



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

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Punjab Alkalies & Chemicals Limited

BOARD OF DIRECTORS

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

COMPANY SECRETARY & SENIOR GENERAL MANAGER (CO. AFFAIRS)

Shri Pradeep Nauharia

BANKERS

Punjab National Bank
Punjab & Sind Bank

AUDITORS

M/s. S. Tandon & Associates,
Chartered Accountants,
S.C.O. 201-203, 3rd Floor, Sector 34-A,
Chandigarh - 160 022
Firm Registration No. 006388N

M/s. A.K. Sood & Associates,
Chartered Accountants,
S.C.O. 126-127, 2nd Floor, Sector 8-C,
Chandigarh - 160 008
Firm Registration No. 000072N

INTERNAL AUDITORS

M/s. Mukesh Raj & Co.
Chartered Accountants,
114, Sector 11-A,
Chandigarh-160011
Firm Registration No. 016693N

REGISTERED OFFICE

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

CIN

L24119CH1975PLC003607

WORKS

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

REGISTRARS & SHARE TRANSFER AGENTS

M/s. Beetal Financial & Computer Services
Private Limited,
Beetal House, 3rd Floor, 99, Madangir,
Behind Local Shopping Centre,
New Delhi - 110 062



DIRECTORS' REPORT

Your Directors submit their 41st Annual Report together with the Audited Accounts for the financial year ended 31st March, 2016.

Financial Results

The financial results of the Company for the financial year ended 31st March, 2016 are summarised below :-

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

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

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

Finance and Corporate Debt Restructuring

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

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

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

Current Operations and Outlook

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

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

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

The Chlorinated Paraffin Wax (CPW) Plant set up by M/s. Flow Tech Chemicals Pvt. Limited on B.O.O. basis in the Company's Plant Complex has been commissioned. The same has lifted about 3500 M.T. of Chlorine during the four months ended 31st July, 2016 and has reduced the requirement for additional Chlorine Tonners.

Environment and Energy Conservation

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

The Company continues to place a great emphasis on energy conservation. The Company is getting the Energy Audit conducted on regular basis. The information relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required to be disclosed pursuant to the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014, is given in Annexure-I forming a part of this report.

Listing

The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited. The Annual listing fee for the year 2016-17 has been paid to the Bombay Stock Exchange Limited.

Human Resources

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

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

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

Corporate Governance

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

Directors & Key Managerial Personnel

The PSIDC has nominated Smt. Indu Malhotra, IAS as its Nominee on the Board of Directors of the Company in place of Shri S.R. Ladhar, IAS. Shri S.R. Ladhar, IAS resigned as a Director of the Company w.e.f. 16th February, 2016. Accordingly, the Board has appointed Smt. Indu Malhotra, IAS as Additional Director of the Company on 26th May, 2016. Smt. Indu Malhotra, IAS holds office till the date of the ensuing Annual General Meeting. A Notice in writing has been received from a member under Section 160 of the Companies Act, 2013, signifying his intention to



propose at the ensuing Annual General Meeting the appointment of Smt. Indu Malhotra, IAS as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.

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

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

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

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

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

Audit Committee

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

Risk Management Committee

The Board of Directors of the Company has constituted a Risk Management Committee to monitor and review the Risk Management Plan of the Company.

Directors' Responsibility Statement

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

- (i) In the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the period under review;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts for the financial year ended 31st March, 2016 on a 'going concern' basis;
- (v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Declaration of Independent Directors

All the Independent Directors have met requirements specified under Section 149 (6) of the Companies Act, 2013 regarding holding the position of 'Independent Director' and necessary Declaration from each Independent Director under Section 149(7) of the Act has been received. The Independent Directors have held a separate meeting during the year under review.

Performance Evaluation Policy of Directors

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

Related Party Transactions

During the year under review, the Company has not entered into any arrangement or contract or transactions with related parties except the remuneration paid to the Key Managerial Personnel.

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Auditors

The appointment of M/s. S. Tandon & Associates, Chartered Accountants and M/s. A.K. Sood & Associates, Chartered Accountants, as Auditors of the Company from the conclusion of the ensuing Annual General Meeting until the conclusion of 42nd Annual General Meeting to be held in the year 2017 is subject to ratification by the Members. The Auditors being eligible, have indicated their willingness to the same.

Cost Auditors

The Board has, subject to the approval of the Shareholders, appointed M/s. J.K. Kabra & Co., Cost Accountants as Cost Auditors of the Company for conducting an audit of the cost accounting records of the Company in respect of the financial year 2016-17.

Secretarial Audit

M/s. A. Arora & Co., Practising Company Secretaries, were appointed as Secretarial Auditors of the Company for the financial year 2015-16. Their Secretarial Audit Report of the Company for the financial year ended 31st March, 2016 is annexed as Annexure-IV to this Report. The Report does not contain any qualification. M/s. A. Arora & Co., Practising Company Secretaries were reappointed as Secretarial Auditors of the Company for the financial year 2016-17.

Extract of Annual Return

Pursuant to Section 134 (3)(a) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, Extract of Annual Return in Form MGT-9 is annexed as Annexure-V to this Report.

Acknowledgements

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

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

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

Place : Chandigarh
Date : August 12, 2016



ANNEXURE – I TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo pursuant to the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the financial year ended 31st March, 2016.

Energy Consumption and Conservation	2015-16	2014-15
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
(i) From Punjab State Power Corporation Limited		
Units (lacs KWH)	1014.94	1682.53
Total Amount (Rs.in lacs)	8753.30	12080.54
Rate / Unit (Rs.)	8.62	7.18
(ii) From Other Sources through Indian Energy Exchange		
Units (lacs KWH)	1211.70	776.41
Total Amount (Rs.in lacs)	7325.46	5152.28
Rate / Unit (Rs.)	6.05	6.64
(iii) Total		
Units (lacs KWH)	2226.64	2458.94
Total Amount (Rs.in lacs)	16078.76	17232.82
Rate / Unit (Rs.)	7.22	7.01
(b) Own Generation	Nil	Nil
2. Coal	Nil	Nil
3. Furnace Oil/LDO/HSD		
Quantity (K. litres)	1059.69	790.39
Total Amount (Rs.in lacs)	231.94	259.09
Average Rate (Rs. per K.litre)	21887.53	32779.87
4. Others	Nil	Nil
B. Consumption per Unit of Caustic Soda Produced		
1. Electricity (KWH)		
- Caustic Soda Lye	2731	2675
- Additional Consumption for conversion to Caustic Soda Flakes	Nil	Nil
2. Furnace Oil/LDO/HSD (ltrs.)		
- For Caustic Soda Lye	13.00	8.60
- Additional Consumption for conversion to Caustic Soda Flakes	Nil	Nil

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

The Company is replacing the Membranes of its Plant Unit-I and Plant Unit-II and getting the Anodes recoated in Electrolysers of its Plant Unit-II, in a phased manner. The replacement of Membranes and recoating in Electrolysers has resulted in marginal reduction in power consumption per unit of Caustic Soda Lye. The Company has purchased 112 Nos. M/s. UHDE make, used Generation-3 Cell Elements for replacing Generation-2 Cell Elements in one of the three Existing Electrolysers in Plant Unit-I and is getting the same recoated. These measures will lead to reduction in power consumption per unit of Caustic Soda Lye and the consequent decrease in cost of production.

Research and Development

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

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

Technology Absorption, Adaptation and Innovation

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

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

Place : Chandigarh
Date : August 12, 2016

Punjab Alkalies & Chemicals Limited

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

Caustic Soda Industry in India

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

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

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

Performance

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

Marketing

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

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

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

Opportunities

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

Threats

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



Outlook

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

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

The Chlorinated Paraffin Wax (CPW) Plant set up by M/s. Flow Tech Chemicals Pvt. Limited on B.O.O. basis in the Company's Plant Complex has been commissioned. The same has lifted about 3500 M.T. of Chlorine during the four months ended 31st July, 2016 and has reduced the requirement for additional Chlorine Tonners.

The Company is optimistic about a better performance.

Risks and Concerns

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

Risk Management

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

Internal Control Systems

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

Human Resources

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

Cautionary Statement

The statements in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting global and domestic demand-supply, finished goods prices, power and raw materials costs and availability, power wheeling charges, changes in Government regulations, tax regimes, economic developments within India and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

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

Place : Chandigarh
Date : August 12, 2016