

# 34<sup>th</sup> Annual Report and Accounts



**PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**

**2009-10**

उद्यमेन हि सिध्यन्ति  
कार्याणि न मनोरथैः



20.7.1932-18.12.1997

**S D SHROFF**  
(Known to all as 'Sasubhai')

*He dared.  
He cared.  
He shared.*

*His vision to grow the company remains.....*



## Chairman's Message

Dear Members,

*It is always a pleasure to interact with you to share the information relating to the business of the Company, its achievements, hindrances and future plans.*

*As all are aware, the world has passed through deep financial crisis affecting most of the businesses. Similarly, your Company was also affected. In addition to the Global impact, the Company suffered from the fire in one of its major agro chemicals producing plant at Derabassi, Punjab. The fire damaged not only the stocks and various assets but also affected the overall business of the Company. The rehabilitation work of the said plant took 8-9 months which had a consequential impact on the turnover, margins and liquidity. The Company had to resort to the short term borrowings as a stop gap arrangement. This was a costly process.*

*No doubt, with your good wishes, we have passed through that stage and are on the recovery path. All efforts are being made to run the plant continuously so that the last year gap in production and sale is reduced with the increased production in the current year. The team is fully dedicated and has assured to fulfill that gap. The priority of the management is to look into the liquidity problem, which should not impede the production plans.*

***As Gita says, the good and difficult times, like seasons come and go, but the determined leaders continue to endeavor with stability and thoughtful actions.***

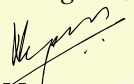
*As you are aware that the Company was in the process of infusing equity in the system to ease the liquidity and to pay some high cost debts which were taken for overseas acquisitions few years back. The global financial meltdown and over cautious approach of the investors have delayed the said plan. However, the management is seriously working and hope that during the current year, this will materialise to smoothen the routine functions.*

*As stated in one of the study, the decade of 2010-2020 is expected to be the golden period for agriculture and agrochemical industry in India. The farmers are more cautious, becoming value and information seekers. This has made them to understand the need to protect farm produce from pests and to fetch lucrative prices. This is a positive trend and your Company will ensure all efforts to make the life of the farmers comfortable. The approach adopted by the Company to manufacture various technical agro chemicals supported with formulation business is the right combination to grow.*

*Our dream of becoming a 'True Global Company' continues and with all your support, we shall continue to work progressively on this mission.*

*To conclude, I would like to appreciate the sincerity of all working members of the Company. The support of the bankers and stakeholders had helped us to withstand the difficult time. I, on behalf of my colleagues on the Board, Management, Members of Staff and Operations express deep gratitude to Bankers, Shareholders and all Supporters for their faith in us.*

With warm regards,

  
G. Narayana



## Managing Director's Message

Dear Members,

The year 2008-2009 was a difficult one for the Company. The reprieve from the global meltdown began in 2009-10. However, the company suffered a major set back due to fire in one of the key agro chemical manufacturing plant at Derabassi, Punjab in April, 2009. This has affected the turnover of around Rs. 90 crores during the year. The fire not only had an impact on the turnover and bottom line but also disturbed the financial position. The Company started facing severe liquidity problem.

I must thank various bankers and other financiers including suppliers to help the Company in this hour of crisis. My sincere thanks to the buyers of Company's products who understood the problem and have shown confidence in your Company. I must share that the Company has full orders in the current financial year and we should be able to meet the targets as per plan. The bottomline in the year under review may not be encouraging but the outlook as well as efforts to bring back the Company to its normal working and towards further growth are hundred percent. The Agro Chemicals Division should be back on the track in this year and contribute extensively to the growth of the Company.

The available product registrations in India and overseas, mixed product portfolio and efficiency in the manufacturing processes will help the Company to recover fast. There is a tremendous opportunity and to avail the same, the Company is in the process of consolidation of its various activities. This will make the Company more immune to the market turbulence.

The operations of the overseas subsidiary companies have grown. The better results are envisaged in the coming years after proper utilization of the available registrations, products and extensive market. Sintesis Quimica SAIC, Argentina has increased its presence in the local and international Biological Market and have introduced new Insecticides in Soyabean cultivation. The Company is pursuing international alliances with other marketing companies to reach new customers and capture value. Agrichem B.V., the Netherland another subsidiary Company has a wide spread product range in insecticides, herbicides and fungicides with number of registrations in various countries and is expected to perform better in the coming years, with the upbeat mood in Europe.

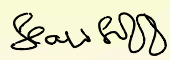
Our formulation division is maturing and is expected to grow further with manufacturing facility in Baroda and Chiplun in India.

I, on behalf of my team and myself assure all of you that our constant efforts will continue to make all the stakeholders including shareholders happy and feel proud to be associated with the Company.

I would like to place on record my sincere thanks for the full support of all the Directors, their guidance and suggestions to improve the working of the Company. The employees have proved their loyalty with continuous support, patience and commitment to work in the most difficult period. I, on behalf of the management would like to compliment them for their sincerity, loyalty and belongingness.

I, on behalf of the Board of Directors and the 'Team - PCCPL' would like to pay sincere thanks to all of you, the bankers, suppliers, customers and other stakeholders for their unstint support to the Company.

Thanking you,

  
Shalil Shroff

**COMPANY INFORMATION****BOARD OF DIRECTORS**

G. Narayana, Chairman  
Shalil Shroff, Managing Director  
Atul G Shroff  
Capt. S.S. Chopra (Retd.)  
Mukesh D Patel  
Jagdish R Naik  
Vijay Rai  
Ajit R Sanghvi  
Jai Parkash Bhambhani  
Avtar Singh, Director (Operations & Business Development)  
Shiv Shanker Tiwari, Whole Time Director  
Rupam Shroff, Whole Time Director

**Sr. V.P. (FINANCE) & COMPANY SECRETARY**

Punit K. Abrol

**CHIEF FINANCIAL OFFICER**

Vipul Joshi

**AUDITORS**

S.R. Batliboi & Co., Mumbai

**BANKERS**

State Bank of India  
Bank of Baroda  
EXIM Bank  
Allahabad Bank  
Union Bank of India

**REGISTERED OFFICE**

SCO: 417-418, Sector-35C  
Chandigarh-160 022.  
Ph.: 0172-2600955, 2603120  
Fax : 0172-2603621  
E-mail: info@punjabchemicals.com

**CORPORATE OFFICE**

Plot No.: 645-646, 4th/5th Floor  
Oberoi Chambers II  
New Link Road, Andheri (W)  
Mumbai-400 053, Tel.: 022-2674 7900 (30 lines)  
Fax: 022-2673 6193, 26736013  
E-mail: enquiry@punjabchemicals.com

**OTHER OFFICES****NEW DELHI**

1012, Ansal Bhawan  
K.G. Marg, New Delhi-110 001  
Ph.: 011-23314867, 23312406  
Fax: 011-23314890  
E-mail: rs@punjabchemicals.com

**AHMEDABAD**

205-206, Supath-II Complex  
Ashram Road,  
Near Vadaj Bus Terminus, Ahmedabad  
Tel.: 079-27552583  
Fax: 079-27561127  
E-mail : kalendu@punjabchemicals.com

**HYDERABAD**

414, Navketan Complex  
Opp. Clock Tower Garden  
62, S.D. Road, Secunderabad  
Tel.: 040-27805662  
Fax: 040-27805663  
E-mail: jose@punjabchemicals.com

**MANUFACTURING SITES**

Agro Chemicals Division - PCCPL - Derabassi  
Pharma Division - Alpha Drug - Lalru  
Industrial Chemical Division - Excel Phospho Chem I - Tarapur  
Industrial Chemical Division - Excel Phospho Chem II - Pune  
Agro Formulation Division - IA & IC Chem - Chiplun



## PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

### INFORMATION FOR SHAREHOLDERS

#### 34th Annual General Meeting

Tuesday, the 10th August, 2010 at 10.00 A.M.

at PHD House

Sector - 31, Chandigarh

#### Book Closure Dates

5th August, 2010 to 10th August, 2010



#### Registrar and Share Transfer Agent

Alankit Assignment Ltd.

RTA Division

2E/21, Anarkali Market, Jhandewalan Extension

New Delhi-110 055.

Tel.: 011-42541234, 23541234, Fax: 011-23552001

E-mail : info@alankit.com



#### Share Transfer System

Share transfer would be registered and returned within a period of 30 days from the date of receipt, if the documents are in order in all respects.



#### Assistance

For assistance regarding share transfers and transmission, change of address, duplicate/missing share certificates and other matters, please write to the Registrar & Share Transfer Agent, Registered Office or Corporate Office of the Company.

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#### A REQUEST

We are sure you will read with interest the Annual Report for the year 2009-10. You may desire to have some clarification or additional information at the ensuing Annual General Meeting. We shall very much appreciate, if you will kindly write to us atleast ten days in advance in order to enable us to keep the information ready for you at the Meeting. We solicit your kind co-operation.

Shares of the Company are listed on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. and the listing fees has been paid.

The trading in the equity shares of the Company is compulsorily in dematerialised form since 28th August, 2000. Therefore, the same should be got dematerialised, if not done so far.

**Website: [www.punjabchemicals.com](http://www.punjabchemicals.com)**



## PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

Regd. Office: SCO: 417-418, (1st and 2nd Floor), Sector-35C, Chandigarh-160 022

### NOTICE

Notice is hereby given that the 34th Annual General Meeting of the members of Punjab Chemicals and Crop Protection Limited will be held on Tuesday, the 10th August, 2010 at PHD House, Sector-31, Chandigarh at 10.00 A.M. to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account of the Company for the financial year ended 31st March, 2010, the Balance Sheet as at that date, and the Report of the Directors and the Auditors Report thereon.
2. To appoint a Director in place of Shri Jagdish R Naik, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Vijay Rai, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Atul G Shroff, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

To consider and if, thought fit to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT M/s S.R. Batliboi & Company, Chartered Accountants, (Membership No. 301003E) be and they are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of ensuing Annual General Meeting until the conclusion of the next Annual General Meeting to conduct the audit of the accounts of the Company for the financial year 2010-11, at such remuneration plus service tax and out of pocket expenses as may be mutually agreed upon between the Board of Directors of the Company and the Auditors."

#### Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty eight (48) hours before the commencement of the meeting.
3. Members, who hold shares in dematerialised form, are requested to bring their Client ID and DPID numbers for easy identification of attendance at the meeting.
4. Members desiring any information on the business to be transacted at the Meeting are requested to write to the Company at least 10 days in advance to enable the Management to keep the information, as far as possible, ready at the Meeting.
5. Members are requested to notify immediately any change in their addresses to their depository participants (DPs) in respect of their electronic share accounts quoting Client ID No. and to the Company in respect of their physical shares quoting Folio No. and giving complete address in block capitals with pin code of the postal address.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, the 5th August, 2010 to Tuesday, the 10th August, 2010 (both days inclusive).
7. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the amounts of dividends remaining unclaimed for a period of seven years from the date they become due for payment are required to be transferred to Investors Education & Protection Fund. The details of the same are as under:

FINANCIAL YEAR	DIVIDEND %AGE	TYPE	DATE OF DECLARATION	DUE DATE OF TRANSFER
<b>PCCPL</b>				
2002-03	25	Final	08.09.2003	07.10.2010
2003-04	50	Final	18.08.2004	17.09.2011
2004-05	40	Final	28.12.2005	27.01.2013
2005-06	40	Final	07.09.2006	06.10.2013



FINANCIAL YEAR	DIVIDEND %AGE	TYPE	DATE OF DECLARATION	DUE DATE OF TRANSFER
<b>PCCPL</b>				
2006-07	25	Final	30.08.2007	29.09.2014
2007-08	40	Final	29.08.2008	28.09.2015
2008-09	15	Final	25.09.2009	24.10.2016
<b>ERSTWHILE STS CHEMICALS LTD. (NOW AMALGAMATED WITH THE COMPANY)</b>				
2002-03	6	Final	18.08.2003	17.09.2010
2003-04	6	Final	02.09.2004	01.10.2011
2004-05	6	Final	29.12.2005	28.01.2013

8. Information and Disclosures pursuant to Clause 49 IV (G) of the Listing Agreement for the Directors who are being appointed / re-appointed is annexed as Annexure to this notice.

By order of the Board of Directors

Place: Chandigarh  
Date: June 18, 2010

**Punit K Abrol**  
Sr. V.P. (Finance) & Company Secretary



## ANNEXURE- I

### Disclosure pursuant to Clause 49 IV(G) of the Listing Agreement.

Brief resume of the Directors who are being re-appointed as a Director of the Company.

#### A. Shri Jagdish R Naik

Shri J.R. Naik (51 years), Chartered Accountant, is a Non-Executive Director. He was a partner in a reputed firm of Chartered Accountants of M/s S.V. Ghatalia & Associates for about nine years from 1983 to 1992. Presently, he advises many companies on corporate matters including Amalgamation, Demerger, Joint Ventures, Business Valuation, Income Tax and Company Law matters. He has been rendering services as Corporate Advisor to Excel Industries Limited, Transpek Silox Industry Limited and Shah Granites Group of Companies.

He is also a director in several companies including Excel Crop Care Limited, Acrysil Limited, Anshul Specialty Molecules Limited, Agrocel Industries Limited, Excel Industries (Europe) N.V., Excel Industries (Australia) Pty. Limited, and Excel Genetics Limited.

He is a member of the Audit Committee and Shareholders/Investors Grievance Committee of Excel Crop Care Limited.

Shri Jagdish R Naik is not holding any equity share of the Company.

None of the Directors of the Company except Shri Jagdish R Naik himself, is concerned or interested in the aforesaid resolution.

#### B. Shri Vijay Rai

Shri Vijay Rai (aged 63 years) is a B. Tech from I.I.T. Kharagpur and further done courses in marketing and personnel management.

He has over forty years experience in Industry out of which 28 years was with the leading industrial group in India "the Tata group". He has worked in 12 different industries with the group such as food processing, engineering, chemicals and fertilisers. He was the CEO for over 12 years of Rallis India Ltd. (Rallis), the largest Agrochemicals Company in India at that time. He was responsible for the growth of Rallis from Rs. 250 crores to over Rs. 1200 crores in ten years.

He was awarded in 1999 the "Most Admired Manager" in the Industry by the Pesticide Formulators and Manufacturers Association.

He is also on the Board of English India Clays Limited, Navneet Publications (India) Limited, Greaves Cotton Limited, Greaves Leasing Finance Limited, TechPak Industries Ltd. (Nairobi, Kenya), Polygel Industries Pvt. Ltd., Viswas Business Synergies Limited, Prince Ware International Pvt. Ltd., Akola Chemicals (India) Limited and Sri Biotech Laboratories Ltd.

He is also the Chairman of Audit Committee of English Indian Clays Limited and a member in the Audit and Shareholders/Investors Grievance Committee of Greaves Cotton Limited.

Shri Vijay Rai is not holding any equity share of the Company.

None of the Directors of the Company except Shri Vijay Rai, himself is concerned or interested in the aforesaid resolution.

#### C. Shri Atul G Shroff

Shri A.G. Shroff (62 years) is a Non-Executive and Non-Independent Director. He has over 37 years of extensive experience in Chemical Industry right from shop floor to Corporate Management covering all functional areas. His special accomplishments include successful handling of some of the important and large projects at Excel Industries Ltd., Mumbai.

He has been the Managing Director of Transpek Industry Ltd. since 1981. A people's man, he is known to be found moving on the shop-floor, and having a direct rapport with most of its workforce which constitutes the Transpek family. His vision envisages the setting up of a global network. His keen sense of understanding the chemical processes has resulted in development of several innovative and appropriate improvements in our various plants.

Shri Atul Shroff also provides his expertise and services to various public and private limited companies as a Director / Chairman on their Boards. He is a member on the Board of Transpek Industry Ltd. (Managing Director), Excel Industries Ltd., Shri Dinesh Mills Ltd., Banco Products (India) Ltd., Transchem Agritech Ltd. (Chairman), Madison Investments Pvt. Ltd. and Transpek Industry (Europe) Ltd.

He is the Chairman of Shareholders' Grievance Committee of Banco Products (India) Ltd and Shri Dinesh Mills Ltd. He is also a member of Audit Committee of Banco Products (India) Ltd. and member of Share Transfer Committee of Transpek Industry Limited.

Shares held by Shri A.G. Shroff in his personal name are 4180.

None of the Directors of the Company, except Shri A. G. Shroff, himself is concerned or interested in the aforesaid resolution.



## DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors are pleased to present the 34th Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 2010.

### WORKING RESULTS

(Rs. in Lacs)

	Consolidated*		Standalone	
	2009-10	2008-09	2009-10	2008-09
Sale of Products & Other Income (Net)	58302	74339	32473	49693
<b>Profit / (Loss) before Depreciation &amp; Tax</b>	<b>(4015)</b>	3929	<b>(4441)</b>	2081
Less: Depreciation/Amortisation	3419	3121	1059	919
<b>Profit / (Loss) before Tax</b>	<b>(7434)</b>	808	<b>(5500)</b>	1162
<b>Provision for Taxation</b>				
Current year including FBT	(175)	(603)	-	(418)
Deferred Tax Asset / (Liability)	1813	63	1457	(68)
<b>Profit / (Loss) after Tax</b>	<b>(5796)</b>	268	<b>(4043)</b>	676
Minority Interest	1	3	-	-
	<b>(5795)</b>	271	<b>(4043)</b>	676
Add/(Less):				
Prior Period Adjustments	-	(238)	-	(27)
Excess/(Short): Provision for Taxes of earlier years.	(84)	(125)	(69)	(126)
<b>Net Profit / (Loss)</b>	<b>(5879)</b>	(92)	<b>(4112)</b>	523
Profit brought forward from previous year	216	624	1226	1019
<b>Profit available for Appropriation</b>	<b>(5663)</b>	532	<b>(2886)</b>	1542
Out of this, the Directors have made the following appropriations:				
Proposed Dividend	-	99	-	99
Tax on Dividend	-	17	-	17
Transfer to General Reserve	-	200	-	200
<b>Carried forward to next year</b>	<b>(5663)</b>	216	<b>(2886)</b>	1226

\* Consolidated financial statements for the year ended 31st March, 2010 form part of the Annual Report and Accounts of its Subsidiary Companies.

Figures for the previous year have been regrouped, wherever necessary to make them comparable with figures of the current year.

### DIVIDEND

Your Directors have not recommended any dividend for the year 2009-10 keeping in view the loss in the working of the Company.

### OPERATIONS

During the year, the total income on standalone basis of the Indian operations was Rs. 325 crores against Rs. 497 crores in the previous year, down by 35%. The decrease in turnover and contribution posted a net loss of Rs. 41.12 crores against the net profit of Rs 5.23 crores in the previous year. The export sales were less at Rs. 107 crores against Rs. 148 crores of last year, also less by 28%.

The year under review was a difficult one. The recession, sluggish export recovery and a slowdown in the financial flow into the economy in the year 2008-09 following the financial crisis remained in the first half of the year under review.

In spite of the beginning of recovery trend in the second half of 2009-10, the Company could not take advantage of the same because of the major fire in one of the agro chemicals plant at Derabassi in April, 2009 (as reported in the last Annual Report). The products affected in the fire were the key products. Rehabilitation work of the said plant could only be completed in December, 2009. The delay in disbursement of claim from the insurance company and non operation of the plant for large part of the year resulted into the liquidity crisis in the Company. The procurement of raw materials and other inputs to achieve full production was not possible in the circumstances. The service of the debts taken for overseas and Indian acquisition put further pressure on the cash



flow. Moreover, the Company's efforts to raise equity could not materialize in the year under review. The short term borrowings, therefore, remained the only source to run the day to day business, which further increased the interest burden. The adverse foreign exchange fluctuation added to the loss and serious impact on the working results.

The formulated agro chemicals business has spread its wings and have the potential to grow in wide area. The operations have been expanded in the cotton belt of Maharashtra and Chattisgarh states for the insecticides, herbicides and fungicides business. This Division is maturing and expected to give fillip to the revenue and profitability of the Company in future. However, in the year under review, late rains created uncertainty in the initial sowing period and then flood in the Southern States affected the sales.

As stated in the last Annual Report, the Company has acquired Parul Chemicals Limited, Baroda (Parul) as 70% subsidiary Company to strengthen the formulation business. The Board of Directors of the Company have now decided to amalgamate this Company to integrate Parul's manufacturing capability and other business with the Company's formulation business. The application for approval of amalgamation of Parul with the Company had been filed with the Hon'ble High Court of Gujarat at Ahmedabad and Punjab & Haryana at Chandigarh.

Pharma unit in Punjab has started the production of new API and obtained additional job work.

In Industrial Chemicals Division at Tarapur, the production of new product was commenced to partially utilize the surplus capacity of the plant. Accordingly, the said plant should add to the revenue in near future. Pune unit could not meet its target because of unavailability of raw material including erratic supply of Phosphorous and reduced demand of the products in the domestic market. However, the current year projection looks better in view of improvement in the domestic demand.

The operations of the Trading Division was severely affected due to the working capital deterioration.

The operations of the overseas subsidiary companies have grown. The better results are envisaged in the coming years after proper utilization of the available registrations, products and extensive market. Sintesis Quimica SAIC (SQ) has increased its presence in the local and international Biological Market and have introduced new Insecticides in Soyabean cultivation. In part of the year due to international crisis, the export of inoculants to US was significantly less. The drought in Argentina reduced the cultivated area of wheat, corn and sunflower, thereby affecting the sales. However, partially it was compensated with larger sales in formulations. The Company has come up with profit due to international alliances and involvement of other marketing companies to reach new customers and capture value.

Agrichem B.V., another subsidiary Company has a wide spread product range in insecticides, herbicides and fungicides with number of registrations in various countries and is expected to perform better in the coming years. However, in the year under review, sluggish European market had an impact on the performance and amortization of product registration expenses put pressure on the margins of this overseas subsidiary.

The consolidated results of the Company includes the results of the subsidiary companies namely (i) STS Chemicals (UK) Ltd., (ii) SD AgChem (Europe) NV, (iii) Sintesis Quimica, S.A.I.C., Argentina (iv) Agrichem B.V., Netherlands, (v) N.V. Agricultural Chemicals, (vi) Agrichem Helvetia GmbH, (vii) PG Crop Protection Ltd., (viii) SD Agchem Netherlands 1 B.V. and ix) Parul Chemicals Limited, Vadodara.

The Consolidated income of the Company during the year 2009-10 was Rs. 583 crores against Rs. 743 crores of previous year down by 22%. This resulted into a loss of Rs. 59 crores against the loss of Rs. 92 lacs in 2008-09.

## **OUTLOOK**

The Board of Directors of your Company are confident that situation should normalize in the current year. The Company has the full export orders of its key products, therefore, utilization of full capacity, particularly in the Agro Division will remain the prime focus. The long term borrowings, equity generation and expected release of Insurance Claims in the near future should bring turnaround in the Company. Moreover, the strategy adopted in the past few years, viz. obtaining product registrations in India and overseas, mixed product portfolio and efficiency in the manufacturing processes should help the Company to recover fast. The product registrations in one of the subsidiary company in European Unions have been fully integrated in line with the products manufacturing in Indian units. The Consolidation of these activities should enable the Company to face market turbulence more effectively.

The Company is therefore, with facilities of manufacturing technicals, branded formulations possesses the entire value chain of agro chemicals business. In addition, Pharma, Industrial Chemicals and specialized bio-products adds to the business prospects.

Therefore, the outlook of the Company in the medium to long term is growth oriented barring unforeseen circumstances.

## **SUBSIDIARY COMPANIES**

In terms of the approval granted by the Central Government under section 212(8) of the Companies Act, 1956, the audited accounts of the subsidiary Companies are not attached to this Annual Report. However, the consolidated financial statements prepared in accordance with Accounting Standard 21 of the Institute of Chartered Accountants of India presented in this Annual Report include the financial information of the subsidiary Companies. The Accounts of the subsidiary Companies will be made available to the members upon receipt of request from them and shall be available for inspection at the registered office of the Company and also at the registered office of the concerned subsidiary Companies. The statement pursuant to Section 212 of the Companies Act, 1956 relating to the subsidiary Companies is included in this Annual Report.

## **FINANCE**

During the year under review, 6,00,000 Preferential Convertible Warrants (PCW), were converted into Equity shares on 11th August, 2009, at a price of Rs. 136/- per share having face value of Rs. 10/- each. Ten percent amount received from the remaining subscribers of 9,10,000 PCW were forfeited as per



the SEBI guidelines as they did not opt for conversion. The Paid Up Share Capital, thereafter, increased to Rs. 7,19,28,920 consisting of 71,92,892 equity shares of Rs. 10/- each. These shares have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

As stated earlier, the Company was facing huge liquidity problem and in absence of infusion of sufficient equity through various means, the Company had to resort to the additional borrowings to meet its day to day working capital requirement and fund the interest cost. This has increased the cost of borrowing and affected the bottom line of the Company. During the year under review, Company had taken additional borrowings from Central Bank of India (Rs. 25 crores), Union Bank of India (Rs. 25 crores), Allahabad Bank (Rs. 50 crores) and Bank of Baroda (Rs. 50 crores).

The Company had repaid part of the term loan to AXIS Bank (Rs. 666 lacs), EXIM Bank (Rs. 500 lacs), Bank of Rajasthan (Rs. 500 lacs) and Cash Credit limit of Rs. 1800 lacs to AXIS Bank, Rs. 1300 lacs to EXIM Bank. However, the overall borrowings have increased due to the operational reasons as stated above.

#### **FIXED DEPOSITS**

The amount of Fixed Deposits as on 31st March, 2010 was Rs. 481 lacs (previous year Rs. 431 lacs). The deposit amounting to Rs. 0.52 lacs were unclaimed by 2 depositors as on 31st March, 2010 (previous year Rs. 0.72 lacs by 4 depositors). The Company has sent reminders to these depositors to complete the procedural formalities for repayment.

#### **LISTING WITH STOCK EXCHANGES**

The equity shares of the Company remains listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited having nation wide terminals. The requisite annual listing fees to these Stock Exchanges have been paid.

#### **INSURANCE**

The Company has taken the required insurance coverage for its assets against the possible risks like fire, flood, public liability, marine, etc.

#### **ENVIRONMENT MANAGEMENT AND POLLUTION CONTROL**

The Company is conscious of its environment management and pollution control. In all the units efforts are taken for reduction of the waste generation and re-processing of the waste material, wherever possible. Multi effect evaporators installed in both units in Punjab are helping in managing the environment.

#### **EMPLOYEES & INDUSTRIAL RELATIONS**

The relations of the management and all categories of employees are cordial. The patience and belongingness of the Company's employees are enormous. Their suggestions to improve the productivity are seriously considered.

#### **SOCIAL RESPONSIBILITY**

The Company continues to meet its social responsibility by arranging medical camps, donation of medicine and giving scholarships to the needy students. The trust created in the memory of late Shri S.D. Shroff, organizes the Blood Donation camp every year and serve the nearby villages with required medical help.

#### **RESEARCH & DEVELOPMENT / QUALITY CONTROL**

The R&D laboratories of Agro Chemicals and Pharma Division are recognized and approved by the Department of Scientific & Industrial Research, Government of India, New Delhi. The regular R&D activities are carried out in these laboratories to improve upon the existing processes and to develop new products and by-products. All the incoming Raw Materials and Finished Goods are regularly checked as per the ISO 9001 and ISO 14001 guidelines to keep the strict quality control of the Raw Materials, Finished Goods and new products. It helps in maintaining and improving the Raw Material efficiency of the existing products.

#### **DIRECTORS**

In accordance with Article 146 of the Articles of Association of the Company and with the provisions of the Companies Act, 1956, Shri Jagdish R Naik, Shri Vijay Rai and Shri Atul G Shroff, Directors of the Company retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

Your Board recommends their re-appointment for the approval of the members.

#### **DEPOSITORY SYSTEM**

M/s Alankit Assignments Ltd., 2E/21, Anarkali Market, Jhandewalan Extension, New Delhi, are the Registrar of the Company for the Physical as well as Demat shares. The members are requested to contact the Registrar directly for any of their requirements.

#### **INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956.**

##### **(i) PARTICULARS REGARDING CONSERVATION OF ENERGY, ETC.**

Particulars regarding conservation of energy, technology absorption, foreign exchange earnings and outgo as required under section 217(1)(e) of the Companies Act, 1956, are given in the Annexure to this Report.

##### **(ii) PARTICULARS OF EMPLOYEES**

The information as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is attached with this report.



### (iii) RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies (Amendment) Act, 2000, your Directors state:

- (a) that in the preparation of the Annual Accounts for the year ended 31st March, 2010, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures, if any;
- (b) that they have selected such Accounting Policies and applied them consistently and made judgements 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 at 31st March, 2010 and of the loss of the Company for the year ended on that date;
- (c) that proper and sufficient care has been taken for the maintenance of adequate Accounting Records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the Annual Accounts have been prepared on a going concern basis.

### (iv) CEO/CFO CERTIFICATION

The CEO (Managing Director) and the CFO of the Company have certified to the Board in the manner required under Corporate Governance Code, concerning the annual financial statement.

### COST AUDIT

The reports of Mrs. Pushpa Khanna, Cost Accountant in respect of the audit of cost accounts of the "Insecticides" and of M/s Khushwinder Kumar & Co., Cost Accountant in respect of the audit of cost accounts of the "Bulk Drugs" for the year 2008-09 have been submitted by them directly to the Central Government.

### AUDITORS' REMARKS

The Company's Auditors have made qualifications in the Auditors' Report on the Standalone and Consolidated financial statements for the Financial Year ended 31st March, 2010, which have been replied/explained as given below :-

- i) that the Company has not made a provision for diminution other than temporary in the value of long term investment amounting to Rs.98 lacs.  
The Board is of the opinion that the diminution in the value of long term investment is not of a permanent nature and accordingly no provision is considered necessary.
- ii) PG Crop Protection Limited, N.V. Agricultural Chemicals and Agrichem Helvetia GmbH, 100% subsidiaries of the Company have not been considered for the purpose of preparation of the consolidated financial statements.
- iii) Effect of investment in associate companies on the financial position and operating results of the Group, as required by Accounting Standard (AS) 23, 'Accounting for Investment in Associates in Consolidated Financial Statements' have not been considered in the consolidated financial statements.  
The Board of Directors are of the opinion that the aforesaid subsidiaries and the associate Companies do not have any significant operations, therefore, the non-inclusion of the same in the Consolidated Financial Statements have no significant impact on the financial position and operating results.  
There are few remarks given in the Annexure to the Auditors Report which are self explanatory. However, necessary actions are being taken on those remarks and points wherever required including tagging of fixed assets and updation in the Fixed Assets Register.

### AUDITORS

M/s S.R. Batliboi & Company, Chartered Accountants, whose term of office as the Statutory Auditors will expire at the conclusion of the ensuing Annual General Meeting of the Company, have given to the Company a notice in writing of their willingness for reappointment. They have also given a letter to the Company certifying that their proposed appointment as Auditors would be in accordance within the limits prescribed under section 224(1B) of the Companies Act, 1956. The Directors of the Company recommend their appointment.

### CORPORATE GOVERNANCE

As per the Listing Agreement, a separate statement on Management Discussion and Analysis, Corporate Governance Report and a Certificate from the Practising Company Secretary regarding compliance form part of this Annual Report.

### ACKNOWLEDGEMENT

The Board of Directors deeply acknowledge the contribution of all the stakeholders of the Company and value their support and suggestions. The support of various Banks and other lenders to the Company at the difficult time is worth praising and deserve heartfelt thanks. We, assure all the stakeholders that the team PCCPL is fully dedicated and assure that with the continuous support, we will overcome the turbulence in this year.

For and on behalf of the Board of Directors

**G. NARAYANA**  
Chairman

Place: Mumbai  
Date : June 18, 2010



## ANNEXURE TO THE DIRECTORS' REPORT

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### I) CONSERVATION OF ENERGY

a) Energy Conservation Measures taken:

#### Agro Division:

- VFD installed on Reactors, Cooling towers pumps, CT pumps to save power.
- Quenching system standardised in the plant area.
- Monitoring of the load for Recycling of effluent water.

#### Pharma Division:

- Required process modifications for different products to improve RM consumption and process implication.
- VFD installed on boilers.
- Energy efficient fan on cooling tower.
- Change over from chilled water to cooling water in winter season.
- Replacement of high rated motors.

#### Industrial Chemical Division:

- CFL lamps being replaced with tubes or other bulbs to reduce the consumption.
- To economies utility cost, cut down the compressor load to half.

b) Additional investments and proposal, if any, being implemented for reducing the consumption of energy.

- Continuous monitoring for conservation of the energy. The required investment will be made to save energy cost.

c) Impact of (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods.

- Above efforts and monitoring will reduce the energy conservation, and will be cost effective.

d) Total energy consumption and energy consumption per unit of production, as per prescribed Form 'A'.

### FORM 'A'

	CURRENT YEAR (2009-10)	PREVIOUS YEAR (2008-09)
<b>A. Power and fuel consumption</b>		
1. Electricity		
a) Purchased		
Unit(Kwh)	1,70,21,259	1,97,93,178
Total Amt. (Rs.lacs)	878.70	914.84
Rate/Unit(Rs.)	5.16	4.62
b) Own Generation		
i) Through Diesel Generator		
Unit(Kwh)	18,25,793	15,22,151
Unit per ltr. of Diesel Oil	3.27	3.42
Cost/ Unit (Rs.)	9.71	9.61
ii) Through Steam Turbine/Generator		
Unit(Kwh)	nil	nil
Unit per ltr. of fuel oil/gas	nil	nil
Cost/ Unit (Rs.)	nil	nil
2. Coal(specify quality and where used)		
Qty.(tonnes)	2304	11011
Total cost (Rs.lacs)	125.80	601.13
Average Rate (Rs.)	5459	5,460



	CURRENT YEAR (2009-10)	PREVIOUS YEAR (2008-09)
3. <i>Furnace Oil</i>		
Quantity (K.ltrs.)	446	298
Total Amount (Rs. Lacs)	99.84	63.56
Average rate (Rs.) per Kg.	22.39	21.31
4. <i>Others/Internal generation</i>		
Husk Rice, Straw, Baggase, etc. (Agro Waste)		
Quantity (MT)	26,016	24,271
Total Cost (Rs.lacs)	1025.65	929.52
Rate/Unit (Rs.)	3942	3830

#### B. Consumption per unit of production

	CURRENT YEAR		PREVIOUS YEAR	
	Electricity (Kwh)	Coal & Husk (Kg.)	Electricity (Kwh)	Coal & Husk (Kg.)
i) Agro Chemicals & their Intermediates	614	1045	562	998
ii) Pharma Products & their Intermediates	2266	4221	2,520	4,669
iii) Industrial Chemicals	263	126	173	132
iv) Sulphur based compounds	227	201	219	154

Note : Since coal, husk and Furnace Oil, etc. were used simultaneously in the boiler, therefore, combined consumption per unit of production of the fuel has been given.

## II) TECHNOLOGY ABSORPTION

Form 'B' for disclosure of particulars with respect to Technology Absorption.

### Form 'B'

#### RESEARCH AND DEVELOPMENT (R&D)

- Specific areas in which R&D was carried out by the Company.*
  - Development of economical and efficient processes of the on going products.
- Benefits derived as a result of the above R&D.*
  - The process time and the quality of the products improved.
- Future plan of action :*
  - To upgrade the R&D facilities upto the international level.
- Expenditure on R&D*

	2009-10	(Rs. lacs) 2008-09
a) Capital	-	37.68
b) Recurring	196.32	209.98
c) Total	196.32	247.66
d) Total R&D expenditure as %age of total turnover	0.65%	0.49%

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts, in brief, made towards technology absorption, adaptation and innovation.*
  - Development of in house and indigenous technologies to meet demand of the customers.
- Benefits derived as a result of the above efforts, e.g. product improvement and cost reduction, product development, import substitution etc.*
  - The existing processes have been simplified and tested to lower the cost of production. It has further improved the quality and simplified operations.



3. *Technology imported during the last 5 years :*

- The Company has not imported any technology.

**III). FOREIGN EXCHANGE EARNINGS AND OUTGO**

a) *Activities relating to export initiatives taken to increase exports, development of new export markets for products and export plans.*

- Company obtained various global registrations to market its products.
  - \* The Company has participated in various exhibitions viz. Chemspec India, 2009, Cphi Worldwide (Madrid) 2009, Cphi India, 2009 and CAC Shanghai, 2010 fair.
  - \* The Company is certified in various quality management systems.
  - \* Certificate of Suitability (C.O.S.) for the European market obtained for one of the key product in the Pharma Division.
  - \* The DNV approval of Fami Q.S. received in the Pharma Division.

b) *Total Foreign Exchange earned and used*

	2009-10	(Rs. lacs) 2008-09
i) Earned	11,789	15,244
ii) Used	9,909	12,801

For and on behalf of the Board of Directors

Place: Mumbai  
Date: June 18, 2010

**G. NARAYANA**  
Chairman

## ANNEXURE TO DIRECTORS' REPORT

**INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010**

S No	Name of the Employee	Designation & Nature of Duties	Remuneration (Rs.)	Qualifications & Experience (Years)	Date of Commencement of Employment	Age (Years)	Previous Employment
1.	Shalil Shroff	Managing Director	42,76,225	Management Diploma from U.S.A. & B.Com. (21)	15.01.1992	45	STS Chemicals Ltd.
2.	Avtar Singh	Director (Operations & Business Development)	34,54,506	B.Sc. (28)	20.12.1980	51	Gharda Chemicals (P) Ltd., Jr. Chemist
3.	S.S Tiwari	Whole Time Director	38,06,800	M.Sc., DBM(34)	06.04.2006	56	STS Chemicals Ltd.
4.	Rupam Shroff	Whole Time Director	30,73,809	B.Com(19)	06.04.2006	42	STS Chemicals Ltd.
5.	Vipul Joshi	Chief Financial Officer	29,44,080	B.Com, FCA(21)	18.09.1992	47	STS Chemicals Ltd.

**NOTES:**

1. Remuneration mentioned above includes salary, commission, allowances, taxable value of perquisites, Company's contribution to provident fund and Superannuation Fund but does not include contribution / provision towards Gratuity Fund and leave encashment and gratuity paid, if any.
2. The employment of the Managing Director and Whole Time Directors is contractual for a period of three years.
3. All employees have adequate experience to discharge the responsibilities assigned to them.
4. Shri Shalil Shroff, Managing Director and Smt. Rupam Shroff, Whole Time Director are related to each other and Capt. S.S. Chopra (Retd.), Director of the Company.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : June 18, 2010

**G. NARAYANA**  
Chairman



## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. BUSINESS REVIEW

#### Business Segment - Agro Chemicals and Other Chemicals

##### (a) Industry Structure and Development:

The year 2009-10 witnessed the recovery trend from the recession and global slow down. There was a significant slowdown in the growth rate in the second half of 2008-09, following the financial crisis began in 2007. The Indian growth rate of the GDP in 2008-09 was 6.7%, with growth in the last two quarters hovering around 6 %. The Industrial output, exports and domestic consumption improved from the previous year. The real turnaround came in the second quarter of 2009-10, where the economy grew by 7.9%, due to momentum in the manufacturing sector. However, the agricultural gross domestic product was down by 0.2%, because of sub-normal monsoon.

Rising food prices, spurred by expectation of short fall in food production have brought the issue of food security, food stocks management and need for improving food production and productivity to the forefront of national strategy. It is a known fact that the agriculture provides significant support for the economic growth and social transformation of the country. In India this sector account for 15.7 percent of the GDP. Therefore, the Industry catering to the agriculture sector will have direct impact from the performance of agricultural policy.

The general feeling and the sentiments are upbeat due to good but cautious response from the Indian banks and the government for the overall growth. The economic boosters given by the US and other countries including India started delivering results which took manufacturing growth in India to 8.9% in 2009-10. The spending on the development of infrastructure and agriculture sector with marginal rise in minimum support price (MSP) of various products should give long term benefit for the growth of the economy.

It is a matter of concern that inspite of the positive trend seen in the economy from the second quarter of 2009-10, your Company could not take advantage of the trend. The production and sale of agro chemicals could not meet the targets because of the fire in one of the plants of the Company at Derabassi, Punjab. Further, when the plant was repaired and ready to commission, the Company experienced a major liquidity crunch which affected the planning. The delay in release of insurance claim has further aggravated the situation.

It seems that the Company would overcome these hindrances in this year and would again march on the growth path. The full production in the said plant is likely to start in the first quarter of the current financial year.

Your Company is in the business of manufacturing and distribution of agro chemicals in technical and formulations including sulphur based formulations, and also newly inducted bio range with different product mix and phosphorous based compounds. The wide area of operations should have an advantage. The increase in the number of formulations should broaden the market. Moreover, overseas subsidiary companies have caught up with the lost market in the recession period and have posted positive trend. Therefore, the consolidated and overall business strategy of the Company adopted in the last few years should bring growth in the Company.

In one of the study of agro-chemicals, it is said and felt that 2010-2020 is expected to be the golden period for agriculture and agrochemical industry in India. The future of this industry look promising on account of the increasing need to protect farm produce from pests, higher farmer affordability and lucrative farm produce prices. Further, growing varieties of various pests, diseases and their growing resistance to various pesticides will keep the demand for new products upbeat. The Indian farmers are changed now. They are seen as brand cautious, a value and information seeker. Therefore, the branded formulations introduced in the Company in addition to the technicals should add to the bottom line in due course.

##### (b) Opportunities & Threats:

The Company has the forward looking approach and clear vision. The manufacturing of various technical agrochemicals supported with various formulations are the right combination to grow.

The investment in obtaining various registrations and acquisition of strategic Companies in the Latin America and Europe should yield better results as the 'teething troubles' in those acquisitions have been overcome. The result of Sintesis Quimica, Argentina are encouraging and expected to grow by more than 30% in the next year. The working of Agrichem have also improved and there is a good cash profit. However, the amortisation of registration expenses are affecting the bottomline there, which are likely to continue for some more time. As expected the gaps of stocks of the previous year in the European countries have started filling and the demand of Company's products have witnessed a rising trend.

The formulated agro-chemical products has broaden the area of operations with large product-basket of fungicides and herbicides coupled with personalised and right service to the agriculturist. The one to one contact with the users of these products at the right time and imparting knowledge to them can bring good share to the Company from the large agriculture sector. This supports the company's long-term retail forward integration strategy and future growth plan. Since Insecticides is the largest segment in India, it is more competitive, while herbicides and fungicides are less competitive being a niche segment. The growth potential is immense in Herbicides and Fungicides segment. In developed countries, environmental friendly herbicides are preferred and are consistently growing (nearly 65% of the market) while the use of insecticides is declining (barely 20 %). The share of fungicides is fast growing and is estimated to be about 30% of the total domestic market. Further, PCCPL's two key acquisitions will strengthen the product basket, and specifically, the biological agro products segment, which is again a niche segment.



The liquidity, high cost of debt, longer period of debt realisation, frequent replacement of the agro chemicals and the international situation are few of the threats to the Company's growth plans.

**(c) Performance and outlook:**

The manufacturing of agrochemicals, speciality chemicals, phosphorous based compounds and formulated agro chemicals remain major area of operation. The quality and service being provided are of international standard and continue to be the first priority. The branded pesticides formulations and trained work force of the Company is serving the Indian farming community in a professional way. The addition of new formulations as per the requirement of soil, season and safety should enhance the agriculture output.

**(d) Risks and concerns:**

The weather conditions are the key factors for the demand of agro products. The exchange fluctuation effects the raw material prices and high borrowing cost are some of the matters of concern. In addition, the financial exposure in the registration process, price competitiveness, more credit period are the risk factors.

The Company is fully aware of these risks and concerns and take appropriate possible measures as and when required.

## 1.2 Business Segment - Pharma

**(a) Industry Structure and Development:**

The Indian pharmaceuticals industry has grown from a humble Rs.1,500 crores turnover in 1980 to approximately Rs.1,00,611 crores in 2009-10 (September, 2009). The country now ranks third in terms of volume of production (10 percent of global share) and 14th by value. The Indian pharma industry's growth has been fuelled by exports which registered a growth of 25 percent in 2008-09. Exports of pharmaceuticals have consistently outstripped imports. India currently exports drug intermediates, active pharmaceutical ingredients (APIs), finished dosage formulations, bio-pharmaceuticals and clinical services.

Accordingly, the Indian pharmaceuticals industry is set to grow rapidly in the next few years as global patents of billions of dollars worth of drugs will expire in the near future, setting the stage for spurt in exports especially in the area of generic drugs. As per one of the estimates, \$65 billion worth of drugs will go off patent over this period in the U.S. and Europe.

The Company entered into a pharma business in 2003 after acquisition of erstwhile Alpha Drug India Limited (ADIL), which is now merged in the Company. The division is growing and had started manufacturing another API. The product basket has started filling after widening the area of operation. The employees are getting exposure for working in the Pharma sector and have adopted all the norms to make it a successful division. It has given logistic knowledge, experience and exposure to the employees.

**(b) Opportunities and Threats:**

The international pharmaceutical market is highly competitive. The launching of new products, research and development are the key factors of success of any pharma unit. The manufacturing of fine chemicals, API and the contract manufacturing require highest standards and conformity to the procedures and specifications prescribed by the Principal.

**(c) Performance and Outlook:**

The Pharma Division of the Company has improved working by adding new products. The pharma plant has a GMP certification from the State Government. It has C.O.S. (Certificate of Suitability) for the European market for its key product - Trimethoprim. DNV approval of Fami QS has opened European market for food additives, being manufactured by the Company.

**(d) Risks and Concerns:**

The competition from the domestic industry and import are the major risks. The contract manufacturing of few products may limit the Company's potential of development. However, this helps to generate more revenue and utilisation of the plants.

## 2. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has the proper and adequate internal control system to provide reasonable assurances that the transactions and financial statements prepared are in conformity of the established Accounting Standards and Principles. It also ensures that all the assets are safeguarded against loss or unauthorised use. Regular internal audits and checks are carried out to ensure that the responsibilities are executed effectively and the systems are adequate. The internal audits are conducted by the Independent Auditors. The performance review of the internal audit system as well as the reporting system adopted in the Company give the required confidence to the management.



### 3. SUBSIDIARIES /ACQUISITION/JOINT VENTURE

SD Agrichem (Europe) NV is the wholly owned overseas subsidiary of the Company. Agrichem B.V. and Sintesis Quimica, S.A.I.C. are the wholly owned subsidiary companies of SD Agrichem(Europe) NV. Agrichem B.V. have other subsidiaries and accordingly all these companies become the subsidiary companies of Punjab Chemicals and Crop Protection Limited. The Company's list of subsidiary therefore, includes (i) STS Chemicals (UK) Ltd., (ii) SD AgChem (Europe) NV, (iii) Sintesis Quimica, Argentina, S.A.I.C. (iv) Agrichem B.V., Netherlands, (v) N.V. Agricultural Chemicals, (vi) Agrichem Helvetia GmbH, (vii) PG Crop Protection Ltd. (viii) SD Agchem Netherlands, 1B.V., USA. and (ix) Parul Chemicals Limited, Vadodara. Nedab APS, Denmark and Kapchem Ltd., Ireland were the joint ventures of the erstwhile 'Pegevo' and now known as Agrichem, B.V. and the same have also become the Joint Ventures of the Company.

### 4. HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS

The Company ensures to upgrade the skills and competence of its human resources. The safety, training, welfare and development of employees receive all possible attention and receive highest priority. Industrial relations continue to be cordial and harmonious. The employee strength of the Company on 31st March, 2010 was 1027.

### 5. CAUTIONARY STATEMENT

Statement in "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. The actual results could differ from those expressed or implied due to the Company's operations including global and domestic, demand-supply conditions, finished goods prices, raw material cost and availability, changes in Government regulations and tax structure, economic development, crude oil prices, monsoon season and increase in logistics cost.

Therefore, the Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.



## REPORT ON CORPORATE GOVERNANCE

### A. Mandatory Requirements:

#### 1. Company's Philosophy on the Code of Governance

The Company has set out the required practices of Corporate Governance keeping in view the size, complexity, global operations and its traditional ethical values. The accountability, integrity and responsibilities in dealings with employees, shareholders, consumers and community at large are of utmost importance.

The Company believes to achieve the global standards of corporate conduct towards all stakeholders, which needs to be better managed and governed and to align its activities with national interest. The culture of transparency, new development capabilities, identifying opportunities for value creation have been embedded in each and every employee of the Company.

The Company has complied with the requirement of Corporate Governance in terms of Clause 49 of the Listing Agreement with the Stock Exchanges and the best practices are followed to achieve its goal on Corporate Governance.

#### 2. Board of Directors

The Board of Directors comprises one Managing Director, three Whole-time Directors and Eight Non-Executive Directors as on 31st March, 2010.

The Company has obtained the requisite disclosures from the Directors in respect of their Directorship in other Companies and Membership in committees of other companies. The Composition of the Board of Directors, number of other Directorships/Memberships of committees in other companies and their attendance at the Board Meetings held during the year under review and at the last Annual General Meeting are as under:

Sr. No	Name of Director	Category of Directorship	Board Meetings (April, 2009 to March, 2010)		Attendance in Last AGM held on 25.09.2009	No. of Other* Directorships in India	No. of other Board Committee positions held as at 31 <sup>st</sup> March, 2010	
			Held	Attended			Chairman	Member
1	Shri G Narayana Chairman	Non-Independent Non-Executive	10	10	Yes	3	—	1
2	Capt. S S Chopra (Retd.)	Non-Independent Non-Executive	10	6	Yes	—	—	—
3	Shri Shail S Shroff Managing Director	Promoter Executive	10	8	Yes	2	—	—
4	Smt. Rupam Shroff Whole Time Director	Promoter Executive	10	8	No	2	—	—
5	Shri Vijay Rai	Independent Non-Executive	10	6	Yes	7	1	2
6	Shri AG Shroff	Promoter Non-Executive	10	3	No	5	2	2
7	Shri MD Patel	Independent Non-Executive	10	9	Yes	6	1	4
8	Shri Jagdish R Naik	Non-Independent Non-Executive	10	8	No	9	—	2
9	Shri J.H. Bhambhani	Independent Non-Executive	10	-	No	—	—	—
10	Shri Avtar Singh Whole Time Director	Non-Independent Executive	10	6	Yes	1	—	—
11	Shri Ajit R Sanghvi	Independent Non-Executive	10	8	No	1	—	—
12	Shri S.S. Tiwari Whole Time Director	Non-Independent Executive	10	6	Yes	—	—	—

\*Directorships in private companies, foreign companies and associations are excluded.


**DETAILS OF BOARD MEETINGS HELD DURING THE YEAR:**

Date of Board Meeting	25 <sup>th</sup> June, 2009	28 <sup>th</sup> July, 2009	11 <sup>th</sup> August, 2009	19 <sup>th</sup> August, 2009	25 <sup>th</sup> September, 2009	29 <sup>th</sup> October, 2009	14 <sup>th</sup> December, 2009	13 <sup>th</sup> January, 2010	27 <sup>th</sup> January, 2010	8 <sup>th</sup> February, 2010
Board Strength	12	12	12	12	12	12	12	12	12	12
No. of Directors present	11	10	5	9	7	11	7	6	7	5

**SHAREHOLDING OF THE DIRECTORS AS ON 31ST MARCH, 2010 WAS AS UNDER:**

Name of the Director(s)	Shares Held (No.)	%to Total Capital
Shri G Narayana	0	0
Capt. S S Chopra	0	0
Shri Shalil S Shroff	3,77,081	5.24
Smt. Rupam Shroff	1,82,780	2.54
Shri Vijay Rai	0	0
Shri AG Shroff	4,180	0.06
Shri MD Patel	400	0.00
Shri Jagdish R Naik	0	0
Shri S.S. Tiwari	11,700	0.16
Shri Avtar Singh	6,911	0.10
Shri Ajit R. Sanghvi	24,928	0.35
Shri J.H. Bhambhani	10,000	0.14
Total	6,17,980	8.59

**3. Particulars of the Directors seeking Appointment/Reappointment at the forthcoming Annual General Meeting**

Name of the Director	Shri Jagdish R Naik
Date of Birth	23-09-1958
Date of Appointment	26-03-1994
Expertise in specific functional areas	Advisor on Corporate Matters
Qualifications	Chartered Accountant
Other Public Companies in which Directorship held	1. Excel Crop Care Limited 2. Acrysil Limited 3. Agrocil Industries Limited 4. Good Rasayan Limited 5. Divakar Chemicals Limited 6. Kutch Crop Services Limited 7. ECCL Investments & Finance Limited 8. Anshul Specialty Molecules Limited 9. Excel Genetics Limited
Other Public Companies in which membership of Committees of Directors held	<b>Audit Committee</b> 1. Excel Crop Care Limited (Member) <b>Shareholders &amp; Investors Grievance Committee</b> 1. Excel Crop Care Limited (Member)



<b>Name of the Director</b>	<b>Shri Vijay Rai</b>
Date of Birth	13-10-1946
Date of Appointment	28-02-1985
Expertise in specific functional areas	
Qualifications	B.Tech. from IIT Kharagpur
Other Public Companies in which Directorship held	1. Greaves Cotton Limited 2. English Indian Clays Limited 3. Greaves leasing Finance Limited 4. Navneet Publications (India) Limited 5. Viswas Business Solutions Limited 6. Akola Chemicals (India) Limited 7. Sri Biotech Laboratories India Limited
Other Public Companies in which membership of Committees of Directors held	<b>Audit Committee</b> 1. English Indian Clays Limited (Chairman) 2. Greaves Cotton Limited (Member) <b>Shareholders &amp; Investors Grievance Committee</b> 1. Greaves Cotton Limited (Member) <b>Remuneration Committee</b> 1. English Indian Clays Limited (Member)

<b>Name of the Director</b>	<b>Shri. Atul G Shroff</b>
Date of Birth	23.12.1947
Date of Appointment	11.01.1986
Expertise in specific functional areas	Extensive experience in Chemical Industry, Corporate Management and handling of large projects.
Qualifications	Matric
Other Public Companies in which Directorship held	1. Transchem Agritech Limited 2. Transpek Industry Limited 3. Banco Products (India) Limited 4. Shri Dinesh Mills Limited 5. Excel Industries Limited
Other Public Companies in which membership of Committees of Directors held	<b>Audit Committee</b> 1. Banco Products (India) Limited (Member) <b>Shareholders &amp; Investors Grievance Committee</b> 1. Transpek Industry Limited (Member) 2. Banco Products (India) Limited (Chairman) 3. Shri. Dinesh Mills Limited (Chairman) <b>Remuneration Committee</b> 1. Shri. Dinesh Mills Limited (Member)



#### 4. Audit Committee:

##### Terms of Reference:

The role of Audit Committee is to supervise the Company's reporting process, disclosure of its financial information, recommendation for the appointment of Statutory Auditors, Internal Auditors, Cost Auditors and fixation of their remuneration, review internal control systems, scope of Audit including observations of the Auditors, accounting policies, practices and entries, compliances with Accounting Standards, Listing Agreement with the Stock Exchanges and other legal requirements concerning financials and related party transactions. In addition to above the committee considers the financial and risk management policies, significant findings of the Auditors and follow-up thereon, review the Quarterly, Half Yearly and Annual Financial Statements before they are submitted to the Board of Directors.

The Company has complied with the requirements of Clause 49 (II) (A) as regards the composition of the Audit Committee.

The Audit Committee of the Board of Directors of the Company consists of following Directors as on 31st March, 2010 and their attendance during the financial year 2009-10 as follows:-

Sr.No.	Name of Director	Position	No. of Meetings held	No. of Meetings attended	Category
1	Shri M.D. Patel	Chairman	5	5	Non-Executive / Independent
2	Shri Jagdish R. Naik	Member	5	5	Non-Executive / Non-Independent
3	Shri Vijay Rai	Member	5	4	Non-Executive / Independent
4	Shri Ajit R. Sanghvi	Member	5	5	Non-Executive / Independent

Audit Committee Meetings were held on 25.06.09, 28.07.09, 19.08.09, 29.10.09 and 27.01.10 during the financial year 2009-10.

Shri Punit K Abrol, Sr. V.P. (Finance) & Secretary of the Company acts as the Secretary of the Committee. Statutory Auditor, Internal Auditor and Cost Auditor of the Company are also invited to the meetings, as and when required.

#### 5. Shareholders & Investors Grievance Committee

The Company has constituted Shareholders'/Investors' Grievances Committee to look into the investors complaints, if any, and to redress the same expeditiously.

The Shareholders'/Investors' Grievances Committee of the Board of Directors of the Company consists of following Directors:

S.No.	Name of Director	Position	No. of Meetings Held	No. of Meetings Attended
1	Shri M.D. Patel	Chairman	3	3
2	Shri Shalil Shroff	Member	3	3
3	Shri. Vijay Rai	Member	3	2
4	Shri Avtar Singh	Member	3	2

Shri Punit K Abrol, Sr. V.P. (Finance) & Company Secretary is designated as the Compliance Officer.

The Shareholders'/Investors' Grievance Committees met on 25.06.09, 29.10.09 and 27.01.10 during the financial year 2009-10.

During the year, 17 complaints were received from Investors and all of which were replied/resolved.

The Board of Directors of the Company have delegated the power to transfer the shares by any one of Shri Shalil Shroff, Managing Director, or Shri Avtar Singh, Director (Operations) & Business Dev., or Shri Punit K Abrol, Sr. V P (Finance) & Company Secretary. During the year 2009-10, all transactions viz. shares transfers, Remat, Demat, Split/Consolidation, Duplicate share certificates, etc. were approved on a fortnightly basis by Shri Punit K. Abrol, Sr. V P (Finance) & Company Secretary.

#### 6. Remuneration Committee:

##### Terms of reference:

The broad terms of reference of the Company's Remuneration Committee is to determine and recommend to the Board and the members, compensation payable to the Managing and the Whole-time Directors and the persons related to the Directors, determine and advise the Board for the payment of annual increments, commission and to recommend the policy for the retirement benefits.

The Remuneration Committee of the Board of Directors of the Company consists of the following Directors:

S.No.	Name of Director	Position	No. of Meetings Held	No. of Meetings Attended
1	Shri Vijay Rai	Chairman	1	1
2	Shri M.D. Patel	Member	1	1
3	Shri Ajit Sanghvi	Member	1	1
4	Shri J.H. Bhambhani	Member	1	-

The meeting of the Remuneration Committee was held on 29th October, 2009.



### Remuneration to Directors

The Non-Executive Directors are paid sitting fees for attending the meetings of Directors and Committees of the Board and certain percentage of profits as commission as approved by the members of the Company.

The Company pays remuneration to its Managing Director and the Whole-Time Directors by way of salary, commission, perquisites and allowances. Salary is paid within the range as approved by the Shareholders. The Board, on the recommendations of the Remuneration Committee, approves annual increments to the Managing Director and the Whole-Time Directors. Commission to the Managing Director and the Whole-Time Directors is calculated with reference to the net profits of the Company in a particular financial year and is determined by the Board of Directors at the end of the financial year based on the recommendations of the Remuneration Committee, subject to the overall ceiling as stipulated in Sections 198 and 309 of the Companies Act, 1956. Non Whole-Time Directors are paid commission not exceeding in the aggregate 1% per annum of net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 1956, in such proportion and manner as the Chairman may decide.

**Given below are the details of remuneration paid or payable to the Directors during the financial year 2009-10.**

Name of Director	Sitting fees for Board / Other Committee Meetings (Rs.)	Salaries and other perquisites (Rs.)	Other Remuneration (Rs.)	Commission (Rs.)	Total (Rs.)
Shri G Narayana	50,000	-	-	-	-
Capt. S S Chopra	30,000	-	-	-	-
Shri Vijay Rai	65,000	-	-	-	-
Shri AG Shroff	15,000	-	-	-	-
Shri MD Patel	90,000	-	-	-	-
Shri Jagdish R Naik	65,000	-	-	-	-
Shri J.H. Bhambhani	-	-	-	-	-
Shri Ajit R Sanghvi	70,000	-	-	-	-
Shri Shalil S Shroff	-	42,76,225	-	-	42,76,225
Smt. Rupam Shroff	-	30,73,809	-	-	30,73,809
Shri Avtar Singh	-	34,54,506	-	-	34,54,506
Shri S.S. Tiwari	-	38,06,800	-	-	38,06,800
<b>Total</b>	<b>3,85,000</b>	<b>1,46,11,340</b>	-	-	<b>1,46,11,340</b>

The Non-Executive Directors are entitled to sitting fee for attending each meeting of the Board and Committees.

#### Notes:

1. The employment of Managing Director and Whole Time Directors is contractual for a period of three years and terminable by either party giving three months notice.
2. Severance compensation is payable to the Managing Director and the Whole-Time Director if his office is terminated before the contractual period, subject to the provisions and limitations specified in Section 318 of the Companies Act, 1956.
3. There are no stock options, fixed component and performance linked incentives along-with the performance criteria to the Directors.
4. No Commission was paid to the Directors during the years 2008-09 and 2009-10.



## 7. General Meetings

### LOCATION AND TIME OF THE LAST THREE ANNUAL GENERAL MEETINGS

Year	Location	Day/Date	Time	No. of Special Resolutions
2006-07	Kisan Bhawan, Sector-35A, Chandigarh.	Thursday 30 <sup>th</sup> August, 2007	11.30 A.M.	7
2007-08	Kisan Bhawan, Sector-35A, Chandigarh.	Friday 29 <sup>th</sup> August, 2008	3.30 P.M.	2
2008-09	PHD House, Sector-31, Chandigarh.	Friday 25 <sup>th</sup> September, 2009	10.30 A.M.	3

Following Special Resolutions were passed at the aforesaid Meetings.

Sr. No.	Meeting Date	Section Reference	Regarding
1.	30.08.2007	309(4), 314	Approval for the payment of Commission to Non-Executive Directors.
2.	30.08.2007	81(1-A)	Approval for the issue of FCCB/GDR/ADR, etc.
3.	30.08.2007	Investment by FII, IMF, etc.	Approval for increase of FIIs limit to 49% of the paid up equity share capital of the Company.
4.	30.08.2007	-	Approval for delisting of equity share of the Company from Ludhiana & Delhi Stock Exchange.
5.	30.08.2007	314(1B)	Approval for appointment and payment of remuneration to Shri Mahadev Survana.
6.	30.08.2007	314(1B)	Approval for payment of remuneration to Smt. Ravinder Kaur within the limits.
7.	30.08.2007	314(1B)	Approval for appointment and payment of remuneration to Shri R.S. Tiwari.
8.	29.08.2008	198, 269, 309 and 311	Revision in Pay Scale of Shri Shalil Shroff, Managing Director.
9.	29.08.2008	-	To increase monthly payment of the Retirement benefit of Smt. Shaila S Shroff, wife of late Shri S.D. Shroff.
10.	25.09.2009	198, 269, 309 and 311	Reappointment of Shri Shalil Shroff as the Managing Director of the Company and to fix his remuneration.
11.	25.09.2009	198, 269, 309 and 311	Reappointment of Shri S.S. Tiwari as the Whole -Time Director of the Company and to fix his remuneration.
12.	25.09.2009	198, 269, 309 and 311	Reappointment of Smt. Rupam Shroff as the Whole - Time Director of the Company and to fix his remuneration.

No Special Resolution was required to be passed in the last year by way of Postal Ballots under The Companies (Passing of resolution by postal ballot) Rules, 2001

None of the Special Resolutions is proposed to be conducted through postal ballot during the year.

## 8. Disclosures

### Related Party Transactions:

Related Party Transactions under Clause 49 of the Listing Agreement are defined as the transactions of the Company of a material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.



Among the related party transactions are the contracts or arrangements, made by the Company from time to time with Companies in which the Directors are interested. All these contracts or arrangements are entered in the Register of Contracts under Section 301 of the Companies Act, 1956 and the Register is placed before the Board of Directors from time to time. There were no material transactions with related parties during the year 2009-10 that are prejudicial to the interest of the Company.

#### Statutory Compliance, Penalties and Strictures:

The Company has complied with the requirements of the Stock Exchanges / SEBI and Statutory Authorities on all matters related to capital markets during the last three years. There are no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authorities relating to the above.

The Company has not made any whistle blower policy, as it is non mandatory requirement of the listing agreement.

### 9. General Shareholder Information

#### • Means of Communication:

The quarterly and half-yearly results of the Company are published in the Dailies viz. Financial Express (all), Times of India and Amar Ujala, Chandigarh and Economic Times, Mumbai, Nav Bharat Times, Mumbai and Business Standard (all). The results are also posted on CORPFILING Website.

The financial results are also displayed on the Company's Website: <http://www.punjabchemicals.com>.

Management Discussion and Analysis forms part of the Annual Report.

#### • Annual General Meeting:

Date and Time	:	10th August, 2010 at 10.00 A.M.
Venue	:	PHD House, Sector - 31, Chandigarh
Financial Year	:	Year ending March 31, 2010.
Dates of Book Closure	:	5th August, 2010 to 10th August, 2010
Dividend payment date	:	N.A.
Listing on Stock Exchanges	:	The Company's shares are listed on: 1. Bombay Stock Exchange Limited (BSE) 2. National Stock Exchange of India Ltd. (NSE)

#### • Stock Codes/Symbol (for shares):

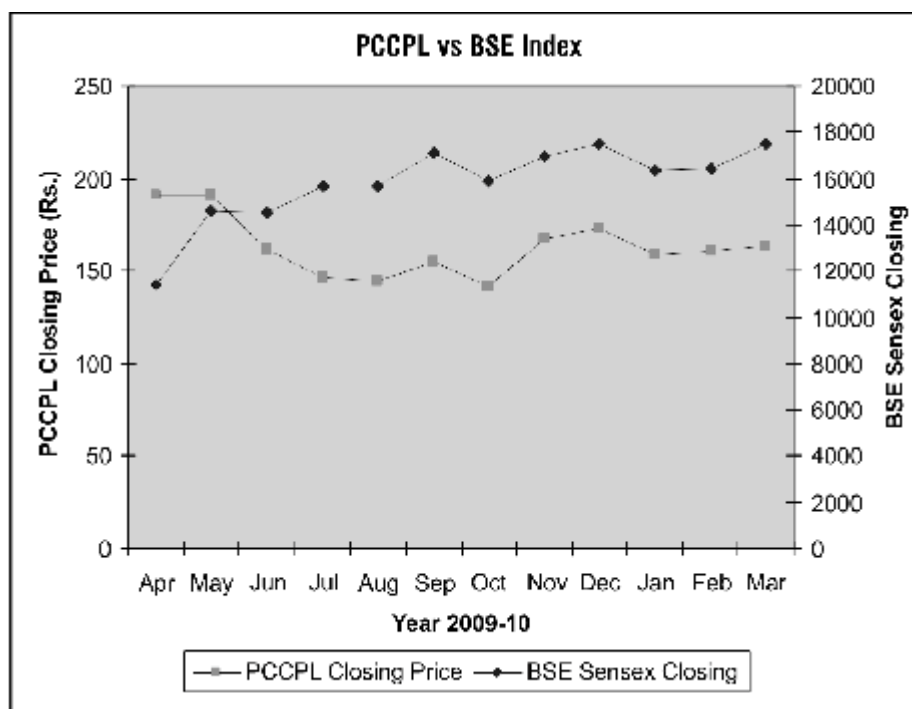
Bombay Stock Exchange Limited (Code)	:	506618
National Stock Exchange of India Ltd. (symbol)	:	PUNJABCHEM
Demat ISIN Number in NSDL & CDSL	:	INE277B01014

#### MARKET PRICE DATA:

	BOMBAY STOCK EXCHANGE (IN RS.)		
MONTH & YEAR	Low (Rs.)	High (Rs.)	Closing (Rs.)
Apr-09	145.00	204.00	191.20
May-09	171.00	214.50	190.60
Jun-09	161.05	219.90	161.65
Jul-09	134.00	164.40	146.65
Aug-09	130.05	160.00	144.85
Sep-09	141.20	162.60	154.85
Oct-09	138.50	168.00	141.40
Nov-09	133.55	186.00	166.85
Dec-09	156.20	196.50	173.35
Jan-10	156.05	192.50	158.90
Feb-10	150.40	175.00	160.20
Mar-10	151.30	172.80	163.55



• **Share Price Movements:**



Share Price Movement for the period April, 2009 to March, 2010 of Punjab Chemicals & Crop Protection Limited (PCCPL) Vs. BSE Sensex

- **Share Transfer System:** The Registrars and Share Transfer Agents appointed by the Company are Alankit Assignments Ltd., 2E/21, Anarkali Market, Jhandewalan Extension, New Delhi-110055.

The shares are normally transferred every fortnight and returned within a period of 30 days from the date of receipt, if the documents are in order in all respects. The Shareholders Investors' and Grievance Committee also consider and approve other matter related to shares in addition to share transfers. There are no share transfers pending as on 31st March, 2010.

- **Distribution of Shareholdings as on 31st March, 2010**

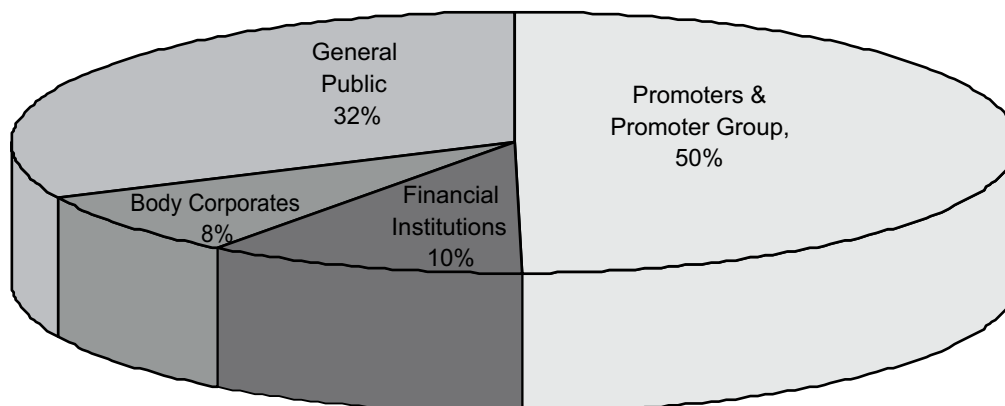
CATEGORY	NO. OF SHAREHOLDERS	%AGE	NO. OF SHARES	%AGE	DEMAT HOLDING	%AGE
1-500	31689	97.53	965057	13.42	717165	9.97
501-1000	408	1.26	306624	4.26	260140	3.62
1001-2000	193	0.60	283045	3.93	245161	3.41
2001-3000	60	0.18	148967	2.07	137254	1.91
3001-4000	29	0.09	101812	1.42	83827	1.16
4001-5000	21	0.06	97975	1.36	88288	1.23
5001-10000	47	0.14	344548	4.79	331892	4.61
Above 10000	46	0.14	4944864	68.75	4862709	67.60
TOTAL	32493	100.00	7192892	100.00	6726436	93.51



• Categories of Shareholders as on 31st March, 2010

SR.No	CATEGORY	NO. OF SHARE	VOTING STRENGTH %)
<b>A.</b>	<b>Shareholding of Promoter and Promoter Group</b>		
(1)	Indian	3569575	49.63
(2)	Foreign	2500	0.03
	Total Shareholding of Promoter and Promoter Group	<b>3572075</b>	<b>49.66</b>
<b>B.</b>	<b>Public Shareholding</b>		
<b>1</b>	<b>Institution</b>		
(a)	Mutual Funds & UTI	6979	0.09
(b)	Financial Institutions/Banks	1279	0.02
(c)	Central Govt./State Govt.Co.	122027	1.70
(d)	Insurance Company	566971	7.88
(e)	FIs	50320	0.70
	<b>Sub total (B) (1)</b>	<b>747576</b>	<b>10.39</b>
<b>2</b>	<b>Non-Institutions</b>		
(a)	Private Corporate Bodies	573002	7.97
(b)	Indian Public	2288047	31.81
(c)	Trust	-	
(d)	NRIs	12192	0.17
	<b>Sub Total (B) (2)</b>	<b>2873241</b>	<b>39.95</b>
	<b>Total Public Shareholding (B)(1)+(B)(2)</b>	<b>3620817</b>	<b>50.34</b>
	<b>TOTAL</b>	<b>7192892</b>	<b>100.00</b>

### SHAREHOLDING PATTERN





• **Dematerialisation of Shares and Liquidity:**

6726436 shares i.e. 93.51% of the Company's share capital is held in dematerialised form as on 31st March, 2010. The Company's shares are regularly traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Company has issued 6,00,000 Equity Shares of Rs. 10/- each at a price of Rs. 136/- (including premium of Rs. 126/-) to the Promoter Group and others pursuant to the exercise of option of conversion of Preferential Convertible Warrant to Equity Shares of the Company.

<b>Location of Manufacturing Sites :</b>	
<b>Agro-Chemical Division</b> Milestone-18, Ambala Kalka Road, P.O.Bhankharpur, Distt. SAS Nagar, Mohali (Pb.) 140 201, Ph. : 01762-280086, 280094, 522253 Fax : 01762-280070 Email :factoryinfo@punjabchemicals.com	<b>Pharma Division – Unit Alpha Drug</b> Villages: Kolimajra & Samalheri P.O.: Lalru, Distt. SAS Nagar Mohali (Pb) Ph.: 01762-275519, 506996 Fax: 01762-275308, 506996 Email:pharmainfo@punjabchemicals.com
<b>Industrial Chemical Division – Unit Excel Phospho Chem</b> Excel PhosphoChem Site No. I & II, H.A. Ltd., Compound Pimpri, Pune-400 018. Ph.: 020-27425647-9 Fax: 020-27425652	<b>Industrial Chemicals Division – Tarapur</b> E-51 & 52, MID C Industrial Area Tarapur, Boisar, Distt. Thane. Ph.: 02525-274664-65 Fax: 02525-272590
<b>Agro Formulations Division</b> D-2, MID C, Lote Parshuram, Chiplun Taluka: Khed, Dist.: Ratnagiri, Pin Code: 415722, State : Maharashtra, India, Email: rajesh.tiwari@punjabchemicals.com Phone : 02356-272240/47 Fax : 02356-272341	

• **Address for Correspondence:**

<b>Registered Office</b> S.C.O.417-418, Sector 35 C, Chandigarh-160022 Ph.:0172-2600955, 2603120 Fax:0172-2603621 Email: info@punjabchemicals.com	<b>Corporate Office</b> Plot No. 645-46, 4 <sup>th</sup> /5 <sup>th</sup> Floor, Oberoi Chambers II, New Link Road, Andheri (W), Mumbai-400 053. Ph: 022-26747900 (30 lines), Fax:022-26736013, 26736193 Email: enquiry@punjabchemicals.com	<b>Delhi Office</b> 1012, Ansal Bhawan, Kasturba Gandhi Marg, New Delhi-110 001. Ph.:011-23314867, 23312406. Fax:011-23314890. Email: rs@punjabchemicals.com	<b>Hyderabad Office</b> 414, Navketan Complex, Opp. Clock Tower Garden, 62, S.D. Road, Secunderabad -500 003. Ph.:040-27805662 Fax:040-27805663 Email: Jose@punjabchemicals.com
<b>Ahmedabad Office</b> 205-206, Supath II Complex Ashram Road, Near Vadaj Bus Terminus, Ahmedabad-380 013. Ph.: 079-27552583 Fax: 079-27561127 Email: Kalendu@punjabchemicals.com	<b>Formulation</b> 307, Kil Fire House, C-17, Dalia Industrial Area, New Link Road, Andheri(W), Mumbai-400 053. India. Cell: +91-98670 24995 Ph.: +91-22-2674 4304/05 Direct: 2674 4329 Fax: +91-22-2674 4328 Email: enquiry.formulations@punjabchemicals.com	<b>Agro Formulations Division</b> D-2, MID C, Lote Parshuram, Tal.: Khed, Dist.: Ratnagiri, Pin Code: 415722, State : Maharashtra, India, Ph.: 02356-272240/47 Fax: 02356-272341 Email: rajesh.tiwari@punjabchemicals.com	



• **Group Companies**

Sintesis Quimica S.A.I.C Pa Street 755, 4th Floor (C1017AAO) Buenos Aires (Argentina). Tel:54-11-4371-6339 www.sintesisquimica.com Fax:54-11-4371-6339.	SD Agchem (Europe) NV Uitbreidingstraat 84/3 2600, Antwerpen Berchem, Belgium. Tel:0032 3542 5722 Email:fborges@sdagchem.be Fax: 0032 3232 3735	PSD Chemicals LLC 10039 E. Troon North Drive, Scottsdale, AZ 85262.	STS Chemicals (UK) Ltd. N.V. Agricultural Chemicals, Agrichem Helvetia GmbH, P.G. Crop Protection Ltd.
AgriChem B.V. Koopvaardijweg 9 4906 CV Oosterhout The Netherlands Tel: +31 162431931 Fax: +31 162456797 info@agrichem.com www.agrichem.com	Parul Chemicals Limited 801-B, Alkapuri Arcader, R.C. Dutt Road, Vadodara, Gujarat-390 005. Tel: 0265-2353990, 2333896 Fax: 0265-2331654 Email: barodaoffice@punjabchemicals.com		

The Company has ensured the Compliance of the Clause 47(f) of the Listing Agreement and therefore has created an exclusive email for redressal of investors grievances and appointed Compliance Officer as given below .

Exclusive Email Id : investorhelp@punjabchemicals.com

Name of Compliance Officer : Shri Punit K. Abrol, Sr. V P (Finance) & Company Secretary

The same information has also been placed on the website of the Company.

**Nomination Facility :**

Members are allowed to nominate any person to whom they desire to have the shares transmitted in the event of death .Members desirous of availing this facilities may submit the prescribed Form 2B to the Registrar & Share Transfer Agents of the Company .For shares held in Demat Form ,this form of Nomination must be sent to the concerned Depository Participant and not to the Company.

**10. Secretarial Audit Report**

As stipulated by the Securities and Exchange Board of India, a qualified Practicing Company Secretary carries out the Secretarial Audit to reconcile the total admitted Capital with National Securities Depository Limited (NSDL ) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital .The audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors .The audit interalia, confirm that the total listed and paid-up capital of the Company is in agreement with the aggregate of the total number of shares held in dematerialised form (with NSDL and CSDL) and total number of shares held in physical form.

**11. CEO/CFO Certification**

As required by Clause 49 of the listing agreement, the certificate duly signed by Shri Shalil Shroff, Managing Director (CEO) and Shri Vipul Joshi, CFO was placed before the Board of Directors at its meeting held on 26th May, 2010.

**12. Managing Director's Declaration on Code of Conduct and Ethics**

The Board of Directors of the Company has laid down Code of Conduct for all the Board Members and Senior Management Personnel of the Company. The Code of conduct has been posted on the website of the Company. All Board Members and Senior Management have affirmed their compliance with the said Code of conduct for the financial year ended 31st March, 2010.



## COMPLIANCE CERTIFICATE FROM AUDITORS'

### TO THE MEMBERS OF PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

We have examined the compliance of conditions of corporate governance by Punjab Chemicals and Crop Protection Limited for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Chandigarh  
Date: May 24, 2010

**S.K. Sharma**  
**For S.K. Sharma & Associates**  
Company Secretaries  
CP No. - 3864

## DECLARATION UNDER CLAUSE 49 I(D)

### For Compliance with the Code of Conduct

As per the requirement of clause 49 of the listing Agreement with the stock exchange, the Company has laid down a code of conduct for its Board of Directors and Senior Management.

I, Shalil Shroff, Managing Director of the Company confirm the compliance of this Code of Conduct by myself and other members of the Board of Directors and Senior Management personnel as affirmed by them individually.

For Punjab Chemicals & Crop Protection Limited

Place : Mumbai  
Date : May 26, 2010

**Shalil Shroff**  
Managing Director

## CERTIFICATE

### To the Board of Directors of Punjab Chemicals and Crop Protection Limited

I, Shalil Shroff, Managing Director and Vipul Joshi, Chief Financial Officer of the Company certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2010 and that to the best of our knowledge and belief
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee that:
  - i. there has not been any significant changes in internal control over financial reporting during the year under reference;
  - ii. there has not been any significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. there has not been any instances during the year of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place : Mumbai  
Date : May 26, 2010

**Shalil Shroff**  
Managing Director

**Vipul Joshi**  
Chief Financial Officer



## AUDITOR'S REPORT

TO

**THE MEMBERS OF  
PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**

1. We have audited the attached Balance Sheet of Punjab Chemicals and Crop Protection Limited as at March 31, 2010 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *The Company has not provided for diminution other than temporary, in value of certain long term investment amounting to Rs.98 lacs as required by AS-13 "Accounting for Investments" issued by the Institute of Chartered Accountants of India. Had the impact of our observation been considered, then net loss before tax for the year would have been higher and reserves and surplus as at March 31, 2010 would have been lower by Rs.98 lacs. Similar qualification was made in the audit report for the year ended March 31, 2009.*
5. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. We are of the opinion that the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, *except for the effect of matter specified in paragraph 4 above.*
  - v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. *Except for our comment in paragraph 4 above*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
    - b) in the case of the profit and loss account, of the loss for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

**For S. R. Batliboi & Co.**

Firm registration number: 301003E  
Chartered Accountants

Per **Ravi Bansal**

Partner

Membership No.: 49365

Place: Mumbai

Date: May 26, 2010



## ANNEXURE TO THE AUDITORS' REPORT

(Annexure referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets *except in case of certain assets where item wise particulars and tagging of fixed assets are in the process of updation in the fixed asset register.*
- (b) Physical verification of the fixed assets is done by the management as per regular programme of verification, which in our opinion *needs to be strengthened having regard to the size of company and nature of assets.* As informed, no material discrepancies were noticed on such verification. *However, in absence of complete information in fixed asset register as stated in clause (a) above, we are unable to comment on the discrepancies, if any.*
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted unsecured loan / advance to parties covered in the register maintained under section 301 of the Companies Act, 1956 The maximum amount involved during the year and the year- end balance of loan/advances granted to such party is Rs 34 lacs.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan / advance are not prima facie prejudicial to the interest of the Company.
- (c) The loan / advance granted and the interest is re-payable on demand. As informed, the company has not demanded repayment of any such loan / advance and interest during the year, thus, there has been no default on the part of the parties to whom the money has been lent.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company has taken loans from companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.1,017 lacs and the year-end balance of loans taken from such parties was Rs.422 lacs. Further, the Company has taken fixed deposits from parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance of the said fixed deposits was Rs.20 lacs.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans and fixed deposits are not prima facie prejudicial to the interest of the Company.
- (g) In respect of loans and fixed deposits taken, repayment of the principal amount is as stipulated and payments of interest have been regular.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time except in respect of certain transactions of purchases and sale of goods and services, where because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at the prevailing market prices at the relevant time.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.



- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty have *not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases*. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount (Rs in Lacs)	Period to which the amount relates	Due Date	Date of Payment
Value Added Tax & Sales tax	Sales Tax	3	FY 2008-09	Various	Not yet paid
	Sales Tax	21	FY 2009-10	Various	April 2010

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of Statute	Nature of Dispute	Amount (Rs. in Lacs)	Period to which amount relates	Forum where dispute is pending
The Central Excise Act	Modvat taken on sale in transit, recovery of cenvat credit / cess, Excise duty on job-work	328	2005-06	Deputy Commissioner Central Excise, Commissioner and CESTAT
	Modvat taken on sale in transit, duplicate copy issue and other matters.	4	1995-96	Additional Commissioner, Central Excise
	Erroneous Availment of Cenvat Credit	1	2005-06	CESTAT
	Availment of Credit on Capital Goods as MS Angle, Channel plates, etc.	1	2008-09	CESTAT
	Cenvat taken on input used for intermediate goods in Pharma Division damaged in Flood	4	2004-05	Additional Commissioner, Central Excise
The Punjab Sales Tax Act	Improper Documents	11	2004-05	Entry Tax Officer, Shambhu Barrier

- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has incurred cash losses in the current year and not incurred cash loss in the immediately preceding financial year.
- (xi) On the basis of audit procedures performed by us, and according to the information, explanation and representations given to us by the management, *the Company had delayed in certain repayments of dues (including interest) to domestic financial institutions and banks. The delayed principal amount and the interest aggregates to Rs 4,531 lacs and Rs 721 lacs respectively, and delays range from 1 day to 199 days.*
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by its subsidiary companies from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.



- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet and cash flow statement of the Company, *we report that the Company has used funds raised on short-term basis amounting Rs 4,229 lacs for long-term purposes. The Company has utilised short-term loans from banks aggregating to Rs. 4,229 lacs towards purchase of fixed assets, investments and funding of operating losses.*
- (xviii) The Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion the price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For S. R. Batliboi & Co.**

Firm registration number: 301003E

Chartered Accountants

Per **Ravi Bansal****Partner**

Membership No.: 49365

Place: Mumbai

Date: May 26, 2010



## PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

### BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in lacs)

Particulars	Schedule	As at 31st March, 2010	As at 31st March, 2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	719	659
Equity Convertible Warrants Application Money (Refer Note no 3(d) of Schedule T)		-	205
Reserves and Surplus	B	6,821	10,057
		7,540	10,921
<b>Loan Funds</b>			
Secured Loans	C	29,864	21,378
Unsecured Loans	D	2,579	4,196
		32,443	25,574
<b>Deferred Tax Liabilities (Net)</b> (Refer Note No.29 in Schedule T)		-	1,457
<b>TOTAL</b>		<b>39,983</b>	<b>37,952</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	E		
Gross Block		24,703	19,732
Less : Accumulated Depreciation/Amortisation		10,000	9,102
Net Block		14,703	10,630
Capital Work-in-Progress including Capital Advances		846	3,943
		15,549	14,573
<b>Investments</b>	F	4,521	4,012
<b>Current Assets, Loans and Advances</b>			
Inventories	G	6,980	7,568
Sundry Debtors	H	13,543	17,803
Cash and Bank Balances	I	2,068	1,108
Other Current Assets	J	549	414
Loans and Advances	K	8,032	4,001
		31,172	30,894
<b>Less : Current Liabilities and Provisions</b>			
Current Liabilities	L	10,563	10,944
Provision	M	696	635
		11,259	11,579
<b>Net Current Assets</b>		<b>19,913</b>	<b>19,315</b>
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)		-	52
<b>TOTAL</b>		<b>39,983</b>	<b>37,952</b>
Notes to Accounts	T		

The Schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our attached report of even date

For and on behalf of the Board of Directors

For **S.R. BATLIBOI & CO.**  
Firm registration number: 301003E  
Chartered Accountants

**G. NARAYANA**  
Chairman

**SHALIL SHROFF**  
Managing Director

**AVTAR SINGH**  
Director (Operations &  
Business Development)

per **RAVI BANSAL**  
Partner  
Membership No. 49365  
Mumbai  
May 26, 2010

**PUNIT K. ABROL**  
Sr. Vice President (Finance) &  
Company Secretary  
Mumbai  
May 26, 2010

**VIPUL JOSHI**  
Chief Financial Officer



**PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

			(Rs. in lacs)	
Particulars	Schedule		Current Year	Previous Year
<b>INCOME</b>				
Sale of Products (Gross)		31,683		48,239
Less : Excise Duty (Refer Note No.28 of Schedule T)		1,415		2,168
Sale of Products (Net)			30,268	46,071
Other Income from Operation	N		1,554	2,783
Other Income	O		651	839
			<b>32,473</b>	49,693
<b>EXPENDITURE</b>				
Materials	P	21,045		31,827
Personnel Expenses	Q	3,250		2,866
Operating and Other Expenses	R	8,224		9,470
Depreciation/ Amortisation	E	1,059		919
Interest and Other Financial Costs	S	4,395		3,449
			<b>37,973</b>	48,531
<b>PROFIT/(LOSS) BEFORE TAXATION AND PRIOR PERIOD ADJUSTMENTS</b>			<b>(5,500)</b>	1,162
Less: Provision for Taxation :				
Current		-		365
Deferred (Refer Note No.29 in Schedule T)		(1,457)		68
Fringe Benefit Tax		-		53
			<b>(1,457)</b>	486
			<b>(4,043)</b>	676
<b>PRIOR PERIOD ADJUSTMENTS</b>				
Prior Period Adjustments (Net)		-		(27)
[Net of tax Rs. Nil (Previous Year : Rs.18 lacs)]				
Excess / (Short) Provision for Taxation for earlier years		(69)		(126)
			<b>(69)</b>	(153)
<b>NET PROFIT/(LOSS)</b>			<b>(4,112)</b>	523
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR				
Balance as per last Balance Sheet			1,226	1,019
PROFIT/ (LOSS) AVAILABLE FOR APPROPRIATION			<b>(2,886)</b>	1,542
<b>APPROPRIATIONS :</b>				
Proposed Dividend		-		99
Tax on Dividend		-		17
Transfer to General Reserve		-		200
			<b>-</b>	316
<b>Balance Carried to Balance Sheet</b>			<b>(2,886)</b>	1,226
Earning Per Share (Rs.)				
Basic			<b>(58.95)</b>	7.93
Diluted			<b>(58.95)</b>	6.45
(Refer Note No. 19 in Schedule T)				
Face Value Per Share (Rs.)			<b>10</b>	10
Notes to Accounts	T			

The Schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Accounts.

As per our attached report of even date

For and on behalf of the Board of Directors

For **S.R. BATLIBOI & CO.**  
 Firm registration number: 301003E  
 Chartered Accountants

**G. NARAYANA**  
 Chairman

**SHALIL SHROFF**  
 Managing Director

**AVTAR SINGH**  
 Director (Operations &  
 Business Development)

per **RAVI BANSAL**  
 Partner  
 Membership No. 49365

**PUNIT K. ABROL**  
 Sr. Vice President (Finance) &  
 Company Secretary

**VIPUL JOSHI**  
 Chief Financial Officer

Mumbai  
 May 26, 2010

Mumbai  
 May 26, 2010



**PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	(Rs. in lacs)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit\Loss) before taxation, and Prior Period Items	(5,500)	1,162
Adjustments for :		
Depreciation/Amortisation	1,059	919
Amortisation of expenses	-	52
Unrealised foreign exchange Loss/(Gain)	801	10
Interest Income	(609)	(456)
Dividend Income	(17)	(10)
Income in respect of Government/Other Grants	(4)	(4)
Interest expense	3,989	3,167
Bad Debts / Sundry balances / claims written off	234	159
Provision for Doubtful Debts	256	277
<b>Operating Profit before working capital changes</b>	<b>209</b>	<b>5,276</b>
Movement in Working Capital		
Decrease/(Increase) in Sundry Debtors	3,415	410
Decrease/(Increase) in Inventories	588	(1,309)
Decrease/(Increase) in Other current assets	(144)	20
Decrease/(Increase) in Loans and advances	(3,670)	(1,128)
Increase/(Decrease) in Current liabilities	(473)	(4,111)
Increase/(Decrease) in provisions	178	(36)
<b>Cash generated/(used) from/in operations</b>	<b>103</b>	<b>(878)</b>
Direct Taxes paid (Net)	258	1,420
Cash flow before extraordinary items	(155)	(2,298)
Prior Period Adjustments (Other than Taxation)	-	(28)
<b>Net cash generated/(used) from/in Operating Activities</b> (A)	<b>(155)</b>	<b>(2,326)</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Assets	(2,241)	(2,160)
Proceeds from sale of fixed assets	206	7
Purchase of Investments	(509)	(46)
Fixed Deposit (with maturity more than three months)	(29)	(542)
Interest received	58	464
Government Grant	4	4
Dividend received	17	10
<b>Net Cash generated/(used) from/in Investing Activities</b> (B)	<b>(2,494)</b>	<b>(2,263)</b>
<b>C CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Proceeds from Conversion of Equity Convertible Warrants to Equity	735	-
Proceeds from borrowings	13,235	9,709
Repayment of borrowings	(6,357)	(2,405)
Interest Paid	(3,919)	(3,198)
Dividend & Tax on distributed Profits	(114)	(303)
<b>Net cash generated/(used) from/in Financing Activities</b> (C)	<b>3,580</b>	<b>3,803</b>
<b>Net increase/(decrease) in cash and cash equivalents</b> (A+B+C)	<b>931</b>	<b>(786)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>566</b>	<b>1,352</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,497</b>	<b>566</b>



## PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in lacs)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>Components of Cash &amp; Cash Equivalents</b>		
Cash & Cheques on Hand With Banks	9	5
a) on current account	1,453	528
b) on deposit account	571	542
c) unclaimed dividend accounts*	27	25
d) In Unclaimed Fractional Shares Accounts	8	8
	<b>2,068</b>	<b>1,108</b>
Less: Fixed deposit not considered as cash & cash equivalents	(571)	(542)
<b>Net Cash &amp; Cash Equivalents as per AS 3</b>	<b>1,497</b>	<b>566</b>

\*These balances are not available for use by the company as they represent corresponding unpaid dividend liabilities

**Notes:**

- Comparative figures have been regrouped wherever necessary.
- The Cash Flow statement has been prepared under indirect method as set out in the Accounting standard-3 on Cash flow statements issued by the Institute of Chartered Accountants of India.

As per our attached report of even date

For and on behalf of the Board of Directors

**For S.R. BATLIBOI & CO.**  
Firm registration number: 301003E  
Chartered Accountants

**G. NARAYANA**  
Chairman

**SHALIL SHROFF**  
Managing Director

**AVTAR SINGH**  
Director (Operations &  
Business Development)

**per RAVI BANSAL**  
Partner  
Membership No. 49365  
Mumbai  
May 26, 2010

**PUNIT K. ABROL**  
Sr. Vice President (Finance) &  
Company Secretary  
Mumbai  
May 26, 2010

**VIPUL JOSHI**  
Chief Financial Officer

## SCHEDULES "A to T" FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

**SCHEDULE "A"**

(Rs. in lacs)

	As at 31st March, 2010	As at 31st March, 2009
<b>SHARE CAPITAL</b>		
<b>AUTHORISED:</b>		
148,00,000 (Previous Year : 1,48,00,000) Equity Shares of Rs.10/- each	1,480	1,480
20,000 ( Previous Year : 20,000) 9.8 percent Redeemable Cumulative Preference Shares of Rs.100/- each.	20	20
	<b>1,500</b>	<b>1,500</b>
<b>ISSUED:</b>		
72,07,925 (Previous Year : 66,07,925) Equity Shares of Rs.10/- each. (Refer Note No.3(d) of Schedule T)	721	661
<b>SUBSCRIBED AND PAID UP :</b>		
71,92,892 (Previous Year : 65,92,892) Equity Shares of Rs.10/- each fully paid-up	719	659
Of the above shares :		
1) 21,55,662 (Previous Year : 21,55,662) Equity Shares of Rs. 10/- have been allotted as fully paid up by way of Bonus Shares out of General Reserve		
2) 22,81,568 (Previous Year : 22,81,568) Equity shares of Rs.10/- each fully paid-up have been allotted pursuant to a Scheme of Arrangement, without payments being received in cash.		
<b>TOTAL</b>	<b>719</b>	<b>659</b>



## SCHEDULE "B"

(Rs. in lacs)

	As at 31st March, 2010	As at 31st March, 2009
<b>RESERVE AND SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
Balance as per last Balance Sheet	185	185
Add : Equity Convertible Warrants forfeited (Refer Note No.3(d) of Schedule T)	124	-
		185
<b>CAPITAL SUBSIDY FROM STATE GOVERNMENT</b>	309	35
	35	
<b>SECURITIES PREMIUM ACCOUNT</b>		
Balance as per last Balance Sheet	316	316
Add: Conversion of Preferential Equity Convertible Warrants to Equity (Refer Note No.3(d) of Schedule T)	756	-
		316
<b>GOVERNMENT GRANT</b>		
Balance as per last Balance Sheet	31	33
Less : Grant recognised in the Profit and Loss Account	2	2
		31
<b>DEVELOPMENT AID GRANT UNIDO</b>		
Balance as per last Balance Sheet	35	37
Less : Grant recognised in the Profit and Loss Account	2	2
		35
<b>GENERAL RESERVE</b>		
Balance as per last Balance Sheet	8,229	8,029
Add : Transferred from Profit and Loss Account	-	200
Add: Balance in Profit and Loss account transferred	(2,886)	-
		8,229
<b>BALANCE IN PROFIT AND LOSS ACCOUNT</b>		1,226
<b>TOTAL</b>	<b>6,821</b>	<b>10,057</b>

## SCHEDULE "C"

(Rs. in lacs)

	As at 31st March, 2010	As at 31st March, 2009
<b>SECURED LOANS</b>		
<b>FROM BANKS</b>		
On Term Loan Accounts (Refer Note Nos.1, 2, 3,4,5 and 6 below)	6,733	4,992
Interest Accrued and due on Term Loans	6	15
<b>On Cash Credit and Working Capital Demand Loan Accounts (Refer Note No.7 below)</b>	22,745	16,001
Under Vehicle Finance Scheme (Refer Note No.8 below)	56	109
Under Housing Finance Scheme (Refer Note No.13 below)	98	109
	29,638	21,226
<b>FROM OTHERS</b>		
Under Housing Finance Scheme (Refer Note No.9 below)	46	55
Under Vehicle Finance Scheme (Refer Note No.10 & 11 below)	106	5
Finance Lease Obligation (Refer Note No. 27 of Schedule T) (Refer Note No.12 below)	74	92
<b>TOTAL</b>	<b>29,864</b>	<b>21,378</b>

**Notes :**

- 1 Term Loan from Axis Bank Limited is secured as under :  
 Loan of Rs.63 lacs (Previous Year : Rs.188 lacs) is secured by pari passu first charge on the entire fixed assets of the Company and first charge by way of hypothecation of specified movable plant and machinery, furniture and fixtures and other assets purchased from the loan.  
 Loan of Rs. 56 lacs (Previous Year : Rs.193 lacs) is secured by pari passu first charge on the entire fixed assets of the Company.  
 Term loan of Rs. 146 lacs (Previous Year : Rs.206 lacs) is secured by pari passu first charge on the entire fixed assets of the Company.  
 Term Loan of Rs Nil (Previous year: Rs 43 lacs) from Axis Bank is secured by exclusive first charge on the fixed assets of the Pharma Division of the company situated at village Kolimajra & Samalheri, P.O. Lalru, Distt. Mohali - 140501, Punjab.  
 Term Loan of Rs 157 lacs (Previous Year: Rs 358 lacs) is secured by pari passu first charge on all fixed asset situated at Mumbai, Tarapur & Pune Location of the erstwhile STS Chemicals Ltd.  
 Term Loan of Rs Nil (Previous Year: Rs 37 lacs) is secured by a first exclusive equitable mortgage charge on the office property of Company at Oberoi Chambers II, Veera Desai Rd, Andheri (W), Mumbai and pari passu charge on the remaining fixed assets of the Company along with Bank of Baroda and corporate guarantee of Company.  
 Term Loan of Rs. 62 lacs (Previous Year: Rs 125 lacs) is secured by exclusive charge on fixed assets of the Company, both present and future, including hypothecation of moveable fixed asset and equitable mortgage of factory land and building situated at Lote unit of the Company, also secured by way of extension of hypothecation charge on entire current assets of the Company, present and future.
- 2 Term Loan from Export - Import Bank of India amounting to Rs.2,325 lacs (Previous Year : Rs.2,842 lacs) is secured by first pari passu charge on the entire fixed assets of the Company both present and future and Corporate guarantee from S D Agchem, Belgium.
- 3 Short Term Loan from Central Bank of India amounting to Rs.2,500 lacs (Previous Year : Nil) is secured by subservient charge on current assets and fixed assets of the Company.
- 4 Short Term Loan from ICICI Bank Limited amounting to Rs.800 lacs (Previous Year: Nil) is secured by subservient charge on fixed assets of the Company.
- 5 Term Loan from HDFC Bank of Rs. 125 lacs (Previous Year : Nil) is secured by way of subsequent charge on all moveable fixed assets of the Company (other than fixed asset exclusively charged to vendors), and pledge of 145,700 Equity Share of Excel Industries Ltd and Excel Crop Care Limited each.
- 6 Term Loan taken from Bank of Rajasthan amounting of Rs. 499 lacs (Previous Year: Rs 1,000 lacs) is secured by second pari passu charge on all the fixed assets and current asset of the Company.
- 7 Loans from Banks on Cash Credit and Working Capital Demand Loan are secured as under :  
 Credit limits of Rs.4,923 lacs (Previous Year : Rs.7,681 lacs) with State Bank of India are secured by first charge by way of hypothecation of the entire current assets (present and future) and second pari passu charge on the entire fixed assets of the Company.  
 Cash credit of Rs.3,028 lacs (Previous Year : Rs.4,302 lacs) from Exim Bank of India is secured by hypothecation of entire current assets (present and future) on first pari passu charge basis and second pari passu charge on fixed assets of the Company.  
 Cash credit of Rs.2,473 lacs (Previous Year : Nil) from Union Bank of India is secured by hypothecation of fully paid stock and book debts (not older than 90 days) of the Company and second pari passu charge on fixed assets of the Company.  
 Cash credit of Rs.5,003 lacs (Previous Year : Nil) from Allahabad bank is secured by first pari passu charge on entire current assets and second pari passu charge on entire fixed assets of the Company.  
 Cash Credit Accounts and Packing Credit from Bank of Baroda of Rs. 7,318 lacs (Previous Year : Rs 2,243 lacs) are secured by first pari passu charge on entire current assets and second pari passu charge on entire fixed assets of the Company.  
 Cash Credit from Axis Bank Rs Nil (Previous Year : Rs 1,773 lacs) is secured by exclusive first charge on the current assets and extension of exclusive charge on movable fixed assets of the Pharma Division of the Company.
- 8 Loans from HDFC Bank Limited under Vehicle Finance Schemes amounting to Rs.56 lacs (Previous Year : Rs.109 lacs) are secured by a exclusive charge by way of hypothecation of vehicles under the said Schemes.
- 9 Loan from Housing Development Finance Corporation Limited for Rs.46 lacs (Previous Year : Rs.55 lacs) is secured by equitable mortgage by way of the deposit of the title deeds of the properties of respective employees who have availed the loan under said Schemes.
- 10 Loan from Kotak Mahindra Prime Ltd under Vehicle Finance Scheme amounting to Rs.103 lacs (Previous Year : Nil) is secured by a exclusive charge by way of hypothecation of vehicle under said Scheme.
- 11 Loan from TATA Capital Limited under Vehicle Finance Scheme amounting to Rs.3 lacs (Previous Year :Rs. 5 lacs ) is secured by exclusive charge by way of hypothecation of vehicles purchased under the said Scheme.
- 12 The finance lease obligation of Rs.74 lacs (Previous Year : Rs.92 lacs) is secured by the plant and machinery taken under said lease.
- 13 Housing Loan from ICICI Bank Ltd amounting to Rs. 98 lacs (Previous Year : Rs. 109 lacs) is secured by a first charge by way of mortgage of residential flat situated at Mumbai.

**SCHEDULE "D"****(Rs. in lacs)**

	As at 31st March, 2010	As at 31st March, 2009
<b>UNSECURED LOANS</b>		
Fixed Deposits [Amount repayable within one year: Rs. 218 lacs (Previous Year: Rs.167 lacs)]	481	431
Inter-corporate Deposits [Amount due within one year Rs. 2057 Lacs (Previous Year: Rs.1337 lacs)]	2,057	1,337
Short Term Loan from Banks	26	2,412
Loan from Others [Amount due within one year Rs. Nil (Previous Year: Rs.Nil)]	10	10
Loan from Housing Development Finance Corporation Limited. (Guaranteed by the Director of the Company)(Refer Note no.6 of the Schedule T) [Amount repayable within one year: Rs. 1 lac (Previous Year: Rs.1 lac)]	5	6
<b>TOTAL</b>	<b>2,579</b>	<b>4,196</b>



**SCHEDULE "E"**  
**FIXED ASSETS**

(Rs. in lacs)

Description of Assets	GROSS BLOCK (AT COST OR BOOK VALUE)			DEPRECIATION/AMORTISATION			NET BLOCK		
	As at 1st April 2009	Additions during the year	Deductions during the year	As at 31st March 2010	As at 1st April 2009	Additions for the year	Deductions during the year	As at 31st March 2010	As at 31st March 2009
<b>Tangible Assets</b>									
Freehold Land	130	-	-	130	-	-	-	130	130
Leasehold Land	18	23	-	41	1	-	-	40	17
Buildings (Note 2)	3,542	1,061	-	4,603	895	123	-	3,585	2,647
Plant & Machinery (Note 3)	13,804	2,446	341	15,909	7,013	714	141	8,323	6,791
Electric Installations	423	30	2	451	214	19	2	220	209
Furniture, Fixture & Equipments	717	11	4	724	534	43	4	151	183
Vehicles	619	14	20	613	359	69	14	199	260
<b>Intangible Assets</b>									
Computer Software (Note4)	83	-	-	83	52	26	-	78	31
Computer License (Note 5)	10	-	-	10	7	2	-	9	3
Product Registration (Note 6)	285	1,753	-	2,038	10	53	-	63	275
<b>Assets Taken on Lease (Note 1)</b>									
Plant & Machinery	78	-	-	78	1	5	-	6	77
Furniture, Fixture & Equipments	4	-	-	4	-	2	-	2	4
Computer License	19	-	-	19	16	3	-	19	3
<b>Total</b>	<b>19,732</b>	<b>5,338</b>	<b>367</b>	<b>24,703</b>	<b>9,102</b>	<b>1,059</b>	<b>161</b>	<b>10,000</b>	<b>10,630</b>
Previous Year	17,878	1,882	28	19,732	8,204	919	21	9,102	10,630

**Notes:**

- Refer Note No. 27 of Schedule T
- Includes Rs. 208 lacs (Previous Year : Rs. 208 lacs) worth of building given on operating lease.
  - Building include investment representing ownership of Office Premises and Residential Flats in Co-operative Societies.
  - Refer Note No. 5 of Schedule T.
- Includes borrowing cost capitalized during the year Rs. Nil (Previous Year Rs. 36 lacs)
  - Includes Rs. 82 lacs (Previous Year Rs. 82 lacs) worth of Plant and Machinery acquired under UNIDO Grant Scheme.
- Remaining period of amortisation ranges from 3 to 24 months.
- Remaining period of amortisation ranges from 9 to 10 months.
- Product Registration includes testing, data access and other product registration related expenses.
  - Remaining period of amortisation ranges from 96 to 119 months.



## SCHEDULE "F"

(Rs. in lacs)

		As at 31st March, 2010	As at 31st March, 2009
<b>INVESTMENTS</b>			
<b>LONG TERM INVESTMENTS (At Cost)</b>			
IN SHARES (OTHER THAN TRADE)			
Quoted:			
17,441 (Previous Year : 17,441) Equity Shares of Rs.10/- each fully paid-up in Bank of Baroda	17		17
1,700 (Previous Year : 1,700) Shares of Rs.10/- each fully paid up in Dena Bank Limited	1		1
400 (Previous Year : 400) Shares of Rs.10/- each fully paid up in Syndicate Bank Limited	0.04		0.04
1,45,760 (Previous Year : 1,45,760) Equity Shares of Rs.5/- each fully paid-up in Excel Industries Limited (Refer Note No.3 below and Note No.8 in Schedule T)	238		238
1,45,760 (Previous Year : 1,45,760) Equity Shares of Rs.5/- each fully paid-up in Excel Crop Care Limited (Refer Note No.3 below)	112		112
	<b>368</b>		<b>368</b>
Unquoted:			
1,50,000 (Previous Year :1,50,000) Equity Shares of Rs.10/- each fully paid-up of Nimbua Green Field (Punjab) Limited	15		15
12,500 (Previous Year : 12,500) Equity Shares of Rs.10/- each fully paid-up in Alpha Tools Private Limited	1		1
	<b>16</b>		<b>16</b>
		<b>384</b>	<b>384</b>
IN SUBSIDIARY COMPANIES (Non Trade)			
Unquoted:			
2,000 (Previous Year : 2,000) Equity Shares of GBP 1 each fully paid-up in STS Chemicals (UK) Limited	2		2
10,824 (Previous Year :10,188) Equity Shares of Euro 615 each fully paid -up in SD Agchem (Europe) N.V. (Refer Note 3(b) Schedule T)	3,825		3,579
11,54,881 (Previous year : Nil) Equity Shares of Rs.10/- each fully paid-up in Parul Chemicals Limited (Refer Note No. 3(c) in Schedule T)	263		-
		<b>4,090</b>	<b>3,581</b>
TRADE INVESTMENT IN SHARES			
Unquoted:			
22,470 (Previous Year : 22,470) Equity Shares of Rs.10/- each fully paid-up of Stellar Marine Paints Limited.		<b>2</b>	<b>2</b>
OTHER INVESTMENTS (Trade)			
Unquoted:			
516,814 (Previous Year :516,814) Units of Reliance Mutual Fund of Rs.10/- each [NAV Rs. 75 lacs (Previous Year : Rs.44 lacs)]		<b>45</b>	<b>45</b>
<b>TOTAL</b>		<b>4,521</b>	<b>4,012</b>

## NOTES :

- Aggregate of quoted Investments  
Cost **368**  
Market Value **483**
- Aggregate of Unquoted Investments  
Cost **4,153**
- The Company had pledged 1,45,700 Equity Shares of Excel Industries Limited and 1,45,700 Equity Shares of Excel Crop Care Limited against loan taken from HDFC Bank Limited. (Refer Note No 5 of Schedule C)



## SCHEDULE "G"

(Rs. in lacs)

		As at 31st March, 2010	As at 31st March, 2009
<b>INVENTORIES</b>			
(At cost or net realizable value, whichever is lower)			
Stores and Spares (Including fuel)		310	335
Packing Materials		246	156
Stock in trade :			
(a) Raw Materials [Including Stock -in-transit Rs. 132 lacs (Previous Year: Rs.325 lacs)]	2,262		2,873
(b) Semi-finished Products	694		838
(c) Finished Products [Including Stock-in-transit Rs.308 lacs (Previous Year : Rs.122 lacs)]	3,087		2,226
(d) Traded Goods	381		1,140
		6,424	7,077
<b>TOTAL</b>		<b>6,980</b>	<b>7,568</b>

## SCHEDULE "H"

(Rs. in lacs)

		As at 31st March, 2010	As at 31st March, 2009
<b>SUNDRY DEBTORS - Unsecured</b> (Refer Note No.11 of Schedule T)			
Debts outstanding for a period exceeding six months :			
i) Considered Good		7,487	6,353
ii) Considered Doubtful		533	277
		8,020	6,630
Less : Provision for Doubtful Debts		533	277
		7,487	6,353
Other Debts Considered Good		6,056	11,450
<b>TOTAL</b>		<b>13,543</b>	<b>17,803</b>

## SCHEDULE "I"

(Rs. in lacs)

		As at 31st March, 2010	As at 31st March, 2009
<b>CASH AND BANK BALANCES</b>			
Cash Balance on hand		9	5
Bank Balances :			
With Scheduled Banks:			
(i) In Current Accounts		1,453	528
(ii) In Fixed Deposit Accounts [(Includes Rs. 47 lacs(Previous Year: Rs. 53 lacs) held in liquidity margin under Companies (Acceptance of Deposit Rules) and Rs. 473 lacs (Previous Year : Rs. 388 lacs) as margin for Import Letter of Credit and Bank Guarantee.)]		571	542
(iii) In Unclaimed Dividend Accounts		27	25
(iv) In Unclaimed Fractional Shares Accounts		8	8
<b>TOTAL</b>		<b>2,068</b>	<b>1,108</b>



## SCHEDULE "J"

(Rs. in lacs)

	As at 31st March, 2010	As at 31st March, 2009
<b>OTHER CURRENT ASSETS</b>		
Interest Receivable	52	61
Job Work Charges Receivable	14	13
Export Benefits Receivable	187	339
Other Receivable (Refer Note 3(a) in Schedule T)	296	1
<b>TOTAL</b>	<b>549</b>	<b>414</b>

## SCHEDULE "K"

(Rs. in lacs)

	As at 31st March, 2010	As at 31st March, 2009
<b>LOANS AND ADVANCES</b>		
(Unsecured and Considered Good, unless otherwise stated)		
Advances to / Receivable from Subsidiary Companies(Refer Note No.12 in schedule T)	2,131	1,128
Advances to / Receivable from Joint Venture Company(Refer Note No.12 in Schedule T)	34	29
Advances recoverable in cash or in kind or for value to be received Considered Good (Refer Note No. 10 in Schedule T)	5,266	2,168
Considered Doubtful	16	16
	5,282	2,184
Less: Provision for Doubtful Advances	16	16
	5,266	2,168
Balances with customs, excise, etc	437	323
Sundry Deposits	107	163
Advance Tax [net off provision]	-	190
Inter Corporate Deposits	57	-
<b>TOTAL</b>	<b>8,032</b>	<b>4,001</b>



## SCHEDULE "L"

(Rs. in lacs)

		As at 31st March, 2010	As at 31st March, 2009
<b>CURRENT LIABILITIES</b>			
Acceptances		488	-
Sundry Creditors			
- Total dues to Micro & Small Enterprises (Refer Note No.7 in Schedule T)	-	-	-
- Total dues to other than Micro & Small Enterprises	6,876		8,034
		6,876	8,034
Book Overdraft		444	274
Due to Subsidiaries		883	174
Advance from Customers		896	289
Forward/Derivatives MTM (Refer Note No.26 in schedule T)		242	1,539
Security Deposits		245	212
Interest accrued but not due on loans		147	68
Investor Education and Protection Fund shall be credited by the following amounts :			
i) Unclaimed Dividends	27		25
ii) Unclaimed Fractional Shares	8		8
iii) Unclaimed Deposits	1		1
iv) Unclaimed accrued Interest	-		-
		36	34
Other Liabilities		306	320
<b>TOTAL</b>		<b>10,563</b>	<b>10,944</b>

## SCHEDULE "M"

(Rs. in lacs)

		As at 31st March, 2010	As at 31st March, 2009
<b>PROVISIONS</b>			
Employee Retirement & other Long term Benefits (Refer Note No.25 in Schedule T)		689	511
Provision for Income tax [net off advance tax]		7	-
Provision for Fringe Benefit Tax		-	8
Proposed Dividend		-	99
Provision for Dividend Distribution Tax		-	17
<b>TOTAL</b>		<b>696</b>	<b>635</b>



## SCHEDULE "N"

(Rs. in lacs)

	Current Year	Previous Year
<b>OTHER INCOME FROM OPERATIONS</b>		
Job Work Income	361	777
Management Fees	519	-
Micronising and Handling Charges	237	261
Export Benefits [Net of Written off Rs. 179 Lacs (Previous Year : Rs. 28 Lacs)]	136	472
Profit on Sale of Export Licenses	59	712
Exchange Difference (Net)	-	405
Commission	130	9
Service Charges	40	40
Income in respect of Government/Other Grants	4	4
Miscellaneous Income	68	103
<b>TOTAL</b>	<b>1,554</b>	<b>2,783</b>

## SCHEDULE "O"

(Rs. in lacs)

	Current Year	Previous Year
<b>OTHER INCOME</b>		
Interest on Overdue Balance ; Loans, Deposits, other etc. (Gross) [Tax Deducted at Source : Rs. 2 lacs (Previous Year : Rs. 9 lacs)]	609	456
Income from Long-term Investments (Gross) :		
Dividend on other than Trade Investments	17	10
Land Compensation claim received	-	348
Rent received	25	25
<b>TOTAL</b>	<b>651</b>	<b>839</b>

## SCHEDULE "P"

(Rs. in lacs)

	Current Year	Previous Year
<b>MATERIALS</b>		
<b>(INCREASE) / DECREASE IN STOCKS</b>		
Closing Stocks		
Finished Products	(3,087)	(2,226)
Semi-finished Products	(694)	(838)
Traded Goods	(381)	(1,140)
	<b>(4,162)</b>	<b>(4,204)</b>
Opening Stocks		
Finished Products	2,226	2,179
Semi-finished Products	838	865
Traded Goods	1,140	597
	<b>4,204</b>	
(Increase)/Decrease in Excise duty on Stocks (Refer Note No.28 Schedule T)	177	63
Stocks destroyed due to fire (Refer Note No.3(a) of Schedule T)	(289)	-
	<b>(70)</b>	<b>(500)</b>
<b>RAW MATERIALS CONSUMED</b>		
Opening Stock	2,873	2,065
Add : Purchases	18,122	23,617
	<b>20,995</b>	<b>25,682</b>

A

**SCHEDULE "P" CONTD.****(Rs. in lacs)**

		Current Year	Previous Year
Less:			
Sale of Raw Materials	(129)		(325)
Closing Stock	(2,262)		(2,873)
	(2,391)		(3,198)
		18,604	22,484
Materials destroyed due to fire (Refer Note No.3(a) of Schedule T)		(65)	-
	B	18,539	22,484
<b>PURCHASE OF TRADED GOODS</b>	C	2,576	9,843
	(A+B+C)	21,045	31,827

**SCHEDULE "Q"****(Rs. in lacs)**

	Current Year	Previous Year
<b>PERSONNEL EXPENSES</b> (Refer note 9 (b) in schedule T)		
Salaries, Wages, Bonus and Allowances	2,368	2,206
Contribution to Provident Fund and Other Funds (Refer Note No. 25 in Schedule T)	308	269
Employee Retirement & other long term Benefits (Refer Note No. 25 in Schedule T)	224	77
Amortisation of expenditure on Voluntary Retirement Scheme	52	52
Staff Welfare Expenses	298	262
	3,250	2,866

**SCHEDULE "R"****(Rs. in lacs)**

	Current Year	Previous Year
<b>OPERATING AND OTHER EXPENSES :</b>		
Stores and Spares Consumed	209	173
Power and Fuel	2,307	2,706
Repairs & Maintenance -Plant & Machinery	386	380
(Net of Rs 198 lacs (Previous Year: Nil) of Repair transferred to Insurance Claim - Refer Note 3(a) of Schedule T)		
Repairs & Maintenance - Buildings	36	29
Repairs & Maintenance - Others	43	49
Rent	92	65
Rates and Taxes	59	63
Insurance Charges	91	88
Postage, Telegrams and Telephones	65	77
Travelling and Conveyance	425	495
Vehicles Expenses	48	64
Commission on Sales (other than sole selling agents)	167	191
Discount on Sales	82	88
Packing Expenses	908	717
Freight and Handling Expenses	544	576
Job Work Expenses	183	135
Directors Sitting Fees	4	2
Charity and Donations (Other than Political Parties)	5	10
Bad Debts / Sundry balances / claims written off	234	166

**SCHEDULE "R" CONTD.****(Rs. in lacs)**

	Current Year	Previous Year
Provision for doubtful debts [Net off Provision for Doubtful Debt written back for Rs. 19 lacs (Previous Year : Rs. 15 lacs)]	256	100
Research and Development Expenses (Refer Note No.18 of Schedule T)	71	63
Provision for Loss on derivative contract (MTM) (Refer Note No.26 of Schedule T)	59	2,227
Exchange Difference (net)	726	-
Marketing & Promotional Expenses	173	80
Other Expenses (Refer Note No.9 (C) and 13 in Schedule T)	1,051	926
[Net of Rs 194 lacs (Previous Year: Nil) of Loss of Fixed asset destroyed transferred to Insurance Claim - Refer Note 3(a) of Schedule T]		
<b>TOTAL</b>	<b>8,224</b>	<b>9,470</b>

**SCHEDULE "S"****(Rs. in lacs)**

	Current Year	Previous Year
<b>INTEREST AND OTHER FINANCIAL COSTS</b> (Refer Note No.9(a) of Schedule T)		
Interest on Loans/ Deposits	1,295	1,522
Interest on Cash Credit Accounts	2,447	1,525
Interest on Others	247	120
Other Charges	406	282
<b>TOTAL</b>	<b>4,395</b>	<b>3,449</b>

**SCHEDULE FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT****SCHEDULE "T"****NOTES ON ACCOUNTS****1. Nature of Business Operations**

Punjab Chemicals and Crop Protection Limited (hereinafter referred to as "the Company") is engaged in business of agro chemicals and is manufacturing in technical grade and formulating pesticides, herbicides, fungicides and biocides. The Company has presence in both the domestic and international markets.

**2. Significant Accounting Policies****Basis of preparation**

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation/amortization, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

**Depreciation/Amortization**

- Depreciation is provided using Straight Line Method (SLM) for building, plant and machinery and electrical installations and Written Down Value Method (WDV) for all other assets, based on economic useful life of assets estimated by the management which coincides with the rates as prescribed under Schedule XIV of the Companies Act, 1956.



- ii) Cost of Computer Software/License is amortized on straight line basis over a period of three years.
- iii) Product Registration (including testing charges, task force studies and other related expenses) for new market development considered as intangible assets and are amortized from and over the period of registration with a maximum period of 10 years.
- iv) The premium on leasehold land is amortized over the period of lease.
- v) Fixed Assets costing Rs. 5,000/- or less are fully depreciated in the year from acquisition.

#### **Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

#### **Leases**

##### **Company is Lessee**

##### Finance Lease

- i) Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.
- ii) If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

##### Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

##### **Company is Lessor**

##### Operating Lease

Assets subject to operating leases are included in fixed assets. Lease income is treated as revenue and the same is credited to the Profit and Loss Account. Costs including depreciation are recognized as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage etc are recognized immediately in the Profit and Loss Account.

#### **Investment**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline, other than temporary, in the value of the long-term investments.

#### **Inventories**

- i) Raw Materials, Stores and Spares and Packing Materials are valued at lower of cost or net realizable value. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost. Cost is determined on a moving weighted average basis in case of two units situated at Punjab and on an annual weighted average basis in case of other units.
- ii) Traded Goods are valued at lower of cost or net realizable value.
- iii) Finished goods and Work-in-Progress are valued at lower of cost or net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.
- iv) By Products are valued at net realizable value.
- v) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### **Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

#### **Sale of Goods**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Gross turnover includes excise duty but does not include sale tax and VAT.



### **Income from Services**

Income from service rendered is recognized based on the terms of the agreements as and when services are rendered and are net of service tax (wherever applicable).

### **Interest**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

### **Dividends**

Revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

### **Research and Development Costs**

Research costs (other than cost of fixed assets acquired) are charged as an expense in the year in which they are incurred and are reflected under the appropriate heads of account.

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

### **Government/Other Grants**

- i) Grants and subsidies from the government/other are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.
- ii) Grants related to Depreciable assets are treated as Deferred Income which is recognized in the Profit and Loss Account on a rational basis over the useful life of the Assets.
- iii) Government grants of the nature of promoters' contribution are credited to capital subsidy and treated as a part of shareholders' funds

### **Export Benefits**

Raw Material imported duty free under Advance License are accounted for inclusive of Custom Duty. Benefits are accrued post export obligation fulfillment and classified under "Export Benefits" in "Other Income from Operations".

Post Exports, benefits accrued under the Duty Entitlement Pass Book Scheme (DEPB) and Duty Free Replenishment Certificate (DFRC) Scheme has been classified under the head 'Export Benefits' in "Other Income from Operations".

### **Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **Cash and Cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### **Retirement and Other Employee Benefits:**

#### **i) Long Term Employee Benefits**

##### Defined Contribution Plans

The Company has defined contribution plans for post employment benefits in the form of Superannuation Fund (for selected employees) which is recognized by the Income-tax authorities and administered through trustees and/or Life Insurance Corporation of India (LIC). Further the Company also has a defined contribution plan in the form of a provident fund scheme for its all employees, which are administered by the Provident Fund Commissioner.

All the above mentioned schemes are classified as defined contribution plans as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the profit and loss account as incurred.

##### Defined Benefit Plans

The Company has defined benefit plan for post retirement benefit in the form of Gratuity which is administered through trustees and/or LIC (in some units) for all its employees which is recognized by the Income-tax authorities. Liability for Defined Benefit Plans is provided on the basis of valuation, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit method.

##### Other Long Term Employee Benefit

The Company has for all employees other long-term benefits in the form of Leave Encashment as per the policy of the Company. Liabilities for such benefits are provided on the basis of valuation, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by an independent actuary for measuring the liability is the Projected Unit Credit method.



- ii) Actuarial gains and losses (for defined benefit and other long term benefit) comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the profit and loss account as income or expense.
- iii) Compensation paid under Voluntary Retirement Scheme is amortized over a period of three years not beyond March 31, 2010

#### **Foreign Currency transactions**

##### **i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

##### **ii) Conversion**

Foreign currency monetary items are reported using the closing rate.

##### **iii) Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

##### **iv) Forward Exchange Contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange difference on such contracts are recognized in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

#### **Taxation**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

#### **Provisions**

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

#### **Segment Reporting Policies**

##### **Identification of segments :**

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

##### **Inter segment Transfers :**

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

##### **Allocation of common costs :**

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

##### **Unallocated items :**

Includes general corporate income and expense items which are not allocated to any business segment.



### Segment Policies :

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

### Derivative Instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored.

3. a) On 18th April, 2009, there was a fire at one of the plants of Agro Chemicals Division, Derabassi, which resulted in damage of stocks, plant and machinery, buildings and disruption of the production. The operation of the said plant was restored in the month of December, 2009. The Company has filed the insurance claim for all these damages.

These damages (viz. loss of stocks, building and plant and machinery) and further expenses of repairs and restoration have been accounted for as receivables from the insurance company. The newly acquired assets have been capitalized on the date of put to use. Accordingly, above said damages (except loss of profit) does not have any impact on the profit and loss account for the year ended 31st March, 2010. The final impact will be accounted for in the books of account as and when settled by the insurance company.

In the meantime, the Insurance Company has released an adhoc amount of Rs. 400 lacs against these damages.

- b) The Company had remitted Euro 391,000 (Equivalent INR Rs. 246 Lacs) to S D Agchem (Europe) in Feb, 2009 which has been accounted as Share Capital in the books of the Subsidiary for which the Company is in process of completing the relevant RBI formalities.
- c) The Board of Directors have decided to amalgamate its subsidiary Parul Chemicals Limited, Vadodara, an Agro formulation Company with the Company subject to the approval of Hon'ble High Courts of Gujarat, Ahmedabad and Punjab & Haryana at Chandigarh. The appointed date of this amalgamation is 1st April, 2009 and the effective date is the date on which the orders of the Hon'ble High Courts are filed with Registrar of the Companies. The petitions are pending for approval with both the Hon'ble courts. Accordingly, no affect of the amalgamation has been given.
- d) In Jan 2008, Company issued Equity Convertible Warrants under Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000. The Preferential offer for issue of warrants was made to promoters of the company and others for 1,510,000 shares of Rs. 10/- each. The proposed warrants was to be converted into equity shares of the Company within a maximum period of 18 months from the date of issue of the warrants, at the option of warrant holders, at a price of Rs. 136/- per share (including premium of Rs. 126/-). Company had received 10% of the total allotment consideration as Application against such Warrants within 15 days from the date of Issue of Preferential Warrants amounting to Rs. 205 Lacs. These were classified as Equity Convertible Warrants.

In August, 2009 the company converted 600,000 warrants into equity shares and remaining warrant holders decline to invest further, consequently their application money amounting to Rs 124 lacs were forfeited and transferred to Capital Reserve.

(Rs. in lacs)		
	Current Year	Previous Year
<b>4. a) Contingent Liabilities not provided for:</b>		
i) Bills of Exchange discounted	266	235
ii) Claims against the Company not acknowledged as debts :		
- Excise duty matters in dispute or under appeal	9	1
- Income Tax matters in dispute or under appeal	3	3
- Demand raised by Punjab Sales Tax Authorities	11	11
- Labour laws matters in dispute or under appeal	9	8
- Demand raised by previous land owners	284	247
iii) Counter Guarantees given to Banks	347	552
iv) Corporate Guarantee given on behalf of Subsidiary Companies	8,516	9,267

(Guarantee given in foreign currency are revalued at closing exchange rates)

[Includes Corporate Guarantee given to State Bank of India of Rs. 449 lacs which is also secured by a first charge on the entire fixed assets (including immovable property) of the Company]

Note : Further cash outflow in respect of 2(ii) above are determinable only on receipt of judgments / decisions pending with various forums / authorities.

### b) Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for

5. Gross Block of Building in Schedule 'E' includes Rs. 761 lacs (Previous Year Rs. 761 lacs) pertaining to the purchase of office premises for which the Company holds right of occupancy and possession. The same is pending conveyance in favour of the Company.
6. The Company shall indemnify the damages to the Managing Director / Directors in case their personal guarantees are invoked in respect of loans, backed by their personal guarantees.


**7. Details of dues to Micro and Small Enterprises as per MSMED Act, 2006**

Based on the information available with the Company, as a year end - there are no Suppliers who are Registered as Micro, Small or Medium Enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006".

8. No provision has been made in the accounts for diminution in the value of long-term investment in Excel Industries Limited, since, in the opinion of the management, the said investment is a strategic long-term investment and decline in its value is on accounts of temporary factors.

(Rs. in lacs)		
	Current Year	Previous Year
<b>9. Amounts capitalized in the respective project cost and excluded from :</b>		
a) Interest		
i) Plant & Machinery	-	36
ii) Capital Work-in-Progress	-	47
b) Personnel Expenses		
i) Plant & Machinery	19	35
ii) Capital Work-in-Progress	-	35
c) Legal & Professional Charges		
i) Plant & Machinery	2	-
<b>10. In respect of Loans and Advances Schedule, Advances recoverable in cash or in kind or for value to be received includes:</b>		
Due from the Officers of the Company	-	49
Maximum amount due from the Officers of the Company at any time during the year	18	93
<b>11. Sundry Debtors includes due from company under the same management under section 370 (1B) of the Companies Act 1956.</b>		
S D Agchem (Europe) N.V.	3,212	3,220
Agrichem B.V.	323	419
Sintesis Quimica	1,070	893
Parul Chemicals Limited	75	-
<b>12. Loans and advances includes due from company under the same management under section 370 (1B) of the Companies Act 1956.</b>		
S D Agchem (Europe) N.V.	1,611	1,039
Agrichem B.V.	251	11
Sintesis Quimica	144	56
STS UK	25	22
Parul Chemicals Limited	100	-
Stellar Marine Paints Ltd	34	29
Eftec Shroff (India) Ltd	61	10
Maximum Amount outstanding during the period		
S D Agchem (Europe) N.V.	1,912	1,089
Agrichem B.V.	251	11
Sintesis Quimica	144	87
STS UK	25	22
Parul Chemicals Limited	376	-
Stellar Marine Paints Ltd	34	29
Eftec Shroff (India) Ltd	109	54

(Rs. in lacs)		
	Current Year	Previous Year
<b>13. Auditors' Remuneration (including Service Tax)</b>		
<u>As a Auditor</u>		
Audit Fee (including fees for consolidation)	22	10
Tax Audit Fee	3	2
Limited Review	7	2
Out-of-pocket expense	1	0.42



As advisor in respect:

Taxation matters

Company law matters

	2	7
	-	2
(A)	<u>35</u>	<u>24</u>

**Payment to Branch Auditors**

As a Auditor

Audit Fee

Tax Audit Fee

	-	2
	1	1

As advisor in respect:

Taxation matters

In other manner:

Certification

	-	1
	1	1
(B)	<u>2</u>	<u>5</u>

**TOTAL (A+B)** 37 29

Previous Year figures represents and current year's figures includes amount paid to previous auditors.

**14. Managerial Remuneration**

Salaries

Contribution to Provident and other funds

House Rent Allowance

Perquisites\*

	74	74
	20	21
	37	37
	15	18
(A)	<u>146</u>	<u>150</u>

Directors' Sitting Fees

(B)	<u>4</u>	<u>2</u>
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**TOTAL (A+B)** 150 152

**Note:-** As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

\* Evaluated as per Income-tax Rules wherever applicable

**15. CIF value of Imports**

Raw Materials

Components & Spare Parts

Traded Goods

	7,102	9,409
	7	40
	1,871	2,454
<b>TOTAL</b>	<u>8,980</u>	<u>11,903</u>

**16. Expenditure in Foreign Currency (Accrual Basis) :**

Travelling

Trade Commission and Discount

Advertisement, Publicity and Sale Promotion

Bank Charges

Product Registration Expenses (including Task Force Studies, Testing & Other Expenses)

Others

	44	80
	13	33
	25	-
	14	9
	816	584
	17	2
<b>TOTAL</b>	<u>929</u>	<u>708</u>

(Rs. in lacs)

**17. Earnings in Foreign Currency (Accrual Basis) :**

Export of Goods (FOB basis)

Interest on overdue balances, loans, advances, etc.

Management Fees Received from Subsidiaries

	Current Year	Previous Year
	10,719	14,838
	551	374
	519	-
<b>TOTAL</b>	<u>11,789</u>	<u>15,212</u>

**18. Research and Development Expenditure :**

Salaries, Wages and Other related cost of personnel	141	128
Cost of material and services consumed	33	63
Repairs and Maintenance of equipments	5	2
Depreciation on assets used for Research and Development	17	17

**TOTAL** 196 210

**19. Earning Per Share:**

Profit/(Loss) After Taxation as per Profit and Loss Account	(4,043)	676
Less: Prior Period Adjustments (Net)	-	27
Add : Excess / (Short) Provision for Taxations for earlier years	(69)	(126)

(A) (4,112) 523

Nominal value of equity shares (Rs.) 10 10

**(A) Basic Earning Per Share:**

Weighted Average Number of Equity Shares outstanding (Nos.) (B) 6,975,906 6,592,892

**Basic Earning per share**

(Rs.) (A) / (B) (58.95) 7.93

**(B) Diluted Earning Per Share\*:**

Weighted Average Number of Equity Shares outstanding (Nos.) 6,975,906 6,592,892

Dilutive impact of Equity Convertible Warrants (Nos.) - Weighted Average 546,082 1,510,000

Weighted Average Number of Equity Shares for computing diluted earning per share (Nos.) (C) 7,521,988 8,102,892

**Diluted Earning per share**

(Rs.) (A / C) (58.95)\* 6.45

\*Since the conversion of warrants to equity shares during the year would decrease the loss per share from continuing ordinary activities, hence, the Potential Equity Shares are considered as "Anti-Dilutive" and the effect of anti - dilutive Potential Equity Shares are ignored in calculating Diluted Earning Per Share

**20. Particulars Relating to Licensed, Installed Capacity, Production, Purchases, Stock and Sales****20.1 Licensed Capacity, Installed Capacity and Production :**

Products	Unit	Licensed Capacity (P.A.)	Installed Capacity (P.A.)	Production
Oxalic Acid and Other Oxalates	MT	23,600 (23,600)	15,850 (15,850)	8,546 (12,665)
Agro Chemicals and their intermediaries	MT	11,520 (9,336)	7,461 (7,449)	5,675 (6,957)
Specialty Chemicals	MT	1,655 (1,475)	2,397 (2,111)	882 (685)
Phosphorous based compounds*	MT	- ( - )	16,200 (16,200)	8,058 (7,304)
Organic Phosphates*	MT	- ( - )	2,712 (960)	223 (204)
Inorganic Phosphates*	MT	- ( - )	3,120 (2,040)	850 (533)
Bulk Drug*	MT	- ( - )	240 (240)	192 (210)
Other Chemicals	MT	8,600 (8,600)	3,500 (3,500)	1,567 (3,543)
Sulphur based Compound*	MT	- ( - )	12,750 (10,150)	6,461 (5,474)
	KL	- ( - )	300 (300)	153 (115)
Formulated Goods #	NOS.	- ( - )	- ( - )	2,828,387 ( - )
By-Products	MT	11,035 (10,960)	- ( - )	7,139 (13,584)

**Notes:**

1. Installed Capacity is as certified by the Management on which the auditors have relied.
2. Production includes 6,644 MT (Previous Year: 9,444 MT) quantities produced for internal consumption.
3. \*Licensed Capacity is not applicable.
4. Closing Stock are after adjustments for in-transit, damages, shortages and sample issues.
5. Figures in Bracket represents previous year.
6. #Represents produced at Third party locations.

**20.2 Turnover****Products****(a) Manufactured Goods**

	Unit	Quantity	Value (Lacs)
Oxalic Acid & Other Oxalates	MT	<b>6,074</b> (8,491)	<b>2,946</b> (4,347)
Agro Chemicals & their Intermediates	MT	<b>3,806</b> (3,552)	<b>7,723</b> (12,449)
Specialty Chemicals	MT	<b>653</b> (549)	<b>4,978</b> (3,708)
Phosphorous based compounds	MT	<b>6,953</b> (6,420)	<b>4,529</b> (6,851)
Organic Phosphates	MT	<b>209</b> (200)	<b>117</b> (189)
Inorganic Phosphates	MT	<b>599</b> (369)	<b>926</b> (505)
Bulk Drug	MT	<b>188</b> (205)	<b>1,736</b> (1,953)
Other Chemicals	MT	<b>1,574</b> (3,494)	<b>365</b> (1,207)
Sulphur based Compounds	MT	<b>4,107</b> (3,254)	<b>1,436</b> (1,523)
	KL	<b>141</b> (119)	<b>117</b> (122)
Formulated Goods	NOS.	<b>1,760,428</b> ( - )	<b>3,030</b> ( - )
By-Products	MT	<b>6,999</b> (13,171)	<b>64</b> (90)
<b>TOTAL</b>		<b>-</b>	<b>27,967</b> (32,944)

**(b) Traded Goods**

	Unit	Quantity	Value (Lacs)
Phosphorous based compounds	MT	<b>94</b> (497)	<b>12</b> (48)
Organic Phosphates	MT	<b>1,516</b> (2,167)	<b>1,334</b> (2,523)
Inorganic Phosphates	MT	<b>595</b> (939)	<b>245</b> (424)
Formulated goods	NOS.	<b>732,613</b> (1,817,257)	<b>1,285</b> (3,653)
Agro Chemicals and their intermediates	MT	<b>109</b> (154)	<b>496</b> (1,135)
Others	MT	<b>473</b> (1,599)	<b>344</b> (7,512)
<b>TOTAL</b>		<b>-</b>	<b>3,716</b> (15,295)
<b>TOTAL TURNOVER</b>		<b>-</b>	<b>31,683</b> (48,239)



### 20.3 Closing & Opening Stocks

Products	Unit	Closing Stock		Opening Stock	
		Qty. (MT)	Amount (Rs. In Lacs)	Qty. (MT)	Amount (Rs. In Lacs)
Oxalic Acid & Other Oxalates	MT	423 (198)	191 (78)	198 (108)	78 (34)
Agro Chemicals & their Intermediates	MT	237 (183)	987 (1,032)	183 (314)	1,032 (1,371)
Specialty Chemicals	MT	88 (126)	539 (788)	126 (110)	788 (490)
Phosphorous based compounds	MT	138 (126)	89 (98)	126 (144)	98 (98)
Organic Phosphates	MT	37 (25)	25 (15)	25 (21)	15 (10)
Inorganic Phosphates	MT	51 (34)	46 (35)	34 (46)	35 (27)
Bulk Drug	MT	13 (8)	127 (75)	8 (7)	75 (63)
Sulphur based Compounds	MT	314 (181)	127 (76)	181 (119)	76 (34)
Sulphur based Compounds	KL	28 (16)	19 (8)	16 (20)	8 (9)
Formulated Goods	NOS.	1,067,959 (-)	912 (-)	- (30,748)	- (25)
Other Chemicals	MT	32 (33)	22 (21)	33 (49)	21 (18)
By - Products	MT	45 (16)	3 (-)	16 (46)	- (-)
<b>TOTAL</b>			<b>3,087</b> (2,226)		<b>2,226</b> (2,179)

#### Traded Goods:

	Unit	Closing Stock		Opening Stock	
		Qty. (MT)	Amount (Rs. In Lacs)	Qty. (MT)	Amount (Rs. In Lacs)
Organic Phosphates	MT	25 (89)	19 (120)	89 (260)	120 (206)
Inorganic Phosphates	MT	15 (24)	7 (7)	24 (58)	7 (15)
Formulated goods	KL	- (3)	- (5)	3 (-)	5 (1)
	NOS.	345,236 (721,275)	331 (908)	721,275 (417,485)	908 (294)
Agro Chemicals & their Intermediate	MT	2 (21)	12 (91)	21 (17)	91 (71)
Other Chemicals	MT	17 (5)	12 (9)	5 (12)	9 (10)
<b>TOTAL</b>			<b>381</b> (1,140)		<b>1,140</b> (597)



**21. Raw Material Consumed**  
(excluding captively produced and consumed)

Items	Unit	Quantity	Amount (Rs. Lacs)
Phosphorous based compounds			
i) Phosphorous	MT	913 (587)	1,426 (1,564)
ii) Phosphoric Acid	MT	3,700 (4,035)	1,569 (2,377)
Organic Chemicals	MT	12,724 (22,224)	8,643 (10,560)
	K.Ltr.	1,546 (2,397)	481 (673)
Inorganic Chemicals	MT	8,624 (10,152)	3,217 (3,818)
	K.Ltr.	113 (205)	63 (125)
Oxygen	cu/mtr	425,023 (322,737)	51 (38)
Sulphur based Compounds	mt	2,138 (2,300)	101 (532)
Others *			2,988 (2,797)
<b>TOTAL</b>			<b>18,539</b> (22,484)

\* It is not practicable to furnish quantitative information in view of large number of items which differ in size and nature each being less than 10% value of the total.

**Purchases of Traded Goods:**

Class of Goods	Unit	Quantity	Amount (Rs. lacs)
Agro chemicals & their intermediates	MT	206 (304)	436 (1,074)
Phosphorous based compounds	MT	114 (497)	9 (37)
Organic Phosphates	MT	1,456 (2,412)	1,151 (2,152)
Inorganic Phosphates	MT	630 (1,049)	248 (481)
Formulated Goods	NOS	356,571 (2,113,080)	485 (573)
Other Chemicals		885 (1,687)	247 (5,526)
<b>TOTAL</b>			<b>2,576</b> (9,843)



## 22. Imported and Indigenous raw materials and spare parts consumed

Items	2009-10		2008-09	
	Value	%	Value	%
<b>Raw Materials</b>				
Imported (CIF, Custom Duty and Other Charges)	7,662	38	8,033	36
Indigenously obtained	10,877	62	14,451	64
<b>TOTAL</b>	<b>18,539</b>	<b>100</b>	<b>22,484</b>	<b>100</b>
<b>Spare Parts</b>				
Imported	7	3	-	-
Indigenously obtained	202	97	173	100
<b>TOTAL</b>	<b>209</b>	<b>100</b>	<b>173</b>	<b>100</b>

## 23. Related Parties

### a) Relationships :

Subsidiary of the Company :

1. STS Chemicals (UK) Limited
2. S D Agchem (Europe) NV
3. Sintesis Quimica.S.A.I.C., Argentina
4. Agrichem B.V.
5. S D Agchem (Netherlands) I.B.V.
6. Parul Chemicals Limited  
(With effect from April, 1 2009 & refer note 3(c) of Schedule "T".)

### Other related parties with whom transactions have taken place during the year: -

Enterprises over which key management personnel & their relatives have significant influence :

1. Eftech Shroff (India) Limited
2. Hemsil Trading & Manufacturing Private Limited
3. M/s Chinmaya Metachem
4. M/s Shalil Meta Chem

Joint Venture Company

1. Stellar Marine Paints Limited

Key Management Personnel and their Relatives :

#### Directors

1. G.Narayana - Chairman
2. Mr. Shalil Shroff - Managing Director
3. Mrs. Rupam Shroff - Whole time Director
4. Mr. Avtar Singh - Whole time Director
5. Mr.S.S.Tiwari - Whole time Director
6. Capt.S S Chopra (Retd.) - Director

#### Relative of Directors

1. Mrs. Shaila Shroff
2. Mrs. Mahinder S. Chopra
3. Mrs. Bhupinder Kaur
4. Mr. Rajinder Singh
5. Mrs. Ravinder Kaur
6. Mrs. Rajni S Tiwari
7. Ms. Sonal Tiwari
8. Ms. Shakshi Tiwari
9. Mr. Ramanjor S Tiwari
10. Mr. Mahadev Suvarna
11. Mr. Jaswant Singh
12. Mrs. Manjeet Kaur
13. Ms. Shivani S. Tiwari
14. Ms. Kusum Tiwari



## b) The following transactions are carried out with the related parties in the ordinary course of business :

Rs. in lacs

Nature of Transaction	Subsidiaries		*Other Related Parties		Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Relatives of Director	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
<b>Sales</b>								
Agrichem B.V.	665	393	-	-	-	-	-	-
S D Agchem (Europe) N.V.	1,198	1,240	-	-	-	-	-	-
Sintesis Quimica SA	798	556	-	-	-	-	-	-
Parul Chemicals Limited	292	-	-	-	-	-	-	-
	2,953	2,189	-	-	-	-	-	-
<b>Sale of Fixed Asset</b>								
Parul Chemicals Limited	4	-	-	-	-	-	-	-
<b>Purchases</b>								
Parul Chemicals Limited	26	-	-	-	-	-	-	-
Sintesis Quimica SA	40	-	-	-	-	-	-	-
	66	-	-	-	-	-	-	-
<b>Job Work Charges</b>								
Parul Chemicals Limited	74	-	-	-	-	-	-	-
<b>Expenses incurred on behalf of the Company</b>								
Parul Chemicals Limited	17	-	-	-	-	-	-	-
S D Agchem (Europe) N.V.	658	174	-	-	-	-	-	-
Agrichem BV	74	-	-	-	-	-	-	-
	749	174	-	-	-	-	-	-
<b>Reimbursement Received</b>								
Parul Chemicals Limited	0.15	-	-	-	-	-	-	-
Eftec Shroff (India) Limited	-	-	21	29	-	-	-	-
Stellar Marine Paints Limited (Joint Venture)	-	-	1	1	-	-	-	-
	0.15	-	22	30	-	-	-	-
<b>Repayment / Refund of ICD /Loans</b>								
S T S UK	5	5	-	-	-	-	-	-
Agrichem B.V.	22	-	-	-	-	-	-	-
Parul Chemicals Limited	102	-	-	-	-	-	-	-
HemSil Trading & Manufacturing Pvt Ltd.	-	-	665	38	-	-	-	-
Eftec Shroff (India ) Limited	-	-	-	57	-	-	-	-
Others	-	-	-	6	-	-	-	-
	129	5	665	101	-	-	-	-
<b>Loans / ICD taken / obtained</b>								
HemSil Trading & Manufacturing Pvt Ltd.	-	-	460	665	-	-	-	-
Capt. S. S. Chopra (Retd.)	-	-	-	-	9	5	-	-
Ms. Ravinder Kaur	-	-	-	-	-	2	2	2
Ms. Manjeet Kaur	-	-	-	-	-	-	2	-
Mr. Jaswant Singh	-	-	-	-	-	-	1	-
Ms. Kusum Tiwari	-	-	-	-	-	-	-	6
Ms. Shakshi S. Tiwari	-	-	-	-	-	-	-	3
Ms. Sonal S. Tiwari	-	-	-	-	-	-	-	3
Mr. Mohinder S. Chopra	-	-	-	-	-	-	-	2
Others	-	-	-	-	-	-	-	1
	-	-	460	665	9	7	5	17
<b>Preferential Allotment of Shares</b>								
HemSil Trading & Manufacturing Pvt Ltd.	-	-	612	-	-	-	-	-



Rs. in lacs

Nature of Transaction	Subsidiaries		*Other Related Parties		Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Relatives of Director	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
<b>Forfeiture of Shares</b>								
HemSil Trading & Manufacturing Pvt Ltd.	-	-	20	-	-	-	-	-
<b>Investment Made</b>								
Parul Chemicals Limited	263	-	-	-	-	-	-	-
S D Agchem (Europe) N.V.	246	-	-	-	-	-	-	-
	509	-	-	-	-	-	-	-
<b>Management Fees</b>								
S D Agchem (Europe) N.V.	255	-	-	-	-	-	-	-
Agrichem B.V.	264	-	-	-	-	-	-	-
	519	-	-	-	-	-	-	-
<b>Interest Income</b>								
S D Agchem (Europe) N.V.	452	319	-	-	-	-	-	-
Sintesis Quimica SA	99	56	-	-	-	-	-	-
Stellar Marine Paints Limited (Joint Venture)	-	-	2	2	-	-	-	-
Capt. S S Chopra(Retd.)	-	-	-	-	-	0.09	-	-
	551	375	2	2	-	0.09	-	-
<b>Interest Paid</b>								
HemSil Trading & Manufacturing Pvt Ltd.	-	-	60	23	-	-	-	-
Eftec Shroff (India) Limited	-	-	4	-	-	-	-	-
Others	-	-	-	-	1.48	0.08	2.20	1.18
	-	-	64	23	1.48	0.08	2.20	1.18
<b>Rent/Service charges etc. (Expense)</b>								
HemSil Trading & Manufacturing Pvt Ltd.	-	-	22	42	-	-	-	-
Shalil Shroff HUF	-	-	-	-	7	7	-	-
Smt. Shaila Shroff	-	-	-	-	-	-	-	0.37
	-	-	22	42	7	7	-	0.37
<b>Rent/Service Charges etc.(Income)</b>								
<b>Rent</b>								
Eftec Shroff (India) Limited	-	-	0.23	0.30	-	-	-	-
<b>Service Charges</b>								
Eftec Shroff (India) Limited	-	-	37	37	-	-	-	-
Stellar Marine Paints Limited(Joint Venture)	-	-	3	3	-	-	-	-
	-	-	40	40	-	-	-	-
<b>Dividend Paid (Payment basis)</b>								
HemSil Trading & Manufacturing Pvt Ltd.	-	-	22	59	-	-	-	-
Smt. Shaila Shroff	-	-	-	-	-	-	4	11
Mr. Shalil Shroff	-	-	-	-	7	18	-	-
Mrs. Rupam Shroff	-	-	-	-	3	7	-	-
Others	-	-	-	-	0.38	1.07	2	6
	-	-	22	59	10	26	6	17
<b>Managerial Remuneration</b> (Refer Note 14 of Schedule "T")								
Mr. Shalil Shroff	-	-	-	-	42	45	-	-
Ms Rupam Shroff	-	-	-	-	31	32	-	-
Mr. Avtar Singh	-	-	-	-	35	34	-	-
Mr. S S Tiwari	-	-	-	-	38	41	-	-
	-	-	-	-	146	152	-	-



Rs. in lacs

Nature of Transaction	Subsidiaries		*Other Related Parties		Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Relatives of Director	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
<b>Remuneration and Other Benefits</b>								
Smt. Shaila Shroff	-	-	-	-	-	-	4	4
Mr. Rajinder Singh	-	-	-	-	-	-	-	3
Ms. Ravinder Kaur	-	-	-	-	-	-	3	3
Others	-	-	-	-	-	-	1	1
	-	-	-	-			8	11
<b>Director Sitting Fees</b>								
Sh.G Narayana	-	-	-	-	0.50	0.23	-	-
Capt. S S Chopra (Retd.)	-	-	-	-	0.30	0.18	-	-
	-	-	-	-	0.80	0.41	-	-
<b>Corporate Guarantee Given</b>								
Parul Chemicals Limited	375	-	-	-	-	-	-	-
<b>Payment of Commission to other Directors - paid during the year in respect of earlier year</b>								
Sh.G Narayana	-	-	-	-	-	5	-	-
Capt. S S Chopra (Retd.)	-	-	-	-	-	2	-	-
	-	-	-	-	-	7	-	-
<b>Balance Outstanding as at the year end Intercompany Deposit</b>								
HemSil Trading & Manufacturing Pvt Ltd.	-	-	422	627	-	-	-	-
<b>Sundry Debtors</b>								
SD Agchem (Europe) NV	3,212	3,220	-	-	-	-	-	-
Agrichem B.V.	323	419	-	-	-	-	-	-
Sintesis Quimica	1,070	893	-	-	-	-	-	-
Parul Chemicals Limited	115	-	-	-	-	-	-	-
	4,720	4,532	-	-	-	-	-	-
<b>Sundry Creditors</b>								
Sintesis Quimica	38	-	-	-	-	-	-	-
Parul Chemicals Limited	17	-	-	-	-	-	-	-
	55	-	-	-	-	-	-	-
<b>Advances / Receivable to / from Subsidiaries / Joint Venture</b>								
SD Agchem (Europe) Limited	1,611	1,039	-	-	-	-	-	-
Sintesis Quimica	144	56	-	-	-	-	-	-
S T S UK Limited	25	22	-	-	-	-	-	-
Agrichem B.V.	251	11	-	-	-	-	-	-
Parul Chemicals Limited	100	-	-	-	-	-	-	-
Stellar Marine Paints Limited (Joint Venture)	-	-	34	28	-	-	-	-
	2,131	1,128	34	28	-	-	-	-
<b>Other Advances Recoverable</b>								
Eftec Shroff(India) Limited			61	10				
<b>Due to Subsidiaries</b>								
SD Agchem	809	174	-	-	-	-	-	-
Agrichem B.V.	74	-	-	-	-	-	-	-
	883	174	61	10	-	-	-	-



Rs. in lacs

Nature of Transaction	Subsidiaries		*Other Related Parties		Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Relatives of Director	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
<b>Fixed Deposit &amp; Interest payable</b>								
Mrs Kusum Tiwari	-	-	-	-	-	-	6	6
Ms. Shakshi S. Tiwari	-	-	-	-	-	-	3	3
Ms. Sonal S. Tiwari	-	-	-	-	-	-	3	3
Ms. Ravinder Kaur	-	-	-	-	-	-	-	4
Other	-	-	-	-	-	-	8	6
	-	-	-	-	-	-	20	22
<b>Guarantees given (Refer Note 4(a)(iv) of Sch T)</b>								
S D Agchem (Europe) N.V.	8,141	9,267	-	-	-	-	-	-
Parul Chemicals Limited	375	-	-	-	-	-	-	-
	8,516	9,267	-	-	-	-	-	-

\*Enterprise over which key management personnel & their relatives have significant influence and joint venture Company

#### 24. Interest in Joint Venture

The Company has 45% ownership interest in Stellar Marine Paints Limited, a jointly controlled entity incorporated in India. The proportionate interest of the Company in the said entity as per the latest audited Balance Sheet as at 31st March, 2010 is as under:

	(Rs. in lacs)	
	Current Year	Previous Year
Assets	10	9
Liabilities	61	32
Income	12	3
Expenses	17	15
Nature of Business		

Stellar Marine Paints is an American Joint venture company of Punjab Chemicals and Crop Protection Limited into manufacture, domestic sale and export of Antifouling Paints, Marine Paints, Paint Additives and Wood Preservatives from India.

#### 25. Employee Benefits

##### (A) Defined Contribution Plan - Provident Fund & Superannuation Fund

Provident Fund is a defined contribution scheme established under a State Plan. The contributions to the scheme are charged to the profit and loss account in the year when the contributions to the funds are due.

Superannuation Fund is a defined contribution scheme and contributions to the scheme are charged to the profit and loss account in the year when the contributions are due. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

	(Rs. in lacs)	
	Current Year	Previous Year
(i) <b>Defined Contribution Plan</b>		
Contribution to Provident Fund	167	120
(ii) <b>Defined Contribution Plan</b>		
Contribution to Employee Superannuation Fund	121	86

##### (B) Defined Benefit Plans - Gratuity

The Company has a defined gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post employment at 15 days salary (last drawn salary for each completed year of service as per the rules of the Company). The aforesaid liability is provided for on the basis of an actuarial valuation made at the end of the financial year. The scheme is funded with an insurance company in the form of qualifying insurance policy.

a) The amounts recognized in the statement of Profit and Loss Account are as follows:

	(Rs. in lacs)	
	Current Year	Previous Year
Current service cost	45	33
Past Service Cost	40	-
Interest cost on benefit obligation	47	43



Expected return on plan assets	(20)	(21)
Net actuarial loss recognized during the year	58	(18)
Net Benefit Expense	170	37
Actual return on plan assets	24	4

b) The amounts recognized in the Balance Sheet are as follows:

	Current Year	Previous Year
Present value of funded obligation	764	583
Less: Fair value of plan assets	286	246
Plan Asset/(Liability)	(478)	(337)

c) Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows:

	Current Year	Previous Year
Opening defined benefit obligation	583	538
Interest cost	47	43
Past Service Cost	40	-
Current service cost	45	33
Benefits paid	(14)	(14)
Actuarial (gains)/loss on obligation	63	(17)
Closing defined benefit obligation	764	583

d) Changes in the fair value of plan assets are as follows:

	Current Year	Previous Year
Opening fair value of plan assets	246	215
Expected return	20	21
Contributions made by employer during the year	27	23
Benefits paid	(12)	(13)
Actuarial gains	5	-
Closing fair value of plan assets	286	246
Expected contribution to defined benefit plan for the next year	49	40

f) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Current Year	Previous Year
Investments with insurer under:	%	%
Policy of Insurance	100	100

The Overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

g) The principal actuarial assumptions at the Balance Sheet date.

	Current Year	Previous Year
Discount rate	8%	8%
Expected rate of return on plan assets	8%	9%
Employee Turnover	2%	2%
Expected rate of salary increase	6%	6%
Mortality table	LIC (1994 - 96)	LIC (1994 - 96)
	Ultimate	Ultimate
	1% to 3%	3% to 7%

Proportion of employees opting for early retirement

h) The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Amount for the current & previous two periods are as follows:

	2009-10	Gratuity 2008-09	2007-08
Defined Benefit Obligation	764	583	538
Plan Assets	286	246	215
Surplus / (Deficit)	(478)	(337)	(323)
Experience Adjustment on Plan Assets	3	-	-
Experience Adjustment on Plan Liabilities	(23)	-	-



## 26. Derivative Instruments and Un hedged Foreign Currency Exposure

Particulars of Derivatives

Purpose

Forward contract outstanding as at Balance Sheet date

Sell

US \$ 4,500,000 (Previous Year: US\$ 10,500,000)

Hedge of expected future sales

### Particulars of Unhedged foreign Currency Exposure as at the Balance Sheet date

Particulars	Currency	Current Year		Previous Year	
		Rs. In Lakhs	In FC in Lakhs	Rs. In Lakhs	In FC in Lakhs
(i) Sundry Creditors / Advance from Customers	EUR	141	2	41	1
	USD	1,115	25	1,452	29
(ii) Sundry Debtors / Advance from Vendors	EUR	3,414	56	3,423	51
	USD	2,660	59	2,781	55
(iii) Advances to / Receivable from Subsidiaries	EUR	1,862	31	1,072	16
	USD	144	3	56	1
	GBP	25	0	-	-
(iv) Due to Subsidiaries	EUR	809	13	174	3
	USD	74	2	-	-
(v) Investments in Subsidiaries (at historical Cost)	EUR	3,825	67	3,579	63

(Rs. in lacs)

## 27. Leases

Current Year

Previous Year

### (A) Finance Lease

Fixed assets includes Plant & Machinery and Computer softwares & Equipments obtained on finance lease. The Lease term is for various tenures at the end of which the legal title is passed to the lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

Assets acquired under Finance Lease

101

Net carrying amount of assets at the balance sheet date

74

Total minimum lease payments at the year end

25

Less : Amount representing finance charges

8

Present value of minimum lease payment (rate of interest: 11.50% p.a.)

18

#### Minimum Lease payments:

Not later than one year [present value Rs. 20 lacs as on 31.03.2010 (Rs. 18 lacs as on 31.03.2009)]

25

Later than one year and not later than 5 years [present value Rs. 54 lacs as on 31.03.2010 (Rs. 75 lacs as on 31.03.2009)]

60

Later than 5 years

-

### (B) Operating Lease

#### In case of assets taken on lease

Current Year

(Rs. in lacs)

Previous Year

Office premises and godowns are obtained on operating leases for various tenure.

Lease payment for the year charged to the Profit & Loss Account

92

There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no sub-leases.

#### In case of assets given on lease

The company has leased out office premises on operating lease. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease agreements.

Lease rent for the period

25

#### Details of Assets given on lease rent is as below:-

Gross Block of Asset

208

Accumulated Depreciation

188

Net Block

19



28. Excise duty on sales amounting to Rs. 1,415 lacs (Previous Year: Rs.2,168 lacs) has been reduced from sales in profit & loss account and excise duty on increase/(decrease) in stock amounting to Rs. 177 lacs (Previous Year : Rs.63 lacs) has been considered as (income)/expense in Schedule "P".

**29. Break-up of Deferred Tax Assets and Deferred Tax Liabilities:**

	Current Year	Rs. in lacs Previous Year
<b>Deferred Tax Assets</b>		
i) Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	417	306
iii) Unabsorbed loss & Depreciation *	1,509	-
<b>(A)</b>	<b>1,926</b>	<b>306</b>
<b>Deferred Tax Liabilities</b>		
i) Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	1,926	1,558
ii) On account of Product Registration Expenses	-	206
<b>(B)</b>	<b>1,926</b>	<b>1,763</b>
<b>Net Deferred Tax Assets/(Liability)</b>	<b>(A) - (B)</b>	<b>- (1,457)</b>

\*Deferred tax assets (DTA) are recognised on carry forward unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Accordingly DTA has been recognised to the extent of Deferred Tax Liabilities.

**30. Segment Reporting**

**1. Information about Primary Business Segment:**

The Company is organised into two Business Segment namely:

- Chemicals - Comprising of Industrial, Agro Chemicals and their Intermediates, Speciality Chemicals etc.
- Bulk Drug - Comprising of Bulk Drug and Intermediates.

	Current Year			Previous Year		
Particulars	Chemicals	Bulk Drug and Intermediates	Total	Chemicals	Bulk Drug and Intermediates	Total
<b>Revenue:</b>						
External Revenue	24,049	6,219	30,268	41,227	4,844	46,071
Inter-Segment Sale	184	197	381	174	235	409
Total Segment Revenue	24,233	6,416	30,649	41,401	5,079	46,480
Elimination	184	197	381	174	235	409
<b>Total Revenue</b>	<b>24,049</b>	<b>6,219</b>	<b>30,268</b>	<b>41,227</b>	<b>4,844</b>	<b>46,071</b>
<b>Results:</b>						
Segment Results	(1,226)	104	(1,122)	4,082	519	4,601
Unallocable Expenses net of						
Unallocated Income	-	-	(17)	-	-	(10)
Interest and Other Financial Expenses	-	-	4,395	-	-	3,449
<b>Profit/(Loss) before Tax</b>			<b>(5,500)</b>			<b>1,162</b>
Provision for Taxation:						
Current Tax			-			365
Deferred Tax			1,457			68
Fringe Benefit Tax			-			53
<b>Profit/ (Loss) after Tax</b>	<b>-</b>	<b>-</b>	<b>(4,043)</b>	<b>-</b>	<b>-</b>	<b>676</b>
Prior period Adjustment			-			(27)
Short Provision of Income tax for Earlier Years			(69)			(126)
<b>Profit/ (Loss) after Tax</b>	<b>-</b>	<b>-</b>	<b>(4,112)</b>	<b>-</b>	<b>-</b>	<b>523</b>
<b>Other Information:</b>						
Segment Assets	39,898	6,787	46,685	38,286	7,097	45,383
Unallocable Assets	-	-	4,557	-	-	4,096
			<b>51,242</b>			<b>49,479</b>
Segment Liabilities	9,705	1,366	11,071	9,981	1,183	11,164
Unallocable Liabilities	-	-	32,631	-	-	27,446
			<b>43,702</b>			<b>38,610</b>
Segment Capital Expenditure	2,007	234	2,241	2,085	499	2,584
Segment Depreciation/Amortisation	705	354	1,059	586	333	919
Non Cash expenses other than Depreciation	514	14	528	289	5	294



## 2. Information about Secondary Business Segment

The Company produces and sells its products in India and also Export the same directly or indirectly to overseas countries. The overseas sales operations are managed by its office located in India. For the purpose of AS-17 regarding Segment Reporting, secondary segment information on geographical segment is considered on the basis of revenue generated from Domestic and Export market.

Particulars	Current Year			Previous Year		
	Domestic	Export	Total	Domestic	Export	Total
Revenue	19,559	10,709	30,268	31,233	14,838	46,071
Carrying amount of Segments Assets	43,427	7,815	51,242	42,670	6,809	49,479
Addition to Fixed Assets	2,241	-	2,241	2,584	-	2,584

Rs. in lacs

## 31. Previous Year Comparatives

The figures of previous year were audited by a firm of Chartered Accountants other than S.R. Batliboi & Co.

Previous year's figures have been regrouped / rearranged where necessary to conform to this year's classification.

As per our attached report of even date

For and on behalf of the Board of Directors

For **S.R. BATLIBOI & CO.**  
Firm registration number: 301003E  
Chartered Accountants

**G. NARAYANA**  
Chairman

**SHALIL SHROFF**  
Managing Director

**AVTAR SINGH**  
Director (Operations &  
Business Development)

per **RAVI BANSAL**  
Partner  
Membership No. 49365

**PUNIT K. ABROL**  
Sr. Vice President (Finance) &  
Company Secretary

**VIPUL JOSHI**  
Chief Financial Officer

Mumbai  
May 26, 2010

Mumbai  
May 26, 2010


**32. Additional information as required under part IV of Schedule VI to the Companies Act 1956.**

Balance Sheet abstract and Company's General Business Profile :

## i) Registration Details :

Registration No.	3,603	State Code	53
Balance Sheet Date :	31st March, 2010		

## ii) Capital raised during the year : (Amount in Rs. Thousand)

Public Issue	Right Issue
6000*	-
Bonus Issue	Convertible Warrant
-	-

## iii) Position of Mobilisation and Deployment of funds : (Amount in Thousands)

Total Liability	Total Assets
3,998,300	3,998,300
<b>Sources of Funds :</b>	
Paid up Capital	Reserves & Surplus
71,900	682,100
Secured Loans	Unsecured Loans
2,986,400	257,900
<b>Application of Funds :</b>	
Net Fixed Assets	Investments
1,554,900	452,100
Net Current Assets	Misc. Expenditure
1,991,300	-
Accumulated Losses	
-	

## iv) Performance of Company : (Amount in Rs. Thousands)

Turnover	Total Expenditure
3,247,300	3,797,300
Profit/(Loss) before tax	Profit/(Loss) after tax
(550,000)	(404,300)
Earning per share (Rs.)	Dividend Rate
(58.95)	-

## v) Generic Names of Three Principal Products / Services of the Company :

Product Description	Item Code No. (ITC)
i) OXALIC ACID	29,171,101
ii) DIETHYL OXALATE	29,171,109
iii) SODIUM NITRITE	28,341,001

\* 6,00,000 Equity shares of Rs. 10/- each have been allotted by way of conversion of Equity Convertible Warrants (Preferential)

Signature to Schedule 'A to T'

As per our report of even date

**G. NARAYANA**

Chairman

**PUNIT K. ABROL**

Sr. Vice President (Finance) &amp; Company Secretary

Mumbai

May 26, 2010

For and on behalf of the Board of Directors

**SHALIL SHROFF**

Managing Director

**VIPUL JOSHI**

Chief Financial Officer

**AVTAR SINGH**

Director (Operations &amp; Business Development)



## PUNJAB CHEMICALS & CROP PROTECTION LIMITED

### STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Sr.No (1)	Name of the Subsidiary Company (2)	Date from which the company become subsidiary (3)	Financial year ending of the Subsidiary (4)	Number of equity shares held (5)	Face Value (6)	Extent of holding (7)	For financial year of the Subsidiary			For the previous financial years since it became a Subsidiary	
							Profit/(losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in col.6)	Profit/(losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in col.8)	Profit/(losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in col.8)	Profit/(losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in col.8)	Profit/(losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in col.8)
1	STS Chemicals (UK) Limited	01.04.2004	31.03.2010	2,000 (2,000)	£ 1/- each (£ 1/- each)	100% (100%)	Rs. (5-11) lacs GBP(0.07) lacs (Rs. (4.96) lacs) (GBP(0.07) lacs)	-	Rs. (4.96) lacs GBP(0.07) lacs (Rs. (5.70) lacs) (GBP(0.07) lacs)	-	-
2	SD Agchem (Europe) NV	14.10.2005	31.03.2010	10,824 (10,188)	Euro 615/-each (Euro 615/-each)	100% (100%)	Rs. (762.92) lacs EUR (11.94) lacs (Rs. (552.75) lacs) (EUR (8.46) lacs)	-	Rs. (552.75) lacs EUR (8.46) lacs (Rs. 682.38 lacs) (EUR 11.20 lacs)	-	-
3	Sintesis Quimica S.A.I.C	11.12.2006	31.03.2010	196,000 (196,000)	Peso 10/-each (Peso 10/-each)	98% (98%)	Rs. 536.30 lacs PESO 41.77 lacs (Rs. 273.90 lacs) (PESO 20.50 lacs)	-	Rs. 273.90 lacs PESO 20.50 lacs (Rs. 72.28 lacs) (PESO 5.41 lacs)	-	-
4	S D Agchem (Netherlands) I B.V.	29.06.2007	31.03.2010	1,800 (1,800)	Euro 10/-each (Euro 10/-each)	100% (100%)	Rs. (220.45) lacs EUR (3.45) lacs (Rs. (308.40) lacs) (EUR (4.72) lacs)	-	Rs. (308.40) lacs EUR (4.72) lacs (Rs. (172.30) lacs) (EUR (2.82) lacs)	-	-
5	Agrichem B.V	24.08.2007	31.03.2010	1,800 (1,800)	Euro 10/-each (Euro 10/-each)	100% (100%)	Rs. (1400.69) lacs EUR (21.92) lacs (Rs. 192.09 lacs) (EUR 2.94 lacs)	-	Rs. 192.09 lacs EUR 2.94 lacs (Rs. (769.93) lacs) (EUR (12.63) lacs)	-	-
6	Parul Chemicals Limited	01.04.2009	31.03.2010	11,548,810	Rs.10/-each	70%	Rs. (9.09) lacs	-	-	-	-
7	NV Agrichemical Chemicals	28.08.2007	31.03.2010	100 (100)	Euro 1000/-each (Euro 1000/-each)	100% (100%)	-	-	-	-	-
8	Agrichem (Helvetia) GmbH	28.08.2007	31.12.2009	1 (1)	CHF 1,40,000 (CHF 1,40,000)	100% (100%)	-	-	-	-	-
9	PG Crop Protection Limited	28.08.2007	31.12.2009	20,000 (20,000)	£ 1/- each (£ 1/- each)	100% (100%)	-	-	-	-	-

Change in the interest of Punjab Chemicals & Crop Protection Limited in the subsidiary companies between the end of financial year of the subsidiary companies and 31st March, 2010

**Note:**

- 1) The accounts of 100 % Subsidiary companies viz. PG Crop Protection Limited, England, N.V. Agrichemical Chemicals, Belgium and Agrichem Helvetia, GmbH, Switzerland have not given as the said subsidiaries are considered to be insignificant.
- 2) Figures in parenthesis pertain to previous year.

Place : Mumbai  
Date : May 26, 2010

**G. Narayana**  
Chairman

**Shaili Shroff**  
Managing Director

**Avtar Singh**  
Director (Operations &  
Business Development)

**Punit K. Abrol**  
Sr. Vice President (Finance) &  
Company Secretary

**Vipul Joshi**  
Chief Financial Officer



**PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**  
**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS**

- To  
THE BOARD OF DIRECTORS,  
PUNJAB CHEMICALS AND CROP PROTECTION LIMITED
1. We have audited the attached consolidated balance sheet of Punjab Chemicals and Crop Protection Limited ('the Holding Company') and its subsidiaries except for those referred to in paragraphs 5c and 5d below (hereinafter referred together as "the group"), as at March 31, 2010, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Punjab Chemicals and Crop Protection Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
  2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs 47,664 lacs as at March 31, 2010, the total revenue of Rs 30,404 lacs and cash inflows amounting to Rs.81 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
  4. We report that the consolidated financial statements have been prepared by the Punjab Chemicals and Crop Protection Limited's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, {Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures}[notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended)]
  5.
    - a. *The Holding Company has not provided for diminution other than temporary, in value of certain long term investment amounting to Rs. 98 lacs as required by AS-13 "Accounting for Investments" issued by the Institute of Chartered Accountants of India. Had the impact of our observation been considered, then consolidated net loss before tax for the year would have been higher and consolidated reserves and surplus as at March 31, 2010 would have been lower by Rs. 98 lacs. Similar qualification was made in the audit report for the year ended March 31, 2009.*
    - b. *100% subsidiaries viz. PG Crop Protection Limited, N.V. Agricultural Chemicals and Agrichem Helvetia GmbH, have not been considered for the purpose of preparation of the consolidated financial statements. We are unable to comment on the impact of the non-inclusion of these subsidiaries on the financial position and operating results of the group. Our audit report on the consolidated financial statement for the year ended March 31, 2009 was qualified in respect of non-inclusion of these subsidiaries on the financial position and operating results of the group.*
    - c. *Effect of investment in associate companies on the financial position and operating results of the Group, as required by Accounting Standard (AS) 23, 'Accounting for Investment in Associates in Consolidated Financial Statement' Ventures' have not been considered in the consolidated financial statements. We are unable to comment on the impact of the non-inclusion of effect of investment in associate companies on the financial position and operating results of the group. Our audit report on the consolidated financial statement for the year ended March 31, 2009 was qualified in respect of effect of investment in associate companies on the financial position and operating results of the group.*
  6. *Except for the matters referred to in paragraphs 5a which have the cumulative effect of increase of net loss before tax by Rs 98 lacs and corresponding reduction in reserves as at year end, and having regard to the matters referred to in paragraph 5b and 5c above the effects of which on the accompanying Consolidated Financial Statements are currently not ascertainable, based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:*
    - (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2010;
    - (b) in the case of the consolidated profit and loss account, of the loss for the year ended on that date; and
    - (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S. R. Batliboi & Co.  
Firm registration number: 301003E  
Chartered Accountants  
Per Ravi Bansal  
Partner  
Membership No.: 49365  
Place: Mumbai  
Date: May 26, 2010



# PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in lacs)

Particulars	Schedule	As at 31st March, 2010	As at 31st March, 2009
<b>Sources of Funds</b>			
Shareholders' Funds			
Share Capital	A	719	659
Equity Convertible Warrants Application Money (Refer Note no 3(c) of Schedule "T")		-	205
Reserves and Surplus	B	3,693	8,915
		4,412	9,779
Minority Interest		78	57
Loan Funds			
Secured Loans	C	50,984	44,733
Unsecured Loans	D	5,582	6,332
		56,566	51,065
Deferred Tax Liabilities (Refer Note No.19 in Schedule "T")		4,081	6,037
<b>Total</b>		<b>65,137</b>	<b>66,938</b>
<b>Application of funds</b>			
Fixed Assets and Intangible Assets	E		
Gross Block		53,172	48,617
Less : Accumulated Depreciation/Amortisation		16,662	13,933
Net Block		36,510	34,684
Capital Work-in-Progress including Capital Advances		875	3,943
		37,385	38,627
Investments	F	1,811	1,947
Foreign Currency Monetary Item Translation Difference		20	109
Deferred Tax Assets (Refer Note No.19 in Schedule "T")		-	5
Current Assets, Loans and Advances			
Inventories	G	13,673	16,139
Sundry Debtors	H	17,480	19,378
Cash and Bank Balances	I	2,788	1,748
Other Current Assets	J	549	414
Loans and Advances	K	6,967	4,258
		41,457	41,937
Less : Current Liabilities and Provisions			
Current Liabilities	L	14,723	15,031
Provisions	M	813	708
		15,536	15,739
Net Current Assets		25,921	26,198
Miscellaneous Expenditure (To the extent not written off or adjusted)		-	52
<b>Total</b>		<b>65,137</b>	<b>66,938</b>
Notes to Consolidated Accounts	T		

The Schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our attached report of even date

For and on behalf of the Board of Directors

For S.R. BATLIBOI & CO.  
Firm registration number: 301003E  
Chartered Accountants

G. NARAYANA  
Chairman

SHALIL SHROFF  
Managing Director

AVTAR SINGH  
Director (Operations &  
Business Development)

per RAVI BANSAL  
Partner  
Membership No. 49365

PUNIT K. ABROL  
Sr. Vice President (Finance) &  
Company Secretary

VIPUL JOSHI  
Chief Financial Officer

Mumbai  
May 26, 2010

Mumbai  
May 26, 2010



**PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**  
**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

(Rs. in lacs)

Particulars	Schedule		Current Year	Previous Year
Income				
Sale of Products (Gross)		58,433	73,143	
Less: Excise Duty (Refer note 20 of schedule "T")		1,573	2,168	
Sale of Products (Net)			56,860	70,975
Other Income from Operations	N		1,252	2,824
Other Income	O		190	540
			58,302	74,339
Expenditure				
Materials	P	35,840	45,544	
Personnel Expenses	Q	7,862	6,832	
Operating and Other Expenses	R	12,043	12,500	
Depreciation / Amortisation		3,419	3,121	
Interest and Other Financial Charges	S	6,572	5,534	
			65,736	73,531
Profit Before Taxation and Prior Period Adjustments			(7,434)	808
Less: Provision for Taxation:				
- Current Tax		175	550	
- Deferred Tax (Refer Note 19 Schedule "T")		(1,813)	(63)	
- Fringe Benefits Tax		-	53	
			(1,638)	540
Profit After Taxation			(5,796)	268
Prior Period Adjustments				
(Less): Prior Period Adjustments (net)		-	(238)	
Add / (Less): Excess / (Short) provision for tax of earlier years		(84)	(125)	
			(84)	(363)
			(5,880)	(95)
Less: Minority Interest			1	(3)
NET PROFIT / (LOSS)			(5,879)	(92)
Add: Surplus brought forward from Previous Year			216	624
Profit/(Loss) Available for Appropriation			(5,663)	532
Appropriations				
Proposed Equity Dividend		-	99	
Dividend Distribution Tax		-	17	
Transfer to General Reserve		-	200	
			-	316
Surplus / (Deficit) carried to Balance Sheet			(5,663)	216
Consolidated Earning Per Share (in Rs.):				
Basic Earning Per Share			(84.27)	(1.40)
Diluted Earning Per Share			(84.27)	(1.14)
Face Value Per Share (in Rs.)			10	10
(Refer Note No. 12 in Schedule "T")				
Notes to Consolidated Accounts	T			

The Schedules referred to above and notes to accounts form an integral part of the Profit & Loss Account.

As per our attached report of even date

For and on behalf of the Board of Directors

For S.R. BATLIBOI & CO.  
 Firm registration number: 301003E  
 Chartered Accountants

G. NARAYANA  
 Chairman

SHALIL SHROFF  
 Managing Director

AVTAR SINGH  
 Director (Operations &  
 Business Development)

per RAVI BANSAL  
 Partner  
 Membership No. 49365

PUNIT K. ABROL  
 Sr. Vice President (Finance) &  
 Company Secretary

VIPUL JOSHI  
 Chief Financial Officer

Mumbai  
 May 26, 2010

Mumbai  
 May 26, 2010



**PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

		(Rs. in lacs)	
		For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>A</b>	<b>Cash flow from operating activities</b>		
	Net Profit/(Loss) before taxation, and Prior Period Items	(7,434)	808
	Adjustments for :		
	Depreciation/Amortisation	3,419	3,121
	Amortisation of expenses	71	52
	Write off or other adjustment of Fixed assets	38	106
	Provision for Doubtful Debts	256	99
	Unrealised foreign exchange Loss/(Gain)	801	-
	Interest Income	(135)	(157)
	Dividend Income	(30)	(10)
	Income in respect of Government/Other Grants	(4)	(4)
	Interest expense	6,058	5,188
	Bad Debts / Sundry balances / claims written off	234	88
	Loss/(Profit) on sale of Investments	2	-
	Exchange Difference on loans taken	105	74
	Operating Profit before working capital changes	3,381	9,365
	Movement in Working Capital		
	Decrease/(Increase) in Sundry Debtors	541	1,386
	Decrease/(Increase) in Inventories	2,466	(168)
	Decrease/(Increase) in Other current assets	(144)	20
	Decrease/(Increase) in Loans and advances	(2,636)	(198)
	Increase/(Decrease) in Current liabilities	(304)	(4,396)
	Increase/(Decrease) in provisions	186	125
	Cash generated/(used) from/in operations	3,490	6,134
	Direct Taxes paid (Net)	297	2,044
	Cash flow before extraordinary items	3,193	4,090
	Prior Period Adjustments (Other than Taxation)	-	(238)
	Net cash generated/(used) from/in Operating Activities	A 3,193	3,852
<b>B</b>	<b>Cash Flow from Investment activities</b>		
	Purchase of Assets	(4,796)	(5,157)
	Proceeds from sale of fixed assets	230	32
	Purchase of Investments	-	(505)
	Sale of Investments	134	-
	Fixed Deposit (with maturity more than three months)	(43)	62
	Interest received	144	165
	Miscellaneous Expenditure incurred	(19)	-
	Dividend received	30	10
	Net Cash generated/(used) from/in Investing Activities	B (4,320)	(5,393)
<b>C</b>	<b>Cash flow from financial activities</b>		
	Proceeds from Conversion of Equity Convertible Warrants to Equity	735	-
	Proceeds from borrowings	13,774	9,106



		(Rs. in lacs)	
		For the year ended 31st March, 2010	For the year ended 31st March, 2009
Repayment of borrowings		(8,369)	(2,405)
Interest Paid		(5,987)	(5,246)
Dividend & Tax on distributed Profits		(114)	(303)
Net cash generated/(used) from/in Financing Activities	C	39	1,152
Exchange Difference arising on conversion debited to Foreign Currency Translation Reserve	D	2,085	(975)
Net increase/(decrease) in cash and cash equivalents	(A + B + C + D)	997	(1,364)
Cash and cash equivalents at the beginning of the year		1,206	2,570
Cash and cash equivalents at the end of the year		2,203	1,206
Components of Cash & Cash Equivalents			
Cash & Cheques on Hand			
With Banks		22	37
a) on current account		2,147	1,136
b) on deposit account		585	542
c) unclaimed dividend accounts*		27	25
d) In Unclaimed Fractional Shares Accounts		7	8
		2,788	1,748
Less: Fixed deposit not considered as cash & cash equivalents		(585)	(542)
Net Cash & Cash Equivalents as per AS 3		2,203	1,206
*These balances are not available for use by the company as they represent corresponding unpaid dividend liabilities.			

## Notes:

- Comparative figures have been regrouped wherever necessary.
- The Cash Flow statement has been prepared under indirect method as set out in the Accounting standard-3 on Cash flow statements issued by the Institute of Chartered Accountants of India.

As per our attached report of even date

For and on behalf of the Board of Directors

For S.R. BATLIBOI & CO.  
Firm registration number: 301003E  
Chartered Accountants

G. NARAYANA  
Chairman

SHALIL SHROFF  
Managing Director

AVTAR SINGH  
Director (Operations &  
Business Development)

per RAVI BANSAL  
Partner  
Membership No. 49365

PUNIT K. ABROL  
Sr. Vice President (Finance) &  
Company Secretary

VIPUL JOSHI  
Chief Financial Officer

Mumbai  
May 26, 2010

Mumbai  
May 26, 2010



## PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

### SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET

## SCHEDULE "A"

Rs. in lacs

	As at 31st March, 2010	As at 31st March, 2009
<b>SHARE CAPITAL</b>		
Authorised		
1,48,00,000(Previous Year:1,48,00,000) Equity Shares of Rs. 10/- each	1,480	1,480
20,000 (Previous Year : 20,000) 9.8 percent Redeemable Cumulative Preference Shares of Rs. 100/- each	20	20
	<u>1,500</u>	<u>1,500</u>
Issued :		
72,07,925 (Previous Year : 66,07,925) Equity Shares of Rs.10/- each.	<u>721</u>	<u>661</u>
Subscribed and Paid up:		
71,92,892 (Previous Year : 65,92,892) Equity Shares of Rs.10/- each fully paid-up		
Of the above shares	719	659
1 21,55,662( Previous Year : 21,55,662) Equity Shares of Rs.10/- each have been allotted as fully paid-up by way of Bonus Shares.		
2 22,81,568 (Previous Year : 22,81,568) Equity Shares of Rs. 10/- each fully paid-up have been allotted pursuant of Arrangement, without payments being received in cash.		
Total	<u>719</u>	<u>659</u>

## SCHEDULE "B"

Rs. in lacs

	As at 31st March, 2010	As at 31st March, 2009
<b>RESERVES AND SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
Balance as per last Balance Sheet	185	185
Add : Equity Convertible Warrants forfeited (Refer Note No.3(c) of Schedule "T")	<u>124</u>	<u>-</u>
	309	185
<b>CAPITAL SUBSIDY FROM STATE GOVERNMENT</b>	15	15
<b>SECURITIES PREMIUM ACCOUNT</b>		
Balance as per last Balance Sheet	316	316
Add: Conversion of Preferential Equity Convertible Warrants to Equity (Refer Note No.3(c) of Schedule "T")	<u>756</u>	<u>-</u>
	1,072	316
<b>GOVERNMENT GRANT</b>		
Balance as per last Balance Sheet	31	33
Less : Grant recognised in the Profit and Loss Account	<u>2</u>	<u>2</u>
	29	31
<b>DEVELOPMENT AID GRANT UNIDO</b>		
Balance as per last Balance Sheet	35	37
Less : Grant recognised in the Profit and Loss Account	<u>2</u>	<u>2</u>
	33	35
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>		
Balance as per last Balance Sheet	306	(74)
Add: Exchange difference in respect of non-integral foreign operations	<u>(219)</u>	<u>380</u>
	87	306
<b>GENERAL RESERVE</b>		
Add: Transfer to Foreign Currency Monetary Item Translation Difference	7,811	8,132
Add: Balance in Profit and Loss Account transferred	<u>(5,663)</u>	<u>(321)</u>
	2,148	-
<b>BALANCE IN PROFIT AND LOSS ACCOUNT</b>		
	-	216
Total	<u>3,693</u>	<u>8,915</u>



## SCHEDULE "C"

Rs. in lacs

	As at 31st March, 2010	As at 31st March, 2009
<b>SECURED LOANS</b>		
From Banks:		
On Term loans (Refer Note Nos.1, 2, 3,4,5, 6, 7,8, 9 and 10 below)	27,378	27,832
Interest Accrued and due on Term Loans	6	15
On Cash Credit and Working Capital Demand Loan Accounts (Refer Note No.11 below)	23,220	16,516
Under Vehicle Finance Schemes (Refer Note No.12 below)	56	109
Under Housing Finance Scheme (Refer Note No.17 below)	98	109
From Others:		
Housing Development Finance Corporation Limited (Refer Note No.13 below)	46	55
Under Vehicle Finance Schemes (Refer Note No.14 & 15 below)	106	5
Finance Lease Obligation(Refer Note 18 of Schedule "T") (Refer Note No.13 below)	74	92
<b>Total</b>	<b>50,984</b>	<b>44,733</b>

## Notes :

- Term Loan from Axis Bank Limited is secured as under :  
 Loan of Rs.63 lacs (Previous Year : Rs.188 lacs) is secured by pari passu first charge on the entire fixed assets of the Company and first charge by way of hypothecation of specified movable plant and machinery, furniture and fixtures and other assets purchased from the loan.  
 Loan of Rs. 56 lacs (Previous Year : Rs.193 lacs) is secured by pari passu first charge on the entire fixed assets of the Company.  
 Term loan of Rs.146 lacs (Previous Year : Rs.206 lacs) is secured by pari passu first charge on the entire fixed assets of the Company.  
 Term Loan of Rs Nil (Previous year: Rs 43 lacs) from Axis Bank is secured by exclusive first charge on the fixed assets of the Pharma Division of the company situated at village Kolimajra & Samalheri, P.O. Lalru, Distt. Mohali - 140501, Punjab.  
 Term Loan of Rs 157 lacs (Previous Year: Rs 358 lacs) is secured by pari passu first charge on all fixed asset situated at Mumbai, Tarapur & Pune Location of the erstwhile STS Chemicals Ltd.  
 Term Loan of Rs Nil (Previous Year: Rs 38 lacs) is secured by a first exclusive equitable mortgage charge on the office property of Company at Oberoi Chambers II, Veera Desai Rd, Andheri (W), Mumbai and pari passu charge on the remaining fixed assets of the Company alongwith Bank of Baroda and corporate guarantee of Company.  
 Term Loan of Rs. 62 lacs (Previous Year: Rs 125 lacs) is secured by exclusive charge on fixed assets of the Company, both present and future, including hypothecation of moveable fixed asset and equitable mortgage of factory land and building situated at Lote unit of the Company, also secured by way of extension of hypothecation charge on entire current assets of the Company, present and future.
- Term Loan from Export - Import Bank of India amounting to Rs.2,325 lacs (Previous Year : Rs.2,842 lacs) is secured by first pari passu charge on the entire fixed assets of the Company both present and future and Corporate guarantee from S D Agchem, Belgium.
- Short Term Loan from Central Bank of India amounting to Rs.2,500 lacs (Previous Year : Nil) is secured by subservient charge on current assets and fixed assets of the Company.
- Short Term Loan from ICICI Bank Limited amounting to Rs.800 lacs (Previous Year: Nil) is secured by subservient charge on fixed assets of the Company.
- Term Loan from HDFC Bank of Rs. 125 lacs(Previous Year : Nil) is secured by way of subsequent charge on all moveable fixed assets of the Company (other than fixed asset exclusively charged to vendors), and pledge of 145700 Equity Share of Excel Industries Ltd and Excel Crop Care Limited.
- Term Loan taken from Bank of Rajasthan amounting to Rs. 499 lacs (Previous Year: Rs 1,000 lacs) is secured by second pari passu charge on all the fixed assets and current asset of the Company.
- Term Loan taken from State Bank of India amounting to Rs.2,661 lacs (Previous Year:Rs 3,234 lacs) is secured by Pledge of Shares of SintesisQuimica SAIC along with corporate guarantee given and First Charge over entire fixed assets of the company including immovable Property.
- Term Loan taken from the Exim Bank amounting to Rs.621 lacs (Previous Year : 619 lacs) is secured by Pari Passu Pledge of shares of borrowers SD Agchem (Netherland) BV held by SD Agchem Europe NV, Belgium along with Corporate guarantee of S D Agchem (Europe) NV, Belgium.



- 9 Term Loan taken from Exim Bank amounting to Rs.8,363 lacs (Previous Year : Rs. 9,186 lacs) secured by Pari Passu first charge on the entire fixed assets and Intellectual Property Rights (IPR's) of Agrichem BV and is also secured by pari passu pledge of shares and Escrow dividend payments of Agrichem BV along with corporate guarantee of Punjab Chemicals and Crop Protection Limited ("PCCPL") and S D Agchem (Europe) NV, Belgium.
- 10 Term Loan Taken from the Bank of India amounting to Rs.667 lacs (Previous Year : Rs.678 lacs) is secured by Pari Passu Pledge of shares of SD Agchem (Netherland) BV held by SD Agchem Europe NV, Belgium along with Corporate guarantee of S D Agchem (Europe) NV, Belgium.
- 11 Term Loan taken from Bank of India amounting to Rs.8,330 lacs (Previous Year : Rs.9,122 lacs) secured by Pari Passu first charge on the entire fixed assets and Intellectual Property Rights (IPR's) of Agrichem BV and is also secured by pari passu charge Pledge of shares and Escrow dividend payments of Agrichem BV along with corporate guarantee of PCCPL and S D Agchem (Europe) NV, Belgium.
- 12 Loans from Banks on Cash Credit and Working Capital Demand Loan are secured as under :
- Credit limits of Rs.4,923 lacs (Previous Year : Rs.7,681 lacs) with State Bank of India are secured by first charge by way of hypothecation of the entire current assets (present and future) and Second pari passu charge on the entire fixed assets of the Company.
- Cash credit of Rs.3,028 lacs (Previous Year : Rs.4,302 lacs) from Exim Bank of India is secured by hypothecation of entire current assets (present and future) on first pari passu charge basis and second pari passu charge on fixed assets of the Company.
- Cash credit of Rs.2,473 lacs (Previous Year : Nil) from Union Bank of India is secured by hypothecation of fully paid stock and book debts (not older than 90 days) of the Company and second pari passu charge on fixed assets of the Company.
- Cash credit of Rs.5,003 lacs (Previous Year : Nil) from Allahabad bank is secured by first pari passu charge on entire current assets and second pari passu charge on entire fixed assets of the Company.
- Cash Credit Accounts and Packing Credit from Bank of Baroda of Rs. 7,318 lacs (Previous Year : Rs 2,243 lacs) are secured by first pari passu charge on entire current assets and second pari passu charge on entire fixed assets of the Company.
- Cash Credit from Axis Bank Rs Nil (Previous Year : Rs 1,774 lacs) is secured by exclusive first charge on the current assets and extension of exclusive charge on movable fixed assets of the Pharma Division of the Company.
- Cash Credit of Rs.325 Lacs (Previous Year: Nil) are secured against Hypothecation of Plant and Machineries, stock of Raw Material, work in progress, Finished goods, Packing Materials, Stores and Book Debts and Pledge factory building, Office Premises of Parul Chemicals Limited and Corporate guarantee by Company.
- Cash Credit of Rs.150 Lacs (Previous Year: Rs. 515 lacs) are secured by way of pledge of bills/invoices routed through bank for collections/reliasion from the drawees.
- 13 Loans from HDFC Bank Limited under Vehicle Finance Schemes amounting to Rs.56 lacs (Previous Year : Rs.109 lacs) are secured by a exclusive charge by way of hypothecation of vehicles under the said Schemes.
- 14 Loan from Housing Development Finance Corporation Limited for Rs.46 lacs (Previous Year : Rs.55 lacs) is secured by equitable mortgage by way of the deposit of the title deeds of the properties of respective employees who have availed the loan under said Schemes.
- 15 Loan from Kotak Mahindra Prime Ltd under Vehicle Finance Scheme amounting to Rs.102 lacs (Previous Year : Nil) is secured by a exclusive charge by way of hypothecation of vehicle under said Scheme.
- 16 Loan from TATA Capital Limited under Vehicle Finance Scheme amounting to Rs.3 lacs (Previous Year : Rs. 5 lacs) is secured by exclusive charge by way of hypothecation of vehicles purchased under the said Scheme.
- 17 The finance lease obligation of Rs.74 lacs (Previous Year : Rs.92 lacs) is secured by the plant and machinery taken under said lease.
- 18 Housing Loan from ICICI Bank Ltd amounting to Rs. 98 lacs (Previous Year : Rs. 109 lacs) is secured by a first charge by way of mortgage of residential flat situated at Mumbai.

## SCHEDULE "D"

	Rs. in lacs	
	As at 31st March, 2010	As at 31st March, 2009
<b>UNSECURED LOANS</b>		
Fixed Deposits	481	431
[Amount repayable within one year: Rs. 218 lacs (Previous Year: Rs.167 lacs)]		
Inter-corporate Deposits	2,409	1,337
[Amount due within one year Rs. 2,057 Lacs (Previous Year: Rs.1,337 lacs)]		
Short Term loan from Banks	1,061	3,469
Loan from Others	1,626	1,089
[Amount due within one year Rs. Nil (Previous Year: Rs.Nil)]		
Loan from Housing Development Finance Corporation Limited	5	6
(Guaranteed by the Director of the Holding Company) (Refer Note 6 of Schedule "T")		
[Amount repayable within one year: Rs. 1lac (Previous Year: Rs.1 lac)]		
<b>Total</b>	<b>5,582</b>	<b>6,332</b>



**SCHEDULE "E"**  
**FIXED ASSETS**

(Rs. in lacs)

	GROSS BLOCK					DEPRECIATION/ AMORTISATION					NET BLOCK			
Description	As at 1st April 2009	Additions on inclusion of subsidiaries	Additions during the year	Deductions during the year	Foreign Exchange Adjustment	As at 31st March, 2010	As at 1st April, 2009	On A/c of inclusion of subsidiaries	Provided for the year	Adjustments on disposals	On account of change in accounting policy	Foreign Exchange Adjust-ment	As at 31st March, 2010	As at 31st March, 2009
Goodwill	2,372	-	196		-	2,568	-	-	-	-	-	-	2,568	2,372
<u>Tangible Assets</u>														
Freehold Land	1,202	-	72	35	(186)	1,053	226	-	12	11	-	(39)	865	976
Leasehold Land	18	2	23	-	-	43	1	-	-	-	-	-	42	17
Buildings (Note 2)	6,299	149	1,064	-	(275)	7,237	1,089	39	234	-	-	(19)	5,894	5,210
Plant & Machinery (Note 3)	16,327	229	2,684	341	(374)	18,525	8,239	142	900	141	-	(621)	10,006	8,088
Electric Installations	423	-	30	2	-	451	214	-	19	2	-	-	220	209
Furniture, Fixture & Equipments	1,010	56	104	4	(57)	1,109	748	43	73	4	-	373	(124)	262
Vehicles	627	36	29	20	(1)	671	364	22	70	14	-	(1)	230	263
<u>Intangible Assets</u>														
Computer Software (Note4)	83	-		-	-	83	52	-	26	-	-	-	5	31
Computer License (Note 5)	10	-		-	-	10	7	-	2	-	-	-	1	3
Formation expenses	8	-		-	(1)	7	3	-	2	-	-	-	2	5
Product Registration (Note 6)	20,137	-	3,152	-	(1,975)	21,314	2,973	-	1,910	-	-	(295)	16,726	17,164
Assets taken on lease (Note 1)														
Plant & Machinery	78	-	-	-	-	78	1	-	4	-	-	-	73	77
Furniture, Fixtures & Equipments	4	-	-	-	-	4	-	-	2	-	-	-	2	4
Computer License	19	-	-	-	-	19	16	-	3	-	-	-	-	3
Total	48,617	472	7,354	402	(2,869)	53,172	13,933	246	3,257	172	-	(602)	36,510	34,684
Previous Year	42,401	-	4,810	53	1,460	48,617	10,561	-	3,195	21	-	198	34,684	

**Notes:**

1. Refer Note No. 18 of Schedule "T"
2. (a). Includes Rs. 208 lacs (Previous Year : Rs. 208 lacs) worth of building given on operating lease.  
(b). Building include investment representing ownership of Office Premises and Residential Flats in Co-operative Societies.  
(c). Refer Note No. 5 of Schedule "T".
3. (a). Includes borrowing cost capitalized during the year Rs. Nil (Previous Year Rs. 36 lacs)  
(b). Includes Rs. 82 lacs (Previous Year Rs. 82 lacs) worth of Plant and Machinery acquired under UNIDO Grant Scheme.
4. Remaining period of amortisation ranges from 3 to 24 months.
5. Remaining period of amortisation ranges from 9 to 10 months.
6. (a). Product Registration includes testing, data access and other product registration related expenses.  
(b). Remaining period of amortisation ranges from 96 to 119 months.



## SCHEDULE "F"

(Rs. in lacs)

	As at 31st March, 2010	As at 31st March, 2009
<b>INVESTMENTS</b>		
In Shares:		
Quoted [Market value: Rs.504 lacs (Previous Year: Rs.179.69 lacs)]	383	367
Unquoted	565	625
		992
In Subsidiary Companies (Unquoted) (Refer Note No. 2(d) in Schedule "T")		616
In Associate Companies (Unquoted) (Refer Note No. 2(f) in Schedule "T")		202
Other Investments:		
In Mutual Fund [NAV: Rs.75 lacs (Previous Year: Rs.44 Lacs)]		45
<b>Total</b>		<b>1,811</b>

## SCHEDULE "G"

	As at 31st March, 2010	As at 31st March, 2009
<b>INVENTORIES</b>		
(Refer Note 3(a) & 3(d) in Schedule "T") ( At cost or net realisable value, whichever is lower)		
Stores and Spares (Including fuel)	310	334
Packing Materials	478	309
Stock in trade :		
(a) Raw Materials [Including Stock -in-transit Rs. 132 lacs (Previous Year: Rs.325 lacs)]	4,421	5,952
(b) Semi Finished Products	707	838
(c) Finished Goods [Including Stock-in-transit Rs.308 lacs (Previous Year : Rs.122 Lacs)]	7,182	7,079
(d) Traded Goods	575	1,627
<b>Total</b>	<b>13,673</b>	<b>16,139</b>

## SCHEDULE "H"

	As at 31st March, 2010	As at 31st March, 2009
<b>SUNDRY DEBTORS (Unsecured)</b>		
Debts outstanding for a period exceeding six months		
a) Considered Good	3,018	1,667
b) Considered Doubtful	533	277
Other Debts		
a) Considered Good	14,462	17,711
b) Considered Doubtful	50	18
Less:- Provision for Doubtful Debts	583	295
<b>Total</b>	<b>17,480</b>	<b>19,378</b>

## SCHEDULE "I"

	As at 31st March, 2010	As at 31st March, 2009
<b>CASH AND BANK BALANCES</b>		
Cash on hand	19	9
Balance with Schedule Banks		
On Current Accounts	1,818	911
On Deposit Account	585	542
On Unpaid Dividend Account	27	25
On Unclaimed Fractional Share Account	7	8
With Others		
On Current Accounts	329	225
Cheques on hand	3	28
<b>Total</b>	<b>2,788</b>	<b>1,748</b>



## SCHEDULE "J"

(Rs. in lacs)

	As at 31st March, 2010	As at 31st March, 2009
<b>OTHER CURRENT ASSETS</b>		
(Unsecured, Considered good)		
Interest Receivable	52	61
Labour / Job Charges Receivable	14	13
Export Benefits Receivable	187	339
Other Receivable (Refer Note 3(a) in Schedule "T")	296	1
<b>Total</b>	<b>549</b>	<b>414</b>

## SCHEDULE "K"

	As at 31st March, 2010	As at 31st March, 2009
<b>LOANS AND ADVANCES</b>		
(Unsecured, Considered good, unless otherwise stated)		
Advances Recoverable in cash or in kind or for value to be received		
Considered good	6,062	3,472
Considered doubtful	16	16
	<u>6,078</u>	<u>3,488</u>
Less: Provision for Doubtful Debts	<u>16</u>	<u>16</u>
	6,062	3,472
Advances to Subsidiary Companies	102	160
Balances with Central Excise Department	445	323
Sundry Deposits	110	165
MAT Credit Entitlement	-	20
Advance Tax [net off provision]	191	118
Inter Corporate Deposit	57	-
<b>Total</b>	<b>6,967</b>	<b>4,258</b>

## SCHEDULE "L"

	As at 31st March, 2010	As at 31st March, 2009
<b>CURRENT LIABILITIES</b>		
Acceptances	488	-
Sundry Creditors	10,950	10,208
Book Overdraft	444	273
Advances from customers	896	292
Security Deposits	275	212
Forward/Derivatives MTM	242	1,539
Interest accrued but not due on Loans	148	68
Investor Education and Protection Fund shall be credited by the following amounts :		
i) Unclaimed Dividends	27	25
ii) Unclaimed Fractional Shares	8	8
iii) Unclaimed Deposits	1	1
iv) Unclaimed accrued Interest	-	-
	<u>36</u>	<u>34</u>
Other Liabilities	1,244	2,405
<b>Total</b>	<b>14,723</b>	<b>15,031</b>



## SCHEDULE "M"

(Rs. in lacs)

	As at 31st March, 2010	As at 31st March, 2009
<b>PROVISIONS</b>		
Employee Retirement & other Long term Benefits (Refer Note No.17 in Schedule "T")	770	584
Provision for Income tax [net off advance tax]	43	-
Provision for Fringe Benefit Tax	-	8
Proposed Dividend	-	99
Provision for Dividend Distribution Tax	-	17
<b>Total</b>	<b>813</b>	<b>708</b>

## SCHEDULE "N"

	Current Year	Previous Year
<b>OTHER INCOME FROM OPERATIONS</b>		
Job Work Income	433	906
Micronising and Handling Charges	240	261
Export Benefits [Net of Written off Rs.179 Lacs (Previous Year: Rs.28 Lacs)]	137	472
Profit on sale of Export Licences	59	712
Exchange Difference (Net)	-	300
Profit on sale of Fixed Assets (Net)	25	-
Commission Received	130	9
Service Charges	37	37
Income in respect of Government/Other Grants	4	4
Miscellaneous Income	187	123
<b>Total</b>	<b>1,252</b>	<b>2,824</b>

## SCHEDULE "O"

	Current Year	Previous Year
<b>OTHER INCOME</b>		
Interest on Loans, Deposits, other etc. (Gross)	135	157
Income from Long-term Investments (Gross) :		
Dividend on other than Trade Investments	30	10
Rent Received	25	25
Land Compensation Received	-	348
<b>Total</b>	<b>190</b>	<b>540</b>

## SCHEDULE "P"

	Current Year	Previous Year
<b>MATERIALS</b>		
(INCREASE) / DECREASE IN STOCKS		
<u>Closing Stocks</u>		
Finished Products	(7,182)	(7,079)
Semi-finished Products	(707)	(838)
Traded Goods	(575)	(1,627)
	<b>(8,464)</b>	<b>(9,544)</b>
<u>Opening Stocks</u>		
Finished Products*	7,225	6,045
Semi-finished Products*	839	865
Traded Goods	1,627	759
	<b>9,691</b>	<b>7,669</b>



(Increase)/Decrease in Excise duty on Stocks (Refer note 20 of schedule "T")			180	63
Stocks destroyed due to fire (Refer Note No.3(a) of Schedule "T")			(313)	-
	A		<u>1,094</u>	<u>(1,812)</u>
RAW MATERIALS CONSUMED				
Opening Stock		5,952		7,625
Add : Purchases		<u>30,330</u>		<u>34,069</u>
		36,282		41,694
Less:				
Sale of Raw Materials		(129)		(325)
Closing Stock		<u>(4,421)</u>		<u>(5,952)</u>
		<u>(4,550)</u>		<u>(6,277)</u>
			31,732	35,417
Materials destroyed due to fire (Refer Note No.3(a) of Schedule "T")			(89)	-
	B		<u>31,643</u>	<u>35,417</u>
Foreign exchange movement	C		(826)	615
PURCHASE OF TRADED GOODS	D		<u>3,929</u>	<u>11,324</u>
(A+B+C+D)			<u>35,840</u>	<u>45,544</u>

\*Includes finished goods Rs. 146 lacs and Semi finished goods Rs. 1 lac for Parul Chemicals Ltd., which became a subsidiary during the year.

## SCHEDULE "Q"

(Rs. in lacs)

	Current Year	Previous Year
PERSONNEL EXPENSES (Refer note 9(b) of Schedule "T")		
Salaries, Wages, Bonus and Allowances	5,778	5,186
Contribution to Provident Fund and Other Funds	327	445
Employee Retirement & other long term Benefits (Refer Note No.17 in Schedule "T")	503	93
Amortisation of expenditure on Voluntary Retirement Scheme	71	52
Staff Welfare Expenses	<u>1,183</u>	<u>1,056</u>
	<u>7,862</u>	<u>6,832</u>

## SCHEDULE "R"

(Rs. in lacs)

	Current Year	Previous Year
OPERATING AND OTHER EXPENSES		
Stores and Spares Consumed	215	172
Power and Fuel	2,544	2,924
Repairs & Maintenance -Plant & Machinery	544	560
Repairs & Maintenance - Buildings	51	43
Repairs & Maintenance - Others	59	50
Rent	206	114
Rates and Taxes	384	311
Insurance Charges	367	353
Postage, Telegrams and Telephones	125	118
Travelling and Conveyance	700	745
Vehicles Expenses	68	91
Commission on Sales (other than sole selling agents)	221	199
Discount on Sales	121	172
Packing Expenses	<u>1,044</u>	<u>717</u>



Freight and Handling Expenses	1,070	913
Job Work Expenses	114	135
Directors Sitting Fees	5	2
Charity and Donations(Other than Political Parties)	5	10
Bad Debts / Sundry balances / claims written off	234	166
Fixed Assets written off	38	-
Provision for doubtful debts [Net off Provision for Doubtful Debt written back for Rs. 19 lacs (Previous Year : Rs. 15 lacs)]	256	100
Loss on Sale of Investments	2	-
Research and Development Expenses (Refer Note No.14 of Schedule "T")	57	83
Provision for Loss on derivative contract (MTM)	59	2,227
Exchange Difference (net)	963	-
Other Expenses (Refer Note No.9(c) and 10 in Schedule "T")	2,591	2,295
<b>TOTAL</b>	<b>12,043</b>	<b>12,500</b>

## SCHEDULE "S"

(Rs. in lacs)

	Current Year	Previous Year
<b>INTEREST AND OTHER FINANCIAL COSTS</b> (Refer Note No.9(a) of Schedule "T")		
Interest on Fixed Loans and Deposits	3,173	3,502
Interest on Cash Credit Accounts	2,511	1,525
Interest on Others	374	161
Exchange Difference on Borrowings	105	64
Other Charges	409	282
<b>TOTAL</b>	<b>6,572</b>	<b>5,534</b>

## SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND THE PROFIT &amp; LOSS ACCOUNT

## SCHEDULE "T"

## NOTES TO ACCOUNTS

## 1. Nature of Business Operations

Punjab Chemicals and Crop Protection Limited is engaged in business of agro chemical and is manufacturing in technical grade and formulating pesticides, herbicides, fungicides and biocides. The Company has presence in both the domestic and international markets.

## 2. Significant Accounting Policies

## Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

## Principles of Consolidation

(a) The Consolidated Financial Statements comprise financial statements of Punjab Chemicals & Crop Protection Limited ('the Holding Company'), its subsidiaries and joint venture companies referred in Note (c) below ('the Group'). Subsidiaries are those companies in which Punjab Chemicals & Crop Protection Limited, directly or indirectly, has an interest of more than one half of voting power or otherwise has power to exercise control over the composition of the Board of Directors. Subsidiaries are consolidated from the date on which effective control is transferred to the Group to the date such control exists.

(b) The consolidated financial statements of the group have been prepared in accordance with the Accounting Standard 21 "Consolidated Financial Statements", Accounting Standard 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard



27, "Financial Reporting of interest in Joint Ventures" notified by the Companies (Accounting Standards) Rules, 2006 (as amended), except as given in Note (f) below.

(c) The subsidiaries / Joint Venture of the Holding Company considered in the consolidated financial information are as given below:

<u>Sr.No.</u>	<u>Name of the Company</u>	<u>Relationship</u>	<u>Country of Incorporation</u>	<u>% of Group Holding as at March 31, 2010</u>	<u>% of Group Holding as at March 31, 2009</u>
1	STS Chemicals (UK) Limited	Subsidiary	United Kingdom	100%	100%
2	S D Agchem (Europe) N.V	Subsidiary	Belgium	100%	100%
3	Sintesis Quimica S.A.I.C	Subsidiary	Argentina	98%	98%
4	SD Agchem (Netherlands) I B.V.	Subsidiary	Netherlands	100%	100%
5	Agrichem B.V.	Subsidiary	Netherlands	100%	100%
6	Parul Chemicals Limited*	Subsidiary	India	70%	-
* Shares acquired during the year.					
1	Stellar Marine Paints Limited	Joint Venture	India	45%	45%

(i) The ownership interest as given above has been calculated based on the effective interest of Punjab Chemicals & Crop Protection Limited in the various subsidiaries including the investments made by its subsidiaries.

(ii) STS Chemicals (UK) Limited and S D Agchem (Europe) N.V are wholly owned subsidiaries of Punjab Chemicals & Crop Protection Limited as at March 31, 2010

(iii) Parul Chemicals Limited: 70% is held by Punjab Chemicals & Crop Protection Limited

(iv) Sintesis Quimica S.A.I.C: 98% is held by S D Agchem (Europe) N.V as at March 31, 2010

(v) SD Agchem (Netherlands) I B.V. is a wholly owned subsidiary of S D Agchem (Europe) N.V as at March 31, 2010

(vi) Agrichem B.V. is a wholly owned subsidiary of SD Agchem (Netherlands) I B.V. as at March 31, 2010

(d) 100% subsidiary companies viz. PG Crop Protection Limited, UK, N.V. Agricultural Chemicals, Belgium and Agrichem Helvetia GMBH, Switzerland have not been considered for consolidation as they are considered to be insignificant to the consolidated financial statements.

(e) The Group has 45% ownership interest in Stellar Marine Paints Limited, a jointly controlled entity incorporated in India. The proportionate interest as required by Accounting Standard 27 on "Financial Reporting of Interest in Joint Ventures" in the said entity as per the latest audited Balance Sheet as at 31st March, 2010 has been considered for preparation of the aforesaid consolidated financial statements.

(f) For the purpose of consolidation, the Group has not followed Accounting Standard (AS) - 23 'Accounting for Investments in Associates' in respect of Nedab Aps, Denmark and Kapchem Limited, Ireland. (Refer Note No. 7 below)

(g) The Consolidated Financial Statements have been prepared on the following basis:

(i) The activities of the foreign subsidiaries are not an integral part of those of the Holding Company and hence, these have been considered to be Non-Integral foreign operations in terms of Accounting Standard 11 – "The Effects of Changes in Foreign Exchange Rates". Consequently, the assets and liabilities, both monetary and non-monetary, of such subsidiaries have been translated at the closing rates of exchange of the respective currencies as at March 31, 2010; income and expenses have been translated at average rate of exchange and Exchange Difference arising on translation of financial statements as above is recognized in the Foreign Currency Translation Reserve.

(ii) All inter company transactions, balances and unrealized surpluses and deficits on transactions between group companies are eliminated.

(iii) As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Holding Company's separate financial statements.

(iv) The financial statements of the subsidiaries used for the purpose of consolidation are drawn upto the same reporting date as that of the Holding Company i.e. March 31, 2010.

#### Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation/amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.



### Depreciation

- (i) Depreciation is provided based on the estimated useful life of the assets, which have been determined by the management or schedule XIV of the Companies Act 1956 as stated below :

Sr. No.	Name of the Company and Description of Assets	Method	Useful Life of Assets/ Depreciation rates
1	Punjab Chemicals and Crop Protection Limited, Parul Chemicals Limited & Stellar Marine Limited		
	Buildings	S.L.M.	*
	Plant & Machinery	S.L.M.	*
	Electric Installation	S.L.M.	*
	Furniture, Fixture & Equipments	W.D.V.	*
	Vehicles	W.D.V.	*
2	Sintesis Quimica S.A.I.C.		
	Buildings	S.L.M.	1.90%
	Furniture & Fixtures	S.L.M.	9.5% - 31.66%
	Plant & Machinery	S.L.M.	9.50%
	Motor Vehicles	S.L.M.	19%
3	SD Agchem (Netherlands) I.B.V., SD Agchem (Europe) & Agrichem B.V.		
	Buildings	S.L.M.	4%, 10% -20%
	Plant & Machinery	S.L.M.	10%, 20%
	Other Fixed Assets	S.L.M.	20%
4	STS Chemicals (UK) Limited		
	Furniture & Fixtures	W.D.V.	25%

\* At the rates as applicable to the respective assets as specified in Schedule XIV of the Indian Companies Act, 1956

- ii) The premium on leasehold land is amortized over the period of lease.  
iii) Fixed Assets costing Rs. 5,000/- or less are fully depreciated in the year from acquisition.

### Amortization

- i) Intangible Assets are stated at cost less accumulated amortization  
ii) Cost of Computer Software/License is amortized on straight line basis over a period of three years.  
iii) Product Registration (including testing charges, task force studies and other related expenses) for new market development considered as intangible assets and are amortized from and over the period of registration with a maximum period of 10 years.

### Goodwill

Goodwill represents the excess of consideration paid towards acquisition of subsidiaries over the net assets acquired, arising on consolidation of such subsidiaries into the company.

### Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

### Leases

Company is Lessee

#### Finance Lease

- i) Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.  
ii) If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.



#### Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Company is Lessor

#### Operating Lease

Assets subject to operating leases are included in fixed assets. Lease income is treated as revenue and the same is credited to the Profit and Loss Account. Costs including depreciation are recognized as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage etc are recognized immediately in the Profit and Loss Account.

#### Investment

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline, other than temporary, in the value of the long-term investments.

#### Inventories

(a) Punjab Chemicals and Crop Protection Limited, S D Agchem (Netherlands) I.B.V. and Agrichem B.V.

- i) Raw Materials, Stores and Spares and Packing Materials are valued at lower of cost or net realizable value. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost. Cost is determined on a moving weighted average basis in two units situated at Punjab and on a weighted average basis in other units.
- ii) Traded Goods are valued at lower of cost or net realizable value.
- iii) Finished goods and Work-in-Progress are valued at lower of cost or net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis
- iv) By Products are valued at net realizable value.
- v) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(b) Sintesis Quimica S.A.I.C.

Inventories are valued at replacement value. The Values attained in this way do not exceed their respective replacement value.

(c) Parul Chemicals Limited

Inventories are valued at First-In-First-Out (FIFO) basis.

#### Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

#### Sale of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Gross turnover includes excise duty but does not include sale tax and VAT.

#### Income from Services

Income from service rendered is recognized based on the terms of the agreements as and when services are rendered and are net of service tax (wherever applicable).

#### Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### Dividends

Revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

#### Research and Development Costs

Research costs (other than cost of fixed assets acquired) are charged as an expense in the year in which they are incurred and are reflected under the appropriate heads of account.

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.



#### Export Benefits

Raw Material imported duty free under Advance License are accounted for inclusive of Custom Duty. Benefits are accrued post export obligation fulfillment and classified under "Export Benefits" in "Other Income from Operations".

Post Exports, benefits accrued under the Duty Entitlement Pass Book Scheme (DEPB) and Duty Free Replenishment Certificate (DFRC) Scheme has been classified under the head 'Export Benefits' in "Other Income from Operations".

#### Retirement and Other Employee Benefits:

##### (a) Punjab Chemicals and Crop Protection Limited & Parul Chemicals Limited

###### i) Long Term Employee Benefits

###### Defined Contribution Plans

The Company has defined contribution plans for post employment benefits in the form of Superannuation Fund (for selected employees) which is recognized by the Income-tax authorities and administered through trustees and/or Life Insurance Corporation of India (LIC). Further the Company also has a defined contribution plan in the form of a provident fund scheme for its all employees, which are administered by the Provident Fund Commissioner.

All the above mentioned schemes are classified as defined contribution plans as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the profit and loss account as incurred.

###### Defined Benefit Plans

The Company has defined benefit plan for post retirement benefit in the form of Gratuity which is administered through trustees and/or LIC (in some units) for all its employees which is recognized by the Income-tax authorities. Liability for Defined Benefit Plans is provided on the basis of valuation, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit method.

###### Other Long Term Employee Benefit

The Company has for all employees other long-term benefits in the form of Leave Encashment as per the policy of the Company. Liabilities for such benefits are provided on the basis of valuation, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by an independent actuary for measuring the liability is the Projected Unit Credit method.

- ii) Actuarial gains and losses (for defined benefit and other long term benefit) comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the profit and loss account as income or expense.
- iii) Compensation paid under Voluntary Retirement Scheme is amortized over a period of three years not beyond March 31, 2010

##### (b) S D Agchem (Netherlands) I.B.V. and Agrichem B.V.

The pension plans are financed by payments to the insurance company. The pension liabilities are valued according to the 'valuation to pension approach'. In this approach, the contribution payable to the pension fund administrator (the insurance company) is charged to the profit and loss account.

#### Foreign Currency transactions

##### i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

##### ii) Conversion

Foreign currency monetary items are reported using the closing rate.

##### iii) Exchange Differences

Exchange difference arising on a monetary item that, in substance, form part of the company's net investment in a non integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses.

Exchange differences, in respect of accounting periods commencing on or after December 7, 2006 arising on reporting of a long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortized over the balance period of such long term asset / liability but not beyond accounting period ending on or before March 31, 2011.



Exchange differences arising on the settlement of monetary items or on reporting monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange difference on such contracts are recognized in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

Government/Other Grants

Punjab Chemicals and Crop Protection Limited

- i) Grants and subsidies from the government/other are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.
- ii) Grants related to Depreciable assets are treated as Deferred Income which is recognized in the Profit and Loss Account on a rational basis over the useful life of the Assets.
- iii) Government grants of the nature of promoters' contribution are credited to capital subsidy and treated as a part of shareholders' funds

Taxation

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Segment Reporting Policies

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Inter segment Transfers

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.



#### Unallocated items

Includes general corporate income and expense items which are not allocated to any business segment.

#### Segment Policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

#### Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### Cash and Cash equivalents

Cash and cash equivalents in the balance sheet for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

#### Derivative Instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored.

3. a) On 18th April, 2009, there was a fire at one of the plants of Agro Chemicals Division, Derabassi, which resulted in damage of stocks, plant and machinery, buildings and disruption of the production. The operation of the said plant was restored in the month of December, 2009. The Company has filed the insurance claim for all these damages.

These damages (viz. loss of stocks, building and plant and machinery) and further expenses of repairs and restoration have been accounted for as receivables from the insurance company. The newly acquired assets have been capitalized on the date of put to use. Accordingly, above said damages (except loss of profit) does not have any impact on the profit and loss account for the year ended 31st March, 2010. The final impact will be accounted for in the books of account as and when settled by the insurance company.

In the meantime, the Insurance Company has released an adhoc amount of Rs. 400 lacs against these damages.

- b) The Board of Directors have decided to amalgamate its subsidiary Parul Chemicals Limited, Vadodara, an Agro formulation Company with the Company subject to the approval of Hon'ble High Courts of Gujarat, Ahmedabad and Punjab & Haryana at Chandigarh. The appointed date of this amalgamation is 1st April, 2009 and the effective date is the date on which the orders of the Hon'ble High Courts are filed with Registrar of the Companies. The petitions are pending for approval with both the Hon'ble courts. Accordingly, no affect of the amalgamation has been given.
- c) In Jan 2008, Company issued Equity Convertible Warrants under Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000. The Preferential offer for issue of warrants was made to promoters of the company and others for 1,510,000 shares of Rs.10/- each. The proposed warrants was to be converted into equity shares of the Company within a maximum period of 18 months from the date of issue of the warrants, at the option of warrant holders, at a price of Rs.136/- per share (including premium of Rs. 126/-). Company had received 10% of the total allotment consideration as Application against such Warrants within 15 days from the date of Issue of Preferential Warrants amounting to Rs. 205 Lacs. These were classified as Equity Convertible Warrants.

In August, 2009 the company converted 600,000 warrants into equity shares and remaining warrant holders decline to invest further, consequently their application money amounting to Rs 124 lacs were forfeited and transferred to Capital Reserve.

- d) Proportion of inventory of Sintesis Quimica S.A.I.C valued at replacement cost to the total inventory value is 10.87% (Previous Year: 10.93%).

		(Rs. in lacs)	
		Current Year	Previous Year
4. a)	Contingent Liabilities not provided for:		
i)	Bills of Exchange discounted	266	235
ii)	Claims against the Company not acknowledged as debts :		
	- Excise duty matters in dispute or under appeal	10	1
	- Income Tax matters in dispute or under appeal	15	3
	- Demand raised by Punjab Sales Tax Authorities	42	11
	- Labour laws matters in dispute or under appeal	9	8
	- Demand raised by previous land owners	284	247
	- Other Matters		
iii)	Counter Guarantees given to Banks	347	552
iv)	Letter of Credits for imports	51	1,946

Note : Further cash outflow in respect of 2(ii) above are determinable only on receipt of judgments / decisions pending with various forums / authorities.



b) Capital Commitments:			
Estimated amount of contracts remaining to be executed on capital account and not provided for		1,209	118
5. Gross Block of Building in Schedule 'E' includes Rs. 761 lacs (Previous Year Rs. 761 lacs) pertaining to the purchase of office premises for which the Company holds right of occupancy and possession. The same is pending conveyance in favor of the Company.			
6. The Company shall indemnify the damages to the Managing Director / Directors in case their personal guarantees are invoked in respect of loans, backed by their personal guarantees.			
7. While preparing the consolidated financial statements, the Group has not recognized the effects of investment in associates on the financial position and operating results of the Group.			
	Group Holding %	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Associate Companies			
1. Nedab Aps, Denmark	50%	9	9
2. Kapchem Limited, Ireland	50%	193	216
	TOTAL	202	225
8. No provision has been made in the accounts for diminution in the value of long-term investment in Excel Industries Limited, since, in the opinion of the management, the said investment is a strategic long-term investment and decline in its value is on accounts of temporary factors.			
		Current Year	(Rs. in lacs) Previous Year
9. Amounts capitalized in the respective project cost and excluded from :			
a) Interest			
i) Plant & Machinery		-	36
ii) Capital Work-in-Progress		-	47
b) Personnel Expenses			
i) Plant & Machinery		19	35
ii) Capital Work-in-Progress		-	35
c) Legal & Professional Charges			
i) Plant & Machinery		2	-
10. Remuneration to the Auditors of the Holding Company (including Service Tax)		Current Year	(Rs. in lacs) Previous Year
As a Auditor			
Audit Fee (including fees for consolidation)		22	10
Tax Audit Fee		3	2
Limited Review		7	2
Out-of-pocket expense		1	0.42
As advisor in respect			
Taxation matters		2	7
Company law matters		-	2
	(A)	35	24
Previous Year figures represents and current year's figures includes amount paid to previous auditors.			
11. Remuneration to Managing / Whole-Time Directors of the Holding Company			
Salaries		74	74
Contribution to Provident and other funds		20	21
House Rent Allowance		37	37
Perquisites*		15	18
	(A)	146	150
Directors' Sitting Fees	(B)	4	2
	TOTAL (A + B)	150	152

Note:- As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

\* Evaluated as per Income Tax Rules wherever applicable.



## 12. Earning Per Share:

			Current Year	(Rs. in lacs) Previous Year
Profit/(Loss) After Taxation as per Profit and Loss Account			(5,796)	268
Less: Prior Period Adjustments (net)			-	(238)
Less: Short provisions for tax of earlier years			(84)	(125)
Less: Minority Interest			1	3
Net Profit/(Loss) attributable to equity shareholders	(A)		(5,879)	(92)
Nominal value of equity shares	(Rs.)		10	10
(A) Basic Earning Per Share:				
Weighted Average Number of Equity Shares outstanding (Nos.)	(B)		6,975,906	6,592,892
Basic Earning per share	(Rs.)	(A) / (B)	(84.27)	(1.40)
(B) Diluted Earning Per Share*:				
Weighted Average Number of Equity Shares			6,975,906	6,592,892
Dilutive impact of Equity Convertible Warrants (Nos.)			546,082	1,510,000
Weighted Average Number of Equity Shares for computing diluted earning per share (Nos.)	(C)		7,521,988	8,102,892
Diluted Earning per share	(Rs.)	(A / C)	(84.27)*	(1.14)

\*Since the conversion of warrants to equity shares during the year would decrease the loss per share from continuing ordinary activities, hence, the Potential Equity Shares are considered as "Anti-Dilutive" and the effect of anti - dilutive Potential Equity Shares are ignored in calculating Diluted Earning Per Share

## 13. Derivative Instruments and Un hedged Foreign Currency Exposure of Holding Company

Particulars of Derivatives Purpose

Forward contract outstanding as at Balance Sheet date

Sell

US \$ 4,500,000 (Previous Year: US\$ 10,500,000)

Hedge of expected future sales

Particulars of Unhedged foreign Currency Exposure of the Holding Company as at the Balance Sheet date

Particulars	Currency	Amount	
		Rs. in Lacs	In FC in Lacs
(i) Sundry Creditors / Advance from Customers	EUR	131	2
		(41)	(1)
	USD	1,088	24
		(1,452)	(29)
(ii) Sundry Debtors / Advance to Vendors	EUR	388	6
		(3,423)	(51)
	USD	1,081	24
		(2,781)	(55)

(Figures in bracket represents previous year figures.)

## 14. Research and Development Expenditure :

		Current Year	(Rs. in lacs) Previous Year
Salaries, Wages and Other related cost of personnel		142	128
Cost of material and services consumed		33	63
Repairs and Maintenance of equipments		57	83
Depreciation on assets used for Research and Development		17	17
TOTAL		249	291



## 15. SEGMENT REPORTING

## 1. Information about Primary Business Segment:

The Company is organized into two Business Segment namely:

- Chemicals - Comprising of Industrial, Agro Chemicals and their Intermediates, Specialty Chemicals etc.
- Bulk Drug - Comprising of Bulk Drug and Intermediates.

Rs. in lacs

Particulars	Current Year			Previous Year		
	Chemicals	Bulk Drug And Intermediates	Total	Chemicals	Bulk Drug And Intermediates	Total
Revenue:						
External Revenue	51,322	5,538	56,860	66,687	4,288	70,975
Inter-Segment Sale	183	878	1,061	173	791	964
Total Segment Revenue	51,505	6,416	57,921	66,860	5,079	71,939
Elimination	183	878	1,061	173	791	964
Un - Allocated revenue	-	-	-	-	-	-
Total Revenue	51,322	5,538	56,860	66,687	4,288	70,975
Results:						
Segment Results	(983)	104	(879)	5,813	519	6,332
Unallocable Expenses net of Unallocated Income	-	-	(17)	-	-	(10)
Interest and Other Financial Charges			6,572	-	-	5,534
Profit before Tax	(983)	104	(7,434)	5,813	519	808
Provision for Taxation:						
Current Tax			175			550
Deferred Tax			(1,813)			(63)
Fringe Benefit Tax			-			53
MAT Credit Entitlement			-			-
Profit/(-) Loss after Tax	(983)	104	(5,796)	5,813	519	268
Prior period Adjustment			-			(238)
Short Provision of Income tax for Earlier Years			(84)			(125)
Less: Minority Interest			1			(3)
Net Profit/(-) Loss after Tax	(983)	104	(5,879)	5,813	519	(92)
Other Information:						
Segment Assets	71,885	6,787	78,672	73,423	7,097	80,520
Unallocable Assets	-	-	2,001	-	-	2,157
Segment Liabilities	13,982	1,366	15,348	12,973	1,183	14,156
Unallocable Liabilities	-	-	60,835	-	-	58,685
Segment Capital Expenditure	4,524	234	4,758	4,478	499	4,977
Segment Depreciation/Amortization	3,065	354	3,419	2,788	333	3,121
Non Cash expenses other than Depreciation	514	14	528	289	5	294



## 16. Related Parties

## a) Relationships :

Other related parties with whom transactions have taken place during the year : -

Enterprises over which key management personnel &amp; their relatives have significant influence :

1. Efec Shroff (India) Limited
2. Hemsil Trading & Manufacturing Private Limited
3. M/s Chinmaya Metachem
4. M/s Salil Meta Chem

Venturer

Viachem LLC

Key Management Personnel and their Relatives :

Directors

1. G. Narayana - Chairman
2. Mr. Shail Shroff - Managing Director
3. Mrs. Rupam Shroff - Whole time Director
4. Mr. Avtar Singh - Whole time Director
5. Mr. S.S. Tiwari - Whole time Director
6. Capt. S.S. Chopra (Retd.) - Director

Relative of Directors

1. Mrs. Shaila Shroff
2. Mrs. Mahinder S. Chopra
3. Mrs. Bhupinder Kaur
4. Mr. Rajinder Singh
5. Mrs. Ravinder Kaur
6. Mrs. Rajni S Tiwari
7. Ms. Sonal Tiwari
8. Ms. Shakshi Tiwari
9. Mr. Ramanjor S Tiwari
10. Mr. Mahadev Suvarna
11. Mr. Jaswant Singh
12. Mrs. Manjeet Kaur
13. Ms. Shivani S. Tiwari
14. Ms. Kusum Tiwari

## b) The following transactions are carried out with the related parties in the ordinary course of business :

Rs. in lacs

Nature of Transaction	*Other Related Parties		Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Relatives of Director	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Reimbursement Received Efec Shroff (India) Limited	21	29	-	-	-	-
	21	29	-	-	-	-
<u>Repayment / Refund of ICD /Loans</u> HemSil Trading & Manufacturing Pvt Ltd.	665	38	-	-	-	-
Efec Shroff (India ) Limited	-	57	-	-	-	-
Others	-	6	-	-	-	-
	665	101	-	-	-	-
<u>Loans / ICD taken / obtained</u> HemSil Trading & Manufacturing Pvt Ltd.	460	665	-	-	-	-
Capt. S. S. Chopra (Retd.)	-	-	9	5	-	-
Others	-	-	-	-	5	17
	460	665	9	5	5	17
Preferential Allotment of Shares HemSil Trading & Manufacturing Pvt Ltd.	612	-	-	-	-	-
<u>Forfeiture of Shares</u> HemSil Trading & Manufacturing Pvt Ltd.	20	-	-	-	-	-



Rs. in lacs

Nature of Transaction	*Other Related Parties		Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Relatives of Director	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
<u>Interest Income</u>						
Capt. S S Chopra (Retd.)	-		-	0.09	-	
	-	-	-	0.09	-	-
<u>Interest Paid</u>						
HemSil Trading & Manufacturing Pvt Ltd.	60	23	-	-	-	-
Eftec Shroff (India) Limited	4	-	-	-	-	-
Capt. S. S. Chopra (Retd.)	-	-	1	-	-	-
Ms. Kusum Tiwari	-	-	-	-	0.60	-
Others	-	-	-	0.08	1.60	1
	64	23	1	0.08	2.20	1
<u>Rent/Service charges etc. (Expense)</u>						
HemSil Trading & Manufacturing Pvt Ltd.	22	42	-	-	-	-
Shalil Shroff HUF	-	-	7	7	-	-
Smt. Shaila Shroff	-	-	-	-	-	0.37
	22	42	7	7	-	0.37
<u>Rent/Service Charges etc. (Income)</u>						
Rent						
Eftec Shroff (India) Limited	0.23	0.30	-	-	-	-
Service Charges						
Eftec Shroff (India) Limited	37.20	37.00	-	-	-	-
	37.43	37.30	-	-	-	-
<u>Dividend Paid (Payment basis)</u>						
HemSil Trading & Manufacturing Pvt Ltd.	22	59	-	-	-	-
Others	-	-	10	26	6	17
	22	59	10	26	6	17
<u>Managerial Remuneration</u> (Refer Note 11 of Schedule "T")						
Mr. Shalil Shroff	-	-	42	45	-	-
Ms Rupam Shroff	-	-	31	32	-	-
Mr. Avtar Singh	-	-	35	34	-	-
Mr. S S Tiwari	-	-	38	41	-	-
	-	-	146	152	-	-
<u>Remuneration and Other Benefits</u>						
Smt. Shaila Shroff	-	-	-	-	4	4
Mr. Rajinder Singh	-	-	-	-	-	3
Ms. Ravinder Kaur	-	-	-	-	3	3
Others	-	-	-	-	1	1
	-	-			8	11
<u>Director Sitting Fees</u>						
Sh.G Narayana	-	-	0.50	0.23	-	-
Capt. S. S. Chopra (Retd.)	-	-	0.30	0.18	-	-
	-	-	0.80	0.41	-	-
<u>Payment of Commission to other Directors</u>						
Sh. G Narayana	-	-	-	5	-	-
Capt. S. S. Chopra (Retd.)	-	-	-	2	-	-
	-	-	-	7	-	-
Creditors						
Viachem LLC	4	4				



Nature of Transaction	*Other Related Parties		Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Relatives of Director	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Loan outstanding with Directors Mr. Shail Shroff			0.47	0.51		
Balance Outstanding as at the year end Intercorporate Deposit HemSil Trading & Manufacturing Pvt Ltd.	426	629	-	-	-	-
Other Advances Recoverable Eftec Shroff (India) Limited	61	10				
Fixed Deposit & Interest payable Mrs. Kusum Tiwari	-	-	-	-	6	6
Ms. Shakshi S. Tiwari	-	-	-	-	3	3
Ms. Sonal S. Tiwari	-	-	-	-	3	3
Ms. Ravinder Kaur	-	-	-	-	-	4
Other	-	-	-	-	8	6
	-	-	-	-	20	22

\*Enterprise over which key management personnel & their relatives have significant influence and joint venture Company

#### 16.1 Interest in Joint Venture

The Company has 45% ownership interest in Stellar Marine Paints Limited, a jointly controlled entity incorporated in India. The proportionate interest of the Company in the said entity as per the latest audited Balance Sheet as at 31st March, 2010 is as under:

	(Rs. in lacs)	
	Current Year	Previous Year
Assets	10	9
Liabilities	61	32
Income	12	3
Expenses	17	15

#### Nature of Business

Stellar Marine Paints is an American Joint venture company of Punjab Chemicals and Crop Protection Limited into manufacture, domestic sale and export of Antifouling Paints, Marine Paints, Paint Additives and Wood Preservatives from India.

#### 17. Employee Benefits:

##### (A) Defined Contribution Plan - Provident Fund & Superannuation Fund

Provident Fund is a defined contribution scheme established under a State Plan. The contributions to the scheme are charged to the profit and loss account in the year when the contributions to the funds are due.

Superannuation Fund is a defined contribution scheme and contributions to the scheme are charged to the profit and loss account in the year when the contributions are due. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

	(Rs. in lacs)	
	Current Year	Previous Year
Defined Contribution Plan for Holding Company Contribution to Provident Fund	170	120
Defined Contribution Plan for Holding Company Contribution to Employee Superannuation Fund	122	86

##### (B) Defined Benefit Plans - Gratuity

The Holding Company has a defined gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post employment at 15 days salary (last drawn salary for each completed year of service) as per the rules of the Holding Company. The aforesaid liability



is provided for on the basis of an actuarial valuation made at the end of the financial year. The scheme is funded with an insurance company in the form of qualifying insurance policy.

- a) The amounts recognized in the statement of Profit and Loss Account are as follows:

	Gratuity	
	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Current service cost	46	33
Past Service Cost	40	-
Interest cost on benefit obligation	48	43
Expected return on plan assets	(21)	(21)
Net actuarial loss recognized during the year	62	(18)
Amount included under the head payments to and provisions for employees in Schedule 'Q' Personnel Expenses.	175	37
Actual return on plan assets	24	4

- b) The amounts recognized in the Balance Sheet are as follows:

	Gratuity	
	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Present value of funded obligation	773	583
Less: Fair value of plan assets	315	246
Net Liability included under the head Provision for Gratuity in Schedule 'M' - Provisions	(458)	(337)

- c) Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows:

	Gratuity	
	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Opening defined benefit obligation	600	538
Interest cost	48	43
Past Service Cost	40	0
Current service cost	46	33
Benefits paid	(27)	(14)
Actuarial (gains)/loss on obligation	66	(17)
Closing defined benefit obligation	773	583

- d) Changes in the fair value of plan assets are as follows:

	Gratuity	
	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Opening fair value of plan assets	271	215
Expected return	21	21
Contributions made by employer during the year	29	23
Benefits paid	(25)	(13)
Actuarial gains	19	0.21
Closing fair value of plan assets	315	246

- e) Expected contribution to defined benefit plan for the next year

	49	40
--	----	----



- f) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Current Year %	Gratuity Previous Year %
Investments with insurer under:		
Policy of Insurance	100.00	100.00

- g) The principal actuarial assumptions at the Balance Sheet date.

	Current Year %	Previous Year %
Discount rate	8%	8%
Expected rate of return on plan assets	8%	9%
Employee Turnover	2%	2%
Mortality table	LIC (1994 - 96) Ultimate	LIC (1994-96) Ultimate
Proportion of employees opting for early retirement	1% to 3%	3% to 7%

- h) The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Amount for the current & previous two periods are as follows:

	2009-10	Gratuity 2008-09	2007-08
Defined Benefit Obligation	773	583	538
Plan Assets	315	246	215
Surplus / (Deficit)	(458)	(337)	(323)
Experience Adjustment on Plan Assets	3	-	-
Experience Adjustment on Plan Liabilities	(23)	-	-

## 18. Leases

### (A) Finance Lease

Fixed assets includes Plant & Machinery and Computer softwares & Equipments obtained on finance lease. The Lease term is for various tenures at the end of which the legal title is passed to the lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

	Current Year	(Rs. in lacs) Previous Year
Assets acquired under Finance Lease - Office equipments	101	101
Net carrying amount of assets at the balance sheet date	74	84
Total minimum lease payments at the year end	25	16
Less : Amount representing finance charges	8	6
Present value of minimum lease payment (rate of interest: 11.50% p.a.)	18	10
Minimum Lease payments:		
Not later than one year [present value Rs. 20 lacs as on 31.03.2010 (Rs. 18 lacs as on 31.03.2009)]	25	25
Later than one year and not later than 5 years [present value Rs. 54 lacs as on 31.03.2010 (Rs. 75 lacs as on 31.03.2009)]	60	85
Later than 5 years	-	-

### (B) Operating Lease

In case of assets taken on lease  
Office premises and godowns are obtained on operating leases for various tenure.

Lease payment for the year charged to the Profit & Loss Account

There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no sub-leases

	Current Year	(Rs. in lacs) Previous Year
Lease payment for the year charged to the Profit & Loss Account	206	114



In case of assets given on lease

The company has leased out office premises on operating lease. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease agreements.

Lease rent for the period

25	25
----	----

Details of Assets given on lease rent is as below:-

Gross Block of Asset

208	208
-----	-----

Accumulated Depreciation

188	192
-----	-----

Net Block

19	16
----	----

#### 19. Break-up of Deferred Tax Assets and Deferred Tax Liabilities:

(Rs. in lacs)

Current Year	Previous Year
--------------	---------------

##### \*Deferred Tax Assets

i) Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years

417	5
-----	---

ii) Unabsorbed loss & Depreciation

1,509	-
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TOTAL	1,926	5
-------	-------	---

##### Deferred Tax Liabilities

i) Differences in depreciation and other differences in block of fixed assets as per tax books and financial books

6,007	6,037
-------	-------

ii) On account of Product Registration Expenses

-	-
---	---

TOTAL	6,007	6,037
-------	-------	-------

\*In case of Standalone financial statement of Punjab Chemicals & Crop Protection Limited Deferred tax assets (DTA) are recognised on carry forward unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Accordingly DTA of Rs. 1,926 lacs (Previous Year: Rs. Nil) has been recognised to the extent of Deferred Tax Liabilities.

20. Excise duty on sales amounting to Rs. 1,573 lacs (Previous Year: Rs. 2,168 lacs) has been reduced from sales in profit & loss account and excise duty on increase/(decrease) in stock amounting to Rs. 180 lacs (Previous Year : Rs.63 lacs) has been considered as (income)/expense in Schedule "P".

#### 21. Previous Year Comparatives

The figures of previous year were audited by a firm of Chartered Accountants other than S.R. Batliboi & Co.

Previous year's figures have been regrouped / rearranged where necessary to conform to this year's classification.

Signature to Schedule 'A' to 'T'

As per our attached report of even date

For and on behalf of the Board of Directors

For S.R. BATLIBOI & CO.  
Firm registration number: 301003E  
Chartered Accountants

G. NARAYANA  
Chairman

SHALIL SHROFF  
Managing Director

AVTAR SINGH  
Director (Operations &  
Business Development)

per RAVI BANSAL  
Partner  
Membership No. 49365

PUNIT K. ABROL  
Sr. Vice President (Finance) &  
Company Secretary

VIPUL JOSHI  
Chief Financial Officer

Mumbai  
May 26, 2010

Mumbai  
May 26, 2010



## PUNJAB CHEMICALS & CROP PROTECTION LIMITED

### STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turn-over	Profit before Taxation	Provision for Taxation	Prior Period Item (Excess provision for tax)	Profit after Taxation	Proposed Dividend
1	STS Chemicals (UK) Limited	GBP	68.06	1.36	(26.99)	1.07	26.70	0.00	0.00	(5.11)	0.00		(5.11)	0.00
2	SD Agchem (Europe) NV	EUR	60.55	4031.00	(1098.00)	10766.00	7833.00	0.00	2039.05	(762.98)			(762.98)	0.00
3	Sintesis Quimica S.A.I.C	PESO	11.62	232.00	2679.00	7299.00	4388.00	0.00	12056.89	547.24	174.62		372.62	0.00
4	S D Agchem (Netherlands) I B.V.	EUR	60.55	10.90	3327.56	6940.96	3602.50	0.00	0.00	(220.45)	(66.47)	0.00	(153.98)	0.00
5	Agrichem B.V (Netherlands)	EUR	60.55	10.90	5535.56	29059.11	23512.65	0.00	14267.98	(1400.69)	289.45		(1111.24)	0.00
6	N.V Agricultural Chemicals	EUR	60.55	60.55	683.04	902.80	159.21	0.00	1371.92	75.01	24.15		50.86	0.00
7	Agrichem (Helvetia) GmbH	CHF	45.04	63.05	(34.66)	30.61	2.22	0.00	0.00	(5.30)	(0.17)		(5.47)	0.00
8	PG Crop Protection Limited	GBP	68.06	13.61	(1.94)	11.67	-	-	-	-	-		-	-
9	Parul Chemicals Limited	Rupees	1.00	164.98	(98.26)	1279.22	1212.48		1613.95	(12.98)		14.78	(27.76)	0.00

Note :-

- 1 As required under para (vi) of the Approval Letter dated 7th June, 2010 issued by the Ministry of Company Affairs, Indian Rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, has been given based on the exchange rate as on 31.03.2010.

Place : Mumbai  
Date : May 26, 2010

G. Narayana  
Chairman

Shalil Shroff  
Managing Director

Avtar Singh  
Director (Operations & Business Development)

Punit K. Abrol  
Sr. Vice President (Finance) & Company Secretary

VIPUL JOSHI  
Chief Financial Officer



## PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

Regd. Office : SCO 417-418, Sector 35-C, Chandigarh-160 022

DPID	
Client ID	

L.F. NO.	
No. of Shares held	

### ATTENDANCE SLIP

I/We hereby record my/our presence at the 34th Annual General Meeting of the Company held at PHD House, Sector - 31, Chandigarh on Tuesday, the 10th August, 2010 at 10.00 a.m.

NAME OF THE SHAREHOLDER(S) (IN BLOCK LETTERS)	
SIGNATURE OF THE SHAREHOLDER(S)	
NAME OF THE PROXY (IN BLOCK LETTERS)	
SIGNATURE OF THE PROXY	

#### NOTES :

1. You are requested to sign and hand over this slip at the entrance to the Meeting Venue.
2. If you intend to appoint a proxy to attend the meeting instead of yourself, the Form of Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.



## PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

Regd. Office : SCO 417-418, Sector 35-C, Chandigarh-160 022

### PROXY FORM

I/We.....of  
..... being a Member/Members  
of the above named Company, hereby appoint ..... of  
..... or failing him ..... as my/our Proxy to  
attend and vote for me/us on my/our behalf at the 34th Annual General Meeting of the Company, to be held on Tuesday, the 10th August 2010 at 10.00 a.m. and at any  
adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Reference Folio No./DPID & Client ID \_\_\_\_\_

No. of Shares \_\_\_\_\_

Signature of the Shareholder .....

Affix Re. 1/-  
Revenue Stamp

#### NOTES:

1. The Proxy, to be effective, should be deposited at the Registered Office of the Company at Punjab Chemicals and Crop Protection Limited, SCO: 417-418, Sector-35-C, Chandigarh not less than FORTY-EIGHT HOURS before the commencement of the aforesaid meeting.
2. A Proxy need not be a Member of the Company.



Agro Chemicals Division - Derabassi



Industrial Chemical Division - Tarapur



Pharma Division - Alpha Drug, Lalru



CHEMSPEC 2010, Mumbai



Agrichem's CEO successfully ran the Half Marathon in Rotterdam in Netherlands to raise funds for a local charity



Blood Donation by Employees of Agro Division



Management Team of SQ with Sh. Avtar Singh, Director



Overview of SQ Plant, Argentina



Agro Formulation Division - Sulphur Plant, Chiplun



Agri Chem B.V. Plant, the Netherland

# PCCPL - Branded Agro Formulations



TM

FOR EVERY FARMER. WITH EVERY FARMER

## INSECTICIDES



## FUNGICIDES



## HERBICIDES



## BIO



## PGRs



## SULPHUR



## SEED INOCULANTS



**Punjab Chemicals & Crop Protection Limited**

[www.punjabchemicals.com](http://www.punjabchemicals.com)