

## 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

Your Company confirms the compliance of Corporate Governance as contained in Clause 49 of the Listing Agreement and is committed to ensure compliance with any of the proposals for modifications well ahead of their implementation timelines. Your Company's compliance with requirements is presented in the subsequent section of this Report.

## I. BOARD OF DIRECTORS

### (A) Composition of the Board:

The Company has a balanced Board, comprising of 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. Mr. Pranab Barua, Whole-time Director of the Company resigned from the Board on 7<sup>th</sup> May, 2012, which was accepted by the Board in its meeting held on 15<sup>th</sup> May, 2012. During the year, Mr. Lalit Naik was appointed as an Additional and Dy. Managing Director by the Board with effect from 1<sup>st</sup> January, 2013.

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 five 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, Managing Director and Dy. Managing Director whose term has been determined pursuant to the terms and conditions of their appointment. The Non-Executive Directors including Independent Directors on the Board are experienced, competent and highly renowned persons in their respective fields.

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

Director	Category	No. of Outside 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	
Mr. Kumar Mangalam Birla	Non-Executive	9	—	—	6	6	No
Mrs. Rajashree Birla	Non-Executive	6	—	—	6	4	No
Mr. B.L. Shah	Non-Executive	3	—	—	6	6	No
Mr. P. Murari	Independent	9	3	3	6	3	No
Mr. B.R. Gupta	Independent	3	—	5	6	6	No
Ms. Tarjani Vakil	Independent	5	2	2	6	6	Yes
Mr. S.C. Bhargava	Independent	9	4	1	6	5	No

Director	Category	No. of Outside 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	
Mr. G.P. Gupta	Independent	8	2	4	6	5	No
Dr. Rakesh Jain	Managing Director	5	—	—	6	6	Yes
Mr. Lalit Naik <sup>#</sup>	Dy. Managing Director	3	—	—	2	2	No
Mr. Pranab Barua <sup>§</sup>	Whole-time Director	NA	NA	NA	1	—	No
Mr. Sushil Agarwal	Whole-time Director	9	2	—	6	6	Yes
Mr. T. Chattopadhyay	Independent	1	1	—	6	5	No

<sup>#</sup> Appointed as an Additional and Deputy Managing Director of the Company w.e.f. 1<sup>st</sup> January, 2013.

<sup>§</sup> Resigned as a Whole-time Director of the Company w.e.f. 15<sup>th</sup> May, 2012.

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 Shareholder's /Investor's Grievance Committee are considered.
3. 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 the 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 the Annual Report.

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

The Company's Board of Directors play primary role in ensuring good governance and functioning of the Company. The Board's role, functions, responsibility and accountability are well defined. All relevant information is regularly placed before the Board. The 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 the Board meetings held during FY 2012-13 are as outlined below:

Date of Board Meeting	City	No. of Directors Present
30 <sup>th</sup> April, 2012	Mumbai	8 out of 12
15 <sup>th</sup> May, 2012	Mumbai	11 out of 12
6 <sup>th</sup> August, 2012	Mumbai	9 out of 11
8 <sup>th</sup> November, 2012	Mumbai	10 out of 11
30 <sup>th</sup> January, 2013	Mumbai	11 out of 12
14 <sup>th</sup> February, 2013	Mumbai	11 out of 12

**(D) Code of Conduct:**

The Board of Directors have 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 the 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 Whole-time Director & 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 invited to the Audit Committee Meetings whenever matters relating to Cost Audit are considered. The Company Secretary acts as Secretary to the Committee.

During the year, the Audit Committee met 7 times to deliberate on various matters and details of the attendance of the Committee members are as follows:

Name of Director	Served in past as:	No. of Meetings Held	No. of Meetings Attended
Ms. Tarjani Vakil, Chairperson	Chairperson and Managing Director of Exim Bank.	7	7
Mr. P. Murari	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.	7	4
Mr. B.R. Gupta	Executive Director (Investments) of Life Insurance Corporation of India.	7	7
Mr. G.P. Gupta	Chairman of Industrial Development Bank of India and Former Chairman of Unit Trust of India.	7	6

The Scope 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 may be 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

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 Board Committees:**

Names of the other Committee(s), brief terms of reference and number of meetings held during the FY 2012-13 are as under:

Name of the Committee	Members	Terms of Reference	No. of Meetings Held in 2012-13
Risk Management Committee	Ms. Tarjani Vakil Mr. G.P. Gupta Dr. Rakesh Jain Mr. Ajay Srinivasan Dr. Santrupt Misra Mr. Pranab Barua Mr. Lalit Naik Mr. Sushil Agarwal Mr. S.C. Bhargava	To review and reassess the risks of the businesses on an annual basis and to develop an effective risk mitigation plan.	Held on 7 <sup>th</sup> March, 2013
ESOP Compensation Committee	Mr. Kumar Mangalam Birla Mr. B.R. Gupta Mr. G.P. Gupta	Formulating ESOS Scheme, its implementation, administration and supervision and formulating detailed terms and conditions in accordance with relevant SEBI Guidelines.	No Meeting held during the year
Pantaloon Business Committee	Ms. Tarjani Vakil Mr. G.P. Gupta Dr. Rakesh Jain	To review, oversee, direct and guide the acquisition of Pantaloon Format Business of Pantaloon Retail (India) Limited.	Held on 6 <sup>th</sup> August, 2012, 9 <sup>th</sup> September, 2012 and 17 <sup>th</sup> October, 2012
Carbon Black Business Committee	Ms. Tarjani Vakil Mr. B.R. Gupta Mr. S.C. Bhargava Dr. Rakesh Jain Mr. Sushil Agarwal	To review, evaluate, oversee and guide the divestment/restructuring/demerger/transfer or sale of Carbon Black business.	Held on 15 <sup>th</sup> November, 2012 and 14 <sup>th</sup> February, 2013

**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 Note No. 44 to 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 minimisation procedures.

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

**(D) Proceeds from Public Issues, Rights 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 of the Company are required to disclose all pecuniary relationship or transactions with the Company. No significant material transactions have been made with the Non-Executive Directors vis-à-vis the Company.

Besides sitting fees @ ₹ 20,000/- per meeting of the Board or Committee

thereof, the Company also pays commission to the Non-Executive Directors.

For FY 2012-13, considering the financial performance of the Company the Board has decided to pay commission of ₹ 4 Crore (Previous Year : ₹ 2 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> August, 2012. The amount of commission payable is determined after assigning weightage to attendance, type of meeting and preparations required, time spent etc.

**The Details of remuneration paid to the Directors for/in the FY 2012-13 are as follows:**

Name of 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	5,33,87,082	1,15,14,023	—
Mr. Sushil Agarwal	1,60,70,693	47,23,493	—
Mr. Pranab Barua #	71,30,529	24,53,569	—
Mr. Lalit Naik #	55,00,490	—	—
<b>Others</b>			
Mr. Kumar Mangalam Birla	—	3,66,06,000	1,20,000
Mrs. Rajashree Birla	—	13,10,000	80,000
Mr. B.L. Shah	—	2,12,000	1,60,000
Mr. P. Murari	—	2,07,000	1,60,000
Mr. B.R. Gupta	—	3,86,000	2,80,000
Ms. Tarjani Vakil	—	4,18,000	3,80,000
Mr. S.C. Bhargava	—	1,84,000	1,40,000
Mr. G.P. Gupta	—	5,09,000	3,00,000
Mr. T. Chattopadhyay	—	1,68,000	1,00,000

# 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.
- Details of Stock Options granted to the Whole-time Directors during the year are set out below as also in Annexure to the Directors' Report.
- No severance fees are 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 aspiration with the organisation's purpose.

**Employee Stock Options Scheme–2006**

In accordance with applicable SEBI Guidelines, ESOS Compensation Committee of the Board of Directors of the Company, has granted

- 1,63,280 Stock Options on 23<sup>rd</sup> August, 2007, at a price of ₹ 1,180/- per share (1<sup>st</sup> Tranche).
- 1,66,093 Stock Options on 25<sup>th</sup> January, 2008, at a price of ₹ 1,802/- per share (2<sup>nd</sup> Tranche).

In accordance with the approval of the Board of Directors and Shareholders of the Company, the ESOS Compensation Committee has repriced the Stock Options under Tranche 1 and 2 from ₹ 1,180/- and ₹ 1,802/- to ₹ 687/- per option on 20<sup>th</sup> August, 2010.

- 17,174 Stock Options on 20<sup>th</sup> August, 2010, at a price of ₹ 687/- (3<sup>rd</sup> Tranche).
- 11,952 Stock Options on 8<sup>th</sup> September, 2010, at a price of ₹ 697/- (4<sup>th</sup> Tranche) to eligible employees including Whole-time Directors.
- 3,370 Stock Options on 7<sup>th</sup> June, 2011, at a price of ₹ 748/- (5<sup>th</sup> Tranche) to the eligible employees.

Each option is converted 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 to Annexure 'B' to the Directors' Report)

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

Name of the Director	1 <sup>st</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)
Dr. Rakesh Jain	13,470	23.08.08 (25%)	22.08.13	6,730	08.09.11 (25%)	07.09.16
		23.08.09 (25%)	22.08.14		08.09.12 (25%)	07.09.17
		23.08.10 (25%)	22.08.15			
		23.08.11 (25%)	22.08.16			
Mr. Sushil Agarwal	4,040	23.08.08 (25%)	22.08.13	5,222	08.09.11 (25%)	07.09.16
		23.08.09 (25%)	22.08.14		08.09.12 (25%)	07.09.17
		23.08.10 (25%)	22.08.15			
		23.08.11 (25%)	22.08.16			

During the year, none of the Directors have exercised their options which have been vested under the terms of grant of options.

**Details of shareholding of Non-Executive Directors in the Company as on 31<sup>st</sup> March, 2013, is as follows:**

Director	No. of Shares Held <sup>@</sup>
Mr. Kumar Mangalam Birla*	4,609
Mrs. Rajashree Birla	127,634
Ms. Tarjani Vakil	177
Mr. S.C. Bhargava	233
Mr. G.P. Gupta	339

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

@ Considered only shares held singly or as first shareholder.

**(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 the Promoters, Directors or the 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 Annual General Meeting's Notice attached with this Annual Report.

Quarterly Presentations on the Company results are available on the website of the Company ([www.adityabirlanuvo.com/](http://www.adityabirlanuvo.com/) [www.adityabirlanuvo.co.in](http://www.adityabirlanuvo.co.in)) 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 immediately after the announcement of results. The hard and soft copies are also sent to concerned stock exchanges simultaneously so as to enable them to put them on their notice board/website.

**Shareholder's Grievances Committee:**

Your Company has an "Investor Relations and Finance Committee" comprising of Mr. P. Murari, Mr. B.L. Shah and Dr. Rakesh Jain as 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, shares after transfers and delays in transfer of shares. In addition, the Committee looks into other issues including status of dematerialisation/rematerialisation of shares as well as systems and procedures followed to track investor complaints and suggests 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 Director	Non-Executive/Independent	No. of Meetings	
		Held	Attended
Mr. P. Murari	Independent	2	1
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/transmission 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**

A separate section on Corporate Governance 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:**

Details of Annual General Meetings:

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

Financial Year	AGM/EOGM	Location	Date	Time
2011-12	AGM	Regd. Office, Veraval, Gujarat	9 <sup>th</sup> August, 2012	11:30 A.M.
2011-12	EOGM	Regd. Office, Veraval, Gujarat	25 <sup>th</sup> April, 2012	11:30 A.M.
2010-11	AGM	Regd. Office, Veraval, Gujarat	28 <sup>th</sup> September, 2011	11:00 A.M.
2009-10	AGM	Regd. Office, Veraval, Gujarat	6 <sup>th</sup> August, 2010	11:00 A.M.

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	Section	Particulars of Special Resolution
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 Private 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.
28 <sup>th</sup> September, 2011	198,269, 309 and 310 read with Schedule XIII	Approving revision in limits of remuneration of Dr. Rakesh Jain, Managing Director.
28 <sup>th</sup> September, 2011	198,269, 309 and 310 read with Schedule XIII	Approving revision in limits of remuneration of Mr. Pranab Barua, Whole-time Director.
28 <sup>th</sup> September, 2011	198, 269, 309 and 310 read with Schedule XIII	Appointment of Mr. Sushil Agarwal as Whole-time Director of the Company.
25 <sup>th</sup> April, 2012	81 (1A)	Approving the issue and allotment of 1,65,00,000 Warrants to Promoter and/or Promoter Group of the Company on a preferential basis.
9 <sup>th</sup> August, 2012	198,309	Approving the payment of commission to Non-Executive Directors upto 1% of net profits for a period of 5 year commencing from 1 <sup>st</sup> April, 2012.

**Postal Ballot**

During the year, no resolution has been passed through postal ballot of Shareholders.

Any special resolutions, which are 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:**

<b>Newspaper</b>	<b>Cities of Publication</b>
Business Standard	All Editions
Economic Times	English (Ahmedabad)
Economic Times	Gujarati (Ahmedabad + Mumbai)

Website, where displayed the information	:	<a href="http://www.adityabirlanuvo.com">www.adityabirlanuvo.com</a> <a href="http://www.adityabirlanuvo.co.in">www.adityabirlanuvo.co.in</a> <a href="http://www.adityabirla.com">www.adityabirla.com</a>
Whether it also displays official news releases	:	Yes
Presentations made to investors/analysts	:	Yes
General Shareholder Information	:	Published as a separate section in this Report.

**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 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) During the period under review, there is no audit qualification in the financial statement. 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 strive to adopt the same in a phased manner.

**CEO/CFO CERTIFICATION**

To,  
The Board of Directors  
Aditya Birla Nuvo Limited

1. We have reviewed the financial results of Aditya Birla Nuvo Limited for the year ended 31<sup>st</sup> March, 2013, and to the best of their knowledge and belief:
  - (i) these statements do not contain any material untrue statement or omit any material fact or contain any statement that might be misleading; and
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. 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.
3. We accept responsibility for establishing and maintaining internal controls and they have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting, and they have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
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 they have become aware and the 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: 29<sup>th</sup> May, 2013

**Sushil Agarwal**  
(Chief Financial Officer)

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

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**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, 2013.

Place: Mumbai  
Date: 29<sup>th</sup> May, 2013

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

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