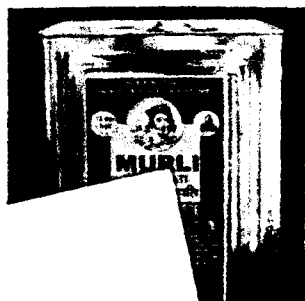


26TH

2001-2002



BHATINDA CHEMICALS LIMITED



BHATINDA CHEMICALS LIMITED

BOARD OF DIRECTORS

Shri D. D. Mittal
Chairman

Shri Rajinder Mittal
Managing Director

Shri Vinod Mittal
Whole-time Director

Shri Rajan Skhariya
Director

Shri Krishan Bansal
Addl. Director

COMPANY SECRETARY
Shri Anil Kumar Malhan

AUDITORS

M/s. P. Mittal & Co.,
Chartered Accountants,
Mittal Street, Amrik Singh Road,
Bathinda-151 005.

Certified to be True Copy

INTERNAL AUDITORS

M/s. N. K. Nevatia & Co.,
Chartered Accountants,
710, Shakti Nagar,
Amrik Singh Road,
Bathinda-151 005.

For Bhatinda Chemicals Limited

(Signature)
Company Secretary

MAIN BANKERS

Punjab National Bank,
Bank Street,
Bathinda-151 001

REGISTERED OFFICE & WORKS

Hazi Rattan Link Road,
Post Box No. 71,
Bathinda-151 001.

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**BHATINDA CHEMICALS LIMITED****NOTICE**

Notice is hereby given that the 26th Annual General Meeting of the members of Bhatinda Chemicals Limited, will be held on Monday, the 30th September, 2002 at 2.30 P.M. at the Regd. Office of the Company at Hazi Rattan Link Road, P.B.No.71, Bathinda (Punjab) to transact the following business :

ORDINARY BUSINESS

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

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION :

"RESOLVED that pursuant to the provisions of Section 198, 269 & 309 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 approval be and is hereby accorded to the re-appointment of Shri Rajinder Mittal as Managing Director of the Company for a further period of five years w.e.f. 1st April, 2002 on the following terms and conditions :

1. Salary Rs. 15,000/- Per Month
2. Perquisites :
 - a) Contribution to Provident Fund as per Rules of the Company as are applicable to other employees and laid down under the Income Tax Rules, 1962 subject to a ceiling of 12% of the salary.
 - b) Gratuity payable shall not exceed half a month's salary for each completed year of service subject to a ceiling of Rs. 3,50,000/-.
 - c) Medical expenses for self and the family subject to a maximum of one month's salary in a year or three months' salary over a period of three years.

- d) Leave Travel Concession for self and family once in a year to any place in India, subject to the condition that only actual fare will be paid and no hotel expenses etc. will be allowed.
- e) Free use of Company's car for business purposes.
- f) Free telephone facility at residence at Company's cost.

Resolved further that the annual amount of the perquisites shall not exceed the annual salary".

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

"RESOLVED that pursuant to the provisions of Section 198, 269 & 309 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 approval be and is hereby accorded to the re-appointment of Shri Vinod Mittal as Whole Time Director of the Company for a further period of five years w.e.f. 1st July, 2002 on the following terms and conditions :

1. Salary Rs. 15,000/- Per Month
2. Perquisites :
 - a) Contribution to Provident Fund as per Rules of the Company as are applicable to other employees and laid down under the Income Tax Rules, 1962 subject to a ceiling of 12% of the salary.
 - b) Gratuity payable shall not exceed half a month's salary for each completed year of service subject to a ceiling of Rs. 3,50,000/-.
 - c) Medical expenses for self and the family subject to a maximum of one month's salary in a year or three months' salary over a period of three years.
 - d) Leave Travel Concession for self and family once in a year to any place in India, subject to the condition that only actual fare will be paid and no hotel expenses etc. will be allowed.
 - e) Free use of Company's car for business purposes.
 - f) Free telephone facility at residence at Company's cost.



BHATINDA CHEMICALS LIMITED

Resolved further that the annual amount of the perquisites shall not exceed the annual salary".

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

"RESOLVED that Shri Krishan Bansal, who was appointed as Additional Director of the Company by the Board of Directors and in respect of whom the Company has received a notice in writing alongwith necessary deposit as required under the provisions of Section 257 of the Companies Act, 1956 from a member proposing him as a candidate for the office of Director, be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation".

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

"RESOLVED that pursuant to section 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the Memorandum and Articles of Association of the Company, regulations/guidelines prescribed by the Securities and Exchange Board of India or any other relevant authority and subject to such approvals or consents of such authorities as may be necessary and subject also to such conditions or modifications as may be prescribed by any of them in granting any such approval or consent which may be agreed to by the Board of Directors, the consent of the Company be and is hereby accorded to the Board for the issue and allotment on preferential basis 22,00,000 Equity Shares of the face value of Rs. 10/- each at a premium of Rs. 15/- per share aggregating to Rs. 550.00 Lacs to individuals, promoters, the relatives and associates of promoters, Corporate Bodies or any other persons as the Board may in its absolute discretion deem fit."

RESOLVED further that, the Board be and is hereby authorized to issue and allot the equity shares on preferential basis which will rank pari-passu with the existing Equity Shares of the Company.

RESOLVED further that, for the purpose of giving effects to the above resolution, the

Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its discretion deem necessary or desirable for such purposes.

By order of the Board

Place : Bathinda.
Date : August 22, 2002

(Rajinder Mittal)
Managing Director

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. The Register of members and share transfer books of the Company will remain closed from 29th August, 2002 to 30th August, 2002 (both days inclusive).
3. Members are requested to produce the enclosed Attendance slip duly signed, in accordance with specimen signatures registered with the Company for admission to the meeting hall.
4. Members desiring any information as regards to the accounts are requested to write to the Company at least 10 days before the date of the meeting so as to enable the management to provide the information during the Annual General Meeting.
5. The Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed.

By order of the Board

Place : Bathinda.
Date : August 22, 2002

(Rajinder Mittal)
Managing Director

**BHATINDA CHEMICALS LIMITED****EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO. 4.**

The present term of appointment of Shri Rajinder Mittal as a Managing Director expired on 31st March, 2002. The Board of Directors feels that for the sake of continuity of present management and for efficient running of the Company, the services of Shri Rajinder Mittal should be made available to the Company for a further period of five years w.e.f. 1st April, 2002. In terms of the provisions of the Articles of Association of the Company the Board of Directors at its meeting held on 1st April, 2002 has re-appointed Shri Rajinder Mittal as a Managing Director for a further period of five years w.e.f. 1st April, 2002 on the same terms and conditions under the old agreement.

This may be treated as an abstract of the terms of appointment & memorandum of interest pursuant to the provisions of Section 302 of the Companies Act, 1956.

None of the Directors except Shri D. D. Mittal, Shri Rajinder Mittal and Shri Vinod Mittal is interested in the resolution.

ITEM NO. 5.

The present term of appointment of Shri Vinod Mittal as a Whole Time Director expired on 30th June, 2002. The Board of Directors feels that for the sake of continuity of present management and for efficient running of the Company, the services of Shri Vinod Mittal should be made available to the Company for a further period of five years w.e.f. 1st July, 2002. In terms of the provisions of the Articles of Association of the Company the Board of Directors at its meeting held on 1st July, 2002 has re-appointed Shri Vinod Mittal as a Whole Time Director for a further period of five years w.e.f. 1st July, 2002 on the same terms and conditions under the old agreement.

This may be treated as an abstract of the terms of appointment & memorandum of interest pursuant to the provisions of Section 302 of the Companies Act, 1956.

None of the Directors except Shri D. D. Mittal, Shri Rajinder Mittal and Shri Vinod Mittal is interested in the resolution.

ITEM NO. 6.

Shri Krishan Bansal was appointed as Additional Director pursuant to Section 260 of the Companies Act, 1956 by the Board of Directors of the Company in its meeting held on 1st July, 2002. He holds the office as Additional Director upto the date of the ensuing Annual General Meeting of the Company. The Company has received notice in writing from a member proposing the candidature of Shri Krishan Bansal for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956. Sh. Krishan Bansal is having wide experience in Vanaspati Industry and it will be in the interest of the Company, if he is appointed as a Director of the Company.

None of the Directors except Shri Krishan Bansal is interested in the resolution.

ITEM NO. 7

The Company intends to issue 22,00,000 Equity Shares of Rs. 10/- each on a premium of Rs. 15/- Per Share on preferential allotment basis to the individuals, promoters, relatives and associates of promoters etc. as mentioned in the resolution. The issue price of the preferential equity shares has been decided by the Board after taking into account high and low price of the equity shares traded on the stock exchange(s) as per the SEBI guidelines. This preferential issue will go a long way in strengthening the financial position of the Company. The proceeds of the preferential issue will be mainly utilized to meet the requirements for expansion and modernization of the Plant & Machinery and Working Capital. The allotment of preferential issue will be completed within a period of three months from the date of passing the above said resolution.

The Directors of the Company may be deemed to be concerned or interested in the said resolution to the extent of the shares subscribed by them or by the Companies in which they are Directors or Members.

By order of the Board

Place : Bathinda,
Date : August 22, 2002

(Rajinder Mittal)
Managing Director



BHATINDA CHEMICALS LIMITED

DIRECTORS' REPORT

To

The Members of Bhatinda Chemicals Limited

Your Directors have pleasure in presenting the 26th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2002. We trust you will find the performance of your Company satisfactory, specially in the context of changes which have taken place due to globalization of Indian economy and liberalization of Import Policies.

FINANCIAL RESULTS

The financial highlights are as follows :-

(Rupees In Lacs)

	2001-02	2000-01
Profit before Interest, Depreciation and Tax	260.95	368.19
Less :		
Interest	81.99	107.39
Depreciation	140.32	154.77
	<u>38.64</u>	<u>106.03</u>
Less : Provision for Taxation	15.50	16.50
Profit after Tax	23.14	89.53
Add : Balance brought forward from previous year	76.52	87.50
	<u> </u>	<u> </u>
Add/Less :	99.66	177.03
Previous year		
Adjustment including taxes	1.89	(-) 0.51
Deferred Tax	7.32	—
	<u> </u>	<u> </u>
Available for appropriation	108.87	176.52
	<u> </u>	<u> </u>

APPROPRIATIONS

Transferred to General Reserve	—	100.00
Balance carried to Balance Sheet	108.87	76.52
	<u> </u>	<u> </u>
	108.87	176.52
	<u> </u>	<u> </u>

PERFORMANCE REVIEW

During the year under review your Company's operations came under severe/various pressures caused by excessive import of finished products and other substitutes available at cheaper prices in the market, increase in power tariff, fuel, excessive exchange rate fluctuations and recessionary trends in the Industry etc. Despite these pressures your Company adjusted to this situation and achieved the turnover of Rs. 166.23 Crores as against Rs.157.18 Crores during the preceding financial year which is higher by 5.76% by managing efficiently and effectively with the resources at its disposal, inspite of the fact that the Company had to compete with the adverse market circumstances.

DIVIDEND

Keeping in view the working capital requirement, your Directors do not recommend dividend for this year.

DIRECTORS

Shri Rajan Skhariya, who retires by rotation in accordance with the provisions of Section 255 & 256 of the Companies Act, 1956 and being eligible, offers himself for re-appointment. Your Directors recommend his appointment as Director of the Company.

Shri Krishan Bansal was appointed as additional Director during the year with effect from 1st July, 2002. He holds the office upto the date of ensuing Annual General Meeting and is eligible for re-appointment. The Company has received notice under Section 257 of the Companies Act, 1956, proposing his appointment as Director, subject to retirement by rotation.

The Company has repaid the total loan of Punjab State Industrial Development Corporation Limited, Chandigarh, and the nomination of Shri A. K. Sood, who was appointed as Nominee Director on the Board of your Company, has been withdrawn by PSIDC. During his tenure Shri A. K. Sood has extended very useful cooperation to the Company.



BHATINDA CHEMICALS LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, it is hereby confirmed that :

- (i) In the preparation of the annual accounts the applicable accounting standards have been followed.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 and of the profit of the Company for the year under review.
- (iii) The Directors have taken proper and sufficient care 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 deducting fraud and other irregularities.
- (iv) The Directors have prepared the accounts for the financial year ended 31st March, 2002 on a 'going concern' basis.

LISTING

The securities of the Company are presently listed on Ludhiana, Delhi & Mumbai Stock Exchanges. The Company has duly paid the Listing Fees to all the Stock Exchanges for the year 2002-2003. The securities of the Company were de-listed from Jaipur & Calcutta Stock Exchanges.

INDUSTRIAL RELATIONS

During the year under review the Industrial Relations of the Company remained very cordial through out the year.

PARTICULARS OF EMPLOYEES

The provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable, as none of the employees was paid

remuneration of more than Rs. 12.00 Lacs per annum or Rs. 1.00 Lac per month during the year.

AUDITORS

M/s. P. Mittal & Co., Chartered Accountants, the Statutory Auditors of the Company, will hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received certificate from the Auditors to the effect that their appointment if made, would be within the prescribed limit under Section 224 (1B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

AUDITORS' REPORT

The observations of the Auditors and notes on accounts are self explanatory and as such need no further explanation.

COST AUDIT

In terms of Section 233 (1B) of the Companies Act, 1956, with the approval of the Central Govt., M/s. Verma, Verma & Associates, Jalandhar, Cost Accountants, have been appointed as Cost Auditors of the Company, for the financial year 2001-2002.

PUBLIC DEPOSITS

During the year the Company has not accepted fixed deposits from the public under Section 58-A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

Information as required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 with respect to energy conservation, technology absorption and foreign exchange earnings & outgo form part of the Directors Report for the year ended 31st March, 2002 and are annexed hereto.