



**CORPORATION  
LIMITED**

**MP BIRLA GROUP**

**ANNUAL REPORT AND ACCOUNTS 2007-08**





**Madhav Prasadji Birla**  
(1918-1990)

*Visionary. Pioneer. Karmayogi. His inspiring spirit of enterprise continues to be the guiding force for all our activities and future growth*



**Priyamvadaji Birla  
(1928-2004)**

*Vidya, Shraddha, Chintan and Utkarsh were the principles that governed her approach to life and will be guiding us always in our pursuit for excellence*



Shri Rajendra S. Lodha  
Chairman



Shri B. R. Nihar  
Executive Director & CEO

## DIRECTORS



Shri N. K. Kejriwal



Smt. Nandini Nopany



Shri Harsh V. Lodha



Shri Pracheta Majumdar



Shri Vikram Swarup



Shri Anand Bordia



Shri B. B. Tandon



Shri D. N. Ghosh



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## BOARD OF DIRECTORS

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Shri Rajendra S. Lodha  
Chairman

Shri N. K. Kejriwal

Smt. Nandini Nopany

Shri Harsh V. Lodha

Shri Pracheta Majumdar

Shri Vikram Swarup

Shri Anand Bordia

Shri B. B. Tandon

Shri D. N. Ghosh (from 31.10.07)

Shri B. R. Nahar  
Executive Director & CEO

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## CHIEF FINANCIAL OFFICER

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Shri P. K. Chand

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## ACTING COMPANY SECRETARY

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Shri Girish Sharma

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## AUDITORS

---

H. P. Khandelwal & Co.  
Chartered Accountants  
Kolkata

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## REGISTERED & PRINCIPAL OFFICE

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Birla Building (3rd & 4th floor)  
9/1, R. N. Mukherjee Road  
Kolkata - 700 001

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## SENIOR MANAGEMENT TEAM

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Shri G. Jayaraman  
Executive President

Shri P. S. Marwah  
President  
Satna Cement Works  
Birla Vikas Cement  
Cement Division, Raebareli  
Vindhyachal Steel Foundry

Shri V. K. Hamirwasia  
President  
Birla Cement Works  
Chandaria Cement Works

Shri K. K. Sharma  
Joint President  
Management Audit

Dr D. Ghosh  
Joint President  
New Projects and R&D

Shri P. C. Mathur  
Joint President  
Durgapur Cement Works  
Durga Hitech Cement

Shri P. Chatterji  
Joint President  
Jute Division

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## FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

|  | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | 1996-97 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>OPERATING RESULTS</b>                                 |         |         |         |         |         |         |         |         |
| Turnover   | 199678  | 179451  | 143344  | 134264  | 116891  | 112420  | 112391  | 104706  |
| Surplus before Interest & Depreciation                   | 61367   | 51992   | 19187   | 14522   | 10039   | 7043    | 7065    | 8090    |
| Interest   | 2105    | 1853    | 1362    | 2169    | 2514    | 3157    | 3621    | 4493    |
| Surplus/(Deficit) after Interest but before Depreciation | 59262   | 50139   | 17825   | 12353   | 7525    | 3886    | 3444    | 3597    |
| Depreciation   | 4144    | 3965    | 3416    | 2983    | 3367    | 3220    | 3516    | 2859    |
| Income/Fringe Benefit / Deferred/Wealth Tax              | 15761   | 13551   | 1833    | 683     | 2       | 247     | 4       | 2       |
| Net Profit   | 39357   | 32623   | 12576   | 8687    | 4156    | 419     | (76)    | 736     |
| Dividend   | 3604    | 3153    | 1976    | 1317    | 869     | —       | —       | 611     |
| Retained Earning   | 35753   | 29470   | 10600   | 7370    | 3287    | 419     | (76)    | 2984    |
| <b>ASSETS &amp; LIABILITIES</b>                          |         |         |         |         |         |         |         |         |
| Fixed Assets :   |         |         |         |         |         |         |         |         |
| Gross Block  | 130010  | 116151  | 112821  | 98104   | 90301   | 88909   | 86190   | 76109   |
| Net Block  | 62746   | 52630   | 53037   | 40297   | 32547   | 33490   | 33819   | 37871   |
| Current & Other Assets & Investments                     | 130393  | 85525   | 42807   | 37439   | 32099   | 31978   | 31266   | 33632   |
| Total Assets   | 193139  | 138155  | 95844   | 77736   | 64646   | 65468   | 65085   | 71503   |
| Represented by :   |         |         |         |         |         |         |         |         |
| Share Capital  | 7701    | 7701    | 7701    | 7701    | 7701    | 7701    | 7701    | 3056    |
| Reserves & Surplus                                       | 92797   | 58880   | 30723   | 23578   | 18049   | 15738   | 15464   | 25595   |
| Net Worth  | 100498  | 66581   | 38424   | 31279   | 25750   | 23439   | 23165   | 28651   |
| Borrowings   | 27225   | 28265   | 27178   | 24156   | 20712   | 26487   | 26496   | 29932   |
| Current Liabilities & Provisions                         | 65416   | 43309   | 30242   | 22302   | 18185   | 15543   | 15424   | 12920   |
| <b>RATIOS</b>  |         |         |         |         |         |         |         |         |
| Earning per Ordinary Share ( Rs.)                        | 51.11   | 42.36   | 16.33   | 11.28   | 5.40    | 0.54    | (0.10)  | 2.41    |
| Cash Earning per Ordinary Share ( Rs.) ( annualised )    | 56.49   | 47.51   | 20.77   | 15.15   | 9.77    | 4.73    | 4.47    | 11.77   |
| Net Worth per Ordinary Share ( Rs.)                      | 130.51  | 86.46   | 49.90   | 40.62   | 33.44   | 30.44   | 30.08   | 93.76   |
| Debt Equity Ratio (on long-term loans )                  | 0.07:1  | 0.14:1  | 0.32:1  | 0.31:1  | 0.25:1  | 0.41:1  | 0.62:1  | 0.45:1  |
| Current Ratio  | 1.13    | 1.18    | 1.03    | 1.28    | 1.25    | 1.31    | 1.38    | 2.46    |

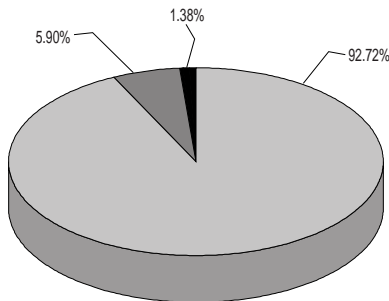
## SOURCES AND APPLICATION OF FUNDS

(Rs. in Lacs)

| SOURCES OF FUNDS                               | 2007-2008    | 2006-2007    | 2005-2006    | 2004-2005    | 2003-2004   | 2002-2003   |
|--|--------------|--------------|--------------|--------------|-------------|-------------|
| 1. Generation from operations –                |              |              |              |              |             |             |
| Surplus/(Deficit) after taxes                  | 39357        | 32623        | 12576        | 8687         | 4301        | 419         |
| Depreciation                                   | 4144         | 3965         | 3416         | 2983         | 3367        | 3220        |
| Deferred Tax                                   | 116          | —            | —            | —            | —           | 245         |
|  | <u>43617</u> | <u>36588</u> | <u>15992</u> | <u>11670</u> | <u>7668</u> | <u>3884</u> |
| 2. Borrowings (Net)                            | (1039)       | 1087         | 3022         | 3445         | (5774)      | (9)         |
| 3. Reduction in Working Capital                | —            | —            | 5707         | —            | 661         | 832         |
| 4. Decrease in Capital Reserve<br>Others (Net) | (4)          | —            | —            | —            | —           | —           |
|  | <u>42574</u> | <u>37675</u> | <u>24721</u> | <u>15115</u> | <u>2555</u> | <u>4707</u> |
| <b>APPLICATION OF FUNDS</b>                    |              |              |              |              |             |             |
| 1. Fixed Assets                                | 14289        | 3637         | 16234        | 10813        | 2569        | 3037        |
| 2. Investments                                 | 21393        | 24476        | 6511         | 1211         | (883)       | 1670        |
| 3. Increase in Working Capital                 | 3288         | 6409         | —            | 1774         | —           | —           |
| 4. Dividend                                    | 3604         | 3153         | 1976         | 1317         | 869         | —           |
|  | <u>42574</u> | <u>37675</u> | <u>24721</u> | <u>15115</u> | <u>2555</u> | <u>4707</u> |

### Statement of Sales by Activities 2007-08

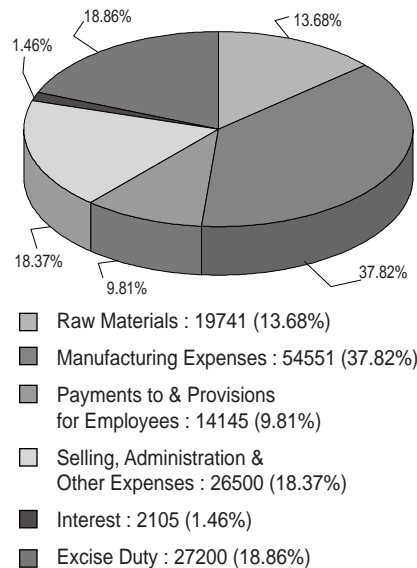
(Rs. in Lacs)



- Cement : 185137.78 (92.72 %)
- Jute : 11790.60 (5.90%)
- Others : 2749.90 (1.38%)

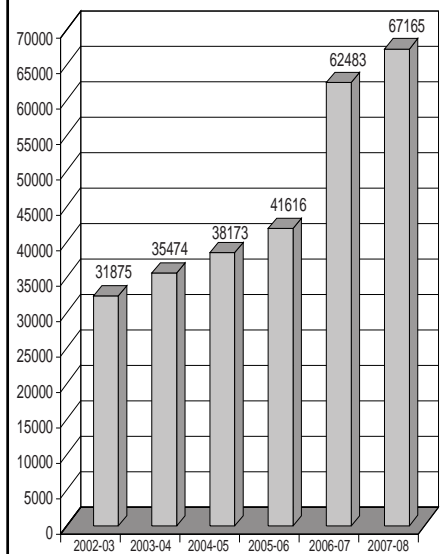
### Revenue Distribution 2007-2008

(Rs. in Lacs)



### Contribution to National Exchequer 2007-2008

(Rs. in Lacs)





## DIRECTORS' REPORT

To the Shareholders

Your Directors have pleasure in presenting their annual report on the business and operations of your Company together with the audited accounts for the year ended 31st March, 2008.

|  | (Rs. in Crores)  |        |                  |        |
|--|------------------|--------|------------------|--------|
|  | 31st March, 2008 |        | 31st March, 2007 |        |
| <b>FINANCIAL RESULTS</b>                       |                  |        |                  |        |
| Income for the year                            | 1763.05          |        | 1593.41          |        |
| Gross Profit before interest                   | 613.67           |        | 519.92           |        |
| Interest Charge                                | 21.05            |        | 18.53            |        |
| Profit before Depreciation & Tax               | 592.62           |        | 501.39           |        |
| Provision for                                  |                  |        |                  |        |
| i) Depreciation                                | 41.44            |        | 39.65            |        |
| ii) Taxation                                   | 157.61           | 199.05 | 135.51           | 175.16 |
| Profit after Tax                               | 393.57           |        | 326.23           |        |
| Additions:                                     |                  |        |                  |        |
| Balance Brought Forward from last year         | 178.35           |        | 133.65           |        |
| Less: Employee benefits as per AS-15 (Revised) | 17.93            | 160.42 | —                | 133.65 |
| Surplus available for Appropriation            | 553.99           |        | 459.88           |        |
| Appropriation:                                 |                  |        |                  |        |
| i) Proposed Dividend                           | 30.80            |        | 26.95            |        |
| ii) Corporate Dividend Tax                     | 5.24             |        | 4.58             |        |
| iii) General Reserve                           | 350.00           | 386.04 | 250.00           | 281.53 |
| Balance transferred to Balance Sheet           | 167.95           |        | 178.35           |        |

### DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.4.00 per share (i.e.40%) on 7,70,05,347 ordinary shares for the year ended 31st March, 2008 aggregating to Rs.36.04 crores including Corporate Dividend Tax of Rs.5.24 crores as compared to Rs.31.53 crores (including Corporate Dividend Tax Rs.4.58 crores) in the previous year.

### GENERAL REVIEW

During the year 2007-08 the Company achieved the highest ever production of cement at 5.28 million tonnes. The turnover during the year was also at all time high of Rs.1996.78 crores, 11.27% growth over the previous year. The profit after tax was Rs.393.57 crores as against Rs.326.23 crores of previous year. The Earning per Share (EPS) was at Rs.51.11 a growth of 20.66%.

The improvement in the performance was registered on the back of better realisation and operational efficiency in the cement division. The installation of power plants at Company's cement Units at Satna in Madhya Pradesh and Chanderia in Rajasthan have also helped in reducing the power costs substantially. The performance of the Jute Division of the Company has also improved on the back of modernisation, productivity improvement and cost control measures implemented by the Company.

Management Discussion and Analysis Report, covering the performance details of each division separately, is annexed hereto.

## CORPORATE MATTERS

The expansion projects at Company's cement plants at Satna (Madhya Pradesh) and Chanderia (Rajasthan) are likely to be commissioned in phases, by June, 2009. After completion of the expansion projects the cement capacity would effectively stand enhanced to 7.5 million tonnes.

In our Satna and Chanderia Units, we have devised Cleantech sustainable development strategy by planning to implement Waste Heat Recovery System which will not only be a low cost energy source but also help in reducing GHG emissions into the atmosphere. In Waste Heat Recovery System waste hot gases coming out of preheater and clinker cooler will be used to generate substantial power. The cement Units would become almost self-sufficient in power once the system becomes operational.

Credit Analysis and Research Limited (CARE) has assigned "CARE AA" (Double A) rating for the Company's Long and Medium Term facilities of more than one year tenure and PR 1 + (PR one plus) rating for Short Term Bank facilities, aggregating Rs.500 crores. Further, the rating Committee of CARE has re-affirmed PR 1 + rating and CARE AA rating for Short Term Debt and the proposed Long Term borrowing programme, respectively.

In view of the persistent acts of lawlessness and continued defiance of lawful and reasonable instructions of the management by the workmen, "Suspension of Operations" was declared at the Company's Unit Durgapur Cement Works along with its expanded plant Durga Hitech Cement, Durgapur w.e.f. 11th March, 2008.

## CONTRIBUTION TO NATIONAL EXCHEQUER

During the year under review, a sum of Rs.671.65 crores (Rs.624.83 crores in 2006-07) was paid to the various government authorities on account of taxes, duties and other government levies, an increase of 7.5% over the last year.

## CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code as stipulated under the Listing Agreement with the Stock Exchanges. A separate section on Corporate Governance, along with certificate from the auditors confirming the compliance, is annexed and forms part of the Annual Report.

## AWARDS & RECOGNITION

For the third consecutive year, the Company received Amity Corporate Excellence Award. Further, the cement division of the Company at Satna

received the following awards during the year:

- Second best improvement in Electrical Energy Award, 2006-07, awarded by National Council for Cement & Building Materials.
- National Safety Excellence Award, awarded by National Safety Council.
- Green Tech Environment Excellence Silver Award, awarded by Green Tech Foundation, New Delhi.
- National Award for Excellence in Water Management, awarded by CII, Hyderabad.

## CORPORATE SOCIAL RESPONSIBILITY

The Company, as a part of the M.P. Birla Group, is actively associated with various Social and Philanthropic activities undertaken by the Group. The Company was involved in the setting up of the Priyamvada Birla Aravind Eye Hospital inaugurated last year on 1st May, 2007 at Kolkata. In a short time this Institution has built an outstanding reputation for Quality and Care. The State-of-the-Art facilities are now catering to approximately 1,000 surgeries every month out of which 75% is almost free. In addition, it has to-date treated more than 50,000 OPD patients, other than camp patients.

The Company has also recently been involved in and actively supported the setting up of the Priyamvada Birla Cancer Research Institute at Satna. This new facility is fully equipped with the latest State-of-the-Art Linear Accelerator from Siemens and other comprehensive equipment including CT Scan, Brachy, etc at an investment of almost Rs.10 crores in the First Phase. More importantly, this facility will serve as many as 8 Backward Districts around Satna with a population of more than 2 crores in Madhya Pradesh itself as well as adjoining areas. We have also received valuable advice from Tata Memorial Hospital, Mumbai in setting up this Project.

That apart, the other initiatives taken by the Company in the field of conservation of environment, health, education and social welfare are as follows:

### A) Conservation of Environment:

In order to make the environment eco-friendly, massive plantations have been done in and around the plant and mining areas at Satna and Chanderia. Our efforts and the concern for environment have been acknowledged as your Company has been accredited with "GreenTech Environment Excellence Award 2007". Further, to protect the environment the Company has consumed 838777 tonnes of Fly Ash during the year 2007-08 at various cement plants of the Company.

### B) Health Initiatives:

Medical Dispensary along with Doctor and paramedical staff have been arranged for the treatment of patients in nearby villages at Satna. In addition, medicines are distributed free of cost to the villagers in the vicinity of Satna. At Chanderia, Family Planning Camps were organised and 116 operations were carried out. The Durgapur Unit organised Free Eye Camps in the vicinities of Durgapur with the help of M.P. Birla Netralaya. During the course of last about 2 years, a total of 3171 patients were examined and 1055 patients were sponsored for Cataract Surgery. At Birlapur, 6 nos. Pulse Polio Vaccination Camps were organised for the wards of the employees and local inhabitants. Further, on the occasion of AIDS day, a 4-day long AIDS Awareness Camp was organised.

C) Education initiatives:

The Satna Unit was instrumental in constructing school building and providing furniture in nearby villages namely Baraj, Bari, Naina, Bathia, Sagmania and Ghurdang. At Chanderia, your Company made substantial contribution for construction/renovation of school building for Government Higher Secondary School, Chanderia and other schools in nearby villages. Your Company also provided scholarships to the students for higher studies.

D) Social Welfare:

Due to scanty rain, there were acute shortfalls of water in Satna city and nearby villages during the summer season. Your Company made arrangements for supply of drinking water by engaging exclusively water tankers for the inhabitants of Satna city and nearby villages. At Chanderia, your Company was instrumental in construction of roads from Jai Surjana village to Achora. Donations were also given to Zilla Parishad for Total Cleanness Campaign, which involved construction of toilets and bathrooms.

### SUBSIDIARY COMPANIES

Particulars relating to the subsidiary companies, as required under Section 212 of the Companies Act, 1956, are annexed to the Balance Sheet of the Company.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 217(2AA) of the Companies Act, 1956, your Directors state that -

- in the preparation of the annual accounts for the year ended 31st March, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures, where ever applicable;
- the accounting policies adopted in the preparation of the annual accounts have been applied consistently (read with notes as appearing in Schedule 24 on Accounting Policies and Notes on Accounts) and reasonable & prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year 2007-08 and of the profit for the year ended 31st March, 2008;
- 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 the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts for the year ended 31st March, 2008, have been prepared on a going concern basis.

### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 217(1)(e) of the Companies Act, 1956, details relating to Conservation of Energy, Technology Absorption and Foreign

Exchange Earnings and Outgo are given in the Annexure, which is annexed hereto and forms part of the Directors' Report.

### PARTICULARS OF EMPLOYEES

As required under Section 217(2A) of the Companies Act, 1956, and the Rules made thereunder, particulars of the employees concerned are given in the Annexure, which is attached hereto and forms part of the Directors' Report.

### DIRECTORS

During the year under review, Shri D.N Ghosh was appointed as Director of the Company w.e.f. 31st October, 2007.

Shri N.K. Kejriwal, Shri Harsh V. Lodha and Shri Anand Bordia retire from the Board by rotation and, being eligible, offer themselves for re-election.

### AUDITORS & AUDITORS' REPORT

The members are requested to appoint the auditors and to fix their remuneration.

The notes on accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments. As regards the observations of the auditors in their report about non-submission of certain supporting documents of Durgapur Unit, all the documents have been duly maintained. However, in view of the "Suspension of Operations" at the Unit the same were not accessible.

Shri Somnath Mukherjee, Cost Accountant, had been appointed as Cost Auditor relating to Cement and Jute Goods manufactured by the Company for the year under review in terms of the Central Government's approval.

### APPRECIATION

We wish to place on record our appreciation for the continued assistance and co-operation extended to the Company by the Government of India, State Governments, Financial Institutions and Banks, dealers and customers, shareholders and to all others who are continuing their assistance to the Company.

RAJENDRA S. LODHA

*Chairman*

HARSH V. LODHA  
PRACHETA MAJUMDAR  
VIKRAM SWARUP  
ANAND BORDIA  
B. B. TANDON  
D. N. GHOSH

*Directors*

B. R. NAHAR

*ED & CEO*

Kolkata,

Dated the 8th day of May, 2008



**PARTICULARS AS REQUIRED UNDER COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988, AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2008**

|   | Auto Trim   | Cement  |
|---|---|---|
| <b>A. Conservation of Energy</b>  |   |   |
| a) Energy Conservation measures taken   | Jupboard heating system with reduced heating elements and optimization of layout of these elements in heating plate have attributed to substantial energy savings                             | Retrofitting of the existing Cement Mill - ESP with installation of Bag Filter to bring down the emission level, replacement of 1500 KW Motor for cement mill main drive and installation of automatic process optimization system in Raw Mill and Cement Mill at Satna Units.  |
|   | Recovery of waste heat in convective heaters to warm up covering material has attributed in saving of energy  | Installation of process optimization system to carry out auto-correction of process based on various parameters at micro level which will result in steady running of Kiln at Chanderia Units.  |
| b) & c) Additional investment, proposals, if any, and impact                              | Modification/automation PE/PP backed Polyvinylechloride material laminating machine will enhance elimination of large heaters, reduction of manpower which will reduce cost of finished trims | Modification in pyro-processing for enhancement of clinker production capacity, installation of infrastructure facilities to handle additional limestone requirement for enhanced clinker production, installation of new conveyor belting system for transporting limestone from quarry and installation of circular stacker reclaimer at Satna Units. |
|   |   | Upgradation of pyro-processing and other sections of the plant to increase Kiln output and replacement of double hammer mill by high efficiency impactor in Tertiary Crusher at Chanderia Units   |
|   |   | Installation of Waste Heat Recovery System with a total turbine capacity of around 21 MW to utilise waste hot air from the preheater and cooler at Satna and Chanderia Units.   |
| d) Power & Fuel Consumption   | Form 'A' annexed  | Form 'A' annexed  |
| <b>B. Technology Absorption</b>   |   |   |
| e) Research & Development   |   |   |
| 1) Specification of Technology absorption and/or R&D                                      | Use of Jute Polypropylene granule extruded from scrap/waste cut out for injection moulding  | Actively collaborates with National Council for Cement & Building Materials (NCCBM) for research & development activity.  |
| 2 & 3) Benefit and future plan of action  | Will reduce environment pollution and save cost because of optimal utilisation of input material  | Production of more blended cement to meet future demand by all the units.   |
| <b>C. Foreign Exchange Earning &amp; Outgo</b>  |   |   |
| f) Export activities  | —   | —   |
| g) Total Foreign Exchange used - Rs. 7501.87 lacs   |   |   |
| h) Total Foreign Exchange earned (including export in Indian Currency) - Rs. 7018.66 lacs |   |   |

| Jute  | Steel Foundry  | Vinoleum         |
|---|--|------------------|
| Replacement of 1000 W Haiogen lamps by 150W and 250W Sodium Vapour lamps in street light  | Replacement of old Moulding machine and installation of Oil Fired Sand Dryer   | —                |
| Discontinuation of power supply to Birlapur Bazaar and transfer the same to WBSEB with individual shops as individual consumer to reduce power theft  | —  | —                |
|   | Installation of Induction Moulding Furnace and upgradation of existing manufacturing process of High-Chrome Grinding Media by installing heat treatment furnace with oil quenching arrangement | —                |
| Form 'A' annexed  | Form 'A' annexed   | Form 'A' annexed |
| Addition of 2 Nos. Jute Spreader, 5 Nos. Breaker Card, 2 Nos. Finisher Card, 9 Nos. High Speed Rotary Gill Drawing Frames, 2 Nos. High Speed Mackrool Winding Machines, 1 No. High Speed Cop Winding Machine, 10 Nos. Precision Winding Spindles. | In-house Chemical and Physical laboratory with spectrometer and development activities.  | —                |
| Contribution towards higher productivity, improved quality of finished goods and reduction of wastages.   | —  | —                |
| All out efforts are being made to develop additional export for both conventional and value-added products.   | —  | —                |

## ANNEXURE

### FORM - A

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

|  | AUTO TRIM                    |                               | CEMENT                       |                               |
|--|------------------------------|-------------------------------|------------------------------|-------------------------------|
|  | Current<br>Year<br>(2007-08) | Previous<br>Year<br>(2006-07) | Current<br>Year<br>(2007-08) | Previous<br>Year<br>(2006-07) |
| <b>A. POWER &amp; FUEL CONSUMPTION</b> |                              |                               |                              |                               |
| 1. Electricity                         |                              |                               |                              |                               |
| a) Purchase                            |                              |                               |                              |                               |
| Unit in lacs (KWH)                     | 7.08                         | 10.83                         | 1272.15                      | 1440.04                       |
| Total Amount - Rs. in lacs             | 45.04                        | 56.12                         | 5882.89                      | 6436.09                       |
| Cost/Unit in Rs.                       | 6.36                         | 5.18                          | 4.62                         | 4.47                          |
| b) Own Generation                      |                              |                               |                              |                               |
| i) Through Diesel Generator            |                              |                               |                              |                               |
| Unit in lacs (KWH)                     | 0.80                         | 1.20                          | 49.89                        | 48.87                         |
| KWH per ltr. of Diesel Oil             | 2.16                         | 3.26                          | 4.20                         | 3.88                          |
| Cost/KWH in Rs.                        | 16.11                        | 10.70                         | 5.02                         | 5.47                          |
| ii) Through Steam Turbine/Generator    |                              |                               |                              |                               |
| Unit in lacs (KWH)                     | —                            | —                             | 3720.78                      | 3437.33                       |
| KWH per Tonne of Coal                  | —                            | —                             | 992                          | 986                           |
| Cost/Unit in Rs.                       | —                            | —                             | 1.62                         | 1.54                          |
| 2. Coal : Grades-B,C,D & E             |                              |                               |                              |                               |
| Quantity in Tonnes                     |                              |                               |                              |                               |
| a) Power Generation                    | —                            | —                             | 375058                       | 348516                        |
| b) Process Steam                       | —                            | —                             | —                            | —                             |
| c) Locos                               | —                            | —                             | —                            | —                             |
| d) Kilns                               | —                            | —                             | 623859                       | 618909                        |
| e) Others                              | —                            | —                             | 5331                         | 5184                          |
| Total Cost - Rs. in lacs               | —                            | —                             | 24943.59                     | 21797.68                      |
| Average Rate in Rs. / Tn.              | —                            | —                             | 2484                         | 2241                          |
| 3. Furnace Oil/Light Diesel Oil        |                              |                               |                              |                               |
| Quantity (K.Ltrs.)                     | 20.00                        | 25.40                         | 1015.36                      | 845.67                        |
| Total Amount - (Rs. in lacs)           | 6.54                         | 8.34                          | 174.85                       | 143.72                        |
| Average Rate in Rs./K. Ltrs.           | 32722                        | 32836                         | 17220                        | 16995                         |

|  | Standard<br>(if any) | Current<br>Year | Previous<br>Year | Standard<br>(if any)          | Current<br>Year | Previous<br>Year |
|--|----------------------|-----------------|------------------|-------------------------------|-----------------|------------------|
|  |                      |                 |                  |                               |                 |                  |
| <b>B. CONSUMPTION PER UNIT OF PRODUCTION</b> |                      |                 |                  |                               |                 |                  |
| Products                                     |                      |                 |                  |                               |                 |                  |
| Electricity in KWH                           | —                    | 5.66            | 5.15             | 105-110<br>(for naked cement) | 84              | 83               |
| Furnace Oil / Light Diesel Oil in Ltrs.      | —                    | 0.0004          | 1.400            | —                             | 0.033           | 0.046            |
| Coal: Grades-B, C, D & E                     |                      |                 |                  |                               |                 |                  |
| Consumption in Tn.                           |                      |                 |                  |                               |                 |                  |
| Kilns  | —                    | —               | —                | 0.20-0.21                     | 0.107           | 0.107            |
| Coal Quality                                 |                      |                 |                  |                               |                 |                  |
| Kilns (UHV)                                  | —                    | —               | —                | —                             | 5194            | 5078             |



| JUTE                         |                               |                  | STEEL FOUNDRY                |                               |                  | VINOLEUM                     |                               |                  |
|------------------------------|-------------------------------|------------------|------------------------------|-------------------------------|------------------|------------------------------|-------------------------------|------------------|
| Current<br>Year<br>(2007-08) | Previous<br>Year<br>(2006-07) |                  | Current<br>Year<br>(2007-08) | Previous<br>Year<br>(2006-07) |                  | Current<br>Year<br>(2007-08) | Previous<br>Year<br>(2006-07) |                  |
| 10.31                        | 9.64                          |                  | 26.36                        | 26.30                         |                  | 4.03                         | 1.06                          |                  |
| 69.89                        | 60.40                         |                  | 145.53                       | 147.22                        |                  | 27.62                        | 6.67                          |                  |
| 6.78                         | 6.27                          |                  | 5.52                         | 5.60                          |                  | 6.85                         | 6.31                          |                  |
| —                            | —                             |                  | —                            | —                             |                  | —                            | —                             |                  |
| —                            | —                             |                  | —                            | —                             |                  | —                            | —                             |                  |
| —                            | —                             |                  | —                            | —                             |                  | —                            | —                             |                  |
| 196.86                       | 155.63                        |                  | —                            | —                             |                  | 0.96                         | 4.42                          |                  |
| 729                          | 756                           |                  | —                            | —                             |                  | 729                          | 756                           |                  |
| 5.79                         | 5.73                          |                  | —                            | —                             |                  | 5.79                         | 5.72                          |                  |
| 26988                        | 20579                         |                  | —                            | —                             |                  | 131                          | 585                           |                  |
| 3744                         | 2558                          |                  | —                            | —                             |                  | —                            | —                             |                  |
| —                            | —                             |                  | —                            | —                             |                  | —                            | —                             |                  |
| —                            | —                             |                  | —                            | —                             |                  | —                            | —                             |                  |
| —                            | —                             |                  | 270                          | 264                           |                  | —                            | —                             |                  |
| 1016.14                      | 775.02                        |                  | 6.77                         | 5.78                          |                  | 4.34                         | 19.58                         |                  |
| 3307                         | 3350                          |                  | 2507                         | 2189                          |                  | 3307                         | 3350                          |                  |
| —                            | —                             |                  | 319.89                       | 363.20                        |                  | 184                          | 204                           |                  |
| —                            | —                             |                  | 64.12                        | 66.77                         |                  | 38.20                        | 37.18                         |                  |
| —                            | —                             |                  | 20043                        | 18384                         |                  | 20763                        | 18194                         |                  |
| Standard<br>(if any)         | Current<br>Year               | Previous<br>Year | Standard<br>(if any)         | Current<br>Year               | Previous<br>Year | Standard<br>(if any)         | Current<br>Year               | Previous<br>Year |
| Jute Goods                   |                               |                  | Steel Castings & Ingots      |                               |                  | PVC Goods                    |                               |                  |
| —                            | 545                           | 562              | —                            | 2148                          | 2209             | —                            | 0.98                          | 1.04             |
| —                            | —                             | —                | —                            | 260.70                        | 282.20           | —                            | 0.36                          | 0.39             |
| —                            | —                             | —                | —                            | —                             | —                | —                            | —                             | —                |
| —                            | —                             | —                | —                            | —                             | —                | —                            | —                             | —                |

## ANNEXURE TO THE DIRECTORS' REPORT

### PARTICULARS OF EMPLOYEES AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND THE RULES MADE THEREUNDER

and forming a part of Director's Report for the year ended 31st March, 2008 in respect of employees in receipt of remuneration for the year aggregating not less than Rs. 24,00,000/- per year or Rs. 2,00,000/- per month

| Sl. No. | Name             | Designation<br>Nature of Duties                               | Gross<br>Remuneration<br>(Rs.) | Qualification(s)                            | Experience<br>(Years) | Date of<br>Commencement<br>of Employment | Age<br>(Years) | Particulars of last<br>Employment held                                 |
|---------|------------------|---|--------------------------------|---|-----------------------|--|----------------|--|
| 1.      | Nahar B. R.*     | Executive Director &<br>Chief Executive<br>Officer            | 41,09,327                      | B.Com, FCA                                  | 34                    | 12.12.2002                               | 56             | Essar Investment Ltd.<br>Mumbai.<br>Executive Director<br>3 Years      |
| 2.      | Jayaraman G.*    | Executive President   | 24,21,365                      | B.E., Dip. In<br>Fin Management<br>Dip I.E. | 46                    | 06.09.2006                               | 69             | Renco Technologies<br>Pvt. Ltd., Chennai.<br>Director<br>3 Years       |
| 3.      | Chand P. K.      | Chief Financial Officer                                       | 26,42,606                      | B.Com (Hons)<br>FCA, AASM                   | 31                    | 01.06.1981                               | 52             | Orissa Cement Ltd.<br>New Delhi<br>Executive Accounts<br>4 Years       |
| 4.      | Hamirwasia V. K. | President, Birla Cement<br>Works & Chanderia<br>Cement Works. | 26,21,756                      | B.E. (Mech.)                                | 33                    | 07.02.1983                               | 54             | Mysore Cement Ltd.<br>Bangalore,<br>Sr. Engineer (Projects)<br>8 Years |

#### Notes :

- \*Employment with these are contractual.
- Employment of others is governed by the rules and regulations of the company .
- Gross Remuneration includes salary,allowances,bonus,perquisites and company's contribution to Provident Fund, Superannuation Fund and Gratuity Fund.
- None of the employees is related to any Directors of the Company.
- None of the employees falls within the meaning of Section 217(2A)(a)(iii) of The Companies Act,1956.

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### 1. HIGHLIGHTS OF FINANCIAL PERFORMANCE

| Particulars  | 2007-08 | 2006-07 | % change |
|--|---------|---------|----------|
| 1. Total Income  | 1763.05 | 1593.41 | 10.65    |
| 2. Total Expenditure                                   | 1149.38 | 1073.49 | 7.07     |
| 3. Operating Profit                                    | 613.67  | 519.92  | 18.03    |
| 4. Interest  | 21.05   | 18.53   | 13.60    |
| 5. Profit after interest but before depreciation & tax | 592.62  | 501.39  | 18.20    |
| 6. Depreciation  | 41.44   | 39.65   | 4.51     |
| 7. Profit before tax                                   | 551.18  | 461.74  | 19.37    |
| 8. Profit after tax                                    | 393.57  | 326.23  | 20.64    |

#### 1.1 CEMENT DIVISION

##### (a) Industry Structure and Developments:

The Indian cement industry with a total capacity of about 175 Million Tonnes is the second largest market after China. The industry accounts for approximately 1.3% of the country's GDP. The demand for cement in the country has been growing @ 10% on the back of increased activity in the fields of real estate, infrastructure development, housing and retail. The cement companies operated at high capacity utilisation levels to meet the increase in demand and the pricing environment was also stable during the year.

During the year 2007-08, 168.31 Million Tonnes of cement was produced as against 155.66 Million Tonnes during the previous year, registering a growth of about 8%. Cement manufacturers have embarked on significant capacity expansion plans by way of setting up both green field and brown field projects. The capacity addition during the year 2007-08 was to the tune of about 7.5 Million Tonnes.

##### (b) Opportunities & Threats:

The industry is likely to maintain its growth momentum and continue growing at about 9-10% in the foreseeable future. Government's initiative in the infrastructure sector such as the commencement of the second phase of the National Highway Development Project, freight corridors, rural roads and development of housing sector, are likely to be the main drivers of growth. Measures initiated by the Government towards public-private partnership for removing bottlenecks in the development of infrastructure in the country, augurs well for the industry.

Over the next few years, the capacity of over 118 Million Tonnes would be set up in various parts of the country which may lead to pressure on margins. The high rate of inflation may also impact the overall economic growth of the country. It would be in the interest of both the Government and the industry to work together with the aim to streamline the

indirect tax regime and keep the prices of inputs such as coal under control so that the cement prices can be maintained at reasonable levels.  
(Rs in crores)

##### (c) Review of performance:

The performance of the cement division of the Company during the year was satisfactory. The production of cement during the year was 52.78 lac tonnes, the highest ever. The Satna units produced 20.20 lac tonnes of clinker during the year. The cement production at Satna and Raebareli was lower at 21.55 lac tonnes as compared to 21.87 lac tonnes during the previous year. The cement despatches of Satna and Raebareli units were at 21.44 lac tonnes as compared to 21.89 lac tonnes during the last year. The production of Portland Pozzolana Cement (PPC) at Satna, however, recorded an all-time high level of 11.77 lac tonnes as against the previous best of 11.61 lac tonnes.

The clinker production at Chanderia recorded an all time high at 18.89 lac tonnes as against 18.73 lac tonnes in the previous year. The cement production and cement despatches at Chanderia were the highest ever at 25.12 and 25.18 lac tonnes as against 24.12 and 23.97 lac tonnes respectively during the previous year. The capacity utilization at Chanderia was higher at 126% as against 121% in the previous year.

Performance of Durgapur Unit was adversely affected during the year on account of poor availability of granulated slag and major overhauling of the cement mills during the year. The "Suspension of Operations" at the unit w.e.f. 11th March, 2008 has also affected the performance. The production at the unit was lower at 6.11 lac tonnes as against 6.57 lac tonnes in the previous year, registering a decline of 7%. The Unit's capacity enhancement project at Durgapur, namely Durga Hitech Cement, could not achieve the expected level of performance during the year mainly because of resistance of the labour unions. In view of the persistent acts of lawlessness and continuous defiance of lawful and reasonable instructions of the Management by the workmen, "Suspension of Operations" was declared w.e.f 11th March, 2008, which is still continuing.

The Company's Power Plants at Satna and Chanderia are operating satisfactorily resulting into reduction in power cost. Expansion projects at Satna and Chanderia are likely to be commissioned in phases by June, 2009. After completion of the expansion projects, the cement capacity would effectively stand enhanced to 7.5 Million Tonnes.

In our Satna and Chanderia Units, we have devised Cleantech sustainable development strategy by planning to implement Waste Heat Recovery System which will not only be a low cost energy source but also help in reducing GHG emissions into the atmosphere. In Waste Heat Recovery System waste hot gases coming out of preheater and clinker cooler will be used to generate substantial power. The cement Units would



become almost self sufficient in power once the system becomes operational.

*(d) Outlook:*

Despite slightly lower economic growth, the construction and infrastructure sector is expected to record healthy growth, which augurs well for the cement industry. However, with the expected commissioning of new capacities, the supplies may overtake the demand causing price volatility in the market. While the cost increases are going unabated, the industry has been pressurized to keep prices under check thereby unable to pass on the cost increases.

*(e) Risks & Concerns:*

The incidence of taxes on cement is extremely high, despite the fact that the same is an essential commodity for infrastructure growth. The complex Excise Duty structure based on the category of buyer and end use of cement has caused lot of confusion in the industry. The rates of Excise Duty on cement have been changed on several occasions during the course of last one year, making it very complex and difficult to implement. With a view to check the current prices, the Government has abolished import duty, Countervailing Duty and Special Additional Duty of Customs last year which has facilitated import of cement in India. The recent ban on export of cement and clinker would increase the availability of cement in the domestic market, which in turn would put pressure on the cement prices. The increase in the cost of coal and the availability of good quality coal is also a cause of concern for the industry.

## 1.2 JUTE DIVISION

*(a) Industry Structure and Developments:*

The South Asian Free Trade Agreement (SAFTA) has been implemented w.e.f. 1st January, 2008. In terms of the said agreement, the import from SAARC countries becomes duty free. As a result, import of jute goods from Bangladesh increased manifold. Jute industry in Bangladesh is heavily subsidized by its Government and jute mills are in a position to offer much cheaper prices as compared to indigenously manufactured goods.

*(b) Opportunities and Threats:*

For the purpose of packaging of essential items, jute products, which are environmental friendly and biodegradable characteristic, are considered to be the best option. Food Grade Jute Products processed with vegetable oil is widely used by the producers and exporters of coffee, cocoa beans and other shelled nuts mainly in the Latin American, African and Far East countries. However, adequate support from Government is very essential to promote such activities.

Industry needs to make a concerted effort with various Government Agencies for establishing appropriate standard for "Jute Geo-textile". Such a development will open up a potentially large market for jute goods.

*(c) Performance:*

Jute division of the Company produced 37990 MT of jute goods during the year as compared to 29289 MT in the previous year. The exports of the Jute division were higher at Rs.41.71 crores as against Rs.39.26 crores in the previous year.

Soorah Jute Mills remained under "Suspension of Operations" for the entire year.

*(d) Outlook:*

It is reported that sowing of raw jute during the year 2008-09 would be lower than previous year. This will result in lower availability of raw jute. Lower production coupled with increase in Minimum Support Price by Government is likely to result in higher prices of raw jute during the year.

The modernization, productivity improvement and cost control measures which are under implementation should help in improving performance of the division in the times to come.

*(e) Risks and Concerns:*

The major areas of concern for the jute industry are (a) unabated import of jute goods from Bangladesh (b) continuous increase in labour cost mainly due to revision in dearness allowance (c) shortage of skilled labourers and (d) appreciation of Rupee against major foreign currencies.

## 1.3 OTHER DIVISIONS:

The performance of the Auto Trim Division continued to suffer for lack of orders. The production during the year was at 139173 pcs. as compared to 233379 pcs. in the previous year.

The Birla Vinoleum Division operated at a very low capacity. The production for the year was lower at 5.08 lacs sq. mtrs. against 5.26 lacs sq. mtrs. in the previous year. The outlook for the Division appears to be bleak due to demand constraints.

The Vindhyachal Steel Foundry produces iron and steel castings primarily for internal consumption. The total production of castings was lower during the year at 1235 tonnes as against 1301 tonnes in the previous year.

## 2. INTERNAL CONTROL AND SYSTEMS:

The Company has adequate internal control procedures commensurate with its size and nature of business. The objective of these procedures are to ensure efficient use and protection of the Company's resources, accuracy in financial reporting and due compliance of statutes and Company procedures.

Internal Audit is conducted periodically across all locations and of all functions by firms of Chartered Accountants who check and report on the functioning and effectiveness of internal controls. The Internal Audit reports, the progress in implementation of recommendations contained in such reports and the adequacy of internal control systems are reviewed by the Audit Committee of the Board in its periodical meetings.

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### 3. HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS:

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The impact of globalization, increased competition, and constant technical innovation and upgradation is making today's business environment and organizational dynamics more and more complex. Hiring the best people, retaining them and ensuring their development is a major challenge for the industry in today's competitive environment.

The Company gives high importance to growth and motivation of its manpower resources with an aim to encourage a productive, participative and collaborative work culture through appropriate intervention. This has helped the Company in building dedicated team for creating value for the Company.

In order to encourage/foster the growth of High Performance Work Teams we have restructured our development programmes and moved from reactive to proactive skills development initiatives which are fully integrated with, and responsive to, the business of the organization.

The Company had 10839 employees on its rolls as at the close of business hours on 31st March, 2008. Relations with the employees were cordial at all units barring continuing Suspension of Operations at Soorah Jute Mills and Suspension of Operations at Durgapur Cement Unit from 11th March, 2008.

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Company's philosophy on Corporate Governance is to achieve the highest levels of transparency, accountability in all its interactions with its stakeholders including shareholders, employees, lenders and the government. We believe that Corporate Governance is a voluntary and self discipline code which means not only ensuring compliance with regulatory requirements but by also being responsive to our stakeholders needs. Focus of the Company has always been to ensure continuing value creation for each of its stakeholders and above all to achieve business excellence with the goal of long term sustainable development.

### 2. BOARD OF DIRECTORS:

The strength of the Board of Directors as on 31st March, 2008 is Ten (10) out of which Seven (7) are independent. The Board is headed by non-executive Chairman. The composition of the Board of Directors is in conformity with the Corporate Governance Code.

None of the Directors is a member of more than 10 Committees and chairman of more than 5 committees (as specified in clause 49), across all the companies in which he/she is a Director.

During the year, 4 Meetings of the Board of Directors of the Company were held on 30th May, 2007, 31st July, 2007, 31st October, 2007 and 31st January, 2008. The maximum time gap between any two consecutive meetings was not more than four months.

The composition and category of the Directors on Board, their attendance at the Board Meetings during the year and at the last Annual General Meeting, as also number of directorships and Committee memberships/chairmanships and number of shares held by them as on 31st March, 2008 are as follows:

| Name of Director                   | Relationship with other Directors | Category                      | No. of Board Meetings attended | Attendance in last AGM | No. of Shares Held | No. of other Directorships <sup>s</sup> | Details of other Board Committee Membership <sup>s</sup> |          |
|------------------------------------|-----------------------------------|-------------------------------|--------------------------------|------------------------|--------------------|---|--|----------|
|                                    |                                   |                               |                                |                        |                    |   | Member   | Chairman |
| Shri Rajendra S. Lodha (Chairman)  | Father of Shri Harsh V. Lodha     | Non-Independent Non-Executive | 4                              | Yes                    | 1500*              | 25                                      | -  | -        |
| Shri N.K. Kejriwal                 | None                              | Independent Non-Executive     | -                              | No                     | 1009               | 4                                       | -  | -        |
| Shri Harsh V. Lodha                | Son of Shri Rajendra S. Lodha     | Non-Independent Non-Executive | 4                              | Yes                    | 1260*              | 17                                      | 5  | 1        |
| Smt. Nandini Nopany                | None                              | Independent Non-Executive     | 2                              | No                     | 500*               | 10                                      | 1  | -        |
| Shri Pracheta Majumdar             | None                              | Independent Non-Executive     | 3                              | Yes                    | 500*               | 1                                       | 1  | 1        |
| Shri Vikram Swarup                 | None                              | Independent Non-Executive     | 4                              | Yes                    | 500*               | 6                                       | -  | -        |
| Shri Anand Bordia                  | None                              | Independent Non-Executive     | 3                              | No                     | 500*               | 1                                       | -  | 1        |
| Shri B.B. Tandon (w.e.f. 30.05.07) | None                              | Independent Non-Executive     | 4                              | No                     | 500*               | 11                                      | 5  | 1        |
| Shri D.N. Ghosh (w.e.f. 31.10.07)  | None                              | Independent Non-Executive     | 1                              | No                     | 500*               | 4                                       | 1  | 1        |

| Name of Director                             | Relationship with other Directors | Category  | No. of Board Meetings attended | Attendance in last AGM | No. of Shares Held | No. of other Directorships <sup>s</sup> | Details of other Board Committee Membership <sup>s</sup> |          |
|--|-----------------------------------|-----------|--------------------------------|------------------------|--------------------|---|--|----------|
|  |                                   |           |                                |                        |                    |   | Member   | Chairman |
| Shri B. R. Nahar Executive Director & C.E.O. | None                              | Executive | 4                              | Yes                    | 500*               | 8                                       | 2  | -        |

<sup>s</sup> including Private /Foreign Companies.

\* Shares held jointly with other shareholders.

Note:

(i) Shri B.B. Tandon and Shri D.N. Ghosh joined the Board on 30th May, 2007 and 31st October, 2007 respectively.

#### Code of Conduct:

The Board of Directors has laid down a Code of Conduct for all Board members and all employees in management grade of the Company. The Code of Conduct is posted on the website of the Company.

All Board members and senior management personnel have confirmed compliance with the code.

A declaration signed by the Executive Director & CEO is attached and forms part of the Annual Report of the Company.

### 3. AUDIT COMMITTEE :

The role & terms of reference of the Audit Committee functioning since 1987 are in line with Clause 49 of the Listing Agreement with the Stock Exchanges. The Committee acts as a link between the statutory & internal auditors and the Board of Directors.

During the year the Committee met 4 times and the composition and the attendance of Directors at these meetings are as under:

| Name of Member         | Status   | No. of meetings attended |
|------------------------|----------|--------------------------|
| Shri Pracheta Majumdar | Chairman | 3                        |
| Shri N.K. Kejriwal     | Member   | -                        |
| Shri Vikram Swarup     | Member   | 4                        |
| Shri Anand Bordia      | Member   | 3                        |

The Acting Company Secretary acts as the Secretary to the Committee.

### 4. REMUNERATION COMMITTEE :

A Remuneration Committee has been constituted by the Board of Directors to review and/or determine the remuneration package of the executive directors of the Company in accordance with the guidelines laid out by the statute and the listing agreement with the Stock Exchanges. The Composition of Committee is given below:-

|                        |          |
|------------------------|----------|
| Shri Vikram Swarup     | Chairman |
| Shri N K Kejriwal      | Member   |
| Shri Pracheta Majumdar | Member   |

The Remuneration Committee met once during the year. The Meeting was attended by Shri Vikram Swarup & Shri Pracheta Majumdar.



Details of remuneration paid/payable to the Directors during the financial year ended 31st March, 2008:

(a) Executive Director & Chief Executive Officer:

| Name            | Salary | Perquisites & Allowances* | Sitting Fees | Performance linked bonus | Total amount paid/payable in 2007-08 |
|-----------------|--------|---------------------------|--------------|--------------------------|--------------------------------------|
| Shri B.R. Nahar | 16.20  | 14.90                     | —            | 10.00                    | 41.10                                |

\*Including Retirement benefits

(b) Non-Executive Directors:

| Name                   | Sitting Fees |
|------------------------|--------------|
| Shri Rajendra S. Lodha | 80000        |
| Shri N.K. Kejriwal     | —            |
| Smt. Nandini Nopany    | 40000        |
| Shri Harsh V. Lodha    | 90000        |
| Shri Pracheta Majumdar | 130000       |
| Shri Vikram Swarup     | 170000       |
| Shri Anand Bordia      | 120000       |
| Shri B. B. Tandon      | 80000        |
| Shri D. N. Ghosh       | 20000        |

No remuneration other than the sitting fees for attending Board & Committee Meetings was paid to the Non-Executive Directors.

## 5. SHAREHOLDERS' COMMITTEE :

Share Transfer and Shareholders'/Investors' Grievance Committee looks into issues relating to shareholders including transfer of shares, redressal of complaints from investors etc. The composition of the Committee is as under:

|                     |          |
|---------------------|----------|
| Shri Harsh V. Lodha | Chairman |
| Shri N. K. Kejriwal | Member   |
| Smt. Nandini Nopany | Member   |
| Shri B.R. Nahar     | Member   |

Meeting of the Shareholders Committee was held once during the year, which was attended by Shri Harsh V Lodha & Shri B. R. Nahar. In addition, the Committee approved Circular Resolutions for effecting registration of transfer of shares and other issues concerning investor services. During the year, 22 resolutions have been approved by Circulation by the Committee.

During the year, 2 complaints were received from the shareholders, which were replied / resolved to the satisfaction of the shareholders as on 31st March, 2008. There was no request for transfer of shares pending for registration for more than 30 days as on the said date.

Shri P. K. Chand, Chief Financial Officer, is the Compliance Officer.

## 6. GENERAL BODY MEETINGS :

The last three Annual General Meetings were held as under:

| Year      | Venue (Rs. in Lacs)  | Date       | Time        |
|-----------|--|------------|-------------|
| 2006-2007 | Kalpataru Uttam Mancha<br>10/1/1, Manohar Pukur Road,<br>Kolkata - 700 026 | 17.07.2007 | 10-30 A.M.  |
| 2005-2006 | Kalpataru Uttam Mancha<br>10/1/1, Manohar Pukur Road,<br>Kolkata - 700 026 | 19.09.2006 | 11-30 A.M.  |
| 2004-2005 | Kalpataru Uttam Mancha<br>10/1/1, Manohar Pukur Road,<br>Kolkata - 700 026 | 26.08.2005 | 12-00 Noon. |

No Special Resolution was passed during the Annual General Meeting held on 17.07.2007.

In the Annual General Meeting held on 19.09.2006, a Special Resolution was passed pursuant to Section 163 of the Companies Act, 1956 in connection with the keeping of Register of Members, the Index of Members & copies of the Annual Returns, etc.

In the Annual General Meeting held on 26.08.2005, a Special Resolution was passed for changing the Article 127 of the Company's Articles of Association in connection with the sitting fees for attending the Board & Committee Meetings.

No postal ballots were used / invited for voting at these meetings in respect of Special Resolutions passed as there were no such requirement. No Special Resolution requiring a postal ballot is being proposed at the ensuing Annual General Meeting.

## 7. DISCLOSURES:

- Details of transactions with related parties during the year have been furnished in Schedule 24 - Accounting Policies and Notes on Accounts of the Annual Accounts. However, these are not materially significant and do not have any potential conflict with the interests of the Company at large.
- The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges as well as regulations and guidelines of SEBI. No penalties or strictures were imposed by SEBI, Stock Exchanges or any statutory authorities on matters relating to capital markets during the last three years.
- The Company has complied with all the applicable mandatory requirements. As regards the non-mandatory requirements, a remuneration committee has been set up and the terms of reference thereof defined. Other non-mandatory requirements including inter alia whistle blower policy shall be taken up appropriately.
- The financial statements have been prepared following the prescribed Accounting Standards and in case where a treatment different from that prescribed in an Accounting Standard were followed; the same has been appropriately disclosed and explained.

## 8. MEANS OF COMMUNICATION:

The quarterly, half-yearly and the annual financial results are published in English & vernacular newspapers and are also furnished to the Stock Exchanges with whom the Company has listing arrangements to enable them to put them on their websites. The Company has its own website [www.birlacorporation.com](http://www.birlacorporation.com) wherein all relevant information along with the financial results are available. As per the requirement of clause 51 of the Listing Agreement,

all the data related to quarterly financial results, shareholding pattern, etc. is provided on the specified web-site [www.sebidifar.nic.in](http://www.sebidifar.nic.in) Half-yearly report is not sent to the Shareholders. The Management Discussion & Analysis Report forms part of the Annual Report.

## 9. GENERAL SHAREHOLDER INFORMATION:

### Annual General Meeting

Date and Time : 30th July, 2008, 10:30 a.m.

Venue : Kalpataru Uttam Mancha, 10/1/1, Manohar Pukur Road, Kolkata - 700 026.

### Financial Calendar (tentative and subject to change)

1st Quarterly Results : Before the end of July, 2008

2nd Quarterly/Half yearly Results : Before the end of October, 2008

3rd Quarterly Results : Before the end of January, 2009

Audited yearly Results for the year ending 31st March, 2009 : Before the end of June, 2009

Date of Book closure : 16th July, 2008 to 30th July, 2008 (both days inclusive)

Dividend Payment Date : Within the statutory period of 30 days

Listing on Stock Exchanges : The Company's shares are listed at :

|    |  |
|----|--|
| 1. | National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block-G, Bandra-Kurla Complex, Bandra (East), Mumbai- 400 051. |
| 2. | Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400 001.                                 |

Listing fees as prescribed, have been paid to above Stock Exchanges for the financial year 2007-08.

### Stock Code:

| Stock Exchange                        | Stock Code   |
|---------------------------------------|--------------|
| National Stock Exchange of India Ltd. | BIRLAJUTE EQ |
| Bombay Stock Exchange Ltd.            | 500335       |

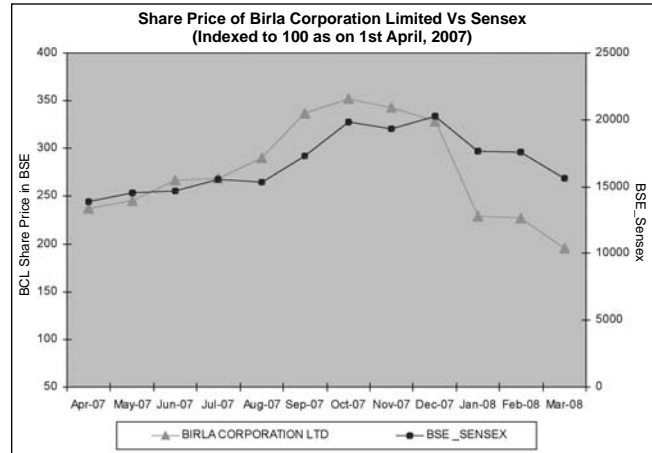
ISIN: INE340A01012

Corporate Identity Number (CIN) : L01132WB1919PLC003334

### Market Price Data during the financial year 2007-2008:

| Month           | Bombay Stock Exchange (in Rs.) |        | National Stock Exchange (in Rs.) |        |
|-----------------|--------------------------------|--------|----------------------------------|--------|
|                 | High                           | Low    | High                             | Low    |
| April, 2007     | 247.40                         | 180.00 | 247.80                           | 181.40 |
| May, 2007       | 267.00                         | 226.30 | 266.50                           | 225.25 |
| June, 2007      | 275.85                         | 203.50 | 296.00                           | 202.00 |
| July, 2007      | 315.20                         | 253.00 | 315.50                           | 253.25 |
| August, 2007    | 295.00                         | 235.00 | 296.00                           | 236.00 |
| September, 2007 | 346.00                         | 292.10 | 345.00                           | 292.00 |
| October, 2007   | 383.30                         | 286.50 | 383.50                           | 276.25 |
| November, 2007  | 386.00                         | 298.00 | 385.50                           | 296.00 |
| December, 2007  | 364.75                         | 317.00 | 364.00                           | 275.00 |
| January, 2008   | 343.50                         | 175.00 | 343.15                           | 170.05 |
| February, 2008  | 241.00                         | 206.00 | 241.70                           | 205.20 |
| March, 2008     | 231.70                         | 162.15 | 230.00                           | 166.20 |

## Stock Performance in comparison to broad-based indices:



### Registrar & Transfer Agent:

MCS Limited

77/2A, Hazra Road,

Kolkata-700 029.

Phone : (033) 2476-7350/2454-1892

Fax : (033) 2454-1961/2474-7674

E-mail : [mcscl@cal2.vsnl.net.in](mailto:mcscl@cal2.vsnl.net.in)

### Share Transfer System:

Share transfers in physical form are generally registered within a fortnight from the date of receipt provided the documents are found to be in order. The Share Transfer and Shareholders'/Investors' Grievance Committee considers & approves the transfer proposals.

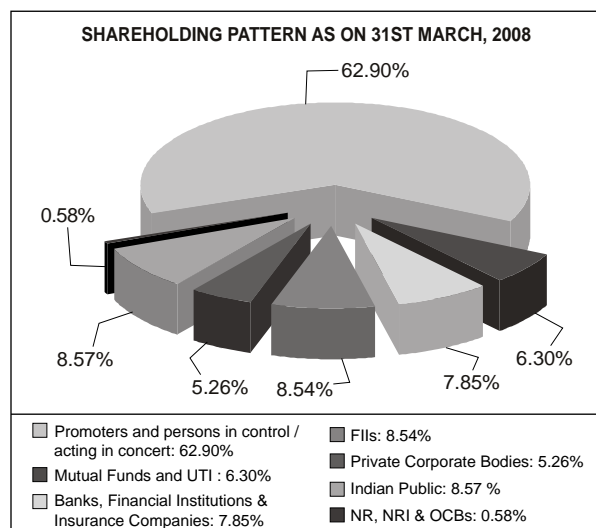
All requests for dematerialisation of shares, which are found to be in order, are generally processed within twentyone days and the confirmation is given to the respective depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

### Distribution of shareholding as on 31st March, 2008:

| No. of ordinary shares held | No. of shareholders | % of shareholders | No. of ordinary shares | % of shareholding |
|-----------------------------|---------------------|-------------------|------------------------|-------------------|
| Upto 500                    | 30305               | 93.02             | 2685746                | 3.49              |
| 501 to 1000                 | 1075                | 3.30              | 846397                 | 1.10              |
| 1001 to 2000                | 566                 | 1.74              | 847878                 | 1.10              |
| 2001 to 3000                | 194                 | 0.60              | 498037                 | 0.65              |
| 3001 to 4000                | 109                 | 0.33              | 386910                 | 0.50              |
| 4001 to 5000                | 68                  | 0.21              | 319042                 | 0.41              |
| 5001 to 10000               | 93                  | 0.29              | 671606                 | 0.87              |
| 10001 & above               | 169                 | 0.52              | 70749731               | 91.88             |
| TOTAL                       | 32579               | 100.00            | 77005347               | 100.00            |

### Dematerialisation of Shares and liquidity:

As on 31st March, 2008, 38.98% of the Company's total ordinary shares representing 30015984 shares were held in dematerialised form and 46989363 shares representing 61.02% of paid-up share capital were held in physical form.



#### Secretarial Audit:

As stipulated by Securities and Exchange Board of India (SEBI), a practicing Chartered Accountant carries out the Secretarial Audit to reconcile the total admitted Capital with National Securities Depository Limited (NSDL) and Central Depository Services (India)

Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to stock exchanges, NSDL and CDSL and is also placed before the Board of Directors.

#### Plant Locations:

The Company's plants are located at Satna (Madhya Pradesh), Chanderia (Rajasthan), Kolkata, Birlapur and Durgapur (West Bengal), Raebareli (Uttar Pradesh), Chakan (Maharashtra) and Gurgaon (Haryana).

#### Address for Correspondence:

The shareholders may address their communications / suggestions / grievances / queries to:

The Acting Company Secretary,  
Birla Corporation Limited,  
Birla Building,  
9/1, R.N. Mukherjee Road,  
Kolkata-700 001.

Tel. No.: 033-2213-1680, 033-2213-0380, 033-2248-0135

Fax: 033-2248-7988/2872

#### Exclusive e-mail id for Investor Grievances:

Pursuant to Clause 47(f) of the Listing Agreement, the following e-mail ID has been designated for communicating investors' grievances:

E-mail: [investorsgrievance@birlacorp.com](mailto:investorsgrievance@birlacorp.com)

## DECLARATION ON CODE OF CONDUCT

This is to confirm that the Board of Directors of the Company has laid down a Code of Conduct for its members and senior management personnel of the Company. The same has also been posted on the Company's website. It is further confirmed that all the Directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the Financial Year ended 31st March, 2008 as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

For BIRLA CORPORATION LIMITED

B. R. NAHAR  
Executive Director &  
Chief Executive Officer

Dated the 8th day of May, 2008

## AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of  
Birla Corporation Limited,  
'Birla Building'  
9/1, R.N. Mukherjee Road,  
Kolkata-700 001.

We have examined the compliance of conditions of Corporate Governance by Birla Corporation Limited for the year ended 31st March, 2008 as stipulated in clause 49 of Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the 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 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.

1B, Old Post Office Street, Kolkata  
Dated the 8th day of May, 2008

For H. P. KHANDELWAL & CO  
*Chartered Accountants*

Rajiv Singhi  
*Partner*  
Membership No. 53518

## AUDITORS' REPORT

To the Members of

BIRLA CORPORATION LIMITED

We have audited the attached Balance Sheet of BIRLA CORPORATION LIMITED as at 31st March, 2008, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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 have 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.

As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose as Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

*Attention is invited to Note No. 4 in schedule 24 regarding certain documents of Durgapur unit which could not be produced to us for our audit for reasons as stated in the note.*

Further to our comments in the Annexure referred to above, 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 law have been kept by the company so far as appears from our examination of those books and proper returns, adequate for the purpose

of our audit, have been received from the Sales Depots not visited by us;

- 3) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches.
- 4) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report and read with Note No. 18 in Schedule 24 regarding adjustment of deferred tax liabilities (net) against Securities Premium account pursuant to an Order of Hon'ble High Court at Calcutta comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- 5) On the basis of the written representations received from the directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- 6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Other Notes and in particular Notes No. (B), 3, 13 and 18 in schedule 24 and as stated in para above regarding non availability of certain records in one of the units for reasons as stated in the note, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view of 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, 2008;
  - b) In the case of the Profit and Loss Account, of the PROFIT for the year ended on that date; and
  - c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For H.P. KHANDELWAL & CO.  
Chartered Accountants

1B, Old Post Office Street, Kolkata  
Dated the 8th day of May, 2008

Rajiv Singhi  
Partner  
Membership No. 53518



## ANNEXURE TO THE AUDITORS' REPORT

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified wherever practicable on a phased manner by the management / internal auditors and the reconciliation of the quantities with the book records has been done on continuous basis. The differences, if any, arising out of such reconciliation so far have been adjusted and no serious discrepancies between book records and physical inventory have been noticed.
- (c) Substantial part of Fixed Assets has not been disposed off during the year as to affect the going concern.
2. (a) The inventory has been physically verified at reasonable intervals during the year by the Management/Internal Auditors.
- (b) In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book stocks, wherever ascertained were not significant and have been properly dealt with in the books of account.
3. (a) The Company has not granted loans secured or unsecured to companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. However interest free advance has been given to two subsidiaries, the maximum balance outstanding at any time during the year and closing balance of such advance as on 31.03.08 were Rs. 747.20 Lacs and 190.42 lacs respectively. However, advances to one subsidiary have already been adjusted and to other will be realized / adjusted on implementation of project. Accordingly clauses (b) and (c) of the Order are not applicable.
- (d) There was no overdue amount of more than Rs.1 lac in respect of the above advance granted by the Company.
- (e) The Company has not taken any unsecured loan from a Company covered in the Registrar maintained under section 301 of the Companies Act, 1956. Accordingly clauses (f) and (g) of the Order are not applicable.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the Internal Controls.
5. (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been duly entered in the register required to be maintained in pursuance of Section 301 of the Companies Act 1956.
- (b) According to the information available and explanations given to us, the transactions made in pursuance of such contracts or arrangements aggregating during the year to Rs 5,00,000/- or more in respect of each party 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 items have been made with other parties.
6. (a) In our opinion, and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed thereunder with regard to deposits accepted from the public.
- (b) There have been no proceedings before the Company Law Board, National Company Law Tribunal, Reserve Bank of India, any Court and any other Tribunal in this matter.
7. The Company has internal audit system commensurate with the size and nature of the business of the Company.
8. The Central Government has prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the Company's Cement, Jute and Auto Trim Units. We have broadly reviewed such accounts and records and are of the opinion that prima facie the prescribed accounts and records have been maintained but no detailed examination of such records and accounts has been carried out by us.
9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other dues during the year with the appropriate authorities.
- (b) According to the records of the Company, there are no dues outstanding of Income tax, Sales-tax, Wealth tax, Service Tax, Custom duty, Excise duty and Cess on account of any dispute, other than the following:

(Rs. in lacs)

| Forum                                  | Sales tax | Excise duty | Service tax |
|--|-----------|-------------|-------------|
|  | Amount    | Amount      | Amount      |
| Department / 1st Appellate Authorities | 420.63    | 2013.24     | —           |
| Tribunals                              | 210.06    | 20.27       | 192.94      |
| High Courts                            | 92.11     | 129.26      | —           |
| Total                                  | 722.80    | 2162.77     | 192.94      |

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the financial year immediately preceding such financial year.
11. According to the information and explanations given to us the company has not defaulted in repayment of dues to a financial institution, bank or debenture holder.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund/nidhi/mutual benefit fund/society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained.
17. On the basis of our review of statements of accounts and as confirmed by the management, funds raised on short-term basis have not been used for long-term purpose.
18. The company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. No debentures are outstanding during the financial year; accordingly this clause is not applicable.
20. The Company has not raised any money by way of public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For H.P. KHANDELWAL & CO.  
*Chartered Accountants*

Rajiv Singhi  
*Partner*  
Membership No. 53518

1B, Old Post Office Street, Kolkata  
Dated the 8th day of May, 2008

## Balance Sheet as at 31st March, 2008

|   |                 |                               | (Rs. in lacs)                 |
|---|-----------------|-------------------------------|-------------------------------|
|   | <u>Schedule</u> | <u>As at 31st March, 2008</u> | <u>As at 31st March, 2007</u> |
| <b>SOURCES OF FUNDS</b>                     |                 |                               |                               |
| <b>SHAREHOLDERS' FUNDS</b>                  |                 |                               |                               |
| Share Capital                               | 1               | 7700.89                       | 7700.89                       |
| Reserves and Surplus                        | 2               | <u>92796.64</u>               | <u>58880.48</u>               |
|   |                 | 100497.53                     | <u>66581.37</u>               |
| <b>LOAN FUNDS</b>                           |                 |                               |                               |
| Secured Loans                               | 3               | 20601.15                      | 21124.11                      |
| Unsecured Loans                             | 4               | <u>6624.57</u>                | <u>7140.77</u>                |
|   |                 | 27225.72                      | <u>28264.88</u>               |
| DEFERRED TAX LIABILITIES (NET)              | 5               | <u>6670.09</u>                | <u>7466.73</u>                |
| <b>TOTAL</b>                                |                 | <u>134393.34</u>              | <u>102312.98</u>              |
| <b>APPLICATION OF FUNDS</b>                 |                 |                               |                               |
| <b>FIXED ASSETS</b>                         |                 |                               |                               |
| Gross Block                                 | 6               | 117343.97                     | 115435.43                     |
| Less: Depreciation                          |                 | <u>67263.76</u>               | <u>63521.00</u>               |
| Net Block                                   |                 | 50080.21                      | 51914.43                      |
| Capital Work in Progress                    |                 | <u>12666.22</u>               | <u>715.45</u>                 |
|   |                 | 62746.43                      | <u>52629.88</u>               |
| INVESTMENTS                                 | 7               | 63400.16                      | <u>42007.52</u>               |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>   |                 |                               |                               |
| Inventories                                 | 8               | 20044.82                      | 14258.83                      |
| Sundry Debtors                              | 9               | 3171.25                       | 2722.47                       |
| Cash and Bank Balances                      | 10              | 3135.65                       | 3439.42                       |
| Loans and Advances                          | 11              | <u>47311.27</u>               | <u>30525.34</u>               |
|   |                 | 73662.99                      | <u>50946.06</u>               |
| Less :                                      |                 |                               |                               |
| <b>CURRENT LIABILITIES &amp; PROVISIONS</b> |                 |                               |                               |
| Current Liabilities                         | 12              | 30109.32                      | 24092.95                      |
| Provisions                                  | 13              | <u>35306.92</u>               | <u>19215.28</u>               |
|   |                 | 65416.24                      | <u>43308.23</u>               |
| <b>NET CURRENT ASSETS</b>                   |                 | 8246.75                       | <u>7637.83</u>                |
| <b>MISCELLANEOUS EXPENDITURE</b>            |                 |                               |                               |
| (To the extent not written off or adjusted) | 14              | —                             | 37.75                         |
| <b>TOTAL</b>                                |                 | <u>134393.34</u>              | <u>102312.98</u>              |
| Accounting Policies & Notes on Accounts     | 24              |                               |                               |

As per our Report annexed.

For H. P. KHANDELWAL & CO.

*Chartered Accountants*

RAJIV SINGHI

*Partner*

Membership No. 53518

1B, Old Post Office Street,

Kolkata-700 001

Dated the 8th day of May, 2008

GIRISH SHARMA  
*Asst. Vice President (Indirect Taxes)*  
& *Acting Company Secretary*

RAJENDRA S. LODHA

HARSH V. LODHA

PRACHETA MAJUMDAR

VIKRAM SWARUP

ANAND BORDIA

B. B. TANDON

D. N. GHOSH

B. R. NAHAR

*Chairman*

*Directors*

*ED & CEO*

## Profit & Loss Account for the year ended 31st March, 2008

|   |          |  | (Rs. in lacs)                          |
|---|----------|--|--|
|   | Schedule | For the year ended<br>31st March, 2008 | For the year ended<br>31st March, 2007 |
| INCOME  |          |  |  |
| Gross Sales   | 15       | 199678.28                              | 179451.02                              |
| Less : Excise Duty  |          | <u>27200.32</u>                        | <u>22760.12</u>                        |
|   |          | 172477.96                              | 156690.90                              |
| Other Income  | 16       | <u>3827.11</u>                         | <u>2650.10</u>                         |
|   |          | <u>176305.07</u>                       | <u>159341.00</u>                       |
| EXPENDITURE   |          |  |  |
| (Increase)/Decrease in Stocks   | 17       | (2962.79)                              | (421.82)                               |
| Raw Materials Consumed  | 18       | 19630.94                               | 16816.35                               |
| Purchases of Finished Goods   |          | 110.19                                 | 100.79                                 |
| Manufacturing Expenses  | 19       | 57514.24                               | 53699.55                               |
| Payments to and Provision for Employees   | 20       | 14145.40                               | 12509.66                               |
| Selling, Administration and Other Expenses  | 21       | 26500.00                               | 24644.26                               |
| Interest  | 22       | <u>2105.23</u>                         | <u>1852.71</u>                         |
|   |          | <u>117043.21</u>                       | <u>109201.50</u>                       |
| Profit before Depreciation  |          | 59261.86                               | 50139.50                               |
| Depreciation  | 23       | <u>4144.02</u>                         | <u>3965.48</u>                         |
| Profit before Tax   |          | 55117.84                               | 46174.02                               |
| Provision for Current Tax   |          | 15500.00                               | 13416.00                               |
| Provision for Fringe Benefit Tax  |          | 141.00                                 | 132.00                                 |
| Provision for Deferred Tax (See Note No.18 in Schedule 24)  |          | 115.75                                 | —                                      |
| Provision for Wealth Tax  |          | <u>4.00</u>                            | <u>3.00</u>                            |
| Profit after Tax  |          | 39357.09                               | 32623.02                               |
| Balance brought forward from previous year  |          | 17835.36                               | 13365.58                               |
| Less : Adjustment for employees benefits net of<br>deferred tax (See Note No.16 (b) (xii) in Schedule 24) |          | <u>1793.71</u>                         | <u>—</u>                               |
| Profit available for appropriation  |          | <u>55398.74</u>                        | <u>45988.60</u>                        |
| APPROPRIATIONS  |          |  |  |
| Proposed Dividend   |          | 3080.22                                | 2695.19                                |
| Corporate Dividend Tax  |          | 523.48                                 | 458.05                                 |
| General Reserve   |          | 35000.00                               | 25000.00                               |
| Balance carried to Balance Sheet  |          | <u>16795.04</u>                        | <u>17835.36</u>                        |
|   |          | <u>55398.74</u>                        | <u>45988.60</u>                        |
| Weighted average number of Ordinary shares outstanding during the year                                    |          | 77005347                               | 77005347                               |
| Basic and diluted earnings per share of Rs.10/- each (in Rupees)  |          | 51.11                                  | 42.36                                  |
| Accounting Policies & Notes on Accounts   | 24       |  |  |

As per our Report annexed.

For H. P. KHANDELWAL & CO.  
*Chartered Accountants*

RAJIV SINGHI

*Partner*

Membership No. 53518

1B, Old Post Office Street,  
Kolkata-700 001

Dated the 8th day of May, 2008

GIRISH SHARMA  
*Asst. Vice President (Indirect Taxes)*  
& *Acting Company Secretary*

RAJENDRA S. LODHA

*Chairman*

HARSH V. LODHA

PRACHETA MAJUMDAR

VIKRAM SWARUP

ANAND BORDIA

B. B. TANDON

D. N. GHOSH

B. R. NAHAR

*Directors*

*ED & CEO*

**Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2008 and Profit & Loss Account for the year ended on that date.**

|  |  | (Rs. in lacs)          |                        |
|--|--|------------------------|------------------------|
|  |  | As at 31st March, 2008 | As at 31st March, 2007 |
| <b>SCHEDULE 1 : SHARE CAPITAL</b>                                |  |                        |                        |
| Authorised   |  |                        |                        |
| 9,00,00,000  | Ordinary Shares of Rs.10/- each  | 9000.00                | 9000.00                |
| 10,00,000  | Preference Shares of Rs.100/- each   | <u>1000.00</u>         | <u>1000.00</u>         |
|  |  | 10000.00               | 10000.00               |
| Issued   |  |                        |                        |
| 7,70,13,416  | Ordinary Shares of Rs.10/- each  | <u>7701.34</u>         | <u>7701.34</u>         |
| Subscribed and Paid-up   |  |                        |                        |
| 7,70,05,347  | Ordinary Shares of Rs.10/- each fully paid-up  | 7700.53                | 7700.53                |
|  | Add : Forfeited Ordinary Shares  |                        |                        |
|  | (Amount originally paid-up)  | <u>0.36</u>            | <u>0.36</u>            |
|  |  | <u>7700.89</u>         | <u>7700.89</u>         |
| NOTES : Subscribed and paid-up Ordinary Share Capital includes - |  |                        |                        |
| (i)  | 2,76,51,195 Shares allotted as fully paid-up Bonus Shares by capitalisation of General Reserve, Share Premium and Capital Redemption Reserve.                              |                        |                        |
| (ii)   | 1,03,070 Shares allotted as fully paid-up to the shareholders of amalgamating Companies pursuant to the Schemes of Amalgamation (Without payments being received in cash). |                        |                        |
| <b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b>                       |  |                        |                        |
| Capital Reserves   |  |                        |                        |
| i)   | Revaluation of Fixed Assets -  |                        |                        |
|  | As per last Account  | 872.78                 | 951.87                 |
|  | Less : Transfer to Profit & Loss Account being difference of depreciation on revalued cost of assets and that on the original cost   | <u>28.76</u>           | <u>79.09</u>           |
|  |  | 844.02                 | 872.78                 |
| ii)  | Surplus on amalgamation -  |                        |                        |
|  | As per last Account  | 105.08                 | 105.08                 |
| iii)   | Others -   |                        |                        |
|  | As per last Account  | 56.03                  | 56.03                  |
|  | Add : Government Grants received during the year   | <u>1.75</u>            | <u>—</u>               |
|  |  | 57.78                  | 56.03                  |
|  | Less : Transferred to Profit and Loss Account  | <u>5.28</u>            | <u>—</u>               |
|  |  | 52.50                  | 56.03                  |
|  |  | 1001.60                | 1033.89                |
| Securities Premium   |  |                        |                        |
|  | As per last Account  | 11.23                  | 1244.11                |
|  | Less : Deferred Tax Liability  | <u>11.23</u>           | <u>1232.88</u>         |
|  | (See Note No. 18 in Schedule 24)   | —                      | 11.23                  |
| General Reserve  |  |                        |                        |
|  | As per last Account  | 40000.00               | 15000.00               |
|  | Add : Transferred from Profit & Loss Account   | <u>35000.00</u>        | <u>25000.00</u>        |
|  |  | 75000.00               | 40000.00               |
| Profit & Loss Account Balance                                    |  | <u>16795.04</u>        | <u>17835.36</u>        |
|  |  | <u>92796.64</u>        | <u>58880.48</u>        |



(Rs. in lacs)

|  | As at 31st March, 2008 | As at 31st March, 2007 |
|--|------------------------|------------------------|
| <b>SCHEDULE 3 : SECURED LOANS</b>  |                        |                        |
| Term Loans -   |                        |                        |
| Rupee Loans from Banks<br>(Payable within one year Rs. 3127.41, Previous Year Rs.4096.00 )   | 10304.39               | 13070.00               |
| Working Capital Borrowings -   |                        |                        |
| Rupee Loans from Banks<br>(Includes working capital demand loan of Rs. 4500.00, Previous Year Rs. 5500.00)   | 10296.76               | 8054.11                |
|  | <u>20601.15</u>        | <u>21124.11</u>        |
| Security -   |                        |                        |
| Term Loans of Rs.8753.74 are secured by first charge and mortgage by deposit of Title Deeds of immovable properties (except certain tenements) and hypothecation of movables (save and except book debts and specific assets), both present and future, pertaining to Company's Cement Division, subject to the prior charges created/to be created in favour of the Company's Bankers on current assets for securing borrowings for working capital requirements. |                        |                        |
| Term Loan of Rs.1550.65 is secured by first charge on the immovable properties pertaining to Company's Satna (Madhya Pradesh) and Chanderia (Rajasthan) Cement Units, ranking pari-passu, subject to the prior charges created/to be created in favour of the Company's Bankers on current assets for securing borrowings for working capital requirements.  |                        |                        |
| Working Capital Borrowings are secured by hypothecation of Stores, Stock-in-Trade & Book Debts and further by way of second charge on movable and immovable properties of the Cement Division.   |                        |                        |
| <b>SCHEDULE 4 : UNSECURED LOANS</b>  |                        |                        |
| Short Term Loans & Advances -  |                        |                        |
| Trade Deposits   | 4475.73                | 4360.37                |
| Staff and Other Deposits   | 520.33                 | 1391.66                |
| From Banks - Under Buyers Credit Arrangement   | <u>1502.45</u>         | <u>1262.68</u>         |
|  | 6498.51                | <u>7014.71</u>         |
| Other Loans & Advances -   |                        |                        |
| Deferred Payment of Sales Tax<br>(Payable within one year Rs.NIL, Previous Year Rs.NIL )   | <u>126.06</u>          | <u>126.06</u>          |
|  | <u>6624.57</u>         | <u>7140.77</u>         |
| <b>SCHEDULE 5 : DEFERRED TAX LIABILITIES (NET)</b>   |                        |                        |
| Deferred Tax Liabilities   |                        |                        |
| Arising on account of :  |                        |                        |
| Depreciation   | 8957.46                | 8498.47                |
| Others   | <u>—</u>               | <u>90.28</u>           |
|  | 8957.46                | <u>8588.75</u>         |
| Less : Deferred Tax Assets   |                        |                        |
| Arising on account of :  |                        |                        |
| Expenditure under Section 43B of Income-tax Act  | 2087.76                | 935.39                 |
| Provision for Doubtful debts   | <u>199.61</u>          | <u>186.63</u>          |
|  | <u>2287.37</u>         | <u>1122.02</u>         |
| Deferred Tax Liabilities   | <u>6670.09</u>         | <u>7466.73</u>         |

(Rs. in lacs)

**SCHEDULE 6 : FIXED ASSETS**

| Description                  | GROSS BLOCK                                |                                    |  |  | DEPRECIATION                 |                                   |  |                              | NET BLOCK                    |                              |
|------------------------------|--|------------------------------------|--|--|------------------------------|-----------------------------------|--|------------------------------|------------------------------|------------------------------|
|                              | Cost/Value<br>as at<br>31st March,<br>2007 | Additions<br>during<br>the<br>year | Deductions/<br>Adjustments<br>during the<br>year | Cost/Value<br>as at<br>31st March,<br>2008 | Up to<br>31st March,<br>2007 | Provided<br>during<br>the<br>year | Deductions/<br>Adjustments<br>during the<br>year | Up to<br>31st March,<br>2008 | As at<br>31st March,<br>2008 | As at<br>31st March,<br>2007 |
| Land                         |  |                                    |  |  |                              |                                   |  |                              |                              |                              |
| Leasehold                    | 1487.93                                    | 18.83                              | —  | 1506.76                                    | 1196.57                      | 22.00                             | —  | 1218.57                      | 288.19                       | 291.36                       |
| Freehold                     | 1818.35                                    | 68.00                              | —  | 1886.35                                    | —                            | —                                 | —  | —                            | 1886.35                      | 1818.35                      |
| Sub Total :                  | 3306.28                                    | 86.83                              | —  | 3393.11 (A)                                | 1196.57                      | 22.00                             | —  | 1218.57                      | 2174.54                      | 2109.71                      |
| Buildings                    | 12526.41                                   | 892.41                             | 5.31   | 13413.51 (A&B)                             | 6360.91                      | 256.00                            | 2.57   | 6614.34 (B)                  | 6799.17                      | 6165.50                      |
| Plant & Machinery            | 94593.01                                   | 1074.96                            | 288.79   | 95379.18 (C)                               | 52637.11                     | 3672.31                           | 228.77   | 56080.65 (C)                 | 39298.53                     | 41955.90                     |
| Railway Sidings              | 974.83                                     | —                                  | —  | 974.83                                     | 436.90                       | 30.50                             | —  | 467.40                       | 507.43                       | 537.93                       |
| Vehicles                     | 1311.51                                    | 203.03                             | 39.30  | 1475.24                                    | 939.58                       | 61.75                             | 36.25  | 965.08                       | 510.16                       | 371.93                       |
| Furniture & Office Equipment | 2710.06                                    | 160.97                             | 173.66   | 2697.37                                    | 1949.93                      | 130.22                            | 162.43   | 1917.72                      | 779.65                       | 760.13                       |
| Livestock                    | 13.33                                      | 0.98                               | 3.58   | 10.73                                      | —                            | —                                 | —  | —                            | 10.73                        | 13.33                        |
| Total :                      | 115435.43                                  | 2419.18                            | 510.64   | 117343.97                                  | 63521.00                     | 4172.78                           | 430.02   | 67263.76                     | 50080.21                     | 51914.43                     |
| Capital Work in Progress     |  |                                    |  |  |                              |                                   |  |                              | 12666.22                     | 715.45                       |
| Grand Total :                |  |                                    |  |  |                              |                                   |  |                              | 62746.43                     | 52629.88                     |
| Previous Year :              | 109807.31                                  | 6755.51                            | 1127.39  | 115435.43                                  | 59784.13                     | 4044.57                           | 307.70   | 63521.00                     | 51914.43                     |                              |
|                              |  |                                    |  |  |                              |                                   |  |                              | 715.45                       |                              |
|                              |  |                                    |  |  |                              |                                   |  |                              | 52629.88                     |                              |

(A) Includes Rs.8.85 in Land and Rs.910.47 in Building under co-ownership basis and also Rs 0.15 being value of Investments in Shares of a Private Ltd Co.

(B) Includes Rs.24.94 being cost of Silo on lease hold land and Rs. 9.98 being amortisation thereof up to 31st March,2008.

(C) Includes Rs.568.13 being cost of flyash handling system on leasehold Land and Rs.227.25 being amortisation thereof up to 31st March,2008.

(D) Assets of the Cement Division were revalued during the year ended 31.03.85 and that of other units during the year ended 31.03.89 at 'net current value' on the basis of valuation report made by valuers and the amount added on such revaluation in Rs.7367.84 and Rs.2006.35 respectively.

(Rs. in lacs)

As at 31st March, 2008

As at 31st March, 2007

SCHEDULE 7 : INVESTMENTS -Other than trade

A. Long Term

GOVERNMENT SECURITIES

|   |      |      |
|---|------|------|
| National Savings Certificates - Unquoted          | 0.08 | 0.08 |
| Deposited with Government Departments as Security |      |      |

FULLY PAID SHARES/SECURITIES

(Face Value of Rs.10/- each unless otherwise stated)

No. of Shares/  
Securities/Units

| PREFERENCE SHARES IN A JOINT STOCK COMPANY         |  |         |         |
|--|--|---------|---------|
| QUOTED   |  |         |         |
| 100  | Elgin Mills Co.Ltd.  | 0.01    | 0.01    |
| EQUITY SHARES IN JOINT STOCK COMPANIES             |  |         |         |
| QUOTED   |  |         |         |
| 9,38,515   | Birla Ericsson Optical Ltd.  | 469.18  | 469.18  |
| 18,07,660  | Century Textiles & Industries Ltd.   | 940.93  | 940.93  |
| 2,250  | Elgin Mills Co.Ltd.  | 0.14    | 0.14    |
| 19,133   | Rameshwara Jute Mills Ltd.   | 1.19    | 1.19    |
| 4,68,000   | Universal Cables Ltd.  | 106.66  | 106.66  |
| 100  | Vindhya Telelinks Ltd.   | 0.06    | 0.06    |
| 8,812  | Zenith Ltd.  | 0.88    | 0.88    |
|  |  | 1519.04 | 1519.04 |
| UNQUOTED   |  |         |         |
| 600  | Behar Journals Ltd.  | 0.03    | 0.03    |
| 24,000   | Birla Buildings Ltd.   | 2.47    | 2.47    |
| 4910   | Birla Odessa Industries (P) Ltd.   | 0.50    | 0.50    |
| 5000   | Birla Readymix (P) Ltd.  | 0.50    | 0.50    |
| 50   | Craig Jute Mills Co.Ltd.(in Liquidation)   | 0.01    | 0.01    |
| 400  | Eastern Economist Ltd.   | 0.40    | 0.40    |
| 52,000   | Indian Smelting & Refining Co. Ltd.  | 1.19    | 1.19    |
| 600  | Industry House Ltd.  | 0.40    | 0.40    |
| 1  | Lotus Court Ltd.   | 0.46    | 0.46    |
|  |  | 5.96    | 5.96    |
| EQUITY SHARES IN CO-OPERATIVE SOCIETIES - UNQUOTED |  |         |         |
| 250  | Bally Jute Mills Employees Consumers' Co-operative Stores Ltd.   | 0.03    | 0.03    |
| 15   | Gagangiri Park Co-operative Housing Society Ltd.   | 0.01    | 0.01    |
| 10   | Twin Star Venus Co-Operative Housing Society Ltd.  | 0.01    | 0.01    |
|  |  | 0.05    | 0.05    |
| EQUITY SHARES IN SUBSIDIARY COMPANIES - UNQUOTED   |  |         |         |
| 6,000  | Birla Jute Supply Co. Ltd. (Formerly Assam Jute Supply Co. Ltd.)   | 3.00    | 3.00    |
| 40,00,000  | Budge Budge Floorcoverings Ltd.  | 200.02  | 200.02  |
| 10,00,700  | Lok Cements Ltd.   | 100.56  | 100.56  |
| 58,79,900  | Talavadi Cements Ltd.  | 587.99  | 28.14   |
|  |  | 891.57  | 331.72  |
| DEBENTURES - UNQUOTED                              |  |         |         |
| 52   | 1/2% Debentures of Rs.100/- each in Woodlands Hospital and Medical Research Centre Ltd.  | 0.05    | 0.05    |
| UNITS IN MUTUAL FUNDS - UNQUOTED                   |  |         |         |
| (Units of Rs. 10/- each unless otherwise stated)   |  |         |         |
| 7200   | UTI Mutual Fund-"UTI Master Share Unit Scheme - Dividend Plan - Payout" (No Units subscribed during the year)  | 0.60    | 0.60    |
| 50,00,000  | HDFC Mutual Fund - "HDFC Fixed Maturity Plan 26M August 2006 (1) Institutional Plan Dividend Reinvest" (No Units subscribed during the year)           | 500.00  | 500.00  |
| 50,00,000  | Reliance Mutual Fund - "Reliance Fixed Horizon Fund - Institutional Plan C Series I-Institutional Dividend Plan" (No Units subscribed during the year) | 500.00  | 500.00  |
| 50,00,000  | DSP Merrill Lynch Mutual Fund - "DSP Merrill Lynch Fixed Term Plan 18M Series 1 - Institutional Growth" (5000000 Units subscribed during the year)     | 500.00  | —       |

|   |   | (Rs. in lacs)          |                        |
|---|---|------------------------|------------------------|
|   |   | As at 31st March, 2008 | As at 31st March, 2007 |
| SCHEDULE 7 : INVESTMENTS (Contd.)       |   |                        |                        |
| UNITS IN MUTUAL FUNDS-UNQUOTED (Contd.) |   |                        |                        |
| 20,00,000                               | ICICI Pru. Mutual Fund - "ICICI Pru. FMP Series 34 - 18 Months Plan Institutional Growth"<br>(No Units subscribed during the year)                    | 200.00                 | 200.00                 |
| 50,00,000                               | Principal Mutual Fund - "Principal PNB (FMP - 33) 540 Days plan Series I - Jan 07 Institutional Growth Plan"<br>(No Units subscribed during the year) | 500.00                 | 500.00                 |
| —                                       | Reliance Mutual Fund - "Reliance Fixed Tenor Fund Plan A- Growth Option"<br>(5000000 Units redeemed during the year)                                  | —                      | 500.00                 |
| —                                       | Kotak Mahindra Mutual Fund - "Kotak Fixed Maturity Plan Series 21 - Growth"<br>(3500000 Units redeemed during the year)                               | —                      | 350.00                 |
| —                                       | Principal Mutual Fund - "Principal PNB FMP 385 Days - Series 1 - Institutional Growth Plan March 06"<br>(3000000 Units redeemed during the year)      | —                      | 300.00                 |
| —                                       | Standard Chartered Mutual Fund - "Grindlays Fixed Maturity - 22nd Plan Growth"<br>(5000000 Units redeemed during the year)                            | —                      | 500.00                 |
| —                                       | HSBC Mutual Fund - "HSBC Fixed Term Series 1 Growth"<br>(2000000 Units redeemed during the year)  | —                      | 200.00                 |
| —                                       | HSBC Mutual Fund - "HSBC Fixed Term Series -4 - Growth"<br>(7000000 Units redeemed during the year)   | —                      | 700.00                 |
| 88,79,543                               | HDFC Mutual Fund - "HDFC Fixed Maturity Plan 18M Nov-07 VI Wholesale Plan Growth"<br>(8879543 Units subscribed during the year)                       | 887.95                 | —                      |
| 60,00,000                               | HDFC Mutual Fund - "HDFC Fixed Maturity Plan 18M Oct-06 Wholesale Plan Dividend Payout"<br>(No Units subscribed during the year)                      | 600.00                 | 600.00                 |
| 32,12,334                               | HDFC Mutual Fund - "HDFC Fixed Maturity Plan 18M Sep. 2007 (VI) Wholesale plan Growth"<br>(3212334 Units subscribed during the year)                  | 321.23                 | —                      |
| —                                       | Standard Chartered Mutual Fund - "Standard Chartered Fixed Maturity - 2nd Plan - Growth"<br>(2000000 Units redeemed during the year)                  | —                      | 200.00                 |
| 50,00,000                               | Reliance Mutual Fund - "Reliance Fixed Horizon Fund IV - Series 7 - Institutional Growth Plan"<br>(5000000 Units subscribed during the year)          | 500.00                 | —                      |
| 20,00,000                               | DWS Mutual Fund - "DWS Fixed Term Fund Series 41 - Institutional Growth"<br>(2000000 Units subscribed during the year)                                | 200.00                 | —                      |
| 1,00,00,000                             | HDFC Mutual Fund - "HDFC Fixed Maturity Plan - 17M Nov-2006 Wholesale Plan Growth"<br>(No Units subscribed during the year)                           | 1000.00                | 1000.00                |
| 20,00,000                               | Birla Sun Life Mutual Fund - "Birla Fixed Term Plan Institutional Series AH - Growth"<br>(2000000 Units subscribed during the year)                   | 200.00                 | —                      |
| 50,00,000                               | Reliance Mutual Fund - "Reliance Fixed Horizon Fund II - Annual Plan - Series II-Institutional Growth Plan"<br>(No Units subscribed during the year)  | 500.00                 | 500.00                 |
| 90,00,000                               | Reliance Mutual Fund - "Reliance Fixed Horizon Fund IV - Series 8 - Institutional Growth Plan"<br>(9000000 Units subscribed during the year)          | 900.00                 | —                      |
| 30,00,000                               | ICICI Pru. Mutual Fund - "ICICI Pru. FMP Series 34 - 16 Months Plan Institutional Growth"<br>(No Units subscribed during the year)                    | 300.00                 | 300.00                 |
| 20,00,000                               | ICICI Pru. Mutual Fund - "ICICI Pru. FMP Series 41 - 16 Months Plan Institutional Cumulative"<br>(2000000 Units subscribed during the year)           | 200.00                 | —                      |
| 20,00,000                               | ICICI Pru. Mutual Fund - "ICICI Pru. FMP Series 42 - 16 Months Institutional Growth"<br>(2000000 Units subscribed during the year)                    | 200.00                 | —                      |

(Rs. in lacs)

|   |  | As at 31st March, 2008 | As at 31st March, 2007 |
|---|--|------------------------|------------------------|
| SCHEDULE 7 : INVESTMENTS (Contd.)       |  |                        |                        |
| UNITS IN MUTUAL FUNDS-UNQUOTED (Contd.) |  |                        |                        |
| 10,00,000                               | UTI Mutual Fund - "UTI Fixed Term Income Fund Series II Plan 16 Institutional Growth Plan" (No Units subscribed during the year)                       | 100.00                 | 100.00                 |
| 20,00,000                               | Kotak Mahindra Mutual Fund - "Kotak Fixed Maturity Plan 16M Series 1 - Institutional Growth" (No Units subscribed during the year)                     | 200.00                 | 200.00                 |
| —                                       | Kotak Mahindra Mutual Fund - "Kotak Fixed Maturity Plan 15M - Series 1 Dividend" (298782 Units subscribed and 5415292 Units redeemed during the year)  | —                      | 511.66                 |
| 20,00,000                               | Lotus India Mutual Fund - "Lotus India Fixed Maturity Plan 15 Month - Series II - Institutional Growth" (2000000 Units subscribed during the year)     | 200.00                 | —                      |
| 30,00,000                               | DSP Merrill Lynch Mutual Fund - "DSP Merrill Lynch Fixed Term Plan 15M Series 1 - Institutional Growth" (3000000 Units subscribed during the year)     | 300.00                 | —                      |
| 71,74,211                               | DSP Merrill Lynch Mutual Fund - "DSP Merrill Lynch Fixed Term Plan 15M Series 2 - Institutional Growth" (7174211 Units subscribed during the year)     | 717.42                 | —                      |
| 60,37,489                               | Birla Sun Life Mutual Fund - "Birla Fixed Term Plan Institutional Series AL - Growth" (6037489 Units subscribed during the year)                       | 603.75                 | —                      |
| 1,00,00,000                             | Franklin Templeton Mutual Fund - "Templeton Fixed Horizon Fund Series I - 15 Months Plan- Insti. Growth" (10000000 units subscribed during the year)   | 1000.00                | 1000.00                |
| 20,00,000                               | JM Financial Mutual Fund - "JM Fixed Maturity Fund Series IV - 15 Months Plan 2 Institutional Growth Plan" (2000000 Units subscribed during the year)  | 200.00                 | —                      |
| 20,00,000                               | HSBC Mutual Fund - "HSBC Fixed Term Series 21 Institutional Growth" (No Units subscribed during the year)  | 200.00                 | 200.00                 |
| 50,00,000                               | HSBC Mutual Fund - "HSBC Fixed Series 22 Growth" (No Units subscribed during the year)   | 500.00                 | 500.00                 |
| 50,00,000                               | HDFC Mutual Fund - "HDFC FMP 15M February 2008 (VII) Wholesale Plan Growth" (5000000 Units subscribed during the year)                                 | 500.00                 | —                      |
| 30,00,000                               | HDFC Mutual Fund - "HDFC FMP 15M March 2007 (5) Wholesale Plan Growth" (No Units subscribed during the year)   | 300.00                 | 300.00                 |
| 60,00,000                               | Lotus India Mutual Fund - "Lotus India Fixed Maturity Plan 14 Month - Series II - Institutional Growth" (6000000 Units subscribed during the year)     | 600.00                 | —                      |
| 50,00,000                               | Reliance Mutual Fund - "Reliance Fixed Horizon Fund III - Annual Plan - Series I-Institutional Growth Plan" (No Units subscribed during the year)      | 500.00                 | 500.00                 |
| 50,00,000                               | UTI Mutual Fund - "UTI Fixed Term Income Fund - IV - III(08- 14 Months) Institutional Plan" (5000000 Units subscribed during the year)                 | 500.00                 | —                      |
| 51,73,726                               | Kotak Mahindra Mutual Fund - "Kotak Fixed Maturity Plan 14M Series 3 - Retail Growth" (5173726 Units subscribed during the year)                       | 517.37                 | —                      |
| 20,00,000                               | HDFC Mutual Fund - "HDFC FMP 14M February 2008 (VII) Wholesale Plan Growth" (2000000 Units subscribed during the year)                                 | 200.00                 | —                      |
| 35,00,000                               | HDFC Mutual Fund - "HDFC FMP 14M March 2008 (3) Wholesale Plan Growth" (No Units subscribed during the year)   | 350.00                 | 350.00                 |
| 2,00,00,000                             | Canara Robeco Mutual Fund - "Canara Robeco Fixed Maturity Institutional Growth Plan 2 (13 Month)" (20000000 Units subscribed during the year)          | 2000.00                | —                      |
| —                                       | Principal Mutual Fund - "Principal Fixed Maturity Plan (FMP- 31) Series III Institutional Growth Plan Nov 06" (3000000 Units redeemed during the year) | —                      | 300.00                 |



|   |  | (Rs. in lacs)          |                        |
|---|--|------------------------|------------------------|
|   |  | As at 31st March, 2008 | As at 31st March, 2007 |
| SCHEDULE 7 : INVESTMENTS (Contd.)       |  |                        |                        |
| UNITS IN MUTUAL FUNDS-UNQUOTED (Contd.) |  |                        |                        |
| 50,00,000                               | DWS Mutual Fund - "DWS Fixed Term Fund Series 47 - Institutional Growth"<br>(5000000 Units subscribed during the year)   | 500.00                 | —                      |
| 1,02,57,576                             | Lotus India Mutual Fund - "Lotus India Fixed Maturity 375 Days Series VII - Institutional Growth"<br>(10257576 Units subscribed during the year)                                     | 1025.76                | —                      |
| 1,50,00,000                             | DSP Merrill Lynch Mutual Fund - "DSP Merrill Lynch Fixed Term Plan 12 1/2M Series 1 - Institutional Growth"<br>(1500000 Units subscribed during the year)                            | 1500.00                | —                      |
| 75,00,000                               | Birla Sun Life Mutual Fund - "Birla Fixed Term Plan Institutional Series AN - Growth"<br>(7500000 Units subscribed during the year)  | 750.00                 | —                      |
| 1,50,00,000                             | Reliance Mutual Fund - "Reliance Fixed Horizon Fund VII - Series 4 - Institutional Growth Plan"<br>(15000000 Units subscribed during the year)                                       | 1500.00                | —                      |
| 2,00,00,000                             | SBI Mutual Fund - "SBI Debt Fund Series - 13 Months -7-(18 -Mar-08) Institutional Growth"<br>(20000000 Units subscribed during the year)   | 2000.00                | —                      |
| 1,02,43,863                             | ICICI Pru. Mutual Fund - "ICICI Pru. FMP Series 43 - 13 Months Plan B Retail Growth"<br>(10243863 Units subscribed during the year)  | 1024.39                | —                      |
| 50,00,000                               | Franklin Templeton Mutual Fund - "Templeton Fixed Horizon Fund Series VII - Plan C - Institutional Growth"<br>(5000000 units subscribed during the year)                             | 500.00                 | —                      |
| 50,00,000                               | Sundaram Mutual Fund - "Sundaram BNP Paribas Fixed Term Plan Series XVIII - Growth Plan"<br>(No Units subscribed during the year)  | 500.00                 | 500.00                 |
| 1,00,00,000                             | UTI Mutual Fund - "UTI Fixed term Income Fund Series - IV - Plan V -13 Months Institutional Growth Plan"<br>(10000000 Units subscribed during the year)                              | 1000.00                | —                      |
| 1,50,00,000                             | JM Financial Mutual Fund - "JM Fixed Maturity Fund Series XI - 13 Months Plan 1- Institutional Growth Plan"<br>(15000000 Units subscribed during the year)                           | 1500.00                | —                      |
| 50,00,000                               | JM Financial Mutual Fund - "JM Fixed Maturity Fund Series VII - 13 Months Plan 1- Institutional Growth Plan"<br>(5000000 Units subscribed during the year)                           | 500.00                 | —                      |
| 2,04,65,624                             | Principal Mutual Fund - "Principal PNB (FMP-44) 540 Days Series II Mar 08 Institutional Growth Plan"<br>(20465624 Units subscribed during the year)                                  | 2046.56                | —                      |
| 20,00,000                               | HSBC Mutual Fund - "HSBC Fixed Series 23 Growth"<br>(No Units subscribed during the year)  | 200.00                 | 200.00                 |
| 1,70,38,713                             | Kotak Mahindra Mutual Fund - "Kotak Fixed Maturity Plan 13M Series 2 - Institutional Growth"<br>(No Units subscribed during the year)  | 1703.87                | 1703.87                |
| 20,00,000                               | HDFC Mutual Fund - "HDFC FMP 13M March 2008 (VII)(2) Wholesale Plan Dividend Payout"<br>(2000000 Units subscribed during the year)   | 200.00                 | —                      |
| 20,00,000                               | Lotus India Mutual Fund - "Lotus India Fixed Maturity Series IV - Institutional Growth"<br>(2000000 Units subscribed during the year)  | 200.00                 | —                      |
| 20,37,272                               | Lotus India Mutual Fund - "Lotus India Fixed Maturity Series V - Institutional Growth"<br>(2037272 Units subscribed during the year)   | 203.73                 | —                      |
| —                                       | Franklin Templeton Mutual Fund - "Franklin Templeton Fixed Tenure und Series V 13 Months Plan Growth"<br>(3000000 Units redeemed during the year)                                    | —                      | 300.00                 |
| —                                       | HDFC Mutual Fund - "HDFC FMP 13M August 2006(1) - Institutional Plan - Dividend Reinvest"<br>(208290 Units subscribed and 3208290 Units redeemed during the year)                    | —                      | 300.00                 |
| —                                       | HDFC Mutual Fund - "HDFC Fixed Maturity Plan 13 M September 2006 (1) - Institutional Plan Dividend Reinvest"<br>(596506 Units subscribed and 8850353 Units redeemed during the year) | —                      | 825.38                 |

(Rs. in lacs)

|   | As at 31st March, 2008 | As at 31st March, 2007 |
|---|------------------------|------------------------|
| <b>SCHEDULE 7 : INVESTMENTS (Contd.)</b>  |                        |                        |
| <b>UNITS IN MUTUAL FUNDS-UNQUOTED (Contd.)</b>  |                        |                        |
| — Reliance Mutual Fund - "Reliance Fixed Horizon Fund I - Annual Plan Series III - Institutional Growth Plan"<br>(5000000 Units redeemed during the year)               | —                      | 500.00                 |
| 20,00,000 ICICI Pru. Mutual Fund - "ICICI Pru. FMP Series 42 - 13 Months Plan A Institutional Cumulative"<br>(2000000 Units subscribed during the year)                 | 200.00                 | —                      |
| 35,00,000 ICICI Pru. Mutual Fund - "ICICI Pru. FMP Series 42 - 13 Months Plan C Institutional Growth"<br>(3500000 Units subscribed during the year)                     | 350.00                 | —                      |
| 50,00,000 Sundaram Mutual Fund - "Sundaram BNP Paribas Fixed Term Plan D Institutional Growth"<br>(5000000 Units subscribed during the year)                            | 500.00                 | —                      |
| 50,000 DSP Merrill Lynch Mutual Fund - "DSP Merrill Lynch Fixed Term Plan Series 3C - Growth Option"<br>(No Units of Rs.1000/-each subscribed during the year)          | 500.00                 | 500.00                 |
| 20,000 DSP Merrill Lynch Mutual Fund - "DSP Merrill Lynch Fixed Term Plan Series 3F- Institutional Growth"<br>(20000 Units of Rs.1000/-each subscribed during the year) | 200.00                 | —                      |
| 1,00,27,380 Birla Sun Life Mutual Fund - "Birla Fixed Term Plan Institutional Series U - Growth"<br>(No Units Subscribed during the year)                               | 1002.74                | 1002.74                |
| 2,30,48,200 ICICI Pru. Mutual Fund - "ICICI Pru. FMP Series 34 - 1 year Plan B Institutional Growth"<br>(No Units subscribed during the year)                           | 2304.82                | 2304.82                |
| 1,54,35,735 Reliance Mutual Fund - "Reliance Fixed Horizon Fund III - Annual Plan - Series IV-Institutional Growth Plan"<br>(No Units subscribed during the year)       | 1543.57                | 1543.57                |
| 20,00,000 Reliance Mutual Fund - "Reliance Fixed Horizon Fund II - Annual Plan - Series IV - Institutional Growth Plan"<br>(No Units subscribed during the year)        | 200.00                 | 200.00                 |
| 50,00,000 Franklin Templeton Mutual Fund - "Franklin Templeton Fixed Tenure Fund Series VII 370 Days Plan Growth"<br>(No Units subscribed during the year)              | 500.00                 | 500.00                 |
| 91,71,450 Sundaram Mutual Fund - "Sundaram BNP Paribas Fixed Term Plan Series XXXII - Dividend"<br>(9171450 Units subscribed during the year)                           | 917.15                 | —                      |
| 50,00,000 Standard Chartered Mutual Fund - "Standard Chartered Fixed Maturity Plan - Yearly Series 19 Plan B - Growth"<br>(5000000 Units scbscribed during the year)    | 500.00                 | —                      |
| 35,00,000 Standard Chartered Mutual Fund - "Standard Chartered Fixed Maturity Plan - Yearly Series 3 - Growth"<br>(No Units subscribed during the year)                 | 350.00                 | 350.00                 |
| 20,00,000 Principal Mutual Fund - "Principal PNB FMP - Series V (FMP-39) 385 Days Plan Institutional Growth Plan AUG 07"<br>(2000000 Units subscribed during the year)  | 200.00                 | —                      |
| — Reliance Mutual Fund - "Reliance Fixed Horizon Fund I-Insti. Plan - Annual Plan I Series I-Insti. Dividend Plan"<br>(10000000 Units redeemed during the year)         | —                      | 1000.00                |
| 31,96,816 HSBC Mutual Fund - "HSBC Fixed Term Series 33 Institutional Growth"<br>(3196816 Units subscribed during the year)   | 319.68                 | —                      |
| 50,00,000 Standard Chartered Mutual Fund - "Standard Chartered Fixed Maturity Plan - Yearly Series 5 - Growth"<br>(No Units subscribed during the year)                 | 500.00                 | 500.00                 |
| 1,00,00,000 Standard Chartered Mutual Fund - "Standard Chartered Fixed Maturity plan - Yearly Series 20 - Plan B Growth"<br>(10000000 Units subscribed during the year) | 1000.00                | —                      |
| — Standard Chartered Mutual Fund - "Standard Chartered Fixed Maturity Plan - yearly Series 1 - Dividend"<br>(5000000 Units redeemed during the year)                    | —                      | 500.00                 |
| — UTI Mutual Fund - "UTI Fixed Maturity Plan Yearly Series YFMP/1006 - Growth plan"<br>(8168356 Units redeemed during the year)   | —                      | 861.84                 |

|  |   | (Rs. in lacs)          |                        |
|--|---|------------------------|------------------------|
|  |   | As at 31st March, 2008 | As at 31st March, 2007 |
| <b>SCHEDULE 7 : INVESTMENTS (Contd.)</b>         |   |                        |                        |
| UNITS IN MUTUAL FUNDS-UNQUOTED (Contd.)          |   |                        |                        |
| 50,00,000  | Standard Chartered Mutual Fund - "Standard Chartered Fixed Maturity Plan - Yearly Series 17 Plan B - Growth" (5000000 Units subscribed during the year)                     | 500.00                 | —                      |
| 50,00,000  | SBI Mutual Fund - "SBI Arbitrage Opportunities Fund Dividend" (No Units subscribed during the year)   | 500.00                 | 500.00                 |
| 60,61,645  | JM Financial Mutual Fund - "JM Arbitrage Advantage Fund Growth Plan" (3061645 Units subscribed during the year)   | 641.50                 | 300.00                 |
| 21,33,125  | Standard Chartered Mutual Fund - "Standard Chartered Arbitrage Fund - Plan B - Dividend" (105515 Units subscribed during the year)  | 213.67                 | 202.81                 |
| 20,00,000  | HDFC Mutual Fund - "HDFC Arbitrage Fund Wholesale Plan Growth" (2000000 Units Subscribed during the year)   | 200.00                 | —                      |
| 50,00,000  | Standard Chartered Mutual Fund - "Standard Chartered Fixed Maturity Arbitrage Fund - Series 1 Plan B - Dividend" (5000000 Units subscribed during the year)                 | 500.00                 | —                      |
|  |   | <u>47995.76</u>        | <u>25407.29</u>        |
|  |   | 50412.52               | 27264.20               |
| Less : Provision for diminution in value         |   | <u>0.81</u>            | <u>0.81</u>            |
| Total Long Term Investment                       |   | <u>50411.71</u>        | <u>27263.39</u>        |
| <b>B. Current</b>                                |   |                        |                        |
| UNITS IN MUTUAL FUNDS-UNQUOTED                   |   |                        |                        |
| (Units of Rs. 10/- each unless otherwise stated) |   |                        |                        |
| 20,00,000  | ABN AMRO Mutual Fund - "ABN AMRO Fixed Term Plan S8 Yearly Plan D - Institutional Growth" (2000000 Units subscribed during the year)  | 200.00                 | —                      |
| 20,00,000  | ING Mutual Fund - "ING Fixed Maturity Fund XXXII Institutional Growth" (2000000 Units subscribed during the year)   | 200.00                 | —                      |
| 20,949   | DSP Merrill Lynch Mutual Fund - "DSP Merrill Lynch Fixed Term Plan Series 3D - Insti. Div. Reinvest" (20949 Units of Rs.1000/- each subscribed during the year)             | 209.53                 | —                      |
| 20,00,000  | Reliance Mutual Fund - "Reliance Fixed Horizon Fund IV - Series 5 - Institutional Growth Plan" (2000000 Units subscribed during the year)                                   | 200.00                 | —                      |
| 50,00,000  | UTI Mutual Fund - "UTI Fixed Maturity Plan Yearly Series YFMP/0807 - Institutional Growth" (5000000 Units subscribed during the year)                                       | 500.00                 | —                      |
| 50,00,000  | UTI Mutual Fund - "UTI Fixed Income Interval Fund Annual Interval Plan Series - II - Insti. Dividend plan Reinvestment" (5000000 Units subscribed during the year)          | 500.00                 | —                      |
| —  | JM Financial Mutual Fund - "JM Fixed Maturity Fund Series IV Quarterly Plan 4 -F3 - Dividend Plan(198)" (54718 Units subscribed and 4146863 Units redeemed during the year) | —                      | 409.21                 |
| 20,00,000  | HDFC Mutual Fund - "HDFC Fixed Maturity Plan 367D June 2007(5) Wholesale plan Growth" (2000000 Units subscribed during the year)  | 200.00                 | —                      |
| 30,00,000  | HDFC Mutual Fund - "HDFC Fixed Maturity Plan 367D MAY 2007(5) Wholesale plan Dividend Payout" (3000000 Units subscribed during the year)                                    | 300.00                 | —                      |
| 20,00,000  | HDFC Mutual Fund - "HDFC Fixed Maturity Plan 367D Sep 2007(6) Wholesale plan Growth" (2000000 Units subscribed during the year)   | 200.00                 | —                      |
| 30,00,000  | Reliance Mutual Fund - "Reliance Fixed Horizon Fund IV - Annual Plan Series I - Institutional Growth Plan" (3000000 Units subscribed during the year)                       | 300.00                 | —                      |
| 1,03,40,195                                      | Reliance Mutual Fund - "Reliance Fixed Horizon Fund IV - Annual Plan Series II - Institutional Growth Plan" (10340195 Units subscribed during the year)                     | 1034.02                | —                      |
| 50,00,000  | Franklin Templeton Mutual Fund - "Templeton Fixed Horizon Fund Series II - Plan A - Institutional Growth" (5000000 units subscribed during the year)                        | 500.00                 | —                      |

(Rs. in lacs)

|   |   | As at 31st March, 2008 | As at 31st March, 2007 |
|---|---|------------------------|------------------------|
| SCHEDULE 7 : INVESTMENTS (Contd.)       |   |                        |                        |
| UNITS IN MUTUAL FUNDS-UNQUOTED (Contd.) |   |                        |                        |
| 1,00,00,000                             | Franklin Templeton Mutual Fund - "Templeton Fixed Horizon Fund Series II - Plan B - Institutional Growth"<br>(10000000 units subscribed during the year)  | 1000.00                | —                      |
| 20,00,000                               | Kotak Mahindra Mutual Fund - "Kotak Fixed Maturity Plan 12M Series 4 - Institutional Growth"<br>(2000000 Units subscribed during the year)  | 200.00                 | —                      |
| —                                       | UTI Mutual Fund - "UTI Fixed Maturity Plan Quarterly Series QFMP/0107/I - Dividend Plan Reinvestment"<br>(23438 Units subscribed and 5093799 Units redeemed during the year)                    | —                      | 507.04                 |
| 73,92,566                               | HDFC Mutual Fund - "HDFC Fixed Maturity Plan - 367 D - August 2007 Wholesale Plan Growth"<br>(7392566 Units subscribed during the year)   | 739.26                 | —                      |
| 2,00,00,000                             | Standard Chartered Mutual Fund - "Standard Chartered Fixed Maturity Plan - Yearly Series 10 - Growth"<br>(20000000 Units subscribed during the year)  | 2000.00                | —                      |
| —                                       | UTI Mutual Fund - "UTI Fixed Maturity Plan Quarterly Series QFMP/0307/II - Dividend Plan Reinvestment"<br>(115196 Units subscribed and 5115196 Units redeemed during the year)                  | —                      | 500.00                 |
| —                                       | UTI Mutual Fund - "UTI Fixed Maturity Plan Quarterly Series QFMP/0107/II - Dividend Plan Reinvestment"<br>(12203 Units subscribed and 2071135 Units redeemed during the year)                   | —                      | 205.89                 |
| —                                       | Franklin Templeton Mutual Fund - "Templeton Fixed Horizon Fund 3 Months Plan Institutional Dividend Payout"<br>(5000000 Units redeemed during the year)   | —                      | 500.00                 |
| —                                       | UTI Mutual Fund - "UTI Fixed Maturity Plan - Halfyearly Series HFMP/ 1206 Dividend plan Reinvestment"<br>(27147 Units subscribed and 5011886 Units redeemed during the year)                    | —                      | 498.47                 |
| —                                       | JM Financial Mutual Fund - "JM Equity & Derivative Fund Growth Option"<br>(2838893 Units redeemed during the year)  | —                      | 300.00                 |
| —                                       | Birla Sun Life Mutual Fund - "Birla Fixed Maturity Plan Series 2 - Quarterly Dividend Payout"<br>(4989074 Units redeemed during the year)   | —                      | 500.35                 |
| —                                       | DSP Merrill Lynch Mutual Fund - "DSP Merrill Lynch Fixed Term Plan Series II - Dividend Insti.Reinvest"<br>(1575 Units subscribed and 102175 Units of Rs. 1000/- each redeemed during the year) | —                      | 1006.00                |
| —                                       | DSP Merrill Lynch Mutual Fund - "DSP Merrill Lynch Fixed Term Plan Series 1 H Dividend Insti. Reinvest"<br>(1189 Units subscribed and 106865 Units of Rs.1000/- each redeemed during the year)  | —                      | 1056.77                |
| —                                       | HDFC Mutual Fund - "HDFC FMP 90D February 2007 (4) Wholesale Plan Dividend Payout"<br>(9272275 Units redeemed during the year)  | —                      | 927.23                 |
| —                                       | HSBC Mutual Fund - "HSBC Fixed Term Series 15 Institutional Dividend"<br>(104664 Units subscribed and 2659225 Units redeemed during the year)   | —                      | 255.46                 |
| —                                       | HSBC Mutual Fund - "HSBC Fixed Term Series 14 - Dividend"<br>(97787 Units subscribed and 3195634 Units redeemed during the year)  | —                      | 309.78                 |
| —                                       | JM Financial Mutual Fund - "JM Fixed Maturity Fund Series IV Quarterly Plan 3-F2 - Dividend Plan(197)"<br>(9666 Units subscribed and 1019617 Units redeemed during the year)                    | —                      | 101.00                 |
| —                                       | JM Financial Mutual Fund - "JM Fixed Maturity Fund Series IV Quarterly Plan 1 - Dividend Plan(189)"<br>(18817 Units subscribed and 5109055 Units redeemed during the year)                      | —                      | 509.02                 |
| —                                       | JM Financial Mutual Fund - "JM Fixed Maturity Fund Series IV - Quarterly Plan 2-F1- Dividend Plan"<br>(7914 Units subscribed and 1035062 Units redeemed during the year)                        | —                      | 102.71                 |
| —                                       | Principal Mutual Fund - "Principal PNB (FMP-34)91 Days Series VII FEB 07 Dividend Payout"<br>(8317303 Units redeemed during the year)   | —                      | 831.73                 |
| —                                       | SBI Mutual Fund - "SBI Magnum Institutional Cash Fund Dividend Option"<br>(69475488 Units subscribed and 78525994 Units redeemed during the year)   | —                      | 963.00                 |

|  |  | (Rs. in lacs)          |                        |
|--|--|------------------------|------------------------|
|  |  | As at 31st March, 2008 | As at 31st March, 2007 |
| <b>SCHEDULE 7 : INVESTMENTS (Contd.)</b>       |  |                        |                        |
| <b>UNITS IN MUTUAL FUNDS-UNQUOTED (Contd.)</b> |  |                        |                        |
| —  | Standard Chartered Mutual Fund - "Standard Chartered Fixed Maturity Plan - Quarterly Series 3 - Dividend"<br>(15076403 Units redeemed during the year)                           | —                      | 1507.64                |
| —  | Standard Chartered Mutual Fund - "Standard Chartered Fixed Maturity Plan - Quarterly Series 5 - Dividend"<br>(97136 Units subscribed and 8164896 Units redeemed during the year) | —                      | 806.78                 |
| —  | Standard Chartered Mutual Fund - "Standard Chartered Fixed Maturity Plan - Yearly Series 4 - Dividend"<br>(5134263 Units redeemed during the year)                               | —                      | 513.43                 |
| —  | Sundaram Mutual Fund - "Sundaram BNP Paribas Fixed Term Plan Series XXIII - 90 Days - Dividend Plan"<br>(98852 Units subscribed and 10196126 Units redeemed during the year)     | —                      | 1009.73                |
| —  | Sundaram Mutual Fund - "Sundaram BNP Paribas Fixed Term Plan Series XXV - 90 Days - Dividend Plan"<br>(63572 Units subscribed and 4090204 Units redeemed during the year)        | —                      | 402.66                 |
| —  | UTI Mutual Fund - "UTI Fixed Maturity Plan Quarterly Series QFMP/0207/I - Dividend Plan Reinvestment"<br>(65465 Units subscribed and 7215807 Units redeemed during the year)     | —                      | 715.03                 |
| —  | UTI Mutual Fund - "UTI Fixed Maturity Plan Quarterly Series QFMP/0207/II - Dividend Plan Reinvestment"<br>(16269 Units subscribed and 1053450 Units redeemed during the year)    | —                      | 103.72                 |
| —  | UTI Mutual Fund - "UTI Fixed Maturity Plan - HFMP/ 0207 Dividend plan Reinvestment"<br>(67775 Units subscribed and 2082623 Units redeemed during the year)                       | —                      | 201.48                 |
| 76,35,534                                      | Birla Sun Life Mutual Fund - "BSL Interval Income Fund - Institutional Quarterly Series 2 Dividend"<br>(7635534 Units subscribed during the year)                                | 763.56                 | —                      |
| 20,49,643                                      | ICICI Pru. Mutual Fund - "ICICI Pru. Interval Plan -1- Quarterly Retail Dividend"<br>(2049643 Units subscribed during the year)  | 204.96                 | —                      |
| 69,789   | AIG Liquid Fund - "AIG Short Term Fund Institutional Daily Dividend"<br>(69789 Units of Rs.1000/- each subscribed during the year)   | 701.03                 | —                      |
| 49,99,192                                      | JM Financial Mutual Fund - "JM Short Term Fund Institutional Plan Dividend"<br>(4999192 Units subscribed during the year)  | 518.10                 | —                      |
| 37,08,649                                      | Principal Mutual Fund - "Principal Income Fund Institutional Plan Growth Accumulation Plan"<br>(3708649 Units subscribed during the year)  | 500.00                 | —                      |
| 1,07,05,405                                    | Reliance Mutual Fund - "Reliance Short Term Fund Retail Plan Dividend Plan"<br>(10705405 Units subscribed during the year)   | 1132.00                | —                      |
| 59,066   | Franklin Templeton Mutual Fund - "Templeton India Short Term Income Plan Insti. Monthly Dividend Reinvestment"<br>(59066 Units Subscribed during the year)                       | 635.91                 | —                      |
| 24,92,708                                      | SBI Mutual Fund - "SBI Premier Liquid Fund Super Institutional Daily Dividend"<br>(575977969 Units subscribed and 573485261 Units redeemed during the year)                      | 250.08                 | —                      |
|  |  | 12988.45               | 14744.13               |
| Total Current Investments                      |  | 12988.45               | 14744.13               |
|  |  | 63400.16               | 42007.52               |
| Aggregate Book value of Quoted Investments     |  | 1518.24                | 1518.24                |
| Aggregate Book value of Unquoted Investments   |  | 61881.92               | 40489.28               |
|  |  | 63400.16               | 42007.52               |
| Aggregate Market value of Quoted Investments   |  | 13694.11               | 10453.23               |



SCHEDULE 7 : INVESTMENTS (Contd.)

UNITS IN MUTUAL FUNDS - UNQUOTED (Contd.)

Units subscribed and redeemed during the year

UNITS IN MUTUAL FUNDS-UNQUOTED

(Units of Rs. 10/- each)

|  | No. of Units |
|--|--------------|
| ABN AMRO Mutual Fund - "ABN AMRO Flexible Short Term plan Series C - Quarterly Div. Reinvest"                      | 2036998      |
| AIG Mutual Fund - "AIG India Treasury Plus Fund Institutional Daily Dividend"                                      | 2000377      |
| Birla Sun Life Mutual Fund - "Birla Cash plus - Institutional Premium Daily Dividend - Reinvestment"               | 11229712     |
| Birla Sun Life Mutual Fund - "Birla Fixed Term Plan - Quarterly Series 20 - Dividend Payout"                       | 7500000      |
| Birla Sun Life Mutual Fund - "Birla Fixed Term Plan - Quarterly - Series 13 - Dividend Payout"                     | 1000000      |
| Birla Sun Life Mutual Fund - "Birla Gilt Plus - Liquid - Annual Dividend - Payout"                                 | 1274481      |
| Birla Sun Life Mutual Fund - "BSL Liquid Plus - Institutional - Daily Dividend Reinvestment"                       | 24024301     |
| Birla Sun Life Mutual Fund - "BSL Interval Fund - Institutional - Quarterly - Series 3 Dividend"                   | 2035942      |
| Birla Sun Life Mutual Fund - "BSL Interval Income Fund - Institutional Quarterly Series 1 - Dividend"              | 3051216      |
| Canara Robeco Mutual Fund - "Canara Robeco Interval Monthly Institutional Dividend Fund"                           | 2022696      |
| Canara Robeco Mutual Fund - "Canara Robeco Floating Rate ST Daily Dividend Fund"                                   | 18771899     |
| Canara Robeco Mutual Fund - "Canara Robeco Liquid Plus Institutional Daily Dividend Fund"                          | 17283233     |
| DSP Merrill Lynch Mutual Fund - "DSP Merrill Lynch Fixed Maturity Plan 3 M Series 1- Institutional Dividend"       | 7172489      |
| DWS Mutual Fund - "DWS Short Maturity fund - Weekly Dividend Option"   | 1991119      |
| DWS Mutual Fund - "DWS Insta Cash Plus Fund - Daily Dividend Option"   | 3917696      |
| DWS Mutual Fund - "DWS Insta Cash plus Fund - Institutional Plan - Daily Dividend Option"                          | 5091527      |
| DWS Mutual Fund - "DWS Quarterly Interval Fund - Series 1 - Dividend Plan"   | 5093487      |
| Standard Chartered Mutual Fund - "Grindlays Floating Rate Fund-LT-Inst. Plan B-Daily Dividend"                     | 62007963     |
| Standard Chartered Mutual Fund - "GSSIF - ST - Plan C - Fortnightly Dividend"                                      | 10248408     |
| HDFC Mutual Fund - "HDFC Cash Management Fund Saving Plus Plan- Wholesale Daily Dividend Reinvest"                 | 12353652     |
| HDFC Mutual Fund - "HDFC Floating Rate Income Fund STP - Wholesale Option Dividend Reinvestment"                   | 11994838     |
| HDFC Mutual Fund - "HDFC FMP 90D Aug. 07 (6) -Wholesale plan Dividend Payout"                                      | 5000000      |
| HDFC Mutual Fund - "HDFC Fixed Maturity Plan 90D April 07 (5) - Wholesale Plan Dividend Payout"                    | 2000000      |
| HDFC Mutual Fund - "HDFC Fixed Maturity Plan 90D December 07 (VI) Wholesale Plan Dividend payout"                  | 2000000      |
| HDFC Mutual Fund - "HDFC Fixed Maturity Plan 90D NOV. 07 (VI) 2 Wholesale Plan Dividend Payout"                    | 5000000      |
| HDFC Mutual Fund - "HDFC Quarterly Interval Fund - Plan B Wholesale Dividend Reinvest"                             | 1019700      |
| HSBC Mutual Fund - "HSBC Cash Fund Institutional Plus - Daily Dividend"  | 36485057     |
| HSBC Mutual Fund - "HSBC Fixed Term Series 29 - Institutional Dividend"  | 5211174      |
| HSBC Mutual Fund - "HSBC Liquid Plus Institutional Plus Daily Dividend"  | 62000196     |
| Pru ICICI Mutual Fund - "ICICI Prudential Interval Fund II Quarterly Interval Plan E - Retail Div. Reinvest Div."  | 2047120      |
| Pru ICICI Mutual Fund - "ICICI Pru. Interval Fund II Quarterly Interval plan C - Retail Dividend Reinvest"         | 10188651     |
| Pru ICICI Mutual Fund - "ICICI Prudential - Flexible Income Plan Dividend - Daily Reinvest Dividend"               | 28928816     |
| ING Mutual Fund - "ING Fixed Maturity Fund - XXX - Dividend"   | 5000000      |
| JM Financial Mutual Fund - "JM Fixed Maturity Fund - Series VI Quarterly Plan 2 - Institutional Div. Plan"         | 4295926      |
| JM Financial Mutual Fund - "JM Fixed Maturity Fund - Series V Quarterly Plan 4 - Regular Dividend Plan"            | 4224301      |
| JM Financial Mutual Fund - "JM Fixed Maturity Fund - Series VI Quarterly Plan 4 - Institutional Div. Plan."        | 5173115      |
| JM Financial Mutual Fund - "JM Fixed Maturity Fund - Series V Quarterly Plan 2 - Regular Dividend Plan"            | 1056274      |
| JM Financial Mutual Fund - "JM Fixed Maturity Fund - Series VI Quarterly Plan 1 - Institutional Div. Plan."        | 5082775      |
| JM Financial Mutual Fund - "JM Fixed Maturity Fund - Series VI Quarterly Plan 5 - Institutional Dividend"          | 4373565      |
| JM Financial Mutual Fund - "JM Fixed Maturity Fund - Series V Quarterly Plan 3 - Institutional Div. Plan."         | 1040308      |
| JM Financial Mutual Fund - "JM Money Manager Fund Super Plan - Daily Dividend"                                     | 1044720      |
| JM Financial Mutual Fund - "JM Fixed Maturity Fund - Series V Quarterly Plan 1 - institutional Div.Plan"           | 5215415      |
| JM Financial Mutual Fund - "JM Money Manager Fund Super Plus Plan - Daily Dividend"                                | 14822710     |
| Kotak Mahindra Mutual Fund - "Kotak Flexible Debt Scheme - Daily Dividend"   | 12088859     |
| Kotak Mahindra Mutual Fund - "Kotak Fixed Maturity Plan 3 M - Series 24 - Dividend"                                | 5082275      |
| Kotak Mahindra Mutual Fund - "Kotak Fixed Maturity Plan 3 M - Series 25 - Dividend"                                | 5089129      |
| Kotak Mahindra Mutual Fund - "Kotak Fixed Maturity Plan 3M Series 15 - Dividend"                                   | 5104013      |
| Kotak Mahindra Mutual Fund - "Kotak Fixed Maturity Plan 3M Series 16 - Dividend"                                   | 3062813      |
| Kotak Mahindra Mutual Fund - "Kotak Quarterly Interval Plan Series 3 - Dividend"                                   | 5172588      |
| Kotak Mahindra Mutual Fund - "Kotak Quarterly Interval Plan Series 4 - Dividend"                                   | 5181932      |
| Lotus India Mutual Fund - "Lotus India Fixed Maturity Plan - 3 Month - Series XVII Dividend"                       | 5082898      |
| Lotus India Mutual Fund - "Lotus India Liquid Fund - Institutional Daily Dividend"                                 | 8256172      |
| Lotus India Mutual Fund - "Lotus India Fixed Maturity Plan - 13 Month Series V - Institutional Growth"             | 2037170      |
| Lotus India Mutual Fund - "Lotus India Quarterly Interval Fund - Plan D - Dividend"                                | 8233367      |
| Principal Mutual Fund - "Principal Floating Rate Fund FMP Institutional Option - Daily Reinvestment Daily"         | 15495084     |
| Principal Mutual Fund - "Principal Floating Rate Fund SMP Institutional Option - Dividend Reinvestment Daily"      | 15261740     |
| Principal Mutual Fund - "Principal Income Fund Short Term Plan Institutional Plan Daily Reinvestment Weekly"       | 9654457      |
| Pru ICICI Mutual Fund - "ICICI Prudential Interval Fund II Quarterly Interval Plan D - Retail Dividend - Reinvest" | 10185300     |
| Pru ICICI Mutual Fund - "ICICI Prudential Institutional Liquid Plan Super Insti. Daily Div. Reinvest Dividend"     | 65045627     |

**SCHEDULE 7 : INVESTMENTS (Contd.)**

| UNITS IN MUTUAL FUNDS - UNQUOTED (Contd.)  | No. of Units |
|--|--------------|
| Reliance Mutual Fund - "Reliance Liquidity Fund Daily Dividend Reinvestment Option"                              | 118174622    |
| Reliance Mutual Fund - "Reliance Quarterly Interval Fund - Series III Institutional Dividend Plan"               | 5093150      |
| SBI Mutual Fund - "SBI Debt Fund Series - 90 Days 13 -(Aug 07) Dividend"   | 5086145      |
| SBI Mutual Fund - "SBI Debt Fund Series - 90 Days 14 - (Sep 07) Dividend"  | 10172590     |
| SBI Mutual Fund - "SBI Debt Fund Series - 90 Days 18 - (27 NOV 07) Dividend"                                     | 5178300      |
| SBI Mutual Fund - "SBI SHF Liquid Plus - Institutional Plan - Daily Dividend"                                    | 37937834     |
| SBI Mutual Fund - "SBI Mangnum Insta Cash Fund Dividend Option"  | 227390553    |
| Standard Chartered Mutual Fund - "Standard Chartered Fixed Maturity Plan-Quarterly Series 15-Dividend"           | 5082493      |
| Standard Chartered Mutual Fund - "Standard Chartered Liquidity Manager-Daily Dividend"                           | 25093337     |
| Standard Chartered Mutual Fund - "Standard Chartered Quarterly Interval Fund-Plan A-Inst.-Dividend"              | 5084533      |
| Standard Chartered Mutual Fund - "Standard Chartered Fixed Maturity Plan - Quarterly Series 11 Dividend"         | 5176775      |
| Standard Chartered Mutual Fund - "Standard Chartered Fixed Maturity Plan - Quarterly Series 9 Dividend"          | 17492898     |
| Sundaram Mutual Fund - "Sundaram BNP Paribas Liquid Plus Super Institutional Dividend Reinvest Daily"            | 10109321     |
| Sundaram Mutual Fund - "Sundaram BNP Paribas Fixed Term Plan Series XXIX - Dividend"                             | 3052461      |
| Sundaram Mutual Fund - "Sundaram BNP Paribas Fixed Term Plan Series XXVI - Dividend"                             | 10407675     |
| Sundaram Mutual Fund - "Sundaram BNP Paribas Interval Fund Quarterly Plan A - Institutional Dividend"            | 3161132      |
| Sundaram Mutual Fund - "Sundaram BNP Paribas Fixed Term Plan Series XXXV - Dividend"                             | 6607946      |
| Sundaram Mutual Fund - "Sundaram BNP Paribas Liquid Plus Institutional Dividend Reinvestment Daily"              | 15785063     |
| Sundaram Mutual Fund - "Sundaram BNP Paribas Fixed Term Plan Series XXIV - Dividend"                             | 2041822      |
| Sundaram Mutual Fund - "Sundaram BNP Paribas Fixed Term Plan 90days Series 1 Inst.Dividend"                      | 6723395      |
| Sundaram Mutual Fund - "Sundaram BNP Paribas Money Fund Super Inst.Daily Dividend Reinvestment"                  | 9906424      |
| Sundaram Mutual Fund - "Sundaram BNP Paribas Fixed Term Plan Series XXXIV - Dividend"                            | 10577123     |
| Franklin Templeton Mutual Fund - "Templeton Quarterly Interval Plan - Plan A - Institutional Div. Reinvestment"  | 6127813      |
| UTI Mutual Fund - "UTI Fixed Maturity Plan Quarterly Series QFMP/0407/ II - Institutional Div. Plan Reinvest"    | 10291122     |
| UTI Mutual Fund - "UTI Fixed Income Interval Fund Quaterly Plan Series - III - Inst. Div. Plan Reinvestment"     | 10267737     |
| UTI Mutual Fund - "UTI Fixed Income Interval Fund Quaterly Interval Plan Series - I - Inst. Div. Plan Payout"    | 2000000      |
| UTI Mutual Fund - "UTI Fixed Maturity Plan Quarterly Series 0807/ II - Institutional Dividend Plan Reinvestment" | 5084910      |
| UTI Mutual Fund - "UTI Fixed Maturity Plan Quarterly Series QFMP/0407/ I - Dividend Plan Reinvestment"           | 7240855      |
| UTI Mutual Fund - "UTI Fixed Maturity Plan Quarterly Series QFMP/1107/ II Insta.Div. Plan Reinvestment"          | 5175415      |
| UTI Mutual Fund - "UTI Fixed Maturity Plan Half Yearly Series HFMP/0507 - Institutional Div. Plan Reinvest"      | 2073276      |
| (Units of Rs. 1000/- each)   |              |
| AIG Mutual Fund - "AIG India Liquid Fund Super Institutional Daily Dividend"                                     | 220431       |
| AIG Mutual Fund - "AIG Short Term Fund Institutional Weekly Dividend"  | 20079        |
| DSP Merrill Lynch Mutual Fund - "DSP Merrill Lynch Liquidity Plus Institutional Daily Dividend"                  | 490129       |
| DSP Merrill Lynch Mutual Fund - "DSP Merrill Lynch Liquidity Fund Institutional Daily Dividend"                  | 68989        |
| DSP Merrill Lynch Mutual Fund - "DSP Merrill Lynch Strategic Bond Fund"  | 362993       |
| DSP Merrill Lynch Mutual Fund - "DSP Merrill Lynch Fixed Term Plan Series 1 O - Institutional Dividend"          | 70447        |
| DSP Merrill Lynch Mutual Fund - "DSP Merrill Lynch Liquid Plus Institutional Plan Daily Dividend"                | 81509        |
| Reliance Mutual Fund - "Reliance Liquid Plus Fund - Institutional Option - Daily Dividend Plan"                  | 150764       |
| Standard Chartered Mutual Fund - "Standard Chartered Liquidity Manager-Plus- Daily Dividend"                     | 68127        |
| UTI Mutual Fund - "UTI Liquid Cash Plan Institutional Weekly Income Option Reinvestment"                         | 20653        |
| UTI Mutual Fund - "UTI Liquid Plus Fund Institutional Plan Daily Dividend Reinvestment"                          | 750105       |
| UTI Mutual Fund - "UTI Liquid Cash Plan Institutional Daily Income Reinvestment"                                 | 1809010      |

(Rs. in lacs)

|   | As at 31st March, 2008 | As at 31st March, 2007 |
|---|------------------------|------------------------|
| <b>SCHEDULE 8 : INVENTORIES</b>             |                        |                        |
| (As valued and certified by the Management) |                        |                        |
| Stores, Spare Parts etc.                    | 9921.49                | 6501.38                |
| Machinery Spares not in regular use         | 224.35                 | 130.11                 |
|   | 10145.84               | 6631.49                |
| <b>Stock-in-Trade –</b>                     |                        |                        |
| Finished Goods                              | 3511.93                | 2273.79                |
| Raw Materials                               | 2346.94                | 3032.57                |
| Materials under Process                     | 4040.11                | 2320.98                |
|   | 9898.98                | 7627.34                |
|   | 20044.82               | 14258.83               |

|  | As at 31st March, 2008 | As at 31st March, 2007 |
|--|------------------------|------------------------|
| <b>SCHEDULE 9 : SUNDRY DEBTORS</b>   |                        |                        |
| Debts outstanding for a period exceeding six months  |                        |                        |
| Secured, Considered Good   | 138.31                 | 96.04                  |
| Unsecured, Considered Good ( See Note No. 8 in Schedule 24 )   | 202.98                 | 198.86                 |
|  | <u>341.29</u>          | <u>294.90</u>          |
| Other Debts  |                        |                        |
| Secured, Considered Good   | 304.96                 | 243.06                 |
| Unsecured, Considered Good   | 2525.00                | 2184.51                |
|  | <u>2829.96</u>         | <u>2427.57</u>         |
|  | <u>3171.25</u>         | <u>2722.47</u>         |
| <b>SCHEDULE 10 : CASH AND BANK BALANCES</b>  |                        |                        |
| Cash Balance in hand   |                        |                        |
| (Including Cheques & Drafts in hand Rs. 1598.53, Previous Year Rs.1684.11 )  | 1616.98                | 1705.50                |
| Bank Balances -  |                        |                        |
| With Scheduled Banks -   |                        |                        |
| In Current Accounts  |                        |                        |
| (Including remittances in transit Rs. 875.80, Previous Year Rs.317.86 )  | 1247.40                | 771.86                 |
| " Unpaid Dividend Accounts   | 29.35                  | 18.96                  |
| " Fixed Deposit Accounts   | <u>241.92</u>          | <u>943.10</u>          |
|  | <u>1518.67</u>         | <u>1733.92</u>         |
|  | <u>3135.65</u>         | <u>3439.42</u>         |
| <b>SCHEDULE 11 : LOANS AND ADVANCES</b>  |                        |                        |
| (Unsecured, considered good unless otherwise stated)   |                        |                        |
| Advances to subsidiary companies   | 190.42                 | 347.37                 |
| Advances (recoverable in cash or in kind or for value to be received or pending adjustments) - (See Note No. 8 in Schedule 24) |                        |                        |
| To Suppliers of Capital Goods  | 2244.77                | 1858.70                |
| " Employees  | 113.69                 | 113.68                 |
| " Others   | 11087.42               | 8772.91                |
| Advance Income Tax (Including Tax deducted at Source)  | <u>31195.49</u>        | <u>16399.54</u>        |
|  | <u>44641.37</u>        | <u>27144.83</u>        |
| Interest Receivable  | 44.66                  | 11.40                  |
| Deposits -   |                        |                        |
| Balances with Government Authorities, Public Bodies and Others   | 2434.82                | 3021.74                |
| (See Note No. 8 in Schedule 24)  |                        |                        |
|  | <u>47311.27</u>        | <u>30525.34</u>        |
| <b>SCHEDULE 12 : CURRENT LIABILITIES</b>   |                        |                        |
| Current Liabilities -  |                        |                        |
| Sundry Creditors -   |                        |                        |
| For Goods  | 2827.41                | 2977.30                |
| " Expenses   | <u>18517.91</u>        | <u>14481.84</u>        |
| (Includes Rs.Nil for Micro, Small and Medium Enterprises, Previous Year Rs.Nil)  | 21345.32               | 17459.14               |
| Investor Education and Protection Fund shall be credited by the following amounts namely#:                                     |                        |                        |
| a) Unpaid and unclaimed dividends  | 29.35                  | 18.96                  |
| b) Unpaid application money received for allotment of shares and due for refund  | <u>—</u>               | <u>.03</u>             |
| #No amount was due for deposit as on 31st March, 2008  | 29.35                  | 18.99                  |
| Other Liabilities  | 8649.37                | 6559.84                |
| Interest accrued but not due   | 85.28                  | 54.98                  |
|  | <u>30109.32</u>        | <u>24092.95</u>        |

|  | As at 31st March, 2008                 | (Rs. in lacs)<br>As at 31st March, 2007 |
|--|--|---|
| <b>SCHEDULE 13 : PROVISIONS</b>  |  |   |
| Proposed Dividend  | 3080.22                                | 2695.19                                 |
| Corporate Dividend Tax   | 523.48                                 | 458.05                                  |
| Income Tax   | 31558.00                               | 15696.00                                |
| Fringe Benefit Tax   | 141.00                                 | 362.00                                  |
| Wealth Tax (Net of Taxes paid)   | 4.22                                   | 4.04                                    |
|  | <u>35306.92</u>                        | <u>19215.28</u>                         |
| <b>SCHEDULE 14 : MISCELLANEOUS EXPENDITURE</b>   |  |   |
| (To the extent not written off or adjusted)  |  |   |
| Deferred Revenue Expenditure   |  |   |
| Structuring Fees on Loans  | —                                      | 35.89                                   |
| Voluntary Retirement Payments  | —                                      | 1.86                                    |
|  | <u>—</u>                               | <u>37.75</u>                            |
|  | For the year ended<br>31st March, 2008 | For the year ended<br>31st March, 2007  |
| <b>SCHEDULE 15 : SALES</b>   |  |   |
| Sale of Goods (Including Export Sales Rs.7750.50, Previous Year Rs.5078.13 )   | 197882.03                              | 177830.62                               |
| Own Consumption  | 1156.70                                | 1316.35                                 |
| Miscellaneous  | 302.67                                 | 136.63                                  |
| Export Benefits  | 336.88                                 | 167.42                                  |
|  | <u>199678.28</u>                       | <u>179451.02</u>                        |
| <b>SCHEDULE 16 : OTHER INCOME</b>  |  |   |
| Income on Investments  |  |   |
| Other than Trade (Gross)   |  |   |
| Interest (Tax deducted at source Rs.Nil , Previous Year Rs. 0.24)  | —                                      | 0.91                                    |
| Dividend (Including Rs.17.31 on long term, Previous Year Rs. 134.79)   | 1802.47                                | 1221.07                                 |
| Profit on sale of Investments (Including Rs. 535.31 on long term, previous year Rs.73.67)                            | 548.54                                 | 253.55                                  |
|  | 2351.01                                | 1475.53                                 |
| Interest other than on Investments (Tax deducted at source Rs.9.55, Previous Year Rs. 21.55 )                        |  |   |
| From Banks   | 23.40                                  | 35.39                                   |
| " Other than Banks - On Deposits, etc.   | 76.28                                  | 75.73                                   |
|  | 99.68                                  | 111.12                                  |
| Profit on sale of Fixed Assets (Including profit on sale of assets held for disposal Rs. Nil Previous Year Rs.45.34) | 28.42                                  | 60.01                                   |
| Incentives & Subsidies   | 589.02                                 | 457.72                                  |
| Rent (Tax deducted at source Rs.1.18, Previous Year Rs.1.00 )  | 66.83                                  | 63.74                                   |
| Excess Liabilities and Unclaimed Balances written back   | 375.92                                 | 206.85                                  |
| Insurance and Other Claims (Net)   | 64.74                                  | 71.96                                   |
| Miscellaneous Income (Tax deducted at source Rs. 0.11, Previous Year Rs.0.41)  | 239.58                                 | 172.69                                  |
| Excess Depreciation written back   | 4.68                                   | 21.74                                   |
| Supply of Electric Energy  | 7.23                                   | 8.74                                    |
|  | <u>3827.11</u>                         | <u>2650.10</u>                          |

(Rs. in lacs)

|  | For the year ended<br>31st March, 2008 | For the year ended<br>31st March, 2007 |
|--|--|--|
| <b>SCHEDULE 17 : (INCREASE)/DECREASE IN STOCKS</b>           |  |  |
| Opening Stocks   |  |  |
| Finished Goods   | 2273.79                                | 1994.58                                |
| Less : VAT Credit available on Opening Stock                 | —                                      | .09                                    |
|  | 2273.79                                | 1994.49                                |
| Materials under Process                                      | 2320.98                                | 2133.50                                |
| Less : VAT Credit available on Opening Stock                 | —                                      | .19                                    |
|  | 2320.98                                | 2133.31                                |
|  | 4594.77                                | 4127.80                                |
| Closing Stocks   |  |  |
| Finished Goods   | 3511.93                                | 2273.79                                |
| Materials under Process                                      | 4040.11                                | 2320.98                                |
|  | 7552.04                                | 4594.77                                |
| Add : Increase/(Decrease) in Excise Duty & Cess on Stocks    | (5.52)                                 | 45.15                                  |
|  | (2962.79)                              | (421.82)                               |
| <b>SCHEDULE 18 : RAW MATERIALS CONSUMED</b>                  |  |  |
| Opening Stock  | 3032.57                                | 1214.65                                |
| Less : VAT Credit available on Opening Stock                 | —                                      | 3.29                                   |
|  | 3032.57                                | 1211.36                                |
| Add: Purchases   | 18945.36                               | 18641.44                               |
|  | 21977.93                               | 19852.80                               |
| Less: Sales  | .05                                    | 3.88                                   |
| Closing Stock  | 2346.94                                | 3032.57                                |
|  | 2346.99                                | 3036.45                                |
|  | 19630.94                               | 16816.35                               |
| <b>SCHEDULE 19 : MANUFACTURING EXPENSES</b>                  |  |  |
| Stores, Spare Parts and Packing Materials                    | 14685.03                               | 13618.54                               |
| Power & Fuel   | 32832.42                               | 30594.66                               |
| Royalty & Cess   | 2492.78                                | 2434.35                                |
| Repairs to Buildings   | 585.09                                 | 401.48                                 |
| Repairs to Machinery   | 2057.32                                | 1645.07                                |
| Repairs to Other Assets                                      | 111.12                                 | 88.02                                  |
| Other Manufacturing Expenses                                 | 4750.48                                | 4917.43                                |
|  | 57514.24                               | 53699.55                               |
| <b>SCHEDULE 20 : PAYMENTS TO AND PROVISION FOR EMPLOYEES</b> |  |  |
| Salaries, Wages, Bonus, etc.                                 | 11625.34                               | 9569.04                                |
| Provident and Other Funds                                    | 1275.33                                | 1090.85                                |
| Gratuity Fund  | 394.83                                 | 1014.05                                |
| Superannuation Fund  | 304.26                                 | 306.61                                 |
| Employees Welfare Expenses                                   | 545.64                                 | 529.11                                 |
|  | 14145.40                               | 12509.66                               |

|   | (Rs. in lacs)                          |  |
|---|--|--|
|   | For the year ended<br>31st March, 2008 | For the year ended<br>31st March, 2007 |
| <b>SCHEDULE 21 : SELLING, ADMINISTRATION AND OTHER EXPENSES</b> |  |  |
| Brokerage & Commission on Sales                                 | 877.49                                 | 679.55                                 |
| Transport & Forwarding Expenses (Net)                           | 20162.76                               | 18855.95                               |
| Insurance   | 260.95                                 | 300.13                                 |
| Rent  | 243.66                                 | 237.26                                 |
| Rates & Taxes   | 1493.03                                | 1385.59                                |
| Development Cess on Cement                                      | 39.55                                  | 39.36                                  |
| Other Expenses  | 2305.48                                | 2235.53                                |
| Advertisement   | 372.76                                 | 406.21                                 |
| Sundry Adjustments (Net)  | 27.68                                  | 161.09                                 |
| Charity & Donation  | 603.74                                 | 232.15                                 |
| Auditors' Remuneration -  |  |  |
| Statutory Auditors -  |  |  |
| Audit Fees  | 15.00                                  | 12.50                                  |
| Tax Audit Fees  | 3.75                                   | 3.25                                   |
| Travelling Expenses   | 1.46                                   | 0.47                                   |
| Issue of Certificates   | 8.60                                   | 10.67                                  |
|   | 28.81                                  | 26.89                                  |
| Cost Auditors -   |  |  |
| Audit Fees  | 1.65                                   | 1.65                                   |
| Travelling Expenses   | 0.23                                   | 0.07                                   |
|   | 1.88                                   | 1.72                                   |
| Loss on sale/discard of Fixed Assets                            | 36.59                                  | 14.65                                  |
| Provision for doubtful debts                                    | 38.32                                  | 49.69                                  |
| Provision for doubtful loans and advances                       | —                                      | 10.85                                  |
| Directors' Fees & Commission                                    | 7.30                                   | 7.64                                   |
|   | 26500.00                               | 24644.26                               |
| <b>SCHEDULE 22 : INTEREST</b>                                   |  |  |
| Interest on Loans, Deposits, etc. -                             |  |  |
| To Banks on Working Capital Loans                               | 564.01                                 | 274.88                                 |
| " Banks on Term Loans   | 980.90                                 | 1046.27                                |
| " Others  | 560.32                                 | 531.56                                 |
|   | 2105.23                                | 1852.71                                |
| <b>SCHEDULE 23 : DEPRECIATION</b>                               |  |  |
| On Fixed Assets   | 4172.78                                | 4044.57                                |
| Less: Transferred from Reserve on Revaluation                   | 28.76                                  | 79.09                                  |
|   | 4144.02                                | 3965.48                                |



## SCHEDULE 24 : ACCOUNTING POLICIES & NOTES ON ACCOUNTS

### A. Significant Accounting Policies

#### (a) Fixed Assets

Fixed Assets, other than those which have been revalued, are stated at their original cost which includes expenditure incurred in the acquisition and construction/installation and other related expenses. In respect of qualifying assets, related pre-operational expenses including interest are also capitalised and included in the cost. Claims in respect of capital assets are adjusted as and when settled. Revalued assets are stated at the values determined on revaluation.

Assets acquired under finance lease are recognised at lower of fair value or present value of minimum lease payments.

#### (b) Depreciation

##### i) Depreciation on assets is provided on Straight Line Method as follows :

On assets of Cement Division acquired after 1st April, 1987, depreciation is provided at the rates prescribed in Schedule XIV to the Companies Act, 1956. On other assets of Cement Division, depreciation is provided on the specified period basis as per the rates as prescribed in Schedule XIV to the Companies Act, 1956.

On the assets of other Divisions, depreciation is provided at the rates prescribed in Schedule XIV to the Companies Act, 1956.

On amount added on revaluation, depreciation is provided at the rates considered reasonable.

##### ii) Leasehold land is amortised over the period of the lease.

##### iii) Depreciation on assets built on lease hold land, which is transferable to the lessor after the lease period is amortised over the lease period of the land.

#### (c) Investments

##### i) Long Term Investments are stated at cost. Provision for diminution in value is made if the decline in value is other than temporary in the opinion of the management.

##### ii) Current Investments are stated at lower of cost or fair value.

#### (d) Inventories

##### i) Inventories, (other than Machinery Spares not in regular use) are valued 'At Cost or Net Realisable Value, whichever is lower'. Net Realisable Value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to make the sale. Stores and spare parts etc. are valued 'At Cost'.

##### ii) Machinery Spares not in regular use are written off over the estimated useful life of the respective assets.

##### iii) Excise Duty & Cess on stocks are shown separately in (Increase) / Decrease in Stocks.

#### (e) Employee Benefits

##### i) Employee benefits of short term nature are recognized as expense as and when it accrues.

##### ii) Employee benefits of long term nature are recognized as expense based on actuarial valuation.

##### iii) Post employment benefits in the nature of Defined Contribution Plans are recognized as expense as and when it accrues and that in the nature of Defined Benefit Plans are recognized as expenses based on actuarial valuation.

##### iv) Actuarial gains and losses are recognized immediately in the Profit and Loss account as income and expense.

#### (f) Foreign Currencies

Foreign Currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary Assets and Liabilities denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at the year end rates. The resulting exchange gain/loss is recognised in the profit & loss account. In respect of transactions covered by forward exchange contracts, the difference between the forward rate and exchange rate at the inception of the contract is recognised as income or expense over the life of the contract.

#### (g) Recognition of Income and Expenditure

##### i) All Income and Expenditure are accounted for on accrual basis except as otherwise stated.

##### ii) Gross Sales are inclusive of excise duty and net of returns, claims and discount etc.

##### iii) Export benefit entitlements to the Company under the EXIM / Foreign Trade Policy is recognised in the year of exports on accrual basis.

#### (h) Taxation

Provision for Current Income Tax is made in accordance with the Income Tax Act, 1961. The deferred tax charge or credit is recognised using substantively enacted tax rates subject to consideration of prudence on timing differences between book and tax profits.

Fringe Benefit Tax are accounted for on the estimated value of fringe benefits for the period as per the provisions of the Income Tax Act.

Provision for wealth tax liability is estimated in accordance with the Wealth Tax Act, 1957.

SCHEDULE 24 (Contd.)

(i) Government Grants

Grants received from Government agencies against specific fixed assets are adjusted to the cost of the assets and capital grants for Project Capital Subsidy are credited to Capital Reserve. Revenue Grants are recognized as Other Income or reduced from respective expenses.

(j) Impairment

Impairment of assets are assessed at each Balance Sheet date and loss is recognised whenever the recoverable amount of an asset is less than it's carrying amount.

(k) Borrowing Costs

Interest and other borrowing costs directly attributable to the acquisition, construction or installation of qualifying capital assets till the date of commencement of commercial use of the assets are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(l) Provisions

Provisions are recognised where reliable estimate can be made for probable outflow of resources to settle the present obligation as a result of past event and the same is reviewed at each Balance Sheet date.

(m) Contingent Liabilities

Contingent Liabilities are not provided for and are separately shown by way of a note in this Schedule.

B. Notes on Accounts

1. Contingent Liabilities not provided for -

- (a) Bills discounted with Banks remaining outstanding - Rs. 419.59 (Previous Year Rs. 34.77).
- (b) Guarantees and Counter-guarantees (Net) - 4918.94 (Previous year Rs. 3891.37).
- (c) Amount of Customs Duty which may have to be paid on account of non-fulfillment of Export Obligation under EPCG Scheme and Duty Exemption (Advance Authorisation) Scheme is Rs. 269.54 and Rs. 202.45 (Previous Year Rs. 434.36 and Rs. 325.55) respectively.
- (d) The Company is liable to contribute up to a maximum of Rs. 0.75 (Previous Year Rs. 0.75) to C.A.C.O. in the event of its being wound-up during the time the Company continues to be its member or within one year thereafter.
- (e) Claims/Disputes/Demands not acknowledged as debts -

|  | <u>2007-08</u> | <u>2006-07</u> |
|--|----------------|----------------|
| i) Demand notice for levying sales tax on packing material at the rate applicable on cement. The matter is pending before Hon'ble High Court, Chandigarh which has granted interim stay.   | 161.07         | 161.07         |
| ii) Demand notice for excise duty disallowing the tolerance limit in weight of cement in bag. Writ petition has been filed before the Hon'ble High Court, Rajasthan which has granted stay in the matter.  | 148.14         | 144.83         |
| iii) Demand for Water Supply Charges under Rajasthan Irrigation & Drainage Act, 1954. Writ petition has been filed before the Hon'ble High Court, Rajasthan which has granted stay in the matter.  | 147.16         | 147.16         |
| iv) Additional U. P. Sales tax demanded by enhancing the value of cement. The case has been decided by Tribunal in Company's favour. Department has filed revision petition before Hon'ble High Court, Allahabad against order of the Tribunal.  | 146.40         | 146.40         |
| v) Demand for interest on delayed payment of Entry Tax raised by the U.P. Trade Tax Department, Allahabad. Writ petition has been filed before the Hon'ble High Court, Allahabad which has granted stay in the matter.   | 158.46         | 158.46         |
| vi) Cenvat Credit taken on GTA service on the basis of TR - 6 challan disallowed. Appeal filed before the CESTAT, New Delhi and stay granted in the matter.  | 190.94         | 190.94         |
| vii) Dispute in respect of concessional Electricity Duty on captive power generation.  | —              | 284.00         |
| viii) Excise Duty rebate received in earlier year by a Unit of the Company has been protested by the excise authorities before the Hon'ble Supreme Court. The matter has been remitted to the Assistant Commissioner of Central Excise.  | 969.13         | 969.13         |
| ix) Other Claims/Disputes/Demands (being less than Rs.100.00) pending in various legal forums for Railway Freight, Sales Tax, Excise Duty, Interest, Rates & Taxes, E.S.I., Electricity Duty & Surcharge, Electricity Charges, Land Tax, and other claims - Rs. 0.50, Rs.330.22, Rs.164.50, Rs.4.14, Rs.105.86, Rs.81.01, Rs. 0.56, Rs.99.15, Rs. Nil and Rs.284.62 (Previous Year Rs.0.50, Rs.205.60, Rs.132.48, Rs.4.14, Rs.100.48, Rs.81.01, Rs.0.56, Rs.99.15, Rs.68.02 and Rs.182.76) respectively. |                |                |

SCHEDULE 24 (Contd.)

2. Estimated amount of contracts remaining to be executed on Capital Account (Net of advances) and not provided for Rs. 6184.01 (Previous Year Rs.7786.54).
3. Disputed amount of Rs. 68.61 [Paid under protest Rs.68.61] (Previous Year Rs. 68.61) [Paid under protest Rs.68.61] in respect of difference of Fuel Cost Adjustment Charges, Rs.8.38 [Paid under protest Rs.8.38] (Previous Year Rs.Nil) [Paid under protest Rs.Nil] in respect of Railway Freight, Rs.429.21 [Paid under protest Rs.75.00] (Previous Year Rs.417.38 [Paid under protest Rs.75.00]) in respect of demand of water supply charges, Rs.206.02 [Paid under protest Rs.69.70] (Previous Year Rs.206.02 [Paid under protest Rs.67.70]) in respect of Surcharge on Electricity, Rs.1201.50 [Paid under protest Rs.516.22] (Previous Year Rs.1201.50 [Paid under protest Rs.516.22]) in respect of demand of Royalty on limestone including interest thereon, Rs.31.36 [Paid under protest Rs.10.15] (Previous Year Rs.31.69 [Paid under protest Rs.17.14]) in respect of MODVAT/CENVAT claims, Rs.198.44 [Paid under protest Rs.67.69] (Previous Year Rs.180.77 [Paid under protest Rs.51.99]) in respect of Sales Tax and Rs.1824.07 [Paid under protest Rs.154.75] (Previous Year Rs.3.25 [Paid under protest Rs.3.25]) in respect of Excise Duty have not been provided for as the matters are subjudice.
4. Consequent to suspension of operations at Durgapur unit, the accounts have been prepared on the basis of prime books of accounts available on the computer system and other available records and information. Certain supporting documents which remained in factory premises could not be made available for audit. In the opinion of management the financial impact if any may not be material. Necessary adjustments, if required shall be made on review of such records.
5. The Company has mortgaged a portion of land at Birlapur and Chanderia as security for subsidies received under Subsidised Housing Scheme for Industrial Workers.
6. Capital Work-in-progress includes other expenses during construction for project Rs.0.77 (Previous Year Rs.0.16).
7. The amount of borrowing costs capitalised during the year is Rs.79.14 (Previous Year Rs.128.95).
8. (a) Sundry Debtors, Advances to Employees and Advance to others Rs.442.57, Rs.0.37 and Rs.9.17 (Previous Year Rs.444.11, Rs.0.37 and Rs.9.17) respectively, are under litigation.  
(b) Sundry Debtors and Advances to Others are net of Provision of Rs.521.46 and Rs.12.29 (Previous Year Rs.439.46 and Rs.12.29 ) respectively.
9. Certain Sundry Debtors, Loans and Advances and Creditors are subject to confirmation.
10. Loans and Advances include :  
(a) Rs. Nil (Previous Year Rs.162.57) to Talavadi Cements Ltd., a subsidiary, being interest free. The maximum amount outstanding at any time during the year Rs.556.78 (Previous Year Rs.163.57).  
(b) Rs.190.42 (Previous Year Rs.184.80) to Lok Cements Ltd., a subsidiary, being interest free for setting up new projects and will be realised/adjusted on implementation of projects. The maximum amount outstanding at any time during the year Rs.190.42 (Previous Year Rs.184.80).
11. The company made payments to Micro, Small and Medium Enterprises (MSMEs) as defined in the Micro, Small, Medium Enterprises Development Act, 2006, within the appointed date during the year and there are no MSMEs to whom the Company owes dues on account of principal amount together with interest at the Balance sheet date, hence no additional disclosures have been made.  
The above information and that given in "Current Liabilities-Schedule 12" regarding MSMEs has been determined to the extent such parties have been identified on the basis of information available with the Company.
12. (a) Outstanding foreign currency booked for the purpose of hedging for receivables are USD 6.50, GBP 0.50 and EUR 0.50 (Previous Year USD 2.63, GBP 0.12 and EUR Nil) and for payables are USD 70.00 (Previous Year USD Nil).  
(b) Unhedged foreign currency receivables are USD Nil and GBP 0.04 (Previous Year USD 5.72 and GBP 0.13) and payables are USD Nil and EUR 2.10 (Previous Year USD 32.05 and EUR Nil).
13. Liability in respect of compensation / penalty, if any, for non - compliance of Jute Packaging Materials (Compulsory use of Packaging Commodities) Act, 1987 up to 30th June, 1997 being unascertainable shall be accounted for as and when settled.
14. Net Gain of Rs.88.43 for the year (Previous Year Net Gain Rs.29.60) on account of exchange difference is included in Miscellaneous Income under Schedule 16.
15. There being uncertainties in realisation from Insurance Claims, the same are accounted for on settlement/realisation.
16. In accordance with the revised Accounting Standard -15 i.e. Employee Benefits, the requisite disclosure are as follows :  
(a) The amount recognised as an expense for the Defined Contribution Plans are as under:

|  | For the year ended<br>31st March, 2008 |
|--|--|
| (i) Provident Fund                     | 51.01                                  |
| (ii) Superannuation Fund               | 304.26                                 |
| (iii) Pension Fund                     | 526.64                                 |
| (iv) Employees State Insurance         | 274.25                                 |
| (v) Employees Deposit Linked Insurance | 34.59                                  |
| (vi) Labour Welfare Fund               | 0.23                                   |

SCHEDULE 24 (Contd.)

(b) In respect of Defined Benefits Plans, necessary disclosures are as under-

(i) Benefits are of the following types:

- Every employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than the provisions of the Payment of Gratuity Act, 1972.
- Pension is payable to certain categories of employees as per Company's Pension Scheme;
- Provident Fund (other than government administered) as per the provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952.

| (ii) The amounts recognised in the Balance Sheet as at 31st March' 2008 are as follows:   | <u>Gratuity</u> | <u>Pension</u> |
|---|-----------------|----------------|
| Present value of funded obligations   | 6996.18         | —              |
| Fair value of plan assets   | 5618.99         | —              |
| Liabilities in respect of funded obligation   | 1377.19         | —              |
| Present value of unfunded obligations   | —               | 57.45          |
| Unrecognised past service cost  | —               | —              |
| Liabilities in respect of unfunded obligation   | —               | 57.45          |
| Total Liabilities   | 1377.19         | 57.45          |
| (iii) The amounts recognised in the profit and loss account for the year ended 31st March' 2008 are as follows:   |                 |                |
| Current service cost  | 303.22          | —              |
| Interest on obligation  | 542.60          | 2.06           |
| Expected Return on plan assets  | (376.89)        | —              |
| Expected Return on any reimbursement right recognised as an asset   | —               | —              |
| Net actuarial losses/(gains) recognised during the year   | (74.10)         | 49.45          |
| Past service cost   | —               | —              |
| Losses/(gains) on curtailments and settlements  | —               | —              |
| Total, included in 'Payments to and Provision for Employees'  | 394.83          | 51.51          |
| Actual return on plan assets  | 416.70          | —              |
| (iv) Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances as at 31st March' 2008 thereof are as follows : |                 |                |
| Opening defined benefit obligation  | 6782.59         | 25.69          |
| Service cost  | 303.22          | —              |
| Interest cost   | 542.60          | 2.06           |
| Actuarial losses/(gains)  | (28.17)         | 49.45          |
| Past service cost   | —               | —              |
| Losses/(gains) on curtailments  | —               | —              |
| Liabilities extinguished on settlements   | —               | —              |
| Benefits paid   | (604.06)        | (19.75)        |
| Closing defined benefit obligation  | 6996.18         | 57.45          |
| (v) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances as at 31st March' 2008 thereof are as follows:                     |                 |                |
| Liabilities extinguished on settlements   | —               | —              |
| Opening fair value of plan assets   | 4750.36         | —              |
| Expected return   | 376.89          | —              |
| Actuarial gains/(losses)  | 45.93           | —              |
| Contribution by employer  | 1049.87         | —              |
| Benefits paid   | (604.06)        | —              |
| Closing fair value of plan assets   | 5618.99         | —              |

SCHEDULE 24 (Contd.)

(Rs. in lacs)

|   | Gratuity                               | Pension                                |
|---|--|--|
| a) Amount not recognised as an asset, because of the limit prescribed in Accounting Standard - 15 (Revised 2005) i.e. Employee Benefits is Rs. Nil;   |  |  |
| b) There is no reimbursement right at the balance sheet date;   |  |  |
| c) Fair value of plan assets does not include any amount for Companies own financial instruments or any property occupied by, or other assets use by, the Company.  |  |  |
| (vi) The major categories of plan assets as a percentage of total plan assets are as follows:   |  |  |
| Qualifying insurance policy   | 100%                                   | —                                      |
| (vii) Principal actuarial assumptions at the balance sheet date are as follows:   |  |  |
| Discount rate at 31st March   | 8.00% p.a.                             | 8.00% p.a.                             |
| Expected return on plan assets at 31st March  | 8.50% p.a.                             | —                                      |
| Mortality Rate  | LIC (1994-96) ultimate                 | —                                      |
| Salary escalation   | 5%                                     | —                                      |
| Withdrawal rate   | 1% to 3% depending on age              | —                                      |
| (viii) The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation. The Gratuity Scheme is invested in a Group Gratuity-cum-Life Assurance Cash accumulation policy offered by Life Insurance Corporation (LIC) of India. The information on the allocation of the fund into major asset classes and expected return on each major class are not readily available. We understand that LIC's overall portfolio of assets is well diversified and as such, the long-term return on the policy is expected to be higher than the rate of return on Central Government Bonds. As such, the expected return on assets assumption is taken by adding a margin of 0.5% on the current market yield on the Central Government bonds (of term consistent with the term of the liabilities). |  |  |
| (ix) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.   |  |  |
| (x) The Company expects to contribute Rs. 1000 to its gratuity fund in 2008-09.   |  |  |
| (xi) In respect of provident funds in the nature of defined benefits plan, pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability and therefore contributions to those provident funds amounting to Rs 381.81 during the year is recognised as expense and included in 'Payments to and Provision for Employees'.  |  |  |
| (xii) In accordance with the transitional provision of AS-15 (Revised 2005), the additional provision towards Employees Benefits as at April 1, 2007 amounting to Rs. 1793.71 (net of deferred tax of Rs. 923.62 ) has been adjusted with the opening balance in Profit and Loss Account.   |  |  |
| (xiii) Since AS-15 (Revised 2005) on employee benefits has been implemented for the first time, disclosures are given only for the current year.  |  |  |
| 17. Sundry Adjustments (Net) include prior periods adjustments Rs. 26.78 [Previous Year Rs.(15.52)], irrecoverable debts and advances written off.  |  |  |
| 18. In terms of the order dated 23rd December 2003 of the Hon'ble Calcutta High Court, the net deferred tax liability computed in terms of Accounting Standard - 22 i.e., Accounting for taxes on Income amounting to Rs.126.98 (Previous Year Rs.1232.88) out of which Rs. 11.23 has been adjusted against the available balance of Securities Premium Account. Consequently, Profit after tax is higher by the said amount and the balance is recognised as Provision for Deferred Tax in Profit & Loss Account.  |  |  |
| 19. (a) The Company's Unit: Soorah Jute Mills is under Suspension of Operations since 29th March 2004.  |  |  |
| (b) The Company's Unit at Durgapur is under Suspension of Operations since 11th March 2008.   |  |  |
| 20. Managerial Remuneration is as under :   |  |  |
|   | For the year ended<br>31st March, 2008 | For the year ended<br>31st March, 2007 |
| Salary & Bonus  | 26.20                                  | 23.07                                  |
| Contribution to Provident Fund  | 1.94                                   | 1.80                                   |
| Contribution to Gratuity Fund   | 0.73                                   | 1.80                                   |
| Contribution to Superannuation Fund   | 2.45                                   | 2.27                                   |
| Perquisites   | 9.78                                   | 10.78                                  |
|   | <u>41.10</u>                           | <u>39.72</u>                           |

SCHEDULE 24 (Contd.)

(Rs. in lacs)

21. Segment Reporting

A) Primary Segment Information

|   | 2007-08 |       |        |                                 |        | 2006-07 |       |        |                                 |        |
|---|---------|-------|--------|---------------------------------|--------|---------|-------|--------|---------------------------------|--------|
|   | Cement  | Jute  | Others | Inter<br>Segment<br>Elimination | Total  | Cement  | Jute  | Others | Inter<br>Segment<br>Elimination | Total  |
| <b>BUSINESS SEGMENT</b>   |         |       |        |                                 |        |         |       |        |                                 |        |
| Segment Revenue   |         |       |        |                                 |        |         |       |        |                                 |        |
| (a) External Sales  | 158455  | 11670 | 2353   |                                 | 172478 | 142950  | 10474 | 3267   |                                 | 156691 |
| (b) Inter Segment Revenue   | 141     | 12    | 38     | (191)                           | —      | 132     | 46    | 90     | (268)                           | —      |
| Total Segment Revenue   | 158596  | 11682 | 2391   | (191)                           | 172478 | 143082  | 10520 | 3357   | (268)                           | 156691 |
| Segment Result  | 56802   | (190) | (101)  |                                 | 56511  | 49175   | (925) | (225)  |                                 | 48025  |
| (Profit before Interest & Tax)  |         |       |        |                                 |        |         |       |        |                                 |        |
| Less : (i) Interest   |         |       |        |                                 | 2105   |         |       |        |                                 | 1853   |
| (ii) Other un-allocable<br>expenditure net off<br>un-allocable income |         |       |        |                                 | (712)  |         |       |        |                                 | (2)    |
| Profit before Tax   |         |       |        |                                 | 55118  |         |       |        |                                 | 46174  |
| Provision for :   |         |       |        |                                 |        |         |       |        |                                 |        |
| Current Tax   |         |       |        |                                 | 15500  |         |       |        |                                 | 13416  |
| Fringe Benefit Tax  |         |       |        |                                 | 141    |         |       |        |                                 | 132    |
| Deferred Tax  |         |       |        |                                 | 116    |         |       |        |                                 | —      |
| Wealth Tax  |         |       |        |                                 | 4      |         |       |        |                                 | 3      |
| Profit after tax  |         |       |        |                                 | 39357  |         |       |        |                                 | 32623  |
| <b>OTHER INFORMATION</b>  |         |       |        |                                 |        |         |       |        |                                 |        |
| Segment Assets  | 92840   | 6241  | 4198   |                                 | 103279 | 77675   | 3521  | 4610   |                                 | 85806  |
| Common Assets   |         |       |        |                                 | 96531  |         |       |        |                                 | 59778  |
| Total   |         |       |        |                                 | 199810 |         |       |        |                                 | 145584 |
| Segment Liabilities   | 26035   | 1744  | 434    |                                 | 28213  | 22174   | 1188  | 414    |                                 | 23776  |
| Common Liabilities  |         |       |        |                                 | 43873  |         |       |        |                                 | 26999  |
| Total   |         |       |        |                                 | 72086  |         |       |        |                                 | 50775  |
| Capital Expenditure   | 12887   | 766   | 74     |                                 | 13727  | 4263    | 62    | 92     |                                 | 4417   |
| Common Capital Expenditure  |         |       |        |                                 | 643    |         |       |        |                                 | 40     |
| Total   |         |       |        |                                 | 14370  |         |       |        |                                 | 4457   |
| Depreciation  | 3764    | 86    | 265    |                                 | 4115   | 3572    | 88    | 284    |                                 | 3944   |
| Common Depreciation   |         |       |        |                                 | 29     |         |       |        |                                 | 21     |
| Total   |         |       |        |                                 | 4144   |         |       |        |                                 | 3965   |

B) Secondary Segment Information

The Company operates mainly in the Indian market and the export turnover being 3.92% (Previous year 3.21%) of the external sales of the Company, there are no reportable geographical segments.

C) Other Disclosures

The Company's operations predominantly relate to Cement and other products are Jute Goods, P.V.C. Goods, Auto Trims and Steel Castings. Accordingly, these business segments comprise the primary basis of segmental information set out in these financial statements. Inter-segment transfers have been accounted for at pre-determined prices based on realisable value.

The accounting policies adopted for segment reporting are in line with the accounting policy of the Company.



SCHEDULE 24 (Contd.)

(Rs. in lacs)

22. a) As defined in Accounting Standard - 18, the Company has a related party relationship in the nature of control over its subsidiaries namely :

Birla Jute Supply Company Ltd (Formerly Assam Jute Supply Company Ltd)  
Budge Budge Floorcoverings Ltd.  
Talavadi Cements Ltd.  
Lok Cements Ltd.

- b) Other related parties with whom transactions have taken place during the year and previous year are :

Joint Venture Budge Budge Floorcoverings Ltd. (upto 25.05.2006)  
Key Management Personnel Shri K. C. Mittal, Managing Director (upto 02.08.06)  
Shri Bachh Raj Nahar, E.D. & Chief Executive Officer (w.e.f. 03.08.06)  
Relatives of Key Management Personnel Mrs. Pramila Mittal (wife of Shri K. C. Mittal)  
Mr. Kunal Mittal (Son of Shri K. C. Mittal)  
K. C. Mittal (HUF)

- c) During the year, the Company entered into the following related party transactions :

|                                    | 2007-2008    |               |                     |                                   | 2006-2007    |               |                     |                                   |
|------------------------------------|--------------|---------------|---------------------|-----------------------------------|--------------|---------------|---------------------|-----------------------------------|
|                                    | Subsidiaries | Joint Venture | Key Mgmt. Personnel | Relatives of Key. Mgmt. Personnel | Subsidiaries | Joint Venture | Key Mgmt. Personnel | Relatives of Key. Mgmt. Personnel |
| Purchases of goods/services        | 237.56       | —             | —                   | —                                 | 803.56       | 0.10          | —                   | —                                 |
| Sale of goods/services             | 8.66         | —             | —                   | —                                 | 7.85         | 1.28          | —                   | —                                 |
| Purchase of Fixed Assets           | 2.48         | —             | —                   | —                                 | 0.09         | —             | —                   | —                                 |
| Payment of interest                | —            | —             | —                   | —                                 | 3.65         | 0.79          | 0.13                | 0.27                              |
| Payment of rent                    | —            | —             | —                   | —                                 | —            | —             | 0.65                | 0.86                              |
| Receipt of rent                    | 0.90         | —             | —                   | —                                 | 0.76         | 0.12          | —                   | —                                 |
| Other receipts/(payables)          | 0.64         | —             | —                   | —                                 | 0.41         | 0.10          | —                   | —                                 |
| Investment in Equity Shares        | 559.85       | —             | —                   | —                                 | —            | 0.01          | —                   | —                                 |
| Advances given                     | 401.58       | —             | —                   | —                                 | 4.24         | —             | —                   | —                                 |
| Advances recovered                 | 558.53       | —             | —                   | —                                 | —            | —             | —                   | —                                 |
| Remuneration, Perquisites & Others | —            | —             | 41.10               | —                                 | —            | —             | 39.72               | —                                 |
| Balance outstanding at year end    |              |               |                     |                                   |              |               |                     |                                   |
| Debtors                            | 0.57         | —             | —                   | —                                 | 0.04         | —             | —                   | —                                 |
| Creditors                          | 54.94        | —             | —                   | —                                 | 54.76        | —             | —                   | —                                 |
| Advances given                     | 190.42       | —             | —                   | —                                 | 347.37       | —             | —                   | —                                 |

SCHEDULE 24 (Contd.)

23. Quantitative information of goods manufactured –

a) Licensed and Installed Capacity and Production –

| Goods Manufactured    | Unit     | 31.03.2008     |                |             | 31.03.2007     |                |             |
|-----------------------|----------|----------------|----------------|-------------|----------------|----------------|-------------|
|                       |          | Capacities     |                | Production* | Capacities     |                | Production* |
|                       |          | Licensed       | Installed      |             | Licensed       | Installed      |             |
| Auto Trim Parts       | Pc.      | N.A.           | 780000         | 139173      | N.A.           | 780000         | 233379      |
| Cement                | Tonne    | 3910000        | 5780000        | 5277782     | 3910000        | 5780000        | 5256457     |
| Iron & Steel Castings | "        | 3000           | 3750           | 1235        | 3000           | 3750           | 1301        |
| Jute Goods            | "        | 225            | 32             | 37990       | 225            | 32             | 29289       |
|                       |          | (Broad Looms)  | (Broad Looms)  |             | (Broad Looms)  | (Broad Looms)  |             |
|                       |          | 1969**         | 822            |             | 1969**         | 822            |             |
|                       |          | (Narrow Looms) | (Narrow Looms) |             | (Narrow Looms) | (Narrow Looms) |             |
| P.V.C.Goods           | Sq. Mtr. | 4860000        | 4860000        | 508465      | 4860000        | 4860000        | 526440      |

Installed capacities have been certified by the Company's technical experts

\* Includes Inter-Unit transfers and own consumption of 14649 Tonnes, 561 Tonnes, 979 Tonnes and 22485 sq. mtrs. (Previous Year 7722 Tonnes, 1125 Tonnes, 540 Tonnes & 47308 sq. mtrs. respectively) of Cement, Jute Goods, Iron & Steel Castings & PVC Goods respectively.

\*\* Licensed Capacities not applicable. Figures shown as per certificate from Indian Jute Mills Association

b) Sales (excluding Departmental transfers and own consumption) –

| Goods Sold            | Unit     | 2007-2008 |           | 2006-2007 |           |
|-----------------------|----------|-----------|-----------|-----------|-----------|
|                       |          | Quantity  | Value     | Quantity  | Value     |
| Auto Trim Parts       | Pc.      | 151459    | 929.35    | 230139    | 1653.44   |
| Cement                | Tonne    | 5267229   | 184175.84 | 5230605   | 164750.16 |
| Clinker               | "        | 17411     | 524.12    | 5817      | 196.53    |
| Iron & Steel Castings | "        | 124       | 178.00    | 164       | 163.26    |
| Jute Goods            | "        | 33317     | 11394.41  | 29620     | 10357.88  |
| P.V.C.Goods           | Sq. Mtr. | 461071    | 680.31    | 508715    | 709.35    |
| Others                |          |           | —         |           | —         |
|                       |          |           | 197882.03 |           | 177830.62 |

c) Finished Goods Stocks –

|                       | Unit     | Opening Stock 2006-2007 |         | Closing Stock 2006-2007 |         | Closing Stock 2007-2008 |         |
|-----------------------|----------|-------------------------|---------|-------------------------|---------|-------------------------|---------|
|                       |          | Opening Stock 2006-2007 |         | Opening Stock 2007-2008 |         | Closing Stock 2007-2008 |         |
|                       |          | Quantity                | Value   | Quantity                | Value   | Quantity                | Value   |
| Auto Trim Parts       | Pc.      | 15286                   | 34.21   | 18526                   | 32.19   | 6240                    | 18.68   |
| Cement                | Tonne    | 51571                   | 984.82  | 69701                   | 1478.11 | 65605                   | 1379.91 |
| Iron & Steel Castings | "        | 111                     | 53.06   | 123                     | 71.09   | 255                     | 148.55  |
| Jute Goods            | "        | 2185                    | 767.91  | 1587                    | 561.26  | 5995                    | 1800.71 |
| P.V.C.Goods           | Sq. Mtr. | 118711                  | 142.65  | 89128                   | 121.59  | 114037                  | 156.91  |
| Others                |          |                         | 11.93   |                         | 9.55    |                         | 7.17    |
|                       |          |                         | 1994.58 |                         | 2273.79 |                         | 3511.93 |

SCHEDULE 24 (Contd.)

24. Purchases of Finished Goods (excluding Departmental transfers and own consumption) –

|            | Unit  | 2007-2008 |        | 2006-2007 |        |
|------------|-------|-----------|--------|-----------|--------|
|            |       | Quantity  | Value  | Quantity  | Value  |
| Jute Goods | Tonne | 296       | 110.19 | 273       | 99.48  |
| Others     |       |           | —      |           | 1.31   |
|            |       |           | 110.19 |           | 100.79 |

25. Raw Materials Consumption and Value of Imported and Indigenous Raw Materials & Spare Parts Consumption –

a) Raw Materials consumed

|                                 | Unit  | 2007-2008 |          | 2006-2007 |          |
|---------------------------------|-------|-----------|----------|-----------|----------|
|                                 |       | Quantity  | Value    | Quantity  | Value    |
| Granulated Slag                 | Tonne | 150122    | 741.99   | 199937    | 923.17   |
| Gypsum                          | "     | 337156    | 4473.90  | 302274    | 4049.80  |
| Iron Ore                        | "     | 239431    | 662.95   | 203466    | 546.35   |
| Jute                            | "     | 39611     | 5145.02  | 29916     | 4947.90  |
| Limestone (inclgd. own raising) | "     | 5741511   | 7793.64  | 5643349   | 7366.81  |
| Molten Slag                     | "     | 111739    | 340.23   | 121756    | 331.17   |
| Resin and Additives             | "     | 633       | 350.73   | 655       | 366.31   |
| Foam Backed PVC                 | Mtr.  | 40770     | 120.26   | 117039    | 444.79   |
| P.P. Fibre                      | K.G.  | 43024     | 39.94    | 131119    | 122.24   |
| Others                          |       |           | 6872.33  |           | 4146.57  |
|                                 |       |           | 26540.99 |           | 23245.11 |
| Limestone (Own raising)         | Tonne | 5380260   | 6910.05  | 5290682   | 6428.76  |
|                                 |       |           | 19630.94 |           | 16816.35 |

b) Value of Imported and Indigenous Raw Materials and Spare Parts consumed –

|            | 2007-2008     |                        |             |                        | 2006-2007     |                        |             |                        |
|------------|---------------|------------------------|-------------|------------------------|---------------|------------------------|-------------|------------------------|
|            | Raw Materials |                        | Spare Parts |                        | Raw Materials |                        | Spare Parts |                        |
|            | Value         | % of total Consumption | Value       | % of total Consumption | Value         | % of total Consumption | Value       | % of total Consumption |
|            |               |                        |             |                        |               |                        |             |                        |
| Imported   | 4603.04       | 23.45                  | 96.66       | 2.21                   | 2701.76       | 16.07                  | 86.73       | 2.17                   |
| Indigenous | 15027.90      | 76.55                  | 4271.38     | 97.79                  | 14114.59      | 83.93                  | 3910.01     | 97.83                  |
|            | 19630.94      | 100.00                 | 4368.04     | 100.00                 | 16816.35      | 100.00                 | 3996.74     | 100.00                 |

26. C.I.F Value of Imports, Expenditure and Earnings in Foreign Currency –

|  | 2007-2008 | 2006-2007 |
|--|-----------|-----------|
| (a) C.I.F Value of Imports during the year –                                 |           |           |
| Raw Materials  | 3263.54   | 3462.42   |
| Spare Parts  | 1577.07   | 152.22    |
| Capital Goods  | 1565.73   | 109.88    |
| Coal   | 927.40    | —         |
| (b) Expenditure in Foreign Currency –  |           |           |
| Interest   | 96.20     | 1.35      |
| Travelling   | 16.67     | 3.07      |
| Others   | 55.26     | 60.08     |
| (c) Earnings in Foreign Currency –   |           |           |
| Export of goods on F.O.B. basis  | 7018.66   | 4654.58   |
| (Including exports in Indian Currency - Rs.2054.31, Previous year Rs.823.47) |           |           |

27. Figures for the Previous Year have been regrouped wherever necessary.

SCHEDULE 24 (Contd.)

28. CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2008

|   | For the year ended<br>31st March, 2008 | For the year ended<br>31st March, 2007 |
|---|--|--|
| <b>A. Cash Flow from Operating Activities</b>                                 |  |  |
| Profit before Tax   | 55117.84                               | 46174.02                               |
| Adjustments for :   |  |  |
| Depreciation  | 4144.02                                | 3965.48                                |
| Investing Activity  | (545.05)                               | (320.65)                               |
| Adjustment for capital subsidy  | (3.53)                                 | —                                      |
| Provision for doubtful debts and Loans & Advances                             | 38.32                                  | 60.54                                  |
| Excess Liabilities and unclaimed balances written back                        | (375.92)                               | (206.85)                               |
| Unrealised Loss/ (Gain) on Foreign Exchange                                   | (14.23)                                | (9.39)                                 |
| Interest / Dividend   | 203.08                                 | 519.61                                 |
| Miscellaneous Expenditure Amortised   | 37.75                                  | 258.28                                 |
| Operating Profit before Working Capital changes                               | 58602.28                               | 50441.04                               |
| Adjustments for :   |  |  |
| Trade and other receivables   | (486.90)                               | (520.20)                               |
| Inventories   | (5785.99)                              | (3686.50)                              |
| Loans & Advances  | (1727.60)                              | (2631.15)                              |
| Trade payables  | 3606.65                                | (3.26)                                 |
| Cash generated from operations  | 54208.44                               | 43599.93                               |
| Direct Taxes  | (14799.77)                             | (14009.30)                             |
| Net Cash from Operating Activities  | 39408.67                               | 29590.63                               |
| <b>B. Cash Flow from Investing Activities</b>                                 |  |  |
| Purchase of Fixed Assets  | (14290.81)                             | (4328.15)                              |
| Sale of Fixed Assets  | 77.12                                  | 915.17                                 |
| Purchase of Investments (Net)   | (20844.10)                             | (24222.60)                             |
| Retention Money from/(Advances to) Suppliers of Capital Goods                 | (252.47)                               | (2925.93)                              |
| Interest received   | 66.42                                  | 142.11                                 |
| Dividend received   | 1802.47                                | 1221.07                                |
| Net Cash used in Investing Activities   | (33441.37)                             | (29198.33)                             |
| <b>C. Cash Flow from Financing Activities</b>                                 |  |  |
| Proceeds from Long Term Borrowings  | 800.65                                 | 750.00                                 |
| Repayments of Long Term Borrowings  | (3566.25)                              | (2899.00)                              |
| (Repayments)/Proceeds from Short Term Borrowings                              | 1634.50                                | 3238.81                                |
| Decrease/(Increase) in advances to Subsidiary Companies                       | 156.95                                 | (3.66)                                 |
| Interest Paid (Includes amount capitalised Rs.79.14 lacs P.Y. Rs.128.95 lacs) | (2154.07)                              | (1992.48)                              |
| Dividend Paid   | (2684.80)                              | (1726.14)                              |
| Corporate Dividend Tax  | (458.05)                               | (243.00)                               |
| Net Cash used in Financing Activities   | (6271.07)                              | (2875.47)                              |
| Net increase in Cash and Cash Equivalents                                     | (303.77)                               | (2483.17)                              |
| Cash and Cash Equivalents (Opening Balance)                                   | 3439.42                                | 5922.59                                |
| Cash and Cash Equivalents (Closing Balance)                                   | 3135.65                                | 3439.42                                |

Notes :

- Above statement has been prepared in indirect method.
- Cash and Cash Equivalents consist of Cash in hand and balance with Banks.

SCHEDULE 24 (Contd.)

29. INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration details

Registration No. 

|   |   |
|---|---|
| 2 | 1 |
|---|---|

|   |   |   |   |   |
|---|---|---|---|---|
| 0 | 3 | 3 | 3 | 4 |
|---|---|---|---|---|

 State Code 

|   |   |
|---|---|
| 2 | 1 |
|---|---|

Balance Sheet Date 

|   |   |
|---|---|
| 3 | 1 |
|---|---|

|   |   |
|---|---|
| 0 | 3 |
|---|---|

|   |   |   |   |
|---|---|---|---|
| 2 | 0 | 0 | 8 |
|---|---|---|---|

Date Month Year

II. Capital raised during the year (Amount in Rs. thousands)

|  |  |  |  |  |  |   |   |   |   |  |  |  |  |  |  |   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|---|--|--|--|--|--|--|---|---|---|---|--|--|--|--|--|--|---|---|---|--|--|--|--|--|--|---|---|---|
| <p style="text-align: center;">Public Issue</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table> <p style="text-align: center;">Bonus Issue</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table> |  |  |  |  |  |   | N | I | L |  |  |  |  |  |  | N | I | L | <p style="text-align: center;">Right Issue</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table> <p style="text-align: center;">Private Placement</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table> |  |  |  |  |  |  | N | I | L |  |  |  |  |  |  | N | I | L |
|  |  |  |  |  |  | N | I | L |   |  |  |  |  |  |  |   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |  |  |  |  |   |   |   |
|  |  |  |  |  |  | N | I | L |   |  |  |  |  |  |  |   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |  |  |  |  |   |   |   |
|  |  |  |  |  |  | N | I | L |   |  |  |  |  |  |  |   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |  |  |  |  |   |   |   |
|  |  |  |  |  |  | N | I | L |   |  |  |  |  |  |  |   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |  |  |  |  |   |   |   |

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

|  |   |   |   |   |   |   |   |   |   |  |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |
|--|---|---|---|---|---|---|---|---|---|--|--|--|---|---|---|---|---|---|--|--|---|---|---|---|---|---|---|--|--|---|---|---|---|---|---|---|--|--|---|---|---|---|---|---|--|--|---|---|---|---|---|---|---|---|--|--|---|---|---|---|---|---|---|--|--|---|---|---|---|---|---|--|--|---|---|---|---|---|---|---|--|--|--|--|--|--|---|---|---|--|--|---|---|---|---|---|---|--|--|--|--|--|--|---|---|---|
| <p style="text-align: center;">Total Liabilities</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td>1</td><td>9</td><td>9</td><td>8</td><td>0</td><td>9</td><td>5</td><td>8</td></tr></table> <p>Sources of Funds</p> <p style="text-align: center;">Paid-up Capital</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td> </td><td>7</td><td>7</td><td>0</td><td>0</td><td>8</td><td>9</td></tr></table> <p style="text-align: center;">Secured Loans</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td>2</td><td>0</td><td>6</td><td>0</td><td>1</td><td>1</td><td>5</td></tr></table> <p>Application of Funds</p> <p style="text-align: center;">Net Fixed Assets</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td>6</td><td>2</td><td>7</td><td>4</td><td>6</td><td>4</td><td>3</td></tr></table> <p style="text-align: center;">Net Current Assets</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td>8</td><td>2</td><td>4</td><td>6</td><td>7</td><td>5</td></tr></table> |   | 1 | 9 | 9 | 8 | 0 | 9 | 5 | 8 |  |  |  | 7 | 7 | 0 | 0 | 8 | 9 |  |  | 2 | 0 | 6 | 0 | 1 | 1 | 5 |  |  | 6 | 2 | 7 | 4 | 6 | 4 | 3 |  |  | 8 | 2 | 4 | 6 | 7 | 5 | <p style="text-align: center;">Total Assets</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td>1</td><td>9</td><td>9</td><td>8</td><td>0</td><td>9</td><td>5</td><td>8</td></tr></table> <p style="text-align: center;">Reserves &amp; Surplus</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td>9</td><td>2</td><td>7</td><td>9</td><td>6</td><td>6</td><td>4</td></tr></table> <p style="text-align: center;">Deferred Tax Liabilities</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td>6</td><td>6</td><td>7</td><td>0</td><td>0</td><td>9</td></tr></table> <p style="text-align: center;">Investments</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td>6</td><td>3</td><td>4</td><td>0</td><td>0</td><td>1</td><td>6</td></tr></table> <p style="text-align: center;">Mixc. Expenditure</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table> <p style="text-align: center;">Unsecured Loans</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td>6</td><td>6</td><td>2</td><td>4</td><td>5</td><td>7</td></tr></table> <p style="text-align: center;">Accumulated Losses</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table> |  | 1 | 9 | 9 | 8 | 0 | 9 | 5 | 8 |  |  | 9 | 2 | 7 | 9 | 6 | 6 | 4 |  |  | 6 | 6 | 7 | 0 | 0 | 9 |  |  | 6 | 3 | 4 | 0 | 0 | 1 | 6 |  |  |  |  |  |  | N | I | L |  |  | 6 | 6 | 2 | 4 | 5 | 7 |  |  |  |  |  |  | N | I | L |
|  | 1 | 9 | 9 | 8 | 0 | 9 | 5 | 8 |   |  |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |
|  |   |   | 7 | 7 | 0 | 0 | 8 | 9 |   |  |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |
|  |   | 2 | 0 | 6 | 0 | 1 | 1 | 5 |   |  |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |
|  |   | 6 | 2 | 7 | 4 | 6 | 4 | 3 |   |  |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |
|  |   | 8 | 2 | 4 | 6 | 7 | 5 |   |   |  |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |
|  | 1 | 9 | 9 | 8 | 0 | 9 | 5 | 8 |   |  |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |
|  |   | 9 | 2 | 7 | 9 | 6 | 6 | 4 |   |  |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |
|  |   | 6 | 6 | 7 | 0 | 0 | 9 |   |   |  |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |
|  |   | 6 | 3 | 4 | 0 | 0 | 1 | 6 |   |  |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |
|  |   |   |   |   |   | N | I | L |   |  |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |
|  |   | 6 | 6 | 2 | 4 | 5 | 7 |   |   |  |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |
|  |   |   |   |   |   | N | I | L |   |  |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |  |  |   |   |   |   |   |   |  |  |  |  |  |  |   |   |   |

IV. Performance of Company (Amount in Rs. thousands)

|   |   |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |  |   |   |  |  |   |   |  |   |   |
|---|---|---|---|---|---|---|---|---|---|--|--|---|---|---|---|---|---|--|--|---|---|---|---|---|---|---|--|--|---|---|---|---|---|---|---|---|--|--|---|---|---|---|---|---|---|--|--|---|---|--|---|---|--|--|---|---|--|---|---|
| <p style="text-align: center;">Turnover</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td>1</td><td>7</td><td>2</td><td>4</td><td>7</td><td>7</td><td>9</td><td>6</td></tr></table> <p style="text-align: center;">Other Income</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td>3</td><td>8</td><td>2</td><td>7</td><td>1</td><td>1</td></tr></table> <p style="text-align: center;">Profit/(Loss) before Tax</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td>5</td><td>5</td><td>1</td><td>1</td><td>7</td><td>8</td><td>4</td></tr></table> |   | 1 | 7 | 2 | 4 | 7 | 7 | 9 | 6 |  |  | 3 | 8 | 2 | 7 | 1 | 1 |  |  | 5 | 5 | 1 | 1 | 7 | 8 | 4 | <p style="text-align: center;">Total Expenditure</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td>1</td><td>2</td><td>1</td><td>1</td><td>8</td><td>7</td><td>2</td><td>3</td></tr></table> <p style="text-align: center;">Profit/(Loss) after Tax</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td>3</td><td>9</td><td>3</td><td>5</td><td>7</td><td>0</td><td>9</td></tr></table> <p style="text-align: center;">Dividend Rate</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td>4</td><td>0</td><td> </td><td>0</td><td>0</td></tr></table> <p style="text-align: center;">Earning per share in Re.</p> <table border="1" style="margin: 0 auto;"><tr><td> </td><td> </td><td>5</td><td>1</td><td> </td><td>1</td><td>1</td></tr></table> |  | 1 | 2 | 1 | 1 | 8 | 7 | 2 | 3 |  |  | 3 | 9 | 3 | 5 | 7 | 0 | 9 |  |  | 4 | 0 |  | 0 | 0 |  |  | 5 | 1 |  | 1 | 1 |
|   | 1 | 7 | 2 | 4 | 7 | 7 | 9 | 6 |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |  |   |   |  |  |   |   |  |   |   |
|   |   | 3 | 8 | 2 | 7 | 1 | 1 |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |  |   |   |  |  |   |   |  |   |   |
|   |   | 5 | 5 | 1 | 1 | 7 | 8 | 4 |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |  |   |   |  |  |   |   |  |   |   |
|   | 1 | 2 | 1 | 1 | 8 | 7 | 2 | 3 |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |  |   |   |  |  |   |   |  |   |   |
|   |   | 3 | 9 | 3 | 5 | 7 | 0 | 9 |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |  |   |   |  |  |   |   |  |   |   |
|   |   | 4 | 0 |   | 0 | 0 |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |  |   |   |  |  |   |   |  |   |   |
|   |   | 5 | 1 |   | 1 | 1 |   |   |   |  |  |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |   |  |  |   |   |   |   |   |   |   |  |  |   |   |  |   |   |  |  |   |   |  |   |   |

V. Generic Names of Three Principal Products of Company

|                            |  |   |   |   |   |   |   |   |   |   |   |
|----------------------------|--|---|---|---|---|---|---|---|---|---|---|
| Item Code No. (ITC Code) : | <table border="1" style="display: inline-table;"><tr><td>2</td><td>5</td><td>0</td><td>2</td><td>2</td><td>9</td><td>.</td><td>0</td><td>0</td></tr></table>           | 2 | 5 | 0 | 2 | 2 | 9 | . | 0 | 0 |   |
| 2                          | 5  | 0 | 2 | 2 | 9 | . | 0 | 0 |   |   |   |
| Product Description        | <table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>C</td><td>E</td><td>M</td><td>E</td><td>N</td><td>T</td></tr></table>           |   |   |   | C | E | M | E | N | T |   |
|                            |  |   | C | E | M | E | N | T |   |   |   |
| Item Code No. (ITC Code) : | <table border="1" style="display: inline-table;"><tr><td>6</td><td>3</td><td>0</td><td>5</td><td>1</td><td>0</td><td>.</td><td>0</td><td>0</td></tr></table>           | 6 | 3 | 0 | 5 | 1 | 0 | . | 0 | 0 |   |
| 6                          | 3  | 0 | 5 | 1 | 0 | . | 0 | 0 |   |   |   |
| Product Description        | <table border="1" style="display: inline-table;"><tr><td>J</td><td>U</td><td>T</td><td>E</td><td> </td><td>G</td><td>O</td><td>O</td><td>D</td><td>S</td></tr></table> | J | U | T | E |   | G | O | O | D | S |
| J                          | U  | T | E |   | G | O | O | D | S |   |   |
| Item Code No. (ITC Code) : | <table border="1" style="display: inline-table;"><tr><td>8</td><td>7</td><td>0</td><td>8</td><td>9</td><td>9</td><td>.</td><td>0</td><td>0</td></tr></table>           | 8 | 7 | 0 | 8 | 9 | 9 | . | 0 | 0 |   |
| 8                          | 7  | 0 | 8 | 9 | 9 | . | 0 | 0 |   |   |   |
| Product Description        | <table border="1" style="display: inline-table;"><tr><td>A</td><td>U</td><td>T</td><td>O</td><td> </td><td>T</td><td>R</td><td>I</td><td>M</td></tr></table>           | A | U | T | O |   | T | R | I | M |   |
| A                          | U  | T | O |   | T | R | I | M |   |   |   |

As per our Report annexed.

For H. P. KHANDELWAL & CO.  
Chartered Accountants  
RAJIV SINGHI  
Partner  
Membership No. 53518

1B, Old Post Office Street,  
Kolkata-700 001  
Dated the 8th day of May, 2008

Signatures to Schedules 1 to 24

GIRISH SHARMA  
Asst. Vice President (Indirect Taxes)  
& Acting Company Secretary

RAJENDRA S. LODHA  
HARSH V. LODHA  
PRACHETA MAJUMDAR  
VIKRAM SWARUP  
ANAND BORDIA  
B. B. TANDON  
D. N. GHOSH  
B. R. NAHAR

Chairman

Directors

ED & CEO

## Statement Regarding Subsidiary Companies

(Rs. in lacs)

ATTACHED TO THE BALANCE SHEET AS AT 31ST MARCH, 2008  
AS PER SECTION 212 (3) AND 212 (5) OF THE COMPANIES ACT, 1956

1. The interest of Birla Corporation Limited in its Subsidiary Companies at the close of its financial year 31st March, 2008 is stated below :

| Name of the Subsidiary Company   | Holding Company's Interest in the Subsidiary Company   |
|--|--|
| a) Birla Jute Supply Company Ltd.<br>(Formerly : Assam Jute Supply Co. Ltd.) | Entire Share Capital of 6,000 Ordinary Shares of Rs.100/- each issued by the Subsidiary Company.   |
| b) Talavadi Cements Ltd.   | 58,79,400 Equity Shares of Rs.10/- each out of the issued capital of 60,00,000 Equity Shares of Rs.10/- each issued by the Subsidiary Company. |
| c) Lok Cements Ltd.  | Entire Share Capital of 10,00,700 Equity Shares of Rs.10/- each issued by the Subsidiary Company.  |
| d) Budge Budge Floorcoverings Ltd.   | Entire Share Capital of 40,00,000 Equity Shares of Rs.10/- each issued by the Subsidiary Company.  |

2. (A) The aggregate amount of profit or loss of the said Subsidiary Companies to the extent it concerns the members of the Holding Company and not dealt with in the attached accounts of the Holding Company are as follows :

|  | Profit/Loss for the<br>Financial Year ended<br>31st March, 2008 | Profit/Loss for the<br>Previous Year since<br>they became Subsidiary |
|--|---|--|
| a) Birla Jute Supply Company Ltd.<br>(Formerly : Assam Jute Supply Co. Ltd.) | Profit Rs. 0.45   | Loss Rs. 39.60   |
| b) Talavadi Cements Ltd.   | Profit Rs. 21.83  | Loss Rs. 38.39   |
| c) Lok Cements Ltd.  | Rs. Nil   | Rs. Nil  |
| d) Budge Budge Floorcoverings Ltd.   | Loss Rs. 59.85  | Loss Rs. 65.30   |

- (B) The net aggregate amounts of profit or loss of the above Subsidiary Companies which are dealt with in the attached accounts of the Holding Company :

|  | For their above noted<br>Financial Year | For their previous<br>Financial Years |
|--|---|---------------------------------------|
| a) Birla Jute Supply Company Ltd.<br>(Formerly : Assam Jute Supply Co. Ltd.) | Rs. Nil                                 | Rs. 3.20                              |
| b) Talavadi Cements Ltd.   | Rs. Nil                                 | Rs. Nil                               |
| c) Lok Cements Ltd.  | Rs. Nil                                 | Rs. Nil                               |
| d) Budge Budge Floorcoverings Ltd.   | Rs. Nil                                 | Rs. Nil                               |

GIRISH SHARMA  
Asst. Vice President (Indirect Taxes)  
& Acting Company Secretary

RAJENDRA S. LODHA  
HARSH V. LODHA  
PRACHETA MAJUMDAR  
VIKRAM SWARUP  
ANAND BORDIA  
B. B. TANDON  
D. N. GHOSH  
B. R. NAHAR

Chairman

Directors

ED & CEO



## DIRECTORS' REPORT

To the Shareholders

Your Directors have pleasure in presenting their Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2008.

### ACCOUNTS & FINANCIAL MATTERS

|  | 31st March, 2008 |
|--|------------------|
|  | Rs.              |
| Turnover for the year                    | 19034225         |
| Gross Profit                             | 100907           |
| Provision for Depreciation               | 39257            |
| Provision for Taxation                   | 16300            |
| Balance carried forward to Balance Sheet | 45350            |

### GENERAL

Your Company continued its trading during the year. Raw Jute crop of 2007-08 was good but due to poor availability of retting water, yield of high-grade jute was affected resulting into extra higher premiums for high-grade jute. Due to general strike in Jute Mills during January and February 2007, the opening carry over as on 01.07.2007 was also on the higher side. Owing to comfortable total availability of raw jute, the market remained quiet and within narrow fluctuations throughout the year. For the coming year, as per market reports the sowing of new jute is expected to be lower by about 25 to 30% due to low prices of raw jute the farmers got in the preceding year in comparison to other cash crops. As such it is expected that market would remain firm in the next year.

### DIVIDEND

Your Directors regret their inability to recommend any dividend during the year.

### CHANGE OF NAME

The name of the Company was changed from "Assam Jute Supply Company Limited" to "Birla Jute Supply Company Limited" with effect from 7th August, 2007.

### DIRECTORS

Shri K.P. Chokhani retires from the Board by rotation and being eligible, offers himself for re-appointment.

Registered Office :

Birla Building  
9/1, R. N. Mukherjee Road,  
Kolkata - 700 001  
Dated : 28th April, 2008

### AUDITORS

Messrs. O.P. Shah & Co., Chartered Accountants, retire as Auditors of the Company and being eligible, offer themselves for re-appointment.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy and technology absorption is not provided as the same is not applicable to the Company. There are no foreign exchange earnings and outgo during the year under review.

### PARTICULARS OF EMPLOYEES

The Company has no employee getting remuneration as prescribed under Section 217(2A) of the Companies Act, 1956, read with the amended Companies (Particulars of Employees) Rules, 1975.

### DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state that -

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) The accounting policies adopted and applied in the preparation of the annual accounts have been consistently followed and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2007-08 and of the profit for the year ended 31st March, 2008;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis.

### ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for co-operation received from various Government agencies.

G. JAYARAMAN  
D. L. RATHI  
K. P. CHOKHANI  
G. SHARMA

*Directors*

## AUDITORS' REPORT

To the Shareholders of M/s. BIRLA JUTE SUPPLY COMPANY LIMITED (Formerly ASSAM JUTE SUPPLY COMPANY LIMITED), on the Accounts for the year ended 31st March 2008.

We have audited the attached Balance Sheet of M/s Birla Jute Supply Company Limited (Formerly Assam Jute Supply Company Limited), as at 31st March 2008, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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. Our audit includes an examination on a test basis, of evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates and judgments made by the management in the preparation of financial statements and evaluating the overall financial statement presentation. We planned and performed our audit, so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements and to provide a reasonable basis for our opinion.

We further report that :

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of audit ;

In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of those Books;

The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;

In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause(g) of sub-section(1) of Section 274 of the Companies Act, 1956;

In our opinion and to the best of our information and according to the explanations given to us, the said accounts, together with the Schedule and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and also 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 2008,
- b) In the case of Profit & Loss Account of the Profit for the year ended on that date, and

- c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by the Companies (Auditor's Report) Order, 2003 (the Order) as amended by the Companies (Auditor's Report) Order, 2004, issued by the Central Government of India in terms of Section 227 (4A) of the "Companies Act, 1956" of India (the "Act" ) and according to the information and explanations given to us during the course of the audit and on the basis of such checks as were considered appropriate, we report that :

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets ;  
b) As explained to us, the assets have been physically verified by the management. No material discrepancies have been noticed on such physical verification.
- ii) On the basis of information and explanation given to us, the company is not maintaining inventory. Hence clause (ii)(a), (b) & (c) of the order are not applicable.
- iii) a) The Company has neither granted nor taken any loans to and from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956; Hence clause (iii)(b), (c), (d), (e), (f) & (g) of the order are not applicable.
- iv) There are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and for the sale of goods.
- v) The Company has not purchased any goods of Rs.5,00,000/- or more from firms, companies or other parties in which the directors are interested as listed in the register maintained under Section 301 of the Companies Act, 1956. Hence clause v(a) & v(b) are not applicable.
- vi) The Company has not accepted deposits from the public.
- vii) The Company does not have any formal internal audit system.
- viii) On the basis of information and explanation given to us, Central Government has not prescribed for maintenance of cost records under clause(d) of Section 209 (1) of the Act.
- ix) a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Income-Tax, and other statutory dues with appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained

outstanding as at 31st March 2008 for a period more than six months from the date they became payable;

- b) There are no disputed Provident Fund, Income Tax or any other statutory dues.
- x) The Company has no accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- xi) The Company has not taken any loan from Financial Institution, Bank.
- xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures or other investments and hence the requirements of Para 4(xiv) are not applicable to the Company.

xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

xvi) The Company has not taken any term loan during the year.

xvii) On the basis of information and explanation given to us, the company has not raised any fund on short term / long term basis.

xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.

xix) No Debentures have been issued during the year.

xx) The Company has not raised any money by way of public issues during the year.

xxi) On the basis of our examination and according to the information and explanations given to us, no fraud, on or by the Company, has been noticed or reported during the year.

7B, Everest House  
46C, Chowringhee Road  
Kolkata - 700071  
Dated : 28th day of April, 2008

For and on behalf of  
O. P. SHAH & CO.  
*Chartered Accountants*  
Surendra Shah  
*Partner*  
Membership No. 300/50003

## Balance Sheet as at 31st March, 2008

|  | <u>Schedule</u> | <u>As at 31st March, 2008</u><br>Rs. | <u>As at 31st March, 2007</u><br>Rs. |
|--|-----------------|--------------------------------------|--------------------------------------|
| SOURCES OF FUNDS                                 |                 |                                      |                                      |
| SHAREHOLDERS' FUNDS                              |                 |                                      |                                      |
| Share Capital                                    | 1               | 600000                               | 600000                               |
| Reserves and surplus                             | 2               | 6154501                              | 6109151                              |
|  |                 | <u>6754501</u>                       | <u>6709151</u>                       |
| APPLICATION OF FUNDS                             |                 |                                      |                                      |
| FIXED ASSETS                                     |                 |                                      |                                      |
| Gross Block                                      | 3               | 708943                               | 708943                               |
| Less : Depreciation                              |                 | 343430                               | 304173                               |
| Net Block  |                 | <u>365513</u>                        | <u>404770</u>                        |
| CURRENT ASSETS, LOANS & ADVANCES                 |                 |                                      |                                      |
| Sundry Debtors                                   | 4               | 5494065                              | 5476130                              |
| Cash and Bank Balances                           | 5               | 816751                               | 766111                               |
| Loans and Advances                               | 6               | 254606                               | 242035                               |
|  |                 | <u>6565422</u>                       | <u>6484276</u>                       |
| <i>Less : Current Liabilities and Provisions</i> |                 |                                      |                                      |
| Current Liabilities                              | 7               | 17134                                | 36895                                |
| Provisions                                       | 8               | 159300                               | 143000                               |
|  |                 | <u>176434</u>                        | <u>179895</u>                        |
| Net Current Assets                               |                 | 6388988                              | 6304381                              |
| TOTAL  |                 | <u>6754501</u>                       | <u>6709151</u>                       |
| Accounting Policies & Notes on Accounts          | 11              |                                      |                                      |

As per our Report annexed

For O. P. SHAH & CO.  
*Chartered Accountants*  
Surendra Shah  
*Partner*  
Membership No. 300/50003

7B, Everest House  
46C, Chowringhee Road  
Kolkata - 700 071  
Dated the 28th day of April, 2008

G. JAYARAMAN  
K. P. CHOKHANI  
G. SHARMA  
D. L. RATHI

} *Directors*

## Profit & Loss Account for the year ended 31st March, 2008

|   | <u>Schedule</u> | <u>For the year ended<br/>31st March, 2008</u> | <u>For the year ended<br/>31st March, 2007</u> |
|---|-----------------|--|--|
|   |                 | Rs.  | Rs.  |
| INCOME  |                 |  |  |
| Sales   |                 | 19034225                                       | 80049467                                       |
|   |                 | <u>19034225</u>                                | <u>80049467</u>                                |
| EXPENDITURE   |                 |  |  |
| Purchases   |                 | 18576265                                       | 79424828                                       |
| Payments to and Provision for Employees                                   | 9               | 7580   | 226446   |
| Selling, Administration and Other Expenses                                | 10              | 349473   | 260889   |
|   |                 | <u>18933318</u>                                | <u>79912163</u>                                |
| Profit /(Loss)before Depreciation   |                 | 100907   | 137304   |
| Depreciation  |                 | <u>39257</u>                                   | <u>39257</u>                                   |
| Profit /(Loss)before Tax  |                 | 61650  | 98047  |
| Provision for Current Tax (including FBT)                                 |                 | <u>16300</u>                                   | <u>23500</u>                                   |
| Profit/(Loss)after Tax  |                 | 45350  | 74547  |
| Balance brought forward from previous year                                |                 | 2277564  | 2203017  |
| Balance carried to Balance Sheet  |                 | <u>2322914</u>                                 | <u>2277564</u>                                 |
| Weighted average number of Ordinary Shares<br>outstanding during the year |                 | 6000   | 6000   |
| Basic and diluted earnings per share (Rs.)                                |                 | 7.56   | 12.42  |
| Accounting Policies & Notes on Accounts                                   | 11              |  |  |

As per our Report annexed

For O. P. SHAH & CO.  
*Chartered Accountants*  
Surendra Shah  
*Partner*  
Membership No. 300/50003

7B, Everest House  
46C, Chowringhee Road  
Kolkata - 700 071  
Dated the 28th day of April, 2008

G. JAYARAMAN  
K. P. CHOKHANI  
G. SHARMA  
D. L. RATHI

} *Directors*

**Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2008 and Profit & Loss Account for the year ended on that date.**

|   | As at 31st March, 2008 | As at 31st March, 2007 |
|---|------------------------|------------------------|
|   | Rs.                    | Rs.                    |
| <b>SCHEDULE 1 : SHARE CAPITAL</b>   |                        |                        |
| Authorised  |                        |                        |
| 25,000 Ordinary Shares of Rs. 100/- each  | 2500000                | 2500000                |
| Issued, Subscribed and Paid up  |                        |                        |
| 6,000 Ordinary Shares of Rs. 100/- each fully paid-up<br>(Including 3,000 Ordinary Shares allotted as fully paid up<br>Bonus Shares by Capitalisation of General Reserve)<br>(Entire issued capital is held by the Holding Company<br>Birla Corporation Limited and its nominees) | 600000                 | 600000                 |
| <b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b>  |                        |                        |
| Capital Reserve   |                        |                        |
| As per last Account   | 82040                  | 82040                  |
| General Reserve   |                        |                        |
| As per last Account   | 3749547                | 3749547                |
| Profit & Loss Account Balance   | 2322914                | 2277564                |
|   | 6154501                | 6109151                |

**SCHEDULE 3 : FIXED ASSETS**

| Description                  | Gross Block                                |  | Depreciation                                 |                                |  | Net Block                    |                              |
|------------------------------|--|--|--|--------------------------------|--|------------------------------|------------------------------|
|                              | Cost/Value<br>as at<br>31st March,<br>2007 | Cost/Value<br>as at<br>31st March,<br>2008 | Depreciation<br>up to<br>31st March,<br>2007 | Provided<br>during the<br>year | Depreciation<br>up to<br>31st March,<br>2008 | As at<br>31st March,<br>2008 | As at<br>31st March,<br>2007 |
|                              | Rs.  | Rs.  | Rs.  | Rs.                            | Rs.  | Rs.                          | Rs.                          |
| Land                         | 41340                                      | 41340                                      | —  | —                              | —  | 41340                        | 41340                        |
| Building                     | 263502                                     | 263502                                     | 103048                                       | 4295                           | 107343                                       | 156159                       | 160454                       |
| Machinery                    | 40155                                      | 40155                                      | 34159  | 1144                           | 35303  | 4852                         | 5996                         |
| Vehicles                     | 355562                                     | 355562                                     | 160445                                       | 33778                          | 194223                                       | 161339                       | 195117                       |
| Furniture & Office Equipment | 8384                                       | 8384                                       | 6521   | 40                             | 6561   | 1823                         | 1863                         |
| Total                        | 708943                                     | 708943                                     | 304173                                       | 39257                          | 343430                                       | 365513                       | 404770                       |
| Previous Year                | 708943                                     | 708943                                     | 264916                                       | 39257                          | 304173                                       | 404770                       |                              |

**SCHEDULE 4 : SUNDRY DEBTORS**

(Unsecured, Considered Good unless otherwise stated)

|   |         |         |
|---|---------|---------|
| Debts outstanding for a period exceeding six months               | —       | —       |
| Other Debts (Due from Holding Company,<br>Birla Corporation Ltd.) | 5494065 | 5476130 |
|   | 5494065 | 5476130 |

**SCHEDULE 5 : CASH AND BANK BALANCES**

|   |        |        |
|---|--------|--------|
| Cash Balance on Hand (As Certified)         | 1941   | 5583   |
| (Including Cheques & Drafts in hand Rs Nil) |        |        |
| Bank Balances -                             |        |        |
| With Scheduled Banks                        |        |        |
| On Current Accounts                         | 814810 | 760528 |
|   | 816751 | 766111 |



BIRLA JUTE SUPPLY COMPANY LIMITED  
(Formerly Assam Jute Supply Company Limited)

|  | <u>As at 31st March, 2008</u> | <u>As at 31st March, 2007</u> |
|--|-------------------------------|-------------------------------|
|  | Rs.                           | Rs.                           |
| SCHEDULE 6 : LOANS AND ADVANCES                                    |                               |                               |
| (Unsecured, Considered goods)                                      |                               |                               |
| Advance Recoverable in cash or in kind or for value to be received |                               |                               |
| To Income Tax (including Tax Deducted at Source)                   | 254606                        | 240554                        |
| To Others  | —                             | 1481                          |
|  | <u>254606</u>                 | <u>242035</u>                 |

SCHEDULE 7 : CURRENT LIABILITIES

|   |              |              |
|---|--------------|--------------|
| Sundry Creditors  |              |              |
| For Goods   | —            | —            |
| For Expenses  | 17134        | 36895        |
| (Includes Rs. Nil for Micro Small & Medium Enterprises, PY Rs. Nil) |              |              |
|   | <u>17134</u> | <u>36895</u> |

SCHEDULE 8 : PROVISIONS

|                        |               |               |
|------------------------|---------------|---------------|
| For Fringe Benefit Tax | 49800         | 39000         |
| For Current Income Tax | 109500        | 104000        |
|                        | <u>159300</u> | <u>143000</u> |

|  | <u>For the year ended<br/>31st March, 2008</u> | <u>For the year ended<br/>31st March, 2007</u> |
|--|--|--|
|  | Rs.  | Rs.  |
| SCHEDULE 9 : PAYMENTS TO AND PROVISION FOR EMPLOYEES |  |  |
| Salaries, Wages, Bonus, etc.                         | 7580   | 155275   |
| Contribution to Provident and Other Funds            | —  | 18147  |
| Contribution to Gratuity Fund                        | —  | 49024  |
| Employees Welfare Expenses.                          | —  | 4000   |
|  | <u>7580</u>                                    | <u>226446</u>                                  |

SCHEDULE 10 : SELLING, ADMINISTRATION AND OTHER EXPENSES

|                         |               |               |
|-------------------------|---------------|---------------|
| Motor Vehicle Expenses  | 151491        | 188536        |
| Rent                    | 2400          | 2400          |
| Rates & Taxes           | 6911          | 7131          |
| Other Expenses          | 171817        | 44302         |
| Auditors' Remuneration- |               |               |
| Audit Fees              | 14045         | 14030         |
| Tax Audit Fees          | 2809          | 4490          |
|                         | <u>16854</u>  | <u>4490</u>   |
|                         | <u>349473</u> | <u>260889</u> |

SCHEDULE 11 : ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1. a) Fixed Assets

Fixed assets are stated at their original cost which includes expenditure incurred on the acquisition, construction and / or installation.

Depreciation on assets has been provided on Straight Line Method at rate prescribed in Schedule XIV to Companies Act, 1956.

b) Retirement Benefits

Liability in respect of Gratuity and Leave Encashment is ascertained on the basis of actuarial valuation and is provided for.

c) Recognition of Income and Expenditure

All Income and Expenditure are accounted for on accrual basis except as otherwise stated.

d) Taxation

Provision for Taxes comprises of Current Tax and Deferred Tax. The Deferred tax charge or credit is recognised, using current tax rates, for timing differences between book and tax profits. Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation are recognised only when there is certainty of realisation of such assets. Other deferred tax assets are recognised to the extent there is reasonable certainty of realisation in future.

Fringe Benefit Tax are accounted for on the estimated value of fringe benefits for the period as per the provisions of the Income Tax Act.

2. There are no Micro, Small and Medium Enterprises to whom the Company owes dues which are outstanding for more than 45 days at the Balance Sheet date.

3. In accordance with Accounting Standard - 22, the company has deferred tax assets of Rs. 166515/- as on 31st March, 2008 representing brought forward business loss and unabsorbed depreciation. The deferred tax liabilities as on that date are Rs. 85506/- arising out of timing difference in respect of depreciation on fixed assets. As a prudent measure, the excess of deferred tax assets over liabilities have not been recognised in the accounts.

4 a) As defined in AS-18, the Company has a related party relationship in the nature of control by its holding company Birla Corporation Limited.

b) During the year, the Company entered into the following related party transactions with Birla Corporation Limited.

|                           | 2007-08  | 2006-07  |
|---------------------------|----------|----------|
| I) Sale of Jute           | 19034225 | 80049467 |
| II) Rent Paid             | 2400     | 2400     |
| III) Balance Outstanding: |          |          |
| Debtors                   | 5494065  | 5476130  |

5. The Company is engaged in trading of raw jute in India, which in the context of Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India is considered the only business segment.

6. Quantitative information of goods traded.

| Goods Sold | Unit | 2007-2008 |          | 2006-2007 |          |
|------------|------|-----------|----------|-----------|----------|
|            |      | Quantity  | Value    | Quantity  | Value    |
| Jute       | Kgs. | 1523832   | 19034225 | 4906555   | 80049467 |

7. Purchase of Trading Goods

|      | Unit | 2007-2008 |          | 2006-2007 |          |
|------|------|-----------|----------|-----------|----------|
|      |      | Quantity  | Value    | Quantity  | Value    |
| Jute | Kgs. | 1523832   | 18576265 | 4906555   | 79424828 |

SCHEDULE 11 : ACCOUNTING POLICIES & NOTES ON ACCOUNTS (*Contd.*)

8. Cash Flow Statement for the year ended 31.03.2008

|   | For the year ended<br>31st March, 2008 | For the year ended<br>31st March, 2007 |
|---|--|--|
|   | Rs.                                    | Rs.                                    |
| A. Cash Flow from Operating Activities :        |  |  |
| Profit before Tax                               | 61650                                  | 98047                                  |
| Adjustments for :                               |  |  |
| Depreciation                                    | 39257                                  | 39257                                  |
| Operating Profit before Working Capital Changes | 100907                                 | 137304                                 |
| Adjustments for :                               |  |  |
| Trade & other Receivables                       | (17935)                                | 25176798                               |
| Loans and Advances                              | 1481                                   | 4398                                   |
| Trade Payables                                  | (19761)                                | (24673049)                             |
| Cash generated from Operation                   | 64692                                  | 645451                                 |
| Direct Taxes                                    | (14052)                                | (154845)                               |
| Net Cash From Operating Activities              | 50640                                  | 490606                                 |
| B. Cash Flow from Investing Activities :        | —                                      | —                                      |
| C. Cash Flow from Financing Activities :        | —                                      | —                                      |
| Net Increase in Cash and Cash Equivalents       | 50640                                  | 490606                                 |
| Cash and Cash Equivalents (Opening Balance)     | 766111                                 | 275505                                 |
| Cash and Cash Equivalents (Closing Balance)     | 816751                                 | 766111                                 |

Notes :

1. Above statement has been prepared in indirect method except in case of taxes which have been considered on the basis of actual movement of cash, with corresponding adjustments in asset and liabilities.
2. Cash and Cash equivalents consists of cash in hand and balance with Banks.

9. Figures for the Previous Year have been re-arranged / regrouped wherever necessary.

SCHEDULE 11 : ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

10. Information pursuant to Part IV of Schedule VI to the Companies Act, 1956 Balance Sheet abstract and Company's general business profile

I. Registration details

Registration No. 

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 2 | 1 | - | 9 | 3 | 5 | 2 | 2 |
|---|---|---|---|---|---|---|---|

State Code 

|   |   |
|---|---|
| 2 | 1 |
|---|---|

Balance Sheet Date 

|   |   |
|---|---|
| 3 | 1 |
|---|---|

|   |   |
|---|---|
| 0 | 3 |
|---|---|

|   |   |   |   |
|---|---|---|---|
| 2 | 0 | 0 | 8 |
|---|---|---|---|

  
Date Month Year

II. Capital raised during the year (Amount in Rs. thousands)

Public Issue  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Rights Issue  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Bonus Issue  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Private Placement  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities  

|  |  |  |  |   |   |   |   |
|--|--|--|--|---|---|---|---|
|  |  |  |  | 6 | 9 | 3 | 1 |
|--|--|--|--|---|---|---|---|

Total Assets  

|  |  |  |  |   |   |   |   |
|--|--|--|--|---|---|---|---|
|  |  |  |  | 6 | 9 | 3 | 1 |
|--|--|--|--|---|---|---|---|

Sources of Funds

Paid up Capital  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | 6 | 0 | 0 |
|--|--|--|--|--|---|---|---|

Reserves & Surplus  

|  |  |  |  |   |   |   |   |
|--|--|--|--|---|---|---|---|
|  |  |  |  | 6 | 1 | 5 | 5 |
|--|--|--|--|---|---|---|---|

Secured Loans  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Unsecured Loans  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Application of Funds

Net Fixed Assets  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | 3 | 6 | 6 |
|--|--|--|--|--|---|---|---|

Investments  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Net Current Assets  

|  |  |  |  |   |   |   |   |
|--|--|--|--|---|---|---|---|
|  |  |  |  | 6 | 3 | 8 | 9 |
|--|--|--|--|---|---|---|---|

Misc. Expenditure  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Accumulated Losses  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

IV. Performance of Company (Amount in Rs. thousands)

Turnover  

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 1 | 9 | 0 | 3 | 4 |
|--|--|--|---|---|---|---|---|

Total Expenditure  

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 1 | 8 | 9 | 7 | 3 |
|--|--|--|---|---|---|---|---|

Profit/(Loss) Before Tax  

|  |  |  |  |  |  |   |   |
|--|--|--|--|--|--|---|---|
|  |  |  |  |  |  | 6 | 2 |
|--|--|--|--|--|--|---|---|

Profit/(Loss) after Tax  

|  |  |  |  |  |  |   |   |
|--|--|--|--|--|--|---|---|
|  |  |  |  |  |  | 4 | 5 |
|--|--|--|--|--|--|---|---|

Earning per share  

|  |  |  |  |   |   |   |   |
|--|--|--|--|---|---|---|---|
|  |  |  |  | 7 | . | 5 | 6 |
|--|--|--|--|---|---|---|---|

Dividend Rate @%  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

V. Generic Name of Principal Product of Company

Item Code (ITC Code) :

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 5 | 3 | 0 | 3 | 1 | 0 | 0 | 1 |
|---|---|---|---|---|---|---|---|

Product Description

|   |   |   |  |   |   |   |   |
|---|---|---|--|---|---|---|---|
| R | A | W |  | J | U | T | E |
|---|---|---|--|---|---|---|---|

Signatures to Schedules 1 to 11

As per our Report annexed

For O. P. SHAH & CO.  
Chartered Accountants  
Surendra Shah  
Partner

Membership No. 300/50003

7B, Everest House  
46C, Chowringhee Road  
Kolkata - 700 071  
Dated the 28th day of April, 2008

G. JAYARAMAN  
K. P. CHOKHANI  
G. SHARMA  
D. L. RATHI

Directors

## DIRECTORS' REPORT

To the Shareholders

Your Directors have pleasure in presenting their Report together with the Audited Accounts of the Company for the year ended 31st March, 2008.

### GENERAL REVIEW

During the year, a new Fly Ash system including Fly Ash Silo was installed outside the boundary wall of NTPC, Unchahar and supply of Fly Ash was resumed from Unchahar to Satna and Raebareli Units of Birla Corporation Limited.

### ACCOUNTS AND FINANCIAL MATTERS

|   | For the year ended<br>31st March, 2008 | For the year ended<br>31st March, 2007 |
|---|--|--|
|   | Rs.                                    | Rs.                                    |
| Income for the year                                     | : 45,87,979                            | 1,00,941                               |
| Provision for Depreciation                              | : 21,59,209                            | 9,11,834                               |
| Profit/Loss before Tax                                  | : 23,78,558                            | (8,52,803)                             |
| Provision for Tax (MAT Payable)                         | : 1,51,073                             | —                                      |
| Profit/Loss after Tax                                   | : 22,27,485                            | (8,52,803)                             |
| Balance brought forward from previous year              | : (55,14,357)                          | (46,61,554)                            |
| Surplus/(Deficit) for the year carried to Balance Sheet | : (32,86,872)                          | (55,14,357)                            |

### DIVIDEND

In view of the accumulated losses of the previous year's, your Directors regret their inability to recommend any dividend during the year.

### INCREASE IN PAID UP SHARE CAPITAL

During the year, the Company increased its paid up capital from Rs.40.20 lacs to Rs.600 lacs by issuing 55,98,000 equity shares of Rs.10/- each at par to M/s.Birla Corporation Limited on preferential basis.

### DIRECTORS

Shri P. S. Marwah retires from the Board by rotation, and being eligible, offers himself for re-election.

### AUDITORS

Messrs. M. R. Daga & Co., Chartered Accountants, retires as Auditors of the Company and, being eligible, offers themselves for re-appointment.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy and technology absorption is not provided as the same is not applicable to the Company. There are no foreign exchange earnings and outgo during the year under review.

### PARTICULARS OF EMPLOYEES

The Company has no employee getting remuneration as prescribed under Section 217(2A) of the Companies Act, 1956, read with the amended Companies (Particulars of Employees) Rules, 1975.

### DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state that –

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- the accounting policies adopted and applied in the preparation of the annual accounts have been consistently followed and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2007-08 and of the profit for the year ended 31st March, 2008;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

### ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for co-operation received from various Government agencies.

For and on behalf of the Board

B. R. NAHAR  
G. JAYARAMAN  
P. K. CHAND

} Directors

Kolkata  
Dated the 7th day of April, 2008

## AUDITORS' REPORT

To the Members of TALAVADI CEMENTS LIMITED

We have audited the attached Balance Sheet of TALAVADI CEMENTS LIMITED as at 31st March 2008, the Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibilities 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.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the annexure referred in paragraph 1 above, 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 purposes of our audit.
2. In our opinion, proper books of account as required by law have

been kept by the Company so far as appears from our examination of such books.

3. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by the report is in agreement with the books of account.
4. In our Opinion, Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of Companies Act, 1956.
5. On the basis of the written representation received from the directors as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2008 from being appointed as Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information 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, 2008; and
- b. in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date;
- c. in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

Satna

Dated the 8th day of April, 2008

For and on behalf of  
M.R. DAGA & CO.  
*Chartered Accountants*  
Pankaj Daga  
*Partner*  
M. No. 404056

## Annexure to the Auditors' Report

(Referred to in paragraph 1 of our report of even date on the accounts for the year ended 31st March 2008)

- |   |  |
|---|--|
| <p>(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.</p> <p>(b) According to the information and explanations given to us, the fixed assets were physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.</p> <p>(c) The Company has not disposed off any Fixed Assets during the year, and therefore the going concern assumption is not effected.</p> <p>(ii) As the Company is not having any inventory, hence physical verification was not required.</p> <p>(iii) The Company has not granted any secured or unsecured loan to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.</p> <p>During the year the Company has not taken any secured or unsecured loan from any companies, firms or any other parties listed in the register maintained under Section 301 of the Companies Act, 1956. However, interest free loan taken in earlier years from Birla Corporation Ltd. (Holding Company) has been repaid during the year. In our opinion terms and conditions of unsecured loan taken are not prejudicial to the interest of the Company.</p> <p>(iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business for the purchase of fixed assets. However, the Company has not undertaken any activity of purchase of inventory and sale of goods.</p> <p>(v) During the year the Company has entered into transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. The price at which such transactions have been made are reasonable having regard to the prevailing market price at the relevant time.</p> <p>(vi) The Company has not accepted any deposits from the public during the year.</p> <p>(vii) Internal Audit System is not applicable to the Company.</p> <p>(viii) The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.</p> <p>(ix) (a) The Company does not fall under the purview of the Provident Fund Act, 1952 and the Employees State Insurance Act,</p> | <p>1948. According to the information and explanations given to us, no undisputed amounts payable in respect of Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs and Excise Duty, cess and other statutory dues were outstanding as at 31st March, 2008 for a period of more than six months from the date they become payable.</p> <p>(b) According to the information and explanations given to us, the Company has no disputes in case of dues of sales tax, income tax, wealth tax, service tax, customs duty, excise duty and cess.</p> <p>(x) The accumulated losses of the Company are less than fifty per cent of its net worth, and the Company has not incurred any cash loss during the current as well as preceding financial year.</p> <p>(xi) The Company has no dues towards a financial institution or bank or debenture holders.</p> <p>(xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>(xiii) The provisions of any special statute applicable to chit fund / nidhi/ mutual benefit fund/ societies are not applicable to the Company.</p> <p>(xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.</p> <p>(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.</p> <p>(xvi) The Company has not availed any term loan during the year.</p> <p>(xvii) On the basis of our review of statements of accounts and as confirmed by the management, funds raised on long-term basis have not been used for short term purpose.</p> <p>(xviii) The Company has made preferential allotment of shares to its Holding Company covered in the Register maintained under Section 301 of the Act and the prices at which such shares have been issued are not prejudicial to the interest of the Company.</p> <p>(xix) The Company has not issued debentures during the year.</p> <p>(xx) The Company has not raised money by means of public issue.</p> <p>(xxi) In our opinion and to the best of our information and according to the explanations given to us, no fraud on or by the Company was noticed or reported during the year.</p> |
|---|--|

Satna

Dated the 8th day of April, 2008

For and on behalf of  
M.R. DAGA & CO.  
Chartered Accountants  
Pankaj Daga  
Partner  
M. No. 404056



## Balance Sheet as at 31st March, 2008

|  | <u>Schedule</u> | <u>As at 31st March, 2008</u><br>Rs. | <u>As at 31st March, 2007</u><br>Rs. |
|--|-----------------|--------------------------------------|--------------------------------------|
| SOURCES OF FUNDS   |                 |                                      |                                      |
| SHAREHOLDERS' FUND   |                 |                                      |                                      |
| Share Capital  | 1               | 6,00,00,000                          | 40,20,000                            |
| LOAN FUNDS   |                 |                                      |                                      |
| Unsecured Loan   | 2               | —                                    | 1,62,57,478                          |
| TOTAL  |                 | <u>6,00,00,000</u>                   | <u>2,02,77,478</u>                   |
| APPLICATION OF FUNDS   |                 |                                      |                                      |
| FIXED ASSETS   |                 |                                      |                                      |
| Gross Block  | 3               | 5,71,97,365                          | 1,76,02,319                          |
| Less : Depreciation  |                 | <u>1,00,61,770</u>                   | <u>79,02,561</u>                     |
| Net Block  |                 | <u>4,71,35,595</u>                   | <u>96,99,758</u>                     |
| INVESTMENTS  | 4               | 10,000                               | 10,000                               |
| CURRENT ASSETS, LOANS & ADVANCES   |                 |                                      |                                      |
| Cash and Bank Balances   | 5               | 42,00,945                            | 2,506                                |
| Loans & Advances   | 6               | <u>5,03,143</u>                      | <u>30,721</u>                        |
|  |                 | 47,04,088                            | 33,227                               |
| Less : Current Liabilities & Provisions                                  |                 |                                      |                                      |
| Current Liabilities  | 7               | 28,090                               | 22,472                               |
| Provisions   | 8               | <u>1,51,073</u>                      | <u>—</u>                             |
|  |                 | 1,79,163                             | 22,472                               |
| Net Current Assets   |                 | <u>45,24,925</u>                     | <u>10,755</u>                        |
| MISCELLANEOUS EXPENDITURE<br>(To the extent not written off or adjusted) |                 |                                      |                                      |
|  | 9               | 50,42,608                            | 50,42,608                            |
| Profit and Loss Account  |                 | 32,86,872                            | 55,14,357                            |
| TOTAL  |                 | <u>6,00,00,000</u>                   | <u>2,02,77,478</u>                   |
| Accounting Policies & Notes on Accounts                                  | 12              |                                      |                                      |

The Schedules referred to above form an integral part of the Balance Sheet

As per our Report attached

For and on behalf of  
M.R. DAGA & CO.  
*Chartered Accountants*  
PANKAJ DAGA  
*Partner*  
M. No. 404056  
Satna  
Dated the 8th day of April, 2008

B.R. NAHAR  
G. JAYARAMAN  
P. K. CHAND } *Directors*

Kolkata  
Dated the 7th day of April, 2008

## Profit &amp; Loss Account for the year ended 31st March, 2008

|  | <u>Schedule</u> | <u>For the year ended<br/>31st March, 2008</u> | <u>For the year ended<br/>31st March, 2007</u> |
|--|-----------------|--|--|
|  |                 | Rs.  | Rs.  |
| INCOME                                     |                 |  |  |
| Other Income                               | 10              | 45,87,979                                      | 1,00,941                                       |
| TOTAL                                      |                 | <u>45,87,979</u>                               | <u>1,00,941</u>                                |
| EXPENDITURE                                |                 |  |  |
| Auditor's Remuneration                     | 11              | 28,090   | 22,472   |
| Printing & Stationery                      |                 | 2,860  | 2,288  |
| Postage, Telegram & Telephone              |                 | 1,000  | 800  |
| Bank Charges                               |                 | 875  | —  |
| General Charges                            |                 | 6,661  | 16,350   |
| Sundry Adjustment                          |                 | 10,726   | —  |
| Depreciation                               | 3               | 21,59,209                                      | 9,11,834                                       |
| TOTAL                                      |                 | <u>22,09,421</u>                               | <u>9,53,744</u>                                |
| Profit/(Loss) for the year before Tax      |                 | 23,78,558                                      | (852,803)                                      |
| Less: Current Tax (MAT Payable)            |                 | <u>1,51,073</u>                                | <u>—</u>                                       |
| Profit/(Loss) for the year after Tax       |                 | 22,27,485                                      | (852,803)                                      |
| Balance brought forward from previous year |                 | <u>(5,514,357)</u>                             | <u>(4,661,554)</u>                             |
| Surplus/(Deficit) for the year carried to  |                 |  |  |
| Balance Sheet                              |                 | <u>(3,286,872)</u>                             | <u>(5,514,357)</u>                             |
| Accounting Policies & Notes on Accounts    | 12              |  |  |

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our Report attached

For and on behalf of  
M.R. DAGA & CO.  
*Chartered Accountants*  
PANKAJ DAGA  
*Partner*  
M. No. 404056  
Satna  
Dated the 8th day of April, 2008

B.R. NAHAR  
G. JAYARAMAN  
P. K. CHAND } *Directors*

Kolkata  
Dated the 7th day of April, 2008



|  | As at 31st March, 2008<br>Rs.          | As at 31st March, 2007<br>Rs.          |
|--|--|--|
| <b>SCHEDULE 7 : CURRENT LIABILITIES</b>  |  |  |
| Sundry Creditors   |  |  |
| For Goods  | —                                      | —                                      |
| For Expenses   | 28,090                                 | 22,472                                 |
| (Including Rs.Nil for Micro & Small Enterprises, Previous year NIL)  |  |  |
|  | <u>28,090</u>                          | <u>22,472</u>                          |
| <b>SCHEDULE 8 : PROVISIONS</b>   |  |  |
| Provision for Income Tax   | 1,51,073                               | —                                      |
|  | <u>1,51,073</u>                        | <u>—</u>                               |
| <b>SCHEDULE 9 : MISCELLANEOUS EXPENDITURE</b>  |  |  |
| (To the extent not written off or adjusted during the year)  |  |  |
| Balance as per last Balance Sheet  | 50,42,608                              | 50,42,608                              |
|  | <u>50,42,608</u>                       | <u>50,42,608</u>                       |
|  | For the year ended<br>31st March, 2008 | For the year ended<br>31st March, 2007 |
| <b>SCHEDULE 10 : OTHER INCOME</b>  |  |  |
| Operating Charges  | 44,95,647                              | 1,00,000                               |
| (TDS Rs.463052 Pervious Year Nil)  |  |  |
| Interest - others  | 92,332                                 | 941                                    |
| (TDS Rs.10743 Pervious Year Nil)   |  |  |
|  | <u>45,87,979</u>                       | <u>1,00,941</u>                        |
| <b>SCHEDULE 11 : AUDITOR'S REMUNERATION</b>  |  |  |
| Audit Fees   | 22,472                                 | 22,472                                 |
| Tax Audit Fees   | 5,618                                  | —                                      |
|  | <u>28,090</u>                          | <u>22,472</u>                          |
| <b>SCHEDULE 12 : NOTES ON ACCOUNTS</b>   |  |  |
| 1. Significant Accounting Policies   |  |  |
| a) Accounts are prepared under the historical cost convention. Income and expenditure is accounted for on accrual basis.   |  |  |
| b) Fixed Assets  |  |  |
| i) Fixed Assets are stated at their original cost which includes expenditure incurred in the acquisition and construction/installation and other related expenses.   |  |  |
| ii) Depreciation on assets have been provided on Straight Line Method in the manner and as per the rates as prescribed in Schedule XIV to the Companies Act, 1956.   |  |  |
| c) Investment in National Savings Certificate is carried at cost.  |  |  |
| d) Miscellaneous expenditure will be amortized equally over a period of five years from the year of commencement of the commercial production.   |  |  |
| e) Provision for taxes comprising of Current Tax and Deferred Tax is measured in accordance with Accounting Standard 22. The Deferred tax charge or credit is recognized, using Current tax rates, for timing differences between book and tax profits. Deferred Tax assets arising on account of brought forward losses and unabsorbed depreciation are recognized only when there is virtual certainty of the realization of such assets. Other deferred tax assets are recognized to the extent there is reasonable certainty of realization in future.     |  |  |
| 2. In accordance with Accounting Standard- 22 i.e. 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, the Company has deferred tax assets of Rs.73,22,404 as on 31st March,2008 representing unabsorbed depreciation and brought forward business loss. The deferred tax liabilities as on that date are Rs.62,56,546 arising out of timing differences in respect of depreciation on fixed assets. As a prudent measure, the excess of deferred tax assets over liabilities has not been recognized in the accounts. |  |  |
| 3. There are no reportable segments as per Accounting Standard 17 i.e. 'Segment Reporting' issued by the Institute of Chartered Accountants of India., as the Company has not yet started its commercial production.   |  |  |
| 4. a) As defined in AS - 18, the Company has a related party relationship in the nature of control by its holding company Birla Corporation Ltd.   |  |  |
| b) Other related parties with whom transactions have taken place during the year : Nil   |  |  |

**SCHEDULE 12 : NOTES ON ACCOUNTS (Contd.)**

c) During the year, the Company has entered into the following related party transactions with Birla Corporation Ltd. (Holding Company):

|                                     | For the year ended |             |
|-------------------------------------|--------------------|-------------|
|                                     | 31.03.2008         | 31.03.2007  |
| Recovery of Operating Charges (Rs.) | 44,95,647          | 1,00,000    |
| Advances Received                   | 3,95,95,045        | —           |
| Advances Repaid                     | 5,58,52,523        | —           |
|                                     | As on              | As on       |
|                                     | 31.03.2008         | 31.03.2007  |
| Advances (Rs.)                      | NIL                | 1,62,57,478 |

5. Impairment of assets are assessed at each Balance Sheet date and loss is recognised whenever the recoverable amount of an asset is less than its carrying amount.
6. The requirement of furnishing details as required under paragraph 4-C and 4-D of Part-II to Schedule VI to the Companies Act, 1956 does not apply to the Company.
7. General Charges includes Filing Fees Rs.4,000/-.
8. The Company is liable to pay Minimum Alternate Tax (MAT) on its profits earned during the current accounting year. However, tax credit shall be allowed to the extent of amount of MAT paid, depending upon the profits earned by the Company in future years, in accordance with the provisions of Section 115JAA of the Income Tax Act, 1961.
9. "There are no Micro, Small and Medium Enterprises to whom the Company owes dues which are outstanding for more than 45 days at the Balance Sheet date. The above information and that given in "Current Liabilities-Schedule 7" regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

**10. Cash Flow Statement for the year ended 31.03.2008**

|  | As at 31st March, 2008 | As at 31st March, 2007 |
|--|------------------------|------------------------|
|  | Rs.                    | Rs.                    |
| <b>A. Cash Flow from Operating Activities :</b>            |                        |                        |
| Profit before Tax  | 2378558                | (852803)               |
| Adjustments for :  |                        |                        |
| - Depreciation   | 2159209                | 911834                 |
| - Investing Activities                                     | (92332)                | (941)                  |
| Operating Profit before Working Capital Changes            | 4445435                | 58090                  |
| Adjustments for :  |                        |                        |
| - Loans & Advances   | (9377)                 | (941)                  |
| - Trade Payable  | 5618                   | 432                    |
| Cash Generated from Operations                             | 4441676                | 57581                  |
| Direct Tax   | 463045                 | —                      |
| Net Cash flow from Operating Activities                    | 3978631                | 57581                  |
| <b>B. Cash Flow from Investing Activities :</b>            |                        |                        |
| - Purchase of Fixed Assets                                 | (39595046)             | —                      |
| - Interest Received  | 92332                  | 941                    |
| Net Cash used in Investing Activities                      | (39502714)             | 941                    |
| <b>C. Cash Flow from Financing Activities :</b>            |                        |                        |
| - Proceeds from issue of Share Capital                     | 55980000               | —                      |
| - (Repayments)/ Proceeds from Long Term Borrowings         | (16257478)             | (58522)                |
| Net Cash used in Financing Activities                      | 39722522               | (58522)                |
| Net increase in Cash & Cash Equivalents                    | 4198439                | —                      |
| Cash & Cash Equivalents as at 1.04.2007 (Opening Balance)  | 2506                   | 2506                   |
| Cash & Cash Equivalents as at 31.03.2008 (Closing Balance) | 4200945                | 2506                   |

Notes :

1. Above statement has been prepared in indirect method except in case of interest which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets & liabilities.
  2. Cash and Cash Equivalents consist of Cash in hand and balance with Banks.
11. Previous year's figures have been regrouped/re-arranged wherever found necessary.

## SCHEDULE 12 : NOTES ON ACCOUNTS (Contd.)

12. INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

## I. Registration details

Registration No. 

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 0 | 9 | 9 | 3 | 5 | 5 |
|--|--|---|---|---|---|---|---|

State Code 

|   |   |
|---|---|
| 2 | 1 |
|---|---|

Balance Sheet Date 

|   |   |
|---|---|
| 3 | 1 |
|---|---|

|   |   |
|---|---|
| 0 | 3 |
|---|---|

|   |   |   |   |
|---|---|---|---|
| 2 | 0 | 0 | 8 |
|---|---|---|---|

  
Date Month Year

## II. Capital raised during the year (Amount in Rs. thousands)

Public Issue  

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

Rights Issue  

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

Bonus Issue  

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

Private Placement  

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 5 | 5 | 9 | 8 | 0 |
|--|--|--|---|---|---|---|---|

## III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities  

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 6 | 0 | 1 | 7 | 9 |
|--|--|--|---|---|---|---|---|

Total Assets  

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 6 | 0 | 1 | 7 | 9 |
|--|--|--|---|---|---|---|---|

## Sources of Funds

Paid up Capital  

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 6 | 0 | 0 | 0 | 0 |
|--|--|--|---|---|---|---|---|

Reserves & Surplus  

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

Secured Loans  

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

Unsecured Loans  

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

## Application of Funds

Net Fixed Assets  

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 4 | 7 | 1 | 3 | 6 |
|--|--|--|---|---|---|---|---|

Investments  

|  |  |  |  |  |  |   |   |
|--|--|--|--|--|--|---|---|
|  |  |  |  |  |  | 1 | 0 |
|--|--|--|--|--|--|---|---|

Net Current Assets  

|  |  |  |   |   |   |   |
|--|--|--|---|---|---|---|
|  |  |  | 4 | 5 | 2 | 5 |
|--|--|--|---|---|---|---|

Misc. Expenditure  

|  |  |  |   |   |   |   |
|--|--|--|---|---|---|---|
|  |  |  | 5 | 0 | 4 | 3 |
|--|--|--|---|---|---|---|

Accumulated Losses  

|  |  |  |   |   |   |   |
|--|--|--|---|---|---|---|
|  |  |  | 3 | 2 | 8 | 7 |
|--|--|--|---|---|---|---|

## IV. Performance of Company (Amount in Rs. thousands)

Turnover (Other Income)  

|  |  |  |   |   |   |   |
|--|--|--|---|---|---|---|
|  |  |  | 4 | 5 | 8 | 8 |
|--|--|--|---|---|---|---|

Total Expenditure  

|  |  |  |   |   |   |   |
|--|--|--|---|---|---|---|
|  |  |  | 2 | 2 | 0 | 9 |
|--|--|--|---|---|---|---|

Profit/(Loss) Before Tax  

|  |  |  |   |   |   |   |
|--|--|--|---|---|---|---|
|  |  |  | 2 | 3 | 7 | 9 |
|--|--|--|---|---|---|---|

Profit/(Loss) after Tax  

|  |  |  |   |   |   |   |
|--|--|--|---|---|---|---|
|  |  |  | 2 | 2 | 2 | 7 |
|--|--|--|---|---|---|---|

Earning per share in Re.  

|  |  |  |   |   |   |   |
|--|--|--|---|---|---|---|
|  |  |  | 0 | . | 3 | 7 |
|--|--|--|---|---|---|---|

Dividend Rate  

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

## V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code (ITC Code) :

|   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|
| 2 | 5 | 0 | 2 | 2 | 9 | . | 0 | 0 |
|---|---|---|---|---|---|---|---|---|

Product Description (ITC Code) :

|  |  |  |   |   |   |   |   |   |
|--|--|--|---|---|---|---|---|---|
|  |  |  | C | E | M | E | N | T |
|--|--|--|---|---|---|---|---|---|

Signatures to Schedules 1 to 12

As per our Report attached

For and on behalf of  
M.R. DAGA & CO.  
Chartered Accountants  
PANKAJ DAGA  
Partner  
M. No. 404056  
Satna  
Dated the 8th day of April, 2008B.R. NAHAR  
G. JAYARAMAN  
P. K. CHAND } DirectorsKolkata  
Dated the 7th day of April, 2008

## DIRECTORS' REPORT

To the Shareholders

Your Directors have pleasure in presenting their Report together with the Audited Accounts of the Company for the year ended 31st March, 2008.

### STATUS OF PROJECT

We are pursuing grant of Mining Lease for an area of 5.75 sq. km. at District-Kadapa, Andhra Pradesh. Regarding grant of Mining Lease over disputed area of 4.13 sq. km, the Hon'ble High Court of Andhra Pradesh has directed the Government authorities to maintain status quo till the disposal of writ petition filed by us.

### FINANCIAL RESULTS

The Company has not yet commenced commercial production. As such, the total expenditure has been carried forward as 'Pre-operative expenses'. Hence, there is no Surplus/(Deficit) during the year.

### DIRECTORS

Shri P. K. Chand retires from the Board by rotation, and being eligible, offers himself for re-election.

### AUDITORS

M/s. Singhi & Co., Chartered Accountants retire as Auditors of the Company and being eligible, offer themselves for re-appointment.

### COMPLIANCE CERTIFICATE UNDER THE COMPANIES ACT, 1956

A certificate issued by Shri S.K. Tibrewalla, Practicing Company Secretary in terms of proviso to Section 383A(1) of the Companies Act, 1956 is attached to this report.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the Provisions of Section 217 (1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 regarding conservation of energy and technology absorption is not provided as the same is not

applicable to the Company. There are no foreign exchange earnings and outgo during the year under review.

### PARTICULARS OF EMPLOYEES

The Company has no employee getting remuneration as prescribed under Section 217 (2A) of the Companies Act, 1956, read with amended Companies (Particulars of Employees) Rules, 1975.

### DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state that -

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) the accounting policies adopted and applied in the preparation of the annual accounts have been consistently followed and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2007-08;
- 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 and safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

### ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for co-operation received from various Government agencies.

Kolkata

Dated the 10th day of April, 2008

G. JAYARAMAN }  
P. K. CHAND } *Directors*

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## Annexure to the Directors' Report

### Compliance Certificate

To

The Members,

M/s Lok Cements Limited

I have examined the register, records, books and papers of Messrs. Lok Cements Limited ("the Company") as required to be maintained under the Companies Act, 1956 ("the Act") and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2008 ("financial year"). In my opinion and to the best of my information and according to the examination carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the Forms and Returns as stated in

Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed and in case of delay with additional fees under the Act and the rules made thereunder.

3. The Company has paid-up capital of Rs.100.07 lacs and being a public limited company, other comments are not required.
4. The Board of Directors duly met 4 times respectively on 18th April, 2007, 10th July, 2007, 12th October, 2007 & 25th February, 2008 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company was not required to close its Register of Members during the financial year.



6. The Annual General Meeting (AGM) for the financial year ended on 31st March, 2007 was held on 17th August, 2007 after giving due notice to the members of the Company and the AGM was stand adjourned for want of quorum. The adjourned AGM was held on 24th August, 2007 and the resolutions passed thereat were duly recorded in Minutes Book maintained for this purpose.
7. No Extra-Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has -
  - (i) not made any allotment/transfer/transmission of securities during the financial year.
  - (ii) not deposited any amount in a separate Bank Account as no Dividend was declared during the financial year.
  - (iii) not posted warrants to any member of the Company as no Dividend was declared during the financial year.
  - (iv) no amounts in un-paid dividend account, application money due for refund, matured deposit, matured debentures and the interest accrued thereon which have remained unclaimed or un-paid for a period of seven years.
  - (v) complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted. There was no appointment of additional director, alternate directors and directors to fill casual vacancy during the financial year.
15. The company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities as prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposit including any unsecured loans falling within the purview of section 58A during the financial year.
24. The amount borrowed by the company from directors, members, public, financial institution, banks and others during the financial year ending 31st March, 2008 is/are within the borrowing limits of the Company.
25. The Company has not made any loans or investments or given guarantees or provided securities to other bodies corporate.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered Articles of Association during the financial year.
31. I am informed that there was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not deducted any contribution towards Provident Fund during the financial year.

#### ANNEXURE - A

##### REGISTERS AS MAINTAINED BY THE COMPANY

##### Statutory Registers :

1. Register of Members under section 150;
2. Minutes Book of Board Meeting under section 193(1);
3. Minute Book of Shareholders meeting under section 193(1) and 196(1);
4. Books of Accounts under section 209;
5. Register of particulars of contracts in which directors are interested under section 301;
6. Register of Directors, Mg. Directors, Managers, Secretary under section 303;
7. Register of Directors' Shareholdings under section 307.

##### Other Registers:

1. Register of Transfers.

#### ANNEXURE - B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2008.

| Sl. No. | Form No./ Return                  | Filed under Section | For        | Date of filing | Whether filed within prescribed Time<br>Yes/No | If dealy in filing whether requisite additional Fee paid<br>Yes/No |
|---------|-----------------------------------|---------------------|------------|----------------|--|--|
| 1.      | Annual Report (Form 23AC & 23ACA) | 220                 | 31.03.2007 | 20.09.2007     | Yes  | No   |
| 2.      | Annual Return (Form 20 B)         | 159                 | 24.08.2007 | 11.10.2007     | Yes  | No   |
| 3.      | Compliance Certificate (Form 66)  | 383A                | 31.03.2007 | 04.03.2008     | No   | Yes  |

Kolkata

Dated the 10th day of April, 2008

SANTOSH KUMAR TIBREWALLA - *Company Secretary*  
C.P. No. 3982

## AUDITORS' REPORT

To the Members of LOK CEMENTS LIMITED

We have audited the attached Balance Sheet of LOK CEMENTS LIMITED as at 31st March, 2008 and the Cash Flow statement for the year ended on that date annexed thereto. This financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on this 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.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, 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 purposes of our audit;
2. In our opinion, proper books of account as required by law have

been kept by the company so far as appears from our examination of those books;

3. The Balance Sheet and the Cash Flow statement dealt with by this report are in agreement with the books of account;
4. In our opinion, the Balance Sheet and the Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
5. No Profit & Loss Account has been prepared by the Company for reason stated in Note No.2 in Schedule (9);
6. On the basis of the written representations received from the Directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
7. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Notes to Accounts in Schedule (9) give the information required by the Companies Act, 1956 in the manner so required and also give a true and fair view in conformity with the accounting principles generally accepted in India. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008 and in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

1B, Old Post Office Street  
Kolkata  
Dated the 10th day of April, 2008

For M/S SINGHI & CO.  
*Chartered Accountants*  
M. L. Shukla  
*Partner*  
Membership No. 051505

## Annexure to the Auditors' Report

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets .
- (b) The fixed assets have been physically verified by the management at reasonable interval and no discrepancies have been noticed on such physical verification.
- (c) There was no substantial disposal of fixed assets during the year.
2. Since the Company's project is under implementation and the company has no inventories, clauses (2)(a), (b) & (c) of the said order are not applicable.
3. (a) The Company has not granted loans secured or unsecured to companies, firms or other parties covered in the register maintained u/s. 301 of the Companies Act, 1956. Accordingly, clause 3(b) to (d) of the order are not applicable.
- (e) & (g) The Company has taken an interest free unsecured advances from its Holding Company which will be repaid/adjusted on implementation of project. The Company has not taken any other loans, secured or unsecured from companies, firm and other parties listed in the registered maintained u/s. 301 of the Companies Act, 1956.
- (f) The terms and conditions of the above advances taken are prima-facie not prejudicial to the interest of the company.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchases of its fixed assets. During the course of our audit, no material weakness has been noticed in the internal controls.
5. In our opinion, and according to the information and explanations given to us, the transactions that need to be entered into a register maintained in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
6. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. Accordingly, clause vi(b) of the order is not applicable.
7. Internal audit has not been carried out during the year since the company's activities pertained to the pre-operative stage and has not commenced commercial activities.
8. The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the Company.
9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has generally been regular in depositing statutory dues during the year with the appropriate authorities and as at 31st March, 2008, there are no undisputed statutory dues payable for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there are generally no dues outstanding of Income tax, Sales-tax, Custom duty, Excise duty and Cess which has not been deposited on account of any dispute as on 31st March, 2008,
10. The Company has an accumulated loss of Rs.1148712/- at the end of the financial year. Profit & Loss Account has not been prepared as all transactions entered into during the year, as also in the financial year immediately preceding such financial year, pertained to the preoperative stage.
11. According to the information and explanations given to us the company does not have any dues to a financial institution, bank or debenture holder.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or nidhi/mutual benefit fund or society.
14. According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank and financial institutions.
16. The Company has not raised any term loan during the year.
17. As the activities of the Company pertained to pre-operative stage only, the funds raised by the Company are for long investment only.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures.
20. The Company has not raised any money by public issues during the year.
21. As per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For M/S SINGHI & CO.  
Chartered Accountants

M. L. Shukla  
Partner

Membership No. 051505

1B, Old Post Office Street  
Kolkata  
Dated the 10th day of April, 2008

**Balance Sheet as at 31st March, 2008**

|  |                 |                               | (Value in Rs.)                |
|--|-----------------|-------------------------------|-------------------------------|
|  | <u>Schedule</u> | <u>As at 31st March, 2008</u> | <u>As at 31st March, 2007</u> |
| <b>SOURCES OF FUNDS</b>                          |                 |                               |                               |
| <b>SHAREHOLDERS' FUNDS</b>                       |                 |                               |                               |
| Share Capital                                    | 1               | 10007000                      | 10007000                      |
| Reserves and Surplus                             | 2               | 5381                          | 5381                          |
|  |                 | 10012381                      | 10012381                      |
| <b>LOAN FUNDS</b>                                |                 |                               |                               |
| Unsecured Loans                                  | 3               | 19067862                      | 18504932                      |
| <b>TOTAL</b>                                     |                 | <u>29080243</u>               | <u>28517313</u>               |
| <b>APPLICATION OF FUNDS</b>                      |                 |                               |                               |
| <b>FIXED ASSETS</b>                              |                 |                               |                               |
| Gross Block                                      | 4               | 65180                         | 65180                         |
| Less: Depreciation                               |                 | 58491                         | 56700                         |
| Net Block  |                 | 6689                          | 8480                          |
| Preoperative Expenses                            |                 | 24148985                      | 23643893                      |
|  |                 | 24155674                      | 23652373                      |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>        |                 |                               |                               |
| Cash and Bank Balances                           | 5               | 49978                         | 12747                         |
| Loans and Advances                               | 6               | 3259159                       | 3255148                       |
|  |                 | 3309137                       | 3267895                       |
| Less :   |                 |                               |                               |
| <b>Current Liabilities and Provisions</b>        |                 |                               |                               |
| Current Liabilities                              | 7               | 22112                         | 41854                         |
| Provisions                                       | 8               | 31360                         | 30005                         |
|  |                 | 53472                         | 71859                         |
| Net Current Assets                               |                 | 3255665                       | 3196036                       |
| <b>MISCELLANEOUS EXPENDITURE</b>                 |                 |                               |                               |
| (To The extent not written off or adjusted)      |                 | 520192                        | 520192                        |
| <b>PROFIT &amp; LOSS ACCOUNT (DEBIT BALANCE)</b> |                 | 1148712                       | 1148712                       |
| <b>TOTAL</b>                                     |                 | <u>29080243</u>               | <u>28517313</u>               |
| Accounting Policies & Notes on Accounts          | 9               |                               |                               |

As per our Report annexed.

For and on behalf of the Board

For M/S SINGHI &amp; CO.

Chartered Accountants

M. L. Shukla

Partner

Membership No. 051505

1B, Old Post Office Street

Kolkata - 700 001

Dated the 10th day of April, 2008

G. JAYARAMAN }  
P. K. CHAND } Directors

## Schedules annexed to and forming part of Balance Sheet as at 31st March, 2008

(Value in Rs.)

|   |   |                           |  |                                   | As at 31st March, 2008 |                          |   |                              | As at 31st March, 2007 |                        |
|---|---|---------------------------|--|-----------------------------------|------------------------|--------------------------|---|------------------------------|------------------------|------------------------|
| SCHEDULE 1 : SHARE CAPITAL  |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
|   | Authorised                                  |                           |  |                                   |                        |                          |   |                              |                        |                        |
| 100,00,000  | Equity Shares of Rs.10/- each               |                           |  |                                   | 100000000              |                          |   |                              | 100000000              |                        |
|   | Issued, Subscribed & Paid up                |                           |  |                                   |                        |                          |   |                              |                        |                        |
| 10,00,700   | Equity Shares of Rs.10/- each fully paid-up |                           |  |                                   | 10007000               |                          |   |                              | 10007000               |                        |
| (All Equity Shares are held by Birla Corporation Limited – the Holding Company & its Nominees)                              |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
|   |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
| SCHEDULE 2 : RESERVES & SURPLUS   |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
|   | General Reserve                             |                           |  |                                   |                        |                          |   |                              |                        |                        |
|   | As per last Account                         |                           |  |                                   | 5381                   |                          |   |                              | 5381                   |                        |
|   |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
| SCHEDULE 3 : UNSECURED LOANS  |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
|   | Advances From                               |                           |  |                                   |                        |                          |   |                              |                        |                        |
|   | Holding Company                             |                           |  |                                   | 19042461               |                          |   |                              | 18479531               |                        |
|   | From Others                                 |                           |  |                                   | 25401                  |                          |   |                              | 25401                  |                        |
|   |   |                           |  |                                   | 19067862               |                          |   |                              | 18504932               |                        |
|   |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
| SCHEDULE 4 : FIXED ASSETS   |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
|   |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
|   | Gross Block                                 |                           |  |                                   | Depreciation           |                          |   |                              | Net Block              |                        |
|   | Cost as at 31st March, 2007                 | Additions during the year | Deduct cost of assets sold/ Retd during the year | Total Cost as at 31st March, 2008 | As at 31st March, 2007 | Provided during the year | Adjusted on assets sold/ Retd during the year | Total up to 31st March, 2008 | As at 31st March, 2008 | As at 31st March, 2007 |
| Description   |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
| Furniture & Fixtures  | 65180                                       | —                         | —  | 65180                             | 56700                  | 1,791                    | —   | 58491                        | 6689                   | 8480                   |
| Previous Year   | 69335                                       | —                         | 4,155  | 65180                             | 59064                  | 1,791                    | 4,155   | 56700                        | 8480                   | 10271                  |
|   |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
| SCHEDULE 5 : CASH & BANK BALANCES   |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
| Cash Balance in hand  |   |                           |  |                                   |                        |                          |   | 2008                         | 2120                   |                        |
| Bank Balances – in Current Accounts   |   |                           |  |                                   |                        |                          |   | 47970                        | 10627                  |                        |
|   |   |                           |  |                                   |                        |                          |   | 49978                        | 12747                  |                        |
|   |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
| SCHEDULE 6 : LOANS AND ADVANCES   |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
| Advances (recoverable in cash or in kind or for value to be received or pending adjustments) (Unsecured, Considered Good) – |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
| Advance Tax   |   |                           |  |                                   | 108809                 |                          |   |                              | 108809                 |                        |
| Others  |   |                           |  |                                   | 10275                  |                          |   |                              | 6264                   |                        |
|   |   |                           |  |                                   |                        |                          |   | 119084                       | 115073                 |                        |
| Deposits (Unsecured, Considered good) –   |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
| Balances with Government Authorities, Public Bodies and Others  |   |                           |  |                                   |                        |                          |   | 3140075                      | 3140075                |                        |
|   |   |                           |  |                                   |                        |                          |   | 3259159                      | 3255148                |                        |
|   |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
| SCHEDULE 7 : CURRENT LIABILITIES  |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
| Current Liabilities –   |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
| Sundry Creditors –  |   |                           |  |                                   |                        |                          |   |                              |                        |                        |
| For Expenses (includes Rs. Nil for Micro, Small and Medium Enterprises)   |   |                           |  |                                   |                        |                          |   | 22112                        | 41854                  |                        |

(Value in Rs.)

As at 31st March, 2008
As at 31st March, 2007
**SCHEDULE 8 : PROVISIONS**

For Taxation

31360
30005
**SCHEDULE 9 : ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

1. Significant Accounting Policies
  - a) Accounts are prepared on accrual basis under the historical cost convention
  - b) Fixed Assets are stated at original cost
  - c) Depreciation is provided on straight-line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956
  - d) Expenditure incurred in the course of the implementation of the project and during the construction period is carried forward and will be apportioned on commissioning of the project.
  - e) Borrowing Costs: Interest and other costs directly attributable to the acquisition and construction/installation of capital assets till the date of commencement of commercial use of the assets are capitalized. Other borrowing costs are recognized as an expense in the period in which they are incurred.
  - f) Employees' benefits of Short Term nature are recognised as expenses as and when it accrues.
  - g) Preliminary/Miscellaneous expenses will be amortized equally over a period of five years from the year of commercial production.

2. Profit & Loss Account has not been prepared as all transactions entered into during the year, as also in the previous year, pertained to the preoperative stage.

**3. Preoperative Expenses**

|                                     | <u>As on 31st March 2008</u> | <u>As on 31st March, 2007</u> |
|-------------------------------------|------------------------------|-------------------------------|
| I. Incurred During the Year         | Rs                           | Rs.                           |
| a) Salaries, Wages, Bonus etc.      | 117000                       | 98317                         |
| b) Employees Welfare Expenses       | —                            | 2379                          |
| c) Travelling Expenses              | 42105                        | 13366                         |
| d) Rent                             | 33960                        | 33360                         |
| e) Postage, Telephone & Telegram    | 28084                        | 18381                         |
| f) General Expenses/FBT             | 21998                        | 22432                         |
| g) Printing & Stationery            | —                            | 70                            |
| h) Auditors Remuneration            |                              |                               |
| Statutory Auditors                  |                              |                               |
| Audit Fees                          | 16854                        | 16854                         |
| i) Legal & Professional Fees        | 268300                       | 238600                        |
| j) Mining Plan/Site Expenses        | —                            | 25000                         |
| k) Depreciation                     | 1791                         | 1791                          |
|                                     | <u>530092</u>                | <u>470550</u>                 |
| Less: Excess Provision written back | 25000                        | —                             |
|                                     | <u>505092</u>                | <u>470550</u>                 |
| II. Add: Opening Balance            | <u>23643893</u>              | <u>23173343</u>               |
| Total                               | <u>24148985</u>              | <u>23643893</u>               |

4. The Company has not yet commenced its commercial operations in view of which there are not reportable segments of the Company as per Accounting Standard-17 on Segment Reporting issued by the Institute of Chartered Accountants of India.
5. There are no Micro, Small and Medium Enterprises to whom the Company owes dues which are outstanding for more than 45 days at the Balance Sheet date. The above information and that given in "Current Liabilities-Schedule 7" regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.
6. Additional information as required under Part II of Schedule VI of the Companies Act, 1956 has been given to the extent applicable to the Company.
7. a) As defined in AS-18 the Company has a related party relationship in the nature of control with its holding company namely Birla Corporation Ltd.  
b) During the year, the Company entered into the following related party transactions with Birla Corporation Limited the holding company.

|                                  | <u>For the year ended<br/>31st March 2008</u> | <u>For the year ended<br/>31st March, 2007</u> |
|----------------------------------|---|--|
| Advance received                 | 562930  | 424436   |
|                                  | <u>As on 31st<br/>March, 2008</u>             | <u>As on 31st<br/>March, 2007</u>              |
| Balance Outstanding:<br>Advances | 19042461                                      | 18479531                                       |

8. Previous year's figures have been regrouped and rearranged wherever necessary.

9. Cash Flow Statement for the year ended 31st March, 2008

|  | (Value in Rs.)                         |  |
|--|--|--|
|  | For the year ended<br>31st March, 2008 | For the year ended<br>31st March, 2007 |
| <b>A. Cash Flow from Operating Activities:</b>               |  |  |
| Profit before Tax  | —                                      | —                                      |
| Operating Profit before Working Capital changes              | —                                      | —                                      |
| Adjustments for:   |  |  |
| Loans and Advances   | (4011)                                 | 23648                                  |
| Trade payments   | (18387)                                | 20381                                  |
| Cash generated from operations                               | (22398)                                | 44029                                  |
| Net Cash from Operating Activities                           | (22398)                                | 44029                                  |
| <b>B. Cash Flow from Investing Activities:</b>               |  |  |
| Sale of Fixed Assets   | —                                      | —                                      |
| Pre-Operative Expenses                                       | (503301)                               | (468759)                               |
| Net Cash used in Investing Activities                        | (503301)                               | (468759)                               |
| <b>C. Cash Flow from Financing Activities</b>                |  |  |
| (Repayment) / Proceeds from Long Term Borrowings             | 562930                                 | 424436                                 |
| Net Cash used in Financing Activities                        | 562930                                 | 424436                                 |
| Net increase in Cash and Cash Equivalents                    | 37231                                  | (294)                                  |
| Cash and Cash Equivalents as on 01.04.2007 (Opening Balance) | 12747                                  | 13041                                  |
| Cash and Cash Equivalents as on 31.03.2008 (Closing Balance) | 49978                                  | 12747                                  |

Notes :

- Above statement has been prepared in indirect method.
- Cash and Cash Equivalents consists of Cash in hand and balance with Banks.



**10. INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration details**

Registration No. 

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 1 | 1 | - | 8 | 5 | 6 | 7 | 7 |
|---|---|---|---|---|---|---|---|

State Code 

|   |   |
|---|---|
| 1 | 1 |
|---|---|

Balance Sheet Date 

|   |   |
|---|---|
| 3 | 1 |
|---|---|

|   |   |
|---|---|
| 0 | 3 |
|---|---|

|   |   |   |   |
|---|---|---|---|
| 2 | 0 | 0 | 8 |
|---|---|---|---|

  
Date Month Year

**II. Capital raised during the year (Amount in Rs. thousands)**

Public Issue  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Rights Issue  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Bonus Issue  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Private Placement  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)**

Total Liabilities  

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 2 | 9 | 1 | 3 | 4 |
|--|--|--|---|---|---|---|---|

Total Assets  

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 2 | 9 | 1 | 3 | 4 |
|--|--|--|---|---|---|---|---|

**Sources of Funds**

Paid-up Capital  

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 1 | 0 | 0 | 0 | 7 |
|--|--|--|---|---|---|---|---|

Reserves & Surplus  

|  |  |  |  |  |  |  |   |
|--|--|--|--|--|--|--|---|
|  |  |  |  |  |  |  | 5 |
|--|--|--|--|--|--|--|---|

Unsecured Loans  

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 1 | 9 | 0 | 6 | 8 |
|--|--|--|---|---|---|---|---|

**Application of Funds**

Net Fixed Assets  

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 2 | 4 | 1 | 5 | 6 |
|--|--|--|---|---|---|---|---|

Investments  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Net Current Assets  

|  |  |  |   |   |   |   |
|--|--|--|---|---|---|---|
|  |  |  | 3 | 2 | 5 | 6 |
|--|--|--|---|---|---|---|

Misc. Expenditure  

|  |  |  |  |   |   |   |
|--|--|--|--|---|---|---|
|  |  |  |  | 5 | 2 | 0 |
|--|--|--|--|---|---|---|

Accumulated Losses  

|  |  |  |   |   |   |   |
|--|--|--|---|---|---|---|
|  |  |  | 1 | 1 | 4 | 9 |
|--|--|--|---|---|---|---|

**IV. Performance of Company (Amount in Rs. thousands)**

Turnover  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Total Expenditure  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Other Income  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Profit/(Loss) after Tax  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Profit/(Loss) Before Tax  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Dividend Rate %  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Earning per share Rs.  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

**V. Generic Names of Three Principal Products/Services of Company**

Item Code (ITC Code)

|  |  |  |  |  |   |   |
|--|--|--|--|--|---|---|
|  |  |  |  |  | N | A |
|--|--|--|--|--|---|---|

Product Description

|  |  |  |  |  |   |   |
|--|--|--|--|--|---|---|
|  |  |  |  |  | N | A |
|--|--|--|--|--|---|---|

The Company has not commenced any business during the year.

Signatures to Schedules 1 to 9

In terms of our Report attached hereto

For M/S SINGHI & CO.

Chartered Accountants

M. L. Shukla

Partner

Membership No. 051505

1B, Old Post Office Street

Kolkata - 700 001

Dated the 10th day of April, 2008

For and on behalf of the Board

G. JAYARAMAN }  
P. K. CHAND } Directors

## DIRECTORS' REPORT

To the Shareholders

Your Directors present the 13th Annual Report together with the Audited Accounts of the Company for the year ended 31 March, 2008.

|  | For the year<br>ended 31st<br>March, 2008 | For the year<br>ended 31st<br>March, 2007 |
|--|---|---|
|  | Rs.                                       | Rs.                                       |
| Accounts & Financial Matters   |   |   |
| Income for the year  | 7,96,883                                  | 21,64,965                                 |
| The year's working shows a   |   |   |
| Gross Profit / (loss),<br>after interest, of                               | (36,00,896)                               | (47,64,688)                               |
| To which, provisions have<br>been made for Depreciation                    | 28,40,789                                 | 29,01,249                                 |
| Making a surplus (deficit) of  | (64,41,685)                               | (76,65,937)                               |
| To which is added  |   |   |
| i) Provision for Fringe<br>Benefit Tax                                     | (30,000)                                  | (55,250)                                  |
| ii) Deferred Tax Assets /<br>(Liabilities) for the year                    | 4,87,034                                  | 4,27,797                                  |
| iii) Balance of Profit &<br>Loss Account brought<br>forward from last year | (54,48,477)                               | 18,44,913                                 |
| iv) Adjustment for employees<br>benefit as per<br>AS-15 (Revised)          | 29,80,134                                 | -   |
| Leaving a total surplus<br>(deficit) of                                    | (84,52,994)                               | (54,48,477)                               |
| Which has been carried<br>forward to Balance Sheet                         | (84,52,994)                               | (54,48,477)                               |

### Dividend

In view of losses incurred, the Directors express inability to recommend any dividend.

### General

Operations at Company's Birlapur plant remained under "Suspension" since 29th October, 2003.

The dispute referred to the Industrial Tribunal is still pending.

Meanwhile, some of the workmen have resigned/superannuated bringing down the strength of workmen, as on 31st March, 2008 to 76.

### Auditors

M/s. Alps & Co., Chartered Accountants, retire as Auditors of the Company and being eligible offer themselves for re-appointment.

### Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo

As required under Section 217(1)(e) of the Companies Act, 1956, details relating to the conservation of energy, technology absorption, foreign exchange earnings and outgo are given in the annexure attached hereto and form part of the Directors' Report.

### Particulars of Employees

The Company has no employee getting remuneration as prescribed u/s. 217(2A) of the Companies Act, 1956, read with the amended Companies (particulars of employees) Rules, 1975.

### Director's responsibility statement

As required under Section 217 (2AA) of the Companies Act, 1956, introduced by the Companies (Amendment) Act, 2000, your Directors state that:

- in the preparation of the annual accounts for the year ended 31st March, 2008, the applicable accounting standards have been followed.
- the accounting policies adopted in the preparation of annual accounts have been applied consistently. The judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, at the end of the financial year 2007-08.
- 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 the Company and/or preventing and detecting fraud and other irregularities.
- the annual accounts for the year ended 31st March, 2008, have been prepared on a going concern basis.

### Directors

Mr. P. K. Chand retires from the Board, by rotation and being eligible, offers himself for re-appointment.

### Appreciation

The Directors wish to place on record their appreciation for the continued co-operation and support extended to the Company by the customers, Government departments and bankers, amongst others.

For and on behalf of the Board

|                                  |              |             |
|----------------------------------|--------------|-------------|
|                                  | B. R. NAHAR  | } Directors |
|                                  | G. JAYARAMAN |             |
| Kolkata                          | P. K. CHAND  |             |
| Dated the 8th day of April, 2008 | G. SHARMA    |             |

Report on Conservation of Energy, Technology Absorptions, Foreign Exchange Earnings and Outgo (Section 217(1)(e) of the Companies Act, 1956)

### A. CONSERVATION OF ENERGY

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

Operations at Birlapur plant remained under "Suspension" during the entire year under review. Therefore, no action could be taken for conservation of energy.

- Additional investment proposals, if any, being implemented for reduction of consumption of energy: No additional investment had been made during the year under review, due to reason stated above.
- Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production: There is no impact due to the reason stated above.

- (d) Total energy consumption and energy consumption per unit of production in respect of industries specified in the schedule thereto:  
Please refer 'Form-A' enclosed.

**B. TECHNOLOGY ABSORPTION:**

- (a) Research and Development  
1) Specification of Technology absorption and / or R & D.  
No R & D activity could be undertaken during the year under

review due to "Suspension" of plant operations at Birlapur.

- 2) Benefits derived as a result of the above R & D and future plan of action:  
No benefit could be derived, as there was no R & D activity during the year under review.

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

The foreign exchange earning as well as outgo for the Company amounted to "NIL" during the year under review.

**ANNEXURE  
FORM - A**

Form for disclosure of Particulars with respect to Conservation of Energy for the year ended 31st March, 2008.

| Particulars                          | Current year<br>2007-08 | Previous Year<br>2006-07 |
|--------------------------------------|-------------------------|--------------------------|
| <b>A. Power and Fuel Consumption</b> |                         |                          |
| 1. Electricity Purchased:            |                         |                          |
| Units in Kwh                         | 1,16,081                | 1,25,135                 |
| Total amount in Rs.                  | 6,85,802                | 7,30,657                 |
| Rate/Unit in Rs.                     | 5.91                    | 5.83                     |
| Own Generation:                      |                         |                          |
| Through Diesel Generator             | —                       | —                        |
| Unit in Kwh                          | —                       | —                        |
| Kwh per ltr. of Diesel Oil           | —                       | —                        |
| Cost/Kwh in Rs.                      | —                       | —                        |
| Through Steam Turbine/Generator:     |                         |                          |
| Units in Kwh                         | —                       | —                        |
| Kwh per tonne of coal                | —                       | —                        |
| Cost/Kwh in Rs.                      | —                       | —                        |
| 2. Coal:                             |                         |                          |
| Quantity (Tonnes)                    | —                       | —                        |
| Total cost in Rs.                    | —                       | —                        |
| Average rate in Rs.                  | —                       | —                        |
| 3. Furnace Oil:                      |                         |                          |
| Quantity (Kilolitres)                | —                       | —                        |
| Total cost in Rs.                    | —                       | —                        |
| Average rate in Rs.                  | —                       | —                        |

| Particulars  | Current year<br>2007-08 | Previous Year<br>2006-07 |
|--|-------------------------|--------------------------|
| 4. Others/Internal Generation:   |                         |                          |
| Steam received from Birlapur Services Division of Birla Corporation Ltd for Linoleum |                         |                          |
| Quantity in 1,000 Lbs  | —                       | —                        |
| Total Amount in Rs.  | —                       | —                        |
| Rate/1,000 Lbs in Rs.  | —                       | —                        |
| <b>B. Consumption per unit of production.</b>  |                         |                          |
| Product: Linoleum Floor Covering   |                         |                          |
| Production in Sqm  | —                       | —                        |
| Electricity in Kwh per sqm   | —                       | —                        |
| Furnace Oil  | —                       | —                        |
| Coal   | —                       | —                        |
| Others   | —                       | —                        |
| Steam in Lbs per sqm   | —                       | —                        |

## AUDITORS' REPORT

To the Members,

We have audited the attached Balance Sheet of BUDGE BUDGE FLOORCOVERINGS LIMITED as at 31st March, 2008 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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 standard generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are prepared 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 presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order 2003, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
  - 2.1. 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.
  - 2.2. In our opinion, proper books of account as required by law have

been kept by the Company so far as appears from our examination of these books.

- 2.3. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of the account.
- 2.4. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standard referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
- 2.5. On the basis of written representations received from the directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March, 2008 from being appointed as Director in terms of Section 274(1)(g) of the Companies Act, 1956.
- 2.6. In our opinion and to the best of our information and according to explanations given to us, the said account gives the information required by the Companies Act, 1956 in the manner so required and read together with other notes given thereon, gives a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Balance Sheet of the state of the Company's affairs as at 31st March, 2008;
  - ii) in the case of Profit & Loss Account of the Loss for the year ended on that date; and
  - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Kolkata  
Dated the 8th day of April, 2008

For ALPS & CO.  
*Chartered Accountants*  
A. K. Khetawat  
*Partner*  
Membership No. 052751

## Annexure to the Auditors' Report

(Referred to in paragraph 1 of our report of even date)

- 1) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The management has physically verified its fixed assets at reasonable intervals, which in our opinion is reasonable having regard to the size of the Company and nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, the Company has not disposed off the substantial part of fixed assets during the year, which would affect the going concern status of the Company.
- 2) (a) The inventories have been physically verified by the management during the year at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company has maintained proper records of inventories and discrepancies noticed on physical verification were not material.
- 3) (a) The Company has neither taken nor granted any secured or unsecured loans from/to companies, firm and other parties covered in the register maintained under Section 301 of the Act.
- (b) As the Company has neither taken nor granted any loans, as mentioned in 3(a) above, in our opinion, clauses 4(iii)(b) to 4(iii)(d) and clauses 4(iii)(f) to 4(iii)(g) of the order are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the sale of goods. There has been no purchase of inventory and fixed assets and sale of services during the year. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- 5) (a) According to the information and explanations given to us and audit in accordance with generally accepted auditing practices, in our opinion, the particulars of contracts or arrangements referred to in Section 301 of the Act that needed to be entered have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- 6) During the year, the Company has not accepted any deposits from the public as defined under Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.
- 7) In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
- 8) As informed to us, the Company has not been prescribed to maintain Cost records under Section 209(1)(d) of the Act.
- 9) (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues applicable to it with the appropriate authorities. According to information and explanations given to us, there are no undisputed amounts payable in respect of aforesaid dues which were outstanding as at 31st March, 2008 for a period of more than six months from the date they became payable.
- (b) The disputed statutory dues aggregating Rs. 4.14 lakhs that have not been deposited on account of matters pending before appropriate authorities are as under:

| Nature of Statute        | Nature of Dues       | Amount (in INR)  | Period to which the amount relates | Forum where dispute is pending                |
|--------------------------|----------------------|------------------|------------------------------------|---|
| Central Excise Act, 1944 | Excise Duty & Cenvat | 349,018 & 64,955 | July, 2003                         | Central Excise Service Tax Appellate Tribunal |
- 10) The Company has accumulated losses at the end of financial year, which is less than 50% of its net worth. The Company has incurred cash losses in current year and immediately preceding financial year.
- 11) According to the information and explanations given to us and audit in accordance with generally accepted auditing practices, in our opinion, the Company has not defaulted in repayment of dues to banks. The Company has no dues to financial institutions and debenture holders during the year.
- 12) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion and according to information and explanations given to us, the Company is not a chit fund or nidhi/ mutual benefit fund or society. Therefore clause 4(xiii) of the Order is not applicable to the Company.
- 14) In our opinion and according to information and explanations given to us, the Company is not dealing in shares, securities, debentures and other investments and therefore clause (xiv) of the Order is not applicable to the Company.

- |  |   |
|--|---|
| <p>15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.</p> <p>16) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not taken any term loans during the year.</p> <p>17) According to the information and explanations given to us and on an overall examination of Balance Sheet of the Company, we are of the opinion that the Company has not utilized Short Term Funds towards Long Term Investments.</p> | <p>18) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.</p> <p>19) During the year, the Company has neither issued any debentures nor it has any outstanding debentures.</p> <p>20) During the year, the Company has not raised money through public issue.</p> <p>21) In our opinion and according to information and explanations given to us, during the year, no fraud on or by the Company has been noticed or reported.</p> |
|--|---|

Kolkata  
Dated the 8th day of April, 2008

For ALPS & CO.  
*Chartered Accountants*  
A. K. Khetawat  
*Partner*  
Membership No. 052751

**Balance Sheet as at 31st March, 2008**

|   | <u>Schedule</u> | <u>As at 31st March, 2008</u> | <u>As at 31st March, 2007</u> |
|---|-----------------|-------------------------------|-------------------------------|
|   |                 | Rs.                           | Rs.                           |
| <b>SOURCES OF FUNDS</b>                   |                 |                               |                               |
| Shareholders' Funds                       |                 |                               |                               |
| Share Capital                             | 1               | 40,000,000                    | 40,000,000                    |
|   |                 | <u>40,000,000</u>             | <u>40,000,000</u>             |
| Deferred Tax Liabilities                  | 2               | 5,596,425                     | 6,083,459                     |
| Total                                     |                 | <u>45,596,425</u>             | <u>46,083,459</u>             |
| <b>APPLICATION OF FUNDS</b>               |                 |                               |                               |
| Fixed Assets                              | 3               |                               |                               |
| Gross Block                               |                 | 59,883,895                    | 60,444,009                    |
| Less: Depreciation                        |                 | <u>33,420,386</u>             | <u>30,963,876</u>             |
| Net Block                                 |                 | <u>26,463,509</u>             | <u>29,480,133</u>             |
| INVESTMENTS                               | 4               | 2,078,011                     | —                             |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b> |                 |                               |                               |
| Inventories                               | 5               | 6,860,639                     | 7,242,578                     |
| Cash and Bank Balances                    | 6               | 354,653                       | 5,645,510                     |
| Loans and Advances                        | 7               | 2,294,872                     | 985,089                       |
|   |                 | <u>9,510,164</u>              | <u>13,873,177</u>             |
| Less :                                    |                 |                               |                               |
| <b>CURRENT LIABILITIES AND PROVISIONS</b> |                 |                               |                               |
| Current Liabilities                       | 8               | 717,503                       | 2,557,578                     |
| Provisions                                |                 | <u>190,750</u>                | <u>160,750</u>                |
|   |                 | <u>908,253</u>                | <u>2,718,328</u>              |
| <b>NET CURRENT ASSETS</b>                 |                 | <u>8,601,911</u>              | <u>11,154,849</u>             |
| <b>PROFIT &amp; LOSS ACCOUNT</b>          |                 | <u>8,452,994</u>              | <u>5,448,477</u>              |
| (As per Annexed Account)                  |                 |                               |                               |
| Total                                     |                 | <u>45,596,425</u>             | <u>46,083,459</u>             |
| Accounting Policies & Notes on Accounts   | 14              |                               |                               |

Schedules 1 to 8 & 14 referred to above form an integral part of

In terms of our attached Report of even date.

For ALPS & CO.  
Chartered Accountants

A. K. Khetawat  
Partner

Membership No. 052751

2, Lal Bazar Street  
Kolkata - 700 001  
Dated the 8th day of April, 2008

B. R. NAHAR  
G. JAYARAMAN  
P. K. CHAND  
GIRISH SHARMA

Directors



## Profit &amp; Loss Account for the year ended 31st March, 2008

|   | Schedule | For the year ended<br>31st March, 2008 | For the year ended<br>31st March, 2007 |
|---|----------|--|--|
|   |          | Rs.                                    | Rs.                                    |
| INCOME  |          |  |  |
| Sales   | 9        | 587,581                                | 450,802                                |
| Less : Excise Duty  |          | 81,174                                 | 25,363                                 |
|   |          | 506,407                                | 425,439                                |
| Other Income  | 10       | 290,476                                | 1,739,526                              |
|   |          | 796,883                                | 2,164,965                              |
| EXPENDITURE   |          |  |  |
| Decrease in Stock   | 11       | 39,712                                 | 682,213                                |
| Payments to & Provisions for Employees  | 12       | 2,392,256                              | 3,888,695                              |
| Selling, Administration and Other Expenses  | 13       | 1,965,811                              | 2,358,745                              |
|   |          | 4,397,779                              | 6,929,653                              |
| Profit/(Loss) before Depreciation   |          | (3,600,896)                            | (4,764,688)                            |
| Depreciation  |          | 2,840,789                              | 2,901,249                              |
| Profit/(Loss) before Taxation   |          | (6,441,685)                            | (7,665,937)                            |
| Provision for Fringe Benefit Tax  |          | 30,000                                 | 55,250                                 |
| Deferred Tax Assets for the year<br>(Refer note no 9 schedule 14)                         |          | 487,034                                | 427,797                                |
| (Loss) after Taxation   |          | (5,984,651)                            | (7,293,390)                            |
| Balance of profit brought forward from previous year                                      |          | (5,448,477)                            | 1,844,913                              |
| Adjustment for Employees benefit as per AS-15 (Revised)<br>(Refer note no. 6 schedule 14) |          | 2,980,134                              | —                                      |
| Balance Profit / (Loss) carried to Balance Sheet  |          | (8,452,994)                            | (5,448,477)                            |
| Accounting Policies and notes on accounts   | 14       |  |  |
| Basic and Diluted Earning per Share (Rs.)   |          | (1.50)                                 | (1.82)                                 |

Schedules 9 to 14 referred to above form an integral part of the Profit &amp; Loss Account

In terms of our attached Report of even date.

For ALPS & CO.  
Chartered Accountants  
A. K. Khetawat  
Partner  
Membership No. 052751

2, Lal Bazar Street  
Kolkata - 700 001  
Dated the 8th day of April, 2008

B. R. NAHAR  
G. JAYARAMAN  
P. K. CHAND  
GIRISH SHARMA } Directors

## Schedules annexed to and forming part of Balance Sheet as at 31st March, 2008 and Profit and Loss Account for the year ended on that date

|                                   |  | As at 31st March, 2008 | As at 31st March, 2007 |
|-----------------------------------|--|------------------------|------------------------|
|                                   |  | Rs.                    | Rs.                    |
| <b>SCHEDULE 1 : SHARE CAPITAL</b> |  |                        |                        |
|                                   | Authorised   |                        |                        |
| 20,000,000                        | Equity Shares of Rs.10/- each fully paid up  | 200,000,000            | 200,000,000            |
|                                   | Issued, Subscribed & Paid up   |                        |                        |
| 4,000,000                         | Equity Shares of Rs.10/- each fully paid-up  | 40,000,000             | 40,000,000             |
|                                   | (Includes 1,999,650 Equity Shares of Rs. 10/- each fully paid up, issued pursuant to Scheme of Arrangement without payment being received in cash) |                        |                        |
|                                   | (Entire issued capital is held by Birla Corporation Limited & its nominees)  | 40,000,000             | 40,000,000             |

## SCHEDULE 2 : DEFERRED TAX LIABILITIES

(Refer note no. 9 schedule 14)

|  |           |           |
|--|-----------|-----------|
| Deferred Tax Liability as at 1st April, 2007   | 6,083,459 | 6,511,256 |
| Deferred Tax (Assets)/Liabilities for the year | (487,034) | (427,797) |
| Deferred Tax Liabilities (Net)                 | 5,596,425 | 6,083,459 |

## SCHEDULE 3 : FIXED ASSETS

|                               | Gross Block            |                           |   |                        | Depreciation          |                          |   |                       | Net Block              |                        |
|-------------------------------|------------------------|---------------------------|---|------------------------|-----------------------|--------------------------|---|-----------------------|------------------------|------------------------|
| Description                   | As at 31st March, 2007 | Additions during the year | Deductions/ Adjustments during the year | As at 31st March, 2008 | Upto 31st March, 2007 | Provided during the year | Deductions/ Adjustments during the year | Upto 31st March, 2008 | As at 31st March, 2008 | As at 31st March, 2007 |
|                               | Rs.                    | Rs.                       | Rs.                                     | Rs.                    | Rs.                   | Rs.                      | Rs.                                     | Rs.                   | Rs.                    | Rs.                    |
| Building                      | 20,918,972             | —                         | —                                       | 20,918,972             | 7,574,108             | 698,694                  | —                                       | 8,272,802             | 12,646,170             | 13,344,864             |
| Plant & Machinery             | 37,400,408             | —                         | —                                       | 37,400,408             | 21,774,323            | 2,036,047                | —                                       | 23,810,370            | 13,590,038             | 15,626,085             |
| Vehicles                      | 818,294                | —                         | 560,114                                 | 258,180                | 597,995               | 44,464                   | 384,279                                 | 258,180               | —                      | 220,299                |
| Furniture & Office Equipments | 1,306,335              | —                         | —                                       | 1,306,335              | 1,017,450             | 61,584                   | —                                       | 1,079,034             | 227,301                | 288,885                |
| Total                         | 60,444,009             | —                         | 560,114                                 | 59,883,895             | 30,963,876            | 2,840,789                | 384,279                                 | 33,420,386            | 26,463,509             | 29,480,133             |
| Previous Year's Total         | 60,901,829             | —                         | 457,820                                 | 60,444,009             | 28,524,836            | 2,901,249                | 462,209                                 | 30,963,876            | 29,480,133             | —                      |

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**BUDGE BUDGE FLOORCOVERINGS LIMITED**

|   | <u>As at 31st March, 2008</u>  | <u>As at 31st March, 2007</u> |
|---|--|-------------------------------|
|   | Rs.  | Rs.                           |
| SCHEDULE 4 : INVESTMENTS - Other than trade |  |                               |
| UNITS IN MUTUAL FUNDS-UNQUOTED              |  |                               |
| Current                                     |  |                               |
| <i>Units</i>                                |  |                               |
| 28,415.99                                   | Reliance Liquid Fund -Treasury Plan-Retail Option<br>- Growth Option- Growth Plan<br>(55409.307 Units subscribed and 26993.322 Units redeemed during the year) | 524,579                       |
| 1,507.54                                    | Reliance Liquid Plus Fund-Retail Option-Growth Plan<br>(2426.137 Units subscribed and 918.602 Units redeemed during the year)                                  | 1,553,432                     |
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**BUDGE BUDGE FLOORCOVERINGS LIMITED**

|   | <u>As at 31st March, 2008</u> | <u>As at 31st March, 2007</u> |
|---|-------------------------------|-------------------------------|
|   | Rs.                           | Rs.                           |
| <b>SCHEDULE 8 : CURRENT LIABILITIES &amp; PROVISIONS</b>                          |                               |                               |
| Sundry Creditors  |                               |                               |
| For Goods & Expenses  | 635,337                       | 928,905                       |
| For Others  | 31,876                        | 1,843                         |
| Liability for Other Finance   | —                             | 1,525,531                     |
| Trade and Other Deposits<br>(includes Nil for Micro & Small Enterprises PY - Nil) | 50,290                        | 101,299                       |
|   | <u>717,503</u>                | <u>2,557,578</u>              |
| Provision   |                               |                               |
| Provision for FBT   | 190,750                       | 160,750                       |
|   | <u>908,253</u>                | <u>2,718,328</u>              |
|   | <u>For the year ended</u>     | <u>For the year ended</u>     |
|   | <u>31st March, 2008</u>       | <u>31st March, 2007</u>       |
|   | Rs.                           | Rs.                           |
| <b>SCHEDULE 9 : SALES</b>   |                               |                               |
| Finished Goods  |                               |                               |
| Domestic Sales  | 521,375                       | 442,731                       |
|   | <u>521,375</u>                | <u>442,731</u>                |
| Miscellaneous Sales   | 66,206                        | 8,071                         |
|   | <u>587,581</u>                | <u>450,802</u>                |
| <b>SCHEDULE 10 : OTHER INCOME</b>   |                               |                               |
| Interest on Loans & Deposits (Gross)  | 68,303                        | 500,270                       |
| [Tax Deducted at Source Rs. 8,735/-<br>previous year Rs. 112,210/-]               |                               |                               |
| Unspent Liabilities & unclaimed balances written back                             | 2,993                         | 798,291                       |
| Excess Depreciation Written back  | 66,909                        | 142,187                       |
| Profit on Redemption of Units   | 55,116                        | —                             |
| Miscellaneous Income  | 23,127                        | 292,877                       |
| Profit on sale of Raw Materials   | 16,349                        | 5,901                         |
| Dividend Income   | 22,895                        | —                             |
| Sundry Adjustments  | 34,784                        | —                             |
|   | <u>290,476</u>                | <u>1,739,526</u>              |
| <b>SCHEDULE 11 : DECREASE IN STOCKS</b>   |                               |                               |
| Closing Stock :   |                               |                               |
| Materials under Process   | 56,474                        | 96,186                        |
|   | <u>56,474</u>                 | <u>96,186</u>                 |
| Opening Stock :   |                               |                               |
| Materials under Process   | 96,186                        | 778,399                       |
|   | <u>96,186</u>                 | <u>778,399</u>                |
| Net Decrease/(Increase) in Stock  | <u>39,712</u>                 | <u>682,213</u>                |

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**BUDGE BUDGE FLOORCOVERINGS LIMITED**

|  | For the year ended<br>31st March, 2008 | For the year ended<br>31st March, 2007 |
|--|--|--|
|  | Rs.                                    | Rs.                                    |
| <b>SCHEDULE 12 : PAYMENTS TO AND PROVISION FOR EMPLOYEES</b> |  |  |
| Salaries, Wages, Bonus etc.                                  | 1,189,648                              | 1,633,482                              |
| Contribution to Provident and Other Funds                    | 128,252                                | 187,600                                |
| Contribution to Gratuity Fund                                | 520,275                                | 694,471                                |
| Contribution to Superannuation Fund                          | 83,308                                 | 140,558                                |
| Employees' Welfare Expenses                                  | 168,614                                | 332,496                                |
| Exgratia Compensation  | 302,159                                | 900,088                                |
|  | <u>2,392,256</u>                       | <u>3,888,695</u>                       |

**SCHEDULE 13 : SELLING, ADMINISTRATION AND OTHER EXPENSES**

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| Brokerage & Commission on Sales      | 33,802           | 1,562            |
| Transport & Forwarding Expenses      | 20,270           | 6,000            |
| Insurance                            | 146,087          | 220,753          |
| Rent                                 | 75,000           | 75,160           |
| Rates & Taxes                        | 29,403           | 39,088           |
| Advertisement Expenses               | —                | 1,000            |
| Internal Audit Fees                  | 7,500            | 8,915            |
| Audit Fees                           | 12,500           | 14,030           |
| Travelling & Conveyance              | 15,278           | 20,155           |
| Establishment Expenses               | 240,000          | 240,000          |
| Stationery & Printing                | 27,222           | 42,511           |
| Postage & Telephone                  | 49,930           | 101,937          |
| Motor Vehicle Expenses               | 240,352          | 359,843          |
| Law Charges                          | 114,948          | 48,708           |
| General Expenses                     | 132,153          | 213,084          |
| Power & Steam                        | 685,802          | 730,657          |
| Repairs & maintenance to :           |                  |                  |
| Buildings                            | 23,484           | 31,700           |
| Machinery                            | —                | 2,750            |
| Other Assets                         | 20,851           | 26,547           |
| Loss on Sale of Raw Material         | —                | 52,534           |
| Loss on Sale of Stores / Spare Parts | 62,293           | —                |
| Loss on Sale of Fixed Assets         | —                | 33,614           |
| Fees & Subscription                  | 2,250            | 13,154           |
| Sundry Adjustment                    | —                | 67,204           |
| Sales Tax paid                       | 23,140           | 6,299            |
| Other Expenses                       | 3,546            | 1,540            |
|                                      | <u>1,965,811</u> | <u>2,358,745</u> |

**SCHEDULE 14 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****1. Significant Accounting Policies****(a) Basis of Accounting**

The Company prepares its accounts on accrual basis, in accordance with the normally accepted accounting principles, except otherwise stated.

**(b) Revenue Recognition**

Revenue from sale of goods is recognised at the point of despatch to the customers( in case of inland sales) & to shipping agent & receipt of Bill of Lading (in case of export sales). Export benefit entitlements against Advance/Special License is recognised on import of materials / actual sale thereof, as the case may be.

**(c) Fixed Assets**

- i) Fixed Assets are stated at their acquisition cost / purchase price inclusive of duties (Net of cenvat), taxes, incidental expenses, erection and commissioning expenses etc. upto the date asset is put to use.
- ii) Machinery Spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be irregular, are capitalised and depreciated over the residual life of respective assets.

**(d) Depreciation**

Depreciation is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 (as amended).

**(e) Investments**

- i) Long Term Investments are stated at cost. Provision for diminution in value is made if the decline in value is other than temporary in the opinion of the management.
- ii) Current investments are stated at lower of cost or fair value.

**(f) Foreign Currency Transactions**

Foreign Currency Transactions are recorded on the basis of exchange rates prevailing on the date of transaction. Monetary Assets and Liabilities denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at the year end rates. The resulting exchange gains / loss is recognised in the Profit & Loss accounts. In respect of transactions covered by forward exchange contracts, the difference between forward rate and exchange rates at the inception of the contract is recognised as income or expenses over the life of the contract.

**(g) Inventories**

Inventories of Stores & Spare Parts, Raw Materials, Process Stock and Finished Goods are valued at lower of cost or net realisable value. For the purpose of ascertainment of cost, annual weighted average method is followed.

**(h) Employee benefits:**

- i) Employee benefits of short term nature are recognised as expense as and when it accrues;
- ii) Long term employee benefits are recognised as expense based on actuarial valuation;
- iii) Post employment benefits in the nature of defined contribution plans are recognised as expense as and when it accrues and that in the nature of defined benefit plans are recognised as expense based on actuarial valuation;
- iv) Actuarial gains and losses are recognised immediately in the Profit and Loss Account as income or expense.

**(i) Taxation**

Accounting for Taxation is done considering the overall operating Profit and Loss & Financial position of the Company. Further, Provision for Income Tax comprises current tax and deferred tax charge or credit. Deferred tax recognised, subject to consideration of prudence, on timing differences, being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred tax assets are not recognised unless there is 'virtual certainty' that sufficient future taxable income will be available against which such deferred tax assets will be realised.

**(j) Impairment**

Impairment of assets are assessed at each Balance Sheet date and loss is recognised whenever the recoverable amount of an asset is less than its carrying cost.

(k) Contingent Liabilities

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent liabilities and disclosed by way of notes to the accounts.

|   | <u>As at 31st<br/>March, 2008</u> | <u>As at 31st<br/>March, 2007</u> |
|---|-----------------------------------|-----------------------------------|
|   | Rs.                               | Rs.                               |
| 2. Contingent Liabilities not provided for in respect of:   |                                   |                                   |
| (a) Excise duty under dispute   | 413973                            | 413973                            |
| Claim for remission of Excise duty on fire damaged Linoleum is pending before Tribunal.   |                                   |                                   |
| 3. Sales are inclusive of excise duty and net of returns, claims and discounts.   |                                   |                                   |
| 4. The operations of the Company are under "Suspension" since 29th October, 2003.   |                                   |                                   |
| 5. There are no Macro, Small and Medium enterprises to whom the Company owes dues which are outstanding for more than 45 days at the Balance sheet date. The information and that given in the "Current Liabilities Schedule-8" regarding Macro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information with the Company. This has been relied upon by the Auditor. |                                   |                                   |
| 6. In accordance with the revised Accounting Standards 15, i.e Employee Benefits, the requisite disclosures are as under:-  |                                   |                                   |
| a) The amount recognised as expenses for defined contribution plan are as under:  |                                   |                                   |
|   | <u>2007-08</u>                    |                                   |
| Pension Fund  | 37,261                            |                                   |
| Superannuation Fund   | 83,308                            |                                   |
| Deposit Link Insurance  | 2,686                             |                                   |
| Labour Welfare Fund   | 84                                |                                   |
| Employees State Insurance   | 23,866                            |                                   |
| (b) In respect of defined benefit plans, necessary disclosures are as under:  |                                   |                                   |
| (i) Benefits are of the following types:  |                                   |                                   |
| - Every Employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than the provisions of the Payment of Gratuity Act-1972.  |                                   |                                   |
| - Pension is payable to certain categories of employees as per Company's Pension Scheme.  |                                   |                                   |
| - Provident Fund (other than Government Administered) as per the provisions of Employees Provident Fund & Miscellaneous Provisions Act-1952.  |                                   |                                   |
| (ii) The amounts of Gratuity recognised in the balance sheet are as follows:  |                                   |                                   |
| Present value of funded obligations   | 3627615                           |                                   |
| Fair value of plan assets   | <u>5007132</u>                    |                                   |
|   | (1379517)                         |                                   |
| Present value of unfunded obligations   | —                                 |                                   |
| Unrecognised past service cost  | —                                 |                                   |
| Net liability   | <u>—</u>                          |                                   |
| Amounts in the balance sheet:   |                                   |                                   |
| Liabilities   |                                   |                                   |
| Assets  | <u>1379517</u>                    |                                   |
| Net assets  | 1379517                           |                                   |
| a) There is no reimbursement right at the Balance Sheet date.   |                                   |                                   |
| b) Fair value of plan assets does not include any amount for Companies own financial instruments or any property occupied by, or other assets used by, the Company.   |                                   |                                   |

(iii) The amounts recognised in the profit and loss account are as follows:

|   |               |
|---|---------------|
| Current service cost  | 161313        |
| Interest on obligation  | 314611        |
| Expected Return on plan assets                                    | (437616)      |
| Expected Return on any reimbursement right recognised as an asset | —             |
| Net actuarial losses/(gains) recognised during the year           | 481967        |
| Past Service Cost   | —             |
| Losses/(gains) on curtailments and settlements                    | —             |
| Total, included in 'Payments to and Provision for Employees'      | <u>520275</u> |
| Actual return on plan assets                                      | 501318        |

(iv) Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

|   |                  |
|---|------------------|
| Opening defined benefit obligation      | 3932634          |
| Service cost                            | 161313           |
| Interest cost                           | 314611           |
| Actuarial losses/(gains)                | 652802           |
| Losses/(gains) on curtailments          | —                |
| Liabilities extinguished on settlements | —                |
| Benefits paid                           | <u>(1433744)</u> |
| Closing defined benefit obligation      | <u>3627616</u>   |

(v) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

|   |                  |
|---|------------------|
| Liabilities extinguished on settlements | —                |
| Opening fair value of plan assets       | 5271781          |
| Expected return                         | 437616           |
| Actuarial gains/(losses)                | 170835           |
| Contribution by employer                | 560644           |
| Benefits paid                           | <u>(1433744)</u> |
| Closing fair value of plan assets       | <u>5007132</u>   |

a) amount not recognised as an asset, because of the limit prescribed in Accounting Standard - 15 (Revised 2005)  
i.e. Employee Benefits is Rs. 1054743.

(vi) The major categories of plan assets as a percentage of total plan assets are as follows:

|                             |      |
|-----------------------------|------|
| Qualifying insurance policy | 100% |
|-----------------------------|------|

(vii) Principal actuarial assumptions at the balance sheet date are as follows:

|  |                           |
|--|---------------------------|
| Discount rate at 31st March                  | 8.00% p.a.                |
| Expected return on plan assets at 31st March | 8.07% p.a.                |
| Mortality Rate                               | LIC (1994-96) ultimate    |
| Salary escalation                            | 3.11%                     |
| Withdrawal rate                              | 1% to 3% depending on age |



- (viii) The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation. The Gratuity Scheme is invested in a Group Gratuity-cum-Life Assurance Cash accumulation policy offered by Life Insurance Corporation (LIC) of India. The information on the allocation of the fund into major asset classes and expected return on each major class are not readily available. We understand that LIC's overall portfolio of assets is well diversified and as such, the long-term return on the policy is expected to be higher than the rate of return on Central Government Bonds. Historically too, the returns declared by LIC on such policies have been higher than Government bonds yields. As such, the expected return on assets assumption is taken by adding a margin of 0.5% on the current market yield on the Central Government bonds (of term consistent with the term of the liabilities).
- (ix) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- (x) The Company expect not to contribute any amount to its gratuity fund in 2008-09.
- (xi) In respect of Provident Funds in the nature of defined benefits plan, pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability and therefore contributions to those provident funds amounting to Rs.58119/- during the year is recognised as expense and included in ' Payments to and Provision for Employees'.
- (xii) In accordance with the transitional provision of AS-15, an amount of Rs.29,80,134/- has been adjusted as Employees Benefits to the Profit and Loss Account Balance as at April 1, 2007.
- (xiii) Since AS-15 (Revised 2005) on employee benefits has been implemented for the first time, disclosures are given only for the current year.

7. The Company operates in single segment, therefore, Segment Reporting as per AS-17 is not required.

8. a) As defined in Accounting Standard - 18, the Company has related party relationship in nature of control with its holding company namely Birla Corporation Limited since 26-05-2006 and during the year the company has entered into following transactions with Birla Corporation Limited:-

|                                 | <u>2007-08</u>         | <u>2006-07</u>         |
|---------------------------------|------------------------|------------------------|
|                                 | <u>Holding Company</u> | <u>Holding Company</u> |
| Sale of Goods & Services        | 473275                 | 226382                 |
| Purchase of goods & Services    | 685802                 | 631856                 |
| Payment of Misc. Services       | 256246                 | 207820                 |
| Payment of Rent                 | 75000                  | 73573                  |
| Misc. Receipts                  | —                      | 36                     |
| Interest Received               | —                      | 364851                 |
| Balance outstanding at year end |                        |                        |
| Payable                         | 56676                  | 3943                   |
| Receivable                      | —                      | 36                     |

- b) Other related parties with whom transactions have taken place during the year are :-

|                                      |   |
|--------------------------------------|---|
| Key Management Personnel             | Mr. S. K. Chowdhury (Upto 31.08.2007)                   |
| Relative of Key Management Personnel | Mrs. Pratima Chowdhury<br>(Wife of Mr. S. K. Chowdhury) |

|   | <u>2007-08</u> | <u>2006-07</u> |
|---|----------------|----------------|
| Remuneration, Perquisites & Others of Key Management personal | 607794         | 876692         |

9. The Break-up of Deferred Tax Liabilities as on 31st March, 2008 is as follows :-

|   |           |           |
|---|-----------|-----------|
| (A) Deferred Tax Asset                                    |           |           |
| Expenses allowable against taxable income in future years | —         | —         |
| (B) Deferred Tax Liabilities                              |           |           |
| Timing difference in depreciable assets                   | 5,596,425 | 6,083,459 |
|   | 5,596,425 | 6,083,459 |
| Net Deferred Tax Liabilities (B - A)                      | 5,596,425 | 6,083,459 |

10. Quantitative Information of Goods manufactured :

(a) Licensed and Installed Capacity and Production

| Goods        | Unit | Year ended 31st March, 2008 |             |              | Year ended 31st March, 2007 |             |              |
|--------------|------|-----------------------------|-------------|--------------|-----------------------------|-------------|--------------|
|              |      | Capacities                  |             |              | Capacities                  |             |              |
| Manufactured |      | Licensed                    | Installed * | Production** | Licensed                    | Installed * | Production** |
| Linoleum     | Sqm  | 2,527,000                   | 750,000     | 1,568        | 2,527,000                   | 750,000     | 358          |

\* Installed Capacity is as Certified by the Management. However, the above capacity is subject to changes based on variations in product-mix and their thickness etc.

\*\*Recovery from scrap / discarded materials / old stock. ( nil value )

| (b) Sales  | 2007-2008 |         | 2006-2007 |         |
|------------|-----------|---------|-----------|---------|
|            | Quantity  | Value   | Quantity  | Value   |
|            | Sqm       | Rs.     | Sqm       | Rs.     |
| Goods Sold |           |         |           |         |
| Linoleum   | 1,568     | 521,375 | 358       | 135,194 |
| Others     |           | 66,206  |           | 315,608 |
|            |           | 587,581 |           | 450,802 |

(c) Finished Goods Stock

|               | 2007-2008 |       | 2006-2007 |       |
|---------------|-----------|-------|-----------|-------|
|               | Quantity  | Value | Quantity  | Value |
|               | Sqm       | Rs.   | Sqm       | Rs.   |
| Opening Stock |           |       |           |       |
| Linoleum      | 8,869     | —*    | 8,869     | —     |
| Others        |           | —     |           | —     |
|               |           | —     |           | —     |
| Closing Stock |           |       |           |       |
| Linoleum      | 8,869     | —*    | 8,869     | —     |
| Others        |           | —     |           | —     |
|               |           | —     |           | —     |

\* The corresponding amount received from Insurance Company.

11. Value of Imported and Indigenous Raw Materials and Stores, Spare Parts consumed.

|                        | 2007-2008 |                        | 2006-2007 |                        |
|------------------------|-----------|------------------------|-----------|------------------------|
|                        | Value Rs. | % of Total consumption | Value Rs. | % of Total consumption |
| Raw Materials          |           |                        |           |                        |
| Imported               | —         | —                      | —         | —                      |
| Indigenous             | —         | —                      | —         | —                      |
|                        | —         | —                      | —         | —                      |
| Store Spare Parts etc. |           |                        |           |                        |
| Indigenous             | —         | —                      | —         | —                      |
|                        | —         | —                      | —         | —                      |

|   |             |             |
|---|-------------|-------------|
| 12. Earnings in Foreign Currency  |             |             |
| F.O.B. Value of Exports   | INR         | —           |
| 13. Earning per share   |             |             |
| Profit/ (Loss) after taxation as per profit & loss account              | (5,984,651) | (7,293,390) |
| Weighted average number of equity shares outstanding                    | 4,000,000   | 4,000,000   |
| Basic and diluted earnings per share in rupees<br>(face value - Rs. 10) | (1.50)      | (1.82)      |

14. Previous year's figures (including those given in brackets) have been re-arranged and re-grouped where necessary.

15. Cash Flow Statement for the year ended 31.03.08

|   | As on 31.03.08 | (Amount in Rs.)<br>As on 31.03.07 |
|---|----------------|-----------------------------------|
| A. Cash Flow from Operating Activities          |                |                                   |
| Profit Before Tax                               | (6,441,685)    | (7,665,937)                       |
| Adjustments for                                 |                |                                   |
| Depreciation                                    | 2,840,789      | 2,901,249                         |
| Liabilities written back                        | (2,993)        | (798,291)                         |
| Excess Depreciation written back                | (66,909)       | (142,187)                         |
| Profit on Sale of Current Investment            | (55,116)       | —                                 |
| Dividend  | (22,895)       | —                                 |
| Employees benefit as per AS-15 (Revised)        | 2,980,134      | —                                 |
| Loss on sale of fixed assets ( net )            | —              | 27,713                            |
| Interest Received                               | (68,303)       | (500,270)                         |
| Operating Profit before Working Capital Changes | (836,978)      | (6,177,723)                       |
| Adjustments for                                 |                |                                   |
| Inventories                                     | 381,939        | 806,662                           |
| Trade Receivables                               | —              | 180,460                           |
| Investment in Mutual Funds                      | (2,078,011)    | —                                 |
| Loans & Advances                                | (1,276,942)    | 7,578,322                         |
| Trade payable & other liabilities               | (1,837,082)    | (732,581)                         |
| Cash generated from operations                  | (4,810,096)    | 7,832,863                         |
| Adjustment for                                  |                |                                   |
| Direct Taxes                                    | (32,841)       | (50,841)                          |
| Net Cash from operating activities              | (5,679,915)    | 1,604,299                         |
| B. Cash Flow from Investing Activities          |                |                                   |
| Sale of fixed Assets                            | 242,744        | 110,086                           |
| Interest Received                               | 68,303         | 500,270                           |
| Profit on sale of Current Investment            | 55,116         | —                                 |
| Dividend  | 22,895         | —                                 |
|   | 389,058        | 610,356                           |
| Net Increase in Cash And cash equivalents       | (5,290,857)    | 2,214,655                         |
| Cash and Cash equivalents (Opening Balances)    | 5,645,510      | 3,430,855                         |
| Cash and Cash equivalents (Closing Balances)    | 354,653        | 5,645,510                         |

In terms of our attached Report of even date.

For ALPS & CO.  
*Chartered Accountants*

A. K. Khetawat  
*Partner*  
Membership No. 052751

2, Lal Bazar Street  
Kolkata - 700 001  
Dated the 8th day of April, 2008

|   |   |                  |
|---|---|------------------|
| B. R. NAHAR<br>G. JAYARAMAN<br>P. K. CHAND<br>GIRISH SHARMA | } | <i>Directors</i> |
|---|---|------------------|

**BUDGE BUDGE FLOORCOVERINGS LIMITED**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

## I. Registration details

Registration No. 

|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 2 | 1 | 7 | 6 | 6 | 7 | 7 |
|---|---|---|---|---|---|---|

State Code 

|   |   |
|---|---|
| 2 | 1 |
|---|---|

Balance Sheet Date 

|   |   |
|---|---|
| 3 | 1 |
|---|---|

|   |   |
|---|---|
| 0 | 3 |
|---|---|

|   |   |   |   |
|---|---|---|---|
| 2 | 0 | 0 | 8 |
|---|---|---|---|

  
Date Month Year

## II. Capital raised during the year (Amount in Rs. thousands)

Public Issue  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Rights Issue  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Bonus Issue  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Private Placement  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

## III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities  

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 4 | 6 | 5 | 0 | 5 |
|--|--|--|---|---|---|---|---|

Total Assets  

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 4 | 6 | 5 | 0 | 5 |
|--|--|--|---|---|---|---|---|

## Sources of Funds

Paid-up Capital  

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 4 | 0 | 0 | 0 | 0 |
|--|--|--|---|---|---|---|---|

Reserves & Surplus  

|  |  |  |  |  |  |  |   |
|--|--|--|--|--|--|--|---|
|  |  |  |  |  |  |  | 0 |
|--|--|--|--|--|--|--|---|

Secured Loans  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Unsecured Loans  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Deferred tax liability  

|  |  |  |  |   |   |   |   |
|--|--|--|--|---|---|---|---|
|  |  |  |  | 5 | 5 | 9 | 6 |
|--|--|--|--|---|---|---|---|

## Application of Funds

Net Fixed Assets  

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 2 | 6 | 4 | 6 | 4 |
|--|--|--|---|---|---|---|---|

Investments  

|  |  |  |   |   |   |   |
|--|--|--|---|---|---|---|
|  |  |  | 2 | 0 | 7 | 8 |
|--|--|--|---|---|---|---|

Net Current Assets  

|  |  |  |  |   |   |   |   |
|--|--|--|--|---|---|---|---|
|  |  |  |  | 8 | 6 | 0 | 2 |
|--|--|--|--|---|---|---|---|

Misc. Expenditure  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Accumulated Losses  

|  |  |  |  |   |   |   |   |
|--|--|--|--|---|---|---|---|
|  |  |  |  | 8 | 4 | 5 | 3 |
|--|--|--|--|---|---|---|---|

## IV. Performance of Company (Amount in Rs. thousands)

Turnover  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | 5 | 8 | 8 |
|--|--|--|--|--|---|---|---|

Total Expenditure  

|  |  |  |  |   |   |   |   |
|--|--|--|--|---|---|---|---|
|  |  |  |  | 7 | 3 | 2 | 0 |
|--|--|--|--|---|---|---|---|

Other Income  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | 2 | 9 | 0 |
|--|--|--|--|--|---|---|---|

Profit after Tax  

|  |  |  |   |   |   |   |   |   |
|--|--|--|---|---|---|---|---|---|
|  |  |  | ( | 5 | 9 | 8 | 5 | ) |
|--|--|--|---|---|---|---|---|---|

Profit before Tax  

|  |  |  |   |   |   |   |   |   |
|--|--|--|---|---|---|---|---|---|
|  |  |  | ( | 6 | 4 | 4 | 2 | ) |
|--|--|--|---|---|---|---|---|---|

Dividend Rate %  

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Earning per share in Rs.  

|  |  |  |   |   |   |   |   |   |
|--|--|--|---|---|---|---|---|---|
|  |  |  | ( | 1 | . | 5 | 0 | ) |
|--|--|--|---|---|---|---|---|---|

## V. Generic Names of The Principal Products of Company

Item Code (ITC Code)

|  |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|
|  | 5 | 9 | 0 | 4 | . | 1 | 0 |
|--|---|---|---|---|---|---|---|

Product Description

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| L | I | N | O | L | E | U | M | F | L | O | O | R | C | O | V | E | R | I | N | G | S |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

For ALPS &amp; CO.

Chartered Accountants

A. K. Khetawat

Partner

Membership No. 052751

2, Lal Bazar Street

Kolkata - 700 001

Dated the 8th day of April, 2008

B. R. NAHAR  
G. JAYARAMAN  
P. K. CHAND  
GIRISH SHARMA

Directors

## AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF BIRLA CORPORATION LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BIRLA CORPORATION LIMITED, ITS SUBSIDIARIES & ASSOCIATES

We have examined the attached Consolidated Balance Sheet of BIRLA CORPORATION LIMITED, its subsidiaries and associates as at 31st March, 2008, the Consolidated Profit and Loss Account for the year then ended and the cash flow statement for the year ended on that date.

These financial statements are the responsibility of the BIRLA CORPORATION LIMITED'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 prepared, in all material respects, in accordance with an identical financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of four subsidiaries of the Company namely M/s. Birla Jute Supply Co. Ltd. (Formerly Assam jute Supply Co. Ltd.), Lok Cements Ltd., M/s. Budge Budge Floorcoverings Ltd. and Talavadi Cements Ltd. whose financial statements reflect total assets of Rs 1242.97 lacs as at 31st March, 2008 and total revenue of Rs. 244.19 Lacs for the year then ended. and two associates namely M/s. Birla Readymix Pvt. Ltd. and Birla Odessa Industries Pvt. Ltd. having total assets of Rs.1.69 Lacs as at 31st March, 2008 and total revenue of Rs.0.12 Lacs for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to

the amount included in respect of the subsidiaries and certain associates are based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" and other applicable Accounting Standards issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of BIRLA CORPORATION LIMITED, its subsidiaries and associates considered in the consolidated financial statements.

*Attention is invited to Note No. 4 in Schedule 26 regarding certain documents of Durgapur Unit which could not be produced to us for our audit for reasons as stated in the note.*

On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of BIRLA CORPORATION LIMITED, its subsidiaries and associates and read with other notes and in particular note no. 17 in Schedule 26 regarding adjustment of deferred tax liabilities (net) against Securities Premium Account pursuant to an order of Hon'ble Calcutta High Court, 3 & 12, we are of the opinion that:

- (a) the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs as at 31st March, 2008;
- (b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations for the year then ended; and
- (c) the Consolidated Cash flow statement gives a true and fair view, of the cash flows for the year ended on that date.

1-B, Old Post Office Street,  
Place : Kolkata  
Dated the 8th day of May, 2008

For H. P. KHANDELWAL & CO.  
Chartered Accountants  
RAJIV SINGHI  
Partner  
Membership No. 53518

**BALANCE SHEET as at 31st March, 2008**

|  |                 |                               | (Rs. in lacs)                 |
|--|-----------------|-------------------------------|-------------------------------|
|  | <u>Schedule</u> | <u>As at 31st March, 2008</u> | <u>As at 31st March, 2007</u> |
| <b>SOURCES OF FUNDS</b>                            |                 |                               |                               |
| <b>SHAREHOLDERS' FUNDS</b>                         |                 |                               |                               |
| Share Capital                                      | 1               | 7700.89                       | 7700.89                       |
| Reserves and Surplus                               | 2               | <u>92958.24</u>               | <u>59049.86</u>               |
|  |                 | 100659.13                     | 66750.75                      |
| <b>MINORITY INTEREST</b>                           |                 |                               |                               |
| Equity   | 3               | 12.01                         | 12.06                         |
| Non Equity   | 4               | <u>(11.56)</u>                | <u>(12.06)</u>                |
|  |                 | 0.45                          | —                             |
| <b>LOAN FUNDS</b>                                  |                 |                               |                               |
| Secured Loans                                      | 5               | 20601.15                      | 21124.11                      |
| Unsecured Loans                                    | 6               | <u>6624.82</u>                | <u>7141.03</u>                |
|  |                 | 27225.97                      | 28265.14                      |
| <b>DEFERRED TAX LIABILITIES (NET)</b>              | 7               | <u>6726.05</u>                | <u>7527.56</u>                |
| <b>TOTAL</b>                                       |                 | <u>134611.60</u>              | <u>102543.45</u>              |
| <b>APPLICATION OF FUNDS</b>                        |                 |                               |                               |
| <b>FIXED ASSETS</b>                                | 8               |                               |                               |
| Gross Block  |                 | 118537.76                     | 116238.82                     |
| Less: Depreciation                                 |                 | <u>67702.60</u>               | <u>63913.28</u>               |
| Net Block  |                 | 50835.16                      | 52325.54                      |
| Capital Work in Progress                           |                 | 12666.22                      | 715.45                        |
| Preoperative Expenses                              |                 | <u>241.49</u>                 | <u>236.43</u>                 |
|  |                 | 63742.87                      | 53277.42                      |
| <b>INVESTMENTS</b>                                 |                 | 62529.06                      | 41675.55                      |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>          |                 |                               |                               |
| Inventories  | 9               | 20113.43                      | 14331.25                      |
| Sundry Debtors                                     | 10              | 3171.82                       | 2722.43                       |
| Cash and Bank Balances                             | 11              | 3189.87                       | 3503.69                       |
| Loans and Advances                                 | 12              | <u>47183.96</u>               | <u>30223.11</u>               |
|  |                 | <u>73659.08</u>               | <u>50780.48</u>               |
| <b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b> |                 |                               |                               |
| Current Liabilities                                | 13              | 30062.80                      | 24064.76                      |
| Provisions   | 14              | <u>35312.24</u>               | <u>19218.62</u>               |
|  |                 | <u>65375.04</u>               | <u>43283.38</u>               |
| <b>NET CURRENT ASSETS</b>                          |                 | 8284.04                       | 7497.10                       |
| <b>MISCELLANEOUS EXPENDITURE</b>                   |                 |                               |                               |
| (To the extent not written off or adjusted)        | 15              | <u>55.63</u>                  | <u>93.38</u>                  |
| <b>TOTAL</b>                                       |                 | <u>134611.60</u>              | <u>102543.45</u>              |
| Accounting Policies & Notes on Accounts            | 26              |                               |                               |

As per our Report annexed.

For H. P. KHANDELWAL & CO.

*Chartered Accountants*

RAJIV SINGHI

*Partner*

Membership No. 53518

1B, Old Post Office Street,

Kolkata-700 001

Dated the 8th day of May, 2008

GIRISH SHARMA  
*Asst. Vice President (Indirect Taxes)*  
& *Acting Company Secretary*

RAJENDRA S. LODHA

*Chairman*

HARSH V. LODHA

PRACHETA MAJUMDAR

VIKRAM SWARUP

ANAND BORDIA

B. B. TANDON

D. N. GHOSH

B. R. NAHAR

*Directors*

*ED & CEO*

# PROFIT & LOSS ACCOUNT for the year ended 31st March, 2008

|   |          | For the year ended<br>31st March, 2008 | (Rs. in lacs)<br>For the year ended<br>31st March, 2007 |
|---|----------|--|---|
|   | Schedule |  |   |
| INCOME  |          |  |   |
| Sales   | 16       | 199681.90                              | 179443.30   |
| Less: Excise Duty   |          | <u>27201.13</u>                        | <u>22760.37</u>   |
|   |          | 172480.77                              | 156682.93   |
| Other Income  | 17       | <u>3825.16</u>                         | <u>2661.84</u>  |
|   |          | <u>176305.93</u>                       | <u>159344.77</u>  |
| EXPENDITURE   |          |  |   |
| (Increase)/ Decrease in Stocks  | 18       | (2962.40)                              | (415.00)  |
| Raw Materials Consumed  | 19       | 19579.54                               | 16799.20  |
| Purchases of Finished Goods   |          | 110.19                                 | 100.15  |
| Manufacturing Expenses  | 20       | 57513.86                               | 53699.55  |
| Payments to and Provision for Employees   | 21       | 14169.39                               | 12548.76  |
| Selling, Administration and Other Expenses  | 22       | 26517.88                               | 24667.90  |
| Interest  | 23       | 2105.23                                | 1848.67   |
| Share of Loss in associates   | 24       | <u>0.03</u>                            | <u>0.06</u>   |
|   |          | <u>117033.72</u>                       | <u>109249.29</u>  |
| Profit before Depreciation  |          | 59272.21                               | 50095.48  |
| Depreciation  | 25       | <u>4194.42</u>                         | <u>4001.80</u>  |
| Profit before Tax   |          | 55077.79                               | 46093.68  |
| Provision for Current Tax   |          | 15501.67                               | 13412.29  |
| Provision for Deferred Tax (See Note No.17 in Schedule 26)                                    |          | 110.88                                 | —   |
| Provision for Fringe Benefit Tax  |          | 141.30                                 | 132.52  |
| Provision for Deferred Tax - Joint venture  |          | —                                      | (0.17)  |
| Provision for Wealth Tax  |          | <u>4.00</u>                            | <u>3.00</u>   |
| Profit after Tax  |          | 39319.94                               | 32546.04  |
| Minority Interest   |          | <u>0.45</u>                            | <u>(2.56)</u>   |
| Net Profit  |          | 39319.49                               | 32548.60  |
| Accumulated Minority Interest share in loss over its share in equity                          |          | —                                      | (4.48)  |
| Balance brought forward from previous year  |          | 17755.01                               | 13364.13  |
| Adjustment for employees benefits net of deferred tax (See Note No.15(b)(xii) in Schedule 26) |          | <u>1763.90</u>                         | <u>—</u>  |
|   |          | <u>55310.60</u>                        | <u>45908.25</u>   |
| APPROPRIATIONS  |          |  |   |
| Proposed Dividend   |          | 3080.21                                | 2695.19   |
| Corporate Dividend Tax  |          | 523.48                                 | 458.05  |
| General Reserve   |          | 35000.00                               | 25000.00  |
| Balance carried to Balance Sheet  |          | <u>16706.91</u>                        | <u>17755.01</u>   |
|   |          | <u>55310.60</u>                        | <u>45908.25</u>   |
| Weighted average number of Ordinary shares outstanding during the year                        |          | 77005347                               | 77005347  |
| Basic and diluted earnings per share of Rs.10/- each (in Rupees)                              |          | 51.06                                  | 42.27   |
| Accounting Policies & Notes on Accounts   | 26       |  |   |

As per our Report annexed.

For H. P. KHANDELWAL & CO.

Chartered Accountants

RAJIV SINGHI

Partner

Membership No. 53518

1B, Old Post Office Street,

Kolkata-700 001

Dated the 8th day of May, 2008

GIRISH SHARMA  
Asst. Vice President (Indirect Taxes)  
& Acting Company Secretary

RAJENDRA S. LODHA

Chairman

HARSH V. LODHA

PRACHETA MAJUMDAR

VIKRAM SWARUP

ANAND BORDIA

B. B. TANDON

D. N. GHOSH

B. R. NAHAR

Directors

ED & CEO

Schedules annexed to and forming part of the Consolidated Balance Sheet as at  
31st March, 2008 and Consolidated Profit & Loss Account for the year ended on that date

|  |  | (Rs. in lacs)          |                        |
|--|--|------------------------|------------------------|
|  |  | As at 31st March, 2008 | As at 31st March, 2007 |
| <b>SCHEDULE 1 : SHARE CAPITAL</b>          |  |                        |                        |
| Authorised                                 |  |                        |                        |
| 9,00,00,000                                | Ordinary Shares of Rs.10/- each  | 9000.00                | 9000.00                |
| 10,00,000                                  | Preference Shares of Rs.100/- each   | 1000.00                | 1000.00                |
|  |  | <u>10000.00</u>        | <u>10000.00</u>        |
| Issued                                     |  |                        |                        |
| 7,70,13,416                                | Ordinary Shares of Rs.10/- each  | 7701.34                | 7701.34                |
| Subscribed and Paid-up                     |  |                        |                        |
| 7,70,05,347                                | Ordinary Shares of Rs.10/- each fully paid-up  | 7700.53                | 7700.53                |
|  | Add : Forfeited Ordinary Shares  |                        |                        |
|  | (Amount originally paid-up)  | 0.36                   | 0.36                   |
|  |  | <u>7700.89</u>         | <u>7700.89</u>         |
| <b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b> |  |                        |                        |
| Capital Reserves                           |  |                        |                        |
| i)   | Revaluation of Fixed Assets –  |                        |                        |
|  | As per last Account  | 872.78                 | 951.87                 |
|  | Less : Transfer to Profit & Loss Account being<br>difference of depreciation on revalued cost<br>of assets and that on the original cost | <u>28.76</u>           | <u>79.09</u>           |
|  |  | 844.02                 | 872.78                 |
| ii)  | Surplus on amalgamation –  |                        |                        |
|  | As per last Account  | 105.08                 | 105.08                 |
| iii)                                       | On Consolidation   | 213.32                 | 213.32                 |
| iv)  | Others –   |                        |                        |
|  | As per last Account  | 56.60                  | 56.60                  |
|  | Add : Government Grant received during the year  | <u>1.75</u>            | <u>—</u>               |
|  |  | 58.35                  | 56.60                  |
|  | Less : Transferred to Profit and Loss Account  | <u>5.28</u>            | <u>—</u>               |
|  |  | 53.07                  | 56.60                  |
|  |  | <u>1215.49</u>         | <u>1247.78</u>         |
| Securities Premium                         |  |                        |                        |
|  | As per last Account  | 11.23                  | 1244.11                |
|  | Less : Deferred Tax Liability (See Note No. 17 in Schedule 26)   | <u>11.23</u>           | <u>1232.88</u>         |
|  |  | —                      | 11.23                  |
| General Reserve                            |  |                        |                        |
|  | As per last Account  | 40035.84               | 15035.84               |
|  | Add : Transfer from Profit & Loss Account  | <u>35000.00</u>        | <u>25000.00</u>        |
|  |  | 75035.84               | 40035.84               |
| Profit & Loss Account                      |  |                        |                        |
|  |  | <u>16706.91</u>        | <u>17755.01</u>        |
|  |  | <u>92958.24</u>        | <u>59049.86</u>        |



(Rs. in lacs)

As at 31st March, 2008

As at 31st March, 2007

**SCHEDULE 3 : MINORITY INTEREST IN EQUITY**

Talavadi Cements Ltd.

1,20,100 Equity Shares

(2006-07 : 1,20,600) held by

minority having 2.01% (2006-07 : 30%) interest

12.01

12.06

**SCHEDULE 4 : MINORITY INTEREST IN NON-EQUITY**

Talavadi Cements Ltd.

Balance brought forward

(12.06)

(12.06)

Less : Adjustment during the year

(0.05)

(12.01)

—

Share of Profit / (Loss) for the year

0.45

—

(11.56)

(12.06)

**SCHEDULE 5 : SECURED LOANS**

Term Loans –

Rupee Loans from Banks

(Payable within one year Rs. 3127.41, Previous Year Rs. 4096.00)

10304.39

13070.00

Working Capital Borrowings –

Rupee Loans from Banks (Includes working capital demand loan of Rs. 4500.00, Previous Year Rs. 5500.00)

10296.76

8054.11

20601.15

21124.11

Security –

Term Loan of Rs. 8753.74 are secured by first charge and mortgage by deposit of Title Deeds of immovable properties (except certain tenements) and hypothecation of movables (save and except book debts and specific assets), both present and future, pertaining to Company's Cement Division, subject to the prior charges created/to be created in favour of the Company's Bankers on current assets for securing borrowings for working capital requirements.

Term Loan of Rs. 1550.65 is secured by first charge on the immovable properties pertaining to Company's Satna (Madhya Pradesh) and Chanderia (Rajasthan) Cement Units, ranking pari-passu, subject to the prior charges created/to be created in favour of the Company's Bankers on current assets for securing borrowings for working capital requirements.

Working Capital Borrowings are secured by hypothecation of Stores, Stock-in-trade & Book Debts and further by way of second charge on movable and immovable properties of the Cement Division.

|   | (Rs. in lacs)          |                        |
|---|------------------------|------------------------|
|   | As at 31st March, 2008 | As at 31st March, 2007 |
| <b>SCHEDULE 6 : UNSECURED LOANS</b>   |                        |                        |
| Short Term Loans & Advances -   |                        |                        |
| Trade Deposits  | 4475.73                | 4360.37                |
| Staff and Other Deposits  | 520.33                 | 1391.66                |
| From Banks - Under Buyers Credit Arrangement  | 1502.45                | 1262.68                |
| From Others   | 0.25                   | 0.26                   |
|   | <u>6498.76</u>         | <u>7014.97</u>         |
| Other Loans & Advances -  |                        |                        |
| Deferred Payment of Sales Tax<br>(Payable within one year Rs. Nil, Previous year Rs. Nil) | 126.06                 | 126.06                 |
|   | <u>6624.82</u>         | <u>7141.03</u>         |
| <br><b>SCHEDULE 7 : DEFERRED TAX LIABILITIES (NET)</b>                                    |                        |                        |
| Deferred Tax Liabilities  |                        |                        |
| Arising on account of :   |                        |                        |
| Depreciation  | 9013.42                | 8559.30                |
| Others  | —                      | 90.28                  |
|   | <u>9013.42</u>         | <u>8649.58</u>         |
| Less : Deferred Tax Assets  |                        |                        |
| Arising on account of :   |                        |                        |
| Expenditure under Section 43B of Income-tax Act   | 2087.76                | 935.39                 |
| Provision for Doubtful debts  | 199.61                 | 186.63                 |
|   | <u>2287.37</u>         | <u>1122.02</u>         |
| Deferred Tax Liabilities  | <u>6726.05</u>         | <u>7527.56</u>         |

**SCHEDULE 8 : FIXED ASSETS**

| SCHEDULE 8 : FIXED ASSETS    |                                   |                        |                           |   |                                   |                        |                        |                          |   |                        |   |
|------------------------------|-----------------------------------|------------------------|---------------------------|---|-----------------------------------|------------------------|------------------------|--------------------------|---|------------------------|---|
| Description                  | GROSS BLOCK                       |                        |                           |   | DEPRECIATION                      |                        |                        |                          | (Rs. in lacs)                           |                        |   |
|                              | Cost/Value as at 31st March, 2007 | Addition of subsidiary | Additions during the year | Deductions/ Adjustments during the year | Cost/Value as at 31st March, 2008 | Up to 31st March, 2007 | Addition of subsidiary | Provided during the year | Deductions/ Adjustments during the year | Up to 31st March, 2008 | NET BLOCK<br>As at 31st March, 2008<br>As at 31st March, 2007 |
| Goodwill                     | 15.18                             | —                      | 0.05                      | —                                       | 15.23                             | —                      | —                      | —                        | —                                       | —                      | 15.23<br>15.18  |
| Land                         |                                   |                        |                           |   |                                   |                        |                        |                          |   |                        |   |
| Leasehold                    | 1487.93                           | —                      | 18.83                     | —                                       | 1506.76                           | 1196.57                | —                      | 22.00                    | —                                       | 1218.57                | 288.19<br>291.36  |
| Freehold                     | 1818.76                           | —                      | 68.00                     | —                                       | 1886.76                           | —                      | —                      | —                        | —                                       | —                      | 1886.76<br>1818.76  |
| Sub Total:                   | 3306.69                           | —                      | 86.83                     | —                                       | 3393.52 (A)                       | 1196.57                | —                      | 22.00                    | —                                       | 1218.57                | 2174.95<br>2110.12  |
| Buildings                    | 12747.12                          | —                      | 892.41                    | 5.31                                    | 13634.22 (A&C)                    | 6440.25                | —                      | 263.34                   | 2.57                                    | 6701.02 (C)            | 6933.20<br>6306.87  |
| Plant & Machinery            | 95133.53                          | —                      | 1470.41                   | 288.79                                  | 96315.15 (D)                      | 52931.18               | —                      | 3713.45                  | 228.77                                  | 56415.86 (D)           | 39899.29<br>42202.35  |
| Railway Sidings              | 974.83                            | —                      | —                         | —                                       | 974.83                            | 436.90                 | —                      | 30.50                    | —                                       | 467.40                 | 507.43<br>537.93  |
| Vehicles                     | 1323.26                           | —                      | 203.03                    | 44.90                                   | 1481.39                           | 947.17                 | —                      | 62.53                    | 40.10                                   | 989.60                 | 511.79<br>376.09  |
| Furniture & Office Equipment | 2724.88                           | —                      | 161.47                    | 173.66                                  | 2712.69                           | 1961.21                | —                      | 131.38                   | 162.44                                  | 1930.15                | 782.54<br>763.67  |
| Livestock                    | 13.33                             | —                      | 0.98                      | 3.58                                    | 10.73                             | —                      | —                      | —                        | —                                       | —                      | 10.73<br>13.33  |
| Total:                       | 116238.82                         | —                      | 2815.18                   | 516.24                                  | 118537.76                         | 63913.28               | —                      | 4223.20                  | 433.88                                  | 67702.60               | 50835.16<br>52325.54  |
| Capital Work in Progress     |                                   |                        |                           |   |                                   |                        |                        |                          |   |                        |   |
| Total:                       | 116238.82                         | —                      | 2815.18                   | 516.24                                  | 118537.76                         | 63913.28               | —                      | 4223.20                  | 433.88                                  | 67702.60               | 12666.22<br>715.45  |
| Previous year:               | 110310.81                         | 606.47                 | 6755.51                   | 1433.97                                 | 116238.82                         | 59999.90               | 286.57                 | 4080.91                  | 454.10                                  | 63913.28               | 63501.38<br>53040.99  |
|                              |                                   |                        |                           |   |                                   |                        |                        |                          |   |                        | 715.45<br>53040.99  |

(A) Includes Rs.8.85 in Land and Rs. 910.47 in Building under co-ownership basis and also Rs. 0.15 being value of investments in Shares of a Private Ltd. Co.

(B) Includes Rs.02 being depreciation transferred to pre-operative expenses pending allocation.

(C) Includes Rs.24.94 being cost of Silo on lease hold Land and Rs. 9.98 being amortisation thereof up to 31st March, 2008.

(D) Includes Rs.568.13 being cost of flyash handling system on lease hold Land and Rs.227.25 being amortisation thereof up to 31st March, 2008.

(E) Assets of the Cement Division were revalued during the year ended 31.03.85 and that of other units during the year ended 31.03.89 at 'net current value' on the basis of valuation report made by valuers and the amount added on such revaluation was Rs.7367.84 and Rs.2006.35 respectively.

|  | (Rs. in lacs)          |                        |
|--|------------------------|------------------------|
|  | As at 31st March, 2008 | As at 31st March, 2007 |
| <b>SCHEDULE 9 : INVENTORIES</b>  |                        |                        |
| (As valued and certified by the Management)  |                        |                        |
| Stores, Spare Parts etc.   | 9924.12                | 6506.31                |
| Machinery Spares not in regular use  | 224.35                 | 130.11                 |
|  | 10148.47               | 6636.42                |
| Stock-in-Trade -   |                        |                        |
| Finished Goods   | 3511.93                | 2273.79                |
| Raw Materials  | 2412.35                | 3099.10                |
| Materials under Process  | 4040.68                | 2321.94                |
|  | 9964.96                | 7694.83                |
|  | 20113.43               | 14331.25               |
| <b>SCHEDULE 10 : SUNDRY DEBTORS</b>  |                        |                        |
| Debts outstanding for a period exceeding six months  |                        |                        |
| Secured, Considered Good   | 138.31                 | 96.04                  |
| Unsecured, Considered Good (See Note no. 8 in Schedule 26)   | 202.98                 | 198.86                 |
| Other Debts  |                        |                        |
| Secured, Considered Good   | 304.96                 | 243.06                 |
| Unsecured, Considered Good   | 2525.57                | 2184.47                |
|  | 3171.82                | 2722.43                |
| <b>SCHEDULE 11 : CASH AND BANK BALANCES</b>  |                        |                        |
| Cash Balance in hand   |                        |                        |
| (Including Cheques & Drafts in hand Rs. 1598.53, Previous Year Rs. 1684.11)  | 1617.14                | 1705.75                |
| Bank Balances -  |                        |                        |
| With Scheduled Banks -   |                        |                        |
| In Current Accounts  |                        |                        |
| (Including remittances in transit Rs. 875.80, P.Y. Rs. 317.86)   | 1290.72                | 790.33                 |
| " Unpaid Dividend Accounts   | 39.44                  | 18.96                  |
| " Fixed Deposit Accounts   | 242.57                 | 988.65                 |
|  | 1572.73                | 1797.94                |
|  | 3189.87                | 3503.69                |
| <b>SCHEDULE 12 : LOANS AND ADVANCES</b>  |                        |                        |
| (Unsecured, considered good unless otherwise stated)   |                        |                        |
| Advances (recoverable in cash or in kind or for value to be received or pending adjustments) (See Note No. 8 in Schedule 26) |                        |                        |
| To Suppliers of Capital Goods  | 2244.77                | 1858.70                |
| " Employees  | 113.69                 | 113.68                 |
| " Others   | 11109.20               | 8775.17                |
| Advance Income Tax (Including Tax deducted at Source)  | 31205.04               | 16410.63               |
|  | 44672.70               | 27158.18               |
| Interest Receivable  | 44.82                  | 11.50                  |
| Deposits -   |                        |                        |
| Balances with Government Authorities, Public Bodies and Others   | 2466.44                | 3053.43                |
|  | 47183.91               | 30223.11               |

(Rs. in lacs)

|   | As at 31st March, 2008 | As at 31st March, 2007 |
|---|------------------------|------------------------|
| <b>SCHEDULE 13 : CURRENT LIABILITIES</b>  |                        |                        |
| Current Liabilities -   |                        |                        |
| Sundry Creditors -  |                        |                        |
| For Goods   | 2779.39                | 2931.78                |
| For Expenses  | 18518.60               | 14482.88               |
| (Includes Rs. Nil for Micro, Small and Medium Enterprises undertaking, Previous Year Rs. Nil) | 21297.99               | 17414.66               |
| Investor Education and Protection Fund shall be credited by the following amounts namely : #  |                        |                        |
| a) Unpaid and unclaimed Dividends   | 29.35                  | 18.96                  |
| b) Unpaid application money received for allotment of shares and due for refund               | —                      | 0.03                   |
| # No amount was due for deposit as on 31st March, 2008  |                        |                        |
| Other Liabilities   | 8650.18                | 6576.13                |
| Interest accrued but not due  | 85.28                  | 54.98                  |
|   | <u>30062.80</u>        | <u>24064.76</u>        |

**SCHEDULE 14 : PROVISIONS**

|                                |                 |                 |
|--------------------------------|-----------------|-----------------|
| Proposed Dividend              | 3080.21         | 2695.19         |
| Corporate Dividend Tax         | 523.48          | 458.05          |
| Income Tax                     | 31701.92        | 15697.34        |
| Fringe Benefit Tax             | 2.41            | 364.00          |
| Wealth Tax (Net of Taxes paid) | 4.22            | 4.04            |
|                                | <u>35312.24</u> | <u>19218.62</u> |

**SCHEDULE 15 : MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

|                               |              |              |
|-------------------------------|--------------|--------------|
| Deferred Revenue Expenditure  |              |              |
| Structuring Fees on Loans     | —            | 35.89        |
| Voluntary Retirement Payments | —            | 1.86         |
| Others                        | 55.63        | 55.63        |
|                               | <u>55.63</u> | <u>93.38</u> |

|  | For the year ended<br>31st March, 2008 | For the year ended<br>31st March, 2007 |
|--|--|--|
| <b>SCHEDULE 16 : SALES</b>   |  |  |
| Sale of Goods (including Export Sales Rs. 7750.50, Previous Rs. 5078.13) | 197884.99                              | 177822.79                              |
| Own Consumption  | 1156.70                                | 1316.35                                |
| Miscellaneous  | 303.33                                 | 136.71                                 |
| Export Benefits  | 336.88                                 | 167.42                                 |
| – Joint Venture  |  |  |
| Sale of Goods  | —                                      | 0.03                                   |
|  | <u>199681.90</u>                       | <u>179443.30</u>                       |

|  | For the year ended<br>31st March, 2008 | (Rs. in lacs)<br>For the year ended<br>31st March, 2007 |
|--|--|---|
| <b>SCHEDULE 17 : OTHER INCOME</b>  |  |   |
| Income on Investments  |  |   |
| Other than Trade (Gross)   |  |   |
| Interest (Tax deducted at source Rs. Nil, Previous Year Rs. 0.24)  | —                                      | 0.91  |
| Dividend (Including Rs. 17.31 on long term, Previous year Rs. 134.79)  | 1802.70                                | 1221.07   |
| Profit on sale of Investments (Including Rs. 535.31 on long term, P.Y. Rs. 73.67)                                      | 553.52                                 | 253.55  |
|  | 2356.22                                | 1475.53   |
| Interest other than on Investments (Tax deducted at source Rs. 9.55, P.Y. Rs. 25.39)                                   |  |   |
| From Banks   | 23.40                                  | 35.39   |
| " Other than Banks - On Deposits etc.  | 77.88                                  | 76.12   |
|  | 101.28                                 | 111.51  |
| Profit on sale of Fixed Assets (Including profit on sale of assets held for disposal Rs. Nil, Previous year Rs. 45.34) | 28.58                                  | 60.07   |
| Incentives & Subsidies   | 589.02                                 | 457.72  |
| Rent (Tax deducted at source Rs. 1.18, Previous year Rs. 1.00)   | 65.93                                  | 62.93   |
| Excess Liabilities and Unclaimed Balances written back   | 375.95                                 | 214.83  |
| Insurance and Other Claims (Net)   | 64.74                                  | 71.96   |
| Miscellaneous Income (Tax deducted at source Rs. 0.11, Previous year Rs. 0.41)   | 230.86                                 | 176.01  |
| Excess Depreciation written back   | 5.35                                   | 21.74   |
| Supply of Electric Energy  | 7.23                                   | 8.69  |
| - Joint Venture  |  |   |
| Interest (Tax deducted at source Rs. Nil, Previous year Rs. 0.05)  | —                                      | 0.09  |
| Excess Depreciation written back   | —                                      | 0.71  |
| Miscellaneous Income   | —                                      | 0.05  |
|  | 3825.16                                | 2661.84   |
| <b>SCHEDULE 18 : (INCREASE)/ DECREASE IN STOCKS</b>  |  |   |
| Opening Stocks   |  |   |
| Finished Goods   | 2273.79                                | 1994.58   |
| Less : VAT Credit available on Opening Stock   | —                                      | 0.09  |
|  | 2273.79                                | 1994.49   |
| Materials under Process  | 2321.94                                | 2133.50   |
| Less: VAT Credit available on Opening Stock  | —                                      | 0.19  |
|  | 2321.94                                | 2133.31   |
|  | 4595.73                                | 4127.80   |
| Adjustment on acquisition of Joint Venture   | —                                      | 3.89  |
| Closing Stocks   |  |   |
| Finished Goods   | 3511.93                                | 2273.79   |
| Materials under Process  | 4040.68                                | 2321.94   |
|  | 7552.61                                | 4595.73   |
|  | (2956.88)                              | (464.04)  |
| Add : Increase/(Decrease) in Excise Duty & Cess on stocks  | (5.52)                                 | 45.15   |
|  | (2962.40)                              | (418.89)  |
| - Joint Venture  |  |   |
| Opening Stocks   |  |   |
| Materials under Process  | —                                      | 3.89  |
| Closing Stocks   |  |   |
| Materials under Process  | —                                      | —   |
|  | (2962.40)                              | (415.00)  |
| <b>SCHEDULE 19 : RAW MATERIALS CONSUMED</b>  |  |   |
| Opening Stock  | 3032.57                                | 1214.65   |
| Less: VAT Credit available on Opening Stock  | —                                      | 3.29  |
| Less: VAT Credit available on Opening Stock  | 3032.57                                | 1211.36   |
| Add: Purchases   | 18893.96                               | 18690.82  |
|  | 21926.53                               | 19902.18  |
| Less: Sales  | 0.05                                   | 3.88  |
| Closing Stock  | 2346.94                                | 3099.10   |
|  | 2346.99                                | 3102.98   |
|  | 19579.54                               | 16799.20  |

|   | For the year ended<br>31st March, 2008 | (Rs. in lacs)<br>For the year ended<br>31st March, 2007 |
|---|--|---|
| <b>SCHEDULE 20 : MANUFACTURING EXPENSES</b>                     |  |   |
| Stores, Spare Parts and Packing Materials                       | 14684.64                               | 13618.54  |
| Power & Fuel  | 32832.42                               | 30594.66  |
| Royalty & Cess  | 2492.79                                | 2434.35   |
| Repairs to Buildings  | 585.09                                 | 401.48  |
| Repairs to Machinery  | 2057.32                                | 1645.07   |
| Repairs to Other Assets   | 111.12                                 | 88.02   |
| Other Manufacturing Expenses                                    | 4750.48                                | 4917.43   |
|   | <u>57513.86</u>                        | <u>53699.55</u>   |
| <b>SCHEDULE 21 : PAYMENTS TO AND PROVISION FOR EMPLOYEES</b>    |  |   |
| Salaries, Wages, Bonus etc.                                     | 11637.31                               | 9584.38   |
| Contribution to Provident and Other Funds                       | 1276.62                                | 1092.76   |
| Contribution to Gratuity Fund                                   | 400.03                                 | 1020.44   |
| Contribution to Superannuation Fund                             | 305.09                                 | 307.80  |
| Employees Welfare Expenses                                      | 547.32                                 | 532.31  |
| Exgratia Compensation   | 3.02                                   | 9.00  |
| - Joint Venture   |  |   |
| Salaries, Wages, Bonus etc.                                     | —                                      | 1.28  |
| Contribution to Provident and Other Funds                       | —                                      | 0.07  |
| Contribution to Gratuity Fund                                   | —                                      | 0.52  |
| Contribution to Superannuation Fund                             | —                                      | 0.11  |
| Employees Welfare Expenses                                      | —                                      | 0.09  |
|   | <u>14169.39</u>                        | <u>12548.76</u>   |
| <b>SCHEDULE 22 : SELLING, ADMINISTRATION AND OTHER EXPENSES</b> |  |   |
| Brokerage & Commission on Sales                                 | 877.83                                 | 679.57  |
| Transport & Forwarding Expenses (Net)                           | 20162.96                               | 18856.00  |
| Insurance   | 262.42                                 | 302.01  |
| Rent  | 243.53                                 | 237.16  |
| Rates & Taxes   | 1493.40                                | 1385.99   |
| Development Cess on Cement                                      | 39.55                                  | 39.36   |
| Other Expenses  | 2320.29                                | 2253.60   |
| Advertisement   | 372.76                                 | 406.22  |
| Sundry Adjustments (Net)  | 27.78                                  | 161.76  |
| Charity & Donation  | 603.74                                 | 232.15  |
| Auditors' Remuneration -  |  |   |
| Statutory Auditors -  |  |   |
| Audit Fees  | 15.49                                  | 13.01   |
| Tax Audit Fees  | 3.83                                   | 3.29  |
| Travelling Expenses   | 1.61                                   | 0.68  |
| Issue of Certificates   | 8.60                                   | 10.67   |
|   | <u>29.53</u>                           | <u>27.65</u>  |
| Cost Auditors -   |  |   |
| Audit Fees  | 1.65                                   | 1.65  |
| Travelling Expenses   | 0.23                                   | 0.07  |
|   | <u>1.88</u>                            | <u>1.72</u>   |
| Loss on sale/discard of Fixed Assets                            | 36.59                                  | 14.98   |
| Provision for doubtful debts                                    | 38.32                                  | 49.69   |
| Provision for doubtful loans and advances                       | —                                      | 10.85   |
| Directors' Fees & Commission                                    | 7.30                                   | 7.64  |
| -Joint Venture  |  |   |
| Insurance   | —                                      | 0.17  |
| Rates & Taxes   | —                                      | 0.03  |
| Other Expenses  | —                                      | 1.35  |
|   | <u>26517.88</u>                        | <u>24667.90</u>   |

|  |  | (Rs. in lacs)                          |
|--|--|--|
|  | For the year ended<br>31st March, 2008 | For the year ended<br>31st March, 2007 |
| <b>SCHEDULE 23 : INTEREST</b>                    |  |  |
| Interest on Loans, Deposits etc. -               |  |  |
| To Banks on Working Capital Loans                | 564.01                                 | 274.88                                 |
| " Banks and Financial Institutions on Term Loans | 980.90                                 | 1046.27                                |
| " Others   | 560.32                                 | 527.52                                 |
|  | <u>2105.23</u>                         | <u>1848.67</u>                         |
| <b>SCHEDULE 24 : SHARE OF LOSS IN ASSOCIATES</b> |  |  |
| Birla Odessa Industries Pvt. Ltd.                | 0.01                                   | 0.02                                   |
| Birla Readymix Pvt. Ltd.                         | 0.02                                   | 0.04                                   |
|  | <u>0.03</u>                            | <u>0.06</u>                            |
| <b>SCHEDULE 25 : DEPRECIATION</b>                |  |  |
| On Fixed Assets                                  | 4223.18                                | 4078.69                                |
| Less: Transferred from Reserve on Revaluation    | <u>28.76</u>                           | <u>79.09</u>                           |
|  | 4194.42                                | 3999.60                                |
| -Joint Venture                                   |  |  |
| On Fixed Assets                                  | —                                      | 2.20                                   |
|  | <u>4194.42</u>                         | <u>4001.80</u>                         |

**SCHEDULE 26 : ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

**A. Basis of Consolidation**

Birla Corporation Ltd. has prepared the consolidated financial statements in accordance with relevant Accounting Standards issued by the Institute of Chartered Accountants of India.

The consolidated financial statements comprise financial statements of Birla Corporation Limited (the Company), its subsidiaries, associates and joint venture. Uniform accounting policies have been adopted for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

**B. Companies included in Consolidation**

|      | Name of the Company<br>(incorporated in India)                                    | Extent of Shareholding | Relationship  |
|------|---|------------------------|---|
| i)   | Birla Jute Supply Company Limited<br>(formerly Assam Jute Supply Company Limited) | 100.00%                | Subsidiary  |
| ii)  | Talavadi Cements Limited  | 97.99%                 | Subsidiary  |
| iii) | Lok Cements Limited   | 100.00%                | Subsidiary  |
| iv)  | Budge Budge Floorcoverings Ltd.<br>(formerly Birla-DLW Ltd.)                      | 100.00%<br>50.00%      | Subsidiary (from 26.05.06)<br>Joint Venture (upto 25.05.06) |
| v)   | Birla Odessa Industries Pvt. Ltd.   | 48.61%                 | Associate   |
| vi)  | Birla Readymix Pvt Ltd.   | 46.73%                 | Associate   |

**C. Significant Accounting Policies**

These are set out in Schedule 24 under Significant Accounting Policies of financial statements of Birla Corporation Limited.

**D. Notes on Accounts**

**1. Contingent Liabilities not provided for -**

- Bills discounted with Banks remaining outstanding - Rs. 419.59 (Previous Year Rs. 34.77).
- Guarantees and Counter-guarantees (Net) - Rs. 4918.94 (Previous Year Rs. 3891.37).
- Amount of Customs Duty which may have to be paid on account of non-fulfillment of Export Obligation under EPCG Scheme and Duty Exemption (Advance Authorisation) Scheme is Rs. 269.54 and Rs. 202.45 (Previous Year Rs. 434.36 and Rs. 325.55) respectively.
- The Company is liable to contribute up to a maximum of Rs. 0.75 (Previous Year Rs. 0.75) to C.A.C.O. in the event of its being wound-up during the time the Company continues to be its member or within one year thereafter.



SCHEDULE 26 (Contd.)

|   | 2007-08 | 2006-07 |
|---|---------|---------|
| (e) Claims/Disputes/Demands not acknowledged as debts -   |         |         |
| i) Demand notice for levying sales tax on packing material at the rate applicable on cement. The matter is pending before Hon'ble High Court, Chandigarh which has granted interim stay.  | 161.07  | 161.07  |
| ii) Demand notice for excise duty disallowing the tolerance limit in weight of cement in bag. Writ petition has been filed before the Hon'ble High Court, Rajasthan which has granted stay in the matter.   | 148.14  | 144.83  |
| iii) Demand for Water Supply Charges under Rajasthan Irrigation & Drainage Act, 1954. Writ petition has been filed before the Hon'ble High Court, Rajasthan which has granted stay in the matter.   | 147.16  | 147.16  |
| iv) Additional U. P. Sales tax demanded by enhancing the value of cement. The case has been decided by Tribunal in Company's favour. Department has filed revision petition before Hon'ble High Court, Allahabad against order of the Tribunal.   | 146.40  | 146.40  |
| v) Demand for interest on delayed payment of Entry Tax raised by the U.P. Trade Tax Department, Allahabad. Writ petition has been filed before the Hon'ble High Court, Allahabad which has granted stay in the matter.  | 158.46  | 158.46  |
| vi) Cenvat Credit taken on GTA service on the basis of TR - 6 challan disallowed. Appeal filed before the CESTAT, New Delhi and stay granted in the matter.   | 190.94  | 190.94  |
| vii) Dispute in respect of concessional Electricity Duty on captive power generation.   | —       | 284.00  |
| viii) Excise Duty rebate received in earlier year by a Unit of the Company has been protested by the excise authorities before the Hon'ble Supreme Court. The matter has been remitted to the Assistant Commissioner of Central Excise.   | 969.13  | 969.13  |
| ix) Other Claims/Disputes/Demands (being less than Rs.100.00) pending in various legal forums for Railway Freight, Sales Tax, Excise Duty, Interest, Rates & Taxes, E.S.I., Electricity Duty & Surcharge, Electricity Charges, Land Tax and other claims - Rs. 0.50, Rs.330.22, Rs.168.64, Rs.4.14, Rs.105.86, Rs.81.01, Rs. 0.56, Rs.99.15, Rs. Nil and Rs.284.62 (Previous Year Rs.0.50, Rs.205.60, Rs.136.62, Rs.4.14, Rs.100.48, Rs.81.01, Rs.0.56, Rs.99.15, Rs.68.02 and Rs.182.76) respectively.   |         |         |
| 2. Estimated amount of contracts remaining to be executed on Capital Account (Net of advances) and not provided for Rs.6184.01 (Previous Year Rs.7786.54).  |         |         |
| 3. Disputed amount of Rs.68.61[Paid under protest Rs.68.61](PreviousYear Rs.68.61)[Paid under protest Rs.68.61] in respect of difference of Fuel Cost Adjustment Charges, Rs.8.38[Paid under protest Rs.8.38](PreviousYear Rs.Nil)[Paid under protest Rs.Nil] in respect of Railway Freight, Rs.429.21 [Paid under protest Rs.75.00] (Previous Year Rs.417.38 [Paid under protest Rs.75.00] ) in respect of demand of water supply charges, Rs.206.02 [Paid under protest Rs.69.70] (Previous Year Rs.206.02 [Paid under protest Rs.67.70] ) in respect of Surcharge on Electricity, Rs.1201.50 [Paid under protest Rs.516.22] (Previous Year Rs.1201.50 [Paid under protest Rs.516.22] ) in respect of demand of Royalty on limestone including interest thereon, Rs.31.36 [Paid under protest Rs.10.15] (Previous Year Rs.31.69 [Paid under protest Rs.17.14] ) in respect of MODVAT/CENVAT claims, Rs.198.44 [Paid under protest Rs.67.69] (Previous Year Rs.180.77 [Paid under protest 51.99] ) in respect of Sales Tax and Rs.1824.07[Paid under protest Rs.154.75] (Previous Year Rs.3.25 [Paid under protest Rs.3.25] ) in respect of Excise Duty have not been provided for as the matters are subjudice. |         |         |
| 4. Consequent to suspension of operations at Durgapur unit, the accounts have been prepared on the basis of prime books of accounts available on the computer system and other available records and information. Certain supporting documents which remained in factory premises could not be made available for audit. In the opinion of management the financial impact if any may not be material. Necessary adjustments, if required shall be made on review of such records.  |         |         |
| 5. The Company has mortgaged a portion of land at Birlapur and Chanderia as security for subsidies received under Subsidised Housing Scheme for Industrial Workers.   |         |         |
| 6. Capital Work-in-progress includes other expenses during construction for project Rs.0.77 (Previous Year Rs.0.16).  |         |         |
| 7. The amount of borrowing costs capitalised during the year is Rs. 79.14 (Previous Year Rs., 128.95).  |         |         |
| 8. (a) Sundry Debtors, Advances to Employees and Advance to others Rs.442.57, Rs.0.37 and Rs.9.17 (Previous Year Rs.444.11, Rs.0.37 and Rs. 9.17) respectively, are under litigation.   |         |         |
| (b) Sundry Debtors and Advances to Others are net of Provision of Rs.521.46 and Rs.12.29 (Previous Year Rs.439.46 and Rs.12.29 ) respectively.  |         |         |
| 9. Certain Sundry Debtors, Loans and Advances and Creditors are subject to confirmation.  |         |         |
| 10. The company made payments to Micro, Small and Medium Enterprises (MSMEs) as defined in the Micro, Small, Medium Enterprises Development Act, 2006, within the appointed date during the year and there are no MSMEs to whom the Company owes dues on account of principal amount together with interest at the Balance sheet date, hence no additional disclosures have been made.  |         |         |
| The above information and that given in "Current Liabilities-Schedule 13" regarding MSMEs has been determined to the extent such parties have been identified on the basis of information available with the Company.   |         |         |

SCHEDULE 26 (Contd.)

(Rs. in lacs)

11. (a) Outstanding foreign currency booked for the purpose of hedging for receivables are USD 6.50, GBP 0.50 and EUR 0.50 (Previous Year USD 2.63, GBP 0.12 and EUR Nil) and for payables are USD 70.00 (Previous Year USD Nil).
- (b) Unhedged foreign currency receivables are USD Nil and GBP 0.04 (Previous Year USD 5.72 and GBP 0.13) and payables are USD Nil and EUR 2.10 (Previous Year USD 32.05 and EUR Nil).
12. Liability in respect of compensation / penalty, if any, for non - compliance of Jute Packaging Materials (Compulsory use of Packaging Commodities) Act, 1987 up to 30th June, 1997 being unascertainable shall be accounted for as and when settled.
13. Net Gain of Rs.88.43 for the year (Previous Year Net Gain Rs.29.60) on account of exchange difference is included in Miscellaneous Income under Schedule 17.
14. There being uncertainties in realisation from Insurance Claims, the same are accounted for on settlement/realisation.
15. In accordance with the revised Accounting Standard -15 i.e. Employee Benefits, the requisite disclosure are as follows:

- (a) The amount recognised as an expense for the Defined Contribution Plans are as under:

|  | For the year ended<br>31st March, 2008 |
|--|--|
| (i) Provident Fund                     | 51.01                                  |
| (ii) Superannuation Fund               | 305.09                                 |
| (iii) Pension Fund                     | 527.01                                 |
| (iv) Employees State Insurance         | 274.49                                 |
| (v) Employees Deposit Linked Insurance | 34.62                                  |
| (vi) Labour Welfare Fund               | 0.23                                   |

- (b) In respect of Defined Benefits Plans, necessary disclosures are as under-

- (i) Benefits are of the following types:

- Every employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than the provisions of the Payment of Gratuity Act, 1972.
- Pension is payable to certain categories of employees as per Company's Pension Scheme;
- Provident Fund (other than government administered) as per the provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952.

| (ii) The amounts recognised in the Balance Sheet as at 31st March, 2008 are as follows:                         | Gratuity | Pension |
|---|----------|---------|
| Present value of funded obligations   | 7032.46  | —       |
| Fair value of plan assets   | 5669.06  | —       |
| Liabilities in respect of funded obligation   | 1363.40  | —       |
| Present value of unfunded obligations   | —        | 57.45   |
| Unrecognised past service cost  | —        | —       |
| Liabilities in respect of unfunded obligation   | —        | 57.45   |
| Total Liabilities   | 1363.40  | 57.45   |
| (iii) The amounts recognised in the profit and loss account for the year ended 31st March' 2008 are as follows: |          |         |
| Current service cost  | 304.83   | —       |
| Interest on obligation  | 545.75   | 2.06    |
| Expected Return on plan assets  | (381.27) | —       |
| Expected Return on any reimbursement right recognised as an asset   | —        | —       |
| Net actuarial losses/(gains) recognised during the year   | (69.29)  | 49.45   |
| Past service cost   | —        | —       |
| Losses/(gains) on curtailments and settlements  | —        | —       |
| Total, included in 'Payments to and Provision for Employees'  | 400.02   | 51.51   |
| Actual return on plan assets  | 421.71   | —       |

SCHEDULE 26 (Contd.)

|   |                                 |  |             |  |
|---|---------------------------------|--|-------------|--|
| (iv) Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances as at 31st March' 2008 thereof are as follows:  |                                 |  |             |  |
| Opening defined benefit obligation  |                                 | 6821.92  |             | 25.69  |
| Service cost  |                                 | 304.83   |             | —  |
| Interest cost   |                                 | 545.75   |             | 2.06   |
| Actuarial losses/(gains)  |                                 | (21.64)  |             | 49.45  |
| Past service cost   |                                 | —  |             | —  |
| Losses/(gains) on curtailments  |                                 | —  |             | —  |
| Liabilities extinguished on settlements   |                                 | —  |             | —  |
| Benefits paid   |                                 | (618.40)   |             | (19.75)  |
| Closing defined benefit obligation  |                                 | <u>7032.46</u>                                     |             | <u>57.45</u>                                       |
| (v) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances as at 31st March, 2008 thereof are as follows:   |                                 |  |             |  |
| Liabilities extinguished on settlements   |                                 | —  |             | —  |
| Opening fair value of plan assets   |                                 | 4803.08  |             | —  |
| Expected return   |                                 | 381.27   |             | —  |
| Actuarial gains/(losses)  |                                 | 47.63  |             | —  |
| Contribution by employer  |                                 | 1055.48  |             | —  |
| Benefits paid   |                                 | (618.40)   |             | —  |
| Closing fair value of plan assets   |                                 | <u>5669.06</u>                                     |             | <u>—</u>   |
| a) Amount not recognised as an asset, because of the limit prescribed in Accounting Standard - 15 (Revised 2005) i.e. Employee Benefits is Rs. 10.55;   |                                 |  |             |  |
| b) There is no reimbursement right at the balance sheet date;   |                                 |  |             |  |
| c) Fair value of plan assets does not include any amount for Companies own financial instruments or any property occupied by, or other assets used by, the Company.   |                                 |  |             |  |
| (vi) The major categories of plan assets as a percentage of total plan assets are as follows:   |                                 |  |             |  |
| Qualifying insurance policy   |                                 | 100%   |             | —  |
| (vii) Principal actuarial assumptions at the balance sheet date are as follows:   |                                 |  |             |  |
|   | Gratuity                        |  | Pension     |  |
|   | Holding Co.                     | Subsidiary<br>(Budge Budge<br>Floorcoverings Ltd.) | Holding Co. | Subsidiary<br>(Budge Budge<br>Floorcoverings Ltd.) |
| Discount rate at 31st March   | 8.00% p.a.                      | 8.00% p.a.   | 8.00% p.a.  | —  |
| Expected return on plan assets at 31st March  | 8.50% p.a.                      | 8.07% p.a.   | —           | —  |
| Mortality Rate  | LIC (1994-96)<br>ultimate       | LIC (1994-96)<br>ultimate                          | —           | —  |
| Salary escalation   | 5%                              | 3.11%  | —           | —  |
| Withdrawal rate   | 1% to 3%<br>depending<br>on age | 1% to 3%<br>depending<br>on age                    | —           | —  |
| (viii) The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation. The Gratuity Scheme is invested in a Group Gratuity-cum-Life Assurance Cash accumulation policy offered by Life Insurance Corporation (LIC) of India. The information on the allocation of the fund into major asset classes and expected return on each major class are not readily available. We understand that LIC's overall portfolio of assets is well diversified and as such, the long-term return on the policy is expected to be higher than the rate of return on Central Government Bonds. As such, the expected return on assets assumption is taken by adding a margin of 0.5% on the current market yield on the Central Government bonds (of term consistent with the term of the liabilities). |                                 |  |             |  |
| (ix) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.   |                                 |  |             |  |
| (x) The Company expects to contribute Rs. 1000 to its gratuity fund in 2008-09.   |                                 |  |             |  |

SCHEDULE 26 (Contd.)

(Rs. in lacs)

- (xi) In respect of provident funds in the nature of defined benefits plan, pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability and therefore contributions to those provident funds amounting to Rs 382.39 during the year is recognised as expense and included in 'Payments to and Provision for Employees'.
- (xii) In accordance with the transitional provision of AS-15, the additional provision towards Employees Benefits as at April 1, 2007 amounting to Rs. 1763.90 (net of deferred tax of Rs. 923.62) has been adjusted with the opening balance in Profit and Loss Account.
- (xiii) Since AS-15 (Revised 2005) on employee benefits has been implemented for the first time, disclosures are given only for the current year.

16. Sundry Adjustments (Net) include prior periods adjustments Rs. 26.78 [Previous Year Rs.(15.52)], irrecoverable debts and advances written off.
17. In terms of the order dated 23rd December 2003 of the Hon'ble Calcutta High Court, the net deferred tax liability computed in terms of Accounting Standard - 22 i.e., Accounting for taxes on Income amounting to Rs.122.11 (Previous Year Rs.1228.60) out of which Rs 11.23 has been adjusted against the available balance of Securities Premium Account. Consequently, Profit after tax is higher by the said amount and the balance is recognised as Provision for Deferred Tax in Profit & Loss Account.
18. The Company's unit : Soorah Jute Mills, Unit at Durgapur and Company's wholly owned subsidiary Budge Budge Floorcoverings Ltd. are under Suspension of Operations since 29th March, 2004, 11th March,2008 and 29th October, 2003 respectively.
19. Managerial Remuneration is as under :

|                                     | For the year ended<br>31st March, 2008 | For the year ended<br>31st March, 2007 |
|-------------------------------------|--|--|
| Salary & Bonus                      | 26.20                                  | 23.07                                  |
| Contribution to Provident Fund      | 1.94                                   | 1.80                                   |
| Contribution to Gratuity Fund       | 0.73                                   | 1.80                                   |
| Contribution to Superannuation Fund | 2.45                                   | 2.27                                   |
| Perquisites                         | 9.78                                   | 10.78                                  |
|                                     | <u>41.10</u>                           | <u>39.72</u>                           |

20. The undermentioned associate companies have not commenced trading or manufacturing operations. The original cost of investment in the associates is Rs.1.00 including goodwill Rs.0.92 arising on acquisition of the same. The carrying amount of investment in associates is as under-

| Associate Company                 | Share in<br>Equity Capital<br>(%) | Original<br>Cost<br>(a) | Goodwill<br>(Included<br>in cost) | Loss<br>(b)   | Carrying Amount of<br>Investments<br>(a - b) |
|-----------------------------------|-----------------------------------|-------------------------|-----------------------------------|---------------|--|
| Birla Odessa Industries Pvt. Ltd. | 48.61                             | 0.50                    | 0.43                              | (0.15)        | 0.35   |
| Birla Readymix Pvt. Ltd.          | 46.73                             | 0.50                    | 0.49                              | (0.25)        | 0.25   |
| Total                             |                                   | <u>1.00</u>             | <u>0.92</u>                       | <u>(0.40)</u> | <u>0.60</u>                                  |

21. Current year figures are not comparable with the previous year figures to the extent Budge Budge Floorcoverings Ltd., a jointly controlled entity incorporated in India became a wholly owned subsidiary of the Company from 26.05.06.

SCHEDULE 26 (Contd.)

(Rs. in lacs)

22. Segment Reporting

A) Primary Segment Information

|  | 2007-08 |       |        |                                      |        | 2006-07 |       |        |                                      |        |
|--|---------|-------|--------|--------------------------------------|--------|---------|-------|--------|--------------------------------------|--------|
|  | Cement  | Jute  | Others | Inter<br>Segment<br>Elimina-<br>tion | Total  | Cement  | Jute  | Others | Inter<br>Segment<br>Elimina-<br>tion | Total  |
| <b>BUSINESS SEGMENT</b>  |         |       |        |                                      |        |         |       |        |                                      |        |
| Segment Revenue  |         |       |        |                                      |        |         |       |        |                                      |        |
| (a) External Sales   | 158455  | 11668 | 2358   |                                      | 172481 | 142950  | 10472 | 3261   |                                      | 156683 |
| (b) Inter Segment Revenue  | 141     | 12    | 38     | (191)                                | —      | 132     | 46    | 90     | (268)                                | —      |
| Net Sales  | 158596  | 11680 | 2396   | (191)                                | 172481 | 143082  | 10518 | 3351   | (268)                                | 156683 |
| Segment Result   | 56780   | (190) | (164)  |                                      | 56426  | 49166   | (924) | (318)  |                                      | 47924  |
| (Profit before Interest & Tax)   |         |       |        |                                      |        |         |       |        |                                      |        |
| Less : (i) Interest  |         |       |        |                                      | 2105   |         |       |        |                                      | 1849   |
| (ii) Other un- allocable<br>expenditure net off<br>un-allocable income |         |       |        |                                      | (757)  |         |       |        |                                      | (19)   |
| Profit before Tax  |         |       |        |                                      | 55078  |         |       |        |                                      | 46094  |
| Provision for Taxation   |         |       |        |                                      |        |         |       |        |                                      |        |
| Current Tax  |         |       |        |                                      | 15502  |         |       |        |                                      | 13412  |
| Fringe Benefit Tax   |         |       |        |                                      | 141    |         |       |        |                                      | —      |
| Deferred Tax   |         |       |        |                                      | 111    |         |       |        |                                      | 133    |
| Wealth Tax   |         |       |        |                                      | 4      |         |       |        |                                      | 3      |
| Profit after Tax   |         |       |        |                                      | 39320  |         |       |        |                                      | 32546  |
| <b>OTHER INFORMATION</b>   |         |       |        |                                      |        |         |       |        |                                      |        |
| Segment Assets   | 93452   | 6253  | 4552   |                                      | 104257 | 77709   | 3535  | 5043   |                                      | 86287  |
| Common Assets  |         |       |        |                                      | 95674  |         |       |        |                                      | 59447  |
| Total  |         |       |        |                                      | 199931 |         |       |        |                                      | 145734 |
| Segment Liabilities  | 26035   | 1690  | 441    |                                      | 28166  | 22175   | 1134  | 439    |                                      | 23748  |
| Common Liabilities   |         |       |        |                                      | 43935  |         |       |        |                                      | 27063  |
| Total  |         |       |        |                                      | 72101  |         |       |        |                                      | 50811  |
| Capital Expenditure  | 13283   | 767   | 73     |                                      | 14123  | 4263    | 62    | 92     |                                      | 4417   |
| Common Capital Expenditure   |         |       |        |                                      | 643    |         |       |        |                                      | 40     |
| Total  |         |       |        |                                      | 14766  |         |       |        |                                      | 4457   |
| Depreciation   | 3785    | 86    | 294    |                                      | 4165   | 3581    | 89    | 311    |                                      | 3981   |
| Common Depreciation  |         |       |        |                                      | 29     |         |       |        |                                      | 21     |
| Total  |         |       |        |                                      | 4194   |         |       |        |                                      | 4002   |

SCHEDULE 26 (Contd.)

22. Segment Reporting (Contd.)

B) Secondary Segment Information

There are no reportable geographical segments as export turnover is 3.92% (Previous year 3.21%) of the external sales.

C) Other Disclosures

The Company's operations predominantly relate to Cement and other products are Jute Goods, PVC Goods, Auto Trims and Steel Castings. Accordingly, these business segments comprise the primary basis of segmental information set out in these financial statements.

Inter-segment transfers has been accounted for at predetermined prices based on realisable value.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

23. a) Related party relationship as defined in Accounting Standard - 18 :

Joint Venture

Budge Budge Floorcoverings Ltd.  
(upto 25.05.06)

Key Management Personnel

Shri K. C. Mittal, Managing Director (upto 02.08.06)  
Shri Bachh Raj Nahar (w.e.f. 03.08.06)

Relatives of Key Management Personnel

Mrs. Pramila Mittal (wife of Shri K. C. Mittal)  
Mr. Kunal Mittal (Son of Shri K. C. Mittal)  
K. C. Mittal (HUF)

b) During the year, the Company entered into the following related party transactions :

(Rs. in lacs)

|                                    | 2007-2008     |                     |                                   | 2006-2007     |                     |                                   |
|------------------------------------|---------------|---------------------|-----------------------------------|---------------|---------------------|-----------------------------------|
|                                    | Joint Venture | Key Mgmt. Personnel | Relatives of Key. Mgmt. Personnel | Joint Venture | Key Mgmt. Personnel | Relatives of Key. Mgmt. Personnel |
| Purchases of goods/ services       | —             | —                   | —                                 | 0.05          | —                   | —                                 |
| Sale of goods/Services             | —             | —                   | —                                 | 0.64          | —                   | —                                 |
| Payment of interest                | —             | —                   | —                                 | 0.40          | 0.13                | 0.27                              |
| Payment of rent                    | —             | —                   | —                                 | —             | 0.65                | 0.86                              |
| Receipt of rent                    | —             | —                   | —                                 | 0.06          | —                   | —                                 |
| Other receipts/ reimbursement      | —             | —                   | —                                 | 0.05          | —                   | —                                 |
| Remuneration, Perquisites & Others | —             | 41.10               | —                                 | —             | 50.87               | —                                 |
| Balances outstanding at year end   |               |                     |                                   |               |                     |                                   |
| Debtors                            | —             | —                   | —                                 | —             | —                   | —                                 |
| Loans & Deposits taken             | —             | —                   | —                                 | —             | —                   | —                                 |

SCHEDULE 26 (Contd.)

24. Consolidated Cash Flow Statement for the year ended 31st March, 2008

|   | For the year ended<br>31st March, 2008 | For the year ended<br>31st March, 2007 |
|---|--|--|
| <b>A. Cash Flow from Operating Activities</b>                                   |  |  |
| Profit before Tax   | 55077.79                               | 46093.68                               |
| Adjustments for :   |  |  |
| Depreciation  | 4194.42                                | 4001.80                                |
| Investing Activity  | (546.41)                               | (321.03)                               |
| Adjustment for capital subsidy  | (3.53)                                 | —                                      |
| Provision for doubtful debts and loans and advances                             | 38.32                                  | 60.54                                  |
| Excess Liabilities and unclaimed balances written back                          | (375.95)                               | (214.83)                               |
| Unrealised Loss/ (Gain) on Foreign Exchange                                     | (14.23)                                | (9.39)                                 |
| Interest / Dividend   | 201.25                                 | 515.09                                 |
| Miscellaneous expenditure amortised   | 37.75                                  | 258.30                                 |
| Operating Profit before Working Capital Changes                                 | 58609.41                               | 50384.16                               |
| Adjustments for :   |  |  |
| Trade and other receivables   | (487.51)                               | (518.97)                               |
| Inventories   | (5782.18)                              | (3678.42)                              |
| Loans and Advances  | (1747.05)                              | (2588.14)                              |
| Trade payables  | 3618.16                                | (6.53)                                 |
| Cash generated from operations  | 54210.83                               | 43592.10                               |
| Direct Taxes  | (14798.21)                             | (14014.95)                             |
| Net Cash from Operating Activities  | 39412.62                               | 29577.15                               |
| <b>B. Cash Flow from Investing Activities</b>                                   |  |  |
| Purchase of Fixed Assets  | (14691.87)                             | (4332.83)                              |
| Sale of Fixed Assets  | 79.71                                  | 915.84                                 |
| Sale/(Purchase) of Investments (Net)  | (20304.44)                             | (24222.60)                             |
| Retention Money from/(Advances to) Suppliers of Capital Goods                   | (252.47)                               | (2925.93)                              |
| Purchase of shares of Joint Venture   | —                                      | 16.08                                  |
| Interest received   | 67.96                                  | 142.52                                 |
| Dividend received   | 1802.70                                | 1221.07                                |
| Net Cash used in Investing Activities   | (33298.41)                             | (29185.85)                             |
| <b>C. Cash Flow from Financing Activities</b>                                   |  |  |
| Proceeds from Long Term borrowings  | 800.65                                 | 750.00                                 |
| Repayments of Long Term Borrowings  | (3566.25)                              | (2899.00)                              |
| (Repayments)/Proceeds from Short Term Borrowings                                | 1634.49                                | 3276.32                                |
| Interest Paid (Includes interest capitalised Rs.79.14, Previous Year Rs.128.95) | (2154.07)                              | (1988.44)                              |
| Dividend Paid   | (2684.80)                              | (1726.14)                              |
| Corporate Dividend Tax Paid   | (458.05)                               | (243.00)                               |
| Net Cash used in Financing Activities   | (6428.03)                              | (2830.26)                              |
| Net increase in Cash and Cash Equivalents                                       | (313.82)                               | (2438.96)                              |
| Cash and Cash Equivalents (Opening Balance)                                     | 3503.69                                | 5942.65                                |
| Cash and Cash Equivalents (Closing Balance)                                     | 3189.87                                | 3503.69                                |

Notes:

1. Above statement has been prepared in indirect method.
2. Cash and Cash Equivalents consist of Cash in hand and balance with Banks.

SCHEDULE 26 (Contd.)

25. Figures for the previous year have been re-grouped wherever necessary.

Signatures to Schedules 1 to 26

As per our Report annexed.

For H. P. KHANDELWAL & CO.

*Chartered Accountants*

RAJIV SINGHI

*Partner*

Membership No. 53518

1B, Old Post Office Street,  
Kolkata-700 001

Dated the 8th day of May, 2008

GIRISH SHARMA

*Asst. Vice President (Indirect Taxes)*

*& Acting Company Secretary*

RAJENDRA S. LODHA

HARSH V. LODHA

PRACHETA MAJUMDAR

VIKRAM SWARUP

ANAND BORDIA

B. B. TANDON

D. N. GHOSH

B. R. NAHAR

*Chairman*

*Directors*

*ED & CEO*





The 3.97-km-long cross-country 1,200 TPH Belt Conveyor, under installation, for carrying limestone from the quarry to the new circular stacker yard at Satna



The clinker silo and wagon-loading facility at Satna



Shri P S Marwah (right) receiving the Greentech Environment Excellence Award from Greentech Foundation for Satna cement units





An overview of the CCW plant with the newly installed CF Silo Feed Bucket Elevator on the left

Excavation work for the CCW Raw Grinding Vertical Roller Mill



### State-of-the-art facility at Priyamvada Birla Cancer Research Institute, Satna...



The dual-energy linear accelerator, with six electrons, for radio therapy at Priyamvada Birla Cancer Research Institute, Satna. This is the first machine of its kind in Madhya Pradesh.



**Birla Corporation Limited, as part of the M.P. Birla Group, is actively associated with various social and philanthropic activities**

## **Compassion. Care. Cure.**

Birla Corporation Limited had been actively involved in the setting up of the state-of-the-art Priyamvada Birla Aravind Eye Hospital, inaugurated in Kolkata on May 1, 2007

**2007**

*... already doing 1,000 surgeries every month out of which 75% is almost free. More than 50,000 OPD patients have been treated, other than camp patients.*



*Priyamvada Birla Aravind Eye Hospital, Kolkata*

**2008**



*Priyamvada Birla Cancer Research Institute, Satna, Madhya Pradesh*

*"... fine planning, thoughtful execution has given such a beautiful shape to the temple for cancer patients... this centre of excellence." - An esteemed visitor*



*The Brachytherapy Machine at Priyamvada Birla Cancer Research Institute, Satna. This is the first such unit with 40 channels to be installed in Asia.*

In 2008, Birla Corporation Limited has come forward to support the foundation of the Priyamvada Birla Cancer Research Institute, with the state-of-the-art **Linear Accelerator**, at Satna, Madhya Pradesh, carrying forward the latest in cancer care to the backyards of the country, with technical assistance from Tata Memorial Hospital. This facility will serve 9 backward districts, with a population of nearly 3 crores, in Madhya Pradesh, and the neighbouring districts of Uttar Pradesh.





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