

Ghanshyam Kunj, Garhwa Road, P.O. Reha - 822124, District - Palamau (Jharkhand)

BIHAR CAUSTIC & CHEMICALS LIMITED



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ANNUAL REPORT 2001-2002



26TH

BIHAR CAUSTIC & CHEMICALS LIMITED**CHAIRMAN**

Shri Ashok Kumar

DIRECTORS

Shri A.K.Agarwala

Dr. G.L.Yadav

Shri K.K.Maheshwari

Shri H.V.Lodha

Shri P.Sitaram, IDBI Nominee

Shri Biswajit Choudhuri

Shri P.P.Sharma

MANAGING DIRECTOR

Shri P.N.Ojha

COMPANY SECRETARY

Shri Mahendra Parekh

BANKERS

State Bank of India

Canara Bank

Uco Bank

Central Bank of India

American Express Bank Limited

IDBI Bank Limited

AUDITORS

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

Chartered Accountants,

Mumbai.

COST AUDITORS

M/s.S.Gupta & Co.,

Kolkata.

REGISTERED OFFICE

"Ghanshyam Kunj",

Garhwa Road, P.O. Rehla

Distt. Palamau (Jharkhand)

Phone : (06584) 22211,22221,22488

Fax No.: (06584) 22205

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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 26th 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 26th July, 2002(Friday) at 12.00 Noon to transact the following business with or without modification.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 and the Profit & Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri A.K. Agarwala who retires by rotation, and being eligible, offers himself for re-election.
3. To appoint a Director in place of Shri K.K. Maheshwari who retires by rotation, and being eligible, offers himself for re-election.
4. To appoint Statutory Auditors and to fix their remuneration.

M/s. M.L. Sharma & Co., Chartered Accountants, Mumbai, the Statutory Auditors of the Company, retire at the conclusion of this Annual General Meeting and, being eligible, offer themselves for reappointment and for that purpose, to consider and if thought fit, to pass with or without modification the following Resolution 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."

5. To consider and, if thought fit, to pass with or without modifications as an ordinary resolution, the following :

"Resolved that Mr. P.P. Sharma, who was co-opted as an Additional Director of the Company by the Board of Directors, and who holds office under section 260 of the Companies Act, 1956, until the date of the Annual General Meeting and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

6. To consider and, if thought fit to pass with or without modifications as an ordinary resolution, the following :

"Resolved that Mr. Biswajit Choudhury who was co-opted as an Additional Director of the Company by the Board of Directors, and who holds office under section 260 of the Companies Act, 1956 until the date of the Annual General Meeting and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

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

Mahendra Parekh

Mahendra Parekh
Company Secretary

Place : Ghanshyam Kunj,
Garhwa Road,
P.O. Rehla, Dist, Palamau (Jharkhand)
Camp : Patna
Dated : 14th May, 2002

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the Meeting and the proxy need not be a member of the Company. A proxy may not vote except in a poll. Proxies in order to be effective must be received at the Company's Registered Office at Garhwa Road, P.O. Rehla, Dist. Palamau not less than forty eight hours before the meeting.
2. An explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of items Nos. 4, 5, and 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 2.7.2002 to 5.7.2002 (both days inclusive).
4. (a) Pursuant to Section 205A of the Companies Act, 1956, all dividends upto the financial year 1994-95, which remained unclaimed have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their dividend warrants for the said period, are requested to claim the amount from the Registrar of Companies, Bihar, Maurya Lock Complex, 'A' Block, Western Wing, 4th Floor, Dak Bunglow Road, Patna.
- (b) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividends for the financial year ended 31st March, 1996 and thereafter, which remain unpaid or unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund of the Central Government.

Members who have not encashed the dividend warrants for the financial year ended 31st March, 1996, or any subsequent financial years are requested to make their claim to the Share Department at the Registered Office of the Company. It may also be noted that once the unclaimed dividend is transferred to the Government, as above, no claims shall lie with the Company in respect of such amount.

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 demat facility. In order to minimise the number of demat 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.
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. Members are requested to notify immediately any change in their address to the Company.
8. To avoid the incidence of fraudulent encashment of the warrants, Members are requested to intimate the Company under the signature of the Sole/First Joint holder, the following information, so that the Bank Account Number and Name and address of the Bank can be printed on the Dividend Warrants:-
 - 1) Name of Sole/first Joint holder and Folio No.
 - 2) Particulars of Bank Account, viz.
 - i) Name of the Bank
 - ii) Name of Branch
 - iii) Complete address of the Bank with Pincode Number
 - iv) Account Type, whether Savings (SB) or Current Account (CA)
 - v) Bank Account Number allotted by the Bank.
9. As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available to **INDIVIDUALS** holding shares in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Department of the Company.
10. Non-resident Indian Shareholders are requested to inform the Company immediately :
 - a) The change in the Residential status on return to India for permanent settlement.
 - b) The particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.

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

Item No. 4

As required under the provisions of Section 224 of the Companies Act, 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 Statutory 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 for your acceptance.

None of the Directors of the Company are interested in this resolution.

Item No.5

Mr. P.P. Sharma was co-opted as an Additional Director of the Company with effect from 30th January 2002, pursuant to section 260 of the Companies Act, 1956. Mr. P.P. Sharma holds Office of Director upto the date of the ensuing Annual General Meeting. The Company has received Notice in writing from a Member alongwith a deposit of Rs.500/- (Rupees five hundred only) proposing the candidature of Mr. P.P. Sharma for the Office of Director under the provisions of section 257 of the Companies Act, 1956.

None of the Directors of the Company other than Mr. P.P. Sharma are interested in this resolution.

Item No.6

Mr. Biswajit Choudhuri was co-opted as an Additional Director of the Company with effect from 30th January 2002 pursuant to section 260 of the Companies Act, 1956. Mr. Biswajit Choudhuri holds Office of Director upto the date of ensuing Annual General Meeting. The Company has received Notice in writing from a Member alongwith a deposit of Rs.500/- (Rupees five hundred only) proposing the candidature of Mr. Biswajit Choudhuri for the Office of Director under the provisions of section 257 of the Companies Act, 1956.

None of the Directors of the Company other than Mr. Biswajit Choudhuri are interested in this resolution.

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



**Mahendra Parekh
Company Secretary.**

Place : Ghanshyam Kunj,
Garhwa Road,
P.O. Rehla, Distt. Palamau
Jharkhand.

Camp : Patna.
Dated : 14th May 2002.

BIHAR CAUSTIC & CHEMICALS LIMITED**DIRECTORS' REPORT TO SHAREHOLDERS**

Dear Shareholders,

Your Directors take pleasure in presenting the 26th Annual Report together with the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2002.

FINANCIAL PERFORMANCE :

	2001-2002 (Rs. in lacs)	2000-2001 (Rs. in lacs)
Gross Turnover	9078.15	8621.95
Gross Profit/ (Loss)	1359.97	(177.52)
Less : Depreciation	721.89	269.42
Profit before Tax	638.08	(446.94)
Provision for taxation	19.31	0.16
Deferred Tax (Net)	225.85	-
Profit/(Loss)after Tax	392.92	(447.10)
Adjustment of Taxes for earlier years	(7.70)	-
Balance profit available for appropriation	385.22	(447.10)

APPROPRIATIONS :

Transferred to General Reserve	385.22	(447.10)
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DIVIDEND:

Due to inadequacy of profit, no dividend for the year was recommended.

OPERATIONS:

During the year under Report, your Company earned revenue of Rs.9078 lacs and recorded a net profit of Rs.393 lacs. Revenue growth recorded during the year was 5.29% and profit after tax improved by 188%.

CAUSTIC SODA PLANT :

During the year your Company achieved a highest ever production of **44256 MT** of Caustic soda as against 44,005 MT of Caustic soda during the previous year. This was made possible because of optimization of capacity and implementation of stringent controls over costs and quality and uninterrupted power supply through our own Captive Power Plant.

The global slowdown which was prevalent throughout the last calendar year had its adverse impact on the Indian economy and almost all Industries were impacted thereby.

Chlor-Alkali Industry was not an exception and was also adversely affected due to recessionary trends prevailing in the Industry. Lower off-take from the consuming industries and continued pressure on the price front would have affected the working of your Company severely but by adopting prudent marketing policies and savings in power cost due to captive power generation, your Company was able to sail through this crisis and keep its head above the water level.

Your Directors wish to place on record their appreciation for the support and co-operation extended by Hindalco Industries Limited during the adverse market conditions prevailing throughout the year.

CAPTIVE POWER PLANT :

With the successful commissioning of Power Plant in September 2000 and Commercial generation having started from 1st January 2001, the Power Plant has been functioning smoothly and that too without any interruption during the year except for annual shutdown.

Being the first full year of operations, the Plant has shown excellent operational efficiency. The annual shut down for repair & maintenance was completed in 17 days, which normally takes 25 to 30 days.

An Agreement has also been entered into with JSEB for synchronous operation of CPP with JSEB system and sale of surplus power. Our own Railway siding has also been commissioned during the year which is giving us substantial savings in logistics and handling cost of salt, coal and caustic soda. Your Company has also entered into an Agreement with Central Coalfields Limited for supply of coal for a period of 10 years.

MODERNISATION /EXPANSION :

Considering the current growth and expansion plans of our major customers, your Company is weighing the possibility of increasing the caustic production through modernization and technological up gradation. Due consideration will be given to international caustic soda prices and expected future trends in prices.

FUTURE OUTLOOK :

With Globalization and rationalization of import duties, domestic caustic soda prices are showing steep downward trend. We expect that better chlorine realizations will do the balancing act in maintaining the current ECU realizations. Due to installation of our own Captive Power plant, we have been able to achieve a major cost reduction and in a highly competitive market, we expect to reap the fruits of the same. The world economy is gradually coming out of recessionary trends and its effect being felt in our industries, we expect a positive outlook for your Company in the future ahead.

ENERGY CONSERVATION :

Your Company has been paying adequate attention to conservation of energy. Details regarding the present consumption including Captive generation are furnished in Annexure "A" as per requirement of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

RESEARCH & DEVELOPMENT :

Details of Research & Development activities are furnished in Annexure '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.

CERTIFICATION UNDER ISO 9001-2000 AND 14001-1996 :

Yours Directors are pleased to inform that your Company has been awarded ISO 9001-2000 and 14001-1996 Certification by M/s. DNV. This is a unique achievement by the dedicated employees of your Company.

AWARD :

During the year, Indira Gandhi Memorial National Award 2000-01 conferred Gold Medal Award to your Company for excellent Pollution Control implementation.

COMMUNITY DEVELOPMENT ACTIVITIES

Your Company continued to undertake various developmental activities to improve the quality of life of people residing in the vicinity of its operations. The activities focused on providing healthcare, safe drinking water, micro lift irrigation through Hydrel Tower. In addition, your Company continues to support educational institutions and encourage sports and cultural events. Your Company has formed **BCCL Jan Seva Trust** for expanding its social welfare activities. In discharging its obligations to society, your Company has generated considerable goodwill in town and villages around its factory and even in interior remote villages where some exemplary work has been done by the Trust.

FIXED DEPOSITS :

During the last three years, the Company has not accepted and/ or renewed any fresh Fixed Deposits. There were no overdue deposits as on 31st March, 2002.

DEMATERIALISATION OF SHARES :

The equity shares of the company are being compulsorily traded in the dematerialised form for all investors w.e.f. 27th Nov.2000. The company has already signed an Agreement with NSDL and CDSL and its equity shares are available for dematerialisation vide ISIN No. INE 605 B01016.

RAISING OF RESOURCES :

As envisaged in the means of finance in the Loan Agreement with IDBI, the Board in its meeting decided to raise the resources by way of issue of additional Equity Shares on a Rights basis. The Rights-Issue was approved for issuing 1,56,00,000 Equity shares of Rs.10/- each at par in the ratio of 2(two) shares for each share held in the Company. The funds raised through Rights-Issue will help Company to meet its balance power project work and pay out the liabilities for the work already done for Power project.

CORPORATE GOVERNANCE :

With increasing globalization, there has been a renewed thrust on Corporate Governance in India. Corporate Governance is a road map which guides and directs the Board of Directors to govern the affairs of the Company in a manner most beneficial to all - the Shareholders, the Creditors, the Government and the Society at large. The Regulator has raised the standard of Corporate Governance of listed companies. SEBI has introduced a new clause - clause 49 of the Listing Agreement incorporating the recommendations of Kumar Mangalam Birla Committee on Corporate Governance.

Adoption of good Corporate practices is a pre-requisite for the success of any Organisation in this highly competitive environment. With regard to your Company, these recommendations were to be complied with within the financial year 2001-02 but not later than 31st March 2002 and in view thereof, the Board in its Meeting held on 30th January, 2002 formed the necessary Committees and recast the Board according to the said requirements.

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :

Company has adopted the following philosophy on Code of Corporate Governance :

- To ensure the integrity, transparency and compliance with laws in all dealings with government, customers, suppliers, employees and other stakeholders;
- To ensure that the quantity, quality and frequency of financial and managerial information, which management shares with the Board, fully places the Board members in control of the Company's affairs;
- To ensure that the decision making is transparent and documentary evidence is traceable through the minutes of the Meetings of the Board.

BOARD OF DIRECTORS:

In order to comply with the requirements of composition of the Board, 2(two) new Independent Directors have been inducted in the Board.

The details of the Directors appointed are given hereunder :

Sl. No.	Name of the Director	Age	Qualification	Experience	Other Directorship/Committee Member
1.	Shri P.P. Sharma	54 years	I.A.S.	32 years vast experience in different Govt. Departments. Presently holding the position of Secretary & Commissioner, Institutional Finance, Govt. of Jharkhand.	Bihar Sponge Iron Limited -Director
2.	Shri Biswajit Choudhuri	60 years	B.Tech (Hons) FIIB, C.Eng., MIEE (Lond) F.I.I. Prod.E	39 years vast experience in Industrial as well as Financial sector. Retired from United Bank of India, holding the position of Chairman and Managing Director.	Nil