



28th
Annual Report
2003-04

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BHATINDA CHEMICALS LIMITED



BHATINDA CHEMICALS LIMITED

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annual

2003-04



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Bhatinda Chemicals Limited

BOARD OF DIRECTORS

Shri Rajinder Mittal

Chairman & Mg. Director

Shri Vinod Mittal

Whole-time Director

Shri Rajan Skhariya

Director

Shri Krishan Bansal

Director

Shri V. K. Nayyar

Director

COMPANY SECRETARY

Shri Anil Kumar Malhan

AUDITORS

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

INTERNAL AUDITORS

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

MAIN BANKERS

Punjab National Bank,
Bank Street,
Bathinda-151 001

REGISTERED OFFICE & WORKS

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



NOTICE

Notice is hereby given that the 28th Annual General Meeting of the members of Bhatinda Chemicals Limited, will be held on Thursday the 30th day of September, 2004 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, 2004 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 Vinod Mittal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri V. K. Nayyar, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

(Through Postal Ballot)

"RESOLVED THAT the approval of the shareholders of the Company, having right to vote on the Resolution, be and is hereby accorded to alter clause III of the Memorandum of Association of the Company by inclusion of the following new object as item No. 3(d) under clause III (A) thereof.

- 3(d) To acquire by purchase, lease, exchange, hire, sell, or otherwise, land and property of any tenure or any interest in the same and to erect and construct houses, buildings or works of every description on any land of the Company, or upon any other lands or property, and to pull down, rebuild, enlarge, alter and improve existing houses, buildings or works thereon, to convert and appropriate any such land into and for roads, streets, squares, gardens and other conveniences, and generally to deal with and improve the property of the Company or any other property.

To act as contractors for any person, or governmental authorities for the construction of buildings of all description, roads, bridges, earthwork, sewers, tanks, drains, culverts, channels sewage, etc., or other works, or things that may be necessary or convenient for any of the objects of the Company and to purchase and sell for any person freehold or other house property, buildings or lands or any share or shares, interests therein, and to transact on commission or otherwise the general business of a land agent."

*NOTE : This resolution requires the consent of the shareholders through Postal Ballot for which necessary steps have been taken as per the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

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

"RESOLVED THAT subject to the approval of the shareholders to the inclusion of a new object as Item No. 3(d) under clause III (A) of the Memorandum of Association of the Company, pursuant to Section 149(2A) of the Companies Act, 1956, the approval of the Company in general meeting be and is hereby accorded to the Board of Directors to commence the said new business and to carry out such actions as are considered necessary in this connection."



Bhatinda Chemicals Limited

7. To Consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution :

"RESOLVED THAT in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulations) Act, 1956, the Listing Agreement with Stock Exchanges & the provisions of the Securities and Exchange Board of India (De-listing of Securities) Guidelines 2003 or any amendment or modification thereof and subject to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed by any Authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the Company, consent be and is hereby accorded to de-list the Equity Shares of the Company from the Delhi Stock Exchange Association Limited.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient for giving effect to the above resolution and to do all other ancillary and consequential matters thereto."

By order of the Board

Place : Bathinda

(Rajinder Mittal)

Date : 26th July, 2004

Chairman & Mg. 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. In respect of the Special Resolution as per Item 5 of the Notice, this resolution is required to be passed through Postal Ballot pursuant to the provisions of Companies (Passing of the Resolution by Postal Ballot), Rules 2001. A separate notice has been issued to the members in respect of the latter. The Chairman will announce the result at the Annual General Meeting. If the Resolution is assented to by the requisite majority of the shareholders in the Postal Ballot, it shall be deemed to have been passed at the said Annual General Meeting (Sub-section (4) of Section 192A of the Companies Act, 1956).
3. The Register of members and share transfer books of the Company will remain closed from 28th September, 2004 to 30th September 2004 (both days inclusive).
4. 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.
5. 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.
6. The Explanatory Statement as required under section 173(2) of the Companies Act, 1956 in respect of items no.5,6 & 7 is annexed hereto.
7. Members are requested to quote the ledger folio or Client ID and DP ID numbers in all communications with the Company or Registrar & Share Transfer Agent.

Bhatinda Chemicals Limited
EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.
ITEM NO. 5

In view of the increasing demand of the construction work, the Board of Directors of your Company proposed to alter the object clause of the Memorandum of Association of the Company, by including a new object as stated in the notice as item No. 3(d) under clause III (A) thereof. The said inclusion will enable the Company to undertake the new business which under existing circumstances may conveniently and advantageously be combined with the existing business of the Company and to carry on its business more economically and more efficiently.

For alteration in the object clause of the Memorandum of Association, it is required to obtain Shareholders' approval by way of Special Resolution under section 17 of the Companies Act, 1956.

Your Directors are, therefore, of the view that inclusion of the said new object will be in the interest of the Company and its members and will also meet the conditions prescribed in the said Section.

No Director of the Company is concerned or interested in the Resolution except as a Member of the Company.

Your Directors commend the resolution for your assent as a Special Resolution in the Postal Ballot being sent to you.

ITEM NO. 6

The Directors of your Company have proposed, to alter the object clause of the Memorandum of Association of the Company by including in new object as Item No. 3(d) under clause III (A) of the Memorandum of Association. Pursuant to the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the said alteration is required to be approved by the Shareholders by Special Resolution through Postal Ballot. Necessary

notice has been sent to the matters in that connection.

If the said alteration is assented to by the Shareholders in the Postal Ballot, pursuant to Section 149(2A) of the Companies Act, 1956, the approval of shareholders is required by Special Resolution before the Board of Directors can commence business to undertake the new object which is not germane to the existing business of the Company.

In view of the good prospects that the Company can expect by undertaking the new object, the directors commend the Special Resolution for your approval.

No director of the Company is concerned or interested in the Resolution except as a member of the Company.

ITEM NO. 7.

It has been observed that trading in shares of the Company on The Delhi Stock Exchange Association Limited is negligible for the last few years. Moreover, the shares of the Company, at present are listed at The Stock Exchange, Mumbai and The Ludhiana Stock Exchange Association Limited, which provides wider access to the investors nationwide. The Company has already made application for delisting of its Equity Shares from The Calcutta Stock Exchange Association Limited which is still under process. The Board of Directors in their meeting held on 26th July, 2004 have approved to de-list the shares of the Company from The Delhi Stock Exchange Association Limited. The approval of the shareholders is required for delisting of shares from the said Stock Exchange. Hence, the Board recommends the resolution for your approval.

None of the Directors is interested in the resolution.

By order of the Board

**Place : Bathinda
Date : 26th July, 2004**

**(Rajinder Mittal)
Chairman & Mg. Director**



Bhatinda Chemicals Limited

DIRECTORS' REPORT

To
The Members of Bhatinda Chemicals Limited

Your Directors have pleasure in presenting the 28th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2004. 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)
2003-04 2002-03

Profit before Interest , Depreciation and Tax	350.07	350.49
Less :		
Interest	64.07	83.66
Depreciation	180.82	166.10
	<u>105.18</u>	<u>100.73</u>
Less : Provision for Taxation	<u>31.00</u>	<u>25.00</u>
Profit after Tax	<u>74.18</u>	<u>75.73</u>
Add : Balance brought forward from previous year	<u>68.72</u>	<u>108.87</u>
	142.90	184.60
Add/Less : Previous year Adjustment including taxes	(8.92)	(2.52)
Deferred Tax	(2.26)	(13.36)
Available for appropriation	<u>131.72</u>	<u>168.72</u>

APPROPRIATIONS

Transferred to General Reserve	—	100.00
Balance carried to Balance Sheet	131.72	68.72
	<u>131.72</u>	<u>168.72</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. 329.72 Crores as against Rs. 276.37 Crores during the preceding financial year which is higher by 19.30% 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

Considering Cash Constraints and need to conserve the resources of the Company for the future requirements, your Directors have decided not to recommend dividend on the equity shares.

DIRECTORS

Sh. Vinod Mittal and Sh. V. K. Nayyar are the directors liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. During the year under review, Shri D. D. Mittal, Chairman of the Company has resigned from the Board of Directors of the Company. The Board places on record its appreciation for the valuable contributions made by Sh. D. D. Mittal during his tenure as a Director of the company.

CORPORATE GOVERNANCE REPORT

Your Company is committed to follow a system of Corporate Governance which ensures transparency, fairness, independence, accountability, integrity and social responsibility. The Company has been following the Regulatory Compliance with strong emphasis on Corporate Governance to protect investors interests in letter and spirit. A separate report on Corporate

Bhatinda Chemicals Limited

Governance is annexed as part of the Annual Report. The Auditors' Certificate confirming compliance of provisions of Corporate Governance is also included in the said Report.

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, 2004 on a 'going concern' basis.

LISTING OF EQUITY SHARES

The Company's equity shares are presently listed at Ludhiana (Regional), Delhi, Mumbai Stock Exchanges and listing fee for the year 2004-2005 has been paid to each of the said Stock Exchanges. Application for delisting of Equity Shares made to The Calcutta Stock Exchange Association Limited is still under process.

DEMATERIALISATION OF SHARES

As the members are aware, your company's shares are traded in electronic form under ISIN No. INE412G01016 and your Company has established connectivity with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Members are requested to dematerialize their physical holding in view of various advantages of holding the shares in dematerialized form. The Company also follows the transfer cum demat procedure for quick transfer and dematerialization of shares.

INDUSTRIAL RELATIONS

During the year under review the Industrial Relations of the Company remained very cordial throughout the year. Your Directors wish to place on record the services rendered by the employees at all levels.

PARTICULARS OF EMPLOYEES

The provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1985 are not applicable as, there was no employee in the company during the year under review, drawing remuneration more than the amount specified in the terms of section 217 (2A) of the Companies Act, 1956.

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.

AUDITORS' REPORT

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



Bhatinda Chemicals Limited

COST AUDIT

The Board of Directors have re-appointed M/s Khushwinder Kumar & Associates, Cost Accountants, Jalandhar as the Cost Auditors of the Company under section 233B of the Companies Act, 1956 subject to the approval of the Central Government for the year 2004-2005. The Cost Auditor's report will be forwarded to the Central Government as required under law.

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 are forming part of the Directors Report for the year ended 31st March, 2004 and are annexed hereto and forms part of this report.

APPRECIATION

Your Directors wish to place on record their gratitude to Punjab National Bank, Shareholders, Customers, Suppliers and other Government Authorities for their valuable and continued co-operation and assistance.

for and on behalf of the Board

Place : Bathinda
Date : 26th July, 2004

(Rajinder Mittal)
Chairman & Mg. Director

ANNEXURE TO THE DIRECTORS' REPORT

Particulars as required under Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988.

A) CONSERVATION OF ENERGY

The Company continues to give specific emphasis on energy conservation. No additional investment is made.

FORM 'A'

Form for disclosure of particulars of conservation of energy :-

1) POWER AND FUEL CONSUMPTION

i) ELECTRICITY	2004	2003
a) Purchased		
Units	10379560	10844830
Total Amount	41560660	41580262
Rate/Unit	4.00	3.83
b) Own Generation through Diesel/R.F.O. Generator		
Units	1666970	1493870
Total Amount	6653209	5467593
Rate/Unit	3.99	3.66
ii) COAL (Used in Boiler):		
Quantity (In M.Ts.)	—	—
Total Cost	—	—
Average Rate PMT	—	—
iii) FURNACE OIL:		
Quantity (In Liters)	—	—
Total Cost	—	—
Average Rate Per Liter	—	—
iv) OTHERS		
Rice Husk/R.F.O.: Total Cost	25466839	20134685