



27TH ANNUAL REPORT 2002 - 2003

OATH OF WCM WAY OF LIFE



BIHAR CAUSTIC & CHEMICALS LIMITED

Chandivari Kuni, Gathwa Road
P.O. Bahda - 800 194
Dist. Patna - Bihar, India

BIHAR CAUSTIC & CHEMICALS LIMITED

CHAIRMAN

Shri Ashok Kumar

DIRECTORS

Shri A.K. Agarwala

Dr. G. L. Yadav

Shri K.K. Maheshwari

Shri P. Sitaram, Nominee of IDBI

Shri Biswajit Choudhuri

Shri P.P. Sharma

MANAGING DIRECTOR

Shri P.N.Ojha

WHOLE TIME DIRECTOR

Shri V.N. Sharma

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)222211, 222221, 222488 (Rehla)
Fax No: (06584)222205.

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BIHAR CAUSTIC & CHEMICALS LIMITED**BIHAR CAUSTIC & CHEMICALS LIMITED****REGISTERED OFFICE****Ghanshyam Kunj, Garhwa Road, P.O. Rehla-822 124****Distt. Palamau (Jharkhand)****Ph.(06584)222 211, 222 221,222 488,Fax (06584)222 205****NOTICE TO THE SHAREHOLDERS,**

NOTICE is hereby given that the 27th 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 Saturday, the 26th day of July, 2003 at 11.30 a.m 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,2003 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 Dr. G.L. Yadav who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri P.P. Sharma who retires by rotation, and being eligible, offers himself for re-appointment.
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 an **ORDINARY 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 an Ordinary Resolution :

Appointment of Whole Time Director :

"Resolved that pursuant to the provisions of Section 269, 198,309 (3), 310, Schedule XIII and other applicable provision, if any, of the Companies Act, 1956, the Company hereby approves the terms of appointment and remuneration payable to Shri V.N. Sharma as a Whole Time Director for a period of one year with effect from 24th May, 2003 subject to approval of IDBI, the lead financial Institution, 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 V.N. Sharma on the other part, placed before this meeting, a copy of which was initialed by the Chairman for the purpose of

BIHAR CAUSTIC & CHEMICALS LIMITED

NOTICE TO THE SHAREHOLDERS (Contd.)

identification and which is hereby approved with liberty to the Board of Directors 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 V.N. Sharma provided that such alterations are not less beneficial to the Company and the stamped engrossments in duplicate, when prepared (with modification, if any, thereof as aforesaid) be executed in the manner authorized 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".

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 : 24 May, 2003

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, Distt.Palamau not less than forty eight hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 17th July,2003 to 26th July,2003 (both days inclusive).
3. (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 Lok 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 remained unpaid or unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund of the Central Government. Members may please note that unclaimed dividend for the financial year ended 31st March 1996 shall be transferred to Investor Education and Protection Fund in the month of November 2003.

Members who have not encashed the dividend warrant(s) 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 claim shall lie with the

BIHAR CAUSTIC & CHEMICALS LIMITED

NOTICE TO THE SHAREHOLDERS (Contd.)

Company in respect of such amount.

5. Members are requested to note that in terms of SEBI's directive for appointment of common agency for both electronic and physical share transfer work, the company has appointed MCS Limited as the Registrar and Transfer Agent (RTA). All concerned are requested to send/deliver the documents/correspondence etc. relating to the Company's share transfer, dematerialization/ rematerialisation and other related activities at the following address :

MCS Limited
77/2A Hazra Road
Kolkata – 700 029
Phone No.(s) : 033-2476 7350 to 54 / 2454 1960
Fax No. 033 - 2474 7674 / 2454 1961
Email : mscscal@cal2.vsnl.net.in

In case any query/complaint remains unresolved with our RTA, please write to the Company at the registered office for the redressal of the same.

6. Members are requested to notify immediately any change in their address to MCS Ltd., Kolkata.
7. A) To avoid the incidence of fraudulent encashment of the warrants, Members are requested to intimate the Registrar, MCS Limited 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 when the dividend is declared by the Company:-
- 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
 - vi) Bank MICR Code Number
10. 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 MCS Ltd.
11. Non-resident Indian Shareholders are requested to inform MCS Ltd. 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.
12. All documents referred to in the accompanying Notice and Explanatory statement are open for inspection at the Registered office of the company on all working days between 9 a.m. and 12 noon upto the date of the Annual General Meeting.

BIHAR CAUSTIC & CHEMICALS LIMITED

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**Item No.5**

Members are hereby informed that the Company received a letter no. MD/1/2003 dated 17.5.2003 from Bihar State Industrial Development Corporation Limited (BSIDC) expressing its intention to appoint Shri V. N. Sharma as a Whole Time Director on the Board of the Company.

The Directors considered in the interest of the Company to appoint Shri V. N. Sharma as a Whole Time Director of the Company for a period of one year with effect from 24.05.2003.

The Board in its meeting held on 24th May, 2003 appointed Shri V.N. Sharma as an Additional Director and also the Whole Time Director of the company subject to your approval.

Members are requested to appoint Shri V. N. Sharma as Whole Time Director of the Company.

The terms of appointment of Shri V. N. Sharma are contained in the draft Agreement to be placed before the meeting and the same is open for inspection as mentioned in the Notice.

The material terms of appointment and remuneration payable to Shri V.N. Sharma are as follows :

a) Salary of Rs.16,550/- (Rupees Sixteen thousand five hundred fifty only) per month plus Rs.1650/- per month as allowances.

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 within the overall limits, the perquisites that may be allowed by the Company and the quantum thereof, will be as under:-

i) Company's contribution towards Provident Fund, Superannuation Fund and Family Pension fund as per prevailing rates.

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 Rs.50,000/- or 20 months salary, whichever is less.

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 of basic salary in a year.

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 subject to the condition that only actual fares and no hotel expenses will be allowed.

v) **CITY COMPENSATORY ALLOWANCE**

City Compensatory allowance to be provided @ Rs.75/- per month.

vi) Conveyance allowance to a maximum of Rs.2000/-per month.

vii) Telephone expenses for official work subject to a maximum of Rs.1,000/- per month on actual basis.

BIHAR CAUSTIC & CHEMICALS LIMITED**ANNEXURE TO THE NOTICE (Contd.)****viii) PERSONAL ACCIDENT INSURANCE**

Of an amount the Annual premium for which does not exceed Rs.1,000/-

- ix) **Earned/Privilege leave, Medical leave, as per Rules of the Company.** However leave accumulated but not availed of will be allowed to be encashed as per Company Rules.
- x) Shri Sharma 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.

xi) HOUSING INCLUDING GAS, ELECTRICITY, WATER AND FURNISHING (NON INTERCHANGEABLE)

- A) Shri Sharma will be paid House rent allowance of Rs.1000/- (Rupees one thousand only) per month.
- B) The expenditure incurred by the company on gas, electricity, water and furnishing will be evaluated as per the Income Tax Rules, 1962. The expenditure will, however, be subject to a ceiling of 10% of the salary of Shri Sharma.
- C) Shri Sharma shall also be paid salary and the perquisites as referred to in 4(a) & (b) above, except commission/bonus, as minimum remuneration in the event of absence or inadequacy of profits in any year for the period from 24th May, 2003 to 23rd May, 2004 the perquisites relatable to salary will be worked out on the basis of substantive salary as in para (a) above.

The aforesaid remuneration shall be subject to the limits of 5% and 10% of the net profits as the case may be as laid down under Sub-section (3) of section 309 of the Companies Act, 1956 and an overall limit of 11% of the net profits as laid-down in sub-section (1) of section 198 of the said Act.

The above statement may be treated as an abstract of the terms of appointment of Whole Time 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 the provisions of / schedule to / the Companies Act, 1956.

None of the Directors of the Company except Shri V.N. Sharma is in any way concerned or interested in the 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 : 24 May, 2003

BIHAR CAUSTIC & CHEMICALS LIMITED

DIRECTORS' REPORT TO SHAREHOLDERS

Dear Shareholders,

Your Directors take great pleasure in presenting the 27th Annual Report together with the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2003.

FINANCIAL PERFORMANCE :

Your Company's performance during 2002-03 has been creditable in the face of challenging market conditions, falling prices of Caustic soda, rising costs of critical inputs and the slow pace of economic recovery across most industry segment domestically.

Your Company overcame these difficulties by (a) better manufacturing efficiencies and operational practices ; (b) continued focus on asset utilisation with higher volume of production ; (c) better marketing strategies ; (d) improved sales realisations.

FINANCIAL HIGHLIGHTS :

The table below gives the financial results of the Company :

	2002-2003 (Rs. in lacs)	2001-2002 (Rs. in lacs)
Gross Turnover	10427.29	9078.15
Gross Profit/ (Loss)	2196.33	1359.97
Less : Depreciation	800.90	721.89
Profit before Tax	1395.43	638.08
Provision for current tax	111.83	19.31
Provision for deferred tax	532.37	225.85
Profit/(Loss)after Tax	751.23	392.92
Adjustment of Taxes for earlier years	0.23	(7.70)
Balance brought forward from previous Year	(1056.82)	(1442.04)

APPROPRIATIONS :

Debenture Redemption Reserve	—	—
General Reserve	—	—
Balance Carried to Balance Sheet	(305.36)	(1056.82)

DIVIDEND :

In spite of company earning profits during the year, the Directors did not recommend any dividend for the year due to unabsorbed past losses.

OPERATIONAL REVIEW :

Your Company's performance during the year has indeed been impressive. Revenue registered a growth of 13.90% on year to year basis. Profit before tax increased by 118.69% in comparison to

BIHAR CAUSTIC & CHEMICALS LIMITED

DIRECTORS' REPORT TO SHAREHOLDERS (Contd.)

previous years' figures. Profit after tax registered a jump of 91.19% compared to previous years' profit. A glimpse of the highlights of Company's working is as indicated :

- Highest ever production of Caustic soda 52452 MT ;
- Highest ever sale of Caustic soda and Liquid Chlorine 52152 MT and 27890 MT respectively;
- Highest ever revenue of Rs.10427.29 lacs recorded by the Company so far ;
- Operational improvements in all the fronts.

A more detailed discussion and analysis on the performance of your Company in retrospect as well as the outlook and focus in the year 2003-04 is contained elsewhere under the chapter on Management Discussion and Analysis.

RIGHTS ISSUE :

As informed to you in our previous report, your Company came out with the Rights-Issue for raising Rs.15.60 crores by way of issuing 1,56,00,000 equity shares of Rs.10/- each at par in the ratio of two shares for each share held in the Company. The Rights-Issue closed on 17th April, 2003 resulting in subscription to the extent of 1.02 times. The allotment having been approved by the Board, the other legal formalities are being complied with. Besides getting these additional share listed with Calcutta, Mumbai and Delhi Stock Exchanges, the company proposes to get its shares listed with National Stock Exchange.

FIXED DEPOSITS :

During the year under review, the Company did not raise funds by way of Fixed deposits. There were no overdue deposits as on 31st March, 2003.

AWARDS AND RECOGNITIONS :

During the year, the Company was accredited with following Awards and accreditations :

- A.V.Birla Group Chairman's Bronze Medal award for Manufacturing Excellence ;
- Greentech Environment Excellence Silver Award in Chemical Sector ;
- Accolade from AMAI for outstanding Mercury Management System ;
- SA – 8000 for Social Accountability and OHSAS -18001 (Occupational Health and Safety Assessment System) from M/s. DNV, Kolkata. Thus, the Company becomes first Indian Chlor-Alkali plant to get four accreditations i.e. ISO – 9001, ISO – 14000, OHSAS – 18001 and SA – 8000 together.

CORPORATE GOVERNANCE :

Your Directors re-affirm their commitment to the Corporate Governance Standards prescribed by the Securities and Exchange Board of India (SEBI), codified as per Clause - 49 of the Listing Agreement with Stock Exchanges. This Annual Report carries a section on Corporate Governance and benchmarks your Company with the SEBI code on Corporate Governancc.

HUMAN RESOURCES :

Your Company believes in people power. It recognises the fact that people are key to its sustainable success. Your Company is fully committed to people development. We, therefore, strive to create a working environment that is challenging and motivates people to be performance oriented and customer focused. Building, developing and upgrading employee competencies in line with business

BIHAR CAUSTIC & CHEMICALS LIMITED

DIRECTORS' REPORT TO SHAREHOLDERS (Contd.)

needs and strategies is emphasized upon. The relation with employees and workers was harmonious through out the year.

SOCIAL RESPONSIBILITIES :

Your Company's social vision forms a part of its business vision. Your Company's single-minded goal is to help make a difference to the lives of the weaker section of people who live in proximity to your company's plant. Your company's focus area include economic self-reliance, education, health-care and espousing social causes.

The Company has been involved significantly in Rural Development activities through BCCL Jan Sewa Trust and has adopted 29 villages for carrying out these activities.

Your Company's health-care initiatives and Women empowerment programmes in the nearby areas have made a qualitative difference to the lives of the under privileged in these areas.

ENVIRONMENT PROTECTION AND POLLUTION CONTROL:

Your Company is fully committed to environment conservation, which is a key element of its business strategy. Pollution control, optimisation of resources and disposal of wastage in a more scientific manner without affecting people and the environment are ongoing process in the Company. Your company was awarded the certificate of ISO -14001 for Pollution control in the last year.

DIRECTORS :

In accordance with Article - 103 of the Articles of Association of the Company, Dr. G.L. Yadav and Shri P.P.Sharma, Directors of the Company retire from the Board, and being eligible, offer themselves for re-appointment.

Shri H.V. Lodha, one of the Directors resigned from the Board w.e.f. 07.05.2003 and the Company records its appreciation for the valuable services rendered by him .

AUDITORS :

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

PARTICULARS OF EMPLOYEES :

As there were no employees of the company drawing monthly remuneration of Rs. 2,00,000/- or more, particulars of employees as required under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 have not been given.

APPENDICES :

With regard to Research and Development, Energy Conservation and Foreign Exchange Earnings and Outgo, details are given in Appendix -1.

Disclosures in compliance with Accounting standard - 17 on "Related Party Disclosures" forms a part of this Annual Report.