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**Punjab Alkalies & Chemicals Limited**  
**40TH ANNUAL REPORT 2014-15**

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# Punjab Alkalies & Chemicals Limited

## BOARD OF DIRECTORS

Shri Anirudh Tewari, IAS, Chairman  
Shri Amit Dhaka, IAS, Managing Director  
Shri S.R. Ladhar, IAS  
Smt. Gurneet Tej, IAS  
Dr. A.K. Kundra, IAS (Retd.)  
Shri D.C. Mehandru  
Shri J.S. Mann  
Shri Rajesh Malhotra (IDBI Nominee)

## COMPANY SECRETARY & SENIOR GENERAL MANAGER (CO. AFFAIRS)

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-A,  
Chandigarh - 160 022  
Firm Registration No. 006388N

M/s. A.K. Sood & Associates,  
Chartered Accountants,  
S.C.O. 126-127, 2nd Floor, Sector 8-C,  
Chandigarh - 160 008  
Firm Registration No. 000072N

## INTERNAL AUDITORS

M/s. Mukesh Raj & Co.  
Chartered Accountants,  
S.C.O. 114, Sector 11-A,  
Chandigarh-160011  
Firm Registration No. 016693N

## REGISTERED OFFICE

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

## CIN

L24119CH1975PLC003607

## WORKS

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

## REGISTRARS & SHARE TRANSFER AGENTS

M/s. Beetal Financial & Computer Services  
Private Limited,  
Beetal House, 3rd Floor, 99, Madangir,  
Behind Local Shopping Centre,  
New Delhi - 110 062



## DIRECTORS' REPORT

Your Directors submit their 40<sup>th</sup> Annual Report together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2015.

### Financial Results

The financial results of the Company for the financial year ended 31<sup>st</sup> March, 2015 are summarised below :-

	(Rs. in crores)	
	2014-15	2013-14
Sales Turnover & Other Income	303.49	301.68
Total Expenditure excluding	307.77	300.15
Finance Costs and Depreciation, etc.		
Finance Costs	0.91	0.80
Cash Profit /(Loss)	(5.19)	0.73
Depreciation, etc.	7.74	10.30
Net Loss before tax	12.93	9.57
Provision for taxation	-	-
Net Loss after tax	12.93	9.57

Your Directors report that the Company's operations continued to be under severe pressure during the financial year 2014-15 owing to uncontrollable factors of excess capacity in the Chlor-Alkali Industry, escalating manufacturing costs, import of Caustic Soda at cheaper rates and lesser sales realisation. Despite the same, the Company achieved higher Sales Turnover of Rs.303.49 crores and better capacity utilisation of 93% in the financial year under review as compared to Rs.301.68 crores and 90%, respectively during the preceding financial year 2013-14. The Company also achieved a saving of about Rs.4.22 crores during the financial year 2014-15 as a result of purchase of part of power at cheaper rates through Indian Energy Exchange under Open Access System. However, even with these favourable developments, the Company's profitability in the financial year 2014-15, was severely impacted due to the said earlier indicated uncontrollable adverse factors resulting in a lower combined average realisation per Electro-Chemical Unit (ECU) at Rs.34,075 and Net Loss (after tax) of Rs. 12.93 crores as against the ECU of Rs. 34,680 and Net Loss (after tax) of Rs. 9.57 crores in the financial year 2013-14.

In view of the accumulated losses of the Company, the Directors regret their inability to recommend any dividend for the financial year 2014-15.

### Finance and Corporate Debt Restructuring

The Corporate Debt Restructuring (CDR) Empowered Group had restructured the debt liabilities of the Company in January, 2003 and had thereafter revised, reworked and modified the same from time to time. The CDR Empowered Group had approved for the Company a proposal for One Time Settlement (O.T.S.) of the outstanding Term Loans and Non-Convertible Debentures and Sanctioned Working Capital Facilities as on 1<sup>st</sup> April, 2012 on 100% principal basis with a cut-off date of 15<sup>th</sup> November, 2012.

In terms of the same, the Company had already made the payment of the first and second tranches of the O.T.S. Amount and the interest payable upto the stipulated date by due dates. The last tranche of O.T.S. Amount had fallen due on 1<sup>st</sup> April, 2015. The Company was not in a position to meet its obligation for the payment of last tranche on its due date.

The Company had informed the IDBI Bank Limited, the lead Financial Institution that the Board of Directors of PSIDC, the promoters of the Company, is agreeable for the conversion of entire balance debt of about Rs.43 crores of the Lenders into Equity Shares at a share price to be determined as per SEBI formula applicable on the date of freezing/ accepting the proposal. At the request of the Company, the IDBI Bank Limited granted additional time till 30<sup>th</sup> September, 2015 for making the payment of last tranche of O.T.S. Amount. Subsequently, the Company has submitted a modified proposal to IDBI Bank Limited for conversion of part of balance outstanding Debt of the Lenders into Equity Shares at a share price to be determined as per SEBI formula and the balance outstanding Debt into Secured Fully Convertible Debentures and Secured Redeemable Non-Convertible Debentures. The IDBI Bank Limited will be placing the same before the CDR Empowered Group for approval.

During the financial year under review, the Company did not raise funds by way of fixed deposits.

The Company has become a Sick Industrial Company within the meaning of Section 3 (1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and a reference will be made to the Board for Industrial and Financial Reconstruction (BIFR) under Section 15 of the SICA.

### Current Operations and Outlook

The operations of the Company in the first Four Months ended 31<sup>st</sup> July, 2015 of the financial year 2015-16, continued to reel under severe pressure resulting in lower capacity utilisation at 83% as against 101% in the corresponding period of the preceding financial year. Although the Company has done marginally well during first two months of the first quarter of the financial year 2015-16 due to purchase of some part of its power requirements at cheaper rates under Open Access System, but, due to imposition of some restrictions by the Punjab State Power Corporation Limited, the Company's savings on account of Power purchase under Open Access, have got unfavourably impacted to a significant extent, thus adversely affecting the profitability of the Company in the remaining period of Two Months of

# Punjab Alkalies & Chemicals Limited

Four Months ended 31<sup>st</sup> July, 2015 . The situation has been further aggravated due to levy of 5% Infrastructure Development Fee on Power by the Government of Punjab w.e.f. 15<sup>th</sup> June, 2015. All these resulted into a Net Loss (before tax) of Rs.3.78 crores in the Four Months ended 31<sup>st</sup> July, 2015 on a Sales Turnover of Rs.90.41 crores against a Net Profit (before tax) of Rs.1.21 crores on a Sales Turnover of Rs.114.15 crores in the corresponding period of the preceding financial year

The Company is continuing its efforts to reduce its costs and increase its revenues. The major input cost i.e. Power cost constitutes about 60% of the total production cost. The Company continues its endeavour to purchase maximum possible portion of its power requirements at cheaper rates through Indian Energy Exchange under Open Access System. The Company endeavours for recoating of the Anodes and Cathodes and replacement of the Membranes in the Electrolysers of its Plant Unit-I in a phased manner, for reduction in power consumption per unit of Caustic Soda Lye.

The Chlorinated Paraffin Wax (CPW) Plant set up by M/s. Flow Tech Chemicals Pvt. Limited on B.O.O. basis in the Company's Plant Complex is likely to be commissioned shortly. The same will lead to increased capacity utilisation and reduced requirement for additional Chlorine Tonners.

## **Environment and Energy Conservation**

The Company's endeavour has always been to accord high priority to carry out its operations in an environment-friendly fashion and the Company has been taking appropriate pollution control and safety measures. A Safety Audit of the Plant was got conducted during the financial year 2014-15 from the National Safety Council and its recommendations are being implemented.

The Company continues to place a great emphasis on energy conservation. The Company is getting the Energy Audit conducted on regular basis. The information relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required to be disclosed pursuant to the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014, is given in Annexure-I forming a part of this report.

## **Listing**

The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited. The Annual listing fee for the year 2015-16 has been paid to the Bombay Stock Exchange Limited.

## **Human Resources**

Your Company continues to develop and upgrade the skills of its human resources. Industrial relations continued to be cordial. The Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year ended 31<sup>st</sup> March, 2015, there was no employee of the Company whose particulars need to be included in this report under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## **Corporate Governance**

The Management Discussion and Analysis Report for the financial year 2014-15 required in terms of Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited is annexed herewith as Annexure II forming a part of this report. The Corporate Governance Report for the financial year 2014-15 and Auditors' Certificate regarding compliance of conditions of Corporate Governance, required in terms of Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited are also annexed.

## **Directors & Key Managerial Personnel**

The Punjab State Industrial Development Corporation Limited (PSIDC) nominated Shri Anirudh Tewari, IAS as Director and Chairman of the Company vice Shri D.P. Reddy, IAS w.e.f. 18<sup>th</sup> May, 2015. Consequently, Shri D.P. Reddy, IAS resigned as a Director of the Company w.e.f. 18<sup>th</sup> May, 2015. The Board of Directors of the Company has appointed Shri Anirudh Tewari, IAS, as Additional Director of the Company w.e.f. 18<sup>th</sup> May, 2015. The Directors place on record their appreciation of the valuable guidance provided by Shri D.P. Reddy, IAS.

The PSIDC had withdrawn the nomination of Shri S.S. Bains, IAS as its Nominee Director on the Board of Directors of the Company w.e.f. 16<sup>th</sup> July, 2015. Shri S.S. Bains, IAS resigned as a Director as well as Managing Director of the Company w.e.f. 16<sup>th</sup> July, 2015. The Directors place on record their appreciation of the valuable services rendered by Shri S.S. Bains, IAS, during his tenure with the Company.

The PSIDC nominated Shri Amit Dhaka, IAS as its Nominee Director on the Board of Directors of the Company w.e.f. 14<sup>th</sup> August, 2015. The Board of Directors of the Company has appointed Shri Amit Dhaka, IAS, as Additional Director of the Company w.e.f. 14<sup>th</sup> August, 2015 and has also appointed him as the Managing Director of the Company for a period of five years w.e.f. 17<sup>th</sup> August, 2015.

Shri J.S. Saraon ceased to be the Director of the Company w.e.f. 17<sup>th</sup> April, 2015 consequent upon his demise.

The PSIDC had withdrawn the nomination of Shri Yogesh Goel as its Nominee Director on the Board of Directors of the Company w.e.f. 28<sup>th</sup> May, 2015. Shri Yogesh Goel resigned as a Director of the Company w.e.f. 28<sup>th</sup> May, 2015.

The PSIDC nominated Shri S.R. Ladhar, IAS as its Nominee Director on the Board of Directors of the Company w.e.f. 5<sup>th</sup> August, 2015. The Board of Directors of the Company has appointed Shri S.R. Ladhar, IAS, as Additional Director of the Company w.e.f. 5<sup>th</sup> August, 2015.

Shri Anirudh Tewari, IAS, Shri S.R. Ladhar, IAS and Shri Amit Dhaka, IAS hold office as Directors till the date of the



ensuing Annual General Meeting. Notices in writing have been received from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose at the ensuing Annual General Meeting the appointment of Shri Anirudh Tewari, IAS, Shri S.R. Ladhar, IAS and Shri Amit Dhaka, IAS as Directors of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.

The Board of Directors of the Company had appointed Smt. Gurneet Tej, IAS, as Additional Director of the Company on 11<sup>th</sup> February, 2015. Smt. Gurneet Tej, IAS (Woman Director) holds office till the date of the ensuing Annual General Meeting. Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013, the Board of Directors is seeking appointment of Smt. Gurneet Tej, IAS (Woman Director) as an Independent Director of the Company for a term of five consecutive years w.e.f. 29<sup>th</sup> September, 2015. Notice in writing has been received from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose at the ensuing Annual General Meeting the appointment of Smt. Gurneet Tej, IAS as an Independent Director of the Company.

The IDBI Bank Limited has withdrawn the nomination of Shri Ravi Kumar as its Nominee Director and nominated Shri Rajesh Malhotra as its Nominee Director on the Board of Directors of the Company w.e.f. 8<sup>th</sup> September, 2014.

The IFCI Limited had withdrawn the nomination of Shri S. Sengupta as its Nominee on the Board of Directors of the Company and nominated Shri Jagdish Garwal as its Nominee Director w.e.f. 13<sup>th</sup> November, 2014 and had advised the Company to co-opt him on the Board of Directors. Consequently, Shri S. Sengupta resigned as a Director of the Company w.e.f. 13<sup>th</sup> November, 2014. Accordingly, the Board of Directors of the Company had appointed Shri Jagdish Garwal, as Additional Director of the Company on 13<sup>th</sup> November, 2014. The IFCI Limited had subsequently withdrawn the nomination of Shri Jagdish Garwal as its Nominee on the Board of Directors of the Company w.e.f. 11<sup>th</sup> August, 2015. Consequently, Shri Jagdish Garwal resigned as a Director of the Company w.e.f. 11<sup>th</sup> August, 2015.

The Directors place on record their appreciation of the valuable contribution made by Shri J.S. Saraon, Shri Yogesh Goel, Shri Ravi Kumar, Shri S. Sengupta and Shri Jagdish Garwal.

Pursuant to the provisions of Section 203 of the Companies Act, 2013, Shri Ajay Pal Singh, General Manager (Finance) has been designated as Chief Financial Officer.

#### **Audit Committee**

The Audit Committee of the Board comprised of Shri J.S. Saraon, Shri D.C. Mehandru, Shri J.S. Mann and Shri Jagdish Garwal with Shri J.S. Saraon as its Chairman. Subsequently, Shri J.S. Saraon ceased to be a Member and Chairman of the Committee w.e.f. 17<sup>th</sup> April, 2015 consequent upon his demise. The Board had appointed Shri D.C. Mehandru as the Chairman of the Audit Committee w.e.f. 26<sup>th</sup> May, 2015. Shri Jagdish Garwal subsequently ceased to be the Member of the Committee consequent upon withdrawal of his nomination by IFCI Limited and his resignation as a Director of the Company w.e.f. 11<sup>th</sup> August, 2015.

#### **Risk Management Committee**

As required under Clause 49 (VI) of the Listing Agreement, the Board of Directors of the Company has constituted a Risk Management Committee to monitor and review the Risk Management Plan of the Company.

#### **Directors' Responsibility Statement**

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors confirm that:

- (i) In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2015, 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 judgments 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 period under review;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act 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 31<sup>st</sup> March, 2015 on a 'going concern' basis;
- (v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **Declaration of Independent Directors**

All the Independent Directors have met requirements specified under Section 149 (6) of the Companies Act, 2013 regarding holding the position of 'Independent Director' and necessary Declaration from each Independent Director under Section 149(7) of the Act has been received. The Independent Directors have held a separate meeting during the year under review.

#### **Related Party Transactions Policy**

As required under Clause 49 (VII) of the Listing Agreement, the Board of Directors of the Company in its meeting held on 11<sup>th</sup> February, 2015 had approved the Related Party Transactions Policy of the Company. The same has also been

# Punjab Alkalies & Chemicals Limited

placed on the Company's Website [www.punjabalkalies.com](http://www.punjabalkalies.com). During the year under review, the Company has not entered into any arrangement or contract or transactions with related parties except the remuneration paid to the Key Managerial Personnel.

## **Vigil Mechanism and Whistle Blower Policy**

As required under Section 177 (9) of the Companies Act, 2013 and Clause 49 (II) (F) of the Listing Agreement, the Board of Directors of the Company in its meeting held on 11<sup>th</sup> February, 2015 had approved the Vigil Mechanism and Whistle Blower Policy of the Company. The same has also been placed on the Company's Website [www.punjabalkalies.com](http://www.punjabalkalies.com).

## **Auditors**

The appointment of M/s. S. Tandon & Associates, Chartered Accountants and M/s. A.K. Sood & Associates, Chartered Accountants, as Auditors of the Company from the conclusion of the ensuing Annual General Meeting until the conclusion of 41<sup>st</sup> Annual General Meeting to be held in the year 2016 is subject to ratification by the Members. The Auditors being eligible, have indicated their willingness to the same.

## **Cost Auditors**

The Board has, subject to the approval of the Shareholders, appointed M/s. J.K. Kabra & Co., Cost Accountants as Cost Auditors of the Company for conducting an audit of the cost accounting records of the Company in respect of the financial year 2015-16.

## **Secretarial Audit**

M/s. A. Arora & Co., Practising Company Secretaries, were appointed as Secretarial Auditors of the Company for the financial year 2014-15. Their Secretarial Audit Report of the Company for the financial year ended 31<sup>st</sup> March, 2015 is annexed as Annexure-III to this Report. The Report does not contain any qualification. M/s. A. Arora & Co., Practising Company Secretaries were reappointed as Secretarial Auditors of the Company for the financial year 2015-16.

## **Extract of Annual Return**

Pursuant to Section 134 (3)(a) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, Extract of Annual Return in Form MGT-9 is annexed as Annexure-IV to this Report.

## **Acknowledgements**

Your Directors place on record their appreciation of the cooperation and support extended by the Central and State Governments, Financial Institutions, Punjab State Industrial Development Corporation Limited, Punjab State Power Corporation Limited, Company's Bankers and esteemed customers.

Your Directors also acknowledge the valuable contribution made by the members of management team, staff and work-force.

For and on behalf of the Board

Sd/-  
(ANIRUDH TEWARI)  
Chairman

Place : Chandigarh  
Date : August 17, 2015



## ANNEXURE – I TO THE DIRECTORS' REPORT

**Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo pursuant to the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the financial year ended 31<sup>st</sup> March, 2015.**

Energy Consumption and Conservation	<u>2014-15</u>	<u>2013-14</u>
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
(i) From Punjab State Power Corporation Limited		
Units (lacs KWH)	1682.53	1409.58
Total Amount (Rs.in lacs)	12080.54	10529.35
Rate / Unit (Rs.)	7.18	7.47
(ii) From Other Sources through Indian Energy Exchange		
Units (lacs KWH)	776.41	1006.66
Total Amount (Rs.in lacs)	5152.28	6314.22
Rate / Unit (Rs.)	6.64	6.27
(iii) Total		
Units (lacs KWH)	2458.94	2416.24
Total Amount (Rs.in lacs)	17232.82	16843.57
Rate / Unit (Rs.)	7.01	6.97
(b) Own Generation	Nil	Nil
2. Coal	Nil	Nil
3. Furnace Oil/LDO/HSD		
Quantity (K. litres)	790.39	676.50
Total Amount (Rs.in lacs)	259.09	276.28
Average Rate (Rs. per K.litre)	32779.87	40839.94
4. Others	Nil	Nil
B. Consumption per Unit of Caustic Soda Produced		
1. Electricity (KWH)		
- Caustic Soda Lye	2675	2704
- Additional Consumption for conversion to Caustic Soda Flakes	Nil	Nil
2. Furnace Oil/LDO/HSD (ltrs.)		
- For Caustic Soda Lye	8.60	7.57
- Additional Consumption for conversion to Caustic Soda Flakes	Nil	Nil

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 recoating of the Anodes and replacement of the Membranes in the Electrolysers of its Plant Unit-II in the previous financial years have resulted in marginal reduction in power consumption per unit of Caustic Soda Lye. The Company endeavours for recoating of the Anodes and Cathodes and replacement of the Membranes in the Electrolysers of its Plant Unit-I in a phased manner, for reducing the power consumption per unit of Caustic Soda Lye.

### Research and Development

The Research & Development effort of the Company continued to be directed towards 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 for the Company's 100 TPD Membrane Cell Caustic Soda Plant and the Mercury Cell to 200 TPD Membrane Cell Converted Caustic Soda Plant has been fully absorbed.

Total foreign exchange utilised during the accounting year is Rs.20.42 lacs on account of imported Raw Materials and Stores & Spares.

For and on behalf of the Board

Sd/-  
(ANIRUDH TEWARI)  
Chairman

Place : Chandigarh  
Date : August 17, 2015



# Punjab Alkalies & Chemicals Limited

## ANNEXURE - II TO THE DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE FINANCIAL YEAR 2014-15

### Caustic Soda Industry in India

At present, there are about 34 Caustic Soda Units in operation in the Country having a total operational installed capacity of about 34 lac M.T. per annum.

The Caustic Soda and other products being manufactured by this industry are used as basic raw materials in a wide range of industries like Paper, Aluminum, Soaps and Detergents, Rayon, Pesticides, Pharmaceuticals, Dyestuff and Water Purification, etc. The ability of the aggregate selling prices of Caustic Soda and Chlorine to generate a surplus over the aggregate cost of production, determines the profitability of a Chlor-Alkali manufacturer.

The Caustic Soda Industry's capacity utilisation has been 81% in the financial year 2014-15 as compared to 79% during the financial year 2013-14.

### Performance

During the financial year 2014-15, the Company's production of Caustic Soda Lye was 91915 M.T. as against 89370 M.T. in the last financial year 2013-14. The capacity utilisation of the Company's plant at 93% in the financial year under review is higher as compared to the industry average of 81% during the financial year 2014-15. In the financial year 2014-15, the combined average realisation at Rs.34,075 per M.T. of Caustic Soda was lower as compared to Rs.34,680 per M.T. of Caustic Soda during the preceding financial year. The Financial Year 2014-15 was a tough year for Chlor-Alkali Industry as the price of Caustic Soda remained under pressure due to heavy imports at cheaper rates. The Sales Turnover during the financial year under review was Rs.303.49 crores as against Rs.301.68 crores in the preceding financial year. The Company achieved a saving of about Rs.4.22 crores in the financial year 2014-15 as a result of purchase of part of power at cheaper rates through Indian Energy Exchange under Open Access System. The overall effect of these factors resulted in a Net Loss (after tax) of Rs.12.93 crores in the financial year 2014-15.

### Marketing

The product-wise Sales of the Company are given below:

Product	Sales	
	Quantity	Value (Rs. in crores)
Caustic Soda Lye	88385 M.T.	265.02
Liquid Chlorine	65235 M.T.	13.82
Hydrochloric Acid	48991 M.T.	10.71
Sodium Hypochlorite	11539 M.T.	4.64
Hydrogen Gas	36.94 Lacs NM <sup>3</sup>	6.97

The combined average sales realisation of all the products has been Rs.34,075 per M.T. of Caustic Soda during the financial year 2014-15 as compared to Rs.34,680 in the preceding financial year.

### Opportunities

The Company has locational advantages as its Caustic Soda Plants are situated in its Complex at Naya Nangal, District Ropar, Punjab, which is close to a State Highway and about 12 Kms. from the Bhakra Left Bank Power Generating Station and about 2.5 Kms. from River Sutlej. These include the availability of uninterrupted Power a crucial input, continuous water source, skilled labour and proximity to rail/road besides the existence of various end-user Units in industries like paper, fertilizers, soaps and detergents, etc. in its natural marketing zone. The Company is also supplying Hydrogen Gas to two Hydrogen Compressing & Bottling Units adjoining the Company's Plant Complex. The Company is also utilising Hydrogen as a fuel, resulting in gainful utilisation of this by-product. The Company has been purchasing a part of its power requirements at cheaper rates through Energy Exchanges under Open Access System since December, 2010, resulting in savings in power costs.

### Threats

The Chlor-Alkali Industry is a power-intensive industry. The Company's power costs account for about 60% of its total cost of production. A hike in power tariff for the power supplied by the Punjab State Power Corporation Limited (PSPCL) and imposition of restrictions on purchase of power under Open Access System constitute threats to the Company's operations. The other possible threats are increase in other input costs and expansion of installed capacities in Indian Caustic Soda Industry. On the international front, the Chlorine is main product but in India the Caustic Soda is the driving product, resulting in heavy competition due to import of Caustic Soda at lower rates.



### **Outlook**

The combined average realisation is expected to improve. The Government of India continued the levy of anti-dumping duty on the import of Caustic Soda from some countries in order to curb the unhealthy competition from overseas. The Chlorinated Paraffin Wax (CPW) Plant set up by M/s. Flow Tech Chemicals Pvt. Limited on B.O.O. basis in the Company's Plant Complex, with whom the Company had signed a Memorandum of Understanding, is at the stage of commissioning. With the commissioning of the same, the Company expects to increase its capacity utilisation and to reduce its requirement for additional Chlorine Tonners.

### **Risks and Concerns**

The major concerns for the Company are increase in power tariff, power wheeling charges, restrictions imposed by PSPCL on purchase of power under Open Access System, rise in other input costs, import of Caustic Soda at cheaper rates, and expansion of installed capacities in the domestic Caustic Soda Industry.

### **Risks Management**

Risks are probability or threat of damage, injury, liability, loss, or any other negative occurrence that is cost by external or internal vulnerabilities, and that may be avoided through preemptive action. Risk management is the identification, assessment, and prioritisation of risks followed by coordinated and economical application of resources to minimise, monitor, and control the probability and/or impact of unfortunate events or to maximise the realisation of opportunities. The Company has in place Risk Assessment and Minimisation Procedures to identify, assess and mitigate business risks. Risk Assessment and Minimisation Procedures of the Company are reviewed periodically to ensure that these reflect the current potential risks to its business. The Company has identified (1) Cost of Power-Being Power Intensive Industry and being dependent for the same on Punjab State Power Corporation Limited, (2) Production of Hazardous Chemicals-Caustic Soda and Chlorine, (3) Risk of Loss of production due to breakdown of Plant & Machinery- Plant being old and (4) Locational Disadvantage- Plant at Naya Nangal being quite far off from source of major Raw Material i.e. Industrial Salt, as Major Internal Risks besides (1) Ongoing Expansion in Caustic Soda Capacity - resulting in imbalance in Demand and Supply, (2) Advancement in Technology- Company not being in a position to upgrade due to financial constraints and (3) Financial Risk - due to difficulty in payment of the last tranche of Amount payable under One Time Settlement by due date i.e. 1<sup>st</sup> April, 2015, as Major External Risks. As required under Clause 49 (VI) of the Listing Agreement, the Board of Directors of the Company has constituted a Risk Management Committee to monitor and review the Risk Management Plan of the Company.

### **Internal Control Systems**

The Company has adequate internal control systems commensurate with its size and nature of its business. The internal control is supplemented by internal audits conducted by the Internal Auditors of the Company. The reports of the Internal Auditors are reviewed by the Management and the Audit Committee of the Board of Directors. The adequacy of the internal control systems is also examined by the Statutory Auditors of the Company.

### **Human Resources**

The Company attaches a great value to its human resources. Training and retraining continued to be an integral component of its Human Resources Development Plan. During the financial year under review, the industrial relations continued to be cordial. The Company had 455 employees (including 25 employees on deputation to the Punjab Small Industries and Export Corporation Limited) as on 31<sup>st</sup> March, 2015.

### **Cautionary Statement**

The statements in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting global and domestic demand - supply, finished goods prices, power and raw materials costs and availability, power wheeling charges and restrictions, changes in Government regulations, tax regimes, economic developments within India and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

For and on behalf of the Board

Sd/-  
(ANIRUDH TEWARI)  
Chairman

Place : Chandigarh  
Date : August 17, 2015

# Punjab Alkalies & Chemicals Limited

## ANNEXURE - III TO THE DIRECTORS' REPORT

Form No. MR-3

### SECRETARIAL AUDIT REPORT

For the Financial Year ended 31<sup>st</sup> March, 2015

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
Punjab Alkalies & Chemicals Limited,  
S.C.O. 125-127, Sector 17-B,  
Chandigarh- 160017

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by PUNJAB ALKALIES & CHEMICALS LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the PUNJAB ALKALIES & CHEMICALS LIMITED'S Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-Processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by PUNJAB ALKALIES & CHEMICALS LIMITED ("the Company") for the Financial Year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013.
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not applicable as the Company has not issued any securities during the financial year under review.
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999- Not applicable as the Company has not granted any options to its employee during the financial year under review.
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- Not applicable as the Company has not issued any debt securities during the financial year under review.
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- Not applicable as the Company has not delisted any securities from any stock exchange during the financial year under review.
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998-Not applicable as the Company has not bought back any of its securities during the financial year under review.

We further report that the major provisions and requirements prescribed under the following laws have also been



complied with :

- (i) All applicable Labour laws viz. The Factories Act, 1948, The Payment of Wages Act, 1936, The Minimum Wages Act, 1948, The Payment of Bonus Act, 1965 etc.
- (ii) The Environment Protection Act, 1986 and other environmental laws.
- (iii) The Hazardous Waste (Management and Handling) Rules, 1989 and the Amendment Rules, 2003.
- (iv) The Boiler Act, 1923, The Explosives Act, 1884, Gas Cylinders Rules, 2004, etc.

We have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India - Not notified hence not applicable during the audit period;
- b) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited.

During the financial year under review, the Company has generally complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards etc. mentioned above.

Based on our examination and the information received and records maintained, we further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the Agenda Items before the meeting and for meaningful participation at the meeting.
3. All decisions are carried through majority and there had been no dissenting view and therefore not recorded.
4. The Company has proper board processes.

Based on the compliance mechanism established by the Company, we are of an opinion that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company had passed a Special Resolution under Section 180(1)(c) of Companies Act, 2013 to authorise the Board of Directors to borrow money upto a limit of Rs. 250.00 crores, over and above the Paid-up Share Capital and free reserves of the Company.

Apart from the business stated above, there were no instances of:

- (i) Public / Rights / Preferential issue of shares / debentures / sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Merger / amalgamation / reconstruction, etc.
- (iv) Foreign technical collaborations.

For A. ARORA & COMPANY  
Sd/-  
AJAY K. ARORA  
(Proprietor)  
FCS No. 2191  
C P No.: 993

Date : July 17, 2015  
Place: Chandigarh

This report is to be read with our letter of even date which is annexed as Appendix-A and forms an integral part of this report.

# Punjab Alkalies & Chemicals Limited

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Appendix-A

To,  
The Members,  
Punjab Alkalies & Chemicals Limited,  
S.C.O. 125-127, Sector 17-B,  
Chandigarh- 160017

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records, based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the extent of verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For A. ARORA & COMPANY

Sd/-

AJAY K. ARORA

(Proprietor)

FCS No. 2191

C P No.: 993

Date : July 17, 2015  
Place: Chandigarh



## ANNEXURE- IV TO THE DIRECTOR'S REPORT

### Extract of Annual Return

as on the Financial Year ended on 31<sup>st</sup> March, 2015  
 [Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the  
 Companies (Management and Administration) Rules, 2014]

### Form No. MGT-9

#### I. REGISTRATION AND OTHER DETAILS:

i) CIN	:	L24119CH1975PLC003607
ii) Registration Date	:	1 <sup>st</sup> December, 1975
iii) Name of the Company	:	Punjab Alkalies & Chemicals Limited
iv) Category / Sub-Category of the Company	:	Public Company Limited by Shares
v) Address of the Registered office and contact details	:	S.C.O. 125-127, Sector 17-B, Chandigarh - 160017 Ph.: (0172)-4072500-01 Fax: (0172)-2704797
vi) Whether listed company Yes/ No	:	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	M/s. Beetal Financial & Computer Services Private Limited, Beetal House, 3 <sup>rd</sup> Floor, 99, Madangir, Behind Local Shopping Centre, New Delhi-110 062. Ph.: (011)-29961281-83 Fax: (011)-29961284

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

S. No.	Name and Description of main Products / Services	NIC Code of the Product/ Service	% to total turnover of the company
1	Caustic Soda Lye	The Company's operation falls under single segment viz. 'Chemicals'- NIC Code : 2411	88%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
Not Applicable					

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity):

##### (i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year (1 <sup>st</sup> April, 2014)				No. of Shares held at the end of the year (31 <sup>st</sup> March, 2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
Individual/ HUF	0	0	0	0	0	0	0	0	0
Central Government	0	0	0	0	0	0	0	0	0
State Government(s)	0	0	0	0	0	0	0	0	0
Bodies Corporate	9090000	0	9090000	44.26	9090000	0	9090000	44.26	0
Banks / FI	0	0	0	0	0	0	0	0	0
Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A) (1)</b>	<b>9090000</b>	<b>0</b>	<b>9090000</b>	<b>44.26</b>	<b>9090000</b>	<b>0</b>	<b>9090000</b>	<b>44.26</b>	<b>0</b>

# Punjab Alkalies & Chemicals Limited

<b>(2) Foreign</b>									
a) NRIs- Individuals	0	0	0	0	0	0	0	0	0
b) Other- Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)( 2)</b>	<b>9090000</b>	<b>0</b>	<b>9090000</b>	<b>44.26</b>	<b>9090000</b>	<b>0</b>	<b>9090000</b>	<b>44.26</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds/ UTI	0	11700	11700	0.06	0	11700	11700	0.06	0
b) Banks / FI	0	9400	9400	0.05	0	9400	9400	0.05	0
c) Central Government	0	0	0	0	0	0	0	0	0
d) State Government(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	3150	3150	0.01	0	3150	3150	0.01	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-Total (B) (1)</b>	<b>0</b>	<b>24250</b>	<b>24250</b>	<b>0.12</b>	<b>0</b>	<b>24250</b>	<b>24250</b>	<b>0.12</b>	<b>0</b>
<b>(2.) Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	2675221	564300	3239521	15.78	2967326	564300	3531626	17.20	1.42
ii) Overseas	0	20000	20000	0	0	20000	20000	0.10	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4246004	1704686	5950690	28.98	4048909	1662471	5711380	27.81	0.17
ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	1755066	-	1755066	8.54	1725218	-	1725218	8.40	0.14
c) Others: NRI - Individuals	155158	300865	456023	2.22	135861	297215	433076	2.11	0.11
<b>Sub-Total (B) (2)</b>	<b>8831449</b>	<b>2589851</b>	<b>11421300</b>	<b>55.62</b>	<b>8877314</b>	<b>2543986</b>	<b>11421300</b>	<b>55.62</b>	<b>0</b>
<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)</b>	<b>8831449</b>	<b>2614101</b>	<b>11445550</b>	<b>55.74</b>	<b>8877314</b>	<b>2568236</b>	<b>11445550</b>	<b>55.74</b>	<b>0</b>
<b>C. Shares held by Custodian for ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>17921449</b>	<b>2614101</b>	<b>20535550</b>	<b>100</b>	<b>17967314</b>	<b>2568236</b>	<b>20535550</b>	<b>100</b>	<b>0</b>

## (ii) Shareholding of Promoters:

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Punjab State Industrial Development Corporation Limited	9090000	44.26	0	9090000	44.26	0	0
	<b>Total</b>	<b>9090000</b>	<b>44.26</b>	<b>0</b>	<b>9090000</b>	<b>44.26</b>	<b>0</b>	<b>0</b>



**(iii) Change in Promoters' Shareholding (please specify, if there is no change):**

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	9090000	44.26	9090000	44.26
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus/sweat equity etc).	0	0	0	0
	At the end of the year	9090000	44.26	9090000	44.26

**(iv) Shareholding of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.	Name of Shareholder	Shareholding at the beginning of the year (1 <sup>st</sup> April, 2014)		Shareholding at the end of the quarter ended 30th June, 2014			Shareholding at the end of the quarter ended 30th September, 2014			Shareholding at the end of the quarter ended 31st December, 2014			Shareholding at the end of the year (31 <sup>st</sup> March, 2015)		
		No of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company	Reason for Increase/ Decrease	No of Shares	% of total Shares of the Company	Reason for Increase/ Decrease	No of Shares	% of total Shares of the Company	Reason for Increase/ Decrease	No of Shares	% of total Shares of the Company	Reason for Increase/ Decrease
1	Delhi Iron & Steel Co (P) Limited	1077315	5.2461	1077315	5.2461		1219543	5.9387	Transfer	1457617	7.098	Transfer	1457617	7.098	
2	The Punjab State Co-op Supp & Mktg.Fed. Limited	410000	1.9965	410000	1.9965		410000	1.9965		410000	1.9965		410000	1.9965	
3	Anil Kumar Goel	300000	1.4609	300000	1.4609		300000	1.4609		300000	1.4609		300000	1.4609	
4	Asian Portfolio Management Pvt. Limited	57000	0.2776	57000	0.2776		57000	0.2776		57000	0.2776		149650	0.7287	Transfer
5	Bharat Jannadas Dattani	121038	0.5894	121038	0.5894		121038	0.5894		121038	0.5894		141202	0.6876	Transfer
6	Bharati Bharat Dattani	116971	0.5696	116971	0.5696		116971	0.5696		116971	0.5696		140542	0.6844	Transfer
7	Shri Parasram Holdings Private Limited	150433	0.7325	148727	0.7242	Transfer	149243	0.7268	Transfer	97547	0.4750	Transfer	127576	0.6212	Transfer
8	Competent Finman Private Limited	143909	0.7008	104349	0.5081	Transfer	100636	0.4901	Transfer	84925	0.4136	Transfer	79516	0.3872	Transfer
9	Amrit Steels Private Limited	45000	0.2191	45000	0.2191		45500	0.2216	Transfer	70000	0.3409	Transfer	70000	0.3409	Transfer
10	Darshan Dev Duggal	58185	0.2833	60135	0.2928	Transfer	60135	0.2928		60135	0.2928		60135	0.2928	
11	Ashari Agencies Limited	139074	0.6772	139074	0.6772		139074	0.6772		139074	0.6772		0	0	Transfer

**(v) Shareholding of Directors and Key Managerial Personnel:**

S. No.	Name of the Director and Key Managerial Personnel	Shareholding at the beginning of the year (1 <sup>st</sup> April, 2014)	Date wise Increase / Decrease in Shareholding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Shareholding at the end of the year (31 <sup>st</sup> March, 2015)
1.	Dr. A. K. Kundra, IAS (Retd.), Director	600 Equity Shares		600 Equity Shares
2.	Shri Pradeep Nauharia, Company Secretary & Sr. General Manager (Co. Affairs)	100 Equity Shares		100 Equity Shares

Note : None of the other Directors and Key Management Personnel, was holding any Equity Shares of the Company during the Financial Year ended on 31st March, 2015.



# Punjab Alkalies & Chemicals Limited

## V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment : (In Rupees)

	Secured Loans (& Working Capital Loans) Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	505277116			505277116
ii) Interest due but not paid	0			0
iii) Interest accrued but not due	0			0
Total (i+ii+iii)	505277116			505277116
Change in Indebtedness during the Financial Year		NIL		
• Addition	31138869			31138869
• Reduction	48461361			48461361
Net changes	17322492			17322492
Indebtedness at the end of the Financial Year				
i) Principal Amount	487954624			487954624
ii) Interest due but not paid	0			0
iii) Interest accrued but not due	0			0
Total (i+ii+iii)	487954624			487954624

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(In Rupees)

S. No.	Particulars of Remuneration	Name of Managing Director		Total Amount
		Shri S.S. Bains, IAS (1st April, 2014 to 31st March, 2015)	Shri D.K. Tiwari, IAS (9th April, 2014 to 19th May, 2014)	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- As % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act			<b>3000000*</b>

\* Minimum Remuneration.

### B. Remuneration to Other Directors:

(In Rupees)

S. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Dr. A.K. Kundra, IAS (Retd.)	Shri J.S. Saraon	Shri D.C. Mehandru	Shri J.S. Mann		
1.	Independent Directors						
	• Fee for attending Board and Committee Meetings	29000**	97000	99000**	23000		248000
	• Commission	0	0	0	0		0
	• Others, please specify	0	0	0	0		0
	<b>Total (1)</b>	<b>29000</b>	<b>97000</b>	<b>99000</b>	<b>23000</b>		<b>248000</b>
2.	Other Non-Executive Directors						
	• Fee for attending Board and Committee Meetings	5000*	10000*	20000*	10000**	12000***	57000
	• Commission	0	0	0	0	0	0
	• Others, please specify	0	0	0	0	0	0
	<b>Total (2)</b>	<b>5000</b>	<b>10000</b>	<b>20000</b>	<b>10000</b>	<b>12000</b>	<b>57000</b>
	Total (B) = (1+2)						<b>305000</b>
	Total Managerial Remuneration						<b>305000</b>
	Overall Ceiling as per the Act						

\*\*Including Rs.2,000/- paid in the Financial Year 2015-16.

\* Paid to the Punjab State Industrial Development Corporation Limited.

\*\* Paid to IDBI Bank Limited.

\*\*\* Paid to IFCI Limited.



**C. Remuneration to Key Managerial Personnel other than Managing Director/ Manager/ Whole Time Director:**

(In Rupees)

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Shri Pradeep Nauharua, CS & SGM (C.A.)	Shri Ajay Pal Singh, GM (Finance) & CFO	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	1233882	1244239	2478121
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	110981	236943	347924
	(c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- As % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total (C)	1344863	1481182	2826045

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
A. Company					
Penalty			NIL		
Punishment					
Compounding					
B. Directors					
Penalty			NIL		
Punishment					
Compounding					
C. Other Officers in Default					
Penalty			NIL		
Punishment					
Compounding					

For and on behalf of the Board

Place : Chandigarh  
Date : August 17, 2015

Sd/-  
(ANIRUDH TEWARI)  
Chairman

# Punjab Alkalies & Chemicals Limited

## CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2014-15

### 1. Brief Statement on the Company's philosophy on Code of Governance

The Company believes in good Corporate Governance and has been practising it for the conduct of its business and for meeting its obligations towards its stakeholders.

The Company had modified its corporate practices in the financial year 2011-12 so as to bring them in line with the requirements of Clause 49 of the Listing Agreements with the Stock Exchanges. The Company had further modified its corporate practices so as to bring them in consonance with the requirements of the revised Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited. The Company had further modified its corporate practices so as to bring them in consonance with the requirements of the Companies Act, 2013 and further revised Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited.

### 2. Board of Directors

The Board of Directors as on 17<sup>th</sup> August, 2015 comprises of 8 Directors. The Company has a Non-Executive Chairman, 3 Independent Directors (1 also a Woman Director) and 1 Nominee Director of Financial Institution. The Company has a Managing Director and 7 Non-Executive Directors.

The names and categories of the Directors on the Board, their attendance at the Board Meetings during the financial year and at the last Annual General Meeting, as also the number of Directorships held by them in other Companies and memberships of the Committees of the Board of the Companies in which they are Directors are given below:-

Name	Date of Appointment	Date of Cessation	Category	Attendance at Board Meetings during 2014-15 (1.4.2014 to 31.3.2015)	Attendance at last AGM on 29.9.2014	No. of Directorships in other Companies		Memberships of the Committees of the Board of all the Companies*	
						Chairman	Director	Chairman	Member
Shri Karan Avtar Singh, IAS, Chairman (PSIDC Nominee)	22.1.2013	22.7.2014	NE&NI	1	N.A.	N.A.	N.A.	N.A.	N.A.
Shri D.P. Reddy, IAS, Chairman (PSIDC Nominee)	22.7.2014	18.5.2015	NE&NI	2	No	N.A.	N.A.	N.A.	N.A.
Shri Anirudh Tewari, IAS, Chairman (PSIDC Nominee)	18.5.2015	-	NE&NI	N.A.	N.A.	1	3	-	-
Shri S.S. Bains, IAS, Managing Director (PSIDC Nominee)	-As Director: 5.8.2013 -As Managing Director: 7.8.2013	16.7.2015	E&NI	4	No	N.A.	N.A.	N.A.	N.A.
Shri D.K. Tiwari, IAS, Managing Director	-As Director: 9.4.2014 -As Managing Director: 9.4.2014	19.5.2014	E&NI	1	N.A.	N.A.	N.A.	N.A.	N.A.
Shri Amit Dhaka, IAS, Managing Director (PSIDC Nominee)	-As Director: 14.8.2015 -As Managing Director: 17.8.2015	-	E&NI	N.A.	N.A.	-	1	-	1
Shri J.S. Saraon	30.11.1987	17.4.2015	NE&I	5	No	N.A.	N.A.	N.A.	N.A.
Shri D.C. Mehandru	26.6.2002	-	NE&I	5	Yes	-	1	3	-
Dr. A. K. Kundra, IAS (Retd.)	13.12.2004	-	NE&I	5	Yes	1	1	1	2
Shri J.S. Mann	12.8.2010	-	NE&I	3	Yes	-	1	-	1
Shri Yogesh Goel (PSIDC Nominee)	16.8.2010	28.5.2015	NE&NI	4	No	N.A.	N.A.	N.A.	N.A.
Shri Ravi Kumar (IDBI Nominee)	10.8.2011	8.9.2014	NE&NI &FIN	-	N.A.	N.A.	N.A.	N.A.	N.A.
Shri S. Sengupta (IFCI Nominee)	12.2.2014	13.11.2014	NE&NI &FIN	-	No	N.A.	N.A.	N.A.	N.A.
Shri Rajesh Malhotra	8.9.2014	-	NE&NI &FIN	2	No	-	-	-	-
Shri Jagdish Garwal	13.11.2014	11.8.2015	NE&NI &FIN	2	N.A.	N.A.	N.A.	N.A.	N.A.
Smt. Gurmeet Tej, IAS (Woman Director)	11.2.2015	-	NE&I	-	N.A.	-	3	-	-
Shri S.R. Ladhari, IAS (PSIDC Nominee)	5.8.2015	-	NE&NI	N.A.	N.A.	1	4	-	-

\*Includes only Audit Committee and Stakeholders Relationship Committee (Formerly Shareholders/Investors Grievance Committee).



NE&NI – Non-Executive Non-Independent Director PSIDC – Punjab State Industrial Development Corporation Limited  
 NE&NI – Non-Executive Non-Independent (Promoter–holding 44.26% of the Subscribed Capital)  
 &FIN Financial Institution Nominee Director IDBI – IDBI Bank Limited (Lender)  
 NE&I – Non-Executive Independent Director IFCI – IFCI Limited (Lender)  
 E&NI – Executive Non-Independent Director

Five Board Meetings were held during the financial year 2014-15 as against the minimum requirement of four meetings in a year. The dates on which the Board Meetings were held are given below:

9<sup>th</sup> April, 2014, 29<sup>th</sup> May, 2014, 12<sup>th</sup> August, 2014, 13<sup>th</sup> November, 2014, 11<sup>th</sup> February, 2015.

The Non-Executive Directors had no pecuniary relationship or transactions with the Company in their personal capacity during the financial year 2014-15 other than receiving Sitting Fees and/or reimbursement of expenses, if any, incurred for attending the meetings of the Company.

The Board of Directors of the Company in its meeting held on 30<sup>th</sup> October, 2006 had approved a Code of Conduct for Directors and Senior Management Personnel of the Company with effect from 1<sup>st</sup> January, 2006. The same has also been placed on the Company's Website [www.punjabkalies.com](http://www.punjabkalies.com). All the Directors and Senior Management Personnel have affirmed compliance with the said Code during the financial year 2014-15 and the Chief Executive Officer's Declaration to this effect is annexed herewith.

### 3. Audit Committee

The Company had constituted an Audit Committee of the Board of Directors in the year 1986. In June, 2001, the Committee was reconstituted and its terms of reference were revised so as to bring its composition and functions in consonance with the provisions of Section 292A of the Companies Act, 1956 and the requirements of Clause 49 of the Listing Agreement. In January, 2005, the terms of reference of the Committee were further revised to also bring them in line with the requirements of revised Clause 49 of the Listing Agreement. In November, 2014, the terms of reference of the Committee were further revised to also bring them in line with the requirements of the Companies Act, 2013 and further revised Clause 49 of the Listing Agreement.

The names and categories of the Chairman and members of the Audit Committee and their attendance at the Audit Committee meetings during the financial year under review are given below :-

Name	Date of Appointment as Member	Date of Cessation as Member	Category	Attendance at Audit Committee meetings during 2014-15 (1.4.2014 to 31.3.2015)
Shri J.S. Saraon (Chairman- From 28.7.2005 to 17.4.2015; Alternate Chairman – From 28.1.2004 to 28.7.2005)	16.5.2002	17.4.2015	NE&I	4
Shri D.C. Mehandru (Chairman - From 26.5.2015)	26.6.2002	-	NE&I	4
Shri J.S. Mann	25.9.2010	-	NE&I	3
Shri Ravi Kumar (IDBI Nominee)	12.8.2011	8.9.2014	NE&NI &FIN	-
Shri Jagdish Garwal (IFCI Nominee)	13.11.2014	11.8.2015	NE&NI &FIN	1

NE&I – Non-Executive Independent Director

NE&NI & FIN – Non-Executive Non - Independent Financial Institution Nominee Director

Four meetings of the Audit Committee were held during the financial year 2014-15. The dates on which the meetings of the Audit Committee were held are given below:

29<sup>th</sup> May, 2014, 12<sup>th</sup> August, 2014, 13<sup>th</sup> November, 2014 and 11<sup>th</sup> February, 2015

### 4. Remuneration of Directors

The Company is having a Nomination and Remuneration Committee (Formerly Remuneration Committee) of the Board of Directors of the Company to approve the remuneration of the Managing Director(s), Whole-time Director(s), Key Managerial Personnel and Senior Management of the Company with the following Directors as its members:-

- a) From 14<sup>th</sup> March, 2014 to 11<sup>th</sup> February, 2015
  - i. Dr. A.K. Kundra, IAS (Retd.) (Chairman)
  - ii. Shri D.C. Mehandru
  - iii. Shri Ravi Kumar (till 8<sup>th</sup> September, 2014)
- b) From 11<sup>th</sup> February, 2015 to 26<sup>th</sup> May, 2015
  - i. Dr. A.K. Kundra, IAS (Retd.) (Chairman)
  - ii. Shri J.S. Saraon (till 17<sup>th</sup> April, 2015)
  - iii. Shri Jagdish Garwal

## Punjab Alkalies & Chemicals Limited

- c) Since 26<sup>th</sup> May, 2015
- Dr. A.K. Kundra, IAS (Retd.) (Chairman)
  - Shri D.C. Mehandru
  - Shri Jagdish Garwal (till 11<sup>th</sup> August, 2015)

One meeting of the said Committee was held during the financial year 2014-15.

The remuneration of the Managing Director(s) and Whole-time Director(s) is also approved by the Board of Directors subject to the requisite approvals under the provisions of the Companies Act, 2013.

The following are the details of the remuneration paid to the Managing Directors in the financial year 2014-15:-

- |  |   |     |
|--|---|-----|
| - Shri S.S. Bains, IAS, Managing Director<br>(Till 16 <sup>th</sup> July, 2015)                                | : | Nil |
| - Shri D.K. Tiwari, IAS, Managing Director<br>(From 9 <sup>th</sup> April, 2014 To 19 <sup>th</sup> May, 2014) | : | Nil |
| - Shri Amit Dhaka, IAS, Managing Director<br>(From 17 <sup>th</sup> August, 2015)                              | : | Nil |

The Non-Executive Directors are entitled to Sitting Fee decided by the Board of Directors in accordance with the provisions of the Articles of Association of the Company. The Sitting Fee from 1<sup>st</sup> January, 2008 is (a) Rs.5,000/- per meeting of the Board of Directors attended and (b) Rs.2,000/- per meeting of the Committee of the Board of Directors attended.

Dr. A.K. Kundra, IAS (Retd.), Director was holding 600 Equity Shares of the Company as on 31<sup>st</sup> March, 2015. None of the other Directors, was holding any Equity Shares of the Company as on 31<sup>st</sup> March, 2015.

### 5. Share Transfer Committee

The Company is having a Share Transfer Committee of the Board of Directors to approve the transfer and transmission of shares, sub-division and consolidation of Share certificates, issue of duplicate share certificates and dematerialisation and rematerialisation of shares, etc., with the following Directors as its members.

- a) From 25<sup>th</sup> September, 2010 to 26<sup>th</sup> May, 2015
- Managing Director (Chairman)
  - Shri J.S. Saraon (till 17<sup>th</sup> April, 2015)
  - Shri D.C. Mehandru
- b) Since 26<sup>th</sup> May, 2015
- Managing Director (Chairman)
  - Dr. A.K. Kundra, IAS (Retd.)
  - Shri D.C. Mehandru

During the financial year 2014-15, twenty-seven meetings of the Share Transfer Committee were held. During the financial year 2014-15, 51 requests for transfer of physical mode shares and 187 requests for dematerialisation were received. Out of the same Nil requests for transfer of physical mode shares and Nil requests for dematerialisation were pending for approval as on 31<sup>st</sup> March, 2015.

The Share Transfers are normally processed within 12 days of receipt if the documents are found in order. The requests for dematerialisation are also processed within 12 days of receipt of physical share certificates if the documents are found in order.

### 6. Stakeholders Relationship Committee

The Company is having a Stakeholders Relationship Committee (Formerly Shareholders/ Investors Grievance Committee) of the Board of Directors for looking into the redressing of shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc., with the following Directors as its members:-

- a) From 25<sup>th</sup> September, 2010 to 26<sup>th</sup> May, 2015
- Shri D.C. Mehandru (Chairman) - Non-Executive Independent Director
  - Shri J.S. Saraon - Non-Executive Independent Director (till 17<sup>th</sup> April, 2015)
  - Managing Director - Executive Non-Independent Director
- b) Since 26<sup>th</sup> May, 2015
- Shri D.C. Mehandru (Chairman) - Non-Executive Independent Director
  - Dr. A.K. Kundra, IAS (Retd.) - Non-Executive Independent Director
  - Managing Director - Executive Non-Independent Director

Shri Pradeep Nauharia, Company Secretary & Senior General Manager (Co. Affairs) is the Compliance Officer.

During the financial year 2014-15, four meetings of the said Committee were held.

During the financial year under review, the total number of complaints/queries received and replied to the satisfaction of shareholders were 13. Outstanding complaints/queries as on 31<sup>st</sup> March, 2015 were Nil. Complaints/correspondence are usually dealt with within 10-12 days of receipt.

## 7. General Body Meetings

a) The particulars of the last three Annual General Meetings (AGMs) of the Company are:-

S. No.	AGM Particulars	Venue	Date	Time	Details of Special Resolutions passed
1.	37 <sup>th</sup> AGM in respect of the financial year 2011-12	National Institute of Technical Teachers' Training and Research Auditorium, NITTTR Complex, Sector 26, Chandigarh	29 <sup>th</sup> September, 2012	10.30 hours	Re-appointment of Auditors.
2.	38 <sup>th</sup> AGM in respect of the financial year 2012-13	National Institute of Technical Teachers' Training and Research Auditorium, NITTTR Complex, Sector 26, Chandigarh	28 <sup>th</sup> September, 2013	10.30 hours	Re-appointment of Auditors.
3.	39 <sup>th</sup> AGM in respect of the financial year 2013-14	Tagore Theatre, Sector 18, Chandigarh	29 <sup>th</sup> September, 2014	10.30 hours	1. Appointment of Auditors. 2. According of consent to the Board for borrowing monies to the extent of Rs.250 Crores.

b) No item of business, which required the members' approval through postal ballot, was transacted during the financial year 2014-15. It is not proposed to pass any Special Resolution through Postal Ballot in the ensuing Annual General Meeting of the Company.

c) The Remote E-Voting and Ballot facilities are being provided to the Members in respect of the business to be transacted in the ensuing Annual General Meeting of the Company.

## 8. Disclosures

a) There are no materially significant related party transactions that may have potential conflict with the interests of the Company at large.

b) There has been no non-compliance by the Company or penalties or strictures imposed on the Company by any of the Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.

## 9. Means of communication

The quarterly Financial Results and Annual Financial Results of the Company are being published in the newspapers and sent to the Bombay Stock Exchange Limited in accordance with the requirements of Clause 41 of the Listing Agreement. The Company is also sending the said Financial Results through E-mails & CDs to the said Stock Exchange for enabling it to put the same on its Web-site. The said Results are also being sent to the other Stock Exchanges in India.

The Management Discussion and Analysis Report for the financial year 2014-15 is a part of the Annual Report for the said financial year.

# Punjab Alkalies & Chemicals Limited

## 10. General Shareholders information

- a) Annual General Meeting : The 40<sup>th</sup> Annual General Meeting will be held on 29<sup>th</sup> September, 2015 at 10.30 hours in Tagore Theatre, Sector 18, Chandigarh.
- b) Financial Calender : 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015
- c) Date of Book Closure : 23<sup>rd</sup> September, 2015 to 29<sup>th</sup> September, 2015 (both days inclusive)
- d) Dividend Payment Date : N.A.
- e) Listing on Stock Exchanges : Bombay Stock Exchange Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai-400 001
- f) Stock Code : Bombay Stock Exchange : 506852  
Limited  
ISIN No. for Demat Mode : INE607A01014  
Shares
- g) Registrars and Share Transfer Agents : M/s. Beetal Financial & Computer Services Private Limited  
Unit: Punjab Alkalies & Chemicals Limited  
Beetal House, 3<sup>rd</sup> Floor, 99, Madangir, Behind Local Shopping Centre, New Delhi-110062  
Ph. : (011) - 29961281-83  
Fax: (011) - 29961284  
E-mail ID: beetal@beetalfinancial.com  
Website: www.beetalfinancial.com
- h) Share Transfer System : The Company is having a Share Transfer Committee of the Board of Directors to approve the transfer and transmission of shares, etc. The Share Transfers of Physical Mode Shares are normally processed within 12 days of receipt if the documents are found in order.
- i) Dematerialisation of Shares and liquidity : The trading in the Equity Shares of the Company on the Stock Exchanges is permitted only in Dematerialised Mode w.e.f. 24<sup>th</sup> July, 2000 due to SEBI's directive. The Company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for facilitating holding of Company's Shares in Dematerialised Mode. As on 31<sup>st</sup> March, 2015, 87.49% of the total shares have been dematerialised.
- j) Unclaimed Shares : The Company has opened a Depository Account (Demat Account) in the name and style of 'Unclaimed Shares Suspense Account of Punjab Alkalies & Chemicals Limited' with Punjab National Bank (Depository Participant of National Securities Depository Limited (NSDL)), Sector 17-B, Chandigarh for the purpose of complying with the provisions of the Revised Clause 5A of the Listing Agreement with the Bombay Stock Exchange Limited.
- k) Outstanding GDRs/ ADRs/ Warrants or Convertible instruments, conversion date and likely impact on equity. : Nil
- l) Plant Location : Nangal-Una Road,  
Naya Nangal,  
Distt. Ropar (Punjab) – 140 126.
- m) Address for Correspondence : Punjab Alkalies & Chemicals Limited,  
S.C.O. 125-127,  
Sector 17-B,  
Chandigarh-160 017.  
Ph. : (0172) – 4072500-01  
Fax : (0172) – 2704797.  
Website : www.punjabalkalies.com  
CIN: L24119CH1975PLC003607
- n) E-mail ID for Investors' Complaints/Queries : sharesqueries@punjabalkalies.com

### o) Market Price Data :

High/Low during each month of 2014-15 (1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015) on the Bombay Stock Exchange Limited:

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April, 2014	21.65	17.15	October, 2014	54.85	36.35
May, 2014	25.50	16.70	November, 2014	54.40	41.70
June, 2014	25.15	22.15	December, 2014	48.75	30.25
July, 2014	25.05	20.70	January, 2015	36.40	30.00
August, 2014	23.90	21.40	February, 2015	39.85	21.25
September, 2014	44.45	22.35	March, 2015	22.85	16.60



p) Distribution of Shareholding as on 31<sup>st</sup> March, 2015:

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	20988	90.10	3048557	14.85
501 - 1000	1333	5.72	1091628	5.32
1001 - 2000	511	2.19	798248	3.89
2001 - 3000	139	0.60	362151	1.76
3001 - 4000	67	0.29	239181	1.16
4001 - 5000	64	0.27	302474	1.47
5001-10000	93	0.40	701595	3.42
10001 & above	100	0.43	13991716	68.13
Total	23295	100.00	20535550	100.00

q) Categories of Shareholding as on 31<sup>st</sup> March, 2015

Category	No. of Shareholders	No. of Shares held	% of Shareholding
Promoters	1	9090000	44.26
Mutual Funds & UTI	10	11700	0.06
Banks	12	9400	0.05
Central/State Govt.	-	-	-
NRIs/OCBs/FIIs	447	456226	2.22
Corporate Bodies	1109	3531626	17.20
Indian Public	21716	7436598	36.21
Total	23295	20535550	100.00

For and on behalf of the Board

Sd/-  
(ANIRUDH TEWARI)  
Chairman

Place : Chandigarh  
Date : August 17, 2015

**Chief Executive Officer's Declaration regarding the Code of Conduct for Directors and Senior Management Personnel.**

I hereby declare that the Board of Directors of the Company in its meeting held on 30<sup>th</sup> October, 2006 had approved a Code of Conduct for Directors and Senior Management Personnel of the Company with effect from 1<sup>st</sup> January, 2006.

I hereby also declare that all Directors and Senior Management Personnel of the Company have affirmed compliance with the said Code of Conduct during the financial year ended 31<sup>st</sup> March, 2015.

Place : Chandigarh  
Date : August 17, 2015

Sd/-  
(AMIT DHAKA)  
Managing Director

**Auditors' Certificate on Compliance of conditions of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchange**

To the Members of Punjab Alkalies & Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by Punjab Alkalies & Chemicals Limited, for the financial year ended on 31<sup>st</sup> March, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company to ensure compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For A.K. SOOD & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 000072N

Sd/-  
(GAURAV SOOD)

Partner  
Membership No. 507583

Place: Chandigarh  
Date : August 12, 2015

For S.TANDON & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 006388N

Sd/-  
(AKHIL JINDAL)

Partner  
Membership No. 515295



# Punjab Alkalies & Chemicals Limited

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
PUNJAB ALKALIES & CHEMICALS LIMITED

### Report on the Financial Statements:

1. We have audited the accompanying financial statements of PUNJAB ALKALIES & CHEMICALS LIMITED, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, and the Profit and Loss Statement and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information

### Management's Responsibility for the Financial Statements:

2. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the Assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate and accounting policies; making judgement and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility:

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion:

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015;
  - (b) In the case of the Profit and Loss Statement, of the loss for the year ended on that date; and
  - (c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

### Emphasis of Matter

7. We draw attention to the Note No. 1 (a) on the aforesaid financial statements, which, inter-alia, reads as under:



The financial statements are prepared under the historical cost convention and on the basis of going concern. Accumulated losses have resulted in erosion of net worth of the Company. The financial statements have been prepared on a going concern basis on the strength of continued support of the promoters, financial institutions and banks. The final installment of OTS amount under the OTS scheme had fallen due on 1<sup>st</sup> April, 2015. The Company informed the IDBI Bank Limited, the lead bank, that the Board of Directors of PSIDC, the promoters had approved the conversion of entire balance debt of Rs.4286 lacs into equity shares at a share price as per SEBI formula applicable on the date of freezing/accepting the proposal on certain terms and conditions. The matter was discussed in the Joint Lenders Meeting held on 13th April, 2015. The Lenders agreed to take up the proposal with their respective sanctioning authorities. The Company is optimistic of a favourable decision in the matter. The Board of Directors, considering the future plan for operations and support of the promoters, lenders, business associates and workmen is hopeful of improved profitability leading to improvement in its financial position.

Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements:**

8. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
9. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and 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 account as required by law have been kept by the Company, so far as it appears from our examination of these books;
  - (c) The Balance Sheet, the Profit and Loss Statement and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the Directors of the Company is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a Director in terms of Section 164(2) of the Act; and
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements wherever applicable—Refer Note Nos. 20, 30 and 32 to the financial statements.
    - ii) The Company is not required to make provisions as at 31<sup>st</sup> March, 2015 under the applicable law or accounting standards for material foreseeable losses, on long term contracts including derivative contracts.
    - iii) There has been no amount required to be transferred to the Investors Education and Protection Fund by the company during the year ended 31<sup>st</sup> March, 2015.

For A.K. SOOD & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 000072N

Sd/-  
(GAURAV SOOD)

Partner  
Membership No. 507583

For S.TANDON & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 006388N

Sd/-  
(H.S. KHURANA)

Partner  
Membership No. 86331

Place: Chandigarh  
Date : May 26, 2015

# Punjab Alkalies & Chemicals Limited

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Annexures referred to in Paragraph (8) of The Auditor's Report of even date to the Members of PUNJAB ALKALIES & CHEMICALS LIMITED on the accounts for the year ended 31st March, 2015.

- (i) a) The Company has maintained proper records to showing full particulars, including quantitative details and situation of Fixed Assets.
- b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) a) The stock of Finished Goods, Stores, Spare Parts and Raw Material lying in the factory has been physically verified by the management during /at the year- end. In our opinion and according to information and explanations given to us the frequency of physical verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of the physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us the Company is maintaining proper records of its inventories and no material discrepancies were noticed on such verification.
- (iii) The Company has not granted any loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion, and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of Inventories, Fixed Assets and for the Sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits from the public during the year within the meaning of Section 73 and 74 of the Act and the Rules framed there-under.
- (vi) We have broadly reviewed the books of account as required to be maintained by the Company under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and the records have been made and maintained. However, we are not required to and have not carried out detailed examination of such accounts and records with a view to determining whether they are accurate or complete.
- (vii) a) According to the information and explanation to us and on the basis of our examination of the records of the company, amount deducted/ accrued in the books of account in respect of undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty and Cess and other material statutory dues have been regularly deposited with the appropriate authorities during the year by the company. As explained to us there were no arrears of the statutory dues for the period more than six months from the date they became payable at the end of the Financial year.
- b) Following dues are not deposited on account of disputes pending at various forums:

Name of the Statute	Nature of Dues	Amount (Rs. In lacs)	Period to which amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty and Penalty	60.17	2004-2008	CESTAT
Central Excise Act, 1944	Excise Duty and Penalty	5.36	April, 2007 to November, 2011	CESTAT

Name of the Statute	Nature of Dues	Amount (Rs. In lacs)	Period to which amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax	8.03	December, 2012 to June, 2013	Commissioner (Appeals), Central Excise, Chandigarh
Central Excise Act, 1944	Excise Duty and Penalty	5.49	2004-05 to March, 2008 and for April, 2008 to June, 2008	CESTAT
Central Excise Act, 1944	Excise Duty and Penalty	0.57	April, 2008 to December, 2011	CESTAT
Central Excise Act, 1944	Excise Duty and Penalty	3.11	January, 2012 to November, 2012	CESTAT
Central Excise Act, 1944	Excise Duty	2.66	July, 2011 to December, 2011	CESTAT
Central Excise Act, 1944	Penalty	0.99	April, 2009 to March, 2010	CESTAT
Central Excise Act, 1944	Excise Duty and Penalty	5.47	January, 2012 to November, 2012	Assistant Commissioner, Central Excise, Ropar
Finance Act, 1994	Service Tax and Penalty	4.66	April, 2011 to December, 2011	CESTAT
Finance Act, 1994	Service Tax and Penalty	116.09	February, 2007 to March, 2011	CESTAT
Finance Act, 1994	Service Tax and Penalty	25.79	January, 2012 to November, 2012	CESTAT
Finance Act, 1994	Service Tax and Penalty	19.90	January, 2014 to June, 2014	CESTAT
Finance Act, 1994	Service Tax and Penalty	19.62	July, 2013 to December, 2013	Commissioner (Appeals), Central Excise, Chandigarh
Central Excise Act, 1944	Excise Duty and Penalty	0.28	March, 2014	Superintendent, Naya Nangal
Central Excise Act, 1944	Excise Duty and Penalty	2.57	January, 2014 to June, 2014	Deputy Commissioner, Central Excise, Ropar
Finance Act, 1994	Service Tax and Penalty	1.88	January, 2014 to June, 2014	Superintendent, Naya Nangal
Central Excise Act, 1944	Excise Duty	7.08	1994-95	Assistant Commissioner, Central Excise, Ropar

## Punjab Alkalies & Chemicals Limited

Name of the Statute	Nature of Dues	Amount (Rs. In lacs)	Period to which amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	3.82	1995-96	Assistant Commissioner, Central Excise, Ropar
Central Excise Act, 1944	Excise Duty	6.37	1996-97	Assistant Commissioner, Central Excise, Ropar

- c) There has been no amount required to be transferred to the Investors Education and Protection Fund by the company during the year ended 31<sup>st</sup> March, 2015.
- (viii) The Company has accumulated losses of Rs. 5950.59 lacs at the end of the financial year. Consequently the Net Worth of the company is fully eroded. The Company has incurred cash losses of Rs.519.22 lacs in the current financial year. However, the Company had not incurred cash losses during the preceding financial year.
- (ix) The Company has not defaulted in repayment of dues to banks during the year.
- (x) According to the information and explanations given to us the Company has not given any guarantee for loans taken from Banks and Financial Institutions by any other Company.
- (xi) The Company has not taken any Term Loans during the year.
- (xii) As per information and explanation given to us, no fraud on or by the Company has been noticed during the year.

For A.K. SOOD & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 000072N

Sd/-  
(GAURAV SOOD)

Partner  
Membership No. 507583

For S.TANDON & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 006388N

Sd/-  
(H.S. KHURANA)

Partner  
Membership No. 86331

Place: Chandigarh  
Date : May 26, 2015



# BALANCE SHEET as at 31st March, 2015

(Rs. in Lacs)

Particulars	Note No.	As at 31.3.2015	As at 31.3.2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds:</b>			
Share Capital	2	2049.96	2049.96
Reserves and Surplus	3	<u>5061.43</u>	<u>6714.81</u>
		7111.39	8764.77
<b>Share Application Money Pending Allotment</b>			
		-	0.04
<b>Non Current Liabilities</b>			
Long Term Borrowings	4	-	4361.39
Long Term Provisions	5	<u>1070.16</u>	<u>953.52</u>
		1070.16	5314.91
<b>Current Liabilities</b>			
Short Term Borrowings	6	695.28	281.58
Trade Payables	7	2876.02	2355.46
Other Current Liabilities	8	6226.09	2831.70
Short Term Provisions	9	<u>13.79</u>	<u>75.19</u>
<b>Total</b>		<u>9811.18</u>	<u>5543.93</u>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	12230.46	12969.21
Capital Work in Progress	11	<u>60.39</u>	<u>100.71</u>
		12290.85	13069.92
Deferred Tax Assets (Net)	12	1028.96	1028.96
Long Term Loans & Advances	13	315.29	245.71
Other Non Current Assets	14	<u>710.00</u>	<u>897.51</u>
		14345.10	15242.10
<b>Current Assets</b>			
Inventories	15	888.94	1119.78
Trade Receivables	16	674.46	1040.84
Cash and Cash Equivalents	17	773.94	836.76
Short Term Loans & Advances	18	54.42	66.88
Other Current Assets	19	<u>1255.87</u>	<u>1317.29</u>
		3647.63	4381.55
<b>Total</b>		<u>17992.73</u>	<u>19623.65</u>
Significant Accounting Policies	1		
Notes forming an integral part of the Financial Statements	1 to 39		

Sd/-  
(AJAY PAL SINGH)  
General Manager  
(Finance)

Sd/-  
(PRADEEP NAUHARIA)  
Company Secretary &  
Sr. General Manager  
(Co. Affairs)

Sd/-  
(D.C. MEHANDRU)  
Director

Sd/-  
(S.S. BAINS)  
Managing Director

As per our separate report of even date

For A.K. SOOD & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 000072N

For S.TANDON & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 006388N

Sd/-  
(GAURAV SOOD)

Partner  
Membership No. 507583

Sd/-  
(H.S. KHURANA)

Partner  
Membership No. 86331

Place: Chandigarh  
Date: May 26, 2015

## Punjab Alkalies & Chemicals Limited

# PROFIT AND LOSS STATEMENT for the year ended 31st March, 2015

(Rs. in Lacs)

Particulars	Note No.	2014-15.	2013-14
<b>INCOME</b>			
Revenue from Operations	21	<b>26651.93</b>	26488.88
Other Income	21	<b>233.61</b>	285.76
<b>Total Revenue</b>		<b><u>26885.54</u></b>	<u>26774.64</u>
<b>EXPENDITURE</b>			
Cost of Material Consumed	22	<b>5256.29</b>	4809.52
Changes in Inventories of Finished Goods, Work in progress and stock in Trade	23	<b>(8.80)</b>	52.17
Manufacturing Expenses	24	<b>17856.45</b>	17574.96
Employees benefits expense	25	<b>2496.45</b>	2651.09
Finance Costs	26	<b>90.83</b>	80.26
Administration Expenses	27	<b>564.88</b>	690.54
Selling Expenses	28	<b>1139.12</b>	847.16
Depreciation and Amortisation Expense	10 & 14	<b>773.79</b>	1029.91
<b>Total Expenses</b>		<b><u>28169.01</u></b>	<u>27735.61</u>
<b>Profit /(Loss) for the year</b>		<b>(1283.47)</b>	(960.97)
Prior period adjustments		<b>9.54</b>	(3.40)
<b>Profit /(Loss) before Tax</b>		<b>(1293.01)</b>	(957.57)
<b>Tax Expenses</b>			
Current Tax		-	-
Deferred Tax		-	-
<b>Profit /(Loss) for the year after Tax</b>		<b>(1293.01)</b>	(957.57)
<b>Earnings /(Loss) per Equity Share of Rs.10/- each:</b>			
Basic (in Rs.)		<b>(6.31)</b>	(4.67)
Diluted (in Rs.)		<b>(6.31)</b>	(4.67)
Significant Accounting Policies	1		
Notes forming an integral part of the Financial Statements	1 to 39		

Sd/- (AJAY PAL SINGH) General Manager (Finance)	Sd/- (PRADEEP NAUHARIA) Company Secretary & Sr. General Manager (Co. Affairs)	Sd/- (D.C. MEHANDRU) Director	Sd/- (S.S. BAINS) Managing Director
As per our separate report of even date			
	For A.K. SOOD & ASSOCIATES Chartered Accountants Firm Registration No. 000072N		For S.TANDON & ASSOCIATES Chartered Accountants Firm Registration No. 006388N
	Sd/- (GAURAV SOOD) Partner Membership No. 507583		Sd/- (H.S. KHURANA) Partner Membership No. 86331
Place: Chandigarh Date: May 26, 2015			



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015**

(Rs. in lacs)

Particulars	2014-15	2013-14
<b>A) Cash Flow From Operating Activities:</b>		
Net Profit before tax	(1293.01)	(957.57)
Adjustments for:		
Depreciation etc.	504.97	789.47
Previous year adjustment-Depreciation	-	0.15
Miscellaneous Expenses Written Off	268.82	240.44
Interest received	(34.07)	(31.54)
Investment Incentive Written back	(2.99)	(2.99)
Interest/Dividend	-	-
Gain or (loss) on Fixed Assets	(6.78)	(38.21)
Operating Profit Before Working Capital Changes	(563.06)	(0.25)
Adjustments for:		
Trade and other receivables	374.30	390.21
Inventories	230.84	130.55
Trade Payable	195.73	242.42
Cash Generated From Operations	237.81	762.93
Direct Taxes Paid	(3.62)	(2.98)
Cash Flow Before Extraordinary Items	234.19	759.95
Extraordinary Items	-	-
<b>Net Cash From Operating Activities</b>	<b>234.19</b>	<b>759.95</b>
<b>B) Cash Flow From Investing Activities:</b>		
Purchase of Fixed Assets	(9.80)	(20.31)
Sale/Adjustment of Fixed Assets	8.23	81.86
Work in progress	(74.93)	(128.06)
Purchase of Membranes and Recoating of Pans	(81.31)	(625.90)
Interest Received	34.07	31.54
<b>Net Cash Used in Investing Activities</b>	<b>(123.74)</b>	<b>(660.87)</b>
<b>C) Cash Flow From Financing Activities:</b>		
Payment of Share Application Money	(0.04)	-
Proceeds From Short Term Borrowings (Working Capital)	311.38	206.78
Repayment to FIs & Banks	(484.61)	(0.46)
Interest Paid	-	(145.24)
<b>Net Cash Used in Financing Activities</b>	<b>(173.27)</b>	<b>61.08</b>
Net Increase in Cash And Cash Equivalents	(62.82)	160.16
Cash And Cash Equivalents-Opening Balance	836.76	676.60
Cash And Cash Equivalents-Closing Balance	773.94	836.76

Sd/-  
(AJAY PAL SINGH)  
General Manager  
(Finance)

Sd/-  
(PRADEEP NAUHARIA)  
Company Secretary &  
Sr. General Manager  
(Co. Affairs)

Sd/-  
(D.C.MEHANDRU)  
Director

Sd/-  
(S.S. BAINS)  
Managing Director

As per our separate report of even date

For A.K. SOOD & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 000072N

For S.TANDON & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 006388N

Sd/-  
(GAURAV SOOD)  
Partner

Sd/-  
(H.S. KHURANA)  
Partner

Place: Chandigarh  
Date: May 26, 2015

Membership No. 507583

Membership No. 86331



# Punjab Alkalies & Chemicals Limited

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

### Note No.1

#### Significant Accounting Policies

**(a) Accounting Convention**

The financial statements are prepared under the historical cost convention and on the basis of going concern. Accumulated losses have resulted in erosion of net worth of the Company. The financial statements have been prepared on a going concern basis on the strength of continued support of the promoters, financial institutions and banks. The final installment of OTS amount under the OTS scheme had fallen due on 1<sup>st</sup> April, 2015. The Company informed the IDBI Bank Limited, the lead bank, that the Board of Directors of PSIDC, the promoters had approved the conversion of entire balance debt of Rs.4286 lacs into equity shares at a share price as per SEBI formula applicable on the date of freezing/accepting the proposal on certain terms and conditions. The matter was discussed in the Joint Lenders Meeting held on 13th April, 2015. The Lenders agreed to take up the proposal with their respective sanctioning authorities. The Company is optimistic of a favourable decision in the matter. The Board of Directors, considering the future plan for operations and support of the promoters, lenders, business associates and workmen is hopeful of improved profitability leading to improvement in its financial position. All expenses and incomes to the extent considered payable and receivable respectively, unless stated otherwise, have been accounted for on mercantile basis.

**(b) Fixed Assets**

Fixed Assets are stated at values determined by the valuer less depreciation. Machinery Spares have been capitalised as and when procured. Direct costs are capitalised till the assets are ready to be put to use. These costs also includes financing cost (including exchange rate fluctuations) relating to specific borrowing attributable to Fixed Assets. When an asset is scrapped or otherwise disposed off, the cost and related depreciation are taken out from books of accounts and resultant profit (including capital profit) or loss, if any, is reflected in Profit and Loss Statement.

**(c) Depreciation**

The Company has revised depreciation rates on Fixed Assets as per the useful life specified in Part 'C' of Schedule II of the Companies Act, 2013. The carrying amount of assets, where the remaining useful life is nil as at 1st April, 2014, has been recognised in the opening balance of profit & loss statement. The carrying amount of assets amounting to Rs.17.96 lacs, where the remaining useful life is nil as at 1st April, 2014, has been recognised in the opening balance of profit & loss statement. Fixed Assets individually costing upto Rs.5,000/- are depreciated 100% in the year of purchase. Depreciation on Foreign Exchange adjustments arising from foreign exchange variations is charged on residual useful life of asset.

**(d) Valuation of Inventories**

The items of inventories are valued at lower of cost or estimated net realisable value. Cost of raw material, building material and stores & spares is determined (net of cenvat) at monthly weighted average basis. Material in transit is taken at cost price. Stock in process is valued at cost of raw material added. Cost of finished goods includes material cost and appropriate portion of production and administrative overheads and excludes interest and marketing expenses. The value of finished goods stock is inclusive of excise duty. Scrap, if any, at the year end does not form part of closing inventory.

**(e) Revenue Recognition**

Sale of goods is recognised at the point of dispatch to the Customer. Sales include excise duty applicable.

**(f) Foreign Exchange Transactions**

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction. Monetary items denominated in foreign currencies at the year end and not



covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognised over the life of the contract. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss statement except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

**(g) Employee Benefits**

- i) **Defined Contribution Plan**  
The Company's Contribution paid/payable during the year towards Provident Fund Scheme and Superannuation Scheme are recognised as expense in the Profit & Loss Statement.
- ii) **Defined Benefit Plan**  
The Company's liabilities towards leave encashment and gratuity are determined by an independent actuary and LIC's actuarial valuation respectively, using the Projected Unit Credit Method. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds is consistent with the currency and estimated terms of the defined benefit obligations. Actuarial gains and losses are recognised immediately in the Profit & Loss Statement as income or expense.
- iii) Gratuity liability has been covered by master policy of Life Insurance Corporation of India under irrevocable trust.

**(h) Earnings Per Share**

The Basic Earnings/ (Loss) per Share is computed on the basis of weighted average number of Equity Shares outstanding during the financial year. The Diluted Earnings/(Loss) per Share is computed on the basis of weighted average number of Equity Shares outstanding during the year and the Potential Equity Shares.

**(i) Government Grants**

Investment Incentive from State Government has been credited to Investment Incentive Account and is being recognised as income on a systematic and rational basis over the useful life of the assets, in the proportion in which the depreciation on these assets is charged.

**(j) Taxes on Income**

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing difference between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

However, in view of the loss during the financial year 2014-15, the Company has not recognised the Deferred Tax Assets in respect of the loss during the financial year 2014-15.

- (k)** Accounting policies not specifically referred above are consistent with generally accepted accounting practices.

# Punjab Alkalies & Chemicals Limited

**Note No. 2**

## SHARE CAPITAL

(Rs. in Lacs)

Particulars	As at 31.3.2015	As at 31.3.2014
<b>Authorised</b>		
400,00,000 Equity Shares of Rs. 10/- each (Previous year 400,00,000 Equity Shares)	<u>4000.00</u>	<u>4000.00</u>
<b>Issued</b>		
205,37,900 Equity Shares of Rs. 10/- each (Previous year 205,37,900 Equity Shares)	<u>2053.79</u>	<u>2053.79</u>
<b>Subscribed and Paid Up</b>		
205,35,550 Equity Shares of Rs. 10/- each fully called up (Previous year 205,35,550 Equity Shares)	<u>2053.56</u>	<u>2053.56</u>
Less: Allotment Money unpaid	<u>3.60</u>	<u>3.60</u>
	<u><b>2049.96</b></u>	<u><b>2049.96</b></u>

**2.1 Details of shareholders holding more than 5% shares**

Name of Shareholder	As at 31.3.2015		As at 31.3.2014	
	No. of shares held	% age	No. of shares held	% age
Punjab State Industrial Development Corporation Limited (Promoter)	9090000	44.26	9090000	44.26

**Note No. 3**

## RESERVES AND SURPLUS

(Rs. in Lacs)

Particulars	As at 31.3.2015	As at 31.3.2014
<b>Capital Reserve</b>		
Land Subsidy	5.49	5.49
Shares Forfeited Reserve Account	7.03	7.03
Revaluation Reserve		
As per last balance sheet	7745.95	8343.27
Less: Adjusted in respect of Assets sold/ discarded	5.40	286.21
Less: Depreciation (Net of adjustment)	<u>334.02</u>	<u>311.11</u>
	<b>7406.53</b>	<b>7745.95</b>
<b>Share Premium</b>		
As per last Balance Sheet	<b>3587.75</b>	<b>3587.75</b>
<b>Investment Incentive</b>		
As per last Balance Sheet	8.21	11.20
Less: Written back during the period	<u>2.99</u>	<u>2.99</u>
	<b>5.22</b>	<b>8.21</b>
<b>Profit and Loss Statement</b>		
As per last Balance Sheet	(4639.62)	(3682.05)
Add : Depreciation Adjusted	<u>(17.96)</u>	
Add: Transferred from Profit and Loss Statement	<u>(1293.01)</u>	<u>(957.57)</u>
	<b>(5950.59)</b>	<b>(4639.62)</b>
	<u><b>5061.43</b></u>	<u><b>6714.81</b></u>

3.1 Investment Incentive from State Govt. is being recognised as income on a systematic and rational basis over the useful life of the assets.



Note No. 4

**LONG TERM BORROWINGS**

Particulars	(Rs. in Lacs)	
	As at 31.3.2015	As at 31.3.2014
<b>Debentures</b>		
Secured Redeemable Non-Convertible Debentures of Rs. 100/- each		
66,856 (Previous year 74,286) 0% Debentures (4th Series) - (10% Redeemable on 30.9.2014 and balance on 1.4.2015 as per One Time Settlement approved by CDR Empowered Group)	<b>66.85</b>	74.28
1,00,286 (Previous year 1,11,429) 0% Debentures (5th Series) - (10% Redeemable on 30.9.2014 and balance on 1.4.2015 as per One Time Settlement approved by CDR Empowered Group)	<b>100.29</b>	111.43
<b>Terms Loans (Secured)</b>		
<b>(a) From Scheduled Banks</b>		
Punjab National Bank	<b>259.54</b>	278.39
Punjab & Sind Bank	<b>178.37</b>	198.20
Funded Interest Term Loans	<b>15.16</b>	26.84
<b>(b) From Other Banks and Institutions</b>		
Industrial Development Bank of India (IDBI) (Now IDBI Bank Limited)	<b>2811.03</b>	3123.37
Industrial Finance Corporation of India Limited (IFCI) (Now IFCI Limited)	<b>488.16</b>	542.40
Life Insurance Corporation of India (LIC)	<b>131.07</b>	145.63
Funded Interest Term Loans	<b>310.91</b>	345.45
	<b>4361.38</b>	4845.99
Less: Current Maturity of Term Loans and Debentures as per OTS	<b>4361.38</b>	484.60
	<b>-</b>	4361.39

- 4.1 The Term Loans from Punjab National Bank (PNB), Punjab & Sind Bank (PSB), IDBI, IFCI and LIC (except for term loan of Rs.116.65 lacs from PSB, which is secured as per Note No. 4.2 below) and Non-Convertible Debentures are/will be secured by way of mortgage (by way of first charge) of all the immovable properties both present and future and first charge by way of hypothecation of all the movables (save and except book debts) including movable machinery, spares, tools, accessories present and future, subject to prior charges created or to be created in favour of the bankers on stocks etc. for working capital. The above charges will rank pari passu with each other.
- 4.2 The Term Loan of Rs.116.65 lacs from PSB is/will be secured by way of mortgage (by way of fourth charge) of all the immovable properties both present and future and fourth charge by way of hypothecation of all the moveables (save and except current assets).
- 4.3 The Corporate Debt Restructuring (CDR) Empowered Group had restructured the debt liabilities of the Company in January, 2003 and had thereafter revised, reworked and modified the same from time to time. The CDR Empowered Group has approved the Proposal of the Company for One Time Settlement (O.T.S.) of the outstanding Term Loans and Non-Convertible Debentures and Sanctioned Working Capital Facilities as on 1<sup>st</sup> April, 2012 on 100% principal basis with a cut-off date of 15<sup>th</sup> November, 2012. In terms of the same, the Company had to make payment of (a) Upfront Payment of 35% of the O.T.S. Amount as first tranche, 10% of the balance 65% of O.T.S. Amount as second tranche by 30<sup>th</sup> September, 2014 and the remaining 90% of the balance 65% of O.T.S. Amount as third tranche by 1<sup>st</sup> April, 2015 and (b) Interest from 1<sup>st</sup> July, 2012 to 30<sup>th</sup> September, 2012 on the entire outstanding amount and interest from 1<sup>st</sup> October, 2012 to the date of payment of first tranche on 35% of O.T.S. Amount alongwith the payment of first tranche and interest from 1<sup>st</sup> October, 2012 to the date of payment of first tranche on balance 65% of O.T.S. Amount by 31<sup>st</sup> October, 2013. No interest is chargeable on the balance 65% of O.T.S. Amount from the date of payment of first tranche. The CDR Empowered Group has also stipulated some other terms and conditions in respect of the said O.T.S. Accordingly, the Company has made the payment of the first tranche of the O.T.S. Amount by 29<sup>th</sup> December, 2012 and the interest payable therewith by 31<sup>st</sup> December, 2012.

## Punjab Alkalies & Chemicals Limited

- 4.4 The Company has accounted for interest as per the modifications approved by CDR Empowered Group in June, 2012 in the Revised Restructuring Package @ 13.0% p.a. from 1<sup>st</sup> April, 2012 to 30<sup>th</sup> June, 2012 and @ 13.25% p.a. from 1<sup>st</sup> July, 2012 in case of IDBI Bank Limited, @ 13.0% p.a. from 1<sup>st</sup> April, 2012 to 30<sup>th</sup> September, 2012 and @ 13.25% p.a. from 1<sup>st</sup> October, 2012 in case of IFCI Limited and Life Insurance Corporation of India, @ 12.5% p.a. from 1<sup>st</sup> April, 2012 in case of Punjab National Bank and @ 10.75% p.a. from 1<sup>st</sup> April, 2012 in case of Punjab & Sind Bank and as per the said O.T.S. Accordingly, the Company has not accounted for interest on the balance 65% of O.T.S. Amount from the date of payment of first tranche i.e. 29<sup>th</sup> December, 2012.
- 4.5 As per the terms of the O.T.S., the Company is required to create a Reserve of 40% of the outstanding O.T.S. Amount by 30<sup>th</sup> September, 2014 with a grace period of 2 months failing which lenders shall charge interest at the rate of interest existing prior to the O.T.S. retrospectively with effect from the cut off date.
- 4.6 The final installment of OTS amount under the OTS scheme had fallen due on 1<sup>st</sup> April, 2015. The Company informed the IDBI Bank Limited, the lead bank, that the Board of Directors of PSIDC, the promoters had approved the conversion of entire balance debt of Rs.4286 lacs into equity shares at a share price as per SEBI formula applicable on the date of pricing/accepting the proposal on certain terms and conditions. The matter was also discussed in the Joint Lenders Meeting held on 13<sup>th</sup> April, 2015. The lenders agreed to take up the proposal with their respective sanctioning authorities. The Company is optimistic of a favourable decision in the matter.

### Note No. 5

#### LONG TERM PROVISIONS

(Rs. in Lacs)

Particulars	As at 31.3.2015	As at 31.3.2014
<b>Provision for Employee Benefits</b>		
Gratuity	449.51	362.13
Leave Encashment	620.65	591.39
	<u>1070.16</u>	<u>953.52</u>

- 5.1 The Company's liabilities towards leave encashment and gratuity are determined by an independent actuary and LIC's actuarial valuation respectively, using the Projected Unit Credit Method. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds is consistent with the currency and estimated terms of the defined benefit obligations. Actuarial gains and losses are recognised immediately in the Profit & Loss Statement as income or expense.

**Note No. 6****SHORT TERM BORROWINGS**

(Rs. in Lacs)

<b>Particulars</b>	<b>As at 31.3.2015</b>	<b>As at 31.3.2014</b>
<b>Working Capital Loans (Secured)</b>		
Punjab & Sind Bank	130.93	35.80
Punjab National Bank	<u>387.23</u>	<u>170.98</u>
	<b>518.16</b>	<b>206.78</b>
<b>Other Loans and Advances (Unsecured)</b>		
Advances from Customers	<u>177.12</u>	<u>74.80</u>
	<b>695.28</b>	<b>281.58</b>

6.1 Cash Credit from the banks is secured by way of hypothecation (by way of first charge) of raw materials, stocks in process, finished goods, stores and spares and book debts of the Company wherever situated and is/ will be secured by way of mortgage (by way of second charge) on all the immovable properties both present and future.

**Note No. 7****TRADE PAYABLES**

(Rs. in Lacs)

<b>Particulars</b>	<b>As at 31.3.2015</b>	<b>As at 31.3.2014</b>
<b>Creditors</b>		
Against Capital Goods	23.49	242.67
Others	<u>2852.53</u>	<u>2112.79</u>
	<b>2876.02</b>	<b>2355.46</b>

**Note No. 8****OTHER CURRENT LIABILITIES**

(Rs. in Lacs)

<b>Particulars</b>	<b>As at 31.3.2015</b>	<b>As at 31.3.2014</b>
<b>Other Liabilities</b>		
Statutory Liabilities	161.76	191.86
Excess money remitted by shareholders	0.12	0.12
Others	<u>1702.83</u>	<u>2155.12</u>
Interest accrued but not due	-	-
Current Maturity of Term Loans and Debentures (Refer Note No. 4)	<u>4361.38</u>	<u>484.60</u>
	<b>6226.09</b>	<b>2831.70</b>

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Note No. 9

## SHORT TERM PROVISIONS

(Rs. in Lacs)

Particulars	As at 31.3.2015	As at 31.3.2014
<b>Provision for Employee Benefits</b>		
Gratuity	-	60.94
Leave Encashment	13.61	13.89
Bonus	0.18	0.36
	<u>13.79</u>	<u>75.19</u>

9.1 The Company's liabilities towards leave encashment and gratuity are determined by an independent actuary and LIC's actuarial valuation respectively, using the Projected Unit Credit Method. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds is consistent with the currency and estimated terms of the defined benefit obligations. Actuarial gains and losses are recognised immediately in the Profit & Loss Statement as income or expense.


**Note No. 10**
**TANGIBLE**

Nature of Fixed Assets	GROSS BLOCK (At Cost)				
	As at 1.4.2014	Adjustments from WIP	Additions	Sales/ Adjustments	As at 31.3.2015
Land & Site Development	3095.11	-	-	-	3095.11
Building	1029.40	-	-	-	1029.40
Factory Building	2487.25				2487.25
Tube well	40.74				40.74
Plant & Machinery	27232.12	115.25	0.18	15.99	27331.56
Electric Installation	19.41		0.30		19.71
Railway Siding	189.81	-	-	-	189.81
Lab Instruments	25.43				25.43
Office Equipment	84.37		1.10		85.47
Furniture, Fixtures	66.98	-	0.03	-	67.01
Computers	106.93		8.19	0.40	114.72
Vehicles	167.75	-	-	8.78	158.97
<b>Total</b>	<b>34545.30</b>	<b>115.25</b>	<b>9.80</b>	<b>25.17</b>	<b>34645.18</b>
Previous year	35300.72	198.85	20.31	974.58	34545.30

- 10.1 Depreciation for the year 2014-15 includes Rs.328.46 lacs (Previous year Rs.390.94 lacs) as depreciation arising on revaluation of Fixed Assets, which has been adjusted against Revaluation Reserve and has not been charged to the Profit and Loss Statement.
- 10.2 Fixed Assets are stated at values determined by the valuer less depreciation. Machinery Spares have been capitalised as and when procured. Direct costs are capitalised till the assets are ready to be put to use. These costs also includes financing cost (including exchange rate fluctuations) relating to specific borrowing attributable to Fixed Assets. When an asset is scrapped or otherwise disposed off, the cost and related depreciation are taken out from books of accounts and resultant profit (including capital profit) or loss, if any, is reflected in Profit and Loss Statement.
- 10.3 The Company has revised depreciation rates on Fixed Assets as per the useful life specified in Part 'C' of Schedule II of the Companies Act, 2013. The carrying amount of assets, where the remaining useful life is nil as at 1st April, 2014, has been recognised in the opening balance of profit & loss statement. The carrying amount of assets amounting to Rs.17.96 lacs, where the remaining useful life is nil as at 1st April, 2014, has been recognised in the opening balance of profit & loss account. Fixed Assets individually costing upto Rs.5,000/- are depreciated 100% in the year of purchase. Depreciation on Foreign Exchange adjustments arising from foreign exchange variations is charged on residual useful life of asset.
- 10.4 The Company had revalued its Fixed Assets (other than the 100 TPD Membrane Cell Plant Power Line) as on 31<sup>st</sup> March, 2004 on the basis of existing use value by an independent professional valuer. The revaluation of assets had been approved by the Board of Directors in its meeting held on 27<sup>th</sup> October, 2005 and the revalued figures were incorporated in the accounts in the financial year 2005-06. Accordingly a sum of Rs.6243.16 lacs being the surplus of the value of assets over the written down value, had been credited to the Revaluation Reserve.
- 10.5 The Company had revalued its 100 TPD Membrane Cell Plant Power Line as on 31<sup>st</sup> March, 2006 on the basis of existing use value by an independent professional valuer. The revaluation of the asset had been approved by the Board of Directors in its meeting held on 29<sup>th</sup> October, 2007 and the revalued figure was incorporated in the accounts in the financial year 2007-08. Accordingly, a sum of Rs.27.78 lacs being the surplus of the value of the asset over the written down value, had been credited to the Revaluation Reserve.
- 10.6 The Company had revalued its Fixed Assets as on 31<sup>st</sup> March, 2009 on the basis of existing use value by an independent professional valuer. The revaluation of assets had been approved by the Board of Directors in its meeting held on 29<sup>th</sup> January, 2010 and the revalued figures were incorporated in the accounts in the financial year 2009-10. Accordingly a sum of Rs.4819.99 lacs being the surplus of the value of assets over the written down value, had been credited to the Revaluation Reserve.

**Note No. 11**
**CAPITAL WORK IN PROGRESS**

(Rs. in Lacs)

Particulars	Cost as at 1.4.2014	Additions / Adjustments	Transfer to Fixed Assets	Cost as at 31.3.2015
Buildings	2.79	-	-	2.79
Plant & Machinery	97.92	74.93	115.25	57.60
<b>Total</b>	<b>100.71</b>	<b>74.93</b>	<b>115.25</b>	<b>60.39</b>
Previous year	171.50	128.06	198.85	100.71



# Punjab Alkalies & Chemicals Limited

## ASSETS

(Rs. in Lacs)

DEPRECIATION				NET BLOCK	
Upto 31.3.2014	For 2014-15	Adjustments	Upto 31.3.2015	As at 31.3.2015	As at 31.3.2014
-	-	-	-	3095.11	3095.11
298.61	15.71	-	314.32	715.08	730.80
1354.81	68.67	(8.10)	1431.58	1055.67	1132.43
5.55	11.35	-	16.90	23.84	35.19
19503.70	688.46	13.44	20178.72	7152.84	7728.42
9.83	1.79	(0.01)	11.63	8.08	9.58
83.56	10.05	-	93.61	96.20	106.25
11.92	7.52	(0.13)	19.57	5.86	13.51
56.15	4.90	(11.45)	72.50	12.97	28.22
60.91	0.76	(0.24)	61.91	5.10	6.07
79.48	12.91	(5.11)	97.50	17.22	27.45
111.57	11.31	6.40	116.48	42.49	56.18
21576.09	833.43	(5.20)	22414.72	12230.46	12969.21
21120.08	1180.41	724.40	21576.09	12969.21	14180.64

**Note No. 12****DEFERRED TAX ASSETS**

(Rs. in Lacs)

<b>Particulars</b>	<b>As at 31.3.2015</b>	<b>As at 31.3.2014</b>
Opening Balance	<b>1028.96</b>	1028.96
Less Deferred Tax Liabilities (net) during the year	-	-
Balance	<b><u>1028.96</u></b>	<u>1028.96</u>

12.1 In view of the loss during the financial year 2014-15, the Company has not recognized the Deferred Tax Assets in respect of the loss during the financial year 2014-15.

**Note No. 13****LONG TERM LOANS AND ADVANCES**

(Rs. in Lacs)

<b>Particulars</b>	<b>As at 31.3.2015</b>	<b>As at 31.3.2014</b>
<b>Long Term Loans and Advances (Unsecured, Considered Goods unless otherwise stated)</b>		
Security Deposits	<b>315.29</b>	245.71
	<b><u>315.29</u></b>	<u>245.71</u>

**Note No. 14****OTHER NON CURRENT ASSETS**

(Rs. in Lacs)

<b>Particulars</b>	<b>As at 31.3.2015</b>	<b>As at 31.3.2014</b>
Deferred Expenditure:		
As per last balance sheet	<b>897.51</b>	512.05
Addition during the year	<b>81.31</b>	625.90
	<b>978.82</b>	1137.95
Less: Amortised during the year	<b>268.82</b>	240.44
Closing Balance	<b><u>710.00</u></b>	<u>897.51</u>
	<b><u>710.00</u></b>	<u>897.51</u>

14.1 The cost of membranes is being amortised over a period of three years. The cost of recoating of pans of electrolysers is being amortised over a period of eight years.

# Punjab Alkalies & Chemicals Limited

**Note No. 15** **INVENTORIES** (Rs. in Lacs)

Particulars	As at 31.3.2015	As at 31.3.2014
Raw Materials	213.24	351.84
Stock in process	43.64	23.89
Finished goods	123.13	134.08
Materials in transit	0.24	0.87
Stores & Spares	505.47	599.87
Building Materials	3.22	9.23
	<u>888.94</u>	<u>1119.78</u>

**Note No. 16** **TRADE RECEIVABLES** (Rs. in Lacs)

Particulars	As at 31.3.2015	As at 31.3.2014
Considered Goods except where provided for:		
Debt over six months (unsecured)	640.36	644.36
Other Debts (secured to the extent of Rs. 309.49 lacs)	498.08	775.46
	<u>1138.44</u>	<u>1419.82</u>
Less: Provision for doubtful debts	463.98	378.98
	<u>674.46</u>	<u>1040.84</u>

**Note No. 17** **CASH AND CASH EQUIVALENTS** (Rs. in Lacs)

Particulars	As at 31.3.2015	As at 31.3.2014
Cash in hand	2.60	2.50
Cheques in hand	412.34	685.14
Balance with Scheduled Banks		
Current Account	273.65	3.44
Cash Credit Account	-	-
Fixed Deposits (Including margin money for Letters of Credit and Bank Guarantees)	85.35	145.68
	<u>359.00</u>	<u>149.12</u>
	<u>773.94</u>	<u>836.76</u>

**Note No. 18** **SHORT TERM LOANS AND ADVANCES** (Rs. in Lacs)

Particulars	As at 31.3.2015	As at 31.3.2014
Unsecured, Considered goods unless otherwise stated		
Suppliers/Service Providers(Including capital goods for Rs.6.90 lac.)	470.83	464.18
Less: Provision for doubtful debts (Others)	425.56	400.12
	45.27	64.06
Staff Advances	9.15	2.82
	<u>54.42</u>	<u>66.88</u>

18.1 The final adjustment of (a) expenses on common facilities with Punjab National Fertilizers & Chemicals Limited (under liquidation) for Railway Siding, Hostel Building, Power Link Line, Land, Tube well, Staff Housing Colony and Storm Water Drain etc., and (b) other expenses aggregating to Rs.411.55 lacs incurred on behalf of Punjab National Fertilizers & Chemicals Limited shall be made as per the settlement by the Official Liquidator of Punjab National Fertilizers & Chemicals Limited. However, an amount of Rs.30.22 lacs (previous year Rs.34.81 lacs) has been provided as doubtful debt during the current year.



**Note No. 19**

**OTHER CURRENT ASSETS**

(Rs. in Lacs)

Particulars	As at 31.3.2015	As at 31.3.2014
Balance with Central Excise	11.53	2.89
Pre paid expenses	26.34	26.27
Amount recoverable	270.59	345.64
Amount recoverable excise	12.43	9.66
Income Tax recoverable	22.20	22.20
Claim recoverable	26.91	17.42
Power subsidy	0.26	0.26
Service tax claimable	847.58	830.54
Cenvat claimable succeeding year	11.08	39.06
Membrane modvat recoverable	-	0.02
Income tax claimable	18.88	15.26
Advance against water charges	8.07	8.07
	<b>1255.87</b>	<b>1317.29</b>

**Note No. 20**

**CONTINGENT LIABILITIES AND COMMITMENTS**

(Rs. in Lacs)

Particulars	Asat 31.3.2015	As at 31.3.2014
a) Bank Guarantees given by Company	40.68	274.07
b) Excise/Service Tax Demand/claims under appeal (Including Rs. 77.43 lacs deposited under protest)	377.34	339.13
c) Interest/Differential Interest (As per OTS approved by CDR EG)	1415.78	790.50
d) House Tax on Industrial Buildings for the period 1.10.2010 to 31.3.2013 for which the Company's Revision Petition is pending before the Revisional Authority after the disallowing of the Company's Appeal which was filed before the Appellate Authority after payment of a sum of Rs.20 lacs pursuant to the Order dated 14.3.2014 of the Punjab & Haryana High Court in the Civil Writ Petition filed by the Company.	99.84	99.84
e) Estimated amounts of contracts remaining to be executed on capital account and not provided for	30.41	103.59

**Note No. 21**

**REVENUE**

(Rs. in Lacs)

Particulars	2014-15	2013-14
Revenue from sale of goods	30115.44	29881.97
Revenue from trading of goods	-	-
	<b>30115.44</b>	<b>29881.97</b>
Less: Excise Duty	<b>3463.51</b>	<b>3393.09</b>
	<b>26651.93</b>	<b>26488.88</b>
Other Income:		
Interest received	34.07	31.54
Scrap Sales	135.68	129.54
Misc. Income	53.92	36.03
Investment Incentive written back	2.99	2.99
Excess Provision written back	0.17	47.45
Profit on sale of fixed assets	6.78	38.21
	<b>233.61</b>	<b>285.76</b>

# Punjab Alkalies & Chemicals Limited

**Note No. 22**

## COST OF MATERIALS CONSUMED

(Rs. in Lacs)

Particulars	2014-15	2013-14
Salt	4779.18	4367.59
Soda Ash	62.83	55.30
Barium Carbonate	227.16	235.80
Hydrated Lime	-	0.03
Sulphuric Acid	119.07	87.63
Others	68.05	63.17
	<u>5256.29</u>	<u>4809.52</u>

**Note No. 23**

## CHANGES IN INVENTORIES OF FINISHED GOODS & STOCK-IN-PROCESS

(Rs. in Lacs)

Particulars	2014-15	2013-14
<b>Closing Stocks</b>		
Finished Goods	123.13	134.08
Stock in Process	43.64	23.89
	<u>166.77</u>	<u>157.97</u>
<b>Less: Opening Stocks</b>		
Finished Goods	134.08	187.37
Stock in Process	23.89	22.77
	<u>157.97</u>	<u>210.14</u>
<b>Increase/(Decrease) in Stock</b>	<u>8.80</u>	<u>(52.17)</u>

**Note No. 24**

## MANUFACTURING EXPENSES

(Rs. in Lacs)

Particulars	2014-15	2013-14
Power, Fuel & Utilities	17546.21	17176.39
Stores & Spares consumed	310.24	398.57
Packing Material	-	-
	<u>17856.45</u>	<u>17574.96</u>

**Note No. 25**

## EMPLOYEE BENEFITS EXPENSE

(Rs. in Lacs)

Particulars	2014-15	2013-14
Salaries, Wages & Bonus	2042.58	2204.52
Contribution to Provident, Superannuation & Gratuity funds	269.43	257.76
Staff Welfare, Recruitment & Training Expenses	184.44	188.81
	<u>2496.45</u>	<u>2651.09</u>



**Note No. 26**

**FINANCE COST**

(Rs. in Lacs)

<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
Interest and Charges		
Term Loans		-
Debentures	-	-
Cash Credit	<b>53.53</b>	61.84
Monitoring Agency Fee	-	-
Security Deposits/Others	<b>37.30</b>	18.42
	<b><u>90.83</u></b>	<u>80.26</u>

**Note No. 27**

**ADMINISTRATION EXPENSES**

(Rs. in Lacs)

<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
Labour Charges	<b>94.34</b>	99.70
Railway Siding Operations	<b>5.26</b>	4.88
Repair & Maintenance		
Plant & Machinery	<b>92.39</b>	142.28
Building	<b>19.47</b>	17.45
Others	<b>6.09</b>	7.26
	<b>117.95</b>	166.99
Board Meeting Expenses	<b>3.84</b>	3.83
Travelling & Conveyance		
Directors	<b>1.64</b>	1.05
Others	<b>45.99</b>	45.93
	<b>47.63</b>	46.98
Statutory Auditors Remuneration		
Audit Fees	<b>0.90</b>	0.70
Tax Audit Fees	<b>0.12</b>	0.12
Other Services	<b>0.34</b>	0.46
Out of Pocket Expenses	<b>0.55</b>	0.50
	<b>1.91</b>	1.78
Legal & Professional Charges	<b>20.74</b>	19.96
Insurance	<b>43.66</b>	46.87
Printing & Stationery	<b>12.25</b>	13.55
Postage & Telephone	<b>15.52</b>	12.74
Electricity & Water Charges	<b>5.79</b>	7.35
Rent, Rates & Taxes	<b>41.35</b>	39.46
Pollution Control Expenses	<b>107.91</b>	154.83
Miscellaneous Expenses	<b>16.51</b>	36.81
Doubtful Debts Others	<b>30.22</b>	34.81
Loss on Assets sold/discarded	-	-
	<b><u>564.88</u></b>	<u>690.54</u>

**Note No. 28**

**SELLING EXPENSES**

(Rs. in Lacs)

<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
Advertisement	<b>1.81</b>	2.55
Freight, Cartage & Handling	<b>425.59</b>	232.73
Business Promotion	<b>7.30</b>	8.36
Discounts & Commission	<b>619.42</b>	578.52
Provision for doubtful debts	<b>85.00</b>	25.00
	<b><u>1139.12</u></b>	<u>847.16</u>

## Punjab Alkalies & Chemicals Limited

Note No.29. Chandigarh Administration has allotted land to Company for construction of Office Building for Rs.169.47 lacs. Interest on delayed payments amounting to Rs.75.98 lacs has been imposed by the Estate Officer, Chandigarh. The Company is in the process of seeking appropriate legal remedy against the Orders of the Estate Officer imposing penal interest. In the meanwhile the Company has paid Rs.75.98 lacs towards penal interest under protest.

Note No.30. House Tax amounting to Rs. Nil lacs (Previous year Rs.20 lacs) has been deposited during the year under protest with Municipal Council, Nangal. The total amount of house tax on Company's industrial building and residential units in housing colony deposited under protest is Rs. 168.85 lacs in respect of the years 1987-88 to 2012-13 and the legal cases in respect thereof are pending before Appellate/ Revision Authorities and High Court.

Note No.31. Debit & Credit balances of parties are subject to their confirmation.

Note No.32. Legal action had been instituted against customers from whom a total sum of Rs.613.19 lacs (Previous year Rs.617.19 Lacs) is due as the balance of the principal value of goods supplied. Out of these, some cases have been decided and decrees/awards for a principal sum of Rs.80.31 lacs (Previous year Rs.80.31 lacs) have been passed/ announced in favour of the Company. The remaining cases are pending before various Courts/Arbitrators.

Note No.33. **Employee Defined Benefits:**

Defined Benefit Plans-as per Actuarial Valuation as on 31st March, 2015

Particulars	Leave Encashment	(Rs. in Lacs) Gratuity
Expense Recognised in the Profit & Loss Statement for the year	80.41	77.97
Present Value of Defined Benefit Obligation as at 31st March, 2015	634.26	1196.85
Funding of Plan Assets as a percentage of total Plan	Unfunded	63% with LIC
Actuarial Assumptions		
- Discount Rate	8.00%	8.00%
- Expected rate of return on Plan Assets	-	8.00%
- In-service Mortality	Indian Assured Lives (2006-08)	Indian Assured Lives (2006-08)
- Attrition Rate	1% to 2%	1% to 2%
- Salary Rise	6.0%	6.0%
- Remaining Working life	11.18 Years	11.18 Years

Note No.34. **Related Party Disclosures:**

a) Names of related Parties and description of relationships, having transactions during the year

1) Significant Interest Entities:

The Punjab State Industrial Development Corporation Limited holds 90,90,000 Equity Shares of the Company, which constitutes 44.26% of the Subscribed Capital.

2) Key Managerial Personnel

- Shri S.S. Bains, IAS, Managing Director

b) Volume of transaction of related parties

	2014-15	2013-14
Remuneration (Key Managerial Personnel)		
- Shri S.S Bains, IAS, Managing Director	-	-

Note No.35. A total of 2613 and 53 Chlorine Cylinders of 900 Kg. and 100 Kg. each respectively, were in circulation with various customers as returnable empties, as on 31.3.2015.

Note No.36. Based on the information available with the Company, no balance is due to the micro and small enterprises as defined under the MSMED Act, 2006. Further, no interest during the period has been paid or is payable under the terms of the MSMED Act, 2006.

Note No. 37. The Company operates in a single business segment viz. chemicals. Hence segment reporting under AS-17 is not applicable.

Note No.38. a) The Corresponding figures of the previous year have been regrouped/reclassified, wherever necessary.

b) The figures have been rounded off to the nearest Rs. Lacs.



Note No. 39. **ADDITIONAL INFORMATION AS FAR AS APPLICABLE PURSUANT TO PART II OF SCHEDULE III OF THE COMPANIES ACT, 2013:**

**i) PARTICULARS OF CAPACITY AND PRODUCTION**

Class of Goods	Unit of Qty.	Licensed Capacity		Installed Capacity		Actual Production	
		2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Caustic Soda	MT	99000	99000	99000	99000	91915	89370
Liquid Chlorine	MT	87714	87714	87714	87714	65337	64533
Hydrochloric Acid	MT	73755	73755	39600	39600	57728	51323
		(100% basis)		(100% basis)			
Calcium Hypochlorite (Bleach Liquor)	MT	2000 (As Chlorine)	2000	-	-	-	-
Sodium Hypochlorite	MT		1750	1750	11658	11591	
Hydrogen Gas	Lacs NM <sup>3</sup>	277.20	277.20	277.20	277.20	244.18	238.69

- The Sodium Hypochlorite Units are within the overall licenced capacity (2000 TPA) of Calcium Hypochlorite and Sodium Hypochlorite.
- Actual production of Sodium Hypochlorite is on liquor basis.
- Actual production of Hydrochloric Acid is on 30-33% concentration basis.
- In case of Hydrogen gas, internal consumption and saleable quantity are taken as actual production.

**ii) PARTICULARS IN RESPECT OF FINISHED GOODS**

(Rs. in lacs)

Class of Goods	Unit of Qty.	Quantity		Value	
		2014-15	2013-14	2014-15	2013-14
<b>SALES:</b>					
Caustic Soda Lye	MT	88385	86168	26501.84	26214.95
Caustic Soda Flakes	MT	-	-	-	-
Liquid Chlorine	MT	65235	64568	1381.65	1637.99
Hydrochloric Acid	MT	48991	45118	1071.24	984.65
Sodium Hypochlorite	MT	11539	11612	464.00	427.32
Hydrogen Gas	Lacs NM <sup>3</sup>	36.94	32.73	696.71	617.06
Total				<u>30115.44</u>	<u>29881.97</u>
<b>OPENING STOCKS:</b>					
Caustic Soda Lye	MT	389	658	121.02	170.85
Caustic Soda Flakes	MT	-	4	-	1.07
Liquid Chlorine	MT	488	523	10.85	11.93
Hydrochloric Acid	MT	235	410	1.42	2.21
Sodium Hypochlorite	MT	19	40	0.79	1.31
Hydrogen Gas	Lacs NM <sup>3</sup>	-	-	-	-
Total				<u>134.08</u>	<u>187.37</u>
<b>CLOSING STOCKS:</b>					
Caustic Soda Lye	MT	359	389	102.66	121.02
Caustic Soda Flakes	MT	-	-	-	-
Liquid Chlorine	MT	590	488	11.76	10.85
Hydrochloric Acid	MT	663	235	3.18	1.42
Sodium Hypochlorite	MT	138	19	5.53	0.79
Hydrogen Gas	Lacs NM <sup>3</sup>	-	-	-	-
Total				<u>123.13</u>	<u>134.08</u>
<b>OTHER USE (QUANTITY ONLY):</b>					
		<b>Internal Consumption</b>		<b>Neutralisation/Losses</b>	
Caustic Soda Lye	MT	3560	3471	-	-
Caustic Soda Flakes	MT	-	4	-	-
Liquid Chlorine	MT	-	-	-	-
Hydrochloric Acid	MT	8309	6380	-	-
Sodium Hypochlorite	MT	-	-	-	-
Hydrogen Gas	Lacs NM <sup>3</sup>	207.24	205.96	-	-



## Punjab Alkalies & Chemicals Limited

### iii) QUANTITATIVE DETAILS OF CONSUMPTION OF RAW MATERIALS AND CHEMICALS

(Rs. in lacs)

Item	Unit of Qty.	2014-15		2013-14	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
Salt (NaCl)	MT	147063	4779.18	140264	4367.59
Soda Ash	MT	290	62.83	279	55.30
Barium Carbonate	MT	593	227.16	626	235.80
Hydrated Lime	MT	-	-	1	0.03
Sulphuric Acid	MT	2017	119.07	1873	87.63
Others			68.05		63.17
Total			<u>5256.29</u>		<u>4809.52</u>

### iv) DETAILS REGARDING IMPORTED AND INDIGENOUS MATERIAL CONSUMED

(Rs. in lacs)

Item	Imported Value (%)	Indigenous Value (%)	Total Value
Raw Materials and Chemicals	<b>8.92 (0.17%)</b> [8.21 (0.17%)]	<b>5247.37 (99.83%)</b> [4801.31 (99.83%)]	<b>5256.29</b> [4809.52]
Stores and Spares	<b>13.58 (4.38%)</b> [35.85 (8.99%)]	<b>296.66 (95.62%)</b> [362.72 (91.01%)]	<b>310.24</b> [398.57]

Previous year figures are in brackets.

### v) VALUE OF IMPORTS (CIF BASIS)

(Rs. in lacs)

Particulars	2014-15	2013-14
Raw Materials	10.44	8.64
Stores and Spares and Membranes	9.98	317.88
Total	<u>20.42</u>	<u>326.52</u>



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vi) **PARTICULARS OF PAYMENT MADE TO OR ON BEHALF OF THE DIRECTORS : Nil**

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vii) **EXPENDITURE IN FOREIGN CURRENCY: Nil**

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viii) **REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND: Nil**

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ix) **EARNING IN FOREIGN CURRENCY: Nil**

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Sd/-  
(AJAY PAL SINGH)  
General Manager  
(Finance)

Sd/-  
(PRADEEP NAUHARIA)  
Company Secretary &  
Sr. General Manager  
(Co. Affairs)

Sd/-  
(D.C. MEHENDRU)  
Director

Sd/-  
(S.S. BAINS)  
Managing Director

As per our separate report of even date

For A.K. SOOD & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 000072N

For S.TANDON & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 006388N

Sd/-  
(GAURAV SOOD)  
Partner  
Membership No. 507583

Sd/-  
(H.S. KHURANA)  
Partner  
Membership No. 86331

Place: Chandigarh  
Date: May 26, 2015

**pacl**

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*The Chemistry of Excellence*