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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
ACM	<input checked="" type="checkbox"/>		SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			



Punjab Alkalies & Chemicals Limited

22ND ANNUAL REPORT 1996-97

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Punjab Alkalies & Chemicals Limited

BOARD OF DIRECTORS

Shri Ramesh Inder Singh, IAS, Chairman
 Shri S.C. Agrawal, IAS
 Shri R.N. Gupta, IAS
 Shri A.S. Chatha, IAS (Retd.)
 Dr. Surinder P.S. Pruthi
 Shri Yash Paul Mahajan
 Shri D.C. Mehandru
 Shri S.S. Rajan
 Shri J.S. Saraon
 Shri B.K. Batra, Nominee of IDBI
 Shri Mukul Joshi, IAS, Managing Director

COMPANY SECRETARY

Shri Pradeep Nauharua

BANKERS

Punjab National Bank
 Punjab & Sind Bank
 Deutsche Bank
 Indian Bank

INTERNAL AUDITORS

M/s. Ashwani & Associates,
 19-A, Udham Singh Nagar,
 Civil Lines,
 Ludhiana-141 001

REGISTERED OFFICE

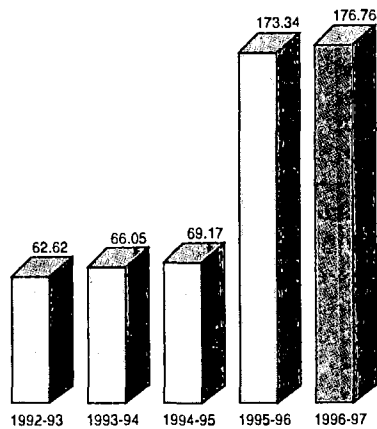
S.C.O. 125-127, Sector 17-B,
 Chandigarh-160 017

WORKS

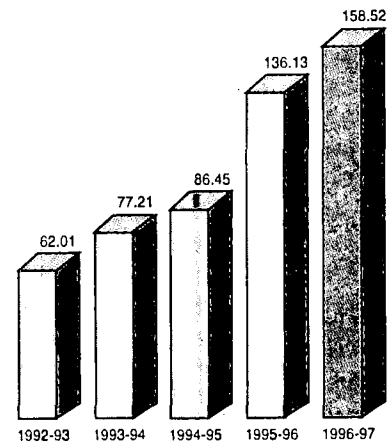
Nangal-Una Road,
 Naya Nangal-140 126
 Distt. Ropar, Punjab

Growth Indicators

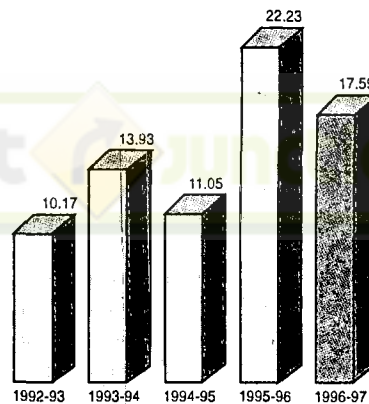
GROSS BLOCK (Rs. in Crores)



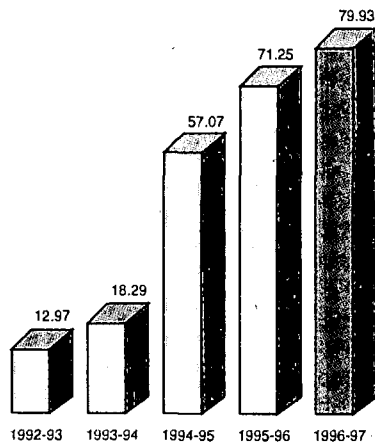
SALES TURNOVER (Rs. in Crores)



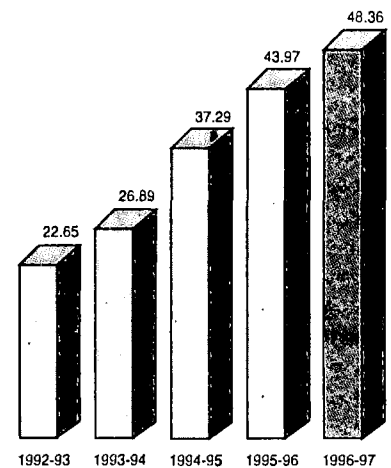
NET PROFITS BEFORE TAXES (Rs. in Crores)



RESERVES AND SURPLUS (Rs. in Crores)



BOOK VALUE PER SHARE (In Rupees)



Punjab Alkalies & Chemicals Limited

DIRECTORS' REPORT

Your Directors are pleased to report yet another year of good performance of your Company and also have pleasure in presenting their 22nd Annual Report on the working of the Company together with the Audited Accounts for the year ended 31st March, 1997.

Financial Results

The financial results of the Company for the year ended 31st March, 1997 are summarised below :-

	(Rs. in crores)	
	1996-97	1995-96
Sales Turnover	158.52	136.13
Profit before Depreciation & Finance Charges	33.55	34.55
Depreciation, etc.	7.59	5.59
Finance Charges	8.37	6.73
Profit before tax	17.59	22.23
Provision for taxation	2.27	—
Profit after tax	15.32	22.23

Your Directors believe that the results would have been better but for the exorbitant hike in power tariff from July, 1996, where most of the additional burden has been absorbed by the Company.

The Company has met in time all its obligations during the year towards payment of interest and principal to the Financial Institutions.

Dividend

The Directors have recommended for the year under review, a Dividend at the rate of 30% on the equity shares (on proportionate basis). After providing Rs.6.14 crores for dividend and a sum of Rs.0.61 crores as Income Tax on dividend, a sum of Rs.1.53 crores has been transferred to the General Reserve.

Current Trends and Future Plans

In view of the Government's resolve to continue the liberalisation process, the markets continue to expand and the competition is becoming more intense. There has been significant capacity expansion in the Industry in the country and the increase in supply has put tremendous pressure on the margins of Caustic Soda manufacturers. Against this backdrop, the performance of your Company is all the more commendable.

With your support and cooperation, the Company has been making constant adjustments in response to the changing scenario and the need to remain at par, if not a step ahead, of the competition. Starting with the commissioning of the 100 TPD Mercury Cell Caustic Soda Plant in January, 1984, today the Company has carved a niche for itself in the Caustic Soda Industry in the country. In its endeavour to constantly upgrade and augment its technological capabilities, the Company commissioned a new 100 TPD Membrane Cell Caustic Soda Plant based on HOECHST-UHDE Membrane Cell Technology, in 1995, which is a power saving and eco-friendly technology. As a next step in this direction, the Company is now converting its existing Mercury Cell Caustic Soda Plant into a 200 TPD Membrane Cell Plant at a cost of Rs.86.00 crores. The Company has, through a rigorous process of selection, selected HOECHST-UHDE Membrane Cell Technology for this Project. The Project is likely to be completed early next year.

The Company has in hand plans to set up a Captive Power Generation Plant of 51 MW capacity based on Naptha as fuel, for which Global Tender has been floated and the response is being processed by the consultants. This project will make your Company, in time, invulnerable both to sourcing its key input as well as unexpected escalations in power tariff.

The Company is also taking steps to increase the commercial utilisation of Hydrogen, which is one of its by-products.

The Directors are confident that with the implementation of these plans, the Company will be able to face the new challenges.

To ensure improvement in productivity of the Company, a key to competitive strengths, a productivity audit is being commissioned. This is expected to improve the productivity and efficiency of the Company.

ISO 9002 Certification

The Company's past track record as well as its futuristic orientation, has earned for it the ISO 9002 Certification by DET NORSKE VERITAS (DNV), Netherlands. This is a shot in the arm of the Company's entire management team and work-force whose motivation threshold continues to be high.

Environment and Energy Conservation

The Company is fully committed to take all possible measures towards maintaining safety, good house-keeping and eco-friendly environment in its Plants. A green belt has been developed inside the Plant Complex. An environmental audit of the Plants is conducted annually.

The Directors are happy to report that the Company is relentlessly pursuing the path of energy conservation. The information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in Annexure-I forming a part of this report.

Deposits

There are no outstanding matured deposits, except those unclaimed. Unclaimed deposits as on 31st March, 1997 amounted to Rs. 5.30 lacs in respect of 217 depositors. Out of this, an amount of Rs.13 thousand has since been paid to 5 depositors during the current year.

Human Resources

The Company has always valued its human resources. Training and retraining are an integral component of its Human Resources Development plan.

The Industrial and human relations at all levels continued to remain peaceful and cordial.

During the year ended 31st March, 1997 there was no employee of the Company whose particulars need to be included in this report under Section 217(2A) of the Companies Act, 1956.

Directors

Shri S.K. Tuteja, IAS resigned as a Director of the Company w.e.f. 27th June, 1996. Consequently, Shri S.K. Tuteja ceased to be the Chairman of the Company w.e.f. that date. The Punjab State Industrial Development Corporation Limited (PSIDC) nominated Shri Gokul Patnaik, IAS as Director and Chairman of the Company w.e.f. 3rd July, 1996. Shri Gokul Patnaik, IAS resigned as a Director of the Company w.e.f. 19th August, 1996. Consequently, Shri Gokul Patnaik ceased to be the Chairman of the Company w.e.f. that date. The PSIDC nominated Shri K.R. Lakhanpal, IAS as Director and Chairman of the Company w.e.f. 26th August, 1996. Subsequently, the PSIDC nominated Shri I.S. Bindra, IAS as Director and Chairman of the Company vice Shri K.R. Lakhanpal, IAS w.e.f. 26th November, 1996. Shri Ramesh Inder Singh, IAS resigned as a Director of the Company w.e.f. 21st August, 1996. However, consequent upon his appointment as Secretary to the Government of Punjab, Department of Industries & Commerce, the PSIDC nominated Shri Ramesh Inder Singh, IAS as Director and Chairman of the Company vice Shri I.S. Bindra, IAS w.e.f. 28th February, 1997. The Directors place on record their deep appreciation of the valuable guidance provided by Shri S.K. Tuteja, IAS, Shri Gokul Patnaik, IAS, Shri K.R. Lakhanpal, IAS and Shri I.S. Bindra, IAS.

The PSIDC has nominated Shri Mukul Joshi, IAS, as its Nominee Director on the Board of Directors of the Company in place of Shri Rakesh Singh, IAS, w.e.f. 26th November, 1996. Consequently, Shri Rakesh Singh ceased to be the Managing Director of the Company w.e.f. 26th November, 1996. The Directors place on record their deep appreciation of the valuable services rendered by Shri Rakesh Singh during his tenure with the Company. Shri Mukul Joshi, IAS, has taken over as the Managing Director of the Company w.e.f.

Punjab Alkalies & Chemicals Limited

26th November, 1996. The Directors feel that the Company will benefit tremendously from his rich and varied managerial and administrative experience.

Shri P.S. Bajwa ceased to be a Director of the Company w.e.f. 3rd March, 1997 consequent upon withdrawal of his nomination by the PSIDC as its Nominee Director. The Directors place on record their appreciation of the valuable contribution made by Shri Bajwa. The PSIDC has nominated Shri S.C. Agrawal, IAS, as its Nominee Director on the Board of Directors of the Company w.e.f. 10th March, 1997, in place of Shri P.S. Bajwa.

The Industrial Development Bank of India has withdrawn the nomination of Shri K.X.M. John as its Nominee Director and nominated Shri B.K. Batra as a Director of the Company w.e.f. 2nd June, 1997. The Directors place on record their appreciation of the valuable contribution made by Shri K.X.M. John during his association with the Company.

The Board has appointed Shri A.S. Chatha, IAS (Retd.), former Chairman, Punjab State Electricity Board as Additional Director of the Company. Shri A.S. Chatha holds office till the date of the ensuing Annual General Meeting. The Directors place on record their appreciation of the valuable contribution made by Shri A.S. Chatha.

Shri S.S. Rajan and Shri D.C. Mehandru retire by rotation at the ensuing Annual General Meeting. Shri S.S. Rajan being eligible offers himself for re-appointment. Shri D.C. Mehandru has indicated his unwillingness for re-appointment on the Board in view of his other pre-occupations. The Directors wish to place on record their deep appreciation of the valuable contribution made by Shri D.C. Mehandru.

Notices in writing have been received from some members under Section 257 of the Companies Act, 1956, signifying their intention to propose at the ensuing Annual General Meeting the appointment of Shri Sushil Kumar Sharma, Executive Director (I&F), PSIDC as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation, in place of Shri D.C. Mehandru.

Auditors

M/s. Gupta Verma & Sethi, Chartered Accountants, have resigned as Auditors of the Company vide their letter dated 30th July, 1997 due to their pre-occupation in other assignments. Notice in writing has been received from a member signifying intention to propose at the ensuing Annual General Meeting the appointment of M/s. S. Tandon & Associates, Chartered Accountants and M/s. A.K. Sood & Associates, Chartered Accountants, as Auditors of the Company. M/s. S. Tandon & Associates, Chartered Accountants and M/s. A.K. Sood & Associates, Chartered Accountants, have submitted certificates stating that their appointment, if made, would be within the limits prescribed under Section 224(1-B) of the Companies Act, 1956. The Directors recommend their appointment as the Auditors of the Company.

Acknowledgements

The Directors would like to place on record their appreciation of the support and cooperation extended by the Central and State Governments, Financial Institutions, Punjab State Industrial Development Corporation Limited, Company's Bankers and Business constituents.

Your Directors also express their deep appreciation for the devoted and sincere services rendered by the members of the management team, staff and work-force, for the good performance in an increasingly competitive environment.

For and on behalf of the Board

Place : Chandigarh
Date : July 31, 1997

Sd/-
(RAMESHINDER SINGH)
Chairman



ANNEXURE - I TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1997.

Energy Consumption and Conservation

	<u>1996-97</u>	<u>1995-96</u>
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (lacs KWH)	2382.88	2199.29
Total Amount (Rs. in lacs)	6100.45	4907.82
Rates/Unit (Rs.)	2.56	2.23
(b) Own Generation	Nil	Nil
2. Coal	Nil	Nil
3. Furnace Oil/LDO/HSD		
Quantity (K. litres)	1590.910	1519.270
Total Amount (Rs. in lacs)	114.76	96.38
Average Rate (Rs. per K.litre)	7213.68	6343.84
4. Others	Nil	Nil
B. Consumption per Unit of Caustic Soda Produced		
1. Electricity (KWH)		
— Caustic Soda Lye	3173	3288
— Additional Consumption for conversion to Caustic Soda Flakes	100	104
2. Furnace Oil/LDO/HSD(ltrs.)		
— For Caustic Soda Lye	6.6	3.5
— Additional Consumption for conversion to Caustic Soda Flakes	101	116

Keeping in view the costing pattern adopted by the Company, per unit energy consumption for by-products cannot be separated from Caustic Soda Lye figures.

The decrease in electricity consumption per unit of Caustic Soda Lye produced is due to the energy conservation measures adopted by the Company and the lower energy consumption in the Membrane Cell Caustic Soda Plant.

Research and Development

The main thrust of the Research & Development effort of the Company continued to be on energy conservation and pollution control.

Expenses incurred on R & D are booked under respective general accounting heads and no amounts can therefore be quantified separately under the head of R & D expenses.

Technology Absorption, Adaptation and Innovation

The Know-how received from foreign suppliers of plant & machinery for the Company's Mercury Cell Caustic Soda Plant has been fully absorbed.

Punjab Alkalies & Chemicals Limited

The Company's 100 TPD Membrane Cell Caustic Soda Plant based on HOECHST - UHDE Membrane Cell Technology, commenced commercial production in August, 1995. The know-how for the same has been fully absorbed.

The Company is converting its existing Mercury Cell Caustic Soda Plant into a 200 TPD Membrane Cell Caustic Soda Plant based on HOECHST-UHDE Membrane Cell Technology. The critical equipments for the same are being supplied by M/s. Krupp Uhde GmbH, Germany.

Total foreign exchange utilised during the accounting year is Rs. 175.19 lacs. Foreign exchange earned during the accounting year is Rs. 1.07 lacs.

For and on behalf of the Board

Place: Chandigarh
Date : July 31, 1997

Sd/-
(RAMESHINDER SINGH)
Chairman





AUDITORS' REPORT

To the Shareholders of
Punjab Alkalies & Chemicals Limited

We have audited the attached Balance Sheet of M/s. Punjab Alkalies & Chemicals Limited as at 31st March, 1997 and also the Profit & Loss Account of the Company for the year ended on that date together with the Notes and Schedules thereon annexed thereto and report that :-

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we state that :-
 - i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets, these fixed assets have been physically verified by the management at reasonable intervals. No material discrepancy was noticed on such verification.
 - ii) None of the fixed assets has been revalued during the year.
 - iii) Physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials.
 - iv) Procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - v) Discrepancies noticed on physical verification of stocks as compared to book records, were not material and the same have been properly dealt with in the accounts with the normally accepted accounting principles and is on the same basis as in earlier years.
 - vi) On the basis of our examination of stocks, we are satisfied that such valuation is fair and proper in accordance with the normally accepted accounting principles. The basis of valuation of stocks is the same as in the preceding year.
 - vii) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties to be listed in the register maintained under Section 301 of the Companies Act, 1956 (1 of 1956), and/or from the Companies under the same management as defined under sub section (1B) of Section 370 of the Companies Act, 1956 (1 of 1956), which are prima facie prejudicial to the interests of the Company.
 - viii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties to be listed in the register maintained under Section 301 and/or to the Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956 (1 of 1956), which are prima facie prejudicial to the interests of the Company.
 - ix) In respect of loans and advances in the nature of loans where interest and repayment have been stipulated the parties have repaid the principal amounts as stipulated and are also regular in the payment of interest.
 - x) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of business with regard to purchase of stores, raw materials including components, plant and machinery, equipment, other assets and for the sale of goods.
 - xi) According to the information and explanations given to us there are no transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contract or arrangements to be entered in the register maintained under Section 301 of the Companies Act, 1956 (1 of 1956) and aggregating during the year to Rs. 50,000/- (Rupees Fifty Thousand only) or more in respect of each party.