



# Punjab Alkalies & Chemicals Limited

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CIN : L24119CH1975PLC003607, Website : www.punjabalkalies.com



PACL:SEC:2021:1342

22.05.2021

BSE Limited  
1<sup>st</sup> Floor, New Trading ring,  
Rotunda Building,  
P.J Towers, Dalal Street,  
Fort, Mumbai – 400 001

**Sub : Outcome of Board Meeting held on 21<sup>st</sup> May, 2021 – Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that the Board of Directors of the Company in its meeting held on 21<sup>st</sup> May, 2021 has approved the following:

- Issuance of 45,00,000 Sweat Equity Shares to Shri Naveen Chopra for his contribution towards value addition to the Company as per Valuation Report of Sundae Capital Advisors Private Limited, Category I Merchant Banker and at a price to be determined on relevant date as per SEBI (Issue of Sweat Equity) Regulations, 2002. Issuance of sweat equity shares will result in modification of the remuneration structure of Shri Naveen Chopra. Further, the tax liability on Sweat Equity, being non-monetary perquisite, will be borne by the Company.
- Allotment of 54,00,000 equity shares at a price of Rs. 60 per equity share to the following allottees, for cash consideration:

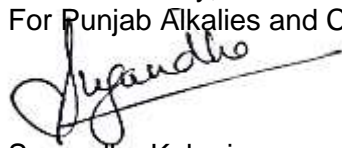
Name of Allottee	No. of shares
Plutus Wealth Management LLP	25,00,000
Hemlata Kamal Poddar	4,00,000
Arun Kumar Poddar	4,00,000
Anita Kedia	2,00,000
Anup Gupta	2,00,000
Nand Kishore Agrawal	2,00,000
Rajesh Gadodia	2,00,000
Rajesh Kumar Agarwal	2,00,000
Ratiraj Tibrewal	2,00,000
Shyamsunder Bharubaxn Mandawewala	2,00,000
Poonam Sunil Bagaria	2,00,000
Amarjeet Singh Randhawa	2,00,000
Amanpreet Sohi	2,00,000
Sameer Agarwal	1,00,000
<b>Total</b>	<b>54,00,000</b>

- Allotment of 75,00,000 equity shares to M/s Durva Infratech LLP for consideration other than cash. However, the listing of the said shares is subject to the ratification and placing of the valuation report of the independent valuer before the members in their next General Meeting, as advised by BSE Limited vide its In-principle approval Letter No. DCS/PREF/PB/PRE/1230/2021-22 dated 07.05.2021.
- Acquisition of stake in Flow Tech Chemicals Private Limited, a Promoter Group Company. Details of the same are enclosed as Annexure I.

The Board has approved convening of Extra-Ordinary General Meeting of the Company on 25<sup>th</sup> June, 2021 to consider various matters, including above.

Thanking You

Yours Faithfully,  
For Punjab Alkalies and Chemicals Limited



Sugandha Kukreja  
Company Secretary

**Disclosure as per Clause 1(1.1) of Para A of Annexure I of SEBI Circular no. CIR/CFD/CMD/4/2015 dated September 09, 2015**

S. No.	Particulars	Details												
a.	Name of the target entity, details in brief such as size, turnover etc.;	<p>Flow Tech Chemicals Private Limited ("Target Company" /"Flowtech") (CIN: U25202DL1996PTC078956)</p> <p>The existing paid up capital of Flowtech is Rs. 76,26,080 comprising of 7,62,608 equity shares of face value Rs. 10 each. The directors of Flowtech are Shri Sukhbir Singh Dahiya, Shri Jagbir Singh Ahlawat and Shri Mayank Ahlawat.</p> <p>The summary details of the turnover and PAT are as under:</p> <p align="right">(Rs. In lakhs)</p> <table border="1" data-bbox="884 770 1433 1010"> <thead> <tr> <th>Year</th> <th>Income from operations</th> <th>PAT</th> </tr> </thead> <tbody> <tr> <td>2020-21 (provisional)</td> <td>16,680.43</td> <td>196.54</td> </tr> <tr> <td>2019-20</td> <td>11,116.56</td> <td>137.99</td> </tr> <tr> <td>2018-19</td> <td>10,016.40</td> <td>105.49</td> </tr> </tbody> </table>	Year	Income from operations	PAT	2020-21 (provisional)	16,680.43	196.54	2019-20	11,116.56	137.99	2018-19	10,016.40	105.49
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b.	<p>Whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired?</p> <p>If yes, nature of interest and details thereof and whether the same is done at "arms length";</p>	<p>The Target Company is part of the Promoter Group of the Company and Promoters of Punjab Alkalies and Chemicals Limited hold 100% holding in the Target Company.</p> <p>The proposed transaction would qualify as the related party transaction. Further, the Target Company was allocated a land admeasuring 3 acres by PACL on lease to set up a Chlorinated Paraffin Plant within PACL's plant complex. The said land was granted on lease commencing from June 16, 2012 for period of thirty years at an annual rent of Rs. 50,000. The said lease is renewable for a further period of 30 years or such other period on the terms mutually agreed by the parties. In terms of the said agreement, Target Company also undertakes transactions with PACL for purchase of chlorine in ordinary course of business at arms length basis.</p> <p>The acquisition is based on the Valuation report dated May 20, 2021 from Sundae Capital Advisors Private Limited, an independent SEBI Registered Merchant Banker, in order to maintain fairness and arm's length basis.</p>												

c.	Industry to which the entity being acquired belongs:	The Target Company also belongs to the same industry i.e. Chemical Industry and is manufacturing chemical products using by-product of PACL
d.	Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity);	<p>Chlorine is a by-product in the manufacturing process of Caustic Soda Lye, which is the main product of PACL. Such chlorine is disposed by PACL to various parties, including Flowtech.</p> <p>Objects and effects of acquisition:</p> <ul style="list-style-type: none"> <li>- better control over the supply chain management and PACL will have advance information regarding future utilisation of chlorine</li> <li>- Efficient utilisation of capital in the business as a result of reduced uncertainty in disposal of chlorine</li> <li>- expand its business operations by increasing the product manufactured by PACL;</li> <li>- Presence of more products will hedge the risk during the rough phases and lead to risk bearing economies</li> <li>- Addition of new products to expand and strengthen PACL's position in the market and expand its foot prints;</li> </ul>
e.	Brief details of any governmental or regulatory approvals required for the acquisition;	None
f.	Indicative time period for completion of the acquisition;	<p>Upto 49% of the paid up share capital of Flowtech: By 30<sup>th</sup> June, 2022</p> <p>Remaining stake to acquire upto 100% of the paid up share capital of Flowtech: By 31<sup>st</sup> December, 2022</p>
g.	Nature of consideration - whether cash consideration or share swap and details of the same;	Cash Consideration
h.	Cost of acquisition or the price at which the shares are acquired;	<p>As per the valuation report received from Sundae Capital Advisors Private Limited, a Category I Merchant Banker, the value of Flowtech is Rs.10,991.53 lakhs, for acquisition of 100% stake, resulting into a value of Rs. 1,441.31 per equity share (Indian Rupees One Thousand Four Hundred Forty One and Paise Thirty One only).</p> <p>The said value of Flowtech may vary to the extent of the difference in the actual sale price of the non-current investment held by Flowtech in PACL vis-à-vis the value considered by the valuer while undertaking the valuation and the sale consideration will accordingly increase / reduce the value and the value per share of Flowtech.</p>

		In this regard, the extract of the valuation report is as per Note 1 to this disclosure.						
i.	Percentage of shareholding /control acquired and /or number of shares acquired;	<p>Upto 49% of the paid up share capital of Flowtech either by secondary acquisition and /or infusion of fresh capital in the Target Company.</p> <p>Further, PACL shall have the right to acquire entire 100% stake, subject to completion of acquisition of initial 49% stake and on mutual consent of both the parties.</p> <p>If the valuation obtained by the Company in future for acquisition of remaining stake to make Target Company a wholly owned subsidiary is more than the present valuation, the same shall require approval from the Board and members of the Company.</p> <p>Further, such acquisition of stake upto 49% or 100%, as the case may be, PACL may acquire the same by way of both, fresh infusion of funds in Flowtech and also purchase of shares from the existing shareholders of Flowtech.</p> <p>Further, PACL will have the right to appoint directors in Flowtech proportionate to its stake.</p>						
j.	Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief);	<p>Flow Tech Chemicals Private Limited was incorporated as Advance Rexine Private Limited on 16<sup>th</sup> May, 1996 under the Companies Act 1956 with Registrar of Companies, NCT of Delhi &amp; Haryana. The name of the Company was changed to Flow Well Plast-Chem Private Limited and fresh Certificate of Incorporation was issued on September 07, 1998. Subsequently, its name was changed to Flow Tech Chemicals Private Limited vide Certificate of Incorporation dated 14<sup>th</sup> June, 2012. The registered office of the Company is situated at 314 PP Tower, Netaji Subhash Place, Pitampura, Delhi - 110 034. CIN is U25202DL1996PTC078956. The existing paid up capital of Flowtech is Rs.76,26,080 comprising of 7,62,608 equity shares of face value Rs. 10 each.</p> <p>Flowtech is engaged primarily in the manufacture of Chlorinated Paraffin and Hydrochloric Acid.</p> <p>Turnover in last 3 years:</p> <p style="text-align: right;">(Rs. In lakhs)</p> <table border="1"> <tr> <td>2020-21 (provisional)</td> <td>16,680.43</td> </tr> <tr> <td>2019-20</td> <td>11,116.56</td> </tr> <tr> <td>2018-19</td> <td>10,016.40</td> </tr> </table>	2020-21 (provisional)	16,680.43	2019-20	11,116.56	2018-19	10,016.40
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Note 1: Extract of the Valuation Report dated 20<sup>th</sup> May, 2021:

#### “SELECTION OF APPROACH AND VALUATION METHOD

*Our estimate of the valuation of the company was on the basic assumption of a going concern entity and is based on Income Approach using Discounted Free Cash Flow Method as it captures the growth potential of business going forward and in case of entity with continuing operations on going concern basis value lies in future. The said valuation is based on the generally accepted principles and methods followed internationally and on arms-length basis. Also, Discounted Free Cash Flow method is also recognized as an accepted method of valuation with various regulatory authorities, i.e. under FEMA and Income Tax. The calculation for the same is enclosed as Annexure B to this report.*

*There is no other peer group company in the same business whose shares are listed or comparable and hence the Market Approach cannot be used. Further, this being not capital intensive business or requiring huge capital expenditure, Asset Approach may not reflect the fair value.*

#### CONCLUSION

*Based on our analysis, as described in the valuation report, and subject to the assumptions presented herein, in our opinion estimated equity value of the Company, Flow Tech Chemicals Private Limited is Rs. 9,178.86 lakhs. Further, the value of the amounts realized from sale of certain assets of its discontinued unit at Rohtak is Rs. 260 lakhs and expected realization of value from sale of non current investments is Rs. 1,552.67 lakhs.*

*The combined value of Flow Tech Chemicals Private Limited is Rs. 10,991.53 lakhs resulting into a value of Rs. 1,441.31 per equity share (Indian Rupees One Thousand Four Hundred Forty- One and Paise Thirty-One only) as on May 15, 2021.*

*The combined value of Flow Tech Chemicals Private Limited may vary to the extent of the difference in the actual sale price of the shares held by it in PACL and the price of Rs. 93.70 considered by us for the purpose of this valuation. Any change in the sale consideration will accordingly increase / reduce the combined value and the value per share of Flow Tech Chemicals Private Limited.*

*We have no obligation to update this report or our conclusion of value for information that comes to our attention after the date of report.”*