17. REVENUE FROM OPERATIONS

₹ /crore

	2011-2012		2010-2011
Sale of products	6,265.12		5,750.72
Other operating revenues	17.48		40.55
	6,282.60		5,791.27
Less: Excise duty	361.74		352.84
	5,920.86		**5,438.43**

18. OTHER INCOME

(a) Interest Income			
On loans	0.96		0.83
On bank and other deposits	0.82		0.52
On delayed payments by customers	5.45		4.98
On income tax refund	2.33		
(b) Dividend Income			
from long term investments	5.72		5.18
from current investments	0.37		0.15
(c) Net gain on sale of investments			
long term investments			6.81
current investments	0.00	*	0.01
(d) Profit on fixed assets sold/ discarded (net)	0.04		2.20
(e) Foreign currency translation gain (net)			16.86
(f) Claims from insurance company	29.41		45.48
(g) Liabilities no longer required written back	11.46		0.80
(h) Miscellaneous income	27.44		37.24
	84.00		**121.06**

** Amount is below rounding off norm adopted by the Company*

19. COST OF MATERIALS CONSUMED

Raw Materials Consumed			
Opening Stock	424.49		368.26
Purchases	3,334.84		3,086.52
	3,759.33		3,454.78
Less : Closing Stock	417.01		424.49
	3,342.32		3,030.29
Raising cost of limestone [Refer Note (a) below]	81.70		101.70
	3,424.02		**3,131.99**

Note 19. *Contd..*

₹ /crore

				2011-2012	2010-2011
(a) Limestone raising costs include:					
Salaries, Wages, Bonus etc.				6.76	5.91
Contribution to Provident and other Funds				0.56	0.49
Workmen and Staff welfare				0.59	0.58
Dead Rent, Royalty etc.				35.34	43.19
Power and Fuel				0.11	0.07
Stores and spares parts consumed				20.36	24.38
Machinery repairs				13.01	16.84
Other repairs				0.23	0.16
Rates and taxes				0.17	0.55
Insurance				0.04	0.04
		Quantity			
		2011-2012	**2010-2011**		
(b) Purchase of finished goods comprise:					
Tubes	Nos	3,54,702	1,44,902	15.07	14.87
Flaps	Nos	10,32,205	3,69,433	37.12	10.59
				52.19	25.46

20. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	2011-2012	2010-2011
Opening Stock		
Work in progress	172.81	116.10
Finished Goods	392.98	290.78
	565.79	406.88
Less: Closing Stock		
Work in progress	114.08	172.81
Finished Goods	323.57	392.98
	437.65	565.79
Less: Transferred to Capital Jobs	3.00	5.22
	125.14	**(164.13)**

21. EMPLOYEE BENEFITS EXPENSE

	2011-2012	2010-2011
Salaries, Wages, Bonus etc.	284.17	230.90
Contribution to Provident Fund [Refer note (b) below]	23.64	20.17
Contribution to Superannuation Fund	0.68	0.71
Contribution to Labour Welfare Fund	0.10	0.11
Contribution to Gratuity Fund [Refer note (a) below]	10.76	6.34
Contribution under Employees State Insurance Scheme	3.65	4.40
Workmen and Staff Welfare	11.68	10.92
	334.68	**273.55**

Note 21. *Contd..*

(a) **Gratuity**

The Company operates a gratuity plan through the "KICM Gratuity Fund". Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. (Also refer Note 2.12)

The Company has contributed ₹ 10.76 crore (2010 11 : ₹ 6.34 crore) towards gratuity during the year ended 31st March, 2012. The detail of fund and plan assets position is as follows.

₹/crore

	2011-2012	2010-2011
I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation		
(a) Present Value of Obligation at the beginning of the year	63.81	57.28
(b) Current Service Cost	4.84	4.32
(c) Interest Cost	4.83	4.42
(d) Actuarial Loss / (Gain)	5.34	1.84
(e) (Benefits Paid)	(10.55)	(4.05)
(f) Present Value of Obligation at the end of the year	68.27	63.81
II. Reconciliation of opening and closing balances of the fair value of Plan Assets		
(a) Fair Value of Plan Assets at the beginning of the year	57.46	55.20
(b) Expected Return on Plan Assets	4.60	4.42
(c) Actuarial Gain/(Loss)	(0.34)	(0.19)
(d) Contributions by employer	6.34	2.08
(e) (Benefits Paid)	(10.55)	(4.05)
(f) Fair Value of Plan Assets as at the end of the year	57.51	57.46
III. Reconciliation of the present value of Defined Benefit Obligation in 'I' above and the fair value of Plan Assets in 'II' above		
(a) Present Value of Obligation as at the end of the year	68.27	63.81
(b) Fair Value of Plan Assets as at the end of the year	57.51	57.46
(c) Liability recognised in the Balance Sheet	10.76	6.34
(d) Experience (Gain) /Loss adjustment on plan liabilities	5.34	1.84
(e) Experience Gain/(Loss) adjustment on plan assets	(0.34)	(0.19)
IV. Expense charged to the Statement of Profit and Loss		
(a) Current Service Cost	4.84	4.32
(b) Interest Cost	4.83	4.42
(c) (Expected Return on Plan Assets)	(4.60)	(4.42)
(d) Actuarial (Gain)/Loss	5.69	2.02
(e) Total expense charged to the Statement of Profit and Loss	10.76	6.34

Note 21. *Contd..*

V. Percentage of each Category of Plan Assets to total Fair Value of Plan Assets

	31st March, 2012	31st March, 2011
(a) NAV / Interest based schemes with Insurance Companies	97.72%	70.40%
(b) Special Deposit Scheme with State Bank of India		23.25%
(c) Government (Central and State) Securities	1.03%	1.39%
(d) Others (including bank balances)	1.25%	4.96%
Total	**100.00%**	**100.00%**

VI. Amount recognised in current year and previous four years

₹ /crore

	2011-12	2010-11	2009-10	2008-09	2007-08
(a) Present Value of Obligation as at the end of the year	68.27	63.81	57.28	50.13	47.01
(b) Fair Value of Plan Assets as at the end of the year	57.51	57.46	55.20	43.64	42.82
(c) Liability recognised in the Balance Sheet	10.76	6.34	2.08	6.49	4.19
(d) Experience (Gain) /Loss adjustment on plan liabilities	5.34	1.84	4.74	0.37	3.40
(e) Experience Gain/(Loss) adjustment on plan assets	(0.34)	(0.19)	7.02	(2.86)	0.11

	2011-2012	2010-2011
VII. Actual Return on Plan Assets	4.26	4.25

VIII. Principal Actuarial Assumptions

	31st March, 2012	31st March, 2011
(a) Discount Rate (per annum)	8.25%	8.00%
(b) Expected Rate of Return on Plan Assets (per annum)	8.00%	8.00%
(c) Salary Escalation	5.00%	5.00%
(d) Inflation Rate	5.00%	5.00%

The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The expected rate of return on plan assets is based on the portfolio of assets held, investment strategy and market scenario. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are reasonably diversified.

(b) **Provident Fund**

Provident fund for certain eligible employees is managed by the Company through the "B. K. Birla Group of Companies Provident Fund Institution" and "Birla Industries Provident Fund", in line with the Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee.

The Guidance on Implementing AS 15, Employee Benefits (Revised 2005) issued by the Accounting Standard Board (ASB) states that benefits involving employer established provident funds, which require interest shortfalls to be compensated are to be considered as defined benefit plans. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities. The actuary has accordingly provided a valuation and there is no shortfall as at 31st March, 2012.

Note 21. *Contd..*

The Company has contributed ₹ 23.64 crore (2010 11 : ₹ 20.17 crore) towards provident fund during the year ended 31st March, 2012.

(i) The detail of fund and plan assets position are as follows.

	₹ /crore 31st March, 2012
Present Value of Obligations as at the end of the year	159.73
Fair Value of Plan Assets as at the end of the year	192.31
(ii) Principal Actuarial Assumptions	
Discount Rate (per annum)	8.25%
Expected Rate of Return on Plan Assets (per annum)	8.67%

The current year is the first year of actuarial valuation for the provident fund schemes administered through the Trusts, in view of the issuance of the Guidance Note by the Institute of Actuaries of India, hence previous years figures are not disclosed.

22. OTHER EXPENSES

₹ /crore

	2011-2012	2010-2011
Consumption of stores and spare parts	103.97	108.17
Power and fuel [Refer Note (a) below]	761.50	689.29
Rent	10.00	8.31
Repairs and Maintenance [Refer Note (b) below]		
Building	7.03	7.93
Plant and Machinery	47.47	58.74
Others	5.93	6.84
Insurance	8.83	9.44
Rates and Taxes	40.82	37.73
Brokerage and Discounts	275.21	226.60
Packing, Carriage and Shipping [Refer Note (c) below]	466.67	476.53
Commission to selling agents	77.22	79.41
Directors' Fees	0.11	0.12
Debts/ Advances/ Deposits written off	5.67	0.58
Diminutions in value of investment		0.16
Provision for doubtful debts	2.58	0.18
Provision for contingencies	30.00	
Payments to the Auditors [Refer Note (d) below]	1.98	1.61
Guarantee commission	0.28	0.38
Technical service charges	0.55	4.24
Conversion charges	10.06	37.24
Excise duty [Refer Note (e) below]	2.66	0.21
Foreign currency translation loss (net)	52.09	
Miscellaneous expenses [Refer Note (f) below]	172.12	155.11
	2,082.75	**1,908.82**

Note 22. *Contd..*

		2011-2012	2010-2011
			₹ /crore
(a)	Power and Fuel includes consumption of stores and spares	615.11	542.48
(b)	Repair and Maintenance includes:		
	(i) Consumption of stores and spares parts	8.97	8.62
	(ii) Salaries and Wages	15.90	21.04
	(iii) Technical service fees	0.12	0.38
(c)	Packing, carriage and shipping includes :		
	(i) Consumption of stores and spares parts	61.54	60.13
	(ii) Salaries and Wages	8.02	7.28
(d)	Payment to auditor		
	As Auditors :		
	Audit Fees	0.93	0.85
	Tax Audit Fees	0.34	0.30
	Fees for issuing various certificates (including Limited Reviews)	0.61	0.45
	Others	0.10	
	Reimbursement of Expenses	0.00 *	0.01
		1.98	**1.61**
(e)	Represents excise duty related to the difference between the closing stock and opening stock		
(f)	Miscellaneous expenses includes		
	(i) Consumption of stores and spares parts	3.65	2.42
	(ii) Payment to cost auditors	0.06	0.05
(g)	Fixed Assets (Note 10) /Capital Work in Progress include consumption of stores and spares parts during the year	34.29	55.33

* *Amount below rounding off norms adopted by the Company*

23. FINANCE COSTS

	2011-2012	2010-2011
Interest expenses	383.10	239.82
Other borrowing costs	27.05	23.75
	410.15	**263.57**

24. EXCEPTIONAL ITEM

The Company has lodged an insurance claim of ₹ 38.01 crore (including claim for loss of profit of ₹ 11.22 crore treated as exceptional income) on account of loss suffered due to flood at its Birla Tyre unit (Uttarakhand) and accounted for as receivable. Against this claim an amount of ₹ 12.58 crore has already been received and ₹ 7.29 crore is realisable against confirmed order for salvage. The balance amount of ₹ 18.14 crore is being processed by the insurance company for settlement.