

## th Annual Report 2004 - 2005



A Magnanimous leap towards Quality, Prosperity & Growth.

**CL**  
**BHATINDA CHEMICALS LIMITED**

*We Built hope*  
*We nurture the Nation*  
*We grow through innovation*  
*We are*



**BHATINDA CHEMICALS LIMITED**

annual

2004-05

**Bhatinda Chemicals Limited**



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**Bhatinda Chemicals Limited**

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## **BOARD OF DIRECTORS**

**Shri Rajinder Mittal**

Chairman & Managing Director

**Shri Sat Narain Goyal**

Whole-time Director

**Shri Baldev Raj Gupta**

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-151 005

**Bhatinda Chemicals Limited****NOTICE**

Notice is hereby given that the 29th Annual General Meeting of the members of Bhatinda Chemicals Limited, will be held on Friday, the 30th day of September, 2005 at 2.30 P.M. at the Regd. Office of the Company at Hazi Rattan Link Road, Bathinda (Punjab) to transact the following business :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 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 Rajinder Mittal, 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 modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Shri Baldev Raj Gupta, who was appointed as an Additional Director under section 260 of the Companies Act, 1956 by the Board of Directors of the Company and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company".

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

"RESOLVED THAT Shri Sat Narain Goyal, who was appointed as an Additional Director under section 260 of the Companies Act, 1956 by the Board of Directors of the Company and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company".

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, consent be and is hereby accorded to the appointment of Shri Sat Narain Goyal as Whole Time Director of the Company for a period of five years with effect from 1st November, 2004 on the following terms and conditions :-

- i) Salary Rs. 16,000/- Per Month upto 31st March, 2005 and w.e.f. 1st April, 2005 onwards Rs. 17,000/- Per Month.
- ii) 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 limit prescribed in the Gratuity Act.



## Bhatinda Chemicals Limited

- c) Medical expenses for self and the family subject to a maximum of one month's salary in a year or three month's salary over a period of three years.
- d) Free use of Company's car for business purposes.
- e) Free telephone facility at residence at Company's cost.

RESOLVED FURTHER THAT the annual amount of the perquisites shall not exceed the annual salary."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter and / or vary the terms and conditions of the said appointment and / or remuneration so as not to exceed the limits specified in schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT where the Company has no profit or its profit are inadequate the Company do pay to Shri Sat Narain Goyal, Whole Time Director, remuneration not exceeding the ceiling limits specified under section II of Part II of Schedule XIII of the Companies Act, 1956."

- 7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 310 of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the increase in the remuneration of Shri Rajinder Mittal, Chairman & Managing Director of the Company, from the present salary of Rs. 15,000/- Per Month to such amount with proportionate increase in other allowances as may be determined by the Board of

Directors of the Company from time to time keeping in view the profitability of the Company and overall ceiling limits prescribed under section 309 of the Companies Act, 1956 subject to a maximum of Rs. 1,00,000/- Per Month. The other terms & conditions of his appointment remaining unchanged.

RESOLVED FURTHER THAT where the Company has no profit or its profit are inadequate the Company do pay to Shri Rajinder Mittal, Chairman & Managing Director remuneration not exceeding the ceiling limits specified under section II of Part II of Schedule XIII of the Companies Act, 1956."

- 8. To consider and if thought fit, to pass with or without modifications, the following resolution as an Special Resolution

"RESOLVED THAT the consent of the Company be and is hereby given to the appointment of Ms. Swati Mittal, Executive, a relative of Shri Rajinder Mittal, Chairman & Managing Director of the Company, to hold an office or place of profit, on a salary of Rs. 15,000/- Per Month for a period of 5 years commencing from 1st April, 2005

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of the said appointment including remuneration in such manner as may be agreed to between the Board of Directors and Ms. Swati Mittal."

By order of the Board.

Place : Bathinda, (Rajinder Mittal)  
Date : 10th Aug., 2005 Chairman & Mg. Director

## Bhatinda Chemicals Limited



### 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 28th September, 2005 to 30th September, 2005 (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 in respect of items No. 4, 5, 6, 7 & 8 is annexed hereto.
6. 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.

### EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### ITEM NO. 4

Sh. Baldev Raj Gupta was appointed as Additional Director by the Board of Directors of the Company with effect from 1st November, 2004 pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 80 of the Articles of Association of the Company. Sh.

Baldev Raj Gupta, holds office as Additional Director upto the date of ensuing Annual General Meeting. The Company has received a notice alongwith requisite deposit of Rs. 500/- under section 257 of the Companies Act, 1956 from a member proposing the candidature of Sh. Baldev Raj Gupta for the office of Director of the Company.

Sh. Baldev Raj Gupta is having vast experience & knowledge in Oil Industry.

Keeping in view his experience and knowledge the directors commends the resolution for members approval.

None of the directors of the Company except Sh. Baldev Raj Gupta is, in any way concerned or interested in this resolution.

#### ITEM NO. 5 and 6

Sh. Sat Narain Goyal, was appointed as Additional Director by the Board of Directors of the Company with effect from 1st November, 2004 pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 80 of the Articles of Association of the Company. Sh. Sat Narain Goyal, holds office as Additional Director upto the date of ensuing Annual General Meeting. The Company has received a notice alongwith requisite deposit of Rs. 500/- under section 257 of the Companies Act, 1956 from a member proposing the candidature of Sh. Sat Narain Goyal for the office of Director of the Company.

Sh. Sat Narain Goyal, has also been appointed as Whole Time Director for a period of five years w.e.f. 1st November, 2004 by the Board of Director of the Company in their meeting held on 6th December, 2004, such appointment coming into effect from the date of passing of Ordinary Resolution as provided under Item No. 6 of the Notice. Sh. Sat Narain Goyal is neither a director



## Bhatinda Chemicals Limited

nor a member of any committee of Directors of any other Company. The remuneration payable to Sh. Sat Narain Goyal as approved by the Board is subject to the subsequent approval by the Shareholders of the Company.

Sh. Sat Narain Goyal, is having vast experience & knowledge in Oil Industry.

This may also be treated as abstract pursuant to the provisions of section 302 of the Companies Act, 1956.

Keeping in view his experience and knowledge the Board of Directors commends passing of the resolutions as set out at Item No. 5 and 6 of the Notice.

None of the directors of the Company except Sh. Sat Narain Goyal is, in any way concerned or interested in this resolution.

### ITEM NO. 7.

The members at their 26th Annual General Meeting held on 30th September, 2002, re-appointed Sh. Rajinder Mittal as Managing Director of the Company for a period of five years from 1st April, 2002 to 31st March, 2007 on such remuneration as approved by them. Keeping in view of the recent trends, corporate scenario turnaround of the Company and also the dedicated services provided by Shri Rajinder Mittal to the Company, the Board of Directors at its meeting held on 2nd November, 2004 revised the remuneration payable to Sh. Rajinder Mittal from the present salary of Rs. 15,000/- Per Month to Rs. 30,000/- Per Month and then further revised by the Board at its meeting held on 30th July, 2005 from Rs. 30,000/- Per Month to such amount with proportionate increase in other allowances for the remaining period of his tenure i.e. upto 31st March, 2007 as may be determined by the Board of Directors of the Company from time to time keeping in view the profitability of the

Company and overall ceiling limits prescribed under section 309 of the Companies Act, 1956 subject to a maximum of Rs. 1,00,000/- Per Month. The other terms & conditions of his appointment remaining unchanged.

Revision in the remuneration of Mr. Rajinder Mittal may also be treated as an abstracts under section 302 of the Companies Act, 1956.

Your directors seek your approval by way of Special Resolution as set out in Item No. 7 of the accompanying notice.

None of the directors except Mr. Rajinder Mittal is in any way concerned or interested in this resolution.

### ITEM NO. 8

Miss Swati Mittal, who has done M.B.A. from U. K. was appointed as Executive by the Board of Directors on a salary of Rs. 15,000/- Per Month for a period of five years w.e.f. 1st April, 2005. Miss Swati Mittal is a daughter of Shri Rajinder Mittal, Chairman & Managing Director of the Company. According to the provisions of Section 314 of the Companies Act, 1956, no relative of a director of the Company shall hold an office or place of profit carrying a total monthly remuneration of Rs. 10,000/- or more but less than Rs. 20,000/- except with the approval of the shareholders by way of Special Resolution passed in the General Meeting held for the first time after the holding of such office or place of profit. Your director therefore, recommended the resolutions at Item No. 8 for your approval.

None of the directors except Sh. Rajinder Mittal is in any way concerned or interested in this resolution.

By order of the Board

Place : Bathinda,  
Date : 10th Aug., 2005

(Rajinder Mittal)  
Chairman & Mg. Director



## Bhatinda Chemicals Limited



### DIRECTORS' REPORT

To

**The Members of Bhatinda Chemicals Limited**

Your Directors have pleasure in presenting the 29th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2005.

### FINANCIAL RESULTS

The financial highlights are as follows :-

	<b>(Rupees in Lacs)</b>	
	<b>2004-05</b>	<b>2003-04</b>
<b>Profit before Interest, Depreciation and Tax</b>	372.82	350.07
<b>Less :</b>		
Interest	0.36	64.07
Depreciation	<u>204.94</u>	<u>180.82</u>
	167.52	105.18
<b>Less : Provision for Taxation</b>	<u>35.00</u>	<u>31.00</u>
<b>Profit after Tax</b>	132.52	74.18
<b>Add : Balance brought forward from previous year</b>	<u>131.72</u>	<u>68.72</u>
	264.24	142.90
<b>Add/Less : Previous year Adjustment including taxes</b>	(25.79)	(8.92)
Deferred Tax	21.53	(2.26)
<b>Available for appropriation</b>	<u>259.98</u>	<u>131.72</u>
<b>APPROPRIATIONS</b>		
Transferred to General Reserve	125.00	----
Balance carried to Balance Sheet	<u>134.98</u>	<u>131.72</u>
	<u>259.98</u>	<u>131.72</u>

### PERFORMANCE REVIEW

During the year under review your Company has maintained its consistent growth through product development, product mix and higher volume despite adversities like sharp increase in the input costs, 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 a turnover of Rs. 299.11 Crores and earned a net profit after tax of Rs. 132.52 Lacs by managing efficiently and effectively with the resources at its disposal.

### 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

Mr. Rajinder Mittal, director, liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. During the year under review, Mr. Vinod Mittal, Whole Time Director, Mr. Rajan Khariya and Mr. Krishan Bansal, Directors have resigned from the Board of Directors of the Company. Your directors have placed on record their sincere appreciation for the valuable advice and guidance provided by them during their tenure.

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



## 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, 2005 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 have 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.

### DEMATERIALIZATION OF SHARES

As the members are aware, your company's shares are traded in electronic form under ISIN No. INE412G01016. Shareholders who have not yet dematerialized their shares are requested to dematerialize their physical holding in view of various advantages of holding the shares in dematerialized form.

### 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, 1975 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.

### COST AUDIT

The Board of Directors have re-appointed M/s Khushwinder Kumar & Co., 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 2005-2006. 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 & 58-A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.