

## 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 shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders as well as superior transparency and timely disclosure.

In line with this philosophy, **Aditya Birla Nuvo Limited**, one of the flagship Companies of the

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, on 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 compliant with the prevailing and applicable corporate governance requirements, save and except as mentioned in the report below and is committed to ensure compliance with any proposals for modifications well ahead of their implementation timelines. Your Company's compliance with requirements is presented in the subsequent sections of this Report.

### I. BOARD OF DIRECTORS

#### (A) Composition of the Board:

The Company has a balanced Board, comprising Executive and Non-Executive Directors which includes independent professionals. Your Company's Board comprises of 6 Independent Directors, 3 Non-Executive Directors and 3 Executive Directors.

None of the Directors is a director in more than 15 Companies and member of more than 10 Committees or act as Chairman of more than 5 Committees across all Companies in which they are Directors. The Non-Executive Directors are appointed or re-appointed with the approval of shareholders. All the Directors are liable to retire by rotation, except the Whole-Time Director(s) and Managing Director whose terms have been determined pursuant to the terms and conditions of their appointment. The Non-Executive Directors including Independent Director on the Board are experienced, competent and highly renowned persons from their respective fields.

Details of the Directors with regard to the directorships in other Indian Companies (other than Section 25 Companies), positions in either Audit Committee or Shareholder's/ Investors' Grievance Committee as well as attendance at Board Meeting/Annual General Meeting are as follows:

Sr. No.	Director	Executive/ Non-Executive/ Independent	No. of Directorship(s) in other Public Companies <sup>1</sup>	Outside Committee Positions Held <sup>2</sup>		No. of Board Meetings		Attended Last AGM
				Member	Chairman/ Chairperson	Held	Attended	
1	Mr. Kumar Mangalam Birla	Non-Executive	10	NIL	NIL	4	4	No
2	Mrs. Rajashree Birla	Non-Executive	6	NIL	NIL	4	4	No
3	Mr. H.J. Vaidya*	Independent	NA	NA	NA	NA	NA	No
4	Mr. B.L. Shah	Non-Executive	3	NIL	NIL	4	4	Yes
5	Mr. P. Murari	Independent	9	4	1	4	4	Yes
6	Mr. B.R. Gupta	Independent	3	NIL	5	4	4	No
7	Ms. Tarjani Vakil	Independent	5	3	2	4	4	Yes
8	Mr. S.C. Bhargava <sup>§</sup>	Independent	10	4	1	4	4	No

Sr. No.	Director	Executive/ Non-Executive/ Independent	No. of Directorship(s) in other Public Companies <sup>1</sup>	Outside Committee Positions Held <sup>2</sup>		No. of Board Meetings		Attended Last AGM
				Member	Chairman/ Chairperson	Held	Attended	
9	Mr. G.P. Gupta	Independent	10	2	5	4	4	No
10	Mr. K.K. Maheshwari <sup>#</sup>	Whole-time	NA	NA	NA	1	0	No
11	Dr. Rakesh Jain	Managing	6	1	NIL	4	4	Yes
12	Mr. Pranab Barua	Whole-time	4	1	NIL	4	4	No
13	Mr. Sushil Agarwal <sup>##</sup>	Whole-time	10	3	NIL	NA	NA	NA
14	Mr. T. Chattopadhyay <sup>@</sup>	Independent	1	1	NIL	NA	NA	NA

\* Resigned w.e.f. 1<sup>st</sup> April, 2010.

\$ Re-appointed as an Independent Director w.e.f 30<sup>th</sup> May, 2011 consequent to change of LIC Representative.

# Resigned w.e.f. 20<sup>th</sup> May, 2010.

## Appointed w.e.f. 1<sup>st</sup> June, 2011

@ Appointed as a representative of LIC w.e.f 30<sup>th</sup> May, 2011.

Notes:

1. Excluding Directorships held in Private Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.
2. Only two Committees viz. Audit Committee and Shareholders'/ Investors' Grievance Committee are considered.

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

### (B) Non-Executive Directors' Compensation and Disclosure:

Sitting fees for attending meeting of Board/Committee is paid as per the provisions of Articles of Association of the Company/Companies Act, 1956. Commission paid to the Non-Executive Directors is decided by the Board of Directors within the limits approved by the shareholders. Details of sitting fees/ compensation paid to such directors are given separately in this section of Annual Report.

### (C) Board's Functioning and Procedure:

Company's Board of Directors play primary role in ensuring good governance and functioning of the Company. Board's role, functions, responsibility and accountability are well defined. All relevant information as required under the Listing Agreement with the Stock Exchanges is regularly placed before the Board. Board reviews compliance reports of all laws as applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any. 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 the FY 2010-11 are as outlined below:

Date of Board Meeting	City	No. of Directors Present
7 <sup>th</sup> May, 2010	Mumbai	10 out of 11
30 <sup>th</sup> July, 2010	Mumbai	10 out of 10
30 <sup>th</sup> October, 2010	Mumbai	10 out of 10
11 <sup>th</sup> February, 2011	Mumbai	10 out of 10

**(D) Code of Conduct:**

The Board of Directors has laid down a Code of Conduct (copy available on Company's website) applicable to all Board Members and Senior Executives of the Company. All the Board Members and Senior Management Personnel have confirmed compliance with the code. A declaration by Managing Director affirming the compliance of the Code of Conduct by Board Members and Senior Management Executives is annexed at the end of the Report.

**II. AUDIT COMMITTEE****(A) Qualified Independent Audit Committee:**

Your Company has an Audit Committee at the Board level with the powers and the role that are in accordance with Clause 49 of the Listing Agreement.

The Committee acts as a link between the management, the statutory and

internal auditors and the Board of Directors and oversees the financial reporting process. All the Members of the Company's Audit Committee are Independent Directors.

**(B) Meetings of Audit Committee:**

The Managing Director and the CFO of the Company are permanent invitees to the meetings of the Committee. The statutory as well as internal auditors of the Company are also invited to the Audit Committee Meetings. The representatives of the Cost Auditors are also invited to the Audit Committee Meetings whenever matters relating to Cost Audit are considered. The Company Secretary acts as Secretary to the Committee.

During FY 2010-11, the Audit Committee met 5 times to deliberate on various matters and details of the attendance of the Committee Members are as follows:

Name of Director	Served in the past as	No. of Meetings Held	No. of Meetings Attended
Ms. Tarjani Vakil, Chairperson	Chairperson and Managing Director of Exim Bank	5	5
Mr. P. Murari, Member	Secretary to the President of India before retiring from service in September, 1992. He has held several key positions in various institutions and professional bodies	5	5
Mr. B.R. Gupta, Member	Executive Director (Investments) of Life Insurance Corporation of India	5	5
Mr. G.P. Gupta, Member	Chairman of Industrial Development Bank of India and Chairman of Unit Trust of India	5	5

The Scope of the functioning of the Audit Committee is to review, from time to time, the internal control procedures, the accounting policies of the Company, oversight of the Company's financial reporting process to ensure that the financial statements are correct, sufficient and credible, and also such other functions as are recommended from time to time by SEBI, Stock Exchanges and/or under the Companies Act, 1956, which *inter-alia* include the following:-

1. Management Discussion and Analysis of financial condition and results of operations;

2. Statement of significant Related party transactions submitted by the management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses and the appointment, removal and terms of remuneration of the Chief internal auditor; and
5. Risk Framework.

**Other Committees:**

The Names of the Committee(s), brief terms of reference and number of meetings held during the year are as under:

Name of the Committee	Members	Terms of Reference	No. of Meetings Held in 2010-11
Risk Management Committee	Ms. Tarjani Vakil Mr. G.P Gupta Dr. Rakesh Jain Mr. Ajay Srinivasan Dr. Sanrupt Misra Mr. Pranab Barua Mr. Lalit Naik* Mr. Sushil Agarwal**	To review and reassess the risks of the businesses on an annual basis and to develop an effective risk mitigation plan.	Held on 28 <sup>th</sup> September, 2010, 20 <sup>th</sup> December, 2010 and 12 <sup>th</sup> January, 2011.
ESOP Compensation Committee	Mr. Kumar Mangalam Birla Mr. B.R. Gupta Mr. G.P.Gupta#	Formulating ESOS, its implementation, administration and supervision and formulating detailed terms and conditions in accordance with relevant SEBI Guidelines.	No Meeting held

\* Appointed in place of Mr. K. K. Maheshwari on 28<sup>th</sup> September, 2010.

\*\* Co- opted on 27<sup>th</sup> July, 2011

# Appointed in place of Mr. H.J. Vaidya w.e.f 7<sup>th</sup> May , 2010

**III. SUBSIDIARY COMPANIES**

The Company has one material non-listed Indian Subsidiary Company, namely, **Birla Sun Life Insurance Company Limited (BSLICL)**. The Audit Committee reviews the financial statements and investments made by unlisted subsidiary companies. The minutes of the Board meeting as well as statements of all significant transactions of the unlisted subsidiary companies are placed regularly before the Board of Directors for their review.

Mr. G.P Gupta and Ms. Tarjani Vakil, Independent Directors of the Company are also Directors of BSLICL.

**IV. DISCLOSURES****(A) Basis of Related Party Transactions:**

All the related party transactions are strictly done on arm's length basis. The Company places all the relevant details relating to related party transactions before the Audit Committee from time to time. Particulars of related party transactions are listed out in Schedule 22 of the Balance Sheet forming part of the Annual Report.

**(B) Disclosure of Accounting Treatment:**

The Company has followed all relevant Accounting Standards while preparing the financial statements.

**(C) Risk Management:**

The Company has developed comprehensive risk management policy and it is reviewed by the Audit Committee, which in turn, informs the Board about the risk assessment and minimization procedures.

With a view to strengthen the risk management framework and to continuously review and reassess the risks that the businesses of the Company are confronted with, your Company has constituted a Risk Management Committee comprising of all the Whole-time Directors including the Managing Director, Business Heads and two Independent Directors, viz., Ms. Tarjani Vakil and Mr. G.P. Gupta. The Committee reviews the risk management process and implementation of risk mitigation plans. This process is improved year after year.

**(D) Proceeds from Public Issues, Right Issues, Preferential Issues etc.:**

The Company discloses to the Audit Committee, the uses/applications of proceeds/funds raised from rights issue,

preferential issue, etc. as part of quarterly review of financial results.

### (E) Remuneration of Directors:

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

Besides sitting fees of Rs. 20,000/- per meeting of the Board or Committee thereof, the Company also pays

commission to the Non-Executive directors.

For the F.Y. 2010-11, considering the financial performance of the Company, the Board has decided to pay commission of Rs. 2 crore (Previous Year -1.5 crore) to the Non-Executive Directors of the Company which is not exceeding 1% of the net profits of the Company and pursuant to the authority given by the Shareholders at the Annual General Meeting of the Company held on 9<sup>th</sup> July, 2008. The amount of commission payable is determined after assigning weightage to attendance, type of meeting and preparations required.

**The Details of remuneration paid/payable to the Directors for FY 2010-11 are as follows:**

(In ₹)

Name of the Director	Salary, Allowance, Perquisites and Other benefits	Performance-linked Income/Bonus Paid/ Commission Payable	Sitting Fees Paid
<b>Whole-Time Directors</b>			
Dr. Rakesh Jain	4,64,95,560	1,20,00,000	-
Mr. K.K. Maheshwari <sup>#</sup>	35,55,216	1,47,41,000	-
Mr. Pranab Barua	2,83,10,262	80,32,000	-
<b>Others</b>			
Mr. Kumar Mangalam Birla	-	1,83,66,000	80,000
Mrs. Rajashree Birla	-	6,94,000	80,000
Mr. B.L. Shah	-	88,000	1,20,000
Mr. P. Murari	-	1,64,000	2,20,000
Mr. B.R. Gupta	-	1,58,000	1,80,000
Ms. Tarjani Vakil	-	1,73,000	2,40,000
Mr. S.C. Bhargava	-	82,000	80,000
Mr. G.P. Gupta	-	2,75,000	2,40,000

# Remuneration relates to the part of the year.

Notes:

- No Director is related to any other Director on the Board, except for Mr. Kumar Mangalam Birla and Mrs. Rajashree Birla, who are son and mother, respectively.
- The Company has a policy of not advancing any loans to its Directors except to Executive Directors in the course of normal employment.
- The appointment of Whole-time Directors is subject to termination by three months notice in writing by either side. Mr. K.K. Maheshwari resigned during the year w.e.f. 20<sup>th</sup> May, 2010. Details of the Stock Options granted to the Whole-time Directors are set out below as also in *Annexure B* to the Director's Report.
- No severance fees is paid to any Director of the Company.
- The Performance Review System is primarily based on competencies and values. The Company closely monitors growth and development of top talent in the Company to align personal aspirations with the organisation purpose.

**Employee Stock Option Scheme-2006:**

In accordance with applicable SEBI Guidelines, ESOS Compensation Committee of the Board of Directors of the Company, on 23<sup>rd</sup> August, 2007, granted 1,63,280 Stock Options at a price of Rs.1,180/- per share (1<sup>st</sup> Tranche) and on 25<sup>th</sup> January, 2008, granted 1,66,093 stock options at a price of Rs.1,802/- per share (2<sup>nd</sup> Tranche) to the eligible employees including Whole-time Directors. During the year, ESOS Compensation Committee of the Board of Directors of the Company granted 17,174 stock

options at a price of Rs. 687 (3<sup>rd</sup> Tranche) and 11,952 stock options at a price of Rs. 690 (4<sup>th</sup> Tranche) on 20<sup>th</sup> August, 2010 and 8<sup>th</sup> September, 2010 respectively to the eligible employees including Managing Director. Each option is convertible into one equity share of the Company upon vesting/ exercise. The exercise price of the option has been determined in accordance with relevant SEBI Guidelines. (Refer Annexure 'A' to the Directors' Report)

**Details of Stock Options granted to the Directors are as under:**

Name of the Director	1 <sup>st</sup> Tranche			2 <sup>nd</sup> Tranche			4 <sup>th</sup> Tranche		
	No. of Options Granted	Vesting Date/%	Exercise Period (within)	No. of Options Granted	Vesting Date/%	Exercise Period (within)	No. of Options Granted	Vesting Date/%	Exercise Period (within)
Mr. K.K. Maheshwari*	20,200	23.08.08 (25%) 23.08.09 (25%)	22.08.13  22.08.14	43,400	25.01.09 (25%)	24.01.14	-	-	-
Dr. Rakesh Jain	13,470	23.08.08 (25%) 23.08.09 (25%)	22.08.13  22.08.14	-	-	-	6,730	08.09.11 (25%) 08.09.12 (25%)	07.09.16  07.09.17
Mr. Sushil Agarwal**	4,040	23.08.10 (25%) 23.08.11 (25%)	22.08.15  22.08.16				5,222	08.09.13 (25%) 08.09.14 (25%)	07.09.18  07.09.19

\* Resigned w.e.f. 20<sup>th</sup> May, 2010. Consequent to resignation of Mr. K.K. Maheshwari, all unvested 5,050 Stock Options of 1<sup>st</sup> Tranche and 21,700 Stock options of 2<sup>nd</sup> Tranche stand lapsed.

\*\* Appointed as Whole-time Director w.e.f. 1<sup>st</sup> June, 2011.

During the year, none of the Directors have exercised any options which have been vested under the term of grant of options to them.

**Details of shareholding of Non-Executive Directors in the Company as on 31<sup>st</sup> March, 2011 are as follows:**

Director	No. of Shares held <sup>@</sup>
Mr. Kumar Mangalam Birla*	4,609
Mrs. Rajashree Birla	1,27,634
Ms. Tarjani Vakil	177
Mr. S.C. Bhargava	233
Mr. G.P. Gupta	339

@ Considered only shares held singly or as first shareholder

\* Excluding 150 shares held as Karta of H.U.F.

**(F) Management:**

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

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

**(G) Shareholders:**

The Company has provided the details of new Directors and Directors seeking

re-appointment in the Notice of the Annual General Meeting attached with the Annual Report.

Quarterly Presentations on the Company results are available on the website of the Company ([www.adityabirlanuvo.com](http://www.adityabirlanuvo.com)) and the Aditya Birla Group website ([www.adityabirla.com](http://www.adityabirla.com)). The Company also sends quarterly results and press-release by e-mail (wherever available) to shareholders on the same day of announcement of results. The hard and soft copy of the same is also sent to concerned stock exchanges simultaneously so as to enable them to display them on their notice board/website.

**Shareholders' Grievances Committee:**

Your Company has an "Investor Relations and Finance Committee" comprising of Mr. P. Murari, Mr. B.L. Shah, Dr. Rakesh Jain as the Members. Mr. P. Murari is the Chairman of the Committee. The Committee looks into various issues relating to shareholders including transfer and transmission of shares as well as non-receipt of dividend, Annual Report, and delays in transfer of shares etc. In addition, the Committee looks into other issues including status of dematerialisation/re-materialisation of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

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

Name of the Director	Non-Executive/Independent	No. of Meetings	
		Held	Attended
Mr. P. Murari	Independent	2	2
Mr. B.L. Shah	Non-Executive	2	2
Dr. Rakesh Jain	Executive	2	2

The Company Secretary acts as Secretary to the Committee. He is the compliance officer of the Company and also responsible for redressal of investor complaints.

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 officers to transfer upto 5,000 shares under one transfer deed. Details of share transfers/transmissions approved by the officers are placed before the Committee from time to time.

Details of complaints received, number of shares transferred during the year, time taken for effecting these transfers and the number

of share transfers are given in the Shareholder Information section of this Annual Report.

**V. CEO/CFO CERTIFICATION:**

The CEO and CFO certification of the financial statements and the Cash Flow Statement for the year is enclosed separately at the end of this Report.

**VI. REPORT ON CORPORATE GOVERNANCE:**

This Corporate Governance Report forms part of the Annual Report. Certificate from the Statutory Auditors confirming compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges in India also forms part of this Annual Report.

**VII. GENERAL BODY MEETINGS:**

Location and time, where Annual General Meetings (AGMs) and Extra Ordinary General Meeting (EOGMs) in the last 3 financial years were held:

Financial Year	AGM/EOGM	Location	Date	Time
2009-10	AGM	Regd. Office, Veraval, Gujarat	6 <sup>th</sup> August, 2010	11:00 A.M.
2008-09	AGM	Regd. Office, Veraval, Gujarat	10 <sup>th</sup> July, 2009	11:00 A.M.
2008-09	EOGM	Regd. Office, Veraval, Gujarat	17 <sup>th</sup> June, 2009	11:00 A.M.
2007-08	AGM	Regd. Office Veraval, Gujarat	9 <sup>th</sup> July, 2008	11:00 A.M.
2007-08	EOGM	Regd. Office, Veraval, Gujarat	6 <sup>th</sup> February, 2008	11:00 A.M.

Apart from the above AGM/EOGMs held during the last three years, a Court Convened Meeting of Equity Shareholders was held on Saturday, the 19<sup>th</sup> day of December, 2009 at 11.00 a.m. for the purpose of approving the arrangement embodied in the Composite Scheme of Arrangement between Aditya Birla Nuvo Limited and Madura Garments Exports

Limited and MG Lifestyle Clothing Company Private Limited and Peter England Fashions and Retail Limited and their respective shareholders and creditors.

All the following special resolutions set out in the respective Notices for AGMs and EOGMs held in the last three years and were passed by the Shareholders:

Date of AGM/EOGM	Section(s)	Particulars of Special Resolution(s)
6 <sup>th</sup> February, 2008	81(1A)	Approving the issue and allotment of 2,05,00,000 Warrants to Promoter and/or Promoter Group of the Company on a preferential basis.
9 <sup>th</sup> July, 2008	198,309	Approving the payment to the non-executive directors of the Company, in addition to sitting fees and reimbursement of expenses for attending the meetings of the Board or Committees thereof, commission on annual profits for a period of 4 years commencing from 1 <sup>st</sup> April, 2008 for an amount not exceeding 1% of net profits of the Company.
9 <sup>th</sup> July, 2008	259	Approving amendment in Article 95 of Articles of Association for increasing the number of Directors from 15 to 18.
17 <sup>th</sup> June, 2009	81(1A)	Approving the issue and allotment of 1,85,00,000 Warrants to Promoter and/or Promoter Group of the Company on a preferential basis.
10 <sup>th</sup> July, 2009	198,269,309,314	Approving the appointment of Mr. Pranab Barua as the Whole-time Director of the Company for a period of five years w.e.f. 1 <sup>st</sup> May, 2009.
10 <sup>th</sup> July, 2009	198,269,309	Approving the appointment of Dr. Rakesh Jain as the Managing Director of the Company for a period of five years w.e.f. 1 <sup>st</sup> July, 2009.
6 <sup>th</sup> August, 2010	—	Seeking consent of the Company for sale and transfer of shares held by the Company in the Equity Capital of Birla Sun Life Insurance Company Limited to Aditya Birla Financial Services Pvt. Ltd.
6 <sup>th</sup> August, 2010	—	Re-pricing the stock options granted by ESOS Compensation Committee on 23 <sup>rd</sup> August, 2007 and 25 <sup>th</sup> January, 2008.



**Postal Ballot:**

During the year, no resolution has been passed through postal ballot by the shareholders.

Any resolutions which is required to be conducted through postal ballot will be conducted as per prevailing law.

**VIII. MEANS OF COMMUNICATION****Quarterly Results:****Newspaper in which normally financial results are published in :**

Newspaper	Cities of Publication
Business Standard	All Editions
Economic Times, Gujarati	Mumbai, Ahmedabad

Financial results are also sent through e-mail, wherever e-mail IDs of shareholders are available with the Company.

Website, where the information is displayed : [www.adityabirlanuvo.com](http://www.adityabirlanuvo.com)  
[www.adityabirla.com](http://www.adityabirla.com)

Whether it also displays official news releases : Yes  
Presentations made to investors/analysts : Yes  
General Shareholder Information : There is a separate section for this information and the same forms part of the Annual Report

**Status of Compliance of Non-Mandatory Requirements:**

- 1) The Company maintains a separate office for the Non-Executive Chairman. All necessary infrastructure and assistance is made available to enable him to discharge his responsibilities effectively.
- 2) The Company does not have a Remuneration Committee except for ESOP. The remuneration of the Managing/ Whole-Time Directors is fixed by the Board of Directors and the Shareholders.
- 3) Performance update consisting of financial and operational performance for the first six months of the financial year is being sent to the shareholders.
- 4) The Company continues to adopt best practices to ensure unqualified financial statements.
- 5) The Company has established a policy for employees to report to the management concerns about unethical behaviours, actual or suspected fraud or violation of the Company's Code of Conduct or ethics.

**Voluntary Guidelines- 2009:**

The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines on 'Corporate Governance' and 'Corporate Social Responsibility' in December 2009. These guidelines are expected to serve as a benchmark for the Corporate Sector and also help them in achieving the highest standard of corporate governance.

Some of the provisions of these guidelines are already in place as reported elsewhere in this Report. The other provisions of these guidelines are being evaluated and your Company will endeavour to adopt the same in a phased manner.

**CEO / CFO CERTIFICATION**

To the Board of Directors  
Aditya Birla Nuvo Ltd

1. We have reviewed the financial results of Aditya Birla Nuvo Limited for the year ended 31<sup>st</sup> March 2011 and 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 statement that might be misleading;
  - II. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March 2011 which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to rectify the deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
  - I. Significant changes in the Company's internal control over financial reporting during the year;
  - II. Significant changes in accounting policies during the year and
  - III. Instances of significant fraud of which we have become aware and involvement therein if any of the management or other employees having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai  
Date: May 30, 2011

**Sushil Agarwal**  
(Chief Financial Officer)

**Dr. Rakesh Jain**  
(Managing Director)

**DECLARATION**

As provided under Clause 49 of the Listing Agreement with the Stock Exchange(s), I hereby declare that all the Board of Directors and Senior Management personnel of the Company have affirmed the Compliance with the Code of Conduct for the year ended 31<sup>st</sup> March , 2011.

Place: Mumbai  
Date: May 30, 2011

**Dr. Rakesh Jain**  
Managing Director