

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

DIRECTORS

Shri A. K. Agarwala
Shri Biswajit Choudhuri
Shri J. C. Chopra
Shri P. P. Sharma
Shri K. K. Maheshwari
Shri K. C. Jhanwar
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

AUDITORS

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

COST AUDITORS

M/s. Jaso & Co.,
Ranchi

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

CONTENTS

	PAGE NO.
Directors' Report	3
Corporate Governance Report	10
Management Discussion and Analysis Report	21
Auditors' Report	25
Balance Sheet	28
Profit and Loss Account	29
Schedules to Accounts	30

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ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

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 31st March 2009.

FINANCIAL PERFORMANCE

The performance of the Company for the financial year ended 31st March 2009 is summarised below :

	2008-2009	Rs. in lacs 2007-2008
Gross Turnover	23090.96	20250.50
Gross Profit/(Loss)	7431.63	7581.00
Less : Depreciation	1871.16	1736.03
Profit before Tax	5560.47	5844.97
Provision for Fringe Benefit Tax	(20.51)	(20.99)
Provision for current tax	(623.58)	(662.00)
Provision for deferred tax	(587.49)	(477.09)
MAT Credit Entitlement	279.32	241.92
Profit/(Loss)after Tax	4608.21	4926.81
Adjustment of Taxes for earlier years	55.49	742.38
Balance brought forward from previous year	13008.11	7995.68
Transferred to state capital subsidy	(150.42)	-
Balance available for Appropriation	17521.39	13664.87
APPROPRIATIONS :		
Proposed Dividend	350.80	350.80
Tax on Proposed Dividend	59.62	59.62
Transfer to General Reserve	230.41	246.34
Balance carried to Balance Sheet	16880.56	13008.11

DIVIDEND

In view of the sustained performance, your Directors are pleased to recommend a dividend @ 15 % i.e., Rs. 1.50/- per share on the paid up equity share of Rs. 10/- each of the Company.

CHANGE OF NAME OF COMPANY

We are pleased to inform that in consequence of the approval of the members for the change of the name of the Company in Extra Ordinary General Meeting of the Company held on 7th January 2009, the Registrar of Companies, Bihar & Jharkhand approved the change of name of the Company from "Bihar Caustic & Chemicals Limited" to "**Aditya Birla Chemicals (India) Limited**" and issued the Fresh Certificate of Incorporation incorporating the new name of the Company with effect from 14th January 2009.

OPERATING RESULTS & PROFITS

Your Company is continuously moving towards its journey of excellence by maintaining benchmark performance in the Chlor alkali Industry. Despite an overall challenging environment, your Company has been able to achieve superior performance. The global financial meltdown has seized the development momentum in general and industrial growth in particular but being a fundamentally strong, your company did not foresee any financial crunch. However, there has been severe pressure on the realization of Chlorine and HCL due to industrial slow down which had impacted the overall sales realization of the year under review. The performance of your company would have been better had the industrial growth momentum been continued.

For the year under review, the gross turnover was higher by 14.03 % at Rs. 230.91 crores as compared to Rs. 202.50 crores in the previous financial year. Net Sales during the year was Rs. 204.07 crores as compared

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
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DIRECTORS' REPORT TO SHAREHOLDERS (Contd..)

to Rs. 174.27 crores in the previous year. Profit before tax stood at Rs. 55.60 crores as against previous year's profit of Rs. 58.45 crores. After adjustment of the taxes for the current year, the net profit stood at Rs. 46.08 crores in comparison to previous year's profit of Rs. 49.27 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 :

As conveyed to our shareholders in previous Annual General meeting that your Company has commissioned 48 TPD Stable Bleaching Powder Plant at the end of March'08, the plant is now fully stabilized on all quality parameters and product is well accepted in the market.

We are also pleased to inform that your Company has successfully commissioned one more Electrolyser in the beginning of January' 09 and the same is fully stabilized on all operational parameters. With this installation, the Plant capacity has increased to 300 MT per day on consistent basis. The New Electrolyser acquired from the renowned technology supplier M/s Uhde GmbH, Germany is having the latest technology in terms of energy consumption.

AWARDS AND ACCOLADES

Your Directors are pleased to share that in recognition of the its continuous journey of Excellence, your Company has achieved following awards and accolades during the year under review :

1. Group Chairman's Planet Award 2008 for Rural Development and Community Initiatives.
2. ICC award for Social Responsibility received from Indian Chemical Council.
3. Best supplier Trophy awarded by Tinplate Co. of India Ltd (A Tata Group Co.) for 2007-08.

COMMUNITY SERVICES

Beyond our business we are committed for upliftment of the society and social environment where we operate and transact our businesses. Your Company is sincerely working for the various noble causes in the form of promotion to rural education, women empowerment, self reliance and many more as outlined hereunder :

- Four Medical Camps in every week at 4 Medical Centres of 40 villages adopted by the Company where 12727 patients were given free treatment.
- Eye Camp, Eye Check up & Operation for 10 days in which 864 Cataract operations conducted.
- Family Planning conducted at 10 Camps in 16 days in which 1003 successful operations were carried out.
- 2000 blanket distributed among poor and needy.
- Old Age Monthly pension distribution for 16 poor and needy persons.
- Scholarship were given to 71 poor girls and bicycle were distributed to 21 poor girls.
- 25000 tree saplings distributed among farmers.
- Wheat seed distributed among 562 farmers.
- 16672 cattle were provided vaccination for the benefit of 5000 villagers.
- 159 hand pumps repaired in our adopted villages and new pumps were also installed.

SAFETY, HEALTH, ENVIRONMENT PROTECTION AND POLLUTION CONTROL:

Your Company being a responsible care committed company is conscious about safety of the employees vis-a-vis all the stakeholders involved directly or indirectly in our activities. Your Company has taken various steps for promotion of safety and health.

Your Company has also taken significant steps in its endeavor to protect the environment and maintain ecological balance in manufacturing of various Products.

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
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DIRECTORS' REPORT TO SHAREHOLDERS (Contd..)

DIRECTORS

During the year under review, Board has appointed Shri K. C. Jhanwar as Additional Director of the Company w.e.f. 21.10.2008 to broaden the representation of the Group Chemical Business expertise.

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association, Shri Biswajit Choudhuri and Shri P. P. Sharma, Directors retire by rotation and being eligible, offer themselves for re-appointment in the ensuing General Meeting.

The Board of the Company recommends the appointment / re-appointment of the eligible 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, holds office until the conclusion of the ensuing Annual General meeting. However for the next year they have expressed their inability to continue their services as Statutory Auditors of the Company due to their pre-occupation with other professional works. The Board has taken a note of their resignation and recommended for appointment of the new Statutory Auditors of the Company. M/s. Khimji Kunvarji & Co., Chartered Accountants of Mumbai has given their consent to work as Statutory Auditors of the Company. The Board after verifying the credentials and eligibility of M/s. Khimji Kunvarji & Co., u/s 224(1B) of the Companies Act, 1956, recommends to the shareholders for their appointment as Statutory Auditors of the Company from the conclusion of the ensuing Annual General meeting till conclusion of the next Annual General Meeting.

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 products for the financial year 2009-10.

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,

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

DIRECTORS' REPORT TO SHAREHOLDERS (Contd..)

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 Aditya Birla Chemicals (India) 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 31st March 2009 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 31st March 2009 and of the profit for the financial year ended 31st March 2009 ;
- 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

The industrial relations with the employees and workmen of the company continued to be cordial. The Company has completed the long term settlement with the workers in very congenial atmosphere. Your Company continues to improve the manpower productivity.

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 to all the 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 : 29th April, 2009

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 31st March 2009

A. CONSERVATION OF ENERGY :

(a) Energy conservation measures taken :

- Installation of VFD for Hydrogen Blower.
- Monitoring of Steam distribution to process and alteration in supply parameters for reduction in line losses.
- Installation of energy efficient lighting fixture.
- Effective utilization of ACW system for air conditioning and elimination of running of condenser recirculation pump.
- Monitoring of Coal Handling operations and reduction in running hours.
- Running the entire electrical system at lower frequency during isolation.
- Installation of two Lighting transformers for energy saving.
- Installation of solar lights at off site area.

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

- Provision of VFD for aux. power reduction.
- Installation of fluid coupling in P.A. Fan.
- Replacement of Impeller of CWC pumps of CPP.
- Right sizing of the equipments based on the outcome of energy mapping.
- Installation of capacitor bank Installation.

(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 reduction in the 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 exports 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. 79.38 lacs
- Foreign exchanged used : Rs. 283.70 lacs

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

ANNEXURE
FORM "A"

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION	Current year 2008-09	Previous year 2007-08	
1. Electricity			
(a) Purchase			
Unit (KWH in thousand)	19034	7060	
Total amount (Rs. In lacs)	653.35	225.94	
Rate/ unit (Rs) (Average Cost)	3.43	3.20	
(b) Own generation (Net)			
(i) Through Diesel generator			
Unit (KWH in thousand)	13	20	
Unit per Ltr. of diesel oil	2.69	2.10	
*Cost/ unit (Rs.)	12.25	16.12	
(* higher due to fuel consumption on regular test run of DG set)			
(ii) Through steam turbine/ generator (Net)			
Unit (KWH in thousand)	206823	212332	
Total amount (Rs. In lacs)	4531.89	4256.82	
Rate per unit (Rs) (Average cost)	2.19	2.00	
2. Coal used in Boiler of 'E' & 'F' Grade			
Quantity (Tonnes in thousand)	204.83	214.97	
Total Cost (Rs. in lacs)	2946.38	2712.64	
Average rate per tonne (Rs.) (Average cost)	1438.45	1261.84	
3. Furnace Oil/ HSD			
Quantity (K. Ltr.)	129.82	176.06	
Total Amount (Rs. in lacs)	42.78	59.36	
Average rate/ Ltr. (Rs.) (Average cost)	32.95	33.71	
4. Others/ internal generation (Please give details)			
Quantity	Nil	Nil	
Total cost	Nil	Nil	
Rate / unit	Nil	Nil	
B. CONSUMPTION PER UNIT OF PRODUCTION			
Products (with details) Unit	Standards	Current Year 2008-09	Previous year 2007-08
Electricity (KWH/MT)	2511	2489	2457
Furnace oil (Ltr./ M.T)	-	-	-

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"> ● Modification in the grid isolation philosophy and relay setting for safe operation with grid. ● Logic in DCS has been incorporated to reduce cell load from 69 KA to 58 KA avoiding jerk on the power plant keeping plant operation undisturbed. ● Installation of isolator/breaker of improved rating to avoid over heating. ● Dissipated heat from the reactor to atmosphere was diverted to condenser & condenser was covered by blanket to maintain the temperature of condenser in winter season to find avenues in reduction of powder grade aluminium chloride generation. ● Pins used in the link of bucket elevator chain were developed and replaced the old pins by the newly developed pins to minimize break down of bucket elevator. ● Control system of EOT crane of reactors area has been modified to minimize break down, easy and fast maintenance. ● In-house development of sand filter for filtration of lime out of caustic used in manufacturing process of SBP. |
| 2. Benefits derived as a result of above R&D | : ● | <ul style="list-style-type: none"> ● Plant performance improved and significant savings achieved as a result of uninterrupted operation of power plant. ● Better operational control and safety in CPP & CP. ● Reduced power consumption per MT of Caustic Soda manufactured. ● Addition of cell elements to have better current distribution. ● Down time of bucket elevator, EOT cranes, heat sealing machines decreased. Maintenance expenses also reduced. ● Quality of product and productivity increased. ● Re-use of caustic for production of Sodium Hypo which was wasted earlier. |
| 3. Future plan of action | : ● | <ul style="list-style-type: none"> ● Conversion of FCR into NCR for production of high quality Aluminium Chloride. ● Installation of VFDs and other energy saving schemes. |
| 4. Expenditure on R & D | : ● | <ul style="list-style-type: none"> ● Rs. 4.00 lacs – for system modification. ● Rs. 4.59 lacs – for various energy saving schemes. |

TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION

- Commissioning of 5th Electrolyser of latest technology.
- Installation & commissioning of single chlorine drying tower resulting into reduction in Sulphuric acid consumption.
- Provision of Chilled water instead of process water for DM water cooling in the Rectiformers to optimize system temperature at peak load during summer season.
- Installation and commissioning of air operated sludge pumps eliminating hose pump giving energy saving and avoiding contamination of organic matters in brine.

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

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 of 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 eight Directors out of which seven 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 31st March 2009, 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 31st March 2009 (including the company) are given below :

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals 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	4	4	5	-	-	No
2.	Shri K. K. Maheshwari	Non-Executive, Promoter	4	4	4	3	2	Yes
3.	Shri K. C. Jhanwar (w.e.f. 21.10.2008)	Non-Executive, Promoter	4	2	-	-	-	N.A.
4.	Shri Biswajit Choudhuri	Non-Executive, Independent	4	4	10	4	3	Yes
5.	Shri P.P. Sharma	Non-Executive, Independent	4	2	1	-	-	No
6.	Shri J. C. Chopra	Non-Executive, Independent	4	3	4	1	-	No
7.	Shri S. S. Gupta	Managing Director Promoter	4	4	-	1	-	Yes
8.	Shri Subrajit Bhowmick	Non-Executive Nominee Independent	4	4	-	1	-	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 2008-09, four (4) Board Meetings held, the details of which are given here-in-below:

Sl. No.	Date	Board Strength	No. of Directors Present
1.	22.04.2008	7	6
2.	22.07.2008	7	6
3.	21.10.2008	8	8
4.	21.01.2009	8	7

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

CORPORATE GOVERNANCE (Contd..)

During the year under review, Shri K. C. Jhanwar was appointed as Additional Director in the Board w.e.f. 21.10.2008.

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association, Shri Biswajit Choudhuri and Shri P. P. Sharma, 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 33rd 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 Risk Management and Legal matters of the Company, to review the quarterly, half yearly and annual financial statements before submitting to the Board of Directors.

Minutes of the Audit Committee meetings are circulated to and discussed and noted by the members of the Board.

The Committee held four (4) meetings during the year under review on 22.04.2008, 22.07.2008, 21.10.2008 and 21.01.2009. The attendance of members at the meetings was as follows :

Name of Member	Status	No.of meetings attended
Shri Biswajit Choudhuri	Chairman	4
Shri K.K. Maheshwari	Member	4
Shri J. C. Chopra	Member	3
Shri Subrajit Bhowmick	Member	4
Shri S. S. Gupta	Permanent Invitee	4

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 22.04.2008, 22.07.2008, 21.10.2008 and 21.01.2009. 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 two (2) meetings during the year under review on 22.04.2008 and 21.10.2008. The attendance of members at the meetings was as follows :

Name of Member	Status	No. of Meetings attended
Shri J. C. Chopra	Chairman	2
Shri K.K. Maheshwari	Member	2
Shri Biswajit Choudhuri	Member	2

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
(Formerly Bihar Caustic & Chemicals Limited)

CORPORATE GOVERNANCE (Contd..)

Name of Director	Sitting fee paid (Rs.)
Shri A.K. Agarwala	60,000
Shri K.K.Maheshwari	155,000
Shri K. C. Jhanwar (w.e.f. 21.10.2008)	40,000
Shri Biswajit Choudhuri	155,000
Shri P. P. Sharma	30,000
Shri J. C. Chopra	110,000
Shri Subrajit Bhowmick	110,000

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. As on 31st March 2009, except Shri A. K. Agarwala and Shri Biswajit Choudhuri, Directors, who hold 3700 and 100 equity shares of the Company respectively, 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 2008-09 to the Managing Director are as follows :

(all fig. in Rs. '000)

	Salary	Variable Pay	All other elements of the remuneration package*	Total
Shri S. S. Gupta	3,067	1,027	952	5,046

* 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
(Formerly Bihar Caustic & Chemicals Limited)

CORPORATE GOVERNANCE (Contd..)

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

Sl. No.	Description	Nos. received				Total Received	Replied / addressed	Pending
		QT1	QT2	QT3	QT4			
A.	Letters received from Statutory bodies							
	SEBI	0	0	0	0	0	0	0
	Stock Exchange	0	1	0	0	1	1	0
B.	Complaints from Shareholders	0	0	0	0	0	0	0
C.	Queries/requests							
	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.	19	16	22	27	84	84	0
	Total	19	17	22	27	85	85	0

General Shareholder Information :

Registered Office	Aditya Birla Chemicals (India) Limited Garhwa Road, P.O. Rehla - 822 124 Distt. Palamau (Jharkhand)
Annual General Meeting	Date and Time : 29 th June, 2009 at 10:30 A.M. Venue : Aditya Birla Chemicals (India) Limited Garhwa Road, P.O. Rehla - 822 124 Distt. Palamau (Jharkhand) Dividend payment date : 3 rd July, 2009 Date of Book Closure: 20 th June, 2009 to 29 th June, 2009.
Financial calendar (Tentative)	<ul style="list-style-type: none"> ● First Quarter's Results – By end of July, 2009 ● Second Quarter's Results – By end of October, 2009 ● Third Quarter's Results – By end of January, 2010 ● Annual Results – By end of April, 2010
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 - "ABCIL")
Demat ISIN in NSDL and CDSL for Equity shares	ISIN INE605B01016

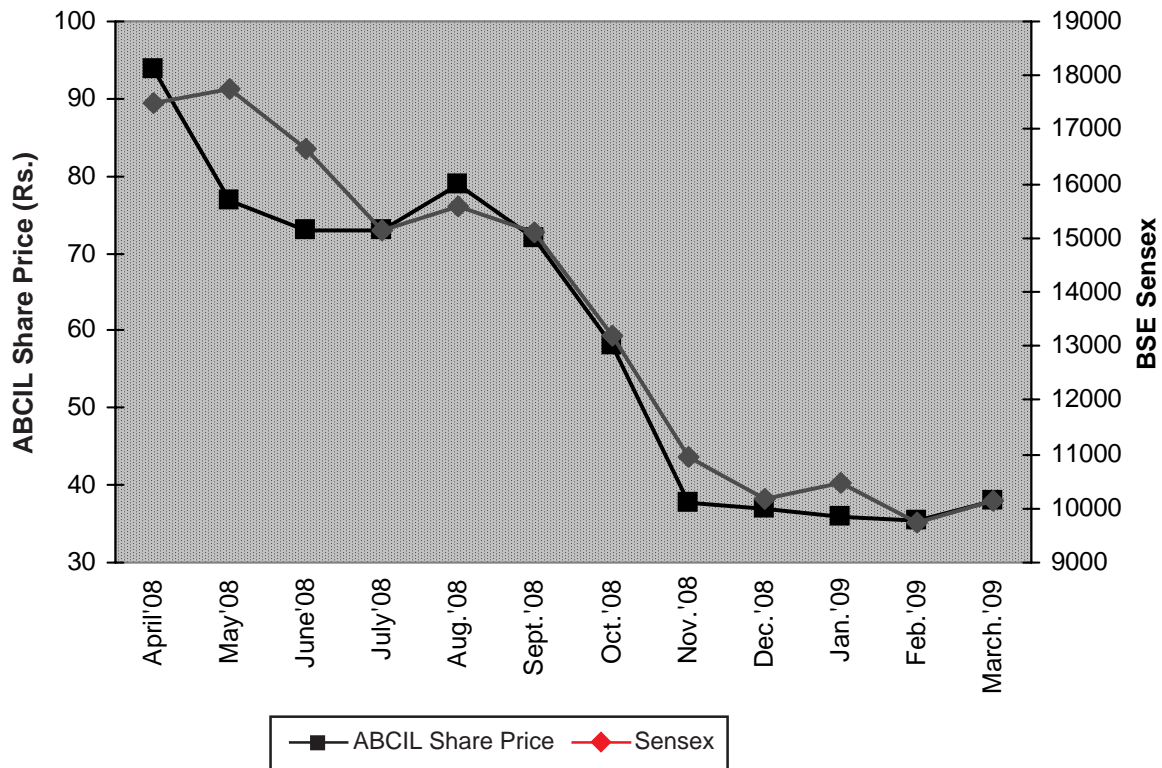
ADITYA BIRLA CHEMICALS (INDIA) LIMITED
 (Formerly Bihar Caustic & Chemicals Limited)

CORPORATE GOVERNANCE (Contd..)

MARKET PRICE DATA : HIGH, LOW DURING EACH MONTH IN FINANCIAL YEAR 2008-09

Month	Bombay Stock Exchange		National Stock Exchange	
	High(Rs.)	Low(Rs.)	High(Rs.)	Low(Rs.)
April 2008	93.90	64.80	92.50	60.30
May 2008	76.95	69.00	85.00	69.05
June 2008	73.00	60.50	74.50	60.60
July 2008	72.95	56.05	72.00	56.00
August 2008	78.90	65.25	78.75	66.05
September 2008	72.00	53.90	71.70	51.15
October 2008	58.00	27.15	59.70	27.00
November 2008	37.80	27.25	39.00	24.20
December 2008	37.00	27.75	35.50	28.00
January 2009	35.90	30.25	35.50	29.05
February 2009	35.50	31.00	35.00	31.15
March 2009	38.00	31.00	38.70	31.00

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



ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

CORPORATE GOVERNANCE (Contd..)

Registrar and Transfer Agents	M/s. C B Management Services (P) Ltd. 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 31 st March 2009	Category	No. of shares	% of shareholding
	Promoters	13,169,987	56.31
	Mutual Funds and UTI	1,600	0.01
	Banks/Financial Institutions/Central Govt./ State Govt.(s) / Insurance Companies / Trust	2,236,960	9.57
	Corporate Bodies	852,899	3.65
	NRIs/OCBs	94,216	0.40
	Individuals	6,990,524	29.89
	Clearing Member	40,314	0.17
	TOTAL	23,386,500	100.00
Holding of shares as on 31 st March 2009	i) NSDL : 8,744,375 ii) CDSL : 13,436,564 iii) Physical : 1,205,561 (5.15% 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 abcil.investors@adityabirla.com murari.prasad@adityabirla.com		

ANNUAL GENERAL MEETINGS:

Particulars	FY 2005- 2006	FY 2006-2007	FY 2007-008
Date and Time	11.08.2006 at 11:30 A.M.	11.08.2007 at 11:30 A.M.	21.08.2008 at 10:30 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)

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

CORPORATE GOVERNANCE (Contd..)

- No Special Resolution was passed in the previous 3 Annual General Meetings of the Company.
- No special resolution was 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

- (i) 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 31st March 2009.
- (ii) 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.
- (iii) The Company has complied with mandatory requirements, as reflected in this report and has adopted the non mandatory requirement of constitution of Remuneration Committee.
- (iv) The Directors' Responsibility Statement has been stated in the Directors' Report.
- (v) Management Discussion and Analysis Report forms part of Directors' Report.
- (vi) The Company does not have any Subsidiary Company.
- (vii) The Certification under Clause 49(V) by Managing Director and Finance In-charge to the Board is appended to this report.
- (viii) 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

Website of the Company : www.adityabirlachemicalsindia.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 : 29th April, 2009

A.K. Agarwala
Director

K. K. Maheshwari
Director

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

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

The Board of Directors of Aditya Birla Chemicals (India) 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 **ADITYA BIRLA CHEMICALS (INDIA) 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 31st March, 2009 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**]

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

AUDITORS' CERTIFICATE

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

To the Members of Aditya Birla Chemicals (India) Limited.
(Formerly Bihar Caustic & Chemicals Limited)

We have reviewed the compliance of the conditions of Corporate Governance by Aditya Birla Chemicals (India) Limited (Formerly Bihar Caustic & Chemicals Limited) for the year ended 31st March 2009 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.

We have conducted our review on the basis of relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such review, 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 no investor grievances for a period exceeding one month against the Company as on 31st March 2009 is pending as per the records maintained by the Company and presented to the Investors'/ Shareholders' Grievance Committee of the Board.

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.

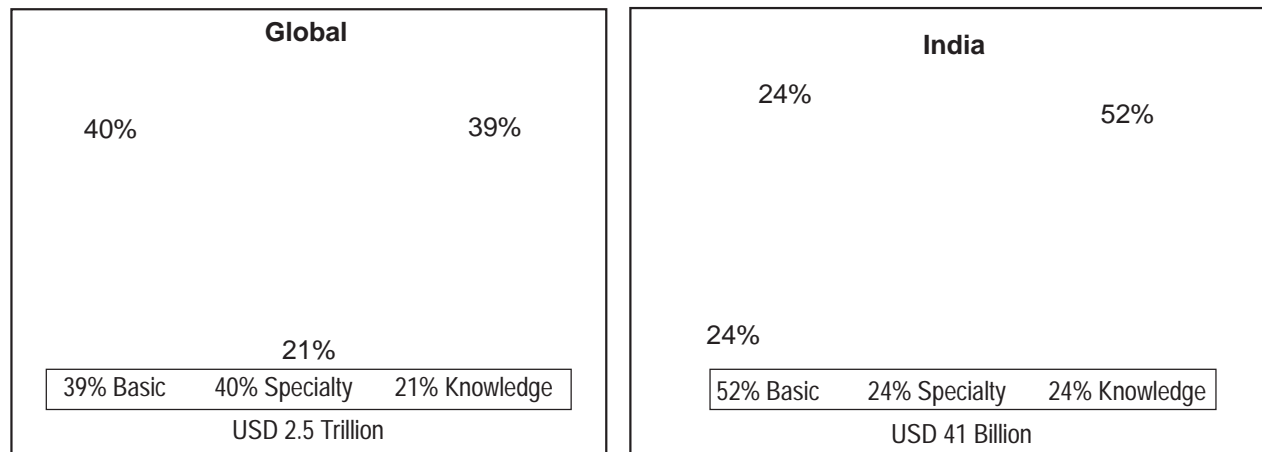
For M. L. Sharma & Co.,
Chartered Accountants

C. H. Bandi
Partner
Membership No. 5385

Place : Mumbai
Dated : 29th April 2009

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY AND DEVELOPMENT



The global Chemical industry is estimated at US\$ 2.5 trillion, whereas in India its size is estimated at around US\$ 41 billion approx.

The Global financial crisis will have an adverse impact on the Chlor alkali Industry. Slow demand will cause ECU margins to decline to a low point in year 2009 and 2010, before beginning to recover. Chlor-alkali capacity additions reached a high point in 2008-2009, when demand growth was at its slowest and thus the margins were lower. It is expected that the Global economy will improve by year 2011-2012 and thus the performance of Chlor-Alkali industry will also follow the trend.

Global capacity increases, particularly in China, have implications for both chlor-alkali and vinyls industry. China continues to proceed with a significant chlor-alkali capacity expansion, prompting an overcapacity situation in the near term. China's expansions have been driven by Chinese demand and Chinese chlor-alkali/vinyls producers have leveraged locally available low cost raw materials to produce VCM from the acetylene carbide method and chlor-alkali from local salt and coal. China will add more than 80 percent of total new chlor-alkali capacity in 2008-2013. However it is expected that growth in Chinese chlor-alkali capacity will slow down after 2009, because China will have achieved its goal of PVC self-sufficiency by that time.

Structural changes in the U.S. have provided a platform for a balanced regional caustic market and higher prices in the future. Year 2008 saw a very tight caustic market in the U.S. HCL recycle from isocyanates production to EDC plants has reduced the requirement for virgin chlorine, which in turn resulted in reduction in caustic production. In addition, as domestic chlorine demand limits production, U.S. producers' ability to export caustic will be challenged. The U.S. will continue as a dominant caustic exporter, but U.S. caustic exports to Canada and Mexico will diminish North America's position as a net exporter of caustic.

The economic slowdown has taken its toll on the Asian economy. Most Asian economies have reported substantial decline in export growth for second half of FY 2008-09. As such, domestic caustic demand in Asian countries continues to shrink, in-line with the declining output in most manufacturing sectors. Large caustic consuming industries such as alumina, pulp & paper, textile etc were struggling to keep plant operating rates from falling further.

In India new capacities are likely to find market space in form of lower capacity utilisation by existing players unless significant improvement in economic activities are witnessed.

SEGMENTWISE PERFORMANCE

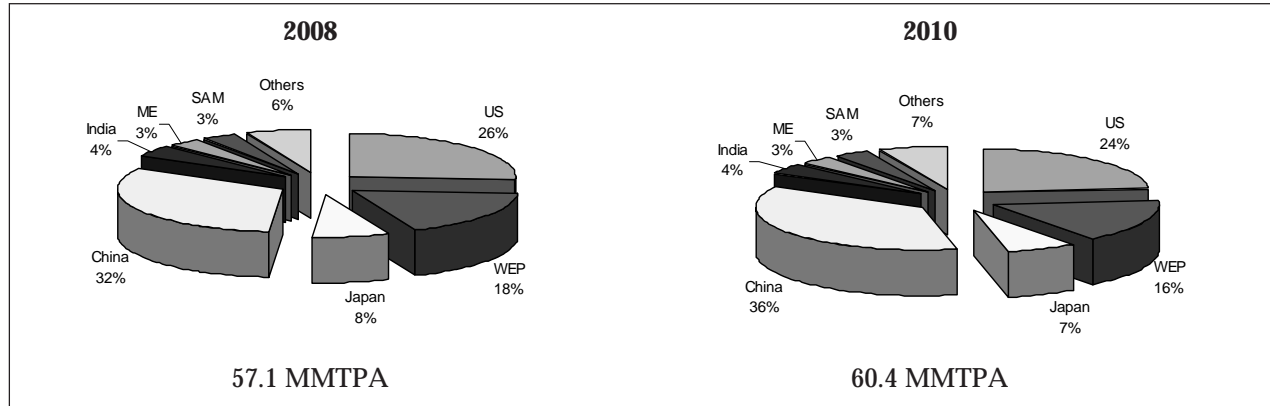
Caustic Soda:

- Demand projected to grow at 2.85% AAGR

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd..)

- As expected Asia including China and India continue to show higher growth

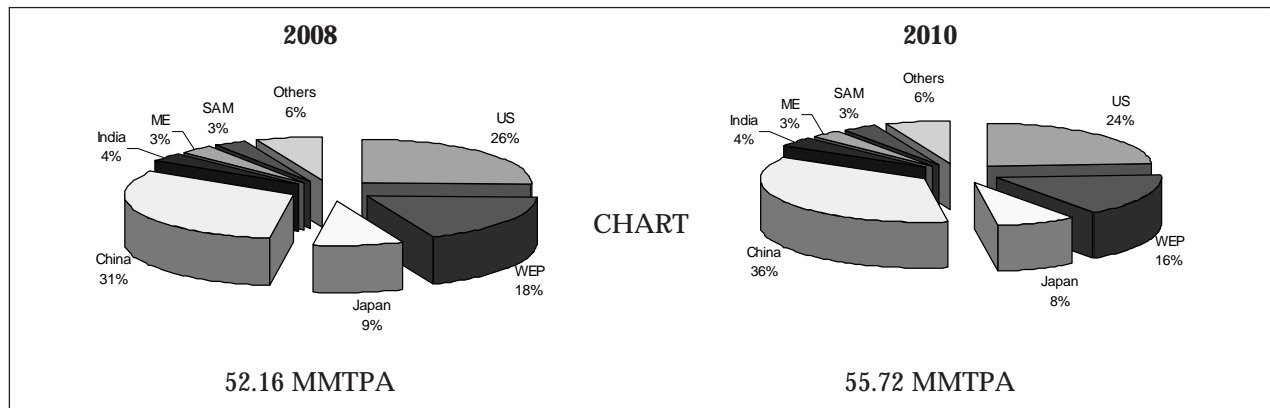


The sales volume of your Company, for the year under review, increased by 6228 MT i.e. 7.95%. Your company has also successfully commissioned 5th electrolyser leading to increase in capacity to 300 TPD.

Caustic demand in India is expected to grow in 2011-12 when large alumina plants are expected to be commissioned in Eastern India.

Chlorine:

- Chlorine Demand projected to grow at 3.36% AAGR
- However, pessimism on chlorine growth (even at negative levels) cannot be ruled out.



With the onset of economic meltdown in H2 of FY 08-09, the chlorine prices has crashed to an unprecedented low and have been on the negative side since October.

With capacity growth in India at 10% and Cl₂ demand growth at lower levels, chlorine is expected to remain under pressure in 2009-10.

We have strategically invested in downstream projects like Aluminium Chloride & Stable Bleaching Powder which has given us the flexibility to go for capacity expansion.

Hydrochloric Acid:

Given the flexibility in our product mix, we were able to derive benefit of better HCL realization by increasing the production of Hydrochloric acid in the second half of year under review when the chlorine market was

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd..)

not supportive, thereby maximizing our ECU realization. We were also able to sustain our increased production after startup of 5th electrolyser mainly due to increase in our HCL sales.

OUTLOOK

The Company expects to expand its size of operations with better performance in the coming years by progressive improvement in capacity utilization of the plant. Moreover the Company has plan for further capacity expansion by 250 TPD Caustic Plant and 30 MW Power Plant along with value added Chlorine based down stream products which will take the Company to new heights.

RISKS AND CONCERNS

- a) Increase in the cost of basic raw material i.e. Salt and Coal.
- b) Substantial reduction in the coal quantity in revised FSA.
- c) Import threat of Caustic Soda.
- d) Frequent bandhs (strikes) and extremist activities affecting movement of goods and Productivity.
- e) Inadequate market for Chlorine and HCL in the region leading to high logistic cost.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a strong internal control system to ensure protection of its resources, to provide accurate and speedy financial statements, reports and to comply with policies, procedures and legal obligations.

The prime objective of the system of internal control is the management of business risks so as to safeguard assets of the company and long term interest of all the stakeholders and to provide a reasonable assurance against any misstatement or loss.

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 14.03 % at Rs. 230.91 crores as compared to Rs. 202.50 crores in the previous year. The profit before interest, depreciation and tax was Rs. 79.90 crores. After providing Rs. 5.58 crores for interest, Rs. 18.71 crores for depreciation and Rs. 9.53 crores for tax, the net profit for the year was at Rs. 46.08 crores which is lower by 6.5 % as compared to previous year.

The earning per share was lower at Rs. 19.70 compared with Rs. 21.07 in last year, whereas the return on shareholders fund stood at 19.25 % compared to 25.16 % last year.

Operational Performance Highlights :

The Company registered a good growth in net turnover of 17.10 % compared to the previous year. However the operating profits are slightly lower on account of lower realization from chlorine and HCL and higher input costs. The ECU realization was Rs. 20,370/- per MT as against Rs. 19,429/- per MT in the previous year. The higher realization of Caustic Soda has partially offset the exorbitant rise in other costs more particularly the input costs.

Interest cost has been lower at Rs. 5.58 crores as compared to Rs. 9.20 crores in the previous year. The reduction under this head was achieved mainly on account of scheduled repayment of term borrowings from financial institutions and prepayment of Promoter's loan.

The Company continues to pay MAT under Section 115 JB of the IT Act on account of Tax incentive under

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

Section 80-IA and higher depreciation under Income Tax Act.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company is continuously focusing on the development of the human resources to align it with the competitive and changing business environment.

Nurturing the young talents with motivation to deliver superior performance and achieving the organizational excellence is the key strategy of the management.

Your Company is committed to recruit highly talented candidates and entrust them with challenging role to enhance their productivity and Competency level.

Human capital is the key asset of any organization, which is inline with our Group initiatives. For enhancing the functional and behavioral competencies, we have conducted various in-house training and workshops and also sponsored employees to external programmes including training programs at Gayanodaya, the Aditya Birla Institute of Management Learning.

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, Multi-Skilling 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 development plan for managerial staff across the Company is yet another important step forward for human resource development with a view to monitor the performance of the employees.

The Company has a committed work force of about 378 employees as on 31.03.2009.

In the OHS VI survey conducted by Gallup Organisation, 99% employees have rated that they are satisfied and have advocated your company as a good place to work, 97% of employees have advocate for stability with the Company.

The Company continuously updates the infrastructural facilities and amenities for its employees and their families.

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.

For and on behalf of the Board of Directors

Camp : Mumbai
Dated : 29th April, 2009

A.K. Agarwala
Director

K. K. Maheshwari
Director

AUDITORS' REPORT

TO THE MEMBERS OF ADITYA BIRLA CHEMICALS (INDIA) LIMITED (FORMERLY BIHAR CAUSTIC & CHEMICALS LIMITED)

We have audited the attached Balance Sheet of ADITYA BIRLA CHEMICALS (INDIA) LIMITED (FORMERLY BIHAR CAUSTIC & CHEMICALS LIMITED) as at 31st March, 2009 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 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 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 Capital Subsidy 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 31st March, 2009;
 - 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 physically verified during the year by the Management and is reasonable in view of the nature of products of the Company.

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

AUDITORS' REPORT (Contd..)

- 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) In our opinion and according to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from 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) (f) & (g) are not applicable.
- 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 and section 58AA 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 a detailed Examination of the said 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 other statutory dues with the appropriate authorities and there are no undisputed amounts payable for the same were outstanding as at 31st March, 2009 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
(Formerly Bihar Caustic & Chemicals 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 and Other statutory dues 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 C.I.T. Appeal, Ranchi"
	A.Y. 2005-06	11.63	C.I.T. Appeal, Ranchi
2. RIADA, Ranchi	Land Revenue Tax & Maintenance	10.50	Development Officer Ranchi Industrial Area Development Authority (RIADA)

- 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,

C.H. Bandi
Partner
Membership No. 5385

Place : Mumbai
Dated : 29th April, 2009

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in lacs)

	Schedule	As at 31st March, 2009	As at 31st March, 2008
SOURCES OF FUNDS :			
Shareholders' Funds :			
Share Capital	' 1 '	2,338.65	2,338.65
Reserves & Surplus	' 2 '	21,656.64	17,403.36
		<u>23,995.29</u>	<u>19,742.01</u>
LOAN FUNDS :			
Secured Loans	' 3 '	4,575.76	6,604.44
Unsecured Loans	' 4 '	41.40	1,365.69
		<u>4,617.16</u>	<u>7,970.13</u>
Deferred Tax Liabilities		3,537.39	2,975.76
	Total	<u>32,149.84</u>	<u>30,687.90</u>
APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	' 5 '	37,434.14	32,756.12
Less : Depreciation		10,581.53	8,733.81
Net Block		<u>26,852.61</u>	<u>24,022.31</u>
Capital Work-in-Progress		140.07	1,384.96
		<u>26,992.68</u>	<u>25,407.27</u>
Investments	' 6 '	30.00	2,500.00
Deferred Tax Assets		106.33	132.19
CURRENT ASSETS, LOANS & ADVANCES :			
Inventories	' 7 '	1,113.25	1,379.22
Sundry Debtors	' 8 '	2,055.38	1,522.47
Cash & Bank Balances	' 9 '	2,997.12	1,580.94
Loans, Advances & Deposits	' 10 '	3,164.15	2,411.23
		<u>9,329.90</u>	<u>6,893.86</u>
Less :			
Current Liabilities & Provisions :			
Liabilities	'11'	3,550.25	3,491.04
Provisions	'12'	819.82	916.95
		<u>4,370.07</u>	<u>4,407.99</u>
Net Current Assets		<u>4,959.83</u>	<u>2,485.87</u>
Miscellaneous Expenditure (To the extent not written off or adjusted)	'13'	61.00	162.57
	Total	<u>32,149.84</u>	<u>30,687.90</u>
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 : 29 th April, 2009	Akash Mishra Company Secretary	A. K. Agarwala Biswajit Choudhuri J. C. Chopra K. K. Maheshwari K.C. Jhanwar P.P. Sharma Subrajit Bhowmick S.S. Gupta	Director Director Director Director Director Director Managing Director

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. in lacs)

	<u>Schedule</u>	For the year ended 31st March, 2009	For the year ended 31st March, 2008
INCOME :			
Sales (including excise duty realised)		23,090.96	20,250.50
Less : Excise duty paid		2,683.67	2,823.28
		20,407.29	17,427.22
Other Income	‘ 14 ‘	763.85	781.45
Increase/(Decrease) in stocks	‘ 15 ‘	(5.37)	296.30
		21,165.77	18,504.97
EXPENDITURE :			
Raw Materials consumed	‘ 16 ‘	8,794.92	6,668.67
Manufacturing and other expenses	‘ 17 ‘	2,196.02	1,473.95
Payment to and provisions for employees	‘ 18 ‘	1,266.20	1,036.86
Selling, Distribution, Administration and other expenses	‘ 19 ‘	918.94	824.70
Interest and Financial Charges	‘ 20 ‘	558.06	919.79
Depreciation		1,871.16	1,736.03
		15,605.30	12,660.00
Profit before Tax		5,560.47	5,844.97
Provision for Taxation (including Wealth Tax -Rs. 1.28 lacs Previous year Rs. 1.23 lacs)		623.58	662.00
MAT Credit Entitlement		(279.32)	(241.92)
Provision for Deferred Tax (Net)		587.49	477.09
Provision for Fringe Benefit Tax		20.51	20.99
Profit after Tax		4,608.21	4,926.81
Adjustment of Taxation for earlier years		55.49	742.38
Balance Brought forward from previous year	13,008.11		7,995.68
Less : Transferred to State Capital Subsidy (refer note no 2 in sch. 21)	150.42	12,857.69	-
Balance available for Appropriation		17,521.39	13,664.87
APPROPRIATIONS :			
Proposed Dividend on Equity Shares		350.80	350.80
Tax on Proposed Dividend		59.62	59.62
Transfer to General Reserve		230.41	246.34
Balance Carried over to Balance Sheet		16,880.56	13,008.11
		17,521.39	13,664.87
Basic and diluted earning per Share (in Rupees)		19.70	21.07
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 : 29 th April, 2009	Akash Mishra Company Secretary	A. K. Agarwala Biswajit Choudhuri J. C. Chopra K. K. Maheshwari K.C. Jhanwar P.P. Sharma Subrajit Bhowmick S.S. Gupta	Director Director Director Director Director Director Director Managing Director

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in lacs)

	<u>As at 31st March, 2009</u>	<u>As at 31st March, 2008</u>	
SCHEDULE '1'			
SHARE CAPITAL :			
Authorised			
24,500,000	Equity Shares of Rs. 10/- each	2,450.00	2,450.00
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).	50.00	50.00
		<u>2,500.00</u>	<u>2,500.00</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)	2,338.65	2,338.65
		<u>2,338.65</u>	<u>2,338.65</u>
SCHEDULE '2'			
RESERVES & SURPLUS :			
State Capital Subsidy	849.58	948.00	
Add : Transferred from Profit & Loss Account	150.42	-	
Less : Transferred to Profit & Loss Account	-	(98.42)	
Less : Transferred during the year to General Reserve	<u>-</u>	1,000.00	-
Share Premium Account	1.75	1.75	
General Reserve :			
As per last Balance Sheet	3,543.92	3,495.83	
Add : Transferred from Profit & Loss Account	230.41	246.34	
Less : Employees' Benefit Adjustment (Net of Taxes)	<u>-</u>	3,774.33	(198.25)
Balance as per Profit & Loss Account	16,880.56	13,008.11	
	<u>21,656.64</u>	<u>17,403.36</u>	

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in lacs)

	<u>As at 31st March,2009</u>	<u>As at 31st March,2008</u>
SCHEDULE '3'		
SECURED LOANS		
A. Term Loans from Industrial Development Bank of India		
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. and participating banks pari-passu inter se. (Repayable withing one year – Rs. 1120 lacs, previous year Rs. 1120 lacs)	4,460.00	5,580.00
B. Term Loans from Industrial Development Bank of India		
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. and participating banks pari-passu inter se. (Repayable within one year Rs.10 lacs, previous year Rs. 680 lacs)	10.00	690.00
C. Term Loans from IFCI Ltd		
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. and participating banks pari-passu inter se. (Repayable within one year nil, previous year Rs. 225.75 lacs)	–	225.75
D. From State Bank of India		
Overdraft against pledge of Fixed Deposits	105.76	108.69
	4,575.76	6,604.44
SCHEDULE '4'		
UNSECURED LOANS		
OTHER LOANS & ADVANCES :		
A) FROM PROMOTERS		
Hindalco Industries Limited	–	1,300.00
B) INTEREST FREE SALES TAX LOAN FROM BIHAR STATE CREDIT AND INVESTMENT CORPORATION LIMITED		
(Repayable within one year Rs. 15.60 lacs, Previous year Rs. 15.80 lacs)	41.40	57.20
C) Deferred payment credit from Ranchi Industrial Area Development Authority, Ranchi		
(Repayable within one year nil, previous year Rs. 8.49 lacs)	–	8.49
	41.40	1,365.69

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009
SCHEDULE '5'
FIXED ASSETS

Sl. No.	Description of Assets	GROSS BLOCK					DEPRECIATION				NET BLOCK		
		Total Upto 31.3.08	Additions during the year	Less Sales/ adjustment	Total Upto 31.3.09	Total upto 31.3.08	Provided for the year	Less adjust-ments	Total upto 31.3.09	As at 31.3.09	As at 31.3.08		
A.	Tangible Assets												
1.	Land	207.66	-	-	207.66	17.82	1.58(A)	-	19.40	188.26	189.84		
2.	Buildings	2,348.21	323.64	-	2,671.85	478.68	82.11	-	560.79	2,111.06	1,869.53		
3.	Plant & Machineries	27,376.70	4,363.35	32.42	31,707.63	7,070.49	1,492.95	4.07	8,559.37	23,148.26	20,306.21		
4.	Chlorine Tonners	1,389.29	-	17.83	1,371.46	670.55	179.85	12.26	838.14	533.32	718.75		
5.	Furniture & Fixtures	125.12	4.69	-	129.81	61.14	7.74	-	68.88	60.93	63.99		
6.	Survey Instruments	0.19	-	-	0.19	0.18	-	-	0.18	0.01	0.01		
7.	Safety Equipments	8.84	2.55	-	11.39	2.36	0.38	-	2.74	8.65	6.48		
8.	Computers, Office Equipments	265.25	14.27	0.36	279.16	123.67	20.11	0.28	143.50	135.66	141.59		
9.	Railway siding	736.29	-	-	736.29	207.96	34.97	-	242.93	493.36	528.33		
10.	Vehicles	165.48	37.71	20.47	182.72	29.13	16.51	6.85	38.79	143.93	136.36		
11.	Lab. Equipments	36.19	1.14	-	37.33	8.94	2.85	-	11.79	25.54	27.26		
		32,659.22	4,747.35	71.08	37,335.49	8,670.92	1,839.05	23.46	10,486.51	26,848.98	23,988.35		
B.	Intangible Assets												
	Computer Software	96.88	1.78	-	98.65	62.91	32.11	-	95.02	3.63	33.96		
		96.88	1.78	-	98.65	62.91	32.11	-	95.02	3.63	33.96		
	Total	32,756.10	4,749.13	71.08	37,434.14	8,733.83	1,871.16	23.46	10,581.53	26,852.61	24,022.31		
	Previous Year	30,504.69	2,353.10	101.67	32,756.12	7,045.30	1,736.03	47.52	8,733.81	24,022.31	-		

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.

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in lacs)

	<u>As at 31st March, 2009</u>	<u>As at 31st March, 2008</u>
SCHEDULE " 6 "		
INVESTMENTS :		
Long Term Investments		
Unquoted (other than trade)		
300000 Units of NFO Schemes of Birla Sun Life (Previous Year nil)	30.00	-
7.50% Convertible Preference Shares of Rs 10 each fully paid up in Birla Global Finance Ltd (Previous Year 2.50 crore shares).	-	2,500.00
	<u>30.00</u>	<u>2,500.00</u>
SCHEDULE " 7 "		
INVENTORIES :		
(As valued & Certified by the Management)		
Finished goods	248.74	261.30
Goods-in-Process	97.39	90.20
Raw Materials including Auxiliary and Packing Materials	538.01	841.40
Stores And Spares Parts	229.11	186.32
	<u>1,113.25</u>	<u>1,379.22</u>
SCHEDULE " 8 "		
SUNDRY DEBTORS :		
(Unsecured, Considered good unless otherwise stated)		
a) Debts outstanding for a period exceeding six months (including Rs.9.01 lacs are under litigation and Rs.9.01 lacs are Doubtful, previous year Rs. 9.23 lacs are under litigation and Rs.11.45 lacs are doubtful debts)	9.01	51.97
b) Other Debts	2,055.38	1,481.95
	<u>2,064.39</u>	<u>1,533.92</u>
Less: Provision for Doubtful Debts	9.01	11.45
	<u>2,055.38</u>	<u>1,522.47</u>
SCHEDULE ' 9 '		
CASH AND BANK BALANCES :		
Cash in hand	4.13	3.93
Cheques and Drafts in hand	75.50	124.94
BALANCE WITH SCHEDULED BANKS :		
i) In Current Accounts	12.63	503.65
ii) In Unpaid Dividend Accounts	9.54	6.96
iii) In Fixed Deposit with Banks	2,895.32	941.46
	<u>2,997.12</u>	<u>1,580.94</u>

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in lacs)

	As at 31st March, 2009	As at 31st March, 2008
SCHEDULE ' 10 '		
LOANS, ADVANCES & DEPOSITS :		
(Unsecured, considered Good, unless otherwise stated)		
Interest Accrued on Fixed Deposits but not due	79.58	27.39
Advances recoverable in cash or kind or for value to be received (including doubtful Rs. 0.35 lacs, previous year Rs. 0.35 lacs)	631.50	331.06
Less: Provision for Doubtful Advance	0.35	(0.35)
Prepaid Expenses	21.81	21.42
Claims Receivable	333.47	272.28
Deposits with Government and Others	700.66	706.17
Balance with Central Excise Department	14.58	2.08
Advance Tax and Tax deducted at source (Net)	55.86	56.42
MAT Credit Entitlement	1,314.03	983.17
Advance Fringe Benefit Tax (Net)	0.43	0.96
Advance to Employees	12.58	10.63
	3,164.15	2,411.23
SCHEDULE ' 11 '		
CURRENT LIABILITIES :		
Sundry Creditors :		
For Goods supplied (Including outstanding dues of Micro, Small & Medium Enterprises Rs. 3.96 lacs, previous year nil)	266.23	611.46
For Expenses	2,759.95	2,538.13
For Other	51.76	85.60
Customers' Credit Balances and Advances against orders	253.52	29.34
Security and Other Deposits	209.25	214.79
Interest accrued but not due on Secured Loans	-	4.76
Investors' Education and Protection Fund to be credited as and when due		
Unclaimed Dividend	9.54	6.96
	3,550.25	3,491.04
SCHEDULE ' 12 '		
PROVISIONS		
Retirement Benefits	261.60	358.73
Provisions for Others	147.80	147.80
Proposed Dividends on Equity Shares	350.80	350.80
Tax on Proposed Dividend	59.62	59.62
	819.82	916.95
SCHEDULE ' 13 '		
MISCELLANEOUS EXPENDITURE :		
Deferred Revenue Expenditure	162.57	166.74
Add : Addition during the year	8.79	117.64
Less : Written off during the year	110.36	121.81
	61.00	162.57

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in lacs)

	For the year ended 31st March,2009	For the year ended 31st March,2008
SCHEDULE ' 14 '		
OTHER INCOME		
Rent	13.32	3.48
Recovery from Hydraulic Testing	1.94	3.14
Dividend Received	47.43	46.89
Profit on Sale of Investments	1.28	7.81
Deferred Income from Capital Subsidy	-	98.42
Liabilities No Longer Required, written back	61.70	217.43
Interest Received Gross (Tax deducted at source Rs.40.23 lacs Previous year Rs.57.39 lacs)	443.35	251.74
Miscellaneous Receipts	70.13	10.56
Bardana,Scrap etc. Sales	66.75	88.92
Rebate & Claims	14.68	-
Insurance Claims(Net)	3.82	37.23
Previous year Adjustment(Net)	-	11.09
Sundry Balance written off/back(Net)	36.62	4.74
Foreign Exchange Fluctuation	2.83	-
	763.85	781.45
SCHEDULE ' 15 '		
INCREASE/(DECREASE) IN STOCKS :		
Closing Stocks :		
Finished Goods	248.74	261.30
Goods-in-Process	97.39	90.20
	346.13	351.50
Less : Opening Stocks :		
Finished Goods	261.30	33.92
Goods-in-Process	90.20	21.28
	351.50	55.20
	(5.37)	296.30
SCHEDULE ' 16 '		
RAW MATERIALS CONSUMED :		
Opening Stock	841.40	625.62
Add : Purchases	8,491.53	6,884.45
	9,332.93	7,510.07
Less : Closing Stock	538.01	841.40
	8,794.92	6,668.67
SCHEDULE ' 17 '		
MANUFACTURING AND OTHER EXPENSES :		
Stores & Spares consumed	758.66	621.30
Packing Materials	162.61	65.99
Excise Duty Paid on Closing Stock of Finished Goods	(28.14)	41.06
Ash Handling Expenses	9.89	18.02
Recoating and Maintenance of Anodes	-	0.56
Power & Fuel	904.44	465.57
REPAIRS, RENEWALS & REPLACEMENTS :		
Buildings	15.20	28.24
Plant & Machinery	273.29	150.08
Others	75.41	59.11
Raw Water charges and Cess	24.66	24.02
	2,196.02	1,473.95

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in lacs)

	For the year ended 31st March,2009	For the year ended 31st March,2008
SCHEDULE ' 18 '		
PAYMENT TO AND PROVISIONS FOR EMPLOYEES:		
Salaries, Wages including Variable Pay, Bonus and Ex-gratia	974.70	814.09
Contribution to Provident Funds and Other Funds	159.77	82.81
Welfare Expenses	131.73	139.96
	<u>1,266.20</u>	<u>1,036.86</u>
SCHEDULE ' 19 '		
SELLING, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES :		
Rates & Taxes(Net)	31.33	6.96
Rent Paid	3.37	2.04
Lease rent Paid	0.16	0.15
Insurance	74.24	96.39
Business Head Office Expenses	94.70	54.00
Miscellaneous Expenses	245.75	262.25
Travelling & Conveyance	69.26	63.94
Donations	6.71	1.49
Auditors' Remunerations		
Audit Fee	3.25	3.25
Tax Audit Fee	0.20	0.20
Certification Fee (including Review Report Fees)	0.90	1.21
Expenses	1.34	0.70
Directors' Remuneration	50.46	36.48
Directors' Sitting fee	6.60	4.15
Commission on Sales	22.53	12.74
Sales Promotion	4.19	0.94
Others Sales Overhead Expenses	0.51	0.55
Foreign Exchange Fluctuation (Net)	-	1.38
Sundry Balance written off (Net)	-	4.46
Advertisement	5.19	2.85
Discount	1.22	-
Rebate & Claims	-	79.96
Freight & Forwarding(Net)	238.50	108.65
Provision For Doubtful Debts	-	4.22
Previous year adjustment(net)	1.34	-
Loss on sale of Assets(Discarded)	1.85	12.48
Miscellaneous Expenditure written off	55.34	63.26
	<u>918.94</u>	<u>824.70</u>
SCHEDULE ' 20 '		
INTEREST AND FINANCIAL CHARGES		
On Term Loans	472.13	658.92
Others	30.91	181.07
Debt Restructuring Expenses including Up Front Fee	55.02	79.80
	<u>558.06</u>	<u>919.79</u>

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE '21'
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
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 for acquisition of Fixed Assets is recognised in the Profit & Loss account.

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

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.
- iv) Capital subsidy/Government grants in the nature of Promoter's Contribution are credited to capital reserve account.

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.

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

NOTES ON ACCOUNTS

1. CONTINGENT LIABILITIES & PROVISIONS:

(i) Contingent Liabilities not provided for in respect of the following:

(Rs. in Lacs)

A.	Claims against the Company not acknowledged as debts:	As at 31st March, 2009	As at 31st March, 2008
	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. '19'	6,356.46	6,304.86
	b. Delayed payment surcharge on the amount of fuel surcharge arrears.	651.80	634.14
B.	Bank Guarantees outstanding (Against which Rs. 207.00 lacs has been deposited as FDR with Banks, Previous year Rs. 166.14 lacs)	270.33	166.14
C.	Income Tax		
	a) For A.Y.1998-99, 2000-01, ITAT (Appeals) effect pending with A.O. (Against which Rs. 9.32 lacs paid/adjst. from refund, previous year Rs. 9.32 lacs)	13.15	13.15
	b) For A.Y. 2004-05 partial relief granted by CIT (Appeals) effect of which is pending with A.O. & for rest company has filed appeal with ITAT	0.76	0.76
	c) For A.Y.2002-03, 2005-06 for which the Comapny has filed appeal with CIT (Appeals) (Against which Rs. 30.56 lacs paid/adjst. from refund, previous year Rs. Nil)	44.47	44.47
D.	Liquidated damage and interest claimed by BSIDC not acknowledged by the Company.	30.40	30.40
E.	Compensation payable against various labour cases pending with various courts.	156.00	156.00
F.	RIADA, Ranchi	10.50	-

(ii) PROVISIONS:

(Rs. in Lacs)

Nature	Opening Balance	Addition	Utilisation	Closing Balance
1. Various pending labour cases with court	147.80	0.00	0.00	147.80

- (iii) a. Balance in provision for income tax account (if any) 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 amounting to Rs. 2,79,31,704/-.
2. During the year, the Company has reclassified its treatment in respect of Capital Subsidy related to Promoter's Contribution and accordingly treated the same as Capital Reserve. During the year a sum of Rs. 1,50,42,181/- which was credited to Profit & Loss Account in earlier years has been transferred from Brought Forward Profit & Loss Account to State Capital Subsidy Account. As a result of change in classification a sum of Rs.74,97,612/- is not credited to Profit & Loss Account pertaining to Current Year as a Deferred income and accordingly the Profit of the year is lower to that extent.

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

3. Retirement Benefits

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

The Company is recognizing the Retirement Benefits in accordance with the Revised Accounting Standard (AS) – 15 and the incremental liabilities are as under,

Net asset/(liability) recognized in the Balance Sheet

(Rs. in Lacs)

A	Funded Status	31.03.2009	31.03.2008
a)	Present Value of Defined Benefit Obligation	562.38	486.05
b)	Fair Value of Plan Assets	300.78	127.32
c)	Net Asset/(Liability) Recognized in Balance Sheet	261.60	358.73

Total Expenses recognized in the statement of Profit & Loss

(Rs. in Lacs)

A	Components Of Employer Expenses	31.03.2009	31.03.2008
a)	Current Service Cost	33.69	34.83
b)	Interest Cost	41.94	46.70
c)	Expected Return on Plan Assets	(17.12)	(14.87)
d)	Actuarial Losses/(Gains)	81.90	(56.17)
e)	Actuarial losses/(gains) on Plan assets	4.71	0.00
f)	Total Expenses recognized in Statement of Profit & Loss account.	145.11	10.49
g)	Short term Compensated absences paid during the year charged to Profit & Loss account.	44.57	40.63

Reconciliation of Defined Benefit Obligation and fair Value of Assets

(Rs. in Lacs)

A	Change in Defined Benefit Obligation	31.03.2009	31.03.2008
a)	Present Value of DBO at beginning of the year	486.05	566.33
b)	Current Service Cost	33.69	34.83
c)	Interest Cost	41.94	46.70
d)	Actual (Gains)/losses	81.90	(56.17)
e)	Benefits Paid	(81.20)	(105.62)
f)	Present Value of DBO at the end of year	562.38	486.05
B	Change in Fair Value of Assets		
a)	Plan assets At the Beginning of year	127.32	183.71
b)	Expected Return on plan assets	17.12	14.87
c)	Actual Company contributions	242.25	34.37
d)	Employee Contributions	0.00	0.00
e)	Actuarial gains/(losses) on Plan Assets	(4.71)	0.00
f)	Benefits paid	(81.20)	(105.62)
g)	Plan assets at the end of year	300.78	127.32

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

Principal Actuarial Assumptions at the Balance Sheet date

	31.03.2009	31.03.2008
Discount Rate	8.00%	7.50%
Rate Of return on plan Assets	9.00%	9.00%
Rate Of increase salaries	5.00%	5.00%
Expected Average remaining working lives of employees (years)	13.37	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 15% of salary for eligible employees as per scheme towards Superannuation Funds managed by Approved Trusts.

(Rs in Lacs)

31st March'09 31st March'08

4. Advances (Dr.) include due from Managing Director- Rs. Nil and Secretary-Rs. Nil (Maximum Balance of any day during the year Rs Nil, Previous Yr. Nil and and Rs 15000/- respectively)

	Nil	Nil
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5. Estimated amount of contract remaining to be executed on Capital Account and not provided for against which advances paid Rs 32.03 lacs (Previous year Rs 286.16 lacs)

	169.68	1,560.91
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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

Indal Exports Limited

Tubed Coal Mines Ltd

Minerals and Minerals Limited

Novelis (India) Infotech Ltd.

Renuka Investments & Finance Limited

Birla Resources Pty Limited

Renukeshwar Investments & Finance Limited

Aditya Birla Minerals Limited

Suvas Holdings Limited

Birla Maroochydore Pty Limited

Utkal Alumina International Limited

Birla Nifty Pty Limited

Hindalco - Almex Aerospace Limited

Birla Mt Gordon Pty Limited

Lucknow Finance Company Limited

AV Metals Inc, Canada

Dahej Harbour and Infrastructure Limited

AV Aluminium Inc , Canada

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

AV Minerals BV, Netherland	Novelis Italia SpA
Novelis Belgique SA	Novelis Luxembourg SA
Novelis Benelux NV	Al Dotcom Sdn. BHD.
Albrasilis - Alumínio do Brasil Industria e Comercia Ltda	Alcom Nikkei Specialty Coatings Sdn Berhad
Novelis Inc.	Aluminum Company of Malaysia Berhad
Novelis do Brasil Ltda.	Novelis de Mexico SA de CV
4260848 Canada Inc.	Novelis Korea Ltd.
4260856 Canada Inc.	Novelis Sweden AB
Novelis Cast House Technology Ltd.	Novelis AG
Novelis No. 1 Limited Partnership	Novelis Switzerland SA
Novelis Madeira, Unipessoal, Lda	Novelis Technology AG
Novelis PAE SAS	Novelis Automotive UK Ltd.
Novelis Services Limited	Novelis UK Ltd.
Novelis Foil France SAS	Novelis Europe Holdings Limited
East Coast Bauxite Mining Company Private Limited	Aluminum Upstream Holdings LLC
Novelis Aluminium Beteiligungsgesellschaft mbH	Eurofoil, Inc.
Novelis Deutschland GmbH	Novelis Lamines France SAS
Novelis Aluminium Holding Company	Novelis South America Holdings LLC
	Novelis Corporation
	Novelis Brand LLC
	Novelis PAE Corporation

(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

Renuka Investments & Finance Limited

(iii) Key Managerial Personnel (KMP)

Mr. S. S. Gupta

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

C. Disclosure of Related Party transactions and amount due to/from Related Parties as on 31st March, 2009
(Rs. in Lacs)

Sl. No.	Nature of Relationship/ Transactions	Holding Company	Fellow Subsidiary	KMP	Relatives of KMP	Total
1.	Managing Director Remuneration	— —	— —	50.46 (36.48)	— —	50.46 (36.48)
2.	Purchase of goods/licence	2,054.33 (1,988.88)	— —	— —	— —	2,054.33 (1,988.88)
3.	Sale of goods	15,645.53 (13,913.53)	— —	— —	— —	15,645.53 (13,913.53)
4.	Sale of Assets & Services	1.64 (—)	— —	— —	— —	1.64 (—)
5.	Repayment of Unsecured Loan to Related Party	1,300.00 (1,225.50)	— —	— —	— —	1,300.00 (1,225.50)
6.	Interest on unsecured loan	26.71 (178.25)	— —	— —	— —	26.71 (178.25)
7.	Dividend paid	180.08 (180.08)	11.63 (11.63)	— —	— —	191.71 (191.71)

Outstanding Balances :

8.	Sundry Debtors	596.73 (3.77)	— —	— —	— —	596.73 (3.77)
9.	Sundry Creditors	4.80 (177.86)	— —	— —	— —	4.80 (177.86)
10.	Loans & Advances	— (1,300.00)	— —	— —	— —	— (1,300.00)

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

8. 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 31.03.2009	As at 31.03.2008
1)	Net Profit available for Equity Shareholders* (Rs. in Lacs)	4,608.21	4,926.81
2)	Weighted average Number of Equity Shares outstanding during the year (No. in Lacs)	233.86	233.86
3)	Basic earning per share* (Rs.) (on nominal value of Rs. 10 per share)	19.70	21.07

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

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

9. 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.587.49 lacs for the current year & the same has been charged to Profit & Loss account.

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

	(Rs. in Lacs)	
	Tax effect for the year ended on 31.03.2009	Tax effect for the year ended on 31.03.2008
DEFERRED TAX		
A. LIABILITY		
Depreciation	580.33	494.61
Premium on restructuring of Term Loan	(18.70)	(19.91)
B. ASSETS		
Deferred Revenue Expenses	(26.38)	4.88
Disallowable/(Allowable) U/s 43(B)(Net)	1.35	(8.12)
Porvision for Bad & Doubtful debts	(0.83)	0.85
Net Impact	<u>587.49</u>	<u>477.09</u>

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

	(Rs. in Lacs)	
	As at 31.03.2009	As at 31.03.2008
DEFERRED TAX LIABILITIES		
Depreciaton	3,534.26	2,953.93
Others	3.13	21.83
	<u>3,537.39</u>	<u>2,975.76</u>
DEFERRED TAX ASSETS		
Retirement Benefit Expenses	88.92	121.93
Unamortized Expenses & others	17.41	10.26
	<u>106.33</u>	<u>132.19</u>

10. Intangible Assets Consists of Rs. 3,61,631/- related to computer software which is under amortization over the useful life of 3 years from the date of their acquisition/purchase.
11. Miscellaneous expenditure as on 31.03.2009 consist of
- i) Rs.2,26,665/- related to VRS payment and is under amortization over a period of 5 years from 2005-06.
 - ii) Rs.5,90,621/- related to VRS payment and is under amortization over a period of 4 years from 2006-07.
 - iii) Rs.39,21,533/- related to VRS payment and is under amortization over a period of 3 years from 2007-08.
 - iv) Rs.4,39,868/- related to VRS payment and is under amortization over a period of 2 years from 2008-09.
 - v) Rs.9,21,699/- related to Premium on Restructuring of Long Term Debts & is under amortisation proportionately over the remaining life of Debts.
12. 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. (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
13. The Power (electricity) purchases as well as sale (supply) to JSEB has been accounted for in the accounts as sales/purchase of power.

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

		(Rs. in Lacs)	
		As at 31st March, 2009	As at 31st March, 2008
14.	Capital work-in-progress includes following Pre-operative expenses pending allocation:		
(A)	Salary, wages, bonus & ex-gratia	0.13	2.19
(B)	Rent, rates & taxes	-	0.63
(C)	Consultancy & Legal Charges	8.41	26.44
(D)	Insurance	2.53	2.24
(E)	Interest & Financial charges	1.25	0.33
(F)	Administrative & other Expenses	4.49	0.35
(G)	Foreign Currency fluctuations	-	-
(H)	Power & Fuel	3.79	-
		20.60	32.18
	Add : Brought forward from previous year	28.82	73.35
		49.42	105.53
	Less : Allocated to Fixed Assets	48.82	76.71
		0.60	28.82
	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.		
15.	Managing Directors' Remunerations*		
		(Rs. in Lacs)	
		2008-09	2007-08
	Basic Salary	18.66	14.10
	Special allowance	12.01	9.65
	Variable pay	10.27	4.90
	Contribution to Provident & Other Funds	4.50	3.55
	Medical expenses	1.55	1.18
	Other Perquisites	3.47	3.10
	Total:	50.46	36.48
	* 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.		
16.	As required by Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 . The disclosure is as under:		
		(Rs. in Lacs)	
Sr. No.	Particulars	2008-09	2007-08
a) i)	Principal amount remaining unpaid at the end of the accounting year	3.96	-
	ii) Interest due on above	-	-
b)	The amount of interest paid by the buyer along with amount of payment made to the suppliers beyond the appointed date	-	-
c)	The amount of interest accrued due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding interest specified under this Act.	0.07	-
d)	The amount of interest accrued and remaining unpaid at the end of each financial year.	0.07	-
e)	The amount of further interest remaining due and payable in succeeding years, until such interest is actually paid.	-	-

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

This information has been disclosed to the extent such parties have been identified on the basis of information available with the company.

17. 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.
18. Stores & Spare parts consumed includes replacement of Spare parts of Plant & Machinery, as per Consistent policy followed by the company.
19. 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. 63.56 crores has been considered in the accounts.
20. The exchange rate difference arising on payment of liabilities incurred on acquisition of Fixed Assets has been accounted as per past practice followed by the Company and therefore not exercised the option given under Notification (F.No.17/33/2008/CL-V) dated 31st March, 2009 issued by Ministry of Corporate Affairs, Government of India, New Delhi.
21. 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***	
		2008-09	2007-08	2008-09	2007-08
Caustic Soda(100% NaOH)	MT	105000	92750	83562	79360
Liquid Chlorine	MT	63000	56000	44288	47226
Hydrochloric Acid	MT	43750	43750	65075**	58041**
Sodium Hypo Chlorite (Lye weight)	MT	18000	18000	9760	8301
Compressed Hydrogen	NM ³	1742400	1742400	254709	244795
Aluminium Chloride	MT	12000	12000	8641	5217 #
SBP	MT	17520	-	4615 #	-
Electricity (Thermal Power)	MW/ Hour	30	30	26.65	27.23

* 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
(Formerly Bihar Caustic & Chemicals Limited)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

b. PARTICULARS OF SALES & STOCK

(Rs. in Lacs)

	Sales		Opening stock		Closing stock		Purchase	
	Qty. (MT)	Value	Qty. (MT)	Value	Qty. (MT)	Value	Qty. (MT)	Value
Caustic Soda	84587 (78360)	18,264.14 (15,299.34)	1235 (235)	133.73 (28.14)	210 (1235)	27.37 (133.73)	- -	- -
Liquid Chlorine (including export)	44243 (47327)	617.19 (1,870.54)	21 (122)	1.08 (1.91)	66 (21)	- (1.08)	- -	- -
Hydrochloric Acid (33%)	64658 (58111)	588.46 (571.12)	266 (336)	0.40 (2.55)	683 (266)	1.91 (0.40)	- -	- -
Diluted Sulphuric Acid	1401 (1228)	51.98 (31.51)	- -	- -	- -	- -	- -	- -
Sodium Hypo Chlorite (Lye)	9780 (8334)	225.57 (178.62)	30 (63)	0.54 (1.32)	10 (30)	0.21 (0.54)	- -	- -
Aluminium Chloride	8264 (4834)	2,678.75 (1,710.76)#	383 -	125.43 -	760 (383)	198.51 (125.43)	- -	- -
Compressed Hydrogen	256998 (242506)	19.01 (22.07)	2289 -	0.12 -	- (2289)	- (0.12)	- -	- -
SBP	4329 -	369.34# -	- -	- -	286 -	20.74 -	- -	- -
Electricity to / from JSEB*	7830000 (17603505)	250.34 (563.31)	- -	- -	- -	- -	19034000 (7060500)	654.34 (225.94)
TOTAL		23,064.78** (20,247.27)	- -	261.30 (33.92)	- -	248.74 (261.30)	- -	654.34 (225.94)

Figures in bracket () denotes previous year's figures

* Qty. in unit (KWH)

** Excludes Excise + cess of Rs. 26,18,679/- (previous year Rs.3,24,256/-) realized on sale / transfer of fixed assets & scrap.

Sales exclude sale of product during trial period.

c. DETAILS OF RAW MATERIALS CONSUMED :

(Rs. in Lacs)

Items	Unit	Qty.		Value	
		2008-09	2007-08	2008-09	2007-08
Salt	MT	136210	128139	3,090.08	2,388.93
Soda Ash	MT	236	258	42.67	37.89
Aluminium Ingots	MT	1845	1112*	2,023.80	1,198.40*
Barium Carbonate	MT	1256	1015	315.22	191.52
Coal	MT	204831	214975	2,946.38	2,711.88
Lime	MT	3660*	-	184.12*	-
Others	MT	-	-	192.65	206.04
Total				8,794.92	6,734.66

* Excludes consumption of raw material during trial run production.

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

d. DETAILS OF IMPORTED & INDIGENOUS MATERIALS CONSUMED

(Rs. in Lacs)

	2008-09		2007-08	
	Amount	%	Amount	%
i) Consumption of Raw Materials :				
Imported	Nil	-	Nil	-
Indigenous	8,794.92	100.00	6,734.66	100.00
	8,794.92	100.00	6,734.66	100.00
ii) Consumption of Stores & Spares:				
Imported	4.79	0.63	Nil	-
Indigenous	753.87	99.37	621.30	100.00
	758.66	100.00	621.30	100.00

(Rs. in Lacs)

CIF VALUE OF IMPORTS	2008-09	2007-08
i) Raw Materials	-	-
ii) Capital Goods & Components	1,513.44	13.61
EXPENDITURE IN FOREIGN CURRENCY*	283.70	83.12
EARNING IN FOREIGN CURRENCY		
Export of goods on FOB basis	79.38	62.67

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

e. DIVIDEND TO NON-RESIDENT SHAREHOLDERS :

Year	No. of Shareholders	No. of Shares held	Amount of dividend remitted (Rs. in Lacs)
For F.Y. 06-07	6	1400	0.02
For F.Y. 07-08	6	1400	0.02

22. Additional Information pursuant to part IV of schedule VI of the Companies Act, 1956, is annexed herewith.

23. The figures are rounded off nearest to lacs rupees and previous year's figures have been re-arranged/regrouped wherever necessary to confirm to this year classification.

24. 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
Dated : 29th April, 2009

Akash Mishra
Company Secretary

A. K. Agarwala Director
Biswajit Choudhuri Director
J. C. Chopra Director
K. K. Maheshwari Director
K.C. Jhanwar Director
P.P. Sharma Director
Subrajit Bhowmick Director
S.S. Gupta Managing Director

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	(Rs. in lacs)	
	2008-09	2007-08
A. Cash Flow from Operating Activities		
Net Profit/(loss) before tax and extraordinary items	5,560.47	5,844.97
Adjustments for :		
Depreciation	1,871.16	1,736.03
Miscellaneous Expenditure w/off	110.36	143.06
Investments-loss/(profit) on sale of Investment	(1.28)	(7.81)
Loss/(Profit) on sale of Assets (Net)	1.85	12.48
Interest/Dividend Received	(490.78)	(298.63)
Deferred Income from Capital Subsidy	0.00	(98.42)
Interest charged	503.04	839.99
Operating Profit before working capital changes	7,554.82	8,171.67
Changes in working Capital		
Trade and Other receivables	(903.85)	(65.85)
Inventories	265.98	(444.73)
Trade payables	(35.73)	(288.13)
Cash generated from operations	6,881.22	7,372.96
Direct taxes paid	(639.05)	(703.42)
Cash flow before non-recurring items	6,242.17	6,669.54
Increase in Deferred Miscellaneous Exp.	(8.79)	(138.89)
Net cash from operating Activities	6,233.38	6,530.65
B. Cash Flow from Investment Activities		
Purchase of Fixed Assets and other Capital Expenditure	(3,504.24)	(2,105.86)
Sale of discarded Fixed Assets	45.77	41.67
Purchase of Investment	(130.00)	(2,500.00)
Sale of Investments	2,601.28	382.81
Dividend Received	47.43	46.89
Interest Received	391.17	277.48
	(548.59)	(3,857.01)
C. Cash Flow from Financing Activities		
Dividend Paid	(410.42)	(410.42)
Repayment of Term Borrowings	(3,350.04)	(3,364.82)
Other Term Borrowings	(2.93)	108.69
Interest paid	(507.80)	(845.15)
Net cash used in Financing Activities	(4,271.19)	(4,511.70)
Net change in cash and Cash Equivalents(A+B+C)	1,413.60	(1,838.06)
Cash and Cash Equivalents Opening Balance	1,573.98	3,412.04
Cash and Cash Equivalents Closing Balance	2,987.58	1,573.98

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 : 29th April, 2009

Akash Mishra
Company Secretary

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

Director
Director
Director
Director
Director
Director
Director
Managing Director

COMPANY SECRETARY'S RESPONSIBILITY STATEMENT

The Company Secretary confirms that for the year under review, 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, if any, 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, if any, to the Investor Education and Protection Fund, constituted by the Central Government within the time limit.

The Company has also complied with the rules and 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 : 29th April 2009

ADITYA BIRLA CHEMICALS (INDIA) LIMITED

Parameters	Unit	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09
Financial Results											
Gross Turnover	Rs.in crores	69.82	86.22	90.78	104.27	107.84	124.83	129.05	166.31	202.51	230.91
PBDIT	Rs.in crores	8.43	1.81	28.85	36.82	37.96	50.88	55.31	71.30	85.01	79.90
PBDT	Rs.in crores	8.60	(1.78)	13.60	21.96	25.78	41.95	47.52	60.58	75.81	74.32
PBT	Rs.in crores	9.94	(4.47)	6.38	13.95	16.06	29.70	38.12	44.76	58.45	55.60
PAT	Rs.in crores	9.95	(4.47)	3.93	7.51	8.63	26.45	26.15	33.76	49.27	46.08
Net Worth	Rs.in crores	27.11	22.64	30.45	36.86	56.64*	81.53	108.56	146.13	195.79	239.34
Current Ratio	Numbers	0.35	0.76	0.95	1.04	1.42	1.34	0.98	1.66	1.56	2.13
Debt Equity Ratio	Numbers	2.45	4.74	3.64	2.64	1.37	0.73	1.02	0.76	0.40	0.19
Earning per share	Rs/Share	(12.75)	(5.73)	5.04	9.63	4.84*	11.31	11.18	14.43	21.07	19.70
Return on Capital Employed	%	(10.46)	(0.68)	15.31	21.46	21.07	27.39	32.00	21.25	23.04	19.62
Book Value/Share	Rs/Share	34.76	29.03	39.04	47.26	24.21*	34.84	46.42	62.49	83.72	102.34
Return on Net worth	%	(36.70)	(19.74)	12.91	20.37	15.24*	32.44	27.51	23.10	25.16	19.25
Dividend	%	Nil	Nil	Nil	Nil	5%	8%	10%	15%	15%	15%

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

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORMAT

C B MANAGEMENT SERVICES (P) LIMITED,
 A/C: ADITYA BIRLA CHEMICALS (INDIA) LIMITED,
 P-22, BONDEL ROAD,
KOLKATA - 700 019

Dear Sirs,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND.
Please fill-in the information in CAPITAL LETTERS in ENGLISH ONLY.

Please TICK Wherever applicable.

For shares held in physical form

For Office use only
ECS Ref. No. :

Master Folio No.

For shares held in electronic form

DP ID	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Client ID	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Name of First holder	<input type="text"/>																		
Bank Name	<input type="text"/>																		
Branch Name	<input type="text"/>																		
MICR Code	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank.) Please attach a xerox copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the banks name, branch and code number.																		
Account Type	Saving	<input type="text"/>	Current	<input type="text"/>	Cash Credit	<input type="text"/>													
A/c No. (as appearing in the cheque book)	<input type="text"/>																		
Effective date of this mandate	<input type="text"/>																		

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, Aditya Birla Chemicals (India) Limited will not be held responsible. I agree to avail the ECS facility provided by RBI.

I further undertake to inform the Company any change in my Bank/branch and account number.

Place _____

 (Signature of First Holder)

Date _____

 Name of First Holder

Tear Here

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

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

ATTENDANCE SLIP

33rd 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 Monday, the 29th June, 2009 at 10:30 A.M. at the Registered Office of the Company.

Folio No.		Full Name of the shareholder (In Block Letter)	Signature
DP ID*			
Client ID *		Full Name of Proxy (In Block Letter)	Signature

*Applicable for investors holding shares in electronic form

Tear here

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

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

P R O X Y F O R M

DP ID*	
Client ID*	

Regd. Folio No.	
-----------------	--

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

I/We.....
of.....being a Member/ Members of Aditya Birla Chemicals (India) Limited hereby appoint.....
ofor 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 33rd Annual General Meeting of the Company, to be held on Monday, the 29th June, 2009 at 10:30 A.M. and at any adjournment thereof.

As Witness my/our hand/hands this.....day of.....2009.

Signature (s).....

Revenue Stamp

*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.

Tear here

ADITYA BIRLA CHEMICALS (INDIA) LIMITED
(Formerly Bihar Caustic & Chemicals Limited)

BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No./CIN	L24100JH1976PLC001255			State Code	03
Balance Sheet Date	31	3	2009		
	Date	Month	Year		

Public Issue	Nil
Bonus Issue	Nil

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

Rights Issue	Nil
Private Placement	Nil

Total Liabilities	32149.84
-------------------	----------

III. Position of Mobilisation and Deployment of Funds(Amt. in Rs. Lacs)

Total Assets	32149.84
--------------	----------

Sources of Funds :	
Paid-up Capital	2338.65
Secured Loans	4575.76
Application of Funds :	
Net Fixed Assets	26992.68
Net Current Assets	4959.83
Accumulated Losses	Nil

Reserves & Surplus	21656.64
Unsecured Loans	41.40
Deferred Tax Liabilities	3537.39
Deferred Tax Assets	106.33
Investments	30.00
Misc. Expenditure	61.00

Turnover	23090.96
----------	----------

IV. PERFORMANCE OF COMPANY(Amount in Rs. Lacs)

+-	
+	
Earning per share in Rs.	19.70

Profit/ Loss Before Tax	5560.47
-------------------------	---------

Total Expenditure	18294.34
+- Profit/ Loss after Tax	4608.21

Item Code No. (ITC Code)	Product Description
Item Code No. (ITC Code)	Product Description
Item Code No. (ITC Code)	Product Description
Item code No. (ITC Code)	Product Description
Item code No. (ITC Code)	Product Description
Item code No. (ITC Code)	Product Description
Item code No. (ITC Code)	Product Description
Item code No. (ITC Code)	Product Description

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

Dividend	15.00%
	281510
	Caustic Soda Lye
	280110
	Liquid Chlorine
	280610
	Hydrochloric Acid
	Electricity
	Sodium Hypo Chloride
	282732
	Aluminium Chloride
	Stable Bleaching Powder

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 : 29th April, 2009

Akash Mishra
Company Secretary

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

Director
Director
Director
Director
Director
Director
Managing Director