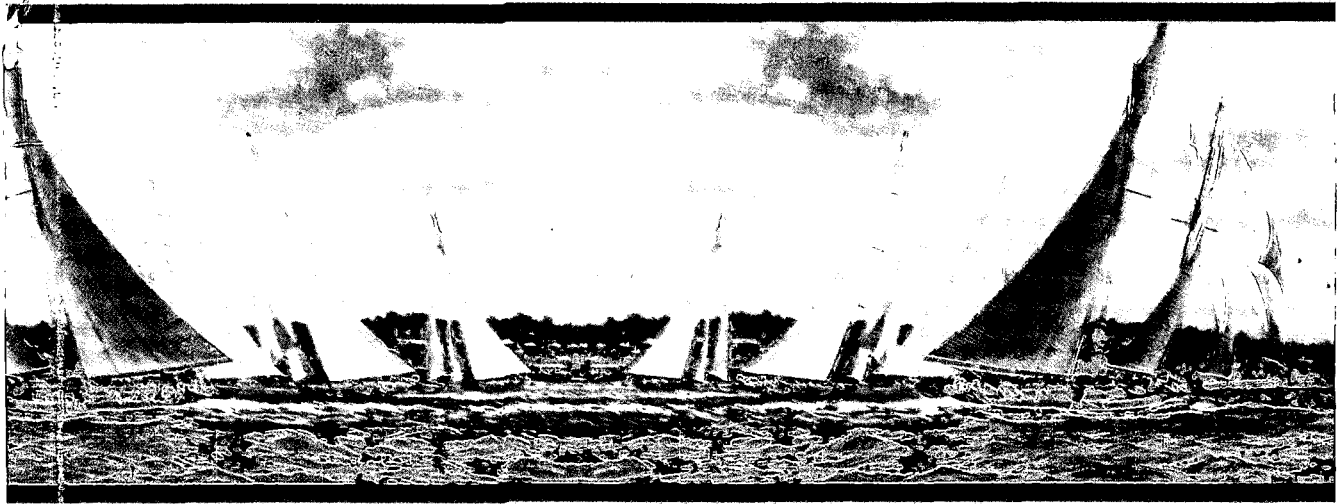




31st
Annual Report
— 2006-07 —



We Build Hopes

*We Nurture The
Nation*

*We Grow Through
Innovation*

We Are



BHATINDA CHEMICALS LIMITED



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Bhatinda Chemicals Limited

BOARD OF DIRECTORS

Shri Rajinder Mittal
Chairman & Managing Director

Shri S. N. 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-151 001.

Bhatinda Chemicals Limited



NOTICE

Notice is hereby given that the 31st Annual General Meeting of the members of Bhatinda Chemicals Limited will be held on Saturday, the 29th day of September, 2007 at 3.00 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, 2007 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 Sat Narain Goyal, 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 a Special Resolution:

(Through Postal Ballot)

"RESOLVED THAT pursuant to the provisions of Section 81, 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) amendment(s) or re-enhancement(s) thereof for the time being in force) and in accordance with the existing guidelines, rules and regulations of the Securities and Exchange Board of India ("SEBI") (including the SEBI (Substantial Acquisition of Shares and Takeovers Regulations, 1997) Reserve Bank of India, Government of India (including any

statutory amendment(s) modification(s) and or re-enactment(s) thereof, for the time being in force) and enabling provisions in the Memorandum and Articles of Association of the Company and subject to such terms, conditions and modifications as may be considered appropriate and determined by the Board of Directors of the Company (hereafter referred to as "the Board") and subject also to such approvals, consents, permissions or sanctions (including any conditions thereof, or modifications to the terms contained therein), if any, of the appropriate authorities, as may be required and / or such terms and conditions, as may be prescribed while granting such consents and approvals and which may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board of Directors to issue Seventeen Lacs Fifty Thousand equity shares of Rs. 10/- each at a premium of Rs. 15/- i.e. @ of Rs.25/- per share on a preferential allotment basis to Mr. Rajinder Mittal, M/s Rollon Investment Pvt. Ltd. and M/s Manoj Finvest Pvt. Ltd., on such terms & conditions as the Board of Directors of the Company may in its absolute discretion deem fit.

RESOLVED FURTHER THAT the relevant date for the purpose of pricing of Equity Shares to be issued on Preferential allotment basis shall be 30th August, 2007 being the date which is 30 days prior to the date of Annual General Meeting.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable to issue, allotment and utilization of the proceeds of the issue of the Equity Shares and further to do all such acts, deeds, matters and things to finalize



Bhatinda Chemicals Limited

and execute all documents and writings as may be necessary, desirable or expedient as it may deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Equity Shares allotted under the Preferential Issue on Stock Exchanges, where the Company's shares are listed, as per the terms and conditions of the Listing Agreement with the Stock Exchanges concerned, and in accordance with such other guidelines, rules and regulations as may be applicable with regard to such listing."

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

(Through Postal Ballot)

"RESOLVED THAT the consent of the Company be and is hereby accorded, in accordance with Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, to the Board of Directors of the Company, to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company, which together with the monies already borrowed by the Company, (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves, not set apart for any specific purpose) by a sum not exceeding Rs. 200.00 Crores, and that the Board of Directors be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to finalize the documents and such other agreements for borrowing monies from time to time in such manner as aforesaid and to do all such acts, deeds, matters & things as may be necessary or expedient for giving effect to the above resolution. "

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

(Through Postal Ballot)

"RESOLVED THAT the Company do hereby accord its consent under section 293(1)(a) of the Companies Act, 1956 to mortgaging and / or charging by the Board of Directors of the Company all or any of the movable or immovable properties both present and future or the whole or substantially the whole of the undertaking or the undertakings of the Company for securing any loan obtained or as may be obtained from any Bank / Financial Institution or person or persons together with interest, costs, charges, expenses and any other money payable by the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to finalize the documents and such other agreements for creation / mortgage / hypothecation from time to time in such manner as aforesaid and to do all such acts, deeds, matters & things as may be necessary or expedient for giving effect to the above resolution."

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

(Through Postal Ballot)

"RESOLVED that pursuant to the provisions

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of Section 372A of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorized to make loan or give guarantee or provide security, in connection with a loan made by any other person to or to any other person by any body Corporate and to invest the funds of the Company in other bodies corporate upto a limit of Rs.200.00 Crores, notwithstanding the aggregate amount of the loan given or investment made by the company may exceed 60% of the paid up share capital and free reserves or 100% of the free reserves of the Company's whichever is more".

8. 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, 310 read with Schedule XIII thereto and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modification or re-enactment thereof, and subject to such approval or consents as may be necessary, the consent of the members be and is hereby accorded to the re-appointment of Shri Rajinder Mittal as Managing Director of the Company for a period of five years with effect from 1st April, 2007 to 31st March, 2012 on such remuneration, subject to a maximum of Rs. One Lakh per month by way of salary, commission and perquisites which the Company is entitled to pay in accordance with the terms and conditions as prescribed under Schedule XIII of the Companies Act, 1956".

By order of the Board

Place : Bhatinda, (Rajinder Mittal)
Date : 18 Aug., 2007 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 resolutions mentioned at no. 4 to 7 of the special business are 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 said resolutions. The Chairman will announce the result at the Annual General Meeting. If the Resolution is assented 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, 2007 to 29th September 2007 (both days inclusive).
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 relative Explanatory Statement as required under section 173(2) of the Companies Act, 1956 in respect of the business under item No. 4 to 8 set out above



Bhatinda Chemicals Limited

and details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment / re-appointment at the Annual General Meeting are annexed hereto.

5. 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 and also to notify any change in their addresses to them.

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

ITEM No. 4.

In order to meet the long term finance and Working Capital requirement and for expansion and modernization of the Plant & Machinery of your Company, it is necessary to issue Equity Share on Preferential Allotment Basis to selected group of persons in accordance with the applicable SEBI Regulations.

The proposed Preferential Allotment of Securities would be strictly in accordance with the Chapter XIII of the SEBI (Disclosure & Investor Protection) guidelines 2000 ('SEBI DIP Guidelines').

The Equity Shares to be allotted on Preferential Basis shall be issued at a price of Rs.25/- per share being the price determined in accordance with the Chapter XIII of SEBI DIP Guidelines. Currently SEBI DIP Guidelines, provide that the issue of shares on Preferential Basis can be made at a price not less than higher of the following :-

- a) The average of the weekly high and low of the closing prices of the shares quoted on the stock exchange during the six months preceding the relevant date; or
- b) The average of the weekly high and low of the closing prices of the shares quoted on a stock exchange during the two weeks preceding the relevant date.

The relevant date for the purpose of pricing of the Equity Shares, shall be 30th August, 2007 being the date which is 30 days prior to the date of annual general meeting as required under the Act.

The certificate from the Statutory Auditors, certifying that the issue of the equity shares is in accordance with the SEBI guidelines will be placed before the Annual General Meeting.

The other information prescribed under SEBI DIP guidelines is as follows :-

- (i) The object(s) of the issue through preferential offer: The proceeds of the fund will be utilized for long term finance and working capital requirements and also for expansion and modernization of Plant & Machinery of the Company.
- (ii) Intention of Promoters / Key Management persons to subscribe to the offer : The promoters will subscribed not more than 4.878% of the expanded capital of the Company.
- (iii) Shareholding Pattern before and after the preferential issue :

Bhatinda Chemicals Limited



Category of Shareholder	No. of Shares held before proposed preferential allotment	%age of Shareholding before proposed Preferential Allotment (As on 18.08.07)	No. of Shares held After proposed preferential allotment	%age of Shareholding after proposed Preferential Allotment
Shareholding of Promoter and Promoter Group				
Indian				
Individuals / Hindu Undivided Family	2200440	50.01	2500440	40.658
Bodies Corporate	214850	4.883	214850	3.493
Foreign	---	---	---	---
Total shareholding of Promoter and Promoter Group	2415290	54.893	2715290	44.151
Public Shareholding (Non Promoters)	1984710	45.107	3434710	55.849
Grand Total	4400000	100.000	6150000	100.000

(iv) Proposed time within which the allotment shall be complete: The Board proposes to allot the equity shares within a period of 15 days from the date of passing of the resolution provided that where this allotment on preferential basis is pending on account of pendency of any approval of such allotment by any regulatory authority or Central Government, the allotment shall be completed within 15 days from the date of such approval. The allotment of Equity Shares would be completed within the time prescribed under the SEBI DIP Guidelines.

(v) The identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them :

S. No	Names of the proposed Subscribers	Instrument	Category	Pre Issue Holding (No. of Shares)	Pre Issue Holding (%)	Allotment through Preferential allotment (No. of Shares)	Post Issue Holding (No. of Shares)	Post Issue Holding (%)
1.	Sh. Rajinder Mittal	Equity	Promoter	330100	7.502	300000	630100	10.246
2.	Rollon Investment Pvt. Ltd.	Equity	Non-Promoter	186750	4.244	720000	906750	14.744
3.	Manoj Finvest Pvt. Ltd.	Equity	Non-Promoter	179440	4.078	730000	909440	14.788

Note : The equity shares allotted on preferential basis shall be non tradable during the lock-in-period as per relevant SEBI guidelines

The Equity Shares arising out of issue of Securities pursuant to the Resolution shall rank pari passu in all respects including dividend with the existing Equity Shares of the Company.

Pursuant to the provisions of Section 81(1A) of Companies Act, 1956, any offer or issue of shares in a Company to persons other than the holders of the equity shares of a Company requires prior approval of the shareholders in general meeting by a Special Resolution. The Listing Agreements executed by the Company with the Stock Exchanges also provide that the Company



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shall, in the first instance, offer all Securities for subscription pro rata to the shareholders unless the shareholders in a general meeting decide otherwise.

Your directors commend the Resolution for your approval.

The Directors of the Company may be deemed to be concerned or interested in the Resolution to the extent of Securities that may be subscribed by them or by the Company of which they are directors or members.

ITEM No. 5 & 6.

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the permission of the Shareholders in General Meeting, borrow monies in excess of the aggregate of the paid-up capital of the Company and its free reserves.

Due to increase in the business operations and future growth plans of the Company, it would be necessary to restructure the borrowing limits, by authorizing the Board of Directors to borrow monies which may exceed at any time the aggregate of the paid-up capital of the Company and its free reserves but not exceeding Rs. 200.00 Crores.

The borrowings of the Company are, in general, required to be secured by suitable mortgage or charge on all or any of the movable and / or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company, from time to time, in consultation with the lender(s).

The mortgage and / or charge by the Company of its movable and / or immovable properties and / or the whole or any part of

the undertaking(s) of the Company in favour of the lenders within the meaning of Section 293(1)(a) of the Companies Act, 1956.

The proposed resolution is for the purpose of fulfilling the conditions laid down in section 293(1)(a) & (1)(d) of the Companies Act, 1956.

None of your Directors is interested in the proposed resolution and recommends your acceptance thereof in the interest of the Company.

ITEM No. 7

The Board of Directors in their usual dealings with the funds of the Company are able to advance loan / give guarantee / provide security upto 60% of the paid up share capital and free reserves of the Company or less than 100% of the free reserves of the Company whichever is more.

Any loan in excess of the aforesaid percentage is subject to prior approval of the members of the Company by passing a Special Resolution.

During the management of the business of the Company, it is expected that the Company may be required to advance loan/ give guarantee/ provide security in excess of the aforesaid limits and in that case approval of the shareholders is required.

Further, the Board of Directors of your Company may make suitable investments in shares as and when necessary. In order to enable the Board of Directors to make investment in shares in excess of 60% of the paid up share capital and free reserves of the Company or 100% of the free reserves of the Company whichever is more, it is necessary to seek the consent of the members to the proposed resolution.

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It is proposed to authorize the Board of Directors to advance loan/give guarantee / provide security and make investment in any body corporate by way of subscription and/ or purchase of securities/equity shares upto Rs. 200.00 Crores from time to time.

The proposed resolution is for the purpose of fulfilling the conditions laid down in section 372A of the Companies Act, 1956.

None of your Directors is interested in the proposed resolution and recommends your acceptance thereof in the interest of the Company.

as prescribed under schedule XIII of the Companies Act, 1956.

The aforesaid re-appointment and remuneration payable to Shri Rajinder Mittal may be further varied, altered or modified as may be agreed between him and the Board of Directors in the light of any amendment / modification of the Companies Act or any re-enactment thereof within the limit prescribed under schedule XIII of the Companies Act, 1956. Your directors consider that it would be appropriate and desirable to re-appoint him as his rich experience will be beneficial to the Company.

Your directors commend passing of the resolution set out in the notice of the meeting.

This may be treated as his memorandum issued pursuant to the provisions of section 302 of the Companies Act, 1956.

None of the directors of your company except Mr. Rajinder Mittal is interested in this resolution.

By order of the Board

ITEM No. 8
Shri Rajinder Mittal has made several significant contributions to the Company's growth and implementation of investment plans and business strategies. His contributions have been invaluable. In recognition of his accomplishments the Board of Directors in their meeting held on 30th March, 2007 has re-appointed him as a Managing Director of the company for a further period of five years with effect from 1st April, 2007 on such remuneration, subject to a maximum of Rs. One Lac per month by way of salary, commission and perquisites which the Company is entitled to pay in accordance with the terms and conditions

Place : Bhatinda,
Date : 18 Aug., 2007

(Rajinder Mittal)
Chairman & Mg. Director

Details of Director seeking re-appointment in ensuing Annual General Meeting

Name of Director	Mr. Sat Narain Goyal
Date of Birth	05/02/1961
Date of Appointment	1st November, 2004
Expertise in specific functional area	He is a Commerce Graduate and having vast knowledge in Accounts and taxation. He is having wide and rich experience of around 24 Years in Oil & Vanaspati Industry.
List of outside Directorships held	Nil
Memberships / Chairmanships of Committees across public companies	Nil
Shareholding	200