

# 35th

**ANNUAL REPORT**  
**AND ACCOUNTS**  
**2010 - 2011**



**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 Members,

Namaste!

*It is a matter of immense pleasure to interact with you through this column and apprise about the working and future plan of the Company.*

*The working in the year 2010-11 was not encouraging. The Company was coping up with the after effects of the global meltdown, disruption of operations in one of the key agro chemical manufacturing plant due to fire, longer gestation period after repair of the plant, high interest cost of the existing debts and shortage of working capital. In spite of such upheavals, the Company has managed to run the operations with limited available resources. The sales turnover of the Indian Operations was better than last year, but not as expected. The operation of the overseas subsidiary companies have improved and the effect can be seen in the consolidated accounts.*

*The opportunity in the Company's business are enormous and full operations of the plant will bring turnaround. The bankers have helped the Company by restructuring the debts of the Company and assured further help also. I, on behalf of the Board of Directors & myself thank all the Bankers, Suppliers and other stakeholders for their supportive approach and faith in the management and business of the Company.*

*As you all know, the Indian economy has emerged with remarkable rapidity from the slowdown caused by the financial crisis of 2007-09. On one side, it has opened new avenues for the Indian players and on the other side, it has also necessitated the increase of agriculture production and productivity for ensuring national food security, livelihood security, and nutritional security. Therefore, we foresee ample of opportunities that will elevate PCCPL to a higher level of performance.*

*I am very pleased to share that during this year, we have completed the process of amalgamation of our subsidiary, Parul Chemicals Limited (PCL) with the Company and financial restructuring.*

*On behalf of the Board of Directors, senior executives and all employees at all levels in the Company, let me assure you that we will endeavor to leave no stone unturned to take our Company out of this difficult time and to create better future.*

With warm regards,

  
**G. Narayana**

# Managing Director's Message



Dear Members,

Greetings!

I would like to take this opportunity to share the status of the working of the Company with you. No doubt, the year under review was full of challenges, hardship and liquidity shortages. The Company could not use its full potentials during the year inspite of available market for the products and adequate manufacturing capacity. The production remained erratic in the plants for want of the working capital. The fire in April, 2009 which disrupted the operations in Agro Chemicals Division with long gestation period after repair had an impact on the working capital cycle. The interest burden on the borrowings remained the cause of concern and there was no capacity to borrow further. The infusion of equity could not be materialized due to various reasons. In spite of this, the standalone working results recorded marginal improvement with increase in sales to Rs. 341 crores against Rs. 303 crores and a net loss of Rs. 13 crores against Rs. 41 crores of the previous year.

Performance of the overseas subsidiary companies have been encouraging and the consolidated turnover recorded at Rs. 651 crores against Rs. 569 crores of the last year with net loss of Rs. 6 crores against Rs. 59 crores of last year. In Agrichem B.V., Netherland, combination of various developments and product mix resulted in a higher gross margin with a positive result of Euro 1.2 million. Additional interest expense for not meeting the financial covenants criteria and amortization of Registration expenses had restricted the profitability of the Company. In spite of this, the Company has been successful in adding new customers, new product registrations in Netherlands and other European countries. The Company is looking for alternatives to arrange finance in the Company and negotiating with the banks to reduce the interest cost.

Sintesis Quimica, another subsidiary Company in South America, has recorded a turnover of Rs. 165 crores against Rs. 121 crores of last year. Further, it has emerged as a reliable and stable formulator of Agro Chemicals for various reputed multi national companies. However, the profit during the year almost remained the same, inspite of quantum jump in sales. The exorbitant increase in the cost of labour and high inflation of about 25% had an impact its overall profitability. During the year, this subsidiary company sold part of its business which was not a core business of the Company. The well accepted products, manufacturing capacity and formulations business forsee a positive outlook in the working. However, the results will depend upon the policy of the country on labour management and inflation.

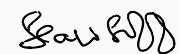
Overall, the current year should be better as the things have started improving for Indian operations because of various measures taken, including the restructuring of debts by the banks which enabled us to defer some of the installments and reduction in interest rate.

We are thankful to all the bankers for their positive approach, faith on company's business model and helping in this time of crisis.

I would like to assure all the stakeholders that we will put all efforts to utilize the potentials and capabilities of the Company to the full extent and will face this challenge with utmost courage and confidence. At this juncture, I would like to mention that all our executives, staff and working members at offices and factories are working and contributing with dedication in this difficult situation, for which we are thankful to them. Personally, I am extremely thankful to all the members of the Board of Directors of the Company for their continuous support, guidance and suggestions at this juncture. Their efforts to bring turnaround in this Company are acknowledged with gratitude.

On behalf of Team-PCCPL, I would like to pay sincere thanks to all of you, the bankers, suppliers and other stakeholders for the continuous support and faith on the management and employees.

Thank you,

  
Shalil S Shroff



## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

G. Narayana, Chairman  
Shalil Shroff, Managing Director  
A.G. Shroff, Director (upto 11th February, 2011)  
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  
R.W. Khanna, Nominee Director (w.e.f. 30th May, 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  
Export-Import Bank of India  
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  
Sulphur Formulation Division - IA & IC Chem - Chiplun  
Agro Formulation Division - Vadodara



## PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

### INFORMATION FOR SHAREHOLDERS

#### 35th Annual General Meeting

Wednesday, the 7th September, 2011 at 11.30 A.M.

at PHD House

Sector - 31, Chandigarh

#### Book Closure Dates

1st September, 2011 to 7th September, 2011



#### 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 transfer 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 2010-11. 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-35-C, Chandigarh-160 022

### NOTICE

Notice is hereby given that the 35<sup>th</sup> Annual General Meeting of the members of Punjab Chemicals and Crop Protection Limited will be held on Wednesday, the 7<sup>th</sup> September, 2011 at PHD House, Sector-31, Chandigarh at 11.30 A.M. to transact the following businesses:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account of the Company for the financial year ended 31<sup>st</sup> March, 2011, 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 Ajit R Sanghvi**, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of **Shri M.D Patel**, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditor and to authorize the Board of Directors 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 M/s S.R. Batliboi & Company, Chartered Accountants, Mumbai, (Membership No. 301003E) be and are hereby re-appointed as the Statutory Auditors of the Company to conduct the Audit of the accounts of the Company for the financial year 2011-12 and to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and at such remuneration 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 ONLY ON A POLL, INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. 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.
3. Members are requested to bring their copy of the Annual Report to the Meeting.
4. 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. 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 Thursday, the 1<sup>st</sup> September, 2011 to Wednesday, the 7<sup>th</sup> September, 2011 (both days inclusive).
9. 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, established by the Central Government. The details of the same are as under:

FINANCIAL YEAR	DIVIDEND %AGE	TYPE	DATE OF DECLARATION	DUE DATE OF TRANSFER
<b>PCCPL</b>				
2003-04	50	Final	18.08.2004	17.09.2011
2004-05	40	Final	28.12.2005	27.01.2013



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

**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 Investors Education & Protection Fund.**

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-I 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.

By order of the Board of Directors

**Punit K Abrol**

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

**Regd. Office:**

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

Date: June 10, 2011

## ATTENTION MEMBERS

Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies for sending the Notice of Annual General Meeting along with Balance Sheet, Profit & Loss Account, Auditors' Report, Directors' Report and Explanatory Statement, etc to the members of the Company, as required under Section 219 of the Companies Act, 1956, through e-mail, pursuant to its general circular no.18/2011, dated 29<sup>th</sup> April, 2011. In view of this, the Company urges its members to register their e-mail addresses and changes therein from time to time with the Company or the Register and Share Transfer Agent, if shares are held in physical form and with their respective Depositories, if shares are held in demat form, in order to be a part of this virtuous initiative of the Government.



**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 Ajit R Sanghvi**

Shri Ajit R Sanghvi, aged 54 years, is an Independent Non-Executive Director of the Company. He is a Commerce graduate and has completed his Masters degree in Commerce. He is a qualified Chartered Accountant having extensive experience in financial service industry & stock brokering.

He serves as a Director of Acrysil Ltd., Sterling Consultancy Pvt. Ltd., Hrisal Investment Advisors Pvt. Ltd., MSS Securities Pvt. Ltd. and Harileela Investrade Pvt. Ltd.

He is a member of Audit Committee and Remuneration Committee of the Company.

He holds 24,928 shares of Rs. 10/- each of the Company as on the date of this notice.

None of the Directors of the Company, except Shri Ajit R. Sanghvi, himself is concerned or interested in the proposed resolution.

**B. Shri M.D Patel**

Shri M.D Patel, aged about 64 years, is an Independent Non-Executive Director of the Company. He is a graduate in Chemical Engineering. Besides having over 36 years experience in various areas of finance and corporate management at Director level. He was associated with various industry bodies such as Indian Chemicals Manufacturer's Association, CHEMXCIL and Indian Association of Materials' Management.

At present he is on the Board of Universal Esters Ltd., Infinity Consultants Ltd., Transpek Finance Ltd., Shilchar Technologies Ltd., Gujarat Automotive Gears Ltd., Transpek Industry Ltd. and Banco Products (India) Ltd.

He is the Chairman of the Audit Committee and Shareholders & Investors Grievance Committee of the Company. He is also a member of the Remuneration Committee of the Company.

He holds 400 shares of Rs. 10/- each of the Company as on the date of this notice.

None of the Directors of the Company except Shri M.D Patel, himself is concerned or interested in the proposed resolution.



## DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors are pleased to present the 35th Annual Report of the Company, together with the Audited Statement of Accounts for the year ended 31st March, 2011.

### FINANCIAL RESULTS

The performance of the Company during the year as compared to the previous year is summarized below:

(Rs. in Lacs)

	Consolidated*		Standalone	
	2010-11	2009-10	2010-11	2009-10
Sale of Products & Other Income (Net)	68054	58302	36856	32473
<b>Profit / (Loss) before Depreciation &amp; Tax &amp; Exceptional item</b>	<b>2202</b>	<b>(4015)</b>	<b>(1279)</b>	<b>(4441)</b>
Less: Depreciation/Amortisation	3159	3419	694	1059
<b>Profit / (Loss) before Tax &amp; Exceptional item</b>	<b>(957)</b>	<b>(7434)</b>	<b>(1973)</b>	<b>(5500)</b>
<b>Less: Exceptional item</b>	<b>619</b>	<b>-</b>	<b>619</b>	<b>-</b>
<b>Profit / (Loss) before Tax</b>	<b>(338)</b>	<b>(7434)</b>	<b>(1354)</b>	<b>(5500)</b>
<b>Less: Provision for Taxation</b>				
Current year	435	175	-	-
Deferred Tax Asset / (Liability)	(141)	(1813)	-	(1457)
<b>Profit / (Loss) after Tax</b>	<b>(632)</b>	<b>(5796)</b>	<b>(1354)</b>	<b>(4043)</b>
Minority Interest	-	1	-	-
	<b>(632)</b>	<b>(5795)</b>	<b>(1354)</b>	<b>(4043)</b>
Add/(Less):				
Excess/(Short) Provision for Taxes of earlier years.	1	(84)	1	(69)
<b>Net Profit / (Loss)</b>	<b>(631)</b>	<b>(5879)</b>	<b>(1353)</b>	<b>(4112)</b>
Post Merger loss of Parul Chemicals Limited for the year ended 31 <sup>st</sup> March, 2011	-	-	(28)	-
Profit brought forward from previous year	-	216	-	1226
<b>Profit/ (Loss) available for Appropriation</b>	<b>(631)</b>	<b>(5663)</b>	<b>(1381)</b>	<b>(2886)</b>
<b>Carried forward to next year</b>	<b>(631)</b>	<b>(5663)</b>	<b>(1381)</b>	<b>(2886)</b>

\* Consolidated financial statements for the year ended 31st March, 2011 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 2010-11 keeping in view the loss in the working of the Company.

### SCHEME OF ARRANGEMENT

The amalgamation of the erstwhile Parul Chemicals Limited (PCL), Vadodara with the Company (PCCPL), has been sanctioned by the Hon'ble High Court of Punjab & Haryana at Chandigarh and by the Hon'ble High Court of Gujarat at Ahmedabad vide their orders dated 11th March, 2011 and 23rd March, 2011 respectively. Consequent upon the aforesaid approvals, the assets and liabilities of PCL have been transferred to and vested in the Company with retrospective effect from 1st April, 2009 ('the Appointed Date'). In view of this, the financial results of the Company for the year 2010-11 have been prepared after taking effect of the approved scheme. The Authorized Capital of the Company has accordingly been increased to Rs. 18 crores from Rs. 15 crores as shown in Schedule 'A' of the Balance Sheet, with effect from 26th March, 2011 (the 'Effective Date'). Further, the Board of Directors of the Company in their meeting held on 11th May, 2011, have allotted 69,293 Equity shares of Rs. 10/- each fully paid-up to the shareholders of the erstwhile PCL without payment being received in cash and in the exchange ratio approved by the Hon'ble High Courts. The Company has also initiated the process of listing of these shares on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, where the Company's shares are already listed.

Further, in accordance to the aforesaid sanctioned scheme of arrangement, the fixed assets of the Company have been reinstated at their respective fair value on the basis of the report of a competent Valuer appointed by the Company. The re-instatement adjustment was accordingly credited to Business Reconstruction Reserve (BRR) account. The Company has utilized the BRR by adjusting certain expenses as detailed in the Notes to Accounts.

The Board of Directors feel that the amalgamation of PCL with the Company will provide benefit to the Company by way of business integration and further strengthen its presence in the domestic and export markets.