



# 24TH ANNUAL REPORT AND ACCOUNTS

1999-2000

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**PUNJAB CHEMICALS  
AND  
PHARMACEUTICALS LIMITED**



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## BOARD OF DIRECTORS

**K.C. Shroff**, Chairman  
**G. Narayana**, Vice Chairman  
**A.G. Shroff**  
**Vijay Rai**  
**B.S. Kakkar**  
**Gurcharan Singh**  
**Mukesh D Patel**  
**Jagdish R Naik**  
**Shalil S Shroff**, Executive Director  
**A.S. Kalsi**, Director (Admn.)  
**Avtar Singh**, Director (Operations & Business Development)

## VICE PRESIDENT (FINANCE) & SECRETARY

**Punit K Abrol**

## AUDITORS

**J.R. Khanna & Co., Chandigarh**

## BANKERS

**Bank of Baroda**

## REGISTERED OFFICE

SCO:417-418, Sector-35C  
 Chandigarh-160 022  
 Ph.: 0172-600955, 603120, 604127  
 Fax: 0172-603621  
 E-mail: pcpl1@ch1.vsnl.net.in  
 Internet No.: pcpl@chd.vsnl.net.in.

## WORKS

Milestone 18, Ambala-Kalka Road  
 Bhankarpur (Derabassi)  
 Distt. Patiala (Punjab)  
 Ph.: 01762-70094, 70086, Fax: 01762-70070  
 E-mail: pcpl.fac@sme.sprintpg.ems.vsnl.net.in

## OTHER OFFICES

Excel Estate  
 S.V. Road, Goregaon(W)  
 Mumbai-400 062  
 Tel.: 022-8725119, 8735743  
 Fax: 022-8725119, 8735743  
 E-Mail: stschem@bom3.vsnl.net.in

107, Ansal Bhawan  
 K.G. Marg, New Delhi-110 001  
 Ph.: 011-3314867, 3312406  
 Fax: 011-3314890  
 E-Mail: pcpldel@vsnl.net

414, Navketan Complex  
 Opp. Clock Tower  
 52, S.D. Road, Secunderabad  
 Tel.: 040-7800292, 7805662  
 Fax: 040-7806943  
 E-mail: pcplhyd@satyam.net.in

## SHAREHOLDER INFORMATION

### Share Transfer System

Share transfers would be registered and returned within a period of 30 days from the date of receipt, if the documents are in order in all respects.

### Assistance

For assistance regarding share transfers and transmission, change of address, duplicate/missing share certificates and other matters, please write to Regd. Office or Mumbai Office

**Annual General Meeting** on Tuesday  
 22nd August, 2000 at 2.30 P.M. at the  
 Registered Office of the Company.

**Book Closure Dates**  
 16th August, 2000  
 22nd August, 2000

**Shares of the Company are listed on Ludhiana, Mumbai and Delhi Stock Exchanges.**

## PCPL

**PUNJAB CHEMICALS AND PHARMACEUTICALS LIMITED****Regd. Office: SCO: 417-418, Sector-35C, Chandigarh-160 022.****NOTICE**

**NOTICE** is hereby given that the 24th Annual General Meeting of the members of Punjab Chemicals and Pharmaceuticals Limited will be held on Tuesday, the 22nd August, 2000, at 2.30 p.m. at the Registered Office of the Company at SCO: 417-418, Sector-35C, Chandigarh-160 022, to transact the following business :

**AS ORDINARY BUSINESS:**

1. To consider and adopt the Profit and Loss Account for the financial year ended 31st March, 2000 and the Balance Sheet as at that date, together with the Directors' Report and the Auditor's Report thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Shri A.G. Shroff, who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint a Director in place of Shri M.D. Patel, who retires by rotation and, being eligible, offers himself for re-election.
5. To appoint a Director in place of Shri B.S. Kakkar, who retires by rotation and, being eligible, offers himself for re-election.
6. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**AS SPECIAL BUSINESS :**

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an **ordinary resolution** :

"RESOLVED THAT in supersession to the resolutions approved at the Annual General Meetings held on 28<sup>th</sup> August, 1993, 3<sup>rd</sup> September, 1994, 26<sup>th</sup> August, 1998 and 24<sup>th</sup> August, 1999 w.r.t. the creation of mortgage/second charge by the Company pursuant to section 293(1) (a) and other applicable provisions, if any of the Companies Act, 1956 and also subject to the consent of the Financial Institutions/Banks, if any, the approval of the Company be and it is hereby accorded to the Board of Directors to create a fresh equitable mortgage by deposit of title deeds of the immovable properties of the Company at Milestone 18, Ambala Kalka Road, Village Bhankharpur, Derabassi, Distt. Patiala (Punjab) in favour of Bank of Baroda (hereinafter referred to as Bank) after the repayment of all loans of The Industrial Finance Corporation of India Ltd. (IFCI) for securing the due repayment, discharge and redemption by the Company to the Bank, the term loan and the working capital facilities upto an aggregate limit of Rs. 3050 lacs sanctioned by the Bank to the Company together with interest, additional interest, further interest by way of liquidity damages, penal interest, compound interest, interest tax, costs, charges, expenses and other monies payable thereon by the Company to the Bank.

RESOLVED FURTHER THAT the fresh equitable mortgage/charge, created and all agreements/documents executed by the Company and all acts done for creation of equitable mortgage in favour of Bank of Baroda by and with the authority of the Board of Directors are hereby approved and ratified."

8. To consider and, if thought fit, to pass with or without modification, the following resolution as a **special resolution**:  
 "RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from appropriate authorities, the Articles of Association of the Company be altered as follows:  
 Insert the following Article as Article 19A after Article 19 :



## Article 19A

**DEMATERIALIZATION OF SECURITIES**

For the purpose of this Article:-

- |   |   |
|---|---|
| i) Definitions  | <p>'Beneficial Owner' means a person or persons whose name is recorded as such with a depository;</p> <p>'SEBI' means the Securities and Exchange Board of India;</p> <p>'Depository' means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as depository under the Securities and Exchange Board of India Act, 1992; and</p> <p>'Security' means such security as may be specified by the SEBI from time to time.</p>   |
| ii) Dematerialisation of Securities                     | Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.  |
| iii) Options for Investors                              | Every person subscribing to securities offered by the Company shall have the option either to receive security certificates or to hold the securities with a depository. If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security. Every person who is the beneficial owner of the securities can at any time opt out of a depository, in the manner provided by the Depositories Act, 1996 in respect of any security. The Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of securities.   |
| iv) Securities in Depositories to be in fungible form   | All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.  |
| v) Rights of depositories and Beneficial Owners         | <p>a. Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.</p> <p>b. Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.</p> <p>c. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.</p> |
| vi) Service of Documents                                | Notwithstanding anything contained in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.  |
| vii) Transfer of Securities                             | Nothing contained in Section 108 of the Act or the Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.   |
| viii) Allotment of Securities dealt within a Depository | Notwithstanding anything contained in the Act or the Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.   |

**PCPL**

ix) Distinctive numbers of Securities held in a depository	Nothing contained in the Act or the Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
x) Register and Index of beneficial owners	The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of the Articles."

**Notes:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
2. The instrument appointing proxy should be deposited at the Registered Office of the Company not later than forty eight hours before the time fixed for the meeting.
3. Members desiring any information on the business to be transacted at the Meeting are requested to write to the Company at least 10 days in advance to enable the Management to keep the information, as far as possible, ready at the Meeting.
4. **Members are requested to notify immediately any change in their addresses to the Company, quoting Folio No. and giving complete address in block capitals with pin code of the postal address.**
5. **The Register of Members and Share Transfer Books of the Company will remain closed from 16th August, 2000 to 22nd August, 2000 (both days inclusive).**
6. The Company has transferred the unclaimed dividend to the General Revenue Account of the Central Government upto the financial year 1993-94. The concerned members may therefore submit their claim, if any, to the Registrar of Companies, Punjab, H.P. & Chandigarh at Jalandhar.
7. **The payment of dividend, if any declared, will be made to those members, whose names will appear in the Register of Members on 22nd August, 2000.**
8. **In order to prevent the possibility of interception in transit and fraudulent encashment of Dividend Warrants, the members are requested to inform Bank Account No. & name of their bankers which would be incorporated in the Dividend Warrants.**
9. The members are requested to intimate, if the shares are held by them in the same order and names but in more than one Folio number. This will enable the Company to club the said accounts into one account.
10. **The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956, in respect of the Special Business as aforesaid is annexed to this Notice.**

By order of the Board

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Chandigarh. 2nd June, 2000

Punit K Abrol  
V.P.(Finance) & Secretary

**ANNEXURE TO THE NOTICE**

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

**ITEM NO. 7**

Consequent upon repayment of all term loans availed from IFCI, the title deeds of the immovable property of the Company at Milestone 18, Ambala Kalka Road, Village Bhankharpur, Derabassi, Distt. Patiala (Punjab) lying with IFCI has now been delivered to and deposited with Bank of Baroda by IFCI for securing the working capital limit Rs. 2550 lacs and a term loan of Rs. 500 lacs sanctioned by Bank of Baroda to the Company. The Company has, therefore entered into a new Memorandum of Entry for creation of fresh equitable mortgage by way of deposit of title deeds with Bank of Baroda on 25.01.2000.

Hence, resolution at item no. 7 is proposed for approval.

The copy of new Memorandum of Entry and other documents relating to the working capital facilities and term loan availed from Bank of Baroda will be available for inspection during the business hours at the registered office of the Company.

**ITEM NO. 8**

With the introduction of the Depositories Act, 1996, and the introduction of the Depository System, some of the provisions of the Companies Act, 1956, relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate implementation of the new system. The Depository system of holding securities in an electronic form is a far safer and more convenient method for holding and trading in the securities of a Company. Your Company has also joined a Depository and its securities can be dematerialised and it is, therefore, proposed that the Company's Articles of Association be suitably altered as set out in resolution at item no. 8 of the Notice to reflect the provisions introduced by the Depositories Act, 1996, and to spell out the rights of the beneficial owners of the securities in such a system.

The Board commends the resolution for acceptance by the members.

A copy of the Articles of Association of your Company together with the proposed alterations is available for inspection by the members of the Company at its Registered Office on any working day of the Company.

By order of the Board

Regd. Office :  
S.C.O. 417-418, Sector 35-C  
Chandigarh

Chandigarh, 2nd June, 2000

Punit K Abrol  
V.P.(Finance) & Secretary



**PCPL****DIRECTORS' REPORT**

TO THE MEMBERS,

The Board of Directors of your Company present the 24th Annual Report together with the audited statements of account of the Company for the year ended 31st March, 2000.

**1. FINANCIAL RESULTS**

	<b>1999-2000</b> <b>(Rupees)</b>	<b>1998-99</b> <b>(Rupees)</b>
Sale of Products &	70,66,01,862	87,29,31,084
Other Income		
<b>Profit before</b>	<b>3,01,36,066</b>	<b>9,30,01,517</b>
<b>Depreciation &amp; Tax</b>		
Less: Depreciation	1,92,02,082	1,68,52,316
<b>Profit before Tax</b>	<b>1,09,33,984</b>	<b>7,61,49,201</b>
Less : Provision for Tax	11,50,000	85,00,000
<b>Profit after Tax</b>	<b>97,83,984</b>	<b>6,76,49,201</b>
Add/(Less): Prior Period Adjustments	(4,13,662)	(1,27,558)
Provision for tax of earlier year written back	4,00,233	36,18,270
Investment Allowance (utilised)		
Reserve Written Back	46,65,305	0
Profit brought forward from previous year.	1,09,93,346	1,18,17,357
<b>Profit available for</b>		
<b>Appropriation</b>	<b>2,54,29,206</b>	<b>8,29,57,270</b>
Out of this, the Directors have made the following appropriations :		
Proposed Dividend	32,33,493	1,07,78,310
Tax on Dividend	7,11,369	11,85,614
General Reserve	1,00,00,000	6,00,00,000
Carried to Balance Sheet	1,14,84,344	1,09,93,346

**2. DIVIDEND**

Your Directors recommend for consideration the payment of Dividend for the financial year 1999-2000 at the rate of Rs. 1.50 per equity share (15%) as compared to Rs. 5.00 per equity share (50%) for the last year.

**3. ISO 14001**

The Board of Directors are pleased to inform that your Company has been awarded an Environmental Management System Certificate (ISO 14001) concerning the activities relating to manufacture of bulk and speciality Chemicals for use in Industrial, Pharmaceuticals and Pesticides applications by DET NORSKE VERITAS (DNV), THE NETHERLANDS.

**4. PERFORMANCE**

During the year, the sales turnover was Rs. 69.26 crores against Rs. 85.66 crores in 1998-99. Profit after tax during the year decreased to Rs. 97.84 lacs against Rs. 6.76 crores of last year. Export turnover of the Company was Rs. 48.76 crores in the year under review against Rs. 57.50 crores of the last year.

The performance of the Company was affected during the year due to intense competition in the domestic as well as export products and recession in the market. Prices and consequently the margins on all the products have lowered.





The Company has taken the required possible steps to improve raw material efficiencies and to curtail various expenses. The efforts to maintain Company's share in the world market for the existing products are being taken. The new products are being introduced. The Company is also working on the possibilities to enter into a long term tie up for manufacturing and for marketing the high value products.

#### **5. EXPANSION**

The production of new agro chemicals and other speciality chemicals in small lots have commenced during the year. It is hoped that these new products will have acceptance in the world market. The efforts to sell these products on regular basis are in progress.

The Company has also made an arrangement to market a high value product in the international market by getting the same manufactured from other Company.

Your Directors are confident that the continuous efforts of the Company will improve the working.

#### **6. FINANCE**

During the year, the Company has availed a Treasury Product facility of Rs 5 crores from Industrial Development Bank of India (IDBI). In view of higher rate of interest, the Company has started repaying the term loan availed from Times Bank in the last year.

Your Company received good response to its fixed deposit scheme and the amount of deposits from the shareholders as well the public was outstanding at Rs. 388.68 lacs on 31st March, 2000 against Rs. 327.81 lacs as on 31st March, 1999.

Sixteen depositors did not claim their deposits on the due date and unclaimed amount stood at Rs. 94,500 as on 31st March, 2000.

#### **7. DEMATERIALISATION OF SHARES**

SEBI has notified that equity shares of the Company be traded in dematerialised form by all Institutional Investors (FIs, FIIs, Mutual Funds and Banks) and Overseas Banks from 26th June, 2000. Your Company, has, therefore entered into a tripartite agreement with NSDL & CDSL for the purpose of dematerialising the equity shares of the Company. Your Directors have also decided to give simultaneous option of dematerialisation of shares to all the shareholders.

Alankit Assignments Ltd., New Delhi have been appointed as the Registrar for electronic connectivity for the said shares.

#### **8. INSURANCE**

Your Company continues to cover the possible risks like fire, flood, public liability, etc. on the assets of the Company by taking required insurance policies.

#### **9. ENVIRONMENT MANAGEMENT AND POLLUTION CONTROL**

The concern to protect the environment and control the pollution continue to receive utmost attention and priority. The services of the specialists in this field are availed of and the concerned people are regularly advised on the importance of clean environment.

#### **10. HRD & INDUSTRIAL RELATIONS**

Your Directors are pleased to place on record the cordial relations with all category of employees. Their wholehearted efforts and contribution are acknowledged with gratitude. The Company has been taking care of the training needs and welfare of the employees.

#### **11. DIRECTORS**

In accordance with Article 146 of the Articles of Association of the Company, Shri A.G. Shroff, Shri M.D. Patel and Shri B.S. Kakkar, Directors of the Company, retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-election.

**PCPL****12. YEAR 2000 (Y2K) COMPLIANCE**

The Company was able to comply with Y2K requirement in view of the effective measures taken.

**13. LISTING OF SHARES**

Equity shares of the Company are listed on Ludhiana, Delhi and Mumbai Stock Exchanges. The Company has paid listing fees to these Stock Exchanges in pursuance of clause 38 of the listing agreement with Stock Exchanges.

**14. OTHER INFORMATION****(i) PARTICULARS REGARDING CONSERVATION OF ENERGY, ETC.**

Particulars regarding conservation of energy, technology absorption, foreign exchange earnings and outgo as required under section 217(1)(e) of the Companies Act, 1956, are given in the addendum to this Report.

**(ii) PARTICULARS OF EMPLOYEES.**

The information as required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, is attached to this Report.

**15. AUDITORS**

Mr. Anil Khanna, Proprietor of M/s J.R. Khanna & Co., Chartered Accountants, Chandigarh, holds office as Auditors of your Company till the conclusion of the ensuing Annual General Meeting. The retiring auditors are eligible for reappointment and have indicated their willingness to act as auditors, if reappointed.

**16. ACKNOWLEDGEMENT**

Your Directors place on record their gratitude to Excel Industries Limited for their continuous support and guidance.

The co-operation extended by Bank of Baroda, Industrial Development Bank of India, Housing Development Finance Corporation Ltd. and Times Bank are acknowledged with thanks.

For and on behalf of the Board of Directors



Mumbai, 31st May, 2000

**K.C. Shroff**  
Chairman