

A N N U A L  
R E P O R T  
2001-02

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TRIDENT ALCO-CHEM LIMITED

**BOARD OF DIRECTORS****SH N C GUPTA***Chairman***SH K L DALAL****Dr M A ZAHIR****SH YOGESH GOEL***PSIDC Nominee***Dr (Mrs) H K BAL****MRS DIMPLE GUPTA****SH C S DHAWAN****SH VARINDER GUPTA***Managing Director***SR COMPANY SECRETARY**

Mr Krishan Singla

**AUDITORS**

M/s K K Kapoor &amp; Associates

Chartered Accountants

Ludhiana

**BANKERS**

Punjab National Bank

**REGISTERED OFFICE**

Trident Complex

Raikot Road, Barnala - 148 101

District Sangrur, Punjab

Phone : 0167 - 3933307-08

Fax : 0167 - 3933363

Email : tridentbni@tridentindia.com

**HEAD OFFICE AND****SHARE DEPARTMENT**

Trident House

85, Industrial Area 'A'

Ludhiana - 141 003

Phone : 0161 - 661616 - 18

Fax : 0161 - 663629

Email : tridentldh@tridentindia.com

**WORKS**

Village Fatehgarh Chhana

Barnala - 148 101

District Sangrur, Punjab

Phone : 0167 - 3985285-87

Fax : 0167 - 3985292

Email : tridentdhl@tridentindia.com

**MANAGEMENT TEAM****Mr Varinder Gupta***Counsellor***Mr Rakesh Mahajan***Counsellor (Finance)***Mr Vijay Garg***Counsellor (Commercial)***Mr Damandeep Singh***Co-ordinator (Works-Chemicals)***Mr Punli Tuknait***Co-ordinator (HRM)***Mr J S Sidhu***Co-ordinator (Electrical)***Mr Krishan Singla***Counsellor (Secretarial Affairs)***Mr G S Bhalla***Co-ordinator (Marketing)***Mr Vijay Singla***Co-ordinator (Works-Drugs)***Mr K L Gautam***Co-ordinator (Engg. & Maint.)***15th Annual General Meeting**

Day : Saturday

Date : 20th July, 2002

Time : 10.00 AM

Venue : Trident Complex

Raikot Road, Barnala - 148 101

District Sangrur, Punjab

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**TRIDENT ALCO-CHEM LIMITED****NOTICE**

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of **TRIDENT ALCO-CHEM LIMITED** will be held on Saturday, the 20th day of July, 2002 at 10.00AM at the Registered Office of the Company, Trident Complex, Raikot Road, Barnala, District Sangrur, Punjab to transact the following business:

**Ordinary Business :**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2002 and the Profit & Loss Account for the year ended on that date alongwith the Reports of the Auditors and the Directors thereon.
2. To appoint a Director in place of Sh N C Gupta, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sh K L Dalal, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration. M/s K K Kapoor & Associates, Chartered Accountants, the retiring Auditors, being eligible offer themselves for re-appointment.

**Special Business :**

5. To consider and, if thought fit, pass with or without modification the following resolution as an ordinary resolution:  
"RESOLVED that Dr (Mrs) H K Bal, who was appointed as an Additional Director of the Company pursuant to section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation under the Articles of Association of the Company."
6. To consider and, if thought fit, pass with or without modification the following resolution as an ordinary resolution:  
"RESOLVED that in accordance with the provisions of sections 198, 269, 309 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the approval of the Central Government or any other authority, if required, Sh Varinder Gupta be and is hereby re-appointed as Managing Director of the Company, for a period of 5 (five) years with effect

from 1st September, 2002, on the terms and conditions including remuneration as given below:

1. Basic Salary: Rs 39,000/- (Rupees thirty nine thousands only) per month
2. Perquisites and allowances: Perquisites and allowances shall be in addition to the basic salary as follows:
 

a) House Rent Allowance	40% of salary
b) Conveyance Allowance	15% of salary
c) Telephone Allowance	10% of salary
d) LTC	8.33% of salary
e) Newspaper & Periodicals Allowance	5% of salary
f) Uniform Allowance	5% of salary
g) Provident Fund Contribution	12% of salary
h) Bonus	10% of salary
i) Gratuity	4.17% of salary
j) Super Annuation Scheme	5% of salary
k) Medical Allowance	8.33% of salary
l) Medical CL/GIS	4.17% of salary
m) Children Education Allowance	5% of salary
n) Sports & Cultural Allowance	8% of salary
o) Training & Development	10% of salary

**3 Other Terms**

The Managing Director shall also be entitled to the benefits under other benefits, schemes, privileges and amenities, amended salary structure as are granted to the senior executives of the Company, in accordance with the Company's practice and rules and regulations in force from time to time."

"RESOLVED FURTHER that notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay aforesaid remuneration as minimum remuneration to the Managing Director."

"RESOLVED FURTHER that the Board of Directors may increase the remuneration and perquisites of Sh Varinder Gupta, Managing Director from time to time within Schedule XIII of the Companies Act, 1956 and such other guidelines or ceiling fixed by the Government from time to time."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all such steps as may be considered necessary to give effect to the resolution."

By order of the Board  
for **TRIDENT ALCO-CHEM LIMITED**

Place : Barnala  
Dated : June 5, 2002

**Krishan Singla**  
Sr Company Secretary

**NOTES :**

- i) **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and proxy need not be a member. Proxy form in order to be effective must be received by the Company not less than 48 hours before the meeting. The blank proxy form is enclosed.**
- ii) Transfer of shares and related activities are being carried out by the Company in-house at the following address:  
**Trident Alco-Chem Limited**  
**85, Industrial Area 'A'**  
**Ludhiana- 141 003**  
**Phone : 0161-661616-18**  
**Fax : 0161-663629**  
**Email : investortacl@tridentindia.com**
- iii) The Register of Members and Share Transfer Books will remain closed from Friday, the **19th day of July, 2002 to Saturday, the 20th day of July, 2002** (both days inclusive).
- iv) Members who have not yet encashed the dividend warrants for the financial year ended on 31st December, 1995 are requested to surrender the un-cashed warrants to the Company and get the same revalidated for payment. The balance lying in unpaid dividend Account opened for the above purpose shall be transferred to the Investor Education Protection Fund of the Central Government established under the provisions of Section 205A read with Section 205C of the Companies Act, 1956. It may also be noted that once unclaimed dividend is transferred to the Central Government Account as stated above, no claim shall lie either against the Fund or against the Company in respect of individual amount of Dividend which remains unclaimed.
- v) Members who are holding shares in identical order of names under more than one folio are requested to send the relative share certificates to the Company for consolidation of the entire holding under one folio.
- vi) Documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days, except holidays, between 11.00 AM to 1.00 PM
- vii) Members desiring any information on Accounts or other items of Agenda are requested to write to the Company at its Registered Office at least ten days before the date of the Annual General Meeting so as to enable the Management to keep the information ready.
- viii) Members may visit us for any kind of information about the Group at [www.tridentindia.com](http://www.tridentindia.com)
- ix) Re-appointment of Directors
- At the ensuing Annual General Meeting Sh N C Gupta and Sh K L Dalal retire by rotation and being eligible offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement relating to the Code of Corporate Governance, the particulars of the aforesaid Directors are given below:
- Sh N C Gupta aged 65 years, is an industrialist, having experience of more than 45 years in managing the affairs of large business. He is also a Director on a number of other companies.
- Sh K L Dalal aged 78 years IFS, worked in various capacities including Ambassador to Thailand and Austria. At present he is serving many societies as its President and in other capacities. He is also a Director of number of other companies.
- x) Members are requested to:
- Intimate their Permanent Account Number.
  - Notify the change of address with pin code, to ensure quick delivery of letters.
  - Intimate their Email ID for Quick and Prompt Service and send their communication on Email ID **investortacl@tridentindia.com** for prompt response of queries.
  - Bring their copies of Annual Report at the meeting.
  - Complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.

**TRIDENT ALCO-CHEM LIMITED****EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 5**

Dr (Mrs) H K Bal was appointed as an Additional Director on the Board w.e.f. 27.03.2002 in terms of Article 133 of the Articles of Association of the Company. Pursuant to section 260 of the Companies Act, 1956, she holds office upto the date of the forthcoming Annual General Meeting and is eligible for appointment as a Director. The Company has received a notice in writing from a shareholder under section 257 of the Companies Act, 1956 proposing her name for the appointment as a Director of the Company.

Dr (Mrs) H K Bal is an educationist having a vast experience in the field of management and she is also a Director of number of other companies. The Board has considered that the Company would be immensely benefited by her mature advice and recommends the resolution for your approval.

None of the Directors except Dr (Mrs) H K Bal, being the proposed appointee, is interested or concerned in the resolution.

**Item No. 6**

Sh Varinder Gupta was re-appointed as Managing Director of the Company for a period of five years with effect from 1st September, 2002 on the terms & conditions approved by the Board of Directors in the meeting held on 27th March, 2002 subject to the approval of the shareholders and Central Government, if required. The Remuneration Committee in its meeting held on 27th March, 2002 has also approved the re-appointment and remuneration payable to him. The Board recommends the resolution for your approval.

The above may be treated as an abstract of the terms and conditions of the appointment of Sh Varinder Gupta pursuant to Section 302 of the Companies Act, 1956.

None of the Directors except Sh N C Gupta, Mrs Dimple Gupta being related to the appointee and Sh Varinder Gupta being the proposed appointee, is interested or concerned in the resolution.

By order of the Board  
for **TRIDENT ALCO-CHEM LIMITED**

Place : Barnala  
Dated : June 5, 2002

**Krishan Singla**  
Sr Company Secretary

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## DIRECTORS' REPORT

### Dear Members

The Directors of the Company have pleasure in presenting the Fifteenth Annual Report and Audited Accounts for the year ended 31st March, 2002 consisting of fifteen months.

### FINANCIAL RESULTS

The financial results of the Company for the year under report are given below:

Particulars	(Rs in lacs)	
	Year ended 31.03.2002 (15 months)	Year ended 31.12.2000 (12 months)
a) Turnover	5834.29	4324.83
b) Profit/(Loss) before interest & depreciation	(316.63)	416.64
c) Interest	506.43	381.15
d) Profit before depreciation	(623.06)	35.49
e) Depreciation	218.37	138.24
f) Profit/(Loss) before tax	(1041.43)	(102.75)
g) Provision for taxation	—	—
h) Profit/(Loss) after tax	(1041.43)	(102.75)
i) Less : Prior period expenses	11.93	—
j) Add : Excess provision written back	—	2.28
k) Balance brought forward from previous year	(95.43)	5.04
l) Adjustment of general reserves	225.00	—
m) Balance carried to the Balance Sheet	(923.79)	(95.43)

### INDUSTRY STRUCTURE

Traditionally Indian Organic Chemical Industry has been using alcohol as feedstock because petrochemicals feedstock was not economically viable. The controlled regime of low molasses price resulted in these companies making higher profits as compared to global players.

The rise in the prices of molasses after decontrol brought the margins of the companies under pressure. In the 'survival of the fittest' game, many companies

are going to be edged out of the race, many others will have to restructure their operations.

However, the importance of this class of chemicals cannot be under minded. Organic Chemicals and end products manufactured out of molasses based industrial alcohol serve large number of industries such as textiles, dyes, foodstuff, drugs & pharmaceuticals, Plastics and Packaging, Paints, Pesticides etc. Moreover it is based on 'a renewable feedstock' and is permanently available unlike naphtha or petro-feedstock which are depleting feedstocks.

The Pharmaceutical Industry is a knowledge driven industry and is heavily dependent on Research and Development for new products and growth. However, basic research (discovering new molecules) is a time consuming and expensive process and is thus, dominated by large global multinationals. Indian companies have recently entered the area and initial results have been encouraging.

The Indian pharmaceutical industry is highly fragmented, but has grown rapidly due to the friendly patent regime and low cost manufacturing structure. Intense competition, high volumes and low prices characterize the Indian domestic market. Exports have been rising at around 30% CAGR over last five years.

The Drug Pricing Control Order (DPCO) has been the millstone around the neck of Indian industry as it has severely restricted profitability and hence innovation. However, the government has been relaxing controls in a slow but progressive manner. The span of control of DPCO has come down from 90% in 1980 to 50% in 1995 and is likely to be further reduced as per the latest proposed changes. Presently under DPCO, there are 74 bulk drugs and their formulation under price control including Ibuprofen, which is likely to be reduced further.

### PERFORMANCE REVIEW

The performance of the Company has been affected adversely due to the continued depressed market conditions prevailed during the year. Operating margins of the Company were adversely effected by working capital deficiency, higher cost of borrowing and higher raw material prices without commensurate increase in the prices of finished goods. Due to aforesaid problems its losses went on mounting. The turnover of the Company has marginally increased by 9.77% on annualised basis from Rs 4324.83 lacs to

**TRIDENT ALCO-CHEM LIMITED**

Rs 5934.29 lacs during the year under review. The Company incurred net loss after interest and depreciation of Rs 1041.43 lacs during the year under review against net loss of Rs 102.75 lacs during the previous year. The business segmentwise performance is given below:

**Acetic Acid**

The production of Acetic Acid was 13455 MT during the year under review consisting of 15 months against 11084 MT during the previous year showing a marginal decrease on an annualised basis. Sale of Acetic Acid decreased by 15.10% on an annualised basis over the previous year due to depressed market conditions.

**Ethyl Acetate**

The production of Ethyl Acetate has increased in absolute terms from 3743 MT to 4353 MT during the year under review but shown a decline of 7% on an annualised basis over the previous year. The sale of Ethyl Acetate has also declined by 8.5% on an annualised basis over the previous year.

**Acetic Anhydride**

The production of Acetic Anhydride has increased from 3132 MT during the previous year to 4296 MT during the year under review showing an increase of 9.7% over the previous year on an annualised basis. The sale of Acetic Anhydride has been effected and was 4227 MT against 3305 MT during the previous year showing a marginal increase of 2.32% on an annualised basis over the previous year.

**Ibuprofen**

The Company, to meet the challenges put up by market conditions, thought it prudent to diversify in the pharmaceutical industry, a growing industry in India, and has set up the facilities for the manufacture of Ibuprofen with a capacity of 600 MT during the previous year. The Company was able to streamline its operations, to a larger extent and was able to produce 418 MT during the year under review against 85 MT during the previous year and hopeful to fully stabilise its operations during the current year. The quality of Ibuprofen is well accepted in market. The Company has achieved the sale of 413 MT of Ibuprofen against only 82 MT during the previous year.

**CONTRIBUTION TO NATIONAL EXCHEQUER**

Your Company has contributed a sum of Rs 772.17

lacs to the Exchequer by way of Central Excise Duty in addition to contribution through other direct and indirect taxes.

**EROSION OF NET WORTH OF THE COMPANY**

The Company has become a sick industrial company since its accumulated losses exceeded its net worth as on 31st March, 2002. As required under section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985, a reference is being made to the Board for Industrial and Financial Reconstruction for determining of the measures, which shall be adopted with respect to the Company.

**FUTURE PROSPECTUS**

The future of alcohol based chemicals industry in Punjab appears uncertain due to deficit alcohol availability in the state on the one side and higher permit fee being charged by the Government on the procurement of alcohol on the other side. The recent government decision to allow the blending of petrol with ethanol may put a pressure on the alcohol availability for chemical industry as alcohol supplied to the potable industry will not be affected due to higher value addition in that industry. But, the production of alcohol may increase consequent to the increase of demand of alcohol keeping a check on the pressure on the price of alcohol. However, the demand of our products Acetic Acid, Ethyl Acetate and Acetic Anhydride is showing continuous improvement due to the good scope of development of end user industries like PTA, dyes, foodstuff, paint and pharmaceuticals etc. Recently prices of Acetic Acid have started showing firm trend in the international market due to higher prices of crude oil and new expansions coming in PTA, which will impact the prices of all down stream products.

Looking to the overall scenario the Company is preparing itself well to meet the challenges. As forwarding looking measure, the Company has diversified in the pharmaceuticals sector during the last year, high growth industry in India and set up the facilities for the manufacture of Ibuprofen, a high versatile bulk drug. Ibuprofen being a popular off patent drug has a large global market. The Company is taking effective steps to streamline its operation which will able the Company to increase the production capacity of Ibuprofen. The Company is also in the process of adopting a new process for the manufacturing of Ibuprofen which will

able the Company to reduce its costs without effecting the quality of the product. The Company is also exploring the opportunity to export the Ibuprofen for better sales realization. The Company is hopeful for the better performance in the current year.

#### **DIRECTORS**

Sh Rajinder Gupta has resigned from the Directorship and Chairmanship of the Company. The Board places on record their appreciation for the valuable services rendered by him during his tenure as a Director and Chairman of the Company. Dr (Mrs) H K Bal was appointed as an Additional Director on the Board. She holds office upto the date of ensuing Annual General Meeting. The Company has received the notice in writting from a shareholder under section 257 of the Companies Act, 1956 for her appointment as Director of the Company. The Directors welcome her on the Board.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Sh N C Gupta and Sh K L Dalal, Directors, retire by rotation and being eligible offer themselves for re-appointment.

#### **CORPORATE GOVERNANCE**

Your Company believes that good corporate practices enable the Board to direct and control the affairs of the Company in an efficient manner and to achieve its ultimate goal of maximising shareholders value. Realising this, your Company has already adopted many practices of SEBI directives on Corporate Governance over the last few years, even though they are not mandatory for your Company as yet, and is committed for achieving the highest standards of Corporate Governance. The Company has given the Report on Corporate Governance separately with this report, though it will be applicable to the Company w.e.f. 31st March, 2003.

#### **HUMAN RESOURCE DEVELOPMENT**

The Company believes that its greatest asset is its people. They have immense performance potential and needs to be explored from time to time. Appropriate steps are being taken to strengthen human resources for further meeting challenges. Members are provided with opportunities to attend training programmes being conducted by the external agencies. In addition to that, weekly training programmes are being conducted in fire fighting, team building, safety etc. to improve their skills.

#### **SAFETY HEALTH AND ENVIRONMENT**

Safety is Company's top priority with regard to employment and the Company has been encouraging safety measures at all level of operation specially at the floor level. Regular training programmes are being conducted to bring in awareness about the importance of safety at the work place.

Bi-monthly medical camps are also being organised for the welfare of the members in addition to regular medical facilities provided to them.

#### **DEMATERIALISATION OF SHARES**

The Company has joined hands with National Security Depository Limited and Central Depository Security Limited to facilitate holding and trading of shares in dematerialised form. The members should get their holding dematerialised at their earliest.

#### **INVESTOR SERVICES**

The Company is committed to provide the best services to the shareholders. The Company is having the target of seven days for transfer/dematerialisation of shares and five days for reply to their correspondence. Till date no correspondence/enquiry from any shareholder is pending with the Company for reply.

#### **INSURANCE**

All the insurable immovable as well as movable assets of the Company including stocks continued to be properly insured and all the insurance policies are in force as on the date of the report.

#### **FIXED DEPOSITS**

The Company has not accepted/renewed any deposits from the public/members during the year under review.

#### **LISTING OF SHARES**

The equity shares of the Company are continued to be listed and traded on:

- The Ludhiana Stock Exchange Association Limited, Ludhiana
- The Delhi Stock Exchange Association Limited, New Delhi
- The Stock Exchange, Mumbai

The Company has made compliances of the listing agreement including payment of annual listing fee.





**TRIDENT ALCO-CHEM LIMITED****AUDITORS AND AUDITORS' REPORT**

M/s K K Kapoor & Associates, Chartered Accountants, Auditors of the Company, retire at the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Auditors' Report on the accounts is self-explanatory and no comments are required.

**COST AUDITORS**

The Central Government had directed the audit be carried out of the Cost Accounts maintained by the Company in respect of Chemicals by a qualified Cost Accountant. The Board, subject to the approval of the Central Government, has appointed M/s Ramanath Iyer & Co., Cost Accountants, New Delhi, as Cost Auditors for the year 2002-03.

**INDUSTRIAL RELATIONS**

The industrial relations remained cordial and harmonious throughout the year.

**ENERGY CONSERVATION/TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Energy conservation continues to be an area of major emphasis in the Company. A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto as Annexure I and forms part of the report.

**INFORMATION ON PERSONNEL**

The statement showing the particulars of the employees as required by the provisions of section

217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, is not given as no employee was in receipt of remuneration equal to or exceeding Rs 24,00,000/- (Rupees twentyfour lacs only) per annum, if employed for the full year or Rs 2,00,000/- (Rupees two lacs) per month if employed for the part of the year.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Directors' Responsibility Statement pursuant to the provisions of section 217(2AA) of the Companies Act, 1956 is enclosed as Annexure II and forms part of the report.

**ACKNOWLEDGEMENT**

The Board of Directors of your Company are pleased to place on record their sincere gratitude and appreciation for the assistance and co-operation received from the Union Government, the Punjab Government, the Punjab State Industrial Development Corporation Limited, the Financial Institutions and the Company's Bankers, Members, Customers and Business Constituents.

Your Directors also express their appreciation and gratitude for the continued devout, sincere and unstinted services rendered by the counsellors, co-ordinators and facilitators at all levels of operations for the success and progress of the Company.

**For and on behalf of the Board**

The statement showing the particulars of the employees as required by the provisions of section

Place : Ludhiana  
Dated : June 5, 2002

**VARINDER GUPTA** **N C GUPTA**  
Managing Director Chairman

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