

25th ANNUAL REPORT 2000-2001

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BIHAR CAUSTIC & CHEMICALS LIMITED

CHAIRMAN

Shri Ashok Kumar

DIRECTORS

Shri A. K. Agarwala

Shri T. G. Mirchandani, Nominee of IDBI

Shri K. K. Maheshwari

Dr. G. L. Yadav

Shri H. V. Lodha

MANAGING DIRECTOR

Shri P. N. Ojha

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,

Distt. Palamau (Jharkhand)

Phone : (06584) 87211, 87221, 87488 (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 (Jharkhand)

NOTICE TO THE SHAREHOLDERS,

NOTICE is hereby given that the 25th 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 (Jharkhand) on the 30th July, 2001 (Monday) at 11.00 A.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, 2001 and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri H. V. Lodha who retires by rotation, but being eligible, offers himself for re-election.
3. To appoint a Director in place of Dr. G. L. Yadav who retires by rotation, but being eligible, offers himself for re-election.
4. 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 Statutory 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 purpose."

SPECIAL BUSINESS

5. To consider and, if thought fit to pass with or without modification the following Resolution as a SPECIAL RESOLUTION.

Appointment of Managing Director

"Resolved that pursuant to the Provisions of Section 269, 198, 309(3), 310 and other applicable Provisions, if any, of the Companies Act, 1956, the Company hereby approves the terms of appointment and remuneration payable to Shri P. N. Ojha, as a Managing Director for a period of five years with effect from 12th September, 2000 subject to approval of IDBI, the lead financial institution and BSIDC (Promoter of the Company) upon the terms and conditions as set out in the draft Agreement expressed to be made between the Company on the one part and the said Shri P. N. Ojha, on the other part, placed before this meeting, a copy of which was initialled by the Chairman for the sake of its identification and which is hereby approved with liberty to the Board of Director to alter and vary the terms and conditions of the said appointment and remuneration in such manner or otherwise and as agreed to by the Directors and acceptable to Shri P. N. Ojha provided that such alterations are not less beneficial to the Company and the stamped engrossment in duplicate, when prepared (with modification, if

any, thereof as aforesaid) be executed in the manner authorised by the Articles of Association of the Company".

"RESOLVED further that the Board of Directors be and is hereby authorised to take such steps as may be necessary or desirable to give effect to this Resolution.

6. Amendment in the Memorandum and Articles of Association.

"Resolved that following Articles of the Articles of Association of the Company be and hereby inserted/alterd".

- A) In the existing Article 1 of the Articles of Association of the Company, after the interpretation of Register but before the interpretation of "Office" the following definitions shall be inserted viz. :

"Depositories Act".

"Depositories Act" shall mean Depositories Act, 1996 or any statutory modification or re-enactment thereof.

"Beneficial Owner"

"Beneficial Owner" shall have the meaning assigned thereto by Section 2 (1) (a) of the Depositories Act, 1996.

"Depository"

"Depository" shall have the meaning assigned thereto by Section 2(1) (e) of the Depositories Act, 1996.

"Shareholder(s)" or "Member(s)"

"Shareholder(s)" or "Member(s)" mean the duly registered holder(s) from time to time of the Share(s) of the Company and includes the subscriber(s) of the Memorandum of the Company and also every person holding Share(s) in the Company and whose name is entered as beneficial owner in the records of the Depository.

- B) Existing Article 2 of the Articles of Association of the Company be and is hereby altered in the following manner :

"2. Save as reproduced herein, the regulations contained in Table "A" in the First Schedule to the Companies Act, 1956 shall not apply to the Company".

- C) That the following new Article 8A be inserted after the existing Article 8. Viz. :

"Option to Dematerialize Securities

8A. Notwithstanding anything contained herein, the Company shall be entitled to dematerialize its Shares, Debentures and other Securities pursuant to the Depositories Act, 1996 and to offer its Shares, Debentures and other Securities for subscription in a dematerialized form. The Company shall further be entitled to maintain a Register of Members/Debenture holders with the details of Members/ Debenture holders' holding of Shares/Debentures both in material and dematerialized form in any media as permitted by law including any form of electronic media.

- D) That the following Article 11A be inserted after the existing Article 11 viz.

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members/Debenture holders as the holder of any Share/Debenture or whose name appears as the beneficial owner of Shares/Debentures in the records of the Depository as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognize any benami trust or equity or equitable, contingent or other claim or interest in such Share/Debenture on the part of any other person whether or not it shall have express or implied notice thereof."

- E) Existing Article 12 of the Articles of Association of the Company be and is hereby altered in the following manner :
- "12. Shares may be registered in the name of any person, Company or other body corporate including any beneficial owner whose name is entered in the records of the Depository. Not more than three persons shall be registered jointly as members in respect of any share."
- F) That the following new Articles 12A and 12B be inserted after existing Article 12.
- 12A. In case a nomination is made by a holder or all joint holders of shares in the manner prescribed under the Act, the company shall, notwithstanding anything contained in these Articles, recognize such nominee on the death of such holder or all such joint holders notwithstanding anything contained in any other law or in any disposition, testamentary or otherwise in accordance with the provisions of the Act.
- 12B. Any person who is a nominee by virtue of the provisions of Section 109A of the Act, upon production of such evidence as the case may be required by the Board, elect, either :
- (a) to be registered himself as holder of the shares or debentures or deposits as the case may be : or
- (b) to make such transfer of shares or debentures, as the deceased shareholder or debenture holder, as the case may be, could have made.
- Such nominee shall give to the Company a notice in writing signed by him giving the details as prescribed and accompanied with the death certificate of the deceased shareholder or debenture holder or deposit holder, as the case may be. The Board may at any time, give notice requiring any such person to elect either to be registered holder himself or to transfer the shares or debentures. If the notice is not complied within ninety days of service of the notice, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the shares or debentures, until the requirements of the notice have been duly complied with.
- G) That the following new Article 47A be inserted after existing Article 47.
- "47A. Every member shall be entitled free of charge to one certificate for all the shares of each class registered in his name, or if the Board so approves to several certificates each for one or more of such shares, but in respect of each additional certificate, the Company shall be entitled to charge a fee of Rs. 2/- or such smaller sum as the Board may determine. Unless the conditions of issue of any shares otherwise provide the Company shall within 3 months after the date of the allotment or within 2 months after the receipt of an application for registration of the transfer of any of its shares, as the case may be, complete and have ready for delivery the certificates of such

shares. Every certificate of shares shall specify the number and denoting numbers of the shares in respect of which it is issued and the amount paid up thereon. The Company shall not be bound to issue more than one certificate to members registered jointly in respect of any share and delivery of a certificate to one of such members shall be sufficient delivery to all such members. Provided however that the provision relating to progressive numbering shall not apply to the shares of the Company which are subject to dematerialization".

- H) That after the existing Article 56, the following new Articles numbered as 56A and 56B be inserted.

"56 A. Nothing contained in Articles 8A, 11A, 47A and 56 shall apply to the transfer of shares, debentures or other marketable securities effected by the transferor and transferee, both of whom are entered as beneficial owner in the records of the Depository".

Applicability of Depositories Act :-

"56B. In case of transfer of shares, debentures or other marketable securities that the Company has not issued any Certificates and where shares and securities are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply.

Provided that in respect of the shares, debentures and other marketable securities held by the Depository on behalf of a beneficial owner as defined in the Depositories Act, Sections 153, 153A, 153B, 187B, 187C and 372 of the Companies Act, 1956, shall not apply".

"Articles 8A, 11A, 47A and 56 not to apply in respect of those shares, debentures, or other marketable securities entered in the records of the Depository".

- I) That after the existing Article 49 the following new Article numbered as 49A be inserted.

"49A. In the case of transfer of Shares where the Company has not issued any Certificate and where such Shares are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply".

- J) That after the existing Article 53 the following new Article numbered as 53A be inserted.

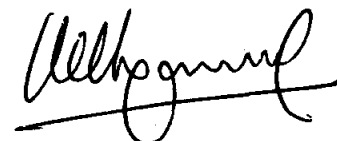
"53A. No transfer shall be made to minor or person of unsound mind, if the shares are not fully paid up."

- K) That after the existing Article 165 the following new Article numbered as 165A be inserted.

"165A. Where the Company has declared a dividend which has not been paid within 30 days from the date of declaration to any share holder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Bihar Caustic & Chemicals Limited" and transfer to the said account, the total amount of dividend which remains unpaid. Any money transferred to the said unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the "Investor Education and Protection Fund". A claim to any money so transferred to the General Revenue Account may be preferred to the Central Government by the shareholders to whom the money is due.

No unclaimed or unpaid dividend shall be forfeited by the 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 (Jharkhand)
Camp : New Delhi**

Dated : 9th May 2001

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 items Nos. 4, 5 & 6 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 24th July, 2001 to 30th July, 2001 (both days inclusive).
4. Pursuant to section 205 of the Companies Act, 1956, all unclaimed dividend for the financial year 1993-94 and 1994-95 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, Maurya Lok Complex, A Block, Western Wing, 4th Floor, Dak Bunglow Road, Patna.
5. In view of the numerous advantages offered by the Depository system, the Members are requested to avail of the facility of dematerialization of their ordinary shares through the depository participants the Company has arrangements with the National Securities Depository Limited, as well as the Central Depository Services (India) Limited, for demate facility. In order to minimise the number of demate accounts to be opened, the Member may wish to go in for transfer/transposition of their shares in such a manner that their holding are in identical names and order. Transfer deed/request for transposition alongwith the share certificates may be sent to the Registered Office of the Company i.e. Bihar Caustic & Chemicals Ltd. Garhwa Road, P.O. Rehla, Palamau (Jharkhand) – 822 124. **The Company also offer transfer cum-demate facility for the convenience of investors.**
6. The Member wishing to retain their holdings in physical form are requested to go in for consolidation/transposition of their holdings to facilitate better service. The request in this regard, alongwith their share certificates, may be sent to the Company's Registered Office.
7. The time limit for transfer from unpaid dividend to the Central Government has been enhanced from three years to seven years, effective October 31, 1998 as per section 205C inserted by clause 12 of the Companies (Amendment) Act, 1999,
8. Members, who have not encashed their dividend warrants for the financial year ended after 31st March, 1996 may claim the unclaimed dividend directly from the Company. The shareholders can sent their request letter directly to the Company.
9. Member 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. 4

As required under Section 224 of the Companies Act, amended by the Companies (amendment) Act, 1974 M/s. M. L. Sharma & Co., Chartered Accountants, Statutory 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 Statutory 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.

Item No. 5

Due to expressing desire by Shri K. K. Patodia not to continue in Bihar Caustic & Chemicals Limited, the co-promoters have nominated Shri P. N. Ojha as Managing Director of the Company with effect from 12th September, 2000. Board of Directors have also accepted the nomination of Shri P. N. Ojha as new Managing Director of the Company for a period of five years with effect from 12th September, 2000 and approved his appointment subject to approval from shareholders. Shri P. N. Ojha is responsible for the Management of the day to day affairs of the Company and will also be required to perform such specific functions and duties as may be assigned to him by the Board of Directors from time to time and are subject to superintendence, control and direction of the Board of the Company. He has considerable experience of implementation of big projects as well as of running chemical plants. The Directors have, therefore, considered in the interest of the Company to appoint Shri P. N. Ojha as Managing Director of the Company for a period of five years with effect from 12th September, 2000. The terms of appointment are contained in the draft Agreement to be placed before the meeting which is open for inspection as stated in the notice.

The material terms of appointment/remuneration payable to Shri P. N. Ojha are as under :-

- a) Salary of Rs. 40,000/- (Rupees Forty thousand only) per month. Annual increment to be released as decided by Board of Directors at appropriate time.
- b) **Perquisites :** Perquisites will be restricted to an amount equivalent to the annual salary as in para (a) above to be reckoned on the basis of actual expenditure or liability incurred by the Company as provided under explanation to section 198 of the Companies Act, 1956, or Rs. 4,80,000/- whichever is less. Within the overall limits, the perquisites that may be allowed by the company and the quantum thereof will be as under :
 - i). a) Company's contribution to provident fund :
Company's contribution towards provident fund as per Rules of the Company.
 - b) Company's contribution to pension/superannuation fund company's contribution towards pension/superannuation fund as per Rules of the company.
 - ii). Gratuity (non interchangeable) : Payable in accordance with an approved fund and which does not exceed one half month's salary for each completed year of service, subject to a ceiling of 20 months salary.

- iii). Medical benefits for self and family (non interchangeable) : Reimbursement of expenses actually incurred, the total cost of which to the company shall not exceed one month's salary in any year or three month's salary in a block of every three years.
- iv). Leave Travel Concessions : For self, wife and dependent children to and fro any place in India once in a year as per rules of the company equivalent to one month salary subject to the conditions that only actual fares and no hotel expenses will be allowed.
- v). Free use of Company's car with Driver : The Monetary value of the perquisites will be evaluated as per rules 3 of the Income Tax Rules, 1962. If needed, access to the Company pool's car will be allowed.
- vi). Personal Accident Insurance to be provided by the Company as per rule.
- vii). Fee of clubs, subject to a maximum of two clubs, provided that no life membership fee or admission fees is paid.
- viii). Telephone connection (not more than two) will be provided at the residence of Shri Ojha. However, all long distance personal calls shall be paid for by Shri Ojha.
- ix). "Earned Leave / Privilege leave, medical leave : As per Rules of the Company". However, leave accumulated but not availed off will be allowed to be encashed as per Company's Rule.
- x). Shri Ojha shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of and for the legitimate business of the Company as may be fixed by the Management Committee of the Company.
- xi). The Managing Director shall not be paid any sitting fee for attending the meeting of the Board of Directors or Committee thereof from the date of his appointment.
- xii). Housing including gas, electricity, water and furnishing (non interchangeable) provided by the Company. House rent as fixed by Statutory Authority or by the Company for the purpose of Income Tax will be deducted from the salary.
- xiii). The expenditure incurred by the Company on gas, electricity, water and furnishing will be evaluated as per Income Tax Rules, 1962. The expenditure will however, be subject to a ceiling of 10% of the salary of the Managing Director.
- xiv). Reimbursement of wages of servant or servants at Company's expenses are not permissible.
- c). Shri Ojha will be paid a special supplementary allowance of Rs. 31,000/- (Rupees thirty one thousand only) per month as a lump sum amount.
- d). In the event of cessation of employment of Shri Ojha for reasons attributable to him during the subsistence of these presents, he shall not be entitled to any remuneration on and from the date of determination of his employment during any financial year under these presents. On account of withdrawal of the nomination by any of the Collaborator Companies, Hindalco, Grasim or PIIC of the Company. Shri Ojha shall not be entitled to any remuneration for the unexpired portion of these presents by the Company.

Subject to the provisions of section 318 of the said Act, the Company shall, in the event of the termination of the appointment of Shri Ojha as its Managing Director prior to the expiry of the said period of five years, by the Company, pay compensation to Shri Ojha equivalent to six month's basic salary as prevailing immediately preceding the date, he ceases to hold office of the Managing Director of the Company.

The terms and conditions can be altered / enhanced / varied from time to time by the Board subject to limits specified in Schedule XIII of the Companies Act, 1956.

Apart from the remuneration, he shall be entitled for reimbursement of all expenses incurred in connection with the business of the company. Shri P. N. Ojha is not liable to retire by rotation.

The above statement may be treated as an abstract of the terms of appointment as Managing Director as made by the Board of Directors and as required under section 302 of the Companies Act, 1956.

The terms of appointment / remuneration set out above are consistent with guidelines of the Central Govt. as in force. Accordingly, the Resolution for appointment of Shri P. N. Ojha as Managing Director is commended to your acceptance.

None of the Directors of the Company except Shri P. N. Ojha is in any way concerned or interested in the Resolution.

Item No. 6

Certain provisions of the Articles of Association pertaining to issue, holding, transfer and other dealings in the shares and other securities, as also issue of certificates, which were framed on the basis of the relevant provisions of the Companies Act, 1956 are being amended and new articles are being inserted in view of the provisions of the Depositories Act, 1996, which have become applicable as a result of the introduction of the Depository system by the Company. The required amendments have to be made so as to give effect to the practical aspects of the Depository system.

Articles 8A, 11A, 47, 47A and 56 of the Articles of Association of the Company state provisions about the certificates of title to shares and duplicate thereof, to be issued under the Common Seal of the Company, issuance of one Certificate free of charge for all the shares of each class registered in the name of the member. Authority of the Board to deal with any application for sub-division or consolidation of number of shares or of certificates for shares of the Company into denomination of less than fifty shares, and the cancellation and issuance of new certificate in lieu of any certificate worn out or defaced, respectively.

Since the Depositories Act, 1996 provides for the dematerialization of share certificates, Articles 8A, 11A, 47, 47A and 56 as stated above do not apply in respect of those shares, debentures or other securities entered in the records of the Depository.

The Directors, in the circumstances, recommend the special resolution in this item of the Notice for the approval of the shareholders. A copy of the existing Articles of Association of the Company will be available for inspection by any Member at the Registered Office of the Company on all working days.

None of the Directors of the Company are concerned or interested in this Resolution.

The amendment in clause 12B of item no. 6 (F) of the Notice is in accordance with the provisions of Section 109B of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1999 as regards nomination of shares.

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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
(Jharkhand).
Camp : New Delhi
Dated : 9th May, 2001