

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## ***DIRECTORS***

Shri A. K. Agarwala  
Shri P. P. Sharma  
Shri Biswajit Choudhuri  
Shri J. C. Chopra  
Shri K. K. Maheshwari  
Shri Subrajit Bhowmick, Nominee of IDBI Bank Limited

## ***MANAGING DIRECTOR***

Shri S. S. Gupta

## ***COMPANY SECRETARY***

Shri Akash Mishra

## ***BANKERS***

IDBI Bank Limited  
State Bank of India  
Axis Bank Limited  
HDFC Bank Limited  
Central Bank of India

## ***AUDITORS***

M/s. M. L. Sharma & Co.,  
Chartered Accountants,  
Mumbai.

## ***COST AUDITORS***

M/s. Bandyopadhyaya Bhaumik & Co.,  
Kolkata.

## ***REGISTERED OFFICE***

“Ghanshyam Kunj”  
Garhwa Road, P.O. Rehla,  
Distt. Palamau (Jharkhand)  
Phone : (06584) 262 211,  
262 221, 262 488  
Fax No: (06584)262 205

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**DIRECTORS' REPORT TO SHAREHOLDERS**

**Dear Shareholders,**

Your Directors are pleased to present the report on the business and operations of your Company for the Financial Year ended 31<sup>st</sup> March 2008.

**FINANCIAL RESULTS**

The performance of the Company for the financial year ended 31<sup>st</sup> March 2008 is summarised below :

	<b>Rs. in lacs</b>	
	<b>2007-2008</b>	<b>2006-2007</b>
Gross Turnover	<b>20250.50</b>	<b>16631.27</b>
Gross Profit/(Loss)	<b>7581.00</b>	<b>6058.39</b>
Less : Depreciation	<b>1736.03</b>	<b>1582.27</b>
Profit before Tax	<b>5844.97</b>	<b>4476.12</b>
Provision for Fringe Benefit Tax	<b>(20.99)</b>	<b>(19.20)</b>
Provision for current tax	<b>(662.00)</b>	<b>(503.01)</b>
Provision for deferred tax	<b>(477.09)</b>	<b>(578.35)</b>
MAT Credit Entitlement	<b>241.92</b>	<b>--</b>
Profit/(Loss)after Tax	<b>4926.81</b>	<b>3375.56</b>
Adjustment of Taxes for earlier years	<b>742.38</b>	<b>(11.89)</b>
Balance brought forward from previous year	<b>7995.68</b>	<b>5211.21</b>
Balance available for Appropriation	<b>13664.87</b>	<b>8574.88</b>
<b>APPROPRIATIONS :</b>		
Proposed Dividend	<b>350.80</b>	<b>350.80</b>
Tax on Proposed Dividend	<b>59.62</b>	<b>59.62</b>
Transfer to General Reserve	<b>246.34</b>	<b>168.78</b>
Balance carried to Balance Sheet	<b>13008.11</b>	<b>7995.68</b>

**DIVIDEND**

In view of the improved performance, your Directors are pleased to recommend payment of dividend @ 15% on the paid up equity share capital of the Company.

**OPERATING RESULTS & PROFITS**

Your Company is continuously moving toward on the journey of excellence by maintaining superior performance in the Chlor alkali Industry. Your Company could achieve superior performance despite the pressure on realization due to the sluggish demand of chlorine and HCl.

For the year under review, the gross turnover was higher by 21.76 % at Rs. 202.50 crores in comparison to the previous year's turnover of Rs. 166.31 crores. Net Sales during the year was Rs. 174.27 crores as compared to Rs. 143.02 crores in the previous year. Profit before tax stood at Rs. 58.45 crores in comparison to the previous year's profit of Rs. 44.76 crores. After adjustment of the taxes for the current year, the net profit stood at Rs. 49.27 crores in comparison to previous year's profit of Rs. 33.76 crores.

*A more detailed discussion and analysis on the performance of your Company for the year under review as well as the outlook and focus for the coming year is contained under the chapter on Management Discussion and Analysis Report.*

**EXPANSION PROJECT**

We had conveyed to our shareholders in the last Annual Report that your Company had commissioned an Aluminium Chloride Plant on 15<sup>th</sup> January 2007 and started trial production with two reactors. We are pleased to share with you that commercial production of Aluminium Chloride plant commenced from 30<sup>th</sup> June 2007. The plant is now fully stabilized and produced around 5200 tonnes of Aluminium Chloride in

**DIRECTORS' REPORT TO SHAREHOLDERS (Contd..)**

2007-08 resulting in an increase in turnover by about Rs 15 Crores.

We had also said that your Company was planning to manufacture Stable Bleaching Powder as a value added product for chlorine utilization. We are pleased to inform that your Company has commissioned the Stable Bleaching Powder plant and started production of about 25 tonnes per day. The quality of the product is fully stabilized and we are exploring the export market for this product. This plant was commissioned in a record time of 8 months. With the addition of Stable Bleaching Powder in the product folio, the turnover of your company will increase by about Rs. 12 crores per annum.

During the year, your Company had expanded the capacity of its Caustic Soda Plant from 225 TPD to 265 TPD by de-bottlenecking . The additional production of chlorine from the expanded capacity is being utilized in the manufacturing of value added products.

Your Company is in the process of expanding the capacity of its Caustic Soda Plant from 265 TPD to 300 TPD by addition of an Electrolyzer at a capital investment of Rs.30 crores. The requisite order has already been placed and the expanded capacity is scheduled for commissioning by end of FY 08 -09.

**AWARDS AND ACCOLADES**

Your Directors are pleased to report that in recognition of the its continuous journey of Excellence, your Company has achieved during the year under review the prestigious Award in the area of **Manufacturing Category**:

● **IMC Ramkrishna Bajaj National Quality Award Trophy 2007**

Some more awards that your company received include

**Safety, Health and Environment Excellence:**

- Greentech Safety Gold Award 2007-08
- Greentech Environment Gold Award for Year 2007-08.

**Corporate Social Responsibility**

- Best CSR award 2008 for development of Animal Husbandry by BIRSA Agriculture University, Jharkhand.

**COMMUNITY SERVICES**

- Four Medical Camps conducted every week at four Medical Centers of 40 villages adopted by the Company. 8005 patients were given free treatments.
- Eye Camp for 10 days for eye check up and operations. 761 cataract operations were conducted.
- Seven Family Planning Camps in 17 days. 1556 successful operations were conducted.
- Blankets were distributed to 2000 poor and needy families.
- Monthly Old Age Pension disbursed amongst 14 poor and needy persons.
- Scholarships given to 75 poor girls.
- 25000 tree saplings given to farmers.
- Crop seeds of wheat distributed to 550 farmers.
- Animal vaccination provided to 16672 cattle for the benefit of 5000 villagers.
- Pulse Polio drops in coordination with UNICEF given to 35822 children.
- Infrastructure facilities provided in adopted villages such as repairing of 151 hand-pumps, installation of 4 hand-pumps, construction of one community hall for the benefit of the villagers, construction of boundary wall in Govt. School and construction of Madarsa.
- Organization of football tournament among different villages, Holi Milan with cultural programme, Women rally with participation of 4000 village ladies on International Women's Day.
- Formation of 200 SHG ( Self Help Group) for economic self-reliance. 150 SHGs linked with Banks under Swarna Jayanti Swarojgar Yojana.

**DIRECTORS' REPORT TO SHAREHOLDERS (Contd..)**

**ENVIRONMENT PROTECTION AND POLLUTION CONTROL**

Your Company has taken significant steps in its endeavor to protect the environment and maintain ecological balance in manufacture of Caustic Soda, Chlorine, Hydrochloric Acid, Aluminum Chloride, Sodium Hypochlorite and Stable Bleaching Powder and in the generation of power. Some of the highlights are:

- Capping of Mercury bearing Hazardous waste.
- Awareness to employees, their spouses, school children and nearby society about environment on the occasion of World Environment day (June 5). On this occasion employees' spouses were recognized for maintaining their garden and 5000 tree samples were distributed to villagers.
- Operation of ETP with Reverse osmosis process resulting in substantial reduction of water consumption.
- Regular afforestation planted more than 10000 saplings during the year 2007-08.
- Continuous dialogue with Cement industries for lifting of Fly Ash from the Plant for their use.
- On line monitoring of in process chlorine emission for its effective control.
- Installation of Chlorine Sensors in the Plant area.

**DIRECTORS**

During the year under review, Shri Shailesh V. Haribhakti resigned from the Board w.e.f. 20.09.2007. The Board records its appreciation for the valuable advice and guidance given by Shri Haribhakti during his tenure.

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association, Shri A. K. Agarwala and Shri K. K. Maheshwari, Directors retire by rotation and being eligible, offer themselves for re-appointment in the ensuing Annual General Meeting.

The Board of Directors of the Company commends the re-appointments of the Directors.

**CORPORATE GOVERNANCE**

As required under clause 49 of the Listing Agreement with the Stock Exchanges, the Report on Corporate Governance and Management Discussion and Analysis Report form part of this Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' Certificate, confirming compliance, is attached to the Report on Corporate Governance.

**LISTING OF SHARES**

The Company's shares are listed on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

**TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

This was not applicable for the year under review.

**FIXED DEPOSITS**

During the year under review, the Company did not raise funds by way of Fixed deposits and, as such, no amount of principal or interest was outstanding as on the balance sheet date.

**AUDITORS**

M/s. M.L. Sharma & Company, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General meeting and are recommended for re-appointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

**COST AUDIT**

As per the requirement of the Central Govt. and pursuant to Section 233B of the Companies Act, 1956, the Company carries out an audit of cost accounts relating to its product every year. Subject to the approval of Central Govt., the Company has appointed M/s. Jaso & Co., Cost Accountants, Ranchi, to audit the cost accounts relating to its product for the financial year 2008-09.

**DIRECTORS' REPORT TO SHAREHOLDERS (Contd..)**

**PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956**

Details of energy conservation, technology absorption, foreign exchange earnings and outgo required to be disclosed under The Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 are given in Annexure forming part of this report.

In accordance with the provisions of Section 217(2A) read with 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 the 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.

**CODE OF CONDUCT**

In terms of requirement of Clause 49 of the Listing Agreement, the Board of Directors of Bihar Caustic & Chemicals Limited has laid down a Code of Conduct for all Board Members and Senior Management of the Company, which is posted on the website of the Company. The Board Members and Senior Management have affirmed compliance with the Code of Conduct of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors wish to inform that the Audited Accounts containing Financial Statements for the financial year ended 31<sup>st</sup> March 2008 are in full conformity with requirements of the Companies Act, 1956. Your Directors believe that the Financial Statements reflect fairly, the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and result of operations.

As stipulated in Section 217 (2AA) of the Companies Act, 1956 your Directors subscribe to the Directors' Responsibility statement and confirm that:

- i) in the presentation of the Annual Accounts, applicable accounting standards have been followed ;
- ii) the accounting policies have been consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of your Company as at 31<sup>st</sup> March 2008 and of the profit for the financial year ended 31<sup>st</sup> March 2008 ;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities ;
- iv) the annual accounts of your Company have been prepared on a going concern basis ;
- v) the Company's Internal Auditors had conducted periodic audits to provide reasonable assurance that the Company's established policies and procedures have been followed.

**INDUSTRIAL RELATIONS**

Cordial industrial relations and improvements in productivity were maintained at the Company's plant with zero man-days loss and zero accident. The management appreciates the support of employees at all levels and looks forward to their continuous support in the years to come for ensuring sustainable growth.

**ACKNOWLEDGEMENTS**

The Directors wish to convey their appreciation to all of the Company's employees for their enormous personal efforts as well as their collective contribution to the Company's performance.

The Directors wish to thank shareholders, customers, dealers, suppliers, bankers, financial institutions, Govt. authorities and all the other business associates for the continued support given by them to the Company and their confidence in its management.

For and on behalf of the Board of Directors

Camp : Mumbai  
Dated : 22<sup>nd</sup> April, 2008

A.K. Agarwala  
Director

K. K. Maheshwari  
Director

**DIRECTORS' REPORT TO SHAREHOLDERS (Contd..)**

**Information under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors Rule) 1988 and forming part of the Directors' Report for the year ending 31<sup>st</sup> March 2008.**

**A. CONSERVATION OF ENERGY :**

**(a) Energy conservation measures taken :**

- Alternation of CT fan blade angles so as to optimize energy consumption.
- Modification of bed ash cooler flue gas discharge to furnace piping.
- Running the entire electrical system at lower frequency during isolation.
- Replacement of two Filtered water pumps with suitable sized pump.
- Replacement of two Clarified water pumps with suitable sized pump.
- Installation of two Lighting transformers.
- Installation of two LT capacitor banks.
- Installation of VFD in Hydrogen blower.
- Installation of solar lights.

**(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :**

- Provision of VFD in vital auxiliaries for aux. power reduction.
- Economizer of Hydrogen boiler of 9 TPH is to be taken in line.
- Hydrogen line will be modified up to different consuming ends to eliminate hydrogen blower.

**(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :**

- The above measures have resulted in energy saving and consequently led to decrease in cost of production.

**(d) Total energy consumption and energy consumption per unit of production :**

- As per Form "A" attached

**B. TECHNOLOGY ABSORPTION :**

- Efforts made in technology absorption as per Form "B" attached

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

**(a) Activities relating to exports :**

- The Company is exporting Chlorine and Hydrochloric Acid to Nepal and Caustic Soda to Bangladesh.
- The Company is in the process of exploring export markets for Aluminium Chloride and Stable Bleaching Powder.

**(b) Total foreign exchange used and earned :**

- Foreign exchange earned : Rs. 62.67 lacs
- Foreign exchanged used : Rs. 83.12 lacs

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## ANNEXURE

### FORM "A"

#### DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION	Current year 2007-08	Previous year 2006-07	
<b>1. Electricity</b>			
(a) Purchase			
Unit (KWH in thousand)	7060	2013	
Total amount (Rs. In lacs)	225.94	64.43	
Rate/ unit (Rs) (Average Cost)	3.20	3.20	
(b) Own generation (Net)			
(i) Through Diesel generator			
Unit (KWH in thousand)	20	41	
Unit per Ltr. of diesel oil	2.10	4.50	
*Cost/ unit (Rs.)	16.12	7.46	
(* higher due to fuel consumption on regular test run of DG set)			
(ii) Through steam turbine/ generator (Net)			
Unit (KWH in thousand)	212332	190227	
Total amount (Rs. In lacs)	4352.80	4156.89	
Rate per unit (Rs) (Average cost)	2.05	2.08	
<b>2. Coal used in Boiler of 'E' &amp; 'F' Grade</b>			
Quantity (Tonnes in thousand)	214.97	198.24	
Total Cost (Rs. in lacs)	2712.64	2320.72	
Average rate per tonne (Rs.) (Average cost)	1261.84	1170.65	
<b>3. Furnace Oil/ HSD</b>			
Quantity (K. Ltr.)	176.06	22.42	
Total Amount (Rs. in lacs)	59.36	7.42	
Average rate/ Ltr. (Rs.) (Average cost)	33.71	33.10	
<b>4. Others/ internal generation</b> (Please give details)			
Quantity	Nil	Nil	
Total cost	Nil	Nil	
Rate / unit	Nil	Nil	
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>			
Products (with details)	<b>Standards</b>	<b>Current Year</b>	<b>Previous year</b>
Unit		2007-08	2006-07
Electricity (KWH/MT)	2550	2457	2423
Furnace oil (Ltr./ M.T)	-	-	-
<b>Coal :</b>	E Grade	E & F Grade	E & F Grade
Average G.C.V. of steam	4000	4103	4142
Coal- (K.cal/kg.)			
Others (Specify)			



**FORM "B"**

**DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION**

**RESEARCH & DEVELOPMENT**

- |  |   |   |
|--|---|---|
| 1. Specific areas in which R & D carried out by the Company. | : | <ul style="list-style-type: none"> <li>● Detailed study of the energy consumption vis-à-vis requirements of the entire CPP auxiliaries to find avenues in energy savings.</li> <li>● Logic in DCS has been incorporated to trip the rectifiers in case of tripping of boiler/turbine for keeping aux. equipments running.</li> <li>● Installation of Electrolyzer voltage monitoring system.</li> <li>● 11 KV supply to Belchampa premises for running the ash brick plant smoothly.</li> <li>● Installation of vacuum pump as a substitute of steam ejector at Evaporation plant.</li> </ul> |
| 2. Benefits derived as a result of above R&D                 | : | <ul style="list-style-type: none"> <li>● Several areas have been identified for energy savings</li> <li>● Better operational control and safety in- CPP &amp; CP running</li> <li>● Facilitating immediate plant start up &amp; lower Aux Power Consumption.</li> </ul>   |
| 3. Future plan of action                                     | : | <ul style="list-style-type: none"> <li>● Implementation of the identified energy saving schemes</li> </ul>  |
| 4. Expenditure on R & D                                      | : | <ul style="list-style-type: none"> <li>● Rs. 3.51 lacs – for Energy Audit</li> <li>● Rs. 30 lacs – for Voltage monitoring system</li> </ul>   |

**TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION**

- Energy audit conducted by M/S Pricewaterhouse Coopers Limited.
- Harmonic Analysis in the entire plant for better system stability & reliability.
- Installation of UPS for control of motors.
- Installation of standby Polarization rectifier for taking care of 4 nos. Polarization rectifier.
- Stoppage of R.O. System & commissioning of conventional type D.M. plant.
- Installation of high mast lighting towers
- Installation & commissioning of Stable Bleaching Powder plant
- Installation & commissioning of Pre coat filter for brine purification.
- Modification of hot air return pipe from bed ash cooler to furnace.
- Provision of PC interface of Woodward governor of turbine in the main control room to facilitate the operators in monitoring the entire operation of the control room.
- Installation of SER (Sequential Events Recorder) for better analysis of the tripping, failure & performance.
- Provision of online flushing of condenser.
- Provision of cyclone siphon air flow meter to monitor siphon performance.
- Alternate provision for turbine lube oil cooling during Shut Down of CW Pump.

**REPORT ON CORPORATE GOVERNANCE**

Corporate Governance is about commitment to values and about ethical business conduct. It is about how an organization is managed. This includes its corporate and other structure, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information, regarding the financial performance, ownership and material development, affecting the Company, is an integral part of Corporate Governance. Adoption of good Corporate Governance practices helps to develop a good image of the organization, attracts best talent and keeps stakeholders satisfied.

**COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

Your Company believes that sound Corporate Governance is critical to enhance and retain investor trust. Accordingly, your company seeks to attain its performance with integrity and fairness. The Company's philosophy is based on Accountability, Ethical conduct, Compliance with statutes, Interest of all stakeholders, Transparency and Timely disclosure. The objective is to institutionalize Corporate Governance practices that go beyond adherence to the extant regulatory framework.

The Company is in full compliance with the requirements under Clause 49 of the Listing Agreement with the Stock Exchanges.

**BOARD OF DIRECTORS**

The Board of Directors comprises seven Directors out of which six are non-executive Directors. Since the Company does not have a Chairman, Directors present in the meeting elect one of them to take the chair and a non-executive Director is appointed as Chairman of the meeting. The composition of the Board as on 31<sup>st</sup> March 2008, attendance at Board meetings held during the financial year under review and at the last Annual General meeting and number of Directorships and Memberships/Chairmanships in public companies held by Directors as on 31<sup>st</sup> March 2008 (including the company) are given below :

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## CORPORATE GOVERNANCE (Contd..)

Sl. No.	Name of Director	Nature of Directorship	No. of Board meetings held	No. of Board meetings attended	*No. of Other Directorships	**Committee Membership		Attendance at last AGM
						Member	Chairman	
1.	Shri A. K. Agarwala	Non-Executive, Promoter	5	5	6	-	-	No
2.	Shri K. K. Maheshwari	Non-Executive, Promoter	5	5	3	3	2	Yes
3.	Shri B. Choudhuri	Non-Executive, Independent	5	5	8	3	2	Yes
4.	Shri P.P. Sharma	Non-Executive, Independent	5	3	1	-	-	No
5.	Shri J. C. Chopra	Non-Executive, Independent	5	4	4	1	-	No
6.	Shri S. S. Gupta	Managing Director Promoter	5	5	-	1	-	Yes
7.	Shri Subrajit Bhowmick	Non-Executive Nominee Independent	5	5	-	1	-	No
8.	Shri Shailesh V. Haribhakti (upto 20.09.2007)	Non-Executive Independent	5	-	13	4	5	No

\* The Directorship held by Directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

\*\* In accordance with Clause 49 of the Listing Agreement, Memberships/ Chairmanships of only the Audit Committee and Shareholders'/ Investors' Grievance Committee of all Public Limited Companies have been considered.

**During the year 2007-08, five (5) Board Meetings held, the details of which are given here-in-below:**

Sl. No.	Date	Board Strength	No. of Directors Present
1.	26.04.2007	8	7
2.	19.07.2007	8	6
3.	24.10.2007	7	7
4.	15.12.2007	7	6
5.	23.01.2008	7	6

## CORPORATE GOVERNANCE (Contd..)

During the year under review, Shri Shailesh V. Haribhakti resigned from the Board w.e.f. 20.09.2007.

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association, Shri A.K. Agarwala and Shri K.K. Maheshwari, Directors retire by rotation in the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

As required by Clause 49 of the Listing Agreement, the brief details of Directors seeking appointment and re-appointment is appended to the notice convening the 32<sup>nd</sup> Annual General Meeting of the Company.

The Code of Conduct, laid down by the Company, binds all the Board Members and Senior Management of the Company. A declaration by the Managing Director to this effect is appended to this report.

The Board reviews the Compliance Reports to ensure adherence to all applicable provisions of Law, Rules and Guidelines on regular basis. Post meeting follow-up, review and reporting on the actions taken on decisions of the Board and Committees are being regularly carried out.

### AUDIT COMMITTEE :

The Audit Committee of the Board of Directors is constituted in compliance with Corporate Governance requirements. The three members out of total four members of the Committee are Independent Directors and all the members are non-Executive Directors and have relevant finance and audit exposure. The Committee is headed by an Independent Director. The head of Internal Audit and Statutory Auditors attend and participate in the meeting on invitation.

The terms of reference and scope of the Committee includes :-

To oversee the Company's financial reporting process and disclosure of its financial information, to recommend the appointment/removal of Statutory/Internal Auditors, fixation of audit fees and approval of payments for any other services, to review and discuss with the Auditors about internal control systems, the scope of audit including the observations of the Auditors, adequacy of the internal audit system, major accounting policies, practices and entries, compliances with accounting standards and listing agreement entered into with the Stock Exchanges and other legal requirements concerning financial statements and related party transactions, if any, to review the quarterly, half yearly and annual financial statements before they are submitted to the Board of Directors. Minutes of the Audit Committee meetings are circulated to the members of the Board, discussed and noted.

The Committee held five (5) meetings during the year under review on 26.04.2007, 19.07.2007, 24.10.2007, 15.12.2007 and 23.01.2008. The attendance of members at the meetings was as follows :

Name of Member	Status	No.of meetings attended
Shri Biswajit Choudhuri	Chairman	5
Shri K.K. Maheshwari	Member	5
Shri J. C. Chopra	Member	4
Shri Subrajit Bhowmick	Member	5
Shri S. S. Gupta	Permanent Invitee	5

The Company Secretary acts as the Secretary of the Committee and the Managing Director of the Company is a permanent invitee to the said Audit Committee meetings.

**CORPORATE GOVERNANCE (Contd..)**

**SHAREHOLDERS' GRIEVANCE COMMITTEE :**

The Shareholders' Grievance Committee of the Board, inter-alia, approves issue of duplicate share certificates and oversees and reviews all matters connected with the securities transfers. The Committee also looks into redressal of shareholders' complaints like transfer of shares, non receipt of annual account/dividend warrants etc. and oversees the performance of Registrars & Transfer Agents and recommends measures for overall improvements in the quality of investor services.

The Shareholders' Grievance Committee comprises two Non-Executive Directors and the Managing Director and is headed by a Non-Executive Director. The Committee held four (4) meetings during the year under review on 26.04.2007, 19.07.2007, 24.10.2007 and 23.01.2008. The attendance of members at the meetings was as follows :

Name of Member	Status	No. of Meetings attended
Shri K.K. Maheshwari	Chairman	4
Shri Biswajit Choudhuri	Member	4
Shri S. S. Gupta	Member	4

Shri Akash Mishra, the Company Secretary is the Compliance Officer under the relevant SEBI directions.

**REMUNERATION COMMITTEE :**

In continuation of practices of good corporate governance, the Board has constituted the Remuneration Committee of Directors of the Company on 17.10.2006 to recommend/review remuneration of the Managing Director and/ or Whole Time Directors, as per requirement.

The Remuneration Committee comprises three non-Executive Directors. The Committee held one (1) meetings during the year under review on 24.10.2007. The attendance of members at the meetings was as follows :

Name of Member	Status	No. of Meetings attended
Shri J. C. Chopra	Chairman	-
Shri K.K. Maheshwari	Member	1
Shri Biswajit Choudhuri	Member	1
Shri Shailesh V. Haribhakti (upto 20.09.2007)	Chairman	-

The Non Executive Directors are paid only sitting fees for attending Board/Committee meetings. The amount of sitting fees paid to Non Executive during the year under review are as follows :

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## CORPORATE GOVERNANCE (Contd..)

Name of Director	Sitting fee paid (Rs.)
Shri A.K. Agarwala	50,000
Shri K.K.Maheshwari	100,000
Shri B. Choudhuri	100,000
Shri P. P. Sharma	30,000
Shri J. C. Chopra	60,000
Shri Subrajit Bhowmick	75,000
Shri Shailesh V. Haribhakti	--

There were no other pecuniary relationship or transaction of the Non Executive Directors with the Company. The Company has not granted any stock option to any of its Directors. Except Shri A. K. Agarwala, Director, who holds 700 equity shares of the company, no other Directors of the company hold any shares in the Company, as reported.

The aggregate value of salary and perquisites paid for the year 2007-08 to the Managing Director are as follows :

( all fig. in Rs.)

	Salary	Variable Pay	All other elements of the remuneration package*	Total
Shri S. S. Gupta	2,375,049	490,100	783,349	3,648,498

\* excluding Gratuity and unencashed Earned Leave Salary.

Besides this, the Managing Director is also entitled to other facilities as per the rules of the Company and Agreement entered with him.

The appointment of Shri S. S. Gupta is for a period of three (3) years. In the event of cessation of employment of Shri Gupta for reasons attributable to him during the subsistence of service, he shall not be entitled to any remuneration on and from the date of termination of his employment. Subject to the provisions of Section 318 of the Companies Act, the Company shall, in the event of the termination of the appointment of Shri Gupta as its Managing Director prior to the expiry of the said period, by the Company, pay compensation to Shri Gupta equivalent to six month's basic salary as prevailing immediately preceding the date he ceases to hold office of the Managing Director of the Company.

### SHARE TRANSFER

The Registrar and Share Transfer Agent of the Company M/s. C. B. Management Services (P) Limited, Kolkata looks after physical as well as electronic transfer of Company's shares.

The Board of Directors have delegated the power of approving transfer of securities to the Registrar subject to notification of the same to the Company Secretary on a monthly basis and intimation to the Committee about such transfers in its meeting.

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## CORPORATE GOVERNANCE (Contd..)

The Status of total number of complaints/requests received during the year is as follows :

Sl. No.	Description	Nos. received				Total Received	Replied / addressed	Pending
		QT1	QT2	QT3	QT4			
<b>A.</b>	<b>Letters received from Statutory bodies</b>							
	SEBI	0	0	0	1	1	1	0
	Stock Exchange	0	0	0	0	0	0	0
<b>B.</b>	<b>Complaints from Shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>C.</b>	<b>Queries/requests</b>							
	Issue of duplicate certificates/ change of address, Bank mandates, Transmission/ transfer of Shares query, Demat updation status/ query, Dividend related query, revalidation, query on fully paid up etc.	57	49	32	20	158	158	0
	<b>Total</b>	<b>57</b>	<b>49</b>	<b>32</b>	<b>21</b>	<b>159</b>	<b>159</b>	<b>0</b>

### General Shareholder Information :

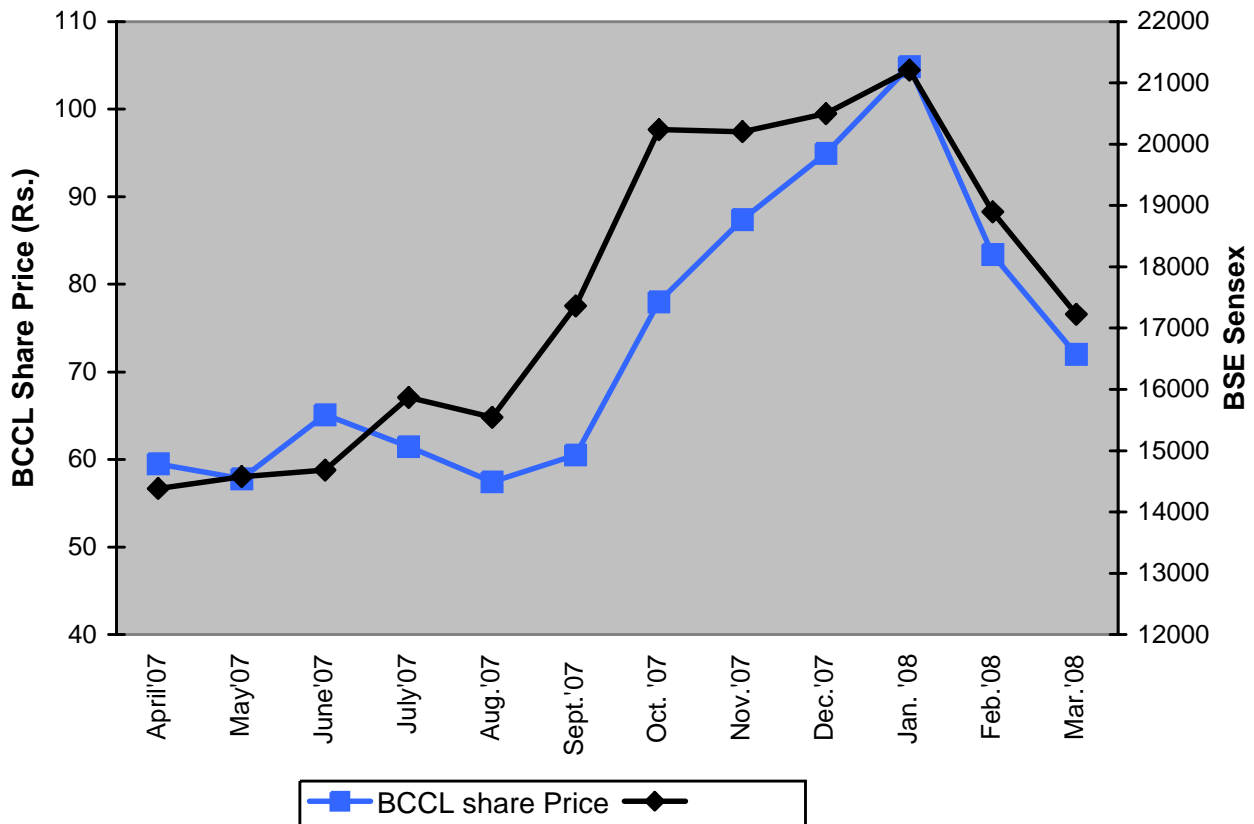
Registered Office	Bihar Caustic & Chemicals Limited Garhwa Road, P.O. Rehla - 822 124 Distt.Palamau (Jharkhand)
Annual General Meeting	Date and Time : 21st August, 2008 at 10.30 A.M. Venue : Bihar Caustic & Chemicals Limited Garhwa Road, P.O. Rehla - 822 124 Distt. Palamau (Jharkhand) Dividend payment date : 25th August, 2008 Date of Book Closure: 11th August, 2008 to 21st August, 2008.
Financial calendar (Tentative)	<ul style="list-style-type: none"> <li>● First Quarter Results – By end of July, 2008</li> <li>● Second Quarter Results – By end of October, 2008</li> <li>● Third Quarter Results – By end of January, 2009</li> <li>● Annual Results – By end of April, 2009</li> </ul>
Listing on Stock Exchanges and Stock Code	i) Bombay Stock Exchange Limited, Mumbai (Stock Code : 500057)  ii) National Stock Exchange of India Ltd., Mumbai (Symbol - "BCCL")
Demat ISIN in NSDL and CDSL for Equity shares	ISIN INE605B01016

CORPORATE GOVERNANCE (Contd..)

MARKET PRICE DATA : HIGH, LOW DURING EACH MONTH IN FINANCIAL YEAR 2007-08

Month	Bombay Stock Exchange		National Stock Exchange	
	High(Rs.)	Low(Rs.)	High(Rs.)	Low(Rs.)
April 2007	59.50	42.05	58.65	40.50
May 2007	57.80	50.05	65.00	44.10
June 2007	65.10	52.50	65.50	53.20
July 2007	61.45	53.35	61.80	52.25
August 2007	57.45	46.50	54.50	46.50
September 2007	60.50	46.50	61.00	51.40
October 2007	78.00	53.00	79.00	53.00
November 2007	87.40	66.00	87.45	65.25
December 2007	94.95	78.50	94.00	78.25
January 2008	104.85	73.05	105.80	73.05
February 2008	83.40	70.00	83.00	68.25
March 2008	72.00	55.10	71.25	56.00

Company's Share price performance in comparison to broad based indices - BSE Sensex





# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## CORPORATE GOVERNANCE (Contd..)

Registrar and Transfer Agents	<b>M/s. C B Management Services (P) Ltd.</b> P-22, Bondel Road, Kolkata - 700 019 Phone No.(s) : 033 - 2280 6692-93-94/ 2486/ 2937 Fax No. 033 - 2287 0263 Email : cbmsl1@cal2.vsnl.net.in		
Distribution of shareholding as on 31st March, 2008	Category	No. of shares	% of shareholding
	Promoters	1,31,69,987	56.32
	Mutual Funds and UTI	1,600	0.01
	Banks/Financial Institutions/Central Govt./ State Govt.(s) / Insurance Companies	22,12,905	9.46
	Corporate Bodies	8,98,929	3.84
	NRIs/OCBs	85,242	0.37
	Individuals	69,60,743	29.76
	Clearing Member	57,094	0.24
	<b>TOTAL</b>	<b>2,33,86,500</b>	<b>100.00</b>
Holding of shares as on 31st March, 2008	i) NSDL : 87,85,311 ii) CDSL : 1,33,62,718 iii) Physical : 12,38,471 (5.30% of Company's Equity Shares are held in physical form)		
Plant location	Garhwa Road, P.O. Rehla - 822 124 Distt. Palamau (Jharkhand)		
Address for correspondence	Garhwa Road, P.O. Rehla - 822 124 Distt.Palamau (Jharkhand) Email : akash.mishra@adityabirla.com bcclinvestors@adityabirla.com murari.prasad@adityabirla.com		

### ANNUAL GENERAL MEETINGS:

Particulars	FY 2004 - 2005	FY 2005- 2006	Fy 2006-2007
Date and Time	02.09.2005 at 12.00 Noon	11.08.2006 at 11.30 A.M.	11.08.2007 at 11:30 A.M.
Venue	Garhwa Road, P.O. Rehla - 822 124 Distt. Palamau (Jharkhand)	Garhwa Road, P.O. Rehla - 822 124 Distt. Palamau (Jharkhand)	Garhwa Road, P.O. Rehla - 822 124 Distt. Palamau (Jharkhand)

**CORPORATE GOVERNANCE (Contd..)**

- Particulars of Special Resolutions passed in the previous 3 Annual General Meetings of the company:

Date of Annual General Meeting	Subject matter of Special Resolutions passed
02.09.2005	<ul style="list-style-type: none"> <li>● Substitution of erstwhile Article of Association by a new set of Article of Association in respect of change in control of the company.</li> <li>● Re-appointment of Managing Director</li> </ul>

- No special resolutions were passed through postal ballot at the last Annual General Meeting.
- No special resolutions are proposed through postal ballot at the forthcoming Annual General Meeting.

**DISCLOSURES**

- There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its directors, management, relatives except for those disclosed in the Annual Report for the year ended 31<sup>st</sup> March 2008.
- The Company has complied with the requirements of regulatory authorities on capital markets and no penalties/strictures have been imposed against it in the last 3 years.
- The Company has complied with mandatory requirements, as reflected in this report and has adopted the non-mandatory requirement of constitution of Remuneration Committee.
- The Directors' Responsibility Statement has been stated in the Directors' Report.
- Management Discussion and Analysis Report forms part of Directors' Report.
- The Company does not have any Subsidiary Company.
- The Certification under Clause 49(V) by Managing Director and Finance Head to the Board is appended to this report.
- Notes on the Statement of Accounts referred to in the Auditors' Report are self explanatory, and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

**MEANS OF COMMUNICATION**

The quarterly/half yearly/yearly financial results were published in Business Standard / Financial Express (all editions) and Ranchi Express.

The Annual Report containing all of its required and important information is circulated to Members of the Company and others entitled thereto.

Annual Report, Quarterly Results, Shareholding Pattern etc. of the Company are also posted on the SEBI EDIFAR website [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in)

Website of the Company : [www.biharcausticandchemicals.com](http://www.biharcausticandchemicals.com)

**COMPLIANCE CERTIFICATE OF THE AUDITORS**

The Company has obtained Certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 and the same is annexed herewith.

For and on behalf of the Board of Directors

Camp : Mumbai  
Dated : 22<sup>nd</sup> April, 2008

A.K. Agarwala  
Director

K. K. Maheshwari  
Director

**DECLARATION FOR CODE OF CONDUCT IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES.**

The Board of Directors of Bihar Caustic & Chemicals Limited has laid down a Code of Conduct for all Board Members and Senior Management of the Company, which is posted on the website of the Company. The Board Members and Senior Management have affirmed compliance with the Code of Conduct of the Company.

For **BIHAR CAUSTIC & CHEMICALS LIMITED**

**S. S. GUPTA**  
[ Managing Director ]

★ ★ ★ ★ ★ ★ ★

**CERTIFICATION IN TERMS OF CLAUSE 49 (V) OF THE LISTING AGREEMENT WITH STOCK EXCHANGES**

We hereby certify that :

- a) we have reviewed financial statements and the cash flow statement for the year ending 31<sup>st</sup> March 2008 and that to the best of our 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.
- b) there are, to the best of our 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) we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee;
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we 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.

**Brijesh Kumar**  
[Finance In-charge]

**S. S. Gupta**  
[Managing Director]

**AUDITORS' CERTIFICATE**

**AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS STIPULATED IN CLAUSE – 49 OF THE LISTING AGREEMENT.**

**To the Members of Bihar Caustic & Chemicals Limited.**

We have examined the compliance of the conditions of Corporate Governance by Bihar Caustic & Chemicals Limited for the year ended 31<sup>st</sup> March 2008 as stipulated in clause 49 of the Listing Agreement of the said Company with 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 the 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 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 in respect of Investor Grievances received during the year ended 31<sup>st</sup> March 2008, no investor grievances are pending against the Company as on 22<sup>nd</sup> April 2008 as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee.

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

For M. L. Sharma & Co.,  
Chartered Accountants

C. H. Bandi  
Partner  
Membership No. 5385

Place : Mumbai  
Dated : 22<sup>nd</sup> April 2008

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY AND DEVELOPMENT

The global Chemical industry, estimated at US\$ 2.4 trillion, is one of the fastest growing sector of the manufacturing industry. Despite the challenges of escalating crude oil prices and the stringent international environmental protection standards now adopted globally, the Chemical industry has grown at a rate higher than the overall manufacturing segment.

In India, the Chemical industry is one of the oldest industries and an important constituent of the economy. It not only plays a crucial role in meeting the daily needs of the common man, but also contributes significantly towards industrial and economic growth of the nation. The Indian chemical industry, the 12<sup>th</sup> largest in production, is growing at an average rate of 12.5%.

Its size is estimated at around US\$ 35 billion approx., which is equivalent to about 3% of India's GDP. The total investment in the Indian Chemical sector is about US\$ 60 billion and it employs about 1 million. The Indian Chemical sector accounts for 13-14% of total exports and 8-9% of total imports of the country. In terms of volume, it is 12<sup>th</sup> largest in the world and 3<sup>rd</sup> largest in Asia. Currently, per capita consumption of products of chemical industry in India is about 1/10th of the world average. Over the last decade, the Indian Chemical Industry has evolved from being a basic chemical producer to becoming an innovative industry.

The Chlor - Alkali industry consists of caustic soda, chlorine and soda ash. These products are mainly used in the manufacture of fiber, alumina, textile, paper, soap & detergent, PVC, pharma, water treatment, chlorinated paraffin wax etc. The major inorganic chemicals are sulphuric acid, carbon black, titanium dioxide, calcium carbide, aluminium fluoride etc. The demand for caustic soda is driven by the Aluminium industry, whereas the Chlorine is mainly consumed by PVC, pharma, paper and chlorinated paraffin wax segments.

The contribution of Chlor-Alkali and Inorganic Chemicals industry is to the extent of 8% of the total chemical industry. The total size of Indian Chlor Alkali and Inorganic Chemical industry is US\$ 2500 million. Chlor - Alkali and Soda Ash are the major inorganic chemicals accounting for 62% in this sector. Sulphuric Acid, Carbon Black, Titanium Dioxide are the other major contributors.

The value of the global Chlor-Alkali industry is US\$ 30 billion of which Indian Chlor Alkali Industry constitutes US\$ 1 billion i.e. 3% of the world production. Chlorine is obtained as an important by-product in the Chlor-Alkali Industry.

### OPPORTUNITIES AND THREATS

In order to meet the incremental demand of Caustic Soda by major consuming segment like alumina, textile, pulp & paper etc., we have increased our production capacity to 265 TPD. We are now in the process of expanding it to 300 TPD by addition of one more Electrolyzer during 2008-09. As the consuming sector continues to be buoyant, the demand for Caustic Soda by major end users would be encouraging.

In order to gainfully utilize the additional Chlorine produced after expansion of the plant capacity, your Company started commercial production of Aluminium Chloride plant from 30<sup>th</sup> June 2007. The facility is now fully stabilized and produces about 30 tonnes of Aluminium Chloride per day. As per the plan, your Company has commissioned all the three drums of the Stable Bleaching Powder plant and started production of about 25 tonnes per day with optimum quality of the product. These Chlorine based products are absorbing a reasonable quantity of chlorine and taking care of the market sluggishness to a large extent.

### SEGMENTWISE PERFORMANCE

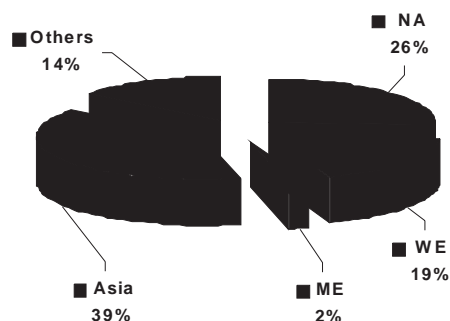
#### Caustic Soda:

Paper and Pulp, manmade fibres, soaps and alumina are the major consuming segments of Caustic Soda. They account for around 80% of the domestic demand.

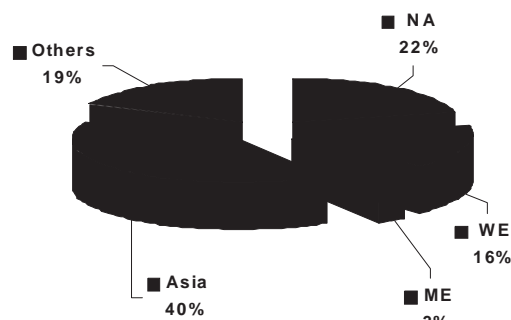
Global demand is projected to grow at 4% AAGR whereas Indian demand at 6% AAGR during 2007-2011.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd..)

**Demand - 2007** 56 MMTPA



**Demand - 2011** 68 MMTPA

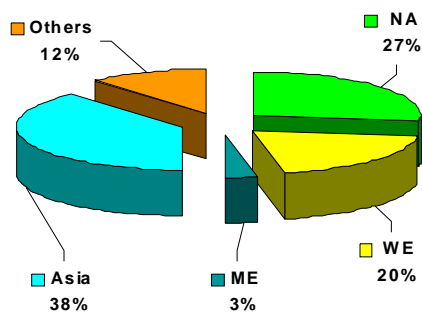


The sales volume of your Company, for the year under review, increased by 4879 MT i.e. 6.64% after debottlenecking by addition of extra elements in the electrolyzers.

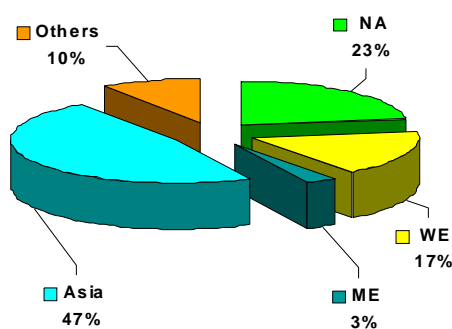
**Chlorine:**

Global demand is projected to grow at 3.6% AAGR whereas Indian demand at approximately 5% AAGR during 2007-2011.

**Demand - 2007** 51.4 MMTPA



**Demand - 2011** 63.5 MMTPA



The major growth drivers are projected to be the vinyl and organic chemical segments.

Due to excess availability in the market, the realization of Chlorine dropped substantially in the first quarter of the financial year under review, which was addressed by the Company by making additional supply of Chlorine to the ancillary units. The company is consistently working on setting up chlorine based value added production facilities, ancillary development and development of consuming segments to ease pressure on chlorine realization. In line with this, a 50 TPD Stable Bleaching Powder plant has been commissioned in March 2008.

**Hydrochloric Acid:**

Given the flexibility in our product mix, we were able to derive benefit of better HCl realisation by increasing the production of Hydrochloric acid in the first quarter of year under review when the chlorine market was not supportive, thereby maximizing our ECU realization.

**OUTLOOK**

The company expects to turn in a good performance in the coming years due to the progressive improvement

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd..)**

in capacity utilization of the plant, projected expansion with the addition of the 5<sup>th</sup> electrolyser and further capacity expansion by 250 TPD. The addition of products like Stable Bleaching Powder in our portfolio, will give us further value addition alongwith utilization of chlorine.

**RISKS AND CONCERNS**

- a) Increase in the cost of Salt and Coal.
- b) Change in government policy on coal allotment.
- c) Logistic cost pressure linked to oil price hike.
- d) Import threat.
- e) Mismatch of demand and supply of Chlorine and HCl.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an adequate system of internal controls commensurate with the size and nature of business, to ensure protection of the company's resources, to provide accurate and speedy financial statements, reports and to comply with policies, procedures and legal obligations.

The Company has a balanced organization structure, well-defined authority levels and set guidelines and rules for conducting business transactions. The Company's internal auditors periodically conduct audits to ensure adequacy of internal control systems, adherence to management instructions and policies and compliance with the laws and regulations in force. The internal audit reports are circulated to the Management who initiates actions as required.

The Audit Committee, whose Chairman is an independent Director, meets periodically with the Management and the Auditors of the Company to review the process of internal audit, statutory audit, risk management and internal control systems.

**FINANCIAL AND OPERATIONAL PERFORMANCE**

**Financial performance highlights :**

Gross turnover for the year under review was higher by 21.76% at Rs. 202.50 crores compared to Rs. 166.31 crores in the previous year. The profit before interest, depreciation and tax was Rs. 85.01 crores. After providing Rs. 9.20 crores for interest, Rs. 17.36 crores for depreciation and Rs. 9.18 crores for tax, the net profit for the year was at Rs. 49.27 crores which is higher by 45.94% compared to previous year.

The earning per share was higher at Rs. 21.07 compared with Rs. 14.43 last year, whereas the return on shareholders fund stood at 24.65% compared to 23.10% last year.

**Operational Performance**

The Company registered a good growth in net turnover of 21.85% compared to the previous year. The operating profits are higher and ECU realization was also higher at Rs. 19,429 PMT as against Rs. 18,643 PMT in the previous year.

Interest cost on long term loan was lower at Rs. 8.40 crores compared to Rs. 10.13 crores in the previous year due to prepayment of high cost unsecured loan and scheduled payment of long term loans in the year under review.

The Company is eligible to pay MAT under Section 115 JB of the IT Act only due to claim of Tax incentive under Section 801A and additional depreciation for the membrane plant.

**HUMAN RESOURCES / INDUSTRIAL RELATIONS**

Human resource plays an important role in achieving sustainable competitive advantage and excellence in value creation. The Human resource function is the backbone of any organization as it assists and synchronizes the working of all divisions to accomplish their objectives which in turn helps the organization to achieve its vision. It also maintains excellent relations with the internal as well as external environment for smooth running of the organization.

In recognition of this, your company is committed to recruit suitable talent and entrust them with challenging role. It also focus on people development, paving the way for organizational excellence in the competitive and fast changing business environment. Building, developing and upgrading employee competencies, in line with business needs and strategies, with institutionalized processes is the key area of thrust of your Company for ensuring sustainable growth.

Managers and executives are nominated to customized training programs at Gayanodaya, the Aditya Birla Institute of Management Learning. Your Company also has an agreement with Indian Society for Training & Development, which helps to develop competencies of employees. This is a very effective enabler as participants are exposed to the current trends and practices in their respective fields, thus upskilling them for higher responsibilities in the future.

Over the last few years, your company has launched many new HR initiatives such as Organization Health Survey, E-Learning, Talent Management and 360° Feedback for Managers, Kaizen & Suggestion scheme and Grievance Handling Procedure with a view to create a 'Great Place of Work' and help employees to continuously add value for achieving superior performance.

Performance linked reward mechanism, compensation systems and Special recognition mechanisms are in place to acknowledge exceptional achievements of employees and to motivate them further. Individual improvement plan for managerial staff across the Company is yet another important step forward for human resource development so as to monitor the performance of the employees.

The Company has a committed work force of about 405 employees as on 31.03.2008.

The Company continuously updates the infrastructural facilities and amenities for its employees and their families such as enhanced amenities at the Hospital, provision of good treatment and medical attention, health check-up on regular basis, development of the School, modification of houses to improve quality of life, addition of recreation facilities etc.

We take pride in sharing with you that your Company is the winner of **IMC Ramkrishna Bajaj National Quality Award Trophy-2007** in the Manufacturing category. It is the outcome of collective team work.

### **Cautionary Statement**

Statements in this Management Discussion and Analysis Report are based upon the data available with the Company and on certain assumptions having regard to the economic conditions, government policies, political developments within and outside the country, factors affecting the selling prices of finished goods etc. The management is not in a position to guarantee the accuracy of the assumptions and projected performance of the Company in future. It is, therefore, cautioned that the actual results may differ from those expressed or implied herein.



**AUDITORS' REPORT**

**TO THE MEMBERS OF BIHAR CAUSTIC & CHEMICALS LIMITED**

We have audited the attached Balance Sheet of BIHAR CAUSTIC & CHEMICALS LIMITED as at 31<sup>st</sup> March, 2008 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date. 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. Further 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 purpose of our audit.
2. In our opinion, proper books of account as required by the Companies Act, 1956(as amended) have been kept by the Company so far as appears from our examination of those Books.
3. The Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt with by the report are in agreement with the Books of Account of the Company.
4. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement complies with the Mandatory Accounting standards referred in section 211(3c) of the Companies Act, 1956.
5. On the basis of the written representation received from the Directors, as on 31<sup>st</sup> March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2008 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 accounts Subject to Note no. 2 regarding valuation of inventory read together with other Notes as per Schedule 21 give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the Accounting Principles generally accepted in India :-
  - a) In the case of the Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2008;
  - b) In the case of the Profit & Loss Account 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.

As required by the Companies' (Auditors' Report) Order, 2003 issued by the Company Law Board, in terms of Section 227(4A) of the Companies Act, 1956 and according to the information and explanation given to us during the course of the Audit and on the basis of such checks as were considered appropriate, we further report that ;

- 1 (a) The Company has generally maintained proper records showing particulars including quantitative details and situation of fixed assets.
- 1 (b) As explained to us, the said fixed assets have been physically verified by the Management during the year which is reasonable and no material discrepancies have been noticed on such verification.
- 1 (c) In our opinion, no substantial parts of Fixed Assets have been disposed of during the year.
- 2 (a) The stock of Finished Goods, Goods-in-Process, Raw Materials and Stores & Spares parts have been

**AUDITORS' REPORT (Contd..)**

physically verified during the year by the Management and is reasonable in view of the nature of products of the Company.

- 2 (b) As explained to us, the procedure of physical verification of the above stocks followed by the Management is, in our opinion reasonable and adequate in relation to the size of the Company and nature of its business.
- 2 (c) The Company has maintained proper records of the inventories and the discrepancies noticed between the physical stock and book stock were not significant and the same have been properly dealt with in the Books of Account.
- 3 (a) In our opinion and according to the information and explanations given to us, the company has not granted any loans secured or unsecured to any Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and as such provisions of sub-clause (iii) (b) to (iii) (d) are not applicable.
- 3 (b) The Company has taken loan from one Company covered in the register maintained under section 301 of the Companies Act 1956. The Maximum amount involved during the year was Rs.25.26 crores and the year end balance of loan taken from such company was Rs. 13.00 crores
- 3 (c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie, prejudicial to the interest of the company
- 3 (d) Payment of principal amount and interest are regular except liquidated damage claimed by one of the promoter which is not acknowledged by the company.
- 4 On the basis of such checks carried out during the course of Audit and according to the information and explanations given to us, we are of the opinion that there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to Purchase of Stores, Raw Materials including components, Plant & Machinery, Equipments and other Assets and for sale of Goods and services.
- 5 (a) According to the information and explanations given to us, particulars of contract or arrangements referred to in Under Section 301 of the Companies Act, 1956, have been properly entered in the register required to be maintained under that section.
- 5 (b) The transaction made in pursuance of such contract or arrangements have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
- 6 The Company has not accepted any deposits from the public to which the provisions of section 58A of the Companies Act, 1956 and the rules framed there under apply.
- 7 The Company has an Internal Audit System which in our opinion is commensurate with the size and nature of the business.
- 8 We have broadly reviewed the books of accounts maintained by the Company pursuant to the rule made by the Central Government for maintenance of Cost records under section 209(1)(d) of the Companies Act, 1956, with regard to Caustic Soda Manufactured and Captive Power generated by the Company. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However we have not made detailed Examination of the records.
- 9 (a) The Company have generally been regular in depositing Provident Fund dues, Investor Education and Protection Fund dues, State Insurance, Income tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities and there are no undisputed amounts payable for the same were outstanding as at 31<sup>st</sup> March, 2008 for a period exceeding six months from the date they became payable. As explained to us, the provisions of the Employees State Insurance Act, 1948 are not applicable to the Company.

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## AUDITORS' REPORT (Contd..)

9 (b) According to the records of the Company the dues of Sales tax, Income tax, Customs, Wealth Tax, Excise duty, Cess which have not been deposited on account of dispute and the same being shown as a Contingent Liability and the Forum where the dispute is pending are as under:

Name of the Statute	Nature of dues	Amount (in lacs)	Forum where Dispute is pending
1. Income Tax Act 1961	Income tax and interest for A.Y. 1998-99	1.29	"Referred to AO by I.T.A.T., Ranchi"
	A.Y. 2000-01	2.54	"Referred to AO by I.T.A.T., Ranchi"
	A.Y. 2002-03	2.27	"Referred to AO by CIT Appeal, Ranchi"
	A.Y. 2004-05	0.76	"Referred to AO by CIT Appeal, Ranchi"
	A.Y. 2005-06	41.44	D.C.I.T. Ranchi

- 10 The Company has not incurred any cash losses during the Current Financial Year and in the immediately preceding Financial Year and its accumulated losses are Nil at the end of the Current Financial Year.
- 11 According to information and explanations given to us and the books and records examined by us, the Company has not defaulted in repayment of dues to a Financial Institution, Banks and debenture holders.
- 12 The Company has not granted any Loans and Advances to any party on the basis of Security by way of pledge of shares, debentures and other securities.
- 13 The Company has not given any guarantee for loans taken by other parties from Bank and Financial Institution.
- 14 The Company has not taken any term loan during the year.
- 15 According to information and explanations given to us, the Company has used its Funds properly according to the nature and purposes of the Funds.
- 16 The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained u/s 301 of the Companies Act, 1956.
- 17 The Company has not issued any Debentures during the year.
- 18 According to information and explanations given to us, the company has not raised any money by public issue during the year.
- 19 According to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.
- 20 Other provision of the said Order are either Nil or Not Applicable to the Company.

For M.L. Sharma & Co.,  
Chartered Accountants,

Place : Mumbai  
Dated : 22<sup>nd</sup> April, 2008

C.H. Bandi  
Partner  
Membership No. 5385

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2008

(Rs. in '000)

	Schedule	As at 31st March, 2008	As at 31st March, 2007
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds :</b>			
Share Capital	' 1 '	233,865	233,865
Reserves & Surplus	' 2 '	1,740,336	1,244,126
		1,974,201	1,477,991
<b>LOAN FUNDS :</b>			
Secured Loans	' 3 '	660,444	861,078
Unsecured Loans	' 4 '	136,569	261,548
		797,013	1,122,626
Deferred Tax Liabilities		297,576	250,105
	Total	3,068,790	2,850,722
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets :</b>			
Gross Block	' 5 '	3,275,612	3,050,469
Less : Depreciation		873,381	704,530
Net Block		2,402,231	2,345,939
Capital Work-in-Progress		138,496	163,220
		2,540,727	2,509,159
Investments	' 6 '	250,000	37,500
Deferred Tax Assets		13,219	452
<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>			
Inventories	' 7 '	137,922	93,449
Sundry Debtors	' 8 '	152,247	125,244
Cash & Bank Balances	' 9 '	158,094	341,631
Loans, Advances & Deposits	' 10 '	241,123	163,642
		689,386	723,966
<b>Less :</b>			
<b>Current Liabilities &amp; Provisions :</b>			
Liabilities	'11'	349,104	375,555
Provisions	'12'	91,695	61,474
		440,799	437,029
Net Current Assets		248,587	286,937
Miscellaneous Expenditure (To the extent not written off or adjusted)	'13'	16257	16,674
	Total	3,068,790	2,850,722
Notes on Accounts	'21'		
As per our report of even date For M.L. Sharma & Co., Chartered Accountants			
C.H. Bandi Partner Membership No. 5385 Place : Camp : Mumbai Dated : 22 <sup>nd</sup> April, 2008	Akash Mishra Company Secretary	A. K. Agarwala Biswajit Choudhuri J. C. Chopra K. K. Maheshwari Subrajit Bhowmick S. S. Gupta	Director Director Director Director Managing Director

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rs. in '000)

	<u>Schedule</u>	<b>For the year ended 31st March, 2008</b>	<b>For the year ended 31st March, 2007</b>
<b>INCOME :</b>			
Sales (including excise duty realised)		<b>2,025,050</b>	1,663,127
Less : Excise duty paid		<b>282,328</b>	232,924
		<b>1,742,722</b>	1,430,203
Other Income	‘ 14 ‘	<b>78,145</b>	62,078
Increase/(Decrease) in stocks	‘ 15 ‘	<b>29,630</b>	1,256
		<b>1,850,497</b>	1,493,537
<b>EXPENDITURE :</b>			
Raw Materials consumed	‘ 16 ‘	<b>673,466</b>	489,205
Purchases and Manufacturing expenses	‘ 17 ‘	<b>140,796</b>	104,442
Payment to and provisions for employees	‘ 18 ‘	<b>103,686</b>	103,313
Selling, Distribution, Administration and other expenses	‘ 19 ‘	<b>82,470</b>	83,541
Interest and Financial Charges	‘ 20 ‘	<b>91,979</b>	107,197
Depreciation		<b>173,603</b>	158,227
		<b>1,266,000</b>	1,045,925
<b>Profit before Tax</b>		<b>584,497</b>	<b>447,612</b>
Provision for Taxation (including Wealth Tax -Rs. 1.23 lac Previous year Rs. 0.79 lacs)		<b>66,200</b>	50,301
MAT Credit Entitlement		(24,192)	-
Provision for Deferred Tax (Net)		<b>47,709</b>	57,835
Provision for Fringe Benefit Tax		<b>2,099</b>	1,920
<b>Profit after Tax</b>		<b>492,681</b>	337,556
Adjustment of Taxation for earlier years		<b>74,238</b>	(1,189)
Balance Brought forward from previous year		<b>799,568</b>	521,121
<b>Balance available for Appropriation</b>		<b>1,366,487</b>	857,488
<b>APPROPRIATIONS :</b>			
Proposed Dividend on Equity Shares		<b>35,080</b>	35,080
Tax on Proposed Dividend		<b>5,962</b>	5,962
Transfer to General Reserve		<b>24,634</b>	16,878
Balance Carried over to Balance Sheet		<b>1,300,811</b>	799,568
		<b>1,366,487</b>	857,488
Basic and diluted earning per Share (in Rupees)		<b>21.07</b>	14.43
Notes on Accounts	‘21‘		
As per our report of even date For M.L. Sharma & Co., Chartered Accountants			
C.H. Bandi Partner Membership No. 5385 Place : Camp : Mumbai Dated : 22 <sup>nd</sup> April, 2008	Akash Mishra Company Secretary	A. K. Agarwala Biswajit Choudhuri J. C. Chopra K. K. Maheshwari Subrajit Bhowmick S. S. Gupta	Director Director Director Director Director Managing Director

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

(Rs. in '000)

	<u>As at 31st March, 2008</u>	<u>As at 31st March, 2007</u>	
<b>SCHEDULE '1'</b>			
<b>SHARE CAPITAL :</b>			
Authorised			
24,500,000	Equity Shares of Rs. 10/- each	245,000	245,000
50,000	11% Redeemable Cumulative Preference Shares of Rs. 100/- each (Free of Company's Tax but subject to deduction of tax at source at the prescribed rates and redeemable at par between 7 to 10 years from the date of allotment by giving three months notice in writing).	5,000	5,000
		<u>250,000</u>	<u>250,000</u>
Issued, Subscribed and Paid-up			
23,386,500	Equity Shares of Rs. 10/- each fully paid up in cash (Previous Year 23386500 Equity Shares of Rs 10/- each)	233,865	233,865
		<u>233,865</u>	<u>233,864</u>
<b>SCHEDULE '2'</b>			
<b>RESERVES &amp; SURPLUS :</b>			
Capital Reserve :			
Central Capital Subsidy	-	-	1,500
Less: Transferred during the year to General Reserve	-	-	(1,500)
State Capital Subsidy	94,800		21,750
Add : Subsidy received during the year	-		78,430
Less : Transferred to Profit & Loss Account	9,842		(5,200)
Less : Transferred during the year to General Reserve	-	84,958	(180)
Share Premium Account	175		175
<b>General Reserve :</b>			
As per last Balance Sheet	349,583		331,025
Add : Transferred from Central Capital Subsidy	-		1,500
Add : Transferred from State Capital Subsidy	-		180
Add : Transferred from Profit & Loss Account	24,634		16,878
Less : Employees' Benefit Adjustment (Net of taxes)	19,825	354,392	-
Balance as per Profit & Loss Account		<u>13,00,811</u>	<u>799,568</u>
		<u>1,740,336</u>	<u>1,244,126</u>

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

(Rs. in '000)

	<u>As at 31st March, 2008</u>	<u>As at 31st March, 2007</u>
<b>SCHEDULE '3'</b>		
<b>SECURED LOANS</b>		
<b>A. Term Loans from Industrial Development Bank of India</b>		
Secured against joint equitable mortgage by deposit of Title Deeds in respect of the company's immovable properties, present and future save and except book debts and first charge on all the remaining assets of the company subject to the prior charges created and/or to be created in favour of the company's bankers for borrowing, working capital requirements, on stock of raw materials, goods-in-process, finished goods, consumable stores, book debts and other movable as may be agreed upon by Financial Institutions. The mortgage of charge has been created in favour of IDBI Ltd, IFCI Ltd and participating banks pari-parsu inter se. (Repayable withing one year – Rs. 1120 lacs, previous year Rs. 1120 lacs)	<b>558,000</b>	670,000
<b>B Term Loans from Industrial Development Bank of India</b>		
Secured against joint equitable mortgage by deposit of Title Deeds in respect of the company's immovable properties, present and future and first charge on all the remaining assets of the company subject to the prior charges created and/or to be created in favour of the company's bankers for borrowing, working capital requirements, on stock of raw materials, goods-in-process, finished goods, consumable stores, book debts and other movable as may be agreed upon by Financial Institutions. The mortgage of charge has been created in favour of IDBI Ltd, IFCI Ltd and participating banks pari-passu inter se. (Repayable within one year Rs.680 lacs, previous year Rs. 680 lacs)	<b>69,000</b>	137,000
<b>C Term Loans from IFCI Ltd</b>		
Secured against joint equitable mortgage by deposit of Title Deeds in respect of the company's immovable properties, present and future save and except book debts and first charge on all the remaining assets of the company subject to the prior charges created and/or to be created in favour of the company's bankers for borrowing, working capital requirements, on stock of raw materials, goods-in-process, finished goods, consumable stores, book debts and other movable as may be agreed upon by Financial Institutions. The mortgage of charge has been created in favour of IDBI Ltd, IFCI Ltd and participating banks pari-passu inter se. (Repayable within one year Rs.225.75 lacs, previous year Rs. 250.60 lacs)	<b>22,575</b>	47,635
<b>D. From State Bank of India</b>		
Overdraft against pledge of Fixed Deposits	<b>10,869</b>	6443
	<b>660,444</b>	861,078
<b>SCHEDULE '4'</b>		
<b>UNSECURED LOANS</b>		
<b>OTHER LOANS &amp; ADVANCES :</b>		
<b>A) FROM PROMOTERS</b>		
Hindalco Industries Limited	<b>130,000</b>	252,550
<b>B) INTEREST FREE SALES TAX LOAN FROM BIHAR STATE CREDIT AND INVESTMENT CORPORATION LIMITED</b>		
(Repayable within one year Rs. 15.80 lacs, Previous year Rs. 15.80 lacs)	<b>5,720</b>	7,300
<b>C) Deferred payment credit from Ranchi Industrial Area Development Authority, Ranchi</b>	<b>849</b>	1,698
(Repayable within one year Rs.8.49 lacs, previous year Rs. 8.49 lacs)	<b>136,569</b>	261,548

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008**

**SCHEDULE '5'**

**FIXED ASSETS**

(Rs. in '000)

Sl. No.	Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		Total Upto 31.3.07	Additions during the year	Less Sales/ adjustment	Total Upto 31.3.08	Provided for the year	Less adjustments	Total upto 31.3.08	As at 31.3.08	As at 31.3.07
A.	Tangible Assets									
1.	Land	20,766	-	-	20,766	1,625	-	1,782	18,984	19,141
2.	Buildings	225,992	8,828	(1)	234,821	39,974	1	47,868	186,953	186,018
3.	Plant & Machineries	2,528,219	211,663	2,212	2,737,670	570,941	483	707,049	2,030,621	1,957,278
4.	Chlorine Tonners	136,985	2,686	741	138,930	49,918	594	67,055	71,875	87,067
5.	Furniture & Fixtures	11,585	957	30	12,512	5,312	13	6,113	6,399	6,273
6.	Survey Instruments	19	-	-	19	18	-	18	1	1
7.	Safety Equipments	884	-	-	884	198	(1)	236	648	686
8.	Computers, Office Equipments	24,548	2,970	992	26,526	11,105	944	12,367	14,159	13,443
9.	Railway siding	73,629	-	-	73,629	17,298	(1)	20,796	52,833	56,331
10.	Vehicles	14,625	8,116	6,193	16,548	4,436	2,719	2,912	13,636	10,189
11.	Lab. Equipments	3,619	-	-	3,619	619	-	893	2,726	3,000
		3,040,871	235,220	10,167	3,265,924	701,444	4,752	867,089	2,398,835	2,339,427
B.	Intangible Assets									
	Computer Software	9,598	90	-	9,688	3,086	-	6,292	3,396	6,512
		9,598	90	-	9,688	3,086	-	6,292	3,396	6,512
	Total	3,050,469	235,310	10,167	3,275,612	704,530	4,752	873,381	2,402,231	2,345,939
	Previous Year	2,886,072	251,784	87,387	3,050,469	549,681	3,378	704,530	2,345,939	-

Note : (A) Lease hold land amounting to Rs.31.40 lacs, Rs.1.60 lacs and Rs.95.05 lacs for 99 years, 30 years and 90 years respectively written off proportionately.

(B) The useful life of computer software is considered 3 years.



**SCHEDULES FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH, 2008**

(Rs. in '000)

	<u>As at 31st March,2008</u>	<u>As at 31st March,2007</u>
<b>SCHEDULE " 6 "</b>		
<b>INVESTMENTS :</b>		
Long Term Investments		
Unquoted (other than trade)		
Nil Units of FMP Schemes of Various Mutual Funds (Previous Year 3750000 units)	-	37,500
25000000 7.50% Convertible Preference Shares of Rs 10 each fully paid up in Birla Global Finance Ltd (Previous Year Nil)	<b>250,000</b>	-
	<u><b>250,000</b></u>	<u>37,500</u>
<b>SCHEDULE " 7 "</b>		
<b>INVENTORIES :</b>		
(As valued & Certified by the Management)		
Finished goods	<b>26,130</b>	3,392
Goods-in-Process	<b>9,020</b>	2,128
Raw Materials including Auxiliary and Packing Materials	<b>84,140</b>	62,562
Stores And Spares Parts	<b>18,632</b>	25,367
	<u><b>137,922</b></u>	<u>93,449</u>
<b>SCHEDULE " 8 "</b>		
<b>SUNDRY DEBTORS :</b>		
(Unsecured, Considered good unless otherwise stated)		
a) Debts outstanding for a period exceeding six months (including Rs.9.23 lacs are under litigation and Rs.11.45 lacs are Doubtful, previous year Rs. 17.74 lacs are under litigation out of which Rs.8.96 lacs are doubtful debts)	<b>5,197</b>	5,588
b) Other Debts	<b>148,195</b>	120,552
	<u><b>153,392</b></u>	<u>126,140</u>
Less: Provision for Doubtful Debts	<b>1,145</b>	896
	<u><b>152,247</b></u>	<u>125,244</u>
<b>SCHEDULE ' 9 '</b>		
<b>CASH AND BANK BALANCES :</b>		
Cash in hand	<b>393</b>	306
Cheques and Drafts in hand	<b>12,494</b>	10,242
<b>BALANCE WITH SCHEDULED BANKS :</b>		
i) In Current Accounts	<b>50,365</b>	11,521
ii) In Unpaid Dividend Accounts	<b>696</b>	427
iii) In Fixed Deposit with Banks	<b>94,146</b>	319,135
	<u><b>158,094</b></u>	<u>341,631</u>

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

(Rs. in '000)

	<u>As at 31st March, 2008</u>	<u>As at 31st March, 2007</u>
<b>SCHEDULE ' 10 '</b>		
<b>LOANS, ADVANCES &amp; DEPOSITS :</b>		
(Unsecured, considered Good, unless otherwise stated)		
Loans to Parties	-	30
Interest Accrued on Fixed Deposits but not due	2,739	5,313
Advances recoverable in cash or kind or for value to be received (including doubtful Rs. 0.35 lacs, previous year Rs. 0.35 lacs)	33,106	51,631
Less: Provision for Doubtful Advance	35	(35)
Prepaid Expenses	2,142	2,488
Claims Receivable	27,228	27,452
Deposits with Government and Others	70,617	71,146
Balance with Central Excise Department	208	-
Advance Tax and Tax deducted at source (Net)	5,642	3,427
MAT Credit Entitlement	98,317	-
Advance Fringe Benefit Tax (Net)	96	155
Advance to Employees	1,063	2,035
	<u>241,123</u>	<u>163,642</u>
<b>SCHEDULE ' 11 '</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors :		
For Goods supplied	61,146	47,737
For Expenses	253,813	267,518
For Other	8,560	12,287
Customers' Credit Balances and Advances against orders	2,934	14,430
Security and Other Deposits	21,479	32,164
Interest accrued but not due on Secured Loans	476	992
Investors' Education and Protection Fund to be credited as and when due		
Unclaimed Dividend	696	427
	<u>349,104</u>	<u>375,555</u>
<b>SCHEDULE ' 12 '</b>		
<b>PROVISIONS</b>		
Retirement Benefits	35,873	5,432
Provisions for Others	14,780	15,000
Proposed Dividends on Equity shares	35,080	35,080
Tax on Proposed dividend	5,962	5,962
	<u>91,695</u>	<u>61,474</u>
<b>SCHEDULE ' 13 '</b>		
<b>MISCELLANEOUS EXPENDITURE :</b>		
Deferred Revenue Expenditure	23,738	37,795
Add : Addition during the year	2,363	1,133
Less : Debt Restructuring Expenses Written off	5,855	11,905
Less : Written off during the year	3,572	3,285
	<u>16,674</u>	<u>23,738</u>

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

(Rs. in '000)

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
<b>SCHEDULE ' 14 '</b>		
<b>OTHER INCOME</b>		
Rent	348	322
Recovery from Hydrolic Testing	314	79
Technical, Inspection & Certification Service (TDS nil Previous Year Rs.0.85 lacs)	-	1,345
Dividend Received	4,689	-
Profit on Sale of Investments	781	941
Deferred Income from Capital Subsidy	9,842	5,200
Liabilities No Longer Required, written back	21,743	7,994
Interest Received Gross (Tax deducted at source Rs.57.39 lacs Previous year Rs.31.87 lacs)	25,174	20,309
Hiring Charges for Equipments (Tax deducted at source nil Previous Year Rs.3.22 lacs)	-	1,380
Miscellaneous Receipts	1,056	903
Profit on Sales of Assets (discarded)	-	1,005
Bardana, Scrap etc. Sales	8,892	14,984
Insurance Claims (Net)	3,723	6,486
Previous year Adjustment (Net)	1,109	632
Sundry Balance written off/back (Net)	474	498
	<b>78,145</b>	<b>62,078</b>
<b>SCHEDULE ' 15 '</b>		
<b>INCREASE/(DECREASE) IN STOCKS :</b>		
Closing Stocks :		
Finished Goods	26,130	3,392
Goods-in-Process	9,020	2,128
	<b>35,150</b>	<b>5,520</b>
Less : Opening Stocks :		
Finished Goods	3,392	2,042
Goods-in-Process	2,128	2,222
	<b>5,520</b>	<b>4,264</b>
	<b>29,630</b>	<b>1,256</b>
<b>SCHEDULE ' 16 '</b>		
<b>RAW MATERIALS CONSUMED :</b>		
Opening Stock	62,562	88,315
Add : Purchases	695,044	463,452
	<b>757,606</b>	<b>551,767</b>
Less : Transfers/Sales	-	-
	<b>757,606</b>	<b>551,767</b>
Less : Closing Stock	84,140	62,562
	<b>673,466</b>	<b>489,205</b>
<b>SCHEDULE ' 17 '</b>		
<b>MANUFACTURING EXPENSES :</b>		
Stores & Spares consumed	62,130	44,319
Excise Duty Paid on Closing Stock of Finished Goods	4,106	257
Ash Handling Expenses	1,802	3,661
Recoating and Maintenance of Anodes	56	1
Power & Fuel	46,557	31,957
<b>REPAIRS, RENEWALS &amp; REPLACEMENTS :</b>		
Buildings	2,824	5,569
Plant & Machinery	15,008	10,327
Others	5,911	6,113
Raw Water charges and Cess	2,402	2,238
	<b>140,796</b>	<b>104,442</b>

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

(Rs. in '000)

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
<b>SCHEDULE ' 18 '</b>		
<b>PAYMENT TO AND PROVISIONS FOR EMPLOYEES:</b>		
Salaries, Wages including Variable Pay, Bonus and Ex-gratia	81,409	81,897
Contribution to Provident Funds and Other Funds	8,281	9,806
Welfare Expenses	13,996	11,610
	<b>103,686</b>	<b>103,313</b>
<b>SCHEDULE ' 19 '</b>		
<b>SELLING, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES :</b>		
Rates & Taxes(Net)	696	795
Rent Paid	204	177
Lease rent Paid	15	17
Insurance	9,639	12,949
Business Head Office Expenses	5,400	7,200
Miscellaneous Expenses	26,225	21,740
Travelling & Conveyance	6,394	7,821
Donations	149	170
Auditors' Remunerations		
Audit Fee	325	225
Tax Audit Fee	20	20
Certification Fee (including Review Report Fees)	121	86
Expenses	70	125
Directors' Remuneration	3,648	3,562
Directors' Sitting fee	415	360
Commission on Sales	1,274	1,419
Sales Promotion	94	277
Others Sales Overhead Expenses	55	27
Foreign Exchange Fluctuation (Net)	138	43
Sundry Balance written off (Net)	446	-
Advertisement	285	407
Discount	-	818
Rebate & Claims	7,996	15,174
Freight & Forwarding(Net)	10,865	6,557
Provision For Doubtful Debts	422	-
Loss on sale of Assets(Discarded)	1,248	-
Miscellaneous Expenditure written off	6,326	3,572
	<b>82,470</b>	<b>83,541</b>
<b>SCHEDULE ' 20 '</b>		
<b>INTEREST AND FINANCIAL CHARGES</b>		
On Term Loans	65,892	78,536
Others	18,107	22,806
Debt Restructuring Expenses	7,980	5,855
	<b>91,979</b>	<b>107,197</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET  
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**SCHEDULE '21'  
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**A) GENERAL**

- i) The Financial Statements are prepared on the historical cost convention and on the Accounting principle of a going concern.
- ii) Accounting Principles not specifically referred to otherwise are consistent with earlier years and in consonance with generally accepted accounting Principle.

**B) FIXED ASSETS**

- i) Fixed Assets are stated at cost of acquisition or construction inclusive of incidental expenses related there to and is net of cenvat credit.
- ii) Machinery spares which can be used only in connection with an item of fixed assets and whose use is expected to be irregular (Insurance Spares) are Capitalized during the year as an addition to the parent assets and written off over the remaining estimated useful life of the parent assets.
- iii) Cost of leasehold land is amortized over the period of lease.

**C) CAPITAL WORK IN PROGRESS**

These are stated at cost and other relevant overheads incurred during construction period.

**D) DEPRECIATION & AMORTISATION**

- (i) Depreciation on Fixed Assets as at 31.3.1987 has been provided at the rates prevailing at that time on Straight Line Method pursuant to Circular No. 1/86 dated 21st May, 1986 issued by the Department of Company Affairs, New Delhi.
- (ii) For Fixed Assets added from 1st April, 1987 onwards, the specified period has been recomputed according to the revised rate of depreciation as specified in schedule XIV to the Companies Act, 1956, as amended by Notification dated 16th December, 1993 and the amount of depreciation has been calculated by allocating the unamortized value over the remaining part of the recomputed specified period.
- (iii) For Fixed Assets added from 1st April, 1993 onwards, depreciation has been provided on Straight Line Method at the rates, specified in Schedule XIV, as amended by Notification dated 16th December, 1993 of the Companies Act, 1956 except in the following case where depreciation is charged over the useful lives of the assets-

Assets	Useful Life(Year)
Condensers (P & M)	03
Heat Sealing Machine (P & M)	01
Weighing Machine (P & M)	01

- (iv) Leasehold land is amortized over the period of lease.
- (v) Insurance Machinery Spares are written off over the remaining estimated useful life of the related parent assets.
- (vi) Depreciation on Fixed Assets Added/Disposed off/Discarded during the year is provided on prorata basis with reference to date of addition/disposal/discarding

**E) INVENTORIES**

- (i) Finished Goods (including goods in transit), Goods-in-process are valued at cost or net realizable value whichever is lower.
- (ii) Raw material (including raw material in transit) are valued at weighted average cost or net realizable value whichever is lower.
- (iii) Stores & Spare parts are valued at or below cost after providing for cost of Obsolescence and other anticipated Losses, wherever considered necessary.
- (iv) Cost comprises of all costs of purchases, costs of conversions and other costs incurred in bringing the inventory to their present location and conditions. Cost formula used is weighted Average cost.
- (v) The value of closing stock of finished goods lying at depot is exclusive of freight charges and inclusive of excise duty paid.

**F) FOREIGN CURRENCY TRANSACTIONS**

- (i) Foreign currency Transactions are recorded at the exchange rate prevailing on the date of transaction.
- (ii) Monetary assets and Liabilities in foreign currency transactions remaining unsettled at the end of the year (other than forward contract transactions) are translated at the year end rates and the corresponding effect is given to the respective account.
- (iii) Exchange differences' arising on account of fluctuations in the rate of exchange is recognized in the Profit & Loss Accounts.
- (iv) Exchange rate difference arising on account of conversion/translation of liabilities incurred prior to 01st April, 2007 for acquisition of Fixed Assets were adjusted to the carrying value of

**SCHEDULES FORMING PART OF THE BALANCE SHEET  
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the Fixed Assets however the exchange rate difference arising on such transaction after 31st March, 2007 is recognised in the Profit & Loss account.

**G) RETIREMENT BENEFITS**

- i) Employee benefits of short term nature are recognized as expense as and when it accrues. Long term employee benefits (e.g. long service leave) and post employment benefits (e.g. gratuity), both funded and unfunded, are recognized as expense based on actuarial valuation at year end which takes into account actuarial gains and losses.
- ii) The company makes defined contribution to Provident Fund and Superannuation Fund, which are recognized in the Profit & Loss Account on accrual basis.

**H) RECOGNITION OF INCOME & EXPENDITURE**

Sales revenue is recognized on transfer of the significant risks and rewards of the ownership of goods to the buyer and stated at net of Sales Tax, VAT, Trade discounts but includes excise duty. Income and Expenditure are recognised on accrual basis but Sales claims under escalation clause, scrap sale, insurance and other claims are accounted on acceptance basis.

**I) BORROWING COST**

The Company capitalizes borrowing Cost which are specifically used for the purpose of obtaining/ construction or production of a qualifying asset and the balance amount is charged to Profit & Loss Account as a revenue expenditure.

**J) TAXATION**

Provision for Income-tax (current tax) is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred taxes are recognized for the future tax consequences attributable to timing differences between income as determined in financial statement and its recognition for tax purposes. Deferred Tax (asset and liability) has been measured by using Tax Laws that have been substantively enacted as on the Balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Fringe Benefit Tax (FBT) is accounted for on the estimated value of fringe benefits for the year as per the related provisions of the Income-tax Act.

**K) INTANGIBLE ASSETS**

- (i) Intangible Assets are recognized by the Company only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the same can be measured reliably.
- (ii) Intangible Assets are amortized on a systematic basis over its useful life and the amortization for each period will be recognized as an expense.

**L) PROVISION**

A Provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

**M) CONTINGENT LIABILITY**

Contingent Liabilities are not provided for in the accounts. These are disclosed by way of Notes to the Accounts.

**N) GOVERNMENT GRANTS/CAPITAL SUBSIDY**

- i) Capital subsidy/government grants are accounted for where it is reasonably certain that the ultimate collection will be made.
- ii) Capital subsidy/government grants related to specific non depreciable assets are credited to capital reserve account.
- iii) Capital subsidy/government grants related to specific depreciable assets are credited to capital reserve account and are recognized as income in profit and loss statement on a systematic and rational basis over the useful life of assets.

**O) INVESTMENTS**

- i) Long term investments are stated at cost after deducting provision made, if any, for permanent diminution in the value.
- ii) Current investments are valued at lower of Cost or fair market value.

**P) 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 asset. An Impairment loss is recognized as an expense in the Profit & Loss Account 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.

**SCHEDULES FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH, 2008**

**1. (i) CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF THE FOLLOWING :  
(Rs. in '000)**

<b>A.</b>	<b>Claims against the Company not acknowledged as debts:</b>	<b>As at 31st March, 2008</b>	<b>As at 31st March, 2007</b>
	a. Annual Minimum Guarantee Electricity charges & delayed payment surcharge thereon against which Rs. 100 lacs (previous year Rs. 100 lacs) has been deposited Ref. note No. '17'	<b>6,30,486</b>	6,25,326
	b. Delayed payment surcharge on the amount of fuel surcharge arrears.	<b>63,414</b>	61,151
<b>B.</b>	Bank Guarantees outstanding (Against which Rs. 166.14 lacs has been deposited as FDR with Banks)	<b>16,614</b>	11,377
<b>C.</b>	Income Tax		
	a) For A.Y.1998-99, 2000-01, ITAT (Appeals) effect pending with A.O.	<b>1,315</b>	1,315
	b) For A.Y.2003-04 & 2004-05 CIT (Appeals) effect pending with A.O.	<b>76</b>	76
	c) For A.Y.2002-03, 2005-06 for which the Company has filed appeal with CIT (Appeals)	<b>4371</b>	229
<b>D.</b>	Liquidated damage and interest claimed by BSIDC not acknowledged by the Company.	<b>3,040</b>	3,040
<b>G.</b>	Compensation payable against various labour cases pending with various courts.	<b>15,600</b>	15,600

**(ii) PROVISIONS: (Rs. in '000)**

<b>Nature</b>	<b>Opening Balance</b>	<b>Addition</b>	<b>Utilisation</b>	<b>Closing Balance</b>
1. Various pending labour cases with court	15,000	0.00	220	14,780

- (iii) a. Balance in provision for income tax account is after netting-off the payment made and refund received since appeal filed by the company is pending before appellate authorities.
- b. Provision for taxation for the year has been worked out considering provisions of section 115JB of the income tax act.
- c. As per the Guidance Note on Accounting for Credit available in respect of Minimum Alternative Tax (MAT) under the Income tax Act, 1961, the Company has recognized the MAT credit entitlement for current year as well as for earlier year(s) amounting to Rs. 24191671/- and Rs.74124998/- respectively and shown under Loan and Advances as MAT credit entitlement & the same has been credited to Profit & Loss Account.
- d. Adjustment of Taxation for earlier year(s) includes credit of Rs.74124998/- as MAT credit entitlement for earlier years.
2. During the year the Basis of valuation of finished goods of chlorine & HCL has been changed from Joint Product to By-Product & accordingly the Brine cost and expenditures upto electrolysation have been directly charged to the cost of Caustic Soda production whereas up to previous year ended on 31st March, 2007 it was proportionately shared among "Caustic Soda", "Liquid Chlorine" and "Hydrochloric Acid". The impact of the change of the method is reduction in the value of closing stock of finished goods by Rs. 8.90 lacs resulting reduction in Profit of the year.

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

### 3. Retirement Benefits

#### i) In respect of gratuity and Leave encashment, a defined benefit scheme (Based on Actuarial Valuation)

The Company was recognizing the retirement Benefits as per the erstwhile Accounting standard (AS)-15 on "Retirement Benefits" till 31st March, 2007. To comply revised AS-15 and in accordance with the transitional provision of Revised Standard, the incremental liability at the beginning of the year amounting to Rs. 191.58 lacs (net of deferred tax of Rs.98.65 lacs) in respect of gratuity and Rs.6.68 lacs (net of deferred tax of Rs. 31.40 lacs) in respect of Compensated absences has been adjusted against opening balance of General Reserve.

#### Net asset /(liability) recognized in the Balance Sheet 31.03.2008

A	Funded Status	Rs.(Lacs)
a)	Present Value of Defined Benefit Obligation	416.89
b)	Fair Value of Plan Assets	127.32
c)	Net Asset/(Liability) Recognized in Balance Sheet	(289.57)

#### Total Expenses recognized in the statement of Profit & Loss for year ended on 31.03.2008

A	Components Of Employer Expenses	Rs.(Lacs)
a)	Current Service Cost	34.83
b)	Interest Cost	46.70
c)	Actuarial Losses/(Gains)	(71.04)
d)	Total Expenses recognized in Statement of Profit & Loss account.	10.49
e)	Short term Compensated absences paid during the year charged to Profit & Loss account.	40.63

#### Reconciliation of Defined Benefit Obligation and fair Value of Assets for the year ending on 31.03.2008

A	Change in Defined Benefit Obligation	Rs.(Lacs)
a)	Present Value of DBO at beginning of the year	512.02
b)	Current Service Cost	34.83
c)	Interest Cost	46.70
d)	Actual (Gains)/losses	(71.04)
e)	Benefits Paid	(105.62)
f)	Present Value of DBO at the end of year	416.89
<b>B</b>	<b>Change in Fair Value of Assets</b>	
a)	Plan assets At the Beginning of year	183.70
b)	Expected Return on plan assets	14.87
c)	Actual Company contributions	34.37
d)	Employee Contributions	0.00
e)	Benefits paid	(105.62)
f)	Plan assets at the end of year	127.32



## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

### Principal Actuarial Assumptions at the Balance Sheet date (31st March, 2008)

Discount Rate	7.50%
Rate Of return on plan Assets	9.00%
Rate Of increase salaries	5.00%
Expected Average remaining working lives of employees (years)	14.03

The estimates of future salary increases, considered in actuarial valuation, taking account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

#### ii) In respect of Defined contribution schemes-

- a) The company contributes 12% of salary for all eligible employees towards Provident Fund managed by Approved Trust.
- b) The company also contributes a certain percentage of salary for all eligible employees as per scheme towards Superannuation Funds managed by Approved Trusts.

(Rs in '000)

31st March'08      31st March'07

4. Advances (Dr.) include due from Managing Director- Rs. Nil and Secretary-Rs. Nil (Maximum Balance of any day during the year Rs Nil and Rs 15000/- respectively) Nil                      Nil
5. Estimated amount of contract remaining to be executed on Capital Account and not provided for against which advances paid Rs 286.16 lacs (Previous year Rs 15.86 lacs) 1,56,091                      16,688
6. As per Accounting standard 17 in respect of segment reporting, the company's Products are chemicals and therefore fall under single segment namely chemicals. Hence, no separate classifications have been made. The Company also Generates Power for its Captive Consumption, therefore, the same has not been considered a separate segment.

#### 7. RELATED PARTY DISCLOSURE :

In Compliance with Accounting Standard 18 "Related party disclosure" which has become mandatory. Information Required are as under :

##### A. List of Related Parties

- (i) **Holding Company**  
Hindalco Inds. Ltd.
- (ii) **Fellow Subsidiaries Company**

Indian Aluminium Company Limited	Lucknow Finance Company Limited
Indal Exports Limited	Dahej Harbour and Infrastructure Limited
Minerals and Minerals Limited	Tubed Coal Mines Ltd
Renuka Investments & Finance Limited	Novelis (India) Infotech Ltd.
Renukeshwar Investments & Finance Limited	Birla Resources Pty Limited
Suvas Holdings Limited	Aditya Birla Minerals Limited
Utkal Alumina International Limited	Birla Maroochydore Pty Limited
Hindalco - Almex Aerospace Limited	

**SCHEDULES FORMING PART OF THE BALANCE SHEET  
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Birla Nifty Pty Limited	GmbH
Birla Mt Gordon Pty Limited	Novelis Deutschland GmbH
AV Metals Inc, Canada	Novelis Aluminium Holding Company
AV Aluminium Inc , Canada	Novelis Italia SpA
AV Minerals BV, Netherland	Novelis Luxembourg SA
Novelis Belgique SA	Al Dotcom Sdn. BHD.
Novelis Benelux NV	Alcom Nikkei Specialty Coatings Sdn Berhad
Albrasilis - Alumínio do Brasil Industria e Comercio Ltda	Aluminum Company of Malaysia Berhad
Consortio Candonga (Unicorporated Joint Venture)	Novelis de Mexico SA de CV
Novelis do Brasil Ltda.	Novelis Korea Ltd.
4260848 Canada Inc.	Novelis Sweden AB
4260856 Canada Inc.	Novelis AG
Novelis Cast House Technology Ltd.	Novelis Switzerland SA
Novelis No. 1 Limited Partnership	Novelis Technology AG
France Aluminium Recyclage SA	Novelis Automotive UK Ltd.
Novelis Foil France SAS	Novelis UK Ltd.
Novelis Lamines France SAS	Novelis Europe Holdings Limited
Novelis PAE SAS	Aluminum Upstream Holdings LLC (Delaware)
Aluminium Norf GmbH	Eurofoil, Inc. (USA) (New York)
Deutsche Aluminium Verpackung Recycling GmbH	Logan Aluminium Inc. (Delaware)
Isytec GmbH (In Liquidation)	MiniMRF LLC (Delaware)
Novelis Aluminium Beteiligungs	Novelis Corporation (Texas)
	Novelis Finances USA LLC (Delaware)
	Novelis PAE Corporation (Delaware)
	Novelis South America Holdings LLC (Delaware)

(iii) **Key Managerial Personnel**

Mr. S. S. Gupta

**B. Names of the Related Parties with whom transactions were carried out during year and description of relationship.**

(i) **Holding Company**

Hindalco Inds. Ltd.

(ii) **Fellow Subsidiary Company**

Renuka Investments & Finance Limited

(iii) **Key Managerial Personnel (KMP)**

Mr. S. S. Gupta

**SCHEDULES FORMING PART OF THE BALANCE SHEET  
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**C. Disclosure of Related Party transactions and amount due to/from Related Parties as on 31st March, 2008**  
(Rs. in '000)

Sl. No.	Nature of Relationship/ Transactions	Holding Company	Fellow Subsidiary	KMP	Relatives of KMP	Total
1.	Managing Director Remuneration	— —	— —	3,648 (3,562)	— —	3,648 (3,562)
2.	Purchase of goods/licence	1,98,888 (16,934)	— —	— —	— —	1,98,888 (16,934)
3.	Sale of goods	13,91,353 (13,19,797)	— —	— —	— —	13,91,353 (13,19,797)
4.	Sale of Assets	— (1,452)	— —	— —	— —	— (1,452)
5.	Repayment of Unsecured Loan to Related Party	1,22,550 —	— —	— —	— —	1,22,550 —
6.	Interest on unsecured loan	17,825 (22,655)	— —	— —	— —	17,825 (22,655)
7.	Dividend paid	18,008 (12,005)	1,163 (775)	- -	- —	19,171 (12,780)

**Outstanding**

8.	Sundry Debtors	377 (61,036)	— —	— —	— —	377 (61,036)
9.	Sundry Creditors	17,786 (-520)	— —	— —	— —	17,786 (-520)
10.	Loans & Advances	1,30,000 (2,52,550)	— —	— —	— —	1,30,000 (2,52,550)

Figures in bracket ( ) denotes previous year's figures.

7. In compliance with Accounting standard-20 "EARNING PER SHARE" issued by the Institute of Chartered Accountants of India, Basic earning per share has been calculated by dividing net profit after tax and Prior Period Adjustment with the weighted average number of Equity Shares outstanding during the period as per details given below :-

Sl. No.	Particulars	As at 31.03.2008	As at 31.03.2007
1)	Net Profit available for Equity Shareholders* (Rs. in '000)	4,92,681	3,37,556
2)	Weighted average Number of Equity Shares outstanding during the year (No. in '000)	23,386	23,386
3)	Basic earning per share* (Rs.) (on nominal value of Rs. 10 per share)	21.07	14.43

\* Excludes adjustment for taxes for earlier year credited/debited to Profit & Loss account during the reporting year.

**SCHEDULES FORMING PART OF THE BALANCE SHEET  
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8. In compliance with the Accounting standard - 22 "Accounting for taxes on Income" which has become mandatory, the Company has recognised deferred tax Liability (Net) amounting to Rs.477.09 lacs for the current year & the same has been charged to Profit & Loss account. The Company has also recognized deferred tax asset on transitional provisions of retirement benefits as per revised Accounting Standard-15 amounting to Rs.130.05 lacs and the same has been transferred to General Reserve.

I) DEFERRED TAX ASSETS AND LIABILITIES ARE THE TAX EFFECT OF THE FOLLOWING ITEMS

	(Rs. in '000)	
	Tax effect for the year ended on 31.03.2008	Tax effect for the year ended on 31.03.2007
<b>DEFERRED TAX</b>		
<b>A. LIABILITY</b>		
Depreciation	49,461	59,958
Premium on restructuring of Term Loan	(1,991)	(1,929)
<b>B. ASSETS</b>		
Deferred Revenue Expenses	488	(123)
Disallowable/(Allowable) U/s 43(B)(Net)	(812)	-
Porvision for Bad & Doubtful debts	85	317
<b>Net Impact</b>	<b>47,709</b>	<b>57,835</b>

II) POSITION OF DEFERRED TAX ASSETS & LIABILITIES AS ON BALANCE SHEET DATE ARE AS UNDER:

	(Rs. in '000)	
	As at 31.03.2008	As at 31.03.2007
<b>DEFERRED TAX LIABILITIES</b>		
Depreciaton	2,95,393	2,45,931
Others	2,183	4,174
	<b>2,97,576</b>	<b>2,50,105</b>
<b>DEFERRED TAX ASSETS</b>		
Retirement Benefit Expenses	12,193	-
Unamortized Expenses & others	1,026	452
	<b>13,219</b>	<b>452</b>

9. Intangible Assets Consists of Rs. 33, 95,467/- related to computer software which is under amortization over the useful life of 3 years from the date of their acquisition/purchase.
10. Miscellaneous expenditure as on 31.03.2008 consist of
- Rs.3,56,062/- related to VRS payment and is under amortization over a period of 5 years from 2004-05.
  - Rs.4,53,330/- related to VRS payment and is under amortization over a period of 5 years from 2005-06.
  - Rs. 11,81,243/- related to VRS payment and is under amortization over a period of 4 years from 2006-07.
  - Rs. 78,43,065/- related to VRS payment and is under amortization over a period of 3 years from 2007-08.
  - Rs.64,23,597/- related to Premium on Restructuring of Long Term Debts & is under amortisation proportionately over the remaining life of Debts.
- 10a. In compliance with the Accounting Standard 28 - "Impairment of Assets" which has become mandatory, the company has considered its Fixed Assets at cost of acquisition or cost of construction, less depreciation as per policies adopted by the company vide **Note no. 1(B),(C) & (D)** and none of the assets has been revalued. Based on the internal and external sources of information available with the company there is no other impairment of Assets.
11. The Power (electricity) purchases as well as sale (supply) to JSEB has been accounted for in the accounts as sales/purchase of power.

**SCHEDULES FORMING PART OF THE BALANCE SHEET  
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(Rs. in '000)

	<u>As at 31st March, 2008</u>	<u>As at 31st March, 2007</u>
<b>12. Capital work-in-progress includes following Pre-operative expenses pending allocation:</b>		
(A) Salary, wages, bonus & ex-gratia	219	538
(B) Rent, rates & taxes	63	42
(C) Consultancy & Legal Charges	2,644	7,034
(D) Insurance	224	282
(E) Interest & Financial charges	33	112
(F) Administrative & other Expenses	35	649
(G) Foreign Currency fluctuations	-	(40)
(H) Power & Fuel	-	187
	<b>3,218</b>	<b>8,804</b>
Add : Brought forward from previous year	<b>7,335</b>	<b>1,114</b>
	<b>10,553</b>	<b>9,918</b>
Less : Allocated to Fixed Assets	<b>7,671</b>	<b>2,583</b>
	<b>2,882</b>	<b>7,335</b>

Note : The above noted revenue expenditures capitalized as a preoperative expense relates only upto the period the concerned Fixed Assets have been put to use.

**13. Managing Directors' Remunerations\***

	(Rs. in ' 000)	
	<u>2007-08</u>	<u>2006-07</u>
Basic Salary	1,410	1,048
Special allowance	965	1,006
Variable pay	490	148
Contribution to Provident & Other Funds	355	280
Medical expenses	118	83
Other Perquisites	310	997
<b>Total:</b>	<b>3,648</b>	<b>3,562</b>

\* Excludes Gratuity and value of unavailed earned leave salary

The Computation of net profit under section 349 of the Companies Act, 1956 has not been given as no commission is payable to the Managing Director and/or Whole Time Director(s) under Section 309 of the Companies Act, 1956 and the remuneration paid to the Managing Director and or Whole Time Director(s) is within the limit specified U/s 198, read with section 349 & 309.

14. The company has not received any memorandum (as required to be filled by the supplier with the notified authority under the Micro Small & Medium Enterprises Development Act-2006) claiming their status as Micro Small & Medium Enterprises. Accordingly the amount paid/payable together with the interest, if any, have not been given.
15. The realisation from generation of Power (Captive consumption) & cost of power Generation is charged to Profit & Loss Account in respective Division viz Power Plant Division and Caustic Division.
16. Stores & Spare parts consumed include replacement of Spare parts of Plant & Machinery, as per Consistent policy followed by the company.

**SCHEDULES FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH, 2008**

17. The order of Consumer Grievance Redressal Forum relating to Annual Minimum Guarantee case was challenged by JSEB before Ranchi High Court. On hearing, the Ranchi High Court directed JSEB to raise the bill in accordance with the Forum's order subject to final adjudication of pending writ. Complying with Forum's order, JSEB has raised bill which involved a refund of Rs. 17.80 Lacs to the Company. Since the writ is pending before the Court, contingent liability of Rs. 63.05 crores has been considered in the accounts.
18. Previous year's figures have been regrouped / recast wherever necessary to confirm to this year classification.
19. Information pursuant to the provisions of paragraphs 3 & 4 of Part-II of Schedule VI of the Companies Act, 1956.

a. CAPACITY AND PRODUCTION:

Product	Unit	Installed Capacity*		Production***	
		2007-08	2006-07	2007-08	2006-07
Caustic Soda(100% NaOH)	MT	<b>92750</b>	78750	<b>79360</b>	73556
Liquid Chlorine	MT	<b>56000</b>	52500	<b>47226</b>	46093
Hydrochloric Acid	MT	<b>43750</b>	43750	<b>58041**</b>	59857**
Sodium Hypo Chlorite (Lye weight)	MT	<b>18000</b>	18000	<b>8301</b>	5860
Compressed Hydrogen	NM <sup>3</sup>	<b>1742400</b>	1742400	<b>244795</b>	233363
Aluminium Chloride	MT	<b>12000</b>	-	<b>5217#</b>	-
Electricity (Thermal Power)	MW/ Hour	<b>30</b>	30	<b>27.23</b>	24.89

\* The installed capacity is as certified by the management and licensed capacity is not given as licensing has been abolished/is not applicable.

\*\* Production of HCL is made on 33% basis.

\*\*\* Actual Production is net of Captive/Auxiliary consumption except for generation of electricity.

# Excludes trial run production

Previous year figures have been regrouped/rearranged wherever necessary

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

### b. PARTICULARS OF SALES & STOCK

(Rs. in '000)

	Sales		Opening stock		Closing stock		Purchase	
	Qty. (MT)	Value	Qty. (MT)	Value	Qty. (MT)	Value	Qty. (MT)	Value
Caustic Soda	78360 (73,481)	15,29,934 (14,67,292)	235 (160)	2,814 (1,584)	1235 (235)	13,373 (2,814)	- -	- -
Liquid Chlorine (including export)	47327 (46008)	18,70,54 (86,723)	122 (37)	191 (118)	21 (122)	108 (191)	- -	- -
Hydrochloric Acid (33%)	58111 (59,664)	57,112 (59,721)	336 (143)	255 (212)	266 (336)	40 (255)	- -	- -
Diluted Sulphuric Acid	1228 (986)	3.151 (1,816)	- -	- -	- -	- -	- -	- -
Sodium Hypo Chlorite (Lye)	8334 (5,845)	17,862 (14,006)	63 (48)	132 (109)	30 (63)	54 (132)	- -	- -
Aluminium Chloride***	4,834	1,71,076 -	- -	- -	383 -	12,543 -	- -	- -
Compressed Hydrogen	2,42,506 (2,35,519)	2,207 (1,995)	- (2,156)	- (19)	2,289 -	12 -	- -	- -
Electricity to / from JSEB*	1,76,03,505 (95,06,000)	56,331 (30,419)	- -	- -	- -	- -	70,60,500 (20,13,500)	22,594 (6,443)
<b>TOTAL</b>		<b>20,24,727**</b> (16,61,972)	- -	<b>3,392</b> (2,042)	- -	<b>26,130</b> (3,392)	- -	<b>22,594</b> (6,443)

Figures in bracket ( ) denotes previous year's figures

\* Qty. in unit (KWH)

\*\* Excludes Excise + cess of Rs. 324256/- realized on sale of fixed assets & scrap.

\*\*\* Sales exclude sale of product during trial period and excise duty on such sales.

### c. DETAILS OF RAW MATERIALS CONSUMED :

(Rs. in '000)

Items	Unit	Qty.		Value	
		2007-08	2006-07	2008-07	2006-07
Salt	MT	<b>128139</b>	123723	<b>2,38,893</b>	2,25,844
Soda Ash	MT	<b>258</b>	284	<b>3,789</b>	3,459
Aluminium Ingots*	MT	<b>1112</b>	721	<b>1,19,840</b>	-
Barium Carbonate	MT	<b>1015</b>	932	<b>19,152</b>	18,702
Coal	MT	<b>214975</b>	198239	<b>2,71,188</b>	2,32,072
Others	MT	-	-	<b>20,604</b>	9,128
				<b>6,73,466</b>	4,89,205

Excludes consumption of aluminium ingots during trial run production.

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

### d. DETAILS OF IMPORTED & INDIGENOUS MATERIALS CONSUMED

(Rs. in '000)

	2007-08		2006-07	
	Amount	%	Amount	%
i) Consumption of Raw Materials :				
	Imported	Nil	591	0.12
	Indigenous	6,73,466	4,88,614	99.88
	<b>6,73,466</b>	<b>100.00</b>	4,89,205	100.00
ii) Consumption of Stores & Spares:				
	Imported	Nil	Nil	-
	Indigenous	62,130	44,319	100.00
	<b>62,130</b>	<b>100.00</b>	44,319	100.00

(Rs. in '000)

	2007-08	2006-07
<b>CIF VALUE OF IMPORTS</b>		
i) Raw Materials	-	462
ii) Capital Goods & Components	<b>1,361</b>	13,188
<b>EXPENDITURE IN FOREIGN CURRENCY*</b>	<b>8,312</b>	34
<b>EARNING IN FOREIGN CURRENCY</b>		
Export of goods on FOB basis	<b>6,267</b>	5,266

\*Includes advance payment made against purchase order(s).

Signature to Schedule 1 to 21

As per our report of even date  
For M.L. Sharma & Co.,  
Chartered Accountants

C.H. Bandi  
Partner  
Membership No. 5385  
Place : Camp : Mumbai

Akash Mishra  
Company Secretary

A. K. Agarwala  
Biswajit Choudhuri  
J. C. Chopra  
K. K. Maheshwari  
Subrajit Bhowmick  
S. S. Gupta

Director  
Director  
Director  
Director  
Managing Director

Dated : 22<sup>nd</sup> April, 2008



# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

20. Additional information as required under part IV of Schedule VI of the Companies Act, 1956

## BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.	03-001255 of 1976-77	State Code	03
Balance Sheet Date	31 / 3 / 2008		
	Date      Month      Year		

### II. Capital Raised during the year(Amount in Rs. Thousands)

Public Issue	Rights Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

### III. Position of Mobilisation and Deployment of Funds(Amt. In Rs. Thousands)

Total Liabilities	Total Assets
3068790	3068790
Sources of Funds :	Reserves & Surplus
Paid-up Capital	1740336
233865	Unsecured Loans
Secured Loans	136569
660444	Deferred Tax Liabilities
Application of Funds :	297576
Net Fixed Assets	Deferred Tax Assets
2540727	13219
Net Current Assets	Investments
248587	250000
Accumulated Losses	Misc. Expenditure
Nil	16257

### IV. PERFORMANCE OF COMPANY(Amount in Rs. Thousands)

Turnover		Total Expenditure
2025050		1518698
+-	Profit/Loss Before Tax	+- Profit/Loss after Tax
+	447612	+
Earning per share in Rs.		492681
21.07		

### V. Generic Names of Three Principal Products/Services of Company As per Monetary Terms

Item Code No. (ITC Code)	
Product Description	281510
Item Code No. (ITC Code)	Caustic Soda Lye
Product Description	280110
Item Code No. (ITC Code)	Liquid Chlorine
Product Description	280610
Item code No. (ITC Code)	Hydrochloric Acid
Product Description	Electricity
Item code No. (ITC Code)	Sodium Hypo Chloride
Product Description	282732
Item code No. (ITC Code)	Aluminium Chloride

21. The figures are rounded off nearest to thousand rupees and previous year's figures have been re-arranged/regrouped wherever necessary.

22. Signature to Schedule 1 to 21

For M.L. Sharma & Co.,  
Chartered Accountants

C. H. Bandi  
Partner  
Membership No. 5385  
Place : Camp : Mumbai  
Dated : 22<sup>nd</sup> April, 2008

Akash Mishra  
Company Secretary

A. K. Agarwala  
Biswajit Choudhuri  
J. C. Chopra  
K. K. Maheshwari  
Subrajit Bhowmick  
S. S. Gupta

Director  
Director  
Director  
Director  
Managing Director

**ADITYA BIRLA CHEMICALS (INDIA) LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008**

	(Rs. in '000)	
	2007-08	2006-07
<b>A. Cash Flow from Operating Activities</b>		
Net Profit/(loss) before tax and extraordinary items	584,497	447,612
Adjustments for :		
Depreciation	173,603	158,227
Miscellaneous Expenditure w/off	14,306	9,427
Investments-loss/(profit) on sale of Investment	(781)	(941)
Loss/(Profit) on sale of Assets (Net)	1,248	(1,005)
Interest/Dividend Received	(29,863)	(20,309)
Deferred Income from Capital Subsidy	(9,842)	(5,200)
Interest charged	83,999	101,342
<b>Operating Profit before working capital changes</b>	<b>817,167</b>	<b>689,153</b>
Changes in working Capital		
Trade and Other receivables	(6,585)	394
Inventories	(44,473)	10,504
Trade payables	(28,813)	(81,883)
<b>Cash generated from operations</b>	<b>737,296</b>	<b>618,168</b>
Direct taxes paid	(70,342)	(52,915)
<b>Cash flow before non-recurring items</b>	<b>666,954</b>	<b>565,253</b>
Increase in Deferred Miscellaneous Exp.	(13,889)	(2,363)
<b>Net cash from operating Activities</b>	<b>653,065</b>	<b>562,890</b>
<b>B. Cash Flow from Investment Activities</b>		
Purchase of Fixed Assets and other Capital Expenditure	(210,586)	(271,160)
Sale of discarded Fixed Assets	4,167	4,339
Purchase of Investment	(250,000)	(62,500)
Sale of Investments	38,281	25,941
Dividend Received	4,689	0
Interest Received	27,748	15,426
<b>Cash flow before extraordinary items</b>	<b>(385,701)</b>	<b>(287,954)</b>
Extraordinary items :	0	0
	<b>(385,701)</b>	<b>(287,954)</b>
<b>C. Cash Flow from Financing Activities</b>		
Dividend Paid	(41,042)	(26,667)
Proceeds from State Capital Subsidy	0	78,430
Proceeds from Rights Issue	0	1
Repayment of Term Borrowings	(336,482)	(88,006)
Fresh Term Borrowings	10,869	100,000
Interest paid	(84,515)	(101,864)
<b>Net cash used in Financing Activities</b>	<b>(451,170)</b>	<b>(38,106)</b>
<b>Net change in cash and Cash Equivalents(A+B+C)</b>	<b>(183,806)</b>	<b>236,830</b>
<b>Cash and Cash Equivalents Opening Balance</b>	<b>341,204</b>	<b>104,374</b>
<b>Cash and Cash Equivalents Closing Balance</b>	<b>157,398</b>	<b>341,204</b>

As per our report of even date  
For M.L. Sharma & Co.,  
Chartered Accountants

C.H. Bandi Partner Membership No. 5385 Place : Camp : Mumbai Dated : 22 <sup>nd</sup> April, 2008	Akash Mishra Company Secretary	A. K. Agarwala Biswajit Choudhuri J. C. Chopra K. K. Maheshwari Subrajit Bhowmick S. S. Gupta	Director Director Director Director Director Managing Director
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**COMPANY SECRETARY'S RESPONSIBILITY STATEMENT**

The Company Secretary confirms that the Company has ;

1. maintained all the books of accounts and statutory registers,
2. filed all forms and returns and furnished all necessary particulars to the Registrar of Companies and/ or Authorities as required under the Companies Act, 1956,
3. registered all the charges created in favour of financial institutions, banks and others with the Registrar of Companies,
4. issued all Notices required to be given for Board Meetings and General Meetings within the time limit prescribed by law,
5. conducted the Board Meetings and Annual General Meetings as per the Companies Act, 1956,
6. effected share transfers and despatched the certificates within the time limit prescribed by various authorities,
7. transferred unpaid dividend to the Investor Education and Protection Fund, constituted by the Central Government within the time limit.

The Company has also complied with the regulations prescribed by the Stock Exchanges, SEBI and other Statutory Authorities and also the statutory requirements under the Companies Act, 1956 and other applicable statutes in force.

**Akash Mishra**  
**Company Secretary**

Camp: Mumbai  
Date : 22<sup>nd</sup> April, 2008

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

Parameters	Unit	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08
<b>Financial Results</b>											
Gross Turnover	Rs.in crores	64.29	69.82	86.22	90.78	104.27	104.84	124.83	129.05	166.31	202.51
PBDIT	Rs.in crores	3.13	8.43	1.81	28.85	36.82	37.96	50.88	55.31	71.30	85.01
PBDT	Rs.in crores	2.80	8.60	(1.78)	13.60	21.96	25.78	41.95	47.52	60.58	75.81
PBT	Rs.in crores	1.46	9.94	(4.47)	6.38	13.95	16.06	29.70	38.12	44.76	58.45
PAT	Rs.in crores	1.31	9.95	(4.47)	3.93	7.51	8.63	26.45	26.15	33.76	49.27
Net Worth	Rs.in crores	37.06	27.11	22.64	30.45	36.86	56.64*	81.53	108.56	146.13	195.79
Current Ratio	Numbers	1.22	0.35	0.76	0.95	1.04	1.42	1.34	0.98	1.66	1.56
Debt Equity Ratio	Numbers	0.29	2.45	4.74	3.64	2.64	1.37	0.73	1.02	0.76	0.40
Earning per share	Rs/Share	1.68	(12.75)	(5.73)	5.04	9.63	4.84*	11.31	11.18	14.43	21.07
Return on Capital Employed	%	3.73	(10.46)	(0.68)	15.31	21.46	21.07	27.39	32.00	21.25	23.04
Book Value/Share	Rs/Share	47.51	34.76	29.03	39.04	47.26	24.21*	34.84	46.42	62.49	85.95
Return on Net worth	%	3.53	(36.70)	(19.74)	12.91	20.37	15.24*	32.44	27.51	23.10	25.16
Dividend	%	5%	Nil	Nil	Nil	Nil	5%	8%	10%	15%	15%

\*Due to increase in equity capital on account of rights-issue at 2:1





ADITYA BIRLA CHEMICALS (INDIA) LIMITED

ADITYA BIRLA CHEMICALS (INDIA) LIMITED

Garhwa Road, P.O. Rehla - 822 124
Distt. Palamau (Jharkhand)

ATTENDANCE SLIP

32nd Annual General Meeting

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

I/We hereby record my/our presence at the Annual General Meeting of the Company being held on Thursday, the 21st August, 2008 at 10.30 A.M. at the Registered Office of the Company.

Table with 4 columns: Folio No., DP ID\*, Client ID\*, Full Name of the shareholder (In Block Letter), and Signature.

\*Applicable for investors holding shares in electronic form

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ADITYA BIRLA CHEMICALS (INDIA) LIMITED

Garhwa Road, P.O. Rehla - 822 124
Distt. Palamau (Jharkhand)

PROXY FORM

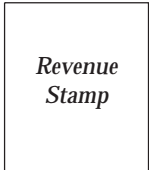
Form fields for DP ID\*, Client ID\*, and Regd. Folio No.

Folio No./Client ID No....., DP ID No.....

I/We..... of.....being a Member/ Members of Bihar Caustic & Chemicals Limited hereby appoint..... of .....or failing him..... of.....as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company, to be held on Thursday, the 21st August, 2008 at 10.30 A.M. and at any adjournment thereof.

As Witness my/our hand/hands this.....day of.....2008.

Signature (s).....



\*Applicable for investors holding shares in electronic form

Note : The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

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