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**Punjab Alkalies & Chemicals Limited
39TH ANNUAL REPORT 2013-14**

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Punjab Alkalies & Chemicals Limited

BOARD OF DIRECTORS	Shri D.P. Reddy, 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 S. Sengupta (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 Firm Registration No. 006388N M/s. A.K. Sood & Associates, Chartered Accountants, S.C.O. 126-127, 2nd Floor, Sector 8-C, Chandigarh - 160 008 Firm Registration No. 000072N
INTERNAL AUDITORS	M/s. D.K. Singla & Associates, Chartered Accountants, S.C.O. 1126-27, Sector 22-B, Chandigarh-160 022 Firm Registration No. 009169N
REGISTERED OFFICE	S.C.O. 125-127, Sector 17-B, Chandigarh-160 017
CIN	L24119CH1975PLC003607
WORKS	Nangal-Una Road, Naya Nangal-140 126 Distt. Ropar, Punjab
REGISTRARS & SHARE TRANSFER AGENTS	M/s. Beetal Financial & Computer Services Private Limited, Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, New Delhi - 110 062



DIRECTORS' REPORT

Your Directors submit their 39th Annual Report together with the Audited Accounts for the financial year ended 31st March, 2014.

Financial Results

The financial results of the Company for the financial year ended 31st March, 2014 are summarised below :-

	(Rs. in crores)	
	<u>2013-14</u>	<u>2012-13</u>
Sales Turnover & Other Income	301.68	326.97
Total Expenditure excluding	300.15	302.14
Finance Costs and Depreciation, etc.		
Finance Costs	0.80	7.75
Cash Profit	0.73	17.08
Depreciation, etc.	10.30	12.99
Net Profit/(Loss) before tax	(9.57)	4.09
Provision for taxation	-	1.28
Net Profit/(Loss) after tax	(9.57)	2.81

Your Directors report that after doing fairly well during the years 2011-12 and 2012-13, the Company's operations came under intense pressure during the financial year 2013-14 due to uncontrollable factors of (a) upward revision in basic power tariff by about 13% w.e.f. 1st April, 2013 by the Punjab State Electricity Regulatory Commission (PSERC) which had an overall impact of about Rs.9.30 crores on the Company, (b) excess capacity and surplus supply position in Chlor Alkali Industry and (c) escalating cost of other inputs, etc. The Capacity Utilisation at 90% during the year under review was lower against 96% in the preceding year 2012-13. All these resulted in a lower combined average realisation per Electro-Chemical Unit (ECU) at Rs.34,680 and Net Loss (after tax) of Rs. 9.57 crores as against the ECU of Rs.35,390 and Net Profit (after tax) of Rs. 2.81 crores in the financial year ended 31st March, 2013. The scenario in the second half of the financial year 2013-14 was better as compared to the situation prevailing in the first half of the said financial year, due to better sales realisation and Time of Day (TOD) Power Tariff Rebate allowed by the Punjab State Power Corporation Limited.

In view of the Loss incurred by the Company, the Directors express their inability to recommend any dividend for the financial year 2013-14.

Finance and Corporate Debt Restructuring

The Corporate Debt Restructuring (CDR) Empowered Group had approved the Proposal of the Company for One Time Settlement (O.T.S.) of the outstanding Term Loans and Non-Convertible Debentures and Sanctioned Working Capital Facilities as on 1st April, 2012 on 100% principal basis with a cut-off date of 15th November, 2012. 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 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. In addition, the Company has to create a reserve of Rs.17.43 crores by 30th November, 2014. 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.

The Company had already made the payment of the first tranche of the O.T.S. Amount and the entire interest payable as aforesaid by due dates. The Company would be making the payment of the second tranche of the O.T.S. Amount by due date i.e. 30th September, 2014.

Due to the current unfavourable market scenario and resultant tight liquidity position, it may be difficult for the Company to meet its obligations for the payment of last tranche on its due date i.e. 1st April, 2015 and creation of said reserve by 30th November, 2014. The Company is exploring possibility of arranging funds from other Banks, Financial Institutions and Private Financers. The Company is also approaching IDBI Bank Limited for extension of time period for making payment of said last tranche and for waiver of the condition of creation of said reserve by 30th November, 2014.

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

Current Operations and Outlook

After doing fairly well during the first quarter ended 30th June, 2014 of the financial year 2014-15, with the withdrawal of Time of Day (TOD) Power Tariff Rebate by the Punjab State Power Corporation Limited w.e.f. 1st June, 2014 and low ECU realisation, the financial position of the Company has again come under strain. Despite the same, the overall performance during first Four Months ended 31st July, 2014 was fair in comparison to that of the corresponding period in the preceding year 2013-14. During the first Four Months of the current financial year, the average capacity utilisation of the Plant was 101% as compared to 90% in the corresponding period of the preceding financial year. The combined average realisation in this period increased to Rs.35,840 per ECU over the combined average realisation of Rs.32,860

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per ECU during the corresponding period in the financial year 2013-14. The Net Profit (before tax) has been Rs.1.21 crores on a Sales Turnover of Rs.114.15 crores against a Net Loss (before tax) of Rs.9.67 crores on a Sales Turnover of Rs.92.84 crores in the corresponding period of the preceding financial year.

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

The setting up of a Chlorinated Paraffin Wax (CPW) Plant by M/s. Flow Tech Chemicals Pvt. Limited on B.O.O. basis in the Company's Plant Complex, with whom the Company had signed a Memorandum of Understanding, is in progress. With the implementation of the same, the Company expects to increase its capacity utilisation and to reduce its requirement for additional Chlorine Tonners.

Your Directors are optimistic about improved performance in the days to come.

Environment and Energy Conservation

The Company is committed to run its operations in an environment-friendly manner. The Company's endeavor is to take all possible measures towards maintaining safety and good house keeping in its Plants. The Environmental Audit of the Company's Plants for the year 2013-14 has been completed by M/s. Mantec Consultants Pvt. Limited and their final Report is awaited.

The Company strives to make its Plant energy efficient. The Company had got an Energy Audit of its Plants conducted from North India Technical Consultancy Organisation Limited (NITCON) in the financial year 2013-14. The major recommendations of NITCON are being implemented. The information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in Annexure-I forming a part of this report.

Listing

The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited. The Annual listing fee for the year 2014-15 has been paid to the Bombay Stock Exchange Limited.

Human Resources

The Company continues to place great value on its human resources. The process of training and development of human resources continued. The industrial relations remained cordial during the financial year under review.

During the financial year ended 31st March, 2014, there was no employee of the Company whose particulars need to be included in this report under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Corporate Governance

The Management Discussion and Analysis Report for the financial year 2013-14 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 2013-14 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 D.P. Reddy, IAS as Director and Chairman of the Company vice Shri Karan Avtar Singh, IAS w.e.f. 22nd July, 2014. The Directors place on record their appreciation of the valuable guidance provided by Shri Karan Avtar Singh, IAS.

The PSIDC had vide its letter dated 9th April, 2014 requested the Company to appoint Shri D.K. Tiwari, IAS, as an Additional Director on the Board of Directors of the Company and also take necessary steps to appoint him as Managing Director of the Company for the period of absence of Shri S.S. Bains, IAS, Managing Director from Headquarters on account of his Election Duty for Lok Sabha Elections-2014. Accordingly, the Board of Directors of the Company had appointed Shri D.K. Tiwari, IAS, as an Additional Director of the Company on 9th April, 2014. The Board of Directors of the Company also appointed Shri D.K. Tiwari, IAS, as the Managing Director of the Company for the period from 9th April, 2014 to 19th May, 2014 for acting as the Managing Director of the Company during the absence of Shri S.S. Bains, IAS, Managing Director from Headquarters on account of his Election Duty for Lok Sabha Elections-2014. Shri D.K. Tiwari, IAS resigned as a Director of the Company w.e.f. 19th May, 2014. Shri D.K. Tiwari, IAS also ceased to be the Managing Director of the Company w.e.f. 19th May, 2014. The Directors place on record their appreciation of the valuable contribution made by Shri D.K. Tiwari, IAS.

The IFCI Limited has nominated Shri S. Sengupta as its Nominee on the Board of Directors of the Company in place of Shri Gautam Meour and had advised the Company to co-opt him on the Board of Directors. Shri Gautam Meour resigned as a Director of the Company w.e.f. 19th December, 2013. Accordingly, the Board has appointed Shri S. Sengupta, as Additional Director of the Company on 12th February, 2014. Shri S. Sengupta holds office till the date of the ensuing Annual General Meeting. Notice in writing has been received from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose at the ensuing Annual General Meeting the appointment of Shri S. Sengupta as



Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation. The Directors place on record their appreciation of the valuable contribution made by Shri Gautam Meour.

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013, the Board of Directors is seeking appointment of Shri J.S. Saraon, Shri D.C. Mehandru, Dr. A.K. Kundra, IAS (Retd.) and Shri J.S. Mann as Independent Directors of the Company for a term of five consecutive years w.e.f. 29th September, 2014. Notice in writing have been received from some members under Section 160 of the Companies Act, 2013. signifying their intention to propose at the ensuing Annual General Meeting the appointment of Shri J.S. Saraon, Shri D.C. Mehandru, Dr. A.K. Kundra, IAS (Retd.) and Shri J.S. Mann as Independent Directors of the Company.

Pursuant to the provisions of Sections 149 and 152 and other applicable provisions of the Companies Act, 2013, the Board of Directors is seeking appointment of Shri D.P. Reddy, IAS, Shri Yogesh Goel and Shri S.S. Bains, IAS as Directors of the Company, liable to retire by rotation. Notice in writing have been received from some members under Section 160 of the Companies Act, 2013. signifying their intention to propose at the ensuing Annual General Meeting the appointment of Shri D.P. Reddy, IAS, Shri Yogesh Goel and Shri S.S. Bains, IAS as Directors of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.

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

- (i) In the preparation of the annual accounts for the financial year ended 31st March, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the 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 this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts for the financial year ended 31st March, 2014 on a 'going concern' basis;
- (v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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 an audit of the cost accounting records of the Company in respect of the financial year 2013-14.

The Board has, subject to the approval of the Shareholders, appointed M/s. J.K. Kabra & Co., Cost Accountants as Cost Auditors of the Company for conducting an audit of the cost accounting records of the Company in respect of the financial year 2014-15.

Acknowledgements

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

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

For and on behalf of the Board

Sd/-
(D.P. REDDY)
Chairman

Place : Chandigarh
Date : August 12, 2014

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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 31st March, 2014.

Energy Consumption and Conservation	<u>2013-14</u>	<u>2012-13</u>
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
(i) From Punjab State Power Corporation Limited		
Units (lacs KWH)	1409.58	1499.06
Total Amount (Rs.in lacs)	10529.35	10207.94
Rate / Unit (Rs.)	7.47	6.81
(ii) From Other Sources through Energy Exchanges		
Units (lacs KWH)	1006.66	1137.45
Total Amount (Rs.in lacs)	6314.22	6571.30
Rate / Unit (Rs.)	6.27	5.78
(iii) Total		
Units (lacs KWH)	2416.24	2636.51
Total Amount (Rs.in lacs)	16843.57	16779.24
Rate / Unit (Rs.)	6.97	6.36
(b) Own Generation	Nil	Nil
2. Coal	Nil	Nil
3. Furnace Oil/LDO/HSD		
Quantity (K. litres)	676.50	1652.54
Total Amount (Rs.in lacs)	276.28	649.43
Average Rate (Rs. per K.litre)	40839.94	39298.70
4. Others	Nil	Nil
B. Consumption per Unit of Caustic Soda Produced		
1. Electricity (KWH)		
- Caustic Soda Lye	2704	2777
- Additional Consumption for conversion to Caustic Soda Flakes	Nil	Nil
2. Furnace Oil/LDO/HSD (ltrs.)		
- For Caustic Soda Lye	7.57	17.40
- Additional Consumption for conversion to Caustic Soda Flakes	Nil	Nil

Keeping in view the costing pattern adopted by the Company, per unit energy consumption for by-products cannot be separated from Caustic Soda Lye figures.

The Company is replacing the Membranes of its Plant Unit-I and Plant Unit-II and getting the Anodes recoated in Electrolysers of its Plant Unit-II, in a phased manner. The replacement of Membranes and recoating in Electrolysers has resulted in marginal reduction in power consumption per unit of Caustic Soda Lye.

Research and Development

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

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

Technology Absorption, Adaptation and Innovation

The know-how for the Company's 100 TPD Membrane Cell Caustic Soda Plant has been fully absorbed. The know-how for the Company's Mercury Cell to 200 TPD Membrane Cell Converted Caustic Soda Plant has also been fully absorbed. Total foreign exchange utilised during the accounting year is Rs.326.52 lacs on account of imported Raw Materials, Stores & Spares and Membranes.

For and on behalf of the Board

Place : Chandigarh
Date : August 12, 2014

Sd/-
(D.P. REDDY)
Chairman



ANNEXURE - II TO THE DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE FINANCIAL YEAR 2013-14

Caustic Soda Industry in India

There are around 33 Caustic Soda Units in operation in India at present with a total operational installed capacity of about 34 lac M.T. per annum. The production of Caustic Soda results in co-production of 1 M.T. of Caustic Soda and 0.886 M.T. of Chlorine collectively representing 1 Electro-Chemical Unit (ECU).

The products of this Industry are used in diverse sectors of Chemical and other industries. This Industry is highly cyclical. The profitability of a Caustic Soda manufacturer depends upon the ability of the combined ECU prices to offer a margin over the total cost of production.

During the financial year under review, the Caustic Soda Industry witnessed an imbalance in the demand and supply because of increase in the installed capacity and import of Caustic Soda at cheaper rates. The Caustic Soda Industry's capacity utilisation has been 79% in the financial year under review as against 81% during the financial year 2012-13.

Performance

During the financial year under review, the Company's operations came under severe pressure due to factors over which the Company had virtually no control viz. imbalance in demand and supply in the Chlor-Alkali Industry due to excess capacity and cheaper imports; strained combined average realisation per ECU; and escalation in the cost of power. The capacity utilisation of the Company's plant was 90% in the financial year 2013-14 as against 96% during the preceding financial year 2012-13 and as against the industry average of 79% during the financial year under review. The Caustic Soda Lye production was 89370 M.T. during the financial year under review as against 94948 M.T. in the preceding financial year. The Sales Turnover during the financial year 2013-14 was Rs.298.82 crores. The combined average realisation was Rs.34,680 per Electro-Chemical Unit (ECU) during the financial year under review as against Rs.35,390 per ECU during the preceding financial year. These factors, inter-alia, combined to lead to a Net Loss (after tax) of Rs.9.57 crores in the financial year 2013-14.

Marketing

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

Product	Sales	
	Quantity	Value (Rs. in crores)
Caustic Soda Lye	86168 M.T.	262.15
Liquid Chlorine	64568 M.T.	16.38
Hydrochloric Acid	45118 M.T.	9.85
Sodium Hypochlorite	11612 M.T.	4.27
Hydrogen Gas	32.73 Lacs NM ³	6.17

The combined average sales realisation of all the products has been Rs.34,680 per M.T. of Caustic Soda in the financial year 2013-14 as against Rs.35,390 during the financial year 2012-13.

Opportunities

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

Threats

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

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Outlook

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

To save on energy cost, the Company's endeavor to purchase power under Open Access System through Energy Exchanges continued. The Company is also making efforts for making Bi-lateral Arrangement with Power Generators for purchasing power.

The setting up of a Chlorinated Paraffin Wax (CPW) Plant by M/s. Flow Tech Chemicals Pvt. Limited on B.O.O. basis in the Company's Plant Complex, with whom the Company had signed a Memorandum of Undertaking, is in progress. With the implementation of the same, the Company expects to increase its capacity utilisation and to reduce its requirement for additional Chlorine Tonners.

The Company is optimistic about a better performance.

Risks and Concerns

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

Risks Management

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

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 considers its human resources to be a key thrust area. The Company has always stood by its commitment of harnessing and developing its human resources. The process of training and development of human resources continued. The industrial relations remained cordial during the financial year under review. The Company had 466 employees as on 31st March, 2014.

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 12, 2014

Sd/-
(D.P. REDDY)
Chairman



CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2013-14

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 Company is in the process of bringing the composition of its Board of Directors in line with the provisions of the Companies Act, 2013.

The Board of Directors as on 12th August, 2014 comprises of 9 Directors. The Company has a Non-Executive Chairman, 4 Independent Directors and 2 Nominee Directors of Financial Institutions. 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 2013-14 (1.4.2013 to 31.3.2014)	Attendance at last AGM on 28.9.2013	No. of Directorships in other Companies		Memberships of the Committees of the Board of all the Companies*	
						Chairman	Director	Chairman	Member
Shri Karan Avtar Singh, IAS, Chairman (PSIDC Nominee)	22.1.2013	22.07.2014	NE&NI	3	Yes	N.A.	N.A.	N.A.	N.A.
Shri D.P Reddy, IAS, Chairman (PSIDC Nominee)	22.07.2014	-	NE&NI	N.A.	N.A.	1	5	-	-
Shri J.S. Kahlon, IRS, Managing Director (PSIDC Nominee)	- As Director: 23.7.2012 - As Managing Director: 27.7.2012	26.7.2013	E&NI	1	N.A.	N.A.	N.A.	N.A.	N.A.
Shri S.S. Bains, IAS, Managing Director (PSIDC Nominee)	- As Director: 5.8.2013 - As Managing Director: 7.8.2013	-	E&NI	5	Yes	-	2	-	1
Shri D.K. Tiwari, IAS, Managing Director	- As Director: 9.4.2014 - As Managing Director: 9.4.2014	19.5.2014	E&NI	N.A.	N.A.	N.A.	NA.	N.A.	N.A.
Shri J.S. Saraon	30.11.1987	-	NE&I	6	Yes	-	-	1	1
Shri D.C. Mehandru	26.6.2002	-	NE&I	6	Yes	-	1	2	1
Dr. A. K. Kundra, IAS (Retd.)	13.12.2004	-	NE&I	5	Yes	1	1	2	-
Shri J.S. Mann	12.8.2010	-	NE&I	3	No	-	1	-	1
Shri Yogesh Goel (PSIDC Nominee)	16.8.2010	-	NE&NI	5	No	2	4	-	3
Shri Ravi Kumar (IDBI Nominee)	10.8.2011	-	NE&NI & FIN	1	No	-	2	-	1
Shri Gautam Meour (IFCI Nominee)	13.2.2012	12.2.2014	NE&NI & FIN	2	No	N.A.	N.A.	N.A.	N.A.
Shri S. Sengupta (IFCI Nominee)	12.2.2014	-	NE&NI & FIN	1	No	-	2	-	-

* Includes only Audit Committee and Stakeholders Relationship Committee (Formerly Shareholders/Investors Grievance Committee).
 NE&NI – Non-Executive Non-Independent Director PSIDC – Punjab State Industrial Development Corporation Limited
 NE&NI – Non-Executive Non-Independent (Promoter-holding 44.26% of the Subscribed Capital)
 & FIN – Financial Institution Nominee Director IDBI – IDBI Bank Limited (Lender)
 NE&I – Non-Executive Independent Director IFCI – IFCI Limited (Lender)
 E&NI – Executive Non-Independent Director

Six Board Meetings were held during the financial year 2013-14 as against the minimum requirement of four meetings in a year. The dates on which the Board Meetings were held are given below:

28th May, 2013, 7th August, 2013, 13th August, 2013, 11th November, 2013, 12th February, 2014 and 14th March, 2014.

The Non-Executive Directors had no pecuniary relationship or transactions with the Company in their personal capacity during the financial year 2013-14 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 30th October, 2006 had approved a Code of Conduct for Directors and Senior Management Personnel of the Company with effect from 1st January, 2006. The same has also been placed on the Company's Website www.punjabkalies.com. All the Directors and Senior Management Personnel have affirmed compliance with the said Code during the financial year 2013-14 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 2013-14 (1.4.2013 to 31.3.2014)
Shri J.S. Saraon (Chairman - From 28.7.2005; Alternate Chairman – From 28.1.2004 to 28.7.2005)	16.5.2002	NE&I	4
Shri D.C. Mehandru	26.6.2002	NE&I	4
Shri J.S. Mann	25.9.2010	NE&I	2
Shri Ravi Kumar (IDBI Nominee)	12.8.2011	NE&NI & FIN	1

NE&I - Non-Executive Independent Director

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

Four meetings of the Audit Committee were held during the financial year 2013-14. The dates on which the meetings of the Audit Committee were held are given below:

28th May, 2013, 13th August, 2013, 11th November, 2013 and 12th February, 2014

4. Remuneration of Directors

The Company is having a Nomination and Remuneration Committee (Formerly Remuneration Committee) of the Board of Directors of the Company to approve the remuneration of the Managing Director(s) 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 Ravi Kumar

During the financial year 2013-14, no meeting of the said 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 2013-14:-

- Shri J.S. Kahlon, IRS, Managing Director : Nil
(Till 26th July, 2013)
- Shri S.S. Bains, IAS, Managing Director : Nil
(From 7th August, 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 1st 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 31st March, 2014. None of the other Directors, was holding any Equity Shares of the Company as on 31st March, 2014.

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 2013-14, twenty two meetings of the Share Transfer Committee were held. During the financial year 2013-14, 38 requests for transfer of physical mode shares and 153 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 31st March, 2014. The Share Transfers are normally processed within 12 days of receipt if the documents are found in order. The requests for dematerialisation are also processed within 12 days of receipt of physical share certificates if the documents are found in order.

6. Stakeholders Relationship Committee

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

- i. Shri D.C. Mehandru (Chairman) - Non-Executive Independent Director
- ii. Shri J.S. Saraon - Non-Executive Independent Director
- iii. Managing Director - Executive Non-Independent Director

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

During the financial year 2013-14, four meetings of the said Committee were held. During the financial year under review, the total number of complaints/queries received and replied to the satisfaction of shareholders were 31. Outstanding complaints/queries as on 31st March, 2014 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.	36 th AGM in respect of the financial year 2010-11	National Institute of Technical Teachers' Training and Research Auditorium, NITTTR Complex, Sector 26, Chandigarh	24 th September, 2011	10.30 hours	Re-appointment of Auditors.
2.	37 th AGM in respect of the financial year 2011-12	National Institute of Technical Teachers' Training and Research Auditorium, NITTTR Complex, Sector 26, Chandigarh	29 th September, 2012	10.30 hours	Re-appointment of Auditors.
3.	38 th AGM in respect of the financial year 2012-13	National Institute of Technical Teachers' Training and Research Auditorium, NITTTR Complex, Sector 26, Chandigarh	28 th September, 2013	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 2013-14. It is not proposed to pass any Special Resolution through Postal Ballot in the ensuing Annual General Meeting of the Company.

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

8. Disclosures

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

9. Means of communication

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

The Management Discussion and Analysis Report for the financial year 2013-14 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 39th Annual General Meeting will be held on 29th September, 2014 at 10.30 hours in Tagore Theatre, Sector 18, Chandigarh.
- b) Financial Calendar : 1st April, 2013 to 31st March, 2014
- c) Date of Book Closure : 16th September, 2014 to 29th September, 2014 (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, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, New Delhi-110062
Ph. : (011) - 29961281-83
Fax: (011) - 29961284
E-mail ID: beetal@beetalfinancial.com
Website: www.beetalfinancial.com
- h) Share Transfer System : The Company is having a Share Transfer Committee of the Board of Directors to approve the transfer and transmission of shares, etc. The Share Transfers of Physical Mode Shares are normally processed within 12 days of receipt if the documents are found in order.
- i) Dematerialisation of Shares and liquidity : The trading in the Equity Shares of the Company on the Stock Exchanges is permitted only in Dematerialised Mode w.e.f. 24th 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 31st March, 2014, 87.27% of the total shares have been dematerialised.
- j) Unclaimed Shares : The Company has opened a Depository Account (Demat Account) in the name and style of 'Unclaimed Shares Suspense Account of Punjab Alkalies & Chemicals Limited' with Punjab National Bank (Depository Participant of National Securities Depository Limited (NSDL), Sector 17-B, Chandigarh for the purpose of complying with the provisions of the Revised Clause 5A of the Listing Agreement with the Bombay Stock Exchange Limited.
- k) Outstanding GDRs/ ADRs/ Warrants or Convertible instruments, conversion date and likely impact on equity. : Nil
- l) Plant Location : Nangal-Una Road,
Naya Nangal,
Distt. Ropar (Punjab) – 140 126.
- m) Address for Correspondence : Punjab Alkalies & Chemicals Limited,
S.C.O. 125-127,
Sector 17-B,
Chandigarh-160 017.
Ph. : (0172) – 4072500-01
Fax : (0172) – 2704797.
Website : www.punjabalkalies.com
CIN: L24119CH1975PLC003607
- n) E-mail ID for Investors' Complaints/Queries : sharesqueries@punjabalkalies.com
- o) Market Price Data :
High/Low during each month of 2013-14 (1st April, 2013 to 31st March, 2014) on the Bombay Stock Exchange Limited:

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April, 2013	21.90	18.10	October, 2013	23.90	21.25
May, 2013	21.50	17.25	November, 2013	27.00	21.80
June, 2013	24.10	16.40	December, 2013	25.00	21.70
July, 2013	28.20	21.10	January, 2014	24.95	19.10
August, 2013	23.50	21.10	February, 2014	22.95	17.25
September, 2013	24.05	20.55	March, 2014	19.80	16.65



p) Distribution of Shareholding as on 31st March, 2014:

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	21968	90.30	3240401	15.78
501 - 1000	1386	5.70	1130039	5.50
1001 - 2000	511	2.10	800201	3.90
2001 - 3000	146	0.60	382187	1.86
3001 - 4000	67	0.28	239436	1.17
4001 - 5000	66	0.27	311336	1.51
5001-10000	81	0.33	630216	3.07
10001 & above	102	0.42	13801734	67.21
Total	24327	100.00	20535550	100.00

q) Categories of Shareholding as on 31st March, 2014

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	459	479173	2.33
Corporate Bodies	1099	3239521	15.78
Indian Public	22746	7705756	37.52
Total	24327	20535550	100.00

For and on behalf of the Board

Sd/-
(D.P. REDDY)
Chairman

Place : Chandigarh
Date : August 12, 2014

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 30th October, 2006 had approved a Code of Conduct for Directors and Senior Management Personnel of the Company with effect from 1st 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 31st March, 2014.

Place : Chandigarh
Date : August 12, 2014

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 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Limited.

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

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

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

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

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

Sd/-
(GAURAV SOOD)

Partner
Membership No. 507583

Place: Chandigarh
Date : August 12, 2014

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

Sd/-
(AMARPREET SINGH)

Partner
Membership No. 94446

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, 2014, and the Profit and Loss Statement and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

2. The Company's 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") read with General Circular No. 8/2014 dated 4th April, 2014 issued by the Ministry of Corporate Affairs. 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, 2014;
 - (b) In the case of the Profit and Loss Statement, of the loss 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 Statement 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 Statement 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 read with General Circular No. 8/2014 dated 4th April, 2014 issued by the Ministry of Corporate Affairs;
- (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, 2014 from being appointed as a Director in terms of clause(g) of sub-section (1) of Section 274 (1) (g) 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 29, 2014

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, 2014.

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.264.48 Lacs has not been deposited, out of which Rs.7.08 Lacs, Rs.3.82 Lacs, Rs.6.37 Lacs and Rs.247.21 lacs pertains to years 1994-95, 1995-96, 1996-97 and 2004-05 to 2013-14 respectively, since the matters are pending with the Excise Appellate Authorities.
- (x) The Company has accumulated losses of Rs. 4639.62 Lacs as on 31st March, 2014 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 29, 2014



BALANCE SHEET as at 31st March, 2014

(Rs. in Lacs)

Particulars	Note No.	As at 31.3.2014	As at 31.3.2013
EQUITY AND LIABILITIES			
Shareholders' Funds:			
Share Capital	2	2049.96	2049.96
Reserves and Surplus	3	<u>6714.81</u>	<u>8272.69</u>
		8764.77	10322.65
Share Application Money Pending Allotment		0.04	0.04
Non Current Liabilities			
Long Term Borrowings	4	4361.39	4846.45
Long Term Provisions	5	<u>953.52</u>	<u>970.84</u>
		5314.91	5817.29
Current Liabilities			
Short Term Borrowings	6	281.58	115.21
Trade Payables	7	2355.46	1980.38
Other Current Liabilities	8	2831.70	2619.64
Short Term Provisions	9	<u>75.19</u>	<u>22.82</u>
Total		<u>5543.93</u>	<u>4738.05</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	10	12969.21	14180.64
Capital Work in Progress	11	<u>100.71</u>	<u>171.50</u>
		13069.92	14352.14
Deferred Tax Assets (Net)	12	1028.96	1028.96
Long Term Loans & Advances	13	245.71	219.77
Other Non Current Assets	14	<u>897.51</u>	<u>512.05</u>
		15242.10	<u>16112.92</u>
Current Assets			
Inventories	15	1119.78	1250.33
Trade Receivables	16	1040.84	1446.65
Cash and Cash Equivalents	17	836.76	676.60
Short Term Loans & Advances	18	66.88	186.30
Other Current Assets	19	<u>1317.29</u>	<u>1205.23</u>
		4381.55	<u>4765.11</u>
Total		<u>19623.65</u>	<u>20878.03</u>
Significant Accounting Policies	1		
Notes forming an integral part of the Financial Statements	1 to 40		

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

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

Sd/-
(J.S. SARAON)
Director

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

As per our separate report of even date

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

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

Sd/-
(GAURAV SOOD)
Partner

Sd/-
(H.S. KHURANA)
Partner

Place: Chandigarh
Date: May 29, 2014

Membership No. 507583

Membership No. 86331

Punjab Alkalies & Chemicals Limited

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2014

(Rs. in Lacs)

Particulars	Note No.	2013-14.	2012-13
INCOME			
Revenue from Operations	21	26488.88	28559.29
Other Income	21	285.76	457.52
Total Revenue		<u>26774.64</u>	<u>29016.81</u>
EXPENDITURE			
Cost of Material Consumed	22	4809.52	5012.82
Changes in Inventories of Finished Goods, Work in progress and stock in Trade	23	52.17	(92.98)
Manufacturing Expenses	24	17574.96	17792.74
Employees benefits expense	25	2651.09	2479.30
Finance Costs	26	80.26	775.00
Administration Expenses	27	690.54	565.37
Selling Expenses	28	847.16	767.63
Depreciation and Amortisation Expense	10 & 14	1029.91	1299.02
Total Expenses		<u>27735.61</u>	<u>28598.90</u>
Profit /(Loss) for the year		(960.97)	417.91
Prior period adjustments		(3.40)	8.37
Profit /(Loss) before Tax		(957.57)	409.54
Tax Expenses			
Current Tax		-	-
Deferred Tax		-	128.12
Profit /(Loss) for the year after Tax		(957.57)	281.42
Earnings /(Loss) per Equity Share of Rs.10/- each:			
Basic (in Rs.)		(4.67)	1.37
Diluted (in Rs.)		(4.67)	1.37
Significant Accounting Policies	1		
Notes forming an integral part of the Financial Statements	1 to 40		

Sd/- (AJAY PAL SINGH) General Manager (Finance)	Sd/- (PRADEEP NAUHARIA) Company Secretary & Sr. General Manager (Co. Affairs)	Sd/- (J.S. SARAON) Director	Sd/- (S.S. BAINS) Managing Director
As per our separate report of even date			
For A.K. SOOD & ASSOCIATES Chartered Accountants Firm Registration No. 000072N		For S.TANDON & ASSOCIATES Chartered Accountants Firm Registration No. 006388N	
Sd/- (GAURAV SOOD) Partner Membership No. 507583		Sd/- (H.S. KHURANA) Partner Membership No. 86331	
Place: Chandigarh Date: May 29, 2014			


CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

(Rs. in lacs)

Particulars	2013-14	2012-13
A) Cash Flow From Operating Activities:		
Net Profit before tax	(957.57)	409.54
Adjustments for:		
Depreciation etc.	789.47	1075.73
Previous year adjustment-Depreciation	0.15	(0.11)
Miscellaneous Expenses Written Off	240.44	223.29
Interest received	(31.54)	(117.60)
Investment Incentive Written back	(2.99)	(2.98)
Interest/Dividend	-	732.81
Gain or (loss) on Fixed Assets	(38.21)	(23.02)
Operating Profit Before Working Capital Changes	(0.25)	2297.66
Adjustments for:		
Trade and other receivables	390.21	1308.69
Inventories	130.55	(371.63)
Trade Payable	242.42	1403.89
Cash Generated From Operations	762.93	4638.61
Direct Taxes Paid	(2.98)	(12.28)
Cash Flow Before Extraordinary Items	759.95	4626.33
Extraordinary Items	-	-
Net Cash From Operating Activities	759.95	4626.33
B) Cash Flow From Investing Activities:		
Purchase of Fixed Assets	(20.31)	(339.90)
Sale/Adjustment of Fixed Assets	81.86	26.78
Work in progress	(128.06)	(205.55)
Purchase of Membranes and Recoating of Pans	(625.90)	(306.92)
Interest Received	31.54	117.60
Net Cash Used in Investing Activities	(660.87)	(707.99)
C) Cash Flow From Financing Activities:		
Proceeds From Short Term Borrowings (Working Capital)	206.78	(185.87)
Repayment to Fls & Banks	(0.46)	(2705.17)
Interest Paid	(145.24)	(790.75)
Net Cash Used in Financing Activities	61.08	(3681.79)
Net Increase in Cash And Cash Equivalents	160.16	236.55
Cash And Cash Equivalents- Opening Balance	676.60	440.05
Cash And Cash Equivalents-Closing Balance	836.76	676.60

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

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

 Sd/-
 (J.S. SARAON)
 Director

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

As per our separate report of even date

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

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

 Sd/-
 (GAURAV SOOD)

 Partner
 Membership No. 507583

 Sd/-
 (H.S. KHURANA)

 Partner
 Membership No. 86331

 Place: Chandigarh
 Date: May 29, 2014

Punjab Alkalies & Chemicals Limited

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

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 Statement.

(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 statement except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

(g) Employee Benefits

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

(h) Earnings Per Share

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

(i) Government Grants

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

(j) Taxes on Income

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

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

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

However, in view of the loss during the financial year 2013-14, the Company has not recognised the Deferred Tax Assets in respect of the loss during the financial year 2013-14.

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

Punjab Alkalies & Chemicals Limited

Note No. 2

SHARE CAPITAL

(Rs. in Lacs)

Particulars	As at 31.3.2014	As at 31.3.2013
Authorised		
400,00,000 Equity Shares of Rs. 10/- each (Previous year 400,00,000 Equity Shares)	<u>4000.00</u>	<u>4000.00</u>
Issued		
205,37,900 Equity Shares of Rs. 10/- each (Previous year 205,37,900 Equity Shares)	<u>2053.79</u>	<u>2053.79</u>
Subscribed and Paid Up		
205,35,550 Equity Shares of Rs. 10/- each fully called up (Previous year 205,35,550 Equity Shares)	<u>2053.56</u>	<u>2053.56</u>
Less: Allotment Money unpaid	<u>3.60</u>	<u>3.60</u>
	<u>2049.96</u>	<u>2049.96</u>

2.1 Details of shareholders holding more than 5% shares

Name of Shareholder	As at 31.3.2014		As at 31.3.2013	
	No. of shares held	% age	No. of shares held	% age
Punjab State Industrial Development Corporation Limited (Promoter)	9090000	44.26	9090000	44.26

Note No. 3

RESERVES AND SURPLUS

(Rs. in Lacs)

Particulars	As at 31.3.2014	As at 31.3.2013
Capital Reserve		
Land Subsidy	<u>5.49</u>	5.49
Shares Forfeited Reserve Account	<u>7.03</u>	7.03
Revaluation Reserve		
As per last balance sheet	<u>8343.27</u>	8748.14
Less: Adjusted in respect of Assets sold/ discarded	<u>286.21</u>	8.62
Less: Depreciation (Net of adjustment)	<u>311.11</u>	<u>396.25</u>
	<u>7745.95</u>	<u>8343.27</u>
Share Premium		
As per last Balance Sheet	<u>3587.75</u>	3587.75
Investment Incentive		
As per last Balance Sheet	<u>11.20</u>	14.18
Less: Written back during the period	<u>2.99</u>	<u>2.98</u>
	<u>8.21</u>	<u>11.20</u>
Profit and Loss Statement		
As per last Balance Sheet	<u>(3682.05)</u>	(3963.47)
Add: Transferred from Profit and Loss Statement	<u>(957.57)</u>	<u>281.42</u>
	<u>(4639.62)</u>	<u>(3682.05)</u>
	<u>6714.81</u>	<u>8272.69</u>

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



Note No. 4

LONG TERM BORROWINGS

Particulars	(Rs. in Lacs)	
	As at 31.3.2014	As at 31.3.2013
Debentures		
Secured Redeemable Non-Convertible Debentures of Rs. 100/- each		
74, 286 (Previous year 74,286) 0% Debentures (4th Series) - (10% Redeemable on 30.9.2014 and balance on 1.4.2015 as per One Time Settlement approved by CDR Empowered Group)	74.28	74.28
1,11,429 (Previous year 1,11,429) 0% Debentures (5th Series) - (10% Redeemable on 30.9.2014 and balance on 1.4.2015 as per One Time Settlement approved by CDR Empowered Group)	111.43	111.43
Terms Loans (Secured)		
(a) From Scheduled Banks		
Punjab National Bank	278.39	278.39
Punjab & Sind Bank	198.20	198.20
Funded Interest Term Loans	26.84	26.84
(b) From Other Banks and Institutions		
Industrial Development Bank of India (IDBI) (Now IDBI Bank Limited)	3123.37	3123.37
Industrial Finance Corporation of India Limited (IFCI) (Now IFCI Limited)	542.40	542.40
Life Insurance Corporation of India (LIC)	145.63	145.63
Funded Interest Term Loans	345.45	345.91
	4845.99	4846.45
Less: Current Maturity of Term Loans and Debentures as per OTS	484.60	-
	4361.39	4846.45

- 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% of 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.

Punjab Alkalies & Chemicals Limited

- 4.4 The Company has accounted for interest as per the modifications approved by CDR Empowered Group in June, 2012 in the Revised Restructuring Package @ 13.0% p.a. from 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 31.3.2014	As at 31.3.2013
Provision for Employee Benefits		
Gratuity	362.13	442.40
Leave Encashment	591.39	528.44
	953.52	970.84

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



Note No. 6

SHORT TERM BORROWINGS

(Rs. in Lacs)

Particulars	As at 31.3.2014	As at 31.3.2013
Working Capital Loans (Secured)		
Punjab & Sind Bank	35.80	-
Punjab National Bank	<u>170.98</u>	-
	206.78	-
Other Loans and Advances (Unsecured)		
Advances from Customers	<u>74.80</u>	115.21
	<u>281.58</u>	<u>115.21</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 31.3.2014	As at 31.3.2013
Creditors		
Against Capital Goods	242.67	91.74
Others	<u>2112.79</u>	1888.64
	<u>2355.46</u>	<u>1980.38</u>

Note No. 8

OTHER CURRENT LIABILITIES

(Rs. in Lacs)

Particulars	As at 31.3.2014	As at 31.3.2013
Other Liabilities		
Statutory Liabilities	191.86	155.50
Excess money remitted by shareholders	0.12	0.12
Others	<u>2155.12</u>	2318.78
Interest accrued but not due	-	145.24
Current Maturity of Term Loans and Debentures (Refer Note No. 4)	<u>484.60</u>	-
	<u>2831.70</u>	<u>2619.64</u>

Punjab Alkalies & Chemicals Limited

Note No. 9

SHORT TERM PROVISIONS

(Rs. in Lacs)

Particulars	As at 31.3.2014	As at 31.3.2013
Provision for Employee Benefits		
Gratuity	60.94	12.63
Leave Encashment	13.89	9.18
Bonus	0.36	1.01
	<u>75.19</u>	<u>22.82</u>

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



Note No. 10

TANGIBLE

Nature of Fixed Assets	GROSS BLOCK (At Cost)				
	As at 1.4.2013	Adjustments from WIP	Additions	Sales/ Adjustments	As at 31.3.2014
Land & Site Development	3095.11	-	-	-	3095.11
Buildings	3552.33	-	5.06	-	3557.39
Plant & Machinery	28097.33	198.85	-	974.18	27322.00
Railway Siding	147.01	-	-	-	147.01
Furniture, Fixtures & Office Equipment	241.19	-	15.25	0.40	256.04
Vehicles	167.75	-	-	-	167.75
Total	35300.72	198.85	20.31	974.58	34545.30
Previous year	34894.83	112.72	339.90	46.73	35300.72

- 10.1 Depreciation for the year 2013-14 includes Rs.390.94 lacs (Previous year Rs.396.25 lacs) as depreciation arising on revaluation of Fixed Assets, which has been adjusted against Revaluation Reserve and has not been charged to the Profit and Loss Statement.
- 10.2 Fixed Assets are stated at values determined by the valuer less depreciation. Machinery Spares have been capitalised as and when procured. Direct costs are capitalised till the assets are ready to be put to use. These costs also includes financing cost (including exchange rate fluctuations) relating to specific borrowing attributable to Fixed Assets. When an asset is scrapped or otherwise disposed off, the cost and related depreciation are taken out from books of accounts and resultant profit (including capital profit) or loss, if any, is reflected in Profit and Loss Statement.
- 10.3 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 1.4.2013	Additions / Adjustments	Transfer to Fixed Assets	Cost as at 31.3.2014
Buildings	2.79	-	-	2.79
Plant & Machinery	168.71	128.06	198.85	97.92
Total	171.50	128.06	198.85	100.71
Previous year	78.67	205.55	112.72	171.50

Punjab Alkalies & Chemicals Limited

(Rs. in Lacs)

ASSETS				NET BLOCK	
Upto 31.3.2013	DEPRECIATION For 2013-14	Adjustments	Upto 31.3.2014	As at 31.3.2014	As at 31.3.2013
-	-	-	-	3095.11	3095.11
1562.30	96.25	-	1658.55	1898.84	1990.03
19213.59	1061.67	724.02	19551.24	7770.76	8883.74
55.55	5.31	-	60.86	86.15	91.46
186.72	7.53	0.38	193.87	62.17	54.47
101.92	9.65	-	111.57	56.18	65.83
21120.08	1180.41	724.40	21576.09	12969.21	14180.64
19682.56	1474.87	37.35	21120.08	14180.64	15212.27

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

(Rs. in Lacs)

Particulars	As at 31.3.2014	As at 31.3.2013
Opening Balance	1028.96	1157.08
Less Deferred Tax Liabilities (net) during the year	-	128.12
Balance	<u>1028.96</u>	<u>1028.96</u>

12.1 In view of the loss during the financial year 2013-14, the Company has not recognized the Deferred Tax Assets in respect of the loss during the financial year 2013-14.

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

(Rs. in Lacs)

Particulars	As at 31.3.2014	As at 31.3.2013
Long Term Loans and Advances (Unsecured, Considered Goods unless otherwise stated)		
Security Deposits	245.71	219.77
	<u>245.71</u>	<u>219.77</u>

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

(Rs. in Lacs)

Particulars	As at 31.3.2014	As at 31.3.2013
Deferred Expenditure:		
As per last balance sheet	512.05	428.42
Addition during the year	625.90	306.92
	1137.95	735.34
Less: Amortised during the year	240.44	223.29
Closing Balance	<u>897.51</u>	<u>512.05</u>
	<u>897.51</u>	<u>512.05</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 31.3.2014	As at 31.3.2013
Raw Materials	351.84	318.31
Work in progress	23.89	22.77
Finished goods	134.08	187.37
Materials in transit	0.87	1.89
Stores & Spares	599.87	687.72
Building Materials	9.23	32.27
	1119.78	1250.33

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

Particulars	As at 31.3.2014	As at 31.3.2013
Considered Goods except where provided for:		
Debt over six months (unsecured)	644.36	705.95
Other Debts (secured to the extent of Rs. 308.43 lacs)	775.46	1125.99
	1419.82	1831.94
Less: Provision for doubtful debts	378.98	385.29
	1040.84	1446.65

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

Particulars	As at 31.3.2014	As at 31.3.2013
Cash in hand	2.50	2.83
Cheques in hand	685.14	368.88
Balance with Scheduled Banks		
Current Account	3.44	3.10
Cash Credit Account	-	17.39
Fixed Deposits (Including margin money for Letters of Credit and bank Guarantees)	145.68	284.40
	149.12	304.89
	836.76	676.60

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

Particulars	As at 31.3.2014	As at 31.3.2013
Unsecured, Considered goods unless otherwise stated		
Suppliers/Service Providers	464.18	545.27
Less: Provision for doubtful debts (Others)	400.12	365.31
	64.06	179.96
Staff Advances	2.82	6.34
	66.88	186.30

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. 381.33 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. 34.81 lacs (previous year Rs. 27.97 lacs) has been provided as doubtful debt during the current year.



Note No. 19

OTHER CURRENT ASSETS

(Rs. in Lacs)

Particulars	As at	As at
	31.3.2014	31.3.2013
Balance with Central Excise	2.89	4.85
Pre paid expenses	26.27	25.77
Amount recoverable	345.64	406.46
Amount recoverable excise	9.66	9.66
Income Tax recoverable	22.20	22.20
Claim recoverable	17.42	16.84
Power subsidy	0.26	0.26
Service tax claimable	830.54	637.95
Cenvat claimable succeeding year	39.06	60.72
Membrane modvat recoverable	0.02	0.17
Income tax claimable	15.26	12.28
Advance against water charges	8.07	8.07
	<u>1317.29</u>	<u>1205.23</u>

Note No. 20

CONTINGENT LIABILITIES AND COMMITMENTS

(Rs. in Lacs)

Particulars	As at	As at
	31.3.2014	31.3.2013
a) Letters of Credit Outstanding	- US \$ 209772.95	-
	-	(Rs.113.80)
b) Bank Guarantees given by Company	274.07	126.70
c) Excise/Service Tax Demand/claims under appeal (Including Rs. 74.65 lacs deposited under protest)	339.13	183.48
d) Interest/Differential Interest (As per OTS approved by CDR EG)	790.50	165.21
e) House Tax on Industrial Building for the period 1.10.2010 to 31.3.2013 for which the Company's Appeal is pending before the Appellate Authority after payment of a sum of Rs.20 lacs pursuant to the Order dated 14.03.2014 of the Punjab & Haryana High Court in the Civil Writ Petition filed by the Company.	99.84	99.84
f) Estimated amounts of contracts remaining to be executed on capital account and not provided for	103.59	604.92

Note No. 21

REVENUE

(Rs. in Lacs)

Particulars	2013-14	2012-13
Revenue from sale of goods	29881.97	32239.68
Revenue from trading of goods	-	-
	<u>29881.97</u>	<u>32239.68</u>
Less: Excise Duty	3393.09	3680.39
	<u>26488.88</u>	<u>28559.29</u>
Other Income:		
Interest received	31.54	117.60
Scrap Sales	129.54	140.91
Misc. Income	36.03	124.96
Investment Incentive written back	2.99	2.98
Excess Provision written back	47.45	47.89
Profit on sale of fixed assets	38.21	23.18
	<u>285.76</u>	<u>457.52</u>

Punjab Alkalies & Chemicals Limited

Note No. 22

COST OF MATERIALS CONSUMED

(Rs. in Lacs)

Particulars	2013-14	2012-13
Salt	4367.59	4520.60
Soda Ash	55.30	52.34
Barium Carbonate	235.80	252.74
Hydrated Lime	0.03	0.17
Sulphuric Acid	87.63	121.73
Others	63.17	65.24
	<u>4809.52</u>	<u>5012.82</u>

Note No. 23

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

(Rs. in Lacs)

Particulars	2013-14	2012-13
Closing Stocks		
Finished Goods	134.08	187.37
Stock in Process	23.89	22.77
	<u>157.97</u>	<u>210.14</u>
Less: Opening Stocks		
Finished Goods	187.37	96.02
Stock in Process	22.77	21.14
	<u>210.14</u>	<u>117.16</u>
Increase/(Decrease) in Stock	<u>(52.17)</u>	<u>92.98</u>

Note No. 24

MANUFACTURING EXPENSES

(Rs. in Lacs)

Particulars	2013-14	2012-13
Power, Fuel & Utilities	17176.39	17476.64
Stores & Spares consumed	398.57	316.08
Packing Material	-	0.02
	<u>17574.96</u>	<u>17792.74</u>

Note No. 25

EMPLOYEE BENEFITS EXPENSE

(Rs. in Lacs)

Particulars	2013-14	2012-13
Salaries, Wages & Bonus	2204.52	1903.85
Contribution to Provident, Superannuation & Gratuity funds	257.76	378.98
Staff Welfare, Recruitment & Training Expenses	188.81	196.47
	<u>2651.09</u>	<u>2479.30</u>


Note No. 26
FINANCE COST

(Rs. in Lacs)

Particulars	2013-14	2012-13
Interest and Charges		
Term Loans	-	702.87
Debentures	-	29.94
Cash Credit	61.84	16.67
Monitoring Agency Fee	-	7.50
Security Deposits/Others	18.42	18.02
	<u>80.26</u>	<u>775.00</u>

Note No. 27
ADMINISTRATION EXPENSES

(Rs. in Lacs)

Particulars	2013-14	2012-13
Labour Charges	99.70	82.61
Railway Siding Operations	4.88	12.90
Repair & Maintenance		
Plant & Machinery	142.28	104.34
Building	17.45	17.04
Others	7.26	12.36
	166.99	133.74
Board Meeting Expenses	3.83	4.37
Travelling & Conveyance		
Directors	1.05	1.14
Others	45.93	46.33
	46.98	47.47
Statutory Auditors Remuneration		
Audit Fees	0.70	0.60
Tax Audit Fees	0.12	0.07
Other Services	0.46	0.46
Out of Pocket Expenses	0.50	0.53
	1.78	1.66
Legal & Professional Charges	19.96	18.24
Insurance	46.87	49.25
Printing & Stationery	13.55	13.44
Postage & Telephone	12.74	12.67
Electricity & Water Charges	7.35	5.55
Rent, Rates & Taxes	39.46	27.08
Pollution Control Expenses	154.83	81.22
Miscellaneous Expenses	36.81	47.04
Doubtful Debts Others	34.81	27.97
Loss on Assets sold/discarded	-	0.16
	<u>690.54</u>	<u>565.37</u>

Note No. 28
SELLING EXPENSES

(Rs. in Lacs)

Particulars	2013-14	2012-13
Advertisement	2.55	5.66
Freight, Cartage & Handling	232.73	174.81
Business Promotion	8.36	7.73
Discounts & Commission	578.52	479.43
Provision for doubtful debts	25.00	100.00
	<u>847.16</u>	<u>767.63</u>

Punjab Alkalies & Chemicals Limited

Note No.29. 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.30. 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.31. House Tax amounting to Rs. 20 lacs (Previous year Rs. 4.51 lacs) has been deposited during the year under protest with Municipal Council, Nangal. The total amount of house tax on Company's industrial building and residential units in housing colony deposited under protest is Rs. 168.85 lacs in respect of the years 1987-88 to 2012-13 and the legal cases in respect thereof are pending before Appellate/ Revision Authorities and High Court.

Note No. 32. Debit & Credit balances of parties are subject to their confirmation.

Note No.33. Legal action had been instituted against customers from whom a total sum of Rs. 617.19 lacs (Previous year Rs. 658.93 Lacs) is due as the balance of the principal value of goods supplied. Out of these, some cases have been decided and decrees/awards for a principal sum of Rs. 80.31 lacs (Previous year Rs. 89.23 lacs) have been passed/ announced in favour of the Company. The remaining cases are pending before various Courts/Arbitrators.

Note No.34. **Employee Defined Benefits:**

Defined Benefit Plans-as per Actuarial Valuation as on 31st March, 2014

Particulars	Leave Encashment	(Rs. in Lacs) Gratuity
Expense Recognised in the Profit & Loss Statement for the year	104.38	68.04
Present Value of Defined Benefit Obligation as at 31st March, 2014	605.27	1139.50
Funding of Plan Assets as a percentage of total Plan	Unfunded	63% with LIC
Actuarial Assumptions		
- Discount Rate	9.00%	9.00%
- Expected rate of return on Plan Assets	-	9.00%
- In-service Mortality	Indian Assured Lives (2006-08)	Indian Assured Lives (2006-08)
- Attrition Rate	1% to 2%	1% to 2%
- Salary Rise	7.0%	7.0%
- Remaining Working life	11.62 Years	11.62 Years

Note No 35. **Related Party Disclosures:**

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

1) Significant Interest Entities:

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

2) Key Managerial Personnel

- Shri S.S. Bains, IAS, Managing Director
(w.e.f. 7th August 2013)
- Shri Jivandeep Singh Kahlon, IRS, Managing Director
(till 26th July, 2013)

b) Volume of transaction of related parties

	2013-14	2012-13
Remuneration (Key Managerial Personnel)		
- Shri S.S Bains, IAS, Managing Director (w.e.f. 7th August, 2013)	-	-
- Shri Jivandeep Singh Kahlon, IRS, Managing Director (till 26th July, 2013)	-	-

Note No.36. A total of 3069 and 52 Chlorine Cylinders of 900 Kg. and 100 Kg. each respectively, were in circulation with various customers as returnable empties, as on 31.3.2014.

Note No.37. 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. 38. The Company operates in a single business segment viz. chemicals. Hence segment reporting under AS-17 is not applicable.

Note No. 39. 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. 40. **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	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Caustic Soda	MT	99000	99000	99000	99000	89370	94948
Liquid Chlorine	MT	87714	87714	87714	87714	64533	65122
Hydrochloric Acid	MT	73755	73755	39600	39600	51323	66434
		(100% basis)		(100% basis)			
Calcium Hypochlorite (Bleach Liquor)	MT	2000	2000	-	-	-	-
		(As Chlorine)					
Sodium Hypochlorite	MT			1750	1750	11591	12323
				(As Chlorine)			
Hydrogen Gas	Lacs NM ³	277.20	277.20	277.20	277.20	238.69	253.44

- 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	
		2013-14	2012-13	2013-14	2012-13
SALES:					
Caustic Soda Lye	MT	86168	91097	26214.95	30373.99
Caustic Soda Flakes	MT	-	-	-	-
Liquid Chlorine	MT	64568	65217	1637.99	46.36
Hydrochloric Acid	MT	45118	58579	984.65	706.71
Sodium Hypochlorite	MT	11612	12308	427.32	429.97
Hydrogen Gas	Lacs NM ³	32.73	31.96	617.06	682.65
Total				<u>29881.97</u>	<u>32239.68</u>
OPENING STOCKS:					
Caustic Soda Lye	MT	658	297	170.85	61.91
Caustic Soda Flakes	MT	4	4	1.07	1.05
Liquid Chlorine	MT	523	677	11.93	15.19
Hydrochloric Acid	MT	410	385	2.21	2.00
Sodium Hypochlorite	MT	40	38	1.31	0.96
Hydrogen Gas	Lacs NM ³	-	-	-	-
Total				<u>187.37</u>	<u>81.11</u>
CLOSING STOCKS:					
Caustic Soda Lye	MT	389	658	121.02	170.85
Caustic Soda Flakes	MT	-	4	-	1.07
Liquid Chlorine	MT	488	523	10.85	11.93
Hydrochloric Acid	MT	235	410	1.42	2.21
Sodium Hypochlorite	MT	19	40	0.79	1.31
Hydrogen Gas	Lacs NM ³	-	-	-	-
Total				<u>134.08</u>	<u>187.37</u>
OTHER USE (QUANTITY ONLY):					
		Internal Consumption		Neutralisation/Losses	
Caustic Soda Lye	MT	3471	3523	-	-
Caustic Soda Flakes	MT	4	-	-	-
Liquid Chlorine	MT	-	-	-	-
Hydrochloric Acid	MT	6380	7621	-	-
Sodium Hypochlorite	MT	-	-	-	-
Hydrogen Gas	Lacs NM ³	205.96	221.48	-	-

Punjab Alkalies & Chemicals Limited

iii) QUANTITATIVE DETAILS OF CONSUMPTION OF RAW MATERIALS AND CHEMICALS

(Rs. in lacs)

Item	Unit of Qty.	2013-14		2012-13	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
Salt (NaCl)	MT	140264	4367.59	150394	4520.60
Soda Ash	MT	279	55.30	277	52.34
Barium Carbonate	MT	626	235.80	692	252.74
Hydrated Lime	MT	1	0.03	-	0.17
Sulphuric Acid	MT	1873	87.63	2165	121.73
Others			63.17		65.24
Total			4809.52		5012.82

iv) DETAILS REGARDING IMPORTED AND INDIGENOUS MATERIAL CONSUMED

(Rs. in lacs)

Item	Imported Value (%)	Indigenous Value (%)	Total Value
Raw Materials and Chemicals	8.21 (0.17%) [8.45 (0.17%)]	4801.31 (99.83%) [5004.37 (99.83%)]	4809.52 [5012.82]
Stores and Spares	35.85 (8.99%) [18.28 (5.78%)]	362.72 (91.01%) [297.80 (94.22%)]	398.57 [316.08]

Previous year figures are in brackets.

v) VALUE OF IMPORTS (CIF BASIS)

(Rs. in lacs)

Particulars	2013-14	2012-13
Raw Materials	8.64	8.45
Stores and Spares and Membranes	317.88	235.47
Total	326.52	243.92



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

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

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

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

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

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

Sd/-
(J.S. SARAON)
Director

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

As per our separate report of even date

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

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

Sd/-
(GAURAV SOOD)

Partner
Membership No. 507583

Sd/-
(H.S. KHURANA)

Partner
Membership No. 86331

Place: Chandigarh
Date: May 29, 2014

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