

# 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

**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