

# 36th Annual Report And Accounts 2011 - 2012



**Punjab Chemicals and  
Crop Protection Limited**

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 Shareholders,*

*Namaste !*

*It's my pleasure to communicate with you through this column to share the performance of the Company in the year gone by.*

*A crippling combination of factors ranging from the Rupee's fall, global economic turmoil, a poor investment scenario and poor growth numbers during 2011-12 have conspired to weaken not only the Indian Economy but also affected the Indian Corporate segments. Inspite of this, the year 2011-12 was very momentous for PCCPL wherein the Company has surpassed many challenges completed some of the tasks taken in hand last year and made some progress in its initiatives to prune the debt of the Company.*


*During the year, the Company restructured its overall debt with the permission of the Corporate Debt Restructuring Empowered Group (CDR-EG), divested its few overseas subsidiaries and arranged Rs. 50 crores by way of capital to support the working. These steps have helped the Company to shift its focus from financial aspects to operational aspects. The details of these initiatives have been explained in the Director's Report which will definitely clarify the situation and reasons for these initiatives of the Management of the Company.*

*Now, the Company is putting more thrust in formulating strategies for reducing the cost structure by enhancing the productivity, efficiency and effectiveness in running all the plants at their maximum level. The management of the Company is working hard to get back to deliver predictable performance and to capitalize all the available opportunities by demonstrating superior operational performance.*

*I, further assure that the Company is now entirely positioned to build upon capabilities to sustain and take the leap forward. However, I am also realistic about the scale of the challenge and it will take time to get us to where we need to be, but I am confident that our efforts will ultimately be successful.*

*I am thankful to you, the shareholders, for your constant faith in the Company. I am confident that with your continued support and the strategic repositioning of your company, 2012-13 will turn out to a year of Revival for PCCPL.*

*With warm regards and New Years' Greetings.*

  
**G. Narayana**

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

G. Narayana, Chairman  
Shalil Shroff, Managing Director  
Capt. S.S. Chopra (Retd.)  
Mukesh D Patel  
Jagdish R Naik  
Vijay Rai  
R.W. Khanna, Nominee Director  
Avtar Singh, Director (Operations & Business Development)  
Shiv Shanker Tiwari, Whole Time Director  
Rupam Shroff (upto 11th August, 2011)  
J.H. Bhambhani (upto 11th August, 2011)  
Ajit R. Saghvi (upto 8th November, 2011)

**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  
Central 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****36th Annual General Meeting**

Saturday, the 29th December, 2012 at 10.30 A.M.  
at PHD House  
Sector - 31, Chandigarh  
Book Closure Dates  
22nd December, 2012 to 29th December, 2012

**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](mailto: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.

**A REQUEST**

We are sure you will read with interest the Annual Report for the year 2011-12. 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 36th Annual General Meeting of the Members of the Punjab Chemicals and Crop Protection Limited will be held on Saturday, the 29th December, 2012 at 10.30 a.m. at PHD House, Sector-31, Chandigarh-160031 to transact the following businesses:

#### ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 30th September, 2012 and the Statement of Profit and Loss Account for the financial year ended on that date and the reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Shri G.Narayana, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Capt. S.S Chopra (Retd.), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification (s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s S.R Batliboi & Co., Chartered Accountants, Mumbai, (Membership no. 301003E) be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to examine and audit the accounts of the Company for the financial year 2012-13 on such remuneration and out of pocket expenses, as may be mutually agreed upon between the Board of Directors and the Auditors".

#### SPECIAL BUSINESS:

5. **Re-appointment of Shri Avtar Singh as the Whole Time Director of the Company and to fix his remuneration.**

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

"**RESOLVED THAT** subject to the approval of the Central Government and such other approvals as may be necessary and pursuant to the provisions of sections 198, 269, 309,310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to the resolution passed by the Remuneration Committee and the Board of Directors of the Company, consent of the Company be and is hereby accorded to the reappointment of Shri Avtar Singh as the Whole Time Director of the Company for a term of five (5) years w.e.f 14th November, 2012 to 13th November, 2017 on the terms and conditions including remuneration as reproduced in the relevant explanatory statement annexed to the notice of this meeting.

**RESOLVED FURTHER THAT** the remuneration payable to Shri Avtar Singh as aforesaid shall be payable as minimum remuneration in case of absence or inadequacy of profit in any financial year, but subject to the ceiling laid down in this behalf in the said schedule XIII (including any statutory modification or re-enactment thereof, for the time being in force) or any amendment and/or modifications that may hereafter from time to time be made thereto by the Central Government, and such other provisions as applicable.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as in absolute discretion, it may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto and the Board shall have the absolute powers to accept any modification in the terms and conditions as may be approved by the Central Government while according its approval, if required, to the reappointment of Shri Avtar Singh as the Whole-Time Director and any other modifications as may be necessary to comply with the abovementioned applicable provisions and to give effect to the foregoing resolution."

#### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ONLY ON POLL, INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY IN ORDER TO BE EFFECTIVE AND VALID MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. An Explanatory Statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956, setting out material facts in respect of the Special business to be transacted at the Meeting is annexed hereto as Annexure I.
3. Members/ proxies should bring duly filled in and signed attendance slips for attending the Meeting. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified true copy of the resolution under Section 187 of the Companies Act, 1956.
4. Members/ Proxies are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting. Members, who hold shares in dematerialized form, are requested to bring their Client ID and DP ID numbers for easy identification and attendance at the meeting.



5. 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.
6. Members are requested to notify any change in their addresses to their respective Depository Participants (DPs) in respect of their electronic share accounts quoting Client ID No./ DP ID no. and to the Company or to M/s Alankit Assignments Ltd., Registrar and Share Transfer Agent, in respect of their physical shares quoting Folio No. and giving complete address in block capitals with pin code of the postal address.
7. Members who have multiple folios in identical names or joint holding in the same order are requested to send all the share certificates to the Company or to M/s Alankit Assignments Ltd., Registrar and Share Transfer Agent, for consolidation of such folios into one to facilitate better services.
8. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 22nd December, 2012 to Saturday, the 29th December, 2012 (both days inclusive).
9. Consequent upon amendment to Section 205A and introduction of Section 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 (IEPF), established by the Central Government.

The summary of the unpaid dividend for the past years and the date on which the outstanding amount shall be transferred by the Company to the IEPF is given in the table below:

FINANCIAL YEAR	DIVIDEND %AGE	TYPE	DATE OF DECLARATION	DUE DATE OF TRANSFER
2004-05	40	Final	28.12.2005	27.01.2013
2005-06	40	Final	07.09.2006	06.10.2013
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

**Members, who have not encashed their dividend warrants pertaining to the aforesaid years, are required to write to the Company for revalidation**  
**Members, who have not encashed their dividend warrants pertaining to the aforesaid years, are required to write to the Company for revalidation**  
**of Dividend Warrants before such unclaimed dividend is transferred to IEPF. It may be noted that once the unclaimed dividend is transferred to the IEPF, no claim shall lie, against the Company or the said fund, in respect thereof.**

10. 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-II to this notice.
11. The Register of Directors' shareholding, maintained under Section 307 of the Companies Act, 1956, will be available for inspection at the meeting.
12. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the Companies and has issued circulars stating that service of notice/ document including Annual Report can be affected by e-mail to its members.

To support this green initiative of the Government, members who have not registered their e-mail addresses so far are requested to register their e-mail addresses with their concerned DPs. Members can also register their e-mail addresses with M/s Alankit Assignments Limited, our R&TA by e-mailing at jksingla@alankit.com quoting their name and folio no./client ID and DPID. Alternatively, members may also write to our R&TA at its address, as given in the Corporate Governance Report.

By order of the Board of Directors

-Sd-

**Punit K Abrol**

Sr. V.P. (Finance) & Company Secretary

Date: November 30, 2012

**Regd. Office:**

SCO: 417-418, 1st and 2nd Floor,  
Sector-35C, Chandigarh-160 022





## ANNEXURE- I

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory Statement, pursuant to section 173 of the Companies Act, 1956, sets out all material facts relating to the business mentioned in the accompanying Notice.

#### Item No. 5:

#### **Reappointment of Shri Avtar Singh as the Whole-Time Director of the Company and to fix his remuneration.**

The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 22nd November, 2012 in accordance with the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government and shareholders of the Company or any other regulatory approvals, if required, have reappointed Shri Avtar Singh as the Whole Time Director of the Company for a period of five (5) years with effect from 14th November, 2012 to 13th November, 2017 on the terms and conditions including remuneration as reproduced below:

#### **1. Salary:**

Rs. 1,55,000/- per month in the pay scale of Rs. 1,00,000 to Rs. 3,00,000. The annual increment will be effective from 1st April each year taking into account the Company's performance and as decided by the Remuneration Committee and the Board of Directors.

#### **2. Commission:**

Commission on net profits of the Company as may be determined and fixed by the Board of Directors subject to a limit of ½ (half) % of the net profits of each financial year.

#### **3. Perquisites:**

- a) Perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance, etc. in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Shri Avtar Singh; such perquisites for each year not to exceed his annual salary. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income Tax Rules, wherever applicable. In absence of any such Rules, perquisites shall be evaluated at the actual cost.

The provision of Company's car and telephone at residence for official duties shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

- b) Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or together are not taxable under the Income Tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of his tenure as per the rules of the Company applicable to senior executives and the same shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

#### **4. Other Terms:**

- a) Leave: On full pay and allowance, as per the rules of the Company but not exceeding one month's leave for every 11 months of service.
- b) Reimbursement of entertainment and/or travelling, hotel and other expenses actually incurred by him in performance of duties.
- c) The appointment may be terminated by either party giving to the other party ninety days' notice in writing or such shorter notice as may be mutually agreed between him and the Company.
- d) In the event of any dispute or difference arising at any time between Shri Avtar Singh and the Company in respect of the terms of his appointment or the construction thereof, the same will be submitted to and be decided by arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996.

The resolution is being proposed for approval as a special resolution in compliance with the requirements of Schedule XIII, Part II, Section II, Clause 1 (B) and proviso (iii) to sub clause (B) of the Companies Act, 1956. A statement to this effect is separately given in the Notice.

**This along with Resolution under Item no. 5 may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.**

Your Directors recommend the Resolution for approval of the Members.

Shri Avtar Singh is interested in the Resolution as it relates to his re-appointment. None of the other Directors of the Company are, in any way, concerned or interested in the Resolution.



A STATEMENT PURSUANT TO SCHEDULE XIII, PART II, SECTION II, CLAUSE 1(B) AND PROVISIO (iv) TO SUB CLAUSE (B) OF THE COMPANIES ACT, 1956 W.R.T. ITEM NO. 5 OF THE NOTICE IS AS STATED BELOW:

#### I. GENERAL INFORMATION:

1.	Nature of Industry	:	Agro Chemicals, Pharma and Agro Formulations.		
2.	Date of expected date of commencement of commercial production	:	In production since 1978		
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	:	Not Applicable		
4.	Financial performance based on given indicators	:	(Rs. in crores)		
				2010-11 12 Months	2011-12 18 Months
			1. Sales Turnover		
			a) Domestic	205.45	398.72
			b) Export	146.37	135.17
			Total	351.82	533.89
			2. Profit/(Loss) before tax (PBT)	(13.54)	(89.71)
			3. Profit/ (Loss) after tax (PAT)	(13.54)	(89.71)
			4. Gross Block	361.74	367.40
			5. Net Block	248.16	234.59
			6. Paid-Up Capital	7.19	12.26
			7. Reserves & Surplus	63.84	7.51
			8. Net Worth	71.10	19.77
			9. EPS (in Rs.)	(18.64)	(122.49)
5.	Export performance and net foreign exchange	:	Foreign exchange earnings	150.96	144.18
6.	Foreign investments or collaborations, if any.	:	Not Applicable		

#### II. INFORMATION ABOUT THE APPOINTEES:

Background details	Shri Avtar Singh, aged 53 years, is B.Sc from Panjab University, Chandigarh. He is having more than 30 years experience in Chemicals, Pharmaceuticals, Intermediate and Agrochemicals field. He is overall incharge and Occupier of Agro Chemicals Division, Derabassi and Pharma Division, Lalru. His prime responsibility for these two divisions is to look after Production, R&D, New Product Development and commencement of the commercial production of new products. He is also responsible for manpower, management, purchases, Govt. Liaison and other local issues. He has widely travelled across the world for marketing and development of new chemicals, Pharmaceuticals, Agrochemicals and their intermediates and have also attended various conferences at national and international levels. Presently, he is on the Board of a Director in SD Agchem (Europe) N.V. and Sintesis Quimica, S.A.I.C., Argentina.	
(Rs. Lacs)		
Past Remuneration	2010-11 12 Months	2011-12 18 Months
Basic Salary	18.60	27.90
Perquisites	10.55	16.19
Contribution to PF/Super Annuation	5.02	7.53
Commission	-	-
Total Annual Salary	34.17	51.62



Job Profile and his suitability	Looks after the day to day management and affairs of the Agro Division and Pharma Division of the Company, subject to the superintendence and control of the Board of Directors of the Company and the Managing Director. In addition, he is also looking after the affairs of Sintesis Quimica, an overseas subsidiary and regularly visits there to supervise their technical as well as commercial matters. His experience is suitable for this post.
Remuneration proposed	As stated in the Explanatory Statement of item No. 5.
Comparative remuneration profile w.r.t. industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).	The Remuneration Committee and the Board of Directors of the Company have decided the remuneration keeping in view the financial position of the company, though the size of the Company and job profile of Shri Avtar Singh may require more remuneration. The remuneration of senior executive of this level in the allied Industries is reported to be in the Range of Rs. 40 lacs to Rs. 50 lacs per annum.
Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.	Shri Avtar Singh started working at the operational level and has handled the Company's plant in various capacities. He was appointed as Additional Director and Whole Time Director of the Company w.e.f. 14.11.1996.
Recognition or Awards	The Company has received the following awards: A. State Award for Export Promotion in the Year 1990-91. B. Export House Recognition in the year 1999. C. Punjab State Safety Award in the year 2002. D. 2nd Chemexcil Award on Export performance for the year 2000-01. E. Chemexcil Gold Award for the outstanding export performance of Inorganic and Organic Chemicals during 2005.06

### III. OTHER INFORMATION:

- (1) Reasons of losses or inadequate profits. :
1. Underutilization of production capacities due to erosion of working capital.
  2. The liquidity crunch has affected the procurement of key raw materials for the operations.
  3. Subdued demand of products in the European market.
  4. Losses in overseas subsidiary companies and divestment in the investment.
- (2) Steps taken for improvement. :
- The Company has taken various steps to overcome the impact of fire, shortage of working capital and underutilization of the plants at various units in the following manner:
- i. The Company approached the Corporate Debt Restructuring Cell for restructuring of its debts including interest the said Cell has approved the scheme wherein more moratorium and restructuring of the overall debt of the Company has been sanctioned CDR.
  - ii. The Company divested 100% shareholding in SD Agchem (Netherlands) B.V and its subsidiaries including Agrichem BV with a view to deleverage its Balance Sheet, to retire part of its debt and to improve the liquidity situation.
  - iii. Major initiatives have been taken to run the Agro Chemicals Division at the maximum capacity level which is a cash generating Division of the Company.
  - iv. Strategies for other divisions of the Company are also being formulated so that they too run at their optimum capacity and contribute to the overall profitability.
- (3) Expected increase in productivity and profits in measurable terms :
- The Company expects to achieve break - even or marginal profit in the first year post CDR implementation, barring unforeseen circumstances.



## ANNEXURE- II

### 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.

#### 1. **Shri G.Narayana**

Shri G. Narayana is a corporate and business contributor, Management Author and Trainer and has a wide experience in the field of Engineering, Operations, General Management, Corporate Management and Management of synergy of Group Companies.

He is a Graduate in Electrical and Electronics Engineering and Post Graduate in Management Studies. His learning includes a deep study of Vedas, Gita, the Upanishads, the Dhamma Pada and Indian Philosophy, Indian Ethos, Meditation, Tao, and Zen.

He is instrumental in facilitating inter-company stake-holder transactions, conflict resolution, financial restructuring, generation-transition, re-arrangement of share holding patterns, developing internal entrepreneurship and leader-managers, synergy between group companies, corporate planning, company management, long range planning, organisational development, responsible business leadership and effective teams, finding optimal solutions, change management and creating and nurturing organisational culture.

He is the author of several path-making master pieces. He has translated "Bhagavad Geeta" (Song Supreme) into Telugu and English Poetry and written several articles on Upanishads. "Namami Bharata Mata" is a song of India visualised by Narayana. His "e-books" include "ABCD for Children", "ABCD for Youth", "ABCD for Adults" and ABCD for Elders".

In October, 2004 he received the prestigious "International Spirit at Work Award" on behalf of Excel, where he contributed for spirituality in Board, Management and Work. He is an active supporter of Baroda Management Association. He is in association with Ramakrishna Mission, Ahmedabad Management Association, Chinmaya Mission, Symbiosis and Baroda Management Association. Visited several countries on Business, Educational and Spiritual Missions.

At present, he is the Chairman Emeritus of Excel Industries Limited and Director of Laopala RG Glass Limited and Aryan Paper Mills Limited. He is also a mentor to Mahavir Group of Enterprises.

He does not hold any shares in the Company.

None of the Directors of the Company, except Shri G. Narayana, himself is concerned or interested in the proposed resolution.

#### 2. **Capt. SS Chopra (Retd)**

Capt. Chopra (aged 72 years), has rich experience of organization capabilities and inspires the management and other executives working in the Company. He has served in Indian Air Force for 15 years and Air India for 26 years. He served as a Commissioned Officer in the I.A.F. from 1961 to 1976 as a pilot and took part in three wars i.e. 1962, 1965 & 1971. He served as an Examiner and instructor and was also a member of the Air Crew Examining Board. He served in Air India as a pilot from 1976 to 2002.

He is on the Board of the Company since 18.8.2004. He is not a member of any committee in any Company and does not hold any shares in the Company.

None of the Directors of the Company except Shri Shalil Shroff, Managing Director, relative of Capt.S S Chopra (Retd.) and he himself are concerned or interested in the aforesaid resolution.



## DIRECTORS' REPORT

Dear Shareholders,

The Directors are pleased to present the 36th Annual Report and the Audited Accounts of Punjab Chemicals and Crop Protection Limited (PCCPL) for the financial year (comprising of 18 months period from 1st April, 2011 to 30th September, 2012) ended on 30th September, 2012.

### FINANCIAL HIGHLIGHTS :

The Financial Results of the Company for the period under review are as follows :

(Rupees in Lacs)

	Consolidated*		Standalone	
	2011-12	2010-11	2011-12	2010-11
Sale of Products & Other Income (Net)	101524	68054	54894	36838
<b>Profit / (Loss) before Depreciation &amp; Tax &amp; Exceptional item</b>	<b>460</b>	2202	<b>(4618)</b>	(1279)
Less: Depreciation/Amortisation	8460	3159	1991	694
<b>Profit / (Loss) before Tax &amp; Exceptional item</b>	<b>(8000)</b>	(957)	<b>(6609)</b>	(1973)
Less: Exceptional (income)/ expense	1956	(619)	2362	(619)
<b>Profit / (Loss) before Tax</b>	<b>(9956)</b>	(338)	<b>(8971)</b>	(1354)
<b>Less: Provision for Taxation</b>				
Current tax	757	435	-	-
Deferred Tax	-	(141)	-	-
<b>Profit / (Loss) after Tax</b>	<b>(10713)</b>	(632)	<b>(8971)</b>	(1354)
Less: Excess/ (Short) Provision for Taxes of earlier years	(1)	(1)	16	(1)
<b>Net Profit / (Loss)</b>	<b>(10712)</b>	(631)	<b>(8987)</b>	(1353)
Post Merger loss of Parul Chemicals Limited for the year ended 31st March, 2011	-	-	-	(28)
<b>Profit/(loss) available for Appropriation</b>	<b>(10712)</b>	(631)	<b>(8987)</b>	(1381)
<b>Carried forward to next year</b>	<b>(10712)</b>	(631)	<b>(8987)</b>	(1381)

\* Consolidated financial statements for the extended financial year ended 30th September, 2012 form part of the Annual Report and Accounts of its Subsidiary Companies.

### Notes:

- Current period figures are not comparable with the previous year, as the current period is for 18 months as against the previous year of 12 months.
- Consolidated figures of previous year include the operational results of the Subsidiaries which were divested during the year.
- Previous period figures under different heads have been regrouped to the extent necessary.

### MAJOR EVENTS DURING THE YEAR :

During the year under review, the Management of the Company has taken various initiatives to steer the Company towards recovery. The effect and outcome of various actions are explained hereunder in chronological manner :

#### a) Reference to Corporate Debt Restructuring (CDR) Cell for restructuring of overall Debts of the Company and Approval of CDR.

As the Company was passing through a severe liquidity crunch due to multiple factors, including fire at one of the plants which manufactures major products, causing not only damage to the assets and property but the consequent loss had an adverse effect on the business of the Company. In addition, due to working capital being effected because of delayed payments from European customers, the Company was not able to meet its commitments to the bankers and other creditors. Therefore, the Company in September, 2011 had made a reference to the CDR Cell, which is a specialized institutional mechanism for restructuring large exposures, involving more than one lender under multiple banking arrangements. The CDR Empowered Group (CDR-EG) conveyed final approval to the scheme for restructuring of the total debts availed by the Company on 3rd August, 2012.

The CDR Cell had sanctioned the proposal envisaged restructuring of borrowings, relief in chargeable rate of interest and other matters.

The Board of Directors accepted the proposal and support to the Company by bankers.

#### b) Infusion of additional capital by the Promoters of the Company by way of subscribing to the Equity Shares of the Company.

In compliance with the CDR Scheme, the Promoters of the Company were required to contribute Rs. 20 crores for meeting capex and margin money for working capital. Shri Shalil Shroff, major Promoter of the Company invested through Hem-Sil Trading and Manufacturing Pvt. Ltd., (Hem-Sil), with the approval of the shareholders by way of Postal Ballot decided to infuse Rs. 20 crores in the Company by subscribing to Equity Shares at a price of





Rs. 100/- each (Face value Rs. 10/- with a premium of Rs. 90/- per share). Accordingly, the Company allotted 20,00,000 Equity shares to Hem-Sil, in accordance with SEBI (ICDR) Regulations, 2009. These shares rank pari-passu with the existing shares in all respects and have been listed with BSE and NSE.

**c) Divestment of Subsidiary of the Company.**

As stated earlier, the Company went through acute liquidity problem as the consolidated borrowings grew to Rs. 574 crores as on 31st March, 2011. The major borrowings portion of this was borrowings in SD Agchem (Netherlands) B.V and Agrichem amounting to € 25.25 million (Rs. 175 crores approx) as at 31st March, 2012. There was an obligation for repayment of € 10.34 million (Rs. 70 crores approx) to the banks in the year 2012-13. Therefore, to retire part of its debt and to improve the liquidity situation, the Company decided to divestment of its overseas businesses. The best proposal was received from United Phosphorous Holding BV (the buyer), a subsidiary Company of United Phosphorous Limited, hence it was decided to divest 100% shareholding in SD Agchem (Netherlands) B.V and its subsidiaries including Agrichem BV through SD Agchem (Europe) N.V. to them.

This has reduced the consolidated debt of around € 25.25 million (Rs. 175 crores approx) and saving of € 2-3 million per annum being incurred on registrations of various products. However, the Company has ensured through a long term Contract that business with the buyer will continue at the existing terms even after the sale.

**d) Raising of additional long term funds.**

Being unable to raise funds in any form from India or International market, the Company approached an investor, who accepted the proposal to infuse additional capital of Rs. 30 crores by subscribing to 30,00,000 Zero Coupon Unsecured Fully Convertible Debentures (FCD) at a price of Rs. 100/- each, with an option of conversion into Equity Shares of face value of Rs. 10/- each at a premium of Rs. 90/- per share. This initiative was also unanimously approved by the shareholders of the Company in their general meeting held on 12th September, 2012.

These FCDs have been converted into equivalent number of Equity Shares of face value of Rs. 10/- each with a premium of Rs. 90/- per share, pursuant to the exercise of conversion option by the investor, in accordance with the SEBI (ICDR) Regulations, 2009. These Equity Shares also rank pari-passu with the existing Shares of the Company and have been listed with BSE and NSE

**EXTENSION OF FINANCIAL YEAR OF THE COMPANY:**

The Financial Year 2011-12 was extended to eighteen months i.e upto 30th September, 2012, by virtue of the approval of jurisdictional Registrar of Companies, Punjab and Chandigarh, vide order dated 17th February, 2012 in pursuance of the application made by the Company with the Registrar of Companies under Section 210 (4) of the Companies Act, 1956. The extension of financial year was sought to enable the Company to give effect to the proposal sanctioned by CDR Cell.

Accordingly, the Accounts for the financial year 2011-12 have been prepared for a period of eighteen (18) months from 1st April, 2011 to 30th September, 2012.

**EXTENSION OF TIME FOR HOLDING THE ANNUAL GENERAL MEETING:**

Consequent upon the extension of the Financial Year 2011-12 upto 30th September, 2012, the Company sought the extension to hold Annual General Meeting (AGM) for the Financial Year 2011-12. The Registrar of Companies, Punjab and Chandigarh, vide order dated 24th August, 2012 has granted two (2) months extension for holding the AGM of the Company as per Section 166 (1) of the Companies Act, 1956.

**OPERATIONS:**

The financial year 2011-12 started at a tough note with various limitations like difficult funding environment, high interest rates, denting margins and shortage of working capital funds.

During the 18 months period under review, the total income of the Indian Operations was at Rs. 548.94 crores with a net loss of Rs. 89.87 crores against the total income of Rs. 368.38 crores and a net loss of Rs. 13.53 crores in the previous year of twelve months. The Company has prioritized the allocation of resources towards Agro Chemicals Division which has better business potential. The elite customers have also supported the Division by paying advance or immediate payment after sale. These steps have shown better financial results in the Agro Chemicals Division. The Company is also formulating strategies for other divisions of the Company to run at their optimum capacity and contribute to the overall profitability.

During the year, the Company's overseas Subsidiary, SD Agchem (Europe) N.V, entered into an agreement to divest 100% shareholding in SD Agchem (Netherlands) BV to one of the overseas subsidiary of United Phosphorous Limited. Therefore, the results for 15 months period upto 30th June have only been consolidated. Accordingly, the consolidated income of the Company during the period was at Rs. 1015.24 crores against Rs. 680.54 crores in the previous year. The overall loss of the Company on consolidated basis was at Rs. 107.12 crores against loss of Rs. 6.31 crores in the previous year. The consolidated loss has increased due to provision of Rs. 30.95 crores in the accounts of SD Agchem (Europe) NV, due to sale of step down subsidiary SD Agchem (Netherlands) B.V, as the amount could not be realized due to sale of that Company.

In Sintesis Quimica, Argentina, (SQ) another overseas subsidiary Company, the total income during the period under review was at Rs. 189 crores against Rs. 169 crores in the previous financial year and a loss of Rs. 42.49 crores against profit of Rs. 3.18 crores in the previous financial year. This subsidiary could not perform as per the plans due to increase in wages and other related expenses, high inflation rate; increase in interest rate upto 30% p.a; devaluation of Argentine Peso against USD and worst draught situation in the last 50 years which contributed to lower Agro Sales and reduction of further margin. Further, since February, 2012 onward, the local Government has put serious restrictions on imports and only emergency imports was allowed to be made with the approval of the Government. Due to above reasons, SQ could not even meet the commitments of the ordinary payments with the current means and has entered a condition of default with regard to its creditors. The Directors expect that the financial performance of the



Company can improve in the short term from the restructuring of certain operations and of the contracting of new business. Therefore, to renegotiate its debt contracted with its creditors, a request of Reorganisation has been filed with the concerned Court in a term and form established in the Law N° 24.522 of Reorganisation and Bankruptcy of Argentina on 1<sup>o</sup> of June 2012. Accordingly, the Company has provided for the diminution in the value of investments and receivables in its standalone financial statements.

On account of the loss incurred during the year, the Company has become a Potentially Sick Industrial Company under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) as its accumulated losses at the end of the accounting year ended 30th September, 2012 exceeds 50% of its peak net worth during the immediately preceding four (4) financial years. Therefore, the Company proposes to make a report of the fact of such erosion to BIFR under section 23 of SICA. A separate notice of the EGM for this purpose is being issued to consider remedial measures in this regard as required by the Law.

#### **DIVIDEND:**

In view of loss for the period under review and accumulated losses of previous years, the Directors regret their inability to recommend dividend.

#### **OUTLOOK:**

India's Agro-chemical industry has huge potential and immense growth opportunities. The rapidly growing population is constantly pulling huge pressure on arable lands thereby making the use of agrochemicals inevitable to increase farm production.

The Company has the facilities of manufacturing technicals and branded formulations of agro chemicals business. In addition, Pharma, Industrial Chemicals and specialized bio-products add to the business prospects. However continued rise in prices of raw materials, exchange rate fluctuation in Rupee vis-à-vis Euro and USD and insufficient working capital continued to be a matter of concern.

In this scenario, the Management of the Company took various judicious initiatives as explained above to capitalize the available opportunities, thereby making the outlook of the Company in the medium to long term as growth oriented.

Further, the Company has a comprehensive portfolio with strong brand and a wide distribution network. It has also built a good reputation with the domestic and international customers and hence, we expect more long term supply arrangements with some of the customers.

Therefore, the Company is optimistic about the business prospects.

#### **SUBSIDIARY COMPANIES:**

With the divestment of SD Agchem (Netherlands) BV and its subsidiaries including Agrichem B.V during the year, the Company has left with only three overseas subsidiaries namely- STS Chemicals (UK) Ltd.; Sintesis Quimica, Argentina, S.A.I.C and SD Agrichem (Europe) NV, as on 30th September, 2012.

The consolidated result of the Company includes the results of the Subsidiary Companies as mentioned in the Notes to Accounts of the Consolidated Financial Statements.

Pursuant to the General Circular No. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, general exemption has been granted to the Companies from attaching the Balance sheet, Profit & Loss Account and other documents of the Subsidiary Companies, with that of the Company's accounts. The Board of Directors in its meeting held on 29th November, 2012 has given its consent for not attaching the Annual Accounts of its subsidiaries. Accordingly, shareholders of the Company who are interested in obtaining annual accounts of the subsidiary companies may write to the Company Secretary at the Registered Office of the Company. This document will also be available for inspection by the shareholders of the Company at the Company's Registered Office and also at the Registered Office of the concerned Subsidiary Companies during business hours.

The consolidated Financial Statements prepared in accordance with Accounting Standard 21 of the Institute of Chartered Accountants of India presented in this Annual Report includes the financial information of the Subsidiary Companies. The statement pursuant to Section 212 of the Companies Act, 1956 relating to the Subsidiary Companies is also included in this Annual Report.

#### **FINANCE:**

Consequent upon the approval of the CDR Scheme, the secured term loans amounting to Rs. 123.33 crores and Working Capital loans amounting to Rs. 201.30 crores outstanding as on 1st July, 2011 (the Cut-off Date) has been restructured. The CDR Schemes envisages deferment of the payment of interest for 24 months and carving out irregularities into Working Capital Term Loan, to start the repayment from July, 2013; and moratorium period of 2 years has been allowed for all loans under the scheme with lesser repayment liabilities in the initial years and grant of need based Working Capital limits. This should help the Company to improve its liquidity position.

During the year under review, the Company raised funds amounting to Rs. 50 crores i.e Rs. 20 crores by issuing Equity Shares on preferential basis to one of the Promoters of the Company pursuant to CDR scheme and an amount of Rs. 30 crores from issue of Zero-Coupon Unsecured Fully Convertible Debentures (FCD) to other non existing shareholders. These FCD have been converted into Equity Shares.

#### **FIXED DEPOSITS:**

The Company has not accepted or renewed any fixed deposits from the public during the period under review.

The amount of Fixed Deposits as on 30th September, 2012 was Rs. 275 lacs (previous year Rs. 590 lacs). The deposit amounting to Rs. 17.28 lacs were unclaimed by 25 depositors as on 30th September, 2012 (previous year Rs. 0.52 lacs by 2 depositors). The Company has sent reminders to these depositors to complete the procedural formalities for repayment.

In terms of the provisions of the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, Rs. 44,425 of Unclaimed



Deposits pertaining to the financial year 2004-05 was transferred to the Investor Education and Protection Fund on the due date.

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

The Company's shares continue to be listed at the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

The Annual Listing fee for the financial year 2012-13 has been paid to these Exchanges.

#### **INSURANCE:**

The Company continues to carry adequate insurance cover for its assets against the possible risks like fire, flood, public liability, marine, etc.

#### **ENVIRONMENTAL MANAGEMENT AND POLLUTION CONTROL:**

The environment management and pollution control are the foremost priority in all the units of the Company. Accordingly, all efforts are made for the reduction of the waste generation and re-processing of the waste material, wherever possible. Multi effect evaporators have been installed in both the units in Punjab.

#### **EMPLOYEES AND INDUSTRIAL RELATIONS:**

The Company has made sustained efforts to make human resource management practices a strong catalyst in the growth of the Company by providing ample opportunities to its employees to upgrade their skills and competence. Moreover, their suggestions to improve the productivity are seriously considered by the Management.

The relationship with all employees and workers at all sites of the Company remained very cordial throughout the year. Your Directors wish to place on record their appreciation for the sincere and devoted efforts and contribution made by all categories of employees.

#### **CORPORATE SOCIAL RESPONSIBILITY:**

Your Company is not just a profit driver but it is a responsible corporate citizen. During the year, the Company actively participated in giving donations to educational institutions for the support of the needy students, various religious bodies and for water and sanitation project in the village Mirpur. Moreover, the required assistance was also provided to the employees and their dependents for critical illness. Further, on 18th December every year, the Company organizes a 'Blood Donation Camp' in the memory of Late Shri S.D. Shroff. This year around 100 people donated blood.

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

The regular R&D activities are carried out in the laboratories of Agro and Pharma manufacturing units to improve upon the existing processes, decrease effluent load and to develop new products and by-products. Environment, Health and Safety (EHS) considerations have been given special emphasis in the process improvement activities.

The Company continues to maintain industry best standards in managing the quality of its products and services.

#### **DIRECTORS:**

During the year under review, Smt. Rupam Shroff, Whole Time Director (w.e.f 11.08.2011) Shri JH Bhambhani, Non Executive Director (w.e.f 11.08.2011), and Shri Ajit R Sanghvi, Non Executive Director (w.e.f 08.11.2011) have resigned from the Board of the Company. The Board of Directors expressed their deep sense of appreciation and gratitude for their outstanding services and contribution during their tenure in the Company.

In accordance with Article 146 of the Articles of Association of the Company, read with Section 255 and 256 of the Companies Act, 1956, Shri G. Narayana and Capt. S. S. Chopra (Retd.) will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. The Board of Directors recommend their re-appointment.

The brief resume and other details relating to the directors, who are to be re-appointed, as stipulated under Clause 49 (IV) (G) of the Listing Agreement, are furnished in the Corporate Governance Report forming part of the Annual Report.

The applications for the re-appointment and the remuneration to Shri Shalil Shroff, Managing Director and Shri S.S Tiwari, Whole Time Director under Section 269 of the Companies Act, 1956 were filed with the Central Government. The approval is still awaited.

The Remuneration Committee and the Board of Directors have also approved the re-appointment of Shri Avtar Singh, Director (Operations & Business Development) for a period of five (5) years i.e. w.e.f 14th November, 2012 to 13th November, 2017, subject to the approval of the members of the Company and the Central Government. Accordingly, the matter regarding his re-appointment is being put up before the members in the ensuing AGM.

#### **DEPOSITORY SYSTEM:**

M/s Alankit Assignments Ltd., 2E/21, Anarkali Market, Jhandewalan Extension, New Delhi, are the Registrar and Share Transfer Agent 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 under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011 is not required to be attached with this report, as none of the employee is covered under these rules.



### iii) RESPONSIBILITY STATEMENT

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

- a) In the preparation of the Annual Accounts for the year ended 30th September, 2012, the Company has followed the applicable Accounting Standards along with proper explanations relating to material departures, if any;
- b) Appropriate Accounting Policies have been selected and applied consistently and judgments and estimates are made prudently and reasonably so as to give a true and fair view of the state of affairs of the Company as at 30th September, 2012 and of the losses of the Company for that year;
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the applicable provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Annual Accounts have been prepared on a going concern basis.

### iv) CEO/CFO CERTIFICATION:

In terms of Clause 49 (V) of the Listing Agreement, the Certificate duly signed by Shri Shalil Shroff, Managing Director (CEO) and Shri Vipul Joshi, Chief Financial Officer of the Company was placed before the Board of Directors along with the annual financial statements for the year ended on 30th September, 2012, at its meeting held on 29th November, 2012. The said Certificate is also annexed to the Corporate Governance Report.

### COST AUDIT:

The reports of Mrs. Pushpa Khanna, Cost Accountant, Chandigarh and M/s Khushwinder Kumar & Co., Cost Accountant, Jalandhar, Cost Auditors of the Company, in respect of the audit of cost accounts relating to "Insecticides" and "Bulk Drugs" respectively, for the Financial year 2010-11 have been submitted to the Central Government directly on 27th September, 2011 and 26th September, 2011 respectively, which was due to be filed on September 27, 2011.

Further, the Company has re-appointed Mrs. Pushpa Khanna, Cost Accountant, Chandigarh and M/s Khushwinder Kumar & Co., Cost Accountant, Jalandhar as Cost Auditors for the Financial Year 2012-13, subject to the approval of the Central Government.

### AUDITORS' REPORT:

In the Audit Report on the Consolidated financial statements for the Financial Year ended 30th September, 2012, the Auditors' have qualified as under:

- i) Agrichem Polska SP Z O O., Poland, N V Agricultural Chemicals, Belgium and Agrichem Helvetia GmbH, Switzerland, 100% subsidiaries of the Company, have not been considered for the purpose of preparation of the Consolidated Financial Statements.
- ii) 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. Accordingly, 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. Necessary actions are being taken on those remarks and points wherever required including tagging of fixed assets and updation of the Fixed Assets register.

### AUDITORS:

M/s S.R. Batliboi & Company, Chartered Accountants, whose term of office as the Statutory Auditors of the Company 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 re-appointment. 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 have recommended their appointment.

### CORPORATE GOVERNANCE:

Your Company continues to practice the principles of 'Good Corporate Governance' during the year and the Board of Directors lays strong emphasis on accountability, integrity and responsibilities in dealings with employees, shareholders, consumers and community at large.

Report on Management Discussion and Analysis and Corporate Governance Report along with a Certificate from S.K Sharma & Associates, Practising Company Secretary, confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges, form part of the Annual Report.

### ACKNOWLEDGEMENT:

Your Directors wish to express their gratitude and appreciation for assistance, co-operation and encouragement extended by all financial institutions, banks, customers, vendors and members during the year.

For and on behalf of the Board of Directors

**G. NARAYANA**  
Chairman

Place: Mumbai

Date : November 29, 2012



## 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:*
- Process modifications undertaken, wherever possible to conserve energy.
  - VFD installed on boilers.
  - Energy efficient fans provided.
  - Change over from chilled water to cooling water in winter season.
  - Replacement of high rated motors.
- b) *Additional investments and proposal, if any, being implemented for reducing the consumption of energy.*
- The additional investment as per the requirement will be made to conserve energy.
- c) *Impact of (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods.*
- Continuous monitoring of the above measures will reduce the energy conservation and save energy cost.
- d) *Total energy consumption and energy consumption per unit of production, as per prescribed Form 'A'.*

### FORM 'A'

	CURRENT YEAR (2011-12)	PREVIOUS YEAR (2010-11)
<b>A. Power and fuel consumption</b>		
1. <i>Electricity</i>		
a) Purchased		
Unit(Kwh)	3,31,35,444	2,17,85,951
Total Amt.(Rs.lacs)	2,067.06	1,157.58
Rate/Unit(Rs.)	6.24	5.31
b) Own Generation		
i) Through Diesel Generator		
Unit(Kwh)	11,30,993	12,46,459
Unit per ltr. of Diesel Oil	3.20	3.19
Cost/ Unit (Rs.)	16.60	11.25
ii) Through Steam Turbine/Generator		
Unit(Kwh)	Nil	Nil
Unit per ltr. of fuel oil/gas	Nil	Nil
Cost/ Unit (Rs.)	Nil	Nil
2. <i>Coal(specify quality and where used)</i>		
Qty.(tonnes)	1,784	4,282
Total cost (Rs.lacs)	138.11	300.14
Average Rate (Rs.)	7,741	7,009
3. <i>Furnace Oil</i>		
Quantity (K.ltrs.)	820	560
Total Amount (Rs. Lacs)	304.15	147.23
Average rate (Rs.) per Kg.	37.09	26.29





	CURRENT YEAR (2011-12)	PREVIOUS YEAR (2010-11)
4. <i>Others/Internal generation</i>		
Husk Rice, Straw, Baggase, etc. (Agro Waste)		
Quantity (MT)	46,943	27,309
Total Cost (Rs.lacs)	2,419	1,295
Rate/Unit (Rs.)	5,154	4,742

#### 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	818	1341	742	1159
ii) Pharma Products & their Intermediates	4059	7184	2638	4381
iii) Industrial Chemicals	363	86	244	78
iv) Sulphur based compounds	458	349	254	209

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.*
  - Process modification was carried out for the existing products.
  - The process for the new products developed and some of the products have been taken on commercial scale.
  - Continuous research is carried out to recover products from the effluents.
- Benefits derived as a result of the above R&D.*
  - The reduction in the cost of production and developed environment friendly process.
- Future plan of action :*
  - To further upgrade the R&D facilities upto the international standard.
- Expenditure on R&D*

	2011-12	(Rs. lacs) 2010-11
a) Capital	-	-
b) Recurring	186.96	191.02
c) Total	186.96	191.02
d) Total R&D expenditure as %age of total turnover	0.37%	0.56%

#### 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 are simplified and lowered the cost of production with better quality.
- 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.*

- Participation in the international Chemical Exhibition and conducting personal visits to customers.
- The Company is certified for ISO 9001:2000 and ISO 14001:1996.
- The Company has obtained renewal of COS certification for supply of Trimethoprim in Europe market.

b) *Total Foreign Exchange earned and used*

	2011-12	(Rs. lacs) 2010-11
i) Earned	<b>14,418</b>	15,096
ii) Used	<b>11,136</b>	7,826

For and on behalf of the Board of Directors

Place: Mumbai  
Date: November 29, 2012

**G. NARAYANA**  
Chairman



## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. BUSINESS REVIEW:

#### 1.1 Business Segment- Agro Chemicals and other chemicals

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

After a promising start to the decade in the year 2010-11, with achievements like maintaining GDP growth rate of around 8 percent as well as bringing down fiscal deficit to 4.8 percent of GDP, the fiscal year 2011-12 was challenging for the Indian Economy. Sluggish structural reforms, weak investment, poor business sentiments and uncertain world economy have slashed India's growth projections. However, India continues to register moderate economic growth in comparison to other countries despite intensifying global economic uncertainties.

Industrial growth in the country has, in terms of long run trend, remained aligned with the growth rate of GDP, whereas Agriculture including allied activities, accounted for 14.5 per cent of GDP at 2004-05 prices, in 2010-11 as compared to 14.7 per cent in 2009-10. In spite of declining trend in agriculture's share in the GDP, it continues to be the single most important livelihood of the masses.

Chemical fertilizers have played a significant role in the development of the agricultural sector. The production of foodgrains has risen from 52 million tonnes in 1951-52 to 244.78 million tonnes in the year 2010-11. The growing awareness about the positive impact and benefits of agrochemicals on the agri-produce and the need for crop protection and thriving domestic horticulture and floriculture industries are fuelling the growth and increased usage of agrochemicals in India.

ASSOCHAM in its recent report has mentioned about a huge growth potential for foreign investments in India's agrochemicals market. The multinational companies operating in this sector expect five to ten times more annual growth in India as compared to that in other countries thereby making India a "Global hub for Agrochemicals."

Your Company is engaged in the business of manufacturing of various Agro-technicals, Agro-formulations, API's, Pharmaceutical Intermediates, Phosphorous Derivatives and Specialty Chemicals. In view of overall expected growth in the Agro sector, your Company expects good business prospects.

##### b) Opportunities and Threats:

India is the fourth largest producer of agrochemicals globally, after USA, Japan and China. The agrochemicals industry is a significant industry for the Indian economy. India has to ensure food security for 1.21 billion populations while facing reduction in cultivable land resource. With increasing population, demand for food grains is increasing at a faster pace as compared to its production. This necessitates the use of pesticides. Moreover, new chemistries have been introduced to narrow the spectrum of pesticide activity, making the chemicals more pest-specific and less toxic to mammals, birds, fish and aquatic invertebrates. Therefore, the industry is bound to experience healthy growth rate in the years to come.

Also, between 2009 and 2014 many molecules are likely to go off patent throwing the market open for generic players. The growth potential is immense in Herbicides and Fungicides segment on which the Company has focus. The new biological agro products segment from an overseas subsidiary of the Company will add value to the business.

However, inadequate working capital, high research and development expenditure, Integrated Pest Management, organic farming etc. are few of the threats to the Company's business.

The management of the Company is taking possible adequate care to trim down these risks, as and when necessary.

##### c) Performance and outlook:

As per ASSOCHAM, "Indian agrochemical companies should increase their investment in research from current level of about two per cent to at least eight to ten per cent to spur its exports and be more competitive in the global scenario." Therefore, the challenge in the short term would, therefore, be to increase investment in productive activities, and identify bottlenecks that can be removed in a reasonably short period of time.

In spite of improving performance of the agrochemicals industry with great opportunities in its basket, the Company could not leverage these opportunities to its benefits due to inadequacy of working capital funds, exchange rate fluctuation in Rupee vis-à-vis Euro and USD and drastic fall in the prices of yellow phosphorus.

The approval of Corporate Debt Restructuring (CDR) Scheme by the Corporate Debt Restructuring Empowered Group under the CDR framework issued by the Reserve Bank of India should help the Company. Pursuant to the CDR scheme, the banks have deferred the recovery of interest and instalments for a certain period so as to retain the liquidity and conserve the cash out flows to sustain its operations in the near term and consolidate transactions in the medium to long term.

The capacity utilization in the Agro Chemicals manufacturing plants has shown an increasing trend in spite of various hiccups. In the early part of the year, the Working Capital shortage delayed running of the Agrochemicals plant at Derabassi, Punjab in full swing but with the judicious planning of the management and cooperation from the elite customers, the production has now increased.



The business of Formulation Division and Industrial Chemicals Division could not perform as expected because of non-availability of the working capital but continued to mark its presence felt in the market. The Company is also formulating strategies for these divisions of the Company to run them at their optimum capacity and contribute to the overall profitability.

During the year, the Company's overseas subsidiary, SD Agchem (Europe) N.V, divested 100% shareholding in SD Agchem (Netherlands) B.V to one of the overseas Subsidiary of United Phosphorus Limited to deleverage its Balance Sheet and pruning the consolidated debt burden. With this divestment, SD Agchem (Netherlands) B.V and its subsidiaries including Agrichem B.V ceased to be the Company's step down subsidiary. The aforesaid divestment has helped to offload its debt obligation of around € 25.25 Million and saved around € 2-3 million being incurred every year on registration of various products. Moreover, the Company has entered into long term contract for supply of few agrochemical products being manufactured to keep the flow of material regularly from India and its Agro Chemicals division. Basically, Agrichem BV was more into formulating the company's product and hence, the Company has not lost its core business and its presence in the field of agrochemicals in the international market.

Overall, the manufacturing of agrochemicals, speciality chemicals, phosphorus based compounds and formulated agro chemicals has remained the major area of operations. The management of the Company is working hard to get back to deliver predictable performance and to capitalize all the available opportunities by demonstrating superior operational performance.

**d) Risks and concerns:**

Abundance of low-cost agrochemical products from China, high inventory owing to Indian farms' dependence on monsoons, counterfeit products and long credit periods to farmers are certain key problems faced by India's highly-fragmented agrochemicals market. The rising global uncertainties and volatile exchange fluctuations have further hampered the export market.

The judicious use of pesticides, fertilizers and other allied chemicals in appropriate quantity can avoid the fear mongering over the minds of the people regarding its toxicity, hazard and risk.

The Company is aware of all these risks and concerns and takes appropriate measures wherever possible.

## **1.2 Business Segment- Pharma**

**a) Industry Structure and Development:**

Indian Pharmaceutical Industry has witnessed a robust growth from US\$ 11.4 billion in 2010 to US\$ 13 billion in 2011 with a scorching pace of growth of 15%. It ranks 3rd in terms of volume and is 14th in terms of value globally. By 2015 it is expected to reach top 10 in the world beating Brazil, Mexico, South Korea and Turkey. Showing tremendous progress in terms of infrastructure development, technology base creation and a wide range of products, the Indian pharmaceutical has every chance to capitalize the opportunity to become a hub for all pharmaceutical manufacturing and research needs.

The Company entered into a pharma business in 2003 after acquisition of erstwhile Alpha Drug India Limited (ADIL), now merged in the Company. the product line is restricted to few bulk drugs, drug intermediates and speciality chemicals. The division is growing slowly mainly due to lack of working capital. With the introduction of another API, the number of products has increased. The CRAM business in the division is giving good returns.

**b) Opportunities and Threats:**

The demand for pharmaceutical products in India is significant and as per CARE research, "Between 2010 and 2015 patent drugs worth US\$171 bn are estimated to go off-patent leading to a huge surge in generic products." Therefore, there is a scope for potential growth in this sector also.

The Company would try to avail opportunity once the constraint of working capital is over.

The only major threat to this sector is from increase in competition from unlisted MNCs in this segment. They are rapidly expanding their field force to extend their geographical reach.

**c) Performance and Outlook:**

The Government of India has liberalized its instance towards Foreign Direct Investment (FDI) in pharmaceutical Industries. As per the Department of Industrial Policy & Promotion (DIPP) data, the drugs and pharmaceuticals sector has attracted FDI worth US\$ 5.0 billion between April 2000 and November 2011. This step has further boosted the growth of the industry.

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. It also has ISO 9001:2000 and ISO 14001: 2004 Certificates. DNV approval of Fami QS has opened European market for food additives, being manufactured by the Company. This division of the Company has also been inspected and approved for the supply of Trimethoprim and Albendazole to European Market by European Directorate for the Quality of Medicines and Healthcare. Moreover, the division has obtained GMP certificate from Danish Medicines Agency, Denmark.



**d) Risks and concerns:**

The competition from the domestic industry and import are the major risks. The contract manufacturing of few products has limited 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 commensurate with its size and complexity. The financial statements prepared are in conformity with the established Accounting Standards and Principles. The regular internal audits are carried out to ensure that 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**

During the year, the Company's overseas subsidiary, SD Agchem (Europe) N.V, divested its 100% shareholding in SD Agchem (Netherlands) B.V and its subsidiaries to one of the overseas Subsidiary of United Phosphorus Limited. As a result of this, the Company has left with only three subsidiaries, namely, (i) STS Chemicals (UK) Ltd. (ii) Sintesis Quimica, Argentina, S.A.I.C and (iii) SD Agrichem (Europe) NV.

At present, the Company has three joint ventures namely, (i) Stellar Marine Paints Limited (45%) (ii) PSD LLC (40%) and (iii) Source Dynamics (20%).

**4. HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS**

The Company takes required steps for empowering employees by upgrading their knowledge, skills and competence and motivating them to reach their goals. The safety, training, welfare and development of employees receive all possible attention and are regarded as the highest priority of the Company.

Industrial relations continue to be cordial and harmonious in all divisions of the Company.

The employee strength of the Company as on 30th September, 2012 was 1015.

**5. FINANCIAL PERFORMANCE AND ANALYSIS**

In a period of 18 months i.e from 1st April, 2011 to 30th September, 2012, the net sales of the Company on a standalone basis was Rs. 534 crores with a loss of Rs. 90 crores after booking exceptional expenses & provisions. In the previous financial year, the standalone sale was Rs. 352 crores with a loss of Rs. 14 crores after adjusting certain expenses from Business Reconstruction Reserve Account.

The management has proposed to implement various measures for expected turnaround viz. optimum utilization of production capacity, uninterrupted supply of raw materials, speedy recovery from sticky debtors, undertaking cost cutting measures to the extent feasible, etc. The Company has sought to grant need based working capital fund and deferment of loan instalment from Banks to ensure achieving projected performance and profitability.

During the period under review, the Company has raised financial resources to the tune of Rs. 50 crores by way of two preferential allotments in the month of September, 2012. First, the Company issued 20,00,000 Equity Shares on preferential basis to one of the Promoters of the Company at a price of Rs. 100/- per share in compliance with the stipulation imposed by the Corporate Debt Restructuring Empowered Group and secondly, the Company allotted 30,00,000 Zero Coupon Unsecured Fully Convertible Debentures ("FCD") to a Investor other than existing shareholders at a price of Rs. 100/- per FCD. These FCD have been converted into Equity shares after the exercise of the conversion option by the Investor. This addition of capital should help the Company to stabilize its operations and augment the overall production.

**6. CAUTIONARY STATEMENT**

Statements in "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions are forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. The actual results might differ materially from those expressed or implied depending upon factors such as climatic conditions, global and domestic demand-supply conditions, finished goods prices, raw materials cost and availability, foreign exchange market movements, changes in Governmental regulations and tax structure, economic and political developments within India and the countries with which the Company has business and other factors such as litigation and industrial disputes.

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





## REPORT ON CORPORATE GOVERNANCE

### 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 for the Company. 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 has 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 along-with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board of Directors comprises one Managing Director, Two Whole-time Directors and Six Non-Executive Directors as on 30th September, 2012. The number of Independent Directors on the Board is five including nominee Director of EXIM bank and all the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under Clause 49 of the Listing Agreement.

None of the Directors on the Company's Board is a Member of more than ten Committees and Chairman of more than five Committees (Committees being, Audit Committee and Investors' Grievance Committee across all the companies in which he is a Director). 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 held by them in other companies as on 30th September, 2012 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	Board Meetings during the tenure 1st April, 2011 till 30 Sept. 2012		Attendance at the last AGM (07.09.2011)	No. of Directorships in other** Indian Public Companies	No. of Committee Positions held in Public Cos.**		No. of shares held as on 30th Sept. 2012
			Held	Attended			Chairman	Member	
Directors in office (as on 30th September, 2012)									
1.	Shri G Narayana Chairman	Independent Non-Executive	11	11	Yes	3	Nil	1	Nil
2.	Capt. S S Chopra (Retd.)	Non-Independent Non-Executive	11	9	Yes	Nil	Nil	Nil	Nil
3.	Shri Shalil S Shroff Managing Director	Promoter Executive	11	11	Yes	2	Nil	Nil	3,80,581
4.	Shri Vijay Rai	Independent Non-Executive	11	6	Yes	6	1	1	Nil
5.	Shri MD Patel	Independent Non-Executive	11	11	Yes	7	2	5	400
6.	Shri Jagdish R Naik	Independent Non-Executive	11	10	No	9	Nil	2	Nil
7.	Shri Avtar Singh Whole Time Director	Non-Independent, Executive	11	8	Yes	1	Nil	Nil	7,911
8.	Shri S.S. Tiwari Whole Time Director	Non-Independent, Executive	11	8	No	Nil	Nil	Nil	11,714
9.	Shri R.W. Khanna (w.e.f.30.5.2011)*	Independent Non-Executive	10	7	Yes	2	Nil	Nil	Nil
Directors who resigned after 31st March, 2011									
10.	Smt. Rupam Shroff, Whole Time Director ( till 11.08.2011)	Promoter Executive	2	0	NA	NA	NA	NA	1,83,291
11.	Shri Jaiprakash H. Bhambhani (till 11.08.2011)	Independent Non-Executive	2	0	NA	NA	NA	NA	10,000
12.	Shri Ajit R Sanghvi (till 08.11.2011)	Independent Non-Executive	4	3	Yes	NA	NA	NA	24,928

\* Nominee Director of Export-Import Bank of India.

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

\*\*\* Includes membership of Audit and Shareholders/Investors' Grievance Committees only.

**Notes :**

- (a) None of the Directors is related to any other Director, except Shri Shaili Shroff and Capt. S.S. Chopra (Retd.) being relatives.
- (b) None of the Director has any business relationship with the Company.
- (c) None of the Directors received any loans and advances from the Company during the year.
- (d) Apart from the Directors' Sitting fees, the Company did not have any pecuniary relationship or transactions with Non-Executive Directors during 2011-12
- (e) The details of the Directors proposed to be appointed/ re-appointed at the 36th Annual General Meeting are published elsewhere in the Annual Report.

**Details of Board Meetings held during the period 01.04.2011 to 30.09.2012 :**

The gap between two Board Meetings did not exceed four months. The dates on which 11 Board Meetings were held are as follows :

11th May, 2011	30th May, 2011	11th August, 2011	7th September, 2011
8th November, 2011	22nd December, 2011	31st January, 2012	8th May, 2012
22nd May, 2012	10th July, 2012	8th August, 2012	

**3. Particulars of the Directors Seeking Appointment/ Reappointment at the Forthcoming Annual General Meeting.**

Name of the Director	<b>Shri G. Narayana</b>
Date of Birth	20th August, 1941
Date of Appointment	18th March, 1997
Expertise in specific functional areas	Expertise in Engineering, Operations, General Management Corporate Management & Management of Synergy of Group Companies.
Qualifications	Graduation in Electrical & Electronics Engineering & Post Graduate in Management Studies.
Other Public Companies in which Directorship held	1. Laopala RG Glass Limited 2. Aryan Paper Mills Limited 3. Yash Papers Limited
Other Public Companies in which membership of Committees of Directors held	1. Laopala RG Glass Limited (Member in Audit Committee)

Name of the Director	<b>Capt. S.S.Chopra (Retd.)</b>
Date of Birth	8th April, 1940
Date of Appointment	18th August, 2004
Expertise in specific functional areas	Organizational Management
Qualifications	National Defence Academy (NDA)
Other Public Companies in which Directorship held	Nil
Other Public Companies in which membership of Committees of Directors held	Nil



Name of the Director	<b>Shri Avtar Singh</b>
Date of Birth	4th October, 1958
Date of Appointment	14th November, 1996.
Expertise in specific functional areas	Expertise in General Administration, marketing and development of new Chemicals, Pharmaceuticals and agrochemicals.
Qualifications	B.Sc
Other Public Companies in which Directorship held	<ol style="list-style-type: none"> <li>1. Saurav Chemicals Ltd.</li> <li>2. S.D. AgChem ( Europe) NV</li> <li>3. STS Chemicals (UK) Ltd.</li> <li>4. Sintesis Quimica S.A.I.C.</li> </ol>
Other Public Companies in which membership of Committees of Directors held	Nil

#### 4. AUDIT COMMITTEE :

##### Constitution and Terms of Reference :

The Audit Committee has adequate powers and detailed terms of reference to play an effective role as required under the provisions of the Companies Act, 1956 and Clause 49 of the Company's Listing Agreement with the Stock Exchanges.

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 Company consists of following Directors as on 30th September, 2012 and their attendance during the financial year 2011-12 as follows:-

Sr.No.	Name of Director	Category	Position	No. of Audit Committee Meetings during 2011-12	
				Held during tenure	Attended
1.	Shri M.D. Patel	Non-Executive / Independent	Chairman	6	6
2.	Shri Jagdish R Naik	Non-Executive / Independent	Member	6	6
3.	Shri Vijay Rai	Non-Executive / Independent	Member	6	3
		<b>Directors who resigned after 31st March, 2011</b>			
1.	Shri Ajit Sanghvi (till 08.11.2011)	Non-Executive / Independent	Member	2	1

At the Annual General Meeting held on 7th September, 2011, the Chairman of the Audit Committee, Shri M.D Patel was present. During the last financial year, the Audit Committee held six meetings and not more than four months had elapsed between any two meetings. The dates of meetings of the Audit Committee are as follows :

30th May, 2011	11th August, 2011	8th November, 2011	31st January, 2012
8th May, 2012	8th August, 2012		

The Committee meetings are usually attended by Managing Director, Chief Financial Officer and Statutory Auditors of the Company. The Internal Auditors and Cost Auditors of the Company are also invited to the meetings, as and when required. Shri Punit K Abrol, Sr. V.P. (Finance) & Secretary of the Company acts as the Secretary of the Committee.



## 5. SHAREHOLDERS & INVESTORS GRIEVANCE COMMITTEE

### Constitution and Terms of Reference:

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 :

Sr.No.	Name of Director	Category	Position	No. of Audit Committee Meetings during 2011-12	
				Held during tenure	Attended
1.	Shri M.D. Patel	Non-Executive / Independent	Chairman	5	5
2.	Shri Shalil Shroff	Executive / Non-Independent	Member	5	5
3.	Shri. Vijay Rai	Non-Executive / Independent	Member	5	3
4.	Shri Avtar Singh	Executive / Non-Independent	Member	5	3

During the year under review, Five Shareholders'/Investors' Grievances Committee meetings were held on 30th May,2011; 11th August, 2011; 31st January2012; 8th May,2012 and 8th August,2012.

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

During the period under review, the Company received 15 complaints from Investors and the same has been replied /resolved. As on 30th September, 2012, no complaints from investors are pending.

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 Development), or Shri Punit K Abrol, Sr. V P (Finance) & Secretary. During the year 2011-12, all transactions viz. shares transfers, transmission, split/consolidation, duplicate share certificates, etc. were approved on a fortnightly basis by Shri Punit K. Abrol, Sr. VP (Finance) & Secretary.

## 6. REMUNERATION COMMITTEE :

### Constitution and Terms of reference :

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

With the resignation of Shri Ajit Sanghvi and Shri J.H. Bhambhani from the Board of Directors of the Company, the strength of the Remuneration Committee had fallen to two members, therefore, on 22nd December, 2011, the Board reconstituted the Remuneration Committee with Shri Vijay Rai, Shri M.D Patel, Shri Jagdish R. Naik and Shri R.W Khanna as the members of the Committee.

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

Sr.No.	Name of Director	Category	Position	No. of Audit Committee Meetings during 2011-12	
				Held during tenure	Attended
1.	Shri Vijay Rai	Non-Executive / Independent	Chairman	1	1
2.	Shri M.D. Patel	Non-Executive / Independent	Member	1	1
3.	Shri Jagdish R. Naik	Non-Executive / Independent	Member	1	1



4.	Shri R.W Khanna	Non-Executive / Independent	Member	1	Nil
<b>Directors who resigned after 31st March, 2011</b>					
1.	Shri Ajit Sanghvi (till 08.11.2011)	Non-Executive / Independent	Member	Nil	Nil
2.	Shri J.H. Bhambhani (till 11.08.2011)	Non-Executive / Independent	Member	Nil	Nil

The Meeting of the Remuneration Committee was held on 22nd December, 2011.

#### Remuneration Policy

The remuneration of the Board members is based on the Company's size & global presence, its economic & financial position, industrial trends, compensation paid by the peer companies, etc.

- The Company pays remuneration to its Managing Director and 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. The commission 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.
- The Non-Executive Directors are paid remuneration by way of commission and sitting fees. The Company pays sitting fees of Rs. 5000/- per meeting to its Non-Executive Directors for attending the meeting of the Board and other Committees of the Board. The commission is paid as per the limits approved by shareholders, subject to a limit not exceeding 1% p.a of the Company (computed in accordance with Section 309 (5) of the Companies Act, 1956) and in such proportion and manner as the Chairman may decide.

The Directors' remuneration and sitting fees paid/payable in respect of the Financial Year 2011-12 (01.04.2011 to 30.09.2012), are given below :

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	80,000	Nil	Nil	Nil	80,000
Capt. S S Chopra (Retd.)	45,000	Nil	Nil	Nil	45,000
Shri Vijay Rai	65,000	Nil	Nil	Nil	65,000
Shri MD Patel	1,40,000	Nil	Nil	Nil	1,40,000
Shri Jagdish R Naik	1,05,000	Nil	Nil	Nil	1,05,000
Shri J. H. Bhambhani (till 11.08.2011)	Nil	Nil	Nil	Nil	Nil
Shri Ajit R Sanghvi (till 08.11.2011)	20,000	Nil	Nil	Nil	20,000
Shri Shalil S Shroff	Nil	67,27,194	Nil	Nil	67,27,194
Smt. Rupam Shroff (till 11.08.2011)	Nil	24,31,536*	Nil	Nil	24,31,536
Shri Avtar Singh	Nil	51,62,079	Nil	Nil	51,62,079
Shri S.S. Tiwari	Nil	57,02,850	Nil	Nil	57,02,850
Shri R.W. Khanna (w.e.f 30.05.2011)	35,000	Nil	Nil	Nil	35,000
<b>Total</b>	<b>4,90,000</b>	<b>2,00,23,659</b>	<b>Nil</b>	<b>Nil</b>	<b>2,05,13,659</b>

\*Remuneration paid to Smt. Rupam Shroff represent the full and final amount paid to her.



**Notes:**

1. The employment of Shri Shalil Shroff, Managing Director, Shri S.S Tiwari, Whole Time Director and Shri Avtar Singh, Director (Operation & Business Development) are contractual for a period of five years and terminable by either party giving three months notice or as may be mutually decided between them and the Company.
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, 2009-10, 2010-11 & 2011-12.

**7. GENERAL MEETINGS****Location and Time of the last three Annual General Meetings :**

YEAR	LOCATION	DAY/DATE	TIME	No. of Special Resolutions
2008-2009	PHD House, Sector-31, Chandigarh.	Friday 25th September, 2009	10.30A.M.	3
2009-2010	PHD House, Sector-31, Chandigarh	Tuesday, 10th August, 2010	10.00 A.M.	Nil
2010-2011	PHD House, Sector-31, Chandigarh	Wednesday, 7th September, 2011	11.30 A.M.	Nil

**Following Special Resolutions were passed at the aforesaid Meetings.**

Sr. No.	Meeting Date	Section Reference	Regarding
1.	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.
2.	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.
3.	25.09.2009	198, 269, 309 and 311	Reappointment of Smt. Rupam Shroff as the Whole-Time Director of the Company and to fix her remuneration.
4.	10.08.2010	Nil	Nil
5.	07.09.2011	Nil	Nil

**Postal Ballot :**

The following resolutions were passed by Postal Ballot Mechanism during the financial year 2011-12 on 29th August, 2012 :

- a) Special Resolution for Authorisation for Corporate Debt Restructuring Scheme.
- b) Special Resolution for Preferential Issue and Allotment of Equity Shares to Promoter pursuant to the scheme of Corporate Debt Restructuring.

**Process of Postal Ballot :**

The procedure prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 was adopted.

Particulars of Special Resolution	Details of voting pattern	
	Votes cast in favour (No. of shares)	Votes cast against (No. of shares)
Authorisation for Corporate Debt Restructuring Scheme	3686611	599
Preferential Issue and allotment of Equity Shares to Promoter	3685553	1651



Shri S.K Sharma, of M/s S.K Sharma & Associates, Practicing Company Secretary, Chandigarh, was appointed as the Scrutinizer and the results of these resolutions were declared on 29th August, 2012. The result of the Postal Ballot was published in the Business Standard (English all edition), Business Standard (Hindi Chandigarh edition) and Punjabi Tribune (Punjabi Chandigarh edition) on 30th August, 2012.

## 8. DISCLOSURES

### a) 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, Directors or the Management, their subsidiaries or relatives, etc that may have potential conflict with the interest of the Company at large.

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 Audit Committee and the Board from time to time. There were no material transactions with related parties during the year 2011-12 that are prejudicial to the interest of the Company. Particulars of transactions between the Company and related parties as per the Accounting Standard (AS-18), "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given else where in Annual Report.

### b) Increase in Authorised Capital:

With the approval of the shareholders in their Extra-Ordinary General Meeting held on 22nd May, 2012, the Authorised Share Capital of the Company has increased from Rs. 18 crores (Rupees Eighteen Crores only) divided into 1,78,00,000 Equity shares of Rs. 10/- each and 20,000, 9.8% Redeemable Cumulative Preference shares of Rs. 100/- each to Rs. 20 crores (Rupees Twenty crores only), divided into 1,98,00,000 Equity shares of Rs. 10/- each and 20,000, 9.8% Redeemable Cumulative Preference shares of Rs. 100/- each.

### c) Issue of new Equity Shares:

During the year, 20,00,000 Equity Shares were issued to Hem-Sil Trading & Manufacturing Pvt. Ltd, pursuant to a scheme of Corporate Debt Restructuring (Preferential Issue I) and 30,00,000 Equity Shares were issued to Non- promoter Private Investor pursuant to exercise of the conversion option attached to Zero Coupon Unsecured Fully Convertible Debentures (Preferential Issue-II). Hence, the paid-up capital of the Company has increased from 72,62,185 Equity Shares to 92,62,185 Equity Shares after Preferential Issue I and it was further increased to 1,22,62,185 Equity Shares after Preferential Issue II.

These shares have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

### d) 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.

### e) Non-Mandatory Requirements:

The Company has complied with all the mandatory requirements and has adopted the following non-mandatory requirements:

- i) The Chairman of the Board is a Non Executive Director and the Company reimburses him the expenses incurred in performance of his duties.
- ii) The Remuneration Committee consists of three Non-Executive Directors and the Chairman of the Committee is an Independent Director.

## 9. MEANS OF COMMUNICATION

- a) The Company regularly intimates un-audited as well as audited quarterly and half-yearly financial results to the Stock Exchanges immediately after these are taken on record by the Board. These financial results are normally published in the Financial Express (all); Business Standard (all); and Amar Ujala, Chandigarh; and are also displayed on the website of the Company [www.punjabchemicals.com](http://www.punjabchemicals.com). These results are also posted on [www.corpfiling.com](http://www.corpfiling.com).
- b) Management Discussion and Analysis forms part of the Annual Report.

## 10. GENERAL SHAREHOLDER INFORMATION

### a) Annual General Meeting

Date and Time	:	29th December, 2012 at 10.30 a.m.
Venue	:	PHD House, Sector- 31, Chandigarh
Financial Year	:	Year ending September 30, 2012.



Date of Book Closure : 22nd December, 2012 to 29th December, 2012  
 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 Limited (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

**b) Market Price Data :**

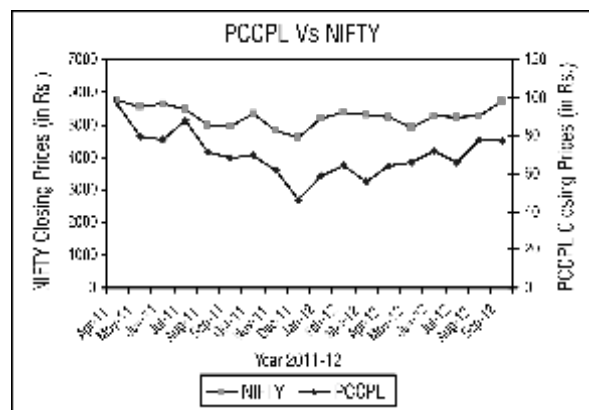
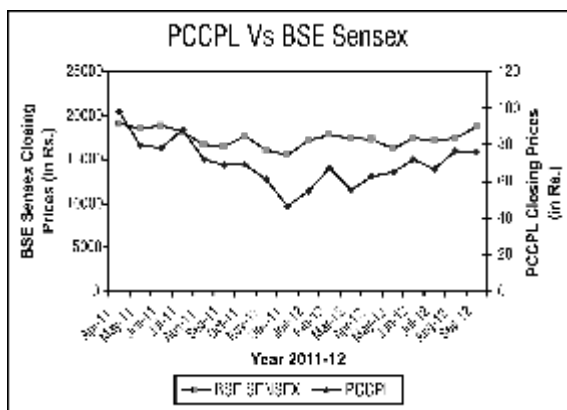
MONTH & YEAR	PCCPL Price at BSE (Rs.)			BSE SENSEX		
	High	Low	Month Close	High	Low	Month Close
Apr,11	107.90	91.15	98.00	19811.14	18976.19	19135.96
May,11	109.90	74.75	79.55	19253.87	17786.13	18503.28
Jun,11	85.45	75.00	78.25	18873.39	17314.38	18845.87
July,11	94.00	79.40	88.05	19131.70	18131.86	18197.20
Aug,11	93.00	63.35	72.40	18440.07	15765.53	16676.75
Sep,11	77.00	66.65	69.00	17211.80	15801.01	16453.76
Oct,11	72.95	61.55	69.15	17908.13	15745.43	17705.01
Nov,11	76.85	58.05	61.15	17702.26	15478.69	16123.46
Dec,11	63.20	42.85	46.50	17003.71	15135.86	15454.92
Jan,12	61.80	45.50	54.55	17258.97	15358.02	17193.55
Feb,12	71.45	55.05	67.40	18523.78	17061.55	17752.68
Mar,12	67.25	55.20	55.45	18040.69	16920.61	17404.20
Apr,12	65.90	55.65	62.60	17664.10	17010.16	17318.81
May,12	74.70	60.00	65.30	17432.33	15809.71	16218.53
Jun,12	73.75	61.30	72.05	17448.48	15748.98	17429.98
July,12	90.00	64.55	67.00	17631.19	16598.48	17236.18
Aug,12	81.95	67.00	76.85	17972.54	17026.97	17429.56
Sep,12	84.95	71.05	76.05	18869.94	17250.80	18762.74



MONTH & YEAR	PCCPL Price at NSE (Rs.)			NIFTY (Rs.)		
	High	Low	Month Close	High	Low	Month Close
Apr,11	110.65	89.30	96.25	5944.45	5693.25	5749.50
May,11	98.25	76.10	79.90	5775.25	5328.70	5560.15
Jun,11	86.00	64.00	77.95	5657.90	5195.90	5647.40
July,11	99.90	78.25	88.10	5740.40	5453.95	5482.00
Aug,11	92.40	66.30	71.35	5551.90	4720.00	5001.00
Sep,11	77.00	65.30	68.50	5169.25	4758.85	4943.25
Oct,11	81.00	64.00	69.45	5399.70	4728.30	5326.60
Nov,11	77.40	57.05	61.60	5326.45	4639.10	4832.05
Dec,11	65.00	42.85	46.25	5099.25	4531.15	4624.30
Jan,12	61.90	46.00	58.65	5217.00	4588.05	5199.25
Feb,12	71.80	54.60	64.00	5629.95	5159.00	5385.20
Mar,12	67.10	54.15	55.90	5499.40	5135.95	5295.55
Apr,12	67.00	56.00	64.10	5378.75	5154.30	5248.15
May,12	75.00	58.00	65.75	5279.60	4788.95	4924.25
Jun,12	73.70	60.00	72.10	5286.25	4770.35	5278.90
July,12	91.90	64.25	66.00	5348.55	5032.40	5229.00
Aug,12	81.60	62.75	77.80	5448.60	5164.65	5258.50
Sep,12	84.05	63.25	77.15	5735.15	5215.70	5703.30

### c) Share Price Movements

The charts given hereunder plots the movement of the Company's Equity share prices on BSE versus BSE Sensex and Company's Equity share prices on NSE versus NSE NIFTY, respectively, for the year 2011-12 :



### d) Registrar and Share Transfer Agent (RTA):

The Registrar and Share Transfer Agent of the Company is M/s Alankit Assignments Ltd., 2E/21, Anarkali Market, Jhandewalan Extension, New-Delhi- 110 055.

### e) Share Transfer System:

RTA processes the share transfer/transmission requests on a fortnightly basis (usually on 15th/ 16th and 30th/31st of every month) and the share transfers in physical form are approved by the Sr. V.P (Finance) & Company Secretary, as per the authority delegated to him by the Board of Directors to, inter alia, approve the share transfers and transmission.



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. There are no share transfers pending as on 30th September, 2012.

SEBI vide its circular no. CIR/MIRSD/8/2012 dated 5th July, 2012 has reduced the time line for transfer of Equity Shares to 15 days from the date of lodgment w.e.f 1st October, 2012. Hence, from 1st October, 2012, the RTA processes the share transfer / transmission requests on weekly basis.

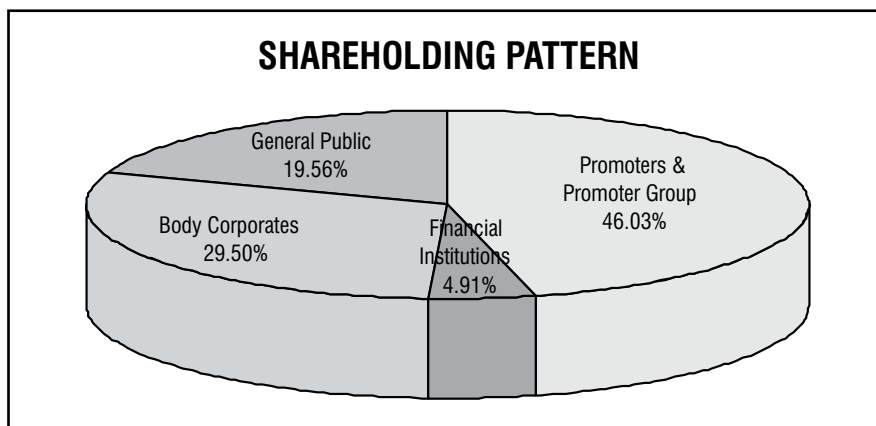
As required under clause 47 (c) of the Listing Agreement, a Certificate from Practicing Company Secretary has been submitted to the Stock Exchanges within the stipulated time on half yearly basis confirming due compliance of share transfer formalities by the Company.

**f) Distribution of Shareholding as on 30th September, 2012.**

FROM-TO	NO. OF SHAREHOLDERS		NO. OF SHARES		DEMAT HOLDING	
Number of Shares	Number	%	Number	%	Number	%
1-500	30279	97.28	976955	7.96	750088	6.12
501-1000	445	1.43	339071	2.77	302948	2.47
1001-2000	198	0.64	284630	2.32	261078	2.13
2001-3000	69	0.22	170490	1.39	163777	1.34
3001-4000	29	0.09	100762	0.82	89349	0.73
4001-5000	15	0.05	69276	0.57	64276	0.52
5001-10000	42	0.14	294807	2.40	282151	2.30
Above 10000	48	0.15	10026194	81.77	10026194	81.77
<b>TOTAL</b>	<b>31125</b>	<b>100.00</b>	<b>12262185</b>	<b>100.00</b>	<b>11939861</b>	<b>97.38</b>

**Categories of Shareholders as on 30th September, 2012.**

SR. No.	CATEGORY	NO.OF SHARES HELD	PERCENTAGE OF SHAREHOLDING (%)
<b>A.</b>	<b>Shareholding of Promoter and Promoter Group</b>		
(1)	Indian	5643867	46.03
(2)	Foreign	Nil	Nil
	Total Shareholding of Promoter and Promoter Group	<b>5643867</b>	<b>46.03</b>
<b>B.</b>	<b>Public Shareholding</b>		
1.	Institution:		
(a)	Mutual Funds	6913	0.06
(b)	Financial Institutions/Banks	1079	0.01
(c)	Central Govt. /State Govt.Co.	122027	0.99
(d)	Insurance Company	462328	3.77
(e)	FIs	9413	0.07
	<b>Sub total (B) (1)</b>	<b>601760</b>	<b>4.90</b>
2.	<b>Non-Institutions</b>		
(a)	Private Corporate Bodies	3617469	29.50
(b)	Indian Public	2382515	19.43
(c)	NRIs	16574	0.14
	<b>Sub Total (B) (2)</b>	<b>6016558</b>	<b>49.07</b>
	<b>Total Public Shareholding (B)(1) + (B)(2)</b>	<b>6618318</b>	<b>53.97</b>
	<b>TOTAL</b>	<b>12262185</b>	<b>100.00</b>



**g) Dematerialization of shares and liquidity :**

As per extant guidelines, trading in equity shares of the Company is mandatory in dematerialised form. To facilitate trading in demat form, there are two depositories i.e National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into agreements with both these depositories. Shareholders can open account with any of the Depository Participant registered with any of these two depositories. As on 30th September, 2012, 97.38 % of the Company's share capital is held in dematerialised form. The Company's shares are regularly traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

**h) Unclaimed Shares :**

As per clause 5A (II) of the Listing Agreement, the Company has sent three reminders to the shareholders to whom shares were issued in physical form, which remain unclaimed. These shares will be transferred into one folio in the name of "Unclaimed Suspense Account" in due course.

As on 30th September, 2012, 3039 Shareholders holding 30983 Equity Shares have not claimed their share certificates.

**i) Address for correspondence by investors:**

- a. For transfer/ transmission of shares held in physical form, duplicate share certificates, change of address and any other query relating to the shares, except relating to dividends which should be addressed to the Company, investors may communicate with **Registrar & Share Transfer Agent** at the Following Address:

Alankit Assignment Ltd,	Tel: 011-42541234,
2E/21, Anarkali Market,	011-23541234
Jhandewalan Extension,	Fax: 011-23552001
New Delhi-110055,	E-mail: info@alankit.com

- b. Shareholders holding shares in demat form, should address all correspondence to their respective depository participants.
- c. Shri Punit K. Abrol, Sr. Vice President (Finance) & Company Secretary is the Compliance Officer of the Company. For investor queries, the Compliance Officer may be contacted on an exclusive email ID: **investorhelp@punjabchemicals.com**.

**Nomination Facility :**

Members are allowed to nominate any person to whom they desire to have the shares transmitted in the event of death. Desirous Members may approach to the Company or to the Registrar & Share Transfer Agents of the Company, for the shares held in physical form and to the respective Depository Participant for shares held in de-mat form, for availing the same facility.

**j) Plant Locations :**

Location of Manufacturing Sites :	
<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 E-mail : 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 : 01762-275308,506999 E-mail : pharmainfo@punjabchemicals.com



<b>Industrial Chemical Division - Unit Excel Phospho Chem</b>	
<b>Excel Phospho Chem</b> 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, MIDC Industrial Area Tarapur, Boisar, Distt. Thane. Ph. : 02525-274664-65 Fax : 02525-272590
<b>Sulphur Formulation Division</b> D-2, MIDC, Lote Parshuram, Chiplun Taluka: Khed, Dist.: Ratnagiri, Pin Code : 415722, Maharashtra E-mail : rajeshtiwari@punjabchemicals.com Phone:02356-272240-47 Fax: 02356-272341	<b>Agro Formulation Division, Vadodara :</b> 801, B-Tower, Alkapuri Arcader, R.C. Dutt Road, Vadodara, Gujarat-390 005. Tel. : 0265-2353990, 2333896 Fax : 0265-2840227 E-mail : parulnandesari@gmail.com

**k) 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, 4th/5th Floor, Oberoi Chambers II, New Link Road, Andheri (W), Mumbai-53. 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-110001 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 Cell : 09898892994 Ph.: 079-27552583 Fax : 079-27561127 Email: kalendu@punjabchemicals.com	<b>Formulation Office</b> 307, Kil Fire House, C-17, Dalia Industrial Area, New Link Road, Andheri(W), Mumbai-400 053. Cell: +91-98670 24995 Ph.: +91-22-2674 4304/05, Direct:2674 4329, Fax: +91-22-2674 4328 Email: enquiry.formulation@punjabchemicals.com	<b>Sulphur Formulation Division</b> D-2, Phase-II, MIDC, Lote Parshuram, Chiplun, Taluka- Khed, Dist.: Ratnagiri, Maharashtra- 415 722, Ph.:02356-272247 / 272710 Fax:02356-272341.	<b>Agro Formulation Division,</b> Vadodara 801, B-Tower, Alkapuri Arcader, R.C. Dutt Road, Vadodara, Gujarat-390 005. Ph.: 0265-2353990, 2333896 Fax: 0265-2840227 Email: parulnandesari@gmail.com

**k) Group Companies**

<b>Sintesis Quimica S.A.I.C</b> Scalabrini Ortiz 3333, 2nd Floor, Buenos Aires, Argentina (C1425DCB). Tel:54-11-4802-2600	<b>SD Agchem (Europe) NV</b> Uitbreidingstraat 84/B3 2600, Berchem (Antwerp), Belgium Tel:0032 3542 5722 Fax: 0032 3232 3735 Email:fborges@sdagchem.be	<b>STS Chemicals (UK) Ltd.</b> 14 Pollard Way, Gomersal, Cleckheaton, West Yorkshire. BD 19 4PR	<b>PSD Chemicals LLC</b> 10039 E. Troon North Drive, Scottsdale, AZ 85262.
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**11. RECONCILIATION OF SHARE CAPITAL AUDIT REPORT**

As stipulated by the Securities and Exchange Board of India, a qualified Practicing Company Secretary carries out the Reconciliation of Share Capital 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. This 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, inter alia, confirms 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.

**12. CEO/CFO CERTIFICATION**

In terms of Clause 49(V) of the listing agreement, the Certificate duly signed by Shri Shalil Shroff Managing Director and Shri Vipul Joshi, Chief Financial Officer was placed before the Board of Directors along with the financial statements for the year ended 30th September, 2012 at its meeting held on 29th November, 2012.

**13. MANAGING DIRECTOR'S DECLARATION ON CODE OF CONDUCT AND ETHICS**

The Board of Directors of the Company has laid down Code of Conduct ("Code") for all the Board Members and Senior Management Personnel of the Company. The Code is also posted on the website of the Company i.e www.punjabchemicals.com. All Board Members and Senior Management have affirmed their compliance with the Code for the financial year ended 30th September, 2012. A declaration to this effect signed by Shri Shalil Shroff, Managing Director of the Company, also forms part of this report.



## 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 30th September, 2012, 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 : November 29, 2012

**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 : November 29, 2012

**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 30th September, 2012 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 : November 29, 2012

**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 ('the Company') as at September 30, 2012 and also the Statement of profit and loss and the cash flow statement for the period from April 1, 2011 to September 30, 2012 ('the period') 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. Without qualifying our audit opinion,
  - a. we draw attention to Note 33C to the financial statements wherein in accordance with the Scheme of Arrangement as referred therein, the Company has adjusted diminution in value of investment amounting to Rs. 1,139 lacs against the Business Reconstruction Reserve, and
  - b. we draw attention to Note 33D to the financial statements regarding managerial remuneration amounting to Rs. 52 lacs which was paid/provided during the period from January 15, 2012 to September 30, 2012 for which the Company has applied for Central Government's approval for regularization of conditions specified in Schedule XIII to Companies Act, 1956, in respect of default in repayment of debts and interest thereon for continuous period of thirty days in the preceding financial year. Pending receipt of approval, no adjustments has been considered necessary in these financial statements.
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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, statement of profit and loss and 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;
  - v. On the basis of the written representations received from the directors, as on September 30, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on September 30, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - vi. 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 September 30, 2012;
    - b) in the case of the statement of profit and loss, of the loss for the period ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the period 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: November 29, 2012



## ANNEXURE TO THE AUDITORS' REPORT

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

Re: Punjab Chemicals and Crop Protection Limited

- (I) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except for furniture, fixture & equipment for certain location where item wise particulars in the fixed asset register and tagging of fixed assets are in the process of updation.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part 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 one party 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. 48 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 had taken loans from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 780 lacs and the year-end balance of loans taken from such party was Rs. 780 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 was Rs. 40 lacs and the year-end balance of the said fixed deposits was Rs. 8 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, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (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 Companies Act, 1956 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.
- (b) According to the information and explanations given to us, no undisputed amounts payable 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 cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (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, Tax on product registration expenses	590	2005-06 to 2010-11	Deputy Commissioner Central Excise, Commissioner and CESTAT
Income Tax Act	Disallowance under Transfer Pricing and Sec. 14-A.	423	2007-08	Dispute Resolution Panel
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 period are more than fifty percent of its net worth. The Company has not incurred cash loss during the period. In the immediately preceding financial year, the Company had incurred cash loss.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, the Company had delayed in certain repayments of dues (including interest) to financial institutions and banks. The delayed principal amount and the interest aggregate to Rs. 5,056 lacs and Rs. 569 lacs respectively (delays ranging from 1 day to 549 days). Of the above, Rs. 5,183 lacs is outstanding at the balance sheet date. The above amount includes principal and interest amount of Rs. 5,007 lacs and Rs. 176 lacs respectively pertaining to period post Corporate Debt Restructuring Scheme (CDR) which is effective and as approved by the Corporate Debt Restructuring Empowered Group (CDR EG) and as more fully explained in Note 33E of the attached financial statements.
- (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 and 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. 113 lacs for long-term purposes. The Company has utilised such short-term loans from banks towards purchase of fixed assets 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 Companies Act, 1956. 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 : November 29, 2012



## PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

### BALANCE SHEET AS AT 30TH SEPTEMBER 2012

		(Rs. in lacs)
	Notes	As at 30th September 2012
		As at 31st March 2011
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholder's funds</b>		
Share capital	3	1,226
Reserves and surplus	4	751
		<u>1,977</u>
Equity share suspense account (refer note 33A(f))		-
<b>Non-current liabilities</b>		
Long-term borrowings	5	18,596
Long-term provisions	6	563
		<u>19,159</u>
<b>Current liabilities</b>		
Short-term borrowings	7	8,731
Trade payables	8a	7,590
Other current liabilities	8b	9,528
Short-term provisions	6	801
		<u>26,650</u>
<b>Total</b>		<u>47,786</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets		
Tangible assets	9	21,809
Intangible assets	10	1,650
Capital work-in-progress		2,048
Intangible asset under development		95
Non-current investments	11	387
Long-term loans and advances	12	899
Other non-current assets	16	374
		<u>27,262</u>
<b>Current assets</b>		
Inventories	13	5,607
Trade receivables	14	7,805
Cash and bank balances	15	3,487
Short-term loans and advances	12	3,289
Other current assets	16	336
		<u>20,524</u>
<b>Total</b>		<u>47,786</u>
Summary of significant accounting policies	2.1	

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

per **RAVI BANSAL**  
Partner  
Membership No. 49365  
Place : Mumbai  
Date : November 29, 2012

For and on behalf of the Board of Directors

**G. NARAYANA**  
Chairman

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

Place : Mumbai  
Date : November 29, 2012

**SHALIL SHROFF**  
Managing Director

**VIPUL JOSHI**  
Chief Financial Officer

**AVTAR SINGH**  
Whole Time Director



**PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE EIGHTEEN MONTHS ENDED 30TH SEPTEMBER 2012**

(Rs. in lacs)

	Notes	1st April 2011 to 30th September 2012	1st April 2010 to 31st March 2011
<b>Income</b>			
Revenue from operation (gross)	17	55,939	37,151
Less: excise duty		2,550	1,969
Revenue from operations (net)		53,389	35,182
Other income	18	1,505	1,656
<b>Total revenue</b>		<b>54,894</b>	<b>36,838</b>
<b>Expenses</b>			
Cost of raw materials consumed	19	30,791	20,151
Purchases of traded goods	20	2,026	2,194
(Increase)/Decrease in inventories	21	279	988
Employee benefit expenses	22	5,730	1,802
Operating and other expenses	23	14,533	10,006
<b>Total expenses</b>		<b>53,359</b>	<b>35,141</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>1,535</b>	<b>1,697</b>
Depreciation and amortization expenses	24	1,991	694
Finance costs	25	6,153	2,976
<b>Profit/(loss) before tax and exceptional item</b>		<b>(6,610)</b>	<b>(1,973)</b>
Exceptional (Income)/expenses	26	2,362	(619)
<b>Profit/(loss) before tax but after exceptional items</b>		<b>(8,971)</b>	<b>(1,354)</b>
<b>Tax expenses</b>			
Current tax		-	-
Deferred tax		-	-
(Excess)/short provisions of earlier years		16	(1)
<b>Total tax expenses</b>		<b>16</b>	<b>(1)</b>
<b>Profit/(loss) after tax</b>		<b>(8,987)</b>	<b>(1,353)</b>
Post merger loss of Parul Chemicals Limited for the year ended 31 March 2010 (refer note 33A(a))		-	(28)
		<b>(8,987)</b>	<b>(1,381)</b>
Earnings per equity share [nominal value of share Rs. 10 each (Previous year: Rs. 10)]			
Basic and diluted (in Rs.)	27	(122.49)	(18.64)
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

per **RAVI BANSAL**  
 Partner  
 Membership No. 49365  
 Place : Mumbai  
 Date : November 29, 2012

For and on behalf of the Board of Directors

**G. NARAYANA**  
 Chairman

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

Place : Mumbai  
 Date : November 29, 2012

**SHALIL SHROFF**  
 Managing Director

**VIPUL JOSHI**  
 Chief Financial Officer

**AVTAR SINGH**  
 Whole Time Director



**PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**  
**CASHFLOW STATEMENT FOR THE EIGHTEEN MONTHS ENDED 30TH SEPTEMBER 2012**

(Rs. in lacs)

	For the year ended 30th September, 2012	For the year ended 31st March, 2011
<b>Cash flow from operating activities</b>		
<b>Loss before tax</b>	<b>(8,971)</b>	<b>(1,354)</b>
<b>Adjustments for :</b>		
Expenses adjusted with business reconstruction reserve	(1,139)	(9,534)
Depreciation/Amortisation	1,991	1,656
Miscellaneous income/Sundry credit balance written off (net)	(81)	-
Interest income	(467)	(365)
Dividend income	(8)	(22)
Income in respect of government grants / other grants	(7)	(4)
Interest and other financial costs	6,153	5,545
Loss/(Profit) on sale of fixed assets	(5)	(235)
Loss/(Profit) on sale of long-term investments	(1)	(299)
Unrealised foreign exchange Loss/(Gain) (net)	(344)	(240)
Capital project written off	-	2,050
Bad debts written off	149	1,754
Provision for doubtful advances	1,805	1,122
Provision for diminution in value of Investments	3,501	-
Provision for doubtful debts (net)	1,811	1,547
<b>Operating Profit before working capital changes</b>	<b>4,387</b>	<b>1,621</b>
<b>Movement in Working Capital</b>		
Decrease/(Increase) in trade receivables	2,586	(1,067)
Decrease/(Increase) in inventories	(290)	1,919
Decrease/(Increase) in other current assets	(32)	221
Decrease/(Increase) in loans and advances	(540)	331
Increase/(Decrease) in trade payables and current liabilities	(1,217)	743
Increase/(Decrease) in provisions	205	48
<b>Cash generated/(used) from/in operations</b>	<b>5,099</b>	<b>3,816</b>
Direct taxes (paid)/refunded (net)	50	(29)
<b>Net cash generated/(used) from/in operating activities (A)</b>	<b>5,149</b>	<b>3,787</b>
<b>Cash Flow from investment activities</b>		
Purchase of fixed assets, including CWIP and capital advances	(1,887)	(1,072)
Proceeds from sale of fixed assets	40	451
Proceeds of sale of investments	5	666
Fixed deposits (net) (with maturity more than three months)	(139)	314
Interest received	460	101
Dividend received	8	22
<b>Net cash generated/(used) from/in investing activities (B)</b>	<b>(1,513)</b>	<b>482</b>
<b>Cash flow from financial activities</b>		
Proceeds from issue of shares	5,000	-
Proceeds from borrowings	4,287	3,599
Repayments of borrowings	(3,745)	(3,544)
Interest Paid	(6,431)	(5,118)
<b>Net cash generated/(used) from/in financing activities (C)</b>	<b>(889)</b>	<b>(5,063)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>2,747</b>	<b>(794)</b>
<b>Cash and cash equivalents at the beginning of the period/year</b>	<b>722</b>	<b>1,497</b>
Add: Cash and cash equivalents of Parul Chemicals Limited	-	19
	<b>722</b>	<b>1,516</b>
<b>Cash and cash equivalents at the end of the period/year</b>	<b>3,469</b>	<b>722</b>



## PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

### CASHFLOW STATEMENT FOR THE EIGHTEEN MONTHS ENDED 30TH SEPTEMBER 2012

(Rs. in lacs)

	For the year ended 30th September, 2012	For the year ended 31st March, 2011
<b>Components of cash &amp; cash equivalents</b>		
Cash on hand	10	7
With banks		
a) on current account	3,428	675
b) on deposit account with original maturity of less than three months	-	7
c) on unpaid dividend account*	23	25
d) on unpaid fractional shares account*	8	8
<b>Total cash &amp; cash equivalents (note 15)</b>	<b>3,469</b>	<b>722</b>

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

Summary of significant accounting policies 2.1

#### 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 report of even date

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

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

Place : Mumbai  
Date : November 29, 2012

For and on behalf of the Board of Directors

**G. NARAYANA**  
Chairman

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

Place : Mumbai  
Date : November 29, 2012

**SHALIL SHROFF**  
Managing Director

**VIPUL JOSHI**  
Chief Financial Officer

**AVTAR SINGH**  
Whole Time Director

## NOTES TO FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTHS ENDED 30TH SEPTEMBER 2012

### 1. Corporate information

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

### 2. Basis of preparations

- The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention, except in case of land and building for which revaluation is carried out. The accounting policies have been consistently applied by the Company.
- The Company has recorded a net loss of Rs. 8,987 lacs for the eighteen months ('period') and has incurred losses in the previous years resulting in substantial erosion of the net worth. The accumulated losses of the Company as at the close of the financial period exceeded 50% of the Shareholder's Funds (excluding accumulated losses) as at 30 September 2012 and the current liabilities have exceeded current assets by Rs. 6,126 lacs. There were lower cash inflows from existing operations. The Management is confident that the Company will be able to generate profits in future years and meet its financial obligation as they arise. The accompanying Financial Statements have been prepared on a going concern basis based on cumulative impact of following mitigating factors: a) The Company has obtained approval for restructuring of its debts from CDR EG resulting in savings in cash flows of interest payments as discussed in detail in note 33E. b) The Company has entered into strategic long term supply contracts with its customers with minimum commitment of supply of products. c) The promoters have provided liquidity support of Rs. 2,000 lacs to the Company as per CDR Scheme and also have arranged Rs. 3,000 lacs through other than existing shareholders.



## 2.1 Significant accounting policies

### a. Change in presentation and disclosure of financial statements

During the period ended 30 September 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principle followed for the preparation of financial statements. However, it has significant impact on presentation and disclosure made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current period.

### b. 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.

### c. Fixed assets

#### - Tangible fixed assets

Fixed Assets are stated at cost (or revalued amounts, as the case may be) 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.

#### - Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

### d. Depreciation/amortization

- i) Depreciation is provided using Straight Line Method (SLM) for 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 except in case of buildings for which the useful life is as below:

<u>Asset Description</u>	<u>Useful Life as per Management</u>	<u>Useful Life as per Schedule XIV</u>
Buildings	5 to 58 years	28 to 58 years

- 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 a year of acquisition.

### e. 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 using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### f. 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 recognized as finance costs in the statement of profit and loss. 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 statement of profit and loss 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 statement of profit and loss on straight line basis. Costs including depreciation are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage etc are recognized immediately in the statement of profit and loss.

### **g. Investment**

Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition 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.

### **h. 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 a 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.

### **i. 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. Excise Duty deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year.

#### **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. Dividends from subsidiaries is recognized even if the same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirements of the Revised Schedule VI of the Companies Act, 1956.

### **j. Research and development costs**

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

Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale,
- Its intention to complete the asset,
- Its ability to use or sell the asset,
- How the asset will generate future economic profits,
- The availability of adequate resources to complete the development and to use or sell the asset,
- The ability to measure reliably the expenditure attributable to the intangible asset during the development."



**k. Government and 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 statement of profit and loss 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.

**l. 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 operating revenue".

Post Exports, benefits accrued under the Duty Entitlement Pass Book Scheme (DEPB) and Duty Free Import Authorization (DFIA) Scheme has been classified under the head 'Export Benefits' in "Other operating revenue".

**m. 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.

**n. 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.

**o. Retirement and other employee benefits**

**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 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 statement of profit and loss 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.

**Actuarial gains/(losses)**

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 statement of profit and loss as income or expense.

**p. Foreign currency transactions**

**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.

**Conversion**

Foreign currency monetary items are reported using the closing rate.



### **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 period in which they arise except those arising from investments in non-integral operations.

### **Translation of integral and non-integral foreign operations**

The Company classifies all its foreign operations as either “integral foreign operations” or “non-integral foreign operations.” The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself. The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average weekly rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss. When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

### **q. Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

### **r. Taxation**

Tax expense comprises of current and deferred tax. Current income 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 period timing differences between taxable income and accounting income for the period 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 period 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 statement of profit and loss 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.

### **s. 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.

### **t. 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.

### u. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest expenses, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of the profit and loss. In its measurement, the company doesn't include depreciation and amortization expenses, finance costs and tax expenses.

### v. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

	As at 30th September 2012	As at 31st March, 2011
<b>3. Share capital</b>		
<b>Authorized shares</b>		
19,800,000 (Previous year: 17,800,000) equity shares of Rs. 10/- each	1,980	1,780
20,000 (Previous year: 20,000) 9.8% redeemable cumulative preference shares of Rs. 100/- each	20	20
	<b>2,000</b>	<b>1,800</b>
<b>Issued shares</b>		
12,277,218 (Previous year: 7,207,295) equity shares of Rs. 10/- each	1,228	721
<b>Subscribed and fully paid-up shares</b>		
12,262,185 (Previous year: 7,192,892) equity shares of Rs. 10/- each	1,226	719
	<b>1,226</b>	<b>719</b>

### a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period/year

#### Equity shares

	30th September 2012		31st March, 2011	
	Numbers	Rs. in lacs	Numbers	Rs. in lacs
At the beginning of the period	7,192,892	719	7,192,892	719
Issued during the period - in pursuant to scheme of amalgamation of Parul Chemicals Limited (refer note 33A)	69,293	7	-	-
Issued during the period pursuant to Corporate Debt Restructuring Scheme (refer note 33E)	2,000,000	200	-	-
Issued during the period pursuant to conversion of Zero Coupon Unsecured Fully Convertible Debentures	3,000,000	300	-	-
<b>Outstanding at the end of the period</b>	<b>12,262,185</b>	<b>1,226</b>	<b>7,192,892</b>	<b>719</b>

### b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



**c. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

	30th September 2012	31st March 2011
	In numbers	In numbers
Equity shares allotted as fully paid-up pursuant to a scheme of amalgamation for consideration other than cash during 2006-2007 (2,281,568 shares) and 2011-12 (69,293 shares)	2,350,861	2,281,568
	2,350,861	2,281,568

**d. Details of shareholders holding more than 5% shares in the company**

	30th September 2012		31st March 2011	
	Numbers	% holding	Numbers	% holding
Equity shares of Rs. 10 each fully paid-up				
Hem-sil Trading and Manufacturing Private Limited	4,017,318	33%	1,948,095	27%
Gowal Consulting Services Private Limited	3,000,000	24%	-	0%
Excel Industries Limited	584,977	5%	584,977	8%
	7,602,295	62%	2,533,072	35%

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(Rs. in lacs)

	As at 30th September 2012	As at 31st March, 2011
<b>4. Reserves and surplus</b>		
<b>Capital reserve</b>	309	309
<b>Capital redemption reserve</b>		
Balance as per last financial statements	28	-
Add: Reserve of Parul Chemicals Limited ('PCL') pursuant to scheme of Amalgamation (refer note 33A)	-	28
	28	28
<b>Capital reduction reserve</b>		
Balance as per last financial statements	21	-
Add: Reserve of Parul Chemicals Limited ('PCL') pursuant to scheme of amalgamation (refer note 33A)	-	21
	21	21
<b>Securities premium account</b>		
Balance as per last financial statements	1,207	1,072
Add: Reserve of PCL pursuant to scheme of amalgamation (refer note 33A)	-	135
Add: Premium on issue of equity shares	1,800	-
Add: Premium on conversion of zero coupon unsecured fully convertible debentures	2,700	-
	5,707	1,207
<b>Capital subsidy from state government</b>	35	35
<b>Amalgamation reserve</b>		
Balance as per last financial statements	19	-
Add: Reserve of PCL pursuant to scheme of amalgamation (refer note 33A)	-	19
	19	19
<b>Government grant</b>		
Balance as per last financial statements	27	29
Less: Grant recognized in the statement of profit and loss	3	2
	24	27
<b>Development aid grant UNIDO</b>		
Balance as per last financial statements	31	33
Less: Grant recognized in the statement of profit and loss	4	2
	27	31

**Business reconstruction reserve (refer note 33B and 33C)**

Balance as per last financial statements	1,139	-
Add: Revaluation of land and building	-	10,673
Less: Expenses as per scheme adjusted against Business reconstruction reserve	1,139	9,534
	-	1,139

**General reserve**

Balance as per last financial statements	3,568	5,343
Add: Reserve of PCL pursuant to scheme of amalgamation (refer note 33A)	-	55
Less: Accumulated losses of PCL till 31 March 2009 pursuant to scheme of amalgamation (refer note 33A)	-	(222)
Less: Investments in PCL (refer note 33A)	-	(278)
Add: Excess of net assets taken over consideration paid pursuant to scheme of amalgamation (refer note 33A)	-	51
Less: Transfer to deficit in the statement of profit and loss	(3,568)	(1,381)
	-	3,568

**Surplus/(deficit) in the statement of profit and loss**

Balance as per last financial statements	-	-
Loss for the period/year	(8,987)	(1,381)
Add: Transfer from general reserve	3,568	1,381

**Net deficit in the statement of profit and loss**

(5,419)	-
751	6,384

**5. Long-term borrowings**

Rs. in lacs

	Non current portion		Current maturities	
	30th Sept. 2012	31st March 2011	30th Sept. 2012	31st March 2011
<b>Term loans</b>				
<b>From banks</b>				
Term loan (secured) (refer note a to m and t below)	18,465	10,540	5,770	1,781
Vehicle finance scheme (secured) (refer note n below)	-	5	0.34	13
Housing finance scheme (secured) (refer note r below)	38	67	20	16
<b>From others</b>				
Vehicle finance scheme (secured) (refer note p & q below)	-	26	0.32	38
Housing finance scheme (secured) (refer note o below)	22	34	8	8
<b>Other loans and advances</b>				
Finance lease obligation (secured) (refer note s below)	-	35	28	19
Deposits (unsecured) (refer note u below)				
Deposits from shareholders	15	35	17	17
Deposits from public	56	219	169	319
	18,596	10,961	6,013	2,211
<b>The above amount includes</b>				
Secured borrowings	18,525	10,707	5,827	1,875
Unsecured borrowings	71	254	186	336
Amount disclosed under the head "Other current liabilities" (note 8)			(6,013)	(2,211)
	18,596	10,961	-	-

- Term Loan from Allahabad Bank amounting to Rs. 4,970 lacs (Previous year: Rs. 5,000 lacs) is secured by way of first pari passu charge on the fixed assets (Except Pharmaceutical division) and second pari passu charge on the current assets of the company.
- Term Loan from Export - Import Bank of India amounting to Rs. Nil (Previous year: Rs. 2,067 lacs) is secured by first pari passu charge on the entire fixed assets of the Company both present and future, second pari passu charge on current assets of the company, Corporate guarantee from S D Agchem, Belgium, personal guarantees by two directors, and by pledge of promoter's share in the name of Mr Shalil Shroff held in the Company which is in the process of execution.
- Working Capital Long Term Loan from Export - Import Bank of India amounting to Rs. 1,569 lacs (Previous year: Rs. 1,578 lacs) is secured by first pari passu charge on the entire fixed assets of the Company both present and future, second pari passu charge on current assets of the company



both current and future, personal guarantees by two directors, and by pledge of promoter's share in the name of Mr Shalil Shroff held in the Company which is in the process of execution.

- d. Term Loan from Central Bank of India amounting to Rs. 2,485 lacs (Previous year: Rs. 2,473 lacs) is secured by way of collateral first pari passu charge on fixed assets of the company and second pari passu charge on the current assets of the Company and also by personal guarantees of one of the director.
- e. Term Loan from ICICI Bank Limited amounting to Rs. 1,147 lacs (Previous year: Rs. 1,147 lacs) is secured by subservient charge on fixed assets and current assets of the Company. Principal of Rs. 7 lacs included above and interest thereon amounting to Rs. 176 lacs included in other current liabilities is overdue for a period of 1 - 549 days as on the reporting date.
- f. In the previous year the company had entered into a consortium agreement with State Bank of India (SBI) as lead bank, EXIM Bank, Bank of Baroda and Union Bank of India for cash credit and working capital demand loan. Under consortium agreement, cash credit and working capital facilities are secured by way of Hypothecation of entire Current Assets present & future on a pari passu basis with other members of the Consortium and collateral second charge on the movable fixed assets situated at Derabassi and Lalru in the state of Punjab, MIDC-Tarapur, Pimpri-Pune, Lote Parshuram-Chiplun in the state of Maharashtra.
- g. Term loan of Rs. 41 lacs (Previous year: Rs 56 lacs) from SBI is secured under above consortium agreement.
- h. Working Capital Term loan of Rs. 4,154 lacs (Previous year: Rs Nil) from SBI is secured under above consortium agreement. Principal of Rs. 1,889 lacs is overdue for a period of 1 day as on the reporting date.
- i. Working Capital Term loan of Rs. 1,479 lacs (Previous year: Rs Nil) from Union Bank of India is secured by security provided under consortium agreement as mentioned above in addition to specific charge for working capital demand loan on Pharma division located in Lalru. Principal of Rs. 674 lacs is overdue for a period of 1 day as on the reporting date.
- j. Working Capital Term loan of Rs. 860 lacs (Previous year: Rs Nil) from Export Import Bank of India is secured by personal guarantees of two directors, and by pledge of promoter's share in the name of Mr Shalil Shroff held in the Company which is in the process of execution, in addition to security provided under consortium agreement as mentioned above. Principal of Rs. 393 lacs is overdue for a period of 1 day as on the reporting date.
- k. Working Capital Term loan of Rs. 128 lacs (Previous year: Rs Nil) from Indian Overseas Bank is secured by Hypothecation of plant and machineries, stock and book debts and pledge of factory building and office premises of Parul Division in Vadodara.
- l. Working Capital Term loan of Rs. 4,484 lacs (Previous year: Rs Nil) from Bank of Baroda is secured by way of first charge on Pharma division located in Lalru and second charge on stock, book debts and fixed assets of the company in addition to security given under consortium agreement. Principal of Rs. 2,044 lacs is overdue for a period of 1 day as on the reporting date.
- m. Funded Interest Term loan of Rs. 2,918 lacs (Previous year: Rs Nil) from various banks created from conversion of accrued interest on term loans is secured by the securities created in accordance with the Corporate Debt Restructuring Scheme which the Company is in the process of execution. Also refer Note 33E to the financial statements.
- n. Loans from HDFC Bank Limited under Vehicle Finance Schemes amounting to Rs. 0.34 lacs (Previous year: Rs. 18 lacs) are secured by a exclusive charge by way of hypothecation of vehicles under the said Schemes and are carrying interest rate of 10.50% and are repayable in 60 equated monthly installments ('EMIs').
- o. Loan from Housing Development Finance Corporation Limited for Rs. 30 lacs (Previous year: Rs. 42 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 and is carrying interest rate of 12% - 16% and is repayable in 144 EMIs.
- p. Loan from Kotak Mahindra Prime Limited under Vehicle Finance Scheme amounting to Rs. 0.32 lacs (Previous year: Rs. 63 lacs) is secured by an exclusive charge by way of hypothecation of vehicle under said Scheme and is carrying interest rate ranging from 10% - 12% and is repayable in 35 EMIs.
- q. Loan from TATA Capital Limited under Vehicle Finance Scheme amounting to Rs. Nil (Previous year: Rs. 1 lac) is secured by exclusive charge by way of hypothecation of vehicles purchased under the said Scheme and is carrying interest rate of 12% - 15% and is repayable in 36 EMIs.
- r. Housing Loan form ICICI Bank Ltd amounting to Rs. 58 lacs (Previous year: Rs. 83 lacs) is secured by a first charge by way of mortgage of residential flat situated at Mumbai and is carrying interest rate ranging from 12% - 16% and is repayable in 143 EMIs.
- s. The finance lease obligation of Rs. 28 lacs (Previous year: Rs. 54 lacs) is secured by the plant and machinery taken under said lease and is carrying interest rate of 16% and is repayable in 60 EMIs.
- t. The Company has obtained approval of Corporate Debt Restructuring Empowered Group (CDR EG) for restructuring of its debts effective 1 July 2011. The loans and borrowings in books have been restructured and disclosed accordingly. The Company is in the process of creating securities required as per the CDR Scheme. For details and terms of loans refer Note 33E of the financial statements. The securities referred above are as per the pre-CDR arrangement with banks and shall prevail until securitization as per the CDR Scheme is effected.
- u. Deposits from public and shareholders are unsecured and are carrying interest rate ranging from 11% - 15% and are repayable in 1 - 3 years from the respective date of deposits.

**6. Provisions**

(Rs. in lacs)

	<b>Long-term</b>		<b>Short-term</b>	
	<b>30th Sept. 2012</b>	<b>31st March 2011</b>	<b>30th Sept. 2012</b>	<b>31st March 2011</b>
<b>Provision for employee benefits</b>				
Provision for gratuity (note 28)	<b>563</b>	450	<b>110</b>	40
Provision for leave encashment	-	-	<b>315</b>	291
	<b>563</b>	450	<b>425</b>	331
<b>Other provisions</b>				
Provision for taxation	-	-	<b>376</b>	377
	<b>563</b>	450	<b>801</b>	708

**7. Short-term borrowings**

(Rs. in lacs)

	<b>30th Sept. 2012</b>	<b>31st March 2011</b>
Cash credit from banks (secured) (refer note a to g below)	<b>7,921</b>	12,033
Working capital demand loan from banks (secured) (refer note a to g below)	-	6,617
Inter-corporate deposits repayable on demand (unsecured)	<b>810</b>	963
Other loans (unsecured)	-	10
	<b>8,731</b>	19,623
<b>The above amount includes</b>		
Secured borrowings	<b>7,921</b>	18,650
Unsecured borrowings	<b>810</b>	973
	<b>8,731</b>	19,623

- The company had entered into a consortium agreement with State Bank of India (SBI) as lead bank, EXIM Bank, Bank of Baroda and Union Bank of India for cash credit and working capital demand loan. Under consortium agreement, cash credit and working capital facilities are secured by way of Hypothecation of entire Current Assets present & future on a pari passu basis with other members of the Consortium and collateral second charge on the movable fixed assets situated at Derabassi and Lalru in the state of Punjab, MIDC-Tarapur, Pimpri-Pune, Lote Parshuram-Chiplun in the state of Maharashtra.
- Cash credit and working capital demand loan from State Bank of India of Rs. 2,846 lacs (Previous year: Rs. 4,473 lacs) and Rs. Nil (Previous year: Rs. 2,500 lacs) are secured under above consortium agreement.
- Cash credit and working capital demand loan from Union Bank of India of Rs. 1,017 lacs (Previous year: Rs. 1,652 lacs) and Rs. Nil (Previous year: Rs. 892 lacs) respectively is secured by security provided under consortium agreement as mentioned above in addition to specific charge for working capital demand loan on Pharma division located in Lalru.
- Cash credit and working capital demand loan from Export Import Bank of India of Rs. 588 lacs (Previous year: Rs. 930 lacs) and Rs. Nil (Previous year: Rs. 520 lacs) respectively is secured by personal guarantees of two directors, and by pledge of promoter's share in the name of Mr Shaili Shroff held in the Company which is in the process of execution, in addition to security provided under consortium agreement as mentioned above.
- Working capital demand loan from Bank of Baroda of Rs. Nil (Previous year: Rs. 2,705 lacs) is secured by way of first charge on Pharma division located in Lalru and second charge on stock, book debts and fixed assets of the Company in addition to security given under consortium agreement. Further, Cash credit of Rs. 3,251 lacs (Previous year: Rs. 4,630 lacs) is secured by security given under consortium agreement.
- Cash credit from Indian Overseas Bank of Rs. 219 lacs (Previous year: Rs. 348 lacs) is secured by Hypothecation of plant and machineries, stock and book debts and pledge of factory building and office premises of Parul Division in Vadodara.
- The Company has obtained approval of Corporate Debt Restructuring Empowered Group (CDR EG) for restructuring of its debts effective 1 July 2011. The loans and borrowings in books have been restructured in books and disclosed accordingly. The Company is in the process of creating securities required as per the CDR Scheme. For details and terms of cash credit refer Note 33E of the financial statements. The securities referred above are as per the pre-CDR arrangement with banks and shall prevail until securitization as per the CDR Scheme is effected.

**8. Trade payables and other current liabilities**

(Rs. in lacs)

	<b>30th Sept. 2012</b>	<b>31st March 2011</b>
<b>8a. Trade payables (including acceptances)</b>	<b>7,590</b>	8,563
(refer note 36 for details of dues to micro and small enterprises)	<b>7,590</b>	8,563



**8b. Other current liabilities**

Current maturities of long term borrowings (note 5)	<b>6,013</b>	2,211
Creditors for fixed assets	<b>340</b>	172
Interest accrued but not due on borrowings	<b>55</b>	77
Interest accrued and due on borrowings	<b>335</b>	526
Book overdraft	<b>75</b>	175
Due to subsidiaries	<b>1,177</b>	1,039
Employee related liabilities	<b>662</b>	486
Interest bearing security deposits from customers	<b>265</b>	299
Advance from customers	<b>343</b>	688
Investor education and protection fund will be credited by the following amounts (as and when due)		
Unclaimed dividend	<b>22</b>	25
Unclaimed fractional shares	<b>8</b>	8
Unclaimed public deposits	<b>17</b>	0.52
Unclaimed accrued interest on public deposits	<b>4</b>	0.14
Other liabilities	<b>212</b>	225
	<b>9,528</b>	5,932
	<b>17,118</b>	14,495



## 9. Tangible assets

	Land	Buildings	Plant and machinery	Electrical installations	Furniture, fixture and equipments	Vehicles	Total
<b>Cost or valuation</b>							
At 1st April 2010	171	4,603	15,987	451	728	613	22,553
Acquisition through amalgamation (note 33A)	2	149	229	-	56	29	465
Revaluation (refer note 33B)	5,860	4,813	-	-	-	-	10,673
Additions	296	361	561	8	21	1	1,248
Disposals	-	210	817	6	9	19	1,061
<b>As at 31st March 2011</b>	<b>6,329</b>	<b>9,716</b>	<b>15,960</b>	<b>453</b>	<b>796</b>	<b>624</b>	<b>33,878</b>
Additions	-	11	365	7	20	89	492
Disposals	-	-	-	-	-	78	78
<b>As at 30th September 2012</b>	<b>6,329</b>	<b>9,727</b>	<b>16,325</b>	<b>460</b>	<b>816</b>	<b>635</b>	<b>34,292</b>
<b>Depreciation</b>							
At 1st April 2010	1	1,018	7,592	231	575	414	9,831
Transfer through amalgamation (note 33A)	-	39	142	-	43	17	241
Charge for the year	23	627	647	15	41	54	1,407
Disposals	-	6	512	1	9	11	539
<b>As at 31st March 2011</b>	<b>24</b>	<b>1,678</b>	<b>7,869</b>	<b>245</b>	<b>650</b>	<b>474</b>	<b>10,940</b>
Charge for the year	19	466	996	25	45	60	1,611
Disposals	-	-	-	-	-	68	68
<b>As at 30th September 2012</b>	<b>43</b>	<b>2,144</b>	<b>8,865</b>	<b>270</b>	<b>695</b>	<b>466</b>	<b>12,483</b>
<b>Net Block</b>							
<b>As at 31st March 2011</b>	<b>6,305</b>	<b>8,038</b>	<b>8,091</b>	<b>208</b>	<b>146</b>	<b>150</b>	<b>22,938</b>
<b>As at 30th September 2012</b>	<b>6,286</b>	<b>7,583</b>	<b>7,460</b>	<b>190</b>	<b>121</b>	<b>169</b>	<b>21,809</b>

a. Building include investment representing ownership of office premises and residential flats in co-operative societies.

### b. Revaluations (refer note 33B)

In 2010-11 the company has revalued all its land and buildings as on 1st April 2009 at the fair values as at 1st April 2009 determined by an independent external valuer. The valuer determined the fair value by reference to market-based evidence. This means that valuations performed by the valuer were based on active market prices, adjusted for any difference in the nature, location or condition of the specific property.

The historical cost of freehold land, leasehold land and building fair valued by the Company was Rs. 130 lacs, Rs. 19 lacs and Rs. 3,542 lacs respectively and their fair value were Rs. 5,395 lacs, Rs. 614 lacs and Rs. 8,355 lacs respectively. Hence, the revaluation resulted in an increase in the value of freehold land, leasehold land and building by Rs. 5,265 lacs, Rs. 595 lacs and Rs. 4,813 lacs respectively.

c. Land includes land held on leasehold basis:

(Rs. in lacs)

	30th Sept. 2012	31st March 2011
Gross block	934	934
Depreciation charge for the year	19	23
Accumulated depreciation	43	24
Net book value	891	910

d. Plant and machinery and furniture, fixture and equipments include assets take on finance lease:

(Rs. in lacs)

	Plant and machinery		Furniture, fixture and equipment	
	30th Sept. 2012	31st March 2011	30th Sept. 2012	31st March 2011
Gross block	78	78	4	4
Depreciation charge for the year	6	4	-	2
Accumulated depreciation	16	10	4	4
Net book value	62	68	-	-



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.

(Rs. in lacs)

	30th Sept. 2012		31st March 2011	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	17	16	23	19
After one year but more than five years	-	-	37	35
More than five years	-	-	-	-
<b>Total minimum lease payments</b>	<b>17</b>	<b>16</b>	<b>60</b>	<b>54</b>
Less: amounts representing finance charges	1	-	6	-
<b>Present value of lease payments</b>	<b>16</b>	<b>16</b>	<b>54</b>	<b>54</b>

e. Building includes building given on operating lease

(Rs. in lacs)

	30th Sept. 2012	31st March 2011
Gross block	1,323	1,323
Depreciation charge for the year	35	23
Accumulated depreciation	101	66
Net book value	1,222	1,257

- f. Depreciation for the previous year include depreciation on revaluation part of building of Rs. 303 lacs and Rs. 180 lacs for the year ended 31 March 2010 and 31st March 2011 respectively and on revaluation part of leasehold land Rs. 8 lacs each for the year ended 31st March 2010 and 31st March 2011. The same was adjusted with business reconstruction reserve as at 31st March 2011.
- g. In the year ended 31 March 2010, plant and machinery having gross block of Rs. 126 lacs and accumulated depreciation of Rs. 13 lacs and electrical installation having gross block of Rs. 7 lacs and accumulated depreciation of Rs. 2 lacs was reclassified to buildings.
- h. Plant and machinery includes Rs. 82 lacs (Previous year: Rs. 82 lacs) worth of equipments acquired under UNIDO grant scheme.
- i. Gross block of the building includes Rs. 3,030 lacs (Previous year: Rs. 3,030 lacs) [revalued] 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.

#### 10. Intangible assets

(Rs. in lacs)

	Computer software	Computer license	Product registration	Total
<b>Gross Block</b>				
At 1 April 2010	83	29	2,038	2,150
Additions	-	65	81	146
<b>As at 31 March 2011</b>	<b>83</b>	<b>94</b>	<b>2,119</b>	<b>2,296</b>
Additions	-	-	152	152
<b>As at 30 September 2012</b>	<b>83</b>	<b>94</b>	<b>2,271</b>	<b>2,448</b>
<b>Amortization</b>				
At 1 April 2010	78	28	63	169
Charge for the year	4	33	212	249
<b>As at 31 March 2011</b>	<b>82</b>	<b>61</b>	<b>275</b>	<b>418</b>
Charge for the period	1	33	346	380
<b>As at 30 September 2012</b>	<b>83</b>	<b>94</b>	<b>621</b>	<b>798</b>
<b>Net Block</b>				
<b>As at 31 March 2011</b>	<b>1</b>	<b>33</b>	<b>1,844</b>	<b>1,878</b>
<b>As at 30 September 2012</b>	<b>-</b>	<b>-</b>	<b>1,650</b>	<b>1,650</b>

- a. Product registration includes testing, data access and other product registration related expenses.
- b. Remaining period of amortization of product registration expenses ranges from 67 to 119 months.
- c. Computer licence includes licence taken on finance lease. The Gross Block of such licences is Rs. 19 lacs [Previous year: Rs. 19 lacs] and accumulated amortization Rs. 19 lacs [Previous year: Rs. 19 lacs].



## 11. Non-current investments

(Rs. in lacs)

30th Sept. 2012

31st March 2011

**Trade investments (valued at cost unless otherwise stated)****Unquoted equity instruments**Investment in subsidiaries

10,823 (Previous year: 10,823) equity shares of

3,825

3,825

Euro 615 each fully paid-up in SD Agchem (Europe) N.V.

Less: Provision for diminution in value of investments (refer note 33C)

(3,501)

-

324

3,825

2,000 (Previous year: 2,000) equity shares of

2

2

GBP 1 each fully paid-up in STS Chemicals (UK) Limited

Investment in joint venture

22,470 (Previous year: 22,470) equity shares of

2

2

Rs. 10/- each fully paid-up in Stellar Marine Paints Limited

328

3,829

**Non trade investments (valued at cost unless otherwise stated)****Quoted equity instruments**

1,700 (Previous year: 1,700) equity shares of

1

1

Rs. 10/- each fully paid-up in Dena Bank Limited

400 (Previous year: 400) equity shares of

0.04

0.04

Rs. 10/- each fully paid-up in Syndicate Bank Limited

**Unquoted equity instruments**

84,375 (Previous year: 112,500) equity shares of

8

11

Rs. 10/- each fully paid-up in Nimbua Green Field (Punjab) Limited

12,500 (Previous year: 12,500) equity shares of

1

1

Rs. 10/- each fully paid-up in Alpha Tools Private Limited

30 (Previous year: 30) equity shares of

0.02

0.02

Rs. 50/- each fully paid-up in Alkapuri Arcade Co-op Society

2,535 (Previous year: 2,535) equity shares of

0.25

0.25

Rs. 10/- each fully paid-up in Pragati Sahkari Bank Limited

1,050 (Previous year: 1,050) equity shares of

0.11

0.11

Rs. 10/- each fully paid-up in Baroda Dist Industrial Co-op Bank Limited

**Unquoted other non-current investments**

516,814 (Previous year: 516,814) units of Rs. 10/- each in Reliance Mutual Fund (NAV Rs. 76 lacs (Previous year: Rs. 77 lacs))

45

45

3,875 (Previous year: 3,875) 6.75% Tax Free US-64 Bonds of Rs. 100/- each

4

4

National Savings Certificate

-

0.08

59

63

387

3,891

Aggregate amount of quoted investments

1

1

(Market value Rs. 2 lacs (Previous year: Rs. 2 lacs))

Aggregate amount of unquoted investments

386

3,890

## 12. Loans and advances

(Rs. in lacs)

	Long-term		Short-term	
	30th Sept. 2012	31st March 2011	30th Sept. 2012	31st March 2011
Capital advances (unsecured, considered good)	250	112	-	-
Security deposit (unsecured, considered good)	223	142	-	-
Loans and advances to related parties				
Unsecured considered good	-	-	1,048	2,639
Unsecured considered doubtful	-	-	1,771	-



	-	-	2,819	2,639
Provision for doubtful advances	-	-	1,771	-
	-	-	1,048	2,639
Advances recoverable in cash or kind				
Unsecured considered good	35	112	1,147	903
Unsecured considered doubtful	1,168	1,138	-	-
	1,203	1,250	1,147	903
Provision for doubtful advances	1,168	1,138	-	-
	35	112	1,147	903
<b>Other loans and advances (unsecured, considered good)</b>				
Advance tax	334	400	-	-
Balance with excise and customs	-	-	936	649
VAT recoverable	-	-	158	200
Inter-corporate deposits	57	57	-	-
	899	863	3,289	4,391

#### Loans to employees include

(Rs. in lacs)

**Short-term**  
30th Sept. 2012    31st March 2011

Dues from officers of the company (maximum amount due Rs. 2 lacs (Previous year: Rs. 10 lacs))	-	-	0.09	1
<b>Loans and advances to related parties include</b>				
Dues from SD Agchem (Europe) N.V. (maximum amount due Rs. 2,425 lacs (Previous year: Rs. 1,976 lacs))			2,425	1,972
Dues from Sintesis Quimica SAIC (maximum amount due Rs. 307 lacs (Previous year: Rs. 164 lacs))			307	165
Dues from Stellar Marine Paints Limited (maximum amount due Rs. 48 lacs (Previous year: Rs. 40 lacs))			48	40
Dues from STS Chemicals (UK) Limited (maximum amount due Rs. 35 lacs (Previous year: Rs. 27 lacs))			35	27
Dues from L & L Products Shroff Private Limited (maximum amount due Rs. 4 lacs (Previous year: Rs. Nil))			4	-
Dues from Agrichem B.V. (maximum amount due Rs. Nil (Previous year: Rs. 425 lacs))			-	414
Dues from Eftec Shroff (India) Limited (maximum amount due Rs. Nil (Previous year: Rs. 64 lacs))			-	21
			2,819	2,639

#### 13. Inventories (valued at lower of cost and net realizable value)

(Rs. in lacs)

30th Sept. 2012    31st March 2011

Raw materials (includes in transit Rs. 7 lacs (Previous year: Rs. 15 lacs))	2,168	1,496
Work-in-progress	583	602
Finished goods (includes in transit Rs. 144 lacs (Previous year: Rs. 384 lacs))	2,219	2,351
Traded goods (includes in transit Nil (Previous year: Rs. 50 lacs))	85	296
Packing materials	243	281
Stores and spares (including fuel)	309	291
	5,607	5,317

#### 14. Trade receivables

(Rs. in lacs)

**Current**  
30th Sept. 2012    31st March 2011

<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Secured, considered good	44	29
Unsecured, considered good	3,082	4,533
Doubtful	3,882	2,072
	7,008	6,634
<b>Other receivables</b>		
Secured, considered good	86	77
Unsecured, considered good	4,593	7,367
Doubtful	4	8



	4,683	7,452
Less: Provision for doubtful debts	3,886	2,080
	<u>7,805</u>	<u>12,006</u>
<b>Trade receivable from related parties include</b>		
Dues from SD Agchem (Europe) N.V.	2,450	3,912
Dues from Agrichem B.V.	-	639
Dues from Sintesis Quimica SAIC	960	639

**15. Cash and bank balances**

(Rs. in lacs)

	Non-current		Current	
	30th Sept. 2012	31st March 2011	30th Sept. 2012	31st March 2011
<b>Cash and cash equivalents</b>				
Balance with banks				
on current accounts	-	-	3,428	675
on fixed deposits with original maturity of less than three months	-	-	-	7
on unpaid dividend account	-	-	23	25
on unpaid fractional shares account	-	-	8	8
Cash on hand	-	-	10	7
	<u>-</u>	<u>-</u>	<u>3,469</u>	<u>722</u>
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	-	14	-	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-	18	59
Margin money deposit*	374	184	-	-
	<u>374</u>	<u>198</u>	<u>18</u>	<u>59</u>
Amount disclosed under non-current assets (note 16)	<u>(374)</u>	<u>(198)</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>3,487</u>	<u>781</u>

\*Includes Rs. 68 lacs (Previous year: Rs. 51 lacs) held in liquidity margin under Companies (Acceptance of Deposit Rules) and Rs. 306 lacs (Previous year: Rs. 133 lacs) as margin for import letter of credit and bank guarantees.

**16. Other assets**

(Rs. in lacs)

	Non-current		Current	
	30th Sept. 2012	31st March 2011	30th Sept. 2012	31st March 2011
Non-current bank balances (refer note 15)	374	198	-	-
Interest receivable	-	-	17	9
Export benefit receivable	-	-	304	275
Insurance claim receivable	-	-	5	-
Job work charges receivable	-	-	10	11
Other receivable	-	-	-	1
	<u>374</u>	<u>198</u>	<u>336</u>	<u>296</u>

**17. Revenue from Operations**

(Rs. in lacs)

	1st April 2011 to 30th September 2012	1st April 2010 to 31st March 2011
Sale of products		
Finished goods	51,788	34,320
Traded goods	1,951	1,798
Sale of services	1,556	533
Other operating revenue		
Scrap sales	211	93
Export benefit	433	407
<b>Revenue from operations (gross)</b>	<u>55,939</u>	<u>37,151</u>
Less: Excise duty#	<u>2,550</u>	<u>1,969</u>
<b>Revenue from operations (net)</b>	<u>53,389</u>	<u>35,182</u>



# Excise duty on sales amounting to Rs. 2,550 lacs (Previous year: Rs. 1,969 lacs) has been reduced from sales in the statement of profit and loss and excise duty on increase / decrease in finished goods amounting to (Rs. 83 lacs) (Previous year: (Rs. 17 lacs)) has been considered as income in note 21 of financial statements.

#### Details of products sold

##### Finished goods sold

Agro chemicals and intermediates	22,190	10,441
Speciality chemicals	6,397	6,049
Phosphorous and its compounds	7,292	5,707
Other chemicals	15,909	12,123
	<b>51,788</b>	<b>34,320</b>

##### Traded goods sold

Formulated goods	1,010	812
Organic chemicals	687	473
Other chemicals	254	513
	<b>1,951</b>	<b>1,798</b>
	<b>53,739</b>	<b>36,118</b>

#### Details of services rendered

Job work income	1,443	441
Micronisation and handling charges	113	92
	<b>1,556</b>	<b>533</b>

#### 18. Other income

(Rs. in lacs)

	1st April 2011 to 30th September 2012	1st April 2010 to 31st March 2011
<b>Interest income on</b>		
Bank deposits	36	40
Receivable from subsidiaries and joint venture	417	321
Others	14	4
Management fees	142	133
Government grants	7	4
Exchange difference (net)	593	402
Dividend Income from long-term investments	8	22
Insurance claim received	3	78
Profit on sale of long-term investments (net)	1	299
Profit on sale of fixed assets (net)	5	235
Service charges	82	40
Commission	3	3
Sundry credit balance written back (net)	81	40
Rent income	113	35
	<b>1,505</b>	<b>1,656</b>

#### 19. Cost of raw material consumed

(Rs. in lacs)

	1st April 2011 to 30th September 2012	1st April 2010 to 31st March 2011
Stock of raw material at the beginning of the period	1,496	2,262
Add: Stock taken over on amalgamation (refer note 33A)	-	62
Add: Purchases	31,684	19,572
	<b>33,180</b>	<b>21,896</b>
Less: Sale of raw materials	186	185
Less: Discount received on purchase	35	18
Less: Stock of raw material at end of the period	2,168	1,496
	<b>2,389</b>	<b>1,699</b>
Less: Obsolete inventory adjusted with BRR (refer note 33B)	-	46
<b>Cost of raw material consumed</b>	<b>30,791</b>	<b>20,151</b>

**Details of raw material consumed**

Agro chemicals and its intermediates	12,369	6,806
Speciality chemicals	5,815	3,763
Oxalic acid and oxalates	3,525	2,407
Other chemicals	9,082	7,175
	<b>30,791</b>	<b>20,151</b>

**20. Purchase of traded goods**

(Rs. in lacs)

	1st April 2011 to 30th September 2012	1st April 2010 to 31st March 2011
Inorganics chemicals	-	531
Formulated goods	685	603
Organic chemicals	262	295
Other chemicals	1,079	765
	<b>2,026</b>	<b>2,194</b>

**21. (Increase)/decrease in inventories**

(Rs. in lacs)

	30th Sept. 2012	31st March 2011	(Increase)/decrease 30th Sept. 2012
<b>Inventories at the end of the period</b>			
Traded goods	85	296	211
Work-in-progress	583	602	18
Finished goods	2,219	2,351	132
	<b>2,887</b>	<b>3,249</b>	<b>362</b>
Add: Obsolete inventory adjusted with Business Reconstruction Reserve (refer note 33B)	-	40	40
	<b>2,887</b>	<b>3,289</b>	<b>402</b>
<b>Inventories at the beginning of the period</b>			31st March 2011
Traded goods	296	381	(85)
Work-in-progress	602	694	(92)
Finished goods	2,351	3,087	(736)
Add: Stock taken over on amalgamation (refer note 33A)	-	132	(132)
	<b>3,249</b>	<b>4,294</b>	<b>(1,045)</b>
(Increase)/Decrease in excise duty on stocks	<b>(83)</b>	<b>(17)</b>	
	<b>279</b>	<b>988</b>	
<b>Details of inventories</b>			
<b>Traded goods</b>			
Formulated goods	73		205
Other chemicals	12		91
	<b>85</b>		<b>296</b>
<b>Work-in-progress</b>			
Agro chemicals and intermediates	182		260
Speciality chemicals	180		157
Sulphur based compounds	61		42
Other chemicals	160		143
	<b>583</b>		<b>602</b>
<b>Finished goods</b>			
Speciality chemicals	690		764
Formulated goods	646		470
Agro chemicals and intermediates	328		504
Other chemicals	555		613
	<b>2,219</b>		<b>2,351</b>



**22. Employee benefit expenses**

(Rs. in lacs)

	1st April 2011 to 30th September 2012	1st April 2010 to 31st March 2011
Salaries, wages and bonus	4,345	2,822
Contribution to provident and other funds	562	342
Gratuity and leave encashment expense (note 28)	356	130
Staff welfare expenses	467	312
	<b>5,730</b>	<b>3,606</b>
Less: Adjusted with business reconstruction reserve (refer note 33B)	-	1,804
	<b>5,730</b>	<b>1,802</b>

**23. Operating and other expenses**

(Rs. in lacs)

	1st April 2011 to 30th September 2012	1st April 2010 to 31st March 2011
Consumption of stores and spares	315	232
Power and fuel	5,129	3,040
Repairs and maintenance - plant and machinery	459	514
Repairs and maintenance - buildings	35	45
Repairs and maintenance - others	304	63
Rent	131	103
Rates and taxes	172	90
Insurance charges	138	111
Bad debts written off	149	1,754
Postage, telegrams and telephones	84	60
Traveling and conveyance	537	415
Vehicle expenses	115	80
Commission on sales (other than sole selling agents)	109	125
Discount on sales	99	87
Provision for doubtful advances	1,805	1,122
Packing expenses	987	875
Freight and handling expenses	688	642
Job work expenses	183	127
Director's sitting fees	5	2
Charity and donations (other than political parties)	3	3
Fixed assets written off	-	174
Provision for doubtful debts	1,811	1,547
Research and development expenses	118	55
Marketing and promotional expenses	32	48
Other expenses*	1,125	755
	<b>14,533</b>	<b>12,069</b>
Less: Adjusted with Business Reconstruction Reserve (refer note 33B)	-	2,063
	<b>14,533</b>	<b>10,006</b>
<b>*Payment to auditor</b>		
As auditor:		
Audit fee	31	22
Tax audit fee	4	3
Limited review	9	7
In other capacity:		
Taxation matters	11	2
Other services (certification)	2	-
Reimbursement of expenses	1	2
	<b>58</b>	<b>36</b>

**24. Depreciation and amortization expenses**

(Rs. in lacs)

	1st April 2011 to 30th September 2012	1st April 2010 to 31st March 2011
Depreciation of tangible assets	1,611	1,407
Amortization of intangible assets	380	249
	1,991	1,656
Less: Adjusted with Business Reconstruction Reserve (refer note 33B)	-	962
	1,991	694

**25. Finance costs**

(Rs. in lacs)

	1st April 2011 to 30th September 2012	1st April 2010 to 31st March 2011
Interest on loans and deposits	2,586	1,317
Interest on cash credit accounts	3,092	3,598
Interest on others	267	171
Bank charges	208	459
	6,153	5,545
Less: Adjusted with Business Reconstruction Reserve (refer note 33B)	-	2,569
	6,153	2,976

**26. Exceptional (Income)/expenses**

(Rs. in lacs)

	1st April 2011 to 30th September 2012	1st April 2010 to 31st March 2011
Insurance claim for loss of profit (refer note below)	-	(619)
Provision for diminution in value of investments (refer note 33C)	3,501	-
	3,501	(619)
Less: Adjusted with Business Reconstruction Reserve (refer note 33B)	1,139	-
	2,362	(619)

**Note :** During the year ended 31st March 2010, there was a fire at one of the plants of Agro Chemicals Division, Derabassi, for which the Company has during the previous year received insurance claim of Rs. 619 lacs.

**27. Earnings per share**

The following reflects the profit and share data used in the basic and diluted EPS computations:

(Rs. in lacs)

	30th Sept. 2012	31st March 2011
<b>Total operations for the period</b>		
Net Profit/(loss) after tax for calculation of basic and diluted EPS	(8,987)	(1,353)
Weighted average number of equity shares in calculating basic and diluted EPS (in numbers)	7,336,866	7,262,185
<b>Earnings per share (basic and diluted) (in Rs.)</b>	<b>(122.49)</b>	<b>(18.64)</b>

**28. Employee benefits****A. Defined contribution plan - provident fund and superannuation fund**

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

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



(Rs. in lacs)

	1st April 2011 to 30th September 2012	1st April 2010 to 31st March 2011
Contribution to provident fund	312	196
Contribution to superannuation fund	194	130
	<b>506</b>	<b>326</b>

**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.

**Statement of profit and loss**

Net employee benefit expense recognized in the employee cost

(Rs. in lacs)

	30th Sept. 2012	31st March 2011
Current service cost	78	51
Interest cost on benefit obligation	107	61
Expected return on plan assets	(41)	(23)
Net actuarial (gain)/loss recognized in the period/year	126	(60)
<b>Net benefit expenses</b>	<b>270</b>	<b>29</b>
Actual return on plan assets	42	26
<b>Balance sheet</b>		
Benefit asset/liability		
Present value of defined benefit obligation	1,045	809
Fair value of plan assets	372	319
<b>Plan asset/(liability)</b>	<b>(673)</b>	<b>(490)</b>
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	809	781
Current service cost	78	52
Interest cost	107	61
Benefits paid	(78)	(28)
Actuarial (gains)/losses on obligation	129	(56)
<b>Closing defined benefit obligation</b>	<b>1,045</b>	<b>809</b>
<b>Changes in the fair value of plan assets are as below:</b>		
Opening fair value of plan assets	318	301
Expected return	41	23
Contributions by employer	87	12
Benefits paid	(78)	(22)
Actuarial (gains)/losses	4	4
<b>Closing fair value of plan assets</b>	<b>372</b>	<b>318</b>
Contribution for the next year	118	52

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

Investments with insurer	100%	100%
	<b>100%</b>	<b>100%</b>

**The principal assumptions used in determining gratuity for the Company's plans are shown below:**

Discount rate	8.60%	8.00%
Expected return on plan assets	8.50%	8.00%
Employee turnover	2.00%	2.00%
Expected rate of salary increase	6.00%	6.00%
Mortality table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Proportion of employees opting for early retirement	1% to 3%	1% to 3%



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.

The overall expected 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. There has been significant change in expected rate of return on assets due to change in the market scenario.

**Amounts for the current period and previous four years are as follows:**

(Rs. in lacs)

	30th Sept. 2012	31st March 2011	31st March 2010	31st March 2009	31st March 2008
Defined benefit obligation	1,045	809	764	583	538
Plan assets	372	302	286	246	215
Surplus/(deficit)	(673)	(507)	(478)	(337)	(323)
Experience adjustment on plan liabilities	4	1	3	-	-
Experience adjustment on plan assets	158	(58)	(23)	-	-

## 29. 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 31 March 2012 is as under:

(In Rs. lacs)

	31st March 2012	31st March 2011
Current assets	2	11
Non-current assets	1	1
Current liabilities	22	20
Non-current liabilities	28	25
<b>Equity</b>	<b>(47)</b>	<b>(33)</b>
Revenue	10	14
Material cost	11	9
Employee benefit expenses	5	5
Operating and other expenses	8	14
<b>Profits before tax</b>	<b>(14)</b>	<b>(14)</b>
Income tax expenses	-	-
<b>Profit after tax</b>	<b>(14)</b>	<b>(14)</b>

## 30. Segment information

The Company is organized 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.

**Period ended 30 September 2012**

	Chemicals	Bulk drugs and intermediates	Eliminations	Total
<b>Revenue from operations</b>				
External	(45,437)	7,952	-	53,389
Inter-segment	844	48	(892)	-
<b>Total revenue from operations</b>	<b>(46,281)</b>	<b>8,000</b>	<b>(892)</b>	<b>53,389</b>
<b>Results</b>				
Segment results	537	(1,115)	-	(579)
Unallocated expenses net of unallocable income				(122)
<b>Operating profit/(loss)</b>				<b>(457)</b>
Finance costs				6,153
Exceptional expenses				2,362
<b>Profit/(loss) before tax</b>				<b>(8,972)</b>
Tax expenses				16
<b>Profit/(loss)</b>				<b>(8,988)</b>



**As at 30 September 2012**

Segment assets	36,390	9,322	-	45,712
Unallocated assets				2,074
<b>Total assets</b>	<b>36,390</b>	<b>9,322</b>	<b>-</b>	<b>47,786</b>
Segment liabilities	10,607	1,152	-	11,759
Unallocated liabilities				34,050
<b>Total liabilities</b>	<b>10,607</b>	<b>1,152</b>	<b>-</b>	<b>45,809</b>

**Other segment information**

Capital expenditure:				
Tangible assets	1,808	67	-	1,875
Intangible assets	75	-	-	75
Depreciation	1,186	425	-	1,611
Amortization	380	-	-	380
Other non-cash expenses	2,725	1,040	-	3,765
Unallocable non-cash expenses	-	-	-	2,362

**Year ended 31 March 2011**

	<b>Chemicals</b>	<b>Bulk drugs and intermediates</b>	<b>Eliminations</b>	<b>Total</b>
<b>Revenue</b>				
External sales	28,308	6,874	-	35,182
Inter-segment sales	427	21	(448)	-
<b>Total revenue</b>	<b>28,735</b>	<b>6,895</b>	<b>(448)</b>	<b>35,182</b>

**Results**

Segment results	524	777	-	1,301
Unallocated expenses net of unallocable income				298

**Operating profit**

Finance costs				2,976
Exceptional Income				619

**Profit/(loss) before tax**

Tax expenses				(1)
--------------	--	--	--	-----

**Profit/(loss)**

**(1,353)**

**As at 31 March 2011**

Segment assets	39,577	9,445	-	49,022
Unallocated assets				4,325
<b>Total assets</b>	<b>39,577</b>	<b>9,445</b>	<b>-</b>	<b>53,347</b>
Segment liabilities	11,140	1,288	-	12,428
Unallocated liabilities	-	-	-	33,809
<b>Total liabilities</b>	<b>11,140</b>	<b>1,288</b>	<b>-</b>	<b>46,237</b>

**Other segment information**

Capital expenditure:				
Tangible assets	687	239	-	926
Intangible assets	146	-	-	146
Depreciation	191	254	-	445
Amortization	249	-	-	249
Other non-cash expenses	4,586	11	-	4,597
Unallocable non-cash expenses	-	-	-	-

**Geographical segments**

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 India and outside India.



<b>Period ended 30 September 2012</b>	<b>India</b>	<b>Outside India</b>	<b>Total</b>
<b>Revenue from operations</b>			
External customers	39,531	13,858	53,389
<b>Other segment information</b>			
Segment assets	34,511	13,275	47,786
Capital expenditure			
Tangible fixed assets	1,875	-	1,875
Intangible assets	64	11	75
<b>Year ended 31 March 2011</b>	<b>India</b>	<b>Outside India</b>	<b>Total</b>
<b>Revenue from operations</b>			
External customers	20,545	14,637	35,182
<b>Other segment information</b>			
Segment assets	32,814	20,533	53,347
Capital expenditure			
Tangible fixed assets	926	-	926
Intangible assets	27	119	146

### 31. Related party transactions

#### **Name of the related party and related party relationships**

#### **Related party where control exists**

Subsidiaries

1. STS Chemicals (UK) Limited
2. S D Agchem (Europe) NV
3. Sintesis Quimica S.A.I.C., Argentina
4. Agrichem B.V. (till June 30, 2012)
5. S D Agchem (Netherlands) B.V. (till June 30, 2012)
6. Agrichem Polska SP. Z.O.O., Poland (till June 30, 2012)
7. N.V. Agricultural Chemicals, Belgium (till June 30, 2012)
8. Agrichem Helvetia GmbH, Switzerland (till June 30, 2012)

#### **Other related parties with whom transactions have taken during the period/year**

#### **Joint venture company**

1. Stellar Marine Paints Limited

#### **Key management personnel**

#### **Directors**

1. Mr. G.Narayana - Chairman
2. Mr. Shail Shroff - Managing Director
3. Mrs. Rupam Shroff - Whole time Director (till June 30, 2012)
4. Mr. Avtar Singh - Whole time Director
5. Mr. S.S.Tiwari - Whole time Director
6. Capt. S S Chopra (Retd.) - Director

#### **Relatives of key management personnel**

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



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

10. Mr. Mahadev Suvarna
11. Mr. Jaswant Singh
12. Mrs. Manjeet Kaur
13. Ms. Shivani S. Tiwari
14. Ms. Kusum Tiwari
1. Eftec Shroff (India) Limited
2. Hemsil Trading & Manufacturing Private Limited
3. M/s Chinmaya Metachem
4. M/s Salil Meta Chem
5. L & L Products Shroff Private Limited

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period/year

**a. Sale/purchase of goods and services**

	Period/Year ended	Sale of goods	Purchase of goods	Amount owned by related parties*	Amount owned to related parties*
<b>Subsidiaries</b>					
Agrichem B.V.	30 September 2012	<b>637</b>	-	-	-
	31 March 2011	2,016	-	639	78
SD Agchem (Europe) N.V.	30 September 2012	<b>1,708</b>	<b>119</b>	<b>2,450</b>	<b>1,151</b>
	31 March 2011	848	-	3,912	961
Sintesis Quimica SAIC	30 September 2012	<b>430</b>	<b>26</b>	<b>960</b>	<b>26</b>
	31 March 2011	1,022	30	639	61
<b>Joint Venture</b>					
Stellar Marine Paints Limited	30 September 2012	<b>0.18</b>	<b>1</b>	-	-
	31 March 2011	0.10	1	1	1
<b>Other related entities</b>					
Hem-sil Trading and	30 September 2012	-	-	-	<b>11</b>
Manufacturing Pvt Limited	31 March 2011	-	-	-	11

\*The amounts are classified as trade receivable and trade payables, respectively.

**b. Loans given, advances made and repayment thereof**

	Period/Year ended	Loans given/Advances made during the period/year	Repayment made during the period/year	Interest accrued during the period/year	Amount owned by related parties#
<b>Subsidiaries</b>					
STS Chemicals (UK) Limited	30 September 2012	<b>8</b>	-	-	<b>35</b>
	31 March 2011	1	-	-	27
Agrichem B.V.	30 September 2012	-	<b>414</b>	<b>23</b>	-
	31 March 2011	3	-	14	414
SD Agchem (Europe) N.V.	30 September 2012	<b>143</b>	-	<b>310</b>	<b>2,425</b>
	31 March 2011	-	-	273	1,972
Sintesis Quimica SAIC	30 September 2012	<b>64</b>	-	<b>81</b>	<b>307</b>
	31 March 2011	-	-	21	165
<b>Joint Venture</b>					
Stellar Marine Paints Limited	30 September 2012	<b>4</b>	-	<b>4</b>	<b>48</b>
	31 March 2011	1	-	2	40
<b>Key managerial personnel</b>					
Mr. S. S. Tiwari	30 September 2012	<b>6</b>	-	-	<b>0.9</b>
	31 March 2011	-	-	-	-
Mr. Avtar Singh	30 September 2012	-	-	-	-
	31 March 2011	-	-	-	1

**Other related entities**

Eftec Shroff (India) Limited	30 September 2012	-	27	-	-
	31 March 2011	-	-	-	21
L & L Products Shroff Private Limited	30 September 2012	4	-	-	4
	31 March 2011	-	-	-	-

# The amounts are classified as advance receivable from related parties.

**c. Loans taken, deposits received, advances received and repayment thereof**

	Period/Year ended	Loans and deposits taken/advance received during the period/year	Repayment during the period/year	Interest accrued during the period/year	Amount owned to related parties\$
<b>Subsidiaries</b>					
Sintesis Quimica SAIC	30 September 2012	-	-	16	-
	31 March 2011	-	-	4	-
<b>Other related entities</b>					
Hem-sil Trading and Manufacturing Pvt Limited	30 September 2012	223	-	125	780
	31 March 2011	135	-	62	557
Salil Metachem	30 September 2012	57	-	7	57
	31 March 2011	-	-	-	-
Eftec Shroff (India) Limited	30 September 2012	-	-	-	6
	31 March 2011	-	-	-	-
<b>Key managerial personnel</b>					
Capt. S. S. Chopra (Retd.)	30 September 2012	-	-	2	14
	31 March 2011	-	-	2	14
<b>Relatives to key managerial personnel</b>					
Others	30 September 2012	-	15	3	19
	31 March 2011	7	-	3	31

\$The amounts are classified as due from subsidiaries.

**d. Other transactions with related parties**

	Period/Year ended	Purchase of fixed assets during the period/year	Expenses incurred on behalf of company the year period/year	Management fees during the period/year	Rent/service charges income/(expense) during the period/year
<b>Subsidiaries</b>					
SD Agchem (Europe) N.V.	30 September 2012	-	-	-	-
	31 March 2011	-	107	-	-
Agrichem B.V.	30 September 2012	-	-	142	-
	31 March 2011	-	-	133	-
<b>Joint Venture</b>					
Stellar Marine Paints Limited	30 September 2012	-	-	-	5
	31 March 2011	-	-	-	3
<b>Other related parties</b>					
Eftec Shroff (India) Limited	30 September 2012	2	-	-	56
	31 March 2011	-	-	-	37
Hem-sil Trading and Manufacturing Pvt Limited	30 September 2012	-	-	-	(26)
	31 March 2011	-	-	-	(27)
Shalil Shroff HUF	30 September 2012	-	-	-	(10)
	31 March 2011	-	-	-	(7)
L & L Products Shroff Private Limited	30 September 2012	-	-	-	51
	31 March 2011	-	-	-	-





		Issue of Share Capital during the period/year	Provision for doubtful debts made during the period/year	Provision for advances made during the period/year
<b>Subsidiaries</b>				
SD Agchem (Europe) N.V.	30 September 2012	-	207	1,411
	31 March 2011	-	-	-
Sintesis Quimica SAIC	30 September 2012	-	873	360
	31 March 2011	-	-	-
<b>Other related parties</b>				
Hem-sil Trading and Manufacturing Pvt Limited	30 September 2012	2,000	-	
	31 March 2011	-	-	

		(Rs. in Lacs)
e. Remuneration and other benefits	30 September 2012	31 March 2011
<u>Remuneration to Directors</u>		
Mr. Shalil Shroff	67	43
Mr. Avtar Singh	51	35
Ms. Rupam Shroff	28	32
Mr. S. S. Tiwari	60	40
<u>Benefits to Relatives</u>		
Ms. Shaila Shroff	7	4
Ms. Ravinder Kaur	7	3
Others	2	1
<u>Sitting Fees</u>		
Mr. G. Narayana	0.80	0.20
Capt. S. S. Chopra (Retd.)	0.45	0.20

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

**f. Others**

- i. As at 30 September 2012, the term loans of Rs. 4,228 lacs (Previous year: Rs. 8,324 lacs) from financial institutions taken by SD Agchem (Europe) N.V. is guaranteed by the corporate guarantee of Punjab Chemicals and Crop Protection Limited, the ultimate holding company of the group.

	(Rs. in Lacs)	
<b>32. Contingent liabilities</b>	<b>30 September 2012</b>	<b>31 March 2011</b>
Claims against the company not acknowledged as debts		
Excise duty matters in dispute or under appeal	66	149
Income Tax matters in dispute or under appeal	965	61
Demand raised by Sales Tax Authorities	11	11
Labour laws matters in dispute or under appeal	8	9
Demand raised by previous land owners	404	327
Other Claims	-	6
Bills of exchange discounted	-	324
Corporate guarantee given on behalf of the subsidiary companies (revalued at closing exchange rates)	4,228	8,324

[Includes Corporate Guarantee given to State Bank of India of Rs. 509 lacs (Previous year: Rs. 446 lacs) which is also secured by a first charge on the entire fixed assets (including immovable property) of the company].

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.

**33A. Amalgamation of Parul Chemicals Limited with the Company (during the year ended 31 March 2011)**

- a) The scheme of arrangement ("the Scheme") pursuant to section 391 to 394 read with section 78 and 100 to 103 of the Companies Act, 1956, for financial restructuring of the Company and amalgamation of the erstwhile Parul Chemicals Limited (PCL) (hereinafter referred to as 'Transferor



Company') with Punjab Chemicals and Crop Protection Limited (PCCPL) (hereinafter referred to as 'Transferee Company'), approved by the members at a court convened meeting of PCCPL and as approved by the members of PCL, was subsequently sanctioned by the Hon'ble High Courts of Punjab & Haryana at Chandigarh and High Courts of Gujarat at Ahmedabad vide orders dated 11 March 2011 and 23 March 2011 respectively. Consequently upon the aforesaid approval, the assets and liabilities of PCL were transferred to and vested in the Company with retrospective effect from 1 April 2009 (the Appointed date). The Scheme was accordingly given effect to in the accounts for the year ended 31 March 2011.

The assets and liabilities of PCL as on the 'Appointed date' are as set out below:

(Rs. in lacs)		
Particulars	Amount	Amount
<b>Assets</b>		
Net Fixed Assets	190	
Investment	11	
Current Assets	645	
Deferred Revenue Expenditure (Extent not written off or adjusted)	19	
Debit balance of statement of profit and loss	222	<b>1,087</b>
<b>Liabilities</b>		
Equity Share Capital	165	
Reserve & Surplus	151	
Loan Funds	540	
Current Liabilities & Provision	231	<b>1,087</b>

- b) Parul Chemicals Limited (PCL), (the amalgamating company) was engaged in Pesticides formulation having plant at Vadodara.
- c) The arrangement was accounted for under the "pooling of interest" method referred to in Accounting Standard 14- Accounting for Amalgamation, as prescribed by the Scheme. Accordingly the assets, liabilities and other reserve of PCL as on 1 April 2009 were aggregated at their book value as specified in the Scheme. The investment in the equity share capital of the PCL as appearing in the books of the Company were cancelled and consequently a similar amount reduced from the General Reserve Account of the Company.
- d) Pending approval of the Scheme, the accounts of PCL for the year ended 31 March 2010 were finalized as a separate entity. The loss after tax of Rs. 28 lacs incurred by PCL for the period from 1 April 2009 to 31 March 2010 was adjusted in the statement of profit and loss of the Company for the year ended 31 March 2011.
- e) The difference between the amount recorded as share capital to be issued by the Company as consideration for the merger and the amount of share capital (excluding the share capital held by the Company) of the PCL has been adjusted in the General Reserve Account of the Company in accordance with the scheme.
- f) 69,293 Equity Shares of Rs 10/- each fully paid up were to be issued to the equity share holder of the erstwhile PCL whose names are registered in the register of members on record date, without payment being received in cash. Pending allotment, the face value of such shares were shown as "Equity Share Suspense" as at 31 March 2011. The company has since allotted the shares on 11 May 2011.
- g) All the employees of PCL in service on the effective date became the employees of the Company with effect from the Appointed Date without any break, discontinuance or interruption in their service and on the basis of continuity of service. The terms and conditions of their employment was not less favorable than those subsisting with reference to PCL as at the effective date. For the purpose of payment of any compensation, gratuity and other terminal benefits, the past service of such employees with PCL was taken into account and the Company would pay the same to such employees as and when due and payable.

### 33B. Financial restructuring of the Company (during the year ended 31 March, 2011)

- a) Further as per the Scheme, the company had also formulated a scheme of financial restructuring to deal with various costs associated with its organic and inorganic growth plan including debt finance cost, impairment of product registration. Accordingly, upon the Scheme becoming effective, certain fixed assets of the Company were reinstated at their respective fair values on the basis of the report of valuer appointed by the Company. Consequently, such reinstatement adjustment was credited to Business Reconstruction Reserve Account ("BRR") of the Company.
- b) The Scheme further provided that the aggregate amount under the BRR created by way of revaluation of fixed assets would be utilised, to the extent considered necessary and appropriate by the Board of Directors of the Company from time to time, to adjust certain expenses and project cost as mentioned in the Scheme until the balance is available in the BRR account.
- c) Accordingly in terms of the Scheme, the Company had revalued its assets comprising of Land and Building and the resultant surplus aggregating Rs. 10,673 lacs was credited to BRR. The BRR has been utilized towards the following expenses as per the aforesaid scheme:

The BRR has been utilized towards the following expenses incurred till year ended 31 March 2011:-

1. Incremental depreciation aggregating Rs. 499 lacs the year ended 31 March 2010 and 31 March 2011 on land and building on account of revaluation;



2. Other finance & professional charges related to loan restructuring amounting to Rs. 343 lacs;
  3. Fixed assets and capital projects written off aggregating to Rs. 2,224 lacs;
  4. Provision of non-recoverable account receivable and obsolete inventory of Rs. 184 lacs related to PCL;
  5. Expenses as deemed appropriate by the Board of Directors on account of unabsorbed production overheads due to under utilization of production capacity and interest & finance expense. These expenses comprise of Payroll expenses Rs. 1,804 lacs, depreciation Rs. 463 lacs, power & fuel Rs. 1,529 lacs, Repair & Maintenance Rs. 201 lacs and interest & finance expenses amounting to Rs. 2,268 lacs;
  6. Expenses incurred in connection with the Scheme implementation or purposes mentioned there in aggregating to Rs. 19 lacs; and  
The BRR has been utilized towards the following expenses incurred till year ended 31 March 2012:-
  7. Provision for diminution other than temporary in value of investments in S D Agchem (Europe) N V amounting to Rs. 1,139 lacs on account of sale of its step down subsidiary Agrichem BV during the year ended 30 September 2012. (also refer note 33C)
- d) The generally accepted Indian Accounting Standards and principles do not provide for such adjustment of expenses against BRR. Had the Scheme not prescribed aforesaid treatment, the impact would have been as under:

In the statement of profit and loss		Increase/(decrease)
		Amt in Rs. Lacs (Net of Tax Rs. Nil)*
Item	1st April 2011 to 30th Sept. 2012	1st April 2010 to 31st March 2011
Depreciation	-	962
Finance expenses	-	2,569
Fixed assets and capital project written off	-	2,224
Payroll expenses	-	1,804
Other operating expenses	-	1,889
Material cost (inventory written off)	-	86
Provision for diminution in value of investments in subsidiary	1,139	-
<b>Loss before tax</b>	<b>1,139</b>	<b>9,534</b>
Provision for deferred tax*	Nil	Nil
<b>Loss</b>	<b>1,139</b>	<b>9,534</b>

\*No deferred tax has been recognized in the absences of virtual certainty.

#### Earnings per share

#### For the period/year ended

	30th Sept. 2012	31st March 2011
Basic and diluted EPS (In Rs)	(138.02)	(149.92)

#### In the balance sheet

(Amt in Rs. Lacs)

Item	30th Sept. 2012	31st March 2011
Revaluation reserve	Nil	10,673
Business reconstruction reserve	Nil	Nil
Statement of profit and loss debit balance	1,139	5,858
General reserve	Nil	Nil

#### 33C. Diminution in value of investments

During the current financial period, the wholly owned subsidiary of the Company, S. D. Agchem Europe NV sold its entire investments in equity shares in its step down subsidiary S. D. Agchem Netherlands BV. Further, significant operational losses has been incurred in another step down subsidiary Sintesis Qimica SAIC which coupled with losses arising from sale of S. D. Agchem Netherlands BV resulted in substantial erosion of the networth of S. D. Agchem Europe NV and accordingly the company has made a provision of Rs 3,501 lacs for diminution other than temporary in value of investments in S. D. Agchem Europe NV. This provision to the extent of Rs 1,139 lacs has been adjusted against Business Reconstruction Reserve in accordance with scheme of arrangement (the scheme) for restructuring and amalgamation of erstwhile Parul Chemicals Limited sanctioned by Hon'ble high courts of Punjab and Haryana and High court of Gujarat vide orders dated 11 March 2011 and 23 March 2011 respectively. The balance amount of Rs 2,362 lacs has been charged to statement of profit and loss and considered as exceptional item. Had the aforesaid treatment of the scheme not been given, the net loss before and after tax for the year would have been higher by Rs 1,139 lacs.

#### 33D. Remuneration to Key Managerial Personnel

The Company has paid remuneration amounting to Rs. 52 lacs to directors appointed during the current financial period. As the Company is in default in repayment of debts and interest thereon for continuous period of thirty days in the preceding financial year, it requires prior approval of the



Central Government, as specified in Schedule XIII of the Companies Act, 1956, for such remuneration. The Company has made applications in this regard to the Central Government for regularization of conditions specified in Schedule XIII.

### 33E. Corporate Debt Restructuring

The Company has obtained an approval for the Debt Restructuring from the Corporate Debt Restructuring Empowered Group ('CDR EG') in June, 2012. The Company has obtained formal Letter of Approval dated 3 August 2012 from the CDR EG incorporating attendant terms and conditions and the Master Restructuring Agreement has been executed on 28 September 2012. The effective date for restructuring is 1 July 2011. The salient features of CDR are as follows:

- (a) Repayment of Term Loans has been restructured over 40 quarterly installments, commencing 30 September 2011. The interest rates has been restructured @ 10.75% p.a. for the period ended 30 September 2012 and thereafter at varying rates linked to Monitoring Institutions' base rate;
- (b) Working Capital Demand Loan has been converted to Working Capital Term Loan with following terms:-
  - Rs. 5,000 lacs carrying interest @ 8% p.a. and to be repaid in full till 30 September 2012. for which the Company is in under discussion with the lenders to renegotiate the terms of repayment by offering certain alternate assets for disposal to repay the WCTL. The Company is awaiting for such approval based on which the Company will repay WCTL to the bankers as per the CDR scheme, and
  - Repayment of remaining amount has been restructured over 40 quarterly installments, commencing 30 September 2011. The interest rates have been restructured @ 8% p.a. for the period ended 30 September 2012 and thereafter at varying rates linked to Monitoring Institutions' base rate;
- (c) Cash Credit Facility has been converted to Working Capital Term Loan carved to the extent of Rs. 4,495 lacs and the balance amount has been carved out as fund based working capital facility with following terms:-
  - Repayment of Rs. 3,315 lacs has been restructured over 40 quarterly installments, commencing 30 September 2011. The interest rates have been restructured @ 8% p.a. for the period ended 30 September 2012 and thereafter at varying rates linked to Monitoring Institutions' base rate,
  - Repayment of Rs. 1,180 lacs has been restructured over 37 quarterly installments, commencing 30 June 2012. The interest rates have been restructured @ 8% p.a. for the period ended 30 September 2012 and thereafter at varying rates linked to Monitoring Institutions' base rate, and
  - Remaining amount has been carved out as fund based working capital facility based on the drawing power of the Company as at 31 March 2012 carrying interest @ 10.75% p.a. for the period ended 30 September 2012 and thereafter at varying rates linked to Monitoring Institutions' base rate; and
- (d) Conversion of accrued interest upto June, 2013, into a Funded Interest Term Loan (FITL) repayable in 32 quarterly installments commencing 30 September 2013. The interest rates have been restructured @ 8% p.a. for the period ended 30 September 2012 and thereafter at varying rates linked to Monitoring Institutions' base rate.

The effect of above Scheme has been considered in the accompanying financial statements as follows:

- (a) Interest Cost has been considered at 8% - 10.75% p.a. for the Working Capital Term Loans, Term Loans and Fund-based Working Capital Facility, and
- (b) Reclassification of Working Capital Term Loans carved out from Cash Credit and Working Capital Demand Loans to Term Loans as per the aforesaid Scheme.

In addition to above as per the Scheme promoters will contribute Rs. 2,000 lacs from their own sources.

The Company in the process of creating security for securing restructured debt as per the Scheme as follows:-

- (a) First pari passu charge on the fixed assets and current assets of the company
- (b) First pari passu charge on additional securities like premises at Delhi, Secunderabad and Ahmadabad and Industrial land at Tarapur and Chiulun by the company.
- (c) Personal guarantee of Mr. Shalil Shroff.
- (d) Pledge of entire promoter's shareholding (excluding 150,000 shares exclusively charged to SBI) or 51% of the paid up capital of the Company whichever is lower with the CDR lenders
- (e) Subservient charge on the assets of Parul Chemicals in addition to the exclusive charge of Indian Overseas Bank.
- (f) Security provided to State Bank of India, Antwerp for credit facilities extended to company's subsidiary S D Agchem (Europe) NV, viz., by way of charge on the fixed assets of the company to be appropriately incorporated in the security documents, and
- (g) 150,000 shares of the Company exclusively pledged to State Bank of India.

**34. Capital and other commitments**

(In Rs. lacs)

	30th September 2012	31st March 2011
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	67	217
	67	217

**35. Derivative instruments and unhedged foreign currency exposure**

Particulars of unhedged foreign currency exposure as at the reporting date

		30th September 2012		31st March 2011	
	Currency	Indian Rupees in lacs	Foreign Currency in lacs	Indian Rupees in lacs	Foreign currency in lacs
Trade receivable/advances to creditors	EUR	2,568	38	246	4
	USD	2,463	46	2,147	48
Trade payable/advances from customers	EUR	95	1	7,634	123
	USD	1,274	24	5,160	115
Advances to/receivable from subsidiaries	EUR	2,425	36	3,667	59
	USD	307	6	220	7
	GBP	35	0.41	25	0.37
Payable to subsidiaries	EUR	1,031	15	1,848	29
	USD	19	0.19	78	2
Investments (at historical cost)	EUR	3,825	67	3,825	67
	GBP	2	0.02	2	0.02

**36. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

Based on the information available with company as at year end there are no dues outstanding to the suppliers who are registered as micro and small enterprises registered under "The Micro, Small and Medium Enterprises Development Act, 2006.

**37. Value of imports calculated on CIF basis**

(In Rs. lacs)

	30th September 2012	31st March 2011
Raw materials	10,770	7,369
Components and spare parts	0.23	1
Traded goods	181	269
Capital goods	39	2
	10,990	7,641

**38. Expenditure in foreign currency (on accrual basis)**

(In Rs. lacs)

	30th September 2012	31st March 2011
Travelling expenses	62	29
Trade commission and discount	20	11
Advertisement, publicity and sale promotion	-	19
Bank charges	4	1
Product registration expenses (including task force studies, testing & other expenses)	55	119
Interest cost	6	-
Others	0.09	6
	147	185

**39. Imported and indigenous raw materials, components and spare parts consumed**

(In Rs. lacs)

	30th September 2012		31st March 2011	
	Value in Rs. lacs	% of total consumption	Value in Rs. lacs	% of total consumption
Raw materials				
Imported	10,130	33%	7,816	39%
Indigenously obtained	20,661	67%	12,335	61%
	30,791	100%	20,151	100%

**Components and spare parts**

Imported	1	0.23%	1	0.43%
Indigenously obtained	314	100%	231	100%
	<u>315</u>	<u>100%</u>	<u>232</u>	<u>100%</u>

**40. Earnings in foreign currency (on accrual basis)**

(In Rs. lacs)

	30th September 2012	31st March 2011
Export of Goods (FOB basis)	13,517	14,637
Commission	1	2
Interest on overdue balances, loans, advances, etc.	414	310
Management Fees	142	133
Data sharing fees	-	8
Processing charges received	341	-
Others	3	6
	<u>14,418</u>	<u>15,096</u>

**41. Expenses of revenue nature capitalized during the period/year**

During the period / year, the company has capitalized the following expenses of revenue nature to the cost of fixed asset/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the company.

(In Rs. lacs)

	30th September 2012	31st March 2011
Salaries, wages and bonus	208	8
Traveling expenses	10	-
Power and fuel	17	-
Insurance expenses	2	-
Legal and professional fees	2	-
Finance costs	65	-
	<u>304</u>	<u>8</u>

**42. Break-up of deferred tax assets and deferred tax liabilities**

(In Rs. lacs)

	30th September 2012	31 March 2011
<b>Deferred tax liabilities</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	1,904	2,048
(A)	<u>1,904</u>	<u>2,048</u>
<b>Deferred tax assets</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	304	907
Unabsorbed losses and depreciation*	1,600	1,141
(B)	<u>1,904</u>	<u>2,048</u>
<b>Net deferred tax asset/(liability)</b>	<b>(A) - (B)</b>	
	<u>-</u>	<u>-</u>

\*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 Deferred tax assets has been recognised only to the extent of Deferred tax liabilities.

**43. Previous year figures**

- a) With effect from current financial period, the Company has changed its accounting year from year ended 31 March to period ended 30 September. Accordingly, these financial statements are prepared for a period of eighteen months from 1 April 2011 to 30 September 2012. Hence, the figures for current accounting period are not comparable with those of the previous accounting year.
- b) Till the year ended 31 March 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the period ended 30 September 2012, the Revised Schedule VI notified under the Companies Act 1956, has become applicable for the company. The company has reclassified previous year figures to conform to this year's classification.

As per our report of even date

For **S.R. BATLIBOI & CO.**

Firm registration number: 301003E

*Chartered Accountants*

per **RAVI BANSAL**

*Partner*

Membership No. 49365

Place : Mumbai

Date : November 29, 2012

For and on behalf of the Board of Directors

**G. NARAYANA**

*Chairman*

**PUNIT K. ABROL**

*Sr. Vice President (Finance) &  
Company Secretary*

Place : Mumbai

Date : November 29, 2012

**SHALIL SHROFF**

*Managing Director*

**VIPUL JOSHI**

*Chief Financial Officer*

**AVTAR SINGH**

*Whole Time Director*

# PUNJAB CHEMICALS & CROP PROTECTION LIMITED

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

							For financial year of the Subsidiary			For the previous financial years since it became a subsidiary	
Sr.No	Name of the Subsidiary Company	Date from which the company become subsidiary	Financial year ending of the Subsidiary	Number of equity shares held	Face Value	Extent of holding	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	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	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
1	STS Chemicals (UK) Limited	01.04.2004	31.03.2012	2,000 (2,000)	£ 1/- each (£ 1/- each)	100% (100%)	Rs. (1.43) lacs GBP(0.02) lacs Rs (2.70) lacs GBP (0.04) lacs	-	Rs. (2.70) lacs GBP (0.04) lacs Rs. (5.11) lacs GBP (0.07) lacs	-	
2	SD Agchem (Europe) NV	14.10.2005	30.09.2012	10,824 (10,824)	Euro 615/-each (Euro 615/-each)	100% (100%)	Rs. (3954.67) lacs EUR (60.167) lacs Rs. (153.17) lacs EUR (2.47) lacs	-	Rs. (153.17) lacs EUR (2.47) lacs Rs. (762.92) lacs EUR (11.94) lacs	-	
3	Sintesis Quimica S.A.I.C	11.12.2006	30.09.2012	200,000 (200,000)	Peso 10/-each (Peso 10/-each)	100% (100%)	Rs. (4249.45) lacs PESO (381.63) lacs Rs. 489.37 lacs PESO 42.88 lacs	-	Rs. 489.37 lacs PESO 42.88 lacs (Rs. 536.30 lacs) (PESO 41.77 lacs)	-	
4	S D Agchem (Netherlands) I B.V.	29.06.2007	30.06.2012	1,800 (1,800)	Euro 10/-each (Euro 10/-each)	100% (100%)	Rs. (295.79) lacs EUR (4.50) lacs Rs. (246.70) lacs EUR (3.98) lacs	-	Rs. (246.70) lacs EUR (3.98) lacs (Rs. (220.45) lacs) (EUR (3.45) lacs)	-	
5	Agrichem B.V	24.08.2007	30.06.2012	1,800 (1,800)	Euro 10/-each (Euro 10/-each)	100% (100%)	Rs. 3406.37 lacs EUR 51.82 lacs Rs. 955.33 lacs EUR 15.41 lacs	-	Rs. 955.33 lacs EUR 15.41 lacs (Rs. (1400.69) lacs) (EUR (21.92) lacs)	-	
6	NV Agricultural Chemicals	28.08.2007	30.06.2012	100 (100)	Euro 1000/- each (Euro 1000/- each)	100% (100%)	- -	- -	- -	- -	
7	Agrichem (Helvetia) GmbH	28.08.2007	30.06.2012	1 (1)	CHF 1,40,000 (CHF 1,40,000)	100% (100%)	- -	- -	- -	- -	
8	Agrichem Polska SP Z O.O.	17.07.2010	30.06.2012	100 (100)	PNL 50 /-each (PNL 50 /-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 30th September, 2012

**Note:**

- 1) The accounts of 100 % Subsidiary companies viz. Agrichem Polska SP Z O.O. , Poland, N.V. Agricultural 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.
- 3) During the year, the Company has divested 100% share holding in S D Agchem (Netherlands) I B V and its subsidiaries including Agrichem B V through SD Agchem (Europe) N.V.

Place : Mumbai  
Date : November 29, 2012

**G. Narayana**  
Chairman

**Shaili Shroff**  
Managing Director

**Avtar Singh**  
Whole Time Director

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

**Vipul Joshi**  
Chief Financial Officer







## AUDITORS' REPORT

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 (hereinafter referred together as "the group"), as at September 30, 2012, and also the consolidated statement of profit and loss and the consolidated cash flow statement for the eighteen months period 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. 14,484 lacs as at September 30, 2012, the total revenue of Rs 52,640 lacs and cash inflows amounting to Rs. 111 lacs for the eighteen months period then ended. The financial statements of these subsidiaries have been prepared in accordance with accounting policies generally accepted in their respective countries and have been audited by other auditors who have submitted their audit opinions prepared under generally accepted auditing standards of their respective countries. The Management of the Company has converted these audited financial statements of the Company's subsidiaries to accounting principles generally accepted in India, for the purpose of preparation of the Company's consolidated financial statements under accounting principles generally accepted in India. Our opinion, thus, insofar it relates to amount included in respect of these subsidiaries, is based solely on the reports of other auditors under the aforementioned GAASs in respective countries and the aforesaid conversion undertaken by the management examined by us on a test basis.
- 4a. *The Company's 100% subsidiaries viz. Agrichem Polska, 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, 2011 was qualified in respect of non-inclusion of these subsidiaries on the financial position and operating results of the group.*
- 4b. *The effect of investment in associate companies viz. Source Dynamic LLC, US, Nedab Aps, Denmark and Kapchem Limited, Ireland, 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' 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, 2011 was qualified in respect of effect of investment in associate companies on the financial position and operating results of the group.*
5. Without qualifying our audit opinion,
  - a. we draw attention to Note 41B to the financial statements wherein in accordance with the Scheme of Arrangement as referred therein, the Company has adjusted diminution in value of investment amounting to Rs. 1,139 lacs against the Business Reconstruction Reserve, and
  - b. we draw attention to Note 42 to the financial statements regarding managerial remuneration amounting to Rs. 52 lacs which was paid/provided during the period from January 15, 2012 to September 30, 2012 for which the Company has applied for Central Government's approval for regularization of conditions specified in Schedule XIII to Companies Act, 1956, in respect of default in repayment of debts and interest thereon for continuous period of thirty days in the preceding financial year. Pending receipt of approval, no adjustments has been considered necessary in these financial statements.
6. Except for the possible effects of the matter referred to in paragraph 4a and 4b, 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 September 30, 2012;
  - (b) in the case of the consolidated profit and loss account, of the loss for the eighteen months period ended on that date; and
  - (c) in the case of the consolidated cash flow statement, of the cash flows for the eighteen months period 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: November 29, 2012



## PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

### CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER, 2012

(Rs. in lacs)

Particulars	Notes	As at 30th September, 2012	As at 31st March, 2011
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share Capital	4	1,226	719
Reserves and Surplus	5	(3,891)	3,633
		(2,665)	4,352
Equity share suspense account (refer note 41(A)(f))		—	7
<b>Non-current liabilities</b>			
Long-term borrowings	6	20,053	28,169
Deferred tax liability	36	-	3,940
Long term provisions	7	563	545
		20,616	32,654
<b>Current liabilities</b>			
Short-term borrowings	8	11,288	23,151
Trade payables	9a	11,728	14,498
Other current liabilities	9b	10,671	10,128
Short-term provisions	7	997	398
		34,684	48,175
<b>Total</b>		<b>52,635</b>	<b>85,188</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	10	23,151	27,392
Intangible assets	11	1,740	19,112
Capital work-in-progress		2,258	611
Intangible assets under development		95	216
Non-current investments	12	675	1,479
Long-term loans and advances	13	1,133	609
Other non-current assets	17	363	198
		29,415	49,617
<b>Current assets</b>			
Inventories	14	7,656	12,186
Trade receivables	15	7,731	18,399
Cash and bank balances	16	4,470	1,607
Short-term loans and advances	13	3,027	3,083
Other current assets	17	336	296
		23,220	35,571
<b>Total</b>		<b>52,635</b>	<b>85,188</b>
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements.

As per our 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**  
Whole Time Director

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

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

**VIPUL JOSHI**  
Chief Financial Officer

Place : Mumbai  
Date : November 29, 2012

Place : Mumbai  
Date : November 29, 2012



**PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 30TH SEPTEMBER 2012**

(Rs. in lacs)

Particulars	Notes	April 1, 2011 to September 30, 2012	April 1, 2010 to March 31, 2011
<b>Income</b>			
Revenue from operation (gross)	18	1,03,124	68,275
Less: excise duty		2,550	1,969
Revenue from operations (net)		1,00,574	66,306
Other income	19	950	1,748
<b>Total revenue</b>		<b>1,01,524</b>	<b>68,054</b>
<b>Expenses</b>			
Cost of raw materials consumed	20	55,612	35,163
Purchases of traded goods	21	4,682	3,645
(Increase)/Decrease in inventories	22	(912)	1,123
Employee benefit expenses	23	14,741	7,203
Operating and other expenses	24	17,506	14,030
<b>Total expenses</b>		<b>91,629</b>	<b>61,164</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>9,895</b>	<b>6,890</b>
Depreciation and amortization expenses	26	8,460	3,159
Finance costs	27	9,435	4,688
<b>Profit/(loss) before tax and exceptional item</b>		<b>(8,000)</b>	<b>(957)</b>
Exceptional income / (expense)	25	(1,956)	619
<b>Profit/(loss) before tax</b>		<b>(9,956)</b>	<b>(338)</b>
<b>Tax expenses</b>			
Current tax		757	435
Deferred tax		-	(141)
(Excess)/ short provisions of earlier years		(1)	(1)
<b>Total tax expenses</b>		<b>756</b>	<b>293</b>
<b>Profit/(loss) after tax</b>		<b>(10,712)</b>	<b>(631)</b>
Earnings per equity share [nominal value of share Rs. 10 each (Previous year: Rs. 10)]			
Basic and diluted (in Rs.)	28	(146.00)	(8.69)
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

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

Place : Mumbai

Date : November 29, 2012

For and on behalf of the Board of Directors

**G. NARAYANA**  
*Chairman*

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

Place : Mumbai

Date : November 29, 2012

**SHALIL SHROFF**  
*Managing Director*

**AVTAR SINGH**  
*Whole Time Director*

**VIPUL JOSHI**  
*Chief Financial Officer*



**PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2012**

	(Rs. in lacs)	
	For the period ended 30th September, 2012	For the year ended 31st March, 2011
<b>A. Cash flow from Operating Activities</b>		
Net Profit\ (Loss) before taxation	(9,956)	(338)
<b>Adjustments for :</b>		
Expenses adjusted with Business Reconstruction Reserve	(1,139)	(9,534)
Depreciation/Amortisation	8,460	4,121
Write off or other adjustment of Fixed assets	66	174
Capital Projects written off	-	2,050
Provision for Doubtful Debts (net)	1,033	1,526
Provision for Doubtful Advances	34	1,122
Unrealised foreign exchange Loss/(Gain) (net)	(4)	(238)
Interest Income	(22)	(97)
Dividend Income	(8)	(22)
Income in respect of Government/Other Grants	(7)	(4)
Interest and other financial cost	9,435	7,257
Bad Debts / Sundry balances / claims written off	149	1,754
Loss/(Profit) on sale of Investments	1	(299)
Loss on sale of subsidiary	3,095	-
Profit on sale of fixed assets	(72)	(578)
<b>Operating Profit before working capital changes</b>	<b>11,065</b>	<b>6,894</b>
<b>Movement in Working Capital</b>		
Decrease/(Increase) in trade receivables	8,235	(6,088)
Decrease/(Increase) in inventories	(1,763)	1,487
Decrease/(Increase) in other current assets	(35)	252
Decrease/(Increase) in loans and advances	(663)	5,258
Increase/(Decrease) in current liabilities and trade payable	3,468	3,789
Increase/(Decrease) in provisions	748	82
<b>Cash generated/(used) from/in operations</b>	<b>21,055</b>	<b>11,674</b>
Direct Taxes paid / refunded (Net)	(813)	(337)
<b>Net cash generated/(used) from/in Operating Activities</b>	<b>A</b> <b>20,242</b>	<b>11,337</b>
<b>B. Cash Flow from Investment Activities</b>		
Purchase of fixed assets (including capital advances and capital work in progress)	(5,427)	(5,140)
Proceeds from sale of fixed assets	140	1,009
Proceeds from sale of Subsidiary	2,565	-
Purchase of Investments	-	(16)
Sale of Investments	4	665
Fixed Deposit (with maturity more than three months)	(170)	364
Interest received	22	97
Dividend received	8	22
<b>Net Cash generated/(used) from/in Investing Activities</b>	<b>B</b> <b>(2,858)</b>	<b>(2,999)</b>



		(Rs. in lacs)	
		For the period ended 30th September, 2012	For the year ended 31st March, 2011
<b>C. Cash Flow from Financial Activities</b>			
Proceeds from issue of shares		5,000	-
Proceeds from borrowings		4,287	8,106
Repayment of borrowings		(8,411)	(7,740)
Interest Paid		(9,500)	(6,807)
<b>Net cash generated/(used) from/in Financing Activities</b>	<b>C</b>	<b>(8,624)</b>	<b>(6,441)</b>
<b>Effect of exchange gain/(loss) on cash and cash equivalents</b>	<b>D</b>	<b>(1,554)</b>	<b>(2,517)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(A + B + C + D)</b>	<b>7,206</b>	<b>(620)</b>
<b>Cash and cash equivalents at the beginning of the period/ year</b>		<b>1,583</b>	<b>2,203</b>
<b>Cash and cash equivalents transferred pursuant to sale of Subsidiary</b>		<b>(4,348)</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period / year</b>		<b>4,441</b>	<b>1,583</b>
<b>Components of Cash &amp; Cash Equivalents</b>			
Balance with Banks			
On Current Accounts		4,244	1,511
on fixed deposits with original maturity of less than three months		7	7
on unpaid dividend account*		23	26
on unpaid fractional shares account*		8	7
Cheques on hand		141	17
Cash on hand		18	15
<b>Net Cash &amp; Cash Equivalents as per AS 3 (note 16)</b>		<b>4,441</b>	<b>1,583</b>

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

Summary of significant accounting policies

3

**Notes:**

1. Comparative figures have been regrouped wherever necessary.
2. 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 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**  
Whole Time Director

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

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

**VIPUL JOSHI**  
Chief Financial Officer

Place : Mumbai

Place : Mumbai

Date : November 29, 2012

Date : November 29, 2012



## PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTHS ENDED 30 SEPT. 2012

#### 1. Corporate Information

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

All the subsidiaries and other companies of the Group are engaged in the business of agro chemicals and therefore the aforesaid statement of nature of business operations hold good for the group structure as well.

#### 2. Basis of preparations

- a) 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.
- b) The Group has recorded a net loss of Rs. 10,712 lacs for the period and have incurred losses in the previous years resulting in substantial erosion of the net worth. The accumulated losses of the Group as at the close of the financial year exceeded 50% of the Shareholder's Funds (excluding accumulated losses) as at 30 September 2012 and the current liabilities have exceeded current assets by Rs. 11,464 lacs. There were lower cash inflows from existing operations. The Group has got approval from Corporate Debt Restructuring Empowered Group (CDR EG) for restructuring of its debts. The Management is confident that the Group will be able to generate profits in future years and meet its financial obligation as they arise. The accompanying Financial Statements have been prepared on a going concern basis based on cumulative impact of following mitigating factors :
  - (i) The Holding Company has obtained approval for restructuring of its debts from CDR EG resulting in savings in cash flows of interest payments as discussed in detail in note no. 43.
  - (ii) The Holding Company has entered into strategic long term supply contracts with its customers with minimum commitment of supply of products.
  - (iii) During the period, the Promoters have provided liquidity support of Rs. 2,000 lacs to the Holding Company as per CDR Scheme and also have arranged Rs. 3,000 lacs through other than existing shareholders.

#### 3. Significant Accounting Policies

##### Principles of Consolidation

- (a) The Consolidated Financial Statements comprise financial statements of Punjab Chemicals and 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 and 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 :

Sr. No.	Name of the Company	Relationship	Country of Incorporation	% of Group Holding as at 30 Sept. 2012	% of Group Holding as at 31 March 2011
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	100%	100%
4	SD Agchem (Netherlands) B.V.	Subsidiary	Netherlands	Refer note iv below	100%
5	Agrichem B.V.	Subsidiary	Netherlands	Refer note v below	100%
6	Parul Chemicals Limited*	Subsidiary	India	-	70%

\* Amalgamated with the Holding Company in the previous year with effect from April 1, 2009. (Refer note 41(A))

# Additional shares acquired during the previous year.

7	Stellar Marine Paints Limited	Joint Venture	India	45%	45%
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- (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 September 30, 2012.
- (iii) Sintesis Quimica S.A.I.C: 98% is held by S D Agchem (Europe) N.V. and 2% by STS Chemicals (UK) Limited as at September 30, 2012.
- (iv) SD Agchem (Netherlands) B.V. is a wholly owned subsidiary of S D Agchem (Europe) N.V upto 30 June 2012 as the control was transferred on that date by virtue of sale of shares (refer note 40). Thus, the Group has control over S D Agchem (Netherlands) B.V. and its subsidiaries and associates upto 30 June 2012. Accordingly, these consolidated financial statements have been prepared consolidating these entities upto 30 June 2012.
- (v) 100% subsidiary companies of S D Agchem (Netherlands) B.V. (upto June 30, 2012) viz. , Agrichem Polska SP Z O.O., Poland, 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 (Refer note 40).
- (d) 100% subsidiary companies (upto June 30, 2012) viz. , Agrichem Polska SP Z O.O., Poland, 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 (Refer note 40).
- (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 31 March 2012 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 Source Dynamic LLC, US, Nedab Aps, Denmark (upto June 30, 2012), and Kapchem Limited, Ireland (upto June 30, 2012). (Refer Note No. 32 and 40).
- (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 September 30, 2012; 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. September 30, 2012, except in case of STS Chemicals (UK) Limited and Stellar Marine Paints Limited which are drawn upto 31 March 2012. However, there are no significant operations or transactions in these Companies.

#### 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

##### ***Tangible Fixed Asset***

Fixed Assets are stated at cost (or revalued amounts, as the case may be) 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.

##### ***Intangible Fixed Asset***

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

#### 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 :

**Punjab Chemicals and Crop Protection Limited & Stellar Marine Limited**

Depreciation is provided using Straight Line Method (SLM) for 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 except in case of buildings for which the useful life is as below :

Asset Description	Useful Life as per Management	Useful Life as per Schedule XIV
Buildings	5 to 58 years	28 to 58 years
	Method	Useful Life of Assets/ Depreciation rates
<b>Sintesis Quimica S.A.I.C.</b>		
Buildings	S.L.M.	2%
Furniture & Fixtures	S.L.M.	10% - 33%
Plant & Machinery	S.L.M.	10%
Motor Vehicles	S.L.M.	20%
<b>SD Agchem (Netherlands) B.V., SD Agchem (Europe) N.V. &amp; Agrichem B.V.</b>		
Buildings	S.L.M.	4%, 10% -20%
Plant & Machinery	S.L.M.	10%, 20%
Other Fixed Assets	S.L.M.	20%
<b>STS Chemicals (UK) Limited</b>		
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 a 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. At each balance sheet date Goodwill is tested for impairment.

**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 using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**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) 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 net realisable value. The impact of difference between replacement value and cost of material is not material.

#### **Revenue Recognition**

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. Excise Duty deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year. 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 recognized as an intangible asset when the company can demonstrate the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale,
- Its intention to complete the asset,
- Its ability to use or sell the asset,
- How the asset will generate future economic profits,
- The availability of adequate resources to complete the development and to use or sell the asset,
- The ability to measure reliably the expenditure attributable to the intangible asset during the development.

### 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.

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

##### *Defined Contribution Plans*

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 as and when due.

### 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.

### Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

### Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest expense, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of the profit and loss. In its measurement, the company doesn't include depreciation and amortization expenses, finance costs and tax expenses.

### Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.



		(Rs. in lacs)			
		As at 30th September 2012	As at 31st March, 2011		
<b>4. Share capital</b>					
<b>Authorized shares</b>					
19,800,000 (Previous year: 17,800,000) equity shares of Rs. 10/- each		1,980	1,780		
20,000 (Previous year: 20,000) 9.8% redeemable cumulative preference shares of Rs. 100/- each		20	20		
		2,000	1,800		
<b>Issued shares</b>					
12,277,218 (Previous year: 7,207,295) equity shares of Rs. 10/- each		1,228	721		
<b>Subscribed and fully paid-up shares</b>					
12,262,185 (Previous year: 7,192,892) equity shares of Rs. 10/- each		1,226	719		
		1,226	719		
<b>a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period/year</b>					
<b>Equity shares</b>		<b>30th September 2012</b>	<b>31st March, 2011</b>		
		<b>Numbers</b>	<b>Rs. in lacs</b>	<b>Numbers</b>	<b>Rs. in lacs</b>
At the beginning of the period		71,92,892	719	71,92,892	719
Issued during the period - in pursuant to scheme of amalgamation of Parul Chemicals Limited (refer note 41(A))		69,293	7	-	-
Issued during the period pursuant to Corporate Debt Restructuring Scheme (refer note 43)		20,00,000	200	-	-
Issued during the period pursuant to conversion of Zero Coupon Unsecured Fully Convertible Debentures		30,00,000	300	-	-
<b>Outstanding at the end of the period</b>		<b>1,22,62,185</b>	<b>1,226</b>	<b>71,92,892</b>	<b>719</b>
<b>b. Terms/rights attached to equity shares</b>					
The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.					
In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.					
<b>c. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:</b>					
		<b>30 September 2012</b>		<b>31 March 2011</b>	
		<b>In numbers</b>		<b>In numbers</b>	
Equity shares allotted as fully paid-up pursuant to a scheme of amalgamation for consideration other than cash in 2006-2007 (22,81,568 shares) and 2011-12 (69,293 shares)		23,50,861		22,81,568	
		23,50,861		22,81,568	
<b>d. Details of shareholders holding more than 5% shares in the company</b>					
		<b>30 September 2012</b>		<b>31 March 2011</b>	
		<b>Numbers</b>	<b>% holding</b>	<b>Numbers</b>	<b>% holding</b>
Equity shares of Rs. 10 each fully paid-up					
Hem-sil Trading and Manufacturing Private Limited		40,17,318	33%	19,48,095	27%
Gowal Consulting Services Private Limited		30,00,000	24%	-	0%
Excel Industries Limited		5,84,977	5%	5,84,977	8%
		76,02,295	62%	25,33,072	35%



As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

## 5. Reserves and Surplus

(Rs. in lacs)

	As at 30th September 2012	As at 31st March, 2011
<b>Capital reserve</b>	<b>309</b>	309
<b>Capital redemption reserve</b>		
Balance as per last financial statements	28	-
Add: Reserve of Parul Chemicals Limited ('PCL') pursuant to scheme of amalgamation (refer note 41(A))	-	28
	<b>28</b>	<b>28</b>
<b>Capital reduction reserve</b>		
Balance as per last financial statements	21	-
Add: Reserve of Parul Chemicals Limited ('PCL') pursuant to scheme of amalgamation (refer note 41(A))	-	21
	<b>21</b>	<b>21</b>
<b>Securities premium account</b>		
Balance as per last financial statements	1,207	1,072
Add: Reserve of Parul Chemicals Limited ('PCL') pursuant to scheme of amalgamation (refer note 41(A))	-	135
Add: Premium on issue of equity shares	1,800	-
Add: Premium on conversion of zero coupon unsecured fully convertible debentures	2,700	-
	<b>5,707</b>	<b>1,207</b>
<b>Capital subsidy from state government</b>	<b>15</b>	15
<b>Amalgamation reserve</b>		
Balance as per last financial statements	19	-
Add: Reserve of Parul Chemicals Limited ('PCL') pursuant to scheme of amalgamation (refer note 41(A))	-	19
	<b>19</b>	<b>19</b>
<b>Government grant</b>		
Balance as per last financial statements	27	29
Less: Grant recognized in the statement of profit and loss	3	2
	<b>24</b>	<b>27</b>
<b>Development aid grant UNIDO</b>		
Balance as per last financial statements	31	33
Less: Grant recognized in the statement of profit and loss	4	2
	<b>27</b>	<b>31</b>
<b>Business reconstruction reserve (refer note 41(B))</b>		
Balance as per last financial statements	1,139	-
Add: Revaluation of land and building	-	10,673
Less: Expenses as per scheme adjusted against Business reconstruction reserve	1,139	9,534
	<b>-</b>	<b>1,139</b>
<b>Foreign Currency Translation Reserve</b>		
Balance as per last Balance Sheet	(443)	87
Add: Exchange difference in respect of non-integral foreign operations	(166)	(530)
	<b>(609)</b>	<b>(443)</b>
<b>General reserve</b>		
Balance as per last financial statements	1,280	2,148
Less: Accumulated losses of PCL till 31 March 2009 pursuant to scheme of arrangements (refer note 41(A))	-	237
Less: Transfer to deficit in the statements of profit and loss	(1,280)	(631)
	<b>-</b>	<b>1,280</b>

**Surplus/(deficit) in the statement of profit and loss**

Balance as per last financial statements

Loss for the period/year

Add : Transfer from general reserve

**Net deficit in the statement of profit and loss****(10,712)****1,280****(9,432)****(3,891)**

631

(631)

-

3,633

**6. Long-term borrowings**

(Rs. in lacs)

	<b>Non current portion</b>		<b>Current maturities</b>	
	<b>30 September 2012</b>	<b>31 March 2011</b>	<b>30 Sept 2012</b>	<b>31 March 2011</b>
<b>Term loans</b>				
<b>From banks</b>				
Term loan (secured) (refer note a to q and x below)	<b>19,922</b>	27,748	<b>6,620</b>	5,084
Vehicle finance scheme (secured) (refer note r below)	-	5	-	12
Housing finance scheme (secured) (refer note v below)	<b>38</b>	67	<b>20</b>	16
<b>From others</b>				
Vehicle finance scheme (secured) (refer note t & u below)	-	26	-	41
Housing finance scheme (secured) (refer note s below)	<b>22</b>	34	<b>8</b>	8
<b>Other loans and advances</b>				
Finance lease obligation (secured) (refer note w below)	-	35	<b>63</b>	71
Deposits (unsecured) (refer note y below)				
Deposits from shareholders	<b>15</b>	35	<b>17</b>	17
Deposits from public	<b>56</b>	219	<b>169</b>	319
	<b>20,053</b>	28,169	<b>6,897</b>	5,568
<b>The above amount includes</b>				
Secured borrowings	<b>19,982</b>	27,915	<b>6,711</b>	5,232
Unsecured borrowings	<b>71</b>	254	<b>186</b>	336
Amount disclosed under the head "Other current liabilities" (note 9b)	-	-	<b>(6,897)</b>	(5,568)
	<b>20,053</b>	28,169	-	-

**Notes :**

- Term Loan from Allahabad Bank amounting to Rs. 4,970 lacs (Previous year: Rs. 5,000 lacs) is secured by way of first pari passu charge on the fixed assets (Except Pharmaceutical division) and second pari passu charge on the current assets of the company.
- Term Loan from Export - Import Bank of India amounting to Rs. Nil (Previous year: Rs. 2,067 lacs) is secured by first pari passu charge on the entire fixed assets of the Company both present and future, second pari passu charge on current assets of the company, Corporate guarantee from S D Agchem, Belgium, personal guarantees by two directors, and by pledge of promoter's share in the name of Mr Shalil Shroff held in the Company which is in the process of execution.
- Working Capital Long Term Loan from Export - Import Bank of India amounting to Rs. 1,569 lacs (Previous year: Rs. 1,578 lacs) is secured by first pari passu charge on the entire fixed assets of the Company both present and future, second pari passu charge on current assets of the company both current and future, personal guarantees by two directors, and by pledge of promoter's share in the name of Mr Shalil Shroff held in the Company which is in the process of execution.
- Term Loan from Central Bank of India amounting to Rs. 2,485 lacs (Previous year: Rs. 2,473 lacs) is secured by way of collateral first pari passu charge on fixed assets of the company and second pari passu charge on the current assets of the Company and also by personal guarantees of one of the director.
- Term Loan from ICICI Bank Limited amounting to Rs. 1,147 lacs (Previous year: Rs. 1,147 lacs) is secured by subservient charge on fixed assets and current assets of the Company. Principal of Rs. 7 lacs included above and interest thereon amounting to Rs. 176 lacs included in other current liabilities is overdue for a period of 1 - 549 days as on the reporting date.
- In the previous year, the company had entered into a consortium agreement with State Bank of India (SBI) as lead bank, EXIM Bank, Bank of Baroda and Union Bank of India for cash credit and working capital demand loan. Under consortium agreement, cash credit and working capital facilities are secured by way of Hypothecation of entire Current Assets present & future on a pari passu basis with other members of the Consortium and collateral second charge on the movable fixed assets situated at Derabassi and Lalru in the state of Punjab, MIDC-Tarapur, Pimpri-Pune, Lote Parshuram-Chiplun in the state of Maharashtra.
- Term loan of Rs. 41 lacs (Previous year Rs 56 lacs) from SBI is secured under above consortium agreement.
- Working Capital Term loan of Rs. 4,154 lacs (Previous year: Rs Nil) from SBI is secured under above consortium agreement.



- i. Working Capital Term loan of Rs. 1,479 lacs (Previous year: Rs Nil) from Union Bank of India is secured by security provided under consortium agreement as mentioned above in addition to specific charge for working capital demand loan on Pharma division located in Lalru.
- j. Working Capital Term loan of Rs. 860 lacs (Previous year: Rs Nil) from Export Import Bank of India is secured by personal guarantees of two directors, and by pledge of promoter's share in the name of Mr Shalil Shroff held in the Company which is in the process of execution, in addition to security provided under consortium agreement as mentioned above.
- k. Working Capital Term loan of Rs. 128 lacs (Previous year: Rs Nil) from Indian Overseas Bank is secured by Hypothecation of plant and machineries, stock and book debts and pledge of factory building and office premises of Parul Division in Vadodara.
- l. Working Capital Term loan of Rs. 4,484 lacs (Previous year: Rs Nil) from Bank of Baroda is secured by way of first charge on Pharma division located in Lalru and second charge on stock, book debts and fixed assets of the company in addition to security given under consortium agreement.
- m. Funded Interest Term loan of Rs. 2,918 lacs (Previous year: Rs Nil) from various banks created from conversion of accrued interest on term loans is secured by the securities created in accordance with the Corporate Debt Restructuring Scheme which the Company is in the process of execution. Also refer Note 43 to the financial statements.
- n. Term Loan taken from State Bank of India amounting to Rs. 1,579 Lacs (Previous Year:Rs 1,894 Lacs ) is secured by Pledge of Shares of Sintesis Quimica SAIC along with corporate guarantee given and First Charge over entire fixed assets of the company including immovable Property and carries interest rate of Libor plus 2.5% per annum. This loan is repayable in 29 installments.
- o. Term Loan taken from Banco Nacion de la Argentina (Argentina National Bank) amounting to Rs. 222 lacs (Previous Year: Rs. 332 lacs) secured by mortgage of the company's real estate property located in Dr. Bernard Houssay 2502 in the city of Florencio Varela in the province of Buneous Aires. The loan carries interest rate of 15% per annum and repayable in 60 installments.
- p. Term Loan taken from Banco Santander Rio amounting to Rs. 408 lacs (Previous Year: Rs. 500 lacs) secured by mortgage of the company's real estate property located in Arroyo Secco Sud, jurisdiction of Fighiera in the province of Santa Fe, corresponding to lot number FOUR B. The loan carries interest rate of in the range of 19.95% and repayable in 60 equal installments.
- q. Term loan taken from Banco Comafi amounting to Rs. 98 lacs (Previous year : Rs. Nil) secured by morgage of the company's real estate property located in Parana 751, 753 and 755, between Avenue Cordobay Viamonte, city of Buenos Aires. The loan carries interest rate of in the range of 22.5% and repayable in 18 installments.
- r. Loans from HDFC Bank Limited under Vehicle Finance Schemes amounting to Rs. 0.34 lacs (Previous year: Rs. 18 lacs) are secured by a exclusive charge by way of hypothecation of vehicles under the said Schemes carrying interest rate of 10.50% and repayable in 60 equated monthly installments ('EMIs').
- s. Loan from Housing Development Finance Corporation Limited for Rs. 30 lacs (Previous year: Rs. 42 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 carrying interest rate of 12% - 16% and repayable in 144 EMIs.
- t. Loan from Kotak Mahindra Prime Ltd under Vehicle Finance Scheme amounting to Rs. 0.32 lacs (Previous year: Rs. 66 lacs) is secured by an exclusive charge by way of hypothecation of vehicle under said Scheme carrying interest rate ranging from 10% - 12% and repayable in 35 EMIs.
- u. Loan from TATA Capital Limited under Vehicle Finance Scheme amounting to Rs. Nil (Previous year: Rs. 1 lac) is secured by exclusive charge by way of hypothecation of vehicles purchased under the said Scheme carrying interest rate of 12% - 15% and repayable in 36 EMIs.
- v. Housing Loan form ICICI Bank Ltd amounting to Rs. 58 lacs (Previous year: Rs. 83 lacs) is secured by a first charge by way of mortgage of residential flat situated at Mumbai carrying interest rate ranging from 12% - 16% and repayable in 143 EMIs.
- w. The finance lease obligation of Rs. 28 lacs (Previous year: Rs. 54 lacs) is secured by the plant and machinery taken under said lease carrying interest rate of 16% and repayable in 60 monthly installments with interest. The finance lease obligation of Rs. 35 lacs (Previous year : Rs. 52 lacs) is secured by the asset taken under the said lease carrying interest rate in the range of 16% to 23% and is repayable in 36 monthly installments with interest.
- x. The Company has obtained approval of Corporate Debt Restructuring Empowered Group (CDR EG) for restructuring of its debts effective from 1 July 2011. The loans and borrowings in books have been restructured and disclosed accordingly. The Company is in the process of creating securities required as per the CDR Scheme. For details and terms of term loans refer Note 43 of the financial statements. The securities referred above are as per the pre-CDR arrangement with banks and shall prevail until scuritization as per the CDR Scheme is effected.
- y. Deposits from public and shareholders are unsecured carrying interest rate ranging from 11% - 15% and repayable in 1 - 3 years from the respective date of deposits.

## 7. Provisions

(Rs. in lacs)

	Long-term		Short-term	
	30 Sept. 2012	31 March 2011	30 Sept. 2012	31 March 2011
<b>Provision for employee benefits</b>				
Provision for gratuity (note 29)	563	455	110	35
Provision for leave encashment	-	-	511	363
	<b>563</b>	<b>455</b>	<b>621</b>	<b>398</b>
<b>Other provisions</b>				
Provision for taxation (net of advances)	-	90	376	-
	<b>563</b>	<b>545</b>	<b>997</b>	<b>398</b>





(Rs. in lacs)

**8. Short-term borrowings****30 September 2012****31 March 2011**

Cash credit from banks (secured) (refer note a to h below)	<b>8,323</b>	12,282
Working capital demand loan from banks (secured) (refer note a to h below)	-	6,617
Inter-corporate deposits repayable on demand (unsecured)	<b>810</b>	963
Other loans (unsecured)	<b>2,155</b>	3,289
	<b>11,288</b>	23,151
<b>The above amount includes</b>		
Secured borrowings	<b>8,323</b>	18,899
Unsecured borrowings	<b>2,965</b>	4,252
	<b>11,288</b>	23,151

- a. The company had entered into a consortium agreement with State Bank of India (SBI) as lead bank, EXIM Bank, Bank of Baroda and Union Bank of India for cash credit and working capital demand loan. Under consortium agreement, cash credit and working capital facilities are secured by way of Hypothecation of entire Current Assets present & future on a pari passu basis with other members of the Consortium and collateral second charge on the movable fixed assets situated at Derabassi and Lalru in the state of Punjab, MIDC-Tarapur, Pimpri-Pune, Lote Parshuram-Chiplun in the state of Maharashtra.
- b. Cash credit and working capital demand loan from State Bank of India of Rs. 2,846 lacs (Previous year: Rs. 4,473 lacs) and Rs. Nil (Previous year: Rs. 2500 lacs) are secured under above consortium agreement.
- c. Cash credit and working capital demand loan from Union Bank of India of Rs. 1,017 lacs (Previous year: Rs. 1,652 lacs) and Rs. Nil (Previous year: Rs. 892 lacs) respectively is secured by security provided under consortium agreement as mentioned above in addition to specific charge for working capital demand loan on Pharma division located in Lalru.
- d. Cash credit and working capital demand loan from Export Import Bank of India of Rs. 588 lacs (Previous year: Rs. 930 lacs) and Rs. Nil (Previous year: Rs. 520 lacs) respectively is secured by personal guarantees of two directors, and by pledge of promoter's share in the name of Mr Shalil Shroff held in the Company which is in the process of execution, in addition to security provided under consortium agreement as mentioned above.
- e. Working capital demand loan from Bank of Baroda of Rs. Nil (Previous year: Rs. 2,705 lacs) is secured by way of first charge on Pharma division located in Lalru and second charge on stock, book debts and fixed assets of the company in addition to security given under consortium agreement. Further, Cash credit of Rs. 3,251 lacs (Previous year: Rs. 4,630 lacs) is secured by security given under consortium agreement.
- f. Cash credit from Indian Overseas Bank of Rs. 219 lacs (Previous year: Rs. 348 lacs) is secured by Hypothecation of plant and machineries, stock and book debts and pledge of factory building and office premises of Parul Division in Vadodara.
- g. Term Loan taken from State Bank of India amounting to Rs. 402 Lacs (Previous Year: Rs 249 Lacs ) is secured by Pledge of Shares of Sintesis Quimica SAIC along with corporate guarantee given and First Charge over entire fixed assets of the company including immovable Property and carries interest rate of Libor plus 2.5% per annum.
- h. The Company has obtained approval of Corporate Debt Restructuring Empowered Group (CDR EG) for restructuring of its debts effective from 1 July 2011. The loans and borrowings in books have been restructured in books and disclosed accordingly. The Company is in the process of creating securities required as per the CDR Scheme. For details refer Note 43 of the financial statements. The securities referred above are as per the pre-CDR arrangement with banks and shall prevail until securitization as per the CDR Scheme is effected.

(Rs. in lacs)

**9. Trade payables and other current liabilities****30 Sept. 2012****31 March 2011****9a. Trade Payable**

Trade payables (including acceptances)	<b>11,728</b>	14,498
	<b>11,728</b>	14,498

**9b. Other current liabilities**

Current maturities of long term borrowings (note 6)	<b>6,897</b>	5,568
Creditors for fixed assets	<b>340</b>	172
Interest accrued but not due on borrowings	<b>55</b>	77
Interest accrued and due on borrowings	<b>335</b>	526
Book overdraft	<b>75</b>	175
Employee related liabilities	<b>662</b>	486
Interest bearing security deposits from customers	<b>265</b>	299
Advance from customers	<b>343</b>	688
Forward Contracts Derivatives	-	30
Investor education and protection fund will be credited by the following amounts (as and when due)		



Unclaimed dividend	22	25
Unclaimed fractional shares	8	8
Unclaimed public deposits	17	1
Unclaimed accrued interest on public deposits	4	-
Other liabilities	<b>1,648</b>	<b>2,073</b>
	<b>10,671</b>	<b>10,128</b>
	<b>22,399</b>	<b>24,626</b>

## 10. Tangible assets

	Land	Buildings	Plant and machinery	Electrical installations	Furniture, fixture and equipments	Vehicles	Total
<b>Cost or valuation</b>							
At 1 April 2010	1,096	7,237	18,603	451	1,113	671	29,171
Additions	296	1,208	809	8	188	42	2,551
Acquisition through amalgamation (note 41(A))	2	149	229	-	56	29	465
Revaluation (refer note 41(B))	5,860	4,812	-	-	-	-	10,672
Disposals	772	210	826	6	9	19	1,842
Foreign exchange adjustment	(806)	741	(927)	-	615	(35)	(412)
<b>As at 31 March 2011</b>	<b>5,676</b>	<b>13,937</b>	<b>17,888</b>	<b>453</b>	<b>1,963</b>	<b>688</b>	<b>40,605</b>
Additions	-	11	506	7	79	99	702
Disposals	-	2,856	1,092	-	216	82	4,246
Foreign exchange adjustment	973	(593)	49	1	(8)	-	422
<b>As at 30 September 2012</b>	<b>6,649</b>	<b>10,499</b>	<b>17,351</b>	<b>461</b>	<b>1,818</b>	<b>705</b>	<b>37,483</b>
<b>Depreciation</b>							
At 1 April 2010	189	1,343	8,524	231	1,254	441	11,982
Charge for the year	23	935	841	15	118	69	2,001
Transfer through amalgamation (note 41(A))	-	39	142	-	43	17	241
Disposals	182	6	517	-	10	11	726
Foreign exchange adjustment	(193)	156	(279)	-	52	(21)	(285)
<b>As at 31 March 2011</b>	<b>(163)</b>	<b>2,467</b>	<b>8,711</b>	<b>246</b>	<b>1,457</b>	<b>495</b>	<b>13,213</b>
Charge for the year	19	811	1,265	25	151	85	2,356
Disposals	-	580	557	-	54	72	1,263
Foreign exchange adjustment	188	(156)	21	-	(28)	1	26
<b>As at 30 September 2012</b>	<b>44</b>	<b>2,542</b>	<b>9,440</b>	<b>271</b>	<b>1,526</b>	<b>509</b>	<b>14,332</b>
<b>Net Block</b>							
<b>As at 31 March 2011</b>	<b>5,839</b>	<b>11,470</b>	<b>9,177</b>	<b>207</b>	<b>506</b>	<b>193</b>	<b>27,392</b>
<b>As at 30 September 2012</b>	<b>6,605</b>	<b>7,957</b>	<b>7,911</b>	<b>190</b>	<b>292</b>	<b>196</b>	<b>23,151</b>

- Building include investment representing ownership of office premises and residential flats in co-operative societies.
- Revaluations (refer note 41(B))

In 2010-11, the company has revalued all its land and buildings as on 1 April 2009 at the fair values as at 1 April 2009 determined by an independent external valuer. The valuer determined the fair value by reference to market-based evidence i.e the valuations performed by the valuer were based on active market prices, adjusted for any difference in the nature, location or condition of the specific property.

The historical cost of freehold land, leasehold land and building fair valued by the company was Rs. 130 lacs, Rs. 19 lacs and Rs. 3,542 lacs respectively and their fair value were Rs. 5,395 lacs, Rs. 614 lacs and Rs. 8,355 lacs respectively. Hence, the revaluation resulted in an increase in the value of freehold land, leasehold land and building by Rs. 5,265 lacs, Rs. 595 lacs and Rs. 4,813 lacs respectively.



c. Land includes land held on leasehold basis:

(Rs. in lacs)

	30 Sept. 2012	31 March 2011
Gross block	934	934
Depreciation charge for the year	19	23
Accumulated depreciation	43	24
Net book value	891	910

d. Plant and machinery and furniture, fixture and equipments include assets take on finance lease:

(Rs. in lacs)

	Plant and machinery		Furniture, fixture and equipment	
	30 Sept. 2012	31 March 2011	30 Sept. 2012	31 March 2011
Gross block	78	78	4	4
Depreciation charge for the year	6	4	-	2
Accumulated depreciation	16	10	4	4
Net book value	62	68	-	-

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.

(Rs. in lacs)

	30 Sept. 2012		31 March 2011	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	45	41	47	45
After one year but more than five years	23	20	80	61
More than five years	-	-	-	-
<b>Total minimum lease payments</b>	<b>68</b>	<b>61</b>	<b>127</b>	<b>106</b>
Less: amounts representing finance charges	7	-	21	-
<b>Present value of lease payments</b>	<b>61</b>	<b>61</b>	<b>106</b>	<b>106</b>

e. Building includes building given on operating lease

(Rs. in lacs)

30 Sept. 2012

31 March 2011

Gross block	1,323	1,323
Depreciation charge for the year	35	23
Accumulated depreciation	101	66
Net book value	1,222	1,257

f. Depreciation for the previous year include depreciation on revaluation part of building of Rs. 303 lacs and Rs. 180 lacs for the year ended 31 March 2010 and 31 March 2011 respectively and on revaluation part of leasehold land Rs. 8 lacs each for the year ended 31 March 2010 and 31 March 2011. The same was adjusted with business reconstruction reserve as at 31 March 2011.

g. In the year ended 31 March 2010, plant and machinery having gross block of Rs. 126 lacs and accumulated depreciation of Rs. 13 lacs and electrical installation having gross block of Rs. 7 lacs and accumulated depreciation of Rs. 2 lacs was reclassified to buildings.

h. Plant and machinery includes Rs. 82 lacs (Previous year: Rs. 82 lacs) worth of equipments acquired under UNIDO grant scheme.

i. Gross block of the building includes Rs. 3,030 lacs (Previous year: Rs. 3,030 lacs) [revalued] 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.

## 11. Intangible assets

(Rs. in lacs)

	Goodwill	Formation Expenses	Computer software	Computer license	Product registration	Total
<b>Gross Block</b>						
At 1 April 2010	2,568	7	83	29	21,314	24,001
Additions	44	-	-	143	1,450	1,637
Disposals	196	-	-	-	-	196
Foreign exchange adjustment	-	1	-	-	913	914
<b>As at 31 March 2011</b>	<b>2,416</b>	<b>8</b>	<b>83</b>	<b>172</b>	<b>23,677</b>	<b>26,356</b>
Additions	-	-	-	45	3,354	3,399
Disposals	-	-	-	-	26,335	26,335



Foreign exchange adjustment	-	1	-	18	1,574	1,593
<b>As at 30 September 2012</b>	<b>2,416</b>	<b>9</b>	<b>83</b>	<b>235</b>	<b>2,270</b>	<b>5,013</b>
<b>Amortization</b>						
At 1 April 2010	-	5	78	9	4,588	4,680
Charge for the year	-	2	4	49	2,296	2,351
Disposals	-	-	-	-	-	-
Foreign exchange adjustment	-	(1)	-	-	214	213
<b>As at 31 March 2011</b>	<b>-</b>	<b>6</b>	<b>82</b>	<b>58</b>	<b>7,098</b>	<b>7,244</b>
Charge for the period	2,416	2	1	72	3,918	6,409
Disposals	-	-	-	-	10,895	10,895
Foreign exchange adjustment	-	1	-	18	496	515
<b>As at 30 September 2012</b>	<b>2,416</b>	<b>9</b>	<b>83</b>	<b>148</b>	<b>617</b>	<b>3,273</b>
<b>Net Block</b>						
<b>As at 31 March 2011</b>	<b>2,416</b>	<b>2</b>	<b>1</b>	<b>114</b>	<b>16,579</b>	<b>19,112</b>
<b>As at 30 September 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87</b>	<b>1,653</b>	<b>1,740</b>

- Product registration includes testing and data access and other product registration related expenses.
- Remaining period of amortization of product registration expenses ranges from 67 to 119 months.
- Computer license includes licenses taken on finance lease. The Gross Block of such licenses is Rs. 19 lacs [Previous year : Rs. 19 lacs] and accumulated amortization Rs. 19 lacs [Previous year: Rs. 19 lacs].

## 12. Non-current investments

(Rs. in lacs)

### Trade investments (valued at cost unless otherwise stated)

#### Unquoted equity instruments

Investment in Subsidiary Companies (Refer note 2(d) and note 40)	-	630
Investment in Associate Companies (Refer note 2(f) and note 40)	615	786
	<b>615</b>	<b>1,416</b>

#### Non trade investments (valued at cost unless otherwise stated)

##### Quoted equity instruments

1,700 (Previous year: 1,700) equity shares of Rs. 10/- each fully paid-up in Dena Bank Limited	1	1
400 (Previous year: 400) equity shares of Rs. 10/- each fully paid-up in Syndicate Bank Limited	0.04	0.04

##### Unquoted equity instruments

84,375 (Previous year: 1,12,500) equity shares of Rs. 10/- each fully paid-up in Nimbua Green Field (Punjab) Limited	8	11
12,500 (Previous year: 12,500) equity shares of Rs. 10/- each fully paid-up in Alpha Tools Private Limited	1	1
30 (Previous year: 30) equity shares of Rs. 50/- each fully paid-up in Alkapuri Arcade Co-op Society	0.02	0.02
2,535 (Previous year: 2,535) equity shares of Rs. 10/- each fully paid-up in Pragati Sahkari Bank Limited	0.25	0.25
1,050 (Previous year: 1,050) equity shares of Rs. 10/- each fully paid-up in Baroda Dist Industrial Co-op Bank Limited	0.11	0.11

##### Unquoted other non-current investments

516,814 (Previous year: 516,814) units of Rs. 10/- each in Reliance Mutual Fund (NAV Rs. 76 lacs (Previous year: Rs. 77 lacs))	45	45
3,875 (Previous year: 3,875) 6.75% Tax Free US-64 Bonds of Rs. 100/- each	4	4
National Savings Certificate	0.08	0.08
	<b>60</b>	<b>63</b>
	<b>675</b>	<b>1,479</b>



Aggregate amount of quoted investments (Market value Rs. 2 lacs (Previous year: Rs. 2 lacs))	1	1
Aggregate amount of unquoted investments	674	1,478

**13. Loans and advances**

(Rs. in lacs)

	Long-term		Short-term	
	30 Sept. 2012	31 March 2011	30 Sept. 2012	31 March 2011
Capital advances (unsecured, considered good)	250	113	-	-
Security deposit (unsecured, considered good)	223	101	-	41
Loans and advances to related parties (Unsecured, considered good)	-	-	-	319
<b>Advances recoverable in cash or kind</b>				
Unsecured considered good	35	113	1,876	1,817
Unsecured considered doubtful	1,168	1,138	-	-
	<b>1,203</b>	<b>1,251</b>	1,876	1,817
<b>Provision for doubtful advances</b>	<b>1,168</b>	<b>1,138</b>	-	-
	<b>35</b>	<b>113</b>	1,876	1,817
<b>Other loans and advances (unsecured, considered good)</b>				
Advance tax (net of provision)	625	282	-	-
Balance with excise and customs	-	-	936	649
VAT recoverable	-	-	158	200
Inter-corporate deposit	-	-	57	57
	<b>1,133</b>	<b>609</b>	3,027	3,083
<b>Loans to employees include</b>				
Dues from officers of the company (Maximum amount due Rs. 2 Lacs (Previous year : Rs. 10 lacs))			0.09	1
<b>Loans and advances to related parties include</b>				
Dues from L & L Products Shroff Private Limited (Maximum amount due Rs. 4 lacs (Previous year : Rs. Nil))			4	-
Dues from Eftec Shroff (India) Limited (Maximum amount due Rs. Nil (Previous year : Rs. 64 lacs))			-	21

**14. Inventories (valued at lower of cost and net realizable value)**

(Rs. in lacs)

	30 Sept. 2012	31 March 2011
Raw materials (includes in transit Rs. 154 lacs (Previous year: Rs. 65 lacs))	2,784	3,505
Work-in-progress	583	602
Finished goods (includes in transit Rs. 144 lacs (Previous year: Rs. 384 lacs))	3,415	6,077
Traded goods (includes in transit Nil (Previous year: Rs. 50 lacs))	85	565
Packing materials	480	714
Stores and spares (including fuel)	309	723
	<b>7,656</b>	<b>12,186</b>

**15. Trade receivables**

(Rs. in lacs)

	30 Sept. 2012	31 March 2011
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Secured, considered good	44	29
Unsecured, considered good	857	-
Doubtful	3,104	2,095
	<b>4,005</b>	<b>2,124</b>
<b>Other receivables</b>		
Secured, considered good	86	-
Unsecured, considered good	6,740	18,362



Doubtful	4	8
	6,830	18,370
Less : Provision for doubtful debts	(3,104)	(2,095)
	7,731	18,399

**16. Cash and bank balances**

(Rs. in lacs)

	Non-current		Current	
	30 Sept. 2012	31 March 2011	30 Sept. 2012	31 March 2011
<b>Cash and cash equivalents</b>				
Balance with banks				
on current accounts	-	-	4,244	1,511
on fixed deposits with original maturity of less than three months*	-	-	7	7
on unpaid dividend account	-	-	23	26
on unpaid fractional shares account	-	-	8	7
Cheques on hand	-	-	141	17
Cash on hand	-	-	18	15
	-	-	4,441	1,583
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	-	14	-	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-	29	24
Margin money deposit*	363	184	-	-
	363	198	29	24
Amount disclosed under non-current assets (note 17)	(363)	(198)		
	-	-	4,470	1,607

\*Includes Rs. 68 lacs (Previous year: Rs. 51 lacs) held in liquidity margin under Companies (Acceptance of Deposit Rules) and Rs. 306 lacs (Previous year: Rs. 133 lacs) as margin for import letter of credit and bank guarantees.

**17. Other assets**

(Rs. in lacs)

	Non-current		Current	
	30 Sept. 2012	31 March 2011	30 Sept. 2012	31 March 2011
Non-current bank balances (refer note 16)	363	198	-	-
Interest receivable	-	-	17	9
Export benefit receivable	-	-	304	275
Insurance claim receivable	-	-	5	-
Job work charges receivable	-	-	10	11
Other receivable	-	-	-	1
	363	198	336	296

**18. Revenue from Operations**

(Rs. in lacs)

	1st April 2011 to 30th September 2012	1st April 2010 to 31st March 2011
Sale of products		
Finished goods	95,571	63,967
Traded goods	5,352	3,275
Sale of services	1,557	533
Other operating revenue		
Scrap sales	211	93
Export benefit	433	407
<b>Revenue from operations (gross)</b>	<b>1,03,124</b>	<b>68,275</b>



Less: Excise duty#	2,550	1,969
<b>Revenue from operations (net)</b>	<b>1,00,574</b>	<b>66,306</b>

# Excise duty on sales amounting to Rs. 2,550 lacs (Previous year: Rs. 1,969 lacs) has been reduced from sales in the statement of profit and loss and excise duty on increase / decrease in finished goods amounting to (Rs. 83 lacs) (Previous year: (Rs. 17 lacs)) has been considered as (income)/ expense in note 22 of financial statements.

#### Details of products sold

##### Finished goods sold

Agro chemicals and intermediates	61,208	35,410
Speciality chemicals	6,397	6,049
Phosphorous and its compounds	7,292	5,707
Others	20,674	16,801
	<b>95,571</b>	<b>63,967</b>

##### Traded goods sold

Agro chemicals and intermediates	3,402	1,477
Formulated goods	1,010	812
Organic chemicals	687	473
Other chemicals	253	513
	<b>5,352</b>	<b>3,275</b>
	<b>1,00,923</b>	<b>67,242</b>

##### Details of services rendered

Job work income	1,443	441
Micronisation and handling charges	114	92
	<b>1,557</b>	<b>533</b>

#### 19. Other income

(Rs. in lacs)

	1st April 2011 to 30th September 2012	1st April 2010 to 31st March 2011
<b>Interest income on</b>		
Bank deposits	22	97
Government grants	7	4
Exchange difference (net)	465	563
Income from long-term investments	8	22
Insurance claim received	3	78
Profit on sale of long term investments (net)	1	299
Profit on sale of fixed assets (net)	72	578
Service charges	175	37
Commission	3	3
Sundry credit balance written back (net)	81	32
Rent income	113	35
	<b>950</b>	<b>1,748</b>

#### 20. Cost of raw material consumed

(Rs. in lacs)

	1st April 2011 to 30th September 2012	1st April 2010 to 31st March 2011
Stock of raw material at the beginning of the year	3,758	4,484
Add: Purchases	58,717	34,294
	<b>62,475</b>	<b>38,778</b>
Less: Sale of raw materials	186	185
Less: Discount received on purchases	35	-
Less: Transferred on sale of subsidiary	3,984	-



Less: Stock of raw material at end of the year	2,784	3,505
	<b>6,989</b>	3,690
Add: Obsolete inventory adjusted with Business Reconstruction Reserve (refer note 41(B))	-	46
Foreign Exchange Movement	126	121
<b>Cost of raw material consumed</b>	<b>55,612</b>	35,163
<b>Details of raw material consumed</b>		
Agro chemicals and its intermediates	33,867	19,237
Speciality chemicals	5,815	3,763
Oxalic acid and oxalates	3,525	2,407
Other chemicals	12,405	9,756
	<b>55,612</b>	<b>35,163</b>

**21. Purchase of traded goods**

(Rs. in lacs)

	1st April 2011 to 30th September 2012	1st April 2010 to 31st March 2011
Agro chemicals and intermediates	2,654	1,445
Formulated goods	685	603
Organic chemicals	262	295
Others	1,081	1,302
	<b>4,682</b>	3,645

**22. (Increase)/decrease in inventories**

(Rs. in lacs)

	30 Sept. 2012	31 March 2011
<b>Inventories at the end of the period/ year</b>		
Traded goods	85	565
Work-in-progress	583	602
Finished goods	3,415	6,077
	<b>4,083</b>	7,244
Add: Obsolete inventory adjusted with Business Reconstruction Reserve (refer note 41(B))	-	40
	<b>4,083</b>	7,284
<u>Transferred on Sale of Subsidiary</u>		
Finished Products	4,125	-
<b>Inventories at the beginning of the period/ year</b>		
Traded goods	624	7,131
Work-in-progress	602	694
Finished goods	6,153	599
	<b>7,379</b>	8,424
(Increase)/decrease in excise duty on stocks	(83)	(17)
	<b>(912)</b>	1,123
<b>Details of inventories</b>		
<b>Traded goods</b>		
Agro chemicals and its intermediates	-	264
Formulated goods	73	205
Other chemicals	12	96
	<b>85</b>	565
<b>Work-in-progress</b>		
Agro chemicals and intermediates	182	260
Speciality chemicals	180	157
Sulphur based compounds	61	42
Other chemicals	160	143
	<b>583</b>	602



**Finished goods**

Agro chemicals and intermediates	695	504
Formulated goods	646	764
Speciality chemicals	1,338	3,952
Other chemicals	736	857
	<b>3,415</b>	<b>6,077</b>

**23. Employee benefit expenses**

(Rs. in lacs)

	<b>1st April 2011 to 30th September 2012</b>	<b>1st April 2010 to 31st March 2011</b>
Salaries, wages and bonus	10,815	6,765
Contribution to provident and other funds	577	351
Gratuity and leave encashment expense (note 29)	764	426
Staff welfare expenses	2,585	1,465
	<b>14,741</b>	<b>9,007</b>
Less: Adjusted with Business Reconstruction Reserve (refer note 41(B))	-	1,804
	<b>14,741</b>	<b>7,203</b>

**24. Operating and other expenses**

(Rs. in lacs)

	<b>1st April 2011 to 30th September 2012</b>	<b>1st April 2010 to 31st March 2011</b>
Consumption of stores and spares	315	232
Power and fuel	5,447	3,275
Repairs and maintenance - plant and machinery	716	766
Repairs and maintenance - buildings	57	51
Repairs and maintenance - others	322	63
Rent	412	274
Rates and taxes	938	711
Insurance charges	465	337
Bad debts written off	149	1,754
Postage, telegrams and telephones	157	107
Traveling and conveyance	844	650
Vehicle expenses	140	112
Commission on sales (other than sole selling agents)	165	125
Discount on sales	150	137
Provision for doubtful advances	34	1,122
Packing expenses	987	875
Freight and handling expenses	1,622	1,284
Job work expenses	183	127
Director's sitting fees	5	2
Charity and donations (other than political parties)	5	5
Fixed assets written off	66	174
Provision for Loss on derivative contract (MTM)	-	29
Provision for doubtful debts	1,033	1,558
Research and development expenses	152	60
Marketing and promotional expenses	151	186
Other expenses *	2,991	2,077
	<b>17,506</b>	<b>16,093</b>
Less: Adjusted with Business Reconstruction Reserve (refer note 41(B))	-	2,063
	<b>17,506</b>	<b>14,030</b>



**\* Payment to auditor of the Holding Company**

As auditor:		
Audit fee	31	22
Tax audit fee	4	3
Limited review	9	7
In other capacity:		
Taxation matters	11	2
Other services (certification)	2	-
Reimbursement of expenses	1	2
	<b>58</b>	<b>36</b>

**25. Exceptional Income / (Expenses)** (Rs. in lacs)

	1st April 2011 to 30th September 2012	1st April 2010 to 31st March 2011
Insurance claim for loss of profit *	-	619
Loss on sale of Subsidiary (refer note 40)	(3,095)	-
Less : Adjusted with Business Reconstruction Reserve (refer note 41(B))	(1,139)	-
	<b>(1,956)</b>	<b>619</b>

\* During the year ended 31 March 2010, there was a fire at one of the plants of Agro Chemicals Division, Derabassi, for which the company has during the previous year received insurance claim of Rs. 619 lacs towards the same.

**26. Depreciation and amortization expenses** (Rs. in lacs)

	1st April 2011 to 30th September 2012	1st April 2010 to 31st March 2011
Depreciation of tangible assets	2,165	1,817
Amortization of intangible assets	6,295	2,304
	<b>8,460</b>	<b>4,121</b>
Less : Adjusted with Business Reconstruction Reserve (refer note 41(B))	-	962
	<b>8,460</b>	<b>3,159</b>

**27. Finance costs** (Rs. in lacs)

	1st April 2011 to 30th September 2012	1st April 2010 to 31st March 2011
Interest on loans/deposits	5,599	2,881
Interest on cash credit accounts	3,092	3,598
Interest on others	537	273
Bank charges	207	505
	<b>9,435</b>	<b>7,257</b>
Less : Adjusted with Business Reconstruction Reserve (refer note 41(B))	-	2,569
	<b>9,435</b>	<b>4,688</b>

**28. Earnings per share**

The following reflects the profit and share data used in the basic and diluted EPS computations : (Rs. in lacs)

	30 Sept. 2012	31 March 2011
<b>Total operations for the period</b>		
Net Profit/(loss) after tax for calculation of basic and diluted EPS	(10,712)	(631)
Weighted average number of equity shares in calculating basic and diluted EPS (in numbers)	73,36,866	72,62,185
<b>Earnings per share (basic and diluted) (in Rs.)</b>	<b>(146.00)</b>	<b>(8.69)</b>



## 29. Employee benefits

### A. Defined contribution plan - provident fund and superannuation fund

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

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

(Rs. in lacs)

	30th September 2012	31st March 2011
Contribution to provident fund	312	196
Contribution to superannuation fund	194	130
	<b>506</b>	<b>326</b>

### 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.

#### Statement of profit and loss

Net employee benefit expense recognized in the employee cost

(Rs. in lacs)

	30 Sept. 2012	31 March 2011
Current service cost	78	51
Interest cost on benefit obligation	107	61
Expected return on plan assets	(41)	(23)
Net actuarial (gain) / loss recognized in the period / year	126	(60)
<b>Net benefit expenses</b>	<b>270</b>	<b>29</b>
Actual return on plan assets	42	26

#### Balance sheet

Benefit asset/liability

Present value of defined benefit obligation	1,045	809
Fair value of plan assets	372	319
<b>Plan asset/(liability)</b>	<b>673</b>	<b>490</b>

#### Changes in the present value of the defined benefit obligation are as follows:

Opening defined benefit obligation	809	781
Current service cost	78	51
Interest cost	107	61
Benefits paid	(78)	(28)
Actuarial (gains)/losses on obligation	129	(56)
<b>Closing defined benefit obligation</b>	<b>1,045</b>	<b>809</b>

#### Changes in the fair value of plan assets are as below:

Opening fair value of plan assets	318	301
Expected return	41	23
Contributions by employer	87	12
Benefits paid	(78)	(22)
Actuarial (gains)/losses	3	4
<b>Closing fair value of plan assets</b>	<b>372</b>	<b>319</b>
Contribution for the next year	118	52



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

	30th September 2012	31st March 2011
Investments with insurer	100%	100%
	100%	100%

The principal assumptions used in determining gratuity for the company's plans are shown below:

	30 September 2012	31 March 2011
Discount rate	8.60%	8.00%
Expected return on plan assets	8.50%	8.00%
Employee turnover	2.00%	2.00%
Expected rate of salary increase	6.00%	6.00%
Mortality table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Proportion of employees opting for early retirement	1% to 3%	1% to 3%

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.

The overall expected 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. There has been significant change in expected rate of return on assets due to change in the market scenario.

Amounts for the current and previous four periods are as follows:

	30 Sept. 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Defined benefit obligation	1,045	809	764	583	538
Plan assets	372	319	286	246	215
Surplus/(deficit)	(673)	(490)	(478)	(337)	(323)
Experience adjustment on plan liabilities	4	1	3	-	-
Experience adjustment on plan assets	158	(58)	(23)	-	-

### 30. Contingent liabilities

	30 September 2012 (In Rs. lacs)	31 March 2011 (In Rs. lacs)
Claims against the company not acknowledged as debts		
Excise duty matters in dispute or under appeal	66	149
Income Tax matters in dispute or under appeal	965	61
Demand raised by Sales Tax Authorities	11	11
Labour laws matters in dispute or under appeal	680	203
Demand raised by previous land owners	404	327
Other Claims	-	6
Corporate guarantee given on behalf of the subsidiary companies (revalued at closing exchange rates)	3,100	328

[Includes Corporate Guarantee given to State Bank of India of Rs. 509 lacs (Previous year: Rs. 446 lacs) which is also secured by a first charge on the entire fixed assets (including immovable property) of the company].

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

### 31. Capital and other commitments

	30 September 2012 (In Rs. lacs)	31 March 2011 (In Rs. lacs)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	67	552
	67	552



### 32. Associate Companies

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.

Associate Companies	Group Holding %	30 September 2012 (In Rs. lacs)	31 March 2011 (In Rs. lacs)
1. Nedab Aps, Denmark (upto 30 June 2012) (refer note 40)	50%	10	9
2. Kapchem Limited, Ireland (upto 30 June 2012) (refer note 40)	50%	210	196
3. Source Dynamics LLC	20%	617	575
		<b>837</b>	<b>780</b>

### 33. Capitalization of expenditure

During the period/ year, the company has capitalized the following expenses of revenue nature to the cost of fixed asset/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the company.

	30 September 2012 (In Rs. lacs)	31 March 2011 (In Rs. lacs)
Salaries, wages and bonus	208	8
Traveling expenses	10	-
Power and fuel	17	-
Insurance expenses	2	-
Legal and professional fees	2	-
Finance costs	65	-
	<b>304</b>	<b>8</b>

### 34. Segment information

The Company is organized 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.

#### Period ended 30 September 2012

	Chemicals	Bulk drugs and intermediates	Eliminations	Total
<b>Revenue from operations</b>				
External	93,055	7,519	-	1,00,574
Inter-segment	865	481	1,346	-
<b>Total revenue from operations</b>	<b>93,920</b>	<b>8,000</b>	<b>1,346</b>	<b>1,00,574</b>
<b>Results</b>				
Segment results	2,541	(1,115)	-	1,426
Unallocated expenses net of unallocable income				(9)
<b>Operating profit / (loss)</b>				<b>1,435</b>
Finance costs				9,435
Exceptional loss				1,956
<b>Profit/(loss) before tax</b>				<b>(9,956)</b>
Tax expenses				757
(Excess)/short provision of earlier years				(1)
<b>Net profit</b>				<b>(10,712)</b>
<b>As at 30 September 2012</b>				
Segment assets	42,608	9,322	-	51,930
Unallocated assets	-			705
<b>Total assets</b>	<b>42,608</b>	<b>9,322</b>	<b>-</b>	<b>52,635</b>
Segment liabilities	22,084	1,152	-	23,236
Unallocated liabilities				32,064
<b>Total liabilities</b>	<b>22,084</b>	<b>1,152</b>	<b>-</b>	<b>55,300</b>



**Other segment information**

Capital expenditure :				
Tangible assets	2,282	67	-	2,349
Intangible assets	3,278	-	-	3,278
Depreciation	1,740	425	-	2,165
Amortization	6,295	-	-	6,295
Other non-cash expenses	242	1040	-	1,282
Unallowable non-cash expenses				1,956

**Year ended 31 March 2011**

	Chemicals	Bulk drugs and intermediates	Eliminations	Total
<b>Revenue from operations</b>				
External	60,335	5,971	-	66,306
Inter-segment	446	924	1,370	-
<b>Total revenue from operations</b>	<b>60,781</b>	<b>6,895</b>	<b>1,370</b>	<b>66,306</b>

**Results**

Segment results	3,252	777	-	4,029
Unallocated expenses net of unallocable income				(298)
<b>Operating profit / (loss)</b>				<b>3,731</b>
Finance costs				4,688
Exceptional income				619
<b>Profit/(loss) before tax</b>				<b>(338)</b>
Tax expenses				294
(Excess)/short provision of earlier years				(1)
<b>Net profit</b>				<b>(631)</b>

**As at 31 March 2011**

Segment assets	73,947	9,445	-	83,392
Unallocated assets			-	1,796
<b>Total assets</b>	<b>73,947</b>	<b>9,445</b>	<b>-</b>	<b>85,188</b>
Segment liabilities	17,988	1,288		19,276
Unallocated liabilities				61,553
<b>Total liabilities</b>	<b>17,988</b>	<b>1,288</b>	<b>-</b>	<b>80,829</b>

**Other segment information**

Capital expenditure:				
Tangible fixed assets	1,354	239	-	1,593
Intangible assets	1,497	-	-	1,497
Depreciation	601	254	-	855
Amortization	2,304	-	-	2,304
Other non-cash expenses	4,597	11	-	4,608

**Geographical segments**

The Group has considered the following geographical segments on the basis of revenue generated:

- Within India
- Outside India

**Period ended 30 September 2012**

	India	Outside India	Total
<b>Revenue from operations</b>			
External customers	39,531	61,043	1,00,574
<b>Other segment information</b>			
Segment assets	34,508	18,127	52,635
Capital expenditure			
Tangible assets	2,091	258	2,349
Intangible assets	64	3,214	3,278



Year ended 31 March 2011	India	Outside India	Total
<b>Revenue from operations</b>			
External Customers	20,545	45,761	66,306
<b>Other segment information</b>			
Segment assets	32,814	52,374	85,188
Capital expenditure			
Tangible fixed assets	951	642	1,593
Intangible assets	27	1,470	1,497

### 35. Related party transactions

#### Name of the related party and related party relationships Related party where control exists

Subsidiaries	1. Agrichem Polska SP. Z O.O, Poland (till 30 June 2012)
	2. N.V Agricultural Chemicals, Belgoum (till 30 June 2012)
	3. Agrichem Helvetia GMBH, Switzerland (till 30 June, 2012)

#### Other related parties with whom transactions have taken during the period / year

Associates	1. Source Dynamics LLC, US
	2. Nedab APS, Denmark (till 30 June, 2012)
	3. Kapchem Limited, Ireland (till 30 June, 2012)

Venturer	Viachem LLC
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#### Key management personnel

##### Directors

1. Mr. G. Narayana	— Chairman
2. Mr. Shalil Shroff	— Managing Director
3. Mrs. Rupam Shroff	— Director (till 30 June 2011)
4. Mr. Avtar Singh	— Director
5. Mr. S.S.Tiwari	— Director
6. Capt.S S Chopra (Retd.)	— Director

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

Enterprises over which key management personnel & their relatives have significant influence :	1. Eftec Shroff (India) Limited
	2. Hemsil Trading & Manufacturing Private Limited
	3. M/s Chinmaya Metachem
	4. M/s Salil Meta Chem
	5. L & L Products Shroff Private Limited

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

#### a. Sale/purchase of goods and services

	Period/Year ended	Sale of goods	Purchases of goods	Amount owed by related parties*	Amount owed to related parties*
<b>Subsidiaries</b>					
Agrichem Polska SP. Z O.O.	30 September 2012	-	-	-	-
	31 March 2011	157	-	160	-
<b>Other related entities</b>					
Hem-sil Trading and Manufacturing Limited	30 September 2012	-	-	-	11
	31 March 2011	-	-	-	11

\* The amounts are classified as trade receivable and trade payables, respectively.


**b. Loans given, advances made and repayment thereof**

	Period/Year ended	Loans given/Advances made during the period/year	Repayment made during the period/year	Interest accrued during the period/year	Amount owed by related parties#
<b>Subsidiaries</b>					
Agrichem Polska SP. Z O.O	30 September 2012	-	-	-	-
	31 March 2011	2	-	-	2
<b>Associate</b>					
Nedab APS	30 September 2012	-	-	-	-
	31 March 2011	148	-	-	165
Kapchem Limited	30 September 2012	-	-	-	-
	31 March 2011	10	-	-	132
<b>Key managerial personnel</b>					
Mr. S. S. Tiwari	30 September 2012	6	-	-	1
	31 March 2011	-	-	-	-
Mr. Avtar Singh	30 September 2012	-	-	-	-
	31 March 2011	-	-	-	1
<b>Other related entities</b>					
Eftec Shroff (India) Limited	30 September 2012	-	27	-	-
	31 March 2011	-	-	-	21
L & L Products Shroff Private Limited	30 September 2012	4	-	-	4
	31 March 2011	-	-	-	-

# The amounts are classified as advance receivable from related parties.

**c. Loans taken, deposits received, advances received and repayment thereof**

	Period/Year ended	Loans and Deposits taken/Advance received during the period/year	Repayment during the period/year	Interest accrued during the period/year	Amount owed to related parties
<b>Other related entities</b>					
Hem-sil Trading and Manufacturing Limited	30 September 2012	223	-	125	780
	31 March 2011	135	-	62	557
Salil Metachem	30 September 2012	57	-	7	57
	31 March 2011	-	-	-	-
Eftec Shroff (India) Limited	30 September 2012	-	-	-	6
	31 March 2011	-	-	-	-
<b>Key managerial personnel</b>					
Capt. S. S. Chopra (Retd.)	30 September 2012	-	-	2	14
	31 March 2011	-	-	2	-
<b>Relatives to key managerial personnel</b>					
Others	30 September 2012	-	7	3	19
	31 March 2011	7	-	3	31





**d. Other transactions with related parties**

	Period/Year ended	Purchase of fixed assets during the period/year	Expenses incurred on behalf of company period/year	Management fees during the period/year	Rent/service charges income/(expense) during the period/year
<b>Other related parties</b>					
Eftec Shorff (India) Limited	30 September 2012	2	-	-	56
	31 March 2011	-	-	-	37
Hem-sil Trading and Manufacturing Limited	30 September 2012	-	-	-	(26)
	31 March 2011	-	-	-	(27)
Shalil Shroff HUF	30 September 2012	-	-	-	(10)
	31 March 2011	-	-	-	(7)
L & L Products Shroff Pvt Ltd	30 September 2012	-	-	-	51
	31 March 2011	-	-	-	-

**e. Issue of shares**

**Issue of Share Capital during the period/year**

**Other related parties**

Hem-sil Trading and Manufacturing Limited	30 September 2012	2,000
	31 March 2011	-

**e. Remuneration and other benefits**

**30 September 2012**

**31 March 2011**

**Remuneration to Directors**

**In Rs. lacs**

**In Rs. lacs**

Mr. Shalil Shroff	67	43
Mr. Avtar Singh	51	34
Ms. Rupam Shroff	28	32
Mr. S. S. Tiwari	60	40

**Benefits to Relatives**

Ms. Shaila Shroff	7	4
Ms. Ravinder Kaur	7	3
Others	2	1

**Sitting Fees**

Mr. G. Narayana	0.80	0.20
Capt. S. S. Chopra (Retd.)	0.45	0.20

**Note :** The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

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

**Deferred Tax Assets**

- Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years
- Unabsorbed loss & Depreciation\*

**Total**

**Deferred Tax Liabilities**

- Differences in depreciation and other differences in block of fixed assets as per tax books and financial books (refer note 37)

**Total**

30 September 2012 In Rs. lacs	31 March 2011 In Rs. lacs
304	907
1,600	1,141
<b>1,904</b>	<b>2,048</b>
1,904	5,988
<b>1,904</b>	<b>5,988</b>



\* In case of Standalone financial statements of Punjab Chemicals & Crop Protection Limited and Sintesis Quimica S.I.C.A, Deferred tax assets (DTA) are not recognised in absence of virtual certainty supported by convincing evidence that sufficient future taxable income would be available against which deferred tax assets can be realised. The Deferred tax assets on un absorbed depreciation and carry forward loss is recognised only to the extent of deferred tax liability.

37. During the year, the wholly owned subsidiary of the Holding Company, S D Agchem (Europe) N.V. sold its 100% holding in its step down subsidiary SD Agchem (Netherlands) B.V. Hence, the deferred tax liability pertaining to such subsidiary no longer exists.

### 38. Derivative instruments and unhedged foreign currency exposure

Particulars of unhedged foreign currency exposure as at the reporting date

	Currency	30 Sept. 2012		31 March 2011	
		Indian Rupees in lacs	Foreign Currency in lacs	Indian Rupees in lacs	Foreign currency in lacs
Trade receivable / advances to creditors	EUR	2,568	38	246	4
	USD	2,463	46	2,147	48
Trade payable / advances from customers	EUR	95	1	7,634	123
	USD	1,274	24	5,160	115
Advances to / receivable from subsidiaries	EUR	2,425	36	3,667	59
	USD	307	6	220	7
	GBP	35	0.41	25	0.37
Payable to subsidiaries	EUR	1,031	15	1,848	29
	USD	19	0.19	78	2
Investments (at historical cost)	EUR	3,825	67	3,825	67
	GBP	2	0.02	2	0.02

### 39. 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 2012 is as under:

	30 September 2012 In Rs. lacs	31 March 2011 In Rs. lacs
Current assets	2	11
Non-current assets	1	1
Current liabilities	22	20
Non-current liabilities	28	25
<b>Equity</b>	<b>(47)</b>	<b>(33)</b>
Revenue	10	14
Material cost	11	9
Employee benefit expenses	5	5
Operating and other expenses	8	14
<b>Profits before tax</b>	<b>(14)</b>	<b>(14)</b>
Income tax expenses	-	-
<b>Profit after tax</b>	<b>(14)</b>	<b>(14)</b>

### 40. Sale of Subsidiary

During the year, the wholly owned subsidiary of the Company, S D Agchem (Europe) N.V. sold its 100% holding in its step down subsidiary SD Agchem (Netherlands) B.V. to United Phosphorus Holdings BV for cash consideration of Rs. 2,565 lacs (Euro 37.7 lacs). The Company has recognised loss of Rs 3,095 lacs on account of sale of investment in subsidiary. This loss to the extent of Rs 1,139 lacs has been adjusted against Business Restructuring Reserve in accordance with scheme of arrangement (the scheme) for restructuring and amalgamation of erstwhile Parul Chemicals Limited sanctioned by Hon'ble high courts of Punjab and Haryana and High court of Gujarat vide orders dated 11 March 2011 and 23 March 2011 respectively. The balance amount of Rs 1,956 lacs is charged to the statement of profit and loss and considered as exceptional item. Had the aforesaid treatment of the scheme not been given, the net loss before and after tax for the year would have been higher by Rs. 1,139 lacs.



#### 41. Scheme of Arrangement

##### A) Amalgamation of Parul Chemicals Limited with the Company (during the year ended 31 March 2011)

- a) The scheme of arrangement ("the Scheme") pursuant to section 391 to 394 read with section 78 and 100 to 103 of the Companies Act, 1956, for financial restructuring of the Holding Company and amalgamation of the erstwhile Parul Chemicals Limited (PCL) (hereinafter referred to as 'Transferor Company') with Punjab Chemicals and Crop Protection Limited (PCCPL) (hereinafter referred to as 'Transferee Company'), approved by the members at a court convened meeting of PCCPL and as approved by the members of PCL, was subsequently sanctioned by the Hon'ble High Courts of Punjab & Haryana at Chandigarh and High Courts of Gujarat at Ahmadabad vide orders dated 11 March 2011 and 23 March 2011 respectively. Consequently upon the aforesaid approval, the assets and liabilities of PCL were transferred to and vested in the Holding Company with retrospective effect from 1 April 2009 (the Appointed date). The Scheme was accordingly given effect to in the accounts for the year ended 31 March 2011.

The assets and liabilities of PCL as on the 'Appointed date' are as set out below :

Particulars	Amount Rs in lacs	Amount Rs in lacs
<b>Assets</b>		
Net Fixed Assets	190	
Investment	11	
Current Assets	645	
Deferred Revenue Expenditure (To the extent not written off or adjusted)	19	
Debit balance of statement of profit and loss	222	1,087
<b>Liabilities</b>		
Equity Share Capital	165	
Reserve & Surplus	151	
Loan Funds	540	
Current Liabilities & Provision	231	1,087

- b) Parul Chemicals Limited (PCL), (the amalgamating company) was engaged in Pesticides formulation having plant at Vadodara.
- c) The arrangement was accounted for under the "pooling of interest" method referred to in Accounting Standard 14- Accounting for Amalgamation, as prescribed by the Scheme. Accordingly the assets, liabilities and other reserve of PCL as on 1 April 2009 were aggregated at their book value as specified in the Scheme. The investment in the equity share capital of the PCL as appearing in the books of the Company were cancelled and consequently a similar amount reduced from the General Reserve Account of the Company.
- d) Pending approval of the Scheme, the accounts of PCL for the year ended 31 March 2010 were finalized as a separate entity.
- e) The difference between the amount recorded as share capital to be issued by the Company as consideration for the merger and the amount of share capital (excluding the share capital held by the Holding Company) of the PCL has been adjusted in the General Reserve Account of the Holding Company in accordance with the scheme.
- f) 69,293 Equity Shares of Rs 10/- each fully paid up were to be issued to the equity share holder of the erstwhile PCL whose names are registered in the register of members on record date, without payment being received in cash. Pending allotment, the face value of such shares were shown as "Equity Share Suspense" as at 31 March 2011. The Holding company has since allotted the shares on 11 May 2011.
- g) All the employees of PCL in service on the effective date became the employees of the Holding Company with effect from the Appointed Date without any break, discontinuance or interruption in their service and on the basis of continuity of service. The terms and conditions of their employment was not less favorable than those subsisting with reference to PCL as at the effective date. For the purpose of payment of any compensation, gratuity and other terminal benefits, the past service of such employees with PCL was taken into account and the Holding Company would pay the same to such employees as and when due and payable.

##### B) Financial restructuring (during the year ended 31st March 2011)

- i) Further as per the Scheme, the Holding company had also formulated a scheme of financial restructuring to deal with various costs associated with its organic and inorganic growth plan including debt finance cost, impairment of product registration. Accordingly, upon the Scheme becoming effective, certain fixed assets of the Holding Company were reinstated at their respective fair values on the basis of the report of valuer appointed by the Holding Company. Consequently, such reinstatement adjustment was credited to Business Reconstruction Reserve Account ("BRR") of the Holding Company.
- j) The Scheme further provided that the aggregate amount under the BRR created by way of revaluation of fixed assets would be utilised, to the extent considered necessary and appropriate by the Board of Directors of the Holding Company from time to time, to adjust certain expenses and project cost as mentioned in the Scheme until the balance is available in the BRR account.



- k) Accordingly in terms of the Scheme, the Holding Company had revalued its assets comprising of Land and Building and the resultant surplus aggregating Rs. 10,673 lacs was credited to BRR. The BRR has been utilized towards the following expenses as per the aforesaid scheme :
1. Incremental depreciation aggregating Rs. 499 lacs the year ended 31 March 2010 and 31 March 2011 on land and building on account of revaluation;
  2. Other finance & professional charges related to loan restructuring amounting to Rs. 343 lacs;
  3. Fixed assets and capital projects written off aggregating to Rs. 2,224 lacs;
  4. Provision of non-recoverable account receivable and obsolete inventory of Rs. 184 lacs related to PCL;
  5. Expenses as deemed appropriate by the Board of Directors on account of unabsorbed production overheads due to under utilization of production capacity and interest & finance expense. These expenses comprise of Payroll expenses Rs. 1,804 lacs, depreciation Rs. 463 lacs, power & fuel Rs. 1,529 lacs, Repair & Maintenance Rs. 201 lacs and interest & finance expenses amounting to Rs. 2,268 lacs;
  6. Expenses incurred in connection with the Scheme implementation or purposes mentioned there in aggregating to Rs. 19 lacs; and
  7. Loss on sale of subsidiary amounting to Rs. 1,139 lacs on account of sale of its step down subsidiary Agrichem BV during the period ended 30 September 2012. (also refer note 40)
- l) The generally accepted Indian Accounting Standards and principles do not provide for such adjustment of expenses against BRR. Had the Scheme not prescribed aforesaid treatment, the impact would have been as under:

#### In the statement of profit and loss

Item	Increase/(decrease) Amt in Rs. Lacs (Net of Tax Rs. Nil)*	
	1 April 2011 to 30 September 2012	1 April 2010 to 31 March 2011
Depreciation	-	962
Finance expenses	-	2,569
Fixed assets and capital project written off	-	2,224
Payroll expenses	-	1,804
Other operating expenses	-	1,889
Material cost (inventory written off)	-	86
Loss on sale of subsidiary	1,139	-
<b>Loss before tax</b>	<b>1,139</b>	<b>9,534</b>
Provision for deferred tax*	Nil	Nil
<b>Net loss</b>	<b>1,139</b>	<b>9,534</b>

\*No deferred tax has been recognized in the absences of virtual certainty.

#### Earnings per share

Item	For the year ended	
	1 April 2011 to 30 September 2012	1 April 2010 to 31 March 2011
Basic and diluted EPS (In Rs)	(161.53)	(139.96)

#### In the balance sheet

Item	Amt in Rs. Lacs	
	30 September 2012	31 March 2011
Revaluation reserve	Nil	10,673
Business reconstruction reserve	Nil	Nil
Statement of profit and loss debit balance	1,139	8,146
General reserve	Nil	Nil



#### 42. Remuneration to Key Managerial Personnel

The Holding Company has paid and provided remuneration amounting to Rs. 52 lacs to directors appointed during the current financial period. As the Holding Company is in default in repayment of debts and interest thereon for continuous period of thirty days in the preceding financial year, it requires prior approval of the Central Government, as specified in Schedule XIII of the Companies Act, 1956, for such remuneration. The Holding Company has made applications in this regard to the Central Government for regularization of conditions specified in Schedule XIII.

#### 43. Corporate Debt Restructuring

The Holding Company has obtained an approval for the Debt Restructuring from the Corporate Debt Restructuring Empowered Group ('CDR EG') in June, 2012. The Holding Company has obtained formal Letter of Approval dated 3 August 2012 from the CDR EG incorporating attendant terms and conditions and the Master Restructuring Agreement has been executed on 28 September 2012. The effective date for restructuring is 1 July 2011. The salient features of CDR are as follows :

- (a) Repayment of Term Loans has been restructured over 40 quarterly installments, commencing 30 September 2011. The interest rates has been restructured @ 10.75% p.a. for the period ended 30 September 2012 and thereafter at varying rates linked to Monitoring Institutions' base rate;
- (b) Working Capital Demand Loan has been converted to Working Capital Term Loan with following terms:-
  - Rs. 5,000 lacs carrying interest @ 8% p.a. and to be repaid in full till 30 September 2012 for which the company is in under discussion with the lenders to renegotiate the terms of repayment by offering certain alternate assets for disposal to repay the WCTL. The company is awaiting for such approved based on which the company will repay WCTL to the bankers as per the CDR scheme, and
  - Repayment of remaining amount has been restructured over 40 quarterly installments, commencing 30 September 2011. The interest rates have been restructured @ 8% p.a. for the period ended 30 September 2012 and thereafter at varying rates linked to Monitoring Institutions' base rate;
- (c) Cash Credit Facility has been converted to Working Capital Term Loan carved to the extent of Rs. 4,495 lacs and the balance amount has been carved out as fund based working capital facility with following terms:-
  - Repayment of Rs. 3,315 lacs has been restructured over 40 quarterly installments, commencing 30 September 2011. The interest rates have been restructured @ 8% p.a. for the period ended 30 September 2012 and thereafter at varying rates linked to Monitoring Institutions' base rate,
  - Repayment of Rs. 1,180 lacs has been restructured over 37 quarterly installments, commencing 30 June 2012. The interest rates have been restructured @ 8% p.a. for the period ended 30 September 2012 and thereafter at varying rates linked to Monitoring Institutions' base rate, and
  - Remaining amount has been carved out as fund based working capital facility based on the drawing power of the Company as at 31 March 2012 carrying interest @ 10.75% p.a. for the period ended 30 September 2012 and thereafter at varying rates linked to Monitoring Institutions' base rate; and
- (d) Conversion of accrued interest upto June, 2013, into a Funded Interest Term Loan (FITL) repayable in 32 quarterly installments commencing 30 September 2013. The interest rates have been restructured @ 8% p.a. for the year ended 30 September 2012 and thereafter at varying rates linked to Monitoring Institutions' base rate.

The effect of above Scheme has been considered in the accompanying financial statements as follows :

- (a) Interest Cost has been considered at 8% - 10.75% p.a. for the Working Capital Term Loans, Term Loans and Fund-based Working Capital Facility, and
- (b) Reclassification of Working Capital Term Loans carved out from Cash Credit and Working Capital Demand Loans to Term Loans as per the aforesaid Scheme.

In addition to above as per the Scheme promoters of the Holding Company will contribute Rs. 2,000 lacs from their own sources.

The Holding Company in the process of creating security for securing restructured debt as per the Scheme as follows:-

- (a) First pari passu charge on the fixed assets and current assets of the holding company.
- (b) First pari passu charge on additional securities like premises at Delhi, Secundarabad and Ahmadabad and Industrial land at Tarapur and Chiplun by the holding company.
- (c) Personal guarantee of Mr. Shalil Shroff.
- (d) Pledge of entire promoter's shareholding of the Holding Company (excluding 150,000 shares exclusively charged to SBI) or 51% of the paid up capital of the Holding Company whichever is lower with the CDR lenders.
- (e) Subservient charge on the assets of Parul Chemicals in addition to the exclusive charge of Indian Overseas Bank.



- (f) Security provided to State Bank of India, Antwerp for credit facilities extended to holding company's subsidiary S D Agchem (Europe) NV, viz., by way of charge on the fixed assets of the holding company to be appropriately incorporated in the security documents, and
- (g) 150,000 shares of the Holding Company exclusively pledged to State Bank of India.

#### 44. Previous year figures

- a) With effect from current financial year, the Holding Company has changed its accounting year from year ended 31 March to year ended 30 September. Accordingly, these financial statements are prepared for a period of eighteen months from 1 April 2011 to 30 September 2012. Also, during the period / year, the wholly owned subsidiary of the Holding Company, S D Agchem (Europe) N.V. sold its 100% holding in its step down subsidiary SD Agchem (Netherlands) B.V. Hence, the figures for current accounting period are not comparable with those of the previous accounting year.
- b) Till the year ended March 31, 2011, the holding company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the period ended 30 September 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable for the holding company. Hence the previous year figures are reclassified to conform to this period's classification.

As per our 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**  
Whole Time Director

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

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

**VIPUL JOSHI**  
Chief Financial Officer

Place : Mumbai  
Date : November 29, 2012

Place : Mumbai  
Date : November 29, 2012



## PUNJAB CHEMICALS & CROP PROTECTION LIMITED

### STATEMENT U/s 212(8) OF THE COMPANIES ACT, 1956 RELATING TO FINANCIAL INFORMATION OF 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	Rs. in lacs
1.	STS Chemicals (UK) Limited	GBP	70.40	1.71	(39.00)	114.00	151.29	0.00	0.00	(1.43)	0.00		(1.43)	0.00	
2.	SD Agchem (Europe) NV	EUR	68.05	4530.11	(4463.00)	6815.00	6747.89	0.00	3402.44	(3954.67)	0.00		(3954.67)	0.00	
3.	Sintesis Quimica S.A.I.C	PESO	11.06	221.20	(1433.00)	7552.00	8763.80	0.00	18831.73	(4249.45)	(16.81)		(4232.64)	0.00	

**Note :-**

- The above information is presented in accordance with the general exemption granted by the Ministry of Corporate Affairs, as stated and explained in the Director's Report
- 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 the Balance sheet date i.e. 30.09.2012.
- During the period under review the Company has divested 100% share holding in S D Agchem (Netherlands) IBV and its subsidiaries including Agrichem BV through S D Agchem (Europe) N. V., Hence, as on 30.09.2012, S.D. Agchem (Netherlands), I.B.V., Agrichem B.V., NV Agricultural Chemicals, Agrichem (Helvetia) GmbH, Agrichem Polska Sp. Z O.O. are not subsidiaries of the company.

Place : Mumbai

Date : November 29, 2012

**G. Narayana**  
Chairman

**Shaili Shroff**  
Managing Director

**Avtar Singh**  
Whole Time Director

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

**Vipul Joshi**  
Chief Financial Officer

# Manufacturing Sites



*Agro Chemicals Division  
Derabassi*

*Agro Chemicals Division  
Derabassi*



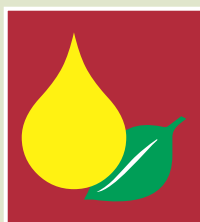
*Pharma Division  
Alpha Drug, Lalru*



*Industrial Chemical Division  
Tarapur*







## Punjab Chemicals & Crop Protection Limited

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