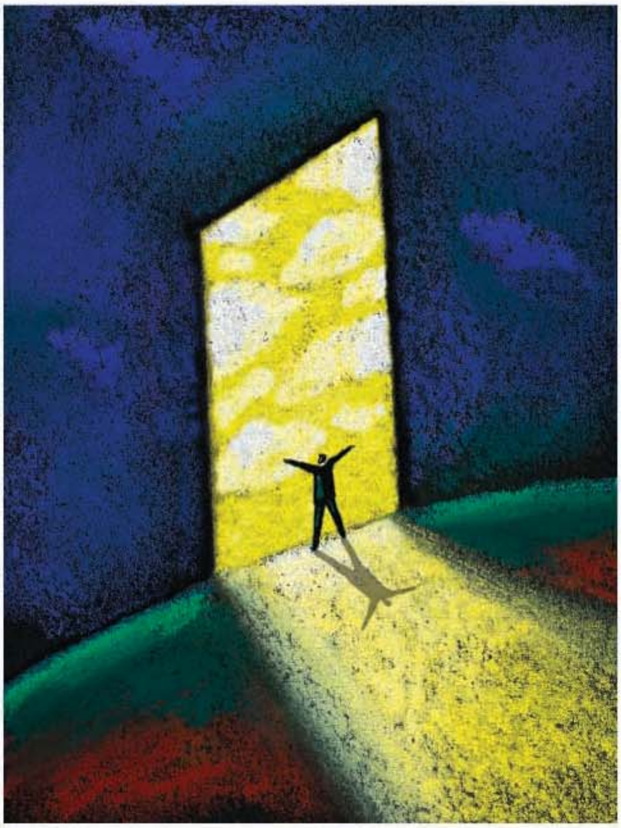
LAST MAN STANDING



FIRST MAN FORWARD

ADITYA BIRLA

HINDALCO

ANNUAL REPORT
2011-2012

HINDALCO INDUSTRIES LIMITED

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

Dear Shareholder,

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 upto 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.

For the Financial Year 2011-12, your Company's performance has been outstanding both at the Standalone and Consolidated level. Your Company's net revenue on a Consolidated basis stood at US$ 17 billion (₹ 80,821 crore) vis-à-vis US$ 15.85 billion (₹ 72,202 crore) achieved in the previous year. Net profit is in excess of US$ 700 million (₹ 3,397 crore) as against US$ 540 million (₹ 2,456 crore). These numbers are indeed very encouraging.

Your Company's model of a balanced portfolio with strong value added businesses and operational excellence have been the key drivers of this commendable performance.

Your Company's model of a balanced portfolio with strong value added businesses and operational excellence have been the key drivers of this commendable performance. Aluminium business in India recorded the highest ever metal production. Cost pressures were largely neutralized through greater efficiencies. Copper business in India attained the highest ever profitability led by improvement in recovery, product-mix and by maximizing the value from by-products.

Novelis too reported strong operating results, braving the economic headwinds globally, recording the second straight year of adjusted EBITDA in excess of $1 billion. Even as its shipments slowed, it's EBITDA per ton continued to grow. Significant initiatives taken towards optimizing the Company's footprint and rationalizing the cost structure, have stood the Company in good stead. Novelis increased the recycled content in its production to 39% in FY12 from 33% in the previous year, which is notable.

All of its major strategic expansions in Brazil, South Korea and the United States are on track. Importantly, we have ventured into China with a plant that will initially focus on automotive sheet finishing capabilities. This will further solidify our global automotive leadership position. All through the year, at Novelis strategic investments were made in global recycling facilities in South America, Europe and Germany. These facilities ensure metal supply and optimization of the overall cost base.

Novelis' investments have been strategically geared to leverage growth opportunities in the emerging markets, the increasing emphasis on light-weighting in the automobile industry and recycling in all the four operating regions.

Our efforts to actively consolidate our pole position in the metals business in India as well are firmly rooted. All of your Company's expansion projects are on course.

Let me highlight a few projects, which should be up and running in the near future, in India. The Mahan Aluminium Project, Aditya Aluminium Project and Utkal Alumina Refinery are all at an advanced stage of implementation. Post-stabilization these will be amongst the lowest cost producers globally. The Flat Rolled Products (FRP) project at Hirakud in Odisha which is underway will enable your Company to produce high-end canbody stock. It will be distinctive – being the only plant of its kind in India. It will give your Company a head start in the domestic and export markets.

The Consolidated capex spends in FY 2011-12 was over US$ 2.3 billion (₹ 12,500 crore).

Outlook

Your Company is poised to achieve a quantum leap in the next few years in every respect – volume, capabilities and

The Mahan Aluminium Project, Aditya Aluminium Project and Utkal Alumina Refinery are all at an advanced stage of implementation. Post-stabilization these will be amongst the lowest cost producers globally.

enhanced value for all its stakeholders. It is well on its way to becoming a premium global metals major with a robust presence across the Upstream and Downstream parts of the value chain of both Aluminium and Copper. Your Company has displayed tremendous resilience in the last few years with its impressive performance despite the significant slack in the economy globally. The new assets that the Company is building will undeniably encircle it with an even greater competitive edge. Given the distinctive growth path that we have charted, the only direction that your Company can go in the years ahead is upward.

To our teams

I thank 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 USD 40 billion, 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.

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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.

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", thorough which our employees can contribute to supporting the higher education of children in need.

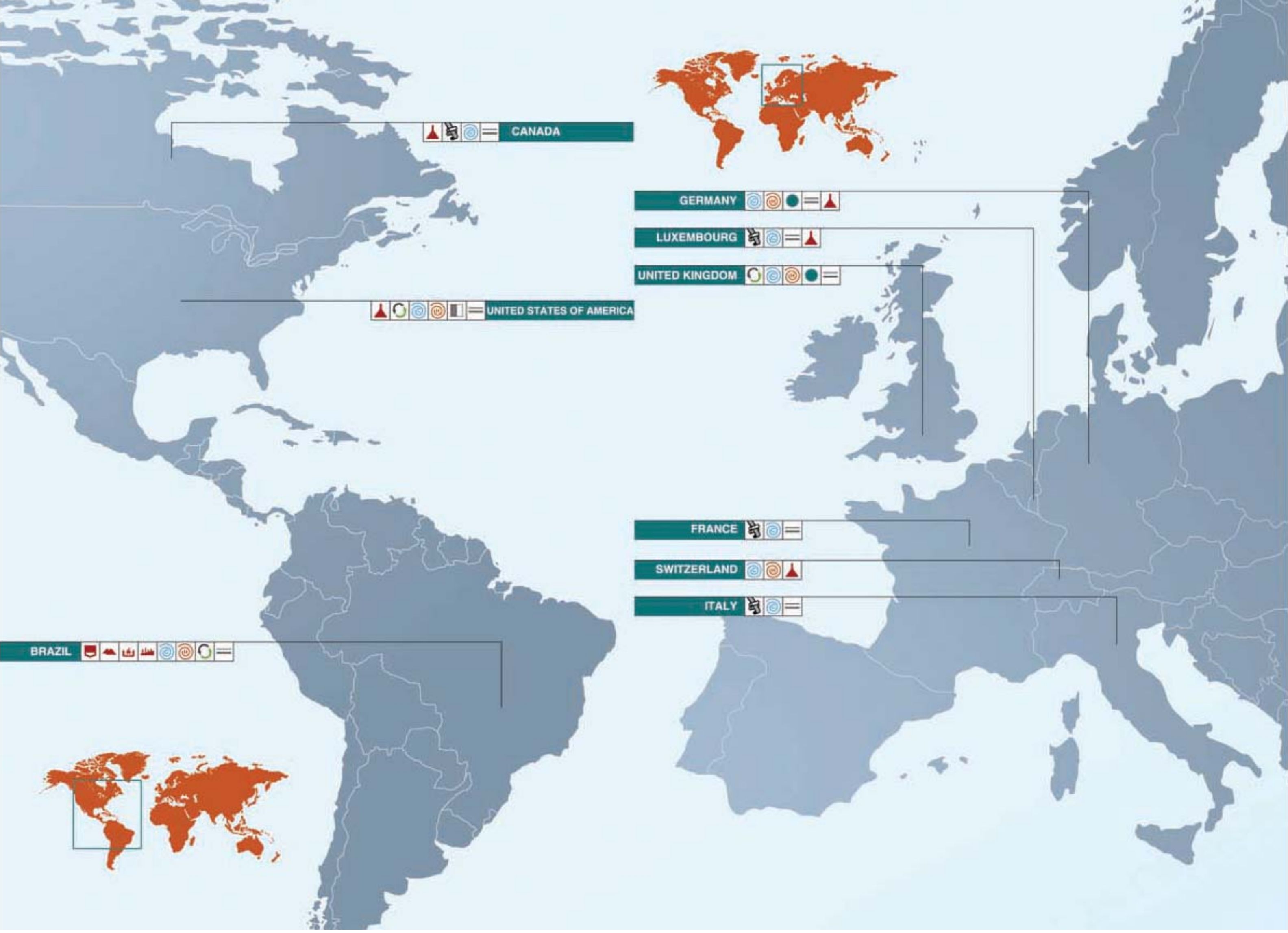
Last Man Standing – First Man Forward

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

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.



...DIVERSE WORLD

51 units • 13 countries

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

WIDE OPERATIONS

• Around 34000 workforce • 15 + nationalities

- Alumina Refinery
- Aluminium Extrusion Plant
- Aluminium Foil Plant
- Aluminium Rolled Product Plant
- Aluminium Smelter
- Bauxite Mines
- Coal Mines
- Coating
- Cold Rolled
- Continous Casting
- Converting
- Copper Mines
- Finishing
- Hot Rolled
- Integrated Aluminium Complex
- Integrated Copper Complex
- Power Plant
- R & D / Technology Centre
- Recycling

OUR VALUES

INTEGRITY
Honesty in every action

COMMITMENT
Deliver on the promise

SEAMLESSNESS
Boundary less in letter and spirit

PASSION
Energized action

SPEED
One Step Ahead Always

CONTENTS

BOARD OF DIRECTORS

Non Executive Directors

Mr. Kumar Mangalam Birla, *Chairman*

Mrs. Rajashree Birla

Mr. Chaitan Manbhai Maniar

Mr. Madhukar Manilal Bhagat

Mr. Kailash Nath Bhandari

Mr. Askaran Agarwala

Mr. Narendra Jamnadas Jhaveri

Mr. Ram Charan

Mr. Jagdish Khattar

Mr. Meleveetil Damodaran

Executive Director

Mr. Debnarayan Bhattacharya
Managing Director

CHIEF FINANCIAL OFFICER

Mr. Praveen Maheshwari

COMPANY SECRETARY

Mr. Anil Malik

CORPORATE

Mr. Bharat Bhushan Jha
Senior President
(Corporate Projects & Procurement)

Mr. Vineet Kaul,
Chief People Officer

BUSINESS/UNIT HEAD

Mr. Dilip Gaur,
Group Executive President, Copper

Mr. Sachin Satpute
Chief Marketing Officer, Aluminium

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

Mr. Raghavendra Dhulkhed,
Senior President (Operations)

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

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

Novelis Inc

Mr. Debnarayan Bhattacharya, Vice Chairman

Mr. Philip Martens, President & CEO

Utkal Alumina International Limited

Mr. Surya Kanta Mishra, CEO

Aditya Birla Minerals Limited

Mr. Debnarayan Bhattacharya, Chairman

Mr. Sunil Kulwal, CEO & MD

AUDITORS

Singhi & Co., Kolkata

COST AUDITORS

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

	USD in Mn* 2011-12	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	(₹ Crore) 2002-03
PROFITABILITY	USD in Mn *										
Net Sales and Operating Revenues	5,556	26,597	23,859	19,522	18,220	19,201	18,313	11,396	9,523	6,208	4,986
Cost of Sales	4,907	23,492	20,705	16,572	15,184	15,800	14,298	8,791	7,247	4,708	3,741
Operating Profit	649	3,105	3,155	2,950	3,036	3,401	4,015	2,605	2,276	1,500	1,245
Depreciation and Impairment	144	690	687	667	645	588	638	521	463	317	264
Other Income	128	616	347	260	637	493	370	244	270	240	218
Interest and Finance Charges	61	294	220	278	337	281	242	225	170	177	136
Profit before Tax and Exceptional Items	572	2,737	2,595	2,265	2,690	3,026	3,505	2,103	1,913	1,246	1,063
Exceptional Items (Net)	-	-	-	-	-	-	-	(3)	9	-	163
Profit before Tax	572	2,737	2,595	2,265	2,690	3,026	3,505	2,106	1,904	1,246	899
Tax for current year	105	500	469	462	611	705	940	450	575	407	317
Tax adjustment for earlier years (Net)	-	-	(11)	(113)	(151)	(541)	-	-	-	-	-
Net Profit	467	2,237	2,137	1,916	2,230	2,861	2,564	1,656	1,329	839	582
FINANCIAL POSITION											
Gross Fixed Assets (excluding CWIP)	2,847	14,478	14,287	13,793	13,393	12,608	11,253	10,418	8,773	6,658	5,668
Capital Work-in-Progress (CWIP)	3,197	16,257	6,030	3,703	1,390	1,120	1,476	833	1,323	468	802
Depreciation and Impairment	1,441	7,328	6,703	6,059	5,506	4,799	4,246	3,635	3,169	1,918	1,607
Net Fixed Assets	4,604	23,407	13,615	11,438	9,277	8,929	8,483	7,616	6,927	5,208	4,863
Investments (including Current)	3,557	18,087	18,247	21,481	19,149	14,108	8,675	3,971	3,702	3,377	2,648
Other Long term Assets /(Liabilities) - (Net)	200	1,017	3,384	-	-	-	-	-	-	-	-
Net Current Assets	1,046	5,318	4,780	2,716	5,068	4,051	3,741	4,150	1,958	1,833	1,923
Capital Employed	9,407	47,829	40,025	35,634	33,493	27,088	20,900	15,737	12,587	10,418	9,435
Loan Funds	2,866	14,572	9,038	6,357	8,324	8,329	7,359	4,903	3,800	2,565	2,395
Deferred Tax Liability (Net)	241	1,225	1,287	1,366	1,411	1,324	1,126	1,233	1,130	995	849
Net Worth	6,300	32,032	29,700	27,911	23,758	17,436	12,415	9,601	7,657	6,858	6,191
Net Worth represented by :											
Share Capital	38	191	191	191	170	123	104	99	93	92	92
Share Warrants/ Suspense	106	541	-	-	-	140	-	-	-	-	-
Reserves and Surplus #	6,156	31,300	29,509	27,720	23,588	17,174	12,311	9,502	7,564	6,765	6,099
	6,300	32,032	29,700	27,911	23,758	17,436	12,415	9,601	7,657	6,858	6,191
Dividend											
Preference Shares (including Tax)	-	-	-	-	0.03	0.03	-	-	-	-	-
Equity Shares (including Tax)	70.0	335	334	301	269	265	202	247	212	172	141

RATIOS AND STATISTICS

	Unit	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Operating Margin	%	11.67	13.22	15.11	16.66	17.71	21.92	22.86	23.90	24.17	24.97
Net Margin	%	8.41	8.96	9.81	12.24	14.90	14.00	14.53	13.96	13.51	11.68
Gross Interest Cover	Times	3.62	5.74	5.23	5.48	6.08	10.50	11.19	12.47	8.77	7.51
Net Interest Cover	Times	12.67	15.92	11.55	10.90	13.88	18.09	12.65	14.98	9.82	10.72
ROCE	%	6.34	7.03	7.14	9.04	12.21	17.93	14.79	16.55	13.66	12.71
ROE	%	6.98	7.19	6.86	9.39	16.41	20.66	17.24	17.36	12.23	9.40
Basic EPS $	₹	11.69	11.17	10.82	14.82	22.23	25.52	16.79	13.48	8.53	5.92
Diluted EPS $	₹	11.68	11.16	10.81	14.82	22.11	25.52	16.79	13.48	8.53	5.92
Cash EPS $	₹	15.29	14.76	14.58	19.10	26.80	31.87	22.07	18.18	11.76	8.61
Dividend per Share	%	155	150	135	135	185	170	220	200	165	135
Capital Expenditure	₹ in Cr.	8,453	6,318	2,860	1,121	1,049	1,516	1,188	1,097	669	1,037
Foreign Exchange earnings on Export	₹ in Cr.	7,857	7,096	5,268	5,148	6,434	6,973	3,643	2,605	1,295	1,028
Debt Equity Ratio	Times	0.45	0.30	0.23	0.35	0.48	0.59	0.51	0.50	0.37	0.39
Book value per Share $	₹	167.31	155.14	145.87	139.73	142.09	118.97	97.40	82.54	74.16	66.95
Market Capitalisation	₹ in Cr.	24,774	40,040	34,682	8,850	20,260	13,963	19,196	12,002	11,256	4,943
Number of Equity Shareholders	Nos.	383,721	320,965	339,281	435,064	335,337	520,019	396,766	117,721	117,124	153,606
Number of Employees	Nos.	19,975	19,341	19,539	19,867	19,667	20,366	19,593	19,687	13,675	13,752
Average Cash LME (Aluminium)	USD	2,317	2,257	1,868	2,234	2,623	2,663	2,028	1,779	1,496	1,354
Average Cash LME (Copper)	USD	8,485	8,140	6,112	5,885	7,521	6,985	4,099	3,000	2,046	1,586

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

\# Including Employee Stock Options Outstanding but Net of Miscellaneous Expenditure

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

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

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

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

	USD in Mn*										(₹ Crore)
	2011-12	**2011-12**	**2010-11**	**2009-10**	**2008-09**	**2007-08**	**2006-07**	**2005-06**	**2004-05**	**2003-04**	**2002-03**
PROFITABILITY											
Net Sales and Operating Revenues	16,882	80,821	72,202	60,708	65,963	60,013	19,316	12,120	10,105	8,223	6,401
Cost of Sales	15,172	72,632	64,274	50,962	62,993	53,378	14,886	9,275	7,675	6,268	4,899
Operating Profit	1,710	8,189	7,929	9,746	2,970	6,635	4,431	2,845	2,431	1,956	1,502
Depreciation and Impairment	599	2,870	2,759	2,784	3,038	2,488	865	796	632	514	371
Other Income	164	783	513	323	691	656	409	281	278	280	241
Interest and Finance Charges	367	1,758	1,839	1,104	1,228	1,849	313	301	216	235	190
Profit before Tax and Exceptional Items	908	4,345	3,843	6,181	(605)	2,954	3,662	2,028	1,860	1,486	1,182
Exceptional Items (Net)	-	-	-	-	-	-	-	(2)	13	1	161
Profit before Tax	908	4,345	3,843	6,181	(605)	2,954	3,662	2,030	1,847	1,485	1,020
Tax for current year	171	820	974	1,932	(805)	1,189	958	440	623	487	350
Tax adjustment for earlier years (Net)	(7)	(34)	(10)	(103)	(149)	(548)	0	(0)	(72)	1	(0)
Profit before Minority Interest	744	3,558	2,879	4,352	349	2,313	2,703	1,590	1,296	997	670
Minority Interest	44	211	366	424	(172)	219	16	11	11	4	5
Share in Profit/ (Loss) of Associates (Net)	(10)	(50)	57	3	37	(100)	1	-	-	-	-
Net Profit	710	3,397	2,456	3,925	484	2,193	2,686	1,580	1,285	993	666
FINANCIAL POSITION											
Gross Fixed Assets (excluding CWIP)	10,613	53,961	48,207	45,622	46,220	42,112	14,271	13,443	10,953	10,259	8,677
Capital Work-in-Progress (CWIP)	4,484	22,798	9,253	5,801	2,949	2,457	1,917	1,040	1,639	712	878
Depreciation and Impairment	3,670	18,661	15,802	16,622	14,404	7,405	5,035	4,600	3,906	3,041	2,495
Net Fixed Assets	11,427	58,098	41,657	34,801	34,765	37,164	11,153	9,883	8,685	7,929	7,060
Investments (including Current)	2,075	10,551	10,855	11,246	10,389	14,008	7,874	3,163	2,956	1,866	1,187
Other Long term Assets /(Liabilities) - (Net)	(424)	(2,154)	618	-	-	-	-	-	-	-	-
Net Current Assets	2,279	11,588	11,236	5,172	3,011	4,254	4,257	3,967	2,161	2,249	2,305
Capital Employed	15,357	78,084	64,366	51,219	48,165	55,426	23,285	17,014	13,802	12,043	10,552
Loan Funds	8,036	40,859	29,366	23,999	28,310	32,352	8,443	6,279	4,931	3,724	3,304
Minority Interest	336	1,709	2,217	1,737	1,287	1,615	857	130	86	93	36
Deferred Tax Liability (Net)	709	3,605	3,760	3,938	2,811	4,172	1,172	1,228	1,134	1,195	1,026
Net Worth	6,276	31,911	29,023	21,545	15,758	17,286	12,814	9,377	7,651	7,031	6,186
Net Worth represented by :											
Share Capital	38	191	191	191	170	123	104	147	142	141	131
Share Warrants/ Suspense	106	541	-	-	-	140	-	-	-	-	11
Reserves and Surplus #	6,132	31,179	28,832	21,353	15,588	17,023	12,709	9,230	7,510	6,889	6,044
	6,276	31,911	29,023	21,545	15,758	17,286	12,814	9,377	7,651	7,031	6,186
Dividend											
Preference Shares (including Tax)	-	-	-	-	0.03	0.03	-	-	-	-	-
Equity Shares (including Tax)	75.1	359	334	303	271	268	204	249	213	173	141
RATIOS AND STATISTICS											
	Unit	**2011-12**	**2010-11**	**2009-10**	**2008-09**	**2007-08**	**2006-07**	**2005-06**	**2004-05**	**2003-04**	**2002-03**
Operating Margin	%	10.13	10.98	16.05	4.50	11.06	22.94	23.47	24.05	23.78	23.47
Net Margin	%	4.20	3.40	6.47	0.73	3.65	13.90	13.03	12.71	12.08	10.40
Gross Interest Cover	Times	3.16	3.56	6.99	2.35	3.30	9.91	8.87	10.32	8.60	6.89
Net Interest Cover	Times	5.10	4.59	9.12	2.98	3.94	15.44	10.37	12.54	9.53	9.16
ROCE	%	7.82	8.83	14.22	1.29	8.67	17.07	13.69	15.04	14.29	13.00
ROE	%	10.64	8.46	18.22	3.07	12.69	20.96	16.85	16.79	14.13	10.76
Basic EPS $	₹	17.74	12.84	22.17	3.21	17.04	26.73	16.02	13.03	10.11	6.77
Diluted EPS $	₹	17.74	12.83	22.16	3.21	16.95	26.73	16.02	13.03	10.11	6.77
Cash EPS $	₹	32.73	27.25	37.88	23.40	36.38	35.33	24.09	19.44	15.33	10.54
Capital Expenditure	₹ in Cr	13,802	8,408	5,983	2,452	2,989	2,349	1,758	1,565	1,177	1,256
Debt Equity Ratio	Times	1.28	1.01	1.11	1.80	1.87	0.66	0.67	0.64	0.53	0.53
Book value per Share $	₹	166.68	151.61	112.59	92.68	140.86	122.79	95.14	82.47	76.03	66.89

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

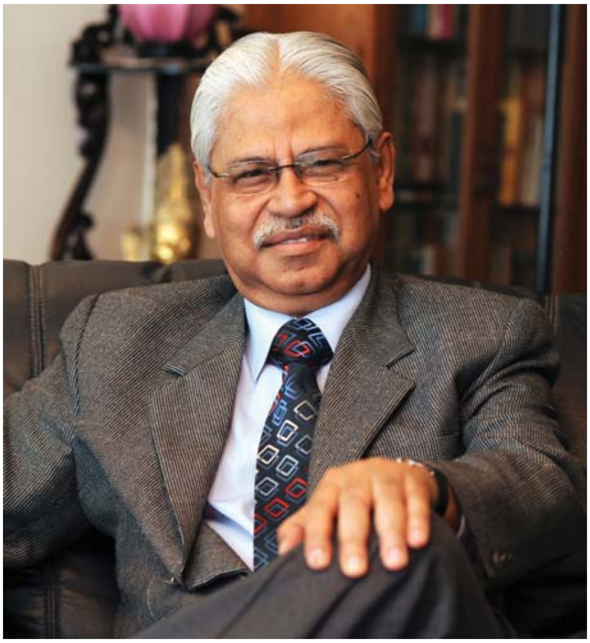
Including Employee Stock Options Outstanding but Net of Miscellaneous Expenditure

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS



D. Bhattacharya
Managing Director

Business Overview

FY 12 started on a positive note amidst hopes of consolidation of global economic recovery that had gathered momentum. At the start of the fiscal, an air of optimism was prevalent; although amidst cautionary environment. Doubts had been raised about the sustainability of this recovery, especially in the face of perceptible head winds in the form of rising inflationary concerns in emerging economies, seeming signs of overheating in some economies, sovereign debt concerns in Europe and Geopolitical instability in the Middle East post Arab Spring. However, very few at that point in time, expected a rapid meltdown in commodities.

The major commodity demand driver China, (that accounts for over 40% of global demand in Aluminium and Copper) slowed down considerably on fears of hard landing for the economy. India too, suffered on account of monetary tightening and subdued investment and growth climate with industry/GDP growth slowing down considerably.

In such uncertain environment, the only commodity that maintained its upward momentum was crude.

Geo-political uncertainty and strong demand ensured that crude and its derivatives and other energy prices remained strong throughout the year thus ensuring strong cost pressures for the end use industries. In India, coal prices continued upward march.

Against this backdrop, FY12 once again tested the Company's resilience and determination to deliver in the face of significant macroeconomic challenges. Your Company's unique business model with a portfolio of businesses comprising steady conversion businesses and volatile yet highly profitable upstream businesses once again yielded desired results helping your company outperform the industry peers by miles. Depressed commodity prices and severe cost push impacted aluminium and copper mining businesses severely, especially in the second half. But copper smelting business made a strong contribution and Novelis continued to deliver a steady, robust performance ensuring healthy operational cash flows in a challenging environment.

Business Highlights

- Your Company's Consolidated Revenue at ₹ 80,821 crore has been the highest ever, a growth of 12% Year-on-Year, aided by better product mix and depreciation of Rupee.
- Profit before depreciation, interest and taxes stood at ₹ 8,973 crore as against ₹ 8,441 crore in FY11.
- Net profit attributable to the shareholders increased to ₹ 3,397 crore, up by 38% over FY11. The increase in profit is primarily attributable to the strong performance at Novelis and Copper Business in India highlighting our strengths emanating from our balanced portfolio approach, low cost operation and strong value added downstream operations.
- Of the total annual revenue of ₹ 80,821 crore, Aluminium Business contributed ₹ 62,059 crore, up 10% over the last year. Aluminium EBIT for FY12 remained flat at ₹ 4,495 crore compared to ₹ 4,469 crore in FY11. The results were impacted by lower profits in Indian Aluminium operation due to macro-economic conditions.

- In the Copper Business, revenue was higher at ₹ 18,364 crore, a rise of 16% from ₹ 15,882 crore in FY11, mainly on account of higher volumes, higher copper LME and co-product credits. The Copper EBIT was ₹ 1,119 crore vs. ₹ 1,082 crore in FY12.

  This was an exceptional performance on all counts and was achieved on the back of strong operating efficiencies, enhanced product mix, focused value creation through waste-to-wealth initiatives and higher co-product margins.

- We continued with further financing initiatives to strengthen our Balance Sheet.

  - Your Company raised ₹ 3,000 Crore through secured non convertible debentures, the single largest issuance by a private corporate in India in the recent times at a very attractive pricing in a deal that was widely termed as market reviving deal. Your Company took advantage of the better than expected 50bps rate cut to close such a large capital raising in a challenging market. These debentures are listed on the wholesale debt market segment of National Stock Exchange.

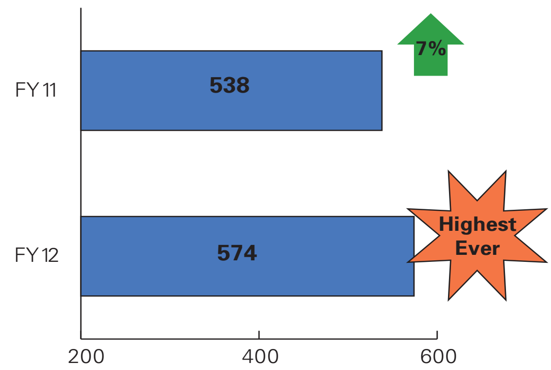
  - The Company allotted 150,000,000 warrants on a preferential basis to the Promoters on March 22, 2012, entitling them to apply for and obtain allotment of one equity share of ₹ 1 each at a price of ₹ 144.35 per share against each such warrant at any time on or before the expiry of 18 months from the date of allotment in one or more tranches. The Company has received an amount equal to 25% of the price of each such warrant.

Hindalco Standalone:

Strong Financial performance not withstanding severe cost challenges:

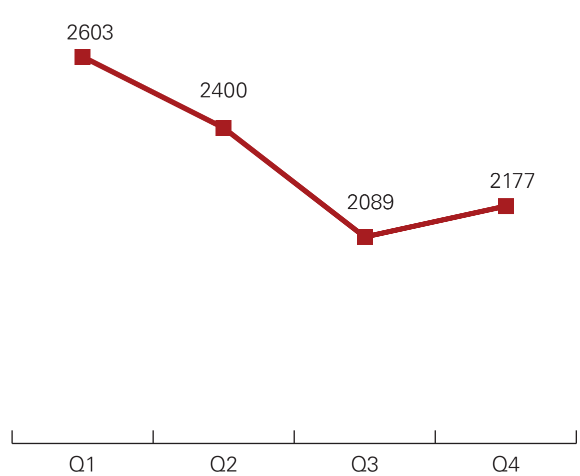
For the year ended March 31, 2012, net sales at ₹ 26,597 crore were almost 11% higher than the previous year's sales. Highest ever aluminium volumes, better product and geographic mix, strong co-product credit and higher realisations led by higher commodity prices enabled your company clock an impressive top line growth.

Metal Output (kt)



PBITDA for FY12 stood at ₹ 3,721 crore as against ₹ 3,502 crore in FY11 despite sharp rise in costs and drop in LME in the second half. Higher PBIDTA was on account of higher volumes in Aluminium Business and better TcRc in Copper Business, along with improved efficiencies and higher other income. Copper business with its thrust on multiple value drivers and pass through model, more than made up for the squeeze in aluminium business margins in the face of unprecedented cost pressures. A sharp rise in coal costs and crude prices severely impacted the margins of aluminium business, which performed creditably showing enormous resilience in such challenging times.

FY 12: ALUMINIUM LME USD/MT



MANAGEMENT DISCUSSION AND ANALYSIS

Operational Highlights:

This year witnessed highest ever production of aluminium in the history of your company. The focus on producing more metal through asset sweating and through de-bottlenecking at Renukoot and return to normalcy after last year's production setback at Hirakud helped your company produce 574 KT, almost 36 KT higher than previous year's production of 538 KT of hot metal.

Aluminium sales at ₹ 9,037 crore were up 14%, on the back of better realization and higher sales volumes.

The other proactive measures taken to maximise revenue were

1. Higher special Alumina sales despite lower feedstock availability due to captive consumption
2. Focus on domestic sales to increase realisations.

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

The Copper smelting business delivered yet another sterling performance. The sales increased by 11% to ₹ 17,560 Crore on the back of higher LME, by-product prices and improved product mix. The PBIT registered an even impressive growth of 33% despite rising cost pressures underpinning the robustness of the business model. The PBIT stood at ₹ 802 Crore as compared with ₹ 602 crore in FY11.

Novelis:

Novelis, your Company's 100% subsidiary posted robust numbers in a year fraught with multiple challenges stemming out of macroeconomic uncertainty especially in the Novelis' core markets viz US and Europe.

Novelis registered

- Net income, excluding special items, of $ 218 million, up 6% YoY.
- Adjusted EBITDA of $ 1.053 billion, down 2% YoY.
- Record Free Cash Flow before Capex of $ 614 million.
- Solid Liquidity of $ 1.021 billion.

Despite economic uncertainty driving slightly lower shipments in fiscal 2012, our solid business model, good cost management and focus on premium products allowed us to report a record EBITDA per tonne of $ 371 for the year - over 100% increase in last 3 years.

Shipments of aluminum rolled products totalled 2,838 kilotonnes for fiscal 2012 compared to shipments of 2,969 kilotonnes for fiscal 2011. The decrease in shipments was primarily a result of customer destocking due to economic uncertainty and continued weakness in the Company's electronics business. Floods in Thailand and decline in fortunes of Electronic consumer goods market impacted the overall volumes in Asia.

Net sales for fiscal 2012 were $ 11.1 billion, a 5 percent increase compared to the $ 10.6 billion reported last year, mainly the result of favorable conversion premiums across all regions and an increase in average aluminum prices compared to the same period last year.

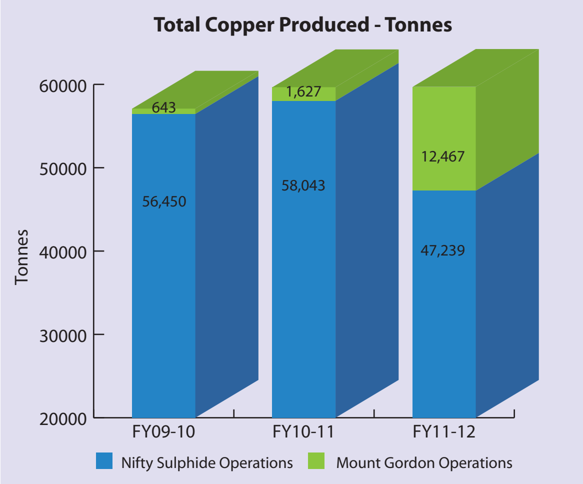
This performance is a testimony to our ongoing and unwavering commitment to cost reduction, improvements in manufacturing, operational efficiency, restructuring initiatives; and product mix rationalization along with successful negotiation of more favourable contract terms with major customers.

Your Company's management have recently taken some initiatives which will improve its competitive position; these include the divesture of three foil plants in Europe and closure of the Saguenay sheet mill in Canada.

Aditya Birla Minerals

FY12 was a challenging year for Aditya Birla Minerals, your Company's 51% own subsidiary on several counts.

- The realizations suffered on account of 10.5% appreciation of Australian Dollar vis-à-vis USD. Even though average copper prices during FY12 were slightly higher than the previous year in USD terms, prices were weaker in terms of Australian Dollar.
- There was a decline in the mine grade at Nifty. While this was in line with the mining plan, it did affect the output.
- And third, even though Mt Gordon operations were taken out of care and maintenance during the year, the ramp up fell short of what we would have liked it to be.



Against the backdrop of these varied challenges, the company delivered a respectable performance. Overall copper production was maintained at the previous year's level despite output from Nifty mines suffering due to lower grade.

The consolidated revenue at A$ 496 million was 7% higher than in the previous year. The Company continued its various initiatives on cost rationalization and operational efficiencies, which largely offset the continued inflationary pressures that the Australian resource industry has been facing. Total site cost at Nifty was almost maintained at last year's level although the cost per ton increased on account of lower volumes. Earnings before interest, depreciation and tax were at A$ 82 million, lower than the level of A$ 132 million in the previous year.

Our safety record today is above the industry benchmark. This is possible through continuous safety awareness initiatives and through review and upgrade of the Occupational Health and Safety policies and procedures with particular focus on training.

Fundamentally, the future of the copper industry continues to be promising. To ride on these opportunities, Aditya Birla Minerals continues to invest significantly in exploration activities at the existing properties and so far has achieved significant success both in terms of expanding the existing resource and in identifying new resources. The Company is also on the lookout for other growth opportunities and is in a position to leverage its strong balance sheet – indeed, a key strength in these times.

Projects

Your Company has embarked on an aspirational growth path towards which, three new Aluminium Smelters and two new Alumina Refineries are being set up in the states of Odisha, Madhya Pradesh and Jharkhand. During the last year, the first-wave projects – including Utkal refinery and Mahan and Aditya smelters – have progressed significantly, notwithstanding extremely challenging local conditions. These projects are getting ready for commissioning in near future.

These state-of-the-art facilities are designed to have an extremely attractive cost structure and are based on captive bauxite / coal mines integration structure. Together with the Aditya refinery and Jharkhand smelter project in the second wave, these projects will treble Hindalco's aluminium capacity to 1.7 million tonnes.

Corporate

The Standalone basic and diluted Earnings Per Share were at ₹ 11.7 per share in FY12 as compared with ₹ 11.2 in FY11. The Consolidated EPS was ₹ 17.7 per share as compared with ₹ 12.8 per share last year.

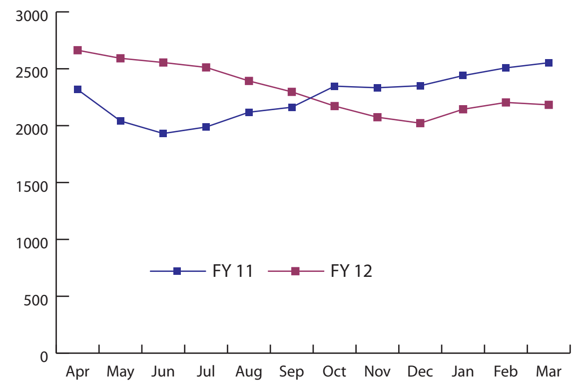
Business Performance Review:

Aluminium Business

Industry Review

Global economic growth slowed after a brief consolidation phase amidst fear of sovereign defaults. The Greece crisis and related problems with other countries not only affected the Euro zone but also the rest of the world, including India.

LME Aluminium Price ($ per ton)



A tightening monetary environment across emerging markets especially in China and India clamped the growth trajectory; in the process, severely impacting the end user demand across the sectors. The growing uncertainty in Europe that prompted ECB's liberal stand and subsequent enhanced liquidity in the financial system did raise some recovery hopes in the interim, but risk aversion episodes in the financial markets have continued at a recurring frequency.

China, the dominant global commodity driver too is showing signs of slowing down, which has implications for demand for most commodities. as the macro policies aimed at inflation control showing their impact thus propelling the commodity downward spiral towards the end of the year.

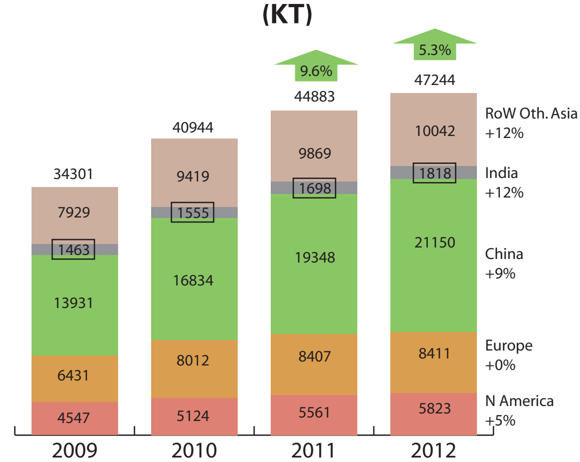
The above factors have caused a steep decline in prices of many commodities, including Aluminium. The global aluminium inventory, including the off-exchange stocks, has been estimated at over 10 million tonnes, which has been an additional overhang on the prices.

Amidst the weak global environment and certain country-specific challenges, India's economic growth also moderated with GDP growing by 7.1% in comparison to 8.3% 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 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.

Aluminium Demand and Market:

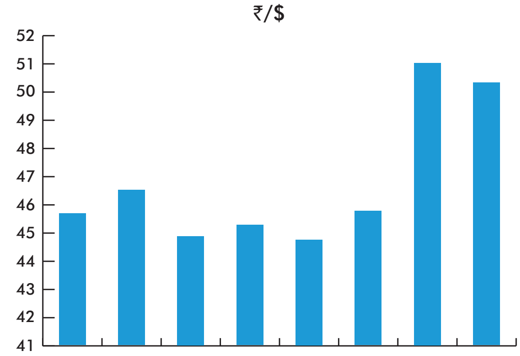
In CY 2011, the world aluminium consumption stood at around 45 Million tonnes, a strong increase of around 10% over 41 Million tonnes consumption in CY 2010. The CY11 production stood marginally higher at 45.6 Million tonnes against production of 42 Million tonnes in CY 10.

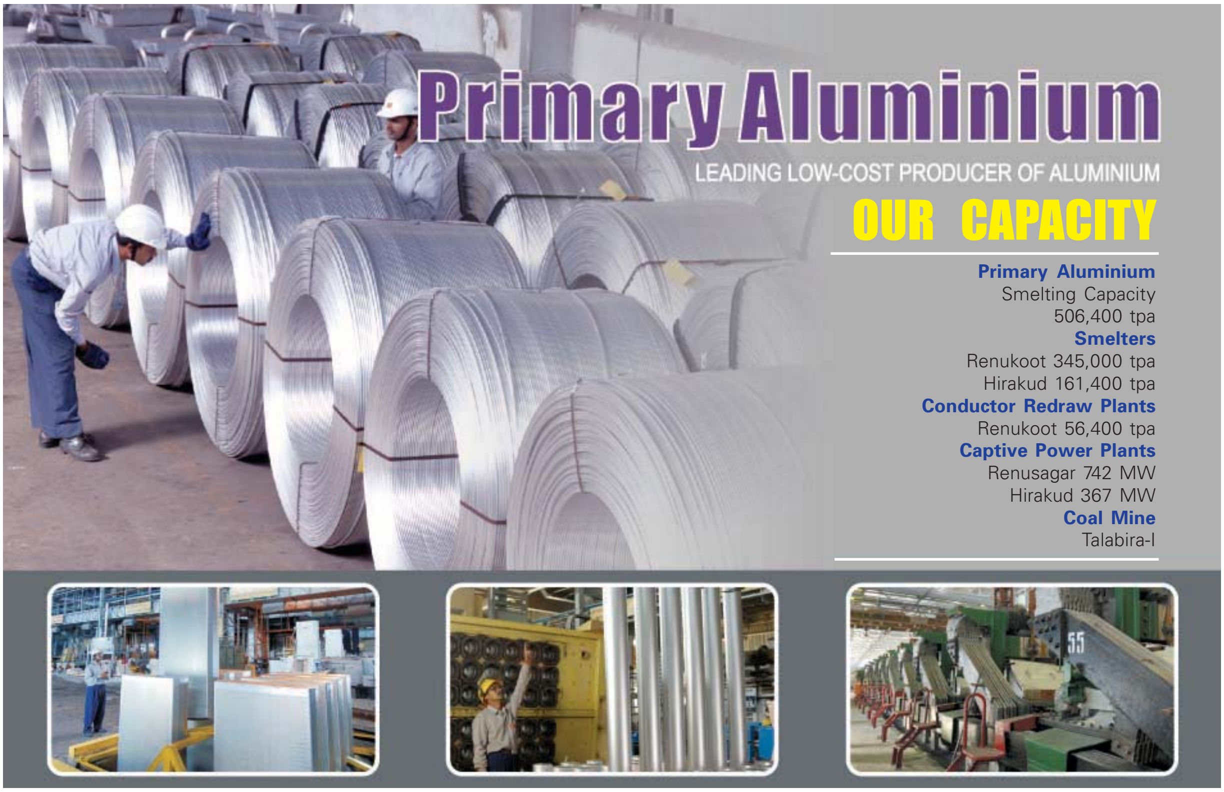
Demand and Market (KT)



As in the past, China continued to be the global demand driver with Chinese consumption growing at a robust 16% accounting for almost 43% of the global consumption. India too witnessed a healthy growth rate growing at around 9.2%. However, the surprise in the pack was North American growth; the North American consumption registered a strong growth of 8.5%. A strong pick up in the demand from transportation sector (accounting for around 36%

₹/$





of total demand) was the main driver for this North American consumption, which also showed some pick up in building & construction activities. The market has also benefitted from some restocking through the supply pipe-line.

However, this growth seems to be tapering with global uncertainty playing out, and the recent growth has been muted in comparison. European consumption that grew at almost 5.5% in CY 11 is expected to be stagnant in the wake of worsening Euro macroeconomic climate. China too has been showing signs of weariness in demand.

The production also increased strongly at around 9% - almost matching the consumption with strong growth from China and the Middle East, which grew at 13% and 26% respectively. Middle eastern production increased with ramp up of some of the new capacities; while in China swing smelters came to the fore with improvement in aluminium LME during CY 2011.

Globally aluminium inventory continued to remain high as low interest regime continued to incentivise carry trade with contango still significantly higher than carry cost. This helped continue the movement of more and more physical aluminium towards warehouses. As a result, despite the LME remaining depressed, premiums continued to be high thus supporting the producers to a certain extent.

European, US and Japan ingot premiums are at record levels; sustained by warehouse financing deals rather than physical demand.

Power prices continued to exert upward pressure on the aluminium cost curve, especially in Europe. Aluminium smelters have been hit hard by recent fuel price increases, as well as carbon emission costs, which are set to grow further in the coming years.

Given the pincer movement of LME and cost pressures, recent times have witnessed several capacity curtailment announcements in the industry globally; and some of the players have already stopped production.

The cost push continued unabatedly on the back of rising fuel and energy costs. Brent crude oil made the largest gains. This is not surprising given the increase in tensions between Iran and the rest of the world.

Chinese aluminium production is to a great extent dependent on imported alumina and in recent times on even imported bauxite. This demand has been rising strongly in the past. The fact that Chinese aluminium production will continue to depend on imported alumina or bauxite. This gains significance importance in the light of proposed ban on bauxite exports from Indonesia.

Indian smelters too witnessed a sharp increase in cost of production with sharp rise in the coal prices. A depreciating rupee too increased the costs related to imported crude derivatives.

Operational Review

On this backdrop, your Company's aluminium business operational performance was truly exceptional and recorded a strong production performance.

Alumina

Alumina production at 1.35 Million tonnes was at the same levels as previous year despite suffering on account of deteriorating bauxite quality and interruptions in sourcing of bauxite.

Primary Metal

Primary aluminium production increased by 7% to 574 KT. This was the highest ever production so far, achieved through brownfield asset sweating and improvement in operating efficiencies.

Value Added Products (VAP)

The value added downstream sales grew marginally over the last year.

(Kt)	**FY12**	**FY11**
Downstream Sales	231	230

Financial Performance

The turnover of the aluminium domestic business increased by 14 per cent to ₹ 9,037 crore vis-à-vis ₹ 7,962 crore in the previous year, on

the back of higher metal volumes, improved product mix and marginally higher average LME.

Profit before interest and taxes (PBIT) though was marginally lower at ₹ 1,822 crore as compared with ₹ 2,004 crore in FY 11 as increased input costs negated most of the gains from higher realisations. This was a creditable performance in the face of strong cost inflation in a year that witnessed coal prices increasing by over 20% and furnace oil going up by as much as 40%. Your company also witnessed cost push on account of declining bauxite quality.

The cost pressures were to some extent neutralized through multiple initiatives, including:

- Optimization of the sales mix,
- Higher sale of special hydrate / alumina,
- Continuous improvement in efficiencies.

The sustainability of your company's profitability is reflected in healthy EBIT margins of 20% despite these adversities. Thanks to the multiple initiatives taken in the last few years, Hindalco's operations remain amongst the lowest on the global cost curve – notwithstanding the India-specific incremental cost pressures that have been experienced. Hindalco also has the most profitable Aluminium operations among global peers in terms of EBITDA margins.

Aluminium Outlook:

In 2012, aluminium demand is expected to increase at around 5% to around 47 Million tonnes. As in the recent past, China and India would lead Asia's demand growth, which is expected to grow at around 8% this year. This global growth rate though significantly lower than close to double digit growth rate in CY 2011 is still in line with recent growth trends. Elsewhere, North America is expected to grow at a healthy 4-5% rate, while Europe having lost the way is expected to register a negative growth rate. Of late concerns over slower growth in China, and the debt crisis in the euro zone have cast their shadow on the market. India too has been mired with several issues and has slowed down. Despite all these, the physical demand continues to remain robust.

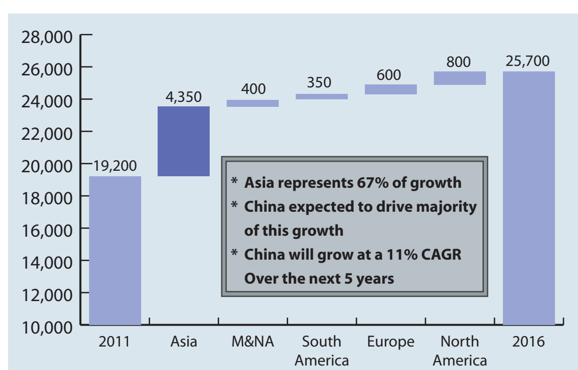
In contrast to the uncertain short-term outlook, the medium term prognosis is good and over long term aluminium prospects seem bright especially on the back of growing demand from emerging economies. Emerging economies' demand is expected to ride on growing urbanisation and changing demographic preferences.

In India, the demand will continue to increase as the country builds its power infrastructure and aluminium being the preferred conductor. The demand growth shall continue from packaging, automobile, construction (increased usage) electronics (cell phone, laptop bodies) etc and this will continue to keep the growth rate high.

The Global demand outlook for FRP (Flat rolled products) is extremely bullish with rising demand from automobile segment (with increased emphasis on weight reduction). This segment in the recent past has witnessed strong growth with regulatory amendments advocating stress on high fuel efficiency vehicles and aluminium being the preferred choice to reduce weight of these vehicles. With technological advances, this trend is fast catching up as more and more, higher end cars are being made out of aluminium. The demand from other high end FRP products and beverage cans too is expected to see a sharp pull especially from the emerging markets. All this augur well for the industry in general and Novelis in particular.

The long term fundamentals for Aluminium are, thus, strong with its emergence as an eminent metal with applications touching several aspects of human life.

Flat Rolled Product



Coming to the supply side of the global Aluminium Industry, many global players have announced capacity curtailments as mentioned earlier. China, India and the Middle East will be the focus of capacity additions in the coming years. In China, however, smelters will be challenged by the issues in sourcing alumina / bauxite, especially considering the recent restrictions on bauxite export from Indonesia.

Current projections suggest that the global industry supply will continue to exceed the demand in the next couple of years. The warehoused inventory is likely to be unwound only gradually as the low interest rate regime in the developed world is expected to continue for some years. The physical market tightness and high premia are, therefore, likely to continue. Based on considerations of the cost curve, LME should eventually move higher than the current levels, though the near-term prospects remain subject to the global macroeconomic environment and the risk aversion episodes in the financial markets.

Business Outlook

Your Company has successfully demonstrated benefit of integrated approach with low cost upstream operations and significant abilities and reach in downstream business. The robustness of Novelis' de-risked business model by virtue of its geographic spread – strong presence in emerging markets, product portfolio – with a strong proportion of recession proof and yet high potential beverage cans in the product mix and focused approach to leverage the status of preferred vendor to global auto majors have withstood these uncertain times.

Hindalco's aggressive expansion programme has made a significant headway, despite tough ground conditions at its project locations.

Greenfield Projects

Greenfield Projects have made significant progress during the year despite tough ground conditions at the project locations.

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

  The construction of the alumina refinery, along with a 90 MW captive co-generation plant is in progress at UAIL, a 100% subsidiary of the Company. The output from

Utkal Alumina International Ltd.

UAIL would be sufficient to feed alumina to the Mahan and the Aditya Smelters.

- **Mahan Aluminium Project:**

  This 359 KTPA Aluminium Smelter, along with 900 MW CPP, is coming up in Bargwan, Madhya Pradesh. The project is on the verge of commissioning.

  Mahan Aluminium project and Utkal Alumina project are now close to the stage of commissioning. These projects will re-define Hindalco's aluminium business since all these projects will have a world beating cost structure.

  The Group of Ministers constituted by the Government of India to consider environmental and developmental issues related to coal mining etc, has reported to have recommended granting of forest clearance by the Ministry of Environment & Forest [MoEF] for Mahan Coal block on certain conditions.

- **The Aditya Aluminium and Refinery project:**

  A 359 ktpa, Aluminium smelter along with a 900 MW captive power plant, identical to the Mahan Project, is coming up in Odisha. The project is slated for completion in 2013. A coal block has been allotted for this project jointly with Mahanadi Coal Fields Limited and Neyveli Lignite Corporation Limited. Alumina Refinery along with a cogen plant, is also coming up.

- **The Jharkhand Aluminium project:**

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

Mahan Aluminium Project

Brownfield Projects:

There were important developments in India w.r.t. your Company's strategic goal of higher VAP proportion.

The Hirakud FRP project has made a significant progress. This project, which involved relocation of some equipments from a closed facility of Novelis, will be the first and the only facility that will have the capability to produce canbody stock in India. This facility will take Hindalco's FRP play on a higher plateau in terms of capability and profitability in the coming years.

Novelis:

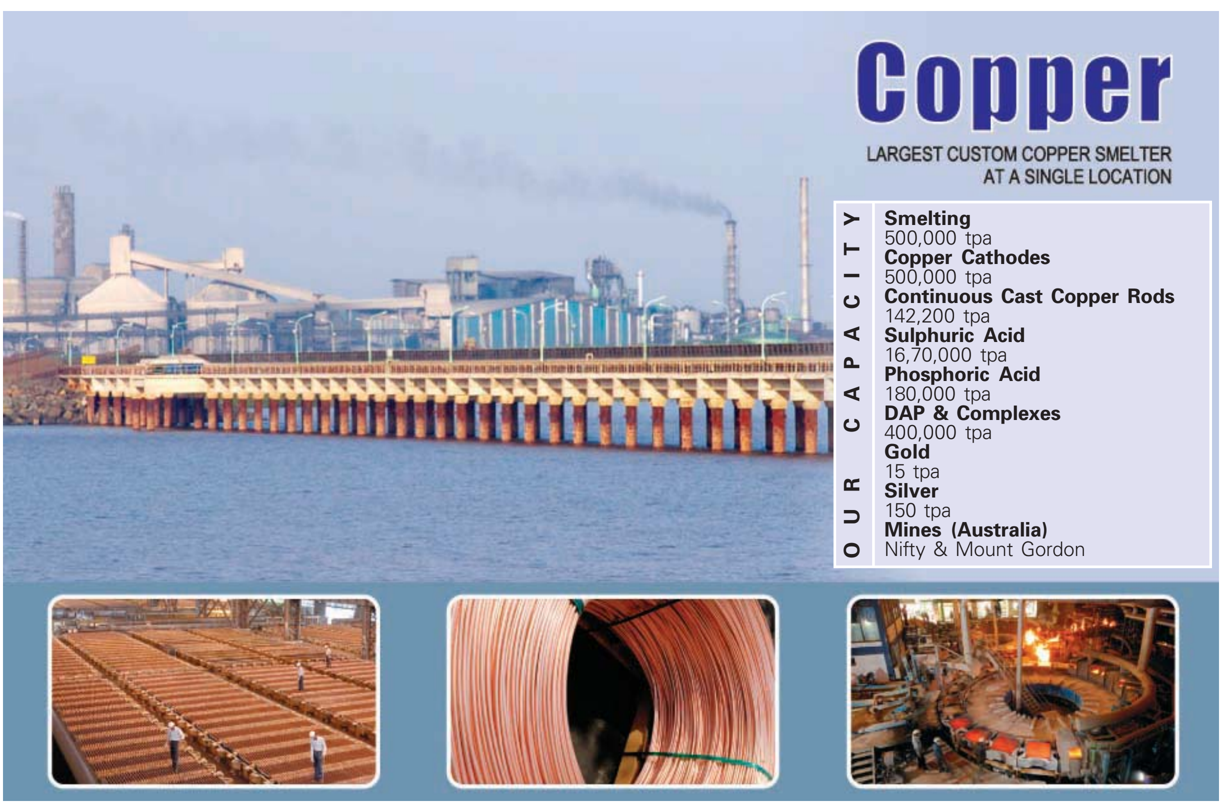
After a spectacular transformational turnaround, Novelis is now in the consolidation phase with some exceptionally value accretive expansion plans that would enable it to build on this solid foundation. All of our major strategic expansions in Brazil, South Korea and the United States are progressing well. We have also announced our entry into China with a plant that will initially focus on automotive sheet finishing capabilities, solidifying our global automotive leadership position.

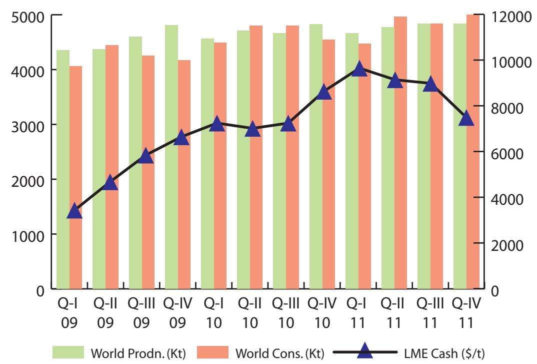
Projects in Brazil, Korea and US are on schedule. FY12 was the first year in Novelis' history when its capex crossed $0.5 billion. It is planning to raise the spend to $0.65-0.70 bn in the current fiscal. The capex initiatives of Novelis have a clear tilt towards emerging markets, auto industry applications and recycling – which are aligned to the key trends in Aluminium industry globally and will place Novelis in a very strong position to benefit from these trends as they evolve further in future.

Novelis invested in major recycling initiatives in all four operating regions, including advanced equipment and technology to process diversified scrap inputs, which will enable the company to achieve recycled content of 50% in its products by 2015.

Copper Business Review

Global Refined copper consumption continued to grow albeit at a modest rate, after a sterling show





in CY 10. Consumption rose to a level of 19.8 million tonnes in CY 11 clocking a growth of around 3% over CY 10.

As with the most metals China continued to be the major demand driver, growing at around 8% in 2010. The only other region that witnessed reasonable growth was North American region, which grew at 3%.

Rest of the world largely ran out of steam. The growth rate in Asia, excluding China slowed down sharply with near stagnant growth with consumption at 1.8 Mn tonnes. While Western Europe, Japan and Latin America slowed down marginally.

Global refined copper production recorded a growth of 4% in CY11 over CY 10 after lagging behind consumption for almost 3 years. As a result, deficit declined marginally.

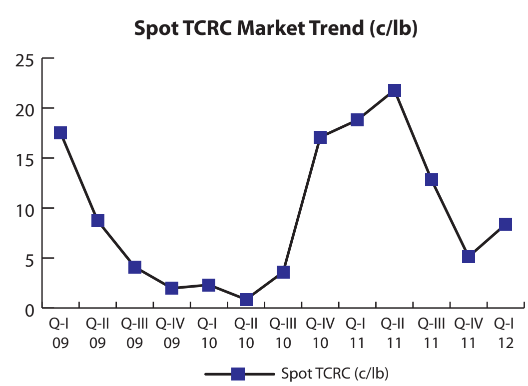
The refined copper prices remained at elevated levels during most part of the CY11, with average prices remaining at around 8,800 $/t levels in CY 11 - over 15% higher as compared with previous year's average. With emergence of commodities as an asset class, copper prices are also influenced significantly by the fund flows and financial market sentiment, besides the demand-supply dynamics. In 2012, copper prices have softened to some extent reflecting the overall macroeconomic situation.

The treatment and refining charges (TC/RC) for the CY 2011, were better than CY 10, as a slowdown in demand provided a window of opportunity to the custom smelters. In CY 11, TC/RC were 20% higher than CY 2010 benchmark.

Spot TcRc showed a significant volatility throughout the year partly on account of natural calamities such as earth quake in Japan followed by Tsunami, Chilean earth quake and other geo-political issues affecting market sentiments. The smelters also suffered on account of incessant cost push primarily driven by rising energy costs.

Business Performance:

Copper business faced two critical challenges during the year. First related to input cost pressures, especially the sharp increase in the cost of coal versus the previous year. Secondly, there is a declining trend in the grade of copper concentrate. Given the global dynamics in the copper mining industry, it was a challenge to secure high-quality copper concentrate, necessitating use of low-grade, high-impurity concentrates.



Despite the latter factor, copper production at Dahej (330 kt) was largely maintained at the previous year's level. The Tc/Rc for the year was marginally better and our strategic exposure to spot TC/RC also enabled us to improve the margins.

Further, the Business leveraged the multiple-value-driver model that it has cultivated consciously. This meant deriving more value out of the non-traditional value-drivers, including DAP, Selenium, and waste-to-wealth initiatives such as sale of gypsum and slag. Operational efficiencies also continued to improve. On the back of all these factors, Copper business delivered the highest ever profitability in FY12.

Today, your Company's Dahej operation ranks in the top quartile of the Global smelter cost curve and has become a much more robust, predictable and globally competitive business.

Copper Financials:

The strong rise in LME coupled with improved product mix led to higher revenues despite marginal decline in volumes. However, for custom smelters like your company, copper prices are just a pass through and the margins are largely determined by Tc/Rc and other value drivers for co-products.

As a result of higher TC/RC, improved product and market mix, and better operating efficiencies, copper business delivered a robust performance and recorded a 33% higher EBIT as compared with previous year. The EBIT for the year stood at ₹ 802 crore a ₹ 200 crore increase over previous year's EBIT.

Copper Outlook:

The global refined copper demand is expected to increase by around 3 % in CY2012. Long term demand for copper is expected to be strong on the back of infrastructural demand from India, China and moderate demand growth from the western world.

Indian refined copper consumption is expected to remain subdued in the short-term given the industrial slowdown amidst inflationary pressures, high interest rates and weak investment climate. The annual consumption growth is expected to be around 4% with growth in power, automobile and manufacturing sector. The long term fundamentals, however, are strong and the copper consumption is expected to increase with renewed thrust on power sector reforms and urban housing.

In the last few years, the trend in TC/RC was subdued. However, with some of the large mining projects coming on stream, the trend is likely to turn in the next 1/2 years, which augurs well for your Company's Copper smelting operations at Dahej.

Financial Review and Analysis:

Your Company's Consolidated Revenue at ₹ 80,821 crore has been the highest ever, a growth of 12 % Year-on-Year, aided by better product mix and depreciation Rupee. Profit before depreciation, interest and taxes stood at ₹ 8,973 crore as against ₹ 8,441 crore in FY11.

For the year ended March 31, 2012, Standalone revenue crossed the ₹ 25,000 crore mark and stood at ₹ 26,597 crore driven by higher volume and realisation.

In FY12, your Company's Net profit increased by ₹ 100 crore to ₹ 2,237 crore. PBITDA for FY12 stood at ₹ 3,721 crore as against ₹ 3,502 crore in FY11. FY12 improvement was despite adverse impact of input cost pressures, especially coal and energy related.

Consolidated Net profit stood at ₹ 3,558 crore. Net profit attributable to the shareholders increased to ₹ 3,397 crore, up by 38% over FY11. Profit before depreciation, interest and taxes stood at ₹ 8,973 crore as against ₹ 8,441 crore in FY11. The underlying performance of the current year sets a new record, reflecting the inherent strength of your Company's low cost business model, operational excellence, superior product mix and a balanced and de-risked portfolio.

Cash Flow Analysis

Cash from operations was marginally lower compared to last year due to increase in working capital. Net increase in borrowing of ₹ 5,534 crore was mainly to finance the capital expenditure of ₹ 7,157 crore. Equity raised includes ₹ 541 crore received on issue of preferential warrants to promoters.

Cash Flow ₹ in Crore

Particulars	FY11	FY12	%
SOURCE OF CASH			
Cash from operations	2,257	2,122	22%
Non operating income	359	550	6%
Net debt Inflows	901	5,534	59%
Equity Raised	9	543	6%
Return of Capital by subsidiaries	2,921	67	1%
Divestments of investments (Net)	553	624	6%
Total	**7,000**	**9,440**	**100%**
APPLICATION OF CASH			
Net capital expenditure	5,742	7,157	80%
Investment/Loans in subsidiaries	255	451	5%
Interest & Finance Charges	609	1,019	11%
Dividend payout	301	324	4%
Total	**6,907**	**8,951**	**100%**
Increase / (Decrease) in Cash and Cash Equivalents	**93**	**489**	

Risk Management

The Company takes a very structured approach to the identification and quantification of each risk and has a comprehensive Board approved risk management policy.

Internal Control

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

Sustainability

Your Company has always believed in sustainable operations. Hindalco has published its first sustainability report-2010-11 covering Hindalco globally, including Hindalco India, Novelis and ABML-Australia. The report covers various aspects of sustainability we practise and respond to in our global operations. It reports our performance in terms of economic, environmental, people related and social parameters as per GRI G 3.1 guidelines. Novelis has published its first sustainability report as well.

Your Company has taken several steps to ensure compliance and proactive steps towards sustainable and responsible growth.

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

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

Human capital

Our professionals are our most important assets. We are committed to remaining among the industry's leading employers. We have a pool of around 20,000 employees in our fold. The Group has a well laid talent development plan that ensures attracting the talent and provides for nurturing and enhancement of talent.

Training and Development

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

Our Inhouse faculty conducts integrated training for our new employees. Leadership development is a core part of our training program.

Conclusion

The Global economy is passing through uncertain times. The Global economic recovery that had begun post 2008-09 crisis has faced several impediments, while some of them are old and anticipated, some are quite new. Worsening European situation, concerns over US growth, slow down in the emerging markets, geo-political risks in the Middle East; all these factors have made a huge impact on the global recovery. China, after a phenomenal run that lasted for over two decades appears to be slowing down. These developments will have far reaching implications on commodity prices that are already witnessing a significant volatility.

The aluminium industry is going through challenging times witnessing enormous margin squeeze due to severe cost pressures and depressed prices against the backdrop of global concerns. In India, rising coal prices, input cost pressures and challenges in project implementation have posed significant challenges to the aluminium industry. These times will clearly test the mettle of the industry.

However, long term fundamentals of the aluminium industry are still intact and are indeed very promising. The structural India story for which everyone was bullish on India is almost intact despite recent concerns. Favorable demographics, rising incomes and consumption levels, high savings, opportunities in infrastructure and outsourcing, robust market infrastructure, all these are still true.

Your Company continues to pursue its three-pronged strategy, which has served it very well in the last few years:

- Aggressive growth in aluminium in India to leverage the bauxite and coal advantages.
- Robust conversion businesses (Novelis and Copper) to cushion the impact of volatility in LME.
- Thrust on Value-Added Production in each line of business.

Your Company has made a significant and concrete progress in each of these three strategic thrust areas during FY12. Through this well-calibrated approach, your Company is trying to create a 'High Alpha, Low Beta' portfolio. Its low cost advantage, along with high end technology of Novelis and a considerable head start with respect to foot print expansion in the emerging markets shall enable your Company to become the 'Last Man Standing-First Man Forward' and catapult it to greater heights in near future.

CAUTIONARY STATEMENT

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

GOVERNANCE PHILOSOPHY

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

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

Compliance with Corporate Governance Guidelines

The Company is fully compliant with the requirements of the prevailing and applicable Corporate Governance Code as contained in Clause 49 of the Listing Agreement. Your Company's compliance with these requirements is presented in subsequent sections of this report.

BOARD OF DIRECTORS

Composition of the Board

Your Company's Board comprises of 9 Non-Executive Directors as on 31st March, 2012, each with considerable experience in their respective fields. Of these, 6 are Independent Directors[1]. Clause 49 of the Listing Agreement requires that if the Non Executive Chairman of the Company is a Promoter then, at least half of the Board of Directors of the Company shall consist of Independent Directors and we are in compliance with the same.

None of the Directors on the board is a member of more that 10 Committees or a Chairman of more than 5 committees (as specified in Clause 49), across all companies in which they hold directorships. All the directors have periodically intimated about their directorships and memberships in various Boards/Committees of other companies. The same is within the permissible limits as provided by the Companies Act and Clause 49 of the Listing Agreement.

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

Director	Category	No. of Board Meetings attended	Attendance at Last AGM	Attendance at Last EGM	No. of other Directorships Held [3]	Committee Positions Held in other Companies[4]	
					Public	Member	Chairman
Mr. Kumar Mangalam Birla	Non Executive	5	Yes	Yes	9	-	-
Mrs. Rajashree Birla	Non Executive	2	Yes	Yes	6	1	-
Mr. A.K. Agarwala [2]	Non Executive	7	Yes	Yes	5	-	-
Mr. S.S.Kothari [5]	Independent	0	No	No	-	-	-
Mr. C.M.Maniar	Independent	7	No	Yes	14	8	1
Mr. M.M.Bhagat	Independent	7	Yes	No	4	2	1
Mr. K.N.Bhandari	Independent	7	Yes	No	11	2	1
Mr. N.J.Jhaveri	Independent	6	Yes	No	8	2	3
Mr. Jagdish Khattar	Independent	4	Yes	No	4	1	-
Mr. Ram Charan	Independent	1	No	No	0	0	0
Mr. D.Bhattacharya	Managing Director	7	Yes	Yes	3	0	1

1. Independent Director means a director defined as such under Clause 49 of the Listing Agreement.
2. Mr. A. K. Agarwala was an Executive Director till 10th September 2003. Thereafter, he has moved to other responsibilities in the Aditya Birla Group.
3. Excludes Directorship held in Private Companies, Foreign Companies and Companies incorporated under Section 25 of the Companies Act, 1956.
4. Represents only membership/chairmanship of Audit Committee and Shareholders' / Investors'Grievance Committee of Indian Public Limited Companies.
5. Ceased as a Director, w.e.f 9th November, 2011 due to his demise.

Board's Functioning and Procedure

Hindalco's Board of Directors play a primary role in ensuring good governance and functioning of the Company. All statutory and other significant and material information including information as mentioned in Annexure IA to Clause 49 of the Listing Agreement is placed before the Board to enable it to discharge its responsibility of strategic supervision as trustees for the shareholders. The Company has a procedure to inform Board members about risk assessment & mitigation procedures. The procedure is reviewed by the Board to ensure that the Company manages risks through means of a properly defined framework. The Board also reviews on a regular basis, conformity to all the applicable laws by the Company. The Members of the Board have complete freedom to express their opinion and decisions are taken after detailed discussion. The details of Board meetings held during FY 2011-2012 are outlined below:

Date of Board Meeting	City	No. of Directors Present
15th April, 2011	Mumbai	6 out of 10
9th May, 2011	Mumbai	6 out of 10
30th May,2011	Mumbai	8 out of 11
12th August, 2011	Mumbai	9 out of 11
23rd September, 2011	Mumbai	8 out of 11
10th November, 2011	Mumbai	7 out of 10
9th February, 2012	Mumbai	9 out of 10

Board Meetings

The Company Secretary drafts the agenda for each meeting alongwith the Explanatory notes. Every Board member is free to suggest items for inclusion in the agenda. The Board meets at least once a quarter to review the quarterly results as such items as may be expedient. Additional meetings are held when necessary.

COMMITTEES OF THE BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Constitution of Audit Committee and its functions:

Your Company has an Audit Committee at the Board level which acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process. The Committee presently comprises of four Non-Executive Directors, all of whom are Independent Directors. During the year, the Audit Committee met 6 times to deliberate on various matters. The details of the attendance by the Committee members are as follows:

Name of Director	Attended
Mr. C. M. Maniar	6
Mr. K.N.Bhandari	6
Mr. M. M. Bhagat	6
Mr. N. J. Jhaveri	5

1. The Chairman of the Audit Committee, Mr. M.M. Bhagat, was present at the last Annual General Meeting of your Company held on 23rd September, 2011.
2. The Managing Director, CFO, the representative of the Statutory Auditor and head of the Internal Audit are permanent invitees of the Audit Committee. Representatives of the Cost Auditors are invited to the Audit Committee meetings whenever matters relating to Cost Audit are considered.
3. Mr. Anil Malik, Company Secretary, acted as Secretary to the Committee.

The Audit Committee is endowed with the following powers:

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

Role of Audit Committee:

The role of the Committee includes the following:

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

INVESTOR GRIEVANCE COMMITTEE

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

The composition of the Committee is as follows:

Mr. C.M. Maniar - Chairman
Mr. K.N. Bhandari - Member

Mr. Anil Malik, Company Secretary, is the Compliance Officer and acts as Secretary to the Committee.

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

Name of Director	Attended
Mr. C.M. Maniar	4
Mr. K.N. Bhandari	4

The Company's shares are compulsorily traded and delivered in the dematerialised form in all Stock Exchanges. To expedite the transfer in the physical segment, necessary authority has been delegated to certain officers, who are authorised to transfer upto 10,000 shares under one transfer deed.

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

Non Executive Director's Compensation and Disclosure

All fees/compensation including sitting fees paid to the Non-Executive Directors of the Company are fixed by the Board of Directors within the limits approved by the shareholders. Details of sitting fees/compensation paid including Stock Options, if any, to them are given at the subsequent part of the report.

Remuneration of Directors and Others

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

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

Besides sitting fees @ ₹ 5,000/- per meeting of the Board or Committee, the Company also pays Commission to the Non-Executive Directors.

For FY- 2011-12, the Board has approved payment of ₹ 14 Crore (Previous Year ₹14 Crore) as Commission to the Non- Executive Directors of the Company pursuant to the authority given by the shareholders at the Annual General Meeting held on 23rd September, 2011. The Amount of Commission payable to each Director is determined after assigning weightage to attendance, the type of meeting and other responsibilities.

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

The details of Remuneration package, fees paid etc. to Directors for the year ended 31st March, 2012 are as follows:

(a) Non- Executive Directors:

Name of Director(s)	Sitting Fees Paid (In ₹)	Commission payable (₹ in Lakhs)	Total Payments Paid / Payable in 2011-12 (₹ in Lakhs)
Mr. Kumar Mangalam Birla	25,000	1306.10	1306.35
Mrs. Rajashree Birla	10,000	24.93	25.03
Mr. A. K. Agarwala	1,00,000	9.43	10.43
Mr. M. M. Bhagat	70,000	11.83	12.53
Mr. C. M. Maniar	1,50,000	13.05	14.55
Mr. K. N. Bhandari	90,000	14.56	15.46
Mr. N.J. Jhaveri	60,000	10.04	10.64
Mr. Ram Charan	5000	5.04	5.09
Mr. Jagdish Khattar	20,000	5.02	5.22

Notes:

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

(b) Executive Director

Executive Director	Relationship with other Directors	Business Relationship with the Company, if any	Remuneration paid during 2011-12			
			All elements of remuneration package i.e., salary, benefits, bonuses, pension etc.	Fixed component & performance linked incentives, along with performance criteria	Service contracts, notice period, severance fee	Stock option details, if any
Mr. D. Bhattacharya	None	Managing Director	₹ 19,49,75,143	See note (a)	See note (b)	See Note (c)

a) Total remuneration of ₹ 19,49,75,143 includes a sum of ₹ 6,55,25,982 towards performance bonus linked to achievement of targets.

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

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

Employee Stock Option Scheme – 2006:

In accordance with applicable SEBI Guidelines, the ESOS Compensation Committee of the Board of Directors of the Company on 23rd August 2007, granted 1,940,250 stock options @ ₹ 98.30 per share (1st Tranche) and on 25th January 2008 granted 1,033,140 stock options @ ₹ 150.10 per share (2nd Tranche) and on 3rd September 2010 granted 572160 options @ ₹ 118.35 per share (3rd Tranche) to the eligible employees. Each option is convertible into one equity share of the Company upon exercise. The exercise price of the option has been determined in accordance with relevant SEBI Guidelines (Refer Annexure 'A' to the Director's Report).

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

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

All directors have disclosed their shareholding in the Company. None of the Directors are holding any debentures of the Company.

Details of Shareholding of Directors as on March 31, 2012 are as follows:

NAME OF THE DIRECTORS	SHARES (₹ 1 paid up)
Mr. Kumar Mangalam Birla	8,65,740
Mrs. Rajashree Birla	6,12,470
Mr. A. K. Agarwala	1,16,148
Mr. C. M. Maniar	47,565
Mr. M. M. Bhagat	4,050
Mr. K. N. Bhandari	3,571
Mr. N. J. Jhaveri	5,000
Mr. Ram Charan	NIL
Mr. Jagdish Khattar	2,500
Mr. D. Bhattacharya	90,740

Code of Conduct

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

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

Declaration as required under Clause 49 of the Listing Agreement:

We hereby confirm that :

All Directors and Senior Management have affirmed compliance with Code of Conduct for the financial year ended 31st March, 2012.

Place: Mumbai D. Bhattacharya
Managing Director

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

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

SUBSIDIARY COMPANIES

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

DISCLOSURES

(A) Basis of related party transaction

All the related party transactions are strictly done on arm's length basis. The Company places all the relevant details of related party transactions, entered in the normal course of business before the Audit Committee, from time to time. There was no material related party transaction, which are not in the normal course of the business, entered into by the Company during the year. Attention of the Members is drawn to the disclosures of transactions with related parties set out in Notes forming part of the Financial Statements.

(B) Non Compliances/Strictures/Penalities Imposed

No non compliance/strictures/penalities have been imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority on any matters related to capital markets during the last three years.

(C) Disclosure of Accounting Treatment

Your Company has followed all relevant Accounting Standards while preparing the Financial Statements. However there is a change in accounting policy as per Note No. 46 of Consolidated Financial Statements.

(D) Risk Management

Risk evaluation and management is an ongoing process within the Organisation. Your Company has a comprehensive risk management policy and it is periodically reviewed by the Board of Directors. During the period under review, a presentation on the critical risks and their mitigation plans devised by respective Units was made to the Board. A live demonstration of the online Risk Management Tool was also given to the Board.

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

During the year, the Company has allotted 15,00,00,000 warrants on a preferential basis to the Promoter Group on 22nd March, 2012 entitling them to apply for and obtain allotment of one equity share of ₹ 1/- each fully paid-up at a price of ₹ 144.35 per share against each such warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, in one or more tranches. The Company has received ₹ 541.31 crores being 25%, against these warrants. The entire amount so received is being utilized for various Greenfield and Brownfield Projects expenditure as per the terms of issue.

(F) Remuneration of Directors

This is included separately in this Section.

(G) Management

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

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

(H) Shareholders

The Company has provided the details of Directors seeking appointment/ re-appointment in the notice of Annual General Meeting provided with the Annual Report.

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

CEO/CFO Certification

The Managing Director and CFO 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;

   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. However there is a change in accounting policy as per Note No. 47 of Consolidated Financial Statements.

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 internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such 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, the following:

   i. significant changes in internal control over financial reporting during the year, if any;

   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.

REPORT ON CORPORATE GOVERNANCE

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

GENERAL BODY MEETINGS

Details of Annual General Meetings:

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

Year	AGM	Location	Date	Time
2010-11	AGM	Ravindra Natya Mandir	23rd September, 2011	2.30 pm
2009-10	AGM	Ravindra Natya Mandir	3rd September, 2010	2.30 pm
2008-09	AGM	Ravindra Natya Mandir	18th September, 2009	3.30 pm

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

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

Person who conducted the postal exercise : Not Applicable

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

MEANS OF COMMUNICATION

- Quarterly Results:

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

- Any website, where displayed: www.hindalco.com www.adityabirla.com
- Whether the Company Website displays
  - All official news releases: Yes
  - Presentation made to Institutional Investors/Analysts: Yes

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

General Shareholder Information

Provided in the 'Shareholders Information' Section.

Status of Compliance of Non mandatory requirement

1. The Company maintains a separate office for the Non-Executive Chairman. All necessary infrastructure and assistance are available to enable him discharge his responsibilities effectively.
2. The Company has a policy of conducting an orientation for a new Director on the business model in order to get him acquainted with the operation and functioning of the Company.
3. Your Company does not have a Remuneration Committee. The Board of Directors fixes the remuneration of the Managing Director.
4. "Performance Update" consisting of financial and operational performance for the first six months of financial year was being sent to the shareholders since 2000-01. However this practice has been discontinued with effect from 2008-09. Analyst Report is uploaded on the Company's website which is more elaborative and informative.
5. During the period under review, there is no audit qualification in the Financial Statement.

6. The Management and the Executive Director give extensive briefings to the Board members on the business model. The Company has also formed a Risk Management Board comprising of Directors and Executives of the Company which meets periodically to review Commodity and Foreign Exchange exposures and actions taken thereon.

7. All the Aditya Birla Group companies have common "Corporate Principles & Code of Conduct" applicable to all the employees. It provides, interalia, mechanism to enforce and report violations of the principles and the code, if any.

8. **National Voluntary Guidelines 2009:**

   The Ministry of Corporate Affairs has on 8th July, 2011 has released the National Voluntary Guidelines on Social Environment and Economic Responsibilities of Business (hereinafter referred to as Guidelines). Subsequently, vide Press Release dated November 24, 2011 SEBI had made it mandatory for top 500 companies (in market cap) to submit its Business Responsibility Report.

   The Company published its first Sustainability Report 2010-2011 under the GRI Reporting Framework. The Report for 2011-2012 is also being released shortly and the Company will be striving for an 'A+' rating for the same.

   The Guidelines provide that Companies which already follow a global Framework of reporting Sustainability, may not prepare a separate report under the Guidelines, instead, map the disclosure requirements of Guidelines in the report so prepared under other Framework. Thus the Principles stipulated in the Guidelines will be incorporated and mapped in the Sustainability Report and the members can view Company's compliance with the Guidelines in the said report.

   Most of the provisions of these guidelines are in place. Your Company will strive to adopt the remaining provisions in a phased manner.

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

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Hindalco Industries Limited

We have examined the compliance of the conditions of Corporate Governance by Hindalco Industries Limited for the year ended 31st March 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

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

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

Camp : Mumbai
Dated : The 27th day of June 2012.

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

(RAJIV SINGHI)
Partner
Membership No. 53518

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

1.	Annual General Meeting		
	- Date and Time	:	11th September, 2012 at 2.30 p.m.
	- Venue	:	Ravindra Natya Mandir P.L.Deshpande Maharashtra Kala Academy Prabhadevi, Mumbai - 400025
2.	Financial Year		
	- Financial reporting for the quarter ending June 30, 2012	:	On or before 14th August, 2012
	- Financial reporting for the half year ending September 30, 2012	:	On or before 14th November, 2012
	- Financial reporting for the quarter ending December 31, 2012	:	On or before 14th February, 2013
	- Financial reporting for the year ending March 31, 2013	:	On or before 30th May, 2013
	- Annual General Meeting for the year ended March 31, 2013	:	September, 2013
3.	Dates of Book Closure	:	4th - 11th September, 2012
4.	Dividend Payment Date	:	After 11th September, 2012 (Within 30 days from date of AGM subject to approval of shareholders)
5.	Registered Office	:	Century Bhavan, 3rd Floor, Dr. Annie Besant Road, Worli, Mumbai - 400 030. Tel: (91-22) 6662 6666 Fax: (91-22) 2422 7586 / 2436 2516 E-Mail: anil.malik@adityabirla.com Website: www.adityabirla.com

6 a. Listing Details:

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

Note: Listing fees has been paid to all the Stock Exchanges as per their Schedule.

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

c. Domestic Custodian of GDRs : Citibank N.A.
Trent House Plot No C-60
Bandra Kurla Complex, Bandra
Mumbai – 400 051
Tel.: 91-22- 40296118

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

8. Details of Debenture issued :

Interest Payment Date	Interest	Series	Date of allotment	Tenure	Date Payment	Record Date	ISIN No.
25th April	Annually	9.55% Series (2012) -I	25th April, 2012	10 Years	25th April Annually	7 days prior to to each Interest and/or redemption payment	INE038807258
27th June	Annually	9.55% Series (2012) -II	27th June, 2012	10 Years	27th June Annually	7 days prior to to each Interest and/or redemption payment	INE038A07266

Name and Address of Debenture Trustee : IDBI TRUSTEESHIP SERVICES LIMITED
Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001

9. Stock Code:

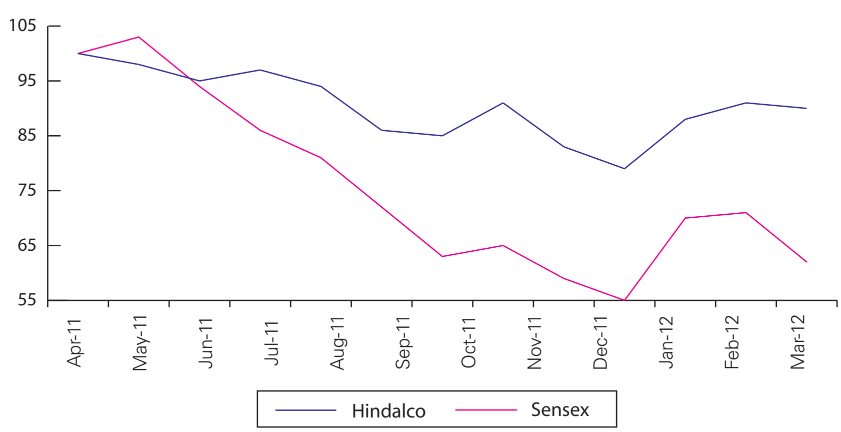
Stock Code:	**Scrip Code**
Bombay Stock Exchange	500440
National Stock Exchange	HINDALCO

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

10. Stock Price Data

	Bombay Stock Exchange				National Stock Exchange				Luxembourg Stock Exchange		
	High	Low	Close	Volume	High	Low	Close	Volume	High	Low	Close
	(In ₹)			(In Nos)	(In ₹)			(In Nos)	(In US$)		
Mar-12	155.75	122.65	129.45	33,802,134	155.95	122.65	129.40	288,676,304	3.06	2.40	2.55
Feb-12	164.90	138.60	148.65	32,629,079	164.90	138.60	148.90	294,014,148	3.29	2.84	3.04
Jan-12	148.60	111.25	146.65	27,885,044	148.95	111.20	146.60	235,042,203	2.97	2.11	2.97
Dec-11	140.25	115.00	115.75	27,468,699	140.30	114.75	115.85	214,873,214	2.66	2.18	2.18
Nov-11	141.60	113.00	122.65	23,273,478	141.70	112.80	122.95	176,478,714	2.84	2.18	2.35
Oct-11	143.70	119.50	136.35	24,678,817	144.15	119.30	135.95	231,042,783	2.92	2.42	2.80
Sep-11	163.35	125.00	131.30	21,529,455	163.70	124.50	131.45	183,397,976	3.47	2.61	2.68
Aug-11	171.80	128.55	150.35	22,885,247	171.90	128.20	150.60	202,775,599	3.83	3.01	3.28
Jul-11	197.00	166.70	168.40	14,646,782	197.00	166.20	168.45	146,994,278	4.41	3.59	3.81
Jun-11	198.85	161.55	181.00	17,631,758	198.85	161.55	180.55	153,388,387	4.40	3.65	4.05
May-11	217.50	181.95	197.10	14,716,285	219.80	181.25	197.35	140,375,046	4.81	4.07	4.38
Apr-11	224.60	200.00	215.55	12,379,393	224.75	200.00	216.05	120,901,578	5.20	4.58	4.87

11. Stock Performance:



12. Stock Performance over the past few years:

Absolute Returns (in %)			
	1YR	3YR	5YR
Hindalco	-38.1	148.6	9.5
SENSEX	-10.5	79.3	33.1
NIFTY	-9.2	75.3	38.6

Annualised Returns (in %)			
	1YR	3YR	5YR
Hindalco	-38.1	35.5	1.8
SENSEX	-10.5	21.5	5.9
NIFTY	-9.2	20.6	6.7

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

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

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

The total number of shares transferred in the physical form during the year was 8,23,541.

	2011-12			2010-11		
Transfer period (in days)	No of Transfers	%	No of Shares	No of Transfers	%	No of Shares
1-10	637	77.31	673,645	1,184	83.00	633,073
11-15	147	17.84	108,703	153	11.00	67,584
16-20	14	1.70	5,848	25	2.00	1,16,692
21-above	26	3.15	35,345	60	4.00	99,648
Total	**824**	**100.00**	**823,541**	**1,422**	**100.00**	**916,997**

15. Investor Services

a. Complaints received during the year:

Nature of complaints	2011-12		2010-2011	
	Received	Cleared	Received	Cleared
Relating to Transfers, Transmissions Dividend, Interest, Redemption, Demat – Remat, Rights Issue and Change of Address etc.	30	30	99	99

b. Shares pending for transfer : Nil

SHAREHOLDER INFORMATION

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

No. of equity Share held	**2012**			
	No of Share Holders	**% of share holders**	**No of Shares held**	**% share holding**
1-1000	357,482	93.16	56,128,130	2.93
1001-2000	11,693	3.05	17,148,759	0.90
2001-5000	8,325	2.17	26,496,368	1.38
5001-10000	3,159	0.82	22,455,729	1.17
10001-50000	2,245	0.59	44,278,924	2.31
50001-100000	263	0.07	19,110,435	1.00
100001 and above	554	0.14	1,728,923,963	90.31
Total	**383,721**	**100.00**	**1,914,542,308**	**100.00**

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

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

19. Outstanding GDR/Warrants/Convertible Bonds : 160,747,995 GDRs are outstanding as on 31st March, 2012. Each GDR represents one underlying equity share.

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

21. Plant Locations:

Aluminium & Power

Renukoot Plant*
P.O. Renukoot -231217
Dist Sonebhadra
Uttar Pradesh.
Tel : (05446) 252077-9
Fax: (05446) 252107/426

Renusagar Power Division
P. O. Renusagar
Dist. Sonebhadra,
Uttar Pradesh.
Tel:(05446)277161-3/ 278592-5
Fax: (05446) 277164/

Hirakud Smelter
Hirakud 768 016
Dist: Sambalpur
Orissa
Tel: (0663) 2481307/1452
Fax: (0663) 2481356

Hirakud Power
Post Box No.12
Hirakud 768 016
Dist: Sambalpur
Orissa
Tel: (0663) 2481307
Fax: (0663) 2481342/342/365
Fax: (0663) 2541642

Copper

Birla Copper Division
P.O. Dahej, Lakhigam
Dist. Bharuch – 392 130
Gujarat
Tel: (02641) 256004/06, 251009
Fax: (02641) 251002

Chemicals

Muri Alumina
Post Chotamuri-835 101
Dist: Ranchi, Jharkhand
Phone:
(06522) 244253/334
Fax: (06522) 244342

Belgaum Alumina
Village Yamanapur
Belgaum 590 010
Karnataka
Tel: (0831) 2472716
Fax: (0831) 2472728

Mines

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

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

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

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

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

Sheet, Foil, Packaging & Extrusions

Silvassa Foils
Village Khutli, Khanvel,
Silvassa-396 230
U.T. of Dadra & Nagar Haveli
Tel: (0260) 2677021 - 4
Fax: (0260) 2677025

Belur Sheet
39, Grand Trunk Road
Belurmath 711 202
Dist: Howrah
West Bengal
Tel: (033) 2654 7210/12
Fax: (033) 2654 9982/5740

Taloja Sheet
Plot 2, MIDC Industrial Area
Taloja A.V.
Dist : Raigad
Navi Mumbai - 410 208
Maharashtra
Tel: (022) 2741 2261
66292929
Fax: (022) 2741 2430/31

Alupuram Extrusions
Alupuram, P.B. No.30
Kalamassery - 683 104
Dist: Ernakulam, Kerala
Tel: (0484) 2532441-48
Fax: (0484) 2532468

Mouda Unit
Village Dahali
Ramtek Road, Mouda
Nagpur – 441 104
Tel: (07115) 660777/786

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

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

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

	2012				2011			
Category	**No of Share Holders**	**% of share holders**	**No of Shares held**	**% share holding**	**No of Share Holder**	**% of share holders**	**No of Shares held**	**% share holding**
Promoters	21	0.01	613,797,188	32.06	21	0.01	613,797,188	32.07
Mutual Funds & UTI	208	0.05	55,205,320	2.89	179	0.06	47,408,657	2.48
Banks/ Financial Institutions/Ins/Govt	133	0.03	230,734,741	12.05	106	0.03	200,728,573	10.49
FIIs	486	0.13	514,065,053	26.85	582	0.18	591,819,320	30.91
Corporates	3,866	1.00	126,797,076	6.62	3,533	1.10	93,849,927	4.90
Individuals/Shares In Transit//Trust	370,523	96.56	169,637,949	8.86	309,358	96.38	146,998,299	7.68
NRIs/ OCBs	8,483	2.22	43,556,986	2.27	7,185	2.24	44,501,458	2.32
GDRs*	1	0.00	160,747,995	8.40	1	0.00	175,294,492	9.15
Total	**383,721**	**100.00**	**1,914,542,308**	**100.00**	**320,965**	**100.00**	**1,914,397,914**	**100.00**

*14,542,309 GDR's are held by Promoter and Promoter Group.

23. Per share data:

Particulars	**2011-12**	**2010-11**	**2009-10**	**2008-09**	**2007-08**
Net Earnings (₹ in Crore)	2,237	2,137	1,916	2,230	2,861
Cash Earnings (₹ in Crore)	2,927	2,824	2,583	2,875	3,449
EPS (₹)	11.69	11.17	10.82	14.82	22.23
CEPS (₹)	15.29	14.76	14.58	19.10	26.80
Dividend per share (₹)	1.55@	1.50	1.35	1.35	1.85
Dividend pay out (%)	15.0@	15.6	15.7	12.0	9.3
Book Value per share (₹)	167.31	155.14	145.87	139.73	142.09
Price to earning (x)*	11.1	18.7	16.8	3.5	7.4
Price to cash earning (x)*	8.5	14.2	12.4	2.7	6.2
Price to Book Value (x)*	0.8	1.3	1.2	0.4	1.2

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

24. OTHER USEFUL INFORMATION FOR SHAREHOLDERS

Shareholders who have not yet encashed their dividend warrants for the years 2005-2006 to 2010-2011 may approach the Company for revalidation / issue of duplicate dividend warrant(s) quoting their Ledger Folio numbers / DP & Client ID.

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

The Unclaimed Dividend for the Financial Year 2004-2005 has been transferred by the Company to the Investor Education & Protection Fund constituted by the Central Government under Section 205A & 205C of the Companies Act, 1956.

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

Date of Declaration	Financial Year of Dividend	Due date of transfer to the Government
28th July, 2006	2005-06	August, 2013
12th March, 2007	2006-07	April, 2014
19th September, 2008	2007-08	October, 2015
18th September, 2009	2008-09	October, 2016
3rd September, 2010	2009-10	October, 2017
23rd September, 2011	2010-2011	October, 2018

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

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

Keeping in view the aforesaid green initiative of MCA, your Company shall send the Annual Report and other documents to its shareholders in electronic form at the e-mail address provided by them and made available to us by the Depository.

Unclaimed Shares in Physical Form

In pursuant to Clause 5A of the Listing Agreement, the Company has already sent three reminders to all the shareholders of Rights Issue offers made in 2005 and 2008 whose shares have returned undelivered. The Company is taking all steps to comply with Clause 5A of the Listing Agreement.

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 to the shareholders whose share certificates were returned undelivered and are lying unclaimed so far. The details are as follows:

1^{st} Reminder had been sent on 19^{th} January, 2012

2^{nd} Reminder was sent on 28^{th} February, 2012

3^{rd} Reminder was sent on 31^{st} March, 2012

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

INVESTOR SERVICES

i. Equity Shares of the Company are under compulsory demat trading by all investors, with effect from 5^{th} April, 1999. Considering the advantages of scrip less trading, shareholders are requested to consider dematerialisation of their shareholding so as to avoid inconvenience in future.

ii. Shareholders/Beneficial Owners are requested to quote their Folio No./DP & Client ID Nos., as the case may be, in all correspondence with the Company. All correspondences regarding shares & debentures of the Company should be addressed to the Investor Service Department of the Company at Ahura Centre, 1^{st} Floor, 'B' Wing, Mahakali Caves Road, Andheri (East), Mumbai - 400 093 and not to any other office(s) of the Company.

iii. Shareholders holding shares in physical form are requested to notify to the Company, change in their address/pin code number and Bank Account details promptly by written request under the signatures of sole / first joint holder. Beneficial Owners of shares in demat form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney, etc. directly to their DP.

iv. To prevent fraudulent encashment of dividend warrants, members are requested to provide their bank account details (if not provided earlier) to the Company (if shares are held in physical form) or to DP (if shares are held in demat form), as the case may be, for printing of the same on their dividend warrants.

v. Non-resident members are requested to immediately notify:-

- change in their residential status on return to India for permanent settlement;
- Particulars of their NRE Bank Account with a bank in India, if not furnished earlier.

vi. In case of loss/misplacement of share certificate, investors should immediately lodge a FIR/ complaint with the police and inform the Company along with original or certified copy of FIR / acknowledged copy of the complaint.

vii. For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed, wherever applicable. Registration number of Power of Attorney should also be quoted in the transfer deed at the appropriate place.

Further please note that Securities and Exchange Board of India (SEBI), vide its Circular No. MRD/DoP/Cir-05/2009 dated 20^{th} May 2009, has made it mandatory for the transferee(s) to furnish a copy of the PAN Card to the Company for registration of physical transfer of shares.

Investors are therefore requested to furnish the self attested copy of PAN Card at the time of sending the physical transfer of shares.

viii. Shareholders are requested to keep record of their specimen signature before lodgment of shares with the Company to obviate possibility of difference in signature at a later date.

ix. Shareholders(s) of the Company who have multiple accounts in identical name(s) or holding more than one Share Certificates in the same name under different Ledger Folio(s) are requested to apply for consolidation of such Folio(s) and send the relevant Share Certificates to the Company.

x. Section 109A of the Companies Act, 1956 extends nomination facility to individuals holding shares of companies in physical form. Shareholders, in particular those holding shares in single name, may avail of the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form.

xi. Shareholders are requested to give us their valuable suggestions for improvement of our investor services.

xii. Shareholders are requested to quote their E-mail Ids, Telephone/Fax numbers for prompt reply to their communication.

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.

Most of the 24 manufacturing sites of Hindalco are certified for the Integrated Management System - IMS as per ISO-14001, EMS, and OSHAS 18001. An Environment Management Cell is functional in each unit, with links to the Corporate Environment Team and to the Corporate Compliance Monitoring Cell, ensuring strict vigilance and redressal of environment related matters at plant level and for all its stakeholders.

Design, development and implementation of Integrated Management System covering QMS, EMS and OHSAS were done at Silvassa Plant. Certification of this Management System by external certifying agency is planned.

Hindalco is a member of the prestigious voluntary body named BCSD-Business Council for Sustainable Development, formed by TERI, with initiatives in Climate protection, emission reduction, and responsible use of resources.

We are actively pursuing the charter on Corporate Responsibility for Environment Protection (CREP) mooted by the Ministry if Environment and Forest. A number of proactive and growth oriented measures of scaling up environment management performance are in progress.

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

The key areas in environment have been: Total compliance to applicable rules and regulations, water management and treatment, appropriate technology for air emission management, Carbon Footprint reporting and carbon credits, waste minimization, and going beyond by value addition to waste, energy conservation, reduction in emission through state of art technology and managing environmental factors in our large expansion projects.

Water Management and effluent treatment

Hindalco's manufacturing processes have sizable water needs. Minimizing process water consumption and conserving water in all possible ways has been a focus area for the units. Industrial and domestic effluent in all plants is being treated in line with the local pollution control boards' guidelines. The treated effluent water and domestic effluent after sewage treatment are recycled for use in process and horticulture. The Company is striving to attain zero effluent discharge status in all respects. Fresh water withdrawal in Renukoot has been reduced by around 2,000 cubic meters per day. This has been achieved by increasing recycling of treated STP water in the cooling towers.

In the alumina plant at Muri, Jharkhand, an initiative has been taken to implement Rain Water Harvesting structures in the factory colony premises to recharge underground water by constructing nine recharge pits and two injections wells.

In addition, a dedicated 1.8 km long pipeline has been commissioned to transfer the accumulated rain water from the Residual Waste Disposal Area to the effluent treatment plant. This helps in maintaining the free board level of the Residual waste disposal area and eliminates any possibility of environmental contamination.

Plants located in remote locations have been provided with colonies for the staff and workers. These colonies generate a large quantity of sewage. In your plant at Muri in Jharkhand, 200 cubic meters per day of treated water from the sewage treatment plant is recycled and used in horticulture and for water sprinkling within the factory, colony and on the approach roads through a mobile tanker.

At your Belgaum Plant, the expansion of Bio-remediation system has been completed to cover treatment of entire sewage water within the plant site. In addition, an extensive network of piping was constructed during the year for utilization of lagoon water and treated water for road cleaning and other process applications, thus making it a zero effluent plant.

In the Copper complex at Dahej, a state of art effluent treatment plant is in operation. Sanitary waste generated from the Dahej complex is treated in the sewage treatment plant and the treated water is utilized for green belt development in Dahej site.

Dahej is located in the water scarce coastal regions of Gujarat. To ensure water conservation, a 5,400 cubic meters per day reverse osmosis (RO) plant has been constructed and commissioned for treating the process water from the cooling tower and a portion of streams from the effluent treatment plant. The treated water from the RO plant is used for horticulture and slag granulation. This has resulted in conserving process water consumption by 2000 to 2500 cubic meters per day and helped move one step closer to the goal of a zero effluent plant.

Air Emission - Appropriate Technology

In your Belgaum Plant, a Dust Collector for arresting the fugitive dust emission in the Bauxite Crusher Building and three Dust Collectors in the Calcination Area for arresting fugitive dust emission were commissioned.

At the Muri Plant - In Residual waste disposal areas 3 and 4, the dust suppression system has been strengthened by installing 11 new sprinklers. Dust suppression system has also been strengthened along the factory boundary wall in Muri Plant.

In your Foils plant at Silvassa the emission level and Carbon foot print generation has been reduced by using locally available agro based briquette fuel for partial replacement of LPG for thermic fluid heaters. This has led to the reduction of usage of LPG from 50-55 tons/month to 15-20 tons/month. Briquettes are a renewable source of energy and avoid adding fossil carbon to the atmosphere and is a zero emission fuel.

Your Belur Plant has taken Initiatives to phase out diesel operated units by battery operated ones so as to reduce fugitive emission within the plant. In 2011-12, two diesel operated units have been replaced. A plan has been prepared for gradual replacement of diesel operated units by Battery operated ones to reduce the diesel consumption and the pollution load.

In the copper complex at Dahej, sulphur dioxide gas gets generated as a byproduct during processing. Secondary gases generated from the smelter plant get scrubbed in the alkali scrubbing system followed by demister. Scrubbed and cleaned gases meeting the emission norms are exhausted through 75 m high stack.

Process gases from other plants like PAP and DAP are scrubbed in counter current type scrubbers.

Electrostatic precipitators are provided to collect particulate emission from process gas / off-gases from the smelter captive power plants and clean gases are emitted from stacks.

To capture dust from process gases, bag filters are installed at smelters, captive power plant and precious metal recovery plant.

Carbon Footprint and Carbon-Trading

Hindalco has set up a unique system for capturing the energy consumption of all its manufacturing plants and working out the total carbon dioxide emission for the company, which is reported internally on quarterly basis. This reporting of Carbon footprint is now proposed to be followed by benchmarking of Green House Gas generation for various steps of the process and for generating projects to reduce the company's Carbon Footprint. The Renukoot complex has prepared its Green-House-Gas Inventory report in accordance with ISO-14064 principles and requirements for designing, developing, managing company-level Green House Gas Inventories. This will be followed by verification of GHG inventory report by an external auditor. Hirakud complex has successfully completed its CDM project and is already reaping partial monetization of the carbon credits accumulated, despite a small set back on account of the destabilization of the smelter plant due to power perturbation.

Waste Management and Utilization

Utilization of mineral resources results in generation of inorganic waste. Hindalco is committed to minimization of such waste generation through technology, to storage and utilization of such waste in a safe, environmentally acceptable manner, and to working on generating value out of such waste whenever techno-economically feasible. Your company's units in Belgaum, Renukoot and Muri have resorted to environment friendly disposal methods such as dry disposal and stacking of Red Mud, recycling of Spent Pot Lining and using sludge from effluent treatment plants as a soil conditioner for the plantation. This sludge is used as manure in the company's horticulture activities.

Your company's coal based power plants in Renukoot, Renusagar, Hirakud, Dahej and Muri produce large quantities of fly ash waste in their Boilers. This ash is effectively utilized for sale to cement industries, or for fly ash brick production or road construction, as appropriate.

At the Dahej Copper complex, granulated slag emerges as a waste from smelter. Your company has started a project on the utilization of such discard slag for road construction and as well as for an abrasive material.

Phosphogypsum is a waste product of from phosphoric acid plant in Dahej. It is used as a soil conditioner, for manufacturing of cement and gypsum board, providing an excellent example of unlocking value from waste.

The final process waste from the effluent treatment plants in Dahej is disposed off in scientifically developed secured landfill facility as per the design provided by the National Productivity Council in line with the requirement of state pollution control board and Central Pollution Control Board.

The Hirakud Plant has constructed 5,300 cubic meter Secured Land filling in line with the approved location, drawing and design by the State Pollution Control Board, Odisha for Hazardous Waste Management.

Process Improvement through Technology

The emission of particulate solids from stacks and process plants has been a concern in all mineral process, metallurgical and coal power plants. Your company has utilized state of art technology based on advanced Electrostatic precipitators to address this problem successfully. In addition, the use of fuel-efficient technology has been made in the calciners and boilers with co-generation facilities. Anode baking furnaces have installed Fume Treatment plants and wet gas scrubbing systems coupled with state-of-art microprocessor based controls and advance dry scrubbing to ensure less emission and energy.

The Company is actively pursuing the Charter on Corporate Responsibility for Environment Protection (CREP). The Ministry of Environment and Forest, New Delhi has accorded Environment Clearance on December 02, 2011 for our proposed Modernization and Expansion of Alumina Refinery (660KTPA to 900KTPA) and Smelter Plant (356KTPA to 472 KTPA) at Renukoot. In keeping with the new environment clearance, necessary action has been taken for obtaining consent to establishment from statutory authorities.

A new state-of-art environment friendly technology based Baking Furnace is in progress.

Birla Copper has adopted best available technology for the plants. The unit operates on the principle of sustainable development and the commitment for preservation and protection of clean and green environment.

Green Belt Development

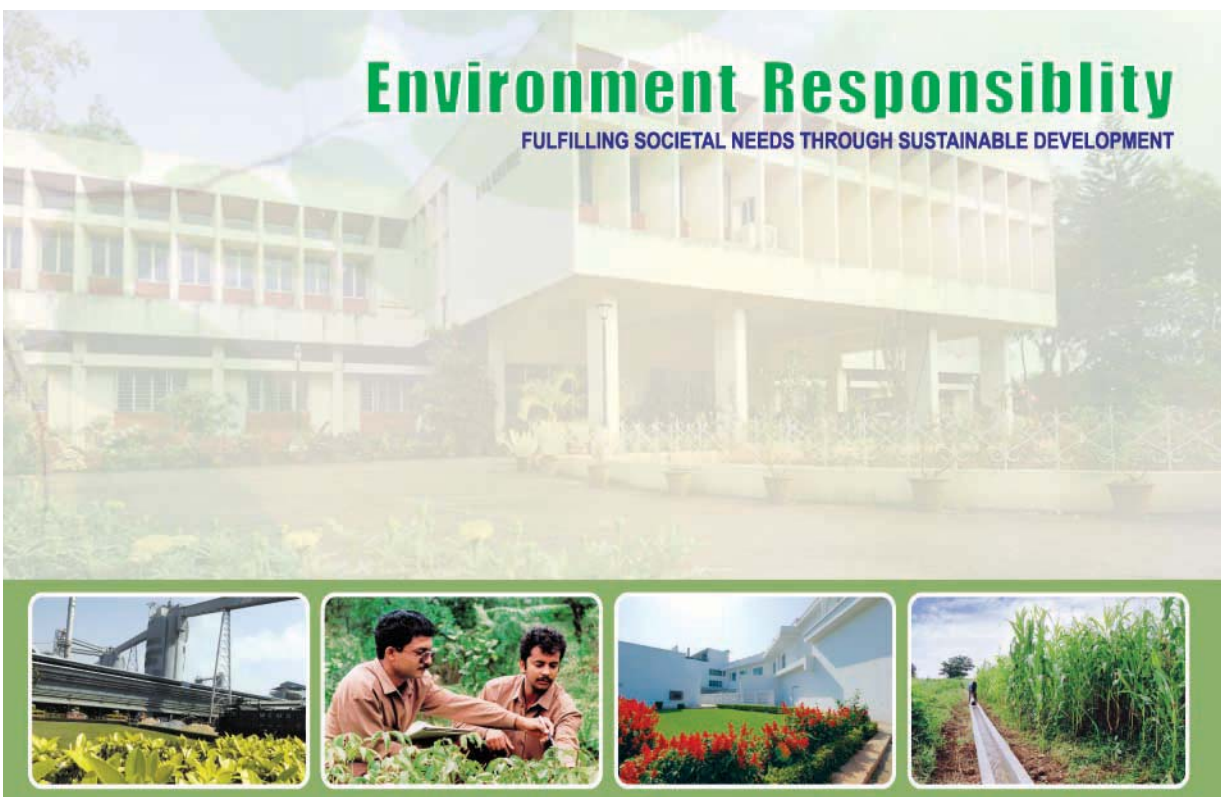
Green Belt Development continues to be a focus area in all your plants. In Belgaum, Karnataka, 15,000 saplings were planted near the red mud pond and bauxite handling areas. In Muri, Jharkhand, around 6200 saplings were planted in an around factory. Taloja unit in Maharashtra has planted / distributed approx. 1150 saplings.

While Dahej complex is located in water scarce region of Gujarat, the green cover at the plant site is a unique achievement. Birla Copper has developed a 112 hectares green belt along the plant boundary, internal roads and vacant places in the plant including the township area. All the vacant space and all along the internal roads inside the plant and township area have already been planted with grass, shrubs or trees of the local variety. Till date 3,09,532 trees have been planted with a survival rate of 85- 90%. Thirty different types of species suitable to this region have been planted.

The development of green belts in new project sites located in Mahan-Madhya Pradesh, Aditya and Utkal in Orissa as well as the other sites, has been a focused activity and committed to as a part of the environmental permissions.

Your Company's green belt cover in all of its plant locations exudes a leafy splendor.

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



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 and reputed NGOs, 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 Hindalco, work in 692 villages and 12 urban slums, reaching out to a 26 lakh populace, in proximity to its plants all over the country.

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

In the healthcare domain, we have made impressive strides. This year through our 2,625 medical camps, coupled with our rural mobile medical van services, we reached out to over 3,32,000 villagers.

Those diagnosed with serious ailments were taken to our various companies' hospitals for treatment. Incidentally at our hospitals over 5.35 lakh patients have been treated at virtually no cost. At the medical camps, the afflictions treated included cataract (3,576 patients), skin ailments (5,000 patients), arthritis (745) and tuberculosis (300) at the Aditya Birla Rural Technology Park and at the

Hindalco Hospitals. Of the 259 patients who were physically challenged, 105 patients underwent corrective surgeries while 154 patients were fitted with artificial limps to enable them become self reliant.

Additionally, 15.26 lakh polio drops/vaccines were administered to over 5 lakh children, several of whom were also immunised against TB, diphtheria, tetanus and measles and hepatitis-B. Alongside, 80,354 women were given pre-natal and post-natal care along with escort services to institutional delivery. We were also able to convince 28948 villagers across our plants to opt for planned families and responsible parenting.

Sparking the desire to learn

This year our focus has been on the girl child and on women empowerment. As you are aware the girl child faces a long battle in our country. Not only in the rural areas, but also in cities and small towns. The consistently declining child sex ratio, that is, the number of female children per 1,000 male children in the age group of 0-6 years is a cause for concern. The 2011 census of India data has revealed that the sex ratio in the 0-6 age group is the worst since independence. In 1981, it was 971 girls for every 1,000 boys. In 1991, it came down to 927. In 2011, it is as low as 914. This is a social distortion. It can lead to severe societal problems in the country if this trend continues. Hence, the thrust on the girl child.

In collaboration with the district rural teams, we are at the forefront of the education of the girl child. Under the Sarva Shiksha Abhiyan and the Rashtrya Madhyamik Shiksha Abhiyans - Kasturba Gandhi Balika Vidyalayas (KGBV), we have been able to motivate 106 rural girls who were school dropouts to join KGBV. Motivating girls and 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. At the four Aditya Bal Vidya Mandir Schools that we run in the villages in Uttar Pradesh, of the 915 students, 421 students are girls. Likewise, our career counselling camps have benefitted 4,456 children, of which 1800 were girls.

The Government's Balwadi and Anganwadi projects at various places are running on all cylinders, in the areas in which we operate. At the balwadis that we support, we have managed to enlist 13,324 preschoolers this year. Additionally, we were able to enrol 22,526 children in the local schools.

To encourage the spirit of excellence, 11,936 students from the rural schools supported by us, were awarded scholarships.

Safe drinking water and sanitation

To provide water to the villagers 128 check dams, 95 ponds and bore wells were dug, besides setting up portable water systems. We also constructed low cost toilets for the villagers.

Sustainable livelihood

At the Aditya Birla Rural Technology Park, more than 302 programmes were conducted. The thrust was on repair and maintenance of diesel pump sets, electric and electronic goods and hand pumps. We organised a six month handicraft training course largely in making soft toys, bags, sewing, knitting and cosmetics.

Skill sets of 14,699 rural youth have been honed to enable them stand on their feet.

Training in crop diversification, floriculture demonstration, integrated pest management and post harvest technology has been a boon to 61,753 farmers.

Self Help Groups and Income Generation

We have helped set up 2,200 Self Help Groups encompassing over 26,000 women. What is most heartening is that none of these groups linked with various banks, NABARD and the District Industries Centre, have ever defaulted on the loan amount. These Self Help Groups are engaged in tailoring, weaving, knitting, crafting bamboo baskets, san sutli (ropes), vermin compost, rearing samplings, mushrooms cultivation, making pickles and spices, selling vegetables and fruits and running grocery stores.

Infrastructure Development

We have been regularly maintaining several school buildings, community halls and the premises of the Panchayat.

Model Villages

Finally, a word on our model villages. Of the 692 villages, in which we work, we have earmarked 105 villages for transformation into model villages. Up until now 30 have been transformed into 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.

A SNAPSHOT OF YOUR COMPANY'S WORK

Company's CSR activities extend to 692 villages and 12 urban slums, in proximity to its plants, across the country.

Dear Shareholders,

Your Directors are pleased to present the 53rd Annual Report alongwith the audited annual Standalone and Consolidated accounts of your Company for the year ended 31st March, 2012.

1. Financial Performance

Your Company's Consolidated Revenue crossed ₹ 80,000 crore up 12% and Consolidated Net Income is at a record ₹ 3,397 crore reflecting a rise of 38%

Financial Performance Summary (₹ Crore)

Particulars	Standalone		Consolidated	
	Year ended 31/03/2012	**Year ended 31/03/2011**	**Year ended 31/03/2012**	**Year ended 31/03/2011**
Revenue from Operations	**26,597**	**23,859**	**80,821**	**72,202**
Profit from Operations before Other Income and Finance Costs	2,415	2,467	5,320	5,169
Other Income	616	347	783	513
Profit before Finance Costs	**3,031**	**2,815**	**6,103**	**5,683**
Finance Costs	294	220	1,758	1,839
Profit before Tax	**2,737**	**2,595**	**4,345**	**3,843**
Tax Expenses	**500**	**458**	**786**	**964**
Profit before Minority Interest and Share in Associates	**2,237**	**2,137**	**3,558**	**2,879**
Share in Profit/ (Loss) of Associates (Net)	-	-	50	(57)
Profit before Minority Interest	2,237	2,137	3,608	2,822
Minority Interest	-	-	211	366
Net Profit for the Period	**2,237**	**2,137**	**3,397**	**2,456**

2. Standalone Results

Standalone Revenues for the year crossed the ₹ 25,000 crore mark and stood at ₹ 26,597 crore driven by higher volume and realisation.

Profit before Interest and Depreciation was ₹ 3,721 crore, an increase of over 6% compared to FY11, driven by higher volumes in the Aluminium business and higher TcRc in the Copper Business, alongwith improved efficiencies and higher other income.

In the Aluminium Business, there has been a significant increase in costs, especially in case of Coal (by 20%), Furnace oil (by 40%), Caustic Soda (by 25%) and Carbon (30%). The cost surge was partly offset by asset-sweating and improving operational efficiencies, coupled with better realisation. The Profit before Interest and Taxes was at ₹ 1,822 crore for FY12 compared to ₹ 2,004 crore in FY11.

In the Copper Business, revenues stood at ₹ 17,560 crore compared to ₹ 15,897 crore in FY11, due to higher LME and by-product revenue. Profit before interest and taxes was higher by 33% to ₹ 802 crore, due to improved efficiencies, higher TcRc and by-product credit, notwithstanding higher energy costs and a planned shutdown in FY12.

3. Consolidated Results

Hindalco's consolidated Revenue at ₹ 80,821 crore has been the highest ever.

Aided by better product mix and the depreciation of the Rupee Profit before depreciation, interest and taxes stood at ₹ 8,973 crore as against ₹ 8,441 crore in FY11.

Net profit attributable to the shareholders increased to ₹ 3,397 crore, up by 38% over FY11, this is primarily attributable to the strong performance at Novelis and Copper Business in India.

Despite economic headwinds, the balanced portfolio approach, low cost operation and strong value added downstream operations resulted in a commendable performance. With low cost advantage and strong downstream presence, Hindalco is well set for being the Last Man Standing and First Man Forward.

Segment Performance

Of the total annual revenue of ₹ 80,821 crore, Aluminium Business contributed to ₹ 62,059 crore, up 10% over the last year. Aluminium EBIT for FY12 remained flat at ₹ 4,495 crore vis-a-vis to ₹ 4,469 crore in FY11. The results were impacted by lower profits in Indian Aluminium operation due to macro-economic conditions.

In the Copper Business, revenue is higher at ₹ 18,364 crore, a rise of 16% from ₹ 15,882 crore in FY11, mainly on account of higher volumes, higher copper LME and by-product credits. EBIT of ₹ 1,119 crore vs. ₹ 1,082 crore in FY11.

4. Changes in Accounting Policy

Effective from the Financial Year 2011-12, the Company has changed its accounting policy for preparation of the consolidated financial statements relating to actuarial gains or losses arising out of actuarial valuation of long term employee benefits and post employment benefits with respect to one of its overseas subsidiaries (Novelis Inc.). Until the previous year, the amount of actuarial gains or losses was accounted through the Statement of Profit and Loss. Consequent to the change in accounting policy, actuarial gains or losses along with related deferred tax have been adjusted against Reserves and Surplus. This is a non-cash item. Had the Company not changed the accounting policy as above, the Employee Benefits Expenses would have been higher by ₹ 1,014.91 crore, Tax Expenses would have been lower by ₹ 299.88 crore, Net Profit for the year would have been lower by ₹ 715.03 crore and Foreign Currency Translation Reserve in Reserves and Surplus would have been lower by ₹ 44.39 crore.

5. Business Reconstruction Reserve

Pursuant to a court approved scheme of financial restructuring under sections 391 to 394 of the Companies Act 1956, Business Reconstruction Reserve (BRR) was established during 2008-09 for adjustment of certain specified expenses. Accordingly, costs in connection with exiting certain business during the year have been adjusted against the BRR in the consolidated financial statements. Had this adjustment not been done, Other Expenses would have been higher by ₹ 536.33 crore, Tax Expenses would have been lower by ₹ 35.86 crore and Net Profit for the year would have been lower by ₹ 500.47 crore. A summary of adjustments made so far against BRR is given in the following table:

(₹ in Crore)

	Standalone				Consolidated			
	2008-09	**2009-10**	**2010-11**	**2011-12**	**2008-09**	**2009-10**	**2010-11**	**2011-12**
Opening Balance		8,580.39	8,580.39	8,580.39	-	4,030.50	3,726.11	7,165.40
Add: Transfer from Securities Premium Account as per the Scheme	8,647.37				8,647.37			
Less: Adjustment made:								
(a) Impairment loss / (reversal of impairment loss) of goodwill arising on consolidation of Novelis Inc. while preparing consolidated accounts of the Group	-	-	-	-	3,597.30	-	(3,597.30)	-
(b) Impairment of fixed assets	66.80	-	-	-	111.30	-	-	-
(c) Interest and Finance Charges on loan taken by A V Minerals (Netherlands) B. V., a subsidiary of the Company, for acquisition of Novelis Inc. by the Company	-	-	-	-	544.47	304.39	158.01	-
(d) Costs in connection with exiting business	-	-	-	-	363.62	-	-	500.47
(e) Certain costs in connection with the Scheme	0.18	-	-	-	0.18	-	-	-
Closing Balance	**8,580.39**	**8,580.39**	**8,580.39**	**8,580.39**	**4,030.50**	**3,726.11**	**7,165.0**	**6,664.93**

6. Accounts of Idea Cellular Ltd.

Due to certain exceptional circumstances, the accounts of Idea Cellular Limited (Idea), one of the associates of the Company, were not available and hence could not be consolidated in the accounts for the year ended 31st March, 2011. The Consolidated accounts for the year include ₹ 62.02 crore being the share of profit of the Company in Idea relating to the year ended 31st March, 2011 resulting in the net profit for the current year being higher by the said amount.

7. Dividend

The Board of Directors of the Company have recommended a dividend of ₹ 1.55 per share aggregating to ₹ 344.89 crore (including dividend distribution tax of ₹ 48.14 crore) for the year ended 31st March, 2012.

8. Appropriations

Allocations and Appropriations of Surplus in Statement of Profit and Loss are as under:

Standalone: (₹ crore)

Surplus in the Statement of Profit and Loss	**31/03/2012**	**31/3/2011**
Balance as at the beginning of the year	350.00	300.00
Add: Profit for the year	2,237.20	2,136.92
Less: Dividend on Equity Shares	(296.76)	(287.17)
Less: Dividend Distribution Tax	(38.41)	(46.59)
Less: Transfer to General Reserve	(1,852.03)	(1,753.16)
Balance as at the end of the year	400.00	350.00

9. Growth plans underway in Aluminium

Your Company is aggressively pursuing various brownfield and greenfield growth opportunities in Aluminium as described below:

India

Project	Location	Capacity	Power Plant	Timelines
Hirakud smelter expansion	Hirakud	161 KTPA to 213 KTPA	367 MW to 467 MW	2012
Hirakud Flat Rolled Products [FRP] project	Hirakud	135 KTPA	NA	2012
Utkal Alumina [UAIL] International Limited	Rayagada, Odisha	1.5 mio-tonne Alumina Refinery with integrated Bauxite Mines	90 MW Captive Co-generation Power Plant	2012
Mahan Aluminium	Mahan, MP	359 KTPA Aluminium Smelter	900 MW CPP	2012
Aditya Aluminium	Lapanga, Odisha	359 KTPA Aluminium Smelter	900 MW CPP	2013
Aditya Alumina	Koraput, Odisha	Alumina Refinery with integrated Bauxite Mines		2014
Jharkhand Aluminium	Sonahatu, Jharkhand	Aluminium Smelter		2015

DIRECTORS' REPORT

These above smelters (Mahan, Aditya, and Jharkhand) have dedicated coal blocks. Both Utkal and Aditya Alumina have captive Bauxite mines. The Financial Closure has been already achieved for UAIL and Mahan Aluminium. The Financial Closure for debt portion of Aditya Aluminium is currently being pursued.

Mahan Coal: The Group of Ministers constituted by the Government of India to consider environmental and developmental issues related to coal mining etc, has recommended the granting of forest clearance by the Ministry of Environment & Forest [MoEF] for the Mahan Coal block on certain conditions. In this regard, further communication from MoEF is awaited.

Brazil: The previously announced expansion of the Pinda facility in Brazil is expected to be commissioned at the end of 2012. Additionally, plans to install a new coating line for beverage can end stock and to expand the recycling capacity in the Pindamonhangaba, Brazil facility are on the anvil.

Asia: The expansion of rolling and recycling capacity in Yeongju, South Korea and Ulsan, South Korea is on schedule and are expected to become operational at the end of 2013.

During the fourth quarter of FY12, an investment of $100 million into an aluminum automotive heat treatment plant in China has been announced, this will have annual capacity of approximately 120 Kt. Construction of the new facility should begin in the fall of 2012 and it is expected that the plant to be operational in late 2014.

10. Finance

Preferential warrants - The Company has allotted 150,000,000 warrants on a preferential basis to the promoters on March 22, 2012, entitling them to apply for and obtain allotment of one equity share of ₹ 1 each at a price of ₹ 144.35 per share against each such warrant at any time on or before the expiry of 18 months from the date of allotment in one or more tranches. The Company has received an amount equal to 25 per cent of the price of each such warrant.

Debenture issue - To further augment its financial resources, the Company has issued 10 year 9.55 per cent Secured Redeemable Non-Convertible Debentures for a total amount of ₹ 3,000 crore on private placement basis on April 25, 2012. These debentures are listed on the wholesale debt market segment of National Stock Exchange (NSE).

Term Loans from Banks ₹ 5,142.99 crore :

As per original loan agreement ₹ 2,146.66 crore, ₹ 2571.49 crore and ₹ 424.84 crore are repayable in FY14, FY15 and FY16, respectively. However, in exercise of its prepayment option without payment of any fees or penalty, the Company has served a notice on all lenders to prepay this loan on June 29, 2012.

11. Consolidated Financial Statements

In accordance with the Accounting Standards AS-21 on Consolidated Financial Statements read with Accounting Standard (AS) - 23 on Accounting for investments in Associates and AS-27 on Financial Reporting of Interest in Joint Ventures, the audited Consolidated Financial Statements are provided in the Annual Report.

12. Management Discussion and Analysis Report

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

13. Corporate Governance

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

14. Directors' Responsibility Statement

Your Directors affirm that the financial statements for the year 2011-12 are in full conformity with the requirements of the Companies Act, 1956. They believe that the financial statements reflects fairly, the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. These financial statements were audited by the statutory auditors of the Company, M/s. Singhi & Co., Chartered Accountants.

Your Directors further confirm that:

1) In the presentation of the financial statements, applicable Accounting Standards have been followed.

2) That the accounting policies are consistently applied, except the changes in accounting policy indicated in paragraph 4 of this report. For preparation of the financial statements certain estimates are made based on reasonable and prudent judgment so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year.

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

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

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

15. Novelis Inc. (Wholly Owned Subsidiary)

Novelis reported strong operating results in FY12 despite challenging market conditions globally. Its premium product portfolio, long-term customer base and focused business model enabled Novelis to produce solid results for the year.

Net sales for FY12 were $11.1 billion, a 5% increase compared to the $10.6 billion reported for the same period a year ago, mainly the result of favourable conversion premiums across all regions and an increase in the average aluminum prices.

Novelis's robust business model, good cost management and focus on premium products resulted in a record EBITDA per tonne of $371 for the year and the second straight year of $1 billion *plus* adjusted EBITDA. Shipments of aluminium rolled products totalled 2,838 Kt for FY12, compared to 2,969 Kt in FY11. The decrease in shipments was primarily a result of the overall economic slowdown and de-stocking by customers. The continued optimization of Novelis's footprint will improve its competitive position; these include the divesture of three foil plants in Europe and closure of an aluminum sheet mill in Canada. During the year, Novelis invested in major recycling initiatives in all four operating regions, including advanced equipment and technology to process diversified scrap inputs, which will enable the Company to achieve recycled content of 50 percent in its products by 2015.

During FY12, Novelis completed the acquisition of 31.3 percent of the outstanding shares of its Korean subsidiary for $ 344 million raising Novelis's ownership of the Korean subsidiary to 99%.

16. Aditya Birla Minerals Ltd [51% subsidiary]

The production of Copper remained flat at 59.7 Kt in FY12. Net profit for the year was AUD 27 million against AUD 57 million in FY11, impacted by lower production at Nifty on account of the decline in the mine grade (which was in line with the mining plan) and slower-than-expected ramp-up at Mt Gordon.

The performance of your Company's subsidiaries is covered elsewhere in this Annual Report.

The Ministry of Corporate Affairs, Government of India vide its Circular No.5/12/2007-CL-III dated 8th February, 2011 has granted general exemption under Section 212(8) of the Companies Act,1956, from attaching the balance sheet, profit and loss account and other documents of the subsidiary companies to the balance sheet of the Company provided certain conditions are fulfilled. The Company has satisfied the conditions stipulated in the Circular and hence is entitled to the exemption. However annual accounts of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary companies investor's seeking such information at any point of time. The annual accounts of the subsidiary companies are available for inspection by any shareholder's at the Registered office of the Company. The annual accounts of the subsidiary company is also available for inspection at their respective registered office. Further, in line with the Listing Agreement and in accordance with the Accounting Standard 21 (AS-21), the Consolidated Financial Statements prepared by the Company include financial information of its subsidiaries.

17. Employee Stock Option Scheme

The shareholders of the Company has approved on 23rd January, 2007 an Employee Stock Option Scheme ("ESOS 2006"), formulated by your Company, under which your Company may issue 3,475,000 options to its permanent employees in the management cadre, in one or more tranches, whether working in India or out of India, including its Whole Time Directors. The shareholders have also approved giving discount up to 30% of the average price of the equity shares of the Company in the immediate preceding seven day period on the stock exchange. The ESOS 2006 is administered by the Compensation Committee of the Board of Directors of the Company ("the Committee"). Each option when exercised would be converted into one fully paid-up equity share of ₹ 1/- each of the Company. The options will vest in 4 equal annual instalments after one year of the grant. The maximum period of exercise is 5 years from the date of vesting. Further, forfeited/ lapsed options are available to the Committee for grant. These options do not carry rights to dividends or voting rights till the date of exercise. Further, on 23rd September, 2011 the ESOS 2006 has been partially modified by which the Company may now issue 6,475,000 options.

However, under the ESOS 2006, so far the Committee has granted 3,545,550 options to its eligible employees in three tranches out of which 706,901 options have been forfeited/ lapsed and are available to the Committee for grant as per term of the Scheme.

The compensation cost of stock options granted to employees have been accounted by the Company using the intrinsic value method. Accordingly, Employee benefits expenses includes ₹ 1.29 crore (Previous Year ₹ 1.34 crore) being the amortization of intrinsic value for the year ending 31st March, 2012.

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

18. Particulars as per Section 217 of the Companies Act, 1956

The information relating to the conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under section 217 (1)(e) of The Companies Act, 1956, is set out in a separate statement attached to this report (Annexure B).

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

19. Fixed Deposits

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

20. Directors

In accordance with Article 146 of the Articles of Association of the Company, Mrs. Rajashree Birla, Mr. K. N. Bhandari and Mr. N. J. Jhaveri retire from office by rotation, and being eligible, offer themselves for reappointment.

During the year Mr. M. Damodaran was appointed as an Additional Director of the Company w.e.f 16th April, 2012 pursuant to Section 260 of the Companies Act, 1956.

21. Awards & Recognitions

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

1. Hindalco:CII-EXIM Bank Award 2011 (Commendation Certificate) for Business Excellence.
2. Birla Copper Dahej:IMC Ramakrishna Bajaj Quality Award 2011 (Commendation Certificate).
3. Renukoot: Non-Ferrous Best Performance Award 2010-11 by the Indian Institute of Metals, Non-Ferrous Division.
4. Birla Copper Dahej:Environment Protection Award 2011, for NP/NPK Complex Fertilizer Plants, including captive Acids, presented by the Fertilizer Association of India .
5. Renukoot: National Energy Conservation Award 2011, (2nd Prize), presented by the Ministry of Power, Government of India.
6. Renukoot:Greentech Environment Platinum Award 2011 for outstanding achievement in Environment Management, presented by the Greentech Foundation, New Delhi.
7. Renusagar:Golden Peacock National Quality Award 2011 in the Service category.
8. Renusagar:Greentech Gold Safety Award 2011 in the Power Plant category for exemplary efforts towards occupational health & safety, presented by Greentech Foundation, New Delhi.
9. Renusagar:Greentech Environment Excellence Gold Award.
10. Birla Copper Dahej: Greentech Environment Gold Award.
11. Hirakud Smelter:Odisha State Safety Conclave Award 2011.
12. Hirakud Power:CII Odisha State Award (1st Prize) for best practices in Environment, Health, Safety (ESH) for 2011.
13. Belgaum Alumina Works:Government of Karnataka State Export Excellence Award for the years 2009-10 and 2010-11, presented in March 2012.
14. Quality Circle Teams of Renukoot, Renusagar, Birla Copper Dahej and Hirakud Complex :National Quality Convention 2011 for Excellence and Distinguished performance awards.
15. Durgmanwadi, Chandgad and Lohardaga Mines Division : Awards at regional / state level, during the Mines, Safety Productivity Week, Environment Conservation Week and other such programmes.

22. Environment Protection and Pollution Control

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

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

23. Auditors

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

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

In pursuance to Section 233B(2) of the Companies Act, 1956 and Notification dated 3rd June, 2011, 2nd May, 2011 and 24th January, 2012 and Order dated 30th June, 2011, your directors have appointed M/s. R. Nanabhoy & Co, cost accountants and M/s. Mani & Co, cost accountants as Cost Auditors for auditing the Cost Accounts of the Company for Financial Year 2012-13, covering the relevant Product Groups as per the statement placed under Central Excise Tariff and for the following industries as relevant to your Company:

a) Aluminium

b) Mining & Metallurgy of Ferrous & Non-Ferrous Metals

c) Fertiliser

d) Organic & Inorganic Chemicals

e) Engineering Machinery (including Electrical & Electronic Products)

The due date for filing Cost Audit Reports for the financial year 2010-2011 was 30th September, 2011 and the same was filed by the Cost Auditors on 23rd September, 2011.

24. Appreciation

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

Your Company's employees are instrumental in your Company scaling new heights, year after year. Their commitment and contribution is deeply acknowledged.

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

For and on behalf of the Board

Mumbai
Dated 27th June, 2012

Chairman

ANNEXURE 'A' TO THE DIRECTORS' REPORT

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

	Nature of Disclosure	Particulars
a)	Options Granted	3,545,550
b)	The pricing Formula	Tranche I The exercise price was determined by averaging the daily closing price of the Company's equity shares during 7 days immediately preceding the date of grant and discounting it by 30%. (Exercise price ₹ 98.30 Per option) Tranche –II The exercise price was the closing market price, prior to the date of grant. (Exercise price-₹ 150.10 per option) Tranche –III The exercise price was determined by averaging the daily closing price of the Company's equity shares during 7 days immediately preceding the date of grant and discounting it by 30%. (Exercise price - ₹ 118.35 per option)
c)	Options vested/exercisable as at March 31, 2012	1,769,337
d)	Options Exercised during the year	144,394
e)	The total number of shares arising as a result of exercise of options	144,394
f)	Options Lapsed	–
g)	Variation in terms of options	Nil
h)	Money realised on exercise of options	₹ 1,45,76,574
i)	Total number of options in force	2,198,457
j)	Employee-wise details of options granted:	
	i) Senior Managerial Personnel:	Mr. D Bhattacharya – 9,70,100
	ii) Any other employee who received a grant in any one year of option amounting to 5% or more of options granted during that year	Nil
	iii) Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil
k)	Diluted Earnings per share	NA
l)	Difference between the employee compensation cost computed using intrinsic value of the stock options, and the employee compensation cost that shall have been recognised, if the fair value of the options was used.	₹ 1.34 crore

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

	The impact of this difference on profits and on EPS of the Company	The effect of adopting the fair value on the net income and earnings per share for 2011-12 is as presented below	
			₹ crore
		Particulars	**2011-12**
		Net Profit as Reported	2,237.20
		Less: Dividend on Preference Shares (including Tax)	0.00
		Net Profit attributable to Equity Shareholders	2,237.20
		Add: Compensation cost under ESOS as per intrinsic value included	1.29
		Less: Compensation cost under ESOS as per fair value	-2.63
		Proforma Net Profit	2,235.86
		Weighted average number of Basic Equity Shares outstanding	1,914,479,614
		Weighted average number of Diluted Equity Shares outstanding	1,914,681,184
		Face value of Equity Shares (in ₹)	1
		Reported Earning per Share (EPS):	
		Basic EPS (in ₹)	11.69
		Diluted EPS (in ₹)	11.68
		Proforma Earning per Share (EPS):	
		Basic EPS (in ₹)	11.68
		Diluted EPS (in ₹)	11.68
m)	i) Weighted-average exercise prices and weighted average fair values of options whose exercise price equals the market price of the stock	**Options granted under Tranche-II** Exercise price (₹) 150.10 Fair value (₹) 57.11	
	ii) Weighted-average exercise prices and weighted average fair values of options whose exercise price is less than the market price of the stock	**Options granted under Tranche-I** Exercise price (₹) 98.30 Fair value (₹) 65.78	**Options granted under Tranche-III** Exercise price (₹) 118.35 Fair value (₹) 102.96
	iii) Weighted-average exercise prices and weighted average fair values of options whose exercise price exceeds the market price of the stock		
n)	A description of method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information: i) Risk free Interest rate (%) ii) expected life (No. of Years) iii) expected volataility (%) iv) dividend yield (%) v) the price of the underlying shares in the market at the time of option grant	8 5 Tranche I 34% Tranche -II 37% Tranche -II 53% Tranche I & II ₹ 170 Tranche I ₹ 138.95 Tranche -II ₹ 150.10 Tranche -II ₹ 173.65	Tranche III ₹ 135

ANNEXURE 'B' TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

Ever rising energy cost has brought to forefront the role of energy conservation in industries. Conservation of environment has also assumed greater significance in today's world. Conservation of Energy thus serves as a two-way boon by not only reducing cost of production but also helping us to do our bit for the environment. Your Company as a corporate entity is always committed in the endeavor of Conservation of Energy. The Company's well-established Energy Policy followed across all its units has gone a long way in conserving energy. The Company has a well defined Energy Management Organization Structure, with a Bottom Up, & Top Down approach to channelize this Energy Policy. Every unit of Your Company has trained professionals to implement this policy. The walk-through & detailed energy audits, suggestion scheme, quality circles and WCM committees are some of the measures put in place to ensure participation across the hierarchy from workmen to top executives. Through the suggestion scheme employees are encouraged to give suggestions and to get involved in Energy Conservation initiatives. Suggestions with significant merit are suitably rewarded under the well-established reward & recognition system. Your Company as corporate entity focuses not only on employees of company but also for the society.

The Company has dedicated Energy Cells with Energy Manager / Energy Auditor Certified by "**Bureau of Energy Efficiency**", who are responsible for planning energy conservation initiatives, tracks latest technological developments in the field of energy conservation, review and make suggestions for implementing such initiatives in the operating plant as well as in new projects. Efforts to optimize process parameters modernize & upgrade technology as well as equipments, with the objective of increasing Energy productivity are continuous and ongoing.

Company's efforts in conservation of energy has, for past many years, been recognized and rewarded by the coveted **"National Energy Conservation Awards"** constituted by Ministry of Power, Government of India. Renukoot unit of your Company's Aluminium business has again repeated the success story by bagging the Second Prize in the "National Energy Conservation Awards" instituted by the Ministry of Power, Government of India for the year 2011.

The Bureau of Energy Efficiency (BEE) under the aegis of Ministry of Power, Government of India has also launched "Perform Achieve & Trade" scheme across eight manufacturing sectors to minimize energy wastage and incentivize those who are energy efficient. Every company has been given a target as regards their specific energy consumption. Your company is well aware and committed to achieve the target as notified by BEE.

a. ENERGY CONSERVATION MEASURES TAKEN

GENERAL MEASURES

i. Replacement of convectional light with CFL / LED.

ii. Replacement of conventional ballast by electronic ballast.

iii. Installation of occupancy sensor in toilets, department canteens.

iv. Modification in lighting circuit for ON/OFF control of lights.

v. Interlocking of Cooling Tower fan motor through temperature switch.

vi. Installation of capacitor banks to improve power factor.

vii. Installation of small PLC logo in office AC system to avoid idle running.

viii. Motor HP rationalization.

ix. Installation of transparent sheet in roof to utilize the natural light.

x. Interlocking of auxiliary equipments with main equipment.

xi. Regular walkthrough audit of Steam and compressed air lines to avoid the losses.

xii. Regular monitoring and benchmarking of Energy Intensive equipments.

xiii. Optimization of AC unit running time as well as temp setting.

xiv. Energy audit from external agencies.

xv. Optimum utilization of Energy through process redesigning as well as maximum utilization of equipment that offers improved energy efficiency.

1. ALUMINA PLANTS:

i. Installation of Energy efficient motor for vanadium plant Freon compressor and fine seed re-slurry pumps (4 nos.).

ii. Installation of VFD for PT feed area slurry disposal pump & PD overflow re-circulation pump # 2.

iii. Installation of VFDs for B. M. # 2 G.M.D.Pump (N) & (S) & B.M. # 3 G.M.D. Pump (N).

iv. Installation of VFDs for Slurry disposal pumps North side.

v. Installation of Lighting Transformer in Evaporation # 3 MCC to optimize voltage.

vi. Motor rating optimization (Old drum filter filtrate pump # N, 120 hp motor replaced by 60 hp motor).

vii. Interlocking of Cooling Tower fan motor through temperature switch (FLS, FCB and New ISC CT Fan).

viii. Installation of VAM unit in place of Ammonia compressor.

ix. Relocation of ISC Cooling Tower to reduce head loss.

x. Process Modification to bypass Test Tanks in LTD saving agitator power.

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

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

xiii. Use of Mechanical seal in Slurry Pumps to reduce evaporation load.

xiv. Reduction in steam consumption by optimize evaporation rate.

xv. Reduction in steam consumption by utilizing 4th effect and reduced make up water consumption by utilizing condensate recovered from 3rd effect in power plant.

xvi. Recycling of TG flashed steam condensate to utilize sensible heat of condensate.

xvii. Utilization of flashed steam to pre heat Red Mud Pond water & PDS Slurry.

2. SMELTERS:

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

ii. Introduction of low Carbon steel collector bar to reduce CVD.

iii. Increased cross section area of anode ring bus bar.

iv. Modification in DSS line-5 to 11 dry air header to reduce pressure drop from 0.8 to 0.4 Kg/cm2.

v. Stopping of pot air slide fan by header interconnection with main air slide fan in pot line- 1,2,3.

vi. Mechanical locking system provided for center punch holding in 200 pots of Pl-2.

vii. Dry air header modification in DSS line # 4 for pressure reduction of compressed air System.

viii. Installation of small bag house for ore bucket filling in Bath Crushing and stop existing big one.

ix. Trimming of DSS ID fan's impeller of pot line-3 to reduce power consumption.

x. Pressure regulator installed in pot line-4, 5, 6, 7 to reduce compressed air consumption.

xi. GOAT Conductor of 132 KV Hindalco-Renusagar TL#1&2 has been replaced with AL-59 Scorpion conductor to reduce transmission losses.

xii. An air opening has been made in AHU rooms of Centralized AC units to allow cold ambient air inside the building for cooling, during winter season. Only AHU units will be in operation and compressors will be switched off.

xiii. Old 60 MVA transformer has been replaced with new 75 MVA transformer to minimize losses in transformer.

xiv. After necessary modification in water pipe line & control circuit one pump of cooling tower#3 at Rectifier-II has been switched off and one pump of cooling tower#1 was switched off during winter.

xv. 2 Nos aluminum bus bar added on line at "Y" joint between Rectifier and First pot of PL#1 through CADWELD technique to minimize losses in Bus bar.

xvi. Replacement of inefficient Old air conditioners of guest house with new energy efficient air conditioners.

3. FABRICATION PLANTS:

i. In basement MCC,MCC52 C & D Filament type lamps replaced by LED type indication lamp.

ii. In Slitting line#B cone drive hydraulic motor stopped when line not in operation.

iii. Die shop encloser (10TL) lightings made off by door limit switch.

iv. Modify the mounting height of Die shop 40 Nos TL to improve ILER.(40 TL fitting *2 TL each).

v. VFD provided in the coolant supply pumps motor at BCM (100HP) and BHM (150HP) for reducing the speed of motor when mill not in running condition.

vi. VFD (100HP) provided for the compressor unit at Plant 2.Speed of compressor could be reduced when pressure demand at mill is less.

vii. VFD (100HP) provided in the coolant supply pumps at DCM for reducing the speed of motor when mill not in running condition.

viii. VFD (225 HP) provided at the main pump motor for the Press # 3 closed loop control. Speed of the motor reduced during off cycle.

ix. VFD (225 HP) provided at the main pump motor on the Press # 5. Speed of the motor reduced during off cycle.

x. VFD (40 HP) provided in Stretcher of Press #5 for reducing the speed of motor as per process requirement.

xi. "In aging furnace 1 & 2 speed of the blower motor reduced using the VFD's resulting to the energy savings.

xii. Provision for interlocking arrangement in all the Conveyors in Bronx Cut - to - Length Line to stop running when the product is not being processed.

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

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

xv. Logic to be developed to stop the motors when the Line is stopped in Roll Forming Line.

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

xvii. In DC # 2 Vapor Exhaust Fan (7.5 HP) stopped when not required by providing one interlock with casting process.

xviii. Replacement of old – circulating fan motors at Batch annealing furnace by energy efficient motors.

xix. Replacement of one reciprocating compressor by screw compressor to reduce power consumption.

4. POWER PLANTS / CO-GENERATIONS UNITS:

i. Coal drier system installed to reduce coal moisture through utilisation of hot air.

ii. 2 Nos. additional coils provided in economizer lower bank of boiler #5 to reduce the APH Outlet temperature Use of Thermact Chemical in coal for improving efficiency in Boiler #4.

iii. Installed 40 Nos. FCUs in VFD Control rooms to replace the Window ACs.

iv. Replaced inefficient BFP# 5A, 6B & 7B with efficient pumps.

v. Installed Capacitor Bank in plant & colony to improve the Power factor.

vi. Replacement of inefficient motor of CEPs Unit #3, 4 & 5 with efficient motor.

vii. Replaced old Condensate Extraction Pump of Unit #3 with efficient pump.

viii. Installed low pressure service air header to reduce head loss.

ix. Installed VFD in all coal feeders of Boiler Nos.1, 3, 5 & 8 for improving system efficiency & reliability.

x. Operation of 2 Units (TG #5&6) with single Cold Well Pump during winter.

xi. Modification in PA duct opening in Boiler #5 Air Pre heater to improve preheated air temperature.

xii. Operation of single PA Fan instead of Two Fans in Boiler #5.

xiii. Reduced ash evacuation time from 18 Hrs to 12 Hrs in Boiler #9 & 10 by optimization of operating parameters.

xiv. Commissioned Heatless air drier in place of purge loss drier in Unit #6,7 & 8.

xv. Replacement of electric operated AC system with VAM system in Administrative Building.

xvi. Optimised Plant area lighting voltage.

xvii. Installed 3 Nos. CO Analyzer in Boiler # 1, 2 & 3 for monitoring of proper fuel combustion & operational reliability of the plant.

xviii. Installed industrial rain shed over crushed coal yard of CHP-I to improve Cola quality.

xix. Installation of 6 Nos. VFD in Cooling Tower Fans and PA Fan.

5. FOILS DIVISIONS:

i. Separation of Lubricating Oil tank of Mills M-50 & M-51 for eliminating 2 nos. pumps from the circuit to save power.

ii. Power factor improvement from 0.94 to 0.98 by putting capacitor banks.

iii. Modification in Hot air Generator of DBL machine to save power.

6. COPPER DIVISION:

i. Installed VFDs in CPP Boiler-4 ID Fan, Smelter III , Boiler Feed Water Pump and 2 nos FRJS Scrubber Pump.

b. ADDITIONAL INVESTMENT AND PROPOSALS BEING IMPLEMENTED

1. ALUMINA PLANTS:

i. Installation of 9 nos. VFDs in Washer # 1, 2 & 3 under flow pumps.
ii. Installation of 2 nos. in VFDs for HID spent liquor pumps # 1 & 2.
iii. Installation of VFDs & LT motors for Slurry dosing pumps # 1 & 2.
iv. Ball Mill loading to increase up to 110% from existing 97%.
v. Existing Air Nozzle to replace from modified Nozzles for reduction in Air consumption.
vi. Evaporation unit II VT pumps to upgrade to avoid duplicate running.
vii. To provide VFD in Washer # 1 over flow pump, Slurry disposal pump & ISC slurry discharge pump.
viii. Unit IV idle lying Geho pump to utilize for liquor pumping in place of CP, BP, and IP.
ix. To introduce Shell side acid cleaning system to improve heat transfer rate.
x. To install New tube bundles to increase heat transfer area in Unit III PSH, MP liquor heaters and New bigger heaters for Slurry and liquor side.
xi. Digestion unit III tail end liquor heaters' tube bundle to replace with new.
xii. Cake relay tank #2 piping modification to avoid running of agitator.
xiii. To modify compressed air network.
xiv. Conversion of Kilns from Furnace oil to Gas heating.
xv. Use of Mechanical Seals for liquor pumps in 13A evaporator section.
xvi. Boiler blow down steam recycling & Heat Recovery.
xvii. Reduction in steam consumption through introduction of isolation in misc. headers.
xviii. Installation of VFD in Cooling Tower pump motor.

2. SMELTERS:

i. Air washer to be installed for centrifugal compressor to reduce specific power.
ii. Redesigning of bag house of line-5,6 DSS to reduce pressure drop.
iii. To reduce compressed air consumption of tapping by providing regulators in tapping air line in line - 9, 10 & 11.
iv. To reduce power consumption of alumina transfer system by replacing existing air slide fan with lower capacity fan.
v. Installation of lower size impeller in pot line-6 DSS Id Fan to reduce power Consumption.
vi. Mechanical locking arrangement for center punch holding in next 400 pots.
vii. Siphon of metal tapping is to be modified for creating vacuum in siphon instead of whole cruce.
viii. Replacement of pneumatic jack hammer, grinder and drill machine by electric.
ix. Operated for out side pot activity to reduce air consumption.
x. Replacement of two running ID fan of DSS line-4 pilot plant with bigger size fan.
xi. Installation of airlift tank in bath crushing for alumina tanker unloading to reduce the compressed air consumption.
xii. Pot voltage reduction through multiple actions like Yoke, Clamp & Anode Effect control.
xiii. Provision of Twin-Zebra conductor on 132 KV Renusagar-Hindalco transmission lines TL #5 & #6 to reduce transmission losses.

xiv. Installation of 300 KW Solar Power Plant and Solar area lights for utilization of renewable energy sources.

xv. Installation of 40 MVAR Capacitor Bank for reduction in losses.

xvi. Installation of power factor correction equipment to improve power factor at compressor feeder.

xvii. Replacement of old 60 MVA regulating transformer of PL#2 with new 75 MVA transformer to minimise losses in transformer.

xviii. Replacement of conventional air conditioning system with the inverter type split air conditioning system at the guesthouse to reduce energy consumption.

xix. Replacement of Line- 2 & 3 Rectifier with efficient rectifier.

3. FABRICATION PLANTS:

i. A.F # 1 & 2 during soaking, fan speed could be reduced up to 50% in place of 20% by using VFD.

ii. In Slitting Line & Blue star CTL lines two no. Auxiliary pumps run continuously. At least one pump could be stopped during line run if NRV or some other arrangement to avoid the pressure drop is provided.

iii. In Blue Star CTL & STL line edge guide hydraulic pumps could be stopped during line run if edge guide is selected in manual mode.

iv. In Scrap baller motors of old STL (40 HP) & Bronx (25HP) VFD to be installed to align the speed as per line speed.

v. CFL to be installed in stairs and toilets of fabrication plant 1 & 2.

vi. In Annealing furnace#1, speed of the blower motor can be reduced in the soaking phase using the VFD's resulting to the energy savings (2x50HP Motors).

vii. In 50mm Shear Hydraulic pump motors could be stopped when not in operation.

viii. Use of Emulsion Technology in Billet Casting Furnace to reduce Furnance Oil consumption.

ix. Installation of Oxy-fuel burner system in S3 furnace of cast house to reduce Furnance Oil consumption.

x. Re insulation of Batch Annealing Furnace no.5 to reduce radiation losses.

xi. Up gradation of un-coiler back tension through regenerative braking in Cut-to-length line.

xii. Hydraulic circuit modification in Hot Mill for energy savings.

xiii. Optimizing the Cycle time of 3 nos. annealing furnaces by retrofitting with VFDs.

xiv. Installation of Regenerative Burners in Recycling Furnace to recover waste heat.

xv. Revamping of one Soaking Pit Furnace.

xvi. Replacement of inefficient old motors with energy efficient motors at various places.

xvii. Installation of VFD at melting furnace combustion & atomizing blowers to maintain proper air / fuel ratio to save power and fuel as well.

4. POWER PLANTS / CO-GENERATION UNITS:

i. Enhancement of Boiler Efficiency and reducing heat rate by modification of Super-heater of Boiler #3 & 4.

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

iii. Renovation and Modernization (R&M) of Economizer of Boiler # 5,6,7, 8 & Spare Boiler by installing Green Economizer for enhancing boiler efficiency thereby reducing Coal Consumption in Boilers.

iv. Installation of wide range Coal Burners in all the Boilers.

v. Installation of Waste Heat Recovery System.

vi. Use of Thermact Chemical in coal for improving efficiency in Boiler #3 & 4.

vii. Installation of Solar water heating system for heating deaerator water.

viii. Installation of smaller size CW Pumps in Unit no. 1, 2, 3, 7, 8, 9 & 10 for operation during winter season for about 120 days.

ix. Revamp of 8 Nos. CW pumps by erosion resistant coating and improving efficiency.

x. Replacement of in-efficient fan impeller of PA Fan of Boiler #5 & Spare Boiler.

xi. Installation of dry ash disposal system in Boiler #9 & 10 in place of wet system.

xii. Modification in Boiler Feed Pump impeller of TG #9 & 10 along with mechanical seals.

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

xiv. Replacement of old and high wattage lights with "LED" based lights in CHP tunnel & bunker area.

xv. Modification of oil firing system of Spare Boiler by installation of HEA rod in oil gun.

xvi. Construction of industrial rain shed over crushed coal yard of CHP-II & III.

xvii. Stage wise replacement of Air Heater tubes in Boilers to recover max waste heat.

xviii. Installation of VFD in Boiler 3,4,5,6 & 7.

xix. Controlling of coal moisture by putting another rain shed in coal yard.

xx. Trial & implementation of Advanced Boiler process control.

5. FOILS DIVISIONS:

i. Installation of separate transformer for lighting system.

ii. Revamping of Rolling Mill M50 Coolant Spray System.

iii. Revamping of Medium Gauge Slitter.

iv. Replacement of BETA Gauge by X – ray Gauge in Mill no. Q4.

6. COPPER DIVISION:

i. Installation of variable frequency drive on PA and ID fan for Boiler -1 (CPP 1&2) to save power.

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

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

ANNEXURE "B" TO THE DIRECTORS REPORT

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

FORM A

A. Power & Fuel Consumption	2011-12	2010-11
1 Electricity		
a) Purchased from SEB's		
Units (KWH in thousands)	347,139	287,916
Total Amount (₹ in crore) (excluding	204	152
Minimum Demand Charges)		
Rate/Unit (₹)	5.89	5.27
b) Own Generation		
i) Through Steam Turbine/Generator		
Units (KWH in thousands)	9,789,805	9,589,168
Cost/Unit (₹) (Coal & Fuel only)	1.65	1.43
ii) Through Diesel Generator		
Units (KWH in thousands)	728	1,576
Cost/Unit (₹)	15.62	12.46
2 Steam Coal (for Generation of Steam)		
Quantity (Tonnes)	8,880,428	9,730,685
Total Amount (₹ in crore)	1,727	1,502
Average Rate (₹)	1,944	1,543
3 Furnace Oil (Fuel Oil,L.D.Oil,HSD Oil)		
Quantity (KL)	198,594	213,702
Total Amount (₹ in crore)	694	555
Average Rate (₹)	34,939	25,984
4 Steam (Purchased)		
Quantity (Tonnes)	31,882	225,797
Total Amount (₹ in crore)	1	5
Average Rate (₹)	185	206

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

		Unit	2011-12	2010-11
1	Aluminium Metal (including Alumina)			
	Electricity	kwh	15,882	16,130
	Furnace Oil	Litres	200	210
	Steam Coal	MT	1.630	1.530
2	Redraw Rods (including Alloy Rods)			
	Electricity	kwh	53	55
	Furnace Oil	Litres	20	20
3	Fabricated Products (Rolled & Extrusion)			
	Electricity	kwh	1,024	1,019
	Furnace Oil	Litres	66	63
4	Aluminium Foil			
	Electricity	kwh	1,119	1,234
5	Copper Cathodes			
	Electricity	kwh	1532	1539
	Furnace Oil	Litres	12	15
	Propane	Kg	0.11	0
	Naptha	Kg	0.68	0.04
	RLNG	SCM	91	84
6	Copper Rods			
	Electricity	kwh	62	60
	RLNG	SCM	48	48
7	Di Ammonium Phopate (DAP/NPK)			
	Electricity	kwh	186	179

ANNEXURES 'B' TO DIRECTORS' REPORT

B. TECHNOLOGY ABSORRPTION

Efforts made in Technology Absorptions

RESEARCH AND DEVELOPMENT (R&D)

FORM B

A. ALUMINIUM BUSINESS

(a) Specific areas in which R & D has been carried out:

- Recovery of reduction grade alumina from dross.
- Inspection system development for critical extrude for auto sections and Bus Bars etc.
- Development of higher conductivity wire rods.
- Development of high strength tape and finstock foil.
- Modification of manufacturing process closure and can body stock.
- Product development for profile for roofing sheet application.
- Improved coating method development for blister coated foil and AC finstock application.
- Evaluation of fusion technology for clad products.
- Information system integration to deliver customer wise at Plant to down level people.
- Productivity improvement by casting in 20" thick moulds.
- Cooling system and screw system improvement to get better shape of output material in Q4 mill.
- Automation level improvement in RC machine.
- Process optimization for digestion efficiency by use of Low grade Bauxite.
- Comparative study of TAA in Bauxite with newly established method.
- Experiments have been carried out for TCA (Tri Calcium Aluminate) formation for improved mud filtration and better product quality.
- Dozing process optimization by addition of Lime and PAC for better water treatment.
- Estimation of Fluoride loss at elevated temperature in pouring area bath material.
- Improve Alumina feed control to arrest pot leakage and modify Anode lifting arrangement to avoid hazards in operations.
- Development of very low soda ceramic alumina and high flowability milled specialty alumina.
- Development of alternative additive products for the Bayer process.
- Reduction of smut level in concast coil.

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

- Increase in Market share.
- Saving in operational cost through improved recovery and reduce down time.
- Reduction in energy intensity and GHG emission.
- Customer satisfaction improvement through information system integration.

(c) Future plan of Action-

- To continue to work on identifying opportunities for cost reduction, process improvement and energy reduction projects.

- Further integration of CRM Module to make it operational.
- Development of new products for finstock, blister foil and coating materials for PP caps.
- Revamping of MG Slitter machine to eliminate the crease problem in converted foil.
- Development of simulation models for preheating and melting furnaces.
- New profile design for roofing and side cladding sheets.
- Development of improved anodes for better mechanical and electrical properties.
- Development of new flocculents and other additives to enhance performance.
- Development of lubricants for casting process.

B. COPPER DIVISION

(a) Specific area in which R&D has been carried out:

- Master alloy addition in Anode furnace.
- Using PAP condensate in Sulfuric acid plant Absorption and Cooling Tower.
- Optimization of Current Density in Refinery.
- Instituted practice of copper concentrate blend planning.
- Installation of VFD in boiler feed pump, FRJS pump and PA fan of Power plant .
- Modification and replacement of collecting plate of electrostatic precipitator.
- Modification of Flash Cooler in Phosphoric acid plant.
- Improvement in design of impeller in concentration section of Phosphoric acid plant.

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

- Improved product quality and better operational control at Refinery.
- Water conservation in plant.
- Improvement in productivity and quality of Copper Cathode.
- Better control over impurities as well as increase in through-put.
- Energy Conservation.
- Better operational control and process reliability.
- Improvement in plant availability.
- Improvement in productivity and concentration of phosphoric acid.

(c) Future plan of Action-

- Nickel Recovery from Refinery Electrolyte.
- Pure Tellurium Production from Anode Slime.
- Slow Cooled Converter Slag Flotation Project.

Expenditure on R & D

(₹ crore)

	2011-12	2010-11
a) Capital	2.40	0.13
b) Recurring	7.13	5.89
c) Total (a+b)	9.53	6.02
d) Total R & D Expenditure as % of Total Turnover	0.04%	0.03%

Technology Absorption, Adaptation and Innovation

(i) Efforts in brief

The company has improved quality and fuel efficiency, reduced cost of production and introduced new products into the market through technology absorption.

(ii) Benefit derived

Emergence of the company as a very competitive player in Aluminium and Copper business.

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

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

C. FOREIGN EXCHANGE EARNINGS & OUTGO

a) Activities related to Exports

Exports during the year were ₹ 7,856.60 crore.

b) Total Foreign Exchange used and earned

Foreign exchange used ₹ 16,894.69 crore.

Foreign exchange earned ₹ 7,856.64 crore.

FINANCIAL STATEMENTS

We have audited the attached Balance sheet of **HINDALCO INDUSTRIES LIMITED** as at 31st March, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

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

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

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

4) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act,1956.

5) On the basis of the written representations received from the directors as on 31st March, 2012 and 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 clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

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

   (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;

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

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

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

Camp: Mumbai
Dated: the 27th day of June, 2012

RAJIV SINGHI
(Partner)
Membership No. 53518

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

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

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

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

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

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

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

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

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

IV. On the basis of checks carried out during the course of audit and as per explanations given to us, we are of the opinion that there is adequate internal control system commensurate with the size of the Company and the nature of its business; for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the records of the Company and according to the information and explanation given to us, no major weakness has been noticed or reported in the internal controls.

V. (a) In our opinion and according to the information and explanation given to us, the transactions that need to be entered into register maintained under Section 301 of the Companies Act, 1956 have been so entered.

(b) As per the information and explanations give to us and the records of the Company examined by us, there are no contract or arrangements made for transactions exceeding ₹ 5,00,000 in respect of each party, for sale and purchase of goods and services in pursuance of Section 301 of the Companies Act,1956.

VI. The Company has not accepted any deposit from the public within the meaning of Section 58A and 58AA of the Companies Act 1956 and the rules framed thereunder.

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

VIII. We have broadly reviewed the books of accounts maintained by Company in respect of product, where pursuant to the rule made by the Central Government of India the maintenance of cost records has been prescribed under section 209 (1) (d) of the Companies Act 1956 and are of the opinion that, prima facie,the prescribed records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

IX. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us and the records of the Company examined by us, no undisputed statutory dues as above were outstanding as at 31st March, 2012 for a period of more than 6 months from the date they became payable.

(b) According to the information and explanations given to us, the dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax and Cess which have not been deposited on account of any dispute and the forum where the dispute is pending as on 31st March 2012 are as under:

Name of the Statue	Nature of Dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where the disputes are pending
Central Sales Tax Act and Local Sales Tax Act	Sales Tax	10.19	1986-1987, 1989-1990, 1990-1991, 1992-1993, 1995-1996, 2003-2004, 2004-2005, 2005-2006, 2006-2007	The High Court
		10.74	1998-1999, 1999-2000, 2000-2001, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009	Tribunal
		22.61	1991-1992, 1994-1995, 1996-1997, 1997-1998, 1998-1999, 1999-2000, 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-11	Asst. Commissioner/ Commissioner/ Revisionary Authorities Level
The Central Excise Act, 1944	Excise Duty	155.31	2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008	The Supreme Court
		26.17	1992-1993, 1994-1995, 2000-2001, 2001-2002, 2002-2003, 2008-2009, 2009-2010, 2010-2011, 2011-2012	The High Court
		26.66	1988-1990, 1991-1992, 1993-1994, 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010- 2010-2011	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
		45.04	1987-1988, 1997-1998, 1998-1999, 1999-2000, 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010	Asst. Commissioner/ Commissioner/ Revisionary Authorities Level
The Service Tax under the Finance Act, 1994	Service Tax	18.42	1997-2000, 2004-2011	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
		5.77	2001-2002, 2005-2006, 2006-2007, 2008-2009, 2009-2010, 2010-2011	Asst. Commissioner/ Commissioner/ Revisionary Authorities Level
The Customs Act, 1962	Customs Act	20.46	2003-2004, 2004-2005, 2005-2006 and 2006-2007, 2011-2012	Asst. Commissioner/ Commissioner/ Revisionary Authorities Level
Adhosanrachna Vikas Evam Parayavaran Upkar Adhiniyam, 2005	Chhattisgarh Development and Environment Cess	0.34	2005-2012	The Supreme Court
Shakti Nagar Special Area Development Authority	Cess on Coal	7.56	1997-2012	The Supreme Court

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

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

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

XIII. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.

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

XV. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given Corporate guarantees for loans taken by its Subsidiaries and Joint Ventures from Banks and Financial Institutions (including foreign banks) are not prima facie prejudicial to the interest of the Company.

XVI. Based on information and explanations given to us and records of the Company examined by us, in our opinion, the term loans have been applied for the purpose for which they were obtained. Though unutilized funds which were not required for immediate use for capital expenditure have been temporarily invested in mutual funds / bank deposit.

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

XVIII. During the year under Audit, the Company has not made preferential allotment of equity shares. However the Company has made preferential allotments of warrants to Companies covered in the register maintained under Section 301 of the Companies Act. The Price at which the warrants have been issued has been determined as per the Securities and Exchange Board Of India (Issue Of Capital and Disclosure Requirements) Regulations, 2009 which in our opinion is not prejudicial to the interest of the Company.

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

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

XXI. During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practice in India, and according to the information and explanations given to us, we 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 cases by the Management.

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

Camp: Mumbai
Dated: the 27th day of June, 2012

RAJIV SINGHI
(Partner)
Membership No. 53518

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

(₹ Crore)

	Note No.	As at 31/03/2012	As at 31/03/2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	'2'	191.48	191.46
Reserves and Surplus	'3'	31,299.68	29,508.64
Money received against Share Warrants	'4'	541.31	-
		32,032.47	**29,700.10**
Non-Current Liabilities			
Long-term Borrowings	'5'	11,115.13	5,147.54
Deferred Tax Liabilities (Net)	'6'	1,224.56	1,287.49
Other Long-term Liabilities	'7'	953.10	290.50
Long-term Provisions	'8'	287.32	268.07
		13,580.11	**6,993.60**
Current Liabilities			
Short-term Borrowings	'9'	3,456.78	3,890.35
Trade Payables	'10'	4,659.77	4,082.95
Other Current Liabilities	'11'	998.61	1,053.91
Short-term Provisions	'12'	919.88	815.43
		10,035.04	**9,842.64**
		55,647.62	**46,536.34**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	'13'	7,125.95	7,560.69
Intangible Assets	'14'	24.25	23.69
Capital Work-in-Progress		16,256.70	6,030.32
Intangible Assets under Development		0.24	0.09
Non-Current Investments	'15'	13,503.70	13,049.66
Long-term Loans and Advances	'16'	2,249.53	3,942.59
Other Non-Current Assets	'17'	7.81	0.10
		39,168.18	**30,607.14**
Current Assets			
Current Investments	'18'	4,583.40	5,197.09
Inventories	'19'	7,742.86	7,651.40
Trade Receivables	'20'	1,427.45	1,255.49
Cash and Bank Balances	'21'	722.30	233.39
Short-term Loans and Advances	'22'	1,647.65	1,344.75
Other Current Assets	'23'	355.78	247.08
		16,479.44	**15,929.20**
		55,647.62	**46,536.34**
Significant Accounting Policies	'1'		

The accompanying Notes are an integral part of the Financial Statements

As per our report annexed.
For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 27th day of June, 2012

Praveen Maheshwari
CFO

Anil Malik
Company Secretary

For and on behalf of the Board of Hindalco Industries Limited

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

(₹ Crore)

	Note No.	Year ended 31/03/2012	Year ended 31/03/2011
INCOME			
Gross Revenue from Operations	'24'	28,296.96	25,348.12
Less: Excise Duty		1,700.18	1,488.91
Net Revenue from Operations		**26,596.78**	**23,859.21**
Other Income	'25'	615.79	347.49
Total Income		**27,212.57**	**24,206.70**
EXPENSES			
Purchases of Stock-in-Trade	'26'	205.98	522.22
Cost of Raw Materials Consumed	'27'	17,843.08	15,530.94
Changes in Inventories	'28'	(407.31)	(394.67)
Employee Benefits Expenses	'29'	1,113.35	1,040.39
Power and Fuel	'30'	2,870.67	2,221.48
Finance Costs	'31'	293.63	219.96
Depreciation and Amortization	'32'	689.97	687.48
Other Expenses	'33'	1,866.25	1,784.16
Total Expenses		**24,475.62**	**21,611.96**
Profit before Tax		**2,736.95**	**2,594.74**
Tax Expenses:	'34'		
Current Tax		562.68	555.68
Deferred Tax		(62.93)	(97.86)
Profit for the year		**2,237.20**	**2,136.92**
Earnings per Equity Share:	'35'		
Basic (₹)		11.69	11.17
Diluted (₹)		11.68	11.16
Significant Accounting Policies	'1'		

The accompanying notes are an integral part of the Financial Statements

As per our report annexed.
For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 27th day of June, 2012

Praveen Maheshwari
CFO

Anil Malik
Company Secretary

For and on behalf of the Board of Hindalco Industries Limited

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

STANDALONE FINANCIAL STATEMENTS

(₹ Crore)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax	2,736.95	2,594.74
Adjustment for :		
Finance costs	293.63	219.96
Depreciation and Amortization	689.97	687.48
Unrealized Foreign Exchange (Gain) / Loss (Net)	52.38	(35.93)
Employee Stock Option	1.29	1.34
Provisions / (Provisions written-back) - Net	(39.92)	(31.89)
Loss / (gain) on Derivative transactions (Net)	(3.34)	61.45
Provision / (write back) for diminution in carrying cost of Investments (Net)	0.88	5.15
Investing Activities (Net)	(562.89)	(317.17)
Operating profit before working capital changes	3,168.95	3,185.13
Changes in working Capital:		
Change in Inventories	(91.46)	(1,730.78)
Change in Trade and other Receivables	(1,018.06)	(61.95)
Change in Trade and Other Payables	532.12	1,601.39
Cash generation from Operation	2,591.55	2,993.79
Payment of Direct Taxes (Net of Refunds)	(469.48)	(736.42)
Net Cash Generated/ (used) - Operating Activities	**2,122.07**	**2,257.37**
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(7,168.16)	(5,749.36)
Sale of Fixed Assets	11.20	6.92
Purchase of shares of Subsidiaries (Net)	(520.94)	(255.23)
Return of Capital from Subsidiary (Net)	66.86	2,921.34
Sale of Investments (Net)	623.67	553.07
Loans / Repayment of Advances & Loans from Subsidiaries (Net)	70.04	0.34
Interest received	94.09	67.71
Dividend received	456.28	291.18
Net Cash Generated/ (used) - Investing Activities	**(6,366.96)**	**(2,164.03)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares (net of expenses)	1.46	9.09
Proceeds from issue of Share Warrants	541.31	-
Proceeds of Long Term Borrowings	5,969.11	-
Repayment of Long Term Borrowings	(1.53)	(3.16)
Proceeds /(Repayment) of Short Term Borrowings (net)	(433.58)	904.55
Finance costs paid	(1,019.18)	(609.47)
Dividend paid (including Dividend Tax)	(324.03)	(301.23)
Net Cash Generated/ (used) - Financing Activities	**4,733.56**	**(0.22)**
Net Increase / (Decrease) in Cash and Cash Equivalents	**488.67**	**93.12**
Add : Opening Cash and Cash Equivalents	224.96	131.84
Closing Cash and Cash Equivalent	**713.63**	**224.96**

Notes:

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

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

As per our report annexed.
For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 27th day of June, 2012

Praveen Maheshwari
CFO

Anil Malik
Company Secretary

For and on behalf of the Board of Hindalco Industries Limited

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

1. **Significant Accounting Policies**

A. **Accounting Convention**

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

B. **Use of Estimates**

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

C. **Fixed Assets**

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

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

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

(d) Certain directly attributable pre-operative expenses during construction period are included under Capital Work in Progress. These expenses are allocated to the cost of Fixed Assets when the same are ready for intended use.

D. **Depreciation and Amortization**

(a) Depreciation on Tangible Assets, except leasehold land, has been provided using Straight Line Method at the rates and manner prescribed under Schedule XIV of Companies Act, 1956 of India. Leasehold lands are amortized over the period of lease on straight line basis.

(b) Intangible assets, except mining rights, are amortized over their estimated useful lives on straight line basis. Mining Rights are amortized over the period of lease on straight line basis.

E. **Impairment**

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

F. **Leases**

Lease payments under an operating lease are recognized as expense in the Statement of Profit and Loss as per terms of lease agreement.

G. **Investments**

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

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

H. **Inventories**

(a) Inventories of stores and spare parts are valued at or below cost after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. Inventory of other items are valued 'At cost or Net Realizable Value, whichever is lower'. Cost is generally determined on weighted average cost basis and wherever required, appropriate overheads are taken into account. Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. However, materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

(b) Fair value hedges are mainly used to hedge the exposure to change in fair value of commodity price risks. The fair value adjustment remains part of the carrying value of inventory and enters into the determination of earnings when the inventory is sold.

I. **Foreign Currency Transactions**

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

J. **Employee benefits**

Employee benefits of short term nature are recognized as expense as and when these accrue. Long term employee benefits and post employment benefits, whether funded or otherwise, are recognized as expense based on actuarial valuation at year end using the projected unit credit method. For discounting purpose, market yield of Government Bonds, at the balance sheet date, is used. Actuarial gains or losses are recognized immediately in the Statement of Profit and Loss.

K. **Employee Share Based Payments**

Equity settled stock options granted to employees pursuant to the Company's stock option schemes are accounted for as per the intrinsic value method prescribed by Employee Stock Option Scheme and permitted by the SEBI guidelines, 1999 and the Guidance Note on Share Based Payment issued by the Institute of Chartered Accountants of India (ICAI). The intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is recognised as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense equal to the unamortised portion.

L. **Revenue Recognition**

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

M. **Borrowing Cost**

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

N. **Taxation**

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

O. **Derivative Financial Instruments**

(a) The Company uses derivative financial instruments such as Forwards, Swaps, Options, etc. to hedge its risks associated with foreign exchange fluctuations. Risks associated with fluctuations in the price of the Company's products (Copper, Alumina, Aluminium and precious metals) are minimized by undertaking appropriate hedging transactions. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts. In some cases, the embedded derivatives may be designated in a hedge relationship. The fair values of all such derivative financial instruments are recognized as assets or liabilities at the balance sheet date. Such derivative financial instruments are used as risk management tools only and not for speculative purposes.

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

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

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

P. **Research and Development**

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

Q. **Government Grants**

Government Grants are recognized when there is a reasonable assurance that the same will be received. Revenue grants are recognized in the Statement of Profit and Loss. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to Capital Reserve.

R. **Provisions, Contingent Liabilities and Contingent Assets**

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

(₹ Crore)

	As at 31/03/2012	As at 31/03/2011
2. SHARE CAPITAL		
Authorized:		
2,100,000,000 (Previous year 2,100,000,000) Equity Shares of ₹ 1/- each.	210.00	210.00
25,000,000 (Previous year 25,000,000) Redeemable Cumulative Preference Shares of ₹ 2/- each	5.00	5.00
	215.00	**215.00**
Issued:		
1,915,095,954 (Previous year 1,914,951,560) Equity Shares of ₹ 1/- each - (a)	191.51	191.50
	191.51	**191.50**
Subscribed and Paid-up:		
1,915,088,557 (Previous year 1,914,944,163) Equity Shares of ₹ 1/- each fully paid-up	191.51	191.49
Less: Face value of 546,249 (Previous year 546,249) Equity Shares forfeited	0.05	0.05
	191.46	**191.44**
Add: Forfeited Shares (Amount originally Paid-up)	0.02	0.02
	191.48	**191.46**

(a) Issued Equity Share Capital includes 7,397 Equity Shares (Previous year 7,397 Equity Shares) of ₹ 1/- each issued on Rights basis kept in abeyance due to legal case pending.

(b) Reconciliation of shares outstanding at the beginning and at the end of the reporting period:

	2011-12 Numbers	2011-12 ₹ Crore	2010-11 Numbers	2010-11 ₹ Crore
Equity Shares outstanding at the beginning of the period	1,914,397,914	191.44	1,913,462,442	191.35
Equity Shares allotted pursuant to exercise of ESOP	144,394	0.02	224,100	0.02
Equity Shares allotted, earlier kept in abeyance due to legal case pending	-	-	711,372	0.07
Equity Shares outstanding at the end of the period	**1,914,542,308**	**191.46**	**1,914,397,914**	**191.44**

(c) Rights, preferences and restrictions attached to Equity Shares:

The Company has one class of equity shares having a par value of ₹ 1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(d) Details of shareholders holding more than 5% equity Shares in the Company on reporting date:

		31/03/2012		31/03/2011	
		Numbers of Shares held	**Percentage of Holding**	**Numbers of Shares**	**Percentage of Holding**
(i)	IGH Holdings Private Limited	228,963,487	11.96	228,963,487	11.96
(ii)	Turquoise Investment and Finance Limited	99,012,468	5.17	99,012,468	5.17
(iii)	Morgan Guaranty Trust Company of New York (represents GDRs)	160,747,995	8.40	175,294,492	9.16
(iv)	Life Insurance Corporation of India and its Associates	190,713,686	9.96	165,790,866	8.66

(e) Shares reserved for issue under options:

The Company has reserved equity shares for issue under the Employee Stock Option Scheme. The Company has also reserved equity shares for issue against warrants allotted on preferential basis to the Promoter Group.

Please refer Note 38 on "Share Based Payment" for details of Employee Stock Option Scheme and Note 4 on "Money received against Share Warrants" for details of share warrants allotted to the Promoter Group.

(f) Details of shares allotted without payment being received in cash during five years immediately preceding the Balance Sheet date are given below:

	Year ended				
	31/03/2012	**31/03/2011**	**31/03/2010**	**31/03/2009**	**31/03/2008**
Equity Shares:					
Shares allotted as fully paid up pursuant to contract without payment being received in cash - (i)	-	-	-	376	-
Preference Shares:					
Shares allotted as fully paid up pursuant to contract without payment being received in cash - (i)	-	-	-	2,032,734	-
Shares redeemed - (i)	-	-	2,032,734	-	-

(i) During the year ended 31st March, 2009, the Company has allotted 376 Equity Shares of ₹ 1/- each and 2,032,734 6% Redeemable Cumulative Preference Shares of ₹ 2/- each fully paid-up to the shareholders of erstwhile Indian Aluminium Company, Limited pursuant to a Scheme of Amalgamation without payment being received in cash. However, 2,032,734 6% Redeemable Cumulative Preference Shares, allotted as above, has been redeemed on 1st April, 2009.

(₹ Crore)

	As at 31/03/2012	As at 31/03/2011
3. RESERVES AND SURPLUS:		
Capital Reserve		
Balance as at the beginning of the year	**139.54**	**139.54**
Capital Redemption Reserve		
Balance as at the beginning of the year	**101.57**	**101.57**
Business Reconstruction Reserve (refer Note 39)		
Balance as at the beginning of the year	**8,580.39**	**8,580.39**
Securities Premium Account		
Balance as at the beginning of the year	2,752.32	2,742.46
Add: Premium on Shares allotted earlier kept in abeyance due to legal case pending	-	6.76
Add: Premium on issue of shares under ESOS scheme	2.03	3.10
Balance as at the end of the year	**2,754.35**	**2,752.32**
Employees Stock Options Outstanding		
Balance as at the beginning of the year	4.47	3.99
Add: Compensation for the year (refer Note 29)	1.29	1.34
Less: Transfer to Securities Premium Account on exercise of Options	(0.59)	(0.86)
Balance as at the end of the year	**5.17**	**4.47**
Hedging Reserve (refer Note 46 (g))		
Balance as at the beginning of the year	(19.83)	4.63
Gain/ (Loss) recognized during the year	(608.21)	(462.74)
(Gain)/ Loss recycled during the year	494.49	438.28
Balance as at the end of the year	**(133.55)**	**(19.83)**
General Reserve		
Balance as at the beginning of the year	17,600.18	15,847.02
Add: Amount transferred from surplus in the Statement of Profit and Loss	1,852.03	1,753.16
Balance as at the end of the year	**19,452.21**	**17,600.18**
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	350.00	300.00
Add: Profit for the year	2,237.20	2,136.92
Less: Dividend on Equity Shares	(296.76)	(287.17)
Less: Dividend Distribution Tax - (a)	(38.41)	(46.59)
Less: Transfer to General Reserve	(1,852.03)	(1,753.16)
Balance as at the end of the year	**400.00**	**350.00**
	31,299.68	**29,508.64**

(a) Net of credit of ₹ 9.73 crore (Previous year ₹ Nil) being dividend distribution tax paid by a subsidiary.

4. **Money received against Share Warrants:**

During the year, the Company has allotted 150,000,000 warrants on a preferential basis to the Promoter Group on 22nd March, 2012 entitling them to apply for and obtain allotment of one equity share of ₹ 1/- each fully paid-up at a price of ₹ 144.35 per share against each such warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment in one or more tranches. The Company has received ₹ 541.31 crore being 25% against these warrants. The entire amount so received is being utilised for various greenfield and brownfield projects expenditure.

5. **Long-term Borrowings:**

(₹ Crore)

	Non-current Portion		Current Maturities	
	31/03/2012	**31/03/2011**	**31/03/2012**	**31/03/2011**
Secured				
Term Loans:				
From Banks - (a) & (b)	11,033.76	5,142.99	-	-
From Other Parties - (b)	78.35	-	-	-
Unsecured				
Deferred Payment Liabilities - (c)	3.02	4.55	1.53	2.00
	11,115.13	5,147.54	1.53	2.00
Less: Amount disclosed under the head "Other Current Liabilities"	-	-	1.53	2.00
	11,115.13	**5,147.54**	**-**	**-**

(a) Term Loans from Banks ₹ 5,142.99 crore (Previous year ₹ 5,142.99 crore) is secured by the first ranking pari-passu charge on all immovable properties (except greenfield projects i.e. Mahan Aluminium Project, Aditya Aluminium Project, and Aluminium project in the state of Jharkhand) of the company both present and future, and hypothecation of all movable assets (except book debt & current assets and movable assets of greenfield projects) both present and future of the Company. This loan carries interest at the rate of IDBI Bank's base rate plus 1.25%.

As per original loan agreement ₹ 2,146.66 crore, ₹ 2571.49 crore and ₹ 424.84 crore are repayable in FY14, FY15 and FY16, respectively. However, in exercise of its prepayment option without payment of any fees or penalty, the Company has served a notice on all lenders to prepay this loan on June 29, 2012.

(b) Term Loans from Banks ₹ 5,890.77 crore (Previous year ₹ Nil) and from other parties ₹ 78.35 crore (Previous year ₹ Nil) are secured by a first ranking charge / mortgage/ security interest in respect of all the immovable and movable properties and assets and all intangible assets for the Mahan Aluminium Project, both present and future, except Current Assets, Cash and investments and a second ranking charge / mortgage/ security interest, in respect of the Current Assets and Cash.

Above loans carries interest at the rate of State Bank of India's base rate plus 1.75% and is repayable in 42 quarterly instalments commencing from September 30, 2013 and ending on December 31, 2023. The repayment in each financial year in percentage is 4.25, 7.75, 9, 9, 10, 10, 10, 10, 10.75, 11 and 8.25 of the loan amount.

Post Commercial Operation Date of the Mahan Project, the Company will have an option to prepay all or any portion of this Loan, without payment of Prepayment Penalty within 15 (fifteen) days after any annual Margin Reset Date.

(c) Deferred Payment Liabilities represent sales tax deferral which is payable in yearly instalment by FY 2018.

6. **Deferred Tax Liabilities (Net):**

Major components of Deferred Tax arising on account of temporary timing differences are given below:

(₹ Crore)

	As at	
	31/03/2012	**31/03/2011**
Deferred Tax Liabilities		
Depreciation and Amortization Expenses	1,338.01	1,389.59
	1,338.01	**1,389.59**
Less: Deferred Tax Assets		
Employee's Separation and Retirement Expenses	69.81	64.40
Expenses/ Provisions Allowable	43.64	37.70
	113.45	**102.10**
	1,224.56	**1,287.49**
7. Other Long-term Liabilities:		
Trade Payables	1.92	2.07
Derivative Liabilities (refer Note 46 (c))	45.81	1.72
Liability for Capital Expenditure	896.84	275.01
Security and other Deposits	1.43	1.55
Other Payables	7.10	10.15
	953.10	**290.50**
8. Long-term Provisions:		
Provision for Employee Benefits	287.32	268.07
	287.32	**268.07**
9. Short-term Borrowings:		
Secured		
From Banks:		
Cash Credit, Export Credit etc. - (a)	164.05	27.32
	164.05	**27.32**
Unsecured		
From Banks:		
Buyers Credit	2,664.43	1,002.34
Packing Credit	599.79	487.30
Payable under Trade Financing Arrangements - (b)	28.51	1,768.39
Others	-	605.00
	3,292.73	**3,863.03**
	3,456.78	**3,890.35**

(a) Cash Credit, Export Credit etc. granted under the Consortium Lending Arrangement are secured by a first pari passu charge in the form of hypothecation of the entire stocks of raw materials, work-in-process, finished goods, consumable stores & spares and book debts pertaining to the Company's Aluminium business. Working Capital Loan of State Bank of India for the Copper business is secured by a first charge by way of hypothecation of stocks of raw materials, work-in-process, finished goods and consumable stores & spares of Copper business, both present and future, and second charge on the immovable properties of the Copper business.

(b) Payable under Trade Financing Arrangements comprise of unsecured credit availed from Banks for payment to suppliers for raw materials purchased by the Company. The arrangements are interest-bearing and are normally payable within 180 days.

10. **Trade Payables**

(₹ Crore)

	As at 31/03/2012	As at 31/03/2011
Payable to Micro, Small and Medium Enterprises (refer Note 48)	1.31	1.44
Other Trade Payables	4,658.46	4,081.51
	4,659.77	**4,082.95**

11. **Other Current Liabilities**

Current maturities of Long-term Debts	1.53	2.00
Interest accrued but not due on Borrowings/ Deposits	15.84	7.61
Unclaimed Dividends - (a)	7.43	7.20
Application/ Call Money received due for refund - (a)	0.44	0.44
Advance from Customers	126.77	110.54
Derivative Liabilities (refer Note 46 (c))	207.53	258.76
Liability for Capital Expenditure	430.10	494.18
Security and other Deposits	24.36	25.23
Statutory dues payable	152.82	116.99
Other Payables	31.79	30.96
	998.61	**1,053.91**

(a) These figures do not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund except ₹ 0.07 crore (Previous year ₹ 0.07 crore) which is held in abeyance due to legal cases pending.

12. **Short-term Provisions:**

Provision for Employee Benefits	25.21	25.11
Proposed Dividends (including Dividend Distribution Tax)	344.89	333.75
Provision for Current Tax (Net of Advance Tax)	532.03	438.82
Other Provisions (refer Note 43)	17.75	17.75
	919.88	**815.43**

13. **Tangible Assets:**

(₹ Crore)

	ORIGINAL COST				DEPRECIATION				IMPAIRMENT				NET BOOK VALUE	
	As at 31st March, 2011	Additions	Disposals/ Adjustments	As at 31st March, 2012	As at 31st March, 2011	Additions	Disposals/ Adjustments	As at 31st March, 2012	As at 31st March, 2011	Recognised/ Reversal	Deductions/ Adjustments	As at 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
Leasehold Land	43.59	0.96	-	44.55	6.08	0.58	-	6.66	-	-	-	-	37.89	37.51
Freehold Land	72.75	8.34	-	81.09	0.13	-	-	0.13	0.70	-	-	0.70	80.26	71.92
Buildings	1,251.80	29.53	1.11	1,280.22	326.71	33.47	0.38	359.80	12.56	-	-	12.56	907.86	912.53
Plant and Equipment	12,136.26	185.91	61.16	12,261.01	5,816.96	607.80	44.55	6,380.21	204.70	-	12.28	192.42	5,688.38	6,114.60
Furniture and Fixtures	108.52	5.29	5.30	108.51	70.43	6.50	5.20	71.73	-	-	-	-	36.78	38.09
Vehicles and Aircraft	392.71	9.96	5.81	396.86	78.12	24.36	3.24	99.24	-	-	-	-	297.62	314.59
Office Equipment	117.97	8.89	1.53	125.33	90.10	8.37	1.05	97.42	-	-	-	-	27.91	27.87
Railway Sidings	59.93	12.77	-	72.70	16.35	7.10	-	23.45	-	-	-	-	49.25	43.58
	14,183.53	261.65	74.91	14,370.27	6,404.88	688.18	54.42	7,038.64	217.96	-	12.28	205.68	7,125.95	7,560.69
Previous Year	13,693.76	548.23	58.46	14,183.53	5,766.41	681.26	42.79	6,404.88	218.53	-	0.57	217.96	7,560.69	7,708.82

(a) Leasehold Land includes land amounting ₹ 20.73 crore (Previous year ₹ 20.73 crore) for which registration is pending. (Net Book Value ₹ 18.90 crore; Previous year ₹ 19.11 crore)

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

(c) Buildings include:

i. ₹ 2.93 crore (Previous year ₹ 2.93 crore) being contribution for construction of road, the ownership of which vests with the state government authorities. (Net Book Value ₹ 0.45 crore; Previous year ₹ 0.65 crore).

ii. ₹ 16.36 crore (Previous year ₹ 16.36 crore) towards right to occupy and use of certain premises for which the Company has invested ₹ 13.18 crore (Previous year ₹ 13.18 crore) in Shares & Debentures of a company. (Net Book Value ₹ 12.64 crore; Previous year ₹ 12.88 crore).

(d) Plant and Equipment include ₹ 18.76 crore (Previous year ₹ 18.76 crore) being the amount spent for laying power line and water pipe line, the ownership of which vests with the state government authorities. (Net Book Value ₹ 8.61 crore; Previous year ₹ 9.93 crore).

(e) Railway Sidings include ₹ 9.13 crore (Previous year ₹ 9.13 crore) being railway siding not owned by the Company. (Net Book Value ₹ 6.31 crore; Previous year ₹ 6.94 crore).

(f) Company's share in Jointly owned assets has been grouped together with the relevant class of fixed assets. The proportion of the cost and net carrying amounts included in relevant class of assets are given below:

Freehold Land - ₹ 52.44 crore (Previous year ₹ 52.44 crore). (Net Book Value ₹ 52.35 crore; Previous year ₹ 52.35 crore)
Buildings - ₹ 51.22 crore (Previous year ₹ 51.22 crore). (Net Book Value ₹ 42.61 crore; Previous year ₹ 43.43 crore)
Plant and Equipment - ₹ 73.70 crore (Previous year ₹ 64.53 crore). (Net Book Value ₹ 50.27 crore; Previous year ₹ 45.16 crore)
Furniture and Fixtures - ₹ 10.19 crore (Previous year ₹ 10.41 crore). (Net Book Value ₹ 5.82 crore; Previous year ₹ 6.51 crore)
Vehicles and Aircraft - ₹ 60.84 crore (Previous year ₹ 60.84 crore). (Net Book Value ₹ 33.48 crore; Previous year ₹ 36.91 crore)
Office Equipment - ₹ 10.14 crore (Previous year ₹ 10.13 crore). (Net Book Value ₹ 1.78 crore; Previous year ₹ 2.24 crore)

14. **Intangible Assets:**

(₹ Crore)

	ORIGINAL COST				AMORTISATION				IMPAIRMENT				NET BOOK VALUE	
	As at 31st March, 2011	Additions	Disposals/ Adjustments	As at 31st March, 2012	As at 31st March, 2011	Additions	Disposals/ Adjustments	As at 31st March, 2012	As at 31st March, 2011	Recognised/ Reversal	Deductions/ Adjustments	As at 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
Mining Rights	36.48	2.46	-	38.94	17.95	1.22	-	19.17	-	-	-	-	19.77	18.53
Computer Software	36.38	1.17	1.20	36.35	31.76	2.67	1.19	33.24	-	-	-	-	3.11	4.62
Technology	30.92	1.39	-	32.31	30.38	0.56	-	30.94	-	-	-	-	1.37	0.54
	103.78	5.02	1.20	107.60	80.09	4.45	1.19	83.35	-	-	-	-	24.25	23.69
Previous Year	99.59	4.26	0.07	103.78	73.59	6.68	0.18	80.09	-	-	-	-	23.69	26.00

(a) Mining Rights are for 20/ 30 years and amortised proportionately.

(b) The useful life of Computer Software is considered 2-3 years and that of Technology is considered 4-6 years.

15. **Non-Current Investments:**

(₹ Crore)

	Face value per Unit	Numbers - As at 31/03/2012	Numbers - As at 31/03/2011	As at 31/03/2012	As at 31/03/2011
LONG TERM TRADE INVESTMENTS					
Investments in Equity Instruments					
Investment in Subsidiaries					
Utkal Alumina International Limited	₹ 10	1517164068	1138164068	1,627.43	1,248.43
Dahej Harbour & Infrastructure Limited	₹ 10	50000000	50000000	50.00	50.00
Birla Resources Pty Limited	-	650000	650000	1.79	1.79
Minerals & Minerals Limited	₹ 10	50000	50000	0.17	0.17
Hindalco-Almex Aerospace Limited (refer Note 40)	₹ 10	172115744	30359000	169.30	30.36
A V Minerals (Netherlands) B.V. (refer Note 41)	EUR 773.24	2202076	2202076	10,423.90	10,490.76
Tubed Coal Mines Limited	₹ 10	7170000	4170000	7.17	4.17
East Coast Bauxite Mining Company Pvt. Limited	₹ 10	7400	7400	0.01	0.01
Mauda Energy Limited	₹ 10	150000	150000	0.15	0.15
Aditya Birla Chemicals (India) Limited	₹ 10	12004987	12004987	12.45	12.45
Aditya Birla Minerals Limited	-	159820001	159820001	480.76	480.76
Investment in Joint Ventures					
Mahan Coal Limited	₹ 10	22000000	11875000	22.00	11.88
Hydromine Global Minerals GMBH Limited	USD 100	45	45	0.02	0.02
Investment in Associate					
Aditya Birla Science & Technology Company Limited	₹ 10	9800000	9800000	9.80	9.80
Investment in Other Entities					
Sanjana Cryogenic Limited	₹ 10	780000	780000	3.12	3.12
MNH Shakti Limited	₹ 10	12765000	3765000	12.77	3.77
Aditya Birla Ports Limited	₹ 10	100000	100000	0.10	0.10
				12,820.94	**12,347.74**
OTHER LONG TERM INVESTMENTS					
Investments in Equity Instruments					
Investment in Subsidiaries					
Renuka Investments & Finance Limited	₹ 10	9250000	9250000	9.25	9.25
Renukeshwar Investments & Finance Limited	₹ 10	4795000	4795000	4.80	4.80
Suvas Holdings Limited	₹ 10	2024700	2024700	2.03	2.03
Lucknow Finance Company Limited	₹ 10	12002500	12002500	12.00	12.00
Investment in Associate					
IDEA Cellular Limited	₹ 10	228340226	228340226	228.34	228.34
Investment in Other Entities					
National Aluminium Company Limited	₹ 5	28667404	28667404	75.20	75.20
Aditya Birla Nuvo Limited	₹ 10	8650412	8650412	127.11	127.11
Grasim Industries Limited	₹ 10	2299059	2299059	72.54	72.54
Ultra Tech Cement Limited	₹ 10	1313748	1313748	12.50	12.50
Birla International Limited	CHF 100	2500	2500	0.53	0.53
Bharuch-Dahej Railway Company Limited	₹ 10	13530000	10000000	13.53	10.00

15. **Non-Current Investments (Contd.):**

(₹ Crore)

	Face value per Unit	Numbers - As at 31/03/2012	Numbers - As at 31/03/2011	As at 31/03/2012	As at 31/03/2011
Investments in Preference Shares					
Investment in Subsidiaries					
Renuka Investments & Finance Limited - 15% Redeemable Cumulative	₹ 100	150	150		
Renukeshwar Investments & Finance Limited - 15% Redeemable Cumulative	₹ 100	150	150		
Investment in Other Entities					
Aditya Birla Health Services Limited - 3.50% Redeemable Cumulative	₹ 100	2500000	2500000	25.00	25.00
Birla Global Finance Company Limited - 7% Cumulative Compulsorily Convertible	₹ 10	-	25000000	-	25.05
Investments in Debentures or Bonds					
7.90% Corporation Bank Bonds	₹ 1,000,000	300	300	30.00	30.00
6.85% Tax Free Unsecured Non-Convertible Bond of IIFCL	₹ 100,000	1000	1000	10.00	10.00
9.20 % HDFC Limited Bonds	₹ 1,000,000	349	349	35.35	35.45
8.30% Bond of National Highways Authority of India	₹ 1,000	24724	-	2.47	-
Investments in Government Securities					
6.83% Government of India Bond, 2039				20.11	20.12
Investments in Mutual Funds					
Units of Morgan Stanley Fund - Growth Plan				2.00	2.00
				682.76	**701.92**
				13,503.70	**13,049.66**

(a) Aggregate amount of Quoted and Unquoted Investments, market value of Quoted Investments and aggregate provision for diminution in value of Investments are given below:

(₹ Crore)

	As at 31/03/2012	As at 31/03/2011
Aggregate amount of Unquoted Investments	12,394.33	11,942.76
Aggregate amount of Quoted Investments	1,109.37	1,106.90
Aggregate market value of Quoted Investments	4,713.49	4,546.98
Aggregate provision for diminution in value of Investments	0.54	0.43

(b) Although the book/market value of certain investments (amount not ascertained) is lower than cost, considering the strategic and long term nature of the investments and asset base of the investee companies, in the opinion of the management such decline is temporary in nature and no provision is necessary for the same.

16. **Long-term Loans and Advances:**

(Unsecured, Considered Good unless otherwise stated)

(₹ Crore)

	As at	
	31/03/2012	**31/03/2011**
Capital Advances	1,397.68	3,437.42
Loans, Advances and Deposits to Related Parties - (a)	101.85	161.23
Security Deposits	55.08	42.65
Advances recoverable in cash or in kind	239.46	113.66
Prepaid Expenses	0.71	0.49
Others - (b)	454.75	187.14
	2,249.53	**3,942.59**

(a) Loans, Advances and Deposits to Related Parties include the balances with Trident Trust which represents 16,316,130 equity shares of ₹ 1/- each fully paid-up of the Company issued pursuant to a Scheme of Arrangement approved by the Hon'ble High Courts at Mumbai and Allahabad vide their Orders dated 31st October, 2002 and 18th November, 2002, respectively, to the Trident Trust, which is created wholly for the benefit of the Company and is being managed by trustees appointed by it. The tenure of the trust is upto 23rd January, 2017.

(b) Others include CENVAT credit receivable, VAT credit receivable, Service Tax credit receivable, etc. primarily relating to ongoing projects.

17. **Other Non-Current Assets:**

Long Term Trade Receivables		
Doubtful	15.54	15.54
Less: Allowance for doubtful amount	15.54	15.54
	-	-
Deposits with Bank exceeding 12 months maturity	0.28	-
Derivative Assets (refer Note 46 (c))	7.53	-
Other Receivables	-	0.10
	7.81	**0.10**

	(₹ Crore) As at 31/03/2012	31/03/2011
18. **Current Investments:**		
Investments in Debentures and Bonds		
8.40% Non Convertible Debenture of Cairn India Limited	1.53	-
Investments in Commercial Papers		
ICICI Securities Primary Delearshil Limited	49.57	-
HDFC Limited	48.63	-
Aditya Birla Finance Limited	100.58	-
Investments in Certificate of Deposits		
State Bank of Travancore	48.39	-
Allahabad Bank	48.73	48.81
State Bank of Bikaner and Jaipur	69.93	-
Syndicate Bank	23.15	-
Punjab National Bank	136.46	24.43
United Commercial Bank	24.06	73.39
HDFC Bank	23.05	-
ICICI Bank	46.21	-
IDBI Bank	94.30	-
Andhra Bank	23.40	-
Federal Bank	23.51	-
Central Bank of India	-	171.17
Oriental Bank of Commerce	-	24.73
Investments in Debt Scheme of Mutual Funds - (b)	3,760.69	4,722.11
	4,522.19	**5,064.64**
Current portion of Long-term Investments		
Investments in Government Securities		
7.95% GOI FCI Special Bonds, 2026	4.80	10.05
6.65% GOI FCI Special Bonds, 2023	17.90	38.94
7.00% GOI FCI Special Bonds, 2022	26.72	57.41
6.20% GOI FCI Special Bonds, 2022	11.79	26.05
	61.21	**132.45**
	4,583.40	**5,197.09**
(a) Aggregate amount of Quoted and Unquoted Investments, market value of Quoted Investments and aggregate provision for diminution in value of Investments are given below:		
Aggregate amount of Unquoted Investments	3,561.10	3,162.15
Aggregate amount of Quoted Investments	1,022.30	2,034.94
Aggregate market value of Quoted Investments	1,049.21	2,042.48
Aggregate provision for diminution in value of Investments	10.74	9.97

(b) Investments in Mutual Funds include units of ₹ 1.00 crore (Previous year ₹ Nil) being deposit as margin for derivative transactions.

19. **Inventories:**

(₹ Crore)

	As at 31/03/2012			As at 31/03/2011		
	Stock	**Transit**	**Total**	**Stock**	**Transit**	**Total**
Raw Materials	663.11	2,687.97	3,351.08	1,166.95	2,577.90	3,744.85
Work-in-Progress	3,481.10	-	3,481.10	3,182.98	-	3,182.98
Finished Goods	419.56	3.30	422.86	309.45	-	309.45
Stores and Spares	285.20	15.30	300.50	278.83	11.23	290.06
Coal and Fuel	89.10	98.22	187.32	122.33	1.73	124.06
	4,938.07	**2,804.79**	**7,742.86**	**5,060.54**	**2,590.86**	**7,651.40**

20. **Trade Receivables:**

(₹ Crore)

	As at	
	31/03/2012	**31/03/2011**
Outstanding for a period exceeding six months		
Unsecured, Considered Good	8.61	33.01
Doubtful	20.86	18.80
Outstanding for a period less than six months		
Secured, Considered Good	1.78	1.80
Unsecured, Considered Good	1,417.06	1,220.68
	1,448.31	**1,274.29**
Less: Allowance for doubtful amount	20.86	18.80
	1,427.45	**1,255.49**

21. **Cash and Bank Balances:**

Cash and Cash Equivalents		
Balance with Banks:		
Deposits with less than 3 months initial maturity	157.10	122.27
Current Accounts	144.53	89.20
Cheques and drafts on hand	411.72	13.08
Cash on hand	0.28	0.41
	713.63	**224.96**
Other Balances		
Balance with Banks:		
Earmarked Balances	8.66	8.43
Deposits with more than 3 months initial maturity	0.01	-
	8.67	**8.43**
	722.30	**233.39**

22. **Short-term Loans and Advances:**

		(₹ Crore)
	As at	
	31/03/2012	**31/03/2011**
Loans, Advances and Deposits to Related Parties		
Unsecured, Considered Good	20.29	25.16
Inter Corporate Loans, Advances and Deposits		
Unsecured, Considered Good	50.00	-
Security Deposits		
Unsecured, Considered Good	26.12	25.17
Doubtful	0.25	0.25
	26.37	25.42
Less: Provision for doubtful amount	0.25	0.25
	26.12	25.17
Advances recoverable in cash or in kind		
Unsecured, Considered Good	959.14	769.81
Doubtful	12.80	6.21
	971.94	776.02
Less: Provision for doubtful amount	12.80	6.21
	959.14	769.81
Other Advances and Balances - Unsecured, Considered Good		
Balance with Government Authorities	34.42	20.03
Prepaid Expenses	16.21	10.47
Others - (a)	541.47	494.11
	1,647.65	**1,344.75**

(a) Others under head "Other Advances and Balances" mainly include CENVAT credit receivable, VAT credit receivable, Service Tax credit receivable, etc.

23. **Other Current Assets:**

Accrued Export and Other Incentives	101.02	125.09
Accrued Interest	26.45	8.91
Derivative Assets (refer Note 46 (c))	206.82	102.28
Assets held for Sale	0.54	0.79
Other Receivables	20.95	10.01
	355.78	**247.08**

24. **Revenue from Operations:**

	(₹ Crore)	
	Year ended	
	31/03/2012	**31/03/2011**
Sale of Products - (a)	28,053.24	25,115.78
Other Operating Revenues	243.72	232.34
Gross Revenue from Operations	**28,296.96**	**25,348.12**
Less: Excise Duty	1,700.18	1,488.91
Net Revenue from Operations	**26,596.78**	**23,859.21**
(a) Details of Sale of Products are given below:		
Sale of Finished Goods:		
Aluminium Business:		
Alumina	833.98	787.68
Aluminium and Aluminium Products	8,633.85	7,532.89
Others	244.51	211.62
Copper Business:		
Copper and Copper Products - (i)	14,207.10	13,467.21
Precious Metals - (i)	2,278.99	1,206.24
Others - (ii)	1,657.00	1,388.96
	27,855.43	**24,594.60**
Sale of Traded Goods:		
Copper Cathode	181.78	519.98
Others	16.03	1.20
	197.81	**521.18**
	28,053.24	**25,115.78**

(i) Sales of Continuous Cast Copper Rod and Copper Cathode are accounted for provisionally, pending finalization of price. Variations are accounted for in the year of settlement.Final price receivable from sale of Copper for which quotational price was not finalized in previous year, were realigned at year end rate based on LME Rate and additional Sale of ₹ 8.86 crore (Previous year reversal of sales of ₹ 4.99 crore) were accounted for. During the Year final price was settled at ₹ 13.20 crore (Previous year ₹ 13.35 crore) and further sales of ₹ 4.33 crore (Previous year credit for further sales ₹ 8.36 crore) was taken into account. As on 31st March, 2012, sale of Copper, Gold, Silver and Anode Slime amounting to ₹737.22 crore (Previous year ₹ 649.40 crore) pending for price finalization were realigned at year-end rate of LME and reversal of sales of ₹ 8.21 crore (Previous year additional sales ₹ 8.86 crore) was accounted for. Actual inflow or outflow is expected on finalization of price.

(ii) Include sales of DAP including nutrient based subsidy of P&K ₹ 421.97 crore (Previous year ₹ 367.98 crore).

25. **Other Income:**

	(₹ Crore)	
	Year ended	
	31/03/2012	**31/03/2011**
Interest Income		
On Long-term Investments	8.24	7.63
On Current Investments	35.04	10.16
On Others - (a)	68.35	50.83
Dividend Income		
On Long-term Investments - (b)	146.92	17.84
On Current Investments	309.36	273.39
Gain/ (Loss) on sale of Investments (Net)		
On Long-term Investments	2.49	0.46
On Current Investments	(1.58)	2.41
Adjustments to the carrying amount of Investments (Net)		
On Long-term Investments	(0.11)	(0.11)
On Current Investments	(0.77)	(5.04)
Rent Income	4.38	4.08
Profit/ (Loss) on Fixed Assets sold/ discarded (Net)	2.97	(8.07)
Liabilities/ Provisions no longer required written back	48.58	30.74
Other Non-Operating Income (Net)	0.82	0.65
	624.69	**384.97**
Less: Transfer to Capital Work-in-Progress	8.90	37.48
	615.79	**347.49**

(a) Interest Income on others include ₹ 2.00 crore (Previous year ₹ 3.93 crore) of interest received from Income Tax Department.

(b) Dividend Income on long term investments include ₹ 130.24 crore (Previous year ₹ 1.80 crore) of dividend received from subsidiary companies.

26. **Purchases of Stock-in-Trade:**

Copper Cathode	190.88	521.25
Others	15.10	0.97
	205.98	**522.22**

27. **Cost of Raw Materials Consumed:**

Copper Concentrate - (a)	15,245.98	13,403.78
Bauxite	188.07	202.83
Caustic Soda	468.08	316.38
Calcined Petroleum Coke	427.70	333.02
Rock Phosphate	338.26	245.76
Others	1,175.01	1,030.52
	17,843.10	**15,532.29**
Less: Transfer to Capital Work-in-Progress	0.02	1.35
	17,843.08	**15,530.94**

(a) Purchase of Copper Concentrate is accounted for provisionally pending finalisation of contents in the concentrate, price, and custom duty including interest. Variations are accounted for in the year of settlement. Final price payable on purchase of Copper Concentrate for which quotational price and quantity were not finalized in previous year, were realigned based on monthly average of LME & LMBA rate at the year end copper and precious metals respectively and accordingly provision for ₹ 3.54 crore (Previous year ₹ 108.06 crore) was made. During the year final price payable was settled at ₹ 58.66 crore (Previous year ₹ 24.66 crore) and accordingly receivable of ₹ 62.20 crore (Previous year receivable ₹ 132.71 crore) have been adjusted in raw material consumption. Further, provisions for ₹ 141.5 crore (Previous year ₹ 3.54 crore) was made on realignment of receipt of copper concentrate as on 31st March, 2012. Actual outflow is expected on finalization of quotational price and quantity in the next financial year.

28. **Changes in Inventories:**

(₹ Crore)

	Year ended 31/03/2012	Year ended 31/03/2011
Opening Inventories		
Work-in-Progress	3,182.98	2,838.30
Finished Goods	309.45	250.50
	3,492.43	**3,088.80**
Less: Closing Inventories		
Work-in-Progress	3,481.10	3,182.98
Finished Goods	422.86	309.45
	3,903.96	**3,492.43**
	(411.53)	(403.63)
Add: (Increase)/ Decrease of Excise Duty on Inventories	4.22	8.96
	(407.31)	**(394.67)**

(a) Details of inventories under broad head are given below:

(₹ Crore)

	Work-in-Progress			Finished Goods		
	31/03/2012	31/03/2011	31/03/2010	31/03/2012	31/03/2011	31/03/2010
Aluminium Business:						
Alumina	224.36	233.07	194.15	42.31	27.81	51.24
Aluminium and Aluminium Products	265.09	230.17	201.65	82.44	73.92	71.92
Others	301.56	250.17	221.08	1.73	1.80	1.33
Copper Business:						
Copper and Copper Products	1,231.10	1,454.24	1,171.26	169.68	169.28	106.62
Precious Metals	1,448.08	1,009.21	1,044.28	95.84	5.88	4.01
Others	10.91	6.12	5.88	30.86	30.76	15.38
	3,481.10	**3,182.98**	**2,838.30**	**422.86**	**309.45**	**250.50**

29. **Employee Benefits Expenses:**

(₹ Crore)

	Year ended 31/03/2012	Year ended 31/03/2011
Salaries and Wages	936.29	813.27
Contribution to Provident and other Funds	120.07	146.57
Employee Stock Option Scheme	1.29	1.34
Employee Welfare	101.62	103.50
	1,159.27	**1,064.68**
Less: Transfer to Capital Work-in-Progress	45.92	24.29
	1,113.35	**1,040.39**

30. **Power and Fuel:**

	Year ended 31/03/2012	Year ended 31/03/2011
		(₹ Crore)
Power and Fuel	2,881.74	2,224.30
Less: Transfer to Capital Work-in-Progress	11.07	2.82
	2,870.67	**2,221.48**

31. **Finance Costs:**

Interest Expenses - (a)	1,014.55	558.94
Other Borrowing Costs	12.85	51.32
	1,027.40	610.26
Less: Income on Specific Borrowing - (b)	8.90	37.48
	1,018.50	572.78
Less: Transfer to Capital Work-in-Progress	724.87	352.82
	293.63	**219.96**

(a) Interest Expenses include ₹ 0.10 crore (Previous year ₹ 0.87 crore) of interest paid to Income Tax Department.

(b) Income derived from temporary deployment of surplus fund out of specific borrowing for various projects deducted from borrowing costs.

32. **Depreciation and Amortization:**

Depreciation and Amortization	692.63	687.94
Less: Transfer to Capital Work-in-Progress	2.66	0.46
	689.97	**687.48**

33. **Other Expenses:**

Consumption of Stores and Spares	507.99	382.57
Repairs to Buildings	31.12	30.26
Repairs to Machinery	225.82	255.84
Rates and Taxes	15.02	9.16
Rent	22.53	23.18
Insurance	61.73	54.37
Payments to Auditors - (a)	2.88	2.85
Research and Development	7.13	5.89
Freight and Forwarding Expenses (Net)	469.75	362.43
Provision for Doubtful Loans, Advances and Receivables (Net)	8.65	(1.15)
Bad Loans, Advances and Receivables written off/ (written back) (Net)	1.42	3.72
Prior Period Items (Net)	(1.58)	1.95
Donation - (b)	27.58	31.20
Directors' Fees and Commission	14.05	14.05

33. **Other Expenses:** (Contd.)

	(₹ Crore)	
	Year ended	
	31/03/2012	**31/03/2011**
(Gain)/ Loss on Change in Fair Value of Derivatives (Net)	(106.80)	105.61
Cost of own Manufactured Products Capitalized/ Used	(91.85)	(42.82)
Miscellaneous Expenses - (c)	730.28	596.19
	1,925.72	1,835.30
Less: Transfer to Capital Work-in-Progress	59.47	51.14
	1,866.25	**1,784.16**
(a) Details of Payments to Auditors are as follows:		
Statutory Auditors:		
Audit Fees	1.60	1.46
Taxation matters	0.28	0.26
Certification and management services	0.85	0.92
Out of pocket expenses	0.09	0.14
Cost Audit Fees and expenses	0.06	0.07
	2.88	**2.85**

(b) Donation includes ₹ 0.20 Crore (Previous year ₹ Nil) paid to General Electoral Trust as political donation.

(c) Miscellaneous Expenses include :

i. ₹ 0.01 crore (Previous year ₹ 0.04 crore) paid to a firm of solicitors in which Director is a partner.

ii. ₹ 0.01 crore (Previous year ₹ 0.01 crore) paid as pension to a Director who was President of the Company before appointment as Director.

34. **Tax Expenses**

	31/03/2012	31/03/2011
Current Tax		
Current Tax for the year	562.68	566.52
Tax adjustments for earlier years (Net)	-	(10.84)
	562.68	555.68
Deferred Tax		
Deferred Tax for the year	(62.93)	(97.86)
	(62.93)	**(97.86)**

35. **Earnings per Share (EPS)**

	31/03/2012	31/03/2011
Profit for the period (₹ Crore)	2,237.20	2,136.92
Weighted average number of shares used in the calculation of EPS:		
Weighted average number of Basic Equity Shares outstanding	1,914,479,614	1,913,780,429
Shares deemed to be issued for no consideration in respect of Employee Stock Options	201,570	915,654
Weighted average number of Diluted Equity Shares outstanding	1,914,681,184	1,914,696,083
Face value of per share (₹)	1.00	1.00
Basic EPS (₹)	11.69	11.17
Diluted EPS (₹)	11.68	11.16

36. For the year ended 31st March, 2012, the Board of Directors of the Company have recommended dividend of ₹ 1.55 per share (Previous year ₹ 1.50 per share) to equity shareholders aggregating to ₹ 344.89 crore (Previous year ₹ 333.75 crore) including Dividend Distribution Tax.

37. **Segment Reporting**

A. **Primary Segment Reporting (by Business Segment):**

(a) The Company has two reportable segments viz. Aluminium and Copper which have been identified in line with the Accounting Standard 17 on Segment Reporting, taking into account the organizational structure as well as differential risk and return of these segments. Details of products included in each segments are as under:

(i) Aluminium : Hydrate & Alumina, Aluminium and Aluminium Product.

(ii) Copper : Continuous Cast Copper Rods, Copper Cathode, Sulphuric Acid, DAP & Complexes, Gold and Silver.

(b) Inter-segment transfers are based on market rates.

(c) The details of the revenue, results, assets, liabilities and other information from operations by reportable business segments are under:

(₹ Crore)

	Year ended 31/03/2012			Year ended 31/03/2011		
	Aluminium	**Copper**	**Total**	**Aluminium**	**Copper**	**Total**
REVENUE						
External	9,036.88	17,559.90	26,596.78	7,962.16	15,897.05	23,859.21
Inter Segment	4.29	14.66	18.95	2.98	5.06	8.04
Total	**9,041.17**	**17,574.56**	**26,615.73**	**7,965.14**	**15,902.11**	**23,867.25**
RESULTS						
Segment Results	1,821.68	801.63	2,623.31	2,003.67	601.64	2,605.31
Unallocated Corporate Income			565.27			282.95
Unallocated Corporate Expenses			(158.00)			(73.56)
Finance Costs			(293.63)			(219.96)
Tax Expenses			(499.75)			(457.82)
Profit for the period			**2,237.20**			**2,136.92**
OTHER INFORMATION						
Assets:						
Segment Assets	26,622.38	9,373.80	35,996.18	17,581.40	9,426.51	27,007.91
Unallocated Corporate Assets			19,651.44			19,528.43
Total Assets			**55,647.62**			**46,536.34**
Liabilities:						
Segment Liabilities	2,608.61	4,255.29	6,863.90	1,787.25	3,928.53	5,715.78
Unallocated Corporate Liabilities			16,751.25			11,120.46
Total Liabilities			**23,615.15**			**16,836.24**
Capital Expenditure	8,394.18	35.91		6,051.69	23.41	
Depreciation and Amortization	494.74	172.48		502.92	173.61	
Other Non-Cash Expenses	1.63	8.49		2.57	-	

B. **Secondary Segment Reporting (by Geographical demarcation):**

(a) The Secondary Segment is based on geographical demarcation i.e. India and Rest of the World.

(b) The Company's revenue from external customers and information about its assets and others by geographical location are as under:

(₹ Crore)

	Year ended 31/03/2012			Year ended 31/03/2011		
	India	Rest of World	Total	India	Rest of World	Total
Revenue	18,700.11	7,915.62	26,615.73	16,350.84	7,516.41	23,867.25
Assets	35,503.85	492.33	35,996.18	26,651.47	356.44	27,007.91
Capital Expenditure	8,430.09	-	8,430.09	6,075.10	-	6,075.10

38. **Share Based Payment**

Employee Stock Option Scheme

The shareholders of the Company has approved on 23rd January, 2007 an Employee Stock Option Scheme ("ESOS 2006"), formulated by the Company, under which the Company may issue 3,475,000 options to its permanent employees in the management cadre, in one or more tranches, whether working in India or out of India, including the Whole Time Directors of the Company. The shareholders have also approved giving discount upto 30% of the average price of the equity shares of the Company in the immediate preceding seven day period on the stock exchange. The ESOS 2006 is administered by the Compensation Committee of the Board of Directors of the Company ("the Committee"). Each option when exercised would be converted into one fully paid-up equity share of ₹ 1/- each of the Company. The options will vest in 4 equal annual instalments after one year of the grant. The maximum period of exercise is 5 years from the date of vesting. Further, forfeited/ lapsed options are available to the Committee for grant. These options do not carry rights to dividends or voting rights till the date of exercise. Further, on 23rd September, 2011 the ESOS 2006 has been partially modified by which the Company may now issue 6,475,000 options.

However, under the ESOS 2006, so far the Committee has granted 3,545,550 options to its eligible employees in three tranches out of which 706,901 options have been forfeited/ lapsed and are available to the Committee for grant as per term of the Scheme.

The compensation cost of stock options granted to employees have been accounted by the Company using the intrinsic value method. Accordingly, Employee benefits expenses includes ₹ 1.29 crore (Previous year ₹ 1.34 crore) being the amortization of intrinsic value for the year ending 31st March, 2012.

Movement of Options Granted:

The movement of the options under ESOS 2006 for the year ended 31st March, 2012 are as under:

Particulars	Stock Options (Numbers)	Range of Exercise Price (₹)	Weighted Average Exercise Price (₹)	Weighted Average Remaining Contractual life (Years)
Outstanding at beginning of the year	2,348,478	98.30-150.10	122.63	4.92
Granted during the year	-	-	-	-
Forfeited during the year	(5,627)	98.30-98.30	98.30	-
Exercised during the year	(144,394)	98.30-150.10	100.95	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	2,198,457	98.30-150.10	124.11	3.99
Exercisable at the end of the year	1,769,337	98.30-150.10	125.51	3.40

The movement of the options under ESOS 2006 for the year ended 31st March, 2011 are as under:

Particulars	Stock Options (Numbers)	Range of Exercise Price (₹)	Weighted Average Exercise Price (₹)	Weighted Average Remaining Contractual life (Years)
Outstanding at beginning of the year	2,028,555	98.30-150.10	121.12	5.17
Granted during the year	572,160	118.35-118.35	118.35	6.93
Forfeited during the year	(28,137)	98.30-98.30	98.30	-
Exercised during the year	(224,100)	98.30-150.10	101.10	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	2,348,478	98.30-150.10	122.63	4.92
Exercisable at the end of the year	1,269,323	98.30-150.10	125.43	3.75

The weighted average share price at the date of exercise of stock options exercised during the year ended 31st March, 2012 and 31st March, 2011 was ₹ 149.92 and ₹ 206.45 respectively.

Fair Valuation:

At grant date, the estimated fair value of stock options granted in Tranche I, Tranche II and Tranche III under ESOS 2006 was ₹ 65.78, ₹ 57.11 and ₹ 102.96 respectively. The fair valuation of stock options have been done by an independent valuer using Black and Scholes Model. For fair valuation, expected volatility is based on the historical share price volatility over the past 5 years. The details of stock options granted and the key assumptions taken into account for fair valuation are as under:

Particulars	Tranche I	Tranche II	Tranche III
Number of Option Granted	19,40,250	10,33,140	5,72,160
Grant Date	23.08.2007	25.01.2008	03.09.2010
Risk Free interest Rate (%)	8.00	8.00	8.00
Option Life (Years)	5	5	5
Expected Volatility	0.3391	0.3655	0.527
Expected Dividend Yield (%)	170.00	170.00	135.00
Share price at options grant date (₹ per Share)	138.95	150.10	173.65

Had the compensation cost for the stock options granted been recognized based on fair value at the date of grant (calculated using Black and Scholes Option Pricing Model), the proforma amount of net profit and earnings per share of the Company would have been as under:

(₹ Crore)

	Year ended 31/03/2012	Year ended 31/03/2011
Reported Net Profit for the period	2,237.20	2,136.92
Add: Compensation cost under ESOS as per intrinsic value	1.29	1.34
Less: Compensation cost under ESOS as per fair value	(2.63)	(3.04)
Proforma Net Profit for the period	**2,235.86**	**2,135.22**
Reported Earnings per Share (EPS):		
Basic EPS (₹)	11.69	11.17
Diluted EPS (₹)	11.68	11.16
Proforma Earnings per Share (EPS):		
Basic EPS (₹)	11.68	11.16
Diluted EPS (₹)	11.68	11.15

39. The Company had formulated a scheme of financial restructuring under Sections 391 to 394 of the Companies Act 1956 ("the Scheme") between the Company and its equity shareholders approved by the High Court of Judicature of Bombay to deal with various costs associated with its organic and inorganic growth plan.

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Pursuant to this, a separate reserve account titled as Business Reconstruction Reserve ("BRR") was created during the year 2008-09 by transferring balance standing to the credit of Securities Premium Account of the Company for adjustment of certain expenses as prescribed in the Scheme. Accordingly, the Company has transferred ₹ 8,647.37 crore from Securities Premium Account to BRR and so far ₹ 66.98 crore adjusted against BRR.

40. The Company has terminated Joint Venture with Almex USA Inc. ("Almex") on 10th August, 2011 and Almex has sold 8,011,000 equity shares of Hindalco-Almex Aerospace Limited ("HAAL") to the Company. HAAL has further issued 133,745,744 equity shares of ₹ 10/- each to the Company towards advance of ₹ 110.19 crore, conversion of unsecured loan ₹ 21.00 crore and interest accrued thereon amounting to ₹ 2.56 crore on 12th September, 2011. Consequently, the Company holds 97.18% of shares in the HAAL and the balance 2.82% is held by Almex.

41. The Company has received a net amount of ₹ 69.81 crore on 9th February, 2012 from its wholly owned subsidiary A V Minerals (Netherlands) B. V. towards return of capital by reducing nominal value of shares from EURO 778.20 to EURO 773.24 per share. The said amount has been adjusted in carrying cost of investment and the foreign exchange gain of ₹ 2.95 crore on this transaction has been netted off from Miscellaneous Expenses under Other Expenses.

42. Disclosure as required by Accounting Standard (AS) 15 (Revised) on "Employee Benefits":

A. In respect of Gratuity, a defined Benefit Scheme (based on actuarial valuation):-

(₹ Crore)

		31/03/2012	31/03/2011
(a)	**Change in Obligations over the year ended 31 March 2012**		
	Present value of Defined Benefit Obligations at the beginning of the year	420.25	363.98
	Current Service Cost	28.56	24.92
	Past Service Cost	-	-
	Interest Cost	33.01	28.49
	Curtailment Cost/ (Credit)	-	-
	Settlement Cost/ (Credit)	-	-
	Plan Amendments	-	0.12
	Actuarial (Gain) or Loss	(3.50)	19.28
	Benefits Paid	(15.75)	(16.54)
	Present value of Defined Benefit Obligations at the end of the year	**462.57**	**420.25**
(b)	**Change in Plan Assets(Reconcilation of opening and closing balances)**		
	Fair value of Plan Assets at the beginning of the year	246.28	211.62
	Expected return on Plan assets	17.89	17.44
	Actuarial Gain or (Loss)	-	-
	Contributions	37.90	33.76
	Benefits Paid	(15.75)	(16.54)
	Fair value of Plan Assets at the end of the year	**286.32**	**246.28**
(c)	**Reconciliation of fair value of assets and obligations**		
	Fair value of Plan Assets at the end of the year	286.32	246.28
	Present value of Defined Benefit Obligations at the end of the year	(462.57)	(420.25)
	Amount recognised in Balance Sheet	**(176.25)**	**(173.97)**

	31/03/2012	31/03/2011
		(₹ Crore)
(d) **Expense recognised during the year**		
Current Service Cost	28.56	24.92
Past Service Cost	-	0.12
Interest Cost	33.01	28.49
Curtailment Cost/ (Credit)	-	-
Settlement Cost/ (Credit)	-	-
Actuarial (Gain) or Loss	(0.80)	19.46
Expected return on Plan assets	(20.59)	(17.62)
	40.18	**55.37**
(e) **Investments details of Plan Assets:**		
Insurer Managed Funds	94.27%	93.63%
Government Securities	-	0.04%
Corporate Bonds	-	0.00%
Others	5.73%	6.33%
(f) **Principal Actuarial Assumptions:**		
Discount rate (based on the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities)	8.00%	8.00%
Expected rate of return on assets	8.00%	8.00%
Salary increases taking into account inflation, seniority, promotion and other relevant factors.	6.00%	6.00%

The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specified number of days (ranging from 15 days to 1 month) of last drawn salary depending upon the tenure of service for each year of completed service subject to minimum service of five years payable at the time of separation upon superannuation or on exit otherwise.

B. In respect of defined Contribution Schemes:

(a) As required under Guidance Note on Implementation of Accounting Standard 15 (revised) issued by the ICAI in respect of exempted Provident Fund, the Company has ascertained shortfall in interest payable to the members of Provident Fund based on actuarial valuation and made appropriate provision in the books. The Company contributes 12% of salary for all eligible employees towards Provident Fund managed either by approved trusts or by the Central Government. The amount debited to statement of profit and loss during the year was ₹ 58.30 crore (previous year ₹ 55.00 crore). In view of typical nature of such Provident fund scheme involving defined benefit underpin in respect of interest payable to members as declared by The Employees Provident Fund Organisation, the defined benefit obligation relating to interest shortfall is considered to be Other Long Term Employee Benefits.

(b) The Company contributes a certain percentage of salary for all eligible employees in managerial cadre towards Superannuation Funds managed by approved trusts or by Life Insurance Corporation of India. The amount debited to Statement of Profit and Loss during the year was ₹ 11.92 crore (previous year ₹ 10.41 crore).

43. **Provisions:**

The details of other provisions and its movement included in Note 12 are as under:

(₹ Crore)

	As at 31/03/2011	Addition	Utilised	Unused Reversed	As at 31/03/2012
(a) Provision for claims against the Company	14.50	-	-	-	14.50
(b) Others	3.25	-	-	-	3.25
	17.75	-	-	-	17.75
Previous Year	17.75	-	-	-	17.75
Non-current portion				-	-
Current portion				**17.75**	**17.75**

Provision for claims against the Company represents provision for claims of suppliers, contractors, customers, revenue authorities and others, where the Company anticipates probable outflow. The amount of provision is estimated by the Company considering the facts and circumstances of each case for which cash flow will be determined on settlement of these matters.

44. Gain or (loss) on foreign currency transaction and translation has been accounted for under respective head of accounts depending upon the nature of transaction. The details of net gain or (loss) included in various head of accounts are as under:

(₹ Crore)

	Year ended 31/03/2012	Year ended 31/03/2011
Revenue from Operations	(535.59)	(1.56)
Cost of Materials Consumed	(193.87)	79.96
Other Expenses	(88.97)	38.43
	(818.43)	**116.83**

45. **Operating Lease**

The total of future minimum lease payment commitments under non-cancellable operating lease agreement for a period of twenty years expiring in 2022 to use railway tracks along with locomotives for transportation of materials are as under:

(₹ Crore)

	As at 31/03/2012	As at 31/03/2011
Not later than one year	0.40	0.40
Later than one year and not later than five years	1.60	1.60
Later than five years	2.07	2.47

46. **Derivative Financial Instruments**

(a) The Company has adopted Accounting Standard 30, "Financial Instruments: Recognition and Measurement" issued by The Institute of Chartered Accountants of India so far as it relates to derivative accounting.

(b) In the ordinary course of business, the Company is exposed to risks resulting from changes in prices of commodity, exchange rate fluctuation and interest rate movements. It manages its exposure to these risks through derivative financial instruments. It uses derivative instruments such as forwards, futures, swaps and options to manage these risks. These derivative financial instruments reduce the impact of both favourable and unfavourable fluctuations. Except where noted, the derivative contracts are marked-to-market (MTM) and the related gains and losses are included in the Statement of Profit and Loss in the current accounting period.

The Company's risk management activities are subject to the management, direction and control of Risk Management Board (RMB). The RMB is composed of two directors including Managing Director, Chief Financial Officer and other officers and employees selected by the Managing Director. The RMB reports to the Board of Directors on the scope of its activities.

The decision of whether and when to execute derivative financial instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. The tenure is always linked to the timing of the underlying exposure, with the connection between the two being regularly monitored. The Company is exposed to losses in the event of non-performance by the counterparties to the derivative contracts. All derivative contracts are executed with counterparties that, in our judgment, are creditworthy. The credit levels are reviewed to ensure that there is not an inappropriate concentration of outstanding to any particular counterparty.

Commodity Price Risk

Copper and Precious Metals

This business is conducted under a conversion model. The prices of input and output are derived from the same benchmark and/or are linked to each other through a defined formula. The objective of risk management is to attempt to use derivatives to match the price fluctuations arising out of the timing mismatch in pricing the input and output so as to 'pass through' the change in input cost to customers to make the margins immune to the fluctuations in prices of the input and output.

Aluminium

This business is vertically integrated. The main raw material viz. bauxite (mostly mined from own mines) and other purchased raw materials do not have any linkage with the output price which is Aluminium LME prices. When the prices of input(s) and output(s) do not follow the above condition, then risk management attempts to use derivatives so as to protect the margins from adverse movements in prices on either side, i.e. from a rise in input cost or from a fall in output price.

As a condition of sale, customers often require the Company to enter into fixed price commitments. These commitments expose the Company to the risk of fluctuating aluminum prices between the time the order is committed and the time that the material is shipped. The Company may enter into derivative financial instruments to mitigate the risk arising out of the fixed price commitments. Consequently, the gain or loss resulting from movements in the price of aluminum on these contracts would generally be offset by an equal and opposite impact on the net sales and purchases being hedged.

Foreign Currency Exchange Risk

Exchange rate movements, particularly the United States Dollar (USD) and Euro (EUR) against Indian Rupee (INR), have an impact on operating results. In addition to the foreign exchange flow from exports, the commodity prices in the domestic market are derived based on the landed cost of imports in India where LME prices and USD/INR exchange rate are the main factors. In case of conversion business, the objective is to match the exchange rate of outflows and related inflows through derivative financial instruments. With respect to Aluminium business where costs are predominantly in INR, the strengthening of INR against USD adversely affects the profitability of the business and benefits when INR depreciates against USD. The Company enters into various foreign exchange contracts to protect profitability. The Company also enters into various foreign exchange contracts to mitigate the risk arising out of foreign currency exchange rate movement in foreign currency contracts executed with foreign suppliers to procure capital items for its project activities.

Embedded derivatives

Copper concentrate is purchased on future pricing model based on month's average LME (in case of copper) / LBMA (in case of gold and silver). Since the value of the concentrate changes with response to change in commodity pricing indices, embedded derivatives (ED) is identified and segregated in the contract. The ED so segregated, is treated like commodity derivative and qualify for hedge accounting. These derivatives are put into a Fair Value hedge relationship with inventory.

The objective of hedge designation of the embedded commodity derivative is to offset the volatility in the Statement of Profit and Loss due to change in value of un-priced inventory with response to LME / LBMA.

(c) The Asset and Liability position of various outstanding derivative financial instruments is given below:

₹ Crore

Particulars	Nature of Risk being Hedged	31st March, 2012			31st March, 2011		
		Liability	Asset	Net Fair Value	Liability	Asset	Net Fair Value
Current							
Cash flow hedges							
- Commodity contracts	All cash flow risk other than foreign currency	(11.69)	56.73	45.04	(107.60)	0.39	(107.21)
- Foreign currency contracts	Exchange rate movement risk	(157.42)	19.20	(138.22)	(5.46)	50.21	44.75
Fair Value Hedge							
- Embedded Derivatives*	Risk of change in Fair Value of unpriced inventory	(215.44)	15.75	(199.69)	-	-	-
Non-designated hedges							
- Commodity contracts		(18.92)	109.85	90.93	(132.84)	47.86	(84.98)
- Foreign currency contracts		(19.50)	5.29	(14.21)	(12.86)	3.82	(9.04)
Total		**(422.97)**	**206.82**	**(216.15)**	**(258.76)**	**102.28**	**(156.48)**
Non - current							
Cash flow hedges							
- Commodity contracts	All cash flow risk other than foreign currency	-	2.12	2.12	(1.64)	-	(1.64)
- Foreign currency contracts	Exchange rate movement risk	(45.81)	-	(45.81)	-	-	-
Non-designated hedges							
- Commodity contracts		-	5.41	5.41	-	-	-
- Foreign currency contracts		-	-	-	(0.08)	-	(0.08)
Total		**(45.81)**	**7.53**	**(38.28)**	**(1.72)**	**-**	**(1.72)**
Grand Total		**(468.78)**	**214.35**	**(254.43)**	**(260.48)**	**102.28**	**(158.20)**

* Fair value of ₹ Crore (215.44) is part of Trade Payables.

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(d) The following table presents the outstanding position and fair value of various foreign exchange derivative financial instruments:

Foreign currency forwards	Currency Pair	31st March, 2012			31st March, 2011		
		Average exchange rate	Notional Value (in Million)	Fair Value Gain/ (Loss) (₹ Crore)	Average exchange rate	Notional Value (in Million)	Fair Value Gain/ (Loss) (₹ Crore)
Cash flow hedges							
Buy	AUD_INR	-	-	-	44.77	9.84	2.11
Buy	CHF_INR	-	-	-	49.27	0.12	0.02
Buy	EUR_INR	68.40	13.40	0.98	64.10	117.95	9.08
Buy	GBP_INR	-	-	-	72.79	1.68	(0.18)
Buy	NOK_INR	-	-	-	7.86	2.37	0.03
Buy	USD_INR	50.41	29.92	3.03	45.98	23.30	(1.46)
Sell	USD_INR	49.77	764.50	(188.04)	48.92	175.00	35.15
Total				**(184.03)**			**44.75**
Non-Designated							
Buy	AED_USD	-	-	-	3.67	25.46	(0.01)
Buy	AUD_INR	53.63	2.52	(0.08)	39.60	1.71	1.15
Buy	CHF_INR	57.45	0.25	0.17	49.55	0.12	0.03
Buy	EUR_INR	69.24	35.26	0.86	64.43	19.62	(0.34)
Buy	GBP_INR	80.88	0.95	0.14	73.59	0.66	(0.12)
Buy	NOK_INR	8.90	3.16	0.09	8.17	0.79	-
Buy	USD_INR	51.80	187.27	(9.37)	46.43	147.27	(9.83)
Sell	USD_INR	51.64	53.83	(6.02)	-	-	-
Total				**(14.21)**			**(9.12)**

(e) The following table presents the outstanding position and fair value of various commodity derivative financial instruments as at 31st March, 2012:

		Average Price (USD/Unit)	Quantity	Unit	Notional value (USD in Millions)	Fair Value Gain/ (Loss) (₹ Crore)
Commodity Futures/Forwards						
Cash Flow Hedge						
Aluminium	Sell	2,396.22	15,325	MT	36.73	16.68
Copper	Sell	8,637.51	1,250	MT	10.80	1.19
Gold	Sell	1,702.33	99,503	TOZ	171.52	30.63
Silver	Sell	32.83	1,672,332	TOZ	53.73	(1.34)
Total						**47.16**
Non Designated hedges						
Aluminium	Buy	2,182.47	36,950	MT	80.84	(17.15)
Aluminium	Sell	2,338.91	52,175	MT	126.14	75.51
Copper	Buy	8,342.70	23,375	MT	195.36	22.39
Copper	Sell	8,445.79	2,825	MT	23.85	0.46
Gold	Buy	1,710.28	1,397	TOZ	2.40	(4.48)
Gold	Sell	1,663.41	41,752	TOZ	69.46	4.76
Silver	Buy	-	*	TOZ	-	(0.53)
Silver	Sell	32.41	278,664	TOZ	9.03	11.89
Total						**92.85**
Commodity Options (Non Designated hedges)						
Aluminium	Sell		*	MT	-	3.49
Total						**3.49**
Embedded derivatives						
Fair Value Hedge						
Copper	Sell	8,102.36	113,333	MT	918.27	(202.78)
Gold	Sell	1,689.66	40,362	TOZ	68.20	5.68
Silver	Sell	31.55	710,744	TOZ	22.43	(2.59)
Total						**(199.69)**

* Represent derivatives matured within 31st March, 2012 for which cash flow to happen on settlement date during April, 2012.

The following table presents the outstanding position and fair value of various commodity derivative financial instruments as at 31st March, 2011:

		Average Price (USD/Unit)	Quantity	Unit	Notional value (USD in Millions)	Fair Value Gain/ (Loss) (₹ Crore)
Commodity Futures/Forwards						
Cash Flow Hedge						
Aluminium	Sell	2,712.25	108,600	MT	294.55	(25.60)
Gold	Sell	1,384.92	128,873	TOZ	178.48	(23.51)
Silver	Sell	29.86	1,755,908	TOZ	52.43	(59.74)
Total					**525.46**	**(108.85)**
Non Designated hedges						
Aluminium	Buy	2,563.58	38,425	MT	98.51	9.17
Aluminium	Sell	2,455.38	34,800	MT	85.45	(24.67)
Copper	Buy	9,360.11	16,475	MT	154.21	7.35
Copper	Sell	9,453.72	30,925	MT	292.36	2.27
Gold	Buy	1,428.60	595	TOZ	0.85	(0.18)
Gold	Sell	1,364.49	33,347	TOZ	45.50	(27.04)
Silver	Buy	37.93	16,080	TOZ	0.61	2.75
Silver	Sell	22.00	138,183	TOZ	3.04	(43.77)
Total					**680.53**	**(74.12)**
Commodity Options (Non Designated hedges)						
Aluminium	Sell	2,515.65	30,000	MT	75.47	(9.53)
Copper	Sell				-	(0.88)
Total					**75.47**	**(10.41)**
Commodity Swaps- Non Designated hedges						
Aluminium	Sell				-	(0.45)
Total					**-**	**(0.45)**

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(f) The following table presents details of amount held in Hedging Reserve and the period during which these are going to be released and affecting Statement of Profit & Loss

₹ Crore

Hedge Instrument Type	Products/ Currency Pair	31st March, 2012			31st March, 2011		
		Closing Value in Hedging Reserve as at 31st March, 2012	Release		Closing Value in Hedging Reserve as at 31st March, 2011	Release	
			In less than 12 Months	After 12 Months		In less than 12 Months	After 12 Months
		Gain/(Loss)	Gain/(Loss)	Gain/(Loss)	Gain/(Loss)	Gain/(Loss)	Gain/(Loss)
Commodity Forwards	Aluminium	54.41	52.43	1.98	(10.64)	(10.13)	(0.51)
	Copper	1.15	1.01	0.14	-	-	-
	Gold	39.90	39.90	-	(23.11)	(23.11)	-
	Silver	12.47	12.47	-	(59.34)	(59.34)	-
	Total	**107.93**	**105.81**	**2.12**	**(93.09)**	**(92.58)**	**(0.51)**
Debt		**20.37**	**20.37**	**-**	**44.76**	**44.76**	**-**
Liability for Copper Concentrate		**(82.06)**	**(82.06)**	**-**	**-**	**-**	**-**
Foreign currency Forwards	AUD_INR	(0.18)	-	(0.18)	4.90	4.90	-
	CHF_INR	-	-	-	0.02	0.02	-
	EUR_INR	2.40	3.55	(1.15)	(6.73)	(6.73)	-
	GBP_INR	-	-	-	(0.26)	(0.26)	-
	NOK_INR	(0.03)	-	(0.03)	(0.30)	(0.30)	-
	USD_INR	(181.98)	(136.20)	(45.78)	30.87	30.87	-
Total		**(179.79)**	**(132.65)**	**(47.14)**	**28.50**	**28.50**	-
Grand Total		**(133.55)**	**(88.53)**	**(45.02)**	**(19.83)**	**(19.32)**	**(0.51)**

(g) The following table presents the amount of gain/(loss) recognized in Hedging Reserve and recycled during the year 2011-12:

₹ Crore

Item	Opening Balance	Net Amount recognised	Recycled			Closing Balance
			Net Amount to P&L	Net Amount added to Non-Financial Assets	Total Amount recycled	
Commodity	(93.09)	212.32	11.30	-	11.30	107.93
Forex	73.26	(820.53)	(516.72)	10.93	(505.79)	(241.48)
Total	**(19.83)**	**(608.21)**	**(505.42)**	**10.93**	**(494.49)**	**(133.55)**

The following table presents the amount of gain/(loss) recognized in Hedging Reserve and recycled during the year 2010-11:

₹ Crore

Item	Opening Balance	Net Amount recognised	Recycled			Closing Balance
			Net Amount to P&L	Net Amount added to Non-Financial Assets	Total Amount recycled	
Commodity	(41.25)	(430.84)	(379.00)	-	(379.00)	(93.09)
Forex	45.88	(31.90)	24.92	(84.20)	(59.28)	73.26
Total	**4.63**	**(462.74)**	**(354.08)**	**(84.20)**	**(438.28)**	**(19.83)**

(h) The following table presents the amount of gain/ (loss) recycled from Hedging Reserve and reference of the line item in Statement of Profit & Loss where those amounts are included:

₹ Crore

Note No.	Schedule Line Item	2011-12	2010-11
27a	Aluminium and Aluminium Products	190.73	(52.22)
27a	Copper and Copper Products	(411.18)	(2.43)
27a	Precious Metals	(284.97)	(290.07)
30	Copper Concentrate	-	(8.63)
37	(Gain)/ Loss on change in Fair value of derivatives (net)	-	0.73

(i) The adjustment as part of the carrying value of inventories arising on account of fair value hedges at 31 March 2012 is as follows:

₹ Crore

Copper	207.85
Gold	(5.33)
Silver	2.73
Total	**205.25**

Sensitivities

The following table presents the estimated potential changes in the fair values of the foreign currency derivative financial instruments given a 10% changes in their respective indexes.

₹ Crore

Currency Pair	Change in Rate/Price	31st March, 2012			31st March, 2011		
		Change in Fair Value	Change in Profit & Loss	Change in Hedging Reserve	Change in Fair Value	Change in Profit & Loss	Change in Hedging Reserve
USD_INR	10%	311.82	86.38	225.44	1.84	(60.09)	61.93
EUR_INR	10%	62.83	54.05	8.78	86.56	15.05	71.51
GBP_INR	10%	1.48	1.48	-	1.67	0.54	1.14
NOK_INR	10%	0.01	0.01	-	0.23	-	0.23
CHF_INR	10%	0.14	0.14	-	0.11	-	0.11
AUD_INR	10%	2.51	2.51	-	5.28	1.15	4.13
Debt	10%	565.63	304.15	261.48	325.46	37.75	287.71

The following table presents the estimated potential change in the fair values of the commodity derivative financial instruments, given a 10% change in their respective indexes (LME in case of Aluminium and Copper, LBMA in case of Gold and Silver).

₹ Crore

Types of Derivatives	Change in Rate/Price	31st March, 2012			31st March, 2011		
		Change in Fair Value	Change in Profit & Loss	Change in Hedging Reserve	Change in Fair Value	Change in Profit & Loss	Change in Hedging Reserve
Forwards	10%	101.25	(32.49)	133.74	319.63	64.58	255.04
Options	10%	-	-	-	25.56	25.56	-
Embedded derivatives	10%	532.56	532.56	-	-	-	-

47 **Contingent Liabilities and Commitments**

	As at 31/03/2012	As at 31/03/2011
	(₹ Crore)	
A **Contingent Liabilities**		
(a) Claims against the Company not acknowledged as debt:		
Following demands are disputed by the Company and are not provided for:		
(i) Demand notice by Asstt. Collector Central Excise Mirzapur for excise duty on power generated by Company's captive power plant, Renusagar Power Company Limited (Since amalgamated).	9.12	9.12
* Writ petition is pending with the Hon'ble High Court of Delhi. Earlier demand raised was quashed by the Hon'ble High Court of Delhi. The amount has been sequestered in the Aluminium Regulation account. According to the terms of settlement dated 05th December, 1983 between the Central Govt. and the Company, this amount will be reimbursed to the Company in the event the case is decided against the Company.		
(ii) Demand of interest on past dues of the Aluminium Regulation account up to 31st December, 1987.	6.33	6.33
* The demand is in dispute with Controller of Aluminium Regulation Account.		
(iii) Retrospective Revision of Water Rates by UP al Vidyut Nigam Limited (April 1989 to June 1993 & Jan 2000 to Jan 2001).	4.08	4.08
* Writ petition pending with Lucknow Bench of Hon'ble High Court of Allahabad. The demand has been stayed vide order dated 11th May, 2001.		
(iv) Transit fees levied by Divisional Forest officer, Renukoot, on Coal and Bauxite.	111.78	93.43
* Appeal pending with the Hon'ble High Court of Allahabad and payment of transit fee has been stayed. According to the legal opinion received by the Company, the Forest department has no authority to levy such fees. The Company has filed a transfer application before the Hon'ble		

47 **Contingent Liabilities and Commitments (Contd.)**

		(₹ Crore)
	As at	
	31/03/2012	**31/03/2011**
Supreme Court.The Hon'ble Supreme Court of India on while issuing notice on our Transfer Petition stayed the further proceedings of the Company's Writ Petiition pending before the Hon'ble Allahabad High Court.		
(v) M.P Transit Fee on Coal demanded by Northern Coal Fields Limited.	23.05	22.54
*Company had challenged the demand towards MP transit Fee on Coal and filed Writ Petition before the Hon'ble Jabalpur High Court. The Hon'ble High Court has struck down the levy and also ordered for refund of the amount paid under protest. The State government has filed an Appeal against the order of the Hon'ble Supreme Court of India and the Hon'ble High Court's order has been stayed.The Counter affidavit in the matter has been filed . The rejoinder has also been filed by the state. To be listed along with the similar matter before Supreme Court of India.		
(vi) Imposition of Cess on Coal by Shaktinagar Special Area Development Authority.	7.56	6.30
* Writ petition pending before Allahabad High Court, Allahabad. Demand and levy stayed. However the Company has moved a transfer petition before the Hon'ble Supreme court for the tagging the matter with CA no. 1883 of 06.The matter is tagged with ORISED.		
(vii) Demand of Royalty on Vanadium by District Mining officer, Lohardaga.	8.44	8.44
* Appeal is pending with the Hon'ble High Court of Allahabad. The demand has been stayed on certain conditions.		
(viii) The demand of Excise Duty on gold.	155.31	155.31
* Part of the demand was confirmed against which our ROM request is pending at CESTAT. Department's appeal is pending before the Hon'ble Supreme Court for the part of the demand and penalty that was dropped.		
(ix) Tax under MPGATSVA, 2005 @ 5% on basic price of coal w.e.f. 30th September, 2005 by M.P. State Government.	56.91	52.55
* Writ petition has been filed before the Hon'ble High Court of Madhya Pradesh at Jabalpur. Demand has been stayed.		
(x) Demand raised on the assessment for entry tax with retrospective effect from the period November,1999 to till date.	218.55	213.53
* The Hon'ble Allahabad High Court vide order dt. 23.12.2011 dismissed the Entry Tax Writ Petitions		

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47 Contingent Liabilities and Commitments (Contd.)

(₹ Crore)

		As at	
		31/03/2012	31/03/2011
	alongwith other similar Petitions.An SLP was filed before Apex court declaring liability up to Nov'11 against the order of the Hon'ble Allahabad High Court which came up for hearing on 10.02.2012. The Apex court passed an interim order staying the judgement and order dated 23.12.2011 subject to the condition to deposit arrears of liability up to Nov'11,50% in cash and balance by way of BG. The interim order also required to pay the liability after Nov'11 at applicable rate in cash.The Company is depositing entry tax amount on month to month basis under protest in cash.		
(xi)	Demand raised on assessment under CST Act and UP Sales Tax Act.	6.52	9.07
	* Appeals have been filed with Sales Tax Tribunal and JC Appeal for different years.		
(xii)	Revision of surface rent on land by Government of Jharkhand w.e.f. 16th June, 2005.	18.05	14.56
	* Matter is in dispute at Hon'ble High Court of Jharkhand.		
(xiii)	Demand made by Nayab Tehsildar Kusmi / Collector under Chattisgarh as per Adhosanrachna Vikas evam Parayavaran Upkar Adhiniyam, 2005 @ 5% as environment tax on royalty plus 5% as development tax.	4.46	3.47
	* The Writ petition which has been filed by the Company before Hon'ble High Court of Chhattisgarh at Bilaspur, has been transferred to the Hon'ble Supreme Court and tagged with other Civil Appeals.		
(xiv)	Service tax paid on Goods Transport Agency and Business Auxiliary Services.	11.27	11.27
	* Commissioner has confirmed the demand. Appeal is being filed at CESTAT New Delhi.		
(xv)	M.P Transit fee on Bauxite.	1.30	1.26
	* Writ petition pending with the Hon'ble High Court at Jabalpur.		
(xvi)	Demand for Entry Tax relating to valuation dispute of 2004-05 to 2005-06, for which appeals have been filed.	1.18	4.37
	* Appeal has been filed with Additional CCT, Sambalpur.		
(xvii)	CST demand on reopening of assessments for 1999-00 to 2003-04.	8.81	8.81
	* Appeals have been filed.		
(xviii)	Demand of penalty on excess CENVAT Credit taken.	1.00	1.00
	*Appeal pending with CESTAT, Mumbai.		
(xix)	Demand for Sales Tax u/s 15B for A.Y. 2001-02 & 2002-03.	8.17	8.17
	* Appeal is pending with J. C Appellate Authority, Baroda.		
(xx)	Demand for VAT for AY 2007-08	-	9.56
	* Matter is settled in the favour of the Company.		

47 **Contingent Liabilities and Commitments (Contd.)**

(₹ Crore)

		As at 31/03/2012	As at 31/03/2011
(xxi)	Service tax on insurance policy attributable to Renusagar. * Commissioner has confirmed the demand. Appeal is pending before the CESTAT, New Delhi.	3.20	4.49
(xxii)	Demand of Interest on differential duty on account of final assessment of Bill of Entries. * The matter is pending with Commissioner of Customs, Appeal, Ahmedabad.	17.63	17.63
(xxiii)	Disallowance of CENVAT credit. * The matter is pending with CESTAT, Ahmedabad.	5.29	5.29
(xxiv)	Demand for interest on claim with IFFCO, Kandla. *Appeal against Delhi High Court order being filed.	7.71	7.53
(xxv)	Demand raised on assessment under CST Act and APGST Act for various years. * Appeals have been filed with appropriate authorities.	6.55	5.26
(xxvi)	Demand for Service Tax on Consulting Engineer Services and Scientific & Tech Service. * Appeal pending with Commissioner (Appeals), Ahmedabad.	3.84	3.84
(xxvii)	Excise duty on Dross. *Company has challenged the letter issued by Excise department to pay Excise duty on dross before Hon'ble Allahabad High court.	17.30	14.42
(xxviii)	Demand of stamp duty on imported cargo. * Matter is settled in the favour of the Company.	-	53.17
(xxix)	Alleged Cenvat taken without receipt of Alumina Hydrate inside the factory. * Appeal files with Hon'ble CESTAT.	3.46	3.46
(xxx)	Demand of Duty debited through DEPB Licenses. * Appeal is pending with Commissioner of Customs, Ahemdabad.	2.31	0.69
(xxxi)	Other Contingent Liabilities in respect of Excise, Customs, Sales Tax etc. each being for less than ₹ 1 crore. * The demands are in dispute at various legal forums.	13.82	13.86
		743.00	**772.81**
(b)	Corporate Guarantees Outstanding (₹ 48.42 Crore (previous year ₹ 33.66 crore) given on behalf of subsidiary companies)	88.98	74.22
(c)	Other money for which the Company is contingently liable:		
i.	Bills discounted with Banks	0.19	0.19
ii.	Customs duty on Capital Goods and Raw Materials imported under EPCG Scheme/ Advance Licence, against which export obligation is to be fulfilled. * Excluding cenvatable portion	* 263.55	514.38

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iii. The Company has received a notice dated 24th March, 2007 from collector (Stamp) Kanpur, Uttar Pradesh alleging that stamp duty of ₹ 252.96 crore is payable in view of order dated 18th November, 2002 of Hon'ble High Court of Allahabad approving scheme of arrangement for merger of Copper business of Indo Gulf Corporation Limited with the Company. The Company is of the opinion that it has a very strong case as there is no substantive/computation provision for levy/calculation of stamp duty on court order approving scheme of arrangement under Companies Act, 1956 within the provisions of Uttar Pradesh Stamp Act, moreover the properties in question are located in the State of Gujarat and thus the collector (stamp) Kanpur has no territorial jurisdiction to make such a demand. It is pertinent to note that the Company in 2003-04 has already paid stamp duty which has been accepted as per the provisions of the Bombay Stamp Act 1958 with regard to transfer of shareholding of Indo Gulf Corporation Limited as per the Scheme of Arrangement. Furthermore, the demand made is on an incorrect assumption. The Company's contention amongst the various other grounds made is that the demand is illegal, against the principles of natural justice, incorrect, bad in law and malafide. The Company has filed a writ petition before the Hon'able High Court of Allahabad, inter alia, on the above said grounds, which is pending determination.

iv. Against the notifications issued by the State Electricity Regulatory Commissions of Uttar Pradesh and Odisha States under the provisions of Electricity Act, 2003 in respect of Renewable Purchase Obligation (RPO), the Company has filed writ petitions before jurisdictional high courts on the ground, inter alia, that RPO cannot be made applicable to captive users and the High Court(s) at Allahabad and Cuttack have granted stay on the applicability of the RPO. Pending disposal of these, no provision has been considered necessary at this stage.

v. As per the draft assessment order dated 27th December, 2011 for the Assessment Year 2008-09 under the provisions of the Income-tax Act, 1961, the Assessing Officer has proposed an addition of ₹ 1,156 crore to the total income of the Company by considering guarantee as provision of service and has imputed a Guarantee Fee at the rate of 10.70% per annum on the loan amount on account of purported arm's length fee of corporate guarantee provided to foreign banks for granting loan to wholly-owned foreign subsidiary for funding acquisition of Novelis Inc. The Company has filed objections before Dispute Resolution Panel (DRP) against the said order which is pending. As on date no demand has been raised.

(₹ Crore)

	As at	
	31/03/2012	31/03/2011
B **Commitments**		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances.	7,188.61	9,988.03

(b) The Company, along with Aditya Birla Nuvo Limited, Grasim Industries Limited and Birla TMT Holdings Pvt. Limited (the Sponsors), being promoters of Idea Cellular Limited (Idea) has given the following undertakings to the Facility Agent:

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

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

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

(c) As the Sponsor, the Company has executed a Common Rupee Loan Agreement (CRLA) to avail financing of ₹ 4,906 crore for project undertaken by Utkal Alumina International Limited (Utkal), a wholly-owned subsidiary of the Company. Under the CRLA, the Company has following obligations:

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

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

iii. To hold minimum 51% equity shares in Utkal.

iv. To bring funds for meeting cost overrun of the project.

v. If Utkal exercises its right or requires to replace any lender under the CRLA and to enable to bring other lender to replace such a lender within the permitted time, the Company is required to infuse funds for prepayment of the loan to such lender and for undrawn portion of such rupee lender.

48 Information related to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 (MSME Development Act), are given below. The information given below have been determined to the extent such enterprises have been identified on the basis of information available with the Company:

(₹ Crore)

	As at	
	31/03/2012	31/03/2011
(a) Principal amount due	1.31	1.44
(b) Interest on Principal amount due	Nil	Nil
(c) Interest and Principal amount paid beyond appointment day	Nil	Nil
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the amount of interest specified under MSME Development Act.	Nil	Nil
(e) The amount of interest accrued and remaining unpaid at the end of the year.	Nil	Nil
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSME Development Act.	Nil	Nil

49 Disclosure relating to amount outstanding at year end and maximum outstanding during the year of loans and advances, in nature of loan, required as per Clause 32 of the Listing Agreement, are given below.:

(₹ Crore)

Particulars	As at 31/03/2012	Maximum Outstanding during 2012	As at 31/03/2011	Maximum Outstanding during 2011
(a) Subsidiaries:				
Hindalco-Almex Aerospace Ltd.	-	70.00	70.00	70.00
(b) Associate:				
Aditya Birla Science & Technology Company Limited	57.94	57.94	51.23	51.23

50 The Company is one of the promoter members of Aditya Birla Management Corporation Private Limited (ABMCPL), a Company limited by guarantee which has been formed to provide common facilities and resources to its members, with a view to optimize the benefits of specialization and minimize cost for each member. The Company is one of the participants in the common pool and shares the expenses incurred by ABMCPL and accounted for under appropriate heads.

51 Interests in Joint Ventures:

The Company's interest, as a venture, in jointly controlled entities is given below:

Name of Entities	Country of Incorporation	Proportion of ownership interests as at 31/03/2012	31/03/2011
Mahan Coal Limited	India	50%	50%
Hydromine Global Minerals (GMBH) Limited	British Virgin Islands	45%	45%

The Company's interest in these Joint Ventures is reported as Long-term Investments and stated at cost. However, aggregate amount of the Company's share of each of the assets, liabilities, income, expenses, contingent liabilities and commitment related to its interests in these jointly controlled entities are given below:

(₹ Crore)

	Year ended/ As at 31/03/2012	31/03/2011
Income	0.07	0.03
Expenses	1.65	0.36
Assets	49.18	36.48
Liabilities	2.63	1.07
Contingent Liabilities	16.71	16.71
Commitments (Net of advance)	0.07	0.25

52 **Related Party Disclosures:**

A List of Related Parties:

(a) **Enterprises where control exists:**

i. **Subsidiaries:**

1 Indal Exports Limited (dissolved on 4th March, 2011)
2 Minerals & Minerals Limited
3 Aditya Birla Chemicals (India) Limited
4 Utkal Alumina International Limited
5 Suvas Holdings Limited
6 Renukeshwar Investments & Finance Limited
7 Renuka Investments & Finance Limited
8 Dahej Harbour and Infrastructure Limited
9 Lucknow Finance Company Limited
10 Hindalco-Almex Aerospace Limited
11 HAAL USA Inc.
12 Tubed Coal Mines Limited
13 East Coast Bauxite Mining Company Private Limited
14 Mauda Energy Limited
15 Birla Resources Pty Limited
16 Aditya Birla Minerals Limited
17 Birla Maroochydore Pty Limited
18 Birla Nifty Pty Limited
19 Birla Mt. Gordon Pty Limited
20 AV Minerals (Netherlands) B.V.
21 AV Metals Inc.
22 AV Aluminum Inc. (merged with Novelis Inc. w.e.f. 29th September, 2010)
23 Novelis Inc.
24 Albrasilis - Aluminio do Brazil Industria e Comercia Ltda
25 Novelis do Brasil Ltda.
26 4260848 Canada Inc.
27 4260856 Canada Inc.

28 Novelis Cast House Technology Ltd.
29 Novelis No. 1 Limited Partnership
30 Novelis Foil France SAS
31 Novelis Lamines France SAS
32 Novelis PAE SAS
33 Novelis Aluminium Beteiligungs GmbH
34 Novelis Deutschland GmbH
35 Novelis Aluminium Holding Company
36 Novelis Italia SpA
37 Novelis Luxembourg SA
38 Aluminum Company of Malaysia Berhad
39 Alcom Nikkei Specialty Coatings Sdn Berhad
40 Al Dotcom Sdn Berhad
41 Novelis (India) Infotech Ltd.
42 Novelis de Mexico SA de CV
43 Novelis Korea Ltd.
44 Novelis AG
45 Novelis Switzerland SA
46 Novelis Europe Holdings Limited
47 Novelis UK Ltd.
48 Aluminum Upstream Holdings LLC (Delaware)
49 Eurofoil, Inc. (USA) (New York)
50 Logan Aluminium Inc. (Delaware)
51 Novelis Corporation (Texas)
52 Novelis Madeira, Unipessoal, Limited
53 Novelis Services Limited
54 Novelis Brand LLC (Delaware)
55 Novelis PAE Corp (Delaware)
56 Novelis South America Holdings LLC
57 Evermore Recycling LLC
58 8018227 Canada Inc.
59 8018243 Canada Limited
60 Novelis Acquisitions LLC (Delaware)
61 Novelis North America Holdings Inc. (Delaware)
62 Novelis Delaware LLC (Delaware)

(b) **Other Related Parties:**

i. **Associates:**

1 Aditya Birla Science and Technology Company Limited
2 Idea Cellular Limited
3 Aluminium Norf GmbH
4 Consorcio Candonga
5 MiniMRF LLC (Delaware)
6 Deutsche Aluminium Verpackung Recycling GmbH
7 France Aluminium Recyclage SA

ii. **Joint Ventures:**

1 Mahan Coal Limited
2 Hydromine Global Minerals (GMBH) Limited

iii. **Trust of the Company:**

1 Trident Trust

iv. **Key Managerial Personnel:**

Mr. D. Bhattacharya -Managing Director

B The following transactions were carried out with the Related Parties in the ordinary course of business:

(a) **Subsidiaries, Associates and Joint Ventures:** (₹ Crore)

Sl. No.	Transaction during the year	2011-12			2010-11		
		Subsidiaries	Associates	Joint Ventures	Subsidiaries	Associates	Joint Ventures
1	***Sales and Conversion***	**89.46**	**-**	**-**	**37.88**	**-**	**-**
	(a) Aditya Birla Chemicals (India) Limited	59.78	-	-	25.73	-	-
	(b) Hindalco - Almex Aerospace Limited	29.68	-	-	12.15	-	-
2	***Services rendered***	**0.03**	**0.04**	**-**	**0.15**	**0.13**	**-**
	(a) Dahej Harbour and Infrastructure Limited	0.03	-	-	0.14	-	-
	(b) Idea Cellular Limited	-	0.04	-	-	0.13	-
	(c) Others	0.00	-	-	0.01	-	-
3	***Interest and dividend received***	**131.82**	**3.35**	**-**	**3.20**	**2.66**	**-**
	(a) Aditya Birla Science & Technology Company Limited	-	3.35	-	-	2.66	-
	(b) Aditya Birla Chemicals (India) Limited	0.60	-	-	1.80	-	-
	(c) Aditya Birla Minerals Limited	69.64	-	-	-	-	-
	(d) Hindalco - Almex Aerospace Limited	1.58	-	-	1.22	-	-
	(e) Dahej Harbour and Infrastructure Limited	60.00	-	-	-	-	-
	(f) Others	-	-	-	0.18	-	-
4	***Purchase of materials and Capital Equipments***	**2,070.52**	**-**	**-**	**2,289.79**	**-**	**-**
4.1	***Purchase of materials***	**2,036.32**	**-**	**-**	**2,203.48**	**-**	**-**
	(a) Aditya Birla Chemicals (India) Limited	241.49	-	-	117.58	-	-
	(b) Birla (Nifty) Pty Limited	1,678.55	-	-	2,052.65	-	-
	(c) Birla Mt Gordon Pty Limited	74.94	-	-	32.39	-	-
	(d) Minerals and Minerals Ltd.	12.81	-	-	-	-	-
	(e) Novelis Inc.	28.50	-	-	-	-	-
	(f) Others	0.03	-	-	0.86	-	-
4.2	***Purchase of Capital Equipments***	**34.20**	**-**	**-**	**86.31**	**-**	**-**
	(a) Novelis Inc.	34.20	-	-	86.31	-	-
5	***Services received***	**40.34**	**14.93**	**-**	**29.72**	**14.03**	**-**
	(a) Aditya Birla Science & Technology Company Limited	-	13.74	-	-	12.47	-
	(b) Dahej Harbour and Infrastructure Limited	28.97	-	-	29.18	-	-
	(c) Idea Cellular Limited	-	1.19	-	-	1.56	-
	(d) Novelis Inc.	10.83	-	-	-	-	-
	(e) Others	0.54	-	0.54	-	-	

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Sl. No.	Transaction during the year	2011-12			2010-11		
		Subsidiaries	Associates	Joint Ventures	Subsidiaries	Associates	Joint Ventures
6	***Investments, Deposits, loans and advances made during the year***	**520.94**	**10.63**	**11.84**	**348.41**	**27.21**	**11.14**
	(a) Aditya Birla Science & Technology Company Limited	-	10.63	-	-	27.21	-
	(b) Mahan Coal Limited	-	-	10.13	-	-	9.00
	(c) Hydromine Global Minerals GMBH Limited	-	-	1.71	-	-	2.14
	(d) A V Minerals (Netherlands) B.V.	-	-	-	166.71	-	-
	(e) Utkal Alumina International Limited	379.00	-	-	180.47	-	-
	(f) Hindalco - Almex Aerospace Limited	138.94	-	-	-	-	-
	(g) Others	3.00	-	-	1.23	-	-
7	***Investments, Deposits, loans and advances received back during the year***	**136.86**	**3.92**	**2.63**	**3,013.95**	**8.33**	**1.00**
	(a) Aditya Birla Science & Technology Company Limited	-	3.92	-	-	8.33	-
	(b) Mahan Coal Limited	-	-	2.63	-	-	1.00
	(c) Utkal Alumina International Limited	-	-	-	92.44	-	-
	(d) A V Minerals (Netherlands) B.V.	66.86	-	-	2,921.34	-	-
	(e) Hindalco - Almex Aerospace Limited	70.00	-	-	-	-	-
	(f) Others	-	-	-	0.17	-	-
8	***Guarantees and Collateral securities given***	**14.76**	**-**	**-**	**12.12**	**-**	**-**
	(a) Utkal Alumina International Limited	14.76	-	-	12.12	-	-
9	***Guarantees & Collateral securities received back during the year***	**-**	**-**	**-**	**7,424.50**	**-**	**-**
	(a) A V Minerals (Netherlands) B.V.	-	-	-	6,365.86	-	-
	(b) Utkal Alumina International Limited	-	-	-	1,000.00	-	-
	(c) Others	-	-	-	58.64	-	-
10	***Licence and Lease arrangements***						
	Licence Fees :	**0.01**	**-**	**-**	**0.01**	**-**	**-**
	(a) Dahej Harbour and Infrastructure Limited	0.01	-	-	0.01	-	-
	Outstanding balance as at 31st March						
1	***Debit Balances***	**7.15**	**0.00**	**-**	**6.14**	**0.03**	**-**
	(a) Idea Cellular Limited	-	0.00	-	-	0.03	-
	(b) Aditya Birla Chemicals (India) Limited	1.26	-	-	1.22	-	-
	(c) Aditya Birla Minerals Limited	0.00	-	-	-	-	-
	(d) Utkal Alumina International Limited	1.44	-	-	0.12	-	-
	(e) Hindalco - Almex Aerospace Limited	4.39	-	-	4.70	-	-
	(f) Others	0.06	-	-	0.10	-	-

STANDALONE FINANCIAL STATEMENTS

Sl. No.	Transaction during the year	2011-12			2010-11		
		Subsidiaries	Associates	Joint Ventures	Subsidiaries	Associates	Joint Ventures
2	***Credit Balances***	**316.53**	**0.05**	**-**	**221.59**	**0.04**	**-**
	(a) Idea Cellular Limited	-	0.05	-	-	0.04	-
	(b) Aditya Birla Chemicals (India) Limited	15.08	-	-	1.33	-	-
	(c) Birla (Nifty) Pty Limited	267.70	-	-	220.05	-	-
	(d) Novelis Inc.	29.63	-	-	-	-	-
	(e) Dahej Harbour and Infrastructure Limited	2.62	-	-	0.02	-	-
	(f) Others	1.50	-	-	0.19	-	-
3	***Investments, Deposits, loans and advances***	**12,801.38**	**296.08**	**51.57**	**12,418.72**	**289.37**	**42.36**
	(a) Aditya Birla Science & Technology Company Limited	-	67.74	-	-	61.03	-
	(b) Idea Cellular Limited	-	228.34	-	-	228.34	-
	(c) A V Minerals (Netherlands) B.V.	10,423.90	-	-	10,490.76	-	-
	(d) Aditya Birla Minerals Limited	480.76	-	-	480.76	-	-
	(e) Utkal Alumina International Limited	1,627.43	-	-	1,248.43	-	-
	(f) Mahan Coal Limited	-	-	22.00	-	-	14.50
	(g) Hydromine Global Minerals GMBH Limited	-	-	29.57	-	-	27.86
	(h) Others	269.29	-	-	198.77	-	-
4	***Guarantees and Collateral securities given***	**48.42**	**-**	**16.71**	**33.66**	**-**	**16.71**
	(a) A V Minerals (Netherlands) B.V.	-	-	-	-	-	-
	(b) Dahej Harbour and Infrastructure Limited	4.50	-	-	4.50	-	-
	(c) Utkal Alumina International Limited	26.88	-	-	12.12	-	-
	(d) Mahan Coal Limited	-	-	16.71	-	-	16.71
	(e) Others	17.04	-	-	17.04	-	-

	(₹ Crore) As at 31/03/2012	31/03/2011
(b) **Trident Trust:**		
Beneficiary Interest in the Trust	34.45	34.45
(c) **Key Managerial Personnel:**		
Managerial Remuneration (including perquisites) *	19.50	17.31

* Excluding gratuity, leave encashment provisions and compensation under Employee Stock Option Scheme.

53 Additional information pursuant to paragraphs 5 (viii) of Part II of Schedule VI to the Companies Act, 1956 are follows:

A. C.I.F. value of imports by the Company (Excluding imported items purchased locally):

(₹ Crore)

	As at 31/03/2012	As at 31/03/2011
Raw Materials	15,081.29	14,393.18
Coal and Fuel	259.03	178.76
Stores and Spares	89.62	49.02
Capital Goods	1,300.25	900.62
Trading Goods	204.70	396.64

B. Expenditure in foreign currency during the year:

(₹ Crore)

	As at 31/03/2012	As at 31/03/2011
Technical Know-how and Professional or consultation fees	59.58	40.42
Interest	60.56	42.20
Others*	(160.34)	524.64

*Includes cashflow arising on commodity derivatives.

C. Value of Raw Materials and Stores and Spares consumed during the year ended:

	Value (₹ Crore)		Percentage (%)	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
Raw Materials:				
Imported	16,090.26	13,740.33	90.18%	88.47%
Indigenous	1,752.82	1,790.61	9.82%	11.53%
	17,843.08	**15,530.94**		
Stores and Spares:				
Imported	42.27	42.69	8.32%	11.16%
Indigenous	465.72	339.88	91.68%	88.84%
	507.99	**382.57**		

STANDALONE FINANCIAL STATEMENTS

D. Remittance in foreign currencies on account of dividend:

	Year ended	
	31/03/2012	**31/03/2011**
Amount of Dividend remitted (₹ Crore)	30.76	26.45
Year to which dividend relates	2010-11	2009-10
Number of non-resident shareholders	494	505
Number of shares held	205,079,907	195,959,021

E. Earnings in Foreign Exchange:

(₹ Crore)

	Year ended	
	31/03/2012	**31/03/2011**
Export of Goods on F.O.B. basis	7,856.60	7,096.00
Other Income	0.04	1.14

54 The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March,2012 are prepared as per Revised Schedule VI. Previous year figures have been reclassified/regrouped to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements except for accounting for dividend on investments in subsidiaries.

As per our report annexed.
For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 27th day of June, 2012

Praveen Maheshwari
CFO

Anil Malik
Company Secretary

For and on behalf of the Board of Hindalco Industries Limited

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

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

(₹ Crore)

Name of the Subsidiary Company	Financial year of the Subsidiary ended on	Extent of the Holding Company's interest (%)	Net aggregate amount of the Profit/(Loss) of the Subsidiary, so far as it concerns the members of the Holding Company — Not dealt with in the Holding Company's Accounts: For the Financial Year of the Subsidiary	Not dealt with in the Holding Company's Accounts: For the previous Financial Years since they become Subsidiary	Dealt with in the Holding Company's Accounts: For the Financial Year of the Subsidiary	Dealt with in the Holding Company's Accounts: For the previous Financial Year since they become Subsidiary	Additional Informations under section 212 (5)
1 Minerals & Minerals Limited	31.03.2012	100.00%	0.16	1.13	Nil	Nil	N.A.
2 Renuka Investments & Finance Limited	31.03.2012	100.00%	5.10	36.66	Nil	0.65	N.A.
3 Renukeshwar Investments & Finance Limited	31.03.2012	100.00%	2.80	25.90	Nil	0.10	N.A.
4 Suvas Holdings Limited	31.03.2012	51.00%	0.01	(0.05)	Nil	Nil	N.A.
5 Utkal Alumina International Limited	31.03.2012	100.00%	(13.69)	(17.76)	Nil	Nil	N.A.
6 Aditya Birla Chemicals (India) Limited	31.03.2012	54.65%	2.34	171.18	0.60	10.14	N.A.
7 Hindalco-Almex Aerospace Limited	31.03.2012	97.18%	(5.51)	(17.44)	Nil	Nil	N.A.
8 HAAL USA Inc $	31.03.2012	97.18%	(0.03)	0.07	Nil	Nil	N.A.
9 Lucknow Finance Company Limited	31.03.2012	100.00%	2.37	9.97	Nil	Nil	N.A.
10 Dahej Harbour and Infrastructure Limited	31.03.2012	100.00%	52.24	296.21	60.00	Nil	N.A.
11 East Coast Bauxite Mining Company Private Limited	31.03.2012	74.00%	(0.00)	(0.01)	Nil	Nil	N.A.
12 Tubed Coal Mines Limited	31.03.2012	60.00%	(0.10)	(0.06)	Nil	Nil	N.A.
13 Mauda Energy Limited	31.03.2012	100.00%	Nil	Nil	Nil	Nil	N.A.
14 Aditya Birla Minerals Limited - Consolidated *	31.03.2012	51.00%	67.68	238.45	69.64	65.05	N.A.
15 Birla Resources Pty Limited *	31.03.2012	100.00%	0.01	(8.68)	Nil	Nil	N.A.
16 A V Minerals (Netherlands) B.V. *	31.03.2012	100.00%	(1.08)	(1855.87)	Nil	Nil	N.A.
17 A V Metals Inc # *	31.03.2012	100.00%	(0.01)	(15.70)	Nil	Nil	N.A.
18 Novelis Inc - Consolidated # # *	31.03.2012	100.00%	456.27	(586.95)	Nil	Nil	N.A.

* Translated at Average exchange rate.
$ Subsidiary of Hindalco-Almex Aerospace Limited
# Subsidiary of AV Minerals (Netherlands) B.V.
# # Subsidiary of AV Metals Inc.

Note:

1. As the Financial Year of the Subsidary Companies coincide with the Financial Year of the Holding Company, Section 212 (5) of the Companies Act, 1956, is not applicable.

For and on behalf of the Board of Hindalco Industries Limited

Praveen Maheshwari
CFO

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

Anil Malik
Company Secretary

Dated: The 27th day of June, 2012

STANDALONE FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF HINDALCO INDUSTRIES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HINDALCO INDUSTRIES LIMITED, ITS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES.

1) We have audited the attached Consolidated Balance Sheet of **HINDALCO INDUSTRIES LIMITED**, ("the Company"), its subsidiaries, joint ventures and associates (collectively referred as "the Group") as at 31st March, 2012, the Consolidated Statement of Profit and Loss and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statement and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   a) We did not audit the financial statements of certain Indian subsidiaries whose financial statements reflect total assets of ₹ 6,641.22 Crores as at 31st March, 2012, total revenue of ₹ 682.94 Crores and net cash flow amounting to ₹ 97.93 Crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of other auditors.

   b) The consolidated financial statements of foreign subsidiaries namely Novelis Inc. and Aditya Birla Minerals Ltd and the standalone financial statements of A V Minerals (Netherlands) B.V., A V Metals Inc. and Birla Resources Pty Ltd. have not been audited by us. These financial statements have been audited by other auditors as appointed under the respective laws.

      i. Of the above, certain foreign subsidiaries whose consolidated financial statements/financial statements reflect total assets of ₹ 47,217.57 Crores as at 31st March, 2012, (net of investment of fellow foreign subsidiaries) total revenue of ₹ 53,333.06 Crores and net cash flow amounting to ₹ 223.38 Crores for the year then ended, have been prepared by the management of the Company and its subsidiaries in accordance with the generally accepted accounting principles in India and other recognized accounting policies and principles followed by the Company. These financial statements have been audited by a firm of Chartered Accountants and have been included in the Consolidated Financial Statement of the Group on the basis of their Fit For Consolidation Report ("FFC") received from them.

      ii. Of the above, certain foreign subsidiaries whose consolidated financial statement/ financial statement reflect total assets of ₹ 3,665.36 Crores as at 31st March, 2012 and total revenue of ₹ 2,528.46 Crores and net cash flow amounting to ₹ 232.33 Crores for the year then ended, has been converted into Indian GAAP by the management to the extent possible and reviewed by us.

   c) These consolidated financial statements include total assets of ₹ 24.96 Crores as at 31st March, 2012 and total revenue of ₹ Nil and net cash flow amounting to ₹ 0.09 Crores for the year then ended, being proportionate share in the a foreign Joint venture Hydromine Global Minerals (GMBH) Limited which is based on financial statements audited by a firm of Chartered Accountants in accordance with Indian GAAP.

   d) The Company's share of profit in associates aggregating to ₹ 110.3 Crores and the net carrying cost of investment as at 31st March, 2012 of ₹ 670.65 Crores have been accounted for based on audited financial statements audited by other auditors.

   e) Our opinion on the figures included in the aforesaid results relating to subsidiaries, associates and joint ventures to the extent not audited/ reviewed by us, have been formed based on reports received from other auditors/ firm of Chartered Accountants.

3) We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", Accounting Standard (AS) 23, "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial reporting on interest in Joint Venture" as notified by the Companies (Accounting Standard) Rules, 2006.

4) Without qualifying our opinion, attention is drawn to the following -

   a) Note no. 47 of Notes to Consolidated Financial Statements regarding change in accounting policy with respect to recognition of actuarial losses of ₹ 759.42 Crores (net of Deferred Tax) relating to pension and other post-retirement benefit plans in the Actuarial Gain/(Loss) Reserve under Reserves and Surplus of Novelis Inc. (the Company) and its subsidiaries and associates (Novelis Group) for reasons as stated therein. Had the Novelis group followed the earlier practice of recognition of actuarial losses on the aforesaid defined benefit plans in the Statement of Profit and Loss as per the Accounting Standard (AS 15) on Employee Benefits, Employee Benefits expenses would have been higher by ₹ 1,014.91 Crores, tax expenses would have been lower by ₹ 299.88 Crores, the consolidated profit before taxes and minority interest would have been lower by ₹ 1,014.91 Crores, Actuarial Gain / (Loss) Reserve would have been Rs Nil and Foreign Currency Translation Reserve would have been lower by ₹ 44.39 Crores.

   b) Note no. 46 of notes to Consolidated Financial Statement relating to loss on exiting foil and packing business in one of the foreign subsidiary amounting to ₹ 500.47 Crores (Net of deferred tax of ₹ 35.86 Crores) has been adjusted with Business Reconstruction Reserve as per the scheme of arrangement U/s 391 to 394 of the Companies Act 1956 as approved by the High Court at Mumbai. Had the aforesaid treatment been not done the reported group profit before tax would have been lower by ₹ 536.33 Crores and Business Reconstruction Reserve would have been higher by ₹ 500.47 Crores and deferred tax assets would have been higher by ₹ 35.86 Crores.

   c) Note no. 4 of notes to consolidated financial statements regarding consolidation of accounts of an associate including for the year ended 31st March 2011, resulting in profit for the year being higher by ₹ 62.02 Crores.

   Impact of para a, b and c above has resulted in Consolidated Group Profit after Tax being higher by ₹ 1,277.52 Crores.

5) We report that on the basis of the information and according to the explanations given to us, and on consideration of the separate audit reports and fit for consolidation reports, we are of the opinion that the said consolidated financial statements read with our comments in paragraph 4 with impact thereof, together with significant accounting policies and notes to consolidated financial statement appearing in note no 1, give a true and fair view in conformity with the accounting principles generally accepted in India and/or other recognised accounting principles:

   (a) in the case of the consolidated balance sheet, of the state of affairs of the group as at 31st March, 2012;

   (b) in the case of the consolidated statement of profit and loss account, of the consolidated profit of the group for the year ended on that date; and

   (c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the group for the year ended on that date.

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

Camp: Mumbai
Dated: the 27th day of June 2012

(RAJIV SINGHI)
Partner
Membership No. 53518

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

(₹ Crore)

	Note No.	As at 31/03/2012	As at 31/03/2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	'7'	191.48	191.46
Reserves and Surplus	'8'	31,178.53	28,831.83
Money received against Share Warrants	'9'	541.31	-
		31,911.32	**29,023.29**
Minority Interest		**1,709.05**	**2,216.94**
Non-Current Liabilities			
Long-term Borrowings	'10'	37,127.21	25,253.17
Deferred Tax Liabilities (Net)	'11'	3,605.01	3,759.59
Other Long-term Liabilities	'12'	1,460.03	603.31
Long-term Provisions	'13'	5,288.76	4,240.78
		47,481.01	**33,856.85**
Current Liabilities			
Short-term Borrowings	'14'	3,731.34	4,112.70
Trade Payables		11,052.18	10,433.39
Other Current Liabilities	'15'	4,140.27	3,726.60
Short-term Provisions	'16'	1,377.10	1,499.79
		20,300.89	**19,772.48**
		101,402.27	**84,869.56**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	'17'	19,871.36	19,324.78
Intangible Assets	'18'	15,428.91	13,080.53
Capital Work-in-Progress		22,598.15	9,235.58
Intangible Assets under Development		199.95	16.20
Non-Current Investments	'19'	5,691.46	5,326.90
Long-term Loans and Advances	'20'	3,754.43	4,596.60
Other Non-Current Assets	'21'	840.83	865.20
		68,385.09	**52,445.79**
Current Assets			
Current Investments	'22'	4,859.56	5,528.00
Inventories	'23'	13,246.03	13,742.01
Trade Receivables	'24'	8,017.17	7,541.05
Cash and Bank Balances	'25'	3,295.99	2,539.95
Short-term Loans and Advances	'26'	2,158.19	1,721.87
Other Current Assets	'27'	1,440.24	1,350.89
		33,017.18	**32,423.77**
		101,402.27	**84,869.56**
Significant Accounting Policies	'2'		

The accompanying Notes are an integral part of the Financial Statements

As per our report annexed.
For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 27th day of June, 2012

Praveen Maheshwari
CFO

Anil Malik
Company Secretary

For and on behalf of the Board of Hindalco Industries Limited

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

(₹ Crore)

	Note No.	Year ended 31/03/2012	Year ended 31/03/2011
INCOME			
Gross Revenue from Operations	'28'	82,549.03	73,703.28
Less: Excise Duty		1,727.66	1,501.01
Net Revenue from Operations		**80,821.37**	**72,202.27**
Other Income	'29'	783.07	513.33
Total Income		**81,604.44**	**72,715.60**
EXPENSES			
Purchases of Stock-in-Trade		207.11	522.32
Cost of Materials Consumed	'30'	50,401.79	45,641.28
Changes in Inventories	'31'	663.29	(893.31)
Employee Benefits Expenses	'32'	6,248.85	6,015.07
Power and Fuel	'33'	4,762.68	3,839.25
Finance Costs	'34'	1,757.98	1,839.35
Depreciation and Amortization	'35'	2,650.57	2,734.02
Impairment Loss/ (Reversal) (Net)	'36'	219.01	25.46
Other Expenses	'37'	10,348.22	9,148.98
Total Expenses		**77,259.50**	**68,872.42**
Profit before Tax		**4,344.94**	**3,843.18**
Tax Expenses:	'38'		
Current Tax		887.54	1,210.07
Deferred Tax		(101.30)	(246.24)
Profit before Minority Interest and share in Associates		**3,558.70**	**2,879.35**
Share in Profit/ (Loss) of Associates (Net)		49.56	(57.11)
Profit before Minority Interest		**3,608.26**	**2,822.24**
Minority Interest		211.31	365.87
Profit for the year		**3,396.95**	**2,456.37**
Earnings per Equity Share:	'39'		
Basic (₹)		17.74	12.84
Diluted (₹)		17.74	12.83
Significant Accounting Policies	'2'		

The accompanying Notes are an integral part of the Financial Statements

As per our report annexed.
For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 27th day of June, 2012

Praveen Maheshwari
CFO

Anil Malik
Company Secretary

For and on behalf of the Board of Hindalco Industries Limited

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

CONSOLIDATED FINANCIAL STATEMENTS

	Year ended 31/03/2012	(₹ Crore) Year ended 31/03/2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	4,344.94	3,843.18
Adjustment for :		
Finance Costs	1,757.98	1,839.35
Depreciation and Amortization	2,650.57	2,734.02
Impairment Loss/ (Reversal) (Net)	219.01	25.46
Employee Stock Option Scheme	1.29	1.34
Provisions/ Provisions written-back (Net)	(154.43)	(16.20)
Unrealised Foreign Exchange (Gain)/ Loss (Net)	121.87	127.90
Loss/ (Gain) on Derivative transactions (Net)	262.05	370.72
Impact of Foreign Exchange translation (Net)	922.27	(177.18)
Write-off and amortization of fair value adjustments	30.34	(79.60)
Pre-operative/Incidental Expenditure written off	-	0.12
Investing Activities (Net)	(524.62)	(421.58)
Operating profit before working capital changes	**9,631.27**	**8,247.53**
Changes in working Capital:		
Inventories	855.89	(2,735.43)
Trade and other Receivables	(1,022.01)	(1,665.28)
Trade and other Payables	(766.09)	3,692.28
Cash generation from Operation	**8,699.06**	**7,539.10**
Payment of Direct Taxes	(1,090.11)	(1,313.08)
Net Cash generated/ (used) - Operating Activities	**7,608.95**	**6,226.02**
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(12,511.88)	(7,908.61)
Sale of Fixed Assets	111.16	148.79
Return of Capital from Subsidiary	-	-
Purchase/ Sale of shares in Subsidiaries	(1,852.19)	-
Purchase/ Sale of Investments	508.18	505.71
Proceeds/ Repayment of Loans and Deposits (Net)	(17.66)	(265.23)
Interest Received	198.73	147.00
Dividend Received	343.41	302.93
Net Cash Generated/ (Used) - Investing Activities	**(13,220.25)**	**(7,069.41)**

(₹ Crore)

	Year ended 31/03/2012	Year ended 31/03/2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Shares (Net of Expenses)	3.46	9.89
Proceeds against Share warrants	541.31	-
Capital Subsidy Received	5.25	1.75
Proceeds from Long-term Borrowings	9,475.75	18,569.60
Repayment of Long-term Borrowings	(139.55)	(11,104.64)
Proceeds/ Repayment of Short-term Borrowings (Net)	(385.06)	(3,726.52)
Finance Cost Paid	(2,853.11)	(2,540.97)
Dividend Paid (including Dividend Distribution Tax)	(411.00)	(383.79)
Net Cash Generated/ (Used) - Financing Activities	**6,237.05**	**825.32**
Net Increase/ (Decrease) in Cash and Cash Equivalents	625.75	(18.07)
Add : Opening Cash and Cash Equivalents	2,165.68	2,164.04
Add : Cash and Cash Equivalents on Acquisation	-	-
Add : Foreign Exchange variation on Cash and Cash Equivalents	(61.94)	19.71
Closing Cash and Cash Equivalents	**2,729.49**	**2,165.68**

Notes:

1. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 "Cash Flow Statement" as specified in the Companies (Accounting Standard) Rules 2006.
2. Figures have been regrouped/ rearranged wherever necessary.

As per our report annexed.
For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 27th day of June, 2012

Praveen Maheshwari
CFO

Anil Malik
Company Secretary

For and on behalf of the Board of Hindalco Industries Limited

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

1. **Principles of Consolidation**

The Consolidated Financial Statements (CFS) relate to Hindalco Industries Limited (the Company), its Subsidiaries and its interest in Joint Ventures and Associates (the Group). The CFS have been prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements" (AS 21), Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" (AS 23) and Accounting Standard 27 on "Financial reporting of interests in Joint Ventures" (AS 27) and are prepared on the following basis:

(a) The financial statements of the Company and its Subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating inter-group balances and inter-group transactions including unrealized profits/ losses in period end assets, such as inventories, fixed assets etc. The difference between the Company's cost of investments in the Subsidiaries, over its portion of equity at the time of acquisition of shares is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Minority Interest's share in net profit/ loss of consolidated subsidiaries for the year is adjusted against the income of the Group in order to arrive at the net income attributable to equity shareholders of the Company. Minority Interest's share in net assets of consolidated subsidiaries is presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders. Minority Interest in the consolidated financial statements is identified and recognized after taking into consideration:

(i) The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.

(ii) The minorities' share of movement in equity since the date parent-subsidiary relationship came into existence.

(iii) The losses attributable to the minorities are adjusted against the minority interest in the equity of the subsidiary.

(iv) The excess of loss over the minority interest in the equity, is adjusted against General Reserve of the Company.

(b) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are translated at the average rates prevailing during the period. Assets, liabilities and equity are translated at the closing rate. Any exchange difference arising on translation is recognized in the "Foreign Currency Translation Reserve".

(c) Investments in Associates are accounted for using equity method in accordance with AS 23. For this purpose investments are initially recorded at cost. Any Goodwill/Capital Reserve arising at the time of acquisition are identified and carrying amount of investment are adjusted thereafter for the post acquisition share of profits or losses. Adjustment for any change in equity that has not been included in the profit and loss account are directly made in the carrying amount of investments without routing it through the consolidated profit and loss account. The corresponding debit/credit are made in the relevant head of the equity interest in the consolidated balance sheet.

(d) Interests in jointly controlled entities, where the Company is a direct venturer, are accounted for using proportionate consolidation in accordance with AS 27. The difference between costs of the Company's interests in jointly controlled entities over its share of net assets in the jointly controlled entities, at the date on which interest is acquired, is recognized in the CFS as Goodwill or Capital Reserve as the case may be.

(e) The CFS are prepared by using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any and to the extent possible, are made in the CFS and are presented in the same manner as the Company's separate financial statements except otherwise stated elsewhere in this schedule.

2. **Significant Accounting Policies**

A. **Accounting Convention**

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

In the absence of any specific guidance being available under generally accepted accounting principles in India on accounting for business combination through purchase of shares (to the extent not covered under Accounting Standard 14 on 'Accounting for Amalgamations' and under Accounting Standard 10 on 'Accounting for Fixed Assets'), the Company has adopted the principles of International Financial Reporting Standards 3 (IFRS 3 - Accounting for Business Combinations), effective from financial year ended 31st March 2008. Accordingly, the aggregate of consideration (purchase price and transaction costs) paid by the acquirer company has been allocated to the assets acquired and liabilities assumed of the acquiree company, at their acquisition-date fair values.

B. **Use of Estimates**

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

C. **Fixed Assets**

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

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

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

(d) Certain directly attributable pre-operative expenses during construction period are included under Capital Work in Progress. These expenses are allocated to the cost of Fixed Assets when the same are ready for intended use.

D. **Depreciation and Amortization**

(a) Depreciation on Tangible Fixed Assets are provided using straight line method based on estimated useful life or on the basis of depreciation rates prescribed under respective local laws.

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

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

(d) Depreciation on assets acquired under finance lease is spread over the lease term.

E. **Impairment**

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

F. **Leases**

(a) Lease payments under an operating lease are recognized as expense in the profit and loss account as per terms of lease agreement.

(b) Finance leases prior to 1st April, 2001: Lease rental recognized as expense in the profit and loss account as per terms of lease agreement.

(c) Finance leases on or after 1st April, 2001: The lower of the fair value of the assets and the present value of the minimum lease rental is recorded as fixed assets with corresponding amount shown as unsecured Loan. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to profit and loss account as interest cost.

G. **Investments**

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

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

H. **Inventories**

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

'At cost or Net Realizable Value, whichever is lower'. Cost is generally determined on weighted average cost basis and wherever required, appropriate overheads are taken into account. Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. However, materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

(b) Fair value hedges are mainly used to hedge the exposure to change in fair value of commodity price risks. The fair value adjustment remains part of the carrying value of inventory and enters into the determination of earnings when the inventory is sold.

I. **Foreign Currency Transactions**

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

J. **Employee benefits**

Employee benefits of short term nature are recognized as expense as and when these accrue. Long term employee benefits and post employment benefits, whether funded or otherwise, are recognized as expense based on actuarial valuation at year end using the projected unit credit method. For discounting purpose, market yield of government bonds, at the balance sheet date, is used except in case of Novelis Inc. for which such discounting is done on the basis of high quality country-specific corporate bond yield. Actuarial gains or losses are recognized immediately in the Statement of Profit & Loss except in case of Novelis Inc. for which such gains or losses are accounted directly in Reserves and Surplus as it is not considered practicable to adopt a common accounting policy due to potential volatility caused by periodic changes in the assumptions underlying the computation of the actuarial liabilities.

K. **Employee Share Based Payments**

Equity settled stock options granted to employees pursuant to the Company's stock option schemes are accounted for as per the intrinsic value method prescribed by Employee Stock Option Scheme and permitted by the SEBI guidelines, 1999 and the Guidance Note on Share Based Payment issued by the Institute of Chartered Accountants of India (ICAI). The intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is recognised as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense equal to the unamortised portion.

L. **Revenue Recognition**

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

M. **Borrowing Cost**

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

N. **Taxation**

Provision for current income tax is made in accordance with local laws. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference.

O. **Derivative Financial Instruments**

(a) The Company uses derivative financial instruments such as Forwards, Swaps, Options, etc. to hedge its risks associated with foreign exchange fluctuations. Risks associated with fluctuations in the price of the Company's products are minimized by undertaking appropriate hedging transactions. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts. In some cases, the embedded derivatives may be designated in a hedge relationship. The fair values of all such derivative financial instruments are recognized as assets or liabilities at the balance sheet date. Such derivative financial instruments are used as risk management tools only and not for speculative purposes.

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

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

(d) For derivative financial instruments designated as Net Investment Hedges in Foreign Operations, gains and losses on derivative instruments are included, net of taxes, to the extent the hedges are effective, in the Foreign Currency Translation Reserve. The ineffective portion of net investment hedges in foreign operations, if any, are recognized as gains or losses and included in 'Other Expenses'.

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

P. **Research and Development**

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

Q. **Government Grants**

Government Grants are recognized when there is a reasonable assurance that the same will be received. Revenue grants are recognized in the Statement of Profit and Loss. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to Capital Reserve.

R. **Provisions, Contingent Liabilities and Contingent Assets**

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

3. The list of subsidiaries, joint ventures and associates which are included in the CFS of the Group and the Group's effective ownership interest therein are as under:

Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest	
			31/03/2012	31/03/2011
Indal Exports Limited #	Subsidiary	India	-	100.00%
Minerals & Minerals Limited	Subsidiary	India	100.00%	100.00%
Aditya Birla Chemicals (India) Limited	Subsidiary	India	54.65%	54.65%
Utkal Alumina International Limited	Subsidiary	India	100.00%	100.00%
Suvas Holdings Limited	Subsidiary	India	51.00%	51.00%
Renukeshwar Investments & Finance Limited	Subsidiary	India	100.00%	100.00%
Renuka Investments & Finance Limited	Subsidiary	India	100.00%	100.00%
Dahej Harbour and Infrastructure Limited	Subsidiary	India	100.00%	100.00%
Lucknow Finance Company Limited	Subsidiary	India	100.00%	100.00%
Hindalco-Almex Aerospace Limited	Subsidiary	India	97.18%	70.00%
HAAL USA Inc. *	Subsidiary	USA	97.18%	70.00%
Tubed Coal Mines Limited	Subsidiary	India	60.00%	60.00%
East Coast Bauxite Mining Company Private Limited	Subsidiary	India	74.00%	74.00%
Mauda Energy Limited	Subsidiary	India	100.00%	100.00%
Birla Resources Pty Limited	Subsidiary	Australia	100.00%	100.00%
Aditya Birla Minerals Limited - (a)	Subsidiary	Australia	51.00%	51.00%
AV Minerals (Netherlands) B.V.	Subsidiary	Netherland	100.00%	100.00%
AV Metals Inc.	Subsidiary	Canada	100.00%	100.00%
AV Aluminum Inc. **	Subsidiary	Canada	-	100.00%
Novelis Inc. - (b)	Subsidiary	Canada	100.00%	100.00%
Mahan Coal Limited	Joint Venture	India	50.00%	50.00%
Hydromine Global Minerals (GMBH) Limited	Joint Venture	British Virgin Islands	45.00%	45.00%
Idea Cellular Limited	Associate	India	6.91%	6.92%
Aditya Birla Science & Technology Company Limited	Associate	India	49.00%	49.00%

\# Dissolved on 4th March, 2011.

* Group's proportion of voting power is 100%.

** Amalgamated with Novelis Inc. w.e.f. 29th September, 2010.

(a) For the purpose of consolidation, the consolidated financial statements of Aditya Birla Minerals Limited reflecting consolidation for following entities as at 31st March, 2012 prepared in accordance with International Financial Reporting Standards have been restated, where considered material, to comply with Generally Accepted Accounting Principles in India. Disclosures in respect of these foreign subsidiaries are given to the extent of available information.

Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest #	
			31/03/2012	31/03/2011
Birla Maroochydore Pty Limited	Subsidiary	Australia	51.00%	51.00%
Birla Nifty Pty Limited	Subsidiary	Australia	51.00%	51.00%
Birla Mt. Gordon Pty Limited	Subsidiary	Australia	51.00%	51.00%

\# Group's proportion of voting power is 100%.

(b) For the purpose of consolidation, the consolidated financial statements of Novelis Inc. reflecting consolidation for following entities as at 31st March, 2012 have been prepared in accordance with Generally Accepted Accounting Principles in India and other recognized accounting practices and policies followed by the Company.

Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest	
			31/03/2012	31/03/2011
Novelis Belgium SA	Subsidiary	Belgium	-	100.00%
Novelis Benelux NV	Subsidiary	Belgium	-	100.00%
Albrasilis - Aluminio do Brasil Industria e Comercia Ltda	Subsidiary	Brazil	99.99%	99.99%
Novelis do Brasil Ltda.	Subsidiary	Brazil	99.99%	99.99%
4260848 Canada Inc.	Subsidiary	Canada	100.00%	100.00%
4260856 Canada Inc.	Subsidiary	Canada	100.00%	100.00%
Novelis Cast House Technology Ltd.	Subsidiary	Canada	100.00%	100.00%
Novelis No. 1 Limited Partnership	Subsidiary	Canada	100.00%	100.00%
Novelis Foil France SAS	Subsidiary	France	100.00%	100.00%
Novelis Lamines France SAS	Subsidiary	France	100.00%	100.00%
Novelis PAE SAS	Subsidiary	France	100.00%	100.00%
Novelis Aluminium Beteiligungs GmbH	Subsidiary	Germany	100.00%	100.00%
Novelis Deutschland GmbH	Subsidiary	Germany	100.00%	100.00%
Novelis Aluminium Holding Company	Subsidiary	Ireland	100.00%	100.00%
Novelis Italia SpA	Subsidiary	Italy	100.00%	100.00%
Novelis Luxembourg SA	Subsidiary	Luxembourg	100.00%	100.00%
Aluminum Company of Malaysia Berhad	Subsidiary	Malaysia	58.24%	58.24%
Alcom Nikkei Specialty Coatings Sdn Berhad #	Subsidiary	Malaysia	58.24%	58.24%
Al Dotcom Sdn Berhad #	Subsidiary	Malaysia	58.24%	58.24%
Novelis (India) Infotech Ltd.	Subsidiary	India	100.00%	100.00%
Novelis de Mexico SA de CV	Subsidiary	Mexico	100.00%	100.00%
Novelis Korea Ltd.	Subsidiary	South Korea	99.24%	67.90%
Novelis AG	Subsidiary	Switzerland	100.00%	100.00%
Novelis Switzerland SA	Subsidiary	Switzerland	100.00%	100.00%
Novelis Technology AG	Subsidiary	Switzerland	-	100.00%
Novelis Europe Holdings Limited	Subsidiary	UK	100.00%	100.00%
Novelis UK Ltd.	Subsidiary	UK	100.00%	100.00%
Aluminum Upstream Holdings LLC (Delaware)	Subsidiary	USA	100.00%	100.00%
Eurofoil, Inc. (USA) (New York)	Subsidiary	USA	100.00%	100.00%
Logan Aluminium Inc. (Delaware) ##	Subsidiary	USA	40.00%	40.00%
Novelis Corporation (Texas)	Subsidiary	USA	100.00%	100.00%
Novelis Madeira, Unipessoal, Limited	Subsidiary	Portugal	100.00%	100.00%
Novelis Services Limited	Subsidiary	UK	100.00%	100.00%
Novelis Brand LLC (Delaware)	Subsidiary	USA	100.00%	100.00%

Name of the Company	Relationship	Country of Incorporation	Group's proportion of Ownership Interest	
			31/03/2012	31/03/2011
Novelis PAE Corp (Delaware)	Subsidiary	USA	100.00%	100.00%
8018227 Canada Inc	Subsidiary	Canada	100.00%	-
8018243 Canada Limited	Subsidiary	Canada	100.00%	-
Novelis Acquisitions LLC (Delaware)	Subsidiary	USA	100.00%	-
Novelis North America Holdings Inc (Delaware)	Subsidiary	USA	100.00%	-
Novelis Delaware LLC (Delaware)	Subsidiary	USA	100.00%	-
Novelis South America Holdings LLC	Subsidiary	USA	100.00%	100.00%
Evermore Recycling LLC	Subsidiary	USA	55.80%	55.80%
Consorcio Candonga	Associate	Brazil	50.00%	50.00%
France Aluminium Recyclage SA	Associate	France	20.00%	20.00%
Aluminium Norf GmbH	Associate	Germany	50.00%	50.00%
Deutsche Aluminium Verpackung Recycling GmbH	Associate	Germany	30.00%	30.00%
MiniMRF LLC (Delaware)	Associate	USA	50.00%	50.00%

\# Group's proportion of voting power is 100%.

\## Subsidiary on account of management control.

4. Due to certain exceptional circumstances, the accounts of Idea Cellular Limited (Idea), one of the associates of the Company, were not available and hence could not be consolidated in the accounts for the year ended 31st March, 2011. The consolidated accounts for the year include ₹ 62.02 crore being share of profit of the Company in Idea relating to the year ended 31st March, 2011 resulting in net profit for the current year being higher by the said amount. Consequently, the Basic and Diluted Earnings per Share for the period is higher by ₹ 0.32.

5. Accounting Policy in respect of "Environment and Rehabilitation Expenditure" followed by the Company's Australian subsidiaries namely Aditya Birla Minerals Limited, Birla Maroochydore Pty Limited, Birla Nifty Pty Limited, Birla Mt. Gordon Pty Limited and Birla Resources Pty Limited are different from the accounting policies followed by the Company. The difference between the accounting policy followed and the amount involved is given below:

Accounting Policy		2011-12		2010-11	
Parent	Subsidiary	₹ Crore	Proportion	₹ Crore	Proportion
The cost of reclamation of mined out land, forestation are treated as part of other expenses in Manufacturing and Other Expenses when cost incurred.	Provision for estimated future cost of environmental and rehabilitation using net present value are made and capitalized as mine properties and amortized over remaining life of the mine. Any change in net present value at Balance Sheet date is considered as borrowing cost.	246.88	100%	215.59	100%

Further, in view of different sets of environment in which foreign subsidiaries operate in their respective countries, provision for depreciation is made to comply with local laws and by use of management estimate. It is practically not possible to align rates of depreciation of such subsidiaries with those of the Company. However on review, the management is of the opinion that provision of such depreciation is adequate.

6. **Interests in Joint Ventures:**

The Group's interests in jointly controlled entities are accounted for using proportionate consolidation. The aggregate amount of each of the assets, liabilities, income, expenditure, contingent liabilites and commitments related to the Group's interests in its jointly controlled entities included in these CFS are given below:

(₹ Crore)

	As at	
	31/03/2012	**31/03/2011**
BALANCE SHEET		
Equity and Liabilities		
Shareholders' Funds		
Share Capital	22.02	11.90
Reserves and Surplus	(3.92)	(1.94)
	18.10	**9.96**
Share Application Money pending allotment	28.45	25.44
Non-Current Liabilities		
Long-term Provisions	0.01	0.01
	0.01	**0.01**
Current Liabilities		
Short-term Borrowings	0.36	0.53
Trade Payables	0.01	0.01
Other Current Liabilities	2.21	0.51
Short-term Provisions	0.03	0.02
	2.61	**1.07**
	49.17	**36.48**
Assets		
Non-Current Assets		
Fixed Assets		
Tangible Assets	10.06	4.58
Intangible Assets	0.01	0.02
Capital Work-in-Progress	34.74	29.36
Long-term Loans and Advances	0.38	0.36
	45.19	**34.32**
Current Assets		
Cash and Bank Balances	3.55	1.88
Short-term Loans and Advances	0.37	0.25
Other Current Assets	0.06	0.03
	3.98	**2.16**
	49.17	**36.48**

STATEMENT OF PROFIT AND LOSS

(₹ Crore)

	Year ended	
	31/03/2012	**31/03/2011**
Income		
Other Income	0.07	0.03
Total Income	**0.07**	**0.03**
Expenses		
Employee Benefits Expenses	0.01	0.01
Finance Costs	-	0.01
Depreciation and Amortization	0.01	0.01
Other Expenses	1.63	0.34
Total Expenses	**1.65**	**0.37**
Profit before Tax	(1.58)	(0.34)
Current Tax	0.02	0.01
Profit/ (Loss) for the year	**(1.60)**	**(0.35)**

7. **Share Capital:**

	(₹ Crore)	
	As at	
	31/03/2012	**31/03/2011**
Authorized:		
2,100,000,000 (Previous year 2,100,000,000) Equity Shares of ₹ 1/- each.	210.00	210.00
25,000,000 (Previous year 25,000,000) Redeemable Cumulative Preference Shares of ₹ 2/- each	5.00	5.00
	215.00	**215.00**
Issued:		
1,915,095,954 (Previous year 1,914,951,560) Equity Shares of ₹ 1/- each #	191.51	191.50
	191.51	**191.50**
Subscribed and Paid-up:		
1,915,088,557 (Previous year 1,914,944,163) Equity Shares of ₹ 1/- each fully paid-up	191.51	191.49
Less: Face value of 546,249 (Previous year 546,249) Equity Shares forfeited	0.05	0.05
	191.46	**191.44**
Add: Forfeited Shares (Amount originally Paid-up)	0.02	0.02
	191.48	**191.46**

Issued Equity Share Capital includes 7,397 Equity Shares (Previous year 7,397 Equity Shares) of ₹ 1/- each issued on Rights basis kept in abeyance due to legal case pending.

8. **Reserves and Surplus:**

	(₹ Crore)	
	As at	
	31/03/2012	**31/03/2011**
Capital Reserve	541.56	490.11
Capital Redemption Reserve	101.57	101.57
Securities Premium Account	3,345.74	3,341.42
Acturial Gain/ (Loss) Reserve (refer Note 47)	(759.42)	-
Stock Options Outstanding Account	7.58	7.54
Foreign Currency Translation Reserve	801.76	(32.94)
Hedging Reserve	(204.47)	110.41
Special Reserve	10.03	8.99
Business Reconstruction Reserve (refer Note 46)	6,664.93	7,165.40
Business Restructuring Reserve	1.16	1.17
General Reserve	19,485.78	17,623.59
Surplus in the Statement of Profit and Loss - (a)	1,182.31	14.57
	31,178.53	**28,831.83**

(a) Allocations and Appropriations of Surplus in Statement of Profit and Loss are as under:

(₹ Crore)

	As at	
	31/03/2012	31/03/2011
Balance as at the beginning of the year	14.57	(354.06)
Adjustment on Acquisition and change in holding interest	(6.65)	-
Add: Profit for the year	3,396.95	2,456.37
Less: Dividend on Equity Shares	(297.30)	(287.70)
Less: Dividend Distribution Tax	(62.04)	(46.77)
Less: Transfer to Special Reserve	(1.04)	(0.46)
Less: Transfer to General Reserve	(1,862.18)	(1,752.81)
	1,182.31	**14.57**

9. **Money received against Share Warrants:**

During the year, the Company has allotted 150,000,000 warrants on a preferential basis to the Promoter Group on 22nd March, 2012 entitling them to apply for and obtain allotment of one equity share of ₹ 1/- each fully paid-up at a price of ₹ 144.35 per share against each such warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment in one or more tranches. The Company has received ₹ 541.31 crore being 25% against these warrants. The entire amount so received is being utilised for various greenfield and brownfield projects expenditure.

10. **Long-term Borrowings:**

(₹ Crore)

	As at	
	31/03/2012	31/03/2011
Secured		
Term Loans:		
From Banks	23,454.65	13,569.76
From Other Parties	78.35	-
Long term maturities of Finance Lease obligations	-	0.13
	23,533.00	**13,569.89**
Unsecured		
Bonds/ Debentures/ Notes	13,089.01	11,463.77
Term Loans		
From Banks	302.90	23.50
Deferred Payment Liabilities	3.02	4.55
Long term maturities of Finance Lease obligations	199.28	191.46
	13,594.21	**11,683.28**
	37,127.21	**25,253.17**

11. **Deferred Tax Liabilities (Net):**

Major components of deferred tax arising on account of temporary timing differences are given below:

(₹ Crore)

	As at	
	31/03/2012	**31/03/2011**
Deferred Tax Liabilities		
Depreciation and Amortization Expenses	3,735.71	3,518.21
Inventory Valuation Reserves	474.69	527.87
Other Timing Differences	1,852.58	1,824.95
	6,062.98	**5,871.03**
Less: Deferred Tax Assets		
Unabsorbed Business Losses	669.75	979.97
Employee's Separation and Retirement Expenses	71.85	0.26
Provision for Doubtful Debts, Loans and Advances	1,492.52	934.92
Other Timing Differences	223.85	196.29
	2,457.97	**2,111.44**
	3,605.01	**3,759.59**

12. **Other Long-term Liabilities:**

Trade Payables	1.92	2.07
Derivative Liabilities	235.75	116.19
Liability for Capital Expenditure	1,109.68	411.84
Security and other Deposits	3.68	3.80
Other Payables	109.00	69.41
	1,460.03	**603.31**

13. **Long-term Provisions:**

Provision for Employee Benefits	3,916.26	2,725.69
Provision for Claims against Company	179.98	206.24
Provision for Assets Retirement Obligations	74.47	71.68
Provision for Restructuring	6.99	89.61
Provision for Rehabilitation	204.02	190.44
Provision for Tax contingencies	872.25	918.00
Other Provisions	34.79	39.12
	5,288.76	**4,240.78**

14. **Short-term Borrowings:**

(₹ Crore)

	As at 31/03/2012	As at 31/03/2011
Secured		
Loans repayable on demand		
From Banks	25.64	8.96
From Other Parties	-	0.51
From Banks:		
Cash Credit, Export Credit etc.	164.05	27.95
Others	-	77.01
	189.69	**114.43**
Unsecured		
Loans repayable on demand		
From Banks	-	-
From Other Parties	159.52	135.24
From Banks:		
Payable under Trade Financing Arrangements	28.51	1,768.39
Buyers Credit	2,664.43	1,002.34
Packing Credit	599.79	487.30
Others	89.40	605.00
	3,541.65	**3,998.27**
	3,731.34	**4,112.70**

15. **Other Current Liabilities**

Current maturities of Long-term Debts	157.92	71.28
Current maturities of Finance Lease obligations	25.43	23.08
Interest accrued but not due on Borrowings/ Deposits	353.77	293.00
Unclaimed Dividends	12.33	7.80
Application/ Call Money received due for refund	0.44	0.44
Advance from Customers	238.92	221.93
Derivative Liabilities	731.62	806.41
Liability for Capital Expenditure	1,180.97	851.34
Security and other Deposits	30.07	28.07
Statutory dues payable	453.18	366.37
Other Payables	955.62	1,056.88
	4,140.27	**3,726.60**

16. **Short-term Provisions:**

(₹ Crore)

	As at	
	31/03/2012	**31/03/2011**
Provision for Employee Benefits	210.81	174.43
Proposed Dividends (including Dividend Distribution Tax)	297.28	287.69
Provision for Dividend Tax	62.12	46.77
Provision for Current Tax (Net of Advance Tax)	563.60	634.07
Provision for Claims against Company	3.42	7.80
Provision for Restructuring	133.44	133.74
Provision for Rehabilitation	16.53	14.48
Provision for Warranties	1.47	6.30
Other Provisions	88.43	194.51
	1,377.10	**1,499.79**

17. **Tangible Assets:**

(₹ Crore)

	Cost		Accumulated Depreciation		Accumulated Impairment		Net Carrying Amount	
	31/03/2012	**31/03/2011**	**31/03/2012**	**31/03/2011**	**31/03/2012**	**31/03/2011**	**31/03/2012**	**31/03/2011**
Leasehold Land	142.54	133.85	36.71	30.58	-	-	105.83	103.27
Freehold Land	1,076.24	1,072.00	16.15	73.42	43.63	22.80	1,016.46	975.78
Buildings	5,339.20	4,925.04	1,626.28	1,316.31	12.56	12.49	3,700.36	3,596.24
Plant and Equipment	27,629.56	25,453.37	13,188.26	11,452.16	242.65	219.24	14,198.65	13,781.97
Furniture and Fixtures	832.56	723.96	469.77	372.20	-	-	362.79	351.76
Vehicles and Aircraft	504.89	502.90	141.94	124.67	-	-	362.95	378.23
Office Equipment	207.89	262.58	144.92	175.95	-	-	62.97	86.63
Railway Sidings	86.55	67.36	27.25	19.54	-	-	59.30	47.82
Rehabilitiation Assets	5.13	5.13	3.08	2.05	-	-	2.05	3.08
	35,824.56	**33,146.19**	**15,654.36**	**13,566.88**	**298.84**	**254.53**	**19,871.36**	**19,324.78**

18. **Intangible Assets:**

(₹ Crore)

	Cost		Accumulated Amortisation		Accumulated Impairment		Net Carrying Amount	
	31/03/2012	**31/03/2011**	**31/03/2012**	**31/03/2011**	**31/03/2012**	**31/03/2011**	**31/03/2012**	**31/03/2011**
Goodwill on Consolidation	11,066.49	8,941.36	-	-	-	-	11,066.49	8,941.36
Brands/ Trademarks	747.15	646.84	176.11	125.34	-	-	571.04	521.50
Computer Software	318.66	240.86	225.37	168.73	-	-	93.29	72.13
Mining Rights	1,753.18	1,503.03	933.17	701.83	-	-	820.01	801.20
Technology	910.16	778.76	307.67	223.58	-	-	602.49	555.18
Licences	22.36	-	1.86	-	-	-	20.50	-
Favorable Contracts	703.67	620.22	418.76	312.78	-	-	284.91	307.44
Customer Relationship	2,367.92	2,113.89	575.36	408.40	-	-	1,792.56	1,705.49
Rehabilitation Assets	246.88	215.59	69.26	39.36	-	-	177.62	176.23
	18,136.47	**15,060.55**	**2,707.56**	**1,980.02**	**-**	**-**	**15,428.91**	**13,080.53**

19. **Non-Current Investments:**

	(₹ Crore) As at 31/03/2012	31/03/2011
Long term Investments in Equity Instruments		
Associates - (a)	5,193.10	4,815.12
Others	356.26	343.67
Long term Investments in Preference Shares	25.00	50.05
Long term Investments in Debentures and Bonds	94.98	95.64
Long term Investments in Government Securities	20.12	20.12
Long term Investments in Mutual Funds	2.00	2.30
	5,691.46	**5,326.90**

(a) Investments in Associates include ₹ 3,943.19 crore (Previous year ₹ 3,452.67 crore) towards goodwill arising on the acquisition of these Associates.

20. **Long-term Loans and Advances:**

(Unsecured, Considered Good unless otherwise stated)

	31/03/2012	31/03/2011
Capital Advances	2,573.22	3,882.88
Loans, Advances and Deposits to Related Parties - (a)	156.34	222.24
Inter Corporate Loans, Advances and Deposits	26.78	-
Security Deposits	55.84	43.84
Advances recoverable in cash or in kind	340.00	161.85
Balance with Government Authorties	143.44	91.74
Prepaid Expenses	1.98	5.08
Others	456.83	188.97
	3,754.43	**4,596.60**

(a) Loans, Advances and Deposits to Related Parties include the balances with Trident Trust which represents 16,316,130 equity shares of ₹ 1/- each fully paid-up of the Company issued pursuant to a Scheme of Arrangement approved by the Hon'ble High Courts at Mumbai and Allahabad vide their Orders dated 31st October, 2002 and 18th November, 2002, respectively, to the Trident Trust, which is created wholly for the benefit of the Company and is being managed by trustees appointed by it. The tenure of the trust is up to 23rd January, 2017.

21. **Other Non-Current Assets:**

	31/03/2012	31/03/2011
Long Term Trade Receivables		
Doubtful	15.54	15.54
Less: Allowance for doubtful amount	15.54	15.54
	-	-
Deposits with Bank exceeding 12 months maturity	27.46	16.39
Inventories	402.69	352.77
Interest Accrued	1.98	0.06
Derivative Assets	16.02	75.83
Unamortized Expenses	86.64	71.74
Other Receivables	306.04	348.41
	840.83	**865.20**

22. **Current Investments:**

(₹ Crore)

	As at 31/03/2012	As at 31/03/2011
Current Investments		
Investments in Government Securities	198.78	-
Investments in Debentures and Bonds	3.22	5.74
Investments in Mutual Funds	3,981.92	4,969.62
Investments in Certificate of Deposits	614.43	420.19
Current portion of Long-term Investments		
Investments in Government Securities	61.21	132.45
	4,859.56	**5,528.00**

23. **Inventories:**

	31/03/2012	31/03/2011
Raw Materials	5,045.06	5,541.92
Work-in-Progress	5,462.14	5,452.95
Finished Goods	1,589.67	1,775.73
Stores and Spares	962.12	847.56
Coal and Fuel	187.04	123.85
	13,246.03	**13,742.01**

24. **Trade Receivables:**

	31/03/2012	31/03/2011
Outstanding for a period exceeding six months		
Unsecured, Considered Good	24.93	37.25
Doubtful	41.46	26.98
Outstanding for a period less than six months		
Secured, Considered Good	100.56	66.86
Unsecured, Considered Good	7,891.68	7,436.94
Doubtful	7.99	25.30
	8,066.62	**7,593.33**
Less: Allowance for doubtful amount	49.45	52.28
	8,017.17	**7,541.05**

25. **Cash and Bank Balances:**

	31/03/2012	31/03/2011
Cash and Cash Equivalents		
Balance with Banks:		
Deposits with less than 3 months initial maturity	1,243.22	1,298.17
Current Accounts	1,073.58	853.53
Cheques and drafts on hand	411.80	13.08
Cash on hand	0.89	0.90
	2,729.49	**2,165.68**
Other Balances		
Balance with Banks:		
Earmarked Balances	8.81	8.58
Margin Money Account	10.20	8.29
Deposits with more than 3 months initial maturity	547.49	357.40
	566.50	**374.27**
	3,295.99	**2,539.95**

26. **Short-term Loans and Advances:**

	(₹ Crore)	
	As at	
	31/03/2012	**31/03/2011**
Loans, Advances and Deposits to Related Parties		
Unsecured, Considered Good	187.63	71.98
Inter Corporate Loans, Advances and Deposits		
Unsecured, Considered Good	72.69	9.52
Security Deposits		
Unsecured, Considered Good	33.10	30.86
Doubtful	0.25	0.25
	33.35	**31.11**
Less: Provision for doubtful amount	0.25	0.25
	33.10	**30.86**
Advances recoverable in cash or in kind		
Unsecured, Considered Good	1,244.83	1,076.20
Doubtful	12.80	6.21
	1,257.63	**1,082.41**
Less: Provision for doubtful amount	12.80	6.21
	1,244.83	**1,076.20**
Other Advances and Balances - Unsecured, Considered Good		
Advance Income Tax (Net of Provision for Taxation)	1.03	2.31
Balance with Government Authorities	34.74	20.24
Prepaid Expenses	42.55	16.44
Others	541.62	494.32
	2,158.19	**1,721.87**

27. **Other Current Assets:**

Accrued Export and Other Incentives	102.25	125.09
Accrued Interest	46.31	22.82
Dividend receivable on Investments	-	6.55
Derivative Assets	811.32	918.78
Assets held for Sale	132.48	0.79
Unamortized Expenses	1.50	0.01
Other Receivables	346.38	276.85
	1,440.24	**1,350.89**

28. **Revenue from Operations:**

Sale of Products	82,096.53	73,282.33
Sale of Services	24.14	19.48
Other Operating Revenues	428.36	401.47
Gross Revenue from Operations	**82,549.03**	**73,703.28**
Less: Excise Duty	1,727.66	1,501.01
Net Revenue from Operations	**80,821.37**	**72,202.27**

29. **Other Income:**

	(₹ Crore)	
	Year ended	
	31/03/2012	**31/03/2011**
Interest Income		
On Long-term Investments	9.72	10.25
On Current Investments	45.62	13.88
On Others	170.27	130.65
Dividend Income		
On Long-term Investments	20.77	18.23
On Current Investments	315.17	279.90
Gain/ (Loss) on sale of Investments (Net)		
On Long-term Investments	10.82	2.38
On Current Investments	2.58	4.86
Adjustments to the carrying amount of Investments (Net)		
On Long-term Investments	(0.11)	(0.11)
On Current Investments	(0.77)	(5.04)
Profit/ (Loss) on Fixed Assets sold/ discarded (Net)	(34.69)	10.32
Rent Income	16.50	16.77
Liabilities/ Provisions no longer required written back	164.68	41.50
Other Non-Operating Income (Net)	77.94	33.50
	798.50	**557.09**
Less: Transfer to Capital Work-in-Progress	15.43	43.76
	783.07	**513.33**

30. **Cost of Materials Consumed:**

Raw Materials	50,392.97	45,640.43
Packing Materials	8.84	2.20
	50,401.81	**45,642.63**
Less: Transfer to Capital Work-in-Progress	0.02	1.35
	50,401.79	**45,641.28**

31. **Changes in Inventories:**

Opening Inventories		
Work-in-Progress	5,805.72	5,074.62
Finished Goods	1,775.73	1,579.30
	7,581.45	**6,653.92**
Less: Closing Inventories		
Work-in-Progress	5,864.83	5,805.72
Finished Goods	1,589.67	1,775.73
	7,454.50	**7,581.45**
	126.95	(927.53)
Add: Inventories on acquisation of Business	8.81	-
Add: Increase/ Decrease of Excise Duty on Inventories	5.41	9.03
Add: Foreign Currency Translation Adjustments	522.12	25.19
	663.29	**(893.31)**

32. **Employee Benefits Expenses:**

	(₹ Crore) Year ended 31/03/2012	31/03/2011
Salaries and Wages	5,085.75	4,310.66
Contribution to Provident and other Funds	314.31	348.81
Employee Stock Option Scheme	1.29	1.34
Employee Welfare	982.60	1,393.94
	6,383.95	**6,054.75**
Less: Transfer to Capital Work-in-Progress	135.10	39.68
	6,248.85	**6,015.07**

33. **Power and Fuel:**

Power and Fuel	4,773.87	3,842.10
Less: Transfer to Capital Work-in-Progress	11.19	2.85
	4,762.68	**3,839.25**

34. **Finance Costs:**

Interest Expenses	2,793.79	1,358.12
Other Borrowing Costs	47.21	1,012.58
(Gain) /Loss on foreign currency transactions and translation (Net)	1.10	-
	2,842.10	**2,370.70**
Less: Income on Specific Borrowing	8.90	37.48
	2,833.20	**2,333.22**
Less: Transfer to Capital Work-in-Progress	1,075.22	493.87
	1,757.98	**1,839.35**

35. **Depreciation and Amortization:**

Depreciation and Amortization	2,656.10	2,738.21
Less: Transfer to Capital Work-in-Progress	5.53	4.19
	2,650.57	**2,734.02**

36. **Impairment Loss/ (Reversal) (Net):**

Impairment Loss	219.01	25.46
	219.01	**25.46**

Impairment loss of current year represents impairment charge in Novelis Inc., an indirectly held subsidiary of the Company. Out of this, an amount of ₹ 134.05 crore relates to planned closure of a facility while the remaining amount is on account of restructuring activities initiated in earlier years as well as impairment of other long-lived assets.

37. **Other Expenses:**

Consumption of Stores and Spares	2,557.63	2,436.78
Repairs to Buildings	129.46	169.13
Repairs to Machinery	1,555.05	1,262.76
Rates and Taxes	101.24	91.25
Rent	162.84	157.35
Insurance	155.50	155.77
Payments to Auditors	43.76	38.76
Research and Development	220.71	187.92

	(₹ Crore)	
	Year ended	
	31/03/2012	31/03/2011
37. Other Expenses (Contd.):		
Freight and Forwarding Expenses (Net)	2,489.82	2,068.94
Provision for Doubtful Loans, Advances and Receivables (Net)	3.03	11.94
Bad Loans, Advances and Receivables written off/ (written back) (Net)	5.92	6.33
Pre-operative/ Incidental Expenditure written off	-	0.12
Prior Period Items (Net)	(1.60)	1.96
Donation	35.51	36.15
Directors' Fees and Commission	17.25	16.83
(Gain)/ Loss on Change in Fair Value of Derivatives (Net)	(668.77)	(57.37)
(Gain)/ Loss on foreign currency transactions and translation (Net)	116.19	52.51
Cost of own Manufactured Products Capitalized/ Used	(91.86)	(42.82)
Tolling Expenses	488.58	303.63
Miscellaneous Expenses	3,373.85	2,445.38
	10,694.11	**9,343.32**
Less: Transfer to Capital Work-in-Progress	345.89	194.34
	10,348.22	**9,148.98**
38. Tax Expenses		
Current Tax		
Current Tax for the year	925.04	1,225.97
Less: MAT Credit Entitlement	3.33	5.88
	921.71	1,220.09
Tax adjustments for earlier years (Net)	(34.17)	(10.02)
	887.54	1,210.07
Deferred Tax		
Deferred Tax for the year	(101.30)	(246.24)
	(101.30)	(246.24)
39. Earnings per Share (EPS)		
Profit for the period (₹ Crore)	3,396.95	2,456.37
Weighted average number of shares used in the calculation of EPS:		
Weighted average number of Basic Equity Shares outstanding	1,914,479,614	1,913,780,429
Shares deemed to be issued for no consideration in respect of Employee Stock Options	201,570	915,654
Weighted average number of Diluted Equity Shares outstanding	1,914,681,184	1,914,696,083
Face value of per share (₹)	1.00	1.00
Basic EPS (₹)	17.74	12.84
Diluted EPS (₹)	17.74	12.83

40. **Segment Reporting**

A. **Primary Segment Reporting (by Business Segment):**

(a) The Group has three reportable segments viz. Aluminium, Copper and Others which have been identified in line with the Accounting Standard 17 on Segment Reporting, taking into account the organizational structure as well as differential risk and return of these segments. Details of products included in each segments are as under:

i. Aluminium : Hydrate & Alumina, Aluminium and Aluminium Product

ii. Copper : Continuous Cast Copper Rods, Copper Cathode, Sulphuric Acid, DAP & Complexes, Gold and Silver

iii. Others : Caustic and Others

(b) Inter-segment transfers are based on market rates.

(c) The details of the revenue, results, assets, liabilities and other information from operations by reportable business segments are follows:

(₹ Crore)

Particulars	Year ended 31/03/2012				Year ended 31/03/2011			
	Aluminium	Copper	Others	Total	Aluminium	Copper	Others	Total
REVENUE								
External	62,058.76	18,364.33	398.28	80,821.37	56,182.67	15,882.30	137.30	72,202.27
Inter Segment	60.34	14.66	216.26	291.26	25.84	5.05	100.53	131.42
Total	62,119.10	18,378.99	614.54	81,112.63	56,208.51	15,887.35	237.83	72,333.69
RESULTS								
Segment Results	4,495.24	1,119.35	82.97	5,697.56	4,469.27	1,082.23	65.32	5,616.82
Unallocated corporate Expenses				(160.75)				(312.80)
Unallocated Corporate Income				566.11				378.51
Finance Costs				(1,757.98)				(1,839.35)
Tax Expenses				(786.24)				(963.83)
Share in Profit/ (Loss) of Associates				49.56				(57.11)
Minority Interest				(211.31)				(365.87)
Profit for the period				3,396.95				2,456.37
OTHER INFORMATION								
Assets:								
Segment Assets	74,851.55	12,454.21	1,232.09	88,537.85	58,914.64	12,073.12	313.24	71,301.00
Unallocated Corporate Assets				12,864.42				13,568.56
Total Assets				101,402.27				84,869.56
Liabilities:								
Segment Liabilities	16,224.00	4,613.47	87.84	20,925.31	14,555.04	4,288.74	19.68	18,863.46
Unallocated Corporate Liabilities				46,856.59				34,765.87
Total Liabilities				67,781.90				53,629.33
Capital Expenditure	12,794.89	162.44	844.42		8,196.44	192.14	19.37	
Depreciation and Amortization	2,145.56	427.88	54.02		2,396.45	296.43	20.36	
Impairment Loss/ (Reversal) (Net)	219.01	-	-		25.46	-	-	
Other Non-Cash Expenses	6.11	8.56	0.08		13.04	-	-	

B. **Secondary Segment Reporting (by Geographical demarcation):**

(a) The secondary segment is based on geographical demarcation i.e. India and Rest of the World.

(b) The Group's revenue from external customers and information about its assets and others by geographical location are follows:

(₹ Crore)

	Year ended 31/03/2012			Year ended 31/03/2011		
	India	Rest of World	Total	India	Rest of World	Total
Revenue	19,280.38	61,832.25	81,112.63	16,740.34	55,593.35	72,333.69
Assets	41,943.47	46,594.38	88,537.85	30,368.07	40,932.93	71,301.00
Capital Expenditure	10,969.84	2,831.91	13,801.75	7,170.22	1,237.73	8,407.95

41. **Derivative Financials Instruments and Risk Management:**

(a) The Company has adopted Accounting Standard 30, "Financial Instruments: Recognition and Measurement" issued by The Institute of Chartered Accountants of India so far as it relates to derivative accounting.

(b) In the ordinary course of business, the Company is exposed to risks resulting from changes in prices of commodity, exchange rate fluctuation and interest rate movements. It manages its exposure to these risks through derivative financial instruments. It uses derivative instruments such as forwards, futures, swaps and options to manage these risks. These derivative financial instruments reduce the impact of both favourable and unfavourable fluctuations. Except where noted, the derivative contracts are marked-to-market (MTM) and the related gains and losses are included in the Statement of Profit & Loss in the current accounting period.

The Company's risk management activities are subject to the management, direction and control of Risk Management Board (RMB). The RMB is composed of two directors including Managing Director, Chief Financial Officer and other officers and employees selected by the Managing Director. The RMB reports to the Board of Directors on the scope of its activities.

The decision of whether and when to execute derivative financial instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. The tenure is always linked to the timing of the underlying exposure, with the connection between the two being regularly monitored.

The Company is exposed to losses in the event of non-performance by the counterparties to the derivative contracts. All derivative contracts are executed with counterparties that, in our judgment, are creditworthy. The credit levels are reviewed to ensure that there is not an inappropriate concentration of outstanding to any particular counterparty.

Commodity Price Risk

Copper and Precious Metals

This business is conducted under a conversion model. The prices of input and output are derived from the same benchmark and/or are linked to each other through a defined formula. The objective of risk management is to attempt to use derivatives to match the price fluctuations arising out of the timing mismatch in pricing the input and output so as to 'pass through' the change in input cost to customers to make the margins immune to the fluctuations in prices of the input and output.

Aluminium

This business is vertically integrated. The main raw material viz. bauxite (mostly mined from own mines) and other purchased raw materials do not have any linkage with the output price which is Aluminium LME prices. When the prices of input(s) and output(s) do not follow the above condition, then risk management attempts to use derivatives so as to protect the margins from adverse movements in prices on either side, i.e. from a rise in input cost or from a fall in output price.

As a condition of sale, customers often require the Company to enter into fixed price commitments. These commitments expose the Company to the risk of fluctuating aluminum prices between the time the order is committed and the time that the material is shipped. The Company may enter into derivative financial instruments to mitigate the risk arising out of the fixed price commitments. Consequently, the gain or loss resulting from movements in the price of aluminum on these contracts would generally be offset by an equal and opposite impact on the net sales and purchases being hedged.

Natural Gas

The Company purchases natural gas on the open market in Europe, Asia and South America which exposes the Company to market price fluctuations. The Company mitigates the future exposure to natural gas prices through the use of forward purchase contracts.

Electricity

The Company has entered into an electricity swap in North America to fix a portion of the cost of electricity requirement in North America

Foreign Currency Exchange Risk

Exchange rate movements, particularly the United States Dollar (USD) and Euro (EUR) against Indian Rupee (INR), have an impact on our operating results. In addition to the foreign exchange flow from exports, the commodity prices in the domestic market are derived based on the landed cost of imports in India where LME prices and USD/INR exchange rate are the main factors. In case of conversion business, the objective is to match the exchange rate of outflows and related inflows through derivative financial instruments. With respect to Aluminium business where costs are predominantly in INR, the strengthening of INR against USD adversely affects the profitability of the business and benefits when INR depreciates against USD. The company enters into various foreign exchange contracts to protect profitability.

The Company enters into various cross currency swaps to manage the exposure to fluctuating exchange rate arising from loans given to and net investments made in various European subsidiaries.

The Company also enters into various foreign exchange contracts to mitigate the risk arising out of foreign currency exchange rate movement in foreign currency contracts executed with foreign suppliers to procure capital items for its project activities.

Interest Rate Risk

The Company is exposed to changes in interest rates due to financing, investing and cash management activities. The Company enters into interest rate swap contracts to manage its exposure to changes in the benchmark LIBOR interest rate arising from various floating rate debts.

Embedded derivatives

Copper concentrate is purchased on future pricing model based on month's average LME (in case of copper) / LBMA (in case of gold and silver). Since the value of the concentrate changes with response to change in commodity pricing indices, embedded derivatives (ED) is identified and segregated in the contract. The ED so segregated, is treated like commodity derivative and qualify for hedge accounting. These derivatives are put into a Fair Value hedge relationship with inventory.

The objective of hedge designation of the embedded commodity derivative is to offset the volatility in the Statement of Profit and Loss due to change in value of un-priced inventory with response to LME / LBMA.

Net Investment Hedges

For derivative instruments that are designated as hedges of net investment in foreign operations, gains and losses on derivative instruments are included (net of taxes), to the extent the hedges are effective, in Cumulative Translation Adjustment (CTA). The ineffective portions of hedges of net investments in foreign operations, if any, are recognised as gains or losses and included in 'Other Expenses' in the Statement of Profit & Loss.

(c) The Asset and Liability position of various outstanding derivative financial instruments is given below:

(₹ Crore)

Particulars	Nature of Risk being Hedged	31st March, 2012			31st March, 2011		
		Liability	Asset	Net Fair Value	Liability	Asset	Net Fair Value
Current							
Cash flow hedges							
- Commodity contracts	All cash flow risk other than foreign currency	(38.20)	145.49	107.29	(236.61)	200.52	(36.09)
- Interest rate contracts	Exchange rate movement risk	-	0.32	0.32	-	-	-
- Foreign currency contracts	Exchange rate movement risk	(188.55)	80.71	(107.84)	(11.73)	258.59	246.86
Fair value Hedges							
- Commodity contracts		(30.25)	2.72	(27.54)	-	40.45	40.45
- Embedded derivatives		(215.44)	15.75	(199.69)	-	-	-
Net Investment Hedges							
- Foreign currency contracts	Exchange rate movement risk	-	11.51	11.51	-	-	-
Non-designated hedges							
- Commodity contracts		(391.48)	425.19	33.70	(410.26)	345.58	(64.68)
- Foreign currency contracts		(81.48)	129.65	48.17	(103.29)	73.66	(29.64)
- Interest rate contracts		(1.66)	-	(1.66)	(15.88)	-	(15.88)
Total		**(947.06)**	**811.31**	**(135.74)**	**(777.76)**	**918.78**	**141.02**
Non - current							
Cash flow hedges							
- Commodity contracts	All cash flow risk other than foreign currency	-	2.12	2.12	(1.64)	-	(1.64)
- Interest rate contracts	Exchange rate movement risk	-	0.67	0.67	-	-	-
- Foreign currency contracts	Exchange rate movement risk	(79.40)	5.08	(74.32)	(0.05)	45.07	45.03
Fair value Hedges							
- Commodity contracts	All cash flow risk other than foreign currency	(0.61)	0.20	(0.41)	-	-	-
Non-designated hedges							
- Commodity contracts		(153.78)	6.86	(146.92)	(105.59)	23.87	(81.71)
- Foreign currency contracts		(1.97)	1.08	(0.89)	(3.75)	6.89	3.14
- Interest rate contracts		-	-	-	(0.59)	-	(0.59)
Total		**(235.75)**	**16.02**	**(219.74)**	**(111.61)**	**75.83**	**(35.78)**
Grand Total		**(1,182.81)**	**827.33**	**(355.48)**	**(889.38)**	**994.61**	**105.24**

(d) The following table presents the outstanding position and fair value of various foreign currency derivative financial instruments:

Foreign currency forwards	Currency Pair	31st March, 2012			31st March, 2011		
		Average exchange rate	Notional Value (in Million)	Fair Value Gain/ (Loss) (₹ Crore)	Average exchange rate	Notional Value (in Million)	Fair Value Gain/ (Loss) (₹ Crore)
Cash flow hedges							
Buy	AUD_INR	54.05	0.04	(0.00)	44.77	9.84	2.11
Buy	CHF_INR	-	-	-	49.27	0.12	0.02
Buy	EUR_INR	68.40	14.99	0.98	64.10	117.95	9.08
Buy	GBP_INR	-	-	-	72.79	1.68	(0.18)
Buy	NOK_INR	-	-	-	7.86	2.37	0.03
Buy	USD_INR	50.41	29.92	3.03	45.98	23.30	(1.46)
Buy	BRL_USD	0.54	469.22	19.58	0.52	576.52	211.26
Buy	EUR_USD	1.40	85.65	(6.41)	1.36	62.44	19.45
Buy	EUR_KRW	1,516.37	75.23	5.43	-	-	-
Buy	USD_CAD	0.99	94.01	1.64	-	-	-
Buy	USD_KRW	1,131.37	252.17	(18.07)	-	-	-
Sell	USD_INR	49.77	764.50	(188.04)	48.92	175.00	35.15
Sell	BRL_USD	-	-	-	0.61	14.16	0.03
Sell	USD_AUD	1.04	7.04	(0.29)	0.97	68.60	16.39
Total				**(182.16)**			**291.89**
Net investment hedge							
Buy	USD_EUR	0.73	31.17	4.21	-	-	-
Buy	USD_KRW	1,120.06	92.06	7.30	-	-	-
				11.51			**-**
Non-Designated							
Buy	AED_USD	-	-	-	3.67	25.46	(0.01)
Buy	AUD_INR	53.63	2.52	(0.08)	39.60	1.75	1.15
Buy	CHF_INR	57.45	0.25	0.17	49.55	0.12	0.03
Buy	EUR_INR	69.24	35.26	0.86	64.65	23.22	(0.73)
Buy	GBP_INR	80.88	0.95	0.14	73.59	0.66	(0.12)
Buy	NOK_INR	8.90	3.16	0.09	8.17	0.79	-
Buy	USD_INR	51.80	187.27	(9.37)	46.43	147.27	(9.83)
Buy	GBP_EUR	1.18	106.81	6.41	1.16	127.07	(3.73)
Buy	KRW_USD	0.00	425.55	(2.51)	0.00	726.88	26.56
Buy	USD_EUR	0.74	424.36	29.74	0.73	373.64	(43.57)
Buy	GBP_USD	1.58	3.61	(0.24)	1.59	86.50	(1.88)
Buy	USD_CHF	0.91	47.07	(1.09)	0.98	63.48	(11.61)
Buy	CAD_USD	1.02	16.07	0.21	0.98	53.73	10.92
Buy	USD_BRL	1.82	305.25	35.02	1.65	49.52	(1.33)
Buy	EUR_USD	-	-	-	1.37	0.37	0.08
Buy	CHF_GBP	0.69	2.75	0.00	0.66	8.43	0.80
Buy	CHF_EUR	0.84	78.19	(6.04)	0.76	157.98	6.62
Buy	EUR_KRW	1,518.33	4.49	(0.04)	1,526.90	1.06	0.13
Sell	USD_INR	51.64	53.83	(6.02)	-	-	-
Total				**47.28**			**(26.50)**

(e) The following table presents the outstanding position and fair value of various commodity derivative financial instruments as at 31st March, 2012:

Commodity Futures/Forwards		Average Price (USD/Unit)	Qty	Unit	Notional Value (USD in	Fair Value Gain/ (Loss) (₹ Crore)
Cash Flow Hedge						
Aluminium	Sell	2,116.87	159,000	MT	336.58	88.35
Aluminium	Buy	2,087.00	16,375	MT	34.17	(9.41)
Gold	Sell	1,723.74	99,503	TOZ	171.52	30.63
Silver	Sell	32.13	1,672,332	TOZ	53.73	(1.34)
Copper	Sell	8,637.69	1,250	MT	10.80	1.19
Total						**109.41**
Fair Value Hedge						
Aluminium	Buy	2,087.00	31,360	MT	65.45	(27.94)
Total						**(27.94)**
Non Designated hedges						
Aluminium	Buy	2,110.95	155,390	MT	328.02	(65.09)
Aluminium	Sell	2,168.20	212,457	MT	460.65	139.89
Copper	Buy	8,357.86	23,375	MT	195.36	22.39
Copper	Sell	8,710.89	18,925	MT	164.85	32.43
Gold	Buy	1,716.33	1,397	TOZ	2.40	(4.48)
Gold	Sell	1,663.71	41,752	TOZ	69.46	4.76
Silver	Buy	-	*	TOZ	-	(0.53)
Silver	Sell	32.41	278,664	TOZ	9.03	11.89
Electricity	Buy	32.33	1,169,728	MWh	37.82	(205.91)
Natural Gas	Buy	4.36	6,600,000	MMBtu	28.76	(52.06)
Total						**(116.71)**
Commodity Options						
Cash Flow Hedge						
Aluminium	Sell	-	*	MT	-	3.49
Total						**3.49**
Embedded derivatives						
Fair Value Hedge						
Copper	Sell	8,102.36	113,333	MT	918.27	(202.78)
Gold	Sell	1,689.66	40,362	TOZ	68.20	5.68
Silver	Sell	31.55	710,744	TOZ	22.43	(2.59)
Total						**(199.69)**

**** Represent derivatives matured within 31st March, 2012 for which cash flow to happen on settlement date during April, 2012.***

The following table presents the outstanding position and fair value of various commodity derivative financial instruments as at 31st March, 2011:

Commodity Futures/ Forwards		**Average Price (USD/Unit)**	**Qty**	**Unit**	**Notional Value (USD in Million)**	**Fair Value Gain/ (Loss) (₹ Crore)**
Cash Flow Hedge						
Aluminium	Sell	2,653.73	291,450	MT	773.43	166.27
Gold	Sell	1,384.93	128,873	TOZ	178.48	(23.51)
Silver	Sell	29.86	1,755,908	TOZ	52.43	(59.73)
Copper	Sell	8,516.87	28,750	MT	244.86	(117.75)
Total						**(34.72)**
Fair Value Hedge						
Aluminium	Buy	2,619.00	24,685	MT	64.65	40.45
Total						**40.45**
Non Designated hedges						
Aluminium	Buy	2,612.43	323,350	MT	844.73	213.95
Aluminium	Sell	2,606.78	465,689	MT	1,213.95	(149.73)
Copper	Buy	9,360.24	16,475	MT	154.21	7.35
Copper	Sell	9,453.84	30,925	MT	292.36	2.27
Gold	Buy	1,428.57	595	TOZ	0.85	(0.18)
Gold	Sell	1,364.44	33,347	TOZ	45.50	(27.04)
Silver	Buy	37.94	16,080	TOZ	0.61	2.75
Silver	Sell	22.00	138,183	TOZ	3.04	(43.77)
Electricity	Buy	32.33	1,420,384	MWh	45.92	(131.11)
Natural Gas	Buy	5.09	6,670,000	MMBtu	33.97	(10.02)
Total						**(135.53)**
Commodity Options						
Cash Flow Hedge						
Copper	Sell	9,024.00	1,250	MT	11.28	(3.01)
Total						**(3.01)**
Non Designated hedges						
Aluminium	Sell	2,515.67	30,000	MT	75.47	(9.53)
Copper	Sell	*	-	MT	-	(0.88)
Total						**(10.41)**
Commodity Swaps- Non Designated hedges						
Aluminium	Sell	*	-	MT	-	(0.45)
Total	-					**(0.45)**

**** Represent derivatives matured within 31st March, 2011 for which cash flow to happen on settlement date during April, 2011.***

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(f) The following table presents the outstanding position and fair value of various interest rate derivative financial instruments:

Interest rate swaps	Fixed leg	As of 31-Mar-2012			As of 31-Mar-2011		
		Average price (USD / Unit)	Notional value (USD in millions)	Fair value (₹ Crore)	Average price (USD / Unit)	Notional value (USD in millions)	Fair value (₹ Crore)
Cash flow hedges							
3M-CD-3200	Pay fixed	4.62%	43.94	0.99	-	-	-
Non-Designated Hedges							
1M USD Libor	Pay fixed	1.97%	220.00	(1.66)	1.97%	220.00	(16.47)
Total			**263.94**	**(0.67)**		**220.00**	**(16.47)**

(g) The following table presents details of amount held in Hedging Reserve and the period during which these are going to be released and affecting Profit & Loss Account

(₹ Crore)

Hedge Instrument Type	Products/ Currency Pair	31st March, 2012			31st March, 2011		
		Closing Value in Hedging Reserve as at 31st March, 2012	In less than 12 Months	After 12 Months	Closing Value in Hedging Reserve as at 31st March, 2011	In less than 12 Months	After 12 Months
		Gain/(Loss)	Gain/(Loss)	Gain/(Loss)	Gain/(Loss)	Gain/(Loss)	Gain/(Loss)
Commodity Forwards	Aluminium	162.06	160.08	1.98	152.25	152.76	(0.51)
	Gold	39.90	39.90	-	(23.11)	(23.11)	-
	Silver	12.47	12.47	-	(59.34)	(59.34)	-
	Copper	1.15	1.01	0.14	(5.31)	(3.67)	(1.64)
	Electricity	(128.52)	(27.54)	(100.98)	(137.30)	(25.92)	(111.38)
	Total	**87.06**	**185.92**	**(98.86)**	**(72.80)**	**40.70**	**(113.50)**
Debt		20.37	20.37	-	44.80	44.80	-
Liability for Copper Concentrate		(82.06)	(82.06)	-			
Interest rate swaps	3M-CD-3200	0.98	-	0.98	-	-	-
	Total	**0.98**	**-**	**0.98**	**-**	**-**	**-**
Foreign currency Forwards	AUD_INR	(0.18)	-	(0.18)	4.90	4.90	-
	CHF_INR	-	-	-	0.02	0.02	-
	EUR_INR	2.40	3.55	(1.15)	(6.73)	(6.73)	-
	GBP_INR	-	-	-	(0.26)	(0.26)	-
	NOK_INR	(0.03)	-	(0.03)	(0.30)	(0.30)	-
	USD_INR	(181.98)	(136.20)	(45.78)	30.87	30.87	-
	USD_EUR	(12.95)	-	(12.95)	25.39	-	25.39
	USD_BRL	(9.38)	5.65	(15.04)	78.72	36.54	42.18
	USD_CAD	2.84	2.86	(0.02)	-	-	-
	EUR_KRW	5.43	-	5.43	-	-	-
	USD_KRW	(36.88)	(25.69)	(11.18)	-	-	-
	USD_AUD	(0.20)	(0.20)	-	5.80	5.80	-
	Total	**(230.93)**	**(150.03)**	**(80.89)**	**138.41**	**70.84**	**67.57**
	Grand Total	**(204.58)**	**(25.80)**	**(178.77)**	**110.41**	**156.34**	**(45.93)**

(h) The following tables presents the amount of gain/(loss) recognized in Hedging Reserve and recycled during the year 2011-12:

(₹ Crore)

Item	Opening Balance	Net Amount recognised	Recycled			CTA	Closing Balance
			Net Amount to P&L	Net Amount added to Non-Financial Assets	Total Amount recycled		
Commodity	(72.81)	71.91	(87.07)	-	(87.07)	0.89	87.06
Forex	183.22	(955.10)	(496.77)	22.00	(474.77)	4.49	(292.61)
Interest	-	0.92	-	-	-	0.06	0.98
Total	**110.41**	**(882.26)**	**(583.84)**	**22.00**	**(561.84)**	**5.44**	**(204.58)**

The following tables presents the amount of gain/(loss) recognized in Hedging Reserve and recycled during the year 2010-11:

(₹ Crore)

Item	Opening Balance	Net Amount recognised	Recycled			CTA	Closing Balance
			Net Amount to P&L	Net Amount added to Non-Financial Assets	Total Amount recycled		
Commodity	(202.29)	(194.95)	(345.33)	20.91	(324.42)	-	(72.81)
Forex	46.19	79.11	24.92	(82.84)	(57.92)	-	183.23
Interest	(60.96)	(34.00)	(95.42)	-	(95.41)	(0.46)	(0.00)
Total	**(217.05)**	**(149.84)**	**(415.83)**	**(61.93)**	**(477.76)**	**(0.46)**	**110.41**

(i) The following table presents the amount of gain/ (loss) recycled from Hedging Reserve and reference of the line item in Profit & Loss Account where those amounts are included:

(₹ Crore)

Schedule No.	Schedule Line Item	2011-12	2010-11
15	Net Sales	(493.29)	(344.72)
18	Raw Materials Consumed	(98.63)	(8.63)
18	(Gain)/Loss in change in Fair value of derivatives (net)	(8.07)	62.47

(j) The adjustment as part of the carrying value of inventories arising on account of fair value hedges at 31 March 2012 is as follows:

(₹ Crore)

Copper	207.85
Gold	(5.33)
Silver	2.73
Total	**205.25**

Sensitivities

The following table presents the estimated potential changes in the fair values of the foreign currency derivative financial instruments given a 10% changes in their respective indexes.

₹ Crore

Currency Pair	Change in Rate/Price	31st March, 2012			31st March, 2011		
		Change in Fair Value	Change in Profit & Loss Account	Change in Hedging Reserve	Change in Fair Value	Change in Profit & Loss Account	Change in Hedging Reserve
USD_INR	10%	311.82	86.38	225.44	1.84	(60.09)	61.93
EUR_INR	10%	64.89	56.11	8.78	88.82	17.31	71.51
GBP_INR	10%	1.48	1.48	-	1.67	0.54	1.14
NOK_INR	10%	0.01	0.01	-	0.23	-	0.23
CHF_INR	10%	0.14	0.14	-	0.11	-	0.11
AUD_INR	10%	2.55	2.55	-	5.30	1.17	4.13
CHF_USD	10%	28.13	26.49	1.65	49.12	49.12	-
GBP_USD	10%	12.89	12.14	0.75	31.26	31.26	-
CAD_USD	10%	19.59	(3.78)	23.38	22.33	22.33	-
KRW_USD	10%	39.32	18.75	20.57	80.37	80.37	-
BRL_USD	10%	218.19	80.95	137.23	183.07	17.02	166.04
EUR_USD	10%	196.17	145.10	51.08	107.40	89.58	17.81
USD_AUD	10%	59.34	56.99	2.35	29.76	18.69	11.07
EUR_KRW	10%	33.73	1.79	31.94	0.37	0.37	-
EUR_CHF	10%	33.08	31.15	1.93	71.57	71.57	-
EUR_GBP	10%	45.19	42.55	2.64	38.95	38.95	-
GBP_CHF	10%	0.97	0.91	0.06	3.82	3.82	-
Debt	10%	565.63	304.15	261.48	325.46	325.46	-

The following table presents the estimated potential change in the fair values of the commodity derivative financial instruments, given a 10% change in their respective indexes (LME in case of Aluminium and Copper, LBMA in case of Gold and Silver, NYMEX NYISO Zone, a Peak Rate in the case of Electricity).

₹ Crore

Types of Derivative	Change in Rate/Price	31st March, 2012			31st March, 2011		
		Change in Fair Value	Change in Profit & Loss Account	Change in Hedging Reserve	Change in Fair Value	Change in Profit & Loss Account	Change in Hedging Reserve
Forwards	10%	262.30	23.40	238.90	409.91	(76.29)	486.18
Options	10%	-	-	-	89.72	25.60	64.11
Embedded derivatives	10%	532.56	532.56	-	-	-	-

The following table presents the estimated potential change in the fair values of the interest rate derivative financial instruments, given a 10% change in their respective indexes (USD Libor in case of Interest rate swaps)

₹ Crore

Types of Derivative	Change in Rate/Price	31st March, 2012			31st March, 2011		
		Change in Fair Value	Change in Profit & Loss Account	Change in Hedging Reserve	Change in Fair Value	Change in Profit & Loss Account	Change in Hedging Reserve
1M USD Libor	100 bps	-	-	-	8.93	8.93	-
3M-CD-3200	100 bps	5.26	0.02	5.24	-	-	-

42. For the year ended 31st March, 2012, the Board of Directors of the Company have recommended dividend of ₹ 1.55 per share (Previous year ₹ 1.50 per share) to equity shareholders aggregating to ₹ 344.89 crore (Previous year ₹ 333.75 crore) including Dividend Distribution Tax.

43. The Company has terminated Joint Venture with Almex USA Inc. ("Almex") on 10th August, 2011 and Almex has sold 8,011,000 equity shares of Hindalco-Almex Aerospace Limited ("HAAL") to the Company. HAAL has further issued 133,745,744 equity shares of ₹ 10/- each to the company towards advance of ₹ 110.19 crore, conversion of unsecured loan ₹ 21.00 crore and interest accrued thereon amounting to ₹ 2.56 crore on 12th September, 2011. Consequently, the Company holds 97.18% of shares in the HAAL and the balance 2.82% is held by Almex.

44. **Contingent Liabilities and Commitments**

(₹ Crore)

	As at 31/03/2012		As at 31/03/2011	
	Share in JVs	**Consolidated**	**Share in JVs**	**Consolidated**
A. Contingent Liabilities not provided in respect of followings:				
(a) Claims against the company not acknowledged as debt	-	855.00	-	864.96
(b) Guarantees	16.71	55.23	16.71	40.56
(c) Other money for which the Company is contingently liable:				
i. Bills discounted with Banks	-	0.19	-	0.19
ii. Customs duty on Capital Goods and Raw Materials imported under Advance Licence/ EPCG Scheme, against which export obligation is to be fulfilled.	-	263.55	-	595.17

iii. The Company has received a notice dated 24th March, 2007 from collector (Stamp) Kanpur, Uttar Pradesh alleging that stamp duty of ₹ 252.96 crore is payable in view of order dated 18th November, 2002 of Hon'ble High Court of Allahabad approving scheme of arrangement for merger of Copper business of Indo Gulf Corporation Limited with the Company. The Company is of the opinion that it has a very strong case as there is no substantive/computation provision for levy/calculation of stamp duty on court order approving scheme of arrangement under Companies Act, 1956 within the provisions of Uttar Pradesh Stamp Act, moreover the properties in question are located in the State of Gujarat and thus the collector (stamp) Kanpur has no territorial jurisdiction to make such a demand. It is pertinent to note that the Company in 2003-04 has already paid stamp duty which has been accepted as per the provisions of the Bombay Stamp Act 1958 with regard to transfer of shareholding of Indo Gulf Corporation Limited as per the Scheme of Arrangement. Furthermore, the demand made is on an incorrect assumption. The Company's contention amongst the various other grounds made is that the demand is illegal, against the principles of natural justice, incorrect, bad in law and malafide. The Company has filed a writ petition before the Hon'able High Court of Allahabad, inter alia, on the above said grounds, which is pending determination.

iv. Against the notifications issued by the State Electricity Regulatory Commissions of Uttar Pradesh and Odisha States under the provisions of Electricity Act, 2003 in respect of Renewable Purchase Obligation (RPO), the Company has filed writ petitions before jurisdictional high courts on the ground, inter alia, that RPO cannot be made applicable to captive users and the High Court(s) at Allahabad and Cuttack have granted stay on the applicability of the RPO. Pending disposal of these, no provision has been considered necessary at this stage.

v. As per the draft assessment order dated 27th December, 2011 for the Assessment Year 2008-09 under the provisions of the Income-tax Act, 1961, the Assessing Officer has proposed an addition of ₹ 1,156 crore to the total income of the Company by considering guarantee as provision of service and has imputed a Guarantee Fee at the rate of 10.70% per annum on the loan amount on account of purported arm's length fee of corporate guarantee provided to foreign banks for granting loan to wholly-owned foreign subsidiary for funding acquisition of Novelis Inc. The Company has filed objections before Dispute Resolution Panel (DRP) against the said order which is pending. As on date no demand has been raised

(₹ Crore)

	As at 31/03/2012		As at 31/03/2011	
	Share in JVs	**Consolidated**	**Share in JVs**	**Consolidated**
B. **Commitments**				
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advance paid)	0.07	10,469.96	0.25	12,734.65

(b) The Company, along with Aditya Birla Nuvo Limited, Grasim Industries Limited and Birla TMT Holdings Pvt. Limited (the Sponsors), being promoters of Idea Cellular Limited (Idea) have been given the following undertakings to the Facility Agent:

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

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

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

(c) As the Sponsor, the Company has executed a Common Rupee Loan Agreement (CRLA) to avail financing of ₹ 4,906 crore for project undertaken by Utkal Alumina International Limited (Utkal), a wholly-owned subsidiary of the Company. Under the CRLA, the Company has following obligations:

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

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

iii. To hold minimum 51% equity shares in Utkal.

iv. To bring funds for meeting cost overrun of the project.

v. If Utkal exercises its right or requires to replace any lender under the CRLA and to enable to bring other lender to replace such a lender within the permitted time, the Company is required to infuse funds for prepayment of the loan to such lender and for undrawn portion of such rupee lender.

45. **Gain or loss on foreign currency transaction and translation:**

Gain or loss on foreign currency transaction and translation has been accounted for under respective head of accounts depending upon the nature of transaction. The detail of net (gain)/ loss included in various heads of accounts are as under:

(₹ Crore)

	Year ended	
	31/03/2012	31/03/2011
Revenue from Operations	535.59	1.56
Cost of Materials Consumed	198.01	2.06
Other Expenses	142.99	-
	876.59	3.62

46. **Business Reconstruction Reserve (BRR):**

Pursuant to a court approved scheme of financial restructuring under sections 391 to 394 of the Companies Act 1956, Business Reconstruction Reserve (BRR) was established during 2008-09 for adjustment of certain specified expenses. Accordingly, costs in connection with exiting certain business during the year have been adjusted against the BRR in consolidated financial statements. Had this adjustment not been done, Other Expenses would have been higher by ₹ 536.33 crore, Tax Expenses would have been lower by ₹ 35.86 crore and Net Profit for the year would have been lower by ₹ 500.47 crore. A summary of adjustments made so far against BRR is given in the following table:

(₹ Crore)

	Year ended			
	31/03/2012	31/03/2011	31/03/2010	31/03/2009
Opening Balance	7,165.40	3,726.11	4,030.50	-
Add: Transfer from Securities Premium Account to BRR	-	-	-	8,647.37
Less: Adjustments made:				
i. Impairment loss/ (reversal) of goodwill arising on consolidation of Novelis Inc. while preparing consolidated accounts of the Group	-	(3,597.30)	-	3,597.30
ii. Impairment of Fixed Assets	-	-	-	111.30
iii. Interest cost on loan taken by A V Minerals (Netherlands) B.V., a wholly owned subsidiary, for acquisition of Novelis Inc.	-	158.01	304.39	544.47
iv. Costs in connection with exiting business	500.47	-	-	363.62
v. Certain costs in connection with the Scheme	-	-	-	0.18
Closing Balance	6,664.93	7,165.40	3,726.11	4,030.50

Had the Scheme not prescribed aforesaid treatment of certain specified expenses, the Profit for the period and the Earnings per Share (EPS) thereof would have been higher/ (lower) by:

(₹ Crore)

	Year ended			
	31/03/2012	31/03/2011	31/03/2010	31/03/2009
Profit for the period (₹ Crore)	(500.47)	3,439.29	(304.39)	(4,616.87)
Basic EPS (₹)	(2.61)	17.97	(1.72)	(30.67)
Diluted EPS (₹)	(2.61)	17.96	(1.72)	(30.67)

47. Effective from financial year 2011-12, the Company has changed its accounting policy for preparation of consolidated financial statements relating to actuarial gains or losses arising out of actuarial valuation of long term employee benefits and post employment benefits with respect to one of its overseas subsidiaries (Novelis Inc.). Till previous year, the amount of actuarial gains or losses was accounted through the Statement of Profit and Loss. Consequent to the change in accounting policy, actuarial gains or losses along with related deferred tax have been adjusted against Reserves and Surplus. This adjustment is cash neutral. Had the Company not changed the accounting policy as above, Employee Benefits Expenses would have been higher by ₹ 1,014.91 crore, Tax Expenses would have been lower by ₹ 299.88 crore, Net Profit for the year would have been lower by ₹ 715.03 crore and Foreign Currency Translation Reserve in Reserves and Surplus would have been lower by ₹ 44.39 crore. Consequently, the Basic and Diluted Earnings per Share for the period is higher by ₹ 3.73.

48. **Leases:**

A. **Operating Lease**

Future obligations towards minimum lease payment commitments under non-cancellable operating leases are as under:

(₹ Crore)

	As at	
	31/03/2012	**31/03/2011**
Not later than 1 year	123.77	126.20
Later than 1 year and not later than 5 years	337.13	332.47
Later than 5 years	289.59	199.08

B. **Finance Lease**

Future obligations towards minimum lease payment commitments under the finance leases taken on or after 1st April, 2001 are as under:

(₹ Crore)

	As at 31/03/2012		As at 31/03/2011	
	Payment	**Present value**	**Payment**	**Present value**
Not later than 1 year	39.04	24.85	36.39	36.39
Later than 1 year and not later than 5 years	146.81	106.09	125.75	85.21
Later than 5 years	103.78	93.77	121.63	61.62

49. **Related Party Disclosures:**

A. List of Related Parties:

(a) **Associates:**

Aditya Birla Science and Technology Company Limited

Idea Cellular Limited

Aluminium Norf GmbH

Consorcio Candonga

MiniMRF LLC (Delaware)

Deutsche Aluminium Verpackung Recycling GmbH

France Aluminium Recyclage SA

(b) **Joint Ventures:**

Mahan Coal Limited

Hydromine Global Minerals (GMBH) Limited

(c) **Trust:**

Trident Trust

(d) **Key Managerial Personnel:**

Mr. D. Bhattacharya - Managing Director

B. Disclosure of transactions in the ordinary course of business between the Group and its Related Parties during the year and status of outstanding balances at year end:

(a) **Associates and Joint Ventures:**

(₹ Crore)

	2012		2011	
	Associates	Joint Ventures	Associates	Joint Ventures
Transactions during the year ended 31st March:				
Service Received	1,222.58	-	1,055.43	-
Purchase of Goods	-	-	-	-
Service Rendered	0.04	-	0.13	-
Interest and Dividend Received	13.04	-	8.88	-
Equity Contribution	-	-	-	-
Loans, Advances and Deposits given	10.63	2.30	95.43	11.14
Loans, Advances and Deposits received	3.92	2.63	72.00	1.00
Guarantee Given	4.41	-	-	-
Outstanding balances as at 31st March:				
Trade Receivables	-	-	125.94	-
Trade Payables	262.49	-	223.14	-
Loans, Advances and Deposits given	4,829.04	2.96	4,393.79	12.71
Guarantee Outstanding	4.41	-	-	-

(b) **Trust:**

(₹ Crore)

	As at	
	31/03/2012	31/03/2011
Beneficiary Interest in Trust	34.45	34.45

(c) **Key Managerial Personnel:**

(₹ Crore)

	As at	
	31/03/2012	31/03/2011
Managerial Remuneration (including perquisites) *	20.24	18.01

* Excluding gratuity, leave encashment provisions and compensation under Employee Stock Option Scheme.

50. The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared as per Revised Schedule VI. Previous year figures have been reclassified/regrouped to conform to this year's classification.

As per our report annexed.
For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E

RAJIV SINGHI
Partner
Membership No. 53518

Camp: Mumbai
Dated: The 27th day of June, 2012

Praveen Maheshwari
CFO

Anil Malik
Company Secretary

For and on behalf of the Board of Hindalco Industries Limited

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

CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH 2012

₹ Crore

	Name of the Subsidiary Company	Country	Capital	Reserves	Total Assets	Total Liabilities	Investments **	Turnover/ Revenues	Profit/ (Loss) before Tax	Provision for Tax	Profit/ (Loss) after Tax	Proposed Dividend
1	Minerals & Minerals Limited	India	0.05	1.28	3.60	2.27	-	12.34	0.23	0.07	0.16	-
2	Renuka Investments & Finance Limited	India	9.25	41.25	50.91	0.41	26.06	6.19	5.93	0.83	5.10	-
3	Renukeshwar Investments & Finance Limited	India	4.80	28.58	33.43	0.05	26.87	3.03	3.03	0.23	2.80	-
4	Suvas Holdings Limited	India	3.97	(0.09)	3.89	0.01	-	0.06	0.02	0.01	0.01	-
5	Utkal Alumina International Limited	India	1,517.16	(31.45)	5,081.08	3,595.37	174.65	0.02	(13.50)	0.19	(13.69)	-
6	Aditya Birla Chemicals (India) Limited	India	23.39	336.85	1,291.08	930.84	18.84	625.77	16.65	12.36	4.29	1.17
7	Hindalco-Almex Aerospace Limited	India	177.12	(30.59)	152.54	6.00	0.00	55.74	(5.67)	-	(5.67)	-
8	HAAL USA Inc ***	USA	0.00	0.09	0.09	-	-	-	(0.03)	-	(0.03)	
9	Lucknow Finance Company Limited	India	12.00	12.35	25.18	0.83	5.81	3.49	3.05	0.68	2.37	-
10	Dahej Harbour and Infrastructure Limited	India	50.00	278.72	351.32	22.60	77.97	84.57	62.56	10.32	52.24	-
11	East Coast Bauxite Mining Company Private Limited	India	0.01	(0.02)	0.01	0.01	-	-	(0.00)	-	(0.00)	-
12	Tubed Coal Mines Limited	India	11.95	(0.27)	12.11	0.43	-	0.03	(0.16)	0.01	(0.17)	-
13	Mauda Energy Limited	India	0.15	-	0.15	0.00	-	-	-	-	-	-
14	Aditya Birla Minerals Limited *	Australia	2,374.09	112.92	2,525.60	38.58	-	144.92	144.44	41.03	103.41	-
15	Birla Nifty Pty Limited ^ *	Australia	460.50	1,418.65	2,431.46	552.32	-	2,047.16	428.29	134.92	293.37	-
16	Birla Maroochydore Pty Limited ^ *	Australia	52.68	(62.20)	70.23	79.75	-	-	(20.20)	(6.06)	(14.14)	-
17	Birla Mt Gordon Pty Limited ^ *	Australia	126.43	(772.91)	501.77	1,148.25	-	454.71	(251.10)	(75.08)	(176.01)	-
18	Birla Resources Pty Limited *	Australia	3.42	0.01	3.50	0.06	-	0.25	0.01	-	0.01	-
19	A V Minerals (Netherlands) B.V. *	Netherlands	11,370.24	(2,126.69)	9,243.55	-	-	-	(1.08)	-	(1.08)	-
20	A V Metals Inc # *	Canada	9,241.06	(19.51)	9,221.67	0.11	-	-	(0.01)	-	(0.01)	-
21	Novelis Inc. # # *	Canada	-	(34.87)	23,435.43	23,470.30	-	5,404.71	(424.14)	(4.21)	(419.93)	-
22	4260848 Canada Inc. @ *	Canada	628.00	(2.87)	632.52	7.39	-	-	133.49	4.72	128.77	-
23	4260856 Canada Inc. @ *	Canada	941.97	(6.58)	935.39	-	-	-	200.34	7.07	193.26	-
24	Novelis No. 1 Limited Partnership @ *	Canada	0.00	372.41	378.00	5.59	-	-	-	-	-	-
25	Novelis Brand LLC (Delaware) @ *	USA	0.01	355.91	733.92	378.00	-	-	95.74	-	95.74	-
26	Novelis South America Holdings LLC @ *	USA	0.01	-	0.01	-	-	-	-	-	-	-
27	Aluminum Upstream Holdings LLC (Delaware) @ *	USA	0.01	(0.01)	0.00	-	-	-	-	-	-	-
28	Novelis (India) Infotech Ltd. @ *	India	0.47	0.08	0.58	0.03	-	-	0.10	-	0.10	-
29	Novelis Corporation (Texas) @ *	USA	8,545.47	(4,779.31)	12,396.71	8,630.55	1.88	20,595.42	986.62	362.00	624.62	-
30	Novelis de Mexico SA de CV @ *	Mexico	0.03	0.20	0.36	0.13	-	-	-	-	-	-
31	Novelis do Brasil Ltda. @ *	Brazil	1.34	1.00	6.67	4.33	116.42	6.10	0.36	0.10	0.26	-
32	Novelis Madeira, Unipessoal, Lda @ *	Portugal	0.03	72.66	326.35	253.66	-	2,053.40	62.29	0.66	61.63	-
33	Novelis Korea Limited @ *	Korea	525.14	2,438.67	4,962.29	1,998.48	-	8,909.77	775.30	143.10	632.20	-
34	Alcom Nikkei Specialty Coatings Sdn Berhad @ *	Malaysia	20.34	34.67	80.46	25.45	-	182.46	(3.91)	(1.04)	(2.87)	-
35	Aluminum Company of Malaysia Berhad @ *	Malaysia	223.08	77.24	348.60	48.28	-	425.01	7.67	2.17	5.50	-
36	Al Dotcom Sdn. Berhad @ *	Malaysia	0.00	-	0.00	-	-	-	-	-	-	-
37	Novelis UK Ltd. @ *	England	1.37	(1.09)	0.67	0.39	-	1,539.11	165.25	60.96	104.30	-
38	Novelis Services Limited @ *	Wales	0.05	0.52	181.31	180.74	-	223.12	17.00	18.80	(1.80)	-
39	Novelis Deutschland GmbH @ *	Germany	755.91	93.33	4,230.17	3,380.93	456.51	14,448.77	516.32	0.18	516.14	-
40	Novelis Aluminium Beteiligungs GmbH @ *	Germany	0.17	0.16	0.34	0.01	-	-	(0.00)	-	(0.00)	-
41	Novelis Switzerland SA @ *	Switzerland	28.16	369.20	1,185.34	787.98	-	2,585.50	150.40	28.48	121.93	-
42	Novelis Laminés France SAS @ *	France	21.02	19.53	42.03	1.48	-	5.80	1.01	0.37	0.64	-
43	Novelis Italia SPA @ *	Italy	650.82	(149.75)	946.09	445.01	-	1,358.86	(28.47)	3.78	(32.25)	-

FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH 2012

₹ Crore

	Name of the Subsidiary Company	Country	Capital	Reserves	Total Assets	Total Liabilities	Investments **	Turnover/ Revenues	Profit/ (Loss) before Tax	Provision for Tax	Profit/ (Loss) after Tax	Proposed Dividend
44	Novelis Aluminium Holding Company @ *	Ireland	20.34	2,033.92	5,819.16	3,764.90	-	530.32	334.74	64.57	270.16	-
45	Novelis Luxembourg SA @ *	Luxembourg	556.49	(428.11)	400.71	272.33	-	804.99	(27.39)	0.48	(27.88)	-
46	Novelis Cast House Technology Ltd. @ *	Canada	-	-	-	-	-	-	-	-	-	-
47	Eurofoil Inc. (USA) (New York) @ *	USA	-	-	-	-	-	-	-	-	-	-
48	Novelis PAE Corporation (Delaware) @ *	USA	-	-	-	-	-	-	-	-	-	-
49	Novelis PAE SAS @ *	France	27.39	55.17	249.37	166.81	-	161.75	13.71	2.44	11.27	-
50	Novelis Foil France SAS @ *	France	55.58	(307.03)	524.03	775.47	-	749.88	(142.88)	(0.42)	(142.46)	-
51	Novelis Europe Holdings Limited @ *	Wales	1,508.09	366.25	1,878.66	4.31	-	1.20	339.30	(43.97)	383.27	-
52	Novelis AG @ *	Switzerland	5.63	1,281.78	5,273.78	3,986.38	-	372.25	122.16	10.70	111.46	-
53	Logan Aluminium Inc. (Delaware) @ *	USA	0.00	(195.11)	731.55	926.66	-	2,299.82	2.88	1.56	1.33	-
54	Evermore Recycling LLC (J-V) @ *	USA	-	7.00	7.00	-	-	-	(1.00)	-	(1.00)	-
55	ALBRASILIS - Aluminio do Brasil Industria e Comércio Ltda @ *	Brazil	-	-	-	-	-	-	-	-	-	-
56	Novelis North America Holdings Inc. @ *	USA	0.00	409.68	9,311.06	8,901.37	-	-	753.90	(261.18)	1,015.08	-
57	8018227 Canada Inc. @ *	Canada	-	(908.54)	876.32	1,784.87	-	-	111.87	7.67	104.20	-
58	8018243 Canada Limited @ *	Canada	-	3,603.97	3,606.01	2.03	-	-	(1.91)	-	(1.91)	-
59	Novelis Delaware LLC @ *	USA	-	3,609.21	3,609.21	-	-	3.02	3.02	-	3.02	-
60	Novelis Acquisitions LLC @ *	USA	(8,545.47)	-	(8,545.47)	-	-	-	(753.90)	-	(753.90)	-

* Balance sheet items are translated at closing Exchange rate and Profit/(Loss) items are translated at average exchange rate.

** Excluding Investment in Subsidiaries

*** Subsidiary of Hindalco-Almex Aerospace Limited

^ Subsidiary of Aditya Birla Minerals Limited

Subsidiary of AV Minerals (Netherlands) B.V.

Subsidiary of AV Metals Inc.

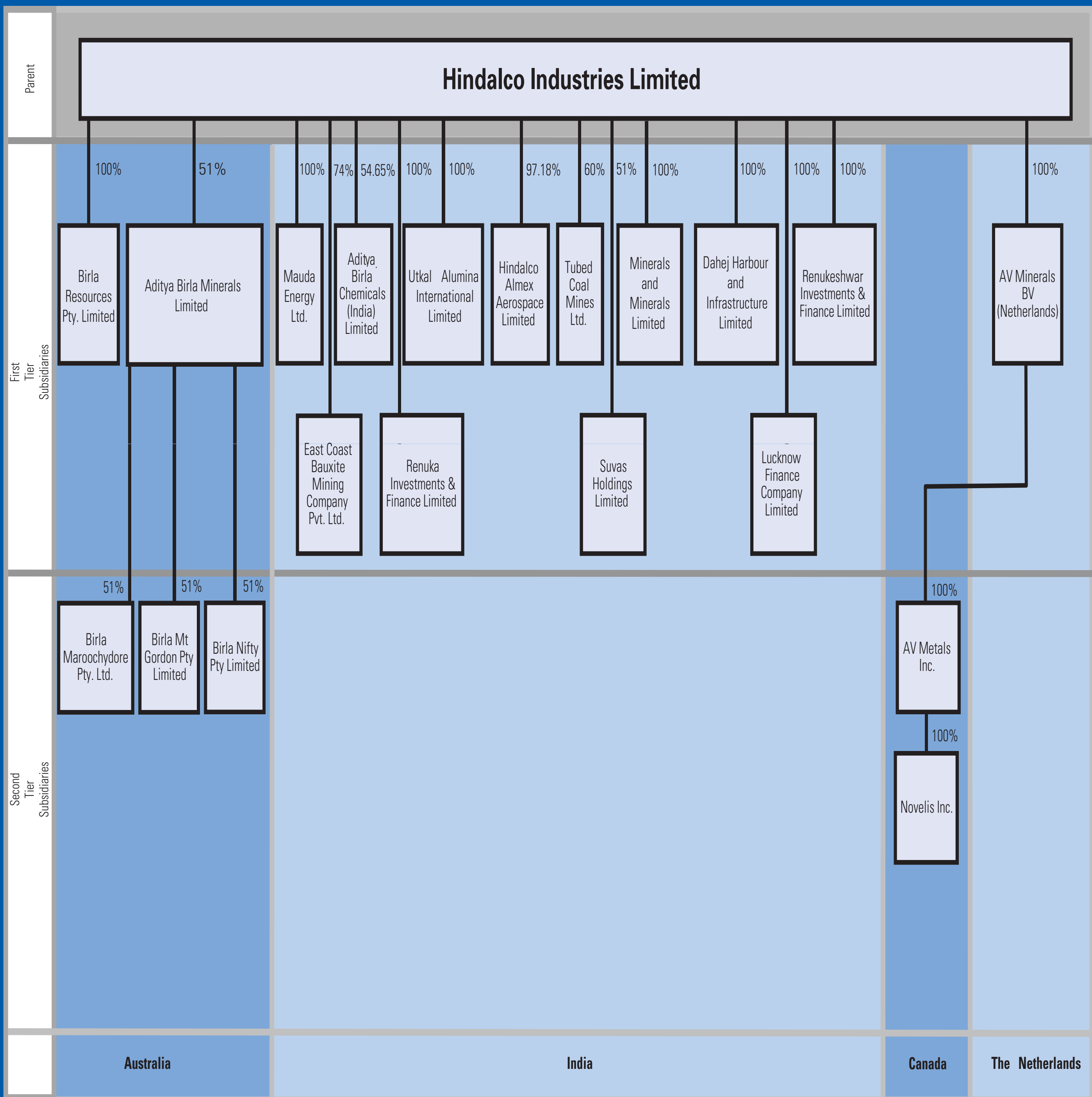
@ Subsidiary of Novelis Inc.

Note :

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

STATEMENT RELATING TO SUBSIDIARY COMPANIES

Hindalco Corporate Structure Diagram



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