

DIRECTORS

Shri A. K. Agarwala
Shri Biswajit Choudhuri
Shri J. C. Chopra
Shri P. P. Sharma
Shri K. K. Maheshwari
Shri L. S. Naik
Shri K. C. Jhanwar
Shri S. C. Mathur, 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

STATUTORY AUDITORS

M/s. Khimji Kunverji & 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

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DIRECTORS' REPORT TO SHAREHOLDERS**Dear Shareholders,**

Your Directors are pleased to present the report on the business and operations of your Company for the financial year ended 31st March 2010.

FINANCIAL PERFORMANCE

The performance of the Company for the Financial Year ended 31st March 2010 is summarised below :

	Rs. in lacs	
	<u>2009-2010</u>	<u>2008-2009</u>
Gross Turnover	24107.63	23090.96
Gross Profit/(Loss)	9125.91	7431.63
Depreciation	(2003.57)	(1871.16)
Profit before Tax	7122.34	5560.47
Provision for Fringe Benefit Tax	—	(20.51)
Provision for current tax	(1234.34)	(623.58)
Provision for deferred tax	(130.26)	(587.49)
MAT Credit Entitlement	316.53	279.32
Profit/(Loss)after Tax	6074.27	4608.21
Adjustment of Taxes for earlier years	(724.81)	55.49
Balance brought forward from previous year	16880.56	13008.11
Transferred to state capital subsidy	—	(150.42)
Balance available for Appropriation	22230.02	17521.39
APPROPRIATIONS :		
Proposed Dividend	350.80	350.80
Tax on Proposed Dividend	58.26	59.62
Transfer to General Reserve	303.71	230.41
Balance carried to Balance Sheet	21517.25	16880.56

DIVIDEND

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

OPERATING RESULTS & PROFITS

Your Company is continuously moving towards its journey of excellence by maintaining benchmark performance in the Chlor Alkali segments. Continuous import of Caustic Soda in India has affected our realization. Besides, your Company has faced pressure on realization of Chlorine and HCl, mainly due to mismatch of demand and supply. Despite overall challenging environment, the Company could be able to achieve superior performance in all spheres of its activities.

For the year under review, the gross turnover was higher by 4.40 % at Rs. 241.08 crores as compared to Rs. 230.91 crores in the previous financial year. Net sales during the year was Rs. 221.86 crores as compared to Rs. 204.07 crores in the previous year. Profit before tax stood at Rs. 71.22 crores as against previous year's profit of Rs. 55.60 crores. After adjustment of the taxes, the net profit stood at Rs. 60.74 crores in comparison to previous year's profit of Rs. 46.08 crores.

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

EXPANSION PROJECT :

We are pleased to inform that your Company is proposing to expand its Aluminium Chloride Plant capacity from 25 TPD to 50 TPD by putting up additional reactors, based on latest technology, with a capital investment of Rs.12.40 crores. The expanded capacity will be in operation by end of current Financial Year.

DIRECTORS' REPORT TO SHAREHOLDERS (Contd..)

Your Company is also exploring to expand its capacity of Caustic plant by another 150 TPD alongwith 30 MW power plant. The clearance from Ministry of Environment & Forests for the above expansion plan is already received. The coal linkage for the proposed Power Plant has also been sanctioned by the Ministry of Coal in January 2010. The estimated cost for carrying out this expansion would be around Rs.325 crores.

AWARDS AND ACCOLADES

Your Directors are pleased to share that in recognition of its continuous journey of Excellence, your Company has bagged the Award on "Social Mobilization & Women Empowerment" by Birsa Agriculture University, Ranchi, conferred by Govt. of Jharkhand for the Year 2009-10.

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-

- Medical Camps in every week at Medical Centres of 40 villages adopted by the Company, where 17624 patients were given free treatment.
- Eye Camp, Eye Check up & Operation for 12 days in which 1038 Cataract operations conducted
- Artificial Limb camp conducted, where 59 handicapped persons benefited with Artificial Limbs.
- Family Planning camp, Mother-child health camp, immunization camp, Dental Check up camp, Homeopathic camp, AIDS awareness camp and other camps conducted, where the beneficiaries were more than 6403.
- NID Pulse Polio Programme organized in 29 booths, where the beneficiaries were more than 23473.
- 2059 blanket & woolen cloths distributed among poor and needy
- Old Age Monthly pension distribution for 31 poor and needy persons
- Scholarships were given to 110 poor girls, bicycle were distributed to 11 poor girls and Tailoring training was given to 40 needy girls.
- 26000 tree saplings distributed among farmers
- Wheat seeds distributed among 585 farmers
- 17809 cattles were provided vaccination for the benefit of 5300 villagers.
- 158 hand pumps repaired/ installed in our adopted villages.
- Construction of 2 Hydel Towers and repair of Check Dam to provide water to nereby society.

SAFETY, HEALTH, ENVIRONMENT PROTECTION AND POLLUTION CONTROL:

Your Company is conscious about safety of the employees vis-a vis all the stakeholders involved directly or indirectly in our activities. We are pleased to share that year 2009-10 has been a ZERO accident year.

Your Company has taken various steps for safety, health and pollution control, such as – commissioning of Auto liquid Chlorine filling stations, installation of Auto Control valves (on-off) in liquid Chlorine storage tanks, installation of Chlorine sensors, Pressure gauge and temperature sensors, Continuous monitoring of Mercury bearing hazardous waste earlier disposed in defined lagoon, Centralized control on emission of ancillaries through Calcium Hypo unit, Safe storage of solid waste of ancillary units in lined lagoon, Change in logic of cell load reduction from the rectifier cubicle directly instead of DCS which takes lesser time as compared to load reduction from DCS, Provision of explosion vent in boiler flue gas path to prevent over pressurization, automated vent in APH of boiler for safety against any entrapped combustible gasses inside; and mistake proofing against operational errors, Fail safe TG trip interlocking for turbine etc.

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

DIRECTORS' REPORT TO SHAREHOLDERS (Contd..)

DIRECTORS

During the year under review, the Board has appointed Shri Lalitkumar Shantaram Naik as Additional Director in the Board w.e.f. 1st April 2010 and subject to approval of Shareholders of the Company in terms of the Companies Act, 1956, has re-appointed Shri S. S. Gupta as Managing Director of the Company w.e.f. 24th October 2009 to broaden the representation of the Group Chemical Business expertise. Shri S. C. Mathur was appointed as Nominee Director in the Board in place of Shri Subrajit Bhowmick w.e.f. 5th April 2010.

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association, Shri A. K. Agarwala and Shri J. C. Chopra, 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 AND AUDITORS' REPORT

M/s. Khimji Kunvarji & Co., Chartered Accountants, Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General meeting and are recommended for re-appointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of section 226 of the said Act.

The Notes on Accounts referred to in the Auditors' Report are self explanatory and do not call for any further comments.

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. S. Gupta & Co., Cost Accountants, Kolkata, to audit the cost accounts relating to its products for the financial year 2010-11.

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.

DIRECTORS' REPORT TO SHAREHOLDERS (Contd..)

In accordance with the provisions of Section 217(2A) read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the Directors' report, as an addendum thereto. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and accounts as therein set out, are being sent to all members of the Company excluding the aforesaid information about the employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company Secretary at the Registered Office of the Company.

CODE OF CONDUCT

In terms of requirement of Clause 49 of the Listing Agreement, the Board of Directors of 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 2010 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 2010 and of the profit for the financial year ended 31st March 2010 ;
- 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. 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 : 30th April, 2010

A. K. Agarwala
Director

L. S. Naik
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 2010.

A. CONSERVATION OF ENERGY :**(a) Energy conservation measures taken :**

- Installation of VFD in new Cooling Water pumps and Cooling Tower Fans
- Installation of VFD in H₂SO₄ circulation pump.
- Replacement of old and inefficient Polished & filtered brine pump- motor set with energy efficient system.
- Installation of VFD in C.T fan in SBP
- Installation of Solar Water heater
- Installation of variable frequency drive in Secondary air Fan motor
- Installation of variable frequency drive in condensate extraction pump
- Installation of Capacitor bank in Aux. MCC A & B to improve power factor.
- Right sizing of dust extraction system motor by replacing 55 KW motor with 37 KW one & replacement of 30 KW ACW Pump motor by 22 KW one.
- Various initiatives taken for optimization of plant & office lighting viz. replacement of conventional lamps with CFL, energy efficient tube lights, Conventional chokes with electronic ones and automation in lighting control etc.

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

- Provision of VFD in CT Fans for aux. power reduction.
- Installation of fluid coupling in P.A. Fan.
- Right sizing of the equipments based on the outcome of energy mapping.
- Replacement of old and inefficient pump- motor set with energy efficient.
- Replacement of two cooling tower pumps with single pump to save energy.
- Replacement of two drinking water pumps with single pump for energy conservation.
- Installation of small capacity chilled water supply pump to be used in case of lower water requirement at low plant load.
- Installation of dedicated air compressor for nitrogen unit to facilitate common air compressor to operate at lower discharge pressure to save energy.

(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 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, Hydrochloric Acid and Stable Bleaching Powder to Nepal and Stable Bleaching Powder to Bangladesh, Malaysia and Bhutan.
- The Company is exploring export markets for Aluminium Chloride.

(b) Total foreign exchange used and earned :

- Foreign exchange earned : Rs. 50.23 lacs
- Foreign exchanged used : Rs. 280.71 lacs

ANNEXURE

FORM "A"

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION

Current year
2009-10Previous year
2008-09

1. Electricity

(a) Purchase

Unit (KWH in thousand)

44130

19034

Total amount (Rs. In lacs)

1361.45

653.35

Rate/ unit (Rs.) (Average Cost)

3.08

3.43

(b) Own generation (Net)

(i) Through Diesel generator

Unit (KWH in thousand)

27

13

Unit per Ltr. of diesel oil

2.52

2.69

*Cost/ unit (Rs.)

13.27

12.25

(* higher due to fuel consumption on regular test run of DG set)

(ii) Through steam turbine/
generator (Net)

Unit (KWH in thousand)

219855

206823

Total amount (Rs. In lacs)

4402.27

4531.89

Rate per unit (Rs.) (Average cost)

2.00

2.19

2. Coal used in Boiler of 'E' & 'F' Grade

Quantity (Tonnes in thousand)

213.27

204.83

Total Cost (Rs. in lacs)

3037.81

2946.38

Average rate per tonne (Rs.)
(Average cost)

1424.66

1438.45

3. Furnace Oil/ HSD

Quantity (K. Ltr.)

195.78

187.04

Total Amount (Rs. in lacs)

65.61

64.97

Average rate/ Ltr. (Rs.)
(Average cost)

33.51

34.73

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
2009-10Previous year
2008-09

Electricity (KWH/MT)

2511

2489

2489

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"> ● Power system stability & Harmonic study of entire plant electrical systems. ● Installation of HT Capacitor bank to maintain better power factor. ● Installation of one new Auxiliary Transformer to cater enhanced load of Caustic plant. ● Automation in the Chlorine tonner filling and Coal Handling Plant Operations. ● Blending of different types of coal for optimization of process parameters and cost economy. ● Modification in design of Boiler tubes protection plates for better protection against erosion. ● Modification in cyclone cross duct of Boiler for reduction in load on rotary equipments of boiler. ● Provision of Automated Vent Valve on APH outlet duct for escaping of unwanted gases from boiler APH. ● Provision of Explosion Doors to avoid over pressurization of Boiler furnace and duct. ● Provision of platforms at various elevations of boiler for ease in maintenance and reduction of maintenance times. ● Various other R&D works in the field of maintenance prevention of equipments. ● Alternative composition of fly ash bricks for maximum utilization of fly ash in brick manufacturing. ● In house make after cooler for air compressor successfully running ● Reactors and condensers fabrication, with in house facility, running smoothly at $AlCl_3$ plant. ● Implementation of Six Sigma Project, undertaken for reduction in cell power consumption. |
| 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 plant. ● Better operational control and safety in CPP & CP. ● Reduced specific power consumption in Caustic Soda Plant and Auxiliary power consumption in Power Plant. ● Overall down time of equipments reduced significantly resulting in higher availability of the plant. ● Increased Quality of product and productivity. ● Auto liquid Chlorine filling system facilitated for increasing number of tonner filling as and when required. ● Saving of Cell power consumption by about 8 KWH/MT of Caustic Soda production after implementation of Six Sigma Project as well as production of Caustic Soda beyond the designed capacity. |
| 3. Future plan of action | <ul style="list-style-type: none"> ● Up gradation of GE-Fanuc PLC simplicity, software. |

- Up gradation of Distributed Control System in Power Plant for better control of operation.
- Installation of more VFDs and other energy saving schemes.
- Automation of Coal Handling Plant Operations and mechanization of coal unloading.
- Supply of liquid chlorine directly from the liquefier to CPW units to minimize generation of Sodium Hypochlorite
- Recovery of Sodium hypochlorite generated at SBP and Aluminum Chloride plants to main plant

4. Expenditure on R & D : ● Rs. 18.57 lacs – for system modification.
 ● Rs. 48.40 lacs – for various energy saving schemes.

TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION

- Modification of screen tube hanger support in Boiler
- Multiple source of power supply for critical equipments.
- Up-gradation of Sequential Event Recorder in Captive Power Plant.
- Thorough revision and up-gradation of Standard Operating Procedure of Captive Power Plant and Caustic Soda plant
- Modification in the incoming chute of bucket elevator
- Modification in the boiler tube protection sleeve design
- Modification at Coal Feeder Outlet chute for prevention of dust emission.
- Design modification in CW Pump impeller in CPP.
- Installation of bucket elevator parallel to chain conveyer at SBP plant for smooth transfer of material taking minimum time
- Change over of all reactors from FCR to NCR at $AlCl_3$ plant
- In-house design, fabrication and installation of Chlorine Vaporiser
- On line oil charging in screw compressors without stopping the equipments resulting in reduction of loss of Freon and oil.