



***chemfab alkalis limited***

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***17th Annual Report  
1999 - 2000***



## ***chemfab alkalis limited***

### **BOARD OF DIRECTORS**

Dr C H Krishnamurthi Rao - *Chairman*

Mr Suresh Rao - *Vice Chairman*

Mr C S Ramesh

Dr G Thyagarajan

Mr B Krishnamoorthy - *IDBI Nominee*

Mr Sharad V Sheth

Mr K Gopalan - *Wholetime Director*

### **COMPANY SECRETARY**

Mr K Rajagopalan

### **PRESIDENT**

Mr S Ramesh

### **VICE PRESIDENT**

Mr S Suresh

### **AUDITORS**

M/s R Janakiraman & Co.

Chennai 600 018

### **LEGAL ADVISER**

Mr T Raghavan

Chennai 600 018

### **BANKERS TO THE COMPANY**

Canara Bank

45 N S C Bose Road

Pondicherry 605 001

### **REGISTERED OFFICE AND FACTORY**

'Gnanananda Place'

Kalapet

Pondicherry 605 014



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**DIRECTORS' REPORT TO THE MEMBERS OF THE COMPANY**

Your Directors have pleasure in presenting the SEVENTEENTH ANNUAL REPORT together with the Audited Statements of Accounts for the year ended 31st March, 2000.

**FINANCIAL RESULTS**

PARTICULARS	Current Year (31.03.2000) (Rs. in lakhs)	Previous Year (31.03.1999) (Rs. in lakhs)
Profit/(Loss) before interest and Depreciation	741	365
Less: Interest	853	637
Profit/(Loss) before Depreciation	(112)	(272)
Less: Provision for Depreciation	336	287
NET PROFIT /(LOSS)	(448)	(559)
Add: Profit from earlier years	299	939
Total funds available for appropriation	(149)	380
LESS:		
Prior period transactions	—	81
Balance Carried Forward	(149)	299

**OPERATIONS**

During the year under review, the Production of Caustic Soda was higher at 27,750 MT as against 21,766 MT in the previous year, showing an increase of about 28%. The Caustic Soda sales were also higher at 26,728 MT as against 20,648 MT in the previous year.

The net sales for the year were also higher at Rs. 3,577 lakhs, as against Rs. 2,802 lakhs in the previous year.

In spite of the above increase in both production and sales, the Company was not able to turn the corner, mainly on account of the high interest cost in servicing the Term Loans from the Financial Institutions.

Last year, in view of an unseasonal rainfall, the salt production in Tamil Nadu was affected and consequently, there was a steep increase in the price of Salt. This, coupled with the high interest cost, resulted in the Company continuing to incur a loss this year also.

The prices of finished goods have improved and started stabilising from the first Quarter of 2000. With the Company hoping to sustain its production upto the full licensed capacity, the increased realisation should result in a much better performance, during the year 2000-2001.

**DIVIDEND**

Considering the losses incurred during the year under review, your Directors regret their inability to recommend any dividend for the year.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year under review, the Company earned foreign exchange amounting to Rs. 1 Lakh on account of exports of alkali products. The foreign exchange outgo was Rs. 43 Lakhs.

**POWER AND FUEL CONSUMPTION**

I. ELECTRICITY	Current year (31.03.2000)	Previous year (31.03.1999)
Purchased		
Units	7,49,17,950	5,96,15,150
Total Amount/Rs.	15,74,82,862	12,02,29,428
Rate/Unit (Gross) Consumption per Tonne of Electro Chemical	Rs. 2.10	Rs. 2.02
Production	2,700 KWH/AC	2,739 KWH/AC



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**DIRECTORS' REPORT TO THE MEMBERS OF THE COMPANY (Contd.)****II. FURNACE OIL****(a) Purchased :**

Quantity (KL)	396	516
Total Amount/Rs.	28,79,371	27,97,923
Average rate per KL/Rs.	7271	5,422

**(b) Consumption :**

Furnace Oil (KL)	393	512
Amount/Rs.	26,97,882	27,87,009
Amount per KL/Rs.	6,865	5,443

**FIXED DEPOSITS**

The Company has not accepted any deposits from the Public.

**DIRECTORATE**

Mr K Gopalan, the Wholetime Director of the Company, whose term of Office expires on the 17th May, 2000, has opted to lay down his office from the 1st April, 2000. He will, however, continue as a non-Wholetime Member of the Board.

In accordance with the Articles of Association, Dr C H Krishnamurthi Rao and Dr G Thyagarajan, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**AUDITORS**

M/s. R. Janakiraman & Co. Auditors of the Company, retire at the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

**COST AUDITORS**

The Company has re-appointed Mr. V Kalyanaraman, Cost Accountant, as the Cost Auditor of the Company for the year 2000-2001, subject to the approval of the Central Government.

**PARTICULARS OF EMPLOYEES**

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 - NIL.

**INDUSTRIAL RELATIONS**

Industrial relations continued to remain cordial during the year under review.

**For and on behalf of the Board of Directors**  
**DR C H KRISHNAMURTHI RAO**  
 CHAIRMAN

Pondicherry,  
 31st March, 2000.  
 9.00 p.m.



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**AUDITORS' REPORT**

We have audited the attached Balance sheet of CHEMFAB ALKALIS LIMITED, PONDICHERRY, as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date.

1) As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988, issued by the Central Government and on the basis of the information and explanations given to us and the books and records examined by us in the normal course of our audit and to the best of our knowledge and belief, we report that:

i) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets. We are informed that all the fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.

ii) None of the fixed assets has been revalued during the year.

iii) As explained to us, the stock of finished goods and process stock, spare parts and accessories, loose tools, raw materials and construction materials, at all locations, have been physically verified during the year by the Management at reasonable intervals.

iv) In our opinion, the procedures for physical verification of the aforesaid stocks followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.

v) We are informed that the discrepancies noticed on such verification between the physical stocks and book records were not material and the same have been properly dealt with in the books of accounts.

vi) In our opinion, the valuation of these stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year, except that the Excise Duty element has been included in the valuation of the Closing Stock of finished goods. However, this change in the method of valuation has no effect on the Loss for the year or on the Reserves and Surplus as at 31st March, 2000.

vii) The Company has not taken any loans-secured or unsecured - from companies, firms or other parties listed in the Register maintained under Section 301 of the Act, and /or from the companies under the same Management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.

viii) The Company has granted an unsecured Loan to, and also provided a Guarantee on behalf of, Titanium Equipment and Anode Manufacturing Company Limited, a Company listed in the Register maintained under Section 301 of the Act. The rate of interest and other terms and conditions governing the Loan/Guarantee are not prejudicial to the interests of the Company or its Members. Apart from this, the Company has not granted any loans, secured or unsecured, to any companies, firms or other parties listed in the Register maintained under Section 301 and /or to companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.

ix) The parties to whom loans, or advances in the nature of loans have been given by the Company are repaying the principal amount as stipulated and are also regular in payment of interest wherever applicable.



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**AUDITORS' REPORT (Contd.)**

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|---|--|
| <p>x) The Company has adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets, and for the sale of goods.</p>  | <p>the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.</p>   |
| <p>xi) The transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices of such goods, materials or services or the prices at which transactions of similar goods or services have been made with other parties.</p> | <p>xvii) The Company is generally regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities.</p>  |
| <p>xii) According to the information and explanations given to us, there are no unserviceable or damaged stores, Raw-materials and finished goods.</p>  | <p>xviii) At the last day of the financial year, there were no material amounts outstanding in respect of undisputed income tax, wealth tax, Customs duty, sales tax and excise duty which were due for more than six months from the date they became payable.</p>  |
| <p>xiii) The Company has not accepted any deposits from the public.</p>   | <p>xix) According to the information and explanations given to us, no personal expenses of the employees or Directors have been charged to the Revenue Account other than those payable under contractual obligations or in accordance with the generally accepted business practice and no such instances have come to our notice during the course of audit.</p> |
| <p>xiv) The Company is maintaining reasonable records for sale and disposal of realisable by-products and scraps.</p>   | <p>xx) The Company is not a Sick Industrial Company within the meaning of Section 3 (1) (0) of the Sick Industrial Companies (Special Provisions) Act, 1985.</p>   |
| <p>xv) The internal audit is entrusted to a firm of Chartered Accountants and in our opinion, the internal audit system is commensurate with the size of the Company and the nature of its business.</p>  | <p>2. Further to the above—</p>  |
| <p>xvi) We have broadly reviewed the records maintained by the Company pursuant to the Order made by the Central Government for the maintenance of the cost records for Caustic Soda under Section 209 (1) (d) of</p>   | <p>i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.</p>   |
|   | <p>ii) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as it appears from our examination of the books.</p>  |



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## AUDITORS' REPORT (Contd.)

iii) The Balance Sheet and Profit and Loss Account dealt with by the Report are in agreement with the books of accounts.

iv) In our opinion, the Balance Sheet and the Profit and Loss Account comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.

v) In our opinion and according to the information and explanations given to us, the Accounts, including the Profit and Loss Account and the Balance Sheet, read with the Notes thereon and documents annexed thereto, give the information

required by the Companies Act, 1956 in the manner so required and give a true and fair view -

i) in the case of the Balance Sheet, of the state of the affairs of the Company as on 31st March, 2000 and

ii) in the case of the Profit and Loss Account, of the LOSS of the Company for the year ended on that date.

**For R JANAKIRAMAN & CO.**

Chartered Accountants

**J CHANDRASEKARAN**

Partner

Place : Pondicherry,

Date : 31st March, 2000.

Time : 9.00 PM

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