

# **Paranthan Chemicals Company Limited (PCCL)**

## **Introduction**

Paranthan Chemicals Company Limited is a State-owned Company performing its activities under the purview of Ministry of Industries. The Company operates under the provisions of the Companies Act No 7 of 2007.

Paranthan Chemicals Factory was established in 1954 as a government chemical factory at Paranthan in Kilinochchi District in the Northern Province. This Factory manufactured Caustic Soda, Liquid Chlorine Hydrochloric Acid, Zinc Chloride and Ferric Chloride, using salt as main raw material.

Due to then prevailing unpeaceful situation, Paranthan Factory could not be carried out its operations from 1985 and as a result of that the Company had to import Caustic Soda and Chlorine for the various applications in manufacturing soap, paper, and textiles and water purification.

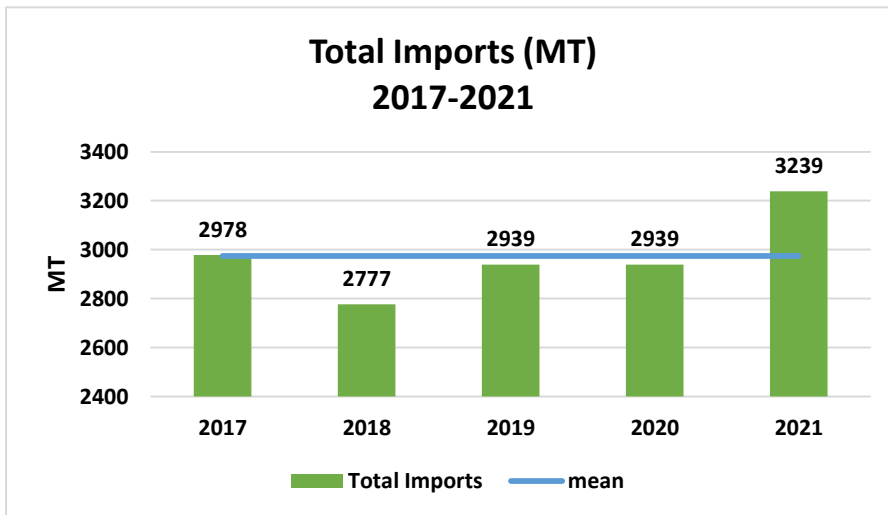
The Company is engaged in the supply of liquid Chlorine in cylinders, Caustic Soda and Hydrochloric Acid needed to the local industries. The Company manufactures caustic soda lye, bleaching liquid and fabricate and supply emergency safety kits for chlorine users.

Paranthan Chemicals Company Limited is a profit-making entity and in addition to the trading, The Company imports Liquid Chlorine in 900 Kg cylinders and refill into 68 Kg cylinders at the Chlorine Warehouse Facility and Refilling Unit at Wagawatta Export Processing Zone, Horana which was commissioned in February 2015. This re-filling unit and warehousing facility was constructed to meet environment and safety standards of the country.

This warehouse facility includes the latest Chlorine neutralization system and chlorine detectors complying with American Chemical Society Standards and could accommodate adequate amount of Chlorine cylinders to fulfil the national requirement of Chlorine.

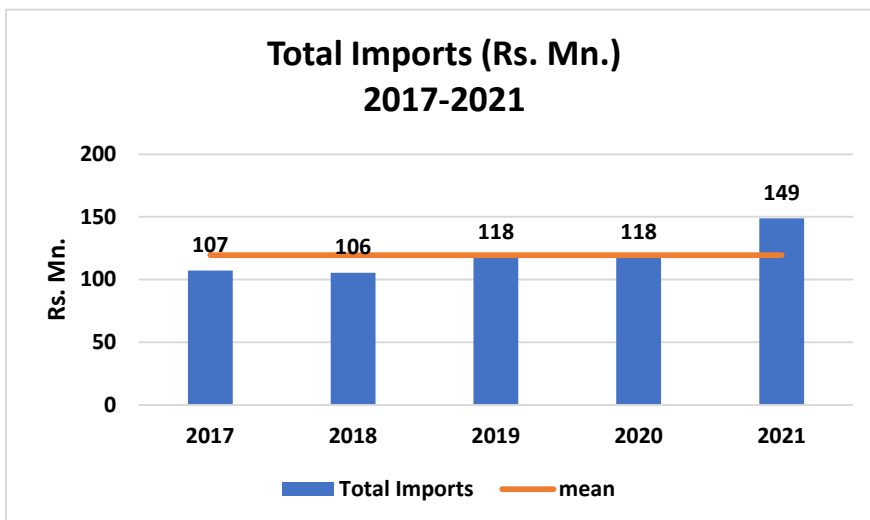
The Company maintains a quality control and quality assurance scheme, especially in respect of importation of cylinders and refilling. Training programmes are conducted on usage of Chlorine for Company employees and employees of Water Supply and Drainage Board sites and other chlorine users and introduced new Safety Kits

## Performance Analysis



Mean (Mt.)	Median	Standard Deviation
2974.36	2939	166.96

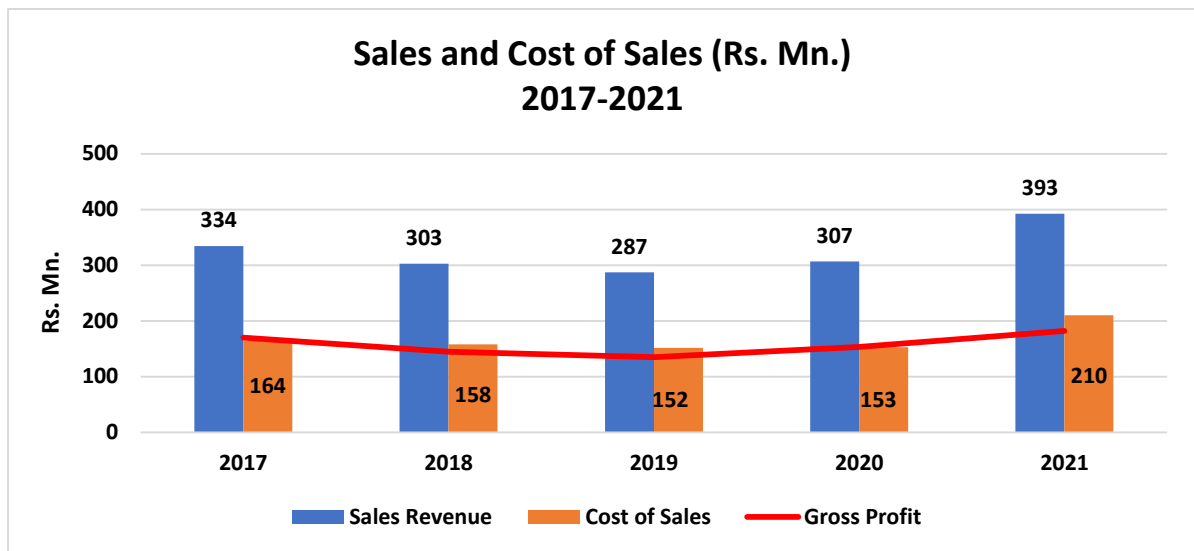
Graph 1



Mean (Rs. Mn.)	Median	Standard Deviation
119.32	117.5	17.46

Graph 2

According to the graph 1 and 2, Paranthan Chemicals Company Limited total imports has decreased in the year 2018 than the year 2017. However, in 2019 and 2020 company total imports shows equal which is 2939 MT in quantity. In the year 2021 company has increased imports by 300 MT compared to year 2020.

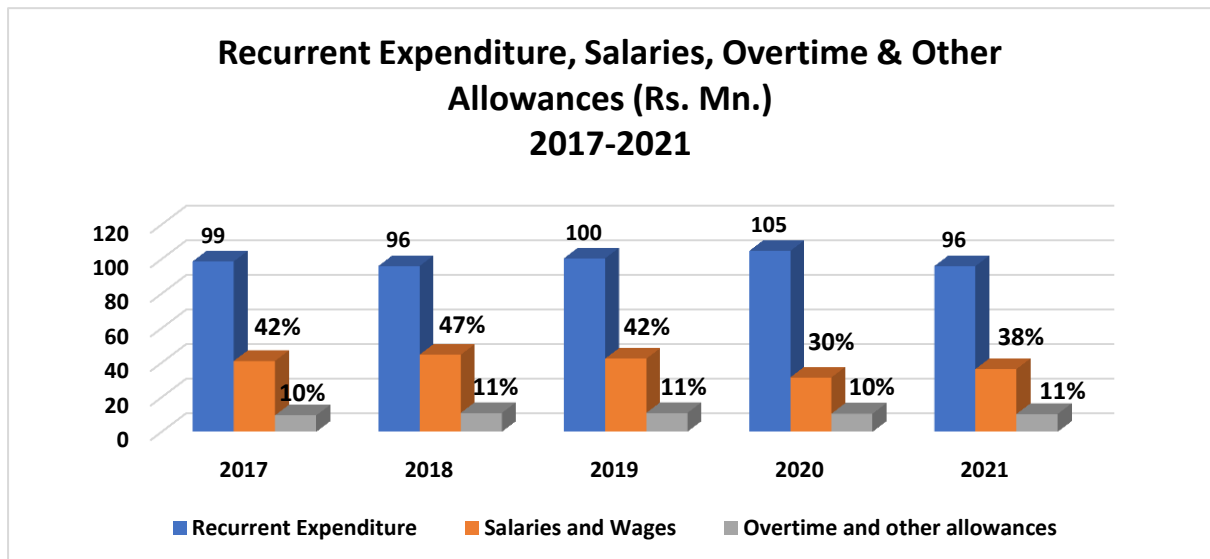


Graph 3

Rs. Mn.

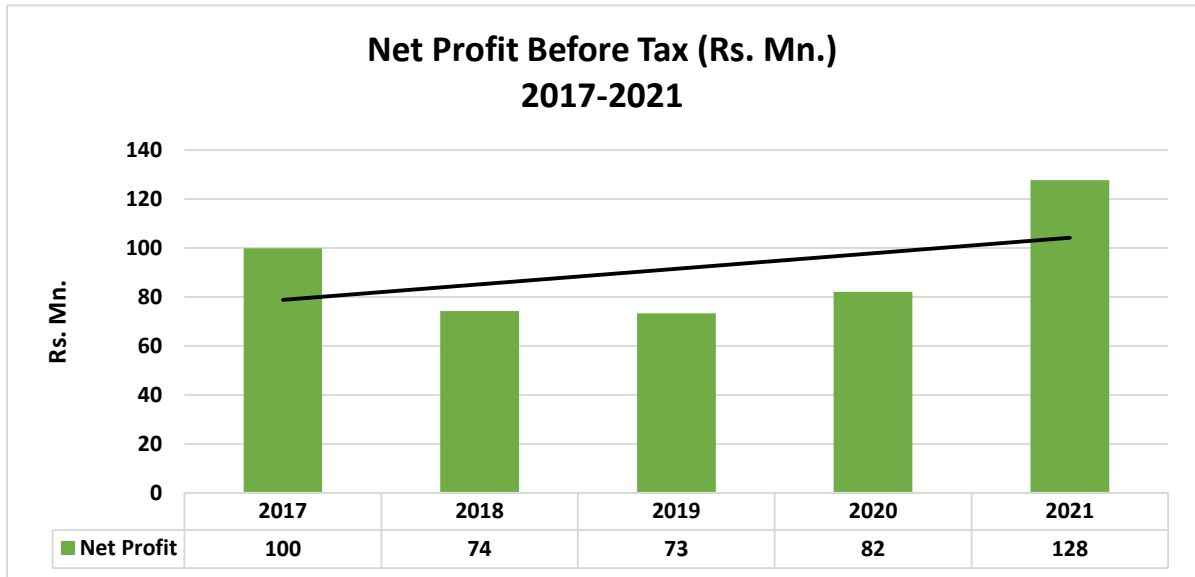
	2017	2018	2019	2020	2021
Gross Profit	170	145	135	154	182

Graph 3 shows that company sales revenue has decreased slightly from year 2017 to 2019. However, from 2020 sales revenue has increased. Company cost of sales also shows the same fluctuation as sales revenue simultaneously. Due to fluctuation in sales revenue and cost of sales, company gross profit has decreased in 2019 then again increased in the year 2021.



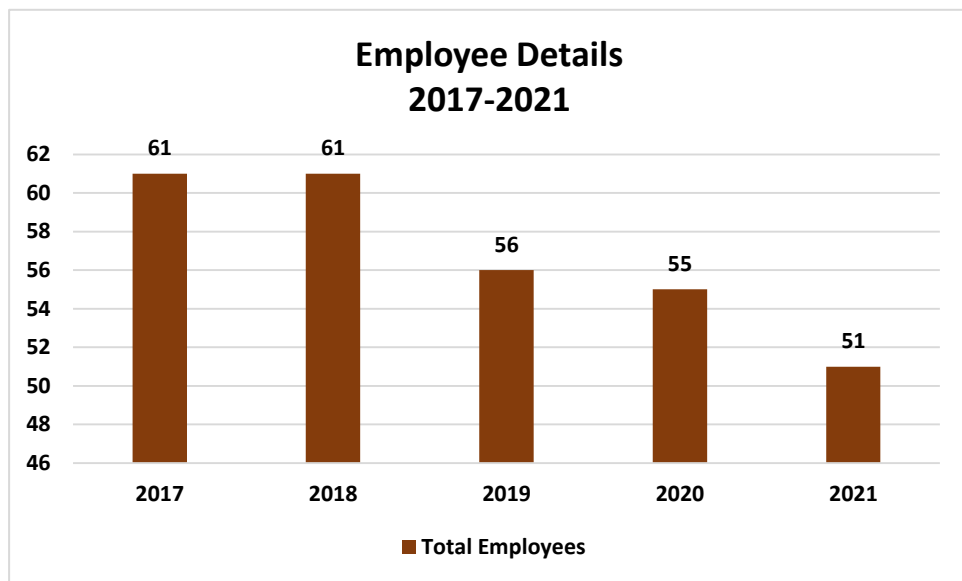
Graph 4

According to graph 4, recurrent expenditure has fluctuated from the year 2017 to 2019 and decreased in the year 2020. The salaries, overtime payments and other allowances has also fluctuated within the year 2017 to 2021. The expenditure for salaries and wages represent 30% to 40% from recurrent expenditure as well as the overtime and other allowances represent 10% -11% from recurrent expenditure



Graph 5

Graph 5 shows that net profit before tax has sudden drop in the year 2018 compared to year 2017 by Rs. 26 Mn. Although from the year 2019 onwards company has increased net profit before tax gradually. The net profit before tax of year 2021 is approximately 50% increase compared to the year 2019



Graph 6

Rs. Mn

	2017	2018	2019	2020	2021
Recurrent Expenditure	99	96	100	105	96
Salaries and Wages	41	45	42	31	36
Overtime and other allowances	10	11	11	10	10

The total number of employees in the Paranthan Chemicals Company Limited has decreased from 61 employees to 51 employees from the year 2017 to 2021.

## **Observation and Recommendations**

- ❖ At present Paranthan Chemicals Company Limited is not commencing their factory operations. As a result of that the Company had to import Caustic Soda and Chlorine for the various applications in manufacturing soap, paper, and textiles and water purification.
  
- ❖ Although company import and conduct operations there are major opportunity for company products. If the company can start manufacturing by their own the market share will definitely be increased not only for basic products (caustic soda, chlorine, sulfuric acid, fatty alcohols, fertilizers, agricultural chemicals and detergents) as well as by products (hydrochloric acid, zine chloride, ferric chloride, and table salt).
  
- ❖ By enhancing the quality of training programmes conducted on usage and handling of Chlorine to the end users such as Water Supply and Drainage Board sites and other chlorine users, company goodwill can be further improved in the industry.