PUNJAB CHEMICALS
AND CROP PROTECTION LTD.

CIN NO. L24231PB1975PLC047063

Regd. Office & Works

Milestone-18, Ambala-Kalka Road, Village & P.O. Bhankharpur, Derabassi, Distt SAS Nagar, Mohali (Punjab)-140201, INDIA
Tele: 01762-280086, 522250, Fax: 01762-280070, E-mail: info@punjabchemicals.com, Website: www.punjabchemicals.com

Ref : PCCPL/
Date: 05.10.2018

By E-filing

The Manager
Department of Corporate Services
Bombay Stock Exchange Limited
1st Floor, New Trading Wing, P.J Towers
Dalal Street Fort
MUMBAI-400 001
Scrip Code: 506618
Tel No.: 022-22728073

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (East)
MUMBAI-400 051
Scrip Symbol: PUNJABCHEM
Tel No.: 022-26598235/26598458

Sub: **Clarification sought from the Company regarding the OTS with Bank of Baroda**

Dear Sirs

This is in reference to e-mail received from National Stock Exchange of India Ltd. dated October 5, 2018 regarding the captioned subject matter.

As desired, we are submitting as under:

1. Brief Summary of the OTS:

   - The company has been having discussions with Bank of Baroda (BOB) for settlement of its outstanding debt.
   - In that context, the bank had sanctioned OTS offer for settlement of debt at Rs 47.53 Crore plus interest w.e.f. 31st May, 2018 till full and final settlement of the entire dues along with Rs 6 Cr as OTS fee against the outstanding book dues of the bank of Rs 47.53 crore and ROR (Right of Recompense) of Rs. 19.72 crore aggregating to Rs. 67.25 crore.
   - Company had accepted the aforesaid OTS offer and accordingly made payment of the requisite OTS amount.

Contd.....2...

PUNJAB CHEMICALS
AND CROP PROTECTION LTD.
CIN NO. L24231PB1975PLC047063
Regd. Office & Works
Milestone-18, Ambala-Kalka Road, Village & P.O. Bhankharpur, Derabassi, Distt SAS Nagar, Mohali (Punjab)-140201, INDIA
Tele: 01762-280086, 522250, Fax: 01762-280070, E-mail: info@punjabchemicals.com, Website: www.punjabchemicals.com

2. Reasons for Opting OTS:

- Due to various liquidity problems about 5- 6 years back, the company's debt was restructured under Corporate Debt Restructuring (CDR) forum in 2012. On account of the tag of being a CDR and restructured debt, the company was facing challenges in raising funds from market for operational purposes.
- At the same time, the existing lenders had their own issues of burgeoning NPAs due to which they were not keen for any fresh funding to the company.
- The company's operations are working capital intensive and hence as such, it needs adequate funds for working capital purpose. However on account of the above issues, the company was unable to avail funds from market / existing banks.
- Finally, after due consideration, the management took the decision to raise long term resources by way of Public Offering / Rights Issue/ Global Depository Receipt / American Depository Receipts/ Foreign Currency Convertible Bonds / Qualified Institutional Placement / Debt Issue / Preferential Issue or any other method, for which the shareholders gave the approval on 2nd February, 2018.
- However the market participants were willing to commit funds for operations only subject to the existing debts being pared down / settled.
- In light of the aforesaid, the company has proposed settlement of outstanding debt with lenders and hence had opted for OTS.

Post approval of OTS by banks, the promoters arranged part of the funds in addition to advances from customers for making payments under OTS.

Contd.....3.....

PUNJAB CHEMICALS
AND CROP PROTECTION LTD.
CIN NO. L24231PB1975PLC047063
Regd. Office & Works
Milestone-18, Ambala-Kalka Road, Village & P.O. Bhankharpur, Derabassi, Distt SAS Nagar, Mohali (Punjab)-140201, INDIA
Tele: 01762-280086, 522250, Fax: 01762-280070, E-mail: info@punjabchemicals.com, Website: www.punjabchemicals.com

With the bank debt being settled through OTS, the company can now approach investors for arranging long term resources.

Kindly take the same on your record.

Thanking you,

Yours faithfully
For PUNJAB CHEMICALS AND
CROP PROTECTION LIMITED

CS. PUNIT K ABROL
SR. V.P.(FINANCE) & SECRETARY