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AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
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22ND ANNUAL REPORT 1997-98

Report



Report

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BIHAR CAUSTIC & CHEMICALS LIMITED

Ghanshyam Kunj, Garhwa Road, P.O. Rehla - 822124, District - Palamau (Bihar)

BIHAR CAUSTIC & CHEMICALS LIMITEDCHAIRMAN

Shri G. S. Kang

DIRECTORS

Shri D. P. Mandelia

Shri S. K. Jain

Shri E. S. Kumar, Nominee of IDBI

Shri A. K. Agarwala (Alternate to Shri D. P. Mandelia)

Shri Ashok V. Parekh (Alternate to Shri S. K. Jain)

Shri S. K. Som, Nominee of GIC

Shri H. C. Bhambhani, Nominee of SBI

Shri V. K. Singh

Shri H. V. Lodha

MANAGING DIRECTOR

Shri K. K. Patodia

WHOLE TIME DIRECTOR (TECHNICAL)

Shri P. R. Roy

GENERAL MANAGER (F&C) cum SECRETARY

Shri M. P. Agarwal

BANKERS

State Bank of India

Canara Bank

Uco. Bank

Central Bank of India

American Express Bank Limited

AUDITORS

M/s. M. L. Sharma & Co.,

Chartered Accountants,

Mumbai.

COST AUDITORS

M/s. S. Gupta & Co.,

Calcutta.

REGISTERED OFFICE

"Ghanshyam Kunj"

Garhwa Road, P. O. Rehla,

Dist. Palamau (Bihar)

Phone : (06562) 22582 (Tele-fax) Daltonganj

: (06584) 87211, 87221 Rehla

Fax No. : (06584) 87205

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BIHAR CAUSTIC & CHEMICALS LIMITED
REGISTERED OFFICE
Ghanshyam Kunj, Garhwa Road, P. O. Rehla - 822 124
Distt. Palamau (Bihar)

NOTICE TO THE SHARE HOLDERS,

NOTICE is hereby given that the 22nd Annual General Meeting of Bihar Caustic & Chemicals Limited will be held at the Registered Office of the Company at "Ghanshyam Kunj" Garhwa Road, P. O. Rehla, Distt. Palamau (Bihar) on the 9th September, 1998 (Wednesday), at 4.00 P.M. to transact the following business with or without modification.

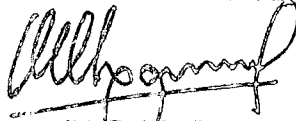
ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 1998 and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri S. K. Jain who retires by rotation, but being eligible, offers himself for re-election.
3. To appoint a Director in place of Shri P. R. Roy who retires by rotation, but being eligible, offers himself for re-election.
4. To sanction the declaration and payment of Dividend on Equity Shares for the year ended 31st March, 1998.
5. To appoint Auditors and to fix their remuneration.

M/s. M. L. Sharma & Co., Chartered Accountants, Mumbai, the Auditors of the Company, retire at the conclusion of this Annual General Meeting and being eligible for re-appointment and for that purpose, to consider and if thought fit, to pass with or without modification the following Resolution proposed as a SPECIAL RESOLUTION.

"RESOLVED that M/s. M. L. Sharma & Co., Chartered Accountants, Mumbai be and are hereby re-appointed as Auditors of the company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company and that the Board of Directors be and is hereby authorised to fix their remuneration for the said period."

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


(M. P. AGARWAL)

GENERAL MANAGER (F & C) cum
SECRETARY

Place : Ghanshyam Kunj,
Garhwa Road,
P. O. Rehla, Distt. Palamau (Bihar)

Dated : 29th June, 1998

NOTES :

1. A Member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member, Proxies in order to be effective, must be received at the Company's Registered Office at Garhwa Road, P. O. Rehla, Distt. Palamau not less than Forty eight hours before this meeting.
2. An explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of item No. 5 of the Notice set out above is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed during the period from 2nd September, 1998 to 9th September, 1998 (both days inclusive).
4. Dividend on Equity Shares when sanctioned will be made payable on or after the 15th October, 1998 to those share holders whose names stand on the Company's Registers of Members as on 9th September, 1998 and dividend warrants will be posted to them.
5. Those members who have so far not encashed their dividend warrants for the financial year ended 31st March, 1995 may claim or approach the Company for the payment as the same will be transferred to the General Revenue Account of the Central Government on or before 24th October, 1998.
6. Pursuant to section 205A of the Companies Act, 1956, all unclaimed dividend for the financial year 1993-94 has been transferred to the General Revenue Account of the Central Government. Shareholders, who have not encashed the dividend warrants for the said period, are requested to claim the amount from the Registrar of Companies, Bihar, Patna.
7. Members are requested to notify immediately any change in their address to the Company.

ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE
COMPANIES ACT, 1956.

Item No. 5

As required under Section 224 of the Companies Act, amended by the Companies (amendment) Act, 1974, M/s. M. L. Sharma & Co., Chartered Accountants, Auditors of the Company, have sent a certificate to the Company stating that their re-appointment, if made, will be in accordance with the limits specified in the section. Further, as required under section 224-A of the Companies Act, 1956, a Special Resolution is necessary for the re-appointment of the Auditors as Bihar State Industrial Development Corporation Limited (BSIDC) (A Govt. of Bihar Undertaking), and/or their nominees, Financial Institutions and Banks hold and/or are likely to continue to hold at the date of the ensuing Annual General Meeting more than 25% of the subscribed Share Capital of the Company.

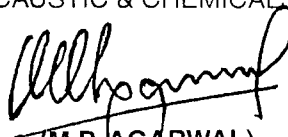
In these circumstances, it is necessary that the re-appointment of Auditors be made by a Special Resolution and accordingly the Resolution for re-appointment of M/s. M. L. Sharma & Co., Chartered Accountants, Mumbai as Auditors of the Company has been commended to your acceptance.

None of the Directors of the company is in any way concerned or interested in this Resolution.

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

Place : Ghanshyam Kunj,
 Garhwa Road,
 P.O. Rehla, Distt. Palamau (Bihar)

Date : 29th June, 1998


 (M.P. AGARWAL)
 GENERAL MANAGER (F & C) cum
 SECRETARY

BIHAR CAUSTIC & CHEMICALS LIMITED

DIRECTORS' REPORT TO THE SHARE HOLDERS

Dear Share holders,

Your Directors are pleased to present their 22nd Annual Report together with the Audited Balance Sheet and the Profit & Loss Account for the year ended 31st March, 1998.

OPERATION & PERFORMANCE

Your Company's performance during the year under review has been satisfactory.

Your Company has set a new high in respect of Caustic Soda production. Production during 1997-98 was 38,976 MT as against production of 37,698 MT in the previous year.

Your Company has also been successful in marketing the increased production, despite unfavourable market conditions resulting from the general industrial slowdown and a supply demand imbalance. Conditions were further aggravated by low priced imports, which were encouraged by the low rates of Import Duty. The consequent and intense domestic and international competition adversely affected the realisations for both Caustic Soda and Chlorine.

Your Directors believe that the proposals contained in the Finance Bill 1998 consider the interests of domestic industry, will curb unnecessary imports and will thereby partially redress the difficulties faced by industry.

FINANCIAL RESULTS

	<u>1997-98</u> <u>(Rs. in lacs)</u>	<u>1996-97</u> <u>(Rs. in lacs)</u>
Gross Turnover	<u>6576.14</u>	<u>7501.92</u>
Gross Profit	515.49	1667.62
Less : Depreciation	<u>115.64</u>	<u>100.27</u>
	399.85	1567.35
Provision for Taxation	<u>111.60</u>	<u>593.00</u>
Profit after tax for the year and available for appropriation	<u>288.25</u>	<u>974.35</u>

APPROPRIATIONS :

Proposed Dividend	140.40	195.00
Tax on Proposed Dividend	14.04	19.50
Transfer to General Reserve	<u>133.81</u>	<u>759.85</u>
	<u>288.25</u>	<u>974.35</u>

DIVIDEND

Your Directors are pleased to recommend for your approval, a Dividend of Rs 1.80 per Equity Share. Dividend on 78,00,000 Equity Shares amounting to Rs. 140.40 Lacs, and a provision for Tax @ 10% of the said Dividend, will result in a total payout of Rs. 154.44 Lacs on this account. The dividend will be paid when approved by you at the Annual General Meeting, in accordance with regulations prevalent at that time.

POWER PLANT & MODERNISATION PROGRAMME

Electricity is a critical input for the production of Caustic Soda and a continuous supply of low cost power is a must for any significant cost reduction by your Company. Retrospective increases in power tariffs in past years have adversely impacted the working of your Company.

Looking to these factors, your Company is installing a 30 MW Captive Thermal Power Plant in the factory premises at Ghanshyam Kunj. Considerable progress has been made on this project during the year under review. Basic designs are nearing completion and letters of Intent for supply of major equipments have been placed. Coal Linkage has been obtained and the Company is in the process of finalising plans for a Captive Railway Siding and other facilities. Various statutory clearances for commencement of civil work have also been obtained. The Power Plant is planned to be commissioned in early 2000. Your company has incurred a sum of Rs. 223.34 lacs upto 31st March, 1998 on the proposed Power Plant.

Your Company's modernisation plans have also progressed well. Works related to replacement of old Anodes by more energy efficient Anodes and installation of balancing equipment to increase productivity have been completed. Your Company has begun to derive the benefits thereof. The remaining modernisation work is progressing satisfactorily.

CONSERVATION OF ENERGY

Power consumption increased marginally during the year under review. The increase resulted from efforts to improve productivity. Your Company is continuing efforts to achieve reduction in power consumption. The details of energy conservation are annexed in Form 'A' and form a part of the Report.

RESEARCH & DEVELOPMENT

Details of Research & Development activities are furnished in annexed Form 'B' as per the requirement of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, and form a part of this Report.

SAFETY, ENVIRONMENTAL PROTECTION & POLLUTION CONTROL

Your Company attaches great importance to Pollution Control and Environmental Protection. Your Directors are pleased to report significant progress in ensuring environmental friendly operations. Your Company places equal emphasis on maintaining high standards of safety and has been successful in establishing a good safety record.

COMMUNITY DEVELOPMENT ACTIVITIES

Your Company continues to believe that discharge of obligations to society is an important function of a corporate entity and is essential for sustained growth. Your Company continues with a number of development activities to bring about an improvement in the quality of life of residents of areas adjoining Garhwa Road. The activities include provision of health care and drinking water. The Company has also contributed generously to local educational institutions and actively encourages sports and cultural events.

HRD & INDUSTRIAL RELATIONS

Your Company continues to make efforts to provide opportunities for a continuous improvement of skills, so as to create an environment which promotes learning and ensures a work place where each employee can give his best. Various measures have been undertaken by the Company for Human Resource Development, and such measures will be increasingly emphasized.

Your Company continues to benefit from extremely cordial Industrial Relations.

FIXED DEPOSITS

No Fixed Deposits remained unclaimed or overdue during the year under review.

AUDITORS' REPORT

Notes on the statement of accounts referred to in the Auditors' Report are self explanatory and therefore, do not call for any further comments under section 217 (3) of the Companies Act; 1956.

DIRECTORS

Consequent to the transfer of Shri T. Nanda Kumar, I. A. S., Bihar State Industrial Development Corporation Limited (BSIDC) has nominated Shri G. S. Kang, I. A. S., as Chairman cum Director on the Board of Directors of your company, w.e.f. 25.10.1997. Your Directors wish to place on record their appreciation of the valuable services rendered by Shri T. Nanda Kumar during his tenure as Chairman of the company, and extend a cordial welcome to Shri G. S. Kang.

Shri S. K. Jain has been nominated by Grasim Industries Limited, as its nominee Director on the Board of Directors of your Company in place of Shri I. H. Parekh. Your Directors place on record their deep regrets at the sad and sudden demise of Shri I. H. Parekh. The Directors also place on record their appreciation of the valuable services rendered by Shri I. H. Parekh during his tenure as Director of the Company. The Directors extend a cordial welcome to Shri S. K. Jain.

Shri V. K. Singh has been nominated by Bihar State Industrial Development Corporation Limited (BSIDC) as its Nominee Director on the Board of Directors of the Company. Shri V. K. Singh replaces Shri K. N. Prasad w.e.f. 3.2.1998. Your Directors wish to place on record their appreciation of the valuable services rendered by Shri K. N. Prasad during his tenure on the Board of Directors. The Directors extend a cordial welcome to Shri V. K. Singh.

The Industrial Finance Corporation of India Limited has withdrawn the nomination of their nominee Director, Shri J. S. Mehrotra from Board of Directors of your company w.e.f. 27.11.1997. The Directors place on record their appreciation of the valuable services rendered by Shri J. S. Mehrotra during his tenure on the Board of Directors of the company.

Shri S. K. Jain and Shri P. R. Roy retire from office by rotation and being eligible, offer themselves for re-appointment in accordance with the requirement of the Companies Act, 1956 and Articles of Association of the Company.

PARTICULARS OF EMPLOYEES

The particulars of employees, as required under Section 217 (2A) of the Companies Act, 1956 are set out in a separate statement attached hereto which forms part of the Report.

COST AUDITORS

Pursuant to the directives of the Central Government under provisions of section 233 B of the Companies Act, 1956, M/s S. Gupta & Co., have been appointed as Cost Auditors to conduct a Cost Audit relating to the Company's product viz., Caustic Soda, for the year ended 31st March, 1998.

STATUTORY AUDITORS

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

APPRECIATION

Your Directors wish to place on record their appreciation of the assistance provided by the Government of Bihar, Bihar State Electricity Board, Bihar State Industrial Development Corporation Limited and various Banks and Financial Institutions. Your Directors also place on record their appreciation of the contribution of the employees of the Company.

For and on behalf of the Board of Directors,

Sd/-
(G. S. KANG)
CHAIRMAN

Place : Ghanshyam Kunj,
Garhwa Road,
P.O. Rehla
Distt. Palamau (Bihar)

Camp : Renukoot,

Dated : 27th day of June, 1998

From - A
(See rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION

Current Year Previous year

1. Electricity

(a) Purchase

Unit (KWH in thousand)	1,23,150	1,18,043
Total amount (Rs. in lacs)	3,578.20	3,382.05
Rate/unit (Rs.) (Average cost)	2.905	2.865

(b) Own generation

(i) Through diesel generator Unit (KWH in thousand)	11.686	6.732
Unit per ltr. of diesel oil	2.828	2.741
Cost/unit (Rs.)	3.533	2.791
(ii) Through steam turbine/generator		
Units	N. A.	N. A.
Units per ltr. of fuel oil/gas	N. A.	N. A.
Cost/units	N. A.	N. A.

2. Coal (Specify quality and where used)

Quantity (Tonnes)	N. A.	N. A.
Total Cost	N. A.	N. A.
Average rate	N. A.	N. A.

3. Furnace Oil

Quantity (K.ltr.)	0.800	3.000
Total amount (Rs. in lacs)	0.060	0.174
Average rate/K. ltr. (Rs.)	7044.03	5792.55

4. Others/internal generation (Please give details)

Quantity	N. A.	N. A.
Total cost	N. A.	N. A.
Rate/unit	N. A.	N. A.

B. CONSUMPTION PER UNIT OF PRODUCTION

	Standards (if any)	Current year	Previous year
		1	2
Products (with details) unit			
Electricity (KWH/MT)	3,250	3,160	3,131
Furnace oil (Ltr./MT)	1.0	0.0002	0.0795
Coal (Specify quality)	---	---	---
Others (Specify)	---	---	---