

**pacl**

**Punjab Alkalies & Chemicals Limited**  
**41st ANNUAL REPORT 2015-16**

<b>CONTENTS</b>	<b>Page No.</b>
1. Directors' Report	2
2. Management Discussion and Analysis Report	7
3. Secretarial Audit Report	9
4. Extract of Annual Return (Form MGT-9)	12
5. Corporate Governance Report	17
6. Auditors' Certificate	22
7. Independent Auditors' Report	23
8. Balance Sheet	30
9. Profit and Loss Statement	31
10. Cash Flow Statement	32
11. Notes on Financial Statements	33

# Punjab Alkalies & Chemicals Limited

## BOARD OF DIRECTORS

Shri Anirudh Tewari, IAS, Chairman  
Shri Amit Dhaka, IAS, Managing Director  
Smt. Indu Malhotra, IAS  
Dr. A.K. Kundra, IAS (Retd.)  
Shri D.C. Mehandru  
Shri J.S. Mann

## 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,  
# 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 41<sup>st</sup> Annual Report together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2016.

### Financial Results

The financial results of the Company for the financial year ended 31<sup>st</sup> March, 2016 are summarised below :-  
(Rs. in crores)

	2015-16	2014-15
Sales Turnover & Other Income	277.87	303.49
Total Expenditure excluding	280.04	307.77
Finance Costs and Depreciation, etc.		
Finance Costs	4.64	0.91
Cash Profit /(Loss)	(6.81)	(5.19)
Depreciation, etc.	7.44	7.74
Net Loss before tax	14.25	12.93
Provision for taxation	-	-
Net Loss after tax	14.25	12.93

Your Directors report that the financial year 2015-16 has been another tough year for the Company because of higher cost of production, lower production, provisioning of surcharge and interest amount on the deferment of power bills and provisioning of Interest on Debentures for the period from 1<sup>st</sup> July, 2015 to 31<sup>st</sup> March, 2016 proposed to be issued on conversion of last tranche of OTS Amount. The Capacity Utilisation at 82% during the year under review was lower against 93% in the preceding year 2014-15. However, inspite of the Company having higher combined average realisation per Electro-Chemical Unit (ECU) at Rs.35,107 as against the ECU of Rs. 34,075 the Net Loss (after tax) was Rs. 14.25 crores. The Company has made a saving of about Rs.10 crores during the financial year on account of purchase of part of power at cheaper rates through Indian Energy Exchange under Open Access System.

In view of the accumulated losses of the Company, the Directors regret their inability to recommend any dividend for the financial year 2015-16.

### Finance and Corporate Debt Restructuring

The CDR Empowered Group had 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 1st April, 2012 on 100% principal basis with a cut-off date of 15th November, 2012. The final tranche of O.T.S. amount had fallen due on 1st April, 2015. The Company could not make the payment of the same on due date. At the request of the Company, the CDR Empowered Group has, inter alia, approved the terms of the said terminal payment i.e. (i) The Outstanding amount (as on 1st April, 2015) of terminal payment of OTS amount shall be converted into Equity and Fully Convertible Debentures (FCDs), (ii) Equity Conversion shall be by issuance of fresh equity of 66,05,246 shares as per applicable SEBI norms, (iii) The balance outstanding terminal OTS payment is to be converted into Fully Convertible Debentures (FCDs) and (iv) The Company shall issue Non Convertible Debentures (NCDs) to Lenders to the extent of Mark to Market Loss in respect of fresh Equity issued by the Company; and these FCDs & NCDs shall carry fixed interest rate at IDBI Bank Limited's Base Rate as on cut-off date of 30th June, 2015 i.e. 10% p.a. The CDR Empowered Group further approved waiver of interest on outstanding O.T.S. amount during period April, 2015 to June, 2015. The Working Capital Banker i.e. Punjab National Bank (PNB) will continue the working capital facilities by restoring working capital limits at 55% of the original level and Punjab and Sind Bank will consider sharing working capital limits on merits as and when the need arises in line with PNB.

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 and Company's Reference under Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 has been registered by the Board for Industrial and Financial Reconstruction as BIFR Case No. 152/2015.

### Current Operations and Outlook

During the first Four Months of the current financial year, the average capacity utilisation of the Plant was 91% as compared to 83% in the corresponding period of the preceding financial year. The combined average realisation in this period is Rs.36,660. The Net Loss (before tax) has been Rs.1.70 crores on a Sales Turnover of Rs.104 crores (Gross) against a Net Loss (before tax) of Rs.3.78 crores on a Sales Turnover of Rs.90.41 crores in the corresponding period of the preceding financial year.

# Punjab Alkalies & Chemicals Limited

The Company's endeavor to reduce costs continued. The major cost is on account of Power, which accounts for about 60% of the total cost of production. The Company is replacing the Membranes of its Plant Unit-I and Unit-II and getting the Anodes and Cathodes recoated in Electrolysers of its Plant Unit-I, in a phased manner. These will result in reduction in power consumption per unit of Caustic Soda Lye and also lead to increase in capacity utilisation. To save on energy cost, the Company's endeavor to purchase power under Open Access System through Indian Energy Exchange continued. Recently PSERC has imposed additional charges of Rs.1.13 per unit on the Energy purchase through Open Access System.

In view of the Company having become a Sick Industrial Company, the Company had requested Punjab Government for various Reliefs and Concessions viz. Concessional Power, Deferment of power bills, Waiver of Sales Tax/ VAT, Electricity Duty, Punjab Infrastructure Development Cess, Advance Electricity Consumption Deposit and Power Wheeling Charges.

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 has been commissioned. The same has lifted about 3500 M.T. of Chlorine during the four months ended 31<sup>st</sup> July, 2016 and has reduced the requirement for additional Chlorine Tonners.

## Environment and Energy Conservation

The Company is committed to run its operations in an environment-friendly manner. The Company's endeavor is to take all possible measures towards maintaining safety and good housekeeping in its Plants. Online Monitoring System has been installed at Works as per the requirement of Central Pollution Control Board. The Company has achieved Zero Discharge of Effluents from its Plant by getting its effluents treated in a Reverse Osmosis based Effluent Treatment Plant set up by M/s. J.B.R. Technologies Private Limited on Build, Own and Operate (B.O.O.) basis in the Company's Plant Complex.

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 2016-17 has been paid to the Bombay Stock Exchange Limited.

## Human Resources

The Company continues to place great value on its human resources. The process of training and development of human resources continued. The industrial relations remained cordial during the financial year under review. The Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Particulars of Employees and Managerial Remuneration under Section 197(12) of the Companies Act, 2013 read with Rule 5(1), (2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given in Annexure II forming a part of this Report.

Having regard to provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information will be available for inspection at the Registered Office of the Company during working hours. Members interested in obtaining the said information will be furnished the same upon receipt of request.

## Corporate Governance

As per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report for the financial year 2015-16 is annexed herewith as Annexure III forming a part of this report and the Corporate Governance Report for the financial year 2015-16 and Auditors' Certificate regarding compliance of conditions of Corporate Governance are also annexed. The provisions of section 135 of the Companies Act, 2013 in respect of Corporate Social Responsibility are not applicable to the Company in view of the losses of the Company.

## Directors & Key Managerial Personnel

The PSIDC has nominated Smt. Indu Malhotra, IAS as its Nominee on the Board of Directors of the Company in place of Shri S.R. Ladhar, IAS. Shri S.R. Ladhar, IAS resigned as a Director of the Company w.e.f. 16<sup>th</sup> February, 2016. Accordingly, the Board has appointed Smt. Indu Malhotra, IAS as Additional Director of the Company on 26<sup>th</sup> May, 2016. Smt. Indu Malhotra, IAS holds office till the date of the ensuing Annual General Meeting. A 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. Indu Malhotra, IAS as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.

Shri Anirudh Tewari, IAS, Chairman and Director of the Company, retire as Director by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

The IDBI Bank Limited had withdrawn the nomination of Shri Rajesh Malhotra as its Nominee on the Board of Directors of the Company w.e.f. 15<sup>th</sup> July, 2016.

Smt. Gurneet Tej, IAS has vide her Resignation Letter dated 12<sup>th</sup> August, 2016 tendered her resignation from the Directorship with immediate effect i.e. with effect from 12<sup>th</sup> August, 2016.

The Directors place on record their appreciation of the valuable contribution made by Shri S.R. Ladhar, IAS, Smt. Gurneet Tej, IAS and Shri Rajesh Malhotra.

Shri Ajay Pal Singh, Chief Financial Officer of the Company ceased to be the Chief Financial Officer of the Company with effect from 31<sup>st</sup> May, 2016 on attaining the age of superannuation. The Board of Directors of the Company had appointed Shri Ajay Pal Singh as Chief Financial Officer of the Company on 26<sup>th</sup> May, 2016 on Contractual Basis for a period of one year with effect from 6<sup>th</sup> June, 2016.

#### **Audit Committee**

The Audit Committee of the Board comprises of Shri D.C. Mehandru, Shri J.S. Mann and Smt. Gurneet Tej, IAS (till 12th August, 2016) with Shri D.C. Mehandru as its Chairman.

#### **Risk Management Committee**

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, 2016, 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, 2016 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.

#### **Performance Evaluation Policy of Directors**

The Nomination and Remuneration Committee of the Board of Directors of the Company in its meeting had formulated and recommended to the Board of Directors of the Company 'Punjab Alkalies & Chemicals Limited Directors' Performance Evaluation Policy' and the Board of Directors had adopted the same.

#### **Related Party Transactions**

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.

# Punjab Alkalies & Chemicals Limited

---

## **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 42<sup>nd</sup> Annual General Meeting to be held in the year 2017 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 2016-17.

## **Secretarial Audit**

M/s. A. Arora & Co., Practising Company Secretaries, were appointed as Secretarial Auditors of the Company for the financial year 2015-16. Their Secretarial Audit Report of the Company for the financial year ended 31st March, 2016 is annexed as Annexure-IV 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 2016-17.

## **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-V to this Report.

## **Acknowledgements**

The Directors wish to thank the Central and State Governments, Financial Institutions, Punjab State Industrial Development Corporation Limited, Punjab State Power Corporation Limited, Company's Bankers and Business Constituents for their continued cooperation and support to the Company.

The Directors also wish to express their appreciation of the valuable services rendered by the employees of the Company at all levels.

For and on behalf of the Board

Sd/-

(ANIRUDH TEWARI)

Chairman

Place : Chandigarh

Date : August 12, 2016



## 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, 2016.

Energy Consumption and Conservation	2015-16	2014-15
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
(i) From Punjab State Power Corporation Limited		
Units (lacs KWH)	1014.94	1682.53
Total Amount (Rs.in lacs)	8753.30	12080.54
Rate / Unit (Rs.)	8.62	7.18
(ii) From Other Sources through Indian Energy Exchange		
Units (lacs KWH)	1211.70	776.41
Total Amount (Rs.in lacs)	7325.46	5152.28
Rate / Unit (Rs.)	6.05	6.64
(iii) Total		
Units (lacs KWH)	2226.64	2458.94
Total Amount (Rs.in lacs)	16078.76	17232.82
Rate / Unit (Rs.)	7.22	7.01
(b) Own Generation	Nil	Nil
2. Coal	Nil	Nil
3. Furnace Oil/LDO/HSD		
Quantity (K. litres)	1059.69	790.39
Total Amount (Rs.in lacs)	231.94	259.09
Average Rate (Rs. per K.litre)	21887.53	32779.87
4. Others	Nil	Nil
B. Consumption per Unit of Caustic Soda Produced		
1. Electricity (KWH)		
- Caustic Soda Lye	2731	2675
- Additional Consumption for conversion to Caustic Soda Flakes	Nil	Nil
2. Furnace Oil/LDO/HSD (ltrs.)		
- For Caustic Soda Lye	13.00	8.60
- 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 Company is replacing the Membranes of its Plant Unit-I and Plant Unit-II and getting the Anodes recoated in Electrolysers of its Plant Unit-II, in a phased manner. The replacement of Membranes and recoating in Electrolysers has resulted in marginal reduction in power consumption per unit of Caustic Soda Lye. The Company has purchased 112 Nos. M/s. UHDE make, used Generation-3 Cell Elements for replacing Generation-2 Cell Elements in one of the three Existing Electrolysers in Plant Unit-I and is getting the same recoated. These measures will lead to reduction in power consumption per unit of Caustic Soda Lye and the consequent decrease in cost of production.

### Research and Development

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

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

### Technology Absorption, Adaptation and Innovation

The know-how for the Company's 100 TPD Membrane Cell Caustic Soda Plant has been fully absorbed. The know-how for the Company's Mercury Cell to 200 TPD Membrane Cell Converted Caustic Soda Plant has also been fully absorbed. Total foreign exchange utilised during the accounting year is Rs. 363.09 lacs on account of imported Raw Materials, Stores & Spares and Membranes.

Place : Chandigarh  
Date : August 12, 2016

For and on behalf of the Board  
Sd/-  
(ANIRUDH TEWARI)  
Chairman



# Punjab Alkalies & Chemicals Limited

## ANNEXURE - III TO THE DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE FINANCIAL YEAR 2015-16

### Caustic Soda Industry in India

There are around 35 Caustic Soda Units in operation in India at present with a total operational installed capacity of about 34 lac M.T. per annum. The production of Caustic Soda results in co-production of 1 M.T. of Caustic Soda and 0.886 M.T. of Chlorine collectively representing 1 Electro-Chemical Unit (ECU).

The products of this Industry are used in diverse sectors of Chemical and other industries. This Industry is highly cyclical. The profitability of a Caustic Soda manufacturer depends upon the total cost of production which is dependent on power tariff and combined ECU.

During the financial year under review, the Caustic Soda Industry witnessed an imbalance in the demand and supply because of increase in the installed capacity and import of Caustic Soda at cheaper rates. The Caustic Soda Industry's capacity utilisation has been 84% in the financial year under review as against 81% during the financial year 2014-15.

### Performance

The financial year under review was a difficult year for the Company because of low production, high cost of production, provisioning of surcharge and interest amount on the deferment of power bills and provisioning of Interest on Debentures for the period from 1<sup>st</sup> July, 2015 to 31<sup>st</sup> March, 2016 proposed to be issued on conversion of last tranche of OTS Amount. The capacity utilisation of the Company's plant was 82% in the financial year 2015-16 as against 93% during the preceding financial year 2014-15 and as against the industry average of 84% during the financial year under review. The Caustic Soda Lye production was 81517 M.T. during the financial year under review as against 91915 M.T. in the preceding financial year. The Sales Turnover during the financial year 2015-16 was Rs.272.54 crores as against Rs.301.15 crores during the preceding year. The combined average realisation was Rs.35,107 per Electro-Chemical Unit (ECU) during the financial year under review as against Rs.34,075 per ECU during the preceding financial year. The Company has incurred a Net Loss (after tax) of Rs.14.25 crores in the financial year 2015-16.

### Marketing

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

Product	Sales	
	Quantity	Value (Rs. in crores)
Caustic Soda Lye	77631 M.T.	242.54
Liquid Chlorine	59024 M.T.	13.80
Hydrochloric Acid	40542 M.T.	5.91
Sodium Hypochlorite	13283 M.T.	5.49
Hydrogen Gas	25.20 Lacs NM <sup>3</sup>	4.80

The combined average sales realisation of all the products has been Rs.35,107 per M.T. of Caustic Soda in the financial year 2015-16 as against Rs.34,075 during the financial year 2014-15.

### Opportunities

The Company's two Caustic Soda Plants are located in its Works Complex at Naya Nangal, District Ropar, Punjab in close vicinity of a State Highway and around 12 Kms. from the Bhakra Left Bank Power Generating Station and about 2.5 Kms. from Sutlej River. The Company has locational advantages of availability of uninterrupted Power supply a major input, perennial source of water, skilled labour and close proximity to road/rail and the presence of several end-user Units in industries like paper, fertilizers, soaps and detergents, etc. in its natural marketing vicinity. The Company is supplying Hydrogen Gas to two Hydrogen Compressing & Bottling Units situated near the Work's Complex of the Company and is also utilising Hydrogen as a fuel, which result in a considerable improvement of utilisation of its bye-product Hydrogen Gas. 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 has been commissioned. The same has reduced the requirement for additional Chlorine Tonners.

### Threats

The Chlor-Alkali Industry is a power-intensive industry and the power costs of the Company constitute about 60% of its total production cost. Every increase of 10 paise per KWH in power tariff burdens the cost of production by about Rs.270 per ton of Caustic Soda and the Company annually by about Rs.2.70 crores on 100% production basis. The possibility of power tariff hike by the Punjab State Electricity Regulatory Commission (PSERC) for the power supplied by the Punjab State Power Corporation Limited (PSPCL), the burden of which may not be absorbed by the market, constitutes a threat. The Higher Cost of Power and consequent high cost of production affects the competitive ability and profitability of the Company. The expansion of installed capacities in the domestic caustic industry, import of Caustic Soda Lye at cheaper prices and increase in input costs are also possible threats.



### **Outlook**

The performance of the Chlor-Alkali Industry is encouraging. The demand and supply imbalance in this Industry is witnessing a correction. Caustic Soda demand is expected to increase due to likely high growth in the Aluminum industry in India. The levy of anti-dumping duty by the Government of India continues and is expected to reduce unhealthy competition from abroad.

To save on energy cost, the Company's endeavor to purchase power under Open Access System through Energy Exchanges continued.

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 has been commissioned. The same has lifted about 3500 M.T. of Chlorine during the four months ended 31<sup>st</sup> July, 2016 and has reduced the requirement for additional Chlorine Tonners.

The Company is optimistic about a better performance.

### **Risks and Concerns**

The major areas of concern for the Company are hike in power tariff, increase in Power Wheeling Charges, expansion of installed capacities in the domestic caustic industry, cheaper imports of Caustic Soda and increase in input costs.

### **Risk Management**

Risks are probability or threat of damage, injury, liability, loss, or any other negative occurrence that is caused 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 and (2) Advancement in Technology- Company not being in a position to upgrade due to financial constraints as Major External Risks. 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. The Company is getting internal controls over financial reporting evaluated by independent Consultants.

### **Human Resources**

The Company considers its human resources to be a key thrust area. The Company has always stood by its commitment of harnessing and developing its human resources. The process of training and development of human resources continued. The industrial relations remained cordial during the financial year under review. The Company had 430 employees (including 27 employees on deputation to the Punjab Small Industries and Export Corporation Limited) as on 31<sup>st</sup> March, 2016.

### **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, 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 12, 2016

# Punjab Alkalies & Chemicals Limited

## **ANNEXURE - IV TO THE DIRECTORS' REPORT**

### **Form No. MR-3**

### **SECRETARIAL AUDIT REPORT**

#### **For the Financial Year ended 31<sup>st</sup> March, 2016**

*[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

I 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 me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2016 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:

I 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 March 31, 2016 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 erstwhile Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 effective from May 15, 2015;.
  - c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and the amendments there of : Not applicable as none of the securities of the company were delisted during the audit period.
  - d) 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 .
  - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014- Not Applicable as the company has not provided any share based benefits to the employees during the year.
  - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from December 01, 2015- Not applicable as the company has not issued any debt securities during the financial year under review.
  - g) 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- Not applicable as the company is not registered as Registrar to an Issue and Share Transfer Agent 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.
- (vi) The major provisions and requirements have also been complied with as prescribed under 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, Industrial Dispute Act, 1947, Employee State Insurance Act, 1948, The Employee's Provident Fund and Miscellaneous Provisions Act, 1952, The Payment of Gratuity Act, 1972, The Industrial Employment (Standing Order) Act, 1946, Equal Remuneration Act, 1976.
- (vii) Environment Protection Act, 1986 and other environmental laws.
- (viii) Hazardous Waste (Management and Handling) Rules, 1989 and the Amendments Rules, 2003.
- (ix) The Air (Prevention and Control of Pollution) Act, 1981.
- (x) The Water (Prevention and Control of Pollution) Act, 1974.
- (xi) The Boilers Act, 1923, The Explosives Act, 1884 and The Explosives Rules, 2008, Gas Cylinder Rules, 2004 and Food Standard & Safety Act, 2006.

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India as notified by Government of India, effective from July 01, 2015.
- b) The Listing Agreements entered into by the Company with BSE Limited and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Based on our examination and the information received and records maintained, I 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 out through majority and there had been no dissenting views, and therefore not recorded.
4. The company has proper board processes.

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

I further report that during the audit period, the Company has become a Sick Industrial Company as defined in section 3(1)(0) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Consequent to this, the company made a reference to the Board of Industrial and Financial Reconstruction (BIFR) under Section 15(1) of SICA and company's reference has been registered with BIFR.

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) Major decisions taken by the members in pursuance to section 180 of the Company Act, 2013
- (iv) Merger / amalgamation / reconstruction, etc.
- (v) Foreign technical collaborations.

Place: Chandigarh  
Date : 12.08.2016

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

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

# Punjab Alkalies & Chemicals Limited

---

"Annexure-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.

Place: Chandigarh  
Date : 12-08-2016

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



## ANNEXURE- V TO THE DIRECTOR'S REPORT

### Extract of Annual Return

as on the Financial Year ended on 31<sup>st</sup> March, 2016

[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	89%

#### 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, 2015)				No. of Shares held at the end of the year (31 <sup>st</sup> March, 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Government	0	0	0	0	0	0	0	0	0
c) State Government(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	9090000	0	9090000	44.26	9090000	0	9090000	44.26	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) 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>	0	0	0	0	0	0	0	0	0
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	9090000	0	9090000	44.26	9090000	0	9090000	44.26	0
<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>	0	24250	24250	0.12	0	24250	24250	0.12	0
<b>(2.) Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	2967326	564300	3531626	17.20	1807915	564200	2372115	11.55	5.65
ii) Overseas	0	20000	20000	0.10	0	20000	20000	0.10	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4048909	1662471	5711380	27.81	4726018	1614554	6340572	30.88	3.07
ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	1725218	-	1725218	8.40	2220237	-	2220237	10.81	2.41
c) Others: NRI - Individuals	135861	297215	433076	2.11	144261	324115	468376	2.28	0.17
<b>Sub-Total (B) (2)</b>	8877314	2543986	11421300	55.62	8898431	2522869	11421300	55.62	0
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	8877314	2568236	11445550	55.74	8898431	2547119	11445550	55.74	0
<b>C. Shares held by Custodian for ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>17967314</b>	<b>2568236</b>	<b>20535550</b>	<b>100</b>	<b>17988431</b>	<b>2547119</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, 2015)		Shareholding at the end of the quarter ended 30th June, 2015			Shareholding at the end of the quarter ended 30th September, 2015			Shareholding at the end of the quarter ended 31st December, 2015			Shareholding at the end of the year (31 <sup>st</sup> March, 2016)		
		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	The Punjab State Co-op Supp & Mktg Fed Ltd.	410000	1.9965	410000	1.9965		410000	1.9965		410000	1.9965		410000	1.9965	
2	Jai Bharat Dattani	13328	0.0649	13328	0.0649		13328	0.0649		13328	0.0649		324331	1.5794	Transfer
3	Anil Kumar Goel	300000	1.4609	300000	1.4609		300000	1.4609		300000	1.4609		300000	1.4609	
4	Parth Infin Brokers (P) Ltd.	0	0	0	0		0	0		0	0		168161	0.8189	Transfer
5	Shri Parasram Holdings Private Limited	127576	0.6212	151035	0.7355	Transfer	152125	0.7408	Transfer	155515	0.7573	Transfer	167836	0.8173	Transfer
6	Bonanza Portfolio Ltd.	42024	0.2046	38237	0.1862	Transfer	38237	0.1862		48499	0.2362	Transfer	156550	0.7623	Transfer
7	Sharda Goyal	0	0	0	0		0	0		0	0		150000	0.7304	Transfer
8	Asian Portfolio Management Pvt. Limited	149650	0.7287	149650	0.7287		149650	0.7287		149650	0.7287		149650	0.7287	
9	Crony Vypar Pvt. Ltd.	0	0	0	0		0	0		0	0		146798	0.7148	Transfer
10	Sanjay Lunawat	35050	0.1707	35050	0.1707		35050	0.1707		84100	0.4095	Transfer	84100	0.4095	
11	Delhi Iron & Steel Co (P) Limited	1457617	7.098	1457617	7.098		1407657	6.8547	Transfer	1258489	6.1283	Transfer	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, 2015)	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, 2016)
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, 2016.



# 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	487954624			487954624
ii) Interest due but not paid	0			0
iii) Interest accrued but not due	0			0
<b>Total (i+ii+iii)</b>	<b>487954624</b>			<b>487954624</b>
Change in Indebtedness during the Financial Year		NIL		
• Addition	23927197			23927197
• Reduction	57618257			57618257
<b>Net changes</b>	<b>33691060</b>			<b>33691060</b>
Indebtedness at the end of the Financial Year				
i) Principal Amount	430336367			430336367
ii) Interest due but not paid	0			0
iii) Interest accrued but not due	23927197			23927197
<b>Total (i+ii+iii)</b>	<b>454263564</b>			<b>454263564</b>

## 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 Amit Dhaka, IAS (17th August, 2015 to 31st March, 2016)	Shri S.S. Bains, IAS (1st April, 2015 to 16th July, 2015)	
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>300000*</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 D.C. Mehandru	Shri J.S. Mann	Smt Gurmeet Tej, IAS	
1.	Independent Directors					
	• Fee for attending Board and Committee Meetings	73000	106000	44000	0	223000
	• Commission	0	0	0	0	0
	• Others, please specify	0	0	0	0	0
	<b>Total (1)</b>	<b>73000</b>	<b>106000</b>	<b>44000</b>	<b>0</b>	<b>223000</b>
2.	Other Non-Executive Directors					
	• Fee for attending Board and Committee Meetings	30000*	10000*	5000*	15000**	60000
	• Commission	0	0	0	0	0
	• Others, please specify	0	0	0	0	0
	<b>Total (2)</b>	<b>30000</b>	<b>10000</b>	<b>5000</b>	<b>15000</b>	<b>60000</b>
	<b>Total (B) = (1+2)</b>					<b>283000</b>
	<b>Total Managerial Remuneration</b>					<b>283000</b>
	<b>Overall Ceiling as per the Act</b>					

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

\*\*Paid to IDBI Bank 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 Nauharia, 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	1318516	1410786	2729302
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	21600	81826	103426
	(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)	1340116	1492612	2832728

**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 12, 2016

Sd/-  
(ANIRUDH TEWARI)  
Chairman





The Non-Executive Directors had no pecuniary relationship or transactions with the Company in their personal capacity during the financial year 2015-16 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.punjabkalties.com. All the Directors and Senior Management Personnel have affirmed compliance with the said Code during the financial year 2015-16 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. The terms of reference of the Committee were further revised from time to time to bring them in line with the requirements of revised Clause 49 of the Listing Agreement as amended from time to time and also of the Companies Act, 2013.

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 2015-16 (1.4.2015 to 31.3.2016)
Shri D.C. Mehandru (Chairman - From 26.5.2015)	26.6.2002	-	NE&I	5
Shri J.S. Mann	25.9.2010	-	NE&I	5
Smt. Gurneet Tej	23.9.2015	12.8.2016	NE&I	-

NE&I - Non-Executive Independent Director

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

Five meetings of the Audit Committee were held during the financial year 2015-16.

The dates on which the meetings of the Audit Committee were held are given below:

26<sup>th</sup> May, 2015, 12<sup>th</sup> August, 2015, 23<sup>rd</sup> September, 2015 and 9<sup>th</sup> November, 2015 and 10<sup>th</sup> February, 2016

### 4. Remuneration of Directors

The Company is having a Nomination and 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 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
- b) From 26<sup>th</sup> May, 2015 to 26<sup>th</sup> May, 2016
  - i. Dr. A.K. Kundra, IAS (Retd.) (Chairman)
  - ii. Shri D.C. Mehandru
  - iii. Shri Jagdish Garwal (till 11<sup>th</sup> August, 2015)
- c) Since 26<sup>th</sup> May, 2016
  - i. Dr. A.K. Kundra, IAS (Retd.) (Chairman)
  - ii. Shri D.C. Mehandru
  - iii. Shri J.S. Mann

One meeting of the said Committee was held on 30.03.2016 during the financial year 2015-16.

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 2015-16:-

- Shri Amit Dhaka, IAS, Managing Director (From 17 <sup>th</sup> August, 2015)	:	Nil
- Shri S.S. Bains, IAS, Managing Director (Till 16 <sup>th</sup> July, 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.

# Punjab Alkalies & Chemicals Limited

Dr. A.K. Kundra, IAS (Retd.), Director was holding 600 Equity Shares of the Company as on 31<sup>st</sup> March, 2016. None of the other Directors, was holding any Equity Shares of the Company as on 31<sup>st</sup> March, 2016.

## 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.

- i. Managing Director (Chairman)
- ii. Dr. A.K. Kundra, IAS (Retd.)
- iii. Shri D.C. Mehandru

During the financial year 2015-16, twenty-six meetings of the Share Transfer Committee were held. During the financial year 2015-16, 28 requests for transfer of physical mode shares and 141 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, 2016.

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:-

- i. Shri D.C. Mehandru (Chairman) - Non-Executive Independent Director
- ii. Shri A.K. Kundra, IAS (Retd.) - Non-Executive Independent Director
- iii. Managing Director - Executive Non-Independent Director

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

During the financial year 2015-16, 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 Nil. Outstanding complaints/ queries as on 31<sup>st</sup> March, 2016 were Nil. Complaints/ correspondence are usually dealt with within 10-12 days of receipt.

## 7. Risk Management Committee

The Company is having a Risk Management Committee to monitor and review the Risk Management Plan of the Company, with the following as its members:-

- i. Managing Director (Chairman) - Executive Non-Independent Director
- ii. Shri D.C. Mehandru - Non-Executive Independent Director
- iii. Shri J.S. Mann Non-Executive Independent Director
- iv. Shri M.P.S. Rana General Manager (Materials & Finance)
- v. Shri Ajay Pal Singh Chief Financial Officer

## 8. 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.	38 <sup>th</sup> AGM in respect of the financial year 2012-13	National Institute of Technical Teachers' Training and Research Auditorium, NITTTTR Complex, Sector 26, Chandigarh	28 <sup>th</sup> September, 2013	10.30 hours	Re-appointment of Auditors.
2.	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.
3.	40 <sup>th</sup> AGM in respect of the financial year 2014-15	Tagore Theatre, Sector 18, Chandigarh	29 <sup>th</sup> September, 2015	10.30 hours	According of approval to the Appointment of Managing Director



- b) i) No item of business, which required the members' approval through postal ballot, was transacted during the financial year 2015-16.
- ii) The Company is by way of three separate Special Resolutions at the ensuing Annual General Meeting of the Company, seeking the consent of the members to the Board of Directors to issue Equity Shares, Fully Convertible Debentures and Non Convertible Debentures on preferential basis to CDR Lenders viz. IDBI Bank Limited, IFCI Limited, Life Insurance Corporation of India, Punjab National Bank and Punjab & Sind Bank upon conversion of the last tranche of the O.T.S. Amount into the same pursuant to the approval of Corporate Dept Restructuring Empowered Group.
- The Remote E - Voting facilities are being provided to the members in respect of business to be transacted in the said meeting including the said three Special Resolutions. The said three resolutions should be construed to be Special Resolutions through Postal Ballot in view of section 2 (65) of the Companies Act, 2013 which defines Postal Ballot to mean voting by post or through any electronic mode.
- The Company is also by way of another Special Resolution at the ensuing Annual General Meeting of the Company, seeking the consent of the members to the Board of Directors for mortgaging/charging the immovable and moveable properties of the Company in favour of the Debenture holders and/or Debenture Trustees for securing the aforesaid Fully Convertible Debentures and Non Convertible Debentures.
- c) The Ballot and Remote E-Voting facilities are being provided to the Members in respect of the business to be transacted in the ensuing Annual General Meeting of the Company.

#### **9. 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.

#### **10. Means of communication**

The quarterly Financial Results and Annual Financial Results of the Company are being published in the newspapers i.e. Times of India and Punjabi Jagran and sent to the Bombay Stock Exchange Limited in accordance with the requirements of Clause 49 of the Listing Agreement and Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and are also available on the website of the Company. The Company is sending the said Financial Results through E-mails to the said Stock Exchange and also uploading them on their website listing.bseindia.com.

The Management Discussion and Analysis Report for the financial year 2015-16 is a part of the Annual Report for the said financial year.

# Punjab Alkalies & Chemicals Limited

## 11. General Shareholders information

- a) Annual General Meeting : The 41st Annual General Meeting will be held on 29<sup>th</sup> September, 2016 at 10.00 hours in Tagore Theatre, Sector 18, Chandigarh.
- b) Financial Calender : 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016
- c) Date of Book Closure : 23<sup>rd</sup> September, 2016 to 29<sup>th</sup> September, 2016 (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, 2016, 87.60% 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 2015-16 (1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016) on the Bombay Stock Exchange Limited:

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April, 2015	24.70	17.70	October, 2015	20.90	16.30
May, 2015	21.15	17.15	November, 2015	21.60	16.50
June, 2015	19.45	16.00	December, 2015	22.60	17.35
July, 2015	24.00	16.75	January, 2016	21.00	11.20
August, 2015	25.00	16.00	February, 2016	14.00	10.70
September, 2015	19.40	15.15	March, 2016	13.90	10.61



P) Distribution of Shareholding as on 31<sup>st</sup> March, 2016:

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	20900	89.27	3052503	14.87
501 - 1000	1399	5.98	1150175	5.60
1001 - 2000	585	2.50	916887	4.46
2001 - 3000	159	0.68	416889	2.03
3001 - 4000	73	0.31	261325	1.27
4001 - 5000	78	0.33	365481	1.78
5001-10000	111	0.47	842458	4.10
10001 & above	108	0.46	13529832	65.89
Total	23413	100.00	20535550	100.00

Q) Categories of Shareholding as on 31<sup>st</sup> March, 2016

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	505	491526	2.39
Corporate Bodies	1093	2372115	11.55
Indian Public	21792	8560809	41.69
Total	23413	20535550	100.00

For and on behalf of the Board  
Sd/-  
(ANIRUDH TEWARI)  
Chairman

Place : Chandigarh  
Date : August 12, 2016

**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, 2016.

Place : Chandigarh  
Date : August 12, 2016

Sd/-  
(AMIT DHAKA)  
Managing Director

**Auditors' Certificate on Compliance of conditions of Corporate Governance as per Listing Agreement and SEBI Regulations.**

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, 2016, as stipulated in Clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 Clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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, 2016

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, 2016, 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 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, 2016;
  - (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 following Note in the financial statements:  
"Note No. 1(a): 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 Company has filed a reference before the Board for Industrial and Financial Reconstruction (BIFR). BIFR has registered the company's reference as Sick Industrial Company as Case No. 152/2015. At the request of Company CDR Empowered Group has sanctioned conversion of outstanding loan amount of Rs.4286 lacs into 6605246 Equity Shares as per SEBI Formula i.e. @ Rs.22.95 (Face Value Rs.10/- per share) and Fully Convertible Debentures (FCD) amounting to Rs.2770 lacs. It was further provided that the Company will issue Non-Convertible Debentures (NCD) to CDR Lenders to the extent of Mark to Market Loss in respect of fresh Equity issued by PACL. These FCDs and NCDs shall bear coupon rate equivalent to IDBI base rate as on 30th June, 2015 i.e. 10% p.a. CDR EG further approved waiver of interest on outstanding O.T.S. amount during period April to June, 2015. The Company has received sanctions from IDBI Bank Limited, IFCI Limited and LIC of India Limited. The Company has been given time upto 31st October, 2016 for the said conversion. The individual sanction from Punjab National Bank and Punjab & Sind Bank is awaited. 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."

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, 2016 ("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, 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, 2016 from being appointed as a Director in terms of Section 164(2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure-B; and
  - (g) 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, 2016 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, 2016.

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, 2016

# Punjab Alkalies & Chemicals Limited

## ANNEXURE -A TO THE INDEPENDENT AUDITORS' REPORT

Annexures referred to in Paragraph (8) of The Auditor's Report of even date to the Shareholders of PUNJAB ALKALIES & CHEMICALS LIMITED on the accounts for the year ended 31st March, 2016.

- (i)
  - a) The Company has maintained proper records showing full particulars, including the 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.
  - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (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.
  - d) Discrepancies noticed on physical verification of inventory were not material and have been adequately dealt with in the books of account.
- (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, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public during the year within the meaning of Section 73 to 76 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.
- (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	13.58	July'14 to Feb'15	Additional Commissioner Central Excise Chandigarh
Central Excise Act, 1944	Excise duty and Penalty	16.43	July'14 to Feb'15	Additional Commissioner Central Excise Chandigarh



Central Excise Act, 1944	Excise duty and Penalty	60.17	2004-2008	CESTAT
Central Excise Act, 1944	Excise duty and Penalty	5.49	2004-05 to 2008 and April, 2008 to June 2008	CESTAT
Finance Act, 1994	Service Tax and Penalty	4.66	Apr'11 to Dec'11	CESTAT
Finance Act, 1994	Service Tax and Penalty	116.09	Feb'07 to Mar'11	CESTAT
Central Excise Act, 1944	Excise Duty and Penalty	3.11	January 2012 to November 2012	CESTAT
Central Excise Act, 1944	Excise Duty and Penalty	2.66	July 2011 to December 2011	CESTAT
Finance Act, 1994	Service Tax & Penalty	25.79	January 2012 to November 2012	CESTAT
Central Excise Act, 1944	Excise Duty and Penalty	0.28	July 2013 to December 2013	Superintendent, Central Excise, Naya Nangal
Finance Act, 1994	Service Tax & Penalty	11.72	July 2013 to December 2013	CESTAT
Finance Act, 1994	Service Tax & Penalty	9.98	December 2012 to June 2013	CESTAT
Finance Act, 1994	Service Tax & Penalty	19.9	January 2014 to June 2014	CESTAT
Central Excise Act, 1944	Excise Duty and Penalty	5.47	January 2012 to November 2012	Asstt. Commissioner, Central Excise, Ropar
Central Excise Act, 1944	Excise Duty and Penalty	6.37	1996-97	Asstt. Commissioner, Central Excise, Ropar
Central Excise Act, 1944	Excise Duty and Penalty	7.08	1994-95	Asstt. Commissioner, Central Excise, Ropar
Central Excise Act, 1944	Excise Duty and Penalty	3.82	1995-96	Asstt. Commissioner, Central Excise, Ropar
	Total	312.60		

- (viii) According to the information and explanations given to us, the company has not defaulted in repayment of dues to the banks during the year.
- (ix) According to the information and explanations given to us, no term loan has been received by the company during previous year.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/ provided any managerial remuneration. Accordingly, paragraph 3 (xi) of the Order is not applicable.

## Punjab Alkalies & Chemicals Limited

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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, 2016



## **ANNEXURE -B TO THE INDEPENDENT AUDITORS' REPORT**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Punjab Alkalies and Chemicals Ltd. as of 31 March 2016 in conjunction with our audit of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures

# Punjab Alkalies & Chemicals Limited

---

may deteriorate.

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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, 2016



# BALANCE SHEET as at 31st March, 2016

(Rs. in Lacs)

Particulars	Note No.	As at 31.3.2016	As at 31.3.2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds:</b>			
Share Capital	2	2049.96	2049.96
Reserves and Surplus	3	<u>3303.48</u>	<u>5061.43</u>
		5353.44	7111.39
<b>Share Application Money Pending Allotment</b>			
		-	-
<b>Non Current Liabilities</b>			
Long Term Borrowings	4	4285.47	-
Long Term Provisions	5	<u>1036.28</u>	<u>1070.16</u>
		5321.75	1070.16
<b>Current Liabilities</b>			
Short Term Borrowings	6	149.21	695.28
Trade Payables	7	2922.35	2876.02
Other Current Liabilities	8	5495.50	6226.09
Short Term Provisions	9	<u>15.05</u>	<u>13.79</u>
<b>Total</b>		<u>8582.11</u>	<u>9811.18</u>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	11445.30	12230.46
Capital Work in Progress	11	<u>155.49</u>	<u>60.39</u>
		11600.79	12290.85
Deferred Tax Assets (Net)	12	1028.96	1028.96
Long Term Loans & Advances	13	319.67	315.29
Other Non Current Assets	14	<u>740.09</u>	<u>710.00</u>
		13689.51	14345.10
<b>Current Assets</b>			
Inventories	15	1088.77	888.94
Trade Receivables	16	535.00	674.46
Cash and Cash Equivalents	17	2122.92	773.94
Short Term Loans & Advances	18	166.61	54.42
Other Current Assets	19	<u>1654.49</u>	<u>1255.87</u>
		5567.79	3647.63
<b>Total</b>		<u>19257.30</u>	<u>17992.73</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/-  
(AMIT DHAKA)  
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, 2016



Punjab Alkalies & Chemicals Limited

**PROFIT AND LOSS STATEMENT**  
**for the year ended 31st March, 2016**

(Rs. in Lacs)

Particulars	Note No.	2015-16	2014-15
<b>INCOME</b>			
Revenue from Operations	21	24113.36	26651.93
Other Income	21	533.37	233.61
<b>Total Revenue</b>		<b>24646.73</b>	<b>26885.54</b>
<b>EXPENDITURE</b>			
Cost of Material Consumed	22	4404.83	5256.29
Changes in Inventories of Finished Goods,	23		
Work in progress and stock in Trade		(66.55)	(8.80)
Manufacturing Expenses	24	16642.28	17856.45
Employees benefits expense	25	2348.27	2496.45
Finance Costs	26	464.47	90.83
Administration Expenses	27	569.75	564.88
Selling Expenses	28	963.91	1139.12
Depreciation and Amortisation Expense	10 & 14	744.01	773.79
<b>Total Expenses</b>		<b>26070.97</b>	<b>28169.01</b>
<b>Profit/(Loss) for the year</b>		<b>(1424.24)</b>	<b>(1283.47)</b>
Prior period adjustments		0.60	9.54
<b>Profit/(Loss) before Tax</b>		<b>(1424.84)</b>	<b>(1293.01)</b>
<b>Tax Expenses</b>			
Current Tax		-	-
Deferred Tax		-	-
<b>Profit/(Loss) for the year after Tax</b>		<b>(1424.84)</b>	<b>(1293.01)</b>
<b>Earnings/(Loss) per Equity Share of Rs.10/- each:</b>			
Basic (in Rs.)		(6.96)	(6.31)
Diluted (in Rs.)		(6.96)	(6.31)
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/-  
(AMIT DHAKA)  
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, 2016

Membership No. 507583

Membership No. 86331



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016**

(Rs. in lacs)

Particulars	2015-16	2014-15
<b>A) Cash Flow From Operating Activities:</b>		
Net Profit before tax	(1424.84)	(1293.01)
Adjustments for:		
Depreciation etc.	495.82	504.97
Previous year adjustment-Depreciation	-	-
Miscellaneous Expenses Written Off	248.19	268.82
Interest received	(57.37)	(34.07)
Investment Incentive Written back	(2.98)	(2.99)
Interest/Dividend	-	-
Gain or (loss) on Fixed Assets	(14.42)	(6.78)
Operating Profit Before Working Capital Changes	(755.60)	(563.06)
Adjustments for:		
Trade and other receivables	(369.76)	374.30
Inventories	(199.83)	230.84
Trade Payable	3598.70	195.73
Cash Generated From Operations	2273.51	237.81
Direct Taxes Paid	(5.97)	(3.62)
Cash Flow Before Extraordinary Items	2267.54	234.19
Extraordinary Items	-	-
<b>Net Cash From Operating Activities</b>	<b>2267.54</b>	<b>234.19</b>
<b>B) Cash Flow From Investing Activities:</b>		
Purchase of Fixed Assets	(2.25)	(9.80)
Sale/Adjustment of Fixed Assets	18.92	8.23
Work in progress	(138.14)	(74.93)
Purchase of Membranes and Recoating of Pans	(278.28)	(81.31)
Interest Received	57.37	34.07
<b>Net Cash Used in Investing Activities</b>	<b>(342.38)</b>	<b>(123.74)</b>
<b>C) Cash Flow From Financing Activities:</b>		
Payment of Share Application Money	-	(0.04)
Proceeds From Short Term Borrowings (Working Capital)	(500.27)	311.38
Repayment to Fls & Banks	(75.91)	(484.61)
Interest Paid	-	-
<b>Net Cash Used in Financing Activities</b>	<b>(576.18)</b>	<b>(173.27)</b>
Net Increase in Cash And Cash Equivalents	1348.98	(62.82)
Cash And Cash Equivalents-Opening Balance	773.94	836.76
Cash And Cash Equivalents-Closing Balance	2122.92	773.94

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

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

Sd/-  
(D.C.MEHANDRU)  
Director

Sd/-  
(AMIT DHAKA)  
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, 2016

# Punjab Alkalies & Chemicals Limited

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2016

### 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 Company has filed a reference before the Board for Industrial and Financial Reconstruction (BIFR). BIFR has registered the company's reference as Sick Industrial Company as Case No. 152/2015. At the request of Company CDR Empowered Group has sanctioned conversion of outstanding loan amount of Rs.4286 lacs into 6605246 Equity Shares as per SEBI Formula i.e. @ Rs.22.95 (Face Value Rs.10/- per share) and Fully Convertible Debentures (FCD) amounting to Rs.2770 lacs. It was further provided that the Company will issue Non-Convertible Debentures (NCD) to CDR Lenders to the extent of Mark to Market Loss in respect of fresh Equity issued by PACL. These FCDs and NCDs shall bear coupon rate equivalent to IDBI base rate as on 30th June, 2015 i.e. 10% p.a. CDR EG further approved waiver of interest on outstanding O.T.S. amount during period April to June, 2015. The Company has received sanctions from IDBI Bank Limited, IFCI Limited and LIC of India Limited. The Company has been given time upto 31st October, 2016 for the said conversion. The individual sanction from Punjab National Bank and Punjab & Sind Bank is awaited. 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 charged depreciation on Fixed Assets as per the useful life specified in Part 'C' of Schedule II of the Companies Act, 2013. The life of the components identified by Company is not different than the plant and machinery to which these components relate. 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 2015-16, the Company has not recognised the Deferred Tax Assets in respect of the loss during the financial year 2015-16.

**(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 31.3.2016	As at 31.3.2015
<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 31.3.2016		As at 31.3.2015	
	No. of shares held	% age	No. of shares held	% age
Punjab State Industrial Development Corporation Limited (Promoter)	<u>9090000</u>	<u>44.26</u>	<u>9090000</u>	<u>44.26</u>

## Note No. 3

### RESERVES AND SURPLUS

(Rs. in Lacs)

Particulars	As at 31.3.2016	As at 31.3.2015
<b>Capital Reserve</b>		
Land Subsidy	<u>5.49</u>	<u>5.49</u>
Shares Forfeited Reserve Account	<u>7.03</u>	<u>7.03</u>
Revaluation Reserve		
As per last balance sheet	<u>7406.53</u>	<u>7745.95</u>
Less: Adjusted in respect of Assets sold/ discarded	<u>12.40</u>	<u>5.40</u>
Less: Depreciation (Net of adjustment)	<u>317.73</u>	<u>334.02</u>
	<u><b>7076.40</b></u>	<u><b>7406.53</b></u>
<b>Share Premium</b>		
As per last Balance Sheet	<u>3587.75</u>	<u>3587.75</u>
<b>Investment Incentive</b>		
As per last Balance Sheet	<u>5.22</u>	<u>8.21</u>
Less: Written back during the period	<u>2.98</u>	<u>2.99</u>
	<u><b>2.24</b></u>	<u><b>5.22</b></u>
<b>Profit and Loss Statement</b>		
As per last Balance Sheet	<u>(5950.59)</u>	<u>(4639.62)</u>
Add : Depreciation Adjusted	<u>(-)</u>	<u>(17.96)</u>
Add: Transferred from Profit and Loss Statement	<u>(1424.84)</u>	<u>(1293.01)</u>
	<u><b>(7375.43)</b></u>	<u><b>(5950.59)</b></u>
	<u><b>3303.48</b></u>	<u><b>5061.43</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 31.3.2016	As at 31.3.2015
<b>Debentures</b>		
Secured Redeemable Non-Convertible Debentures of Rs. 100/- each		
66,856 (Previous year 66,856) 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>	66.85
1,00,286 (Previous year 1,00,286) 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>	100.29
<b>Terms Loans (Secured)</b>		
<b>(a) From Scheduled Banks</b>		
Punjab National Bank	<b>190.91</b>	259.54
Punjab & Sind Bank	<b>178.37</b>	178.37
Funded Interest Term Loans	<b>7.88</b>	15.16
<b>(b) From Other Banks and Institutions</b>		
Industrial Development Bank of India (IDBI) (Now IDBI Bank Limited)	<b>2811.03</b>	2811.03
Industrial Finance Corporation of India Limited (IFCI) (Now IFCI Limited)	<b>488.16</b>	488.16
Life Insurance Corporation of India (LIC)	<b>131.07</b>	131.07
Funded Interest Term Loans	<b>310.91</b>	310.91
	<b>4285.47</b>	4361.38
Less: Current Maturity of Term Loans and Debentures as per OTS	<b>-</b>	4361.38
	<b>4285.47</b>	-

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).

## Punjab Alkalies & Chemicals Limited

- 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. Accordingly, the Company has made the payments of the first tranche and second tranche of the O.T.S. Amount alongwith interest payable on due dates as per terms of the O.T.S. sanction.
- 4.4 The final tranche of O.T.S. amount had fallen due on 1<sup>st</sup> April, 2015. The Company could not make the payment of the same on due date. At the request of the Company, the CDR Empowered Group has, inter alia, approved the terms of the said terminal payment i.e. (i) The Outstanding amount (as on 1<sup>st</sup> April, 2015) of terminal payment of OTS amount shall be converted into Equity and Fully Convertible Debentures (FCDs), (ii) Equity Conversion shall be by issuance of fresh equity of 66,05,246 shares as per applicable SEBI norms, (iii) The balance outstanding terminal OTS payment is to be converted into Fully Convertible Debentures (FCDs) and (iv) The Company shall issue Non Convertible Debentures (NCDs) to Lenders to the extent of Mark to Market Loss in respect of fresh Equity issued by the Company; and these FCDs & NCDs shall carry fixed interest rate at IDBI Bank Limited's Base Rate as on cut-off date of 30<sup>th</sup> June, 2015 i.e. 10% p.a. The CDR Empowered Group further approved waiver of interest on outstanding O.T.S. amount during period April, 2015 to June, 2015. The Company has received individual sanctions from IDBI Bank Limited, IFCI Limited and LIC of India Limited. The Company has been given time upto 31<sup>st</sup> October, 2016 for the said conversion. The individual sanctions from Punjab National Bank and Punjab & Sind Bank are awaited.

### Note No. 5

#### LONG TERM PROVISIONS

(Rs. in Lacs)

Particulars	As at 31.3.2016	As at 31.3.2015
<b>Provision for Employee Benefits</b>		
Gratuity	400.35	449.51
Leave Encashment	635.93	620.65
	<b>1036.28</b>	<b>1070.16</b>

- 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)

Particulars	As at 31.3.2016	As at 31.3.2015
<b>Working Capital Loans (Secured)</b>		
Punjab & Sind Bank	1.51	130.93
Punjab National Bank	<u>16.38</u>	<u>387.23</u>
	<b>17.89</b>	<b>518.16</b>
<b>Other Loans and Advances (Unsecured)</b>		
Advances from Customers	<u>131.32</u>	<u>177.12</u>
	<b>149.21</b>	<b>695.28</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)

Particulars	As at 31.3.2016	As at 31.3.2015
<b>Creditors</b>		
Against Capital Goods	24.91	23.49
Others	<u>2897.44</u>	<u>2852.53</u>
	<b>2922.35</b>	<b>2876.02</b>

**Note No. 8**

**OTHER CURRENT LIABILITIES**

(Rs. in Lacs)

Particulars	As at 31.3.2016	As at 31.3.2015
<b>Other Liabilities</b>		
Statutory Liabilities	154.84	161.76
Excess money remitted by shareholders	0.12	0.12
Others*	5101.27	1702.83
Interest accrued but not due	239.27	-
Current Maturity of Term Loans and Debentures (Refer Note No. 4)	<u>-</u>	<u>4361.38</u>
	<b>5495.50</b>	<b>6226.09</b>

\*Includes electricity bill payable to PSPCL which is shown net of Rs.529.81 lacs recoverable on account of peak load charges on open access based on Memo No. 1169/1250 dated 30.12.2015 of PSPCL.



## Punjab Alkalies & Chemicals Limited

Note No. 9

### SHORT TERM PROVISIONS

(Rs. in Lacs)

Particulars	As at 31.3.2016	As at 31.3.2015
<b>Provision for Employee Benefits</b>		
Gratuity	-	-
Leave Encashment	12.54	13.61
Bonus	2.51	0.18
	<u>15.05</u>	<u>13.79</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 1.4.2015	Adjustments from WIP	Additions	Sales/ Adjustments	As at 31.3.2016
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	27331.56	43.04	1.60	58.53	27317.67
Electric Installation	19.71		-		19.71
Railway Siding	189.81	-	-	-	189.81
Lab Instruments	25.43				25.43
Office Equipment	85.47		0.08		85.55
Furniture, Fixtures	67.01	-	0.13	-	67.14
Computers	114.72		0.44		115.16
Vehicles	158.97	-	-	-	158.97
<b>Total</b>	<b>34645.18</b>	<b>43.04</b>	<b>2.25</b>	<b>58.53</b>	<b>34631.94</b>
Previous year	34545.30	115.25	9.80	25.17	34645.18

- 10.1 Depreciation for the year 2015-16 includes Rs.323.29 lacs (Previous year Rs.328.46 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 charged depreciation on Fixed Assets as per the useful life specified in Part 'C' of Schedule II of the Companies Act, 2013. The life of the components identified by Company is not different than the plant and machinery to which these components relate. 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 1.4.2015	Additions / Adjustments	Transfer to Fixed Assets	Cost as at 31.3.2016
Buildings	2.79	-	-	2.79
Plant & Machinery	57.60	126.24	43.04	140.80
ERD Software	-	11.90	-	11.90
<b>Total</b>	<b>60.39</b>	<b>138.14</b>	<b>43.04</b>	<b>155.49</b>
Previous year	100.71	74.93	115.25	60.39

## Punjab Alkalies & Chemicals Limited

(Rs. in Lacs)

<b>ASSETS</b>				<b>NET BLOCK</b>	
Upto 31.3.2015	For 2015-16	Adjustments	Upto 31.3.2016	As at 31.3.2016	As at 31.3.2015
-	-	-	-	<b>3095.11</b>	3095.11
314.32	<b>15.71</b>	-	<b>330.03</b>	<b>699.37</b>	715.08
1431.58	<b>68.68</b>	-	<b>1500.26</b>	<b>986.99</b>	1055.67
16.90	<b>11.34</b>	-	<b>28.24</b>	<b>12.50</b>	23.84
20178.72	<b>684.67</b>	<b>47.19</b>	<b>20816.20</b>	<b>6501.47</b>	7152.84
11.63	<b>1.40</b>	-	<b>13.03</b>	<b>6.68</b>	8.08
93.61	<b>10.06</b>	-	<b>103.67</b>	<b>86.14</b>	96.20
19.57	<b>1.81</b>	-	<b>21.38</b>	<b>4.05</b>	5.86
72.50	<b>4.79</b>	-	<b>77.29</b>	<b>8.26</b>	12.97
61.91	<b>0.56</b>	-	<b>62.47</b>	<b>4.67</b>	5.10
97.50	<b>8.79</b>	-	<b>106.29</b>	<b>8.87</b>	17.22
116.48	<b>11.30</b>	-	<b>127.78</b>	<b>31.19</b>	42.49
<b>22414.72</b>	<b>819.11</b>	<b>47.19</b>	<b>23186.64</b>	<b>11445.30</b>	<b>12230.46</b>
<b>21576.09</b>	<b>833.43</b>	<b>(5.20)</b>	<b>22414.72</b>	<b>12230.46</b>	<b>12969.21</b>



**Note No. 12**

**DEFERRED TAX ASSETS**

(Rs. in Lacs)

Particulars	As at 31.3.2016	As at 31.3.2015
Opening Balance	1028.96	1028.96
Less Deferred Tax Liabilities (net) during the year	-	-
Balance	<u>1028.96</u>	<u>1028.96</u>

12.1 In view of the loss during the financial year 2015-16, the Company has not recognized the Deferred Tax Assets in respect of the loss during the financial year 2015-16.

**Note No. 13**

**LONG TERM LOANS AND ADVANCES**

(Rs. in Lacs)

Particulars	As at 31.3.2016	As at 31.3.2015
<b>Long Term Loans and Advances (Unsecured, Considered Goods unless otherwise stated)</b>		
Security Deposits	319.67	315.29
	<u>319.67</u>	<u>315.29</u>

**Note No. 14**

**OTHER NON CURRENT ASSETS**

(Rs. in Lacs)

Particulars	As at 31.3.2016	As at 31.3.2015
Deferred Expenditure:		
As per last balance sheet	710.00	897.51
Addition during the year	278.28	81.31
	<u>988.28</u>	<u>978.82</u>
Less: Amortised during the year	248.19	268.82
Closing Balance	<u>740.09</u>	<u>710.00</u>
	<u>740.09</u>	<u>710.00</u>

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

**Note No. 15**

**INVENTORIES**

(Rs. in Lacs)

Particulars	As at 31.3.2016	As at 31.3.2015
Raw Materials	215.20	213.24
Stock in process	37.23	43.64
Finished goods	196.09	123.13
Materials in transit	-	0.24
Stores & Spares	628.21	505.47
Building Materials	12.04	3.22
	<u>1088.77</u>	<u>888.94</u>

## Punjab Alkalies & Chemicals Limited

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

Particulars	As at 31.3.2016	As at 31.3.2015
Considered Goods except where provided for:		
Debt over six months (unsecured)	640.38	640.36
Other Debts (secured to the extent of Rs. 260.94 lacs)	458.60	498.08
	<u>1098.98</u>	<u>1138.44</u>
Less: Provision for doubtful debts	563.98	463.98
	<u>535.00</u>	<u>674.46</u>

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

Particulars	As at 31.3.2016	As at 31.3.2015
Cash in hand	2.33	2.60
Cheques in hand	193.46	412.34
Balance with Scheduled Banks		
Current Account	211.35	273.65
Cash Credit Account	-	-
Fixed Deposits (Including margin money for Letters of Credit and Bank Guarantees)	1715.78	85.35
	<u>1927.13</u>	<u>359.00</u>
	<u>2122.92</u>	<u>773.94</u>

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

Particulars	As at 31.3.2016	As at 31.3.2015
Unsecured, Considered goods unless otherwise stated		
Suppliers/Service Providers(Including capital goods for Rs.15.00 lacs)	613.52	470.83
Less: Provision for doubtful debts (Others)	451.44	425.56
	162.08	45.27
Staff Advances	4.53	9.15
	<u>166.61</u>	<u>54.42</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.437.43 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.25.88 lacs (previous year Rs.30.22 lacs) has been provided as doubtful debt during the current year.

### Note No. 19 OTHER CURRENT ASSETS (Rs. in Lacs)

Particulars	As at 31.3.2016	As at 31.3.2015
Balance with Central Excise	38.24	11.53
Pre paid expenses	32.59	26.34
Amount recoverable	363.27	270.59
Amount recoverable excise	12.90	12.43
Income Tax recoverable	22.20	22.20
Claim recoverable	149.22	26.91
Power subsidy	0.26	0.26
Service tax claimable	963.98	847.58
Cenvat claimable succeeding year	38.91	11.08
Membrane modvat recoverable	-	-
Income tax claimable	24.85	18.88
Advance against water charges	8.07	8.07
	<u>1654.49</u>	<u>1255.87</u>



**Note No. 20**

**CONTINGENT LIABILITIES AND COMMITMENTS**

(Rs. in Lacs)

Particulars	As at 31.3.2016	As at 31.3.2015
a) Letters of Credit Outstanding	<b>US\$ 52500</b> <b>(Rs. 3.57)</b> <b>GBP 20160</b> <b>(Rs.19.85)</b> <b>EUR 19892.80</b> <b>(RS. 15.03)</b>	-
b) Bank Guarantees given by Company	<b>21.66</b>	40.68
c) Excise/Service Tax Demand/claims under appeal (Including Rs. 77.90 lacs deposited under protest)	<b>390.50</b>	377.34
d) Interest/Differential Interest (As per OTS approved by CDR EG)	-	1415.78
e) 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.	<b>99.84</b>	99.84
f) Estimated amounts of contracts remaining to be executed on capital account and not provided for	<b>581.43</b>	30.41
g) Differential Interest on delayed payment claimed by PSPCL	<b>454.08</b>	-
h) Additional Liability on account of Income Tax Assessments for the Assessment Years 2014-15 onwards (which are pending), is unascertainable.		

**Note No. 21**

**REVENUE**

(Rs. in Lacs)

Particulars	2015-16	2014-15
Revenue from sale of goods	<b>27254.10</b>	30115.44
Revenue from trading of goods	-	-
	<b>27254.10</b>	30115.44
Less: Excise Duty	<b>3140.74</b>	3463.51
	<b>24113.36</b>	26651.93
Other Income:		
Interest received	<b>57.37</b>	34.07
Scrap Sales	<b>123.62</b>	135.68
Misc. Income	<b>334.81</b>	53.92
Investment Incentive written back	<b>2.98</b>	2.99
Excess Provision written back	<b>0.17</b>	0.17
Profit on sale of fixed assets	<b>14.42</b>	6.78
	<b>533.37</b>	233.61

**Note No. 22**

**COST OF MATERIALS CONSUMED**

(Rs. in Lacs)

Particulars	2015-16	2014-15
Salt	<b>3991.84</b>	4779.18
Soda Ash	<b>51.54</b>	62.83
Barium Carbonate	<b>207.75</b>	227.16
Hydrated Lime	-	-
Sulphuric Acid	<b>89.57</b>	119.07
Others	<b>64.13</b>	68.05
	<b>4404.83</b>	5256.29

## Punjab Alkalies & Chemicals Limited

**Note No. 23** (Rs. in Lacs)  
**CHANGES IN INVENTORIES OF FINISHED GOODS & STOCK-IN-PROCESS**

Particulars	2015-16	2014-15
<b>Closing Stocks</b>		
Finished Goods	196.09	123.13
Stock in Process	<u>37.23</u>	<u>43.64</u>
	<b><u>233.32</u></b>	<b><u>166.77</u></b>
<b>Less: Opening Stocks</b>		
Finished Goods	123.13	134.08
Stock in Process	<u>43.64</u>	<u>23.89</u>
	<b><u>166.77</u></b>	<b><u>157.97</u></b>
<b>Increase/(Decrease) in Stock</b>	<b><u>66.55</u></b>	<b><u>8.80</u></b>

**Note No. 24** (Rs. in Lacs)  
**MANUFACTURING EXPENSES**

Particulars	2015-16	2014-15
Power, Fuel & Utilities	16369.02	17546.21
Stores & Spares consumed	273.24	310.24
Packing Material	0.02	-
	<b><u>16642.28</u></b>	<b><u>17856.45</u></b>

**Note No. 25** (Rs. in Lacs)  
**EMPLOYEE BENEFITS EXPENSE**

Particulars	2015-16	2014-15
Salaries, Wages & Bonus	1935.42	2042.58
Contribution to Provident, Superannuation & Gratuity funds	237.20	269.43
Staff Welfare, Recruitment & Training Expenses	<u>175.65</u>	<u>184.44</u>
	<b><u>2348.27</u></b>	<b><u>2496.45</u></b>

**Note No. 26** (Rs. in Lacs)  
**FINANCE COST**

Particulars	2015-16	2014-15
Interest and Charges		
Term Loans		
Debentures	239.27	-
Cash Credit	101.51	53.53
Monitoring Agency Fee	100.00	-
Security Deposits/Others	<u>23.69</u>	<u>37.30</u>
	<b><u>464.47</u></b>	<b><u>90.83</u></b>



**Note No. 27**

**ADMINISTRATION EXPENSES**

(Rs. in Lacs)

<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>
Labour Charges	<b>107.17</b>	94.34
Railway Siding Operations	<b>6.84</b>	5.26
Repair & Maintenance		
Plant & Machinery	<b>104.58</b>	92.39
Building	<b>4.73</b>	19.47
Others	<b>6.43</b>	6.09
	<b>115.74</b>	117.95
Board Meeting Expenses	<b>3.38</b>	3.84
Travelling & Conveyance		
Directors	<b>2.09</b>	1.64
Others	<b>41.28</b>	45.99
	<b>43.37</b>	47.63
Statutory Auditors Remuneration		
Audit Fees	<b>0.90</b>	0.90
Tax Audit Fees	<b>0.07</b>	0.12
Other Services	<b>0.40</b>	0.34
Out of Pocket Expenses	<b>0.57</b>	0.55
	<b>1.94</b>	1.91
Legal & Professional Charges	<b>12.03</b>	20.74
Insurance	<b>50.69</b>	43.66
Printing & Stationery	<b>10.34</b>	12.25
Postage & Telephone	<b>14.34</b>	15.52
Electricity & Water Charges	<b>5.16</b>	5.79
Rent, Rates & Taxes	<b>49.10</b>	41.35
Pollution Control Expenses	<b>107.81</b>	107.91
Miscellaneous Expenses	<b>15.96</b>	16.51
Doubtful Debts Others	<b>25.88</b>	30.22
	<b>569.75</b>	564.88

**Note No. 28**

**SELLING EXPENSES**

(Rs. in Lacs)

<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>
Advertisement	<b>3.62</b>	1.81
Freight, Cartage & Handling	<b>301.10</b>	425.59
Business Promotion	<b>2.01</b>	7.30
Discounts & Commission	<b>557.18</b>	619.42
Provision for doubtful debts	<b>100.00</b>	85.00
	<b>963.91</b>	1139.12



## 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.Nil 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.613.19 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, 2016

Particulars	Leave Encashment	(Rs. in Lacs) Gratuity
Expense Recognised in the Profit & Loss Statement for the year	61.56	60.30
Present Value of Defined Benefit Obligation as at 31st March, 2016	648.47	1245.87
Funding of Plan Assets as a percentage of total Plan	Unfunded	68% 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	10.50 Years	10.50 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 Amit Dhaka, IAS, Managing Director (w.e.f. 17th August, 2015)
- Shri S.S Bains, IAS, Managing Director (till 16th July, 2015)

b) Volume of transaction of related parties

	2015-16	2014-15
Remuneration (Key Managerial Personnel)		
- Shri Amit Dhaka, IAS, Managing Director (w.e.f. 17th August, 2015)	-	-
- Shri S.S Bains, IAS, Managing Director (till 16th July, 2015)	-	-

Note No.35. A total of 2165 and 53 Chlorine Cylinders of 900 Kg. and 100 Kg. each respectively, were in circulation with various customers as returnable empties, as on 31.3.2016.

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	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Caustic Soda	MT	99000	99000	99000	99000	81517	91915
Liquid Chlorine	MT	87714	87714	87714	87714	58935	65337
Hydrochloric Acid	MT	73755	73755	39600	39600	49339	57728
		(100% basis)		(100% basis)			
Calcium Hypochlorite (Bleach Liquor)	MT	2000 (As Chlorine)	2000	-	-	-	-
Sodium Hypochlorite	MT				1750	1750	13239
				(As Chlorine)			
Hydrogen Gas	Lacs NM <sup>3</sup>	277.20	277.20	277.20	277.20	211.86	244.18

- 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	
		2015-16	2014-15	2015-16	2014-15
<b>SALES:</b>					
Caustic Soda Lye	MT	77631	88385	24253.76	26501.84
Caustic Soda Flakes	MT	-	-	-	-
Liquid Chlorine	MT	59024	65235	1379.67	1381.65
Hydrochloric Acid	MT	40542	48991	591.41	1071.24
Sodium Hypochlorite	MT	13283	11539	549.16	464.00
Hydrogen Gas	Lacs NM <sup>3</sup>	25.20	36.94	480.10	696.71
Total				<u>27254.10</u>	<u>30115.44</u>
<b>OPENING 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>CLOSING STOCKS:</b>					
Caustic Soda Lye	MT	643	359	181.55	102.66
Caustic Soda Flakes	MT	-	-	-	-
Liquid Chlorine	MT	501	590	9.71	11.76
Hydrochloric Acid	MT	167	663	0.65	3.18
Sodium Hypochlorite	MT	94	138	4.18	5.53
Hydrogen Gas	Lacs NM <sup>3</sup>	-	-	-	-
Total				<u>196.09</u>	<u>123.13</u>
<b>OTHER USE (QUANTITY ONLY):</b>					
		Internal Consumption		Neutralisation/Losses	
Caustic Soda Lye	MT	3602	3560	-	-
Caustic Soda Flakes	MT	-	-	-	-
Liquid Chlorine	MT	-	-	-	-
Hydrochloric Acid	MT	9293	8309	-	-
Sodium Hypochlorite	MT	-	-	-	-
Hydrogen Gas	Lacs NM <sup>3</sup>	186.66	207.24	-	-

## Punjab Alkalies & Chemicals Limited

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

(Rs. in lacs)

Item	Unit of Qty.	2015-16		2014-15	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
Salt (NaCl)	MT	127509	3991.84	147063	4779.18
Soda Ash	MT	237	51.54	290	62.83
Barium Carbonate	MT	561	207.75	593	227.16
Hydrated Lime	MT	-	-	-	-
Sulphuric Acid	MT	1888	89.57	2017	119.07
Others			64.13		68.05
<b>Total</b>			<b>4404.83</b>		<b>5256.29</b>

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

(Rs. in lacs)

Item	Imported Value (%)	Indigenous Value (%)	Total Value
Raw Materials and Chemicals	2.61 (0.06%) [8.92 (0.17%)]	4402.22 (99.94%) [5247.37 (99.83%)]	4404.83 [5256.29]
Stores and Spares	14.67 (5.37%) [13.58 (4.38%)]	258.57 (94.63%) [296.66 (95.62%)]	273.24 [310.24]

Previous year figures are in brackets.

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

(Rs. in lacs)

Particulars	2015-16	2014-15
Raw Materials	-	10.44
Stores and Spares and Membranes	363.09	9.98
<b>Total</b>	<b>363.09</b>	<b>20.42</b>



---

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

---

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

---

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

---

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

---

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

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

Sd/-  
(D.C. MEHENDRU)  
Director

Sd/-  
(AMIT DHAKA)  
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, 2016

Membership No. 507583

Membership No. 86331

**This Page has been Intentionally Left Blank**

**This Page has been Intentionally Left Blank**

**pacl**

---

*The Chemistry of Excellence*