



**26TH
ANNUAL REPORT
AND
ACCOUNTS

2001-2002**

**PUNJAB CHEMICALS
AND
PHARMACEUTICALS LIMITED**



Shri Avtar Singh, Director (Operations & Business Development) receiving Management Excellence Award of Management of Industrial Development of India (MIDI)



Shri Veer Singh Rajebhosale, Sr. General Manager (Exports) of the company receiving 2nd Chemexcil award on Export Performance from Shri Rajiv Pratap Rudi, Minister of State for Commerce and Industry, Government of India

BOARD OF DIRECTORS

G. Narayana, Chairman
 A.G. Shroff
 Vijay Rai
 Gurcharan Singh
 Mukesh D Patel
 Jagdish R Naik
 N.Gopinath
 Shaili Shroff, Executive Director
 A.S. Kalai, Director (Admn.) (Upto 13.11.2001)
 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: pcpl_chd@satyam.net.in

WORKS

Milestone 18, Ambala-Kalka Road
 Bhankharpur (Derabassi)
 Distt. Patiala (Punjab)
 Ph.: 01762-430094, 433613 Fax: 01762-430070
 E-mail: pcplfac@satyam.net.in

OTHER OFFICES

Excel Estate
 S.V. Road
 Goregaon(W)
 Mumbai-400 062.
 Tel.: 022-8723865, 8723866
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107, Ansal Bhawan
 K.G. Marg, New Delhi-110 001
 Ph.: 011-3314867, 3312406
 Fax: 011-3314890
 E-mail: pcpldel@satyam.net.in

414, Navketan Complex
 Opp. Clock Tower
 52, S.D. Road, Secunderabad
 Tel.: 040-7800292, 7805662
 Fax: 040-7806943
 E-mail: pcplhyd@hd2.vsnl.net.in

SHAREHOLDERS INFORMATION**Share Transfer System**

Share transfer 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 Registered Office or Mumbai Office of the Company.

Annual General Meeting

Tuesday, 30th July, 2002 at 2.30 P.M.
 at the Registered Office of the Company.

Book Closure Dates

25th July, 2002 to 30th July 2002

Shares of the Company are listed on Ludhiana, Mumbai and Delhi Stock Exchanges and the fees has been paid.

The trading in the equity shares of the Company is compulsorily in dematerialised form since 28th August, 2000. Therefore, the same should be got dematerialised, if not done so far.

Website: www.pcplsts.com

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PUNJAB CHEMICALS AND PHARMACEUTICALS LIMITED

Regd. Office: SCO: 417-418, (1st and 2nd Floor), Sector-35-C
Chandigarh-160 022.

NOTICE

Notice is hereby given that the **26th Annual General Meeting** of the members of Punjab Chemicals and Pharmaceuticals Limited will be held on **Tuesday, the 30th July, 2002 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:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended 31st March, 2002 and the Balance Sheet as at that date, together with the Directors' Report and the Auditor's Report thereon.
2. To appoint a Director in place of **Shri Atul G Shroff**, who retires by rotation and, being eligible, offers himself for re-election.
3. To appoint a Director in place of **Shri Gurcharan Singh**, who retires by rotation and, being eligible, offers himself for re-election.
4. 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 authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:
"RESOLVED THAT in accordance with the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of Article 113 of the Articles of Association of the Company, **Shri N.Gopinath** who was appointed on the Board to fill the casual vacancy caused due to the resignation of **Shri. B.S. Kakkar** and who ceases to hold office as per the provisions of Section 262 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director as per the provisions of Section 257 of the companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retirement by rotation."
6. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as an ordinary resolution:
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII thereto and subject to the limits specified in the said Schedule XIII, approval of the Company be and is hereby accorded to the reappointment of **Shri Avtar Singh** as Whole Time Director of the Company for a term of 5 (five) years with effect from 14.11.2001 to 13.11.2006 on the terms and conditions and remuneration as set out in the appointment letter issued to **Shri Avtar Singh**, a copy whereof is tabled at this meeting and which terms of remuneration are reproduced in the explanatory statement annexed to the notice of this meeting:
RESOLVED FURTHER THAT the remuneration payable to **Shri Avtar Singh** as aforesaid shall be payable as minimum remuneration in case of absence or inadequacy of profit in any financial year, but subject to the ceiling laid down in this behalf in the said Schedule XIII."
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:
"RESOLVED THAT pursuant to the provisions of Section 309 (4) and other applicable provisions of the Companies Act, 1956, and subject to the approval of the Central Government, if and when required, payment of commission to the Directors of the Company other than the Managing and Whole-Time Directors, be and is hereby authorised and sanctioned for a further period of each of the five years, namely, financial years 2002-03 to 2006-07, provided that the commission so payable to all the eligible Directors put together shall not exceed one percent of the net profits of the Company for the respective financial year.
RESOLVED FURTHER THAT the quantum of commission so payable for each year (subject to the limit of one percent of net profits), the amount of such commission payable to each eligible Director and the particular Director to whom it shall be paid or not paid and the manner of payment thereof shall be such as may be determined and decided by the Chairman of the Company from time to time.
RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution."

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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing proxy should be deposited at the Registered Office of the Company not later than forty eight hours before the commencement of the meeting.
3. Members, who hold shares in dematerialised form, are requested to bring their Client ID and DPID numbers for easy identification of attendance at the meeting.

4. 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.
5. 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.
6. 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.
7. The Register of Members and Share Transfer Books of the Company will remain closed from 25th July, 2002 to 30th July, 2002 (both days inclusive), in connection with the Annual General Meeting.
 - a. 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 by quoting the Company's Registration No. 53-03603.
 - b. Pursuant to the provisions of Section 205A of the Companies (Amendment) Act, 1989, the amount of dividend which remains unclaimed for a period of 7 years from the date of declaration would be transferred to the Investors Education and Protection Fund and the shareholders would not be able to make any claims in respect of the amount of dividend so transferred to the Fund. As such, shareholders who have not encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividends declared by the Company during the year 1995 onwards.
8. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business to be transacted at the meeting is annexed to this notice.
9. Information pursuant to Clause 49VI(A) (a) & (c) of the Listing Agreement requires disclosures on the reappointment of the Directors which is annexed as Annexure II to this notice.

By order of the Board

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

Chandigarh, 5th June, 2002

ANNEXURE TO THE NOTICE

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

Item No. 5

The Board of Directors of the Company at their meeting held on 25th July, 2001, appointed Shri N. Gopinath as a Director of the Company to fill in the casual vacancy caused by the resignation of Shri B.S. Kakkar, Director of the Company. In accordance with the provisions of Article 132 of the Articles of Association of the Company read with Section 262 of the Companies Act, 1956 ("the Act"), Shri N. Gopinath holds office upto the date of the forthcoming Annual General Meeting, being the date on which Shri B.S. Kakkar would have retired by rotation. The Company has received a notice in writing under Section 257 of the Act, along with a required deposit of Rs. 500/- from a member expressing his intention to propose the candidature of Shri N. Gopinath as a Director of the Company. Shri N. Gopinath has agreed to be considered for appointment as a Director of the Company.

Except Shri N. Gopinath, no other Director is concerned or interested in the said resolution.

Your Directors feel that the Company would be immensely benefited from the wide experience of Shri N. Gopinath and accordingly, recommend the passing of the resolution proposed at Item no. 5 of the Notice.

Shri N. Gopinath (53 years), B.E. (Mech.), DfE is a technocrat possessing vast experience of over 25 years in the field of setting up plants for chemicals, pharmaceuticals, refineries, petrochemicals, fertilizers industries, etc. He is a Managing Director of Newton Engineering & Chemicals Ltd. Presently he is on the Board of following Companies:

● Euro Enterprises Ltd., Vadodara ● Newton Equipments (P) Ltd., Vadodara ● Newton Investment (P) Ltd., Vadodara

Item No. 6

The Board of Directors of the Company had at its meeting held on 23.10.2001 in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII, and other applicable provisions of the Companies Act, 1956 and further to the approval of the members of the Company in General Meeting, appointed Shri Avtar Singh as Whole Time Director of the Company for a period of 5 years w.e.f. 14.11.2001 to 13.11.2006 on the terms and conditions as set out in the appointment letter, which are reproduced below:

1. Salary: Rs. 48,000/- per month in the scale of Rs. 45,000 - Rs. 70,000.
The annual increment will be effective from 1st April each year taking into account the Company's performance and as decided by the Board of Directors.
2. Commission on net profits of the Company as may be determined and fixed by the Board of Directors subject to a limit of ½ percent of net profits of each financial year.
3. Perquisites:
Perquisites as follows will be allowed in addition to the Salary and shall be restricted to an amount equal to the Annual Salary.
 - a. House Rent Allowance (HRA) at 30% of the Salary as above.
 - b. Reimbursement of medical expenses incurred for self and family subject to a ceiling of one month salary in a year or three months' salary over a period of three years.

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- c. Payment of subscription and fees in respect of one club. This will not include admission and life membership fee.
- d. Personal Accident Insurance - premium not to exceed Rs. 1,000/- per annum.
- e. Leave Travel Concession for self and family, as per the rules of the Company.
- f. Encashment of un-availed annual leave as per the rules of the Company.
- g. Company's contribution to Provident Fund, Superannuation Fund or annuity fund as per the scheme of the Company.
- h. Gratuity, as per the rules of the Company, payable in accordance with the approved Gratuity Fund.
- i. Encashment of leave at the end of tenure as per the rules of the Company.
- j. Provision of car maintained by the Company for use on the Company's business.
- k. Telephone: The Company will provide telephone facility at his residence. However, the long distance personal calls shall be billed by the Company.

Provided that the perquisites as per items (g), (h), (i), (j) & (k) will not be included in the computation of ceiling of perquisites. The other terms and conditions of the re-appointment will remain unchanged."

The Directors recommend the resolution as per item no. 6 of the Notice for approval.

Shri Avtar Singh may be deemed to be interested in this resolution.

Shri Avtar Singh is B.Sc. from Panjab University, Chandigarh. He is having more than 20 years experience in Chemicals, Pharmaceuticals, Intermediate and Agrochemicals field. He is also a Director on the Board of STS Chemicals Ltd. He has widely travelled across the world for marketing and development of new Chemicals, Pharmaceuticals, Intermediates and Agrochemicals and has attended conferences on National & International level in India & Abroad.

Item No. 7

Having regard to the responsibility shouldered by your Company's Non-Executive Directors and the time devoted by them, the Company in the Annual General Meeting held on 10th September, 1997 had authorised payment of Commission to them for a period of 5 (five) years from 1997-98 to 2001-2002 and the said payment was duly approved by the Central Government under the provisions of the Companies Act, 1956. It is recommended that the payment of Commission to the Non-Executive Directors be continued in future also and hence approval and authorisation of members is being sought as stated in the resolution as per item no. 7 of the Notice.

It will be noted that the proposal is to pay commission not exceeding in the aggregate 1% of the net profits of the Company computed in the manner laid down under Section 198 of the Companies Act, 1956, for a further period of five years, namely, 2002-03 to 2006-07 and the Chairman is being authorised to determine the amount payable and to distribute among the Directors of the Company or some of them excluding the Managing Director and Whole-Time Directors as may be decided and in the proportion and manner as the Chairman may decide from time to time.

The commission will be paid in addition to the sitting fees paid to be paid for attending the Board Meetings and Committee Meetings of the Board of Directors. The permission of the Central Government will be obtained, if required.

The members are requested to approve the said resolution.

All the Directors of your Company except Shri Shall Shroff, Executive Director and Shri Avtar Singh, Director (Operations and Business Development), may be deemed to be concerned or interested in the resolution.

ANNEXURE II

Information pursuant to Clause 49 VI(A) (a) & c) of the Listing Agreement.

Brief resume and name of the Companies in which the Directors who are being re-appointed as a Director of the Company, having directorship in other Companies is given below. The details regarding new Directors have already been given under the relevant explanatory statement.

A. Shri Atul G Shroff

Shri Atul G Shroff, Managing Director of Transpek Industry Limited, has over 30 years of extensive experience in Chemical Industry. His special accomplishments include successful handling of some of the important and large projects at Excel Industries Limited, Mumbai. Under his stewardship, Transpek Industry Limited has grown to a Rs.182 crores (1999-2000) from a mere Rs. 3.83 crores Company in 1980. He is past President of Baroda Management Association. He has travelled extensively abroad which includes all European countries, U.K., U.S.A., Latin and Central American countries, Middle East, Far East, Japan, Australia, China, Russia, etc. At present he is also on the Board of the following companies:

- Excel Industries Ltd., Mumbai
- Shri Dinesh Mills Ltd., Baroda
- Banco Products (I) Ltd.
- Transmetal Ltd., Baroda
- Shroff Engineering Ltd., Baroda
- Benzo Petrochemicals Ltd., Baroda
- Transpek Marketing Ltd., Baroda
- Ace Zipper Industrial Co. Ltd., Baroda
- Sayaji Iron and Engineering Co. Ltd., Baroda
- Nascent Chemical Industries (P) Ltd., Mumbai

B. Shri Gurcharan Singh

Shri Gurcharan Singh, M.Pharm. (Chemistry), Diploma in Marketing Management, Diploma in Management of Public Enterprises Chemical Engineer and MIMA-All India Management Association, has more than 38 years experience. He has commissioned 46 projects - Chemicals and Pharmaceuticals. He was a nominee Director on the Board of around 18 Companies. He has visited Japan, USA, West Germany, France, Switzerland, Italy, Holland, Poland, etc. At present he is on the Board of the following companies:

- Capsugel India Ltd.
- Rai Ago Industries (P) Ltd.

Registered Office:

Punjab Chemicals & Pharmaceuticals Ltd.

SCO: 417-418, Sector-35C, CHANDIGARH.

Dated: 5th June, 2002

By order of the Board

Punit K Abrol

V.P.(Finance) & Secretary

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors of your Company present the 26th Annual Report and the audited statements of account of the Company for the year ended 31st March, 2002.

1. FINANCIAL RESULTS

The financial highlights of the year are as under:

	2001-2002	(Rupees) 2000-2001
Sale of Products & Other Income	69,35,55,760	76,43,18,683
Profit/(Loss) before Depreciation & Tax	(81,47,981)	2,59,74,580
Less: Depreciation	1,91,19,611	1,92,63,065
Profit/(Loss) before Tax	(2,72,67,592)	67,11,515
Less: Provision for Tax for current year	31,000	7,50,000
Add: Deferred Tax Adjustment	78,24,003	0
Profit/(Loss) after Tax	(1,94,74,589)	59,61,515
Add/(Less):		
Prior Period Adjustments	3,06,513	62,723
Provision for tax of earlier years written back	7,07,980	36,272
	(1,84,60,096)	60,60,510
Investment Allowance (Utilised) Reserve Written Back	0	54,52,500
Profit brought forward from previous year	1,00,27,929	1,14,84,344
Profit/(Loss) available for Appropriation	(84,32,167)	2,29,97,354
Out of this, the Directors have made the following appropriations:		
Proposed Dividend	0	26,94,578
Tax on Dividend	0	2,74,847
General Reserve	0	1,00,00,000
Carried forward to Balance Sheet	(84,32,167)	1,00,27,929

Note: Figures of the previous year have been regrouped, wherever necessary, to make them comparable with figures of the current year.

2. DIVIDEND

Your Directors regret their inability to recommend any dividend in view of the loss for the year under review as compared to the dividend of Rs. 1.25 per equity share declared for the financial year 2000-01.

3. RESERVES AND SURPLUS

In accordance with AS 22 issued by the Institute of Chartered Accountants of India (ICAI), the Company has adjusted deferred tax liability of Rs. 4,06,50,565 pertaining to the earlier period till the commencement of the accounting year against the un-committed revenue reserves. However, the necessary differential adjustment at the end of the accounting year has been reflected in the Profit and Loss Account.

4. OPERATIONS

During the year under review, the sales turnover has decreased to Rs. 68.74 crores against Rs. 75.24 crores in 2000-01. The export turnover was Rs. 38.16 crores against Rs. 48.54 crores of the previous year. The Company is passing through a very difficult time due to substantial reduction in the demand and prices for one of the agrochemicals in the overseas market. Accordingly, there has been a loss for the year of Rs. 272.68 lacs before provision of taxes and deferred tax adjustment as compared to the profit before tax of Rs. 67.11 lacs of the last year.

5. PROSPECTS

The adverse working has not deterred the Company's morale. The renewed efforts have been under-taken to remain in the market with the support of customers and inherent strength of quality and commitment. There is a sufficient recognition for the Company and its products in the domestic as well as international market. The ongoing efforts to cut cost, improve efficiency and develop new products are expected to bring good results in the coming period.

During the year, the Company has launched one more agrochemical in the overseas market and one speciality chemical in the domestic market. Your Directors are confident that these steps will add to the turnover and profitability of the Company.

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6. FINANCE

During the year, the Company has availed of the balance amount of loan of Rs. 450 lacs from Industrial Development Bank of India (IDBI). The said loan has now been converted into a long term loan with re-fixation of the repayment schedule. The due instalments of the term loans from IDBI and Bank of Baroda have been paid in time.

The amount of fixed deposits from the public at the end of the year under review aggregated to Rs. 428.37 lacs (previous year Rs. 395.25 lacs). 50 no. of depositors did not claim their deposits on maturity. The amount of such unclaimed deposits as on 31st March, 2002 was Rs. 7,11,442/- against 37 no. of unclaimed deposits with an amount of Rs. 3,18,512/- on 31st March, 2001.

7. INSURANCE

The Company continues to have the required Insurance covers for the possible risks like fire, flood, public liability, etc.

8. ENVIRONMENT MANAGEMENT AND POLLUTION CONTROL

Your Company is now upgraded and certified for ISO 9001:2000 for Quality Management Systems from June, 2001 onwards for a period of three years. As already informed, the Company has also obtained ISO-14001 certificate for its manufacturing unit at Derabassi, Punjab. The programmes in the areas of energy conservation, pollution control, value addition and reduction in waste generation are ongoing process.

9. EMPLOYEES & INDUSTRIAL RELATIONS

The relations among the employees and with the management are very cordial. Your Directors wish to place on record their deep sense of appreciation for the committed and devoted services of the executives, staff and workers of the Company. The much needed co-operation of all the employees of the Company during this difficult period is worth mentioning and appreciated.

The Company continues to take care of the training of personnel and upgradation of first aids and medical facilities for employees.

10. DIRECTORS

Shri A.S. Kalsi, Director (Admn.) relinquished his office on 13.11.2001 after the completion of his five years tenure. Your Directors place on record their deep sense of appreciation for the services rendered by him during his service in the Company for around 20 years and as a Whole Time Director of the Company for 5 years.

Shri N.Gopinath, Managing Director, Newton Engineering Ltd., was appointed as a Director of the Company to fill the casual vacancy arising on the resignation of Shri B.S. Kakkar from the Board of Directors of the Company and will hold the office of the Director upto the forthcoming Annual General Meeting, the date upto which he could remain as a Director of the Company. Your Directors place on record their deep sense of appreciation for the services rendered by Shri B.S. Kakkar during his tenure as a Director of the Company.

In accordance with Article 146 of the Articles of Association of the Company, Shri Atul G. Shroff and Shri Gurcharan Singh, Directors of the Company, retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-appointment. Shri N.Gopinath, who was appointed to fill the casual vacancy caused by the resignation of Shri B.S. Kakkar shall also retire at the forthcoming Annual General Meeting. However, the Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member expressing his intention of proposing Shri N.Gopinath as a Director of the Company. Accordingly, his re-appointment has also been proposed in the notice of the Annual General Meeting.

The Board of Directors in their meeting held on 23rd October, 2001 have re-appointed Shri Avtar Singh, Director (Operations & Business Development), as the Whole Time Director for a further period of five years w.e.f. 14.11.2001 subject to your approval. The proposed remuneration and other terms and conditions of his re-appointment have been included in the notice of the Annual General Meeting for consideration and approval.

11. DEPOSITORY SYSTEM

As the members are aware, your Company's shares are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories, i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository System, members are requested to avail of the facility of dematerialisation of the Company's shares on either of the Depositories as aforesaid.

12. INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956.**(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 Annexure to this Report.

(ii) PARTICULARS OF EMPLOYEES.

The information as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is not attached to this Report, because there is no employee in the Company, whose remuneration exceeds the limit prescribed under the relevant provisions.

(iii) RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- ii) that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year on 31st March, 2002 and of the loss of the Company for that period;
- iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that they have prepared the annual accounts on a going concern basis.

13. COST AUDIT

The Central Government has now prescribed the Cost Audit relating to the manufacture of the 'Insecticides' by the Company from the year 2000-01 onwards. The cost audit report by Mrs. Pushpa Khanna, Cost Accountant, in respect of the audit of the cost accounts of the Insecticides being manufactured by the Company will be submitted to the Central Government directly.

14. AUDITORS REMARKS

With reference to Auditor's remarks as contained in their report, the relevant notes annexed to the accounts vide schedule Q at serial no. 5 and 6 are self explanatory and there is nothing further to add.

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 Company has received a letter from him to the effect that his reappointment, if made, would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956.

Your directors recommend the appointment of M/s J.R. Khanna & Co., Chartered Accountants, Chandigarh, as Auditors of the Company for the next year.

16. CORPORATE GOVERNANCE

As per the Listing Agreement with the Delhi Stock Exchange, the Company is required to implement the Code of Corporate Governance by 31st March, 2003. Accordingly, the following committees of Directors have been constituted during the year.

1. Audit Committee.
2. Shareholders/Investors Grievance Committee.

17. ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude the support and guidance of its promoter, Excel Industries Limited.

The co-operation extended by Bank of Baroda, Industrial Development Bank of India, Housing Development Finance Corporation Ltd. and HDFC Bank Ltd. is appreciated.

For and on behalf of the Board of Directors

G. NARAYANA
Chairman

Mumbai, 27th May, 2002

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ANNEXURE TO THE DIRECTORS' REPORT

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

I) CONSERVATION OF ENERGY

a) Energy Conservation Measures taken:

- The connected load of approximately 130 HP has been reduced by replacing high rating motors to low rating motors, wherever possible.
- The GLS lamps were replaced with fluorescent tubes in plant.
- The modification was carried out in cooling water and chilled water distribution to reduce the running of extra pump.
- Use of alternate fuels in the Boiler has reduced steam cost.

b) Additional investments and proposal, if any, being implemented for reducing the consumption of energy.

- The required equipments were installed on identification of the requirement for reducing the consumption of energy.

c) Impact of (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods.

- As a result of the above measures, the new products are being manufactured from the available power and utility.

d) Total energy consumption and energy consumption per unit of production, as per prescribed Form 'A'.

FORM 'A'

CURRENT YEAR	PREVIOUS YEAR (2001-02)	(2000-01)
A. Power and fuel consumption		
1. Electricity		
a) Purchased		
Unit(Kwh)	87,71,512	92,86,878
Total Amt.(Rs.lacs)	311.39	314.94
Rate/Unit(Rs.)	3.55	3.39
b) Own Generation		
i) Through Diesel Generator		
Unit(Kwh)	9,94,024	15,97,421
Unit per ltr. of Diesel Oil	3.69	3.74
Cost/ Unit (Rs.)	4.12	3.80
ii) Through Steam Turbine/Generator		
Unit(Kwh)	nil	nil
Unit per ltr. of fuel oil/gas	nil	nil
Cost/ Unit (Rs.)	nil	nil
2. Coal(specify quality and where used)		
Qty.(tonnes)	5,240	3,975
Total cost (Rs.lacs)	139.46	105.47
Average Rate (Rs.)	2,661	2,653
3. Furnace Oil		
Quantity (K.ltrs.)	nil	nil
Total Amount	nil	nil
Average rate (Rs.)	nil	nil
4. Others/Internal generation		
Husk Rice Straw & Baggase (Agro Waste)		
Quantity (MT)	16,314	16,582
Total Cost (Rs.lacs)	164.20	184.37
Rate/Unit (Rs.)	1,007	1,112

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