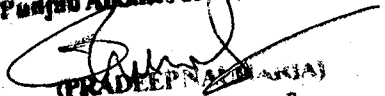


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**Punjab Alkalies & Chemicals Limited**  
**36TH ANNUAL REPORT 2010-11**

**CERTIFIED TO BE A TRUE COPY**  
For Punjab Alkalies & Chemicals Limited

  
**(PRADEEP NATHANIA)**  
Company Secretary &  
Sr. Gen. Manager (Co. Affairs)

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## Punjab Alkalies & Chemicals Limited

### BOARD OF DIRECTORS

Dr. S.S. Channy, IAS, Chairman  
Dr. A.K. Kundra, IAS (Retd.)  
Shri J.S. Saraon  
Shri D.C. Mehandru  
Shri J.S. Mann  
Shri Yogesh Goel  
Shri Ravi Kumar (IDBI Nominee)  
Shri O.P. Yadav (IFCI Nominee)  
Shri S.S. Bains, IAS, Managing Director

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

Shri Pradeep Nauharis

### 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 36<sup>th</sup> Annual Report together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2011.

### Financial Results

The financial results of the Company for the financial year ended 31<sup>st</sup> March, 2011 are summarised below :-

	(Rs. in crores)	
	2010-11	2009-10
Sales Turnover & Other Income	194.43	169.02
Total Expenditure excluding Finance Charges and Depreciation	196.58	173.97
Finance Charges	9.64	8.08
Cash Loss	11.79	13.04
Depreciation, etc.	12.49	11.94
Net Loss before tax	24.28	24.98
Provision for taxation	-	(2.56)
Net Loss after tax	24.28	22.41

Your Directors report that the Company's operations continued to be under intense pressure during the financial year 2010-11 owing to uncontrollable factors of excess capacity and surplus supply position in the Chlor-Alkali industry and escalating production costs. Although, the combined average realisation per Electro-Chemical Unit (ECU) increased from Rs.23,600 in the financial year 2009-10 to Rs.25,600 during the financial year under review and the Company achieved a saving of about Rs.3.95 crores during December, 2010 to March, 2011 on account of purchase of power at cheaper rates through Indian Energy Exchange (IEX) under Open Access System, the technical disruptions in the Plant operations coupled with the high input costs, aggravated by the escalation in the basic power tariff by 5.77% w.e.f. 1<sup>st</sup> April, 2010 by the Punjab State Electricity Regulatory Commission (PSERC), discontinuation of H.T. rebate by the PSERC and increase in the rate of electricity duty from 10% to 13% w.e.f. 1<sup>st</sup> April, 2010 by the Government of Punjab, the burden of all of which could not be absorbed by the market, led to a Net Loss (after tax) of Rs.24.28 crores on a Turnover of Rs.194.43 crores in the financial year under review.

In view of the Loss incurred by the Company, the Directors regret their inability to recommend any dividend for the financial year 2010-11.

### Finance and Corporate Debt Restructuring

The liquidity remained tight during the financial year under review.

The Corporate Debt Restructuring (CDR) Empowered Group of CDR Cell had in June, 2010, approved modification in the Rework Proposal of the CDR approved Revised Restructuring Package for the Company for further deferment of repayment of outstanding principal long term dues of the Financial Institutions and Banks (two Quarters deferment), which shall be repayable within the CDR approved terminal date and funding of 90% of interest fallen/falling due on 1<sup>st</sup> April, 2010 and 1<sup>st</sup> July, 2010, with a marginal increase in the rate of interest. The CDR Empowered Group of CDR Cell had in December, 2010, approved the funding of 90% of interest which had fallen due on 1<sup>st</sup> October, 2010 and 1<sup>st</sup> January, 2011 with a marginal increase in the rate of interest.

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

### Current Operations and Outlook

The performance of the Company in the first Four Months ended 31<sup>st</sup> July, 2011 of the current financial year 2011-12 has been encouraging with the combined average realisation going up from Rs.25,600 per ECU in the financial year 2010-11 to Rs.30,300 per ECU during the said Four Months Period, savings to the tune of about Rs.5.75 crores due to purchase of power at cheaper rates through Indian Energy Exchange (IEX) under Open Access System and the release of an amount of about Rs.2.46 crores by the Punjab State Power Corporation Limited on account of the disallowed H.T. rebate in respect of the financial year 2010-11. As a result of these favourable developments, the Company has achieved a Cash Profit of Rs.8.90 crores and a Net Profit of Rs.4.75 crores in the said Four Months Period ended 31<sup>st</sup> July, 2011 as against a Cash Loss of Rs.3.70 crores and a Net Loss of Rs.7.92 crores during the Four Months Period ended 31<sup>st</sup> July, 2010 and a Cash Loss of Rs.11.79 crores and a Net Loss (after tax) of Rs.24.28 crores in the preceding financial year 2010-11. The performance would have been still better but for the hike in power tariff w.e.f. 1<sup>st</sup> April, 2011 by the Punjab State Electricity Regulatory Commission and increase in the Open Access Charges w.e.f. 1<sup>st</sup> July, 2011 by the Punjab State Power Corporation Limited.

The Company is making continuous efforts to reduce costs. The major input cost i.e. Power cost constitutes about 60% of the total production cost. The Company endeavours to purchase a maximum portion of its power requirements at cheaper rates through Indian Energy Exchange (IEX) under Open Access System

Your Directors are hopeful of better performance in the financial year 2011-12.

# Punjab Alkalies & Chemicals Limited

## Environment and Energy Conservation

The Company continues to accord high priority to carry out its operations in an environment-friendly fashion and has been taking appropriate pollution control and safety measures. The Company has in March, 2011, awarded the work of setting up a Reverse Osmosis based Effluent Treatment Plant on Build, Own and Operate (BOO) Basis in the Company's Plant Complex to M/s. J.B.R. Technologies Private Limited for enabling the Company to achieve Zero Discharge of Effluents from its Plant.

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 2011-12 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 31<sup>st</sup> March, 2011, 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 2010-11 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 2010-11 and Auditors' Certificate regarding compliance of conditions of Corporate Governance, required in terms of Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited are also annexed.

## Directors

The Punjab State Industrial Development Corporation Limited (PSIDC) nominated Shri Yogesh Goel as its Nominee Director on the Board of Directors of the Company in place of Shri Anurag Agarwal, IAS w.e.f. 16<sup>th</sup> August, 2010.

The PSIDC nominated Shri S.S. Bains, IAS as its Nominee Director on the Board of Directors of the Company in place of Shri Ajay Kumar Mahajan w.e.f. 29<sup>th</sup> November, 2010. Consequently, Shri Ajay Kumar Mahajan ceased to be the Managing Director of the Company w.e.f. 29<sup>th</sup> November, 2010. The Board of Directors of the Company appointed Shri S.S. Bains, IAS as the Managing Director of the Company w.e.f. 30<sup>th</sup> November, 2010. The Directors feel that the Company will benefit tremendously from his rich and varied experience.

IDBI Bank Limited has withdrawn the nomination of Shri Rajinder Kumar as its Nominee Director and nominated Shri Ravi Kumar as a Director of the Company w.e.f. 10<sup>th</sup> August, 2011.

The Directors place on record their appreciation of the valuable contribution made by Shri Anurag Agarwal, IAS, Shri Ajay Kumar Mahajan and Shri Rajinder Kumar.

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

## Audit Committee

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

## Directors' Responsibility Statement

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

- (i) In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2011 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 Power Corporation Limited, Company's Bankers and esteemed customers.

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

For and on behalf of the Board

Place: Chandigarh  
Date: August 12, 2011

Sd/-  
(DR. S.S. CHANNY)  
Chairman

### ANNEXURE – I TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the financial year ended 31<sup>st</sup> March, 2011.

Energy Consumption and Conservation	2010-11	2009-10
<b>A. Power and Fuel Consumption</b>		
1. Electricity		
(a) Purchased		
(i) From Punjab State Power Corporation Limited		
Units (lacs KWH)	1768.48	1961.99
Total Amount (Rs. in lacs)	9961.48	9326.97
Rate / Unit (Rs.)	5.63	4.75
(ii) From Other Sources through Indian Energy Exchange		
Units (lacs KWH)	297.27	Nil
Total Amount (Rs. in lacs)	887.84	Nil
Rate / Unit (Rs.)	2.99	Nil
(iii) Total		
Units (lacs KWH)	2065.75	1961.99
Total Amount (Rs. in lacs)	10849.00	9326.97
Rate / Unit (Rs.)	5.25	4.75
(b) Own Generation	Nil	Nil
2. Coal	Nil	Nil
3. Furnace Oil/LDO/HSD		
Quantity (K. litres)	3188.83	3709.50
Total Amount (Rs. in lacs)	813.11	869.74
Average Rate (Rs. per K. litre)	25501.23	23446.22
4. Others	Nil	Nil
<b>B. Consumption per Unit of Caustic Soda Produced</b>		
1. Electricity (KWH)		
- Caustic Soda Lye	2642	2670
- Additional Consumption for conversion to Caustic Soda Flakes	99	100
2. Furnace Oil/LDO/HSD (ltrs.)		
- For Caustic Soda Lye	40.30	42.20
- Additional Consumption for conversion to Caustic Soda Flakes	72	77

## Punjab Alkalies & Chemicals Limited

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

The Company has replaced the Membranes in two Electrolysers of its Plant Unit-I and one Electrolyser of its Plant Unit-II and got the Anodes and Cathodes recoated in two Electrolysers of its Plant Unit-II, at a cost of about Rs.6.50 crores during the financial years 2009-10 and 2010-11. These resulted in reduction in power consumption per unit of Caustic Soda Lye and increase in capacity utilisation. The Company has been endeavouring to purchase a maximum portion of its power requirements at cheaper rates through Indian Energy Exchange (IEX) under Open Access System since December, 2010.

### Research and Development

The Research & Development effort of the Company continued to be directed towards energy conservation and pollution control. The Company has in March, 2011, awarded the work of setting up a Reverse Osmosis based Effluent Treatment Plant on Build, Own and Operate (BOO) Basis in the Company's Plant Complex to M/s. J.B.R. Technologies Private Limited for enabling the Company to achieve Zero Discharge of Effluents from its Plant.

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.116.73 lacs on account of imported Raw Materials, Stores & Spares and Membranes.

For and on behalf of the Board

Place: Chandigarh  
Date : August 12, 2011

Sd/-  
(DR. S.S. CHANNY)  
Chairman



## ANNEXURE - II TO THE DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE FINANCIAL YEAR 2010-11

### Caustic Soda Industry in India

At present, there are about 34 Caustic Soda Units in operation in the Country having a total operational installed capacity of about 32 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.

The Caustic Soda Industry's capacity utilisation has been 76% in the financial year 2010-11 as compared to 73% during the financial year 2009-10.

### Performance

During the financial year 2010-11, the Company's production of Caustic Soda Lye was 78172 M.T as against 73362 M.T. in the last financial year 2009-10. The capacity utilisation of the Company's plant at 79% in the financial year under review is higher as compared to the industry average of 76% during the financial year 2010-11. In the financial year 2010-11, the combined average realisation at Rs.25,600 per M.T. of Caustic Soda was better than Rs.23,600 per M.T. of Caustic Soda during the preceding financial year. The Sales Turnover during the financial year under review was Rs.194.43 crores as against Rs.169.02 crores in the preceding financial year. The Company achieved a saving of about Rs.3.95 crores during December, 2010 to March, 2011 as a result of purchase of power at cheaper rates through Indian Energy Exchange (IEX) under Open Access System. However, even with these positive developments, the Company incurred a Net Loss (after tax) of Rs.24.28 crores due to the technical disruptions in the Plant operations coupled with the high input costs, aggravated by the upward revision in the basic power tariff by 5.77% w.e.f. 1<sup>st</sup> April, 2010 by the Punjab State Electricity Regulatory Commission (PSERC), discontinuation of H.T. rebate by the PSERC and increase in the rate of electricity duty from 10% to 13% w.e.f. 1<sup>st</sup> April, 2010 by the Government of Punjab.

### Marketing

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

Product	Sales	
	Quantity	Value (Rs. in crores)
Caustic Soda Lye	74373 M.T.	136.40
Caustic Soda Flakes	608 M.T.	1.33
Liquid Chlorine	52896 M.T.	34.74
Hydrochloric Acid	45793 M.T.	13.74
Sodium Hypochlorite	11538 M.T.	3.00
Hydrogen Gas	17.91 Lacs NM <sup>3</sup>	2.73

The combined average sales realisation of all the products has been Rs.25,600 per M.T. of Caustic Soda during the financial year 2010-11 as compared to Rs.23,600 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. The Company has started purchasing power at cheaper rates through Indian Energy Exchange (IEX) under Open Access System since December, 2010, resulting in savings in power costs. GAIL (India) Limited is in the process of extending 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.



# Punjab Alkalies & Chemicals Limited

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## Threats

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

## Outlook

The combined average realisation is 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. The increase in the Open Access Charges w.e.f. 1<sup>st</sup> July, 2011 by the Punjab State Power Corporation Limited has reduced the price differential of the power purchased from the Punjab State Power Corporation Limited and the power purchased from other sources under the Open Access System.

## 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 484 employees as on 31<sup>st</sup> March, 2011.

## 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: August 12, 2011

Sd/-  
(DR. S.S. CHANNY)  
Chairman

## CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2010-11

### 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 12<sup>th</sup> August, 2011 comprises of 9 Directors. The Company has a Non-Executive Chairman and 6 Independent Directors. The Company has a Managing Director and 6 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 2010-11 (1.4.2010 to 31.3.2011)	Attendance at last AGM on 25.9.2010	No. of Directorships in other Companies		Memberships of the Committees of the Board of all the Companies*	
						Chairman	Director	Chairman	Member
Dr. S.B. Chandy, IAS, Chairman (PSIDC Nominee)	31.3.2008	-	NE&NI	5	Yes	1	4	-	-
Shri Ajay Kumar Mahajan, Managing Director (PSIDC Nominee)	-As Director: 30.7.2007 -As Managing Director: 1.6.2007	28.11.2010	E&NI	5	Yes	N.A.	N.A.	N.A.	N.A.
Shri S.S. Balas, IAS, Managing Director (PSIDC Nominee)	-As Director: 29.11.2010 -As Managing Director: 30.11.2010	-	E&NI	2	N.A.	-	7	-	1
Shri J.S. Sarzon	30.11.1987	-	NE&I	7	Yes	-	-	1	1
Shri S.R. Sharma	24.9.1987	25.9.2010	NE&I	2	No	N.A.	N.A.	N.A.	N.A.
Shri D.C. Mehndru	26.8.2002	-	NE&I	6	Yes	-	1	2	1
Dr. A. K. Kundra, IAS (Retd.)	13.12.2004	-	NE&I	5	Yes	1	3	-	3
Shri Rajender Kumar (IDBI Nominee)	3.6.2006	10.6.2011	NE&I	3	No	N.A.	N.A.	N.A.	N.A.
Shri O.P. Yadav (IFCI Nominee)	26.9.2009	-	NE&I	3	No	-	-	-	-
Shri Anurag Agarwal, IAS (PSIDC Nominee)	8.3.2010	16.8.2010	NE&NI	-	N.A.	N.A.	N.A.	N.A.	N.A.
Shri J.S. Mann (PSIDC Officer till 30.11.2010)	12.8.2010	-	NE&I	3	Yes	-	1	-	1
Shri Yogesh Goel (PSIDC Nominee)	16.8.2010	-	NE&NI	3	No	1	3	-	1
Shri Ravi Kumar (IDBI Nominee)	10.8.2011	-	NE&I	N.A.	N.A.	-	1	-	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-holding 44.26% of the Subscribed Capital)  
NE&I - Non-Executive Independent Director IDBI - IDBI Bank Limited (Lender)  
E&NI - Executive Non-Independent Director IFCI - IFCI Limited (Lender)

Seven Board Meetings were held during the financial year 2010-11 as against the minimum requirement of four meetings in a year. The dates on which the Board Meetings were held are given below:

27<sup>th</sup> May, 2010, 29<sup>th</sup> June, 2010, 12<sup>th</sup> August, 2010, 25<sup>th</sup> September, 2010, 12<sup>th</sup> November, 2010, 30<sup>th</sup> November, 2010 and 9<sup>th</sup> February, 2011.

The Non-Executive Directors had no pecuniary relationship or transactions with the Company in their personal capacity during the financial year 2010-11 other than receiving Sitting Fees and/or reimbursement of expenses, if any, incurred for attending the meetings of the Company.

The Board of Directors of the Company in its meeting held on 30<sup>th</sup> October, 2006 had approved a Code of Conduct for Directors and Senior Management Personnel of the Company with effect from 1<sup>st</sup> January, 2006. The same has also been placed on the Company's Website [www.punjabkalies.com](http://www.punjabkalies.com). All the Directors and Senior Management Personnel have affirmed compliance with the said Code during the financial year 2010-11 and the Chief Executive Officer's Declaration to this effect is annexed herewith.

## Punjab Alkalies & Chemicals Limited

### 3. Audit Committee

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

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

Name	Date of Appointment as Member	Date of Cessation as Member	Category	Attendance at Audit Committee meetings during 2010-11 (1.4.2010 to 31.3.2011)
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	24.9.1987	25.9.2010	NE&I	2
Shri D.C. Mehandru	26.8.2002	-	NE&I	6
Shri Rajinder Kumar (IDBI Nominee)	27.8.2008	10.8.2011	NE&I	3
Shri J.S. Mann	25.9.2010	-	NE&I	2
Shri Ravi Kumar (IDBI Nominee)	12.8.2011	-	NE&I	N.A.

NE&I - Non-Executive Independent Director

Six meetings of the Audit Committee were held during the financial year 2010-11. The dates on which the meetings of the Audit Committee were held are given below:

27<sup>th</sup> May, 2010, 29<sup>th</sup> June, 2010, 12<sup>th</sup> August, 2010, 25<sup>th</sup> September, 2010, 12<sup>th</sup> November, 2010 and 9<sup>th</sup> February, 2011.

### 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:-

- i. Dr. A.K. Kundra, IAS (Retd.) (Chairman)
- ii. Shri D.C. Mehandru
- iii. Shri O.P. Yadav

During the financial year 2010-11, 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 2010-11:-

- Shri S.S. Bains, IAS, Managing Director : Nil  
(From 30<sup>th</sup> November, 2010)
- Shri Ajay Kumar Mahajan, Managing Director : Nil  
(Till 29<sup>th</sup> November, 2010)

The Non-Executive Directors are entitled to Sitting Fee decided by the Board of Directors in accordance with the provisions of the Companies Act, 1956 and the

Articles of Association of the Company. The Sitting Fee from 1<sup>st</sup> January, 2008 is (a) Rs.5,000/- per meeting of the Board of Directors attended and (b) Rs.2,000/- per meeting of the Committee of the Board of Directors attended.

Dr. A.K. Kundra, IAS (Retd.), Director was holding 600 Equity Shares of the Company as on 31<sup>st</sup> March, 2011. None of the other Directors, was holding any Equity Shares of the Company as on 31<sup>st</sup> March, 2011.

### 5. Share Transfer Committee

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

- |   |   |
|---|---|
| a) From 13 <sup>th</sup> December, 2004 to 25 <sup>th</sup> September, 2010<br>i. Managing Director (Chairman)<br>ii. Shri S.K. Sharma<br>iii. Shri J.S. Saraon | b) Since 25 <sup>th</sup> September, 2010<br>i. Managing Director (Chairman)<br>ii. Shri J.S. Saraon<br>iii. Shri D.C. Mehandru |
|---|---|

During the financial year 2010-11, thirty meetings of the Share Transfer Committee were held. During the financial year 2010-11, 117 requests for transfer of physical mode shares and 326 requests for dematerialisation were received. Out of the same 117 requests for transfer of physical mode shares and Nil requests for dematerialisation were pending for approval as on 31<sup>st</sup> March, 2011.

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:-

- a) From 16<sup>th</sup> May, 2002 to 25<sup>th</sup> September, 2010
  - i. Shri S.K. Sharma (Chairman)– Non-Executive Independent Director
  - ii. Shri J.S. Saroon – Non-Executive Independent Director
  - iii. Managing Director – Executive Non-Independent Director
- b) Since 25<sup>th</sup> September, 2010
  - i. Shri D.C. Mehandru (Chairman)– Non-Executive Independent Director
  - ii. Shri J.S. Saroon – Non-Executive Independent Director
  - iii. Managing Director – Executive Non-Independent Director

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

During the financial year 2010-11, 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 24. Outstanding complaints/queries as on 31<sup>st</sup> March, 2011 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.	33 <sup>rd</sup> AGM in respect of the financial year 2007-08	National Institute of Technical Teachers' Training and Research Auditorium, NITTTR Complex, Sector 28, Chandigarh	27 <sup>th</sup> September, 2008	10.30 hours	Re-appointment of Auditors.
2.	34 <sup>th</sup> AGM in respect of the financial year 2008-09	National Institute of Technical Teachers' Training and Research Auditorium, NITTTR Complex, Sector 28, Chandigarh	26 <sup>th</sup> September, 2009	10.30 hours	Re-appointment of Auditors.
3.	35 <sup>th</sup> AGM in respect of the financial year 2009-10	National Institute of Technical Teachers' Training and Research Auditorium, NITTTR Complex, Sector 28, Chandigarh	25 <sup>th</sup> September, 2010	10.30 hours	1. Re-appointment of Auditors. 2. Consent and approval to the payment of an aggregate amount of Rs.25,000/- to Dr. A.K. Kundra, IAS (Retd.), Director as Arbitrator's Fee. 3. Consent and approval to the payment of an aggregate amount of Rs.37,500/- to Dr. S.S. Channy, IAS, Chairman and Director as Arbitrator's Fee. 4. Consent and approval to the payment of an aggregate amount of Rs.22,500/- to Shri A.R. Talwar, IAS, Former Chairman and Director as Arbitrator's Fee.

b) No item of business, which required the members' approval through postal ballot, was transacted during the financial year 2010-11. 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 2010-11 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 36<sup>th</sup> Annual General Meeting will be held on 24<sup>th</sup> September, 2011 at 10.30 hours in National Institute of Technical Teachers' Training and Research Auditorium, NITTTR Complex, Sector 26, Chandigarh.
- b) Financial Calendar : 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011
- c) Date of Book Closure : 19<sup>th</sup> September, 2011 to 24<sup>th</sup> September, 2011 (both days inclusive)
- d) Dividend Payment Date : N.A.
- e) Listing on Stock Exchanges : Bombay Stock Exchange Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai-400 001
- f) Stock Code : Bombay Stock Exchange : 506852  
Limited
- ISIN No. for Demat Mode : INE807A01014  
Shares
- g) Share Transfer System : The Company is having a Share Transfer Committee of the Board of Directors to approve the transfer and transmission of shares, etc. The Share Transfers of Physical Mode Shares are normally processed within 15 days of receipt if the documents are found in order.
- 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. 24<sup>th</sup> July, 2000 due to SEBI's directive. The Company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for facilitating holding of Company's Shares in Dematerialised Mode. 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 31<sup>st</sup> March, 2011, 86.68% of the total shares have been dematerialised.
- i) Unclaimed Shares : The Company has opened a Depository Account (Demat Account) in the name and style of 'Unclaimed Shares Suspense Account of Punjab Alkalies & Chemicals Limited' with Punjab National Bank (Depository Participant of National Securities Depository Limited (NSDL)), Sector 17-B, Chandigarh for the purpose of complying with the provisions of the Revised Clause 5A of the Listing Agreement with the Bombay Stock Exchange Limited.
- j) Outstanding GDRs/ ADRs/ Warrants or Convertible Instruments, conversion date and likely impact on equity. : Nil
- k) Plant Location : Nangal-Una Road,  
Naya Nangal,  
Distt. Ropar (Punjab) - 140 126.
- l) Address for Correspondence : Punjab Alkalies & Chemicals Limited,  
S.C.O. 125-127,  
Sector 17-B,  
Chandigarh-160 017.  
Ph. : (0172) - 2703645-47  
Fax : (0172) - 2704797.  
Website : www.punjabalkalies.com
- m) E-mail ID for Investors' Complaints/Queries : sharesqueries@punjabalkalies.com
- n) Market Price Data :  
High/Low during each month of 2010-11 (1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011) on the Bombay Stock Exchange Limited.

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April, 2010	30.30	24.30	October, 2010	47.50	38.60
May, 2010	31.45	24.55	November, 2010	43.00	27.00
June, 2010	33.00	28.30	December, 2010	44.95	34.00
July, 2010	46.85	27.15	January, 2011	52.65	42.55
August, 2010	46.10	36.50	February, 2011	50.00	43.20
September, 2010	52.50	41.60	March, 2011	51.70	37.00



o) Distribution of Shareholding as on 31<sup>st</sup> March, 2011 :

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	22357	90.67	3318515	16.16
501 - 1000	1365	5.54	1114431	5.43
1001 - 2000	500	2.03	781897	3.88
2001 - 3000	141	0.57	368553	1.79
3001 - 4000	62	0.25	224145	1.09
4001 - 5000	60	0.24	285815	1.38
5001-10000	85	0.36	654397	3.19
10001 & above	87	0.35	1377697	67.09
<b>Total</b>	<b>24657</b>	<b>100.00</b>	<b>20535550</b>	<b>100.00</b>

p) Categories of Shareholding as on 31<sup>st</sup> March, 2011 :

Category	No. of Shareholders	No. of Shares held	% of Shareholding
Promoters	1	9090000	44.26
Mutual Funds & UTI	15	181099	0.88
Banks & Insurance Companies	12	9400	0.05
Central/State Govt.	-	-	-
NRIs/OCBs/FIIs	485	495241	2.41
Corporate Bodies	1135	3646140	17.76
Indian Public	23009	7113670	34.64
<b>Total</b>	<b>24657</b>	<b>20535550</b>	<b>100.00</b>

For and on behalf of the Board

Place: Chandigarh  
Date : August 12, 2011

Sd/-  
(DR. S.S. CHANNY)  
Chairman

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

I hereby declare that the Board of Directors of the Company in its meeting held on 30<sup>th</sup> October, 2008 had approved a Code of Conduct for Directors and Senior Management Personnel of the Company with effect from 1<sup>st</sup> January, 2009.

I hereby also declare that all Directors and Senior Management Personnel of the Company have affirmed compliance with the said Code of Conduct during the financial year ended 31<sup>st</sup> March, 2011.

Place : Chandigarh  
Date : August 12, 2011

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

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

To the Members of Punjab Alkalies & Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by Punjab Alkalies & Chemicals Limited, for the financial year ended on 31<sup>st</sup> March, 2011, 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

Sd/-  
(GAURAV SOOD)  
Partner

Sd/-  
(H.S. KHURANA)  
Partner

Place : Chandigarh  
Date : August 12, 2011

Membership No. 507583

Membership No. 66331

# 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 31<sup>st</sup> March, 2011, 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, 2008 (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 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March, 2011;
    - (b) In the case of the Profit and Loss Account, of the Loss 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/-  
(SUBHASH BINDLISH)

Partner

Membership No. 81521

For S. TANDON & ASSOCIATES  
Chartered Accountants

Sd/-  
(H.S. KHURANA)

Partner

Membership No. 86331

Place : Chandigarh  
Date : May 26, 2011



## 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 31<sup>st</sup> March, 2011.

- (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 statutory dues for the



## Punjab Alkalies & Chemicals Limited

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.126.61 Lacs has not been deposited, out of which Rs.7.08 Lacs, Rs.3.82 Lacs, Rs.6.37 Lacs and Rs.109.34 Lacs pertains to years 1994-95, 1995-96, 1996-97 and 2004-05 to 2010-11 respectively, since the matters are pending with the Excise Appellate Authorities. In case of Sales Tax, the Company has received demands of Rs.2430.66 Lacs and the Company has filed Civil Writ Petitions 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 has accumulated losses of Rs.1974.17 Lacs as on 31.03.2010. The Company has incurred Cash Loss of Rs.1178.77 Lacs as against Cash Loss of Rs.1303.96 Lacs during the preceding financial year.
- (xi) In view of the Modified Rework Proposal 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 paid over due interest of Rs.12.07 Lacs to Financial Institutions and Banks.
- (xii) The Company has not granted any loans and advances on the basis of the security by way of pledge of Shares, Debentures and other Securities.
- (xv) According to the information and explanations given to us the Company has not given any guarantee for loans taken from Banks and Financial Institutions by any other Company.
- (xvi) The Company has not received any Term Loans and has not issued any Debentures during the year.
- (xvii) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima-facie, not been used during the year for long term investment and vice-versa, other than temporary deployment pending application.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.
- (xxii) In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year are such that clauses xiii, xiv, xviii, xix and xx of CARO are not applicable to the Company.

For A.K. SOOD & ASSOCIATES  
Chartered Accountants

Sd/-  
(SUBHASH BINDLISH)  
Partner  
Membership No. 81521

For S. TANDON & ASSOCIATES  
Chartered Accountants

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

Place : Chandigarh  
Date : May 26, 2011



## BALANCE SHEET as at 31st March, 2011

(Rs. in Lacs)

Particulars	Schedule	As at 31.3.2011	As at 31.3.2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds :</b>			
Share Capital	A	2050.00	2050.00
Reserves and Surplus	B	<u>12804.31</u>	<u>13243.48</u>
		<b>14854.31</b>	<b>15293.48</b>
<b>Loan Funds :</b>			
Secured Loans	C	<u>8879.72</u>	<u>8209.49</u>
		<u>23734.03</u>	<u>23502.97</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets :</b>			
Gross Block	D	34866.78	34813.62
Depreciation		<u>18349.43</u>	<u>17033.06</u>
Net Block		<u>16517.35</u>	<u>17780.56</u>
Capital Work-in-Progress		<u>98.70</u>	<u>277.16</u>
		<b>16616.05</b>	<b>18057.72</b>
<b>Net Deferred Tax Assets</b>		<b>1371.87</b>	<b>1371.87</b>
<b>Current Assets, Loans &amp; Advances</b>	E	<b>4982.30</b>	<b>5672.57</b>
<b>Less: Current Liabilities &amp; Provisions</b>	F	<u>4215.99</u>	<u>3989.48</u>
<b>Net Current Assets</b>		<b>746.31</b>	<b>1683.09</b>
<b>Miscellaneous Expenditure (to the extent not written off or adjusted)</b>	G	<b>597.60</b>	<b>416.12</b>
<b>Profit and Loss Account</b>		<u>4402.20</u>	<u>1974.17</u>
		<u>23734.03</u>	<u>23502.97</u>
<b>Notes on Accounts</b>	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/-  
(S.S. BAINS)  
Managing Director

As per our separate report of even date

For A.K. SOOD & ASSOCIATES  
Chartered Accountants

For S. TANDON & ASSOCIATES  
Chartered Accountants

Sd/-  
(SUBHASH BINDLISH)  
Partner  
Membership No. 81521

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

Place : Chandigarh  
Date : May 26, 2011

## Punjab Alkalies & Chemicals Limited

### PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2011

(Rs. in Lacs)

Particulars	Schedule	2010-11	2009-10
<b>INCOME</b>			
Gross Sales		19194.37	16667.42
Less : Excise Duty		<u>1855.06</u>	<u>1321.06</u>
Net Sales		17339.31	15366.36
Other Income	H	248.79	214.24
Increase/(Decrease) in Stock	I	<u>(53.52)</u>	<u>(248.11)</u>
		<u>17534.58</u>	<u>15332.49</u>
<b>EXPENDITURE</b>			
Purchase of Trading Items		15.94	-
Direct Manufacturing Expenses	J	14941.43	13494.92
Employee Remuneration and Benefits	K	1948.11	1600.31
Other Operating & Administration Expenses	L	406.90	395.99
Selling and Distribution Expenses	M	411.81	250.43
Finance Charges	N	963.77	808.12
Miscellaneous Expenses Written Off	G	171.69	78.80
Depreciation	D	<u>1077.57</u>	<u>1115.10</u>
		<u>19937.22</u>	<u>17743.67</u>
<b>Profit / (Loss) for the year</b>		<b>(2402.64)</b>	<b>(2411.18)</b>
Expenses relating to previous year		<u>25.39</u>	<u>86.57</u>
<b>Profit / (Loss) before Taxation</b>		<b>(2428.03)</b>	<b>(2497.75)</b>
<b>Provision for Taxation</b>			
Income Tax		-	-
Deferred Tax		-	<u>(256.32)</u>
<b>Profit / (Loss) after Taxation</b>		<b>(2428.03)</b>	<b>(2241.43)</b>
Profit / (Loss) of previous years		<u>(1974.17)</u>	<u>267.26</u>
<b>Amount available for Appropriations</b>		<b>(4402.20)</b>	<b>(1974.17)</b>
<b>Appropriations</b>			
Balance carried to Balance Sheet		<u>(4402.20)</u>	<u>(1974.17)</u>
<b>Earnings / (Loss) per Share (Annualised)</b>			
Basic (in Rs.)		(11.85)	(10.94)
Diluted (in Rs.)		(11.85)	(10.94)
<b>Number of Shares used in computing Earnings / (Loss) per Share</b>			
Basic		20482998	20482929
Diluted		85311711	81423829

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

As per our separate report of even date

For A.K. SOOD & ASSOCIATES  
Chartered Accountants

For S. TANDON & ASSOCIATES  
Chartered Accountants

Sd/-  
(SUBHASH BINDLISH)  
Partner  
Membership No. 81521

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

Place : Chandigarh  
Date : May 26, 2011

**Schedule A**

**SHARE CAPITAL**

(Rs. in Lacs)

Particulars	As at 31.3.2011	As at 31.3.2010
<b>Authorised</b>		
400,00,000 Equity Shares of Rs. 10/- each (Previous year 400,00,000 Equity Shares)	<u>4000.00</u>	<u>4000.00</u>
<b>Issued</b>		
205,37,900 Equity Shares of Rs. 10/- each (Previous year 205,37,900 Equity Shares)	<u>2053.79</u>	<u>2053.79</u>
<b>Subscribed and Paid Up</b>		
205,35,550 Equity Shares of Rs. 10/- each fully called up (Previous year 205,35,550 Equity Shares)	<u>2053.58</u>	<u>2053.58</u>
Less: Allotment Money unpaid	<u>3.60</u>	<u>3.60</u>
	<u>2049.98</u>	<u>2049.98</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 31.3.2011	As at 31.3.2010
<b>Capital Reserve</b>		
Land Subsidy	5.49	5.49
Shares Forfeited Reserve Account	7.03	7.03
Revaluation Reserve		
As per last Balance Sheet	9623.08	5261.23
Add : Addition during the year	-	4819.99
Less : Adjusted in respect of Assets sold/discarded	33.06	61.69
Less : Depreciation (Net of adjustment)	<u>403.14</u>	<u>396.45</u>
	9186.88	9623.08
<b>Share Premium</b>		
As per last Balance Sheet	3587.74	3587.74
Add : Amount received during the year	<u>0.01</u>	-
	3587.75	3587.74
<b>Investment Incentive</b>		
As per last Balance Sheet	20.14	23.13
Less : Written back during the period	<u>2.98</u>	<u>2.99</u>
	17.16	20.14
	<u>12804.31</u>	<u>13243.48</u>

# Punjab Alkalies & Chemicals Limited

## Schedule C

### SECURED LOANS

(Rs. in Lacs)

Particulars	As at 31.3.2011	As at 31.3.2010
<b>Debentures</b>		
Secured Redeemable Non-Convertible Debentures of Rs. 100/- each 1,14,280 (Previous year 1,14,280) 10.5% Debentures (4th Series) – (Redeemable in 8 quarterly instalments starting from 1.4.2011 as specified in the Modified Rework Proposal approved by CDR Empowered Group)	114.28	114.28
1,71,430 (Previous year 1,71,430) 10.5% Debentures (5th Series) – (Redeemable in 8 quarterly instalments starting from 1.4.2011 as specified in the Modified Rework Proposal approved by CDR Empowered Group)	171.43	171.43
<b>Loans &amp; Advances from Scheduled Banks</b>		
Cash Credit Accounts	991.50	911.07
Term Loans	1099.67	1099.67
Funded Interest Term Loans	86.69	-
<b>Other Loans &amp; Advances</b>		
Term Loans :		
Industrial Development Bank of India (IDBI) (Now IDBI Bank Limited)	4805.19	4805.19
Industrial Finance Corporation of India Limited (IFCI) (Now IFCI Limited)	834.46	834.46
Life Insurance Corporation of India (LIC)	224.05	224.05
Funded Interest Term Loans	538.36	-
Interest accrued & due on Other Loans and Advances	12.07	49.34
	<b>8879.72</b>	<b>8209.49</b>

- Notes:**
- The Term Loans from Punjab National Bank (PNB), Punjab & Sind Bank (PSB), IDBI, IFCI and LIC (except for term loan of Rs.311.07 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.
  - 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.
  - The Term Loan of Rs.311.07 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).
  - The repayment of Principal had been rescheduled as per the Revised Restructuring Package sanctioned by CDR Empowered Group of CDR Cell and the same was repayable in 28 quarterly instalments commencing from 1<sup>st</sup> April, 2006. However, the CDR Empowered Group of CDR Cell has approved Rework Proposal for the Company in May-June, 2009 and modification in the same in June, 2010, wherein the repayment of Principal for the period from 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2011 has been deferred and outstanding principal is now repayable in 8 quarterly instalments commencing from 1<sup>st</sup> April, 2011.

**Schedule D**
**FIXED**

Nature of Fixed Assets	GROSS BLOCK (At Cost)					As at 31.3.2011
	As at 1.4.2010	Revaluation	Adjustments from W.I.P.	Additions	Sales / Adjustments	
Land & Site Development	3095.11	--	--	--	--	3095.11
Buildings	3527.64	--	0.61	--	--	3528.25
Plant & Machinery	27776.63	--	105.63	28.18	202.54	27707.90
Railway Siding	60.92	--	86.44	--	12.35	147.01
Furniture, Fixtures & Office Equipment	212.58	--	--	0.53	--	213.09
Vehicles	140.76	--	51.41	--	16.75	175.42
<b>Total</b>	<b>34813.62</b>	<b>--</b>	<b>256.09</b>	<b>28.71</b>	<b>231.64</b>	<b>34866.78</b>
Previous year	30163.11	4819.99	7.47	18.57	195.52	34813.62

Notes: 1. The Company had revalued its fixed assets (other than 100 TPD Membrane Cell Plant Power Line) as on 31<sup>st</sup> March, 2004 on the basis of existing use value by an independent professional valuer and the revalued figures were incorporated in the accounts in the financial year 2005-06. The Company had also revalued its 100 TPD Membrane Cell Plant Power Line as on 31<sup>st</sup> March, 2006 on the basis of existing use value by an independent professional valuer and the revalued figures were incorporated in the accounts in the financial year 2007-08.

2. The Company had revalued its fixed assets as on 31<sup>st</sup> March, 2009 on the basis of existing use value by an independent professional valuer and the revalued figures were incorporated in the accounts in the financial year 2009-10.

3. Depreciation for the year 2010-11 includes Rs.403.14 lacs (Previous year Rs.407.06 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 1.4.2010	Additions/ Adjustments	Transfer to Fixed Assets	Cost as at 31.3.2011
Buildings	2.82	0.61	0.61	2.82
Plant & Machinery	274.34	77.02	255.48	95.88
<b>Total</b>	<b>277.16</b>	<b>77.63</b>	<b>256.09</b>	<b>98.70</b>
Previous year	246.95	37.68	7.47	277.16

## Punjab Alkalies & Chemicals Limited

### ASSETS

(Rs. in Lacs)

DEPRECIATION				NET BLOCK	
Upto 31.3.2010	For 2010-11	Adjustments	Upto 31.3.2011	As at 31.3.2011	As at 31.3.2010
-	-	-	-	3095.11	3095.11
1261.24	160.01	-	1361.25	2167.00	2266.40
15449.64	1366.95	151.59	16665.00	11042.90	12326.99
39.47	5.46	-	44.93	102.08	21.45
167.27	7.24	-	174.51	38.58	45.29
115.44	4.62	16.32	103.74	71.68	25.32
17033.06	1484.28	167.91	18349.43	16517.35	17780.56
15639.32	1522.16	128.42	17033.06	17780.56	14523.79



Schedule E

**CURRENT ASSETS, LOANS AND ADVANCES**

(Rs. in Lacs)

Particulars	As at 31.3.2011	As at 31.3.2010
<b>A) CURRENT ASSETS</b>		
<b>Inventories</b> (As taken valued and certified by the management including in-transit and lying with third parties)		
Building Material	18.99	10.42
Material in Transit	28.54	13.60
Raw Materials	116.03	181.93
Stock in Process	19.22	27.00
Finished goods	81.11	126.85
	<u>263.89</u>	
Stores & Spares	496.78	649.08
<b>Sundry Debtors</b>		
(i) Considered Good except where provided for — Debts over six months (unsecured)	818.16	818.74
(ii) Other Debts (secured to the extent of Rs.107.48 lacs)	1911.26	1980.22
	<u>2729.42</u>	<u>2798.96</u>
Less : Provision for doubtful debts	<u>274.44</u>	<u>264.87</u>
	2454.98	2534.29
<b>Cash &amp; Bank Balances</b>		
Cash in hand	2.51	3.15
Cheques in hand	154.03	221.11
Balance with scheduled banks in:		
— Current accounts	0.05	0.35
— Fixed Deposit including Margin Money for Letters of Credit and Bank Guarantees	16.17	13.15
	<u>172.76</u>	
<b>Sub Total (A)</b>	<u>3388.39</u>	<u>3780.93</u>
<b>B) LOANS AND ADVANCES</b> <b>(UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)</b>		
Advances recoverable in cash or in kind or for value to be received / adjusted	1661.78	1959.70
Less : Provision for doubtful debts (others)	<u>318.07</u>	<u>295.26</u>
	1343.71	1664.42
Advances to employees (secured)	-	0.01
Securities & Deposits	227.35	222.99
Balance with Central Excise		
— Personal Ledger Account (PLA)	2.36	1.90
— Canvat Credit	0.49	2.32
	<u>2.85</u>	
<b>Sub Total (B)</b>	<u>1573.91</u>	<u>1891.64</u>
<b>Total (A + B)</b>	<u>4962.30</u>	<u>5672.57</u>



# Punjab Alkalies & Chemicals Limited

## Schedule F

### CURRENT LIABILITIES AND PROVISIONS

(Rs. in Lacs)

Particulars	As at 31.3.2011	As at 31.3.2010
<b>A) CURRENT LIABILITIES</b>		
Sundry Creditors*		
— Other Suppliers	468.25	562.29
— Other Services	1176.30	985.86
Advances from Customers	48.49	60.96
Other Liabilities	1219.56	1313.90
Interest accrued but not due	<u>178.76</u>	173.98
	<b>3091.36</b>	
<b>B) PROVISIONS</b>		
Gratuity	266.74	119.78
Leave Encashment	455.31	370.13
Taxation	<u>402.58</u>	402.58
	<b>1124.63</b>	
	<b><u>4215.99</u></b>	<b><u>3089.48</u></b>

\* Includes Rs. 19.07 lacs (Previous year Rs.35.15 lacs) for capital purchases.

## Schedule G

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

(Rs. in Lacs)

Particulars	As at 31.3.2011	As at 31.3.2010
Deferred Revenue Expenses	416.12	172.80
Additions during the year	<u>353.17</u>	<u>322.12</u>
	<b>769.29</b>	<b>494.92</b>
Less: Written off	<u>171.69</u>	<u>78.80</u>
	<b><u>597.60</u></b>	<b><u>416.12</u></b>

**Schedule H****OTHER INCOME**

(Rs. in Lacs)

Particulars	2010-11	2009-10
Interest Received		
— Short term deposits (Gross)	0.90	2.73
(Tax deducted at source Rs.0.09 lacs Previous year Rs. 0.50 lacs)		
— Others	<u>22.78</u>	24.58
	23.68	
Income from Scrap Sales	117.63	87.82
Miscellaneous Income	40.68	66.60
Investment Incentive Written Back	2.98	2.99
Excess Provision Written Back	5.40	12.97
Profit on sale of Fixed Assets	<u>58.42</u>	<u>16.55</u>
	<u>248.79</u>	<u>214.24</u>

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

(Rs. in Lacs)

Particulars	2010-11	2009-10
Closing Stocks		
Finished Goods		
— in hand	81.11	126.85
Stock in Process	19.22	27.00
	<u>100.33</u>	<u>153.85</u>
Less: Opening Stocks		
Finished goods		
— in hand	126.85	366.82
Stock in Process	27.00	35.14
	<u>153.85</u>	<u>401.96</u>
Increase (Decrease) in Stock	<u>(53.52)</u>	<u>(248.11)</u>

# Punjab Alkalies & Chemicals Limited

## Schedule J

### DIRECT MANUFACTURING EXPENSES

(Rs. in Lacs)

Particulars	2010-11	2009-10
Raw Materials & Chemicals consumed	2990.01	2912.99
Power, Fuel & Utilities	11701.55	10234.91
Stores & Spares consumed	246.95	325.31
Packing Material	2.92	21.71
	<u>14941.43</u>	<u>13494.92</u>

## Schedule K

### EMPLOYEE REMUNERATION & BENEFITS

(Rs. in Lacs)

Particulars	2010-11	2009-10
Salaries, Wages & Bonus	1527.10	1327.78
Contribution to Provident, Superannuation & Gratuity funds	276.67	157.15
Staff Welfare, Recruitment & Training Expenses	144.14	115.38
	<u>1948.11</u>	<u>1600.31</u>



## Schedule L

## OTHER OPERATING &amp; ADMINISTRATION EXPENSES

(Rs. In Lacs)

Particulars	2010-11	2009-10
Labour Charges	60.58	48.37
Railway Siding Operations	7.07	8.05
Repair & Maintenance		
— Plant & Machinery	89.74	88.70
— Building	4.77	14.54
— Others	5.24	6.24
	99.75	
Board Meeting Expenses	4.34	4.71
Travelling & Conveyance		
— Directors	1.51	1.60
— Others	39.78	41.89
	41.29	
Statutory Auditors Remuneration		
— Audit Fees	0.60	0.60
— Tax Audit Fees	0.07	0.07
— Other Services	0.41	0.34
— Out of Pocket Expenses	0.46	0.43
	1.54	
Legal & Professional Charges	11.36	9.14
Insurance	38.52	35.21
Printing & Stationery	10.35	13.21
Postage & Telephone	10.83	11.36
Electricity & Water Charges	4.08	4.02
Rent, Rates & Taxes	23.88	24.73
Pollution Control Expenses	9.25	13.42
Miscellaneous Expenses	54.60	32.55
Doubtful Debts Others	22.76	24.19
Loss on Assets sold/discarded	6.67	12.62
	406.90	395.99

## Schedule M

## SELLING &amp; DISTRIBUTION EXPENSES

(Rs. in Lacs)

Particulars	2010-11	2009-10
Advertisement	2.08	2.48
Freight, Cartage & Handling	119.59	76.96
Business Promotion	3.60	3.67
Discounts & Commission	276.77	165.13
Provision for doubtful debts	9.77	2.19
	411.81	250.43

# Punjab Alkalies & Chemicals Limited

## Schedule N

### FINANCE CHARGES

(Rs. in Lacs)

Particulars	2010-11	2009-10
Interest and Charges		
— Term Loans	814.64	731.48
— Debentures	33.73	30.23
— Cash Credit	103.79	34.78
— Monitoring Agency Fee	7.50	7.50
— Security Deposits/Others	4.11	4.13
	<u>963.77</u>	<u>808.12</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/(Loss) per Share is computed on the basis of weighted average number of Equity Shares outstanding during the financial year. The Diluted Earnings/(Loss) per Share is computed on the basis of weighted average number of Equity Shares outstanding during the year and the Potential Equity Shares.

**(i) Government Grants**

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

**(j) Taxes on Income**

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

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

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

However, in view of the losses during the financial years 2009-10 and 2010-11, the Company has not recognised the Deferred Tax Assets in respect of the loss during the financial year 2010-11.

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

**2. Contingent Liabilities**

	As at 31.3.2011 (Rs. in Lacs)	As at 31.3.2010 (Rs. in Lacs)
a) Letters of Credit Outstanding	US\$ 132126.60 (Rs.60.78)	Euro 28508.40 (Rs.16.92)
b) Bank Guarantees given by Company	258.80	116.74
c) Excise/Service Tax demand/claims under appeal (including Rs.1.93 lacs (Previous year Rs.1.93 lacs) deposited under protest)	128.54	79.98
d) Differential Interest (as per Note No. 5)	5682.92	5294.11
e) Under charges and detention charges levied by railways not paid in view of the matter being subjudice.	-	25.17
f) Sales Tax Demand (as per Note No.16)	5928.81	5345.45
g) Estimated amounts of contracts remaining to be executed on capital account and not provided for	55.48	23.71

## 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 2<sup>nd</sup> 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 15<sup>th</sup> June, 2004 and 17<sup>th</sup> June, 2004. The Revised Restructuring Package includes inter alia the reduction of interest rates w.e.f. 1<sup>st</sup> 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 1<sup>st</sup> 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 31<sup>st</sup> 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 23<sup>rd</sup> 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 30<sup>th</sup> 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 9<sup>th</sup> August, 2005. The Bank of Punjab Limited had also given its individual sanction for the said OTS vide its letter dated 16<sup>th</sup> September, 2005. As per the approved OTS, the principal amount was repayable in 24 monthly installments w.e.f. 1<sup>st</sup> 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 29<sup>th</sup> 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 30<sup>th</sup> June, 2006 which had further been extended till 31<sup>st</sup> December, 2007. The Company had requested CDR Empowered Group to defer the above conditions till 31<sup>st</sup> March, 2010 and also to defer the repayment of the principal amount for 18 months w.e.f. 1<sup>st</sup> April, 2009 to enable the Company to meet the fund requirements for the essential expenditure on remembrancing and recoating of electrolysers and replacement/repair of some other critical items of plant and machinery. The CDR Empowered Group of CDR Cell had in its meetings held on 14<sup>th</sup> May, 2009 and 11<sup>th</sup> June, 2009 approved the Company's said proposal. The deadline of 31<sup>st</sup> March, 2010 had further been extended upto 30<sup>th</sup> September, 2010 as per the decision taken by CDR Empowered Group of CDR Cell in its meeting held on 14<sup>th</sup> May, 2010. The CDR Empowered Group of CDR Cell has in its meeting held on 25<sup>th</sup> June, 2010 approved (a) deferment of repayment of outstanding principal (two quarters deferment) repayable in 8 quarterly installments commencing from 1<sup>st</sup> April, 2011 and ending on 1<sup>st</sup> January, 2013, (b) funding of 90% of interest fallen/falling due on 1<sup>st</sup> April, 2010 and 1<sup>st</sup> July, 2010 payable in 4 quarterly installments w.e.f. 1<sup>st</sup> January, 2011 and (c) increase in the interest rate on the outstanding term loans from 10.5% p.a. to 11% p.a. under option 'A' and from 9% p.a. to 9.25% p.a. under option 'B' in order to protect NPV of future cash flows with interest reset option. The CDR Empowered Group of CDR Cell has in its meeting held on 6<sup>th</sup> December, 2010 approved (a) extension of time till 31<sup>st</sup> March, 2011 for completing disinvestment process and keeping in abeyance till 31<sup>st</sup> March, 2011 the compliance of pending conditions and (b) funding of 90% of interest for 2 quarters

- by protecting NPV of future cash flows. The CDR Empowered Group of CDR Cell has in its meeting held on 7<sup>th</sup> March, 2011 approved the extension of time till 30<sup>th</sup> June, 2011 for completion of disinvestment process and till 15<sup>th</sup> July, 2011 for compliance of pending CDR conditions.
6. The Revised Restructuring Package sanctioned by the CDR Empowered Group on 15<sup>th</sup> 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 10<sup>th</sup> 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 31<sup>st</sup> March, 2004 on the basis of existing use value by an independent professional valuer. The revaluation of assets had been approved by the Board of Directors in its meeting held on 27<sup>th</sup> October, 2005 and the revalued figures were incorporated in the accounts in the financial year 2005-06. Accordingly a sum of Rs.6243.16 lacs being the surplus of the value of assets over the written down value, had been credited to the Revaluation Reserve. The Depreciation for the year ended 31<sup>st</sup> March, 2011 charged to Profit and Loss Account does not include the depreciation arising on revaluation of Fixed Assets for the year ended 31<sup>st</sup> March, 2011, which has been debited to the Revaluation Reserve.
  8. The Company had revalued its 100 TPD Membrane Cell Plant Power Line as on 31<sup>st</sup> March, 2006 on the basis of existing use value by an independent professional valuer. The revaluation of the asset had been approved by the Board of Directors in its meeting held on 29<sup>th</sup> October, 2007 and the revalued figure was incorporated in the accounts in the financial year 2007-08. Accordingly, a sum of Rs.27.78 lacs being the surplus of the value of the asset over the written down value, had been credited to the Revaluation Reserve. The Depreciation for the year ended 31<sup>st</sup> March, 2011 charged to Profit and Loss Account does not include the depreciation arising on the revaluation of the said asset for the year ended 31<sup>st</sup> March, 2011, which has been debited to the Revaluation Reserve.
  9. The Company had revalued its Fixed Assets as on 31<sup>st</sup> March, 2009 on the basis of existing use value by an independent professional valuer. The revaluation of assets had been approved by the Board of Directors in its meeting held on 29<sup>th</sup> January, 2010 and the revalued figures were incorporated in the accounts in the financial year 2009-10. Accordingly a sum of Rs.4819.99 lacs being the surplus of the value of assets over the written down value, had been credited to the Revaluation Reserve. The Depreciation for the year ended 31<sup>st</sup> March, 2011 charged to Profit and Loss Account does not include the depreciation arising on revaluation of Fixed Assets for the year ended 31<sup>st</sup> March, 2011, which has been debited to the Revaluation Reserve.
  10. House Tax amounting to Rs.11.47 lacs (Previous year Rs. Nil) has been deposited during the year under protest with Municipal Council, Nangal.
  11. 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.294.73 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.22.78 lacs (previous year Rs.24.19 lacs) has been provided as doubtful debt during the current year.
  12. Debit & Credit balances of parties are subject to their confirmation.
  13. Legal action had been instituted against customers from whom a total sum of Rs.149.95 lacs (Previous year Rs.157.43 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.73.75 lacs (Previous year Rs.75.23 lacs)



## Punjab Alkalies & Chemicals Limited

have been passed/ announced in favour of the Company. The remaining cases are pending before various Courts/Arbitrators.

14. 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.

15. **Employee Defined Benefits:**

Defined Benefit Plans-as per Actuarial Valuation as on 31<sup>st</sup> March, 2011

Particulars	(Rs. in Lacs)	
	Leave Encashment	Gratuity
Expense Recognised in the Profit & Loss Account for the year	108.46	148.82
Present Value of Defined Benefit Obligation as at 31 <sup>st</sup> March, 2010	455.32	784.12
Funding of Plan Assets as a percentage of total Plan	Unfunded	66% with LIC
Actuarial Assumptions		
- Discount Rate	8.0%	8.0%
- Expected rate of return on Plan Assets	—	8.00%
- 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	11.33 Years	11.33 Years

16. The Company had claimed Sales Tax Exemption on total production w.e.f. 1<sup>st</sup> April, 2003 in terms of Exemption Certificate under the Punjab General Sales Tax (Deferment & Exemption) Rules, 1991 granted to the Company by the Assistant Excise and Taxation Commissioner, Fopar. 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 1<sup>st</sup> April 2003 to 30<sup>th</sup> 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.1384.25 lacs for the period from 2004-05 to 2010-11. Further the Assessing Authority has assessed the cases for the years 2003-04 (3<sup>rd</sup> and 4<sup>th</sup> quarter), 2004-05 and 2005-06 during the year after disallowing the exemption on total production and has vide Orders dated 19.11.2009 for the year 2003-04 (3<sup>rd</sup> and 4<sup>th</sup> quarter) & 2004-05 and Order dated 30.11.2009 for the year 2005-06 (Orders received by the Company on 03.03.2010) imposed Sales Tax/VAT amounting to Rs.168.57 lacs for the year 2003-04 (3<sup>rd</sup> and 4<sup>th</sup> quarter), Rs.437.30 lacs for the year 2004-05 and Rs.1000.83 lacs for the year 2005-06. These amounts have not been provided for in the books of accounts as the Company has filed three separate Civil Writ Petitions (in respect of the years 2003-04 (3<sup>rd</sup> and 4<sup>th</sup> quarter), 2004-05 and 2005-06) in the Punjab & Haryana High Court challenging the Orders passed by the Assessing Authority. The Hon'ble Punjab & Haryana High Court has admitted the said Civil Writ Petitions and stayed the recovery of the demands. The interest on the said demands worked out to Rs.2113.90 lacs for the period up to 2010-11. The assessment of remaining years is pending for which the additional liability, if any, is unascertainable.

**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 (till 29<sup>th</sup> November, 2010)
- Shri S.S. Bains, IAS, Managing Director (w.e.f. 30<sup>th</sup> November, 2010)

(Rs. in Lacs)

b) Volume of transaction of related parties	2010-11	2009-10
Remuneration (Key Managerial Personnel)		
- Shri S.S. Bains, IAS, Managing Director (w.e.f. 30 <sup>th</sup> November, 2010)	-	-
- Shri Ajay Kumar Mahajan, Managing Director (till 29 <sup>th</sup> November, 2010)	-	-
- Shri Som Parkash, IAS, Former Managing Director (Arrears in respect of the year 2006-07)	-	0.65
- Shri S.P. Singh, IAS, Former Managing Director (Arrears in respect of the years 2005-06 and 2006-07)	-	3.44

18. A total of 2999 and 61 Chlorine Cylinders of 900 Kg. and 100 Kg. each respectively, were in circulation with various customers as returnable empties, as on 31.3.2011.

19. 0.5 Acre of land is on lease with one Down Stream Unit for a period of 30 years.

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	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Caustic Soda	MT	99000	99000	99000	99000	78172	73362
Liquid Chlorine	MT	87714	87714	87714	87714	53300	48643
Hydrochloric Acid	MT	73755	73755	39600	39600	50785	50432
		(100% basis)		(100% basis)			
Calcium Hypochlorite (Bleach Liquor)	MT	2000	2000	2000	2000	-	-
Sodium Hypochlorite	MT			990	990	11482	11815
Hydrogen Gas	Lacs NM <sup>3</sup>	277.20	277.20	277.20	277.20	205.41	179.02
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) 525 MT (Previous year 3224 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.

## Punjab Alkalies & Chemicals Limited

### II) PARTICULARS IN RESPECT OF FINISHED GOODS

(Rs. in Lacs)

Class of Goods	Unit of Qty.	Quantity		Value	
		2010-11	2009-10	2010-11	2009-10
<b>SALES:</b>					
Caustic Soda Lye	MT	74373	66801	13640.44	13002.83
Caustic Soda Flakes	MT	608	3735	133.17	819.48
Liquid Chlorine	MT	52896	49354	3474.01	1518.66
Hydrochloric Acid	MT	45793	47203	1373.54	731.07
Sodium Hypochlorite	MT	11538	11834	299.93	310.69
Hydrogen Gas	Lacs NM <sup>3</sup>	17.91	21.27	273.26	304.69
Barium Sulphate	MT	-	-	-	-
Total				<u>19194.37</u>	<u>16687.42</u>
<b>OPENING STOCKS:</b>					
Caustic Soda Lye	MT	692	945	114.71	205.30
Caustic Soda Flakes	MT	15	526	2.88	152.24
Liquid Chlorine	MT	273	784	6.22	3.69
Hydrochloric Acid	MT	189	757	0.99	2.47
Sodium Hypochlorite	MT	84	103	2.05	3.12
Hydrogen Gas	Lacs NM <sup>3</sup>	-	-	-	-
Barium Sulphate	MT	-	-	-	-
Total				<u>126.85</u>	<u>366.82</u>
<b>CLOSING STOCKS:</b>					
Caustic Soda Lye	MT	297	692	61.91	114.71
Caustic Soda Flakes	MT	4	15	1.06	2.88
Liquid Chlorine	MT	677	273	15.19	6.22
Hydrochloric Acid	MT	385	189	2.00	0.99
Sodium Hypochlorite	MT	38	84	0.96	2.06
Hydrogen Gas	Lacs NM <sup>3</sup>	-	-	-	-
Barium Sulphate	MT	-	-	-	-
Total				<u>81.11</u>	<u>126.85</u>
<b>OTHER USE (QUANTITY ONLY):</b>					
		Internal Consumption		Neutralisation Losses	
Caustic Soda Lye	MT	3689	3560	-	-
Liquid Chlorine	MT	-	-	-	-
Hydrochloric Acid	MT	4796	3797	-	-
Sodium Hypochlorite	MT	-	-	-	-
Hydrogen Gas	Lacs NM <sup>3</sup>	187.60	157.75	-	-

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

(Rs. in Lacs)

Item	Unit of Qty.	2010-11		2009-10	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
Salt (NaCl)	MT	127724	2732.54	122117	2550.25
Soda Ash	MT	290	46.13	448	70.38
Barium Carbonate	MT	431	93.29	975	200.19
Hydrated Lime	MT	137	4.70	386	13.20
Sulphuric Acid	MT	1554	60.44	1504	26.51
Others			52.91		52.46
Total			<u>2990.01</u>		<u>2912.99</u>

**iv) PURCHASE OF TRADING ITEMS**

(Rs. in Lacs)

Item	Unit of Qty.	2010-11		2009-10	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
Caustic Soda Flakes	MT	72	<u>15.94</u>	--	--
Total			<u>15.94</u>	--	--

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

(Rs. in Lacs)

Item	Imported		Indigenous		Total Value
	Value (%)		Value (%)		
Raw Materials and Chemicals	8.13 (0.27%)	[7.49 (0.26%)]	2981.88 (99.73%)	[2905.50 (99.74%)]	2990.01 [2912.99]
Stores and Spares	17.58 (7.12%)	[20.25 (6.23%)]	229.37 (92.88%)	[305.06 (93.77%)]	246.95 [325.31]

Note: Previous year figures are in brackets.

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

(Rs. in Lacs)

Particulars	2010-11	2009-10
Raw Materials	3.56	--
Stores and Spares and Membranes	<u>113.17</u>	<u>320.19</u>
Total	<u>116.73</u>	<u>320.19</u>

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

(Rs. in Lacs)

Particulars	2010-11	2009-10
Salary & Allowances	--	4.09

**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 : 31.3.2011
- ii) Capital Raised during the year  
(Amount in Rs. Thousands)  
Public Issue : Nil  
Rights Issue : Nil

# Punjab Alkalies & Chemicals Limited

	Bonus Issue	: Nil
	Private Placement	: Nil
iii)	Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)	
	Total Liabilities	: 2373403
	Total Assets	: 2373403

### SOURCES OF FUNDS

Paid-up Capital	: 205000*
Reserves and Surplus	: 12804.31
Secured Loans	: 887972
Unsecured Loans	: Nil

### APPLICATION OF FUNDS

Net Fixed Assets	: 1661605
Investments	: Nil
Net Deferred Tax Assets	: 137187
Net Current Assets	: 74631
Miscellaneous Expenditure	: 59760
Accumulated Losses	: 440220

iv)	Performance of Company (Amount in Rs. Thousands)	
	Turnover	: 1753458**
	Total Expenditure	: 1996261
	Profit/(Loss) before Tax	: (242803)
	Profit/(Loss) after Tax	: (242803)
	Earnings/(Loss) per Share in Rs.	: (11.85)
	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.24879 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/- (S.S. BAINS) Managing Director
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As per our separate report of even date  
For A.K. SOOD & ASSOCIATES      For S. TANDON & ASSOCIATES  
Chartered Accountants      Chartered Accountants

Sd/- (SUBHASH BINDLISH) Partner	Sd/- (H.S. KHURANA) Partner
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Place : Chandigarh  
Date : May 26, 2011

Membership No. 81521

Membership No. 86331



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

(Rs. in Lacs)

Particulars	2010-11	2009-10
<b>A) Cash Flow From Operating Activities:</b>		
Net Profit/(Loss) before tax	(2426.03)	(2497.75)
Adjustments for:		
Depreciation etc.	1077.57	1115.10
Previous year adjustment – Depreciation	3.57	-
Miscellaneous Expenses Written Off	171.69	78.80
Interest received	(23.68)	(27.31)
Investment Incentive Written back	(2.98)	(2.99)
Interest/Dividend	848.37	781.71
Gain or (loss) on Fixed Assets	(51.75)	(3.93)
Operating Profit/(Loss) Before Working Capital Changes	(405.24)	(576.37)
Adjustments for:		
Trade and other receivables	402.31	(348.33)
Inventories	248.23	134.53
Trade Payable	221.73	548.27
Cash Generated From Operations	467.03	(241.90)
Direct Taxes Paid	(5.27)	(12.95)
Cash Flow Before Extraordinary Items	461.76	(254.85)
Extraordinary Items	-	-
<b>Net Cash From Operating Activities</b>	<b>461.76</b>	<b>(254.85)</b>
<b>B) Cash Flow From Investing Activities:</b>		
Purchase of Fixed Assets	(28.71)	(18.57)
Sale/Adjustment of Fixed Assets	82.42	19.95
Work in progress	(77.63)	(37.68)
Purchase of Membranes and Recoating of Pans	(353.17)	(322.12)
Interest Received	23.68	27.31
<b>Net Cash Used in Investing Activities</b>	<b>(353.41)</b>	<b>(331.11)</b>
<b>C) Cash Flow From Financing Activities:</b>		
Proceeds From Issue of Share Capital (call in arrears)	-	-
Proceeds From share premium account (call in arrears)	0.01	-
Proceeds From Short Term Borrowings (Working Capital)	80.43	872.14
Repayment to Fis & Banks	-	(35.61)
Interest Paid	(253.79)	(732.52)
<b>Net Cash Used in Financing Activities</b>	<b>(173.35)</b>	<b>104.01</b>
Net Increase/(Decrease) in Cash And Cash Equivalents	(65.00)	(481.95)
Cash And Cash Equivalents – Opening Balance	237.76	719.71
Cash And Cash Equivalents – Closing Balance	172.76	237.76

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

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

Sd/-  
(J.S. SARAON)  
Director

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

As per our separate report of even date

For A.K. SOOD & ASSOCIATES  
Chartered Accountants

For S. TANDON & ASSOCIATES  
Chartered Accountants

Sd/-  
(SUBHASH BINDLISH)  
Partner

Sd/-  
(H.S. KHURANA)  
Partner

Place : Chandigarh  
Date : May 26, 2011

Membership No. 81521

Membership No. 86331

**pacl**

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*The Chemistry of Excellence*