

## Punjab Alkalies & Chemicals Limited

### NOTICE

Notice is hereby given that the **38th Annual General Meeting** of the Members of **Punjab Alkalies & Chemicals Limited** will be held in **National Institute of Technical Teachers' Training and Research Auditorium, NITTTR Complex, Sector 26, Chandigarh** on **Saturday, the 28th September, 2013 at 10.30 hours** to transact the following business:-

#### As Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri J.S. Saraon, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri D.C. Mehandru, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors for the current year and to fix their remuneration and in this connection, to consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:  
"RESOLVED that M/s. S. Tandon & Associates, Chartered Accountants, Chandigarh and M/s. A.K. Sood & Associates, Chartered Accountants, Chandigarh, be and are hereby re-appointed Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting and that their remuneration be fixed by the Board of Directors of the Company."

#### As Special Business

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:  
"RESOLVED that pursuant to the provisions of Section 269 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval be and is hereby accorded to the appointment of Shri S.S. Bains, IAS, as Managing Director of the Company for a period of five years with effect from 7th August, 2013 at the remuneration to be decided later within the limits specified in Schedule XIII of the Companies Act, 1956.  
RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be necessary to give effect to this resolution."
6. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:  
"RESOLVED that pursuant to the provisions of Sections 314 and 297 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, if required, the consent and approval of the Company be and is hereby accorded to the payment of an aggregate amount of Rs.25,000/- (Rupees Twenty five thousand only) to Dr. A.K. Kundra, IAS (Retd.), Director of the Company as the Company's Share of Arbitrator's Fee during the financial year 2012-13 for acting as the Sole Arbitrator in an Arbitration Case filed by the Company.  
RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be necessary to give effect to this resolution."

Registered Office:  
S.C.O. 125-127,  
Sector 17-B,  
Chandigarh-160 017  
Dated : August 13, 2013

By Order of the Board of Directors  
Sd/-  
(PRADEEP NAUHARIA)  
Company Secretary &  
Sr. Gen. Manager (Co. Affairs)

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY (BLANK FORM ENCLOSED) DULY STAMPED, COMPLETED AND SIGNED SHOULD, HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business at item Nos. 5 and 6 is annexed. The relevant details of the Directors proposed to be appointed/ re-appointed at the Annual General Meeting, pursuant to Clause 49 of the Listing Agreement, are also annexed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 14th September, 2013 to 28th September, 2013 (both days inclusive).
4. Members who have not yet paid the Allotment Money on their new equity shares are requested to remit the same together with interest there on.

(i)



5. The unclaimed Dividends for the years 1989-90, 1990-91, 1991-92, 1992-93, 1993-94 and 1994-95 have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Members who have not claimed their Dividends for the said years are requested to claim the same from the Registrar of Companies, Punjab, H.P. & Chandigarh, Corporate Bhawan, Plot No. 4-B, Sector 27-B, Madhya Marg, Chandigarh 160 019. The unclaimed Dividends for the years 1995-96 and 1996-97 have been transferred to the Investor Education and Protection Fund established by the Central Government in terms of Section 205A read with Section 205C of the Companies Act, 1956.
6. Members are requested to notify immediately changes, if any, in their registered address to the Company or its Registrars & Share Transfer Agents, M/s. Beetal Financial & Computer Services Private Limited, specifying full address in Block Capitals with PIN Code of the Post Office.
7. (a) Members who have not registered their e-mail address and changes, if any, in the same, with the Company for the purpose of receiving notices, documents, Annual Reports and other shareholders' communications, etc., electronically, by e-mail, are requested to register their latest e-mail address, with (i) the Company or its Registrars & Share Transfer Agents, in case of shares held in Physical Mode and (ii) the Company or its Registrars & Share Transfer Agents and/ or their Depository through their Depository Participant in case of shares held in Dematerialised Mode; and send the 'Form for Registering E-mail Address' available on the Company's Website [www.punjabkalies.com](http://www.punjabkalies.com), duly completed and signed, to the Company or its Registrars & Share Transfer Agents.  
  
(b) The said documents will also be available on the Company's Website [www.punjabkalies.com](http://www.punjabkalies.com) and physical copies of the same will also be available for inspection at the Registered Office of the Company during business hours on any working day. Members who register their e-mail address, will be entitled to get a physical copy of the said documents upon receipt of a request.
8. Members are requested to submit their Income Tax Permanent Account Number (PAN) details alongwith a self certified copy of their PAN Card to (a) the Company or its Registrars & Share Transfer Agents in case of shares held in Physical Mode and (b) their Depository through their Depository Participant in case of shares held in Dematerialised Mode; in view of the Securities and Exchange Board of India's mandate.
9. Members are requested to bring with them the attendance slip sent with the Annual Report duly completed and signed and hand it over at the entrance.
10. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
11. Members are requested to bring their copy of the Annual Report alongwith them to the Annual General Meeting.

#### **EXPLANATORY STATEMENT**

(Pursuant to Section 173(2) of the Companies Act, 1956)

#### **ITEM NO. 5**

The Punjab State Industrial Development Corporation Limited (PSIDC) had nominated Shri S.S. Bains, IAS as a Director on the Board of Directors of the Company with effect from 5th August, 2013. The Board of Directors of the Company in its meeting held on 7th August, 2013 had pursuant to the provisions of Section 269 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Shareholders, appointed Shri S.S. Bains, IAS as Managing Director of the Company for a period of five years with effect from 7th August, 2013 at the remuneration to be decided later within the limits specified in Schedule XIII of the Companies Act, 1956.

Shri S.S. Bains, IAS has done M.Sc., M.Phil. (Chemistry). He belongs to the Indian Administrative Service. He has about 27 years of rich and varied administrative experience to his credit.

The approval of the members is sought for appointment of Shri S.S. Bains, IAS as Managing Director of the Company for a period of five years with effect from 7th August, 2013.

Copies of the relevant documents are available for inspection by the members at the Registered Office of the Company during business hours on any working day and will also be available at the meeting.

The Directors recommend the Resolution for the approval of the members.

None of the Directors, is in any way, concerned or interested in the Resolution excepting Shri S.S. Bains, IAS to the extent of remuneration payable to him.

## Punjab Alkalies & Chemicals Limited

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This Explanatory Statement together with accompanying notice is and should also be treated as an abstract of the terms and memorandum of interest under Section 302 of the Companies Act, 1956.

### ITEM NO. 6

The Company had paid an aggregate amount of Rs.25,000/- to Dr. A.K. Kundra, IAS (Retd.), Director of the Company as the Company's Share of Arbitrator's Fee during the financial year 2012-13 for acting as the Sole Arbitrator in an Arbitration Case filed by the Company. The Board of Directors of the Company in its meeting held on 13th August, 2013 has pursuant to the provisions of Sections 314 and 297 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the consent and approval of the Shareholders and the approval of the Central Government, if required, accorded its consent and approval to the payment of an aggregate amount of Rs.25,000/- (Rupees Twenty five thousand only) to Dr. A.K. Kundra, IAS (Retd.), Director of the Company as the Company's Share of Arbitrator's Fee during the financial year 2012-13 for acting as the Sole Arbitrator in the said Arbitration Case.

The consent and approval of the members is sought for the said payment of an aggregate amount of Rs.25,000/- to Dr. A.K. Kundra, IAS (Retd.), Director of the Company as the Company's Share of Arbitrator's Fee during the financial year 2012-13 for acting as the Sole Arbitrator in the said Arbitration Case.

Copies of the relevant documents are available for inspection by the members at the Registered Office of the Company during business hours on any working day and will also be available at the meeting.

The Directors recommend the Resolution for the approval of the members.

None of the Directors, is in any way, concerned or interested in the Resolution excepting Dr. A.K. Kundra, IAS (Retd.) to the extent of the said Company's Share of Arbitrator's Fee paid to him.

This Explanatory Statement together with accompanying notice is and should also be treated as an abstract of the terms and memorandum of interest under the relevant Sections of the Companies Act, 1956.

Registered Office:  
S.C.O.125-127,  
Sector 17-B,  
Chandigarh-160 017  
Dated : August 13, 2013

By Order of the Board of Directors  
Sd/-  
(PRADEEP NAUHARIA)  
Company Secretary &  
Sr. Gen. Manager (Co. Affairs)

## ANNEXURE TO NOTICE

### Details of the Directors proposed to be appointed/re-appointed at the 38th Annual General Meeting on 28th September, 2013 (Pursuant to Clause 49 of the Listing Agreement)

|   |   |   |   |
|---|---|---|---|
| Name of the Director  | Shri J.S. Saraon  | Shri D.C. Mehendru  | Shri S.S. Bains, IAS,<br>Managing Director  |
| Date of Birth   | 11th January, 1927  | 10th October, 1936  | 14th February, 1957   |
| Date of Appointment   | 30th November, 1987   | 26th June, 2002   | As Director: 5th August, 2013<br>As Managing Director: 7th August, 2013   |
| Qualifications  | M. Com., LL.B.,<br>P.G.D. Pub. Admn.,<br>Dip. Industrial Management   | B.A. (Hons.) - Economics,<br>M.A., CAIIB, AMIIA   | M. Sc., M. Phil. - Chemistry  |
| Expertise in specific functional areas  | Human Resources and General<br>Management Consultancy   | Finance and General Management  | Indian Administrative Service Officer-<br>General Management and Administration   |
| Directorships of other Companies as<br>on 13th August, 2013   | -   | <u>Director</u><br>Kuantum Papers Limited   | <u>Director</u><br>Punjab State Industrial Development Corporation Limited<br>North India Technical Consultancy Organisation Limited  |
| Chairmanships/Memberships of the<br>Committees of the Board of<br>Companies as on 13th August, 2013 | <u>Punjab Alkalies &amp; Chemicals Limited</u><br>Audit Committee - Chairman<br>Shareholders/Investors - Member<br>Grievance Committee<br>Captive Power Generation - Member<br>Project Committee<br>PACL Corporate Office - Member<br>Building Committee<br>Share Transfer Committee - Member | <u>Punjab Alkalies &amp; Chemicals Limited</u><br>Shareholders/Investors - Chairman<br>Grievance Committee<br>Share Transfer Committee - Member<br>Audit Committee - Member<br>Management Review - Member<br>Committee<br>Remuneration Committee - Member<br>PACL Managers and<br>Officers Remuneration<br>Revision Committee<br><u>Kuantum Papers Limited</u><br>Audit Committee - Chairman<br>Management - Member<br>Remuneration Committee | <u>Punjab Alkalies &amp; Chemicals Limited</u><br>Share Transfer Committee - Chairman<br>Captive Power Generation - Chairman<br>Project Committee<br>PACL Corporate Planning<br>Committee - Chairman<br>PACL Corporate Office - Member<br>Building Committee<br>Shareholders/Investors -Member<br>Grievance Committee<br>Management Review Committee - Member |
| Number of Equity Shares of the<br>Company held  | Nil   | Nil   | Nil   |



**Punjab Alkalies & Chemicals Limited**  
**38TH ANNUAL REPORT 2012-13**

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## Punjab Alkalies & Chemicals Limited

### BOARD OF DIRECTORS

Shri Karan Avtar Singh, IAS, Chairman  
Dr. A.K. Kundra, IAS (Retd.)  
Shri J.S. Saraon  
Shri D.C. Mehandru  
Shri J.S. Mann  
Shri Yogesh Goel  
Shri Ravi Kumar (IDBI Nominee)  
Shri Gautam Meour (IFCI Nominee)  
Shri S.S. Bains, IAS, Managing Director

### 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

M/s. A.K. Sood & Associates,  
Chartered Accountants,  
S.C.O. 126-127, 2nd Floor, Sector 8-C,  
Chandigarh - 160 008

### INTERNAL AUDITORS

M/s. D.K. Singla & Associates,  
Chartered Accountants,  
S.C.O. 1126-27, Sector 22-B,  
Chandigarh-160 022

### REGISTERED OFFICE

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

### 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 38<sup>th</sup> Annual Report together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2013.

### Financial Results

The financial results of the Company for the financial year ended 31<sup>st</sup> March, 2013 are summarised below :-

|                                      | (Rs. in crores) |                |
|--------------------------------------|-----------------|----------------|
|                                      | <u>2012-13</u>  | <u>2011-12</u> |
| Sales Turnover & Other Income        | <b>326.97</b>   | 264.49         |
| Total Expenditure excluding          | <b>302.14</b>   | 234.39         |
| Finance Costs and Depreciation, etc. |                 |                |
| Finance Costs                        | <b>7.75</b>     | 10.76          |
| Cash Profit                          | <b>17.08</b>    | 19.34          |
| Depreciation, etc.                   | <b>12.99</b>    | 12.80          |
| Net Profit before tax                | <b>4.09</b>     | 6.54           |
| Provision for taxation               | <b>1.28</b>     | 2.15           |
| Net Profit after tax                 | <b>2.81</b>     | 4.39           |

Your Directors report that the financial year 2012-13 has not been a smooth year for the Company. The Company achieved higher Sales Turnover of Rs.326.97 crores, increased combined average realisation per Electro-Chemical Unit (ECU) of Rs.35,390 and better capacity utilisation of 96% in the financial year under review as compared to Rs.264.49 crores, Rs.30,950 and 89%, respectively during the preceding financial year 2011-12. The Company also made a saving of about Rs.11.70 crores during the financial year 2012-13 on account of purchase of part of power requirements at cheaper rates through Energy Exchanges under Open Access System. Despite all these favourable factors, the Company's profitability in the financial year 2012-13, was severely impacted due to (a) import of Caustic Soda at cheaper prices, (b) increase in cost of inputs such as Salt and other chemicals and (c) exorbitant hike by the Punjab State Electricity Regulatory Commission (PSERC) in the basic power tariff by about 13% w.e.f. 1<sup>st</sup> April, 2012 and steep increase in the Power Wheeling Charges of the Punjab State Power Corporation Limited under Open Access System w.e.f. 1<sup>st</sup> April, 2012. Consequently, the Net Profit (before tax) and Net Profit (after tax) have been Rs.4.09 crores and Rs.2.81 crores, respectively in the said financial year.

In view of the accumulated losses of the Company, the Directors regret their inability to recommend any dividend for the financial year 2012-13.

### Finance and Corporate Debt Restructuring

The Corporate Debt Restructuring (CDR) Empowered Group had restructured the debt liabilities of the Company in January, 2003 and had thereafter revised, reworked and modified the same from time to time. The CDR Empowered Group 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. The Company has made the payment of the first tranche of the O.T.S. Amount by 29<sup>th</sup> December, 2012 and the interest payable therewith by 31<sup>st</sup> December, 2012. In terms of the said O.T.S., the Company is not required to pay interest on the balance 65% of O.T.S. Amount from the date of payment of first tranche.

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

### Current Operations and Outlook

The operations of the Company in the first Four Months ended 31<sup>st</sup> July, 2013 of the financial year 2013-14, came under severe pressure. During the said period, the capacity utilisation of the plant was 90%. The combined average realisation per ECU and the Sales Turnover in this period were Rs.32,860 and Rs.92.84 crores, respectively. The upward revision in the basic power tariff by about 13% w.e.f. 1<sup>st</sup> April, 2013 by the Punjab State Electricity Regulatory Commission (PSERC), having an overall annual impact to the tune of approx. Rs.14.00 crores per annum on the Company on 100% production basis, further adversely affected the operations during the said period. The Company has incurred a Net Loss (before tax) of Rs.9.67 crores in the Four Months ended 31<sup>st</sup> July, 2013.

The Company is continuing its efforts to reduce its costs and increase its revenues. The major input cost i.e. Power cost constitutes about 60% of the total production cost. The Company endeavours to purchase a maximum portion of its power requirements at cheaper rates through Energy Exchanges under Open Access System. The Company also continues with the replacement of the Membranes in the Electrolysers of its Plant Unit-I and recoating of the Anodes and replacement of the Membranes in the Electrolysers of its Plant Unit-II in a phased manner, for reduction in power



# Punjab Alkalies & Chemicals Limited

consumption per unit of Caustic Soda Lye. The Company has signed a Memorandum of Understanding with M/s. SEL Ecochem Private Limited for setting up a Hydrogen Peroxide Plant on Build, Own and Operate (B.O.O.) basis in the Company's Plant Complex for purchase of 30,000 NM<sup>3</sup> Hydrogen Gas per day from the Company and supply of Saturated Steam to the Company for better realisation for Hydrogen Gas.

Your Directors are hopeful of better performance in the days to come.

## **Environment and Energy Conservation**

The Company continues to accord high priority to carry out its operations in an environment-friendly fashion and has been taking appropriate pollution control and safety measures. 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. A Safety Audit of the Plant was got conducted during the financial year 2012-13 from the National Safety Council and its recommendations are being implemented.

The Company continues to place a great emphasis on energy conservation. The information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in Annexure-I forming a part of this report.

## **Listing**

The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited. The Annual listing fee for the year 2013-14 has been paid to the Bombay Stock Exchange Limited.

## **Human Resources**

Your Company continues to develop and upgrade the skills of its human resources. Industrial relations continued to be cordial. The management entered into a wage agreement with the workmen in September, 2012, valid from 1<sup>st</sup> January, 2012 to 31<sup>st</sup> December, 2014.

During the financial year ended 31<sup>st</sup> March, 2013, there was no employee of the Company whose particulars need to be included in this report under Section 217(2A) of the Companies Act, 1956.

## **Corporate Governance**

The Management Discussion and Analysis Report for the financial year 2012-13 required in terms of Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited is annexed herewith as Annexure-II forming a part of this report. The Corporate Governance Report for the financial year 2012-13 and Auditors' Certificate regarding compliance of conditions of Corporate Governance, required in terms of Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited are also annexed.

## **Directors**

The Punjab State Industrial Development Corporation Limited (PSIDC) nominated Shri Karan Avtar Singh, IAS as Director and Chairman of the Company vice Shri A.R. Talwar, IAS w.e.f. 22<sup>nd</sup> January, 2013. The Directors place on record their appreciation of the valuable guidance provided by Shri A.R. Talwar, IAS.

The PSIDC had withdrawn the nomination of Shri Jivandeep Singh Kahlon, IRS as its Nominee Director on the Board of Directors of the Company w.e.f. 26<sup>th</sup> July, 2013. Consequently, Shri Jivandeep Singh Kahlon, IRS ceased to be the Managing Director of the Company w.e.f. 26<sup>th</sup> July, 2013. The Directors place on record their appreciation of the valuable services rendered by Shri Jivandeep Singh Kahlon, IRS, during his tenure with the Company.

The PSIDC nominated Shri S.S. Bains, IAS as its Nominee Director on the Board of Directors of the Company w.e.f. 5<sup>th</sup> August, 2013. The Board of Directors of the Company appointed Shri S.S. Bains, IAS as the Managing Director of the Company w.e.f. 7<sup>th</sup> August, 2013. The Directors feel that the Company will benefit tremendously from his rich and varied experience.

Shri J.S. Saraon and Shri D.C. Mehandru retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

## **Audit Committee**

The Audit Committee of the Board comprises of Shri J.S. Saraon, Shri D.C. Mehandru, Shri J.S. Mann and Shri Ravi Kumar with Shri J.S. Saraon as its Chairman.

## **Directors' Responsibility Statement**

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

- (i) In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2013, 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 profit of the Company for the year under review;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2013 on a 'going concern' basis.



## Auditors

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

## Cost Auditors

M/s. J.K. Kabra & Co., Cost Accountants were re-appointed as Cost Auditors of the Company for conducting a cost audit of the cost records of the Company in respect of the financial year 2012-13.

## Acknowledgements

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

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

For and on behalf of the Board

Place : Chandigarh  
Date : August 13, 2013

Sd/-  
(KARAN AVTAR SINGH)  
Chairman

## ANNEXURE – I TO THE DIRECTORS' REPORT

**Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the financial year ended 31<sup>st</sup> March, 2013.**

| <b>Energy Consumption and Conservation</b>                     | <b>2012-13</b> | <b>2011-12</b> |
|--|----------------|----------------|
| <b>A. Power and Fuel Consumption</b>                           |                |                |
| 1. Electricity   |                |                |
| (a) Purchased  |                |                |
| (i) From Punjab State Power Corporation Limited                |                |                |
| Units (lacs KWH)   | 1499.06        | 1149.57        |
| Total Amount (Rs.in lacs)                                      | 10207.94       | 7080.70        |
| Rate / Unit (Rs.)  | 6.81           | 6.16           |
| (ii) From Other Sources through Energy Exchanges               |                |                |
| Units (lacs KWH)   | 1137.45        | 1215.10        |
| Total Amount (Rs.in lacs)                                      | 6571.30        | 5632.68        |
| Rate / Unit (Rs.)  | 5.78           | 4.64           |
| (iii) Total  |                |                |
| Units (lacs KWH)   | 2636.51        | 2364.67        |
| Total Amount (Rs.in lacs)                                      | 16779.24       | 12713.38       |
| Rate / Unit (Rs.)  | 6.36           | 5.38           |
| (b) Own Generation   | Nil            | Nil            |
| 2. Coal  | Nil            | Nil            |
| 3. Furnace Oil/LDO/HSD   |                |                |
| Quantity (K. litres)   | 1652.54        | 2010.95        |
| Total Amount (Rs.in lacs)                                      | 649.43         | 721.97         |
| Average Rate (Rs. per K.litre)                                 | 39298.70       | 35901.88       |
| 4. Others  | Nil            | Nil            |
| <b>B. Consumption per Unit of Caustic Soda Produced</b>        |                |                |
| 1. Electricity (KWH)   |                |                |
| - Caustic Soda Lye   | 2777           | 2682           |
| - Additional Consumption for conversion to Caustic Soda Flakes | Nil            | Nil            |
| 2. Furnace Oil/LDO/HSD (ltrs.)                                 |                |                |
| - For Caustic Soda Lye   | 17.40          | 22.81          |
| - Additional Consumption for conversion to Caustic Soda Flakes | Nil            | Nil            |

## Punjab Alkalies & Chemicals Limited

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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 continuing with replacing of the Membranes in the Electrolysers of its Plant Unit-I and getting the Anodes recoated and replacing of the Membranes in the Electrolysers of its Plant Unit-II in a phased manner. These will lead to increase in plant efficiency and reduction in power consumption per unit of Caustic Soda Lye.

### **Research and Development**

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

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

### **Technology Absorption, Adaptation and Innovation**

The know-how for the Company's 100 TPD Membrane Cell Caustic Soda Plant 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.243.92 lacs on account of imported Raw Materials, Stores & Spares and Membranes.

For and on behalf of the Board

Sd/-  
(KARAN AVTAR SINGH)  
Chairman

Place : Chandigarh  
Date : August 13, 2013



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

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE FINANCIAL YEAR 2012-13**

#### **Caustic Soda Industry in India**

At present, there are about 33 Caustic Soda Units in operation in the Country having a total operational installed capacity of about 31 lac M.T. per annum.

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

The Caustic Soda Industry's capacity utilisation has been 81% in the financial year 2012-13 as compared to 82% during the financial year 2011-12.

#### **Performance**

During the financial year 2012-13, the Company's production of Caustic Soda Lye was 94948 M.T. as against 88173 M.T. in the last financial year 2011-12. The capacity utilisation of the Company's plant at 96% in the financial year under review is higher as compared to the industry average of 81% during the financial year 2012-13. In the financial year 2012-13, the combined average realisation at Rs.35,390 per M.T. of Caustic Soda was better than Rs.30,950 per M.T. of Caustic Soda during the preceding financial year. The Sales Turnover during the financial year under review was Rs.326.97 crores as against Rs.264.49 crores in the preceding financial year. The Company achieved a saving of about Rs.11.70 crores in the financial year 2012-13 as a result of purchase of power at cheaper rates through Energy Exchanges under Open Access System. However, even with these positive developments, the Company's profitability remained depressed with a Net Profit (after tax) of Rs.2.81 crores in the financial year 2012-13, due to severe pressure on account of import of Caustic Soda at cheaper prices coupled with increase in cost of inputs such as Salt and other chemicals, steep upward revision by the Punjab State Electricity Regulatory Commission (PSERC) w.e.f. 1<sup>st</sup> April, 2012 in basic power tariff by about 13% and increase in the Power Wheeling Charges.

#### **Marketing**

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

| <b>Product</b>      | <b>Sales</b>               |                              |
|---------------------|----------------------------|------------------------------|
|                     | <b>Quantity</b>            | <b>Value (Rs. in crores)</b> |
| Caustic Soda Lye    | 91097 M.T.                 | 303.74                       |
| Liquid Chlorine     | 65217 M.T.                 | 0.46                         |
| Hydrochloric Acid   | 58579 M.T.                 | 7.07                         |
| Sodium Hypochlorite | 12308 M.T.                 | 4.30                         |
| Hydrogen Gas        | 31.96 Lacs NM <sup>3</sup> | 6.83                         |

The combined average sales realisation of all the products has been Rs.35,390 per M.T. of Caustic Soda during the financial year 2012-13 as compared to Rs.30,950 in the preceding financial year.

#### **Opportunities**

The Company has locational advantages as its Caustic Soda Plants are situated in its Complex at Naya Nangal, District Ropar, Punjab, which is close to a State Highway and about 12 Kms. from the Bhakra Left Bank Power Generating Station and about 2.5 Kms. from River Sutlej. These include the availability of uninterrupted Power-a crucial input, continuous water source, skilled labour and proximity to rail/road besides the existence of various end-user Units in industries like paper, fertilizers, soaps and detergents, etc. in its natural marketing zone. The Company is also supplying Hydrogen Gas to two Hydrogen Compressing & Bottling Units adjoining the Company's Plant Complex. The Company is also utilising Hydrogen as a fuel, resulting in gainful utilisation of this bye-product. The Company has signed a Memorandum of Understanding with M/s. SEL Ecochem Private Limited for setting up a Hydrogen Peroxide Plant on Build, Own and Operate (B.O.O.) basis in the Company's Plant Complex for purchase of 30,000 NM<sup>3</sup> Hydrogen Gas per day from the Company and supply of Saturated Steam to the Company for better realisation for Hydrogen Gas. The Company has been purchasing a part of its power requirements at cheaper rates through Energy Exchanges under Open Access System since December, 2010, resulting in savings in power costs.

# Punjab Alkalies & Chemicals Limited

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## Threats

The Chlor-Alkali Industry is a power-intensive industry. The Company's power costs account for about 60% of its total cost of production. A hike in power tariff for the power supplied by the Punjab State Power Corporation Limited, constitutes a threat to the Company's operations. The other possible threats are increase in other input costs, expansion of installed capacities in Indian Caustic Soda Industry and import of Caustic Soda at lower rates.

## Outlook

The combined average realisation is expected to improve. The Government of India continued the levy of anti-dumping duty on the import of Caustic Soda from some countries in order to curb the unhealthy competition from overseas. Your Company is optimistic about an improved performance in the future.

## Risks and Concerns

The major concerns for the Company are increase in power tariff and power wheeling charges, rise in other input costs, import of Caustic Soda at cheaper rates, expansion of installed capacities in the domestic Caustic Soda Industry and installation of Chemical Recovery Plants in Paper Units.

## Internal Control Systems

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

## Human Resources

The Company attaches a great value to its human resources. Training and retraining continued to be an integral component of its Human Resources Development Plan. During the financial year under review, the industrial relations continued to be cordial. The management entered into a wage agreement with the workmen in September, 2012, valid from 1<sup>st</sup> January, 2012 to 31<sup>st</sup> December, 2014. The Company had 479 employees as on 31<sup>st</sup> March, 2013.

## 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

Place : Chandigarh  
Date : August 13, 2013

Sd/-  
(KARAN AVTAR SINGH)  
Chairman



## CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2012-13

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

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

The Company had modified its corporate practices in the financial year 2001-02 so as to bring them in line with the requirements of Clause 49 of the Listing Agreements with the Stock Exchanges. The Company had further modified its corporate practices so as to bring them in consonance with the requirements of the revised Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited.

### 2. Board of Directors

The Board of Directors as on 13<sup>th</sup> August, 2013 comprises of 9 Directors. The Company has a Non-Executive Chairman and 6 Independent Directors. The Company has a Managing Director and 8 Non-Executive Directors.

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

| Name   | Date of Appointment   | Date of Cessation | Category | Attendance at Board Meetings during 2012-13 (1.4.2012 to 31.3.2013) | Attendance at last AGM on 29.9.2012 | No. of Directorships in other Companies |          | Memberships of the Committees of the Board of all the Companies* |        |
|--|---|-------------------|----------|---|-------------------------------------|---|----------|--|--------|
|  |   |                   |          |   |                                     | Chairman                                | Director | Chairman   | Member |
| Dr. S.S. Channy, IAS, Chairman (PSIDC Nominee)           | 31.3.2008   | 12.4.2012         | NE&NI    | N.A   | N.A                                 | N.A                                     | N.A      | N.A  | N.A    |
| Shri A.R. Talwar, IAS, Chairman (PSIDC Nominee)          | 12.4.2012   | 22.1.2013         | NE&NI    | 4   | No                                  | N.A                                     | N.A      | N.A  | N.A    |
| Shri Karan Avtar Singh, IAS, Chairman (PSIDC Nominee)    | 22.1.2013   | -                 | NE&NI    | 1   | N.A                                 | 1                                       | 4        | -  | -      |
| Shri S.S. Bains, IAS, Managing Director (PSIDC Nominee)  | - As Director: 29.11.2010<br>- As Managing Director: 30.11.2010 | 23.7.2012         | E&NI     | 1   | N.A                                 | N.A                                     | N.A      | N.A  | N.A    |
|  | - As Director: 5.8.2013<br>- As Managing Director: 7.8.2013     | -                 | E&NI     | N.A   | N.A                                 | -                                       | 2        | -  | 1      |
| Shri J.S. Kahlon, IRS, Managing Director (PSIDC Nominee) | - As Director: 23.7.2012<br>- As Managing Director: 27.7.2012   | 26.7.2013         | E&NI     | 6   | Yes                                 | N.A                                     | N.A      | N.A  | N.A    |
| Shri J.S. Saraon   | 30.11.1987  | -                 | NE&I     | 5   | Yes                                 | -                                       | -        | 1  | 1      |
| Shri D.C. Mehandru                                       | 26.6.2002   | -                 | NE&I     | 7   | Yes                                 | -                                       | 1        | 2  | 1      |
| Dr. A. K. Kundra, IAS (Retd.)                            | 13.12.2004  | -                 | NE&I     | 5   | No                                  | 1                                       | 2        | 2  | 1      |
| Shri J.S. Mann   | 12.8.2010   | -                 | NE&I     | 6   | Yes                                 | -                                       | 2        | -  | 1      |
| Shri Yogesh Goel (PSIDC Nominee)                         | 16.8.2010   | -                 | NE&NI    | 6   | Yes                                 | 4                                       | 4        | -  | 2      |
| Shri Ravi Kumar (IDBI Nominee)                           | 10.8.2011   | -                 | NE&I     | 2   | No                                  | -                                       | 2        | -  | 1      |
| Shri Gautam Meour (IFCI Nominee)                         | 13.2.2012   | -                 | NE&I     | 6   | No                                  | -                                       | 1        | -  | 1      |

\* Includes only Audit Committee and Shareholders/Investors Grievance Committee.

NE&NI – Non-Executive Non-Independent Director PSIDC – Punjab State Industrial Development Corporation Limited

NE&I – Non-Executive Independent Director (Promoter-holding 44.26% of the Subscribed Capital)

E&NI – Executive Non-Independent Director IDBI – IDBI Bank Limited (Lender)

IFCI – IFCI Limited (Lender)

Seven Board Meetings were held during the financial year 2012-13 as against the minimum requirement of four meetings in a year. The dates on which the Board Meetings were held are given below:

21<sup>st</sup> May, 2012, 27<sup>th</sup> July, 2012, 13<sup>th</sup> August, 2012, 29<sup>th</sup> September, 2012, 9<sup>th</sup> November, 2012, 20<sup>th</sup> December, 2012 and 12<sup>th</sup> February, 2013.

During the financial year 2012-13, the Company had paid Rs.25,000/- as Arbitrator's Fee to Dr. A.K. Kundra, IAS (Retd.), Director for an arbitration case. The Non-Executive Directors had no other pecuniary relationship or transactions with the Company in their personal capacity during the financial year 2012-13 other than receiving Sitting Fees and/or reimbursement of expenses, if any, incurred for attending the meetings of the Company.

The Board of Directors of the Company in its meeting held on 30<sup>th</sup> October, 2006 had approved a Code of Conduct for Directors and Senior Management Personnel of the Company with effect from 1<sup>st</sup> January, 2006. The same has also been placed on the Company's Website [www.punjabkalies.com](http://www.punjabkalies.com). All the Directors and Senior Management Personnel have affirmed compliance with the said Code during the financial year 2012-13 and the Chief Executive Officer's Declaration to this effect is annexed herewith.

# Punjab Alkalies & Chemicals Limited

## 3. Audit Committee

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

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 | Category | Attendance at Audit Committee meetings during 2012-13 (1.4.2012 to 31.3.2013) |
|---|-------------------------------|----------|---|
| Shri J.S. Saraon<br>(Chairman - From 28.7.2005;<br>Alternate Chairman –<br>From 28.1.2004 to 28.7.2005) | 16.5.2002                     | NE&I     | 3   |
| Shri D.C. Mehandru  | 26.6.2002                     | NE&I     | 5   |
| Shri J.S. Mann  | 25.9.2010                     | NE&I     | 5   |
| Shri Ravi Kumar<br>(IDBI Nominee)   | 12.8.2011                     | NE&I     | 2   |

NE&I - Non-Executive Independent Director

Five meetings of the Audit Committee were held during the financial year 2012-13. The dates on which the meetings of the Audit Committee were held are given below:

21<sup>st</sup> May, 2012, 13<sup>th</sup> August, 2012, 21<sup>st</sup> August, 2012, 9<sup>th</sup> November, 2012 and 12<sup>th</sup> February, 2013

## 4. Remuneration of Directors

The Company is having a Remuneration Committee of the Board of Directors of the Company to approve the remuneration of the Managing Director(s) and Whole-time Director(s) of the Company with the following Directors as its members:-

- Dr. A.K. Kundra, IAS (Retd.) (Chairman)
- Shri D.C. Mehandru
- Shri Gautam Meour

During the financial year 2012-13, no meeting of the Remuneration Committee was required to be held.

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, 1956.

The following are the details of the remuneration paid to the Managing Directors in the financial year 2012-13:-

- Shri S.S. Bains, IAS, Managing Director : Nil  
(Till 23<sup>rd</sup> July, 2012)
- Shri J.S. Kahlon, IRS, Managing Director : Nil  
(From 27<sup>th</sup> July, 2012 to 26<sup>th</sup> July, 2013)

The Non-Executive Directors are entitled to Sitting Fee decided by the Board of Directors in accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company. The Sitting Fee from 1<sup>st</sup> January, 2008 is (a) Rs.5,000/- per meeting of the Board of Directors attended and (b) Rs.2,000/- per meeting of the Committee of the Board of Directors attended.

Dr. A.K. Kundra, IAS (Retd.), Director was holding 600 Equity Shares of the Company as on 31<sup>st</sup> March, 2013. None of the other Directors, was holding any Equity Shares of the Company as on 31<sup>st</sup> March, 2013.

## 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:-

- Managing Director (Chairman)
- Shri J.S. Saraon
- Shri D.C. Mehandru

During the financial year 2012-13, twenty meetings of the Share Transfer Committee were held. During the financial year 2012-13, 69 requests for transfer of physical mode shares and 146 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, 2013.

The Share Transfers are normally processed within 15 days of receipt if the documents are found in order. The requests for dematerialisation are also processed within 15 days of receipt of physical share certificates if the documents are found in order.



## 6. Shareholders/Investors Grievance Committee

The Company is having a 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 J.S. Saraon - Non-Executive Independent Director
- iii. Managing Director - Executive Non-Independent Director

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

During the financial year 2012-13, four meetings of the Shareholders/Investors Grievance Committee were held.

During the financial year under review, the total number of complaints/queries received and replied to the satisfaction of shareholders were 25. Outstanding complaints/queries as on 31<sup>st</sup> March, 2013 were Nil. Complaints/correspondence are usually dealt with within 10-12 days of receipt.

## 7. General Body Meetings

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

| S. No. | AGM Particulars   | Venue   | Date                             | Time        | Details of Special Resolutions passed  |
|--------|---|---|----------------------------------|-------------|--|
| 1.     | 35 <sup>th</sup> AGM in respect of the financial year 2009-10 | National Institute of Technical Teachers' Training and Research Auditorium, NITTTR Complex, Sector 26, Chandigarh | 25 <sup>th</sup> September, 2010 | 10.30 hours | 1. Re-appointment of Auditors.<br>2. Consent and approval to the payment of an aggregate amount of Rs.25,000/- to Dr. A.K. Kundra, IAS (Retd.), Director as Arbitrator's Fee.<br>3. Consent and approval to the payment of an aggregate amount of Rs.37,500/- to Dr. S.S. Channy, IAS, Chairman and Director as Arbitrator's Fee.<br>4. Consent and approval to the payment of an aggregate amount of Rs.22,500/- to Shri A. R. Talwar, IAS, Former Chairman and Director as Arbitrator's Fee. |
| 2.     | 36 <sup>th</sup> AGM in respect of the financial year 2010-11 | National Institute of Technical Teachers' Training and Research Auditorium, NITTTR Complex, Sector 26, Chandigarh | 24 <sup>th</sup> September, 2011 | 10.30 hours | Re-appointment of Auditors.  |
| 3.     | 37 <sup>th</sup> AGM in respect of the financial year 2011-12 | National Institute of Technical Teachers' Training and Research Auditorium, NITTTR Complex, Sector 26, Chandigarh | 29 <sup>th</sup> September, 2012 | 10.30 hours | Re-appointment of Auditors.  |

b) No item of business, which required the members' approval through postal ballot, was transacted during the financial year 2012-13. It is not proposed to pass any Special Resolution through postal ballot in the ensuing Annual General Meeting of the Company.

## 8. Disclosures

- a) There are no materially significant related party transactions that may have potential conflict with the interests of the Company at large.
- b) There has been no non-compliance by the Company or penalties or strictures imposed on the Company by any of the Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.

## 9. Means of communication

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

The Management Discussion and Analysis Report for the financial year 2012-13 is a part of the Annual Report for the said financial year.



# Punjab Alkalies & Chemicals Limited

## 10. General Shareholders information

- a) Annual General Meeting : The 38<sup>th</sup> Annual General Meeting will be held on 28<sup>th</sup> September, 2013 at 10.30 hours in National Institute of Technical Teachers' Training and Research Auditorium, NITTTR Complex, Sector 26, Chandigarh.
- b) Financial Calendar : 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013
- c) Date of Book Closure : 14<sup>th</sup> September, 2013 to 28<sup>th</sup> September, 2013 (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 15 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, 2013, 87.10 % 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
- n) E-mail ID for Investors' Complaints/Queries : sharesqueries@punjabalkalies.com
- o) Market Price Data :  
High/Low during each month of 2012-13 (1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013) on the Bombay Stock Exchange Limited:

| Month           | High (Rs.) | Low (Rs.) | Month          | High (Rs.) | Low (Rs.) |
|-----------------|------------|-----------|----------------|------------|-----------|
| April, 2012     | 17.50      | 15.30     | October, 2012  | 33.60      | 23.00     |
| May, 2012       | 17.15      | 14.10     | November, 2012 | 28.00      | 23.30     |
| June, 2012      | 15.39      | 13.60     | December, 2012 | 32.50      | 25.00     |
| July, 2012      | 19.40      | 14.35     | January, 2013  | 30.50      | 24.10     |
| August, 2012    | 22.40      | 16.05     | February, 2013 | 27.45      | 21.00     |
| September, 2012 | 34.00      | 19.15     | March, 2013    | 25.00      | 17.30     |



p) Distribution of Shareholding as on 31<sup>st</sup> March, 2013 :

| Range of Shares | No. of Shareholders | % of Shareholders | No. of Shares held | % of Shareholding |
|-----------------|---------------------|-------------------|--------------------|-------------------|
| 1 - 500         | 22410               | 90.19             | 3335894            | 16.24             |
| 501 - 1000      | 1434                | 5.77              | 1170030            | 5.70              |
| 1001 - 2000     | 546                 | 2.20              | 858596             | 4.18              |
| 2001 - 3000     | 154                 | 0.62              | 400694             | 1.95              |
| 3001 - 4000     | 63                  | 0.25              | 226744             | 1.10              |
| 4001 - 5000     | 65                  | 0.26              | 307112             | 1.50              |
| 5001-10000      | 82                  | 0.33              | 656843             | 3.20              |
| 10001 & above   | 93                  | 0.38              | 13579637           | 66.13             |
| Total           | 24847               | 100.00            | 20535550           | 100.00            |

q) Categories of Shareholding as on 31<sup>st</sup> March, 2013 :

| 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      | 466                 | 487105             | 2.37              |
| Corporate Bodies    | 1110                | 3411800            | 16.61             |
| Indian Public       | 23248               | 7525545            | 36.65             |
| Total               | 24847               | 20535550           | 100.00            |

For and on behalf of the Board

Sd/-

(KARAN AVTAR SINGH)

Chairman

Place : Chandigarh  
Date : August 13, 2013

**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, 2013.

Place : Chandigarh  
Date : August 13, 2013

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

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

To the Members of Punjab Alkalies & Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by Punjab Alkalies & Chemicals Limited, for the financial year ended on 31<sup>st</sup> March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Limited.

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

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

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

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

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

Sd/-  
(GAURAV SOOD)

Partner  
Membership No. 507583

Place: Chandigarh  
Date : August 13, 2013

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

Sd/-  
(G.L. SEHGAL)

Partner  
Membership No. 82201

# 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 31st March, 2013, and the Profit and Loss Account 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 Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

### Opinion:

6. In our opinion and to the best of our information and according to the explanations given to us, the 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 31st March, 2013;
  - (b) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
  - (c) In the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

### Report on Other Legal and Regulatory Requirements:

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;



- (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of these books;
- (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
- (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 31st March, 2013 from being appointed as a Director in terms of clause(g) of sub-section (1) of Section 274 of the Act;
- (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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 28, 2013

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Statement referred to in Paragraph (7) of our Report of even date to the Shareholders of PUNJAB ALKALIES & CHEMICALS LIMITED on the accounts for the year ended 31st March, 2013.

We report that

- (i) a) The Company is maintaining proper records to show full particulars including the quantitative details of Fixed Assets.  
b) As explained to us, the management has physically verified the major fixed assets of the Company in a phased manner, designed to cover all assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.  
c) As per the information and explanations given to us no substantial part of the fixed assets have been disposed off during the year, which affect the ability of the Company to continue as a going concern.
- (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.
- (iii) The Company has not taken or granted any loans, secured or unsecured from Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of Inventories, Fixed Assets and for the Sale of goods.

## Punjab Alkalies & Chemicals Limited

- (v) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any transactions, which are required to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
- (vi) As per the information and explanations given to us, the Company has not accepted the public deposits within the meaning of Section 58A and accordingly the directives issued by the Reserve Bank of India and provisions of Section 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable.
- (vii) In our opinion, the Company has an adequate Internal Audit System, commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account as required to be maintained by the Company under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and the records have been made and maintained. However, we are not required to and have not carried out detailed examination of such accounts and records with a view to determining whether they are accurate or complete.
- (ix) a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty and Cess with the appropriate authorities during the year. 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) Disputed Excise Duty/Service Tax amounting to Rs. 173.82 Lacs has not been deposited, out of which Rs.7.08 Lacs, Rs.3.82 Lacs, Rs.6.37 Lacs and Rs.156.55 Lacs pertains to years 1994-95, 1995-96, 1996-97 and 2004-05 to 2012-13, respectively, since the matters are pending with the Excise Appellate Authorities.
- (x) The Company has accumulated losses of Rs. 3682.05 Lacs as on 31st March, 2013 and has not incurred cash losses during the current and preceding financial year.
- (xi) In view of the approval by the CDR Empowered Group of the Company's Proposal for One Time Settlement (Refer to Note No. 4.3 on the Financial Statements) and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions and Banks.
- (xii) The Company has not granted any loans and advances on the basis of the security by way of pledge of Shares, Debentures and other Securities.
- (xv) According to the information and explanations given to us the Company has not given any guarantee for loans taken from Banks and Financial Institutions by any other Company.
- (xvi) The Company has not received any Term Loans and has not issued any Debentures during the year.
- (xvii) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima-facie, not been used during the year for long term investment and vice-versa, other than temporary deployment pending application.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.
- (xxii) In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year are such that clauses xiii, xiv, xviii, xix and xx of CARO are not applicable to the Company.

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 28, 2013



# BALANCE SHEET as at 31st March, 2013

(Rs. in Lacs)

| Particulars  | Note No. | As at 31.3.2013        | As at 31.3.2012        |
|--|----------|------------------------|------------------------|
| <b>EQUITY AND LIABILITIES</b>                              |          |                        |                        |
| <b>Shareholders' Funds:</b>                                |          |                        |                        |
| Share Capital  | 2        | 2049.96                | 2049.96                |
| Reserves and Surplus                                       | 3        | <u>8272.69</u>         | <u>8399.12</u>         |
|  |          | <b>10322.65</b>        | <b>10449.08</b>        |
| <b>Share Application Money Pending Allotment</b>           |          | <b>0.04</b>            | <b>0.04</b>            |
| <b>Non Current Liabilities</b>                             |          |                        |                        |
| Long Term Borrowings                                       | 4        | 4846.45                | 7551.62                |
| Long Term Provisions                                       | 5        | <u>970.84</u>          | <u>737.71</u>          |
|  |          | <b>5817.29</b>         | <b>8289.33</b>         |
| <b>Current Liabilities</b>                                 |          |                        |                        |
| Short Term Borrowings                                      | 6        | 115.21                 | 220.80                 |
| Trade Payables   | 7        | 1980.38                | 1617.37                |
| Other Current Liabilities                                  | 8        | 2619.64                | 1951.51                |
| Short Term Provisions                                      | 9        | <u>22.82</u>           | <u>21.42</u>           |
| <b>Total</b>   |          | <b><u>4738.05</u></b>  | <b><u>3811.10</u></b>  |
| <b>ASSETS</b>  |          | <b><u>20878.03</u></b> | <b><u>22549.55</u></b> |
| <b>Non Current Assets</b>                                  |          |                        |                        |
| Fixed Assets   |          |                        |                        |
| Tangible Assets  | 10       | 14180.64               | 15212.27               |
| Capital Work in Progress                                   | 11       | <u>171.50</u>          | <u>78.67</u>           |
|  |          | <b>14352.14</b>        | <b>15290.94</b>        |
| Deferred Tax Assets (Net)                                  | 12       | 1028.96                | 1157.08                |
| Long Term Loans & Advances                                 | 13       | 219.77                 | 231.05                 |
| Other Non Current Assets                                   | 14       | <u>512.05</u>          | <u>428.42</u>          |
|  |          | <b>16112.92</b>        | <b>17107.49</b>        |
| <b>Current Assets</b>                                      |          |                        |                        |
| Inventories  | 15       | 1250.33                | 878.70                 |
| Trade Receivables  | 16       | 1446.65                | 2984.19                |
| Cash and Cash Equivalents                                  | 17       | 676.60                 | 440.05                 |
| Short Term Loans & Advances                                | 18       | 186.30                 | 230.72                 |
| Other Current Assets                                       | 19       | <u>1205.23</u>         | <u>908.40</u>          |
|  |          | <b>4765.11</b>         | <b>5442.06</b>         |
| <b>Total</b>   |          | <b><u>20878.03</u></b> | <b><u>22549.55</u></b> |
| Significant Accounting Policies                            | 1        |                        |                        |
| Notes forming an integral part of the Financial Statements | 1 to 41  |                        |                        |

|  |   |   |  |
|--|---|---|--|
| Sd/-<br>(AJAY PAL SINGH)<br>General Manager<br>(Finance)                             | Sd/-<br>(PRADEEP NAUHARIA)<br>Company Secretary &<br>Sr. General Manager<br>(Co. Affairs) | Sd/-<br>(J.S. SARAON)<br>Director   | Sd/-<br>(JIVANDEEP SINGH KAHLOON)<br>Managing Director |
| As per our separate report of even date  |   |   |  |
| For A.K. SOOD & ASSOCIATES<br>Chartered Accountants<br>Firm Registration No. 000072N |   | For S.TANDON & ASSOCIATES<br>Chartered Accountants<br>Firm Registration No. 006388N |  |
| Sd/-<br>(GAURAV SOOD)<br>Partner<br>Membership No. 507583                            |   | Sd/-<br>(H.S. KHURANA)<br>Partner<br>Membership No. 86331                           |  |
| Place: Chandigarh<br>Date: May 28, 2013  |   |   |  |

Punjab Alkalies & Chemicals Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2013

(Rs. in Lacs)

| Particulars  | Note No. | 2012-13         | 2011-12         |
|--|----------|-----------------|-----------------|
| <b>INCOME</b>  |          |                 |                 |
| Revenue from Operations                                    | 21       | 28559.29        | 23618.45        |
| Other Income   | 21       | 457.52          | 286.13          |
| <b>Total Revenue</b>                                       |          | <b>29016.81</b> | <b>23904.58</b> |
| <b>EXPENDITURE</b>   |          |                 |                 |
| Cost of Material Consumed                                  | 22       | 5012.82         | 4135.00         |
| Purchases of Stock-in-Trade                                | 23       | -               | 15.10           |
| Changes in Inventories of Finished Goods,                  | 24       |                 |                 |
| Work in progress and stock in Trade                        |          | (92.98)         | (16.83)         |
| Manufacturing Expenses                                     | 25       | 17792.74        | 13784.80        |
| Employees benefits expense                                 | 26       | 2479.30         | 1823.87         |
| Finance Costs  | 27       | 775.00          | 1076.07         |
| Administration Expenses                                    | 28       | 565.37          | 503.12          |
| Selling Expenses   | 29       | 767.63          | 654.51          |
| Depreciation and Amortisation Expense                      | 10 & 14  | 1299.02         | 1280.22         |
| <b>Total Expenses</b>                                      |          | <b>28598.90</b> | <b>23255.86</b> |
| <b>Profit for the year</b>                                 |          | <b>417.91</b>   | <b>648.72</b>   |
| Prior period adjustments                                   |          | 8.37            | (4.80)          |
| <b>Profit before Tax</b>                                   |          | <b>409.54</b>   | <b>653.52</b>   |
| <b>Tax Expenses</b>  |          |                 |                 |
| Current Tax  |          | -               | -               |
| Deferred Tax   |          | 128.12          | 214.79          |
| <b>Profit for the year after Tax</b>                       |          | <b>281.42</b>   | <b>438.73</b>   |
| <b>Earnings per Equity Share of Rs.10/- each:</b>          |          |                 |                 |
| Basic (in Rs.)   |          | 1.37            | 2.14            |
| Diluted (in Rs.)   |          | 1.37            | 0.61            |
| Significant Accounting Policies                            | 1        |                 |                 |
| Notes forming an integral part of the Financial Statements | 1 to 41  |                 |                 |

|  |   |   |  |
|--|---|---|--|
| Sd/-<br>(AJAY PAL SINGH)<br>General Manager<br>(Finance)                             | Sd/-<br>(PRADEEP NAUHARIA)<br>Company Secretary &<br>Sr. General Manager<br>(Co. Affairs) | Sd/-<br>(J.S. SARAON)<br>Director   | Sd/-<br>(JIVANDEEP SINGH KAHLOON)<br>Managing Director |
| As per our separate report of even date  |   |   |  |
| For A.K. SOOD & ASSOCIATES<br>Chartered Accountants<br>Firm Registration No. 000072N |   | For S.TANDON & ASSOCIATES<br>Chartered Accountants<br>Firm Registration No. 006388N |  |
| Sd/-<br>(GAURAV SOOD)<br>Partner<br>Membership No. 507583                            |   | Sd/-<br>(H.S. KHURANA)<br>Partner<br>Membership No. 86331                           |  |
| Place: Chandigarh<br>Date: May 28, 2013  |   |   |  |





# CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

(Rs. in lacs)

| Particulars  | 2012-13          | 2011-12          |
|--|------------------|------------------|
| <b>A) Cash Flow From Operating Activities:</b>         |                  |                  |
| Net Profit before tax                                  | 409.54           | 653.52           |
| Adjustments for:                                       |                  |                  |
| Depreciation etc.                                      | 1075.73          | 1064.95          |
| Previous year adjustment-Depreciation                  | (0.11)           | (0.25)           |
| Miscellaneous Expenses Written Off                     | 223.29           | 215.27           |
| Interest received                                      | (117.60)         | (22.34)          |
| Investment Incentive Written back                      | (2.98)           | (2.98)           |
| Interest/Dividend                                      | 732.81           | 990.42           |
| Gain or (loss) on Fixed Assets                         | (23.02)          | 11.48            |
| Operating Profit Before Working Capital Changes        | 2297.66          | 2910.07          |
| Adjustments for:                                       |                  |                  |
| Trade and other receivables                            | 1308.69          | (725.74)         |
| Inventories  | (371.63)         | (118.05)         |
| Trade Payable  | 1403.89          | 525.11           |
| Cash Generated From Operations                         | 4638.61          | 2591.39          |
| Direct Taxes Paid                                      | (12.28)          | (2.31)           |
| Cash Flow Before Extraordinary Items                   | 4626.33          | 2589.08          |
| Extraordinary Items                                    | -                | -                |
| <b>Net Cash From Operating Activities</b>              | <b>4626.33</b>   | <b>2589.08</b>   |
| <b>B) Cash Flow From Investing Activities:</b>         |                  |                  |
| Purchase of Fixed Assets                               | (339.90)         | (104.91)         |
| Sale/Adjustment of Fixed Assets                        | 26.78            | 16.37            |
| Work in progress                                       | (205.55)         | (101.27)         |
| Purchase of Membranes and Recoating of Pans            | (306.92)         | (46.09)          |
| Interest Received                                      | 117.60           | 22.34            |
| <b>Net Cash Used in Investing Activities</b>           | <b>(707.99)</b>  | <b>(213.56)</b>  |
| <b>C) Cash Flow From Financing Activities:</b>         |                  |                  |
| Proceeds From Issue of Share Capital (call in arrears) | -                | -                |
| Proceeds From share premium account (call in arrears)  | -                | -                |
| Proceeds From Short Term Borrowings (Working Capital)  | (185.87)         | (805.63)         |
| Repayment to Fls & Banks                               | (2705.17)        | (274.97)         |
| Interest Paid  | (790.75)         | (1027.63)        |
| <b>Net Cash Used in Financing Activities</b>           | <b>(3681.79)</b> | <b>(2108.23)</b> |
| Net Increase in Cash And Cash Equivalents              | 236.55           | 267.29           |
| Cash And Cash Equivalents- Opening Balance             | 440.05           | 172.76           |
| Cash And Cash Equivalents-Closing Balance              | 676.60           | 440.05           |

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

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

Sd/-  
(J.S. SARAON)  
Director

Sd/-  
(JIVANDEEP SINGH KAHLOON)  
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 28, 2013



# Punjab Alkalies & Chemicals Limited

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## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

### Note No.1

#### Significant Accounting Policies

**(a) Accounting Convention**

These accounts are prepared under the historical cost convention and on the basis of going concern. 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 Account.

**(c) Depreciation**

Depreciation on Fixed Assets has been provided in the accounts on 'Straight Line Method' as per Schedule XIV to the Companies Act, 1956. 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 account 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 Account.
- 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 Account 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 losses during the financial years 2009-10 and 2010-11, the Company has not recognised the Deferred Tax Assets in respect of the loss during the financial year 2010-11.

- (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<br>31.3.2013 | As at<br>31.3.2012 |
|---|--------------------|--------------------|
| <b>Authorised</b>   |                    |                    |
| 400,00,000 Equity Shares of Rs. 10/- each<br>(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<br>(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<br>(Previous year 205,35,550 Equity Shares) | 2053.56            | 2053.56            |
| Less: Allotment Money unpaid  | <u>3.60</u>        | <u>3.60</u>        |
|   | <u>2049.96</u>     | <u>2049.96</u>     |

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

| Name of Shareholder  | As at 31.3.2013       |       | As at 31.3.2012       |       |
|--|-----------------------|-------|-----------------------|-------|
|  | No. of<br>shares held | % age | No. of<br>shares held | % age |
| Punjab State Industrial Development Corporation Limited (Promoter) | 9090000               | 44.26 | 9090000               | 44.26 |

## Note No. 3

### RESERVES AND SURPLUS

(Rs. in Lacs)

| Particulars   | As at<br>31.3.2013 | As at<br>31.3.2012 |
|---|--------------------|--------------------|
| <b>Capital Reserve</b>                              |                    |                    |
| Land Subsidy  | 5.49               | 5.49               |
| Shares Forfeited Reserve Account                    | 7.03               | 7.03               |
| Revaluation Reserve                                 |                    |                    |
| As per last balance sheet                           | 8748.14            | 9186.88            |
| Less: Adjusted in respect of Assets sold/ discarded | 8.62               | 38.18              |
| Less: Depreciation (Net of adjustment)              | <u>396.25</u>      | <u>400.56</u>      |
|   | 8343.27            | 8748.14            |
| <b>Share Premium</b>                                |                    |                    |
| As per last Balance Sheet                           | 3587.75            | 3587.75            |
| <b>Investment Incentive</b>                         |                    |                    |
| As per last Balance Sheet                           | 14.18              | 17.16              |
| Less: Written back during the period                | <u>2.98</u>        | <u>2.98</u>        |
|   | 11.20              | 14.18              |
| <b>Profit and Loss Account</b>                      |                    |                    |
| As per last Balance Sheet                           | (3963.47)          | (4402.20)          |
| Add: Transferred from Profit and Loss Account       | <u>281.42</u>      | <u>438.73</u>      |
|   | (3682.05)          | (3963.47)          |
|   | <u>8272.69</u>     | <u>8399.12</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, in the proportion in which the depreciation on these assets is charged.



**Note No. 4**

**LONG TERM BORROWINGS**

| Particulars   | (Rs. in Lacs)      |                    |
|---|--------------------|--------------------|
|   | As at<br>31.3.2013 | As at<br>31.3.2012 |
| <b>Debentures</b>   |                    |                    |
| Secured Redeemable Non-Convertible Debentures of Rs. 100/- each   |                    |                    |
| 74, 286 (Previous year 1,14,280) 0% Debentures (4th Series) -<br>(10% Redeemable on 30.9.2014 and balance on 1.4.2015 as per<br>One Time Settlement approved by CDR Empowered Group)  | <b>74.28</b>       | 114.28             |
| 1,11,429 (Previous year 1,71,430) 0% Debentures (5th Series) -<br>(10% Redeemable on 30.9.2014 and balance on 1.4.2015 as per<br>One Time Settlement approved by CDR Empowered Group) | <b>111.43</b>      | 171.43             |
| <b>Terms Loans (Secured)</b>  |                    |                    |
| <b>(a) From Scheduled Banks</b>   |                    |                    |
| Punjab National Bank  | <b>278.39</b>      | 428.30             |
| Punjab & Sind Bank  | <b>198.20</b>      | 396.40             |
| Funded Interest Term Loans  | <b>26.84</b>       | 45.34              |
| <b>(b) From Other Banks and Institutions</b>  |                    |                    |
| Industrial Development Bank of India (IDBI)<br>(Now IDBI Bank Limited)  | <b>3123.37</b>     | 4805.19            |
| Industrial Finance Corporation of India Limited (IFCI)<br>(Now IFCI Limited)  | <b>542.40</b>      | 834.46             |
| Life Insurance Corporation of India (LIC)   | <b>145.63</b>      | 224.05             |
| Funded Interest Term Loans  | <b>345.91</b>      | 532.17             |
|   | <b>4846.45</b>     | 7551.62            |

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

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- 4.4 The Company has accounted for interest as per the modifications approved by CDR Empowered Group in June, 2012 in the Revised Restructuring Package @ 13.0% p.a. from 1st April, 2012 to 30th June, 2012 and @ 13.25% p.a. from 1st July, 2012 in case of IDBI Bank Limited, @ 13.0% p.a. from 1st April, 2012 to 30th September, 2012 and @ 13.25% p.a. from 1st October, 2012 in case of IFCI Limited and Life Insurance Corporation of India, @ 12.5% p.a. from 1st April, 2012 in case of Punjab National Bank and @ 10.75% p.a. from 1st April, 2012 in case of Punjab & Sind Bank and as per the said O.T.S. Accordingly, the Company has not accounted for interest on the balance 65% of O.T.S. Amount from the date of payment of first tranche i.e. 29th December, 2012.
- 4.5 As per the terms of the O.T.S., the Company is required to create a Reserve of 40% of the outstanding O.T.S. Amount by 30th September, 2014 with a grace period of 2 months failing which lenders shall charge interest at the rate of interest existing prior to the O.T.S. retrospectively with effect from the cut off date.

### Note No. 5

#### LONG TERM PROVISIONS

(Rs. in Lacs)

| Particulars                            | As at<br>31.3.2013 | As at<br>31.3.2012 |
|--|--------------------|--------------------|
| <b>Provision for Employee Benefits</b> |                    |                    |
| Gratuity                               | 442.40             | 288.51             |
| Leave Encashment                       | 528.44             | 449.20             |
| <b>Other</b>                           |                    |                    |
| Taxation                               | -                  | -                  |
|  | <u>970.84</u>      | <u>737.71</u>      |

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



**Note No. 6**

**SHORT TERM BORROWINGS**

(Rs. in Lacs)

| Particulars                                 | As at<br>31.3.2013 | As at<br>31.3.2012 |
|---|--------------------|--------------------|
| <b>Working Capital Loans (Secured)</b>      |                    |                    |
| Punjab & Sind Bank                          | -                  | 68.52              |
| Punjab National Bank                        | -                  | 117.35             |
|   | -                  | <u>185.87</u>      |
| <b>Other Loans and Advances (Unsecured)</b> |                    |                    |
| Advances from Customers                     | <u>115.21</u>      | <u>34.93</u>       |
|   | <u>115.21</u>      | <u>220.80</u>      |

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<br>31.3.2013 | As at<br>31.3.2012 |
|-----------------------|--------------------|--------------------|
| <b>Creditors</b>      |                    |                    |
| Against Capital Goods | <u>91.74</u>       | <u>22.48</u>       |
| Others                | <u>1888.64</u>     | <u>1594.89</u>     |
|                       | <u>1980.38</u>     | <u>1617.37</u>     |

**Note No. 8**

**OTHER CURRENT LIABILITIES**

(Rs. in Lacs)

| Particulars                           | As at<br>31.3.2013 | As at<br>31.3.2012 |
|---------------------------------------|--------------------|--------------------|
| <b>Other Liabilities</b>              |                    |                    |
| Statutory Liabilities                 | <u>155.50</u>      | <u>133.01</u>      |
| Excess money remitted by shareholders | <u>0.12</u>        | <u>0.12</u>        |
| Others                                | <u>2318.78</u>     | <u>1615.20</u>     |
| Interest accrued but not due          | <u>145.24</u>      | <u>203.18</u>      |
|                                       | <u>2619.64</u>     | <u>1951.51</u>     |

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### Note No. 9

#### SHORT TERM PROVISIONS

|  | (Rs. in Lacs)      |                    |
|--|--------------------|--------------------|
| Particulars                            | As at<br>31.3.2013 | As at<br>31.3.2012 |
| <b>Provision for Employee Benefits</b> |                    |                    |
| Gratuity                               | 12.63              | 10.52              |
| Leave Encashment                       | 9.18               | 9.51               |
| Bonus                                  | 1.01               | 1.39               |
| <b>Other</b>                           |                    |                    |
| Taxation                               | -                  | -                  |
|  | <u>22.82</u>       | <u>21.42</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 Account as income or expense.



**Note No. 10**

**TANGIBLE**

| Nature of Fixed Assets                 | GROSS BLOCK (At Cost) |                         |               |                       |                    |
|--|-----------------------|-------------------------|---------------|-----------------------|--------------------|
|  | As at<br>1.4.2012     | Adjustments<br>from WIP | Additions     | Sales/<br>Adjustments | As at<br>31.3.2013 |
| Land & Site Development                | 3095.11               | -                       | -             | -                     | 3095.11            |
| Buildings                              | 3551.09               | 1.24                    | -             | -                     | 3552.33            |
| Plant & Machinery                      | 27708.11              | 111.48                  | 320.01        | 42.27                 | 28097.33           |
| Railway Siding                         | 147.01                | -                       | -             | -                     | 147.01             |
| Furniture, Fixtures & Office Equipment | 222.06                | -                       | 19.69         | 0.56                  | 241.19             |
| Vehicles                               | 171.45                | -                       | 0.20          | 3.90                  | 167.75             |
| <b>Total</b>                           | <b>34894.83</b>       | <b>112.72</b>           | <b>339.90</b> | <b>46.73</b>          | <b>35300.72</b>    |
| Previous year                          | 34866.78              | 121.30                  | 104.91        | 198.16                | 34894.83           |

- 10.1 Depreciation for the year 2012-13 includes Rs.396.25 lacs (Previous year Rs.400.56 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 Account.
- 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 Account.
- 10.3 Depreciation on Fixed Assets has been provided in the accounts on 'Straight Line Method' as per Schedule XIV to the Companies Act, 1956. 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 31st 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 27th 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 31st 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 29th 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 31st 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 29th 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<br>1.4.2012 | Additions /<br>Adjustments | Transfer to<br>Fixed Assets | Cost as at<br>31.3.2013 |
|-------------------|------------------------|----------------------------|-----------------------------|-------------------------|
| Buildings         | 2.79                   | 1.24                       | 1.24                        | 2.79                    |
| Plant & Machinery | 75.88                  | 204.31                     | 111.48                      | 168.71                  |
| <b>Total</b>      | <b>78.67</b>           | <b>205.55</b>              | <b>112.72</b>               | <b>171.50</b>           |
| Previous year     | 98.70                  | 101.27                     | 121.30                      | 78.67                   |



## Punjab Alkalies & Chemicals Limited

| <b>ASSETS</b>       |             |             |                   | (Rs. in Lacs)      |                    |
|---------------------|-------------|-------------|-------------------|--------------------|--------------------|
| <b>DEPRECIATION</b> |             |             |                   | <b>NET BLOCK</b>   |                    |
| Upto<br>31.3.2012   | For 2012-13 | Adjustments | Upto<br>31.3.2013 | As at<br>31.3.2013 | As at<br>31.3.2012 |
| -                   | -           | -           | -                 | 3095.11            | 3095.11            |
| 1461.90             | 100.40      | -           | 1562.30           | 1990.03            | 2089.19            |
| 17894.89            | 1352.63     | 33.93       | 19213.59          | 8883.74            | 9813.22            |
| 50.24               | 5.31        | -           | 55.55             | 91.46              | 96.77              |
| 180.30              | 6.69        | 0.27        | 186.72            | 54.47              | 41.76              |
| 95.23               | 9.84        | 3.15        | 101.92            | 65.83              | 76.22              |
| 19682.56            | 1474.87     | 37.35       | 21120.08          | 14180.64           | 15212.27           |
| 18349.43            | 1465.76     | 132.63      | 19682.56          | 15212.27           | 16517.35           |



## Note No. 12

### DEFERRED TAX ASSETS

(Rs. in Lacs)

| Particulars   | As at<br>31.3.2013 | As at<br>31.3.2012 |
|---|--------------------|--------------------|
| Opening Balance                                     | 1157.08            | 1371.87            |
| Less Deferred Tax Liabilities (net) during the year | 128.12             | 214.79             |
| Balance   | <u>1028.96</u>     | <u>1157.08</u>     |

12.1 The provision for deferred tax has been accounted for in accordance with the requirements of Accounting Standard 22 issued by The Institute of Chartered Accountants of India.

12.2 The major elements of Deferred Tax Liabilities and Assets are given below

| Particulars  | As at 31st March, 2013<br>Deferred Tax<br>Assets | Deferred Tax<br>Liabilities |
|--|--|-----------------------------|
| <b>Timing difference relating to the Financial Year 2012-13</b>  |  |                             |
| - Difference between book depreciation and tax depreciation  | 213.25   |                             |
| - Provision for leave encashment debited to Profit and Loss Account  | 25.60  |                             |
| - Provision for doubtful debts debited to Profit and Loss Account  | 22.21  |                             |
| - Difference between provision for gratuity debited to Profit and Loss Account and paid during the year before filing the tax return                                 | 58.73  |                             |
| - Interest / Bonus (Accounted for in the previous year as per Sec 43B in Books of Accounts but allowed in Assessment Year 2012-13 on payment basis for tax purposes) |  | 20.62                       |
| - Computed Profits   |  | 427.29                      |
| <b>Total</b>   | <u>319.79</u>                                    | <u>447.91</u>               |
| <b>Net Deferred Tax Liabilities</b>  |  | <u>128.12</u>               |

## Note No. 13

### LONG TERM LOANS AND ADVANCES

(Rs. in Lacs)

| Particulars   | As at<br>31.3.2013 | As at<br>31.3.2012 |
|---|--------------------|--------------------|
| <b>Long Term Loans and Advances<br/>(Unsecured, Considered Goods unless otherwise stated)</b> |                    |                    |
| Security Deposits   | 219.77             | 231.05             |
|   | <u>219.77</u>      | <u>231.05</u>      |

## Note No. 14

### OTHER NON CURRENT ASSETS

(Rs. in Lacs)

| Particulars                     | As at<br>31.3.2013 | As at<br>31.3.2012 |
|---------------------------------|--------------------|--------------------|
| Deferred Expenditure:           |                    |                    |
| As per last balance sheet       | 428.42             | 597.60             |
| Addition during the year        | 306.92             | 46.09              |
|                                 | <u>735.34</u>      | <u>643.69</u>      |
| Less: Amortised during the year | 223.29             | 215.27             |
| Closing Balance                 | <u>512.05</u>      | <u>428.42</u>      |
|                                 | <u>512.05</u>      | <u>428.42</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.

# Punjab Alkalies & Chemicals Limited

## Note No. 15

### INVENTORIES

(Rs. in Lacs)

| Particulars          | As at<br>31.3.2013 | As at<br>31.3.2012 |
|----------------------|--------------------|--------------------|
| Raw Materials        | 318.31             | 163.18             |
| Work in progress     | 22.77              | 21.14              |
| Finished goods       | 187.37             | 96.02              |
| Materials in transit | 1.89               | 34.88              |
| Stores & Spares      | 687.72             | 531.02             |
| Building Materials   | 32.27              | 32.46              |
|                      | <u>1250.33</u>     | <u>878.70</u>      |

## Note No. 16

### TRADE RECEIVABLES

(Rs. in Lacs)

| Particulars  | As at<br>31.3.2013 | As at<br>31.3.2012 |
|--|--------------------|--------------------|
| Considered Goods except where provided for:            |                    |                    |
| Debt over six months (unsecured)                       | 705.95             | 753.02             |
| Other Debts (secured to the extent of Rs. 312.47 lacs) | 1125.99            | 2575.98            |
|  | <u>1831.94</u>     | <u>3329.00</u>     |
| Less: Provision for doubtful debts                     | 385.29             | 344.81             |
|  | <u>1446.65</u>     | <u>2984.19</u>     |

## Note No. 17

### CASH AND CASH EQUIVALENTS

(Rs. in Lacs)

| Particulars   | As at<br>31.3.2013 | As at<br>31.3.2012 |
|---|--------------------|--------------------|
| Cash in hand  | 2.83               | 2.97               |
| Cheques in hand   | 368.88             | 422.97             |
| Balance with Scheduled Banks  |                    |                    |
| Current Account   | 3.10               | 0.96               |
| Cash Credit Account   | 17.39              | -                  |
| Fixed Deposits (Including margin money for Letters of Credit and bank Guarantees) | 284.40             | 13.15              |
|   | <u>304.89</u>      | <u>14.11</u>       |
|   | <u>676.60</u>      | <u>440.05</u>      |

## Note No. 18

### SHORT TERM LOANS AND ADVANCES

(Rs. in Lacs)

| Particulars   | As at<br>31.3.2013 | As at<br>31.3.2012 |
|---|--------------------|--------------------|
| Unsecured, Considered goods unless otherwise stated |                    |                    |
| Suppliers/Service Providers                         | 545.27             | 561.77             |
| Less: Provision for doubtful debts (Others)         | <u>365.31</u>      | <u>337.33</u>      |
|   | 179.96             | 224.44             |
| Staff Advances                                      | 6.34               | 6.28               |
|   | <u>186.30</u>      | <u>230.72</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. 347.89 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. 27.97 lacs (previous year Rs. 25.19 lacs) has been provided as doubtful debt during the current year.


**Note No. 19**
**OTHER CURRENT ASSETS**

(Rs. in Lacs)

| Particulars                      | As at<br>31.3.2013 | As at<br>31.3.2012 |
|----------------------------------|--------------------|--------------------|
| Balance with Central Excise      | 4.85               | 5.90               |
| Pre paid expenses                | 25.77              | 24.48              |
| Amount recoverable               | 406.46             | 304.80             |
| Amount recoverable excise        | 9.66               | 1.93               |
| Income Tax recoverable           | 22.20              | 22.93              |
| Claim recoverable                | 16.84              | 6.76               |
| Power subsidy                    | 0.26               | 0.26               |
| Service tax claimable            | 637.95             | 511.30             |
| Cenvat claimable succeeding year | 60.72              | 19.62              |
| Membrane modvat recoverable      | 0.17               | 0.04               |
| Income tax claimable             | 12.28              | 2.31               |
| Advance against water charges    | 8.07               | 8.07               |
|                                  | <u>1205.23</u>     | <u>908.40</u>      |

**Note No. 20**
**CONTINGENT LIABILITIES AND COMMITMENTS**

(Rs. in Lacs)

| Particulars  | As at<br>31.3.2013             | As at<br>31.3.2012         |
|--|--------------------------------|----------------------------|
| a) Letters of Credit Outstanding   | US \$ 209772.95<br>(Rs.113.80) | US \$ 3650.00<br>(Rs.2.17) |
| b) Bank Guarantees given by Company  | 126.70                         | 126.74                     |
| c) Excise/Service Tax Demand/claims under appeal (Including Rs. 9.66 lacs (Previous year Rs.1.93 lacs) deposited under protest)  | 183.48                         | 110.73                     |
| d) Interest/Differential Interest (As per OTS approved by CDR EG)  | 165.21                         | 5986.22                    |
| e) House Tax on Industrial Building for the period 1.10.2010 to 31.3.2013 for which Civil Writ Petition has been filed in Punjab & Haryana High Court challenging the Assessment and Demand. | 99.84                          | -                          |
| f) Estimated amounts of contracts remaining to be executed on capital account and not provided for   | 604.92                         | 708.49                     |

**Note No. 21**
**REVENUE**

(Rs. in Lacs)

| Particulars                       | 2012-13         | 2011-12         |
|-----------------------------------|-----------------|-----------------|
| Revenue from sale of goods        | 32239.68        | 26147.89        |
| Revenue from trading of goods     | -               | 15.08           |
|                                   | <u>32239.68</u> | <u>26162.97</u> |
| Less: Excise Duty                 | 3680.39         | 2544.52         |
|                                   | <u>28559.29</u> | <u>23618.45</u> |
| Other Income:                     |                 |                 |
| Interest received                 | 117.60          | 22.34           |
| Scrap Sales                       | 140.91          | 140.86          |
| Misc. Income                      | 124.96          | 67.63           |
| Investment Incentive written back | 2.98            | 2.98            |
| Excess Provision written back     | 47.89           | 44.49           |
| Profit on sale of fixed assets    | 23.18           | 7.83            |
|                                   | <u>457.52</u>   | <u>286.13</u>   |

# Punjab Alkalies & Chemicals Limited

## Note No. 22

### COST OF MATERIALS CONSUMED

(Rs. in Lacs)

| Particulars      | 2012-13        | 2011-12        |
|------------------|----------------|----------------|
| Salt             | 4520.60        | 3710.78        |
| Soda Ash         | 52.34          | 58.99          |
| Barium Carbonate | 252.74         | 200.47         |
| Hydrated Lime    | 0.17           | 0.16           |
| Sulphuric Acid   | 121.73         | 105.85         |
| Others           | 65.24          | 58.75          |
|                  | <u>5012.82</u> | <u>4135.00</u> |

## Note No. 23

### PURCHASE OF TRADING ITEMS

(Rs. in Lacs)

| Item                | Unit of Qty. | 2012-13 Qty. | 2012-13 Value (Rs.) | 2011-12 Qty. | 2011-12 Value (Rs.) |
|---------------------|--------------|--------------|---------------------|--------------|---------------------|
| Caustic Soda Flakes | MT           | -            | -                   | 52           | 15.10               |
| Total               |              |              | -                   |              | 15.10               |

## Note No. 24

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

(Rs. in Lacs)

| Particulars                 | 2012-13       | 2011-12       |
|-----------------------------|---------------|---------------|
| <b>Closing Stocks</b>       |               |               |
| Finished Goods              | 187.37        | 96.02         |
| Stock in Process            | 22.77         | 21.14         |
|                             | <u>210.14</u> | <u>117.16</u> |
| <b>Less: Opening Stocks</b> |               |               |
| Finished Goods              | 96.02         | 81.11         |
| Stock in Process            | 21.14         | 19.22         |
|                             | <u>117.16</u> | <u>100.33</u> |
| <b>Increase in Stock</b>    | <u>92.98</u>  | <u>16.83</u>  |

## Note No. 25

### MANUFACTURING EXPENSES

(Rs. in Lacs)

| Particulars              | 2012-13         | 2011-12         |
|--------------------------|-----------------|-----------------|
| Power, Fuel & Utilities  | 17476.64        | 13479.68        |
| Stores & Spares consumed | 316.08          | 305.09          |
| Packing Material         | 0.02            | 0.03            |
|                          | <u>17792.74</u> | <u>13784.80</u> |

## Note No. 26

### EMPLOYEE BENEFITS EXPENSE

(Rs. in Lacs)

| Particulars  | 2012-13        | 2011-12        |
|--|----------------|----------------|
| Salaries, Wages & Bonus                                    | 1903.85        | 1503.82        |
| Contribution to Provident, Superannuation & Gratuity funds | 378.98         | 171.94         |
| Staff Welfare, Recruitment & Training Expenses             | 196.47         | 148.11         |
|  | <u>2479.30</u> | <u>1823.87</u> |


**Note No. 27**
**FINANCE COST**

(Rs. in Lacs)

| Particulars              | 2012-13       | 2011-12        |
|--------------------------|---------------|----------------|
| Interest and Charges     |               |                |
| Term Loans               | 702.87        | 951.82         |
| Debentures               | 29.94         | 38.60          |
| Cash Credit              | 16.67         | 66.79          |
| Monitoring Agency Fee    | 7.50          | 7.50           |
| Security Deposits/Others | 18.02         | 11.36          |
|                          | <u>775.00</u> | <u>1076.07</u> |

**Note No. 28**
**ADMINISTRATION EXPENSES**

(Rs. in Lacs)

| Particulars                     | 2012-13       | 2011-12       |
|---------------------------------|---------------|---------------|
| Labour Charges                  | 82.61         | 60.98         |
| Railway Siding Operations       | 12.90         | 8.65          |
| Repair & Maintenance            |               |               |
| Plant & Machinery               | 104.34        | 94.35         |
| Building                        | 17.04         | 20.29         |
| Others                          | 12.36         | 6.82          |
|                                 | 133.74        | 121.46        |
| Board Meeting Expenses          | 4.37          | 4.28          |
| Travelling & Conveyance         |               |               |
| Directors                       | 1.14          | 0.65          |
| Others                          | 46.33         | 41.96         |
|                                 | 47.47         | 42.61         |
| Statutory Auditors Remuneration |               |               |
| Audit Fees                      | 0.60          | 0.60          |
| Tax Audit Fees                  | 0.07          | 0.07          |
| Other Services                  | 0.46          | 0.41          |
| Out of Pocket Expenses          | 0.53          | 0.47          |
|                                 | 1.66          | 1.55          |
| Legal & Professional Charges    | 18.24         | 11.07         |
| Insurance                       | 49.25         | 42.25         |
| Printing & Stationery           | 13.44         | 13.33         |
| Postage & Telephone             | 12.67         | 9.98          |
| Electricity & Water Charges     | 5.55          | 3.71          |
| Rent, Rates & Taxes             | 27.08         | 28.11         |
| Pollution Control Expenses      | 81.22         | 67.90         |
| Miscellaneous Expenses          | 47.04         | 42.74         |
| Doubtful Debts Others           | 27.97         | 25.19         |
| Loss on Assets sold/discarded   | 0.16          | 19.31         |
|                                 | <u>565.37</u> | <u>503.12</u> |

**Note No. 29**
**SELLING EXPENSES**

(Rs. in Lacs)

| Particulars                  | 2012-13       | 2011-12       |
|------------------------------|---------------|---------------|
| Advertisement                | 5.66          | 1.96          |
| Freight, Cartage & Handling  | 174.81        | 177.48        |
| Business Promotion           | 7.73          | 4.19          |
| Discounts & Commission       | 479.43        | 370.88        |
| Provision for doubtful debts | 100.00        | 100.00        |
|                              | <u>767.63</u> | <u>654.51</u> |

## Punjab Alkalies & Chemicals Limited

- Note No.30. The Rights Offers in respect of 2350 Equity Shares continue to be in abeyance pursuant to Section 206A (b) of the Companies Act, 1956. A sum of Rs.4,500/- had been received as Application Money for 100 Equity Shares out of the same.
- Note No.31. 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. 32. House Tax amounting to Rs. 4.51 lacs (Previous year Rs. 4.35 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. 148.85 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. 33. Debit & Credit balances of parties are subject to their confirmation.
- Note No. 34. Legal action had been instituted against customers from whom a total sum of Rs. 658.93 lacs (Previous year Rs. 632.42 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. 89.23 lacs (Previous year Rs. 76.69 lacs) have been passed/ announced in favour of the Company. The remaining cases are pending before various Courts/Arbitrators.

Note No.35. **Employee Defined Benefits:**  
Defined Benefit Plans-as per Actuarial Valuation as on 31st March, 2013

| Particulars  | Leave<br>Encashment               | (Rs. in Lacs)<br>Gratuity         |
|--|-----------------------------------|-----------------------------------|
| Expense Recognised in the Profit & Loss Account for the year       | 98.12                             | 219.12                            |
| Present Value of Defined Benefit Obligation as at 31st March, 2013 | 537.62                            | 1080.37                           |
| Funding of Plan Assets as a percentage of total Plan               | Unfunded                          | 58% with LIC                      |
| Actuarial Assumptions  |                                   |                                   |
| - Discount Rate  | 8.00%                             | 8.00%                             |
| - Expected rate of return on Plan Assets                           | -                                 | 8.00%                             |
| - In-service Mortality   | Indian Assured<br>Lives (1994-96) | Indian Assured<br>Lives (1994-96) |
| - Attrition Rate   | 1% to 2%                          | 1% to 2%                          |
| - Salary Rise  | 6.0%                              | 6.0%                              |
| - Remaining Working life   | 11.22 Years                       | 11.22 Years                       |

Note No.36. **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 Jivandeep Singh Kahlon, IRS, Managing Director  
(w.e.f. 27th July, 2012)

b) Volume of transaction of related parties

|   | 2012-13 | (Rs. in lacs)<br>2011-12 |
|---|---------|--------------------------|
| Remuneration (Key Managerial Personnel)   |         |                          |
| - Shri Jivandeep Singh Kahlon, IRS, Managing Director<br>(w.e.f. 27th July, 2012) | -       | -                        |
| - Shri S.S.Bains, IAS, Managing Director<br>(till 23rd July, 2012)                | -       | -                        |

- Note No.37. A total of 3212 and 58 Chlorine Cylinders of 900 Kg. and 100 Kg. each respectively, were in circulation with various customers as returnable empties, as on 31.3.2013.
- Note No.38. 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. 39. The Company operates in a single business segment viz. chemicals. Hence segment reporting under AS-17 is not applicable.

Note No. 40. 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. 41. **ADDITIONAL INFORMATION AS FAR AS APPLICABLE PURSUANT TO PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956:**

**i) PARTICULARS OF CAPACITY AND PRODUCTION**

| Class of Goods       | Unit of Qty.         | Licensed Capacity |         | Installed Capacity |         | Actual Production |         |
|----------------------|----------------------|-------------------|---------|--------------------|---------|-------------------|---------|
|                      |                      | 2012-13           | 2011-12 | 2012-13            | 2011-12 | 2012-13           | 2011-12 |
| Caustic Soda         | MT                   | 99000             | 99000   | 99000              | 99000   | 94948             | 88173   |
| Liquid Chlorine      | MT                   | 87714             | 87714   | 87714              | 87714   | 65122             | 60932   |
| Hydrochloric Acid    | MT                   | 73755             | 73755   | 39600              | 39600   | 66434             | 58864   |
|                      |                      | (100% basis)      |         | (100% basis)       |         |                   |         |
| Calcium Hypochlorite | MT                   | 2000              | 2000    | -                  | 2000    | -                 | -       |
| (Bleach Liquor)      |                      | (As Chlorine)     |         | (As Chlorine)      |         |                   |         |
| Sodium Hypochlorite  | MT                   |                   |         | 1750               | 990     | 12323             | 11934   |
|                      |                      | (As Chlorine)     |         | (As Chlorine)      |         |                   |         |
| Hydrogen Gas         | Lacs NM <sup>3</sup> | 277.20            | 277.20  | 277.20             | 277.20  | 253.44            | 209.86  |

- 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                 |          |
|----------------------------|----------------------|----------------------|---------|-----------------------|----------|
|                            |                      | 2012-13              | 2011-12 | 2012-13               | 2011-12  |
| SALES:                     |                      |                      |         |                       |          |
| Caustic Soda Lye           | MT                   | 91097                | 84458   | 30373.99              | 22732.66 |
| Caustic Soda Flakes        | MT                   | -                    | 52      | -                     | 15.08    |
| Liquid Chlorine            | MT                   | 65217                | 60991   | 46.36                 | 1706.60  |
| Hydrochloric Acid          | MT                   | 58579                | 53175   | 706.71                | 950.33   |
| Sodium Hypochlorite        | MT                   | 12308                | 11947   | 429.97                | 332.81   |
| Hydrogen Gas               | Lacs NM <sup>3</sup> | 31.96                | 20.40   | 682.65                | 425.49   |
| Total                      |                      |                      |         | 32239.68              | 26162.97 |
| OPENING STOCKS:            |                      |                      |         |                       |          |
| Caustic Soda Lye           | MT                   | 330                  | 297     | 85.49                 | 61.91    |
| Caustic Soda Flakes        | MT                   | 4                    | 4       | 1.07                  | 1.05     |
| Liquid Chlorine            | MT                   | 618                  | 677     | 7.97                  | 15.19    |
| Hydrochloric Acid          | MT                   | 176                  | 385     | 0.73                  | 2.00     |
| Sodium Hypochlorite        | MT                   | 25                   | 38      | 0.76                  | 0.96     |
| Hydrogen Gas               | Lacs NM <sup>3</sup> | -                    | -       | -                     | -        |
| Total                      |                      |                      |         | 96.02                 | 81.11    |
| CLOSING STOCKS:            |                      |                      |         |                       |          |
| Caustic Soda Lye           | MT                   | 658                  | 330     | 170.85                | 85.49    |
| Caustic Soda Flakes        | MT                   | 4                    | 4       | 1.07                  | 1.07     |
| Liquid Chlorine            | MT                   | 523                  | 618     | 11.93                 | 7.97     |
| Hydrochloric Acid          | MT                   | 410                  | 176     | 2.21                  | 0.73     |
| Sodium Hypochlorite        | MT                   | 40                   | 25      | 1.31                  | 0.76     |
| Hydrogen Gas               | Lacs NM <sup>3</sup> | -                    | -       | -                     | -        |
| Total                      |                      |                      |         | 187.37                | 96.02    |
| OTHER USE (QUANTITY ONLY): |                      |                      |         |                       |          |
|                            |                      | Internal Consumption |         | Neutralisation/Losses |          |
| Caustic Soda Lye           | MT                   | 3523                 | 3682    | -                     | -        |
| Liquid Chlorine            | MT                   | -                    | -       | -                     | -        |
| Hydrochloric Acid          | MT                   | 7621                 | 5898    | -                     | -        |
| Sodium Hypochlorite        | MT                   | -                    | -       | -                     | -        |
| Hvdrogen Gas               | Lacs NM <sup>3</sup> | 221.48               | 189.46  | -                     | -        |



## Punjab Alkalies & Chemicals Limited

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

(Rs. in lacs)

| Item             | Unit of Qty. | 2012-13 |                | 2011-12 |                |
|------------------|--------------|---------|----------------|---------|----------------|
|                  |              | Qty.    | Value (Rs.)    | Qty.    | Value (Rs.)    |
| Salt (NaCl)      | MT           | 150394  | 4520.60        | 139933  | 3710.78        |
| Soda Ash         | MT           | 277     | 52.34          | 335     | 58.99          |
| Barium Carbonate | MT           | 692     | 252.74         | 594     | 200.47         |
| Hydrated Lime    | MT           | -       | 0.17           | 2       | 0.16           |
| Sulphuric Acid   | MT           | 2165    | 121.73         | 2117    | 105.85         |
| Others           |              |         | 65.24          |         | 58.75          |
| Total            |              |         | <u>5012.82</u> |         | <u>4135.00</u> |

### iv) PURCHASE OF TRADING ITEMS

(Rs. in lacs)

| Item                | Unit of Qty. | 2012-13 |             | 2011-12 |              |
|---------------------|--------------|---------|-------------|---------|--------------|
|                     |              | Qty.    | Value (Rs.) | Qty.    | Value (Rs.)  |
| Caustic Soda Flakes | MT           | -       | -           | 52      | 15.10        |
| Total               |              |         | <u>-</u>    |         | <u>15.10</u> |

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

(Rs. in lacs)

| Item                        | Imported Value (%)              | Indigenous Value (%)                   | Total Value          |
|-----------------------------|---------------------------------|--|----------------------|
| Raw Materials and Chemicals | 8.45 (0.17%)<br>[8.27 (0.20%)]  | 5004.37 (99.83%)<br>[4126.73 (99.80%)] | 5012.82<br>[4135.00] |
| Stores and Spares           | 18.28 (5.78%)<br>[6.80 (2.23%)] | 297.80 (94.22 %)<br>[298.29 (97.77%)]  | 316.08<br>[305.09]   |

Previous year figures are in brackets.

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

(Rs. in lacs)

| Particulars                     | 2012-13       | 2011-12      |
|---------------------------------|---------------|--------------|
| Raw Materials                   | 8.45          | 7.98         |
| Stores and Spares and Membranes | 235.47        | 77.66        |
| Total                           | <u>243.92</u> | <u>85.64</u> |



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

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

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

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

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

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

Sd/-  
(J.S. SARAON)  
Director

Sd/-  
(JIVANDEEP SINGH KAHLON)  
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 28, 2013


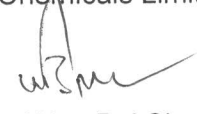
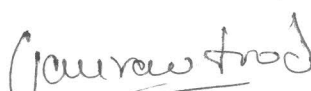

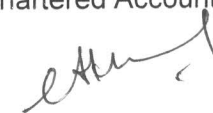
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*The Chemistry of Excellence*

## FORM A

**Format of covering letter of the annual audit report to be filed with the stock exchanges**

|    |  |   |
|----|--|---|
| 1. | Name of the Company                            | Punjab Alkalies & Chemicals Limited   |
| 2. | Annual financial statements for the year ended | 31 <sup>st</sup> March, 2013  |
| 3. | Type of Audit observation                      | Un-qualified.   |
| 4. | Frequency of observation                       | Not Applicable  |
| 5. | To be signed by –                              | <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>• CEO/ Managing Director</p> <p>• CFO</p> <p>• Auditors of the Company</p> <p>• Audit Committee Chairman</p> </div> <div style="width: 50%;"> <p>For Punjab Alkalies &amp; Chemicals Limited</p> <p><br/>(S.S. Bains)<br/>Managing Director</p> <p><br/>(Ajay Pal Singh)<br/>General Manager (Finance)</p> <p>For A.K. Sood &amp; Associates<br/>Chartered Accountants</p> <p><br/>Partner</p> <p><br/>(J.S. Saraon)<br/>Chairman, Audit Committee</p> <p>For S.Tandon &amp; Associates<br/>Chartered Accountants</p> <p><br/>Partner</p> </div> </div> |

Date : September 2, 2013