asset no longer exists or may have decreased.

### 1.8 Classification of Assets and Liabilities as Current and Non Current:

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current-non-current classification of assets and liabilities.

**1.9 Investments:**

Investments are classified as Current and Non-Current. Current Investments are those investments which are readily realisable, and are intended to be held for not more than one year from the date of investment. All other investments are classified as long-term investments.

Current investments are stated at lower of cost and fair value determined for each category of investments.

Long-term investments are stated at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

**1.10 Inventories:**

Inventories are valued at the lower of cost and net realisable value. The cost is computed on weighted-average basis. In case of sale of raw material/stores the proceeds 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. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. In the absence of cost, waste/scrap is valued at estimated net realisable value.

Obsolete, defective, slow moving and/or unserviceable inventories, if any, are duly provided for.

**1.11 Financial Derivatives:**

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

**1.12 Revenue Recognition:**

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

Income from services is recognised as they are rendered (based on agreement/arrangement with the concerned customers).

Dividend income on investments is accounted for as and 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.

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

**1.13 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 Statement of Profit and Loss.

The Provident Fund contribution as specified under the law is paid to the Provident Fund set up as an irrevocable trust by the Company or to the Regional Provident Fund Commissioner. The Company is liable for any shortfall in the Fund assets based on the Government specified minimum rates of return. Such shortfall, if any, is recognised in the Statement of Profit and Loss.

Long-term employee benefits including deferred post-employment 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 Statement of Profit and Loss. Gratuity is funded with an approved fund.

**1.14 Employee Share-Based Payments:**

The stock options granted under Employee Stock Option Scheme 2006 are accounted for as per the accounting treatment prescribed by the 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 Statement of Profit and Loss on the 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.

### 1.15 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 the Balance Sheet date are restated at the year-end exchange rates.

The premium or discount on forward exchange contracts entered into to hedge an existing asset/liability is amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense as the case may be on such occurrence.

Forward exchange contracts, outstanding as at the year end on account of firm commitment, are marked to market. In accordance with the announcement by the Institute of Chartered Accountants of India on 'Accounting for Derivatives' the losses, if any, are recognised in the Statement of Profit and Loss while gains are ignored.

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. All other exchange differences are recognised in the Statement of Profit and Loss.

Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in Foreign Currency Translation Reserve until the disposal of the net investment, at which time the cumulative difference would be recognised as income/expense.

### 1.16 Research and Development Expenditure:

Expenditure incurred during research phase is capitalised if such expenditure leads to creation of any intangible asset, otherwise the expenditure is charged to revenue. Fixed assets procured for research and development activities are capitalised.

### 1.17 Operating Leases:

Leases where risk and reward of ownership are significantly retained by the lessor are classified as operating leases and lease rentals thereon are charged to the Statement of Profit and Loss equally over the period of the lease.

### 1.18 Borrowing Cost:

Interest and other costs in connection with the borrowing of funds to the extent attributable to the acquisition or construction of a qualifying fixed asset are capitalised as part of the cost of such asset till such time the asset is ready for its intended use. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

### 1.19 Depreciation/Amortisation:

Depreciation/Amortisation charge is provided on fixed assets applying the useful life specified in Schedule XIV of the Companies Act, 1956, or based on estimated useful life, whichever is lower.

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

<u>Category of Assets</u>	<u>Estimated useful life (in years)</u>
Leasehold Land	Over the period of lease
Buildings	9 - 30 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

Individual assets costing less than ₹ 5,000 are depreciated in full in the year of acquisition.

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

In respect of fixed assets added/disposed off during the year depreciation is provided on *pro-rata* basis with reference to the month of addition/deduction, however, in case of new projects the depreciation from the date of commissioning of such project is charged to the Statement of Profit and Loss.

**1.20 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 are applicable as on the Balance Sheet Date. The Deferred Tax asset is recognised and carried forward only to the extent there is a reasonable certainty of its realisation in future.

**1.21 Segment Reporting:**

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company.

Primary Segments are identified based on the nature of products and services, the different risks and returns and the internal business reporting system. Revenue, Expense, Assets and Liabilities, which relate to the Company as a whole and could not be allocated to segments on a reasonable basis, have been classified as Unallocated.

Secondary segment is identified based on geography in which major operating divisions of the Company operate.

Inter-segment revenue have been accounted for based on the transaction price agreed to between the segments, which is primarily market based.

**1.22 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 and in respect of which a reliable estimate can be made. Provisions are determined (as provided/charged to the Statement of Profit and Loss) based on the estimate of the amount required to settle the obligation at the Balance Sheet Date and are not discounted to its present value.

Contingent liabilities are not recognised but are disclosed in the financial statements. Claims against the Company where the possibility of materialisation is remote are not considered as contingent liabilities.

Contingent assets are neither recognised nor disclosed, in the financial statements.

**1.23 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.

**2.1 SHARE CAPITAL**

	` in Crore	
	Current Year	Previous Year
<b>2.1.1 Authorised</b>		
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
	<u>100.50</u>	<u>100.50</u>
<b>2.1.2 Issued, Subscribed and Fully Paid</b>		
91,709,742 (91,698,778) Equity Shares of ` 10 each fully paid	91.71	91.70
<b>Share Capital Suspense</b>		
14,906 (14,906) Equity Shares of ` 10 each to be issued as fully paid-up pursuant to acquiring of the Cement Business of Aditya Birla Nuvo Limited under the Scheme of Arrangement without payment being received in cash	0.01	0.01
	<u>91.72</u>	<u>91.71</u>
<b>2.1.3 Aggregate Number of Equity Shares allotted as fully paid-up out of Share Capital Suspense as aforesaid during the period of five years immediately preceeding (without payment being received in cash)</b>	<b>745</b>	925

				` in Crore	
				Current Year	Previous Year
<b>2.1.4</b>	Reconciliation of the Number of Equity Shares Outstanding (including Share Capital Suspense)	<b>Number of Shares</b>			
		<u>Current Year</u>	<u>Previous Year</u>		
	Outstanding as at the beginning of the year	91,713,684	91,698,477	91.71	91.70
	Issued during the year under Employee Stock Option Scheme	10,964	15,207	0.01	0.01
	Outstanding as at the end of the year	<u>91,724,648</u>	<u>91,713,684</u>	<u>91.72</u>	<u>91.71</u>
<b>2.1.5</b>	List of Shareholders holding more than 5% shares in the Equity Share Capital of the Company:	<b>Number of Shares</b>			
		<u>Current Year</u>	<u>Previous Year</u>		
	Life Insurance Corporation of India	6,512,338	7,283,159		
	Turquoise Investment and Finance Private Limited	5,908,341	5,908,341		
	Trapti Trading and Investments Private Limited	5,477,863	5,477,863		
<b>2.1.6</b>	Equity Shares of ` 10 each represented by Global Depository Receipts (No voting rights)	10,536,733	10,111,739		
<b>2.2</b>	<b>SHARE CAPITAL (OTHER THAN EQUITY)</b>				
	Class 'B' Non Voting Shares of AV Cell Inc.			22.97	20.67
	6% Cumulative, Redeemable, Retractable Preference Share Capital of AV Nackawic Inc.			18.95	17.06
				<u>41.92</u>	<u>37.73</u>
<b>2.3</b>	<b>RESERVES AND SURPLUS</b>				

										` in Crore	
		Capital Reserve- Capital Subsidy	Capital Reserve - Others	Debenture Redemption Reserve	General Reserve	Securities Premium Account	Employee Share Options Outstanding #	Special Reserve Fund	Foreign Currency Translation Reserve	Surplus as per Statement of Profit and Loss	Total
<b>Current Year</b>											
	Opening Balance as at 1st April, 2011	0.52	0.03	114.33	12,761.52	7.53	14.73	3.22	21.53	1,520.49	14,443.90
	Profit for the Year	-	-	-	-	-	-	-	-	2,647.46	2,647.46
	Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	-	-	-	-	(253.95)	(253.95)
	Movement during the year	0.06	0.01	(43.14)	3,196.81	5.41	1.54	0.50	71.64	(3,135.23)	97.60
	<b>Closing Balance as at 31st March, 2012</b>	<b>0.58</b>	<b>0.04</b>	<b>71.19</b>	<b>15,958.33</b>	<b>12.94</b>	<b>16.27</b>	<b>3.72</b>	<b>93.17</b>	<b>778.77</b>	<b>16,935.01</b>
<b>Previous Year</b>											
	Opening Balance as at 1st April, 2010	0.51	0.03	72.18	8,790.12	1.98	14.02	2.93	15.68	3,499.23	12,396.68
	Profit for the Year	-	-	-	-	-	-	-	-	2,279.01	2,279.01
	Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	-	-	-	-	(223.73)	(223.73)
	Movement during the year	0.01	-	42.15	3,971.40	5.55	0.71	0.29	5.85	(4,034.02)	(8.06)
	<b>Closing Balance as at 31st March, 2011</b>	<b>0.52</b>	<b>0.03</b>	<b>114.33</b>	<b>12,761.52</b>	<b>7.53</b>	<b>14.73</b>	<b>3.22</b>	<b>21.53</b>	<b>1,520.49</b>	<b>14,443.90</b>

**2.2.1** The Board of Directors has recommended a dividend of ` 22.50 per share (Previous Year ` 20 per share) for the year ended 31st March, 2012.

**2.2.2** Proposed Dividend (including Corporate Dividend Tax) for the Current Year includes ` 0.01 Crore related to previous year.  
# Net of Deferred Employees Compensation Expenses ` 2.35 Crore (Previous Year ` 4.80 Crore).

		in Crore	
		Current Year	Previous Year
<b>2.4 LONG-TERM BORROWINGS</b>			
<b>Secured</b>			
Non-Convertible Debentures	523.63		637.44
Term Loans from Banks			
Rupee Term Loans	937.98		823.87
Foreign Currency Loans	1,017.29		402.17
Deferred Sales Tax Loans	17.90		8.20
Others Secured Loans	178.81		170.10
		<b>2,675.61</b>	<b>2,041.78</b>
<b>Unsecured</b>			
Term Loans From Banks			
Foreign Currency Loans		2,503.21	1,507.14
Deferred Sales Tax Loans		501.37	547.24
Others Unsecured Loans		20.68	18.61
		<b>5,700.87</b>	<b>4,114.77</b>
<b>2.5 DEFERRED TAX LIABILITIES (NET)</b>			
		Current Year	Previous Year
<b>Deferred Tax Liabilities:</b>			
Accumulated Depreciation	2,163.84	5.07	2,158.77
Payment Allowed under Tax Not Expensed in Books	-	(7.39)	7.39
	<b>2,163.84</b>	<b>(2.32)</b>	<b>2,166.16</b>
<b>Deferred Tax Assets:</b>			
Accrued expenses deductible on payment basis	150.61	(16.65)	167.26
Expenses allowable in instalments in Income Tax	2.52	(1.84)	4.36
Provision for contingencies allowable on payment basis	3.88	0.55	3.33
Unabsorbed Losses	22.80	2.26	20.54
Others	4.99	(4.11)	9.10
	<b>184.80</b>	<b>(19.79)</b>	<b>204.59</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>1,979.04</b>	<b>17.47</b>	<b>1,961.57</b>
<b>2.6 OTHER LONG-TERM LIABILITIES</b>			
Security and Other Deposits		0.49	0.16
Trade Payables		3.53	2.20
Other Liabilities		19.02	9.67
		<b>23.04</b>	<b>12.03</b>
<b>2.7 LONG-TERM PROVISIONS</b>			
For Employee Benefits		158.05	143.57
For Mines Restoration {Note 2.11.1 (a)}		5.87	7.75
Others		3.01	2.69
		<b>166.93</b>	<b>154.01</b>

	` in Crore	
	Current Year	Previous Year
<b>2.8 SHORT-TERM BORROWINGS</b>		
<b>Secured</b>		
From Banks	258.33	344.49
<b>Unsecured</b>		
From Banks	576.28	485.80
From Others	15.84	5.97
	<u>850.45</u>	<u>836.26</u>
<b>2.9 TRADE PAYABLES</b>		
Due to Micro and Small Enterprises	3.45	1.15
Others	2,631.87	2,177.28
	<u>2,635.32</u>	<u>2,178.43</u>
<p>There is no principal amount and interest overdue to the Micro and Small Enterprises. During the year no interest has been paid to such parties. This information have been determined to the extent such parties have been identified on the basis of information available with the Company.</p>		
<b>2.10 OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt	484.45	1,831.71
Interest accrued but not due on borrowings	80.20	88.86
Unpaid dividends (Amount transferable to Investor Education and Protection Fund, when due)	12.48	11.57
Security and Other Deposits (Trade Deposits)	418.18	428.52
Other Payables (including Statutory Dues, etc.)	1,069.93	854.21
	<u>2,065.24</u>	<u>3,214.87</u>
<b>2.11 SHORT-TERM PROVISIONS</b>		
For Employee Benefits	32.60	49.57
For Proposed Dividend	206.36	183.40
For Corporate Dividend Tax	47.59	40.33
For Taxation (Net of Advance Tax)	348.92	154.29
For Provision for Mines Restoration	3.50	1.63
For Provision for Assets Transfer Cost	172.54	194.37
Other Provisions	-	1.06
	<u>811.51</u>	<u>624.65</u>
2.11.1 Movement of provisions during the period as required by Accounting Standard-29 "Provisions, Contingent Liabilities and Contingent Assets" notified under the Companies (Accounting Standard) Rules, 2006 (as amended):		
(a) <b>Provisions made for Mines Restoration</b>		
Opening Balance	9.38	7.42
Add: Provision made during the year	2.17	1.96
Less: Utilised during the year	2.18	-
Closing Balance	<u>9.37</u>	<u>9.38</u>
Amount considered as Long-Term	5.87	7.75
Amount considered as Short-Term	3.50	1.63
	<u>9.37</u>	<u>9.38</u>
(b) <b>Provision for Cost of Transfer of Assets</b>		
Opening Balance	194.37	131.16
Add: Provision made during the year	-	88.21
Less: Utilised during the period	21.83	25.00
Closing Balance	<u>172.54</u>	<u>194.37</u>

## 2.12 FIXED ASSETS

	in Crore											
	Gross Block					Depreciation/Amortisation					Net Block	
	Opening	Additions	Deductions	Other Adjustment	Closing	Opening	For the Year	Deductions	Other Adjustment	Closing	Closing	
<b>TANGIBLE ASSETS</b>												
Freehold Land	983.57	265.69	-	4.54	1,253.80	-	0.08	-	-	0.08	1,253.72	
Leasehold Land	182.29	12.85	0.01	1.61	196.74	25.09	7.37	-	0.14	32.60	164.14	
Buildings	1,672.87	189.06	7.74	15.22	1,869.41	436.45	51.84	5.18	4.20	487.31	1,382.10	
Plant and Equipment												
Own	18,963.46	1,027.08	63.86	190.14	20,116.82	7,312.80	1,003.10	45.25	39.05	8,309.70	11,807.12	
Given on Lease	55.43	-	-	-	55.43	38.65	2.75	-	-	41.40	14.03	
Furniture and Fixtures	152.39	23.81	2.75	5.62	179.07	105.63	14.56	2.58	3.18	120.79	58.28	
Vehicles	104.90	19.78	9.37	0.99	116.30	58.44	13.35	6.85	0.64	65.58	50.72	
Office Equipment	254.57	29.55	13.44	0.14	270.82	184.67	23.34	12.89	0.13	195.25	75.57	
Plantations	36.47	11.63	-	6.74	54.84	-	-	-	-	-	54.84	
Railway Sidings	298.00	16.83	-	-	314.83	152.39	14.16	-	-	166.55	148.28	
<b>Total Tangible Assets</b>	<b>22,703.95</b>	<b>1,596.28</b>	<b>97.17</b>	<b>225.00</b>	<b>24,428.06</b>	<b>8,314.12</b>	<b>1,130.55</b>	<b>72.75</b>	<b>47.34</b>	<b>9,419.26</b>	<b>15,008.80</b>	
<b>INTANGIBLE ASSETS</b>												
Computer Software	64.22	13.27	0.09	2.15	79.55	50.44	10.62	0.07	1.66	62.65	16.90	
Trade Mark	0.01	-	-	-	0.01	-	-	-	-	-	0.01	
Mining Rights	38.37	0.04	-	-	38.41	10.38	1.04	-	-	11.42	26.99	
<b>Total Intangible Assets</b>	<b>102.60</b>	<b>13.31</b>	<b>0.09</b>	<b>2.15</b>	<b>117.97</b>	<b>60.82</b>	<b>11.66</b>	<b>0.07</b>	<b>1.66</b>	<b>74.07</b>	<b>43.90</b>	
	<b>22,806.55</b>	<b>1,609.59</b>	<b>97.26</b>	<b>227.15</b>	<b>24,546.03</b>	<b>8,374.94</b>	<b>1,142.21</b>	<b>72.82</b>	<b>49.00</b>	<b>9,493.33</b>	<b>15,052.70</b>	
										Capital Work-in-Progress (including Pre-operative Expenses)	2,460.48	
										Intangible Assets under Development	0.64	
										<b>Total Fixed Assets</b>	<b>17,513.82</b>	

## Previous Year

	in Crore												
	Gross Block					Depreciation/Amortisation					Net Block		
	Opening	Additional Acquired <sup>®</sup>	Additions	Deductions	Other Adjustment	Closing	Opening	Additional Acquired <sup>®</sup>	For the Year	Deductions	Other Adjustment	Closing	Closing
<b>TANGIBLE ASSETS</b>													
Freehold Land	763.50	6.37	212.77	0.24	1.17	983.57	-	-	-	-	-	-	983.57
Leasehold Land	172.70	-	9.77	0.51	0.33	182.29	19.24	-	5.85	0.01	0.01	25.09	157.20
Buildings	1,488.20	43.29	143.64	2.74	0.48	1,672.87	374.63	13.37	49.18	0.92	0.19	436.45	1,236.42
Plant and Equipment													
Own	17,419.13	955.87	657.93	60.93	(8.54)	18,963.46	6,263.34	129.14	968.95	47.51	(1.12)	7,312.80	11,650.66
Given on Lease	29.89	25.54	-	-	-	55.43	19.81	16.38	2.46	-	-	38.65	16.78
Furniture and Fixtures	124.95	11.25	18.83	3.18	0.54	152.39	85.63	9.38	13.44	3.04	0.22	105.63	46.76
Vehicles	304.67	3.92	27.68	231.33	(0.04)	104.90	51.88	3.01	42.88	39.32	(0.01)	58.44	46.46
Office Equipment	237.87	-	29.46	12.78	0.02	254.57	171.90	-	24.63	11.89	0.03	184.67	69.90
Plantations	25.85	-	9.82	-	0.80	36.47	-	-	-	-	-	-	36.47
Railway Sidings	289.96	-	8.21	0.17	-	298.00	138.63	-	13.76	-	-	152.39	145.61
<b>Total Tangible Assets</b>	<b>20,856.72</b>	<b>1,046.24</b>	<b>1,118.11</b>	<b>311.88</b>	<b>(5.24)</b>	<b>22,703.95</b>	<b>7,125.06</b>	<b>171.28</b>	<b>1,121.15</b>	<b>102.69</b>	<b>(0.68)</b>	<b>8,314.12</b>	<b>14,389.83</b>
<b>INTANGIBLE ASSETS</b>													
Computer Software	49.23	10.23	4.80	0.22	0.18	64.22	30.24	8.08	12.24	0.18	0.06	50.44	13.78
Trade Mark	-	-	0.01	-	-	0.01	-	-	-	-	-	-	0.01
Mining Rights	37.89	-	0.48	-	-	38.37	9.24	-	1.14	-	-	10.38	27.99
<b>Total Intangible Assets</b>	<b>87.12</b>	<b>10.23</b>	<b>5.29</b>	<b>0.22</b>	<b>0.18</b>	<b>102.60</b>	<b>39.48</b>	<b>8.08</b>	<b>13.38</b>	<b>0.18</b>	<b>0.06</b>	<b>60.82</b>	<b>41.78</b>
	<b>20,943.84</b>	<b>1,056.47</b>	<b>1,123.40</b>	<b>312.10</b>	<b>(5.06)</b>	<b>22,806.55</b>	<b>7,164.54</b>	<b>179.36</b>	<b>1,134.53</b>	<b>102.87</b>	<b>(0.62)</b>	<b>8,374.94</b>	<b>14,431.61</b>
												Capital Work-in-Progress (including Pre-operative Expenses)	865.63
												Intangible Assets under Development	0.14
												<b>Total Fixed Assets</b>	<b>15,297.38</b>

2.12.1 Depreciation and Amortisation for the year  
Less: Capitalised as Pre-operative Expenses  
Add: Obsolescence

Depreciation and Amortisation for the year charged to the Statement of Profit and Loss

® Assets acquired on acquisition of ETA Star Cement

	Current Year	Previous Year
Depreciation and Amortisation for the year	1,142.21	1,134.53
Less: Capitalised as Pre-operative Expenses	3.68	1.74
Add: Obsolescence	15.88	5.58
<b>Total</b>	<b>1,154.41</b>	<b>1,138.37</b>

	in Crore	
	Current Year	Previous Year
<b>2.13 GOODWILL</b>		
In case of Investment in Subsidiaries:		
Carrying Cost of Investment	2,702.90	2,702.90
Less: Grasim's Share in Net Worth on Acquisition	<u>793.62</u>	<u>793.62</u>
	1,909.28	1,909.28
Goodwill arising in Consolidated Financial Statements of Subsidiaries	544.37	471.32
In case of Investment in Joint Ventures:		
Carrying Cost of Investment	351.01	272.88
Less: Grasim's Share in Net Worth on Acquisition	<u>308.25</u>	<u>234.41</u>
	42.76	38.47
	<u>2,496.41</u>	<u>2,419.07</u>
<b>2.14 NON-CURRENT INVESTMENTS</b> (Long-Term, Fully Paid-up, At Cost)		
<b>Trade Investments</b>		
Investments in Equity Instruments		
Investments in Associates		
Share in Net Assets	321.81	7.80
Goodwill/(Capital Reserve)	<u>(39.12)</u>	<u>-</u>
Equity Investments in Associates - At Cost	282.69	7.80
Share in Profit/Reserves of Associates	<u>25.45</u>	<u>(0.26)</u>
	308.14	7.54
Investments in Equity of Other Companies	<u>1.59</u>	<u>1.59</u>
	309.73	9.13
Investments in Preference Shares	56.15	57.70
Investments in Partnership Firm	13.78	12.40
<b>Other Investments</b>		
Investments in Equity Instruments		
Investments in Associates		
Share in Net Assets	171.01	171.01
Goodwill/(Capital Reserve)	-	-
Equity Investments in Associates - At Cost	<u>171.01</u>	<u>171.01</u>
Share in Profit/Reserves of Associates	<u>502.92</u>	<u>463.68</u>
	673.93	634.69
Investments in Equity of Other Companies	<u>460.44</u>	<u>460.44</u>
	1,134.37	1,095.13
Investments in Government or Trust Securities and Bonds		
Bonds	236.69	0.63
Deposited with Government Departments	<u>0.02</u>	<u>0.02</u>
	236.71	0.65
Investments in Debt Schemes of various Mutual Funds	<u>1,103.00</u>	<u>25.00</u>
	<u>2,853.74</u>	<u>1,200.01</u>
<b>2.14.1 Aggregate Book Value of :</b>		
Quoted Investments	1,650.76	1,081.17
Unquoted Investments	<u>1,202.98</u>	<u>118.84</u>
	<u>2,853.74</u>	<u>1,200.01</u>

	` in Crore	
	Current Year	Previous Year
<b>2.15 LONG-TERM LOANS AND ADVANCES</b> <b>(Unsecured, Considered Good, unless otherwise stated)</b>		
Capital Advances for Purchase of Fixed Assets	1,797.80	492.07
Security Deposits	86.48	53.28
Loans and Advances to Related Parties (Note 4.11.2)	22.36	31.27
Balances with Government Authorities	141.77	107.22
Other Loans and Advances *	18.13	10.23
	<u>2,066.54</u>	<u>694.07</u>
* Includes Loan Secured against House Property	0.05	0.04
<b>2.16 CURRENT INVESTMENTS</b> <b>(At Cost or Fair Value, whichever is less)</b>		
Investments in Government Securities	15.21	-
Investments in Treasury Bills	-	11.02
Investments in Debt Schemes of various Mutual Funds	4,984.11	6,606.99
Certificate of Deposits of Scheduled Banks	22.74	115.22
	<u>5,022.06</u>	<u>6,733.23</u>
<b>2.16.1 Aggregate Book Value of:</b>		
Quoted Investments	2,185.02	3,005.52
Unquoted Investments	2,837.04	3,727.71
	<u>5,022.06</u>	<u>6,733.23</u>
<b>2.16.2 Current Investments includes current portion, of Long-Term Investments as per the definition provided in Accounting Standard (AS) 13 : Accounting for Investments</b>	1,933.55	-
<b>2.17 INVENTORIES</b> <b>(Valued at lower of cost or net realisable value, unless otherwise stated)</b>		
Raw Materials {(includes in transit ` 227.23 Crore (Previous Year ` 98.78 Crore)}	753.86	623.63
Work-in-Progress	440.15	460.03
Finished Goods (including Trading Goods) {(includes in transit ` 34.54 Crore (Previous Year ` 22.54 Crore)}	519.01	379.86
Stores and Spare Parts {(includes in transit ` 4.64 Crore (Previous Year ` 4.02 Crore)}	814.21	747.21
Fuel {(includes in transit ` 75.06 Crore (Previous Year ` 89.43 Crore)}	494.54	459.93
By-Products	0.50	3.28
Waste/Scrap (valued at net realisable value)	9.53	8.45
Others (includes Packing Materials) {(includes in transit ` Nil (Previous Year ` 0.18 Crore)}	39.31	39.25
	<u>3,071.11</u>	<u>2,721.64</u>
<b>2.18 TRADE RECEIVABLES *</b> <b>(Unsecured, Considered Good, except otherwise stated)</b> <b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Considered Good	67.47	48.48
Doubtful	2.40	9.43
	<u>69.87</u>	<u>57.91</u>
Less : Provision for Doubtful Debts	2.40	9.43
	67.47	48.48
<b>Others</b>	1,661.28	1,362.26
	<u>1,728.75</u>	<u>1,410.74</u>
* Includes amount in respect of which the Company holds Deposits and Letters of Credit/Guarantees from Banks	715.68	687.92

	Current Year	Previous Year
` in Crore		
<b>2.19 CASH AND BANK BALANCES</b>		
Cash and Cash Equivalents		
Balances with Banks	249.08	228.86
Cash on Hand (Including Cheques in Hand)	41.47	25.13
	<u>290.55</u>	<u>253.99</u>
Other Bank Balances		
In Government Treasury Saving Account	0.01	0.01
Unpaid Dividend Account	10.48	10.32
Bank Deposit*	24.17	20.22
	<u>34.66</u>	<u>30.55</u>
	<u>325.21</u>	<u>284.54</u>
*Includes		
2.19.1 Lodged as security with Government Department	1.79	0.37
2.19.2 Interest Accrued	0.02	0.01
<b>2.20 SHORT-TERM LOANS AND ADVANCES</b>		
<b>Secured</b>		
Other Short-Term Loans and Advances	0.01	0.04
<b>Unsecured (Considered Good, unless otherwise stated)</b>		
Security Deposits	154.96	272.79
Loans and Advances to Related Parties (Note 4.11.2)	39.01	1.90
Balances with Government Authorities	345.33	199.65
Deposits with Bodies Corporate	200.00	270.00
Other Short-Term Loans and Advances (includes Advances to Suppliers, Employees, etc.) *	685.34	466.92
Less: Provision for Doubtful Advances	0.25	1.24
	<u>685.09</u>	<u>465.68</u>
	<u>1,424.40</u>	<u>1,210.06</u>
* Includes considered Doubtful	0.25	1.24
<b>2.21 OTHER CURRENT ASSETS</b>		
Interest Accrued on Investments	7.89	3.93
Others (includes Insurance Claims, Export Incentives Receivables, etc.)	24.35	45.43
	<u>32.24</u>	<u>49.36</u>
<b>3.1 SALE OF PRODUCTS AND SERVICES (GROSS)</b>		
Sale of Products	27,613.22	23,601.77
Services Rendered	29.19	18.04
	<u>27,642.41</u>	<u>23,619.81</u>
<b>3.2 OTHER OPERATING REVENUES</b>		
Export Incentives	43.47	46.34
Insurance Claims	2.34	5.45
Sundry Balances Written Back (Net)	12.55	9.80
Rent Received	2.95	3.02
Scrap Sales (Net)	79.37	70.73
Others	115.78	96.60
	<u>256.46</u>	<u>231.94</u>

		` in Crore	
		Current Year	Previous Year
<b>3.3 OTHER INCOME</b>			
Interest Income on			
Government and Other Securities		17.60	5.70
Bank and Other Accounts		70.71	67.94
Dividend Income from			
Long-Term Investments - Trade		7.64	16.83
Long-Term Investments - Others		27.82	-
Current Investments - Mutual Funds		111.20	228.80
Profit on Sale of			
Long-Term Investments (Net)		155.44	4.12
Current Investments (Net)		253.42	19.21
Fixed Assets (Net)		1.52	39.09
Exchange Rate Difference (Net)		13.40	3.71
Others		86.61	13.70
		<u>745.36</u>	<u>399.10</u>
<b>3.4 COST OF MATERIALS CONSUMED</b>			
Opening Stock	623.63		523.18
Purchases and Incidental Expenses	5,496.40		4,559.54
Stock Transferred on Acquisition of Subsidiary Company	-		50.96
		<u>6,120.03</u>	<u>5,133.68</u>
Less: Sales	0.50		2.21
Adjustment on Amalgamation of Subsidiary Companies	-		7.61
Closing Stock	753.86		623.63
		<u>754.36</u>	<u>633.45</u>
		<u>5,365.67</u>	<u>4,500.23</u>
<b>3.5 PURCHASES OF STOCK-IN-TRADE</b>			
Chemicals		15.70	-
Grey Cement		73.87	78.83
Finished Fabrics		68.39	42.50
Others		103.65	30.83
		<u>261.61</u>	<u>152.16</u>
<b>3.6 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>			
<b>Opening Stock</b>			
Finished Goods	375.29		254.74
By-Products	3.28		2.51
Process Stock	460.03		386.60
Waste/Scrap	3.10		6.86
		<u>841.70</u>	<u>650.71</u>
<b>Less : Closing Stock</b>			
Finished Goods	518.44		375.29
By-Products	0.50		3.28
Process Stock	440.15		460.03
Waste/Scrap	3.10		3.10
		<u>962.19</u>	<u>841.70</u>
<b>(Increase)/Decrease in Stocks</b>		<u>(120.49)</u>	<u>(190.99)</u>
Less : (Increase)/Decrease in Excise Duty on Stocks		(22.42)	(16.56)
Less : Adjustments		(12.25)	(15.25)
		<u>(85.82)</u>	<u>(159.18)</u>

		` in Crore
	Current Year	Previous Year
<b>3.7 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries and Wages	1,189.45	1,056.91
Contribution to Provident and other Funds	95.01	94.15
Staff Welfare Expenses	89.92	78.45
Expenses on Employee Stock Option Scheme	2.79	2.23
	<u>1,377.17</u>	<u>1,231.74</u>
<b>3.8 FREIGHT AND FORWARDING EXPENSES</b>		
On Finished Products	3,477.82	3,087.01
On Clinker Transfer	407.94	381.12
	<u>3,885.76</u>	<u>3,468.13</u>
<b>3.9 OTHER EXPENSES</b>		
<b>3.9.1 Manufacturing Expenses</b>		
Consumption of Stores, Spare Parts and Components and Incidental Expenses	708.18	688.72
Consumption of Packing Materials	604.57	459.11
Processing Charges	37.40	43.60
Repairs to Buildings	52.27	49.74
Repairs to Machinery	274.81	232.81
<b>3.9.2 Administration, Selling and Distribution Expenses</b>		
Advertisement and Sales Promotion	532.67	434.47
Insurance	39.21	30.74
Rent (Including Lease Rent)	90.23	73.32
Rates and Taxes	117.05	109.39
Research Contribution and Expenses	12.23	8.58
Donations	15.61	16.08
Directors' Fees	0.27	0.23
Directors' Commission	36.00	36.00
Miscellaneous Expenses	961.62	833.24
	<u>3,482.12</u>	<u>3,016.03</u>
<b>3.10 FINANCE COSTS</b>		
Interest Expense on Borrowings *	354.06	411.20
Other Borrowing Costs	18.82	5.35
	<u>372.88</u>	<u>416.55</u>
Less: Capitalised	59.24	9.80
	<u>313.64</u>	<u>406.75</u>
	84.98	20.94
* Net of Interest subsidy from Government		
<b>3.11 EARNINGS PER SHARE:</b>		
Net profit for the year from ordinary activities attributable to equity shareholders	` in Crore	2,647.46
		2,279.01
Weighted-average-number of equity shares outstanding	Nos.	91,719,718
		91,703,915
Weighted-average-number of potential equity shares on exercise of options	Nos.	78,809
		61,612
Basic Earnings Per Share (Face Value of ` 10 each)	`	288.65
		248.52
Diluted Earnings Per Share (Face Value of ` 10 each)	`	288.40
		248.35

#### 4.1 Principles of Consolidation:

The Consolidated Financial Statements (CFS) are prepared in accordance with the 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.

As far as possible, the CFS are prepared using uniform significant accounting policies for like transactions and other events in similar circumstances.

The CFS includes five JV's, thirteen 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 Companies for incorporation in the Financial Statements, the assets and liabilities, both monetary and non-monetary are translated at closing exchange rate, all Income and Expenses are translated at yearly average exchange rate and resulting exchange differences are accumulated in Foreign Currency Translation Reserve.

The effect of intra-group transactions between Grasim, Subsidiaries and Joint Ventures are eliminated in consolidation.

#### 4.2 The CFS comprises the Audited Financial Statements (except as mentioned otherwise) of the Company, its Subsidiaries and its interest in Joint Ventures and Associates for the year ended 31st March, 2012, which are as under:

Name of the Company	Note	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %		% Shareholding and Voting Power along with Subsidiaries	
				31.3.2012	31.3.2011	31.3.2012	31.3.2011
<b>Subsidiaries:</b>							
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
Aditya Birla Power Ventures Limited (w.e.f. 29th July, 2011)		ABPVL	India	100.00	NA	100.00	NA
UltraTech Cement Limited		UltraTech	India	60.33	60.34	60.33	60.34
Dakshin Cements Limited	*	DCL	India	60.33	60.34	100.00	100.00
UltraTech Cement Lanka Private Limited	*	UTCLPL	Sri Lanka	48.26	48.27	80.00	80.00
Harish Cement Limited	*	HCL	India	60.33	60.34	100.00	100.00
UltraTech Cement Middle East Investment Limited (w.e.f. 3rd March, 2010)	*	UTCMEIL	UAE	60.33	60.34	100.00	100.00
PT Ultratech Mining Indonesia (w.e.f. 12th April, 2011)	*	PUMI	Indonesia	60.33	NA	100.00	NA
Ultratech Cement SA (PTY) (w.e.f. 9th April, 2011)	*^	UCSA	South Africa	60.33	NA	100.00	NA
PT UltraTech Investments Indonesia (w.e.f. 26th March, 2012)	*^	PTUCIA	Indonesia	60.33	NA	100.00	NA
Star Cement Co LLC, UAE (w.e.f. 31st August, 2010)	#	SCCLD	UAE	48.26	48.27	80.00	80.00
Star Cement Co LLC, Ras-Al-Khaimah (w.e.f. 31st August, 2010)	#	SCCLRAK	UAE	48.26	48.27	80.00	80.00
Al Nakhla Crusher, LLC, Fujairah (w.e.f. 6th September, 2010)	#	ANCL	UAE	48.26	48.27	80.00	80.00
Arabian Cement Industry LLC, Abu Dhabi (w.e.f. 15th September, 2010)	#	ACIL	UAE	48.26	48.27	80.00	80.00
Arabian Gulf Cement Co WLL (w.e.f. 27th September, 2010)	#	AGCCW	Bahrain	48.26	48.27	80.00	80.00
Emirates Power Company Ltd. (w.e.f. 27th August, 2010)	#	EPCL	Bangladesh	48.26	48.27	80.00	80.00
Emirates Cement Bangladesh Ltd. (w.e.f. 27th August, 2010)	#	ECBL	Bangladesh	48.26	48.27	80.00	80.00
UltraTech Cement Mozambique Limitada (w.e.f. 22nd February, 2012)	#@^	UCMEIL	Mozambique	60.33	NA	100.00	NA

Name of the Company	Note	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %		% Shareholding and Voting Power along with Subsidiaries	
				31.3.2012	31.3.2011	31.3.2012	31.3.2011
<b>Joint Venture Companies (JV):</b>							
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 & Plantations Company Limited	^	BLPP	Laos	40.00	40.00	40.00	40.00
Bhubaneswari Coal Mining Limited		BCML	India	26.00	26.00	26.00	26.00
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi (w.e.f. 30th December, 2011)	\$^	ABEST	Turkey	33.33	NA	33.33	NA
Bhaskarpara Coal Company Limited	*	BCCL	India	28.58	28.58	47.37	47.37
Madanpur (North) Coal Company Private Limited	*	MCCPL	India	6.74	6.74	11.17	11.17
<b>Associates:</b>							
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
Aditya Group AB (w.e.f 13th June, 2011)	^	AGAB	Sweden	33.33	NA	33.33	NA

Reference to the Notes marked above

Symbol	Note
*	Subsidiaries/Joint Ventures of UltraTech
#	Subsidiaries of UTCMEIL
@	90% Shareholding of UTCMEIL
\$	Incorporated as JV on 30th December, 2011
^	Unaudited Accounts Considered

**4.2.1** The Financial Statements of the Company, its Subsidiaries, JV's and Associates used in Consolidation are drawn upto the same reporting date as followed by the Company, i.e., 31st March, 2012 (Previous Year 31st March, 2011).

**4.2.2** 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.

**4.3** During the current year the Company has,

- acquired 1/3<sup>rd</sup> equity interest in Aditya Group AB, Sweden, for a consideration of ` 274.89 Crore, which has acquired Domsjo Fabriker AB, Sweden, a pulp manufacturing company to strengthen pulp supplies. The Consolidated Financial Results of Aditya Group AB have been considered as an Associate in Consolidated Financial Results of the Company from the date of acquisition, 13th June, 2011.
- invested ` 56.67 Crore towards 1/3<sup>rd</sup> equity shares of ABEST, Turkey, a Joint Venture with two other Aditya Birla Group Companies which plans to set up a Greenfield Viscose Staple Fibre Plant in Turkey.
- acquired 2,000 additional shares of Birla Lao Pulp and Plantation Company Limited at a cost of ` 9.86 Crore. There has been no change in the Ownership Percentage on account of this additional Investment.
- acquired 11,601,200 shares of BCML at a cost of ` 11.60 Crore. There has been no change in the ownership Percentage on account of this additional Investment.

**4.4** During the year, UTCL has received subsidy of ` 145.69 Crore, in terms of state Investment Promotion Scheme, of which ` 64.60 Crore and ` 4.25 Crore have been reduced from Interest and wages, respectively, and ` 76.85 Crore, related to earlier years, has been included in Operating/Other Income.

- 4.5 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:

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

in Crore

	Current Year	Previous Year
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
Equity Share Capital	432.53	310.97
Other Share Capital	57.42	51.68
Reserves and Surplus	120.90	72.37
	610.85	435.02
<b>Share Application Money Pending Allotment</b>	0.66	0.03
<b>Non-Current Liabilities</b>		
Long-Term Borrowings	259.11	289.50
Deferred Tax Liabilities (Net)	0.24	-
Other Long Term Liabilities	16.62	-
Long-Term Provisions	4.38	3.74
	280.35	293.24
<b>Current Liabilities</b>		
Short-Term Borrowings	81.58	47.24
Trade Payables	88.20	86.29
Other Current Liabilities	81.55	53.53
Short-Term Provisions	7.30	5.43
	258.63	192.49
<b>TOTAL</b>	<b>1,150.49</b>	<b>920.78</b>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Fixed Assets		
Tangible Assets	652.87	501.74
Intangible Assets	2.02	2.29
Capital Work-in-Progress	42.60	53.65
	697.49	557.68
Non-Current Investments	13.78	12.40
Long-Term Loans and Advances	20.51	5.65
<b>Current Assets</b>		
Current Investments	0.34	0.07
Inventories	194.28	158.23
Trade Receivables	87.24	93.61
Cash and Bank Balances	102.10	79.70
Short-Term Loans and Advances	34.75	13.44
	418.71	345.05
<b>TOTAL</b>	<b>1,150.49</b>	<b>920.78</b>
<b>Contingent Liabilities</b>	<b>0.16</b>	<b>0.31</b>

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

in Crore

	Current Year	Previous Year
<b>REVENUE</b>		
Sale of Products ( includes Services Revenue )	895.08	852.26
Other Operating Revenues	0.74	0.59
<b>Revenue from Operations</b>	<b>895.82</b>	852.85
Other Income	9.18	(0.18)
<b>Total Revenue</b>	<b>905.00</b>	852.67
<b>EXPENSES</b>		
Cost of Materials Consumed	365.07	342.93
Purchase of Stock-in-Trade	0.18	-
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	11.91	(7.00)
Employee Benefits Expenses	113.58	101.69
Power and Fuel	114.31	79.23
Freight and Handling Expenses	76.34	70.94
Other Expenses	127.11	103.57
<b>Total Expenses</b>	<b>808.50</b>	691.36
<b>Profit Before Interest, Depreciation/Amortisation and Tax</b>	<b>96.50</b>	161.31
Finance Costs	18.16	14.65
Depreciation and Amortisation Expense	38.68	29.31
<b>Profit before Tax</b>	<b>39.66</b>	117.35
Provision for Current Tax	0.11	-
Provision for Deferred Tax	0.26	-
<b>Profit for the Year</b>	<b>39.29</b>	117.35

4.6 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.

	Current Year	in Crore Previous Year
<b>4.7 Contingent Liabilities not provided for in respect of :</b>		
<b>4.7.1</b> Claims/Disputed Liabilities not acknowledged as debt		
Custom Duty	6.52	12.26
Sales Tax/Purchase Tax/VAT	133.03	136.81
Excise Duty/Cenvat Credit/Service Tax	302.66	192.27
Water Cess	24.17	23.00
Various claims in respect of disputed liabilities of discontinued business in earlier year	70.00	-
Royalty on Limestone	200.42	181.06
Others	226.30	235.16
Cash outflows for the above are determinable only on receipt of judgements pending at various forums/authorities.		
<b>4.7.2</b> Custom Duty which may arise if obligation for exports is not fulfilled against import of raw materials and machinery	8.06	0.85
<b>4.7.3</b> Letters of Undertaking-cum-Indemnity, Corporate Guarantees given to Bank/Financial Institutions for finance provided to subsidiary and joint venture	135.26	306.33
- Amount outstanding against above	21.27	63.10
<b>4.8</b> Deferred Preference Share Dividend	1.79	1.61
<b>4.9 Capital and Other Commitments</b>		
<b>4.9.1</b> Estimated amount of contracts remaining to be executed on capital account and not provided (Net of advance paid)	4,492.80	2,327.88
<b>4.9.2</b> The Company's Subsidiary, UltraTech Cement Middle East Investments Limited ("UCMEIL") and ETA Cement Trading LLC ("ETA Cement") had entered into a Shareholder's Agreement ("the Agreement") on September 30, 2010. In terms of the Agreement:		
(a) ETA Cement has a put option to require UCMEIL to purchase from it, all shares held in the Group Companies as defined in the Agreement.		
(b) UCMEIL has a call option to purchase from ETA Cement all of its shares in the Group Companies during the period as provided in the Agreement.		
(c) The consideration for exercising the put and call options will be in accordance with the provisions of the Agreement.		

#### 4.10 Segment Reporting:

##### 4.10.1 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 organisational reporting 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 and Pulp - Viscose Staple Fibre and Wood Pulp
- Chemicals - Caustic Soda and Allied Chemicals
- Cement - Grey Cement, White Cement and Allied Products
- Others - Mainly Textiles and Investment Subsidiaries

**Inter-segment transfers of independent marketable products are at market rates.**

Information about Business Segments (Current Year):

						` in Crore
	Fibre & Pulp	Chemicals	Cement	Others	Eliminations	Total
<b>REVENUE</b>						
Gross Sales (External)	5,191.99	645.56	21,334.01	470.85	-	27,642.41
Gross Sales (Inter-Segment)	52.92	193.83	18.26	0.98	(265.99)	-
<b>Total Gross Sales</b>	<b>5,244.91</b>	<b>839.39</b>	<b>21,352.27</b>	<b>471.83</b>	<b>(265.99)</b>	<b>27,642.41</b>
Other Income	125.51	17.32	239.67	18.14	(14.58)	386.06
Unallocated Corporate Other Income						615.76
<b>Total Other Income</b>	<b>125.51</b>	<b>17.32</b>	<b>239.67</b>	<b>18.14</b>	<b>(14.58)</b>	<b>1,001.82</b>
<b>Total Revenue</b>	<b>5,370.42</b>	<b>856.71</b>	<b>21,591.94</b>	<b>489.97</b>	<b>(280.57)</b>	<b>28,644.23</b>
<b>RESULTS</b>						
<b>Segment Result (PBIT)</b>	<b>1,131.46</b>	<b>125.70</b>	<b>3,320.52</b>	<b>27.72</b>	<b>0.10</b>	<b>4,605.50</b>
Unallocated Corporate Income						560.34
Interest Expense						(313.64)
<b>Profit before Tax from Ordinary Activities</b>						<b>4,852.20</b>
Provision for Current Tax						(1,314.33)
Deferred Tax						(17.67)
Provision for Tax of Earlier Years Written Back						11.23
<b>Profit after Tax</b>						<b>3,531.43</b>
Add: Share in Profit of Associates						63.16
Less: Minority Interest						(947.13)
<b>Net Profit</b>						<b>2,647.46</b>
<b>OTHER INFORMATION</b>						
<b>Segment Assets</b>	<b>4,188.44</b>	<b>653.45</b>	<b>23,158.95</b>	<b>364.84</b>	<b>(25.88)</b>	<b>28,339.80</b>
Unallocated Corporate Assets						8,194.63
<b>Total Assets</b>						<b>36,534.43</b>
<b>Segment Liabilities</b>	<b>465.48</b>	<b>94.65</b>	<b>3,836.86</b>	<b>135.39</b>	<b>(20.46)</b>	<b>4,511.92</b>
Unallocated Corporate Liabilities						9,720.48
Minority Interest						5,233.38
<b>Total Liabilities</b>						<b>19,465.78</b>
<b>Capital Expenditure</b>	<b>931.86</b>	<b>159.43</b>	<b>3,352.54</b>	<b>50.05</b>	<b>-</b>	<b>4,493.88</b>
Unallocated Corporate Capital Expenditure						16.79
						<b>4,510.67</b>
<b>Depreciation and Amortisation</b>	<b>142.08</b>	<b>35.07</b>	<b>962.91</b>	<b>11.15</b>	<b>-</b>	<b>1,151.21</b>
Unallocated Corporate Depreciation and Amortisation						3.20
<b>Total Depreciation and Amortisation</b>						<b>1,154.41</b>
<b>Significant Non-Cash Expenses other than Depreciation</b>						<b>2.79</b>

## Information about Business Segments (Previous Year) :

in Crore

	Fibre & Pulp	Chemicals	Cement	Others	Eliminations	Total
<b>REVENUE</b>						
Gross Sales (External)	5,013.46	460.46	17,741.82	404.07	-	23,619.81
Gross Sales (Inter-Segment)	52.07	121.37	3.55	0.11	(177.10)	-
<b>Total Gross Sales</b>	<b>5,065.53</b>	<b>581.83</b>	<b>17,745.37</b>	<b>404.18</b>	<b>(177.10)</b>	<b>23,619.81</b>
Other Income	98.64	13.49	163.57	20.12	(10.92)	284.90
Unallocated Corporate Other Income						346.14
<b>Total Other Income</b>	<b>98.64</b>	<b>13.49</b>	<b>163.57</b>	<b>20.12</b>	<b>(10.92)</b>	<b>631.04</b>
<b>Total Revenue</b>	<b>5,164.17</b>	<b>595.32</b>	<b>17,908.94</b>	<b>424.30</b>	<b>(188.02)</b>	<b>24,250.85</b>
<b>RESULTS</b>						
<b>Segment Result (PBIT)</b>	<b>1,492.28</b>	<b>90.41</b>	<b>2,420.43</b>	<b>19.02</b>	<b>(2.26)</b>	<b>4,019.88</b>
Unallocated Corporate Income/(Expense)						236.27
Finance Costs						(406.75)
<b>Profit before Tax</b>						<b>3,849.40</b>
Provision for Current Tax						(1,120.15)
Deferred Tax						15.13
Provision for Tax of Earlier Years Written Back						150.81
<b>Profit after Tax</b>						<b>2,895.19</b>
Add: Share in Profit of Associates						43.78
Less: Minority Interest						(659.96)
<b>Net Profit</b>						<b>2,279.01</b>
<b>OTHER INFORMATION</b>						
<b>Segment Assets</b>	<b>3,017.71</b>	<b>481.86</b>	<b>19,908.19</b>	<b>289.13</b>	<b>(11.69)</b>	<b>23,685.20</b>
Unallocated Corporate Assets						8,336.12
<b>Total Assets</b>						<b>32,021.32</b>
<b>Segment Liabilities</b>	<b>384.20</b>	<b>53.43</b>	<b>3,349.57</b>	<b>82.85</b>	<b>(5.50)</b>	<b>3,864.55</b>
Unallocated Corporate Liabilities						9,232.04
Minority Interest						4,351.39
<b>Total Liabilities</b>						<b>17,447.98</b>
<b>Capital Expenditure</b>	<b>183.26</b>	<b>62.85</b>	<b>1,440.63</b>	<b>7.81</b>	<b>-</b>	<b>1,694.55</b>
Unallocated Corporate Capital Expenditure						13.25
<b>Total Capital Expenditure</b>						<b>1,707.80</b>
<b>Depreciation and Amortisation</b>	<b>135.76</b>	<b>33.84</b>	<b>924.60</b>	<b>9.35</b>	<b>-</b>	<b>1,103.55</b>
Unallocated Corporate Depreciation and Amortisation						34.82
<b>Total Depreciation and Amortisation</b>						<b>1,138.37</b>
<b>Significant Non-Cash Expenses other than Depreciation</b>						<b>2.23</b>

Current  
YearPrevious  
Year

## 4.10.2 Secondary Segment Reporting (by Geographic Segment)

## Segment Revenues (Gross Sales):

India	24,395.42	21,159.27
Rest of World	3,246.99	2,460.54
<b>Total</b>	<b>27,642.41</b>	<b>23,619.81</b>

## Segment Assets:

India	25,272.34	21,508.19
Rest of World	3,067.46	2,177.01
<b>Total</b>	<b>28,339.80</b>	<b>23,685.20</b>

## Capital Expenditure:

India	4,252.71	1,585.20
Rest of World	257.96	122.60
<b>Total</b>	<b>4,510.67</b>	<b>1,707.80</b>

#### 4.11 Related Party Transactions

##### 4.11.1 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
Birla Jingwei Fibres Company Limited, China	Bhubaneswari Coal Mining Limited
Birla Lao Pulp & Plantations Company Limited, Laos	(w.e.f. 21st September, 2010)
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi, Turkey (w.e.f. 30th December, 2011)	

###### Associates :

Aditya Birla Science & Technology Company Limited
Idea Cellular Limited
Aditya Group AB, Sweden (w.e.f. 13th June, 2011)

###### Key Management Personnel:

Shri K.K. Maheshwari, Managing Director
Shri Adesh Gupta, Whole-time Director
Shri O.P. Puranmalka, Whole-time Director
Shri S. Krishnamoorthy
Shri S.K. Sharma (w.e.f. 17th April, 2010 and upto 18th October, 2011)
Shri Atul Dixit (w.e.f. 19th October, 2011)

###### Relatives of Key Management Personnel:

Relative of Shri Adesh Gupta:
Smt. Usha Gupta, Wife
Relative of Shri O.P. Puranmalka:
Smt. Sita Puranmalka

	Current Year	Previous Year
in Crore		
<b>4.11.2 Nature of Transactions:</b>		
<b>(a) Sales and Services (Gross)</b>		
Birla Jingwei Fibre Co. Limited	0.08	0.30
<b>Total</b>	<b>0.08</b>	<b>0.30</b>
<b>(b) Interest and Other Income</b>		
A.V. Cell, Inc.	1.44	1.75
A.V. Nackawic, Inc.	1.93	2.46
Aditya Birla Science & Technology Company Limited	0.68	1.92
Key Management Personnel	0.01	0.02
<b>Total</b>	<b>4.06</b>	<b>6.15</b>
<b>(c) Purchase of Goods/Payment of Other Services (Net of Cenvat Credit, if available)</b>		
A.V. Cell, Inc.	113.51	-
A.V. Nackawic, Inc.	288.13	430.71
Aditya Birla Science & Technology Company Limited	7.25	6.32
Idea Cellular Limited	0.47	0.44
Key Management Personnel	15.02	10.13
Relatives of Key Management Personnel	0.08	0.07
<b>Total</b>	<b>424.46</b>	<b>447.67</b>
<b>(d) Finance Provided</b>		
Aditya Birla Science & Technology Company Limited	35.68	15.00
Others	-	0.10
Key Management Personnel	-	0.98
<b>Total</b>	<b>35.68</b>	<b>16.08</b>

	Current Year	Previous Year
` in Crore		
<b>(e) Repayment against Finance Provided</b>		
Aditya Birla Science & Technology Company Limited	-	30.30
<b>Total</b>	<b>-</b>	<b>30.30</b>
<b>(f) Investment in Equity Shares/Debentures/Preference Shares</b>		
Birla Lao Pulp & Plantation Company Limited	9.86	17.86
Bhaskarpara Coal Company Limited	0.04	0.10
Bhubaneswari Coal Mining Limited	11.60	-
Madanpur (North) Coal Company (Private) Limited	0.06	-
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi, Turkey	56.67	-
Aditya Group AB, Sweden	274.89	-
<b>Total</b>	<b>353.12</b>	<b>17.96</b>
<b>(g) Purchase of Fixed Assets</b>		
Idea Cellular Limited	0.03	-
<b>Total</b>	<b>0.03</b>	<b>-</b>
<b>Outstanding Balances as on the year end</b>		
<b>(h) Trade Payables</b>		
A.V. Cell, Inc.	27.26	-
A.V. Nackawic, Inc.	14.83	30.48
Idea Cellular Limited	0.01	-
<b>Total</b>	<b>42.10</b>	<b>30.48</b>
<b>(i) Advance Given against Equity</b>		
Bhubaneswari Coal Mining Limited	9.40	-
<b>(j) Long-Term Loans and Advances</b>		
A.V. Cell, Inc.	34.45	32.80
Aditya Birla Science & Technology Company Limited	11.82	10.43
Key Management Personnel	0.09	0.28
Relatives of Key Management Personnel	0.98	1.98
<b>Total</b>	<b>47.34</b>	<b>45.49</b>
<b>(k) Short-Term Loans and Advances</b>		
A.V. Nackawic, Inc.	1.93	1.69
Birla Lao Pulp & Plantation Company Limited	0.16	0.05
Aditya Birla Science & Technology Company Limited	34.29	-
Key Management Personnel	1.90	0.34
Relatives of Key Management Personnel	1.00	-
<b>Total</b>	<b>39.28</b>	<b>2.08</b>
<b>(l) Guarantees and Collaterals</b>		
A.V. Nackawic, Inc.	127.61	298.68
Others	7.65	7.65
<b>Total</b>	<b>135.26</b>	<b>306.33</b>

Note : Transaction with Joint Ventures are reported at total amounts and not on proportionate share basis

	Current Year	Previous Year
` in Crore		
<b>4.12 Retirement Benefits</b>		
<b>4.12.1 Defined Benefit Plans:</b>		
(a) Gratuity: The employee's gratuity fund 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:		
(i) Present Value of the funded defined benefit obligation at the end of the period	<b>361.81</b>	314.07
Fair Value of the Plan Assets	<b>360.30</b>	306.70
Amount not recognised as an Asset [limit in Para 59(b) of (AS) 15]	-	0.43
<b>Net Liability/(Assets)</b>	<b>1.51</b>	<b>7.80</b>
(ii) The amounts recognized in salaries, wages and employee benefits in the Statement of Profit and Loss as follows in respect of gratuity :		
Current Service Cost	<b>23.16</b>	20.09
Interest on Defined Benefit Obligations	<b>26.66</b>	24.08
Expected Return on Plan Assets	<b>(23.37)</b>	(20.97)
Net Actuarial (Gain)/Loss Recognised during the period	<b>6.01</b>	9.15
Effect of the limit in Paragraph 59(b) of (AS) 15	<b>(0.20)</b>	5.24
<b>Net Cost</b>	<b>32.26</b>	37.59
Less: Capitalised as Pre-Operative Expenses in respect of projects	<b>1.08</b>	0.09
<b>Net Charge to Profit and Loss Account</b>	<b>31.18</b>	<b>37.50</b>
(iii) <b>Actual Return on Plan Assets</b>		
Expected Return on Plan Assets	<b>23.37</b>	20.97
Actuarial Gain/(Loss) on Plan Assets	<b>2.97</b>	2.24
<b>Actual Return on Plan Assets</b>	<b>26.34</b>	<b>23.21</b>
(iv) <b>Reconciliation of Present Value of the Obligation</b>		
Opening Defined Benefit Obligations as on 1st April, 2011	<b>314.07</b>	280.57
Current Service Costs	<b>23.16</b>	20.09
Interest Costs	<b>26.66</b>	24.08
Actuarial (Gain)/Loss	<b>8.98</b>	11.39
Benefits Paid	<b>(11.06)</b>	(29.94)
Past Service Costs	-	7.88
<b>Closing Defined Benefit Obligations as on 31st March, 2012</b>	<b>361.81</b>	<b>314.07</b>

	` in Crore				
	Current Year	Previous Year			
<b>(v) Reconciliation of Fair Value of the Plan Assets</b>					
Opening Fair Value of the Plan Assets	306.69	265.47			
Expected Return on Plan Assets	23.37	20.97			
Actuarial Gain/(Loss)	2.97	2.24			
Contributions by the Employer	38.33	47.96			
Benefits Paid	(11.06)	(29.94)			
<b>Closing Fair Value of the Plan assets</b>	<b>360.30</b>	<b>306.70</b>			
<b>(vi) Investment Details of Plan Assets</b>					
Government of India Securities	7%	13%			
Corporate Bonds	6%	11%			
Insurer Managed Funds	85%	72%			
Others	2%	4%			
<b>Total</b>	<b>100%</b>	<b>100%</b>			
<b>(vii) (a) The fair value of the plan assets includes 8.8% Non-Convertible Debentures of Ultratech Cement Limited of the face value of ` 1.20 Crore purchased at ` 1.19 Crore.</b>					
<b>(b) There are no amount included in the fair value of plan assets for:</b>					
- Company's own financial instrument other than those mentioned above [(vii) (a)]					
- Property occupied by or other assets used by the Company					
<b>(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.</b>					
<b>(viii) Principal Actuarial Assumptions at the Balance Sheet Date</b>					
Discount/Rate	8.45%-8.51%	8.20%-8.28%			
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%			
Mortality	Published rates under LIC (1994-96) mortality tables				
<b>(ix) Experience Adjustments</b>					
	<b>31st March, 2012</b>	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Defined Benefit Obligations	361.81	314.07	280.57	256.71	213.98
Plan Assets	360.30	306.70	265.47	224.64	172.81
Surplus/(Deficit)	(1.51)	(7.37)	(15.10)	(32.07)	(41.17)
Experience Adjustments on Plan Liabilities	16.18	9.94	10.12	30.64	16.69
Experience Adjustments on Plan Assets	2.98	2.65	4.26	5.79	3.03
<b>(b) The obligation for compensated absence is recognised in the same manner as gratuity, amounting to charge of ` 27.52 Crore (Previous Year charge ` 22.27 Crore).</b>					

#### 4.12.2 Defined Contribution Plans

Amount recognised as expense and included in the Note 3.7 "Contribution to Provident and Other Funds" ` 69.88 Crore (Previous Year ` 59.08 Crore).

#### 4.13 Disclosure of Derivative Instruments

##### 4.13.1 Derivative Instruments as on 31st March, 2012:

In Crore

Type of Instrument	Type of Exposure	Currency	Current Year	Previous Year	Cross Currency
(a) Forward Contracts (For hedging of foreign currency exposures)	Exports (Receivables)	USD	1.90	0.69	INR
		EURO	-	1.10	INR
	Buyers Credit	USD	1.17	2.50	INR
		EURO	0.34	1.05	INR
		EURO	0.80	4.57	USD
		USD	4.03	8.20	INR
		JPY	-	1.25	INR
(b) Currency and Interest Rate Swaps (For hedging of foreign currency and interest rate exposures)	ECB	USD	25.78	2.50	INR
		JPY	2,456.16	4,038.50	INR
	Buyers Credit	USD	-	69.49	INR
		JPY	-	0.26	INR
(c) Currency Option and Interest Swaps (For hedging of foreign currency and interest rate exposures)	ECB	USD	-	4.00	INR
					INR
(d) Interest Rate Swaps (For hedging Interest rate Exposure)	Mibor Linked NCDs	Rupees	-	200.00	INR

##### 4.13.2 Derivatives for hedging South African Coal price risk (from floating price to fixed price), outstanding as on March 31, 2012 are as under:

Particulars	Quantity Hedged	Currency	Current Year	Previous Year
South African Coal Fixed Price Swaps	45000 Metric Tonne	USD	0.46	-

##### 4.13.3 Unhedged Foreign Currency Exposure as on 31st March, 2012:

Type of Exposure	Currency	Current Year	Previous Year
Exports (Receivables)	USD	4.12	3.19
	Euro	1.50	0.03
Imports (Payables)	USD	1.51	0.02
	Euro	0.07	0.01
	JPY	15.44	17.60
Bank Balances	USD	0.14	0.26
Borrowings	USD	-	2.52
Interest Payables	USD	-	0.03
Loans (Receivables)	CAD	0.71	0.77

**4.14 Information related to Subsidiaries including Subsidiaries of Subsidiaries:**

(In terms of Government of India, Ministry of Corporate Affairs General Circular No. 2/2011, No: 5/12/2007-CLIII dated 8th February, 2011) in Crore

Sr. No.	Name of the Subsidiary Companies	Year	Currency Symbol	Share Capital (including Share Application Money)	Reserves and Surplus (Net of Debt Balance of Profit and Loss Account)	Total Assets (Non-Current Assets + Current Assets excluding Current and Non-Current Investments)	Total Liabilities (Non-Current Liabilities + Current Liabilities + Deferred Tax Liabilities)	Details of Current and Non-Current Investments (excluding investments in subsidiary companies)- Treasury Bill	Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend (Including Corporate Dividend Tax)
1	Samruddhi Swastik Trading And Investments Limited	2011-12 2010-11		6.50 6.50	22.05 19.57	3.89 4.06	0.86 0.90	25.52 22.91	-	3.10 1.69	0.62 0.23	2.48 1.44	-
2	Sun God Trading And Investments Limited	2011-12 2010-11		0.05 0.05	-	3.88 0.01	3.84 0.01	0.01 0.01	-	-	-	-	-
3	Aadiya Birla Power Ventures Limited (w.e.f. 29th July, 2011)	2011-12 2010-11		0.05 -	-	0.01 -	-	-	-	-	-	-	-
4	Grasim Bhiwani Textiles Ltd. (GBTL)	2011-12 2010-11		20.05 20.05	50.65 44.45	244.68 232.75	173.98 168.26	362.98 327.65	362.98 327.65	13.05 7.62	6.85 4.29	6.20 4.29	-
5	UltraTech Cement Limited (UTCL) - (Standalone)	2011-12 2010-11		274.07 274.04	12,590.70 10,387.22	19,154.43 16,264.21	10,093.38 9,328.49	3,556.72 3,512.01	18,166.38 13,206.16	3,392.87 1,783.30	946.68 379.07	2,446.19 1,404.23	254.82 191.09
6	Dakshin Cement Limited (DAK)	2011-12 2010-11		0.05 0.05	-	0.44 0.41	0.39 0.36	-	-	-	-	-	-
7	Harish Cement Limited (HCL)	2011-12 2010-11		0.05 0.05	-	150.49 126.63	150.44 126.58	-	-	-	-	-	-
8	UltraTech Cement Lanka Pvt. Ltd.	2011-12 2010-11	SLR	50.00 19.89	68.14 27.11	174.01 69.05	55.87 22.05	-	708.80 283.99	41.80 16.72	12.03 4.79	29.77 11.93	20.00 8.01
9	UltraTech Cement Middle East Investment Ltd.	2011-12 2010-11	SLR	50.00 20.20	58.38 23.58	151.56 61.29	70.46 28.53	27.28 11.02	623.87 248.81	48.20 19.26	20.54 8.30	27.66 10.96	10.80 5.98
10	Star Cement Co LLC, UAE	2011-12 2010-11	AED	16.27 225.35	(1.30) (18.04)	0.01 0.16	44.14 61.46	59.10 818.62	237.27 -	(0.79) (10.29)	-	(0.79) (10.29)	-
11	Arabian Cement Industry LLC, Abu Dhabi	2011-12 2010-11	AED	15.48 187.94	(0.51) (6.23)	0.02 0.20	44.13 535.88	-	28.24 368.16	(3.59) (46.77)	-	(3.59) (46.77)	-
12	Star Cement Co LLC, Ras-Al-Khaimah, UAE	2011-12 2010-11	AED	5.09 70.48	(8.05) (111.57)	32.54 450.82	35.51 491.90	-	28.24 19.12	(3.59) (2.35)	-	(3.59) (2.35)	-
13	Al Nakhla Crushers, LLC, Fujairah	2011-12 2010-11	AED	61.75 1.00	2.89 (1.71)	265.84 21.26	201.20 21.26	-	237.27 18.96	(29.18) (1.30)	-	(29.18) (1.30)	-
14	Arabian Gulf Cement Co WILL, Bahrain	2011-12 2010-11	Bahrain Dirham	13.85 1.00	(23.62) (0.41)	294.57 235.07	304.34 227.77	-	247.17 17.33	(16.91) (2.29)	-	(16.91) (2.29)	-
15	Emirates Cement Bangladesh Ltd., Bangladesh	2011-12 2010-11	AED	12.14 198.95	(4.96) 63.08	1,059.40 1,323.71	76.64 1,061.68	-	41.32 538.75	2.90 37.81	-	2.90 37.81	-
16	Emirates Power Company Ltd., Bangladesh	2011-12 2010-11	AED	14.36 174.38	1.65 20.07	1,059.40 1,059.40	71.28 865.03	-	32.69 405.54	3.53 43.76	-	3.53 43.76	-
17	PT UltraTech Mining Indonesia (w.e.f. 12th April, 2011)	2011-12 2010-11	Bahrain Dirham	0.20 0.20	(3.98) (55.16)	5.81 80.44	9.59 132.83	-	1.38 17.99	(0.26) (3.33)	-	(0.26) (3.33)	-
18	Arabian Gulf Cement Co WILL, Bahrain	2011-12 2010-11	Bahrain Dirham	0.03 4.05	0.56 76.05	100.06 81.88	19.96 11.07	-	1.07 135.78	(0.00) (0.20)	-	(0.00) (0.20)	-
19	Emirates Cement Bangladesh Ltd., Bangladesh	2011-12 2010-11	Takka	3.57 98.86	67.24 (55.27)	215.53 140.29	155.45 96.69	-	188.75 117.66	(11.53) (7.19)	-	(11.53) (7.19)	-
20	Emirates Power Company Ltd., Bangladesh	2011-12 2010-11	Takka	158.93 158.93	(88.85) (55.27)	81.58 225.53	110.7 155.45	-	136.81 136.81	(10.65) (10.65)	-	(10.65) (10.65)	-
21	PT UltraTech Mining Indonesia (w.e.f. 12th April, 2011)	2011-12 2010-11	Indonesian Rupee	104.00 27.00	(50.59) (21.16)	116.56 29.66	63.15 23.82	-	85.53 19.39	(1.41) 0.10	-	(1.41) 0.10	-
22	PT UltraTech Mining Indonesia (w.e.f. 12th April, 2011)	2011-12 2010-11	Indonesian Rupee	176.7 674.13	(14.32) (13.09)	20.28 736.04	16.93 75.01	-	9.03 5.64	(3.43) (2.14)	-	(3.43) (2.14)	-
23	PT UltraTech Mining Indonesia (w.e.f. 12th April, 2011)	2011-12 2010-11	Indonesian Rupee	4.01	(0.08)	4.38	0.45	-	-	(0.07)	-	(0.07)	-

Note : - For Holding Subsidiary, Relationship refer Note 4.2.  
 - UltraTech Cement SA (PTY) (Wholly owned Subsidiary), PT UltraTech Investments Indonesia (Subsidiary) and UltraTech Cement Mozambique Limitada (Subsidiary's Subsidiary) are yet to start operations and no equity infusion.  
 - 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 1 INR.

Sr. No.	Currency	Balance Sheet (Closing Rate)		Statement of Profit and Loss (Average Rate)	
		2012	2011	2011-12	FY 2010-11
		31st March	31st March	FY 2011-12	FY 2010-11
1	SriLankan Rupee (SLR)	2.5136	2.4756	2.4959	2.5074
2	UAE Dirham (AED)	0.0722	0.0824	0.0767	0.0806
3	Bangladeshi Takka (Takka)	1.6076	1.5282	1.6042	1.5996
4	Bahrain Dinar (BHD)	0.0074	0.0084	0.0079	0.0082
5	Indonesian Rupee	168.0672	-	184.3318	-

- 4.15** During the year ended 31st March, 2012, the revised format of accounts was notified by modifying Schedule VI under the Companies Act, 1956. The new format has been followed for preparation and presentation of the financial statements. The adoption of revised Schedule VI, as aforesaid, does not impact recognition and measurement principles followed for preparation of the financial statements. The Company has reclassified the previous year's figures in accordance with the requirements applicable in the current year.
- 4.16** Figures less than ` 50,000 have been shown at actual, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest lakh.

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Signatures to Notes '1' to '4'

For GRASIM INDUSTRIES LIMITED

K.K. Maheshwari  
Managing Director

B.V. Bhargava  
R.C. Bhargava  
M.L. Apte  
Directors

Adesh Gupta  
Whole-time Director & CFO

Mumbai  
Dated: 5th May, 2012

Ashok Malu  
Company Secretary

**GRASIM INDUSTRIES LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

	Current Year	in Crore Previous Year
<b>A. Cashflow from Operating Activities</b>		
(a) Net Profit before Tax	4,852.20	3,849.40
<u>Adjustment for:</u>		
Depreciation/Amortisation	1,154.41	1,138.37
Employees Compensation Expenses under Employee Stock Option Scheme	2.79	2.23
Interest Expenses	313.64	406.75
Interest Income	(54.26)	(52.49)
Dividend Income	(146.66)	(245.64)
Provision for Bad and Doubtful Debts and Advances/(Written Back) (Net)	0.72	(3.29)
Bad Debts Written Off	0.24	0.09
Non-Cash Items	(46.69)	26.15
(Profit)/Loss on Sale of Fixed Assets (Net)	(1.52)	(39.09)
(Profit)/Loss on Sale of Investments (Net)	(408.86)	(23.33)
(b) Operating Profit before Working Capital Changes	5,666.01	5,059.16
<u>Adjustments for:</u>		
Trade and Other Receivables	(637.99)	(348.86)
Inventories	(327.67)	(383.60)
Trade Payables	719.44	239.07
(c) Cash Generated from Operations	5,419.79	4,565.77
Direct Taxes Paid (Net)	(1,112.52)	(1,020.92)
<b>Net Cash from Operating Activities</b>	<b>4,307.27</b>	<b>3,544.85</b>
<b>B. Cashflow from Investing Activities</b>		
Purchase of Fixed Assets	(4,437.88)	(1,671.90)
Sale of Fixed Assets	10.12	238.58
Purchase of Long-Term Investments	-	(0.10)
Investments in Subsidiaries	-	(717.40)
Investments in Joint Ventures and Associates	(274.89)	-
Sale/(Purchase) of Mutual Funds, Bonds and Certificates of Deposits (Net)	805.87	(1,188.65)
Expenditure for Cost of Assets Transferred from Samruddhi Cement Limited to UltraTech Cement Limited, pursuant to Scheme of Arrangement	(21.83)	(25.00)
Loans and Advances to other companies	80.62	(134.07)
Interest Received	50.32	42.95
Dividend Received	146.66	245.63
<b>Net Cash from/(used in) Investing Activities</b>	<b>(3,641.01)</b>	<b>(3,209.96)</b>
<b>C. Cashflow from Financing Activities</b>		
Proceeds from Issue of Equity/Preference Share Capital	3.24	3.72
Proceeds from Borrowings	1,433.65	1,068.47
Repayments of Borrowings	(1,451.31)	(569.98)
Interest Paid	(375.16)	(418.30)
Dividends Paid	(249.88)	(325.04)
Corporate Dividend Tax	(40.33)	(53.97)
<b>Net Cash from/(used in) Financing Activities</b>	<b>(679.79)</b>	<b>(295.10)</b>
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(13.53)</b>	<b>39.79</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>284.54</b>	<b>237.00</b>
Cash and Cash Equivalents Transferred on Acquisition of Subsidiary	-	6.29
Effect of Exchange Rate on consolidation of Foreign Subsidiaries/Joint Ventures	54.20	1.46
<b>Cash and Cash Equivalents at the end of the year</b>	<b>325.21</b>	<b>284.54</b>
(Cash and Cash Equivalents represent Cash and Bank Balances)		

**Notes :**

- 1) Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3.
- 2) Cash and Cash Equivalents includes ₹ 12.27 Crore (Previous Year ₹ 10.69 Crore) which are statutorily and contractually restricted accounts.
- 3) Previous year figures have been regrouped/recast wherever necessary.

In terms of our report attached

For DELOITTE HASKINS & SELLS,  
Chartered AccountantsFor G.P. KAPADIA & CO.,  
Chartered Accountants

For GRASIM INDUSTRIES LIMITED

K.K. Maheshwari  
Managing DirectorB.V. Bhargava  
R.C. Bhargava  
M.L. ApteB.P. Shroff  
PartnerAtul B. Desai  
PartnerAdesh Gupta  
Whole-time Director & CFO

Directors

Mumbai  
Dated: 5th May, 2012Ashok Malu  
Company Secretary

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**Central Marketing Office:**

**UltraTech Cement Limited:** 'A' Wing, Ahura Centre, 1st Floor, Mahakali Caves Road, Near M.I.D.C. Office, Andheri - East, Mumbai - 400 093.

Tel: (022) 66917360. | Website: [www.ultratechcement.com](http://www.ultratechcement.com)



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**Birla Cellulose**  
Fibres from nature



