

A 32nd Annual Report

2007-08

***We Build Hopes
We Nurture The Nation
We Grow Through Innovation
We Are***



BHATINDA CHEMICALS LIMITED

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,
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.

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Bhatinda Chemicals Limited

NOTICE

Notice is hereby given that the 32nd Annual General Meeting of the members of Bhatinda Chemicals Limited will be held on Saturday, the 27th day of September, 2008 at 4.00 P.M. at Ganpati Enclave, Dabwali Road, Bathinda (Punjab) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 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 V. K. Nayyar, 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:

"RESOLVED THAT subject to requisite approvals in terms of Section 21 of the Companies Act, 1956 and other applicable provisions, if any, the name of the Company be changed from "Bhatinda Chemicals Limited" to BCL Industries & Infrastructures Limited and accordingly the name of Bhatinda Chemicals Limited wherever it appears in the Memorandum and Articles of Association of the Company be substituted by the name "BCL Industries & Infrastructures Limited".

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to this resolution."

By order of the Board

Place : Bhatinda, (Rajinder Mittal)
Date : 21 Aug., 2008 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. The relative Explanatory Statement as required under section 173(2) of the Companies Act, 1956 in respect of the Special business under item No. 4 set out above 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.
3. The Register of members and share transfer books of the Company will remain closed from 26th September, 2008 to 27th September 2008 (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. 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 of addresses to them.

Bhatinda Chemicals Limited


EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.
ITEM No. 4.

The Company was incorporated in 1976 as a Private Limited Company under the name and style of M/s. Bhatinda Chemicals & Banaspati Mills Pvt. Ltd., by installing a Solvent Extraction Plant and then later on changed its name to M/s. Bhatinda Chemicals Limited. The Company with the help of its Management has undertaken various expansions and modernization plans from time to time. The Company has now one of the biggest oil complexes in North India comprising of an Oil Mill, two Solvent Extraction Plants, one Rice Sheller, one Chemical Refinery and one Vanaspati Plant of total more than 500 MTs. capacity of processing of raw material. At present, the Company is having one of the largest production capacity of edible oil in North India.

The Company has entered into construction business in the year 2004 as Developers and Colonizers and undertaken various Projects in Punjab. At present the Company has presence in both edible oil and construction business.

"Bhatinda Chemicals Limited" can no more be identified with a mere edible oil activity as it has more business apart from edible oil. The fact is that the name of a Company is most important identity of an Organization and reflects its personality. It is, therefore, proposed to change the name of the Company from Bhatinda Chemicals Limited to BCL Industries & Infrastructures Limited, so as to reflect the wider range of business activities of the Company. The new name "BCL Industries & Infrastructures Limited", being of a wider nature will be more suitable to the Company.

Under Section 21 of the Companies Act, 1956, the Company can by a special resolution and with the approval of Central Government, change its name and hence the resolution is proposed for your approval as a Special Resolution.

The Board commends the resolution for approval of members as a special resolution. None of the Directors of the Company is in any way, concerned or interested in the said resolution.

By order of the Board

Place : Bhatinda,

(Rajinder Mittal)

Date : 21 Aug., 2008

Chairman & Mg. Director

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

| | |
|---|--|
| Name of Director | Mr. V. K. Nayyar |
| Date of Birth | 24/07/1956 |
| Date of Appointment | 1st October, 2002 |
| Expertise in specific functional area | He is a Chartered Accountants and having vast experience and knowledge particularly in Accounts and taxation. He is having rich experience of around 22 Years in Oil & Vanaspati Industry. |
| List of outside Directorships held | He is not a Director in any other Company incorporated in India. |
| Memberships / Chairmanships of Committees across public companies | Nil |
| Shareholding | Nil |



Bhatinda Chemicals Limited

DIRECTORS' REPORT

To

The Members of Bhatinda Chemicals Limited

Your Directors are pleased to present the 32nd Annual Report on the working of the Company together with the Audited Accounts for the financial year ended 31st March, 2008.

The financial highlights are as follows :-

| | (Rupees In Lacs) | |
|---------------------------------|------------------|---------------|
| | 2007-2008 | 2006-2007 |
| Profit before Interest , | 712.31 | 552.27 |
| Depreciation and Tax | | |
| Less : | | |
| Interest | 188.30 | 116.67 |
| Depreciation | <u>174.10</u> | <u>153.13</u> |
| | 349.91 | 282.44 |
| Less : Provision for | <u>112.00</u> | <u>47.00</u> |
| Taxation | | |
| Profit after Tax | 237.91 | 235.47 |
| Add : Balance brought | | |
| forward from previous year | <u>2.84</u> | <u>48.90</u> |
| | 240.75 | 284.37 |
| Add/Less : Previous | (24.13) | (2.27) |
| year Adjustment including taxes | | |
| Deferred Tax | <u>0.11</u> | <u>20.74</u> |
| Available for appropriation | <u>216.73</u> | <u>302.84</u> |
| APPROPRIATIONS | | |
| Transferred to General Reserve | 200.00 | 300.00 |
| Balance carried to | 16.73 | 2.82 |
| Balance Sheet | <u>216.73</u> | <u>302.84</u> |

PERFORMANCE REVIEW

During the year under review your company has been able to achieve a Turnover of Rs. 408.78 Crore as against Rs. 208.69 Crore in the preceding year which is higher by 96%. The profit before tax of Rs. 349.91 lacs as against Rs. 282.47 lacs in the previous year, despite the company has faced various adversities like sharp increase in the input costs, increase in fuel prices and competition from the several domestic

players. The company will continues to focus on cost reduction, improvement in the product quality, reduction in wastage and better utilisation of the resources available to the company. Your company will maintain its customers centric approach with emphasis on improvement of distribution network and value of our products at competitive prices.

ACHIEVEMENT

Your directors have pleasure to inform you that your company is the "THIRD HIGHEST PRODUCER OF REFINED RICE BRAN OIL" for the year 2007-08 honoured with the "Shri B.K. Goenka-SEA Award for Refined Rice Bran Oil" at the 11th National Seminar on Rice Bran Oil on 3rd August, 2008 at Kolkata.

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

Shri V. K. Nayyar, Director, liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

PREFERENTIAL ALLOTMENT

During the year under review, your Company has issued and allotted 17,50,000 equity shares of Rs. 10/- each at a premium of Rs. 15/- per share i.e. @ Rs. 25/- on preferential basis to promoters & others and raised Rs. 4,37,50,000/- through issue and allotment of Equity Shares. Subsequent to the allotment, the paid-up share capital of the company stands increase to Rs. 6,15,00,000 represented by 61,50,000 equity shares of Rs. 10/- each.

Bhatinda Chemicals Limited



UTILIZATION OF PROCEEDS RECEIVED ON PREFERENTIAL ISSUE OF SECURITIES

The aggregate of the total proceeds received from allotment of 17,50,000 Equity Shares were Rs. 4,37,50,000/-. The amount have been fully utilized for the purposes stated in the notice covering the General Meeting, such as long term finance and working capital requirements and also for expansion and modernization of Plant & Machinery of the Company.

CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Certificate by the Managing Director and Manager (Finance) confirming compliance by all the Board Members with Company's Code of Conduct and Auditor's Certificate regarding compliance of condition of Corporate Governance are made a part of the Annual 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, 2008 on a 'going concern' basis.

LISTING OF EQUITY SHARES

The equity shares of the Company continue to be listed on Ludhiana (Regional), Delhi, Mumbai Stock Exchanges and listing fee for the year 2007-2008 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.

HUMAN RESOURCES

The Company regards its employees as the most valuable assets and continuously reviews and evolves policies and procedures to attract and retain its pool of technical and managerial personnel through a conducive work environment.

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, drawing remuneration more than the amount specified in 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 Pawan & 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 2008-2009. The Cost Auditor's report will be forwarded to the Central Government



Bhatinda Chemicals Limited

as required under law.

PUBLIC DEPOSITS

During the year under review, 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 and are annexed hereto and form part of the Director's Report.

APPRECIATION

The Board of Directors place on record their appreciation to all the employees of the Company for their contribution to the operations of the Company during the year under review. Your Directors also place on record their sincere appreciation of the support extended by the Government and other Statutory Authorities, Company's Bankers, Business Associates, Auditors and all the stakeholders of the Company.

By order of the Board

Place : Bhatinda, (Rajinder Mittal)
Date : 21 Aug., 2008 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 place 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

| | 2008 | 2007 |
|----------------------------|----------|----------|
| i) ELECTRICITY | | |
| a) Purchased | | |
| Units | 12440140 | 9920652 |
| Total Amount (In Rs.) | 58276461 | 46020049 |
| Rate/Unit | 4.68 | 4.64 |
| b) Own Generation through | | |
| Diesel/R.F.O. Generator | | |
| Units | --- | --- |
| Total Amount (In Rs.) | --- | --- |
| Rate/Unit | --- | --- |
| ii) COAL (Used in Boiler): | | |
| Quantity (In M.Ts.) | --- | 29.675 |
| Total Cost | --- | 96995 |
| Average Rate PMT | --- | 3268.58 |
| iii) FURNACE OIL /H.P.S. : | | |
| Quantity (In Litres) | --- | 76810 |
| Total Cost | --- | 2409922 |
| Average Rate Per Litre | --- | 31.38 |
| iv) OTHERS | | |
| Rice Husk/R.F.O. / L.D.O. | | |
| Total Cost (In Rs.) | 49782301 | 29625635 |

2) CONSUMPTION PER UNIT OF PRODUCTION

| | (Per Qtl.) | (Per Qtl.) |
|-------------------------|------------|------------|
| Electricity (Units) | 6.06 | 7.64 |
| Coal (Qtls) | --- | --- |
| Furnace Oil (In Liters) | --- | 0.07 |

B) TECHNOLOGY ABSORPTION

FORM 'B'

Form for disclosure of particulars of technology absorption:-

Although no separate R & D Department has been set up yet the Company has taken care to train chemists & engineers in various disciplines. The Company is having a well equipped laboratory which meets the requirement of quality control.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings : Rs. Nil
Outgo : Rs. 1199.34 Lacs

By order of the Board

Place : Bhatinda, (Rajinder Mittal)
Date : 21 Aug., 2008 Chairman & Mg. Director

Bhatinda Chemicals Limited



MANAGEMENT DISCUSSION & ANALYSIS INDUSTRY STRUCTURE AND DEVELOPMENTS

Your Company is engaged in the business of edible oils includes refined oil in the name of Homecook, Vanaspati, Do Khajoor and Mustard as Murli. Homecook brand offers a wide range of refined oils, which includes soyabean oil, sunflower, cottonseed oil and rice bran oil. Different crude edible oils are imported like palm oil etc. every year for blending and refining with other edible oil based products. The demand of Doc is increasing day by day in the local as well as global area with increasing shift from Non-veg to veg cattle feed etc.

During the year, your company has modernization of its existing Plant & Machinery. In this regard management has set up a new Deodorising system to achieve excellent quality of Rice Bran refined oil. Further, In order to run the plants un-interrupted, Management has decided to set up a cogeneration system i.e. steam boiler and turbine with the help of which we will generate our own power/ electricity to run the process/plant smoothly.

Management believe that the rising cost of electricity and fuel for generation of steam is major component in the processing cost and looking to it Management took the step to conduct internal energy audit to optimize the power cost and fuel cost. Management took the following steps to conserve the energy :-

1. Energy saving by achieving unity Power factor.
2. Optimizing the process load by engineering changes.
3. Installation of variable speed drives on motors to save energy.
4. Modernization of the existing machinery for better performance with higher safety.

All above measures taken by the management will improve the performance of the company.

OPPORTUNITIES AND THREATS

The future outlook of the Oil Industry remain good as the country is still deficient in oil seed production to meet out the country's requirement. With good monsoon in the current year, the acreage and production of soyabean are expected to increase in the current year.

RISK & CONCERNS

Risk is inherent aspect of business. Risk taking is essential ingredient for growth. Your management is continuously evaluating the risks in all the segments of business and taking

proactive steps to contain/minimize its impact on the business

INDUSTRIAL RELATIONS & HUMAN RESOURCES MANAGEMENT

Industrial relations at all the works of the Company remained cordial and harmonious during the year under review. Your Company considers human resources very valuable assets for the development of the Organisation. To enhance the competencies of the employees at all levels, your Company organizes a series of in house training programme.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has adequate internal control system commensurate with the nature of its business and the size of its operations. Internal control system is well established to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly. The internal control system is designed to ensure that financial and other records are reliable for preparing the financial statements and other data and for maintaining the accountability of assets. The internal audit is carried out by the Internal Auditors of the Company and covers all the departments of the Company. The audit process is undertaken under the supervision and guidance of the Audit Committee. All significant audit observations and actions taken thereof are reported to the Audit Committee.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE.

Your Company has achieved a turnover of Rs. 408.78 Crores and earned a profit before tax of Rs. 349.91 Lacs by managing efficiently and effectively with the resources at its disposal inspite of the fact that the Company has faced competition from the several domestic player.

CAUTIONARY STATEMENT

The above Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied Important factors that could make a difference to the Company's operations include external economic conditions affecting demand/supply influencing price conditions in the markets in which the Company operates, changes in Government regulations, statutes, tax laws and other incidental factors.



Bhatinda Chemicals Limited

COMPANY'S PHILOSOPHY CORPORATE GOVERNANCE

Your Company's Corporate Governance system is based on certain principles, including fairness and integrity, transparency and disclosure, accountability, equal treatment of all shareholders and social responsibility. Your company continues to strive to incorporate appropriate standards for good Corporate Governance. It has taken all the necessary steps to ensure that all the mandatory provisions of Corporate Governance, prescribed under the amended Listing Agreement with Stock Exchanges with which the Company is listed, are complied with.

Your Company has adopted an appropriate Corporate governance framework to ensure timely and accurate disclosure of all material matters, including financial position, performance and governance.

Your Company's policies and practices relating to Corporate Governance are discussed in the following sections.

BOARD OF DIRECTORS

The Board of Directors of your Company has an optimum combination of Executive and Non-Executive Directors so as to have a balanced Board Structure. The Board has four directors, two of whom are Executive Directors, and the rest two Non-Executive Directors. The Chairman of the Board of Directors of your Company is an Executive Director.

The Members of the Board of Directors of your Company are expected to possess required expertise, skill, and experience to effectively manage your Company so that it can attain its organizational goals.

Each member of the Board of Directors of your Company is expected to ensure that his personal interest does not run in conflict with your Company's interests.

The Directors of your company are appointed by the Shareholders upon recommendation of the Board of Directors within the frame work of the Companies Act, 1956 as well as the Articles of Association of the Company.

The company has complied with all the provisions of clause 49 of the Listing Agreement and there exists no discrepancy in either appointment or re-appointment of the Board of Directors.

The names of the Directors and the category to which they belong to, their attendance at Board Meetings during the year and the last AGM, the number of directorship and committee memberships held by them in other Companies is given below. Other directorships do not include directorships of Private Limited and Foreign Companies.

| Name | Category | Number of Board Meeting attended | Attendance at last AGM | Number of directorship in other Public Limited Companies | Committee Position held in other Public Limited Companies | |
|-----------------------|---------------|----------------------------------|------------------------|--|---|--------|
| | | | | | Chairman | Member |
| Shri Rajinder Mittal | Executive | 12 | Yes | 6 | Nil | 2 |
| Shri S. N. Goyal | Executive | 12 | Yes | Nil | Nil | Nil |
| Shri V. K. Nayyar | Non Executive | 7 | Yes | Nil | Nil | Nil |
| Shri Baldev Raj Gupta | Non Executive | 8 | Yes | Nil | Nil | Nil |

Bhatinda Chemicals Limited

**AUDIT COMMITTEE**

Audit Committee of your company comprises of three directors, Shri V. K. Nayyar, Shri S. N. Goyal & Shri Baldev Raj Gupta. Shri V. K. Nayyar, is the Chairman of the Committee. All the members of the Audit Committee are financially literate and have vast experience in their respective fields. Shri V. K. Nayyar and Shri S. N. Goyal have accounting or related financial management expertise. The terms of reference stipulated by the Board to the Audit Committee are as contained in Clause 49 of the Listing Agreement. The Audit Committee regularly invites in the meeting such Executives including the Head of Finance Department and Statutory Auditors, Internal Auditors and Cost Auditors of the Company as it considers appropriate. The minutes of the Audit Committee Meeting were circulated to the Board. The Audit Committee met five times during the financial year on 27/4/2007, 23/07/2007, 17/08/2007, 30/10/2007 and 30/01/2008.

SHARE TRANSFER COMMITTEE

The Share Transfer Committee consists of Shri Rajinder Mittal, Chairman & Mg. Director, Shri S. N. Goyal, Whole Time Director, Shri Baldev Raj Gupta, Director and Shri Anil Kumar Malhan, Company Secretary. The committee looks into various issues pertaining to share transfer, duplicate share certificates, transmission and related matters. The Committee meets frequently to effectively and expeditiously dispose off the matters referred to the Committee. During the year under review Share Transfer Committee held 23 meetings.

**SHAREHOLDERS / INVESTORS
GRIEVANCES COMMITTEE**

The Shareholders/ Investors Grievances committee ensures the effective redressal of the complaints received from the shareholders such as dematerialization, transfer, non receipt of annual report/share certificates etc. The committee also oversees the performance of the Registrar and Share transfer Agent.

Investor Grievance Committee comprises of two members namely Shri Baldev Raj Gupta & Shri V. K. Nayyar (Non Executive Directors). The Company attempts the Investor Grievance correspondence expeditiously and usually reply is sent within a period of 10 days of the receipt of complaint. There has been no complaint that has not been resolved to the satisfaction of the shareholder. Mr. Anil Kumar Malhan, Company Secretary, is Compliance Officer of the Company.

REMUNERATION POLICY

The Whole Time / Executive Directors are paid remuneration approved by the Board of Directors, subject to the subsequent approval by the shareholders at the general body meeting and such other authorities as the case may be. The remuneration is fixed considering various factors such as qualifications, experience, expertise and financial position of the Company etc. The remuneration structure comprises of basic salary, perquisites and allowances, contribution to Provident Fund and other funds in accordance with the provisions of the Companies Act, 1956.