



Punjab Alkalies & Chemicals Limited

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CIN : L24119CH1975PLC003607, Website : www.punjabalkalies.com



PACL:SEC:2021:1464

03.09.2021

To,

The Listing Department
BSE Limited
P. J. Tower, Dalal Street
Fort, Mumbai - 400 001

Dear Sir,

Sub.: Outcome of the meeting of the Board of Directors of Punjab Alkalies & Chemicals Limited held on 2nd September, 2021 and disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended (“SEBI LODR Regulations”).

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 2nd September, 2021 at 18.00 hours and concluded at 19.00 hours has approved the following:

Amalgamation of Prayag Chemicals Private Limited (“Transferor Company 1”) and V.S. Polymers Private Limited (“Transferor Company 2”) (Transferor Company 1 and Transferor Company 2 collectively referred to as “Transferor Companies”) into and with Punjab Alkalies & Chemicals Limited (“Transferee Company”) and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, as per the Terms and Conditions mentioned in the Composite Scheme of Amalgamation (“Scheme” or “the Scheme” or “Scheme of Amalgamation”) with effect from the Appointed Date, i.e. 1st April, 2021. The transaction is proposed through a Scheme of Amalgamation under Section 230 to 232 and other applicable provisions of the Companies Act, 2013, subject to receipt of requisite statutory /regulatory approvals including the approval of the jurisdictional Bench of the National Company Law Tribunal (“Tribunal”).

Pursuant to Regulation 30 of the Listing Regulations as amended, read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015, details of the Scheme are enclosed herewith as Annexure A.

You are requested to take the same on record and disseminate on your website.

Thanking you,

Yours sincerely,
For Punjab Alkalies & Chemicals Limited

Sugandha Kukreja
Company Secretary

Encl.: As above

Annexure A

Details of the Scheme under Regulation 30 of the Listing Regulations read with the SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015

Sr. No.	Particulars	Details												
1	Name of the Entities forming part of the amalgamation/merger	<p>This scheme is a Composite Scheme of Amalgamation ("Scheme") involving:</p> <ul style="list-style-type: none"> • Punjab Alkalies and Chemicals Limited ("Transferee Company" or "PACL") • Prayag Chemicals Private Limited ("Transferor Company 1" or "PCPL") • V.S. Polymers Private Limited ("Transferor Company 2" or "VPPL") <p>Transferor Company 1 and Transferor Company 2 are collectively referred to hereinafter as "Transferor Companies".</p>												
2	The net worth and total income based on the audited financial statements as on March 31, 2021 of the entities involved in the Scheme are as under:	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Name of the Entity</th> <th style="text-align: center;">Total Income* (INR Lacs)</th> <th style="text-align: center;">Net Worth (INR Lacs)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">PACL</td> <td style="text-align: right;">22,634.78</td> <td style="text-align: right;">6,037.00</td> </tr> <tr> <td style="text-align: center;">PCPL</td> <td style="text-align: right;">2,361.37</td> <td style="text-align: right;">409.82</td> </tr> <tr> <td style="text-align: center;">VPPL</td> <td style="text-align: right;">1,970.84</td> <td style="text-align: right;">373.08</td> </tr> </tbody> </table> <p>(*) excludes other income.</p>	Name of the Entity	Total Income* (INR Lacs)	Net Worth (INR Lacs)	PACL	22,634.78	6,037.00	PCPL	2,361.37	409.82	VPPL	1,970.84	373.08
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3	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length"?	<p>Prayag Chemicals Private Limited and V.S. Polymers Private Limited are the promoter group companies of Punjab Alkalies and Chemicals Limited. The transaction under the proposed Scheme may be considered as a related party transaction under the applicable provisions of the LODR regulations.</p> <p>The consideration as set forth in the Scheme is proposed to be discharged on "arm's length basis", subject to regulatory approvals.</p>												
4	Area of business of entity(ies)	<ul style="list-style-type: none"> • Punjab Alkalies and Chemicals Limited has facilities for manufacturing of Caustic soda lye, Liquid Chlorine, Hydrochloric Acid, Sodium Hypochlorite and Hydrogen Gas. Main products of the Transferee Company are caustic soda lye, liquid chlorine, hydrochloric acid, hydrogen gas and sodium hypochlorite. • Prayag Chemicals Private Limited is carrying on business as manufacturers, importers and exporters of Chlorinated Paraffin (CP) (a widely used plasticizer) and Hydro Chloric Acid (HCL) • V.S. Polymers Private Limited is carrying on business as manufacturers, importers and exporters of Chlorinated Paraffin (CP) (a widely used plasticizer) and Hydro Chloric Acid (HCL) 												
5	Rationale for amalgamation / merger	<p>The management of the respective Companies are of the view that the amalgamation proposed in this Scheme is, in particular, expected to have following benefits:</p> <ol style="list-style-type: none"> a) opportunity to increase the production of Caustic Soda by PACL, by having own facilities to use chlorine for manufacture of downstream products and therefore have a better control over the supply chain management for disposal of chlorine; b) consolidation of businesses under the Transferee Company providing an increased capability to offer a wider portfolio of products on a single platform to 												

		<p>effectively address the issue of cyclical nature of business and market dynamics with a combined ability to integrate, innovate, customize and bundle the products of the Transferee and the Transferor Companies under a single platform. Its enhanced resource base and client relationships are likely to result in better business potential and prospects for the consolidated entity and its stakeholders;</p> <p>c) integrated value chain to enhance degree of vertical integration in the chemical business;</p> <p>d) consolidation of funds and resources will lead to optimisation of working capital utilisation and stronger financial leverage given the simplified capital structure, improved balance sheet and optimised management structure;</p> <p>e) consolidation of businesses under the Transferee Company will provide impetus to growth, enable synergies and productivity gains, increase operational efficiencies, centralisation of inventory, reduce operational costs and enable optimal utilisation of various resources as a result of pooling of financial, managerial, technical and human resources, thereby creating stronger base for future growth and value accretion for the stakeholders;</p> <p>f) elimination of the need for inter-company transactions between the Transferor Companies and Transferee Company;</p> <p>g) amalgamation will result in simplification of the group and business structure and will enable to consolidated entity to have stronger presence in the market, more extensive network for deeper market penetration and enhancement of the overall customer satisfaction, engagement and retention; and</p> <p>h) create value for the stakeholders including the respective shareholders, customers, lenders and employees.</p> <p>And above all, since the Transferee Company and Transferor Companies are companies belonging to the same promoter group which are engaged in the business of manufacture of products from chemicals, the amalgamation will enable them to bring together their respective synergies in manufacturing of such various products in the same value chain thereby enhancing the value for all the stakeholders.</p>
6	In case of cash consideration – amount or otherwise share exchange ratio	<p><u>Amalgamation of Transferor Company 1 into and with the Transferee Company:</u></p> <p>Following fair equity share exchange ratio has been determined for the issue and allotment of equity shares of Transferee Company to each shareholder of the Transferor Company 1, whose names would appear in the register of members of the Transferor Company 1 on the record date (as defined in the scheme), in the following manner:</p> <p><i>“703 (Seven Hundred and Three) fully paid-up equity shares of face value of Rs.10 (Rupees Ten) each of the Transferee Company shall be issued and allotted as fully paid-up equity shares to the equity shareholders of the Transferor Company 1, for every 44 (Forty Four) fully paid-up equity shares of face value of Rs.100 (Rupees One Hundred) each held by them in</i></p>

		<p><i>the Transferor Company 1”</i></p> <p><u>Amalgamation of Transferor Company 2 into and with the Transferee Company:</u></p> <p>Following fair equity share exchange ratio has been determined for the issue and allotment of equity shares of Transferee Company to each shareholder of the Transferor Company 2, whose names would appear in the register of members of the Transferor Company 2 on the record date (as defined in the scheme), in the following manner:</p> <p><i>“298 (Two hundred and Ninety Eight) fully paid-up equity shares of face value of Rs.10 (Rupees Ten) each of the Transferee Company shall be issued and allotted as fully paid-up equity shares to the equity shareholders of the Transferor Company 2, for every 155 (One hundred and Fifty Five) fully paid-up equity shares of face value of Rs.10 (Rupees Ten) each held by them in the Transferor Company 2”</i></p>																													
7	Brief details of change in shareholding pattern (if any) of listed entity:	<p><u>Change in Shareholding of PACL</u></p> <table border="1" data-bbox="603 770 1410 1120"> <thead> <tr> <th rowspan="2">Category</th> <th colspan="2">Pre-Scheme</th> <th colspan="2">Post-Scheme</th> </tr> <tr> <th>No. of Shares</th> <th>% shares</th> <th>No. of Shares</th> <th>% shares</th> </tr> </thead> <tbody> <tr> <td>Promoter</td> <td>1,51,96,566</td> <td>31.35</td> <td>1,72,20,113</td> <td>34.10</td> </tr> <tr> <td>Public</td> <td>3,32,72,078</td> <td>68.65</td> <td>3,32,72,078</td> <td>65.90</td> </tr> <tr> <td>Non Promoter-Non Public</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>4,84,68,644</td> <td>100.00</td> <td>5,04,92,191</td> <td>100.00</td> </tr> </tbody> </table>	Category	Pre-Scheme		Post-Scheme		No. of Shares	% shares	No. of Shares	% shares	Promoter	1,51,96,566	31.35	1,72,20,113	34.10	Public	3,32,72,078	68.65	3,32,72,078	65.90	Non Promoter-Non Public	-	-	-	-	Total	4,84,68,644	100.00	5,04,92,191	100.00
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