

pacl

Punjab Alkalies & Chemicals Ltd.

Report  junction.com

26TH ANNUAL REPORT 2000-2001.

| CONTENTS | Page No. |
|--|----------|
| 1. Directors' Report | 2 |
| 2. Auditors' Report | 7 |
| 3. Balance Sheet | 10 |
| 4. Profit and Loss Account | 11 |
| 5. Schedule A — Q | 12 |
| 6. Cash Flow Statement | 28 |
| 7. Statement relating to Subsidiary Company | 29 |
| 8. Report and Accounts of PACL Alco-Vinyls Limited | 30 |



Punjab Alkalies & Chemicals Limited**BOARD OF DIRECTORS**

Shri Ramesh Inder Singh, IAS, Chairman
 Shri S. S. Brar, IAS
 Shri S. K. Sharma
 Dr. Surinder P. S. Pruthi
 Shri Yash Paul Mahajan
 Shri J. S. Saraon
 Shri Ajmer Singh Makkar
 Shri Harinder Singh Dhillon
 Shri B.K. Batra, Nominee of IDBI
 Shri A.K. Sharma, Nominee of IFCI
 Shri Gurinderjit Singh Sandhu, IAS, Managing Director
 Shri Satbinder Singh, Director (Finance)

COMPANY SECRETARY

Shri Pradeep Nauharia

BANKERS

Punjab National Bank
 Punjab & Sind Bank

AUDITORS

M/s. S. Tandon & Associates,
 Chartered Accountants,
 S.C.O. 201-203, 3rd Floor, Sector 34-B,
 Chandigarh - 160 022

M/s. A. K. Sood & Associates,
 Chartered Accountants,
 S.C.O. 50-51, 11nd Floor, Sector 17-A,
 Chandigarh - 160 017

INTERNAL AUDITORS

M/s. Ashwani & Associates,
 19-A, Udharn 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
 Punjab



DIRECTORS' REPORT

Your Directors submit their 26th Annual Report together with the Audited Accounts for the year ended 31st March, 2001.

Financial Results

The financial results of the Company for the year ended 31st March, 2001 are summarised below :-

| | (Rs. in crores) | |
|---|-----------------|------------------|
| | <u>2000-01</u> | <u>1999-2000</u> |
| Sales Turnover & Other Income | 173.25 | 150.22 |
| Total Expenditure excluding Finance Charges and Depreciation | 144.82 | 142.62 |
| Profit before Finance Charges and Depreciation | 28.43 | 7.60 |
| Finance Charges | 22.76 | 22.37 |
| Cash Profit/(Loss) | 5.67 | (14.77) |
| Depreciation, etc. | 11.18 | 11.21 |
| Net Loss | 5.51 | 25.98 |

The Company's performance during the year under review improved considerably inspite of demand-supply imbalance in Chlor-Alkali Industry. Recovery in end-user industries like Paper and Aluminium as also decline in imports of Caustic Soda because of increase in landed price on account of Anti Dumping Duty and depreciation of Rupee against Dollar, led to increase in demand and improved realisations. The average realisation increased to Rs.23,400 per Electro-Chemical Unit (ECU) – an increase of Rs. 4,600 per ECU over that of the last year. The improved realisations coupled with reduction in costs due to various cost cutting measures adopted by the Company have resulted in a Cash Profit of Rs.5.67 crores during the year under review as against a Cash Loss of Rs.14.77 crores during the year 1999-2000, a turnaround of more than Rs.20 crores. The Net Loss for the year 2000-01 is Rs.5.51 crores as against a Net Loss of Rs.25.98 crores during the year 1999-2000. The Company achieved a higher Turnover of Rs.172.70 crores against Rs.149.23 crores in 1999-2000.

In view of the Loss incurred by the Company, the Directors regret their inability to recommend any Dividend for the financial year 2000-01.

Finance

The financial restructuring of some of the loans during the year has led to fresh funding, deferment and reduction in rate of interest. This alongwith Cash Profits during the year 2000-01 improved the liquidity position. As a result of the same, most of the overdues of the Financial Institutions and Banks have been cleared.

There are no outstanding matured deposits, except those unclaimed. Unclaimed deposits as on 31st March, 2001 amounted to Rs.4.83 lacs in respect of 203 depositors. Out of this, an amount of Rs. 6 thousand has since been paid to 3 depositors during the current year.

Punjab Alkalies & Chemicals Limited

Current Operations and Outlook

In the current year the Chlor-Alkali industry is on the path of recovery. This has resulted in improvement in sales realisation of Caustic Soda. The operations of the Company during the first quarter of 2001-02 have shown encouraging results with a Net Profit of Rs.1.00 crore as against a Net Loss of Rs.3.28 crores in the corresponding period in the last year. The Chlor-Alkali Industry has become highly volatile because of fast changing demand-supply scenario and the performance of the Company will depend upon the prevailing market conditions.

Environment and Energy Conservation

The Company is aware of its responsibility to carry out its operations in an environment-friendly way and is taking appropriate measures for maintaining safety and good house keeping. A safety audit of the Plants was conducted by the Regional Labour Institute, Kanpur and their recommendations are being implemented. The green belt developed in the Plant Complex is being maintained effectively. An environmental audit of the Plants is conducted annually.

The Company continues to direct its attention on energy conservation. An energy audit of the Plants was got conducted from National Productivity Council and their recommendations are being implemented. 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.

Listing

The Equity Shares of the Company are listed on the Ludhiana, Delhi, Mumbai and Ahmedabad Stock Exchanges. The Annual listing fee for the year 2001-02 has been paid to these Stock Exchanges.

Human Resources

The Company continues to focus on development and upgradation of the skills of its human resources. Industrial relations remained cordial.

During the year ended 31st March, 2001, 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

The Board has appointed Shri Satbinder Singh as Director (Finance) of the Company w.e.f. 28th September, 2000.

The Industrial Development Bank of India has withdrawn the nomination of Shri B.K. Batra as its Nominee Director and nominated Shri R.M. Malla as a Director of the Company w.e.f. 3rd August, 2001, vide its letter dated 18th July, 2001. The Directors place on record their appreciation of the valuable contribution made by Shri B.K. Batra during his association with the Company.

Dr. Surinder P. S. Pruthi, Shri Yash Paul Mahajan and Shri J.S. Saraon retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Audit Committee

The Audit Committee of the Board comprises of Shri Yash Paul Mahajan, Shri Harinder Singh Dhillon,



Shri B.K. Batta and Shri S.K. Sharma with Shri Yash Paul Mahajan as its Chairman.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that :

- (i) In the preparation of the annual accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors 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 at the end of the financial year and of the loss of the Company for the year under review;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

Auditors

M/s. S. Tandon & Associates, Chartered Accountants and M/s. A.K. Sood & Associates, Chartered Accountants, Auditors of the Company retire on the conclusion of the ensuing Annual General Meeting and being eligible they have indicated their willingness to be reappointed.

Acknowledgements

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

Your Directors also acknowledge with appreciation the devoted and sincere services rendered by the members of the management team, staff and work-force.

For and on behalf of the Board

Place : Chandigarh
Date : July 27, 2001

Sd/-
(RAMESHINDER SINGH)
Chairman



Punjab Alkalies & Chemicals Limited

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, 2001.

Energy Consumption and Conservation

| | <u>2000-01</u> | <u>1999-2000</u> |
|---|----------------|------------------|
| A. Power and Fuel Consumption | | |
| 1. Electricity | | |
| (a) Purchased | | |
| Units (lacs KWH) | 2043.93 | 2136.04 |
| Total Amount (Rs.in lacs) | 6778.02 | 6780.52 |
| Rate / Unit (Rs.) | 3.32 | 3.17 |
| (b) Own Generation | Nil | Nil |
| 2. Coal | Nil | Nil |
| 3. Furnace Oil/LDO/HSD | | |
| Quantity (K. litres) | 4031.180 | 5607.690 |
| Total Amount (Rs.in lacs) | 490.18 | 505.73 |
| Average Rate (Rs. Per K.litre) | 12159.62 | 9018.54 |
| 4. Others | Nil | Nil |
| B. Consumption per Unit of Caustic Soda Produced | | |
| 1. Electricity (KWH) | | |
| — Caustic Soda Lye | 2652 | 2574 |
| — Additional Consumption for conversion to Caustic Soda Flakes | 76 | 100 |
| 2. Furnace Oil/LDO/HSD(ltrs.) | | |
| — For Caustic Soda Lye | 48 | 61.1 |
| — Additional Consumption for conversion to Caustic Soda Flakes | 62.7 | 72 |

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 marginal increase in electricity consumption per unit of Caustic Soda Lye over that of previous year is due to ageing of Membranes. But for certain energy conservation measures adopted by the Company, the increase would have been higher.



Research and Development

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

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 for the Company's 100 TPD Membrane Cell Caustic Soda Plant has been fully absorbed. The know-how for the Company's Mercury Cell to 200 TPD Membrane Cell Converted Caustic Soda Plant has also been fully absorbed.

Total foreign exchange utilised during the accounting year is Rs.171.71 lacs.

For and on behalf of the Board

Sd/-

(RAMESHINDER SINGH)
Chairman

Place : Chandigarh
Date : July 27, 2001



Punjab Alkalies & Chemicals Limited

AUDITORS' REPORT

To the Shareholders of
PUNJAB ALKALIES & CHEMICALS LIMITED

We have audited the attached Balance Sheet of PUNJAB ALKALIES & CHEMICALS LIMITED as at 31st March 2001, and the Profit and Loss Account of the Company for the year ended on that date 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, we annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:-
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far, as appears from our examination of the books.
 - (c) The Balance Sheet and Profit and Loss Account are in agreement with the books of Account.
 - (d) In our opinion, the Profit & Loss Account and Balance Sheet comply with the Accounting Standard referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the Directors, other than Shri B.K. Batra, and taken on record by the Board of Directors, we report that none of the said Directors is disqualified as on 31st March, 2001 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956. Shri B.K. Batra (Nominee of IDBI) has informed that the provisions of section 274 of the said Act relating to disqualification of Directors are not attracted in his case, in view of the provisions of section 30A of the Industrial Development Bank of India Act, 1964.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:-
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2001, and
 - ii) In the case of Profit and Loss Account, of the Loss for the year ended on that date.

For A.K.SOOD & ASSOCIATES
Chartered Accountants

For S. TANDON & ASSOCIATES
Chartered Accountants

Place : Chandigarh
Date : June 28, 2001

Sd/-
(A.K.SOOD)
Partner

Sd/-
(H.S. KHURANA)
Partner



ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (1) of our Report of even date to the Shareholders of PUNJAB ALKALIES & CHEMICALS LIMITED on the accounts for the year ended 31st March, 2001.

- (i) The Company is maintaining proper records showing full particulars. All fixed assets have been physically verified by the management during the year.
- (ii) There has been no revaluation of Fixed Assets during the year.
- (iii) The stocks of finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals during/at the end of the year.
- (iv) In our opinion, the 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) The discrepancies noticed on such verification of stocks as compared to book records, were not material and the same have been properly dealt with in the books of account.
- (vi) In our opinion, the valuation of finished goods, stores, spare parts and raw material is fair and proper in accordance with the normally accepted accounting principles. The valuation of stocks is on the same basis as in the preceding year.
- (vii) The Company has not taken any loans secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 and 370(1B) of the Companies Act, 1956.
- (viii) The Company has not granted any secured or unsecured loans to Companies, firm or other parties listed in the register maintained under section 301 and 370(1B) of the Companies Act, 1956.
- (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 its 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.
- (xii) As explained to us, the Company has a procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposit) Rules, 1975 and directions issued by Reserve Bank of India, with regard to the deposits accepted from public.
- (xiv) In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap and by-products.
- (xv) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (xvi) The books of account pursuant of the Order made by the Central Government for the maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956 have prima facie been maintained by the Company during the period under report. However, we are not required to and have not carried out any detailed examination of such accounts and records.