REGISTERED

(30)

सं. 321/2002

भारत सरकार

औद्योगिक और वित्तीय पुनर्निर्माण बोर्ड

वित्त मंत्रालय

22 वां तल एम्बेसी, जवाहर व्यापार भवन,
1, टॉलस्टॉय मार्ग, नई दिल्ली - 110001
दिनांक 2.9.2011

फोन 23701295
टेलेक्स 031 66492
तार बी आई एफ आर ई डी (BINFRED)
फैक्स 23701211

सेवा में

(संलग्न सूची के अनुसार)

विषय : मैसर्स प्रिसिज फार्मास्यूटिकल्स एण्ड केमिकल्स लि. के मामले का,

मामला संख्या 321/2002

महोदय,

मुझे दिनांक 15.7.2011 की कार्यवाही/आदेशों की प्रमाणित प्रति आपको सूचना तथा आवश्यक कार्यवाई के लिए भेजने का निदेश हुआ है।

भवदीय,

(वी.वी. मोहनदास)

अनुभाग अधिकारी (बेंच-III)

BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION

BENCH -III

CASE NO. 321/2002

M/S. PRINCIPAL PHARMACEUTICALS & CHEMICALS LTD.

SUMMARY RECORD OF PROCEEDINGS OF THE HEARING HELD ON 14.07.2011 BEFORE SHRI NIRMAL SINGH, CHAIRMAN AND SHRI Y. K. GAIHA, MEMBER.

Present	Name & Designation of the Representative S/Shri
M/s. Principal Pharmaceuticals & Chemicals Ltd.	1. BhagwanChhaparwal,CA 2. Pradeep Malu, Director
Union Bank of India (OA)	U. K. Khanna, Sr Manager
Department of Corporate Affairs	G. L.Katyal, JTA
Registrar of Companies, Delhi	G.L.Katyal, JTA

****

1. M/s. Principal Pharmaceuticals & Chemicals Pvt. Ltd. based on its ABS as on 31.3.02 had filed a reference with BIFR u/s 15(1) of SICA vide Form A dated 24.6.02 which was considered in a hearing held on 23.9.05 and after considering the submissions of the company and secured creditors, the Bench declared the company sick u/s 3(1)(o) of SICA and appointed Union Bank of India (UBI) as the OA u/s 17(3) of SICA to prepare a rehabilitation scheme, if feasible, within 8 weeks for the company taking the cut off date as 31.12.05 and without a Techno-Economic Viability Study (TEVS).

2. In the hearing held on 31.1.07, the Bench agreed to grant 30 days' time to the company to submit a fully tied up revival scheme to OA, and the

OA was directed to submit the DRS to the Board thereafter without loss of time.

3. In the hearing held on 25.5.2009, the Bench issued the following directions :-

"(i) The company shall submit a fully tied up DRS after getting OTS approval from ARCIL within a period of two months as undertaken in the hearing.

(ii) Union Bank of India (UBI) (OA) shall convene a joint meeting of all concerned and submit a fully tied up DRS, if it emerges, within a further period of one month alongwith the minutes of the joint meeting.

(iii) UBI shall attend the next hearing as they continue to be the Operating Agency (OA).

(iv) Notice of the next hearing shall be sent to ARCIL also.

(v) The next hearing will be held on 1.9.2009."

4. In the hearing held on 1.9.09, the Bench issued the following directions:

"(i) The company shall submit its audited balance sheet as on 30.9.2009 along with auditor's certificate regarding the net worth as under taken in the hearing today. If the net worth is positive the company may file their application for deregistration; otherwise the company has to file a fully tied up DRS to the OA (UBI) within a period of 2 months.

(ii) Union Bank of India (OA) is directed to attend future hearings and to submit explanation for their absence in the hearing held on 1.9.2009 inspite of clear directions issued on 25.5.2009.

(iii) The next hearing will be held on 21.1.2010.

5. In the hearing held on 18.01.2011, the Bench observed from the DRS submitted by the company that the MD of the company infused Rs 195 lakh which was shown as unsecured loan in Para-J, page-14 of the DRS and asked the company to clarify as to why the money infused by the company should not be treated as Promoters contribution. The ld CA of the company submitted that the money infused by the MD of the company was shown as promoters contribution in the means of finance and the company has no difficulty to delete the Para-J, page-14 of DRS under heading Unsecured Creditors and inserted under heading "Promoters Contribution".

6. On consideration of the submissions made and material on record, the Bench directed that the DRS may be circulated with the observation made by the Bench and accepted by the company.

7.1 In the hearing held on 23.5.2011 the Bench observed that *no one from UBI (OA) is present in today's hearing and a SCN u/s 33 of Sick Industrial Companies (Special Provisions) Act, 1985 is hereby issued to UBI why action should not be taken for not attending the hearing in spite of notice sent to them in advance. OA's presence was necessary as the case was fixed to hear the objection/ suggestion to the DRS .*

7.2 The Bench further observed that *it is a necessary requirement for approval of the Board/AGM for de-rating/reduction of equity share capital, without which the BIFR cannot approve the DRS.*

7.3. The Bench discussed the relief and concessions envisaged in the DRS and modified the same as under:-

"15.1 (A) The company stated that this clause may be deleted as the ARCIL has already released the Collateral security and personal guarantees

15.1 (B) The Bench directed that this clause may be deleted as Gujarat Govt. does not have any scheme of granting any relief & concessions.

15.1 (C) May be deleted except to prefix word "To Consider" for exemption sought u/s 72 and 79 of the Income Tax Act .

15.1 (E) The views of SEBI accepted & the clause to be suitably re-worded in the DRS.

15.1 (F) "To Consider" to be prefixed.

15.1 (H) Company to submit special resolution of share-holders & their views to be taken."

7.4 After considering the material on record and submissions made, the Bench issued the following directions:-

"(i) A Show Cause Notice u/s 33 of SICA is hereby issued to UBI(OA) to explain as to why they have not attended today's hearing in spite of notice sent to them in advance.

(ii) The company is directed to submit copy of the special resolution, if any, of the share holders for de-rating/reduction of equity shares proposed in the scheme, within six weeks.

(iv) The Bench fixed the next DOH on **14 July 2011.**

8.1 In today's hearing (14-07-2011), on a query from the Bench, why nobody from Union Bank of India attended the last hearing, the representative of the Bank stated that due to some error in diarizing the date, they could not attend the last hearing. He requested the Bench to accept their sincere apology for the same and assured the Bench that they will be punctual in attending all future hearings. He further stated that the Bank have no objection in sanctioning the scheme.

8.2 The representative of the company stated that as directed by the Bench in the last hearing, held on 23-5-2011, the Board of Directors of the company have passed the resolution for reduction of existing issued, subscribed and paid up equity share capital of the company by 60% from Rs.600 lacs to Rs.240 lacs by reducing the face and paid up value of existing equity share of Rs.10/- each into one equity share of Rs.4/- each without further consolidation as per DRS submitted to the Board.

8.3 The Bench noted that there was a general consensus on the provisions contained in the DRS circulated vide order dated 28-2-2011. Having regard to the fact that all parties concerned had given their consent u/s 19(2) of the Act to various provisions in the rehabilitation scheme, the Bench **sanctioned the scheme** (hereinafter called the "Sanctioned Scheme"), in exercise of power conferred u/s 18(4) of the Act, read with Section 1?(3) of the Act, with the following modification as detailed below:-

"15.1 (A) this clause may be deleted as the ARCIL has already released the Collateral security and personal guarantees"

15.1 (B) this clause may be deleted as Gujarat Govt. does not have any scheme of granting any relief & concessions.

15.1 (C) may be deleted except to prefix word "To Consider" for exemption sought u/s 72 and 79 of the Income Tax Act .

15.1 (E) the views of SEBI accepted & the clause to be suitably reworded in the DRS.

15.1(F) 'To Consider' to be prefixed.

18.6 Clause xxii,General terms & Conditions -- The de-rating of share capital to the extent of 60% envisaged in the SS shall be subject to passing of Special Resolution by the shareholders of the company."

Let a copy of this order be circulated to all concerned.

29/8/2011

(Y. K. GAIHA)
MEMBER

(NIRMAL SINGH)
CHAIRMAN

Board for Industrial & Financial Reconstruction
BENCH-III
प्रमाणित सत्य प्रतिलिपि
Certified to be True Copy
Bench/ Section Officer

BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION

PRINCIPAL PHARMACEUTICALS & CHEMICALS LTD. (PPCL)
CASE NO. 321/2002 BENCH III
SANCTIONED SCHEME (SS-11)

1.0 BACKGROUND

1.1. Principal Pharmaceuticals & Chemicals Ltd.(PPCL) was incorporated on 26th June, 1986, as a Private Limited Company in the name of Principle Marketing Group Pvt. Ltd. vide certificate of Incorporation dated 26th June, 1986. Subsequently, it became a public limited company and the name of the company was changed to Principal Phamaceuticals & Chemicals Ltd. PPCL is having authorized Equity Share capital of Rs. 1000 lakh and the paid– up share capital is Rs. 599.97 lakh.

1.2. PPCL is having its manufacturing unit located at 325/1 & 2, GIDC, Panoli, Ankleshwar, Gujarat. PPCL has been engaged in manufacturing and marketing of various bulk drugs and intermediate like analgesics, antipyretics, antibiotics, antibacterial etc. PPCL envisaged cost of setting-up the project to be Rs. 610 Lakh which was financed by public issue of Rs. 402.50 Lakh in July, 1994, raising contribution by promoters of Rs. 172.50 Lakh and balance by internal accrual / subsidy. PPCL had availed loan assistance from GSFC, Malad Sahakari Bank Ltd. for its capex and expansion programs and availed working capital credit facilities from Union Bank of India.

1.3. PPCL's operations were satisfactory till the year 1999-00. Thereafter, the financial position of PPCL started to deteriorate owing to several closure notices issued by Gujarat Pollution Control Board (GPCB); refusal by GPCB to allow PPCL for repacking of materials outsourced by it; taking of possession of the running plant by Gujarat State Finance Corporation (GSFC) under provisions of SFC Act and non commercialization of new products and high interest burden. Consequently, PPCL could not commercialize production of various new products developed under R&D division. The financial position was further aggravated due to loss in value of inventory holdings; heavy interest burden and adverse operating leverage etc.

1.4. PPCL's net worth turned negative as on the date of Balance Sheet - 31st March, 2002 and was declared as Sick company on 23rd September, 2005.

1.5. PPCL, in compliances with the directions of BIFR order dated 23.09.2005, had in December 2005 submitted comprehensive proposal for rehabilitation seeking reduction of debt to sustainable level. The said rehabilitation proposal was not found support-worthy by the lending institutions and banks. PPCL was advised to explore possibility of OTS with the lenders.

1.6. PPCL started working on OTS proposal and submitted the same to each of the Banks and the Institution. Subsequently, PPCL has duly settled and paid the dues of GSFC and Malad Sahakari Bank Ltd. and obtained No Due Certificate from both of them. While the OTS proposal was under consideration, Union Bank of India assigned its debt to Asset Reconstruction Company India Ltd. (ARCIL) during September, 2008. Thereafter, PPCL negotiated with ARCIL for OTS for Rs. 140 Lakh and paid off these dues and has obtained No Dues Certificate dated 22.12.2009 from ARCIL. PPCL has now become a debt-free company.

1.8. All these years, due to lack of working capital, PPCL has been doing contract manufacturing and sustaining its operations. It could not expand / diversify its activities due to the pending settlement with lenders. Now, after settlement with all the lenders PPCL is contemplating to start its own production besides contract manufacturing in due course.

2.0 REFERENCE TO BIFR

1. M/s Principal Pharmaceuticals & Chemicals Ltd (PPCL), based on its ABS as on 31.3.02 had filed a reference u/s 15(1) of SICA vide Form A dated 24.6.2002 which was considered in a hearing held on 23.9.2005. and after considering the submissions of the company and secured creditors, the Bench declared the company sick u/s 3(1)(o) of SICA and appointed Union Bank as Operating Agency (OA) u/s 17(3) of SICA to prepare revival scheme of the company, if feasible.

2. In the hearing held on 1.9.2009, the Bench directed the company to submit its latest audited balance sheet. If the net worth was positive, the company to file their application for deregistration. Otherwise, the company to file a fully tied up Draft Rehabilitation Scheme to the Operating Agency(UBI). The next hearing fixed for 21.1.2010 was cancelled.

3. The OA vide its communication dated 12.10.2010 submitted a draft rehabilitation scheme taking the Cut Off Date as 31.03.2010. Further information has been submitted vide Company's letter dated 4.12.2010. A JM of the stake holders was convened on 2.7.2010 by Union Bank of India (OA) to consider the Draft Rehabilitation Proposal of the company.

3.0 SHARE CAPITAL AND SHAREHOLDERS

3.1. SHAREHOLDING PATTERN AND CAPITAL STRUCTURE OF PPCL AS ON 31.03.2010

Shareholding Pattern

	Number of shares	Amount (Rs/lakh)	% of aggregate paid up capital
Equity Shares			
(i) Promoters including Companies Directors, Relatives	1920075	192.01	32.00%
(ii) Mutual Funds	0	0	0.00%
(iii) Financial Institutions	3000	0.30	0.05%
(iv) Companies	296629	29.66	4.94%
(v) General Public	3540196	354.02	59.01%
(vi) N.R.I.	240100	24.01	4.00%
Total	**6000000**	**600.00**	**100.00%**

Remarks:

PPCL's shares are listed on Bombay Stock Exchange. However, the trading was suspended by the Stock Exchange with effect from 19th May, 2004 on account of non payment of annual listing. The suspension order has not been revoked by the Stock Exchange till now, though the Company has already paid listing fees up to the year March, 2011. The matter has already been represented by the company to the concerned authorities.

3.2. Existing Capital Structure

The capital structure of PPCL is as follows:

(Rs. in Lakh)

Share Capital	No. of Share	Amount
Authorized : Equity Shares of Rs. 10/- each	10000000	1000.00
Issued subscribed and paid-up	6000000	600.00
Less : money in arrear		0.03
Total		**599.97**

3.3 Proposed Capital Structure

(Rs. in Lakh)

Share Capital	No. of Share	Amount
Authorized		
Equity Shares of Re. 1/- each	10,00,00,000	1000.00
Issued subscribed and paid-up	7,95,00,000	795.00
Total		795.00

3.4. PROPOSED SHAREHOLDING PATTERN AND CAPITAL STRUCTURE AFTER SANCTION OF REHABILITATION SCHEME:

	Number of shares of Rs 1 each	Amount (Rs\lakh)	% of aggregate paid up capital
Equity Shares			
(i) Promoters including Companies			
Directors, Relatives			
- Without lock in period restriction	7680300	76.80	9.66%
- With lock in period restriction	55500000	555.00	69.81%
	63180300	631.80	79.47%
(ii) Mutual Funds		Nil	Nil
(iii) Financial Institutions	12000	0.12	0.02%
(iv) Companies	1186516	11.87	1.49%
(v) General Public	14160784	141.61	17.81%
(vi) N.R.I.	960400	9.60	1.21%
Total	79500000	795.00	100.00%

Remarks:

PPCL has paid up capital of Rs. 599.97 Lakh consisting of Rs. 60 Lakh shares of Rs. 10 each. The equity share capital of PPCL shall be written - down by 60% of the existing paid up value. Thus, each share of Re. 10/- fully paid up shall be written - down to Re. 4/- each. After reduction in paid-up value of the equity share, the company shall issue 4 equity shares of Re. 1/- each in lieu of 1 equity share of Rs. 10/- each.

5.0 BOARD OF DIRECTORS

The present board of directors and their background is as under,

a) Sh Pradeep Malu (51) Managing Director of PPCL looks after day to day affairs of PPCL. He is a Chartered Accountant. He is being assisted by group of Professionals from the contract manufacturing company on regular basis. He has rich experience in the field of pharmaceuticals business. His individual shareholding in the company as on 31.3.2010 is 3725 equity shares.

b) Sh Nilesh Bhandari (32) is commerce Graduate and has rich experience in controlling commercial operations. He dos not have any shareholding in the company.

c) Sh. Sanjiv Chhajed (44) by qualification is a Chartered Accountant and Company Secretary. He is assisting in Financial / Accounting / Taxation matters. He dos not have any shareholding in the company.

6.0 TECHNICAL & PROFESSIONAL STAFF

The company has adequate technical and professional staff for its operations.

7.0 REASONS FOR SICKNESS

7.1. PPCL's performance was affected on account of the following reasons:

a. **Failure of right issue:** In the year 2000-01 PPCL came with right issue of Rs. 600 Lakh to meet the cost of expansion program with new products. However, due to weak sentiments at the relevant time prevailing in the market, the right issue could not get through successfully and therefore the subscription so received by PPCL had to be refunded back to the investors.

b. **Non Commercialization of new products:** PPCL in anticipation of funds has invested funds exceeding to Rs. 200 Lakh in development / productions of at semi finished stage of various new products. The new products never came for commercial production and the investment made have gone into vain.

c. **Heavy interest burden:** PPCL could not complete the expansion project as originally envisaged for commercialization of its R&D products. As the plant working was below BEP, cost of interest per unit production was very high.

d. **Adverse operating leverage:** Owing to working below BEP level, PPCL has suffered losses at operating levels.

e. Refusal by GPCB to allow PPCL for repacking of material, consequently, PPCL's arrangement for outsourcing the material and sale the same could not materialize

8.0 **PAST PERFORMANCE**

The financial highlights of PPCL for last 5 years are given below:

8.1 **Financial Position** (Rs\lakh)

Balance Sheet

Year Ended 31st March--->	2006	2007	2008	2009	2010
SOURCES OF FUNDS:					
Share Capital	599.97	599.97	599.97	599.97	599.97
Reserves & Surplus	1.77	1.77	1.77	1.77	1.77
LOANS FUNDS:					
Total Secured Loan	**554.39**	**481.47**	**160.39**	**140.00**	-
Unsecured Loan	5.36	10.36	19.86	62.08	200.33
Total Funds Employed	**1,161.49**	**1,093.57**	**781.99**	**803.82**	**802.07**
APPLICATION OF FUNDS					
Net Block	312.35	258.76	221.90	185.48	148.90
Capital work in progress	4.54	4.54	4.54		
INVESTMENTS:	1.68	1.19	1.19	1.19	1.19
Inventories	-	-	-	-	-
Sundry Debtors	58.51	57.31	58.50	1.64	
Cash & Bank Balances	5.57	10.02	9.18	11.86	4.61
Loans & Advances	21.76	5.71	6.86	12.47	17.03
(I) Sub Total	85.84	**73.04**	**74.54**	**25.97**	**21.64**
Less: Current Liabilities& provns	80.99	62.68	32.72	40.36	36.02
(II) Sub Total	80.99	62.68	32.72	40.36	36.02
Net Current Assets (I-II)	**4.85**	**10.36**	**41.82**	**(14.39)**	**(14.38)**
Misc Expenditure	0.16				
Profit & Loss Account	**837.91**	**818.72**	**512.54**	**631.54**	**666.36**
TOTAL	**1,161.49**	**1,093.57**	**781.99**	**803.82**	**802.07**

8.2 **Working Results** (Rs\lakh)

Year Ended 31st March-------------->	2006	2007	2008	2009	2010
Sales & Job Work Charges	24.00	24.00	25.50	38.21	17.21
Other Income	2.61	50.68	24.27	0.14	0.11
Total	**26.61**	**74.68**	**49.77**	**38.35**	**17.32**
Manufacturing Expenses	6.21			0.14	0.31
Salary and Staff Cost	0.67	0.95	0.07	1.57	1.53
Selling & Administrative Expenses	11.75	8.69	8.06	65.95	13.38
Interest & Other financial Expenses	-	7.92	-	2.05	
Total	18.63	17.56	8.13	69.71	15.22
Profit\(Loss) before Depreciation	7.98	57.12	41.64	(31.36)	2.10
Less : Depreciation	38.43	37.61	36.86	36.88	36.93
Loss on Impairment of Assets				4.54	
Reversal of Sundry Bal. W/back				24.29	
Profit\(Loss) before Tax	(30.45)	19.51	4.78	(97.07)	(34.83)

Less: Prior Period Items	-	-	13.52	-	-
Less : Preliminary Expenses w/off	0.52	0.16			
Provision for Taxation	0.25	0.16	0.07	0.10	
Profit\(Loss) for the year	**(31.22)**	**19.19**	**(8.81)**	**(97.17)**	**(34.83)**
Credits due to Restrd Liabilities / (Reversal)			314.99	(21.83)	
Balance b/f from Previous Year	(806.69)	(837.91)	(818.72)	(512.54)	(631.54)
Profit/(Loss) available for appropriation	(837.91)	(818.72)	(512.54)	(631.54)	(666.36)
Balance C/F to Balance Sheet	(837.91)	(818.72)	(512.54)	(631.54)	(666.36)

Remark:

i) The company continued to remain out of operations for its own production and its plant was operated by third party on job work basis.

ii) During year ended 31.3.2010, the company has settled and paid its dues to Asset Reconstruction Company (India) Ltd. (ARCIL). By this, the company has settled all its dues to the secured creditors viz Banks and Financial Institution. The company's Joint Working Arrangement has been renewed during the year with other party to manufacture their products on job work basis. The operations under this arrangement remained moderate and stabilized during the year.

iii) **Contingent Liabilities not provided for (ABS 31.3.2010):**
Claim against the company not acknowledged as debt Rs. 16.13 lakh(Previous Year Rs. 16.13 lakh. A suit has been filed by the party against the company.

9.0 LOANS AND CREDIT FACILITIES:

Details of OTS arrived at with the secured creditors are as under. Rs. Lakh)

Sr.	Name	O/s Dues	OTS	Waiver	Payments	Remarks
1	Malad Sahakari Bank Ltd.	73.30	80.00	0.00	80.00	Full & final payment made in Jan., 2007
2	Union Bank of India (Assignee ARCIL)	433.16	140.00	293.16	140.00	Full & final payment made on 28.02.2010.
3	GSFC	48.30	61.83	0.00	61.83	Full & final payment made on 19.12.2008.
		554.76	281.83	293.16	281.83	

9.3 **Details of unsecured creditors:** There are no overdue sundry creditors. Unsecured loans are from Promoters/associates only.

9.4 **Details of dues of the workers:** There are no overdues.

10.0 SELLING & MARKETING ARRANGEMENTS

PPCL is already in touch with various large buyers in India and abroad including multinationals and export houses for exclusive arrangement for selling its products. PPCL's marketing strategy is collaborative approach with the international companies where it can remain as a link in complete supply chain.

11.0 THE REHABILITATION SCHEME

11.1 The Rehabilitation Scheme envisages following strategy for revival of the company:

11.2. PPCL has formulated rehabilitation strategies based on operational restructuring as well as financial restructuring. The rehabilitation strategy aims at comprehensive management and operational restructuring through comprehensive process re-engineering, share capital restructuring and settlement of debt payable to ARCIL.

11.3 The company has filed the reference observing erosion of entire net worth based on audited Balance Sheet as on 31.03.2002 i.e. accumulated losses of Rs. 704.92 Lakh have exceeded Paid up capital of Rs. 599.97 Lakh. The company has suffered further losses and during the period up to 31.03.2010 the accumulated losses have increased to Rs. 666.36 lakh.

11.4. The promoters presently holding merely 32% of equity shares have undertaken the entire responsibility for revival of the company. The promoters have settled and paid dues of all its secured creditors by infusing own funds of Rs. 195 Lakh. The promoters are undertaking cost cutting measures and also committing to infuse further funds of Rs. 305 Lakh, consequently, now the company is on path of definite revival. It may be observed that presently the intrinsic value of each equity share of Rs. 10/- each is NEGATIVE and to bring in parity with newly infused/ to be infused capital, the company need to de-rate the existing paid value of its equity shares. Further, the company to wipe off accumulated losses requires de-rating of equity shares. Therefore, the promoters have proposed de-rating of existing paid-up shares capital by 60%, including of their existing holdings, reduced the accumulated losses by Rs. 359.98 Lakh (being 60% of Rs. 599.97 Lakh the existing capital). In spite of these appropriation as on 31.03.2010 the company continues to have accumulated losses of Rs. 128.03 Lakh. The promoters have already infused Rs. 195 Lakh as Promoters contribution and agreed for lock in period restriction as stipulated by SEBI. Thus, the derating of equity by 60% is justified.

11.5. The scheme envisages infusion of funds by the promoters to meet payment obligation under OTS, converting the contribution into equity share capital, augmenting working capital etc. The revival strategies are as follows:

a. Revival Strategies of PPCL are primarily focused on breaking of debt trap by seeking waiver of unsustainable borrowings from lending institutions. PPCL has already settled and paid dues of all its secured lenders namely GSFC, Malad Sahakari Bank Ltd. and ARCIL, assignee of Union Bank of India. The details of payment under settlement and income on waiver of liabilities are given hereinabove.

b. Repairing and refurbishment of plant and equipments: PPCL has already made expenditure for normal repair and maintenance to ensure smooth production. The party which is getting job-work done at the factory premises is also ensuring that the plant is kept in good operating condition.

c. PPCL is doing job-work and envisages to resume own production sales on sanction of rehabilitation scheme.

d. Exemption under section 41(1) of Income Tax ct, 1961 in respect of profit chargeable to tax on account of interest waivers.

e. Undertaking cost-cutting measures: Economy in administrative overheads to the extent feasible and rationalization of the manpower at factory and office.

f. Restructuring and reduction in paid up equity share capital: PPCL has paid up capital of Rs. 599.97 Lakh consisting of Rs. 60 Lakh shares of Rs. 10 each. PPCL proposes to reduce paid up value of shares to Re. 1/- each. Reduction in paid up capital of Rs. 359.98 Lakh would be utilized for appropriation towards accumulated losses. The equity share capital of PPCL shall be written - down by 60% of the existing paid up value. Thus, each share of Re. 10/- fully paid up shall be written - down to Re. 4/- each. The reduction in value of shares would be appropriated against the accumulated losses. After reduction of paid up value of the equity share, the company shall issue 4 equity shares of Rs 1 each in lieu of 1 equity share of Rs 10 each.

g. Issuance of fresh equity shares : PPCL envisaging to receive funds of Rs. 555 Lakh from the promoters and associates in the form of fresh equity towards issuance of 555 Lakh equity share of Re. 1/- each. Promotes have already infused contribution of Rs. 194.96

Lakh by way of unsecured loans to be converted into equity post de-rating of equity share. PPCL envisages to receive the full amount of 555 Lakh within 6 months from date of sanction of the scheme, post restructuring/reduction in paid up value of the shares. The shares to be issued to shareholders will be at par and shall rank *pari-passu* with the existing shares.

h. Seeking relief and concession from Registrar of Companies in the matter of de-rating of shares and issuance of additional shares of PPCL ranking *pari-passu* with the existing shares..

11.6. Mobilisation of Funds:

The required funds shall be inducted through promoters contribution to Finance the cost of scheme

11.7. Payment of secured Creditors

The company has entered into OTS with all the secured creditors and the dues have been paid.

12.0 COST OF SCHEME AND MEANS OF FINANCE

COST OF REHABILITATION

(Rs in lakh)

	Implemented Upto 31.03.10	To be implemented	Total
Repayment of Term Dues - ARCIL under OTS	140.00	0.00	140.00
Repayment of Term Dues – GIDC	0.00	7.00	7.00
Start up / Operational Cost	20.00	0.00	20.00
Working Capital	35.00	353.00	388.00
TOTAL	**195.00**	**360.00**	**555.00**
MEANS OF FINANCE			
Promoters' Contribution:			
Equity Share Capital	195.00	360.00	555.00
TOTAL	**195.00**	**360.00**	**555.00**
Promoters Contribution	100.00%	100.00%	100.00%

As on 31.03.2010, Mr. Pradeep Malu, Promoter / Director have infused Rs. 115.30 Lakh, interest free unsecured loan for conversion into equity. M/s Inovent Solutions Ltd., group concern has infused interest free unsecured loan of Rs. 79.66 Lakh for conversion into equity. Thus, till 31.03.2010 promoters have already infused Rs. 194.96 Lakh (inclusive of Rs. 55 Lakh brought in the year 2008-09) as promoters contribution from their own sources. Promoter shall bring in additional funds of Rs. 355.04 Lakh on sanction and implementation of the scheme.

PPCL has already settled and paid the dues to ARCIL under OTS aggregating to Rs. 140 Lakh. PPCL owes Rs. 5.36 Lakh to GIDC which is proposed to be paidalong with delayed payment charges etc. (total estimated dues of Rs.7 Lakh). PPCL's manufacturing unit is in operation. The company has already incurred cost for normal repairs and renovation of existing plant & machinery. This start up cost is debited to profit & loss account as revenue expenditure. The additional net working capital is estimated at Rs. 353 Lakh for achieving projected sales levels.

The entire cost of rehabilitation amounting to Rs. 555 Lakh is proposed to be raised by Promoters, associates and investor. The proposal assumes a cut-off date as on 31.03.2010 for the purpose of restructuring of liabilities and implementation of the project.

13.0 MANUFACTURING FACILITIES & INFRASTRUCURE

13.1 LOCATION ASPECTS / INFRASTRUCTURE

a) **LAND & LOCATION:** The company has 9,927 Sq. Meters plot of land on lease for 99 years at Panoli, GIDC Industrial Estate near Ankleshwar, Gujarat. The Unit is located in most developed chemical zone having all infrastructure facilities like Power, Water, Effluent Treatment and discharge facilities, man Power, Communication Facilities, Banking facilities etc.

b) **BUILDING & CIVIL WORK:** Total area of building construction is about 2319.20 Sq. mtrs and of RCC type construction.

c) **PLANT & MACHINERY:** Main Plant & Machineries are Reactors, Glass Lined Reactors, Condensers, Recovery Units, Heat Exchangers, Centrifuges, Dryer, Filter, Material Handling Tanks, Columns, Utility Equipments i.e. Steam Boiler, Cooling Tower, Chilling Plant, Air Compressor, miscellaneous auxiliary equipments i.e. valves, piping, instrumentation, Testing equipments, Laboratory equipments and Effluent Treatment Plant etc.

d) **UTILITIES:** PPCL has adequate power supply from Gujarat Electricity Board. PPCL to meet its steam and compressed air requirement installed two No. oil fired boilers.

e) **CONSENT FROM POLLUTION CONTROL BOARD:** Gujarat Pollution Control Board has issued consent order No. 6604 for company's plant at Plot No. 325/1&2, GIDC Estate, Panoli, Dist. Braruch, which is being renewed from time to time.

f) **STAFF & LABOUR:** At the time of filing reference in November 2001, PPCL was having 66 employees inclusive of 8 Nos. office staff. PPCL now proposes to recruit 35 employees inclusive of 5 Nos. administrative staff for the proposed activities.

14.0 CUT OFF DATE

The cut off date for rehabilitation scheme is March 31, 2010.

15.0 RELIEF AND CONCESSIONS

15.1. In terms of prevailing guidelines and as per turnaround strategies, PPCL specifically seeks following waivers, relief and concessions:

A. ARCIL:

"DELETED"

B. GUJARAT STATE GOVERNMENT:

"DELETED"

C. INCOME TAX AUTHORITIES: "TO CONSIDER"

i. Exemption u/s 41(1) ~~(re. considering remission and cessation to be taxable income)~~ – **DELETED**. Exemption from Section 72 (re. carry forward and set off of losses), Section 79 (re. allowing carry forward losses for set of beyond 8 years) and Section 115-JB (re. tax on book profit) of the Income Tax Act, 1961.

E. SEBI:

The company has sought the following reliefs:-

I. To exempt PPCL from the provisions of clause 70 to 79 Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR Guidelines).

II. The existing equity share capital of the company shall be reduced by 60% in terms of section 18(2) of the SICA without the requirement of following the provisions of section 81 & 100-103 of the Companies Act, 1956 and such issue and reduction is exempted from any guidelines of SEBI or other authority or board in any manger. The company / promoter shall abide by SEBI's prevailing guidelines in the matter.

iii As per SEBI Guidelines if the scheme is made under section 18 of SICA then the company is automatically exempted from the applicability of regulation 10, 11 & 12 of SAST Regulations.

iv Clause 40A of the listing agreement between the company and the stock exchange exempts a listed BIFR company from complying with minimum public holding requirement. The promoters of the company shall reduce their shareholding in the company to the prescribed permissible limits as specified in Clause 40A of the Listing Agreement within 2 years from the date of implementation of the scheme.

SEBI has furnished the following comments and the Bench accepted the views of SEBI.

a. As per section 55 A of the Companies Act, 1956 reduction of capital as provided in Section 100-103 of Companies Act does not come under the regulatory purview of SEBI.

b. Clause 70(1)(c) of the SEBI (issue of Capital and Disclosure Requirements) Regulations, 2009 provides that the requirements of preferential issue of equity shares will not be applicable in terms of the rehabilitation scheme approved by the Board for industrial & Financial Reconstruction under Sick Industrial Companies (Special Provisions) Act, 1985 provided that the lock-in-provisions shall apply to such preferential issue of equity shares. As per Clause 78(1) of the ICDR Regulations, such preferential issue of equity shares shall be locked-in for a period of three years.

c. Regulation 78(1) further provides that not more than twenty percent of the total capital of the issuer shall be locked-in for three years from the date of allotment and the equity shares allotted in excess of the twenty percent shall be locked-in for one year from the date of allotment.

d. As per Regulation 78(2), the equity shares allotted on preferential basis to persons other than promoter and promoter group shall be locked-in for a period of one year from the date of their allotment.

e. As per Regulations 78(6), the entire pre-preferential allotment shareholding of the allottees, if any, shall be locked-in from the date of thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue upto a period of six months from the date of such preferential allotment.

f. With regard to non-applicability of SEBI(Substantial Acquisition of shares and Takeovers), Regulation 3(1)(j)(i) of the SEBI(SAST), Regulations provides that – 'Nothing contained in Regulations 10,11 and 12 of these Regulations shall apply to pursuant to a scheme framed under section 18 of SICA.

g. With regard to listing, it is the Stock Exchange which has the authority to decide whether to list the securities of the company or not based on the compliances of the company to their bye-laws/rules etc. and also the Regulations as prescribed by SEBI.

F. BOMBAY STOCK EXCHANGE: "TO CONSIDER"

i. The shares of PPCL are listed in stock exchange of Mumbai. To revoke suspension of trading and allow resumption of trading of the equity shares of PPCL and to waive re-listing fee, charges, penalty etc.

ii. To admit for listing the new 60 Lakh shares to be issued on de-rating of shares to the existing shareholders as a result of reduction in share capital by 60% from the face value of Rs. 10 each to the face value of Re 4 each.

iii. ~~To approve after reduction in paid-up value, the company proposal to issues 4 equity share of Re. 1/- each in lieu of 1 equity share of Rs. 10/- each.~~
(Deleted)

iv. To admit listing the new shares to be issued (post reduction) on preferential basis on conversion of existing loans and additional contribution aggregating to Rs. 555 Lakh by the promoters into equity. The shares to be issued to shareholders will be at par and shall rank *pari-passu* with the existing shares.

v. The company / promoters shall comply with the requirement regarding reduction in promoters holding in a phased manner in 2 years from the date of implementation of the scheme.

G. STOCK EXCHANGES: DELHI, CALCUTTA, JAIPUR AND AHEMEDABAD

I. To confirm delisting and to waive their claims for Fees/ Penalties and other levies, if any. The company has not received any demand notice in this regard.

H. MIN OF CORPORATE AFFAIRS/ REGISTRAR OF COMPANIES:

I. To exempt the company from the provisions of the section 81 and Sections 100-103 of the Companies Act, 1956 for issuance of additional capital and reduction in capital respectively.

II. To grant permission for change of Memorandum of Association and Articles of Association and give all that effect to the reliefs and concessions as approved in the scheme.

I. PROMTERS AND EXISTING SHAREHOLDER :

i. To agree for reduction of paid-up value of equity share by 60% and allow induction of additional capital by infusion of fresh funds by the promoters and strategic investors as per the sanctioned scheme

ii. To approve the reduction in existing equity share capital of PPCL by 60% i.e. by issuing ~~4~~ (Deleted) one equity share of ~~Rs. 1/-~~ (Deleted) Rs 4 each in cancellation of every existing 1 equity shares of Rs. 10/- each. ~~To make face value to Re 1 per share.~~ (Deleted)

iii. The promoter and associates to get equity shares of Rs. 555 Lakh for contribution already infused / to be infused for successful implementation of the rehabilitation scheme.

iv. To change the Memorandum of Association and Articles of Association to effect the Authorised capital of PPCL from existing 100 Lakh shares of Rs. 10 each aggregating value to Rs. 10/- crore to 10 crore shares of Re 1/- each.

v. To agree to proposal of company for issuance of equity shares at par in lieu of interest free unsecured loan brought in to meet cost of rehabilitation. As on 31.03.2010, the promoters have brought unsecured loan of Rs. 194.96 Lakh.

17.0 FINANCIAL VIABILITY

The summary of financial projections is as under.

(Rs/lakh)

Year ended 31st March --->	2010	2011	2012	2013	2014	2015	2016
Net Sales / Receipts	17.21	214.35	258.72	344.64	345.60	345.60	345.60
% Growth		11.45	0.21	0.33	0.00	0.00	0.00
PBIDT/Net Sales	12.30%	17.50%	28.40%	31.02%	30.02%	28.93%	27.75%
PBIDT	2.12	37.51	73.48	106.92	103.73	99.99	95.90
Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	36.95	36.95	18.41	6.17	6.17	6.17	6.17
Taxation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit	-34.83	0.56	55.07	100.74	97.56	93.82	89.73
TOL/ TNW	-3.66	0.04	0.03	0.03	0.03	0.03	0.02
TANGIBLE NET WORTH	-64.62	489.29	544.36	645.11	742.67	836.49	926.22
ACCUMULATED LOSSES	-666.36	-307.46	-252.40	-151.65	-54.09	39.73	129.46
Current Ratio	0.60	22.46	26.62	28.19	32.44	36.25	39.65

Net Worth/Acc Loss Position

(Rs/lakh)

YE 31st March........	2009	2010	2011	2012	2013	2014	2015	2016	2017
				1	2	3	4	5	6
NET WORTH	Audited	Audited	Restrd.	Proj	Proj	Proj	Proj	Proj	Proj
Equity Share Capital	600	600	240	795	795	795	795	795	795
Preference Share Capital									
General Reserve	2	2	2	2	2	2	2	2	2
Promoters' Contribution			195						
Accumulated Losses	-632	-666	-308	-307	-252	-152	-54	40	129
NET WORTH	-30	-65	129	489	544	645	743	836	926

i) As per the scheme, the promoters propose to infuse Rs. 555 Lakh immediately as share capital. The promoters have already infused Rs. 194.96 Lakh to meet cost of rehabilitation. The promoters will abide by the SEBI / BSE guidelines for issue of preferential allotment, lock-in period and reduction of their shareholding in phased manner to permissible holding level.

ii) Immediately after restructuring as on 31.03.2010, the net-worth of PPCL is turning positive on restructuring.

iii) The tangible Net Worth is increasing steadily.

DSCR:

PPCL does not have any repayment obligation after making payment by raising the funds through promoters. Hence, DSCR has not been computed.

18.0 GENERAL TERMS AND CONDITIONS

i) Union Bank of India (UBI) is appointed as the Monitoring Agency (MA).

ii) The company shall take steps to strengthen the management structure and effectiveness;

iii) The Company shall constitute a Monitoring Committee consisting of CEO of the company and Special Director of BIFR, if any and MA to oversee and monitor implementation of the Rehabilitation Scheme;

iv) The company shall take steps to strengthen the internal control systems and internal audit system;

v) The company shall appoint a reputed Chartered Accountant's firm as Concurrent Auditors with direct reporting relationship to MA with copy to the CEO of the company on terms satisfactory to it. The BOD shall review the Concurrent Auditor's Report and take needful corrective steps immediately thereof.

vi) The company shall satisfy MA that the physical progress and all aspects of cost of the scheme/means of finance of the scheme is complied with as per the original schedule. To this end, the company shall furnish to MA such information and data as may be required by it at intervals stipulated by it. Any financial shortfall arising out of the delayed implementation of the schedule or for any other reason shall be met by the company/promoters without any recourse to FI/Banks or seeking any further reliefs/concessions from them than what has already been provided for in the Scheme within a period not exceeding three months.

vii) The company shall not undertake any new project or expansion or make any investment or obtain any asset on lease/hire without the prior approval of BIFR during the currency of the Scheme.

viii) The company shall not declare any dividend on equity shares without prior approval of BIFR during the rehabilitation period.

ix) The company shall continue to submit its audited balance sheets (ABSs) from cut off date onwards at the end of each financial year within one month of the finalization thereof to the Monitoring Agency (MA)/secured and main creditors and BIFR. It shall ensure finalization of ABS in terms of provisions of Companies Act, 1956 without fail and the BOD must ensure to avoid any delay.

x) In addition to meticulous compliance with the schedules of payments covered under the scheme, the company shall ensure timely payment of all dues accruing after the cut off date and/or date of sanction of the scheme to Banks, Financial Institutions, Central and State Governments and Statutory Authorities in normal course, failing which the concerned parties would be free to withdraw the reliefs and concessions granted by them, subject to prior approval of BIFR.

xi) The company shall submit progress reports (PR) regarding the implementation of the scheme to MA on quarterly basis within one month following the close of the quarter during the first two years of the scheme and on half-yearly basis thereafter till full implementation if the progress has been good in terms of projections. The MA shall monitor the implementation of the scheme in all its aspects and shall submit a review of the implementation of the scheme to BIFR within a month of receipt of such PR with copies to BOD of the company and to all concerned. If the company defaults to submit the PR, the MA must report to the Board also.

xii) The loans inducted/to be inducted by the promoters shall be subordinated and interest free and shall not be withdrawn during the rehabilitation period without the prior approval of BIFR/MA.

xiii) Any shortfall in the means of finance will be brought in by the promoters/ co-promoters.

xiv) All current dues arising after cut-off date to be paid by the company in the normal course and no special protection of SICA would be available for this purpose.

xv) Dues upto cut-off date not disclosed/covered in the rehabilitation scheme to be met by the company/promoters by bringing additional interest free funds from outside sources.

xvi) The company/promoters are directed u/s 22A of SICA not to dispose of, sell or alienate any fixed or current assets of the company without the consent of the secured creditor and the BIFR. The current assets, however, can be drawn down to the extent required for day-to-day operations and proper accounts of which would be maintained.

xvii) The provisions of the Scheme shall have effect notwithstanding anything inconsistent therewith contained in any other Act except the provisions of the Foreign Exchange Management Act, 1999 and the Urban Land (Ceiling and Regulation) Act, 1976) for the time being in force or in the Memorandum and Articles of Association of the company or in any other instrument having effect by virtue of any Act other than Sick Industrial Companies (Special Provisions) of Act, 1985 as amended or re-enacted from time to time or any Act passed in replacement thereof.

xviii) Reference to BIFR shall include any successor Tribunal or Forum or Authority, which is conferred with or which exercises the powers exercised by the BIFR.

xix) This Scheme shall come into force with immediate effect and shall be implemented by all concerned as per the time frame stipulated / or envisaged in the Scheme and in the Annexures hereto.

xix) This Scheme shall come into force with immediate effect and shall be implemented by all concerned as per the time frame stipulated / or envisaged in the Scheme and in the Annexures hereto.

xx) The allotment of equity shares on preferential basis to promoters shall be subject to lock in period of 3 years as per SEBI guidelines.

xxi) Clause 40A of the listing agreement between the company and the stock exchange exempts a listed BIFR company from complying with minimum public holding requirement. The promoters of the company shall reduce their shareholding in the company to the prescribed permissible limits as specified in Clause 40A of the Listing Agreement within 2 years from the date of implementation of the scheme.

xxii) The de-rating of share capital to the extent of 60% envisaged in the SS shall be subject to passing of Special Resolution by the shareholders of the company.

19.0 CONCLUSION

The rehabilitation strategy envisages reliefs and concessions by the Central & State Government and also induction of fresh funds by the promoters/ associates to finance the cost of the scheme. The financial projections of the company as per the rehabilitation scheme are enclosed. The Projected Profitability Statement, reveal that the company will start earning profits from the 1st year of rehabilitation itself. As per the projected Balance Sheet, the net worth of the company would become positive in FY 2011 and accumulated losses will be wiped off in the 5th year i.e. FY 2016. The Projected Cash Flow Statement reveals that the company shall have surplus cash flows, which can be used for its modernization / expansion programs taken up subsequently.

Therefore, the DRS can be considered to be commercially and techno-economically viable.

(Y. K. GAIHA)	(NIRMAL SINGH)
MEMBER	CHAIRMAN

DATED: 02 | 9 | 2011

Encl:

	ANNEXURE
1. Cost of Scheme & Means of Finance	I
2. Assumptions	II
3. Projected Profit & Loss Estimates	III
4. Projected Balance Sheets	IV
5. Projected Cash Flow	V
6. List of unsecured Creditors	VI

COST OF SCHEME AND MEANS OF FINANCE

Annexure I

COST OF REHABILITATION			Rs in lakh
	Implemented 31.03.10	To be implemented	Total
Repayment of Term Dues - ARCIL under OTS	140.00	0.00	140.00
Repayment of Term Dues - GIDC	0.00	7.00	7.00
Start up / Operational Cost	20.00	0.00	20.00
Working Capital	35.00	353.00	388.00
TOTAL	**195.00**	**360.00**	**555.00**
MEANS OF FINANCE			
Promoters' Contribution:			
Equity Share Capital / Coupon	195.00	360.00	555.00
TOTAL	**195.00**	**360.00**	**555.00**
Promoters Contribution	100.00%	100.00%	100.00%

STATEMENT OF ASSUMPTIONS FOR REHABILITATION PROPOSAL   Annexure II

1		Cut-off Date		31-03-2010	
2		PRODUCT & INSTALLED CAPACITY			
		The Company is engaged in contract manufacturing of bulk drug & intermediates, namely			
	A	Atenolol (ATN)			
	B	Metoprolol (MPT)			
	C	Para Hydroxy Aceto Phenone (PAHP)			
	D	Ethyle 3 Benzoyle Asulati (EBA)			
		The company also manufactures for own sales the following products			
	A	Tri Methprim (TMP)			
	B	Chloro Propiophenone (CPP)			
	C	Tribromo Aniline (TBA)			
	D	Furoic Acid			
	E	Atenolol			
	F	Metoprolol			
	G	Diloxanide Furoate (DF)			
	H	Para Hydroxy Aceto Phenone (PAHP)			
	I	Para Hydroxy Phinyl Acetamide (PHPA)			
	J	Ethyle 3 Benzoyle Asulah (EBA)			

		In the projections for the sake of simplicity the product ATENOLOL has been taken as a representative product

		Production Capacity			
		The installed production capacity is		100000	Kg / p.a
		However, the production capacity of the company varies as per actual product mix			

				Production Capacity	Own Sale	Job-Work	Total
		Bulk drugs & Intermediates		100000	36000	64000	10000 [illegible] 0
		Production Pattern					Kg
		Year ended 31st March --->			2011	2012	2013
		Average Capacity Utilisation			50%	60%	80%
		Total Production			50000	60000	80000

		Average Job Charges Income	Rs /Kg	135.00			
		Average Own Sales Rate (Net)	Rs /Kg	960.00			
		Contract Production	Kg		32000	38400	51200
		Own Production	Kg		18000	21600	28800
		Inventory & Sales	Days	Month	Valuation		
					as % of Sales	Value	
		Work progress (WIP)	30.00	0.10	70%	672	
		Finished Goods(FG)	20.00	0.07	80%	768	
		Year ended 31st March --->			2011	2012	2013
		Production			18000	21600	28800
		Add Opening WIP			0	150	180
		Less Closing WIP			150	180	240
		Add Opening FG			0	100	120
		Less Closing FG			100	120	160
		Sales			17750	21550	28700
		Sales	Rs in Lakh		170.40	206.88	275.52
		Contract Manufacturing	Rs in Lakh		43.20	51.84	69.12
		Total Receipts	Rs in Lakh		213.60	258.72	344.64
		STOCK VALUE					
		Opening WIP			0.00	1.01	1.21
		Closing WIP			1.01	1.21	1.61
		Opening FG			0.00	0.77	0.92
		Closing FG			0.77	0.92	1.23
3		**Raw Material**					
				Rs per Kg			
				Production			
		Raw Material Cost		525.00			
		(Phenol, Aluminium Chloride, Acetyl					
		Chlorde and Mono Chloro Benzene)					
		Year ended 31st March --->			**2011**	**2012**	**2013**
		Own Production			18000	21600	28800
		Raw Material Cost			94.50	113.40	151.20
4		**Consumabels includes:**	Lubricating Oil				
			V Belts				
			Nut Bolts etc.				

				The composite Consumable cost is estimated to be			
			Rs.	20.00	per Kg of sales / Job Charges		
		Contract Manufacturing			32000	38400	51200
		Own Production			18000	21600	28800
		Total Production			50000	60000	80000
		Stores, Spares & Consumables			10.00	12.00	16.00
5		**Power, Fuel & Water**					
		Power					
		Total Connected Load (including proposed M/cs)				150	HP
				or		111.84	KW
		Assuming Power Factor of				0.90	
		Average daily working				24	
		Total units (KWH)		per day		2415.74	
		No. of days p.a				300	
		Annual consumption				7.25	Lakh KWH
		Cost/Unit average			Rs	5.00	
		Total Annual Cost			Rs	36.24	Lakh
		at	100.00%	capacity			
		Power, Fuel & Water Cost					Rs. in Lakh
		Year-ending March 31			-50000	60000	80000
					Avg.		
		Average Capacity Utilisation			50.00%	60.00%	80.00%
		Power Cost (Rs in Lakh)			18.12	21.74	28.99
		Fuel	3.00	per Kg	1.50	1.80	2.40
		Water	LS		0.50	0.50	0.50
		Total Pwer, Fuel & Water			20.12	24.04	31.89
6		**FACTORY SALARY/WAGES**			Nos.		
			Managerial		1		
			Supervisory		2		
			Clerical		2		
			Chemist		2		

			Skilled		5		
			Semi-skilled		18		
			TOTAL		30		
			Monthly SalaryWage			Rs	1.50 lakh
			Add Pequisites		20.00%		0.30
			Total Monthly Outgo				1.80
			Annual Wage Bill				21.60
		Annual Increment					10.00%
							Rs. in Lakh
		Year-ending March 31			2011	2012	2013
		Factory Manpower Cost			21.60	23.76	26.14
7		OTHER MANUFACTURING EXPENSES					
		A) REPAIRS & MAINTENANCE					Rs in Lakh
		Building	0.25%	of Gross Building Asset			144.80
		Others	0.40%	of Other Gross Assets (excldg Land)			439.34
			Annual Increase		10.00%		
							Rs. in Lakh
		Year-ending March 31			2011	2012	2013
				Building	0.36	0.40	0.44
				Others	1.76	1.93	2.13
				Total	2.12	2.33	2.56
		B)MATERIAL HANDLING CHARGES					
		The cost is estimated to be Rs.			0.25	Kg.	
		Year-ending March 31			2011	2012	2013
		Production - MT			50000	60000	80000
		Material Handling Charges			0.13	0.15	0.20
		Summary					
		Repairs			2.12	2.33	2.56
		Material Handling Charges			0.13	0.15	0.20
		Total Other Mfg. Exp.			2.24	2.48	2.76
		Add Start-up Expenses	2010-11		20.00		
8		Depreciation .			as per schedule		
9		Selling, General & Administrative Exp.					

General & Administrative Expenses					
Administrative Salaries					
		Nos	Sal p.m.		
Accountant		2	12000		
Clerks		2	9000		
Peon		1	3500		
	Total	5	24500		
Add Perks	25.00%		6125		
Total Monthly Bill			30625	add	
Total Annual Bill		Rs	3.68	Lakh	
		Fixed	Expenses p.m.		
			(Rs 'Lakh)		
Administrative Salaries			0.31		
Staff Welfare			0.03		
Telephone, Telex, Fax			0.10		
Printing & Stationery			0.03		
Professional Charges			0.10		
Travelling & Conveyance			0.08		
Office Expenses			0.10		
Other Miscellaneous			0.10		
		Total	0.85		
		Total p.a	10.16		
Increase per annum			5.00%		
					(Rs in Lakh)
Year ended 31st March --->			**2011**	**2012**	**2013**
General & Administration			10.16	10.66	11.20
Total			10.16	10.66	11.20

Projected Profit & Loss account

Annexure III

(Rs lakh)

Year ended 31st March --->	2009	2010	2010	2011	2012	2013	2014	2015	2016
	Aud	Aud	Rest	Proj	Proj	Proj	Proj	Proj	Proj
Contract Manufacturing	12	14		43	52	69	69	69	69
Own Sales (Net)	0	0		170	207	276	276	276	276
Service Charges	26	3							
Net Sales/Job-Work/ Service Charges	38	17	0	214	259	345	346	346	346
Other Income	0	0	0	1	1	1	1	1	1
Net Sales/Receipts 'A'	38	17	0	214	259	345	346	346	346
COST OF PRODUCTION									
Raw Material Cost				95	113	151	151	151	151
Stores, Spares & Consumables				10	12	16	16	16	16
Power, Fuel & Water				20	24	32	32	32	32
Factory Wages & Salaries	2	2		22	24	26	29	32	35
Other Manufacturing Exp.	0	0		22	2	3	3	3	4
Depreciation	37	37		37	18	6	6	6	6
Sub-Total	39	39	0	205	194	234	237	240	244
Add Opening Stock-in-Process	0			0	1	1	2	2	2
Less Closing Stock-in-Process	0			1	1	2	2	2	2
Cost of Production 'B'	39	39	0	204	194	234	237	240	244
Add Opening Finished Goods	0			0	1	1	1	1	1
Less Closing Finished Goods				1	1	1	1	1	1
Cost of Manufacturing Sales 'C'	39	39	0	204	194	233	237	240	244
OPERATING PROFIT 'D'=(A-C)	0	-21	0	11	66	112	109	106	103
Selling, Genl. & Admin. Expenses	66	13		10	11	11	12	12	13
Profit before Interest	-66	-35	0	1	55	101	98	94	90
Interest	2								
Operating Profit after Interest	-68	-35	0	1	55	101	98	94	90
Derating of Equity Shares			360						
Sub-total: Other Non-Optg Income	0	0	360	0	0	0	0	0	0
Loss due to impairment of assets	5								
Reversal of Sundry Balances Written	24								
Interest on GIDC dues			2						
Sub-total: Other Non-Optg Exp.	29	0	2	0	0	0	0	0	0
Net Other Non-optng Income	-29	0	358	0	0	0	0	0	0
Profit before Tax/ Loss	-97	-35	358	1	55	101	98	94	90
Provision for FBT / Income Tax *	0	0		0	0	0	0	0	0
Net Profit/Loss	-97	-35	358	1	55	101	98	94	90
Extraordinary Items									
Credits due to Restructured	-22								

Liabilities/Reversal									
Add Profit/Loss(-) b/f	-513	-632	-666	-308	-307	-252	-152	-54	40
Profit/Loss carried to Balance-Sheet	-632	-666	-308	-307	-252	-152	-54	40	129

Projected Balance Sheet

Annexure IV (Rs\lakh)

Year ended 31st March --->	2010	2011	2012	2013	2014	2015	2016	2017
	Audited	Restrd.	Proj	Proj	Proj	Proj	Proj	Proj
LIABILITIES								
Short Term Borrwgs from Bank								
*(including interest)								
Others	0	0	0	0	0	0	0	0
CURRENT LIABILITIES								
Sundry Creditors for Goods	11	11	4	5	7	7	7	7
Creditors for Expenses	1	1	6	5	6	6	7	7
Other Liabilities	24	24	7	7	8	8	8	[illegible]
SUB TOTAL	36	36	18	18	20	21	22	22
TOTAL CURRENT LIABILITIES	36	36	18	18	20	21	22	22
TERM LIABILITIES								
Term Loan -ARCIL (UBI)	0	0						
Unsecured Loans - GIDC	5	7						
- Others	195	0	0	0	0	0	0	0
TOTAL TERM LIABILITIES	200	7	0	0	0	0	0	0
TOTAL OUTSIDE LIABILITIES	236	43	18	18	20	21	22	22
YE 31st March........	2010	2011	2012	2013	2014	2015	2016	2017
NET WORTH	Audited	Restrd.	Proj	Proj	Proj	Proj	Proj	Proj
Equity Share Capital	600	240	795	795	795	795	795	795
Preference Share Capital								
General Reserve	2	2	2	2	2	2	2	2
Promoters' Contribution		195						
Surplus (+) Deficit (-)								
in Profit & Loss Account	-666	-308	-307	-252	-152	-54	40	129
NET WORTH	-65	129	489	544	645	743	836	926
TOTAL LIABILITIES	172	172	507	562	666	764	858	948
ASSETS								
CURRENT ASSETS								
Cash & Bank Balances	5	5	6	10	11	25	35	41
Inventory	0	0	9	11	15	15	15	15
Receivables		0	36	43	57	58	58	58
Other Current Assets	17	17	343	403	494	584	675	765
TOTAL CURRENT ASSETS	22	22	394	467	577	681	782	878
FIXED ASSETS								
Gross Block	601	601	601	601	601	601	601	601
Less Depreciation to Date	452	452	489	508	514	520	526	532
Net Block	149	149	112	94	87	81	75	69
TOTAL FIXED ASSETS	149	149	112	94	87	81	75	69

OTHER NON CURRENT ASSETS								
Investments	1	1	1	1	1	1	1	1
SURPLUS FUNDS								
TOTAL OTHER NON CURR ASSETS	1	1	1	1	1	1	1	1
Miscellaneous Expenses	0	0	0	0	0	0	0	0
(incl. Public Issue Expenses)								
TOTAL ASSETS	172	172	507	562	660	764	858	949
TANGIBLE NET WORTH	-65	129	489	544	645	743	836	926
TOTAL OUTSIDE LIAB./NET WORTH	-4	0	0	0	0	0	0	0
NET WORKING CAPITAL	-14	-14	376	450	557	660	760	856
CURRENT RATIO	0.60	0.60	22.46	26.62	28.19	32.44	36.26	39.65

Projected Cash Flow Statement

Annexure V

	YE 31st March....	2010	2011	2012	2012	2013	2014	2015	2016
		Audited	Restru-						
I.	SOURCES								
(a)	Net Profit (after tax)	-35	358	1	55	101	98	94	90
(b)	Depreciation	37	0	37	18	6	6	6	6
(c)	Preliminary Expenses W/Off		0	0	0	0	0	0	0
(d)	Increase in Capital	0		555	0	0	0	0	0
(e)	Increase in Term Loans		0	0					
(f)	Incr. in Unsecured Loans								
(g)	Incr in Deferred Creditors								
(h)	Promoters' Contribution		195	-195	0	0	0	0	0
(i)	Decrease in								
	i) Fixed Assets								
	ii) Other Non-Current Assets								
	TOTAL	2	553	398	73	107	104	100	96
II.	USES								
(a)	Net Loss								
	Less Depreciation								
	Sub-total								
(b)	Decrease in Capital		360						
(d)	Decrease in Term Loans (ARCIL)	140							
(e)	Decrease in Unsecured Loans	-138	193	7	0	0	0	0	0
(f)	Increase in								
	i) Fixed Assets	0		0	0	0	0	0	
	ii) Other Non-Current Assets			0	0	0	0	0	
II.	TOTAL	2	553	7	0	0	0	0	0
III.	Long-term Surplus Deficit (-) (I - II)	0	0	391	73	107	104	100	96
IV.	Incr./Decr. in Curr. Assets	-4	0	372	74	110	104	101	96
V.	Incr./Decr. in Curr. Liab. Other than Bank Borrwgs.	-4	0	-18	0	-3	1	1	1
VI.	Incr./Decr. in Wkg. Cap. Gap	0	0	391	73	107	104	100	96
VII.	Net Surplus(+)/Deficit(-) (Difference of III and VI)	0	0	0	0	0	0	0	0
VIII.	Incr./Decr. in Bank Borrwgs.	0	0	0	0	0	0	0	0
	INC./DECR. IN CURRENT ASSETS								
	Inc./Decr in Cash & Bank	-7	0	2	4	1	14	10	6
	Inc./Decr in Inventories	0	0	9	2	4	0	0	0
	Inc./Decr in Receivables	-2	0	36	8	14	0	0	0
	Inc./Decr in Oth Curr. Assets	5	0	325	61	91	91	91	91
	Total	-4	0	372	74	110	104	101	96

List of Creditors **Annexure VI** (Rs)

			31 Mar 2010	31 Mar 2009
SUNDRY CREDITORS FOR GOODS :				
	D Jamnadas & Co.		280,830	280,830
	Elf Atochem Catalyst India Ltd		864,632	864,632
	Sonal Parmar Vendor		-	2,735
	Tip Top Fashions Pvt Ltd		-	4,482
		A	1,145,462	1,152,679
SUNDRY CREDITORS FOR OTHERS :				
	Adroit Corporate Services Pvt., Mumbai		15,273	1,655
	Aerochem Laboratories, Ankleshwar		-	-
	A.M. Construction Co.		-	321,782
	Ana Laboratories		14,941	14,941
	J.J. Kikani Associates		39,006	39,006
		B	69,220	377,384
DEPOSITS :				
	Enzal Chemicals - Security Deposit		524,313	800,000
	Waxsen Lifescience Pvt Ltd - Security Deposit		1,000,000	-
		C	1,524,313	800,000
OTHER LIABILITIES :				
	Dilip Bharadia & Associates		19,854	-
	Jhawar Mantri & Associates		19,854	19,854
	Kanoongo & Maheshwari		-	108,760
	Panoli Notified Area		354,102	354,102
	Purnima Builders		386,226	386,226
	T.D.S. Payable		13,496	-
	Outstanding Miscellaneous Expenses		-	7,544
	Service Tax Payable		-	195,260
	Waxsen Life Science Pvt Ltd		69,785	-
		D	863,317	1,071,746
	Total (A+B+C+D)		3,602,312	3,401,809

2

29

C

1. Chairman & MD
M/s. Principal Pharmaceuticals & Chemicals Limited
513, Palmspring, Above Croma
Link Road, Malad West,
Mumbai-400064

2. Secretary
Inds. Mines & Energy Deptt.,
Government. of Gujarat,
Suchialaya,
Gandhinagar

3. Union Bank of India
Union Bank Bhawan
239, Vidhan Bhawan Marg,
Nariman Point
Mumbai-400 021

4. The Branch Manager
Malad Sahakari Bank Limited, Malad
Branch, Malad East, Mumbai-400 097

5. Gujarat State Financial Corpn.
Block No. 10, Udyog Bhavan, Sector 11
GH 4, Gandhi Nagar-382011

6. The Asstt Sirector
Employees State Insurance Corporation
RAjendra Bhavan, Rajendra Place New Delhi-I GAX Circle

7. The Provident Fund Commissioner
Regional Office
Bhavishyanidhi Bhavan, Near
Income Ashram Road, Ahmedabad-380014

8. ARCIL
Times Tower, 9th Floor
Kamala Mills Compound, Senapati Bapat Marg
Lower Parle, Mumbai-13

9. Dy General Manager,
Corporate Finance DEptt., Division of issues & Listing
SEBI Bhawan, C-4A G Block,
Bandra Kurla Complex, Mumbai-400 051

10. The Central PF Commissioner\
14, Bhavishyanidhi Bhawan
Bhikaji Cma Place
New Delhi-10066

11. DTE. Of Income Tax
Mayur Bhawan, Deptt. of Revenue
6th Floor, Connaught Place, New Delhi-110001

12. Registrar of Companies
Delhi & Haryana
4th Floor, IFCI Tower,
61 Nehru Place, New Delhi-19

13. Ministry of Corporate Affairs
A Wing, Shastri Bhawan, 5th Floor
Rajindera Prasad Road,
New Delhi-110001

14. The Delhi Stock Exchange Assoc. Limited
3&4/4B, Asaf Ali Road,
Newr Turkman Gate New Delhi-110006

15. The Calcutta Stock Exchange
7 Lyonsrange,
Kolkata

16. Jaipur Stock Exchange
211, Laxmi Complex, MI Road,
Jipur

17. TheAhemedbad Stock Exchange
Kamdhenu Complex,
Panjarapole,
Amraiwadi,
Opposite Sahajanand College,
Ambawadi, Ahmedabad-07926307971

BENCH - III
Case No. 39/2009
17 Nos. of SCNs/NOH/Letters
handed over for despatch
Dt. 9.12.2011 Sign: