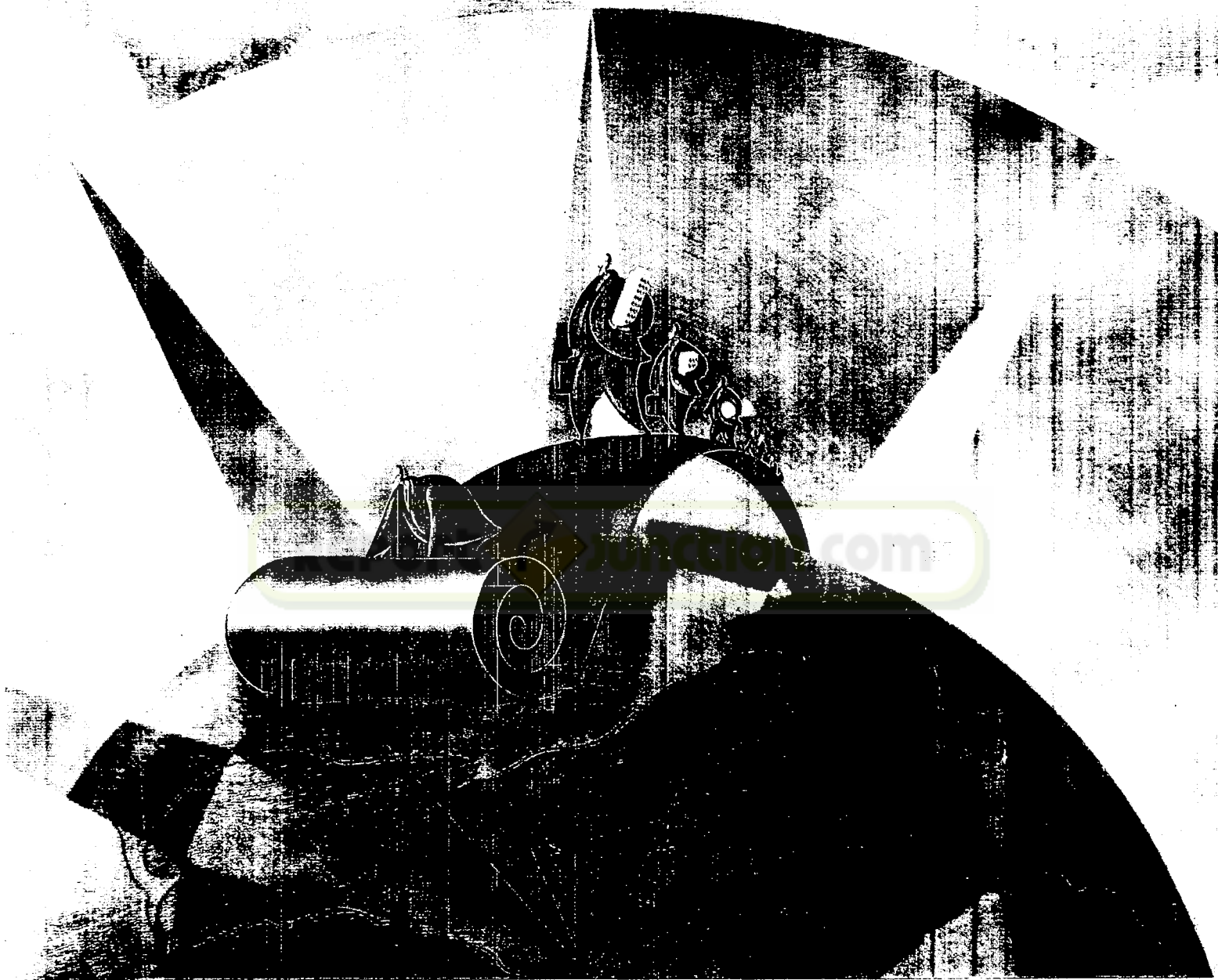


NEW HORIZONS. NEW FRONTIERS.



BIHAR CAUSTIC



Bihar Caustic and Chemicals Limited

ANNUAL REPORT 2007-08



Mr. G. D. Birla and Mr. Aditya Birla, our founding fathers.
We live by their values.
Integrity, Commitment, Passion, Scamlessness and Speed

BIHAR CAUSTIC & CHEMICALS LIMITED

REGISTERED OFFICE

Ghanshyam Kunj, Garhwa Road, P.O. Rehla - 822 124
Distt. Palamau (Jharkhand)
Ph. (06584) 262 211, 262 221, 262 488 Fax : (06584) 262 205
Email : bcclinvestors@adityabirla.com

NOTICE TO THE SHAREHOLDERS,

NOTICE is hereby given that the 32nd Annual General Meeting of members of Bihar Caustic & Chemicals Limited ("the Company") will be held at the Registered Office of the Company at "Ghanshyam Kunj" Garhwa Road, P.O. Rehla - 822 124, Distt. Palamau (Jharkhand) on Thursday, 21st August, 2008 at 10:30 A.M. to transact the following business with or without modifications.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2008.
3. To appoint a Director in place of Shri A. K. Agarwala, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri K. K. Maheshwari, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"Resolved that in accordance with the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) and provisions of Articles of Association of Company, the approval of the Company be and is hereby accorded to the revision in the remuneration payable to Mr. Shyam Sundar Gupta, Managing Director, as set out in Explanatory Statement annexed to the Notice convening this meeting."

Registered Office:
Ghanshyam Kunj, Garhwa Road,
P.O. Rehla - 822 124
Distt. Palamau (Jharkhand)

By Order of the Board,
For BIHAR CAUSTIC & CHEMICALS LIMITED

Akash Mishra
Company Secretary

Camp : Mumbai
Dated : 22nd April, 2008

BIHAR CAUSTIC & CHEMICALS LIMITED**NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend the meeting and the Proxy need not be a member of the Company. A Proxy may not vote except in a poll. Proxies in order to be effective must be received at the Company's Registered Office at Garhwa Road, P.O. Rehla, Distt. Palamau not less than forty eight hours before the commencement of the meeting.
2. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Brief resume of Directors seeking Re-appointment including nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership / chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in this notice. The Board of Directors of the Company commends the respective re-appointments of the aforesaid Directors.
4. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 10:30 A.M. and 12:30 P.M. upto the date of the Meeting.
8. The Register of Members and Share Transfer Books of the Company will remain closed from 11th August, 2008 to 21st August, 2008 (both days inclusive) for the purpose of payment of dividend.
9. The Company's shares are listed at the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd., Mumbai.
10. The dividend, as recommended by the Board, if sanctioned at the meeting, will be paid on or after 25th August, 2008 to those members or their mandates whose names stand registered on the Company's Register of Members :
 - i) as Beneficial Owners as at the end of the business on 10th August, 2008, as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form, and
 - ii) as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before 10th August, 2008.
11. Pursuant to the provisions of Section 205-A(5) of the Companies Act, 1956, the amount of dividend which remains unpaid or unclaimed for a period of 7 years from the date of transfer to unpaid dividend

BIHAR CAUSTIC & CHEMICALS LIMITED

account of the Company would be transferred to the Investor Education and Protection Fund, constituted by the Central Government and the Shareholders would not be able to claim any amount of dividend transferred to the fund. As such, shareholders who have not encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividends. The due date for transfer of Unpaid Dividend are given hereinbelow :

Dividend For F.Y.	Date of Annual General Meeting	Date due for transfer to "Investor Education & Protection Fund"
2003-04	23.07.2004	27.07.2011
2004-05	02.09.2005	05.09.2012
2005-06	11.08.2006	13.08.2013
2006-07	11.08.2007	13.08.2014

12. Members are requested to notify immediately any change of address :

- i) to the their Depository Participants(DPs) in respect of their electronic share accounts, and
- ii) to the Company to its Share Department at the Registered Office at Garhwa Road or to our Registrars, M/s. C.B. Management Services (P) Ltd., Kolkata.

13. a) To avoid the incidence of fraudulent encashment of the warrants, Members are requested to intimate the Company/Registrars, M/s.C. B. Managemnt Services (P) Ltd., under the signature of the Sole/ First Joint holder, the following information, so that the Bank Account Number and Name and Address of the Bank can be printed on the Dividend Warrants:

- 1) Name of Sole/first Joint holder and Folio No.
- 2) Particulars of Bank Account, viz.
 - i) Name of the Bank
 - ii) Name of Branch
 - iii) Complete address of the Bank with Pin code Number
 - iv) Account Type, whether Savings(SB) or Current Account (CA)
 - v) Bank Account Number
 - vi) Bank MICR Code Number.
- b) Shareholders desirous of availing the facility of Electronic Credit of dividend are requested to fill up the ECS form attached to this Annual Report and mail the same to the Registrars so as to reach them before 11th August, 2008.
- c) Members who hold shares in the dematerialized form and want to change/correct the Bank account details, should send the same immediately to their concerned Depository Participant and not to the Company or the Registrar. Members are also requested to give the MICR Code of their Bank to their Depository Participant. The Company will not entertain any direct request from such members for change of address, transposition of names, deletion of name of deceased joint holder and change in the Bank account details. The said details will be considered as furnished by the Depositories to the Company.

BIHAR CAUSTIC & CHEMICALS LIMITED

14. In terms of Section 109(A) of the Companies Act, 1956 the Shareholder may nominate a person to whom the shares held by him shall vest in the event of his/her death.

In case you wish to avail the nomination facility in respect of the shares held by you, please write to the Company/Registrars to obtain the nomination form.

15. Members, who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names, are requested to send the share certificates to the Company's Registrar and Transfer Agents, M/s. C. B. Management Services (P) Limited, Kolkata, for consolidation into a single folio.
16. Non-resident Indian Shareholders are requested to inform M/s. C. B. Management Services (P) Ltd., Kolkata immediately about :-
- a) the change in the Residential status on return to India for permanent settlement.
 - b) the particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**Item No. 6.**

The Board of Directors of the Company, in its meeting held on 24th October, 2007 and 22nd April, 2008, has, in terms of the authority conferred by the Members of the Company vide resolution passed in the Annual General Meeting of the company held on 11th August 2007 and pursuant to the provisions of Section(s) 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and the relevant provisions of the Articles of Association of the Company and subject to the approval of Members of the Company, made revision in the remuneration payable to Mr. Shyam Sundar Gupta, Managing Director of the Company, as approved and recommended by the Remuneration Committee of the Company, as mentioned hereinbelow :

Revision in Remuneration made on 24th October, 2007

- Salary of Rs. 15,06,340/- (Rupees Fifteen lacs six thousand three hundred forty only) per annum w.e.f. 1st July, 2007
- Special allowance of Rs. 9,84,864/- (Rupees Nine lacs eighty four thousand eight hundred sixty four only) per annum w.e.f. 1st July, 2007
- Variable Pay of Rs. 4,90,100/- (Rupees Four lacs ninety thousand one hundred only)
- Medical benefits : Medical payment to self and family - not exceeding one month's basic salary per annum subject to deduction of Income Tax as per Rules w.e.f. 1st April, 2007.

Fixation of Remuneration Scale on 22nd April, 2008

- Salary : Rs. 15.06 lacs to Rs. 25 lacs per annum
- Special allowance : Rs. 9.85 lacs to Rs. 15 lacs per annum
- Variable Pay : upto Rs. 20 lacs per annum

BIHAR CAUSTIC & CHEMICALS LIMITED

LTC, Contribution to Provident Fund, Gratuity Fund, Superannuation Fund etc. as per the applicable rules of the Company and terms of the Agreement

Other terms and conditions of appointment of Mr. Shyam Sundar Gupta shall remain at par in terms of agreement dated 17th October, 2006, entered into with him and valid upto 23.10.2009, including amendment(s), as duly approved by the Members.

As required under Section 302 of the Companies Act, 1956, abstracts of the revision made, as mentioned hereinabove along with the Memorandum signifying the concern of the Directors therein have already been sent to Members accordingly.

Save and except Shri S. S. Gupta in his personal capacity, none of the other Directors of the Company is, in any way concerned or interested in the Resolution.

The Board recommends the Resolution for consent to the revision in remuneration of Shri S. S. Gupta, Managing Director for your approval.

Registered Office:

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

**By Order of the Board,
For BIHAR CAUSTIC & CHEMICALS LIMITED**

**Akash Mishra
Company Secretary**

Camp : Mumbai
Dated : 22nd April, 2008

BIHAR CAUSTIC & CHEMICALS LIMITED**BRIEF RESUME OF THE DIRECTORS BEING RE-APPOINTED, NATURE OF THEIR EXPERTISE IN SPECIFIC FUNCTIONAL AREA AND NAMES OF COMPANIES IN WHICH THEY HOLD DIRECTORSHIP AND MEMBERSHIP/CHAIRMANSHIP OF BOARD COMMITTEES, AS STIPULATED UNDER CLAUSE 49 OF LISTING AGREEMENT WITH STOCK EXCHANGES IN INDIA**

1. Name of Director	: Shri A. K. Agarwala	
Date of Birth	: 01.07.1933	
Educational Qualification	: B. Com., F.C.A., L.L.B.	
Date of Appointment on the Board of the company	: 09.05.2001	
Category of Director	: Non Executive Promoter Director	
Area of Expertise / Experience	<p>Joined Hindalco in 1960 and appointed to the Board of Directors in 1998. Having vast experience at senior leadership role in various industries. Presently holding the position of Trustee of G.D. Birla Medical Research and Education Foundation, Vaibhav Medical and Education Foundation and Aditya Vikram Birla Memorial Trust.</p>	
Other Directorships (excluding Alternate Directorship and Private Companies)	i) Hindalco Industries Limited ii) Udyog Services Limited iii) Tanfac Industries Limited iv) Aditya Birla Power Company Limited v) Birla Insurance Advisory Services Limited vi) Bina Power Supply Company Limited vii) Novelis Inc., Canada	Director Director Director Director Director Director Director
Chairman/Member of the Committee of the Board of Directors of the Company.	: Nil	
Chairman/Member of the Committee of the Board of Directors of other Companies in which he / she is a Director.	: <u>Hindalco Industries Limited</u> Finance Committee	Member

BIHAR CAUSTIC & CHEMICALS LIMITED

2.	Name of Director	: Shri K. K. Maheshwari	
	Date of Birth	: 01.03.1955	
	Educational Qualification	: M. Com., F.C.A.	
	Date of Appointment on the Board of the company	: 09.05.2001	
	Category of Director	: Non Executive Promoter Director	
	Area of Expertise / Experience	: 31 years of vast experience at senior leadership role in various industries / businesses internationally. Presently holding the position of Whole Time Director in Aditya Birla Nuvo Limited and responsible for Aditya Birla Group's Chemical Business, Trading Business and Management Services Division.	
	Other Directorships (Excluding Alternate Directorship and Private Companies)	: i) Aditya Birla Nuvo Limited ii) Tanfac Industries Limited iii) Laxminarayan Investment Limited iv) Aditya Birla Chemicals (Thailand) Limited v) Thai Polyphosphate & Chemicals Limited vi) Thai Peroxide Co. Limited	Whole Time Director Director Director Director Director Director
	Chairman/Member of the Committee of the Board of Directors of the Company.	: Audit Committee Shareholders' Grievances Committee Remuneration Committee	Member Chairman Member
	Chairman/Member of the Committee of the Board of Directors of other Companies in which he / she is a Director.	: <u>Tanfac Industries Limited</u> Audit Committee <u>Investor Relations Committee</u> Laxminarayan Investment Limited Audit Committee	Member Member Chairman

BIHAR CAUSTIC & CHEMICALS LIMITED**DIRECTORS**

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

MANAGING DIRECTOR

Shri S. S. Gupta

COMPANY SECRETARY

Shri Akash Mishra

BANKERS

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

AUDITORS

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

COST AUDITORS

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

REGISTERED OFFICE

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

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