

34th Annual Report and Accounts



PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

2009-10

उद्यमेन हि सिध्यन्ति
कार्याणि न मनोरथैः



20.7.1932-18.12.1997

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

*He dared.
He cared.
He shared.*

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



Chairman's Message

Dear Members,

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

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

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

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

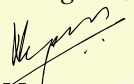
As you are aware that the Company was in the process of infusing equity in the system to ease the liquidity and to pay some high cost debts which were taken for overseas acquisitions few years back. The global financial meltdown and over cautious approach of the investors have delayed the said plan.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

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

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

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

With warm regards,


G. Narayana



Managing Director's Message

Dear Members,

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

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

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

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

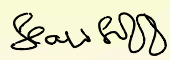
Our formulation division is maturing and is expected to grow further with manufacturing facility in Baroda and Chiplun in India.

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

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

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

Thanking you,


Shalil Shroff

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

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

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

Punit K. Abrol

CHIEF FINANCIAL OFFICER

Vipul Joshi

AUDITORS

S.R. Batliboi & Co., Mumbai

BANKERS

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

OTHER OFFICES**NEW DELHI**

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

AHMEDABAD

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

HYDERABAD

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

MANUFACTURING SITES

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



PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

INFORMATION FOR SHAREHOLDERS

34th Annual General Meeting

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

at PHD House

Sector - 31, Chandigarh

Book Closure Dates

5th August, 2010 to 10th August, 2010



Registrar and Share Transfer Agent

Alankit Assignment Ltd.

RTA Division

2E/21, Anarkali Market, Jhandewalan Extension

New Delhi-110 055.

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

E-mail : info@alankit.com



Share Transfer System

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



Assistance

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

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A REQUEST

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

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

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

Website: www.punjabchemicals.com



PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

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

NOTICE

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

ORDINARY BUSINESS:

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

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

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

Notes:

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

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



FINANCIAL YEAR	DIVIDEND %AGE	TYPE	DATE OF DECLARATION	DUE DATE OF TRANSFER
PCCPL				
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
ERSTWHILE STS CHEMICALS LTD. (NOW AMALGAMATED WITH THE COMPANY)				
2002-03	6	Final	18.08.2003	17.09.2010
2003-04	6	Final	02.09.2004	01.10.2011
2004-05	6	Final	29.12.2005	28.01.2013

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

By order of the Board of Directors

Place: Chandigarh
Date: June 18, 2010

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



ANNEXURE- I

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

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

A. Shri Jagdish R Naik

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

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

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

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

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

B. Shri Vijay Rai

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

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

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

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

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

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

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

C. Shri Atul G Shroff

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

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

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

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

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

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



DIRECTORS' REPORT

TO THE MEMBERS,

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

WORKING RESULTS

(Rs. in Lacs)

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

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

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

DIVIDEND

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

OPERATIONS

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

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

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