



Punjab Alkalies & Chemicals Limited
34TH ANNUAL REPORT 2008 - 09

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Punjab Alkalies & Chemicals Limited

BOARD OF DIRECTORS

Dr. S.S. Channy, IAS, Chairman
Shri S.S. Rajput, IAS
Dr. A.K. Kundra, IAS (Retd.)
Shri S.K. Sharma
Shri J.S. Saraon
Shri D.C. Mehandru
Shri Rajinder Kumar (IDBI Nominee)
Shri Rattan Singh (IFCI Nominee)
Shri Ajay Kumar Mahajan, Managing Director

COMPANY SECRETARY & GENERAL MANAGER (CO. AFFAIRS)

Shri Pradeep Nauharia

BANKERS

Punjab National Bank
Punjab & Sind Bank

AUDITORS

M/s. S. Tandon & Associates,
Chartered Accountants,
S.C.O. 201-203, 3rd Floor, Sector 34-A,
Chandigarh - 160 022

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

INTERNAL AUDITORS

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

REGISTERED OFFICE

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

WORKS

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

DIRECTORS' REPORT

Your Directors submit their 34th Annual Report together with the Audited Accounts for the financial year ended 31st March, 2009.

Financial Results

The Directors report that the overall performance of the Company during the financial year 2008-09 has been encouraging. The financial results of the Company for the financial year ended 31st March, 2009 are summarised below :-

	(Rs. in crores)	
	2008-09	2007-08
Sales Turnover & Other Income	233.78	235.40
Total Expenditure excluding Finance Charges and Depreciation	198.92	204.02
Profit before Finance Charges and Depreciation	34.86	31.38
Finance Charges	9.78	11.40
Cash Profit	25.08	19.98
Depreciation, etc.	11.87	12.79
Net Profit before tax	13.21	7.19
Provision for taxation	6.09	3.25
Net Profit after tax	7.12	3.94

The members would be glad to learn that your Company has registered a higher Net Profit (before tax) of Rs.13.21 crores in the financial year 2008-09 as compared to Rs.7.19 crores in the preceding financial year. This could be accomplished primarily due to a better combined average realisation of Rs.29,000 per Electro-Chemical Unit (ECU) during the financial year under review as against Rs.25,300 per ECU during the preceding financial year. The Net Profit (after tax) also increased from Rs.3.94 crores in the financial year 2007-08 to Rs.7.12 crores in the financial year 2008-09. With this, the Company has been able to wipe out its entire remaining accumulated losses. The Profit before Finance Charges and Depreciation at Rs.34.86 crores was also higher than that of Rs.31.38 crores in the preceding financial year.

The production and sale of Caustic Soda Lye were 84551 MT and 79259 MT, respectively during the financial year under review as against 95144 MT and 91650 MT, respectively in the preceding financial year. The Sales Turnover in the financial year under review was Rs.233.78 crores as against Rs.235.40 crores during the preceding financial year.

The results would have been still better but for the lower combined average realisation per ECU in the third quarter of the financial year under review, hike in power tariff and increase in cost of other inputs such as salt and other chemicals.

In view of the fund requirements for the essential capital and other expenditure in the Plant of the Company, the Directors regret their inability to recommend any dividend for the financial year 2008-09.

Finance and Corporate Debt Restructuring

The Corporate Debt Restructuring (CDR) Empowered Group of CDR Cell has approved a Rework Package of the CDR approved Revised Restructuring Package for the Company, in May and June, 2009, for deferment of repayment of principal long term dues of the Financial Institutions and Banks for enabling the Company to meet the fund requirements for the essential capital and other expenditure in the Plant of the Company.

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

Current Operations and Outlook

The first quarter ended 30th June, 2009 of the financial year 2009-10 has been tough as Company's operations came under severe pressure due to lower combined average realisation per ECU and lesser production - because of the power restrictions imposed by the Punjab State Electricity Board (PSEB) and technical disruptions in the Plant operations. The Cash Profit in the said period was Rs.2.09 crores. The Net Loss (before tax) during the said period was Rs.0.88 crore.

The Company is continuing its efforts to reduce its costs. The major input cost i.e. Power cost, constitutes about 55% of the total cost of production. In this regard, the Company has been examining various options for cheaper power.

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The Company is in the process of replacing the Membranes in two Electrolysers of its Plant Unit-I and six Electrolysers of its Plant Unit-II, getting the Anodes and Cathodes recoated in six Electrolysers of its Plant Unit-II and replacing/repairing some other critical items of Plant & Machinery in its Plant Unit-I and Plant Unit-II, at a cost of about Rs.29 crores. These will lead to reduction in power consumption per unit of Caustic Soda Lye and increase in capacity utilisation and the consequent improvement in the profitability of the Company.

The signs of economic recovery have started becoming visible. The combined average realisation per ECU is also expected to firm up. The Company has requested the PSEB to exempt the Company's Plant from the power restrictions imposed by the PSEB. The Directors are hopeful of improvement in the Company's operations in the days to come.

Environment and Energy Conservation

The Company continues to accord high priority to carry out its operations in an environment-friendly fashion and has been taking appropriate pollution control and safety measures.

The Company continues to place a great emphasis on energy conservation. The Company has been getting an Energy Audit of its Plants conducted at regular intervals. 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 2009-10 has been paid to the Bombay Stock Exchange Limited.

Human Resources

Your Company continues to develop and upgrade the skills of its human resources. Industrial relations continued to be cordial.

During the financial year ended 31st March, 2009, there was no employee of the Company whose particulars need to be included in this report under Section 217(2A) of the Companies Act, 1956.

Corporate Governance

The Management Discussion and Analysis Report for the financial year 2008-09 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 2008-09 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

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

Audit Committee

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

Directors' Responsibility Statement

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

- (i) In the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts for the financial year ended 31st March, 2009 on a 'going concern' basis.

Auditors

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

Acknowledgements

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

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

For and on behalf of the Board

Place: Chandigarh
Date : July 29, 2009

Sd/-
(J.S. SARAON)
Director

Sd/-
(AJAY KUMAR MAHAJAN)
Managing Director

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, 2009.

Energy Consumption and Conservation

	<u>2008-09</u>	<u>2007-08</u>
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (lacs KWH)	2228.65	2477.36
Total Amount (Rs. in lacs)	10025.75	10386.59
Rate / Unit (Rs.)	4.50	4.19
(b) Own Generation	Nil	Nil
2. Coal	Nil	Nil
3. Furnace Oil/LDO/HSD		
Quantity (K. litres)	3743.41	3351.78
Total Amount (Rs. in lacs)	897.43	675.17
Average Rate (Rs. per K.litre)	23973.50	20143.73
4. Others	Nil	Nil
B. Consumption per Unit of Caustic Soda Produced		
1. Electricity (KWH)		
— Caustic Soda Lye	2632	2601
— Additional Consumption for conversion to Caustic Soda Flakes	108	92
2. Furnace Oil/LDO/HSD(ltrs.)		
— For Caustic Soda Lye	42.07	34.18
— Additional Consumption for conversion to Caustic Soda Flakes	58	32

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 marginal increase in electricity consumption per unit of Caustic Soda Lye over that of previous financial year is due to ageing of Membranes. But for certain energy conservation measures adopted by the Company, the increase would have been higher.

The Company is in the process of replacing the Membranes in two Electrolysers of its Plant Unit-I and six Electrolysers of its Plant Unit-II, getting the Anodes and Cathodes recoated in six Electrolysers of its Plant Unit-II and replacing/repairing some other critical items of Plant & Machinery in its Plant Unit-I and Plant Unit-II, at a cost of about Rs.29 crores. These will lead to reduction in power consumption per unit of Caustic Soda Lye and increase in capacity utilisation and the consequent improvement in the profitability of the Company.

Research and Development

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

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.26.73 lacs on account of imported Raw Materials and Stores & Spares.

For and on behalf of the Board

Place: Chandigarh
Date: July 29, 2009

Sd/-
(J.S. SARAON) Director

Sd/-
(AJAY KUMAR MAHAJAN) Managing Director

ANNEXURE - II TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE FINANCIAL YEAR 2008-09

Caustic Soda Industry in India

At present, there are about 31 Caustic Soda Units in operation in the Country having a total operational installed capacity of about 29 lac M.T. per annum.

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

During the financial year under review, the overall performance of the Caustic Soda Industry has been encouraging. However, the combined average realisation per Electro-Chemical Unit (ECU) came under pressure in the third quarter of the said financial year, which improved during the fourth quarter of the said financial year. The Caustic Soda Industry's capacity utilisation has been 75% in the financial year 2008-09 as compared to 79% during the financial year 2007-08.

Performance

During the financial year 2008-09, the Company's production of Caustic Soda Lye was 84551 M.T. The capacity utilisation of the Company's plant at 85% in the financial year under review is higher as compared to the industry average of 75% during the financial year 2008-09. In the financial year 2008-09, the combined average realisation at Rs.29,000 per M.T. of Caustic Soda was better than Rs.25,300 per M.T. of Caustic Soda during the preceding financial year. The Sales Turnover during the financial year under review was Rs.233.78 crores as against Rs. 235.40 crores in the preceding financial year. The Company earned a higher Net Profit (before tax) of Rs.13.21 crores in the financial year 2008-09 as compared to Rs.7.19 crores during the financial year 2007-08. The Company has posted a higher Net Profit (after tax) of Rs.7.12 crores during the financial year 2008-09 as against Rs.3.94 crores in the preceding financial year. With this, the Company has been able to wipe out its entire remaining accumulated losses.

Marketing

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

Product	Sales	
	Quantity	Value (Rs. in crores)
Caustic Soda Lye	76522 M.T.	188.88
Caustic Soda Flakes	2737 M.T.	8.09
Liquid Chlorine	57475 M.T.	17.95
Hydrochloric Acid	47993 M.T.	8.16
Sodium Hypochlorite	13977 M.T.	4.69
Hydrogen Gas	20.71 Lac NM ³	2.49

The combined average sales realisation of all the products has been Rs.29,000 per M.T. of Caustic Soda during the financial year 2008-09 as compared to Rs.25,300 in the preceding financial year.

Opportunities

The Company has locational advantages as its Caustic Soda Plants are situated in its Complex at Naya Nangal, District Ropar, Punjab, which is close to a State Highway and about 12 Kms. from the Bhakra Left Bank Power Generating Station and about 2.5 Kms. from River Sutlej. These include the availability of uninterrupted Power—a crucial input, continuous water source, skilled labour and proximity to rail/road besides the existence of various end-user Units in industries like paper, fertilizers, soaps and detergents, etc. in its natural marketing zone. The Company is also supplying Hydrogen Gas to a Hydrogen Compressing & Bottling Unit adjoining the Company's Plant Complex. The Company is also utilising Hydrogen as a fuel, resulting in gainful utilisation of this bye-product. GAIL (India) Limited is planning to extend its Gas Pipe-line upto Nangal, which will open up the prospects of availability of Natural Gas for setting up a Gas based Power Plant at Nangal.

Threats

The Chlor-Alkali Industry is a power-intensive industry. The Company's power costs account for about 55% of its total cost of production. At present, the Company is dependent on the Punjab State Electricity Board (PSEB) for its power requirements. A hike in power tariff for the power supplied by the PSEB, constitutes a threat to the Company's operations. The other possible threats are increase in other input costs, expansion of installed

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capacities in Indian Caustic Soda Industry and import of Caustic Soda at lower rates.

Outlook

The signs of economic recovery have started becoming visible. The Caustic Soda and Chlorine prices are expected to firm up and combined average realisation is likely to improve. The Government of India has re-imposed anti-dumping duty on the import of Caustic Soda in order to curb the unhealthy competition from overseas. Your Company is optimistic about an improved performance in the future.

Risks and Concerns

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

Internal Control Systems

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

Human Resources

The Company attaches a great value to its human resources. Training and retraining continued to be an integral component of its Human Resources Development Plan. During the financial year under review, the industrial relations continued to be cordial. The Company had 498 employees as on 31st March, 2009.

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, 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 : July 29, 2009

Sd/-	Sd/-
(J.S. SARAON)	(AJAY KUMAR MAHAJAN)
Director	Managing Director

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2008-09

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

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

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

2. Board of Directors

The Board of Directors as on 29th July, 2009 comprises of 9 Directors. The Company has a Non-Executive Chairman and 6 Independent Directors. The Company has a Managing Director and 8 Non-Executive Directors.

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

Name	Date of Appointment	Date of Cessation	Category	Attendance at Board Meetings during 2008-09 (1.4.2008 to 31.3.2009)	Attendance at last AGM on 27.9.2008	No. of Directorships in other Companies		Memberships of the Committees of the Board of all the Companies*	
						Chairman	Director	Chairman	Member
Dr. S.S. Channy, IAS, Chairman (PSIDC Nominee)	31.3.2008	-	NE&NI	7	Yes	2	3	-	-
Shri Ajay Kumar Mahajan, Managing Director (PSIDC Nominee)	-As Director: 30.7.2007 -As Managing Director: 1.8.2007	-	E&NI	7	Yes	4	6	-	3
Shri J.S. Saraon	30.11.1987	-	NE&I	7	Yes	-	-	1	1
Shri S.K. Sharma	24.9.1997	-	NE&I	7	No	-	2	1	1
Shri D.C. Mehndru	26.6.2002	-	NE&I	5	No	-	-	-	1
Dr. A. K. Kundra, IAS (Retd.)	13.12.2004	-	NE&I	5	Yes	-	4	2	2
Shri P.M. Mukherjee (IDBI Nominee)	9.3.2005	3.6.2008	NE&I	-	N.A.	N.A.	N.A.	N.A.	N.A.
Shri Naresh Saluja (IFCI Nominee)	28.4.2005	22.5.2008	NE&I	-	N.A.	N.A.	N.A.	N.A.	N.A.
Shri Anurag Verma, IAS (PSIDC Nominee)	14.8.2006	29.7.2008	NE&NI	-	N.A.	N.A.	N.A.	N.A.	N.A.
Shri Rattan Singh (IFCI Nominee)	22.5.2008	-	NE&I	7	Yes	-	3	-	1
Shri Rajinder Kumar (IDBI Nominee)	3.6.2008	-	NE&I	3	No	-	-	-	1
Shri Karan A. Singh, IAS (PSIDC Nominee)	29.7.2008	-	NE&NI	-	No	3	2	-	-

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

NE&NI - Non-Executive Non-Independent Director PSIDC - Punjab State Industrial Development Corporation Limited (Promoter-NE&I - Non-Executive Independent Director holding 44.26% of the Subscribed Capital)

E&NI - Executive Non-Independent Director IDBI - Industrial Development Bank of India Limited (Lender)

IFCI - IFCI Limited (Lender)

Seven Board Meetings were held during the financial year 2008-09 as against the minimum requirement of four meetings in a year. The dates on which the Board Meetings were held are given below :

22nd May, 2008, 13th June, 2008, 27th June, 2008, 30th July, 2008, 27th September, 2008, 30th October, 2008 and 28th January, 2009.

The Non-Executive Directors had no pecuniary relationship or transactions with the Company in their personal capacity during the financial year 2008-09 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

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Senior Management Personnel have affirmed compliance with the said Code during the financial year 2008-09 and the Chief Executive Officer's Declaration to this effect is annexed herewith.

3. Audit Committee

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

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

Name	Date of Appointment as Member	Date of Cessation as Member	Category	Attendance at Audit Committee meetings during 2008-09 (1.4.2008 to 31.3.2009)
Shri J.S. Saraon (Chairman - From 28.7.2005; Alternate Chairman - From 28.1.2004 to 28.7.2005)	16.5.2002	-	NE&I	6
Shri S.K. Sharma	24.9.1997	-	NE&I	6
Shri D.C. Mehandru	26.6.2002	-	NE&I	4
Shri P. M. Mukherjee (IDBI Nominee)	28.4.2005	3.6.2008	NE&I	-
Shri Rajinder Kumar (IDBI Nominee)	27.6.2008	-	NE&I	3

NE&I - Non-Executive Independent Director

Six meetings of the Audit Committee were held during the financial year 2008-09. The dates on which the meetings of the Audit Committee were held are given below:

13th May, 2008, 26th June, 2008, 28th July, 2008, 25th September, 2008, 29th October, 2008 and 28th January, 2009.

4. Remuneration of Directors

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

- From 19th December, 2007 to 27th June, 2008
 - Dr. A.K. Kundra, IAS (Retd.) (Chairman)
 - Shri D.C. Mehandru
 - Shri Naresh Saluja (till 22nd May, 2008)
- Since 27th June, 2008
 - Dr. A.K. Kundra, IAS (Retd.) (Chairman)
 - Shri D.C. Mehandru
 - Shri Rattan Singh

During the financial year 2008-09, no meeting of the Remuneration Committee was required to be held.

The remuneration of the Managing Director(s) and Whole-time Director(s) is also approved by the Board of Directors subject to the requisite approvals under the provisions of the Companies Act, 1956.

The following are the details of the remuneration paid to the Managing Directors in the financial year 2008-09:-

- Shri Ajay Kumar Mahajan, Managing Director : Nil
(From 1st August, 2007)
- Shri Som Parkash, IAS, Former Managing Director : Rs. 0.19 lac
(Arrears in respect of the year 2006-07)
- Shri S. P. Singh, IAS, Former Managing Director : Rs. 1.01 lac
(Arrears in respect of the years 2005-06 and 2006-07)

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, 2009. None of the other Directors, was holding any Equity Shares of the Company as on 31st March, 2009.

5. Share Transfer Committee

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

- i. Managing Director (Chairman)
- ii. Shri S.K. Sharma
- iii. Shri J.S. Saraon

During the financial year 2008-09, thirty six meetings of the Share Transfer Committee were held. During the financial year 2008-09, 143 requests for transfer of physical mode shares and 236 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, 2009.

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

6. Shareholders/Investors Grievance Committee

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

- i. Shri S.K. Sharma (Chairman) – Non-Executive Independent Director
- ii. Shri J.S. Saraon – Non-Executive Independent Director
- iii. Managing Director – Executive Non-Independent Director

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

During the financial year 2008-09, four meetings of the Shareholders/Investors Grievance Committee were held.

During the financial year under review, the total number of complaints/queries received and replied to the satisfaction of shareholders were 28. Outstanding complaints/queries as on 31st March, 2009 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.	31 st AGM in respect of the financial year 2005-06	Tagore Theatre, Sector 18, Chandigarh	22 nd December, 2006	10.30 hours	Re-appointment of Auditors.
2.	32 nd AGM in respect of the financial year 2006-07	National Institute of Technical Teachers' Training and Research Auditorium, NITTTR Complex, Sector 26, Chandigarh	29 th September, 2007	10.30 hours	Re-appointment of Auditors.
3.	33 rd AGM in respect of the financial year 2007-08	National Institute of Technical Teachers' Training and Research Auditorium, NITTTR Complex, Sector 26, Chandigarh	27 th September, 2008	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 2008-09. It is not proposed to pass any Special Resolution through postal ballot in the ensuing Annual General Meeting of the Company.

8. Disclosures

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

9. Means of communication

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

The Management Discussion and Analysis Report for the financial year 2008-09 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 34th Annual General Meeting will be held on 26th September, 2009 at 10.30 hours in National Institute of Technical Teachers' Training and Research Auditorium, NITTTR Complex, Sector 26, Chandigarh.
- b) Financial Calendar : 1st April, 2008 to 31st March, 2009
- c) Date of Book Closure : 12th September, 2009 to 26th September, 2009 (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 Limited : 506852
ISIN No. for Demat Mode Shares : INE607A01014
- g) Share Transfer System : The Company has an in-house system of processing the transfer of its Physical Mode shares at its Registered Office at: Punjab Alkalies & Chemicals Limited, S.C.O.125-127, Sector 17-B, Chandigarh- 160 017.
Ph. : (0172) - 2703645-47 Fax : (0172) - 2704797.
- h) 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. The Company has appointed M/s. MCS Limited, New Delhi as Registrar and Transfer Agent for the purpose of establishing Electronic Connectivity with NSDL and CDSL. As on 31st March, 2009, 85.97% of the total shares have been dematerialised.
- i) Outstanding GDRs/ ADRs/ Warrants or : Nil
Convertible Instruments, conversion date and likely impact on equity.
- j) Plant Location : Nangal-Una Road, Naya Nangal, Dist. Ropar (Punjab) - 140 126.
- k) Address for Correspondence : Punjab Alkalies & Chemicals Limited, S.C.O. 125-127, Sector 17-B, Chandigarh-160 017.
Website : www.punjabalkalies.com
- l) E-mail ID for Investors' : sharesqueries@punjabalkalies.com
Complaints/Queries

m) Market Price Data

High/Low during each month of 2008-09 (1st April, 2008 to 31st March, 2009) on the Bombay Stock Exchange Limited:

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April, 2008	29.20	21.50	October, 2008	25.20	16.80
May, 2008	35.05	26.00	November, 2008	19.95	16.75
June, 2008	34.00	23.05	December, 2008	21.00	17.10
July, 2008	29.50	20.55	January, 2009	20.50	16.70
August, 2008	34.80	25.75	February, 2009	25.65	17.40
September, 2008	29.90	23.45	March, 2009	20.00	16.00

n) Distribution of Shareholding as on 31st March, 2009 :

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1-500	25116	89.97	3901905	19.00
501-1000	1746	6.25	1431704	6.97
1001-2000	613	2.20	956832	4.66
2001-3000	161	0.58	418170	2.04
3001-4000	74	0.26	266467	1.30
4001-5000	63	0.23	298977	1.45
5001-10000	81	0.29	619360	3.02
10001 & above	62	0.22	12642135	61.56
Total	27916	100.00	20535550	100.00

o) Categories of Shareholding as on 31st March, 2009 :

Category	No. of Shareholders	No. of Shares held	% of Shareholding
Promoters	1	9090000	44.26
Mutual Funds & UTI	10	11700	0.06
Banks & Insurance Companies	12	9400	0.05
Central/State Govt.	-	-	-
NRIs/OCBs/FIIs	555	534299	2.60
Corporate Bodies	1164	3422073	16.66
Indian Public	26174	7468078	36.37
Total	27916	20535550	100.00

For and on behalf of the Board

Place: Chandigarh
Date : July 29, 2009

Sd/- Sd/-
(J.S. SARAON) (AJAY KUMAR MAHAJAN)
Director Managing Director

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, 2009.

Place : Chandigarh
Date : July 20, 2009

Sd/-
(AJAY KUMAR MAHAJAN)
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, 2009, 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

For S.TANDON & ASSOCIATES
Chartered Accountants

Place : Chandigarh
Date : July 20, 2009

Sd/-
(A.K. SOOD)
Partner

Sd/-
(H.S. KHURANA)
Partner

Punjab Alkalies & Chemicals Limited

AUDITORS' REPORT

To the Shareholders of
PUNJAB ALKALIES & CHEMICALS LIMITED

1. We have audited the attached Balance Sheet of PUNJAB ALKALIES & CHEMICALS LIMITED as at 31st March, 2009, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
 - (i) 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;
 - (ii) 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;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon in Schedule O, give the information required by the Companies Act, 1956, 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 the affairs of the Company as at 31st March, 2009;
 - (b) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - (c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For A.K. SOOD & ASSOCIATES
Chartered Accountants

Sd/-
(A.K. SOOD)
Partner

For S. TANDON & ASSOCIATES
Chartered Accountants

Sd/-
(H.S. KHURANA)
Partner

Place : Chandigarh
Date : June 29, 2009

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (3) of our Report of even date to the Shareholders of PUNJAB ALKALIES & CHEMICALS LIMITED on the accounts for the year ended 31st March, 2009.

- (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 have 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.*
- (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 there under 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

Punjab Alkalies & Chemicals Limited

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.61.60 Lacs has not been deposited; out of which Rs.7.08 Lacs, Rs.3.82 Lacs, Rs.6.37 Lacs and Rs.44.33 Lacs pertains to years 1994-95, 1995-96, 1996-97 and 2004-05 to 2008-09 respectively, since the matters are pending with the Excise Appellate Authorities. In case of Sales Tax, the Company has received a demand of Rs.823.96 Lacs and the Company has filed a Civil Writ Petition in the Punjab & Haryana High Court challenging the Assessment Order. The High Court has admitted the same and stayed the recovery of the said amount. As explained to us there were no disputed amounts in respect of Income Tax, Custom Duty and Wealth Tax during the year.
- (x) The Company had accumulated losses amounting to Rs.1275.11 lacs as on 31.3.2008. The Company has adjusted Rs.830.75 lacs towards deferred tax assets on unabsorbed depreciation against opening balance of profit and loss account. During the year the Company has earned profit after tax of Rs.711.62 Lacs and accordingly after adjusting the remaining accumulated losses of Rs.444.36 lacs against the same, the balance amount has been carried to the Balance Sheet. The Company has not incurred cash losses during the current and the preceding financial year.
- (xi) In view of the Revised Restructuring Package approved by the CDR Empowered Group (refer to Note No. 5 in Schedule O to the accounts) and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the 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.
- (xiv) 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

For S. TANDON & ASSOCIATES
Chartered Accountants

Place : Chandigarh
Date : June 29, 2009

Sd/-
(A.K. SOOD)
Partner

Sd/-
(H.S. KHURANA)
Partner



BALANCE SHEET as at 31st March, 2009

(Rs. in Lacs)

Particulars	Schedule	As at 31.3.2009	As at 31.3.2008
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	A	2050.00	2050.00
Reserves and Surplus	B	<u>9151.88</u>	<u>9115.47</u>
		11201.88	11165.47
Loan Funds :			
Secured Loans	C	<u>7328.83</u>	<u>9732.48</u>
		18530.71	20897.95
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	D	30163.11	30068.96
Depreciation		<u>15639.32</u>	<u>14316.64</u>
Net Block		14523.79	15752.32
Capital Work-in-Progress		<u>246.95</u>	<u>280.89</u>
		14770.74	16033.21
Net Deferred Tax Assets		1115.55	733.92
Current Assets, Loans & Advances	E	5927.77	6063.05
Less: Current Liabilities & Provisions	F	<u>3456.15</u>	<u>3423.13</u>
Net Current Assets		2471.62	2639.92
Miscellaneous Expenditure (to the extent not written off or adjusted)	G	172.80	215.79
Profit and Loss Account		-	1275.11
		<u>18530.71</u>	<u>20897.95</u>
Notes on Accounts	O		
Schedules referred to above and notes attached form an integral part of the Balance Sheet			

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

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

Sd/-
(J.S. SARAON)
Director

Sd/-
(AJAY KUMAR MAHAJAN)
Managing Director

As per our separate report of even date
For A.K. SOOD & ASSOCIATES For S. TANDON & ASSOCIATES
Chartered Accountants Chartered Accountants

Place : Chandigarh
Date : June 29, 2009

Sd/-
(A.K. SOOD)
Partner

Sd/-
(H.S. KHURANA)
Partner

Punjab Alkalies & Chemicals Limited

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2009

(Rs. in Lacs)

Particulars	Schedule	2008-09	2007-08
INCOME			
Gross Sales		23025.46	23336.12
Less : Excise Duty		2777.22	3324.67
Net Sales		20248.24	20011.45
Other Income	H	352.50	203.62
Increase/(Decrease) in Stock	I	307.15	(71.60)
		<u>20907.89</u>	<u>20143.47</u>
EXPENDITURE			
Purchase of Trading Items		-	144.49
Direct Manufacturing Expenses	J	15134.84	14555.90
Employee Remuneration and Benefits	K	1489.09	1508.67
Other Operating & Administration Expenses	L	403.39	352.59
Selling and Distribution Expenses	M	350.95	439.23
Finance Charges	N	977.98	1139.59
Miscellaneous Expenses Written Off	G	66.42	155.88
Depreciation	D	1121.03	1123.64
		<u>19543.70</u>	<u>19419.99</u>
Profit for the year		1364.19	723.48
Expenses relating to previous year		43.55	4.96
Profit before Taxation		<u>1320.64</u>	<u>718.52</u>
Provision for Taxation			
Fringe Benefit Tax		11.59	9.62
Income Tax		148.32	81.41
Deferred Tax		449.11	233.54
Profit after Taxation		<u>711.62</u>	<u>393.95</u>
Profit / (Loss) of previous years	(1275.11)		(2211.90)
Transitional liability for Leave Encashment	-		(49.17)
Transitional liability for Gratuity	-		30.11
Deferred Tax Assets on unabsorbed Depreciation	830.75		561.90
		<u>(444.36)</u>	<u>(1669.06)</u>
Amount available for Appropriations		<u>267.26</u>	<u>(1275.11)</u>
Appropriations			
Balance carried to Balance Sheet		267.26	-
Earnings per Share (Annualised)			
Basic (in Rs.)		3.47	1.92
Diluted (in Rs.)		1.03	0.66
Number of Shares used in computing Earnings per Share			
Basic		20482929	20482906
Diluted		77188929	72106706

Notes on Accounts

Schedules referred to above and notes attached form an integral part of the Profit and Loss Account

Sd/- (AJAY PAL SINGH) Dy. General Manager (Finance)	Sd/- (PRADEEP NAUHARIA) Company Secretary & General Manager (Co. Affairs)	Sd/- (J.S. SARAON) Director	Sd/- (AJAY KUMAR MAHAJAN) Managing Director
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As per our separate report of even date
For A.K. SOOD & ASSOCIATES
Chartered Accountants

For S. TANDON & ASSOCIATES
Chartered Accountants

Place : Chandigarh
Date : June 29, 2009

Sd/-
(A.K. SOOD)
Partner
17

Sd/-
(H.S. KHURANA)
Partner

Schedule A

SHARE CAPITAL

(Rs. in Lacs)

Particulars	As at 31.3.2009	As at 31.3.2008
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>
Share Application Money (Refer Note 3)	<u>0.04</u>	<u>0.04</u>
	<u>2050.00</u>	<u>2050.00</u>

Schedule B

RESERVES AND SURPLUS

(Rs. in Lacs)

Particulars	As at 31.3.2009	As at 31.3.2008
Capital Reserve		
Land Subsidy	<u>5.49</u>	<u>5.49</u>
Shares Forfeited Reserve Account	<u>7.03</u>	<u>7.03</u>
Revaluation Reserve		
As per last Balance Sheet	<u>5489.10</u>	<u>5696.67</u>
Add : Addition during the year	<u>-</u>	<u>27.78</u>
Less : Adjusted in respect of Assets sold/discarded	<u>5.02</u>	<u>6.76</u>
Less : Depreciation (Net of adjustment)	<u>222.85</u>	<u>228.59</u>
	<u>5261.23</u>	<u>5489.10</u>
Share Premium		
As per last Balance Sheet	<u>3587.73</u>	<u>3587.73</u>
Add : Amount received during the year	<u>0.01</u>	<u>-</u>
	<u>3587.74</u>	<u>3587.73</u>
Investment Incentive		
As per last Balance Sheet	<u>26.12</u>	<u>29.10</u>
Less : Written back during the period	<u>2.99</u>	<u>2.98</u>
	<u>23.13</u>	<u>26.12</u>
Profit and Loss Account	<u>267.26</u>	<u>-</u>
	<u>9151.88</u>	<u>9115.47</u>

Punjab Alkalies & Chemicals Limited

Schedule C

SECURED LOANS

(Rs. in Lacs)

Particulars	As at 31.3.2009	As at 31.3.2008
Debentures		
Secured Redeemable Non-Convertible Debentures of Rs. 100/- each		
1,14,280 (Previous year 1,35,710) 10.5% Debentures (4th Series) – (Redeemable in 28 quarterly instalments starting from 1.4.2006 as specified in Revised Restructuring Package approved by CDR Empowered Group)	114.28	135.71
1,71,430 (Previous year 2,03,570) 10.5% Debentures (5th Series) – (Redeemable in 28 quarterly instalments starting from 1.4.2006 as specified in Revised Restructuring Package approved by CDR Empowered Group)	171.43	203.57
Loans & Advances from Scheduled Banks		
Cash Credit Accounts	38.93	0.62
Term Loans	1135.28	1349.50
Other Loans & Advances		
Term Loans :		
Industrial Development Bank of India (IDBI) (Now Industrial Development Bank of India Limited)	4805.19	6607.13
Industrial Finance Corporation of India Limited (IFCI) (Now IFCI Limited)	834.46	1147.12
Life Insurance Corporation of India (LIC)	224.05	266.06
Interest accrued & due on Other Loans and Advances	5.21	22.77
	<u>7328.83</u>	<u>9732.48</u>

- Notes:**
1. The Term Loans from Punjab National Bank (PNB), Punjab & Sind Bank (PSB), IDBI, IFCI, ICICI and LIC (except for term loan of Rs.331.93 lacs from PSB, which is secured as per note 3 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.
 2. 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.
 3. The Term Loan of Rs.331.93 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. The repayment of Principal has been rescheduled as per the Revised Restructuring Package sanctioned by CDR Empowered Group of CDR Cell and the same is repayable in 28 quarterly instalments commencing from 1st April, 2006.

Schedule D

FIXED

Nature of Fixed Assets	GROSS BLOCK (At Cost)					
	As at 1.4.2008	Revaluation	Adjustments from W.I.P.	Additions	Sales / Adjustments	As at 31.3.2009
Land & Site Development	1964.71	-	-	-	-	1964.71
Buildings	3185.24	-	-	0.26	-	3185.50
Plant & Machinery	24517.83	-	92.91	37.74	39.55	24608.93
Railway Siding	68.04	-	-	-	-	68.04
Furniture, Fixtures & Office Equipment	204.11	-	0.26	2.53	-	206.90
Vehicles	129.03	-	-	-	-	129.03
Total	30068.96	-	93.17	40.53	39.55	30163.11
Previous year	29724.87	27.78	355.29	4.39	43.37	30068.96

- Notes:**
1. The Company had revalued its fixed assets (other than 100 TPD Membrane Cell Plant Power Line) as on 31st March, 2004 on the basis of existing use value by an independent professional valuer and the revalued figures were incorporated in the accounts in the financial year 2005-06. The Company has also 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 and the revalued figures were incorporated in the accounts in the financial year 2007-08.
 2. Depreciation for the year 2008-09 includes Rs.223.96 lacs (Previous year Rs.228.59 lacs) as depreciation arising on revaluation of Fixed Assets, which has been adjusted against Revaluation Reserve.

CAPITAL WORK IN PROGRESS

(Rs. in Lacs)

Particulars	Cost as at 1.4.2008	Additions/ Adjustments	Transfer to Fixed Assets	Cost as at 31.3.2009
Buildings	2.70	1.95	1.92	2.73
Plant & Machinery	278.19	57.28	91.25	244.22
Total	280.89	59.23	93.17	246.95
Previous year	332.66	303.52	355.29	280.89

Punjab Alkalies & Chemicals Limited

ASSETS

(Rs. in Lacs)

DEPRECIATION				NET BLOCK	
Upto 31.3.2008	For 2008-09	Adjustments	Upto 31.3.2009	As at 31.3.2009	As at 31.3.2008
-	-	-	-	1964.71	1964.71
1069.95	91.29	-	1161.24	2024.26	2115.29
12958.07	1237.22	22.31	14172.98	10435.95	11559.76
36.51	1.71	-	38.22	29.82	31.53
150.14	8.53	-	158.67	48.23	53.97
101.97	6.24	-	108.21	20.82	27.06
14316.64	1344.99	22.31	15639.32	14523.79	15752.32
12997.74	1352.23	33.33	14316.64	15752.32	16727.13

Schedule E

CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in Lacs)

Particulars	As at 31.3.2009	As at 31.3.2008
A) CURRENT ASSETS		
Inventories		
(As taken valued and certified by the management including in-transit and lying with third parties)		
Building Material	10.96	12.62
Material in Transit	7.75	0.79
Raw Materials	252.95	246.77
Stock in Process	35.14	25.96
Finished goods	366.82	68.85
	673.62	
Stores & Spares	469.79	415.42
Sundry Debtors		
(i) Considered Good except where provided for — Debts over six months (unsecured)	557.79	418.09
(ii) Other Debts (secured to the extent of Rs.109.14 lacs)	2355.54	2522.03
	2913.33	2940.12
Less : Provision for doubtful debts	262.48	262.48
	2650.85	2677.64
Cash & Bank Balances		
Cash in hand	3.53	4.06
Cheques in hand	153.18	113.89
Balance with scheduled banks in:		
— Current accounts	1.19	3.16
— Cash Credit accounts	373.64	522.52
— Fixed Deposit including Margin Money for Letters of Credit and Bank Guarantees	188.15	381.37
— Interest Accrued on Fixed Deposits	0.02	0.20
	719.71	
Sub Total (A)	4513.97	4473.25
B) LOANS AND ADVANCES (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)		
Advances recoverable in cash or in kind or for value to be received / adjusted	1456.30	1549.85
Less : Provision for doubtful debts (others)	271.10	241.80
	1185.70	1308.05
Investment Incentive Recoverable	—	50.00
Advances to employees (secured)	0.18	0.36
Securities & Deposits	216.13	210.12
Balance with Central Excise		
— Personal Ledger Account (PLA)	8.60	14.87
— Cenvat Credit	3.19	6.40
	11.79	
Sub Total (B)	1413.80	1589.80
Total (A + B)	5927.77	6063.05

Punjab Alkalies & Chemicals Limited

Schedule F

CURRENT LIABILITIES AND PROVISIONS

(Rs. in Lacs)

Particulars	As at 31.3.2009	As at 31.3.2008
A) CURRENT LIABILITIES		
Sundry Creditors*		
— Others Suppliers	310.63	383.37
— Others Services	780.01	962.49
Advances from Customers	36.87	59.61
Other Liabilities	1347.47	1413.02
Interest accrued but not due	<u>188.92</u>	—
	2663.90	
B) PROVISIONS		
Gratuity	72.59	124.73
Leave Encashment	317.08	225.65
Taxation	<u>402.58</u>	254.26
	792.25	
	<u>3456.15</u>	<u>3423.13</u>

* Includes Rs. 16.40 lacs (Previous year Rs.23.93 lacs) for capital purchases.

Schedule G

MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

(Rs. in Lacs)

Particulars	As at 31.3.2009	As at 31.3.2008
Deferred Revenue Expenses	215.79	352.22
Additions during the year	<u>23.43</u>	<u>19.45</u>
	239.22	371.67
Less: Written off	<u>66.42</u>	<u>155.88</u>
	<u>172.80</u>	<u>215.79</u>

Schedule H

OTHER INCOME

(Rs. in Lacs)

Particulars	2008-09	2007-08
Interest Received		
— Short term deposits (Gross)	30.67	6.83
(Tax deducted at source Rs.6.30 lacs Previous year Rs. 1.41 lacs)		
— Others	26.37	0.97
	57.04	
Income from Scrap Sales	161.14	91.78
Miscellaneous Income	104.14	91.28
Investment Incentive Written Back	2.99	2.98
Excess Provision Written Back	27.19	0.40
Profit on sale of Fixed Assets	-	9.38
	352.50	203.62

Schedule I

INCREASE (DECREASE) IN STOCK OF FINISHED GOODS & STOCK-IN-PROCESS

(Rs. in Lacs)

Particulars	2008-09	2007-08
Closing Stocks		
Finished Goods		
— in hand	366.82	68.85
Stock in Process	35.14	25.96
	401.96	94.81
Less: Opening Stocks		
Finished goods		
— in hand	68.85	142.11
Stock in Process	25.96	24.30
	94.81	166.41
Increase (Decrease) in Stock	307.15	(71.60)

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Schedule J

DIRECT MANUFACTURING EXPENSES

(Rs. in Lacs)

Particulars	2008-09	2007-08
Raw Materials & Chemicals consumed	3924.84	3231.90
Power, Fuel & Utilities	10957.04	11094.01
Stores & Spares consumed	235.83	212.85
Packing Material	17.13	17.14
	<u>15134.84</u>	<u>14555.90</u>

Schedule K

EMPLOYEE REMUNERATION & BENEFITS

(Rs. in Lacs)

Particulars	2008-09	2007-08
Salaries, Wages & Bonus	1251.64	1246.67
Contribution to Provident, Superannuation & Gratuity funds	100.61	146.66
Staff Welfare, Recruitment & Training Expenses	136.84	115.34
	<u>1489.09</u>	<u>1508.67</u>

Schedule L

OTHER OPERATING & ADMINISTRATION EXPENSES

(Rs. in Lacs)

Particulars	2008-09	2007-08
Labour Charges	41.95	31.73
Railway Siding Operations	8.77	5.26
Repair & Maintenance		
— Plant & Machinery	89.77	61.58
— Building	18.61	17.39
— Others	6.12	4.86
	114.50	
Board Meeting Expenses	4.75	1.75
Travelling & Conveyance		
— Directors	0.45	0.21
— Others	47.61	43.45
	48.06	
Statutory Auditors Remuneration		
— Audit Fees	0.60	0.55
— Tax Audit Fees	0.07	0.07
— Other Services	0.34	0.34
— Out of Pocket Expenses	0.39	0.39
	1.40	
Legal & Professional Charges	6.83	6.95
Insurance	36.35	66.74
Printing & Stationery	14.03	14.70
Postage & Telephone	12.56	12.13
Electricity & Water Charges	3.62	4.29
Rent, Rates & Taxes	25.53	27.79
Pollution Control Expenses	9.10	8.75
Miscellaneous Expenses	42.75	14.61
Doubtful Debts Others	29.30	29.05
Loss on Insurance Claim	0.24	—
Loss on Assets sold/discarded	3.65	—
	403.39	352.59

Schedule M

SELLING & DISTRIBUTION EXPENSES

(Rs. in Lacs)

Particulars	2008-09	2007-08
Advertisement	2.88	1.99
Freight, Cartage & Handling	126.06	101.34
Business Promotion	3.28	18.25
Discounts & Commission	218.73	317.65
	350.95	439.23

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Schedule N

FINANCE CHARGES

(Rs. in Lacs)

Particulars	2008-09	2007-08
Interest and Charges		
— Term Loans	901.12	1054.73
— Debentures	32.85	41.67
— Cash Credit	32.40	29.18
— Monitoring Agency Fee	7.50	7.50
— Security Deposits/Others	4.11	6.51
	<u>977.98</u>	<u>1139.59</u>

Schedule O

NOTES ON ACCOUNTS

1. Significant Accounting Policies

(a) Accounting Convention

These accounts are prepared under the historical cost convention and on the basis of going concern. All expenses and incomes to the extent considered payable and receivable respectively, unless stated otherwise, have been accounted for on mercantile basis.

(b) Fixed Assets

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

(c) Depreciation

Depreciation on Fixed Assets has been provided in the accounts on 'Straight Line Method' as per Schedule XIV to the Companies Act, 1956. Fixed Assets individually costing upto Rs.5,000/- are depreciated 100% in the year of purchase. Depreciation on Foreign Exchange adjustments arising from foreign exchange variations is charged on residual useful life of asset.

(d) Valuation of Inventories

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

(e) Revenue Recognition

Sale of goods is recognised at the point of despatch to the customer. Sales includes excise duty applicable.

(f) Foreign Exchange Transactions

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction. Monetary items denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognised over the life of the contract. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account except in cases where they relate to acquisition of fixed assets

in which case they are adjusted to the carrying cost of such assets.

(g) Employee Benefits

i) Defined Contribution Plan

The Company's Contribution paid/payable during the year towards Provident Fund Scheme and Superannuation Scheme are recognised as expense in the Profit & Loss Account.

ii) Defined Benefit Plan

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

iii) Gratuity liability has been covered by master policy of Life Insurance Corporation of India under irrevocable trust.

(h) Earnings Per Share

The Basic Earnings per Share is computed on the basis of weighted average number of Equity Shares outstanding during the financial year. The Diluted Earnings 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.

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

2. Contingent Liabilities

	As at 31.3.2009 (Rs. in Lacs)	As at 31.3.2008 (Rs. in Lacs)
a) Letters of Credit Outstanding	Euro 19387.88 (Rs.11.50)	- (-)
b) Bank Guarantees given by Company	124.65	149.92
c) Excise/Service Tax demand/claims under appeal (including Rs.1.93 lacs (Previous year Rs.1.93 lacs) deposited under protest)	63.53	19.20
d) Differential Interest (as per Note No. 5)	4870.63	4362.42
e) Under charges and detention charges levied by railways not paid in view of LPA pending before the High Court of Gujarat.	25.17	-
f) Sales Tax Demand (as per Note No.16)	1812.72	1614.96
g) Estimated amounts of contracts remaining to be executed on capital account and not provided for	9.45	-

Punjab Alkalies & Chemicals Limited

3. 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.
4. 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.
5. The Corporate Debt Restructuring (CDR) Empowered Group of CDR Cell had sanctioned a Restructuring Package for the Company which was communicated vide letter dated 2nd January, 2003. The Company had filed an Appeal before the CDR Core Group against some of the conditions stipulated in the said Restructuring Package. The CDR Empowered Group had subsequently approved a Revised Restructuring Package which had been communicated to the Company by the CDR Cell vide its letters dated 15th June, 2004 and 17th June, 2004. The Revised Restructuring Package includes inter alia the reduction of interest rates w.e.f. 1st April, 2003 on Term Loans/NCDs from 13% p.a. to 10.5% p.a. in case of Financial Institutions/Banks opting for the conversion of part of loans into the Equity and Cumulative Redeemable Preference Shares (CRPS) and to 9% p.a. in case of those not opting for the conversion, reduction of interest rate from 13% p.a. to 9% p.a. on the Working Capital Facilities and rescheduling of the payments of Terms Loans, Non-Convertible Debentures and Overdue Interest accrued upto 1st April, 2003. In the case of IDBI Bank Limited and ICICI Bank Limited, the interest rate has been reduced to 5% p.a. and 6% p.a., respectively. The Company had accepted the said Revised Restructuring Package except some of the conditions stipulated therein and had filed an Appeal before CDR Core Group against the said conditions stipulated in the said Revised Restructuring Package. The CDR Cell vide its letter dated 31st August, 2004 had modified the three conditions pertaining to recompense clause, pledge of shares and sale of converted equity by lenders to the strategic investor. The Company had subsequently accepted the Revised Restructuring Package subject to the decision of the CDR Empowered Group conveyed vide letter dated 23rd April, 2005 to keep three conditions of the said Package viz. part of recompense clause, pledge of shares and sale of converted equity by lenders to the strategic investor in abeyance till 30th June, 2005 or till disinvestment is completed, whichever is earlier and the Monitoring Committee to re-examine the Company's request with regard to modifications/waiver of these three conditions. Meanwhile, Bank of Punjab Limited submitted a new Proposal for One Time Settlement (OTS) which was approved by the CDR Empowered Group in its meeting held on 9th August, 2005. The Bank of Punjab Limited had also given its individual sanction for the said OTS vide its letter dated 16th September, 2005. As per the approved OTS, the principal amount was repayable in 24 monthly installments w.e.f. 1st June, 2004 carrying interest at the rate of 5.26% p.a. The Company had also received individual sanctions in consonance with the Revised Restructuring Package from all other lenders. As per the recompense clause stipulated in the Revised Restructuring Package, the Lenders have the right of recompense in respect of the sacrifices undertaken by them on account of reduction in interest rates, waivers etc. The CDR Empowered Group in its meeting held on 29th March, 2006 inter-alia approved keeping in abeyance three conditions viz. (a) conversion of part of the loan into equity/preference shares and lenders right to sell the converted equity; (b) conversion of sacrifices into equity and (c) pledge of shares, till 30th June, 2006 which had further been extended till 31st December, 2007. The Company has requested CDR Empowered Group to defer the above conditions till 31st March, 2010 and also to defer the repayment of the principal amount for 18 months w.e.f. 1st April, 2009 to enable the Company to meet the fund requirements for the essential expenditure on remembraning and recoating of electrolyzers and replacement/repair of some other critical items of plant & machinery. The CDR Empowered Group of CDR Cell had in its meetings held on 14th May, 2009 and 11th June, 2009 approved the Company's said proposal.
6. The Revised Restructuring Package sanctioned by the CDR Empowered Group on 15th June, 2004 inter-alia provided an option for conversion of part of loans into Equity Shares and Cumulative Redeemable Preference Shares on at par basis to the lenders who opt for this option. Accordingly, Industrial Development Bank of India Limited (IDBI), IFCI Limited (IFCI), Life Insurance Corporation of India (LIC) and Punjab National Bank (PNB) have opted for this option. The Company has also received notices from IDBI and IFCI for the conversion of part of loans into Equity Shares. The Company has also received notices from PNB and LIC for the conversion of part of loans into Equity Shares and Cumulative Redeemable Preference Shares. The Board of Directors had, inter-alia, agreed, in principle, to issue subject to the consent of the Shareholders under the relevant provisions of the Companies Act, 1956 and also subject to the outcome of the Informal Guidance of the Securities and Exchange Board of India (SEBI) by way of Interpretive Letter under the SEBI (Informal Guidance) Scheme, 2003 sought by the Company vide its letter dated 10th April, 2006, regarding applicability of the Guidelines for Preferential Issues (as amended) as per Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000, and also subject to such other approvals, permissions, sanctions and consents as may be necessary, said shares of the Company to IDBI, IFCI, PNB and LIC as per their notices. The Board of Directors had subsequently decided to defer

the matter regarding the issue of Equity Shares of the Company to IDBI, IFCI, LIC and PNB upon conversion of part of their loans, for the time being.

7. 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. The Depreciation for the year ended 31st March, 2009 charged to Profit and Loss Account does not include the depreciation arising on revaluation of Fixed Assets for the year ended 31st March, 2009, which has been debited to the Revaluation Reserve.
8. 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. The Depreciation for the year ended 31st March, 2009 charged to Profit and Loss Account does not include the depreciation arising on the revaluation of the said asset for the year ended 31st March, 2009, which has been debited to the Revaluation Reserve.
9. House Tax amounting to Rs.43.85 lacs (including arrears of Rs.35.98 lacs for the years 1995-96 to 2007-08) (Previous year Rs.7.87 lacs) has been deposited during the year under protest with Municipal Council, Nangal.
10. 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, Tubewell, Staff Housing Colony and Storm Water Drain etc., and (b) other expenses aggregating to Rs.247.76 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.29.30 lacs (previous year Rs.29.05 lacs) has been provided as doubtful debt during the current year.
11. Debit & Credit balances of parties are subject to their confirmation.
12. Legal action had been instituted against customers from whom a total sum of Rs.159.87 lacs (Previous year Rs.159.87 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.77.67 lacs (Previous year Rs.63.51 lacs) have been passed/ announced in favour of the Company. The remaining cases are pending before various Courts/Arbitrators.
13. 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.
14. In line with the Accounting Policy stated in Note No.1 (j) of Notes on Accounts, the Deferred Tax Liabilities of Rs.449.11 lacs relating to the year 2008-09 have been recognised and debited to the Profit and Loss Account. The Deferred Tax Assets amounting to Rs.830.75 lacs are recognised on unabsorbed depreciation to the extent that there is reasonable certainty of future taxable income against which such deferred tax assets can be realised.

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

Particulars	As at 31 st March, 2009	
	Deferred Tax Assets	Deferred Tax Liabilities
Timing difference relating to the Financial Year 2008-09		
- Difference between book depreciation and tax depreciation	286.89	
- Provision for leave encashment debited to Profit and Loss A/c	31.08	
- Provision for doubtful debts debited to Profit and Loss A/c	9.96	
- Difference between miscellaneous expenses written off in books of accounts and allowed as per Income Tax Act	14.61	
- Difference between provision for gratuity debited to Profit and Loss A/c and paid during the year before filing the tax return		17.72
- Interest (Accounted for in the previous year as per Sec 43B in Books of Accounts but allowed in Assessment Year 2009-10 on payment basis for tax purposes)	56.82	
- Computed Profit to be adjusted against carried forward losses		830.75
Total	399.36	848.47
Net Deferred Tax Liability		449.11

Punjab Alkalies & Chemicals Limited

15. Employee Defined Benefits:

Defined Benefit Plans-as per Actuarial Valuation as on 31st March, 2009 (Rs. in Lacs)

Particulars	Leave Encashment	Gratuity
Expense Recognised in the Profit & Loss Account for the year	107.81	
Present Value of Defined Benefit Obligation as at 31 st March, 2009	317.08	553.27
Funding of Plan Assets as a percentage of total Plan Actuarial Assumptions	Unfunded	87% with LIC
- Discount Rate	8.0%	8.0%
- Expected rate of return on Plan Assets	-	9.30%
- In-service Mortality	Indian Assured Lives (1994-96)	Indian Assured Lives (1994-96)
- Attrition Rate	1% to 2%	1% to 2%
- Salary Rise	7.0%	7.0%
- Remaining Working life	13.12 Years	13.12 Years

16. The Company had claimed Sales Tax Exemption on total production w.e.f. 1st April, 2003 in terms of Exemption Certificate under the Punjab General Sales Tax (Deformant & Exemption) Rules, 1991 granted to the Company by the Assistant Excise and Taxation Commissioner, Ropar. This exemption from the payment of Sales Tax on the total production had been claimed on the basis of Punjab Industrial Incentive Code under the Industrial Policy, 1996. However, the Assessing Authority has passed the Assessment Order for the period 1st April 2003 to 30th September 2003 disallowing the exemption and has raised Demand of Rs.823.96 lacs by charging Sales Tax on the entire sale proceeds of the Company during the said period. This has not been provided for in the books of account as the Company has filed a Civil Writ Petition in the Punjab & Haryana High Court challenging the said Assessment Order. The High Court has admitted the same and stayed the recovery of the said amount. The interest on the said demand works out to Rs.988.76 lacs for the period from 2004-05 to 2008-09.

17. 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 Ajay Kumar Mahajan, Managing Director

- b) Volume of transaction of related parties

	(Rs. in Lacs)	
	2008-09	2007-08
Remuneration (Key Managerial Personnel)		
- Shri Ajay Kumar Mahajan, Managing Director (w.e.f. 1 st August, 2007)	-	-
- Shri Som Parkash, IAS, Former Managing Director (Arrears in respect of the year 2006-07)	0.19	0.04
- Shri S.P. Singh, IAS, Former Managing Director (Arrears in respect of the years 2005-06 and 2006-07)	1.01	0.01

18. A total of 3138 and 63 Chlorine Cylinders of 900 Kg. and 100 Kg. each respectively, were in circulation with various customers as returnable empties, as on 31.3.2009
19. 6.888 Acres of land has been given on lease to Down Stream Units for a period of 30 years from which no lease rent is being received. However the same is being provided as recoverable in the books of account.
20. 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.
21. The Company operates in a single business segment viz. chemicals. Hence segment reporting under AS-17 is not applicable.
22. 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.

23. 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.	Licenced Capacity		Installed Capacity		Actual Production	
		2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Caustic Soda	MT	99000	99000	99000	99000	84551	95144
Liquid Chlorine	MT	87714	87714	87714	87714	57842	68169
Hydrochloric Acid	MT	73755	73755	39600	39600	52585	50788
		(100% basis)		(100% basis)			
Calcium Hypochlorite	MT	2000	2000	2000	2000	-	-
(Bleach Liquor)							
Sodium Hypochlorite	MT			990	990	14026	14214
Hydrogen Gas	Lacs NM ³	277.20	277.20	277.20	277.20	208.50	241.04
Barium Sulphate	MT	-	-	1000	1000	-	-

- Notes:- 1) The Sodium Hypochlorite Unit is within the overall licenced capacity (2000 TPA) of Calcium Hypochlorite
- 2) Actual production of Calcium Hypochlorite & Sodium Hypochlorite is on liquor basis.
- 3) Actual production of Hydrochloric Acid is on 30-33% concentration basis.
- 4) 3223 MT (Previous year 3132 MT) of Caustic Soda Lye was converted into Caustic Soda Flakes.
- 5) In case of Hydrogen gas internal consumption and saleable quantity is taken as actual production.

ii) PARTICULARS IN RESPECT OF FINISHED GOODS

(Rs. in Lacs)

Class of Goods	Unit of Qty.	Quantity		Value	
		2008-09	2007-08	2008-09	2007-08
SALES:					
Caustic Soda Lye	MT	76522	83382	18888.34	17628.08
Caustic Soda Flakes	MT	2737	3268	808.56	768.23
Liquid Chlorine	MT	57475	68083	1795.17	3375.60
Hydrochloric Acid	MT	47993	45611	815.58	808.47
Sodium Hypochlorite	MT	13977	14224	468.77	398.60
Hydrogen Gas	Lacs NM ³	20.71	27.76	249.04	205.06
Barium Sulphate	MT	-	-	-	-
Sub Total (A)				23025.46	23184.04
CPW	MT	-	347.247	-	123.99
HCL	MT	-	3834.330	-	28.09
HNP/NP/LNP	MT	-	-	-	-
Evamole	MT	-	-	-	-
Lime	MT	-	-	-	-
Drums	Nos	-	-	-	-
Sub Total (B)				-	152.08
Total (A+B)				23025.46	23336.12

Punjab Alkalies & Chemicals Limited

Class of Goods	Unit of Qty.	Quantity		(Rs. in Lacs) Value	
		2008-09	2007-08	2008-09	2007-08
OPENING STOCKS:					
Caustic Soda Lye	MT	267	526	47.27	96.58
Caustic Soda Flakes	MT	40	176	8.81	38.40
Liquid Chlorine	MT	417	331	8.29	4.79
Hydrochloric Acid	MT	598	187	2.88	0.94
Sodium Hypochlorite	MT	54	64	1.60	1.40
Hydrogen Gas	Lacs NM ³	-	-	-	-
Barium Sulphate	MT	-	-	-	-
Total				<u>68.85</u>	<u>142.11</u>
CLOSING STOCKS:					
Caustic Soda Lye	MT	945	267	205.30	47.27
Caustic Soda Flakes	MT	526	40	152.24	8.81
Liquid Chlorine	MT	784	417	3.69	8.29
Hydrochloric Acid	MT	757	598	2.47	2.88
Sodium Hypochlorite	MT	103	54	3.12	1.60
Hydrogen Gas	Lacs NM ³	-	-	-	-
Barium Sulphate	MT	-	-	-	-
Total				<u>366.82</u>	<u>68.85</u>

OTHER USE (QUANTITY ONLY):		Internal Consumption Neutralisation/Losses			
Caustic Soda Lye	MT	4128	3889	-	-
Liquid Chlorine	MT	-	-	-	-
Hydrochloric Acid	MT	4433	4766	-	-
Sodium Hypochlorite	MT	-	-	-	-
Hydrogen Gas	Lacs NM ³	187.79	213.28	-	-

iii) QUANTITATIVE DETAILS OF CONSUMPTION OF RAW MATERIALS AND CHEMICALS

Item	Unit of Qty.	(Rs. in Lacs)			
		2008-09		2007-08	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
Salt (NaCl)	MT	138347	3289.42	152231	2777.66
Soda Ash	MT	551	92.02	565	75.04
Barium Carbonate	MT	1164	298.43	1180	232.52
Hydrated Lime	MT	352	13.17	465	15.75
Sulphuric Acid	MT	2032	166.20	2135	83.50
Others			<u>65.60</u>		<u>47.43</u>
Total			<u>3924.84</u>		<u>3231.90</u>

iv) PURCHASE OF TRADING ITEMS

Item	Unit of Qty.	(Rs. in Lacs)			
		2008-09		2007-08	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
CPW	MT	-	-	347.247	119.19
Hydrochloric Acid	MT	-	-	3834.330	25.30
Lime	MT	-	-	-	-
Total			-		<u>144.49</u>

v) DETAILS REGARDING IMPORTED AND INDIGENOUS MATERIAL CONSUMED

(Rs. in Lacs)

Item	Imported Value (%)	Indigenous Value (%)	Total Value
Raw Materials and Chemicals	15.96 (0.41%) [9.95 (0.31%)]	3908.88 (99.59%) [3221.95 (99.69%)]	3924.84 [3231.90]
Stores and Spares	11.09 (4.70%) [7.80 (3.66%)]	224.74 (95.30%) [205.05 (96.34%)]	235.83 [212.85]

Note: Previous year figures are in brackets.

vi) VALUE OF IMPORTS (CIF BASIS)

(Rs. in Lacs)

Particulars	2008-09	2007-08
Raw Materials	24.95	4.99
Stores and Spares	1.78	196.08

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

(Rs. in Lacs)

Particulars	2008-09	2007-08
Salary & Allowances	1.20	0.05

viii) EXPENDITURE IN FOREIGN CURRENCY : Nil

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

x) EARNING IN FOREIGN CURRENCY : Nil

24. ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

- i) Registration Details
 - Registration No. : 3607
 - State Code : 53
 - Balance Sheet Date : 31.3.2009
- ii) Capital Raised during the year
(Amount in Rs. Thousands)
 - Public Issue : Nil
 - Rights Issue : Nil
 - Bonus Issue : Nil
 - Private Placement : Nil
- iii) Position of Mobilisation and Deployment of funds
(Amount in Rs. Thousands)
 - Total Liabilities : 1853071
 - Total Assets : 1853071

SOURCES OF FUNDS

Paid-up Capital	:	205000*
Reserves and Surplus	:	915188
Secured Loans	:	732883
Unsecured Loans	:	Nil

APPLICATION OF FUNDS

Net Fixed Assets	:	1477074
Investments	:	Nil
Net Deferred Tax Assets	:	111555
Net Current Assets	:	247162
Miscellaneous Expenditure	:	17280
Accumulated Losses	:	Nil

iv) Performance of Company
(Amount in Rs. Thousands)

Turnover	:	2090789**
Total Expenditure	:	1958725
Profit before Tax	:	132064
Profit after Tax	:	71162
Earnings per Share in Rs.	:	3.47
Dividend rate %	:	Nil

v) Generic Names of Three Principal Products of
Company (as per monetary norms)

Item Code No. (ITC Code)	:	2815.12
Product Description	:	Caustic Soda Lye
Item Code No. (ITC Code)	:	2801.10
Product Description	:	Chlorine
Item Code No. (ITC Code)	:	2806.10
Product Description	:	Hydrochloric Acid

* Includes Rs.4,500/- as Application Money for 100 Equity Shares out of the Rights offers in respect of 2350 Equity Shares in abeyance pursuant to Section 206A(b) of the Companies Act, 1956.

** Includes Rs.35250 thousands on account of Miscellaneous Income.

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

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

Sd/-
(J.S. SARAON)
Director

Sd/-
(AJAY KUMAR MAHAJAN)
Managing Director

As per our separate report of even date
For A.K. SOOD & ASSOCIATES For S. TANDON & ASSOCIATES
Chartered Accountants Chartered Accountants

Place : Chandigarh
Date : June 29, 2009

Sd/-
(A.K. SOOD)
Partner

Sd/-
(H.S. KHURANA)
Partner

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. in Lacs)

Particulars	2008-09	2007-08
A) Cash Flow From Operating Activities:		
Net Profit before tax	1320.64	718.52
Adjustments for:		
Depreciation etc.	1121.03	1123.64
Previous year adjustment-Depreciation	(14.66)	-
Miscellaneous Expenses Written Off	66.42	155.88
Interest received	(57.04)	(7.80)
Investment Incentive Written back	(2.99)	(2.98)
Interest/Dividend	933.97	1125.58
Gain or loss on Fixed Assets	3.65	(9.38)
Operating Profit Before Working Capital Changes	3371.02	3103.46
Adjustments for:		
Trade and other receivables	338.94	(244.72)
Inventories	(373.00)	184.57
Trade Payable	(304.22)	444.46
Cash Generated From Operations	3032.74	3487.77
Direct Taxes Paid	(147.74)	(79.01)
Cash Flow Before Extraordinary Items	2885.00	3408.76
Extraordinary Items	-	(19.06)
Net Cash From Operating Activities	2885.00	3389.70
B) Cash Flow From Investing Activities:		
Purchase of Fixed Assets	(40.53)	(4.39)
Sales/Adjustment of Fixed Assets	24.35	12.66
Work in progress	(59.23)	(303.52)
Purchase of Membranes and Recoating of Pans	(23.43)	(19.45)
Interest Received	57.04	7.80
Net Cash Used in Investing Activities	(41.80)	(306.90)
C) Cash Flow From Financing Activities:		
Proceeds From Issue of Share Capital (call in arrears)	-	-
Proceeds From share premium account (call in arrears)	0.01	-
Proceeds From Short Term Borrowings (Working Capital)	38.31	(292.57)
Repayment to Fls & Banks	(2424.40)	(1321.77)
Interest Paid	(762.61)	(1105.52)
Net Cash Used in Financing Activities	(3148.69)	(2719.86)
Net Increase/(Decrease) in Cash And Cash Equivalents	(305.49)	362.94
Cash And Cash Equivalents - Opening Balance	1025.20	662.26
Cash And Cash Equivalents - Closing Balance	719.71	1025.20

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

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

Sd/-
(J.S. SARAON)
Director

Sd/-
(AJAY KUMAR MAHAJAN)
Managing Director

As per our separate report of even date
For A.K. SOOD & ASSOCIATES For S. TANDON & ASSOCIATES
Chartered Accountants Chartered Accountants

Place : Chandigarh
Date : June 29, 2009

Sd/-
(A.K. SOOD)
Partner

Sd/-
(H.S. KHURANA)
Partner

6 YEARS AT A GLANCE

	2003-04 (Nine months)	2004-05	2005-06	2006-07	2007-08	(Rs. in Lacs) 2008-09
Production - Caustic Lye (MT)	60378	80519	95315	97607	95144	84551
Capacity Utilisation	81%	81%	96%	99%	96%	85%
Fixed Assets (Gross Block)	23208.04	23214.78	29611.78	29724.87	30068.96	30163.11
Gross Revenue	13885.77	20946.01	24874.06	23833.37	23539.74	23377.96
Profits before Interest and Depreciation	2293.10	4681.48	4492.89	2853.27	3137.63	3486.07
Interest	946.60	1376.63	1360.14	1257.95	1139.59	977.98
Cash Profits	1346.50	3304.85	3132.75	1595.32	1998.04	2508.09
Depreciation, etc.	910.69	1283.66	1342.99	1359.45	1279.52	1187.45
Profits before Taxation	435.81	2021.19	1789.76	235.87	718.52	1320.64
Taxation	—	—	525.12	136.64	324.57	609.02
Profits after Taxation	435.81	2021.19	1264.64	99.23	393.95	711.62
Earnings per Share (Rs.)	2.84	9.87	6.17	0.48	1.92	3.47

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