37th Annual Report And Accounts

2012 - 2013

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 is a pleasure to interact with you through this column and appraise you about the operations of the Company.

As all are aware that the financial year 2012-13 witnessed a worst slowdown of the Indian economy due to global contradictory headwinds, domestic macro-economic imbalances and policy reversals. The impact was seen in almost all sectors of the economy and growth trajectory remains low everywhere, particularly in the manufacturing sector.

The financial year gone by was also not a stellar year for your Company due to reasons as mentioned in the Director's Report. However, the Company managed to focus on better efficiencies, cost saving measures and improved supply chain wherever possible, to streamline its operations. The Management also brought the focus back on Agro Chemicals technical manufacture, the backbone of the Company's business. The successful commissioning of another 'fungicide' in the Agrochemicals plant with the technical support from a renowned MNC has been a major morale booster for the Company.

As mentioned in our previous meetings that the management of the Company was and has been very closely monitoring the operations and working on strategies to bring the Company back on track through its forward looking and practical approach. The major initiatives taken by the management including debt recasting under Corporate Debt Restructuring scheme, infusion of capital, new strategic alliances with elite customers and optimum utilization of the production capacity of Agro Chemicals Division, as detailed in the previous Annual Report, have produced results.

The Management of the Company, however, expects some volatility to continue in 2013-14 but is confident that the speedy restoration of Company's business health and the laying of strong foundations for future growth are our top priorities. With your help and the bold, resolute action of our committed management team, we are confident that we can restore PCCPL to stable growth path.

In the end, let me take the opportunity to convey sincere thanks to our colleagues on the Board for their unstinted support and wise counsel, to the customers for their continued trust, to the working members at all levels for their contribution, to the Banks and Financial Institutions for their support, and to all the shareholders for their continued faith and support.

With warm regards,

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 (upto 30th April, 2013) Vijay Rai Avtar Singh, Director (Operations & Business Development) R.W. Khanna, Nominee Director (upto 11th February, 2013) Shiv Shanker Tiwari, Whole Time Director S.P. Singh, Nominee Director (w.e.f. 11th February, 2013)
Sr. V.P. (FINANCE) & COMPANY SECRETARY	Punit K. Abrol
CHIEF FINANCIAL OFFICER	Vipul Joshi
AUDITORS	S.R. Batliboi & Co. LLP, Mumbai
BANKERS	State Bank of India Bank of Baroda EXIM Bank Allahabad Bank Union Bank of India Central Bank of India

REGISTERED OFFICE
SCO: 183, First Floor,
Sector - 26 (East), Madhya Marg,
Chandigarh 160 019.
Ph.:0172-5008300, 5008301
Fax: 0172-2790160
E-mail: info@punjabchemicals.com

HEAD OFFICE
Milestone-18, Ambala-Kalka Road,
P.O. Bhankarpur, Distt. S.A.S. Nagar,
Mohali - 140201 (Punjab)
Tel.: 01762-280086, 280094, 522253
Fax: 01762-280070
E-mail: factory.info@punjabchemicals.com

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

PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

INFORMATION FOR SHAREHOLDERS

37th Annual General Meeting

Wednesday, 4th September, 2013 at 10.30 A.M.
at PHD House
Sector - 31, Chandigarh
Book Closure Dates
30th August, 2013 to 4th September, 2013

Registrar and Share Transfer Agent

Alankit Assignments 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 15 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, Head Office or Corporate Office of the Company.

A REQUEST

We are sure you will read with interest the Annual Report for the year 2012-13. 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: 183, 1st Floor, Sector 26, Madhya Marg, Chandigarh-160 019

NOTICE

Notice is hereby given that the 37th Annual General Meeting of the Members of the Punjab Chemicals and Crop Protection Limited will be held on Wednesday, 4th September, 2013 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 31st March, 2013 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 M.D Patel, 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 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, S.R Batliboi & Co. LLP, 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 2013-14 on such remuneration and out of pocket expenses, as may be mutually agreed upon between the Board of Directors 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 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. Members/ proxies should bring duly filled in and signed attendance slips alongwith their copy of the Annual Report to 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. 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.
3. 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.
4. 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 alongwith email ID, if any.
5. 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.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from **Friday, the 30th August, 2013 to Wednesday, the 4th September, 2013** (both days inclusive).
7. 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
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 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.

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-I to this notice.

9. The Register of Directors' shareholding, maintained under Section 307 of the Companies Act, 1956, will be available for inspection at the meeting.

10. 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, folio number/ client ID and DP ID. 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 : June 17, 2013

Regd. Office :
SCO : 183, 1st Floor, Sector-26,
Madhya Marg,
Chandigarh-160 019

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.

1. Shri M.D Patel

Shri M.D Patel, aged about 63 years, is an Independent Non-Executive Director of the Company. He is a graduate in Chemical Engineering. Besides having over 38 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 Shilchar Technologies Ltd., Transpek Finance Ltd., Torrential Investments Pvt. Ltd., Gujarat Automotive Gears Ltd., Universal Esters 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.

2. Shri Vijay Rai

Shri Vijay Rai (aged 66 years) is B. Tech from I.I.T. Kharagpur and further done courses in marketing and personnel management.

He has over forty three 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 awarded in 1999 as the Most Admired Manager in the Industry by the Pesticide Formulators and Manufacturers Association.

Since 2000, he has been a consultant in manufacturing management and an advisor in the area of Agrochemicals manufacture and marketing.

He is also on the Board of English India Clays Limited, Greaves Cotton Limited, Greaves Leasing Finance Limited, TechPak Industries Ltd. (Nairobi, Kenya), Sri Biotech Laboratories India Ltd., Princeware Africa Limited (Tanzania), Princeware International Pvt. Ltd. and Primex India Private Ltd.

He is the Chairman of Akola Chemicals Ltd, a leading manufacturing and marketing company in the area of Plant and animal nutrition.

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

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 proposed resolution.

DIRECTORS' REPORT

Dear Members,

The Board of Directors hereby presents the 37th Annual Report on the business and operations of your Company along with the standalone and consolidated financial statements for the financial year ended on 31st March, 2013 (comprising of 6 months period from 1st October, 2012 to 31st March, 2013).

FINANCIAL HIGHLIGHTS :

The performance of the Company for the financial year under review is summarized below:

(Rupees in Lacs)

Particulars	Consolidated*		Standalone	
	2012-13	2011-12	**2012-13**	2011-12
Sale of Products & Other Income (Net)	**24915**	101524	**20441**	54894
Profit / (Loss) before Depreciation & Tax & Exceptional item	**(1196)**	460	**(227)**	(4618)
Depreciation / Amortisation	**804**	8460	**717**	1991
Profit / (Loss) before Tax & Exceptional item	**(2000)**	(8000)	**(944)**	(6609)
Exceptional income/ (expense)	**737**	(1956)	**737**	(2362)
Profit / (Loss) before Tax	**(1263)**	(9956)	**(207)**	(8971)
Less: Provision for Taxation				
Current tax	**-**	757	**-**	-
Deferred Tax	**-**	-	**-**	-
Profit / (Loss) after Tax	**(1263)**	(10713)	**(207)**	(8971)
Adjustment of tax relating to earlier years	**-**	(1)	**-**	16
Net Profit / (Loss)	**(1263)**	(10712)	**(207)**	(8987)
Profit available for Appropriation	**(1263)**	(10712)	**(207)**	(8987)
Carried forward to next year	**(1263)**	(10712)	**(207)**	(8987)

* Consolidated financial statements for the financial year ended 31st March, 2013 form part of the Annual Report and Accounts of its subsidiary Companies.

Notes:

a) Current period figures are not comparable with the previous year, as the current period is for 6 months as against the previous year of 18 months.

b) Previous period figures under different heads have been regrouped to the extent necessary.

OPERATIONS:

It may be noted that various initiatives taken by the management, detailed in the previous Annual Report, have produced results. The Company during the year continued to focus on better efficiencies, cost saving measures, improved supply chain and working capital management. The management also brought the focus back on Agro-chemicals technical manufacture, the backbone of the Company's business. The Company was able to increase revenues by new strategic alliances with elite customers and optimum utilization of the production capacity of Agro Chemicals Division. However, the working capital constraints still continued to cast its shadow in the year under review.

Amid various constraints, the Company has successfully commissioned another 'Fungicide plant' in Agro Chemicals Division of the Company with the technical support and buy back arrangement from one of the renowned Multinational Company in the month of March, 2013. The first lot of the finished product from this plant has been dispatched in May, 2013. The Company has projected a business of around Rs. 180 crores from this contract in the next three years. The successful implementation of this plant is a major morale booster for the Company.

The total income of the Indian Operations in the six months period under review was at Rs. 204.41crores with a net loss of Rs. 2.07 crores as against the total income of Rs. 548.94 crores and a net loss of Rs. 89.87 crores in the previous year of eighteen months (this is after booking exceptional expenses and other provisions). The management of the Company has been endeavouring to run all the plants situated at different locations with more focus on Agro Chemicals Division. The new fungicide and other profitable existing products in this division are expected to strengthen the working of the Company and will add more value to its business.

The Management is also looking for an opportunity to dispose off some of the non-core assets or less performing assets or businesses in order to reduce the debt of the Company. This will strengthen the revival of the Company.

The Members will recall that in view of the poor financial results of the previous year, the Company had filed a report with the Board for Industrial and

Financial Restructuring (BIFR) under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 informing about the erosion of net worth and potential sickness of the Company. The Company has also filed with BIFR a statement of causes of erosion of net worth and remedial measures taken / to be taken for revival after seeking the approval of the Members in the Extra-Ordinary General Meeting held on 29th December, 2012. As already mentioned, the Management of the Company with all its diligence and resources is trying to streamline the working of the Company.

OVERSEAS BUSINESS AND CONSOLIDATED RESULTS :

The operations of the overseas subsidiary companies were adversely affected during the period. This was mainly due to financial constraints and the geographical environment of the countries of operations.

As the members were briefed in the last Annual Report that the operations of Sintesis Quimica, Argentina (SQ), one of the overseas subsidiary Company, had been seriously affected by unfavourable government policies. The scenario has not changed in the six months under review. In this period, the total revenue of this subsidiary stood at Rs. 49.07 crores with a net loss of Rs. 9.77 crores.

During the period under review, the total revenue of SD Agchem (Europe) NV stood at Rs. 2.07 crores with net loss of Rs. 1.18 crores.

The Company is weighing some of the strategic proposals to streamline the working in these subsidiary Companies.

The total income of the Company in the consolidated accounts during the period under review was Rs. 249.15 crores with net loss of Rs. 12.63 crores as against the income of Rs. 1015.24 crores and net loss of Rs. 107.12 crores in the previous 18 months period.

DIVIDEND :

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

OUTLOOK :

The Company has the facilities of manufacturing technical and branded formulations of agro chemicals business. In addition, Pharma, Industrial Chemicals and specialized bio-products add to its business prospects. Further, the Company has a comprehensive portfolio with strong brand and a wide distribution network.

As per one of the reports of ASSOCHAM, the agrochemicals sector in India is likely to grow at 15 percent annually and cross Rs 25,000 crores mark by 2015. Therefore, India's Agro-chemical industry has huge potential and immense growth opportunities. Hence, we expect improved performance in the local market in the coming year.

However, due to the subdued European market, exchange rate fluctuation in Rupee vis-à-vis Euro and USD, increased prices of major raw materials, adverse operating and financial position (shortage of working capital) full recovery continues to be a matter of concern for the Company.

The Management however, is optimistic about the business prospects and taking steps to capitalize the available opportunities.

CHANGE IN THE REGISTERED OFFICE :

The Registered Office of the Company has been shifted to S.C.O : 183, First Floor, Sector - 26 (East), Madhya Marg, Chandigarh 160 019 w.e.f 1st April, 2013, as approved by the Board of Directors of the Company in their meeting held on 11th February, 2013.

SUBSIDIARY COMPANIES :

The Company has only three subsidiaries as on 31st March, 2013 namely- STS Chemicals (UK) Ltd.; Sintesis Quimica, Argentina, S.A.I.C and SD AgChem (Europe) NV.

The consolidated financial results of the Company include the financial 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 for not attaching the Balance sheet, Profit & Loss Account and other documents of subsidiary Companies, with the Company's accounts. The Board of Directors in its meeting held on 29th May, 2013 has given its consent for not attaching the Annual Accounts of its subsidiaries with the accounts of the Company. Accordingly, Members 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 Members of the Company at the Company's Registered Office and also at the Registered Offices 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:

The debt recast of Secured Term Loans amounting to Rs. 123.33 crores and Working Capital loans amounting to Rs. 201.30 crores, under the Corporate Debt Restructuring route during the last year, saved interest and gave some relief to cashflow due to the extended repayment obligations on Term Loans along with two years moratorium on interest. However, non availability of the required additional working capital restricted Company's operational activities.

The execution of the legal documents with respect to the revised limits under the Corporate Debt Restructuring mechanism is at an advance stage.

FIXED DEPOSITS :

The Company has not accepted or renewed any fixed deposits from the public during the period under review. However, the Company has repaid all the fixed deposits matured and due during the period, and hence, the amount of Fixed Deposits as on 31st March, 2013 was reduced to Rs. 144.52 lacs (previous year Rs. 275 lacs). The Company will continue to repay the matured deposits on timely basis to all the depositors. The deposits amounting to Rs. 3.16 lacs remained unclaimed by 4 depositors as on 31st March, 2013 (previous year Rs. 17.28 lacs by 25 depositors). The Company has sent reminders to these depositors to complete the procedural formalities for repayment.

The management would like to thank all the depositors for their faith and confidence reposed in the Company.

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 2013-14 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:

Your Company is conscious of the importance of environmentally clean and safe operations. The environment management and pollution control are the foremost priority in all the units of the Company. Accordingly, the 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:

Your Company would like to acknowledge the contributions of each and every employee in helping the Company to attain its business goals. The industrial relations at all sites of the Company remained cordial throughout the year.

CORPORATE SOCIAL RESPONSIBILITY:

The Company continues to organize a 'Blood Donation Camp' in the memory of Late Shri S.D. Shroff on 18th December every year. This year around 61 people donated blood. SDS Memorial Trust has also helped few of the needy students. The management and employees of the Company always give due importance to Corporate Social Responsibility activities. These activities will be increased upon improvement in the financial position of the Company.

RESEARCH & DEVELOPMENT / QUALITY CONTROL:

Inspite of shortage of funds, your Company continues to make need based investment in R&D considering it as a source of competitive advantage.

The regular R&D activities are carried out in the laboratories of Agro Chemicals Division and Pharma Division. The activities are taken 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.

DIRECTORS:

Shri Jagdish R Naik, Non Executive Director has resigned from the Board w.e.f 30.04.2013 owing to his other pressing professional engagements. The Board of Directors acknowledged his outstanding services and placed on record his contribution in advancement of the Company, guidance on critical financial and corporate matters and role played in formulating financial restructuring strategies.

During the year under review, the Export- Import Bank of India withdrew the nomination of Shri R.W. Khanna and nominated Shri S.P. Singh, Advisor, EXIM Bank in his place on the Board of the Company w.e.f 11.02.2013. The Board of Directors expressed their deep sense of appreciation and gratitude for the services rendered by Shri R. W. Khanna during his tenure as a Nominee Director 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 Vijay Rai and Shri M.D. Patel 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 recommends 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 approval to the re-appointment and payment of remuneration to Shri Avtar Singh, Director (Operations & Business Development) under Section 269 of the Companies Act, 1956 has already been filed with the Central Government. The same is pending for approval with the Central Government.

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.

The information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to energy conservation is appended hereto and forms part of 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 employees 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 31st March, 2013, 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 31st March, 2013 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 31st March, 2013, at its meeting held on 29th May, 2013. The said Certificate is also annexed to the Corporate Governance Report.

COST AUDIT:

The Cost Audit Report and Compliance Report for the Financial year 2011-12 duly certified by the Lead Cost Auditor, Mrs. Pushpa Khanna, Cost Accountant, Chandigarh, have been submitted to the Central Government on 29th March, 2013, which was due to be filed on 29th March, 2013.

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 2013-14, subject to the approval of the Central Government.

It may be noted that Mrs. Pushpa Khanna, Cost Accountant, Chandigarh has been nominated as the Lead Cost Auditor of the Company.

AUDITORS' REPORT:

In the Audit Report on the Consolidated Financial Statements for the Financial Year ended 31st March, 2013, the Auditors' have qualified as under:

i) STS Chemicals (UK) Limited, 100% subsidiary of the Company, has not been considered for the purpose of preparation of the Consolidated Financial Statements.

ii) Effect of investment in associate company viz Source Dynamic LLC, on the financial position and the 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 subsidiary and the associate company do not have any significant operations. Accordingly, the non-inclusion of the same in the Consolidated Financial Statements has no significant impact on the financial position and operating results of the Company.

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 LLP, Chartered Accountants (formerly known as S.R Batliboi & Co., 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 a notice in writing to the Company expressing their willingness for re-appointment.

S.R Batliboi & Co. have intimated the Company vide letter dated 1st April, 2013 about the change in the name of the firm to 'S.R. Batliboi & Co. LLP' pursuant to its conversion as a Limited Liability Partnership firm. The change in the name of the auditor firm would not have any effect on the letters, agreements, instruments, deeds, documents and writings executed by and between the Company and the audit firm and the same would continue to be in full force and effect in accordance with their terms, as if S.R Batliboi & Co. LLP were a party to it instead of S.R Batliboi & Co.

They have also given a letter to the Company certifying that their proposed appointment as Auditors would be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

The Directors of the Company have recommended their appointment.

CORPORATE GOVERNANCE:

The Company strives to maintain high standards of corporate governance in interactions with all the stakeholders. The Company has complied with the Corporate Governance code as stipulated under the listing agreement with the stock exchanges. A separate section on corporate governance along with a certificate from the Practicing Company Secretary confirming the level of compliance is attached and forms a part of this report.

The Management Discussion and Analysis Report as required under the Listing agreements with the Stock Exchange is annexed and forms an integral part of the Directors' Report.

ACKNOWLEDGEMENT:

The Directors also take this opportunity to thank all the financial institutions, banks, customers, vendors and members for their support and co-operation during the financial year.

For and on behalf of the Board of Directors

G. NARAYANA

Chairman

Place: Mumbai

Date : May 29, 2013

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.
- 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 will be made on receipt of new proposal 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 (2012-13)	PREVIOUS YEAR (2011-12)
A. Power and fuel consumption		
1. Electricity		
a) Purchased		
Unit (Kwh)	**1,18,70,978**	3,31,35,444
Total Amt. (Rs.lacs)	**781.93**	2,067.06
Rate/ Unit (Rs.)	**6.59**	6.24
b) Own Generation		
i) Through Diesel Generator		
Unit (Kwh)	**3,68,349**	11,30,993
Unit per ltr. of Diesel Oil	**3.36**	3.20
Cost/ Unit (Rs.)	**17.26**	16.60
ii) Through Steam Turbine/Generator		
Unit (Kwh)	**Nil**	Nil
Unit per ltr. of fuel oil/gas	**Nil**	Nil
Cost/ Unit (Rs.)	**Nil**	Nil
2. Coal (specify quality and where used)		
Qty. (tonnes)	**538**	1,784
Total cost (Rs.lacs)	**38.67**	138.11
Average Rate (Rs.)	**7,192**	7,741
3. Furnace Oil		
Quantity (K.ltrs.)	**228**	820
Total Amount (Rs. Lacs)	**105.04**	304.15
Average rate (Rs.) per Kg.	**46.10**	37.09

	CURRENT YEAR (2012-13)	PREVIOUS YEAR (2011-12)
4. *Others/Internal generation*		
Husk Rice, Straw, Baggase, etc. (Agro Waste)		
Quantity (MT)	**16498**	46,943
Total Cost (Rs.lacs)	**852.29**	2,419
Rate/Unit (Rs.)	**5166**	5,154

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	**815**	**1286**	818	1341
ii) Pharma Products & their Intermediates	**4149**	**7665**	4059	7184
iii) Industrial Chemicals	**607**	**119**	363	86
iv) Sulphur based compounds	**362**	**248**	458	349

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)

1. *Specific areas in which R&D was carried out by the Company.*
   — Process modification in the existing products, wherever possible.
   — Continuous research is carried out to recover products from the effluents.
2. *Benefits derived as a result of the above R&D.*
   — The reduction in the cost of production and developed environment friendly process.
3. *Future plan of action :*
   — To further upgrade the R&D facilities upto the international standard.
4. *Expenditure on R&D*

	2012-13	(Rs. lacs) 2011-12
a) Capital	-	-
b) Recurring	**71.37**	186.96
c) Total	**71.37**	186.96
d) Total R&D expenditure as %age of total turnover	**0.35%**	0.37%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. *Efforts, in brief, made towards technology absorption, adaptation and innovation.*
   — Development of in house and indigenous technologies to meet demand of the customers.
2. *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.
3. *Technology imported during the last 5 years:*
   — The Company has not imported any technology.

III) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

- Participation in the international Chemical Exhibition and conducting personal visits to customers.
- The Company has obtained renewal of COS certification for supply of Trimethoprim in Europe market.
- The Company has also been inspected and approved for the supply of Trimethoprim and Albendozole to European Market by European Directorate for the Quality of Medicines and Healthcare.

b) *Total Foreign Exchange earned and used* (Rs. lacs)

	2012-13*	2011-12
i) Earned	**4,115**	14,418
ii) Used	**1,388**	11,136

* During the current period major imports were made on high seas basis and major exports were made through others.

Note : Figures for the current year (2012-13) as mentioned in the Annexure to Directors' Report are for 6 months where as figures for the previous year (2011-12) are for 18 months.

For and on behalf of the Board of Directors

Place : Mumbai

Date : May 29, 2013

G. NARAYANA

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW:

1.1 Business Segment- Agro Chemicals and other chemicals

a) Industry Structure and Development:

Following the slowdown induced by the global financial crisis in 2008-09, the Indian economy responded strongly to fiscal and monetary stimulus and achieved a growth rate of 8.6 percent and 9.3 percent respectively in 2009-10 and 2010-11. However, the economy is exhibiting inflationary tendencies including a burgeoning fiscal deficit, low investments, rising inflation and high interest rates from March, 2010. This has adversely impacted investments and the economy has decelerated with the growth rate coming down to 6.2 percent and 5 percent in 2011-12 and 2012-13 respectively.

The slowdown has been across the board with no sector of the economy remain unaffected.

However, the agrochemicals industry remains a significant industry for the Indian economy in terms of jobs, incomes and food security. Moreover, India's agricultural exports are booming at a time when many other leading producers are experiencing difficulties. CII-McKinsey in its report tiled as 'India as an agriculture and high value food powerhouse: A new vision for 2030' has mentioned that "Given the expected rise in consumption, the Country's agricultural output by 2030 could reach Rs. 29.28 lakh crore level and food exports could jump to over Rs. 7 lakh crore. Consumption demand is increasing as India's per capita GDP is expected to increase by 320 percent in next 20 years. Therefore, the requirement of food has also grown. In view of this, the yield of foodgrains should be improved by providing quality inputs, extending irrigation facilities, farm mechanization during sowing, farming and harvesting. Therefore, it is imperative that India upgrade its agricultural practices and techniques, as well as accelerate growth in allied business fields."

Improvement in yield, which is the key to the long-term growth, depends on efficient use of quality seeds, fertilizers, pesticides, micronutrients, and irrigation. Each of these inputs, plays a role in better yield and in turn augmentation in the production. In view of overall expected growth in the Agro sector, your Company expects good business prospects in the field of agrochemicals.

b) Opportunities and Threats:

The global agrochemical industry is expected to witness good growth and reach an estimated US $68.5 billion in 2017 with a CAGR of 5.5percent. Moreover, a rise in the global demand for nutritious and high quality food and the shrinking of arable land is expected to drive the agrochemical industry in the years to come. Therefore, the industry is bound to experience healthy growth rate in the near future.

Studies indicate that current yield can be enhanced by 28 percent by judicious usage of pesticides. Therefore, measures must be taken to promote judicious use of pesticides, fertilizers and other allied chemicals among the farmers. Also, expenditure on agricultural research needs to be stepped up substantially to make the products more farmer as well as farm friendly.

The management of the Company is taking requisite initiatives to capitalize the opportunity by increasing the product portfolio of farmer friendly agro chemicals.

c) Performance and outlook:

Amid encouraging outlook of the agrochemicals industry with great opportunities in its basket, the Company could only partially leverage the benefits because of various reasons including shortage of working capital.

In the past two years, the management has been actively formulating and implementing strategies to curb the limitations of the Company. The debts of the Company have been restructured under the scheme approved by the Corporate Debt Restructuring Cell; an amount of Rs. 50 crores was raised from Promoters as well as from private investor; divestment of overseas step down subsidiaries; disposal of non - core assets and arrangement of strategic alliances with few elite customers has brought some ease in the working of the Company.

The Company in March, 2013 has also commercialised a new 'Fungicide Plant' with technical support of a renowned Multinational Company. The Company is expected to do a business of Rs. 180 crores from this contract in the next 3 years. The commercial production of the product has started. This will enable the Company to enhance its profitability and add value to its business.

The business of Formulation Division and Industrial Chemicals Division were affected due to unavailability of sufficient working capital and credit oriented market scenario. Therefore, the Management is working on various strategies to curtail the surging losses in these divisions.

d) Risks and concerns:

Muted monsoon, surging cost of other agri-inputs and a large spurious products poses great risk to this industry. The rising global uncertainties and volatile exchange fluctuations have further hampered the export market.

The Company is aware of all these risks and concerns and will take appropriate measures.

1.2 Business Segment- Pharma

a) Industry Structure and Development:

According to research of Urch Publishing, the global pharmaceutical industry is expected to be worth more than $1 trillion in 2014, marking a 5 percent compound annual growth rate. Many rating agencies have also predicted that the year 2013 would be stable for the Indian pharmaceutical sector. However, mid to small-size players may face challenges in managing competitive pressures.

Your Company entered into a pharma business in 2003 after acquisition of erstwhile Alpha Drug India Limited (ADIL), now merged with 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 industry is comprised of companies that make, patent and sell drugs with therapeutic effect. The market is highly competitive and entry is difficult due to a combination of strict national and international regulations. There is also a need for extensive research and development, involving time-consuming clinical trials to make any drug successful.

In addition, high research and development costs, lengthy clinical trial processes, expiring patents and difficulty in seeking product approval from the appropriate regulatory bodies are also few of the constraints. This means that the Companies must produce blockbuster drugs and continue to do so to remain in good standing.

As we do not have a base to develop new products, we must remain dependent on large companies which are organized to develop products and sell finished products in the competitive market.

c) Performance and Outlook:

Price Waterhouse Coopers (PWC), a UK consultancy, predicts that although the next few years still look break, the decade to follow could bring a ‘golden era of renewed productivity and prosperity’ for the pharma industry.

The Pharma Division of the Company has sustained its 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. 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 outlook for domestic pharma innovation, however, has become less sanguine in recent times due to compulsory licensing, a defunct system of clinical trials, a strident generics industry and patent revokes. The 'Pharma 2020: from vision to decision' report explains that while the tools to develop new medicines are materializing and demand for products is increasing, major economic and operational challenges remain which hampers its outlook.

2. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company believes in formulating adequate and effective internal control systems and implementing the same to ensure that assets and interests of the Company are safeguarded and reliability of accounting data and accuracy are ensured with proper checks and balances.

The Company has proper and adequate internal control system commensurate with its size and complexity. The financial statements are prepared 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 Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control system and suggests improvements for strengthening them. 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

The Company has only three subsidiaries, namely, (i) STS Chemicals (UK) Ltd. (ii) Sintesis Quimica, Argentina, S.A.I.C and (iii) SD AgChem (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 care of its employees by motivating them and by taking required steps to upgrade their knowledge and skill. The safety, training, welfare and development activities of the employees are monitored regularly.

Industrial relations are cordial and harmonious in all the divisions of the Company.

The employee strength of the Company as on 31st March, 2013 was 1040.

5. FINANCIAL PERFORMANCE AND ANALYSIS

In the financial year 2012-13, comprising of 6 months i.e from 1st October, 2012 to 31st March, 2013, the net sales of the Company on a standalone basis was Rs. 200.61 crores with a loss of Rs. 2.07 crores. In the previous financial year of 18 months, the standalone net sales was Rs. 533.92 crores with a loss of Rs. 89.87 crores, after booking exceptional items and provisions. On consolidated basis, the net sales stood at Rs. 245.33 crores with a loss of Rs. 12.63 crores in the current period under review against net sales of Rs. 1005.77 crores and loss of Rs. 107.12 crores in the previous year of 18 months.

The management has taken various measures for sustainability and expected turnaround viz. optimum utilization of production capacity, uninterrupted supply of raw materials, speedy recovery from the debtors, undertaking cost cutting measures to the extent feasible, etc.

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. As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance across various geographies. The Company also emphasizes on the need for full transparency and accountability in all its transactions, in order to protect the interest of its stakeholders. The culture of transparency, new development capabilities and identifying opportunities for value creation has been embedded in each and every employee of the Company.

The Company's governance practices go beyond the statutory and regulatory requirements as it tries its best endeavour to follow the spirit of good governance in addition to regulatory requirements. The Company's compliance of Corporate Governance in terms of Clause 49 of the Listing Agreement entered with the Stock Exchanges is defined in the below mentioned paragraphs.

2. BOARD OF DIRECTORS

The Board of Directors along-with its Committees provide leadership and guidance to the Company's management and direct, supervise and control the performance of the Company. The Board of Directors comprises of one Managing Director, two Whole-time Directors and Six Non-Executive Directors as on 31st March, 2013. 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 as on 31st March, 2013.

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 names and categories of the Directors on the Board, their attendance at Board Meetings during the financial year 2012-13 comprising of 6 months period from 1st October, 2012 to 31st March, 2013 and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies and Shareholdings as on 31st March, 2013 are given below :

Sr. No	Name of Director	Category	Board Meetings during the respective tenure of Directors		Attendance at the last AGM (29.12.2012)	No. of Directorships in other** Indian Public Companies	No. of Committee Positions held in other Public Cos.***		No. of shares held as on 31st March 2013
			Held	Attended			Chairman	Member	
1.	Shri G Narayana Chairman	Independent Non-Executive	4	4	Yes	2	Nil	1	Nil
2.	Capt. S S Chopra (Retd.)	Non-Independent Non-Executive	4	3	Yes	Nil	Nil	Nil	Nil
3.	Shri Shalil S Shroff Managing Director	Promoter Executive	4	4	Yes	1	Nil	Nil	3,80,581
4.	Shri Vijay Rai	Independent Non-Executive	4	4	Yes	5	1	2	Nil
5.	Shri MD Patel	Independent Non-Executive	4	4	Yes	6	2	5	400
6.	Shri Jagdish R Naik (upto 30.4.2013)	Independent Non-Executive	4	2	No	9	Nil	4	Nil
7.	Shri Avtar Singh Whole Time Director	Non-Independent, Executive	4	3	Yes	1	Nil	Nil	7,911
8.	Shri S.S. Tiwari Whole Time Director	Non-Independent, Executive	4	3	Yes	Nil	Nil	Nil	11,714
9.	Shri S.P. Singh (w.e.f.11.2.2013)*	Independent Non-Executive	1	Nil	N.A.	Nil	Nil	Nil	Nil
10.	Shri R.W. Khanna (upto 11.2.2013)*	Independent Non-Executive	3	2	Yes	Nil	Nil	Nil	Nil

* 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 Shalil Shroff and Capt. S.S. Chopra (Retd.) being relatives.

(b) None of the Director has any business relationship with the Company except the Whole Time Directors being employees.

(c) None of the Directors received any loan 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 the financial year 2012-13.

(e) The details of the Directors proposed to be appointed/ re-appointed at the 37th Annual General Meeting are published elsewhere in the Annual Report.

Details of Board Meetings held during the 6 month financial year 2012-13 (01.10.2012 to 31.03.2013) :

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

22nd November, 2012 | 29th November, 2012 | 29th December, 2012 | 11th February, 2013

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

Name of the Director	**Shri M.D Patel**
Date of Birth	12.12.1949
Date of Appointment	19.02.1985
Expertise in specific functional areas	Vast experience in the field of Finance and Corporate Management
Qualifications	Graduate in Chemical Engineering
Other Public Companies in which Directorship held	1. Shilchar Technologies Limited 2. Transpek Finance Limited 3. Gujarat Automotive Gears Limited 4. Universal Esters Limited 5. Transpek Industry Limited 6. Banco Products (India) Limited
Other Public Companies in which membership of Committees of Directors held	**Audit Committee :** 1. Shilchar Technologies Limited 2. Transpek Industry Limited 3. Banco Product (India) Ltd. **Shareholders & Investors Grievance Committee :** 1. Shilchar Technologies Limited 2. Transpek Finance Ltd. 3. Transpek Industry Ltd 4. Banco Product (India) Ltd.

Name of the Director	**Shri Vijay Rai**
Date of Birth	13.10.1946
Date of Appointment	28.02.1985
Expertise in specific functional areas	Vast experience in different industries and was CEO for over 10 years in the largest Agrochemical Company in India.
Qualifications	B.Tech from IIT Kharagpur
Other Public Companies in which Directorship held	1. English Indian Clays Ltd. 2. Greaves Cotton Ltd. 3. Greaves Leasing Finance Ltd. 4. Sri Biotech Laboratories India Ltd. 5. Akola Chemicals (India) Ltd.

Other Public Companies in which membership of Committees of Directors held	**Audit Committee :** 1. Greaves Cotton Ltd. 2. English Indian Clays Ltd. **Shareholders & Investors Grievance Committee :** 1. Greaves Cotton Ltd.

4. AUDIT COMMITTEE :

Constitution and Terms of Reference :

The Audit Committee has the adequate powers to play an effective role pursuant to 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 regard the composition of the Audit Committee.

The Audit Committee of the Company consists of the following Directors and their attendance during the financial year 2012-13 was as follows :-

Sr.No.	Name of Director	Category	Position	No. of Committee Meetings	
				Held during respective tenure of the Directors	Attended
1.	Shri M.D. Patel	Non-Executive / Independent	Chairman	2	2
2.	Shri Vijay Rai	Non-Executive / Non-Independent	Member	2	2
3.	Shri Jagdish R Naik*	Non-Executive / Independent	Member	2	1
4.	Capt. S.S Chopra (Retd.)**	Non-Executive / Non-Independent	Member	–	–

* Shri Jagdish R Naik resigned w.e.f 30.04.2013 and hence ceased to be a member of the Committee

** Capt. S.S Chopra (Retd.) has been inducted as a Member of the Committee w.e.f 30.04.2013

At the Annual General Meeting held on 29th December, 2012, Shri M.D Patel, Chairman of the Audit Committee, was present. During the period under review, two Audit Committee meetings were held and there was not a gap of more than four months between these meetings. The dates of the Audit Committee meetings were 29.11.2012 and 11.02.2013.

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

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

During the year under review, two Shareholders' & Investors' Grievances Committee meetings were held on 22.11.2012 and 11.02.2013.

Shri Punit K Abrol, Sr. V.P. (Finance) & Company Secretary is designated as the Compliance Officer for complying with the requirements of the Securities Laws and the Listing Agreements with the Stock Exchanges.

During the period under review, the Company received 2 complaints from the Investors and the same were replied /resolved. As on 31st March, 2013, no complaints from the 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, Shri Avtar Singh, Director (Operations & Business Development) and Shri Punit K Abrol, Sr. V. P. (Finance) & Company Secretary. During the period under review, all transactions viz. shares transfers, transmission, split/consolidation, duplicate share certificates, etc. were approved on a weekly basis by Shri Punit K. Abrol, Sr. V. P. (Finance) & Company 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, the amount of compensation to be paid to the Managing Director and the Whole-time Directors, to determine and advise the Board for the annual increments, commission and policy for the retirement benefits.

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 Committee Meetings	
				Held during respective tenure of the Directors	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	1
5.	Shri S.P. Singh***	Non-Executive / Independent	Member	–	–

* Shri Jagdish R Naik resigned w.e.f 30.04.2013 and hence ceased to be a member of the Committee.

** Nomination of Shri R.W Khanna, Nominee Director was withdrawn by EXIM Bank and hence ceased to be a Director and Member of the Committee of the Company w.e.f 11.02.2013.

*** Shri S.P Singh, Nominee Director from EXIM Bank has been inducted as a Member of the Committee w.e.f 30.04.2013.

The Meeting of the Remuneration Committee was held on 22nd November, 2012.

Remuneration Policy

The remuneration of the members of the Board is based on the Company's size, its economic and financial position and the industrial trend.

a) The Company pays remuneration to its Managing Director and the Whole-time Directors by way of salary, commission, perquisites and allowances. Salary is paid within the range as approved by the Shareholders. The Board, on the recommendations of the Remuneration Committee, approves annual increments to the Managing Director and the Whole-Time Directors. 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 Managing Director and Whole Time Directors are not paid sitting fees for attending the Board Meetings and the Committee Meetings.

b) The Non-Executive Directors are paid remuneration by way of sitting fees for attending the Board Meetings and the meetings of the Committee and commission. The Company pays sitting fees of Rs. 5000/- for attending each meeting of the Board of Directors and the Committee Meetings. The commission is paid as per the limits approved by the shareholders, subject to a limit not exceeding 1% p.a of the profits of the Company for the year, computed in accordance with Section 309 (5) of the Companies Act, 1956 and in such proportion and manner as the Chairman decides.

The Directors' remuneration and sitting fees paid/payable in respect of the Financial Year 2012-13 (01.10.2012 to 31.03.2013), 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	20,000	Nil	Nil	Nil	20,000
Capt. S S Chopra (Retd.)	15,000	Nil	Nil	Nil	15,000
Shri Vijay Rai	45,000	Nil	Nil	Nil	45,000
Shri MD Patel	45,000	Nil	Nil	Nil	45,000
Shri Jagdish R Naik (resigned w.e.f 30.04.2013)	25,000	Nil	Nil	Nil	25,000
Shri Shalil S Shroff	Nil	21,73,743	Nil	Nil	21,73,743
Shri Avtar Singh	Nil	17,57,500	Nil	Nil	17,57,500
Shri S.S. Tiwari	Nil	19,60,952	Nil	Nil	19,60,952
Shri R.W. Khanna (resigned w.e.f 11.02.2013)	15,000	Nil	Nil	Nil	15,000
Shri S.P. Singh (w.e.f 11.02.2013)	Nil	Nil	Nil	Nil	Nil
Total	**1,65,000**	**60,50,564**	**Nil**	**Nil**	**60,57,195**

Notes:

1. The employment of Shri Shalil Shroff, Managing Director, Shri S.S Tiwari, Whole Time Director and Shri Avtar Singh, Director (Operations & Business Development) are contractual for a period of five years, subject to the approval of the Central Government, and terminable by either party giving three months notice or as may be mutually decided between them and the Company.
2. The sitting fees mentioned against the names of Shri R.W Khanna and Shri S.P Singh have been paid to EXIM Bank, as per the nomination letter from EXIM Bank.
3. 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.
4. There are no stock options, fixed component and performance linked incentives along-with the performance criteria to the Directors.
5. No Commission was paid to the Directors since the financial year 2008-09.

7. GENERAL MEETINGS

Location and Time of the last three Annual General Meetings :

YEAR	LOCATION	DAY/DATE	TIME	No. of Special Resolutions
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
2011-2012	PHD House, Sector-31, Chandigarh.	Saturday 29th December, 2012	10.30A.M.	1

Following Special Resolutions were passed at the aforesaid Meetings.

Sr. No.	Meeting Date	Section Reference	Regarding
1.	10.08.2010	Nil	Nil
2.	07.09.2011	Nil	Nil
3.	29.12.2012	198, 269, 309 and 311	Reappointment of Shri Avtar Singh as the Whole-Time Director of the Company and to fix his remuneration.

Location and Time of the Extra Ordinary General Meetings held during the last three years and during the period under review :

FINANCIAL YEAR	LOCATION	DAY/DATE	TIME	No. of Special Resolutions
2009-2010	PHD House, Sector-31, Chandigarh	Monday, 8th February, 2010	11.00 A.M.	2
2010-2011	PHD House, Sector-31, Chandigarh	Tuesday, 21st December, 2010	11.30 A.M.	1
2011-2012	PHD House, Sector-31, Chandigarh	Monday, 25th June, 2012	2.30 P.M.	5
2011-2012	PHD House, Sector-31, Chandigarh.	Wednesday, 12th September, 2012	4.30 P.M.	1
2012-2013	PHD House, Sector-31, Chandigarh.	Saturday 29th December, 2012	11.30 A.M.	Nil

Following Special Resolutions were passed at the aforesaid Meetings.

Sr. No.	Meeting Date	Section Reference	Regarding
1.	08.02.2010	81 (1A)	Issue of Warrants/ Debts/ Instruments/ Private Placement/ Rights Issue/ Structured Debt/ GDRs / FCCBs / Other Debt Instrument, etc.
		198, 269, 309 and 311	Reappointment of Shri Avtar Singh as the Whole-Time Director of the Company and to fix his remuneration.
2.	21.12.2010	81 (1A)	Issue of Preferential Convertible Warrants to one of the Promoter of the Company.
3.	25.06.2012	16 and 94	To increase the Authorised share capital of the Company and alteration of Memorandum of Association of the Company.
		81 (1A)	To issue securities including by way of QIP to Qualified Institutional Buyers

			To increase the aggregate limit for FII investment from 24% to 49% of the paid up equity capital.
		198, 269, 309, 310 and 311	Reappointment of Shri Shalil Shroff as the Managing Director of the Company and to fix his remuneration
		198, 269, 309, 310 and 311	Reappointment of Shri S. S Tiwari as the Whole-Time Director of the Company and to fix his remuneration
4.	12.09.2012	81 (1A)	To raise additional long term funds by way of issue of Zero Coupon Unsecured Fully Convertible Debentures.

Postal Ballot :

No Special Resolution was passed through Postal Ballot during the Financial Year 2012-13. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot.

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 material nature, with its Promoters, Directors, Management or their relatives and subsidiaries etc., that may have potential conflict with the interests of the Company at large.

Among the related party transactions are the contracts or arrangements made by the Company from time to time with Companies in which the Directors are interested. All these contracts or arrangements are entered in the Register of Contracts under Section 301 of the Companies Act, 1956 and the Register is placed before the Audit Committee and the Board from time to time. There were no material transactions with related parties during the year 2012-13 that are prejudicial to the interest of the Company.

b) 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.

c) Non-Mandatory Requirements:

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement and has also adopted the following non-mandatory requirements :

i) The Chairman of the Board is an Independent Non Executive Director.

ii) The Remuneration Committee consists of 3 Non-Executive Directors and the Chairman of the Committee is an Independent Director.

The Company does not have Whistle Blower Policy. No employee of the Company has been denied access to the Audit Committee of the Company.

9. MEANS OF COMMUNICATION

a) The Company passes on information on the un-audited as well as audited quarterly, half-yearly and annual financial results to the concerned Stock Exchanges, where the Company is listed, immediately after these are approved and taken on record by the Board of Directors in their meeting. These financial results are also published in the Business Standard (all and Hindi Edition in Chandigarh) and Amar Ujala, Chandigarh; and are also displayed on the website of the Company www.punjabchemicals.com.

b) Management Discussion and Analysis forms part of the Annual Report.

10. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting

Date and Time	:	Wednesday, 4th September, 2013 at 10.30 a.m
Venue	:	PHD House, Sector- 31, Chandigarh
Financial Year	:	Year ending March 31, 2013.
Date of Book Closure	:	30th August, 2013 to 4th September, 2013
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

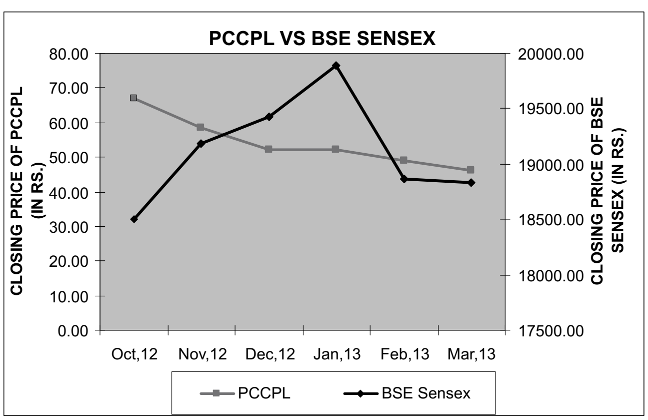
b) Market Price Data :

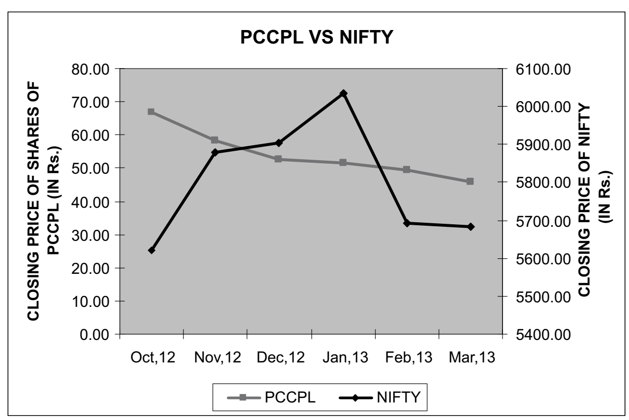
MONTH & YEAR	PCCPL Price at BSE (Rs.)			BSE SENSEX		
	High	Low	Month Close	High	Low	Month Close
Oct,12	84.50	65.80	67.05	19137.29	18393.42	18505.38
Nov,12	70.95	55.35	58.60	19372.70	18255.69	19186.30
Dec,12	62.40	48.00	52.10	19612.18	19149.03	19426.71
Jan,13	58.40	50.45	52.00	20203.66	19508.93	19894.98
Feb,13	56.90	45.05	49.15	19966.69	18793.97	18861.54
Mar,13	54.85	45.55	46.05	19754.66	18568.43	18835.77

MONTH & YEAR	PCCPL Price at NSE (Rs.)			NIFTY (Rs.)		
	High	Low	Month Close	High	Low	Month Close
Oct,12	81.90	65.20	67.00	5815.35	4888.20	5619.70
Nov,12	70.95	53.70	58.30	5885.25	5548.35	5879.85
Dec,12	65.00	49.30	52.65	5965.15	5823.15	5905.10
Jan,13	59.60	50.35	51.60	6111.80	5935.20	6034.75
Feb,13	58.80	47.00	49.45	6052.95	5671.90	5693.05
Mar,13	59.45	44.80	45.85	5971.20	5604.85	5682.55

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 2012-13 :





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 weekly basis 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 on weekly basis and returned within a period of 15 days from the date of receipt, if the documents are in order in all respects. There are no share transfers pending as on 31st March, 2013.

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

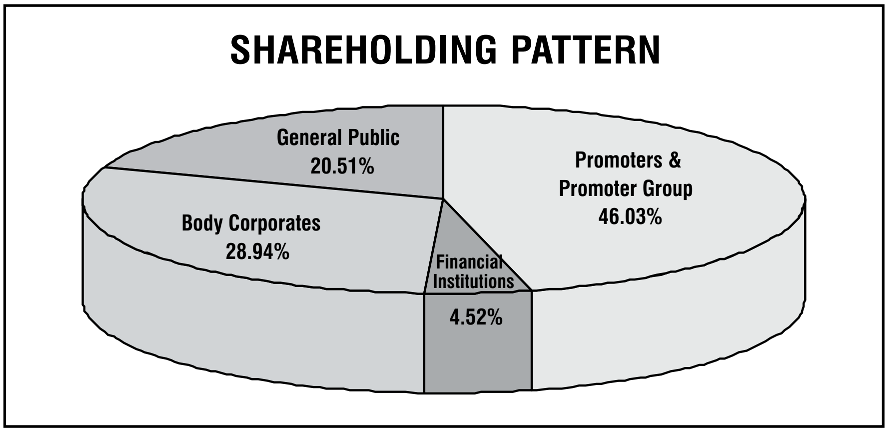
f) Distribution of Shareholding as on 31st March, 2013.

FROM-TO	NO. OF SHAREHOLDERS		NO. OF SHARES		DEMAT HOLDING	
Number of Shares	Number	%	Number	%	Number	%
1-500	29974	97.13	972664	7.92	748366	6.10
501-1000	470	1.52	360064	2.94	323941	2.64
1001-2000	203	0.66	291943	2.38	270309	2.20
2001-3000	64	0.21	159715	1.30	153002	1.25
3001-4000	38	0.12	132493	1.08	121080	0.99
4001-5000	17	0.05	77924	0.64	72924	0.60
5001-10000	45	0.15	314387	2.56	301731	2.46
Above 10000	48	0.16	9952995	81.18	9952995	81.17
TOTAL	**30859**	**100.00**	**12262185**	**100.00**	**11944348**	**97.41**

Categories of Shareholders as on 31st March, 2013.

SR. No.	CATEGORY	NO.OF SHARES HELD	PERCENTAGE OF SHAREHOLDING (%)
A.	**Shareholding of Promoter and Promoter Group**		
(1)	Indian	5643867	46.03
(2)	Foreign	Nil	Nil
	Total Shareholding of Promoter and Promoter Group	**5643867**	**46.03**
B.	**Public Shareholding**		
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	420796	3.43
(e)	FIIs	3913	0.03
	Sub total (B) (1)	**554728**	**4.52**
2.	**Non-Institutions**		
(a)	Private Corporate Bodies	3548989	28.94
(b)	Indian Public	2500826	20.39

(c)	NRIs	13675	0.11
(d)	Trust	100	0.00
	Sub Total (B) (2)	**6063590**	**49.45**
	Total Public Shareholding (B)(1)+(B)(2)	**6618318**	**53.97**
	TOTAL	**12262185**	**100.00**



g) Dematerialization of shares and liquidity :

As per the 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 31st March, 2013, 97.41 % 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 3024 Shareholders holding 30566 Equity Shares who have not claimed their share certificates as on 31st March, 2013. These shares will be transferred into one folio in the name of "Equity Unclaimed Suspense Account" in due course. However, the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

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 (RTA)** at the following address :

Alankit Assignments 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) Change in address of the Registered Office of the Company

The Registered Office of the Company has been shifted to S.C.O : 183, First Floor, Sector - 26 (East), Madhya Marg, Chandigarh 160 019 w.e.f 1st April, 2013, pursuant to the decision taken by the Board of Directors in their meeting held on 11th February, 2013.

k) Plant Locations :

Location of Manufacturing Sites :	
Agro-Chemicals Division 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	**Pharma Division - Unit Alpha Drug** Villages: Kolimajra & Samalheri P.O. : Lalru, Distt. SAS Nagar Mohali (Pb) Ph. : 01762-275519,506996 Fax : 01762-275308,506999 E-mail : pharmainfo@punjabchemicals.com
Industrial Chemical Division - Unit Excel Phospho Chem Excel Phospho Chem Site No. I & II, H.A. Ltd., Compound Pimpri, Pune-400 018. Ph.: 020-27425647-9 Fax: 020-27425652 **Industrial Chemicals Division - Tarapur** E-51, M I D C Industrial Area Tarapur, Boisar, Distt. Thane. Ph. : 02525-274664-65 Fax : 02525-272590	**Formulation Division** i) D-2 & 3, M I D C, Lote Parshuram, Chiplun Taluka : Khed, Dist.: Ratnagiri, Maharashtra – 415 722 Phone:02356-272240-47 Fax: 02356-272341 E-mail : rajeshtiwari@punjabchemicals.com ii) 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

l) Address for Correspondence:

Registered Office S.C.O : 183, First Floor, Sector - 26 (East), Madhya Marg, Chandigarh 160 019. Tel: 0172-5008300/ 5008301 Fax : 0172-2790160 E-mail: info@ punjabchemicals.com	**Head Office** Milestone-18, Ambala Kalka Road, P.O.Bhankharpur, Distt. SAS Nagar, Mohali (Pb.) 140 201 Ph. : 01762-280086, 280094, Fax : 01762-280070 Email: factoryinfo@punjabchemicals.com	**Corporate Office** Plot No. 645-646, 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

k) Group Companies

Sintesis Quimica S.A.I.C Scalabrini Ortiz 3333, 2nd Floor, Buenes Aires, Argentina (C1425DCB). Tel: 54-11-4802-2600	**SD Agchem (Europe) NV** Uitbreidingstraat 84/B3 2600, Berchem (Antwerp), Belgium Tel: 0032 3542 5722 Fax: 0032 3232 3735 Email: fborges@sdagchem.be	**STS Chemicals (UK) Ltd.** 14 Pollard Way, Gomersal, Cleckheaton, West Yorkshire. BD 19 4PR

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 Report'. 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 report ,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 CDSL) 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 31st March, 2013 at its meeting held on 29th May, 2013.

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 at 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 31st March, 2013. 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 6 months financial year 2012-13 ended on 31st March, 2013, 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.

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

Place : Chandigarh
Date : May 29, 2013

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**

Shalil Shroff
Managing Director

Place : Mumbai
Date : May 29, 2013

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 six months financial year ended 31st March, 2013 and that to the best of our knowledge and belief :

   i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the Audit Committee that :

   i) There has not been any significant changes in internal control over financial reporting during the year under reference;

   ii) There has not been any significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii) There has not been any instances, during the year, of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place : Mumbai
Date : May 29, 2013

Shalil Shroff
Managing Director

Vipul Joshi
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To
The Members of
Punjab Chemicals and Crop Protection Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Punjab Chemicals and Crop Protection Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the period from October 1, 2012 to March 31, 2013 ('the period') and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
(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 the Cash Flow Statement, of the cash flows for the period ended on that date.

Emphasis of Matter

We draw attention to Note 35 to the financial statements regarding managerial remuneration amounting to Rs. 13.29 lacs which was paid/provided during the period from November 14, 2012 to March 31, 2013 for which the Company has applied for the 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 period. Pending receipt of approval, no adjustments has been considered necessary in these financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that :
   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (b) 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;
   (c) 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;
   (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and

(e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number : 301003E

per Ravi Bansal
Partner
Membership Number : 49365

Place : Mumbai
Date : May 29, 2013

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of Punjab Chemicals and Crop Protection Limited ('the Company') for the period ended March 31, 2013. We report that :

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets *except for furniture, fixture and equipments for certain location where item wise particulars in 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 period.

(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 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. 30 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 are not prima facie prejudicial to the interest of the Company.

(c) The loan granted and the interest is re-payable on demand. As informed, the company has not demanded repayment of any such loan 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. 787 lacs and the year-end balance of loans taken from such party was Rs. 787 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. 8.35 lacs and the year-end balance of the said fixed deposits was Rs. 7.15 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, profession tax, 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 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	606	2005-06 to 2011-12	Deputy Commissioner Central Excise, Commissioner and CESTAT
Income Tax Act	Disallowance under Transfer Pricing and Sector 14-A.	993	2007-08 and 2008-09	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 in the current and immediately preceding financial period.

(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. 5,018 lacs and Rs. 269 lacs respectively (delays ranging from 1 day to 183 days). Of the above, Rs. 3,103 lacs is outstanding at the balance sheet date. The above amount includes principal and interest amount of Rs. 2,970 lacs and Rs. 133 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 36 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. 3,025 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 not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the period.

(xx) The Company has not raised any money through public issue during the period.

(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. LLP
Chartered Accountants
ICAI Firm Registration Number : 301003E

per Ravi Bansal
Partner
Membership Number : 49365

Place : Mumbai
Date : May 29, 2013

PUNJAB CHEMICALS AND CROP PROTECTION LIMITED
BALANCE SHEET AS AT 31 MARCH, 2013

(Rs. in lacs)

	Notes	31 March 2013	30 September 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	**1,226**	1,226
Reserves and Surplus	4	**542**	751
		1,768	1,977
Non-current liabilities			
Long-term borrowings	5	**18,110**	18,596
Long term provisions	6	**644**	563
		18,754	19,159
Current liabilities			
Short-term borrowings	7	**8,390**	8,731
Trade payables	8a	**6,388**	7,665
Other current liabilities	8b	**7,912**	9,453
Short-term provisions	6	**722**	801
		23,412	26,650
Total		**43,934**	47,786
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	**22,864**	21,809
Intangible assets	10	**1,583**	1,650
Capital work-in-progress		**760**	2,048
Intangible assets under development		**63**	95
Non-current investments	11	**343**	387
Long-term loans and advances	12	**1,994**	899
Other non-current assets	16	**347**	374
		27,954	27,262
Current assets			
Inventories	13	**4,828**	5,607
Trade receivables	14	**6,886**	7,805
Cash and bank balances	15	**819**	3,487
Short-term loans and advances	12	**3,067**	3,289
Other current assets	16	**380**	336
		15,980	20,524
Total		**43,934**	47,786
Summary of significant accounting policies	2.1		

The accompanying summary of significant accounting policies and other explanatory information are an integral part of financial statements.

As per our report of even date

For **S.R. BATLIBOI & CO. LLP**
ICAI Firm Registration Number: 301003E
Chartered Accountants

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

Place : Mumbai
Date : May 29, 2013

For and on behalf of the Board of Directors of Punjab Chemicals & Crop Protection Limited

G. NARAYANA
Chairman

SHALIL SHROFF
Managing Director

AVTAR SINGH
Whole Time Director

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

VIPUL JOSHI
Chief Financial Officer

Place : Mumbai
Date : May 29, 2013

PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE SIX MONTHS ENDED 31 MARCH, 2013

(Rs. in lacs)

	Notes	1 October, 2012 to 31 March, 2013	1 April, 2011 to 30 September, 2012
Income			
Revenue from operation (gross)	17	**20,656**	55,942
Less: excise duty		**595**	2,550
Revenue from operations (net)		**20,061**	53,392
Other income	18	**380**	1,502
Total revenue		**20,441**	54,894
Expenses			
Cost of raw materials consumed	19	**10,529**	30,791
Purchases of traded goods	20	**254**	2,026
(Increase)/Decrease in inventories of finished goods, Work-in-progress and traded goods	21	**505**	279
Employee benefit expenses	22	**2,008**	5,730
Operating and other expenses	23	**5,636**	14,533
Total expenses		**18,932**	53,359
Earnings before interest, tax, depreciation and amortization (EBITDA)		**1,509**	1,535
Depreciation and amortization expenses	24	**717**	1,991
Finance costs	25	**1,736**	6,153
Loss before tax and exceptional item		**(944)**	(6,609)
Exceptional Income/ (expenses)	26	**737**	(2,362)
Loss before tax but after exceptional items		**(207)**	(8,971)
Tax expenses			
Adjustment of tax relating to earlier periods		**-**	16
Total tax expenses		**-**	16
Loss after tax		**(207)**	(8,987)
Earnings per equity share [nominal value of share Rs. 10 each (Previous period: Rs. 10 each)]			
Basic and diluted (in Rs.)	27	**(1.69)**	(122.49)
Summary of significant accounting policies	2.1		

The accompanying summary of significant accounting policies and other explanatory information are an integral part of financial statements.

As per our report of even date

For and on behalf of the Board of Directors of Punjab Chemicals & Crop Protection Limited

For **S.R. BATLIBOI & CO. LLP**
ICAI Firm Registration Number: 301003E
Chartered Accountants

per **RAVI BANSAL**
Partner
Membership No. 49365
Place : Mumbai
Date : May 29, 2013

G. NARAYANA
Chairman

SHALIL SHROFF
Managing Director

AVTAR SINGH
Whole Time Director

PUNIT K. ABROL
Sr. Vice President (Finance) &
Company Secretary
Place : Mumbai
Date : May 29, 2013

VIPUL JOSHI
Chief Financial Officer

PUNJAB CHEMICALS AND CROP PROTECTION LIMITED
CASHFLOW STATEMENT FOR THE SIX MONTHS ENDED 31 MARCH, 2013

(Rs. in lacs)

		For the period ended 31 March, 2013	For the year ended 30 September, 2012
Cash flow from Operating Activities			
Loss before tax		**(207)**	(8,971)
Adjustments for :			
Liabilities written back on one time settlement of borrowings		**737**	-
Expenses adjusted with Business Reconstruction Reserve		**-**	(1,139)
Depreciation/ Amortisation		**717**	1,991
Miscellaneous income/ Sundry credit balance written off (net)		**(2)**	(81)
Interest income		**(128)**	(467)
Dividend income		**(7)**	(8)
Income in respect of government grants / other grants		**(2)**	(7)
Interest and other financial costs		**1,736**	6,153
Loss/(Profit) on sale of fixed assets		**(26)**	(5)
Loss/(Profit) on sale of long-term investments		**(20)**	(1)
Unrealised foreign exchange Loss/(Gain) (net)		**(89)**	(344)
Bad debts written off		**14**	149
Provision for doubtful advances		**269**	1,805
Provision for diminution in value of Investments		**-**	3,501
Provision for doubtful debts (net)		**486**	1,811
Operating Profit before working capital changes		**3,478**	4,387
Movement in Working Capital			
Decrease/(Increase) in trade receivables		**492**	2,586
Decrease/(Increase) in inventories		**779**	(290)
Decrease/(Increase) in other current assets		**(11)**	(32)
Decrease/(Increase) in loans and advances		**(869)**	(540)
Increase/(Decrease) in trade payables and current liabilities		**(1,282)**	(1,217)
Increase/(Decrease) in provisions		**124**	205
Cash generated/(used) from/in operations		**2,711**	5,099
Direct Taxes (paid) / refunded (Net)		**(309)**	50
Net cash generated/(used) from/in Operating Activities	**(A)**	**2,402**	5,149
Cash Flow from Investment Activities			
Purchase of fixed assets, including CWIP and capital advances		**(597)**	(1,887)
Proceeds from sale of fixed assets		**308**	40
Proceeds of sale of investments		**65**	5
Fixed deposits (with maturity more than three months)		**(370)**	(139)
Interest received		**122**	460
Dividend received		**7**	8
Net Cash generated/(used) from/in Investing Activities	**(B)**	**(465)**	(1,513)

PUNJAB CHEMICALS AND CROP PROTECTION LIMITED
CASHFLOW STATEMENT FOR THE SIX MONTHS ENDED 31 MARCH, 2013

(Rs. in lacs)

		For the period ended 31 March, 2013	For the year ended 30 September, 2012
Cash Flow from Financial Activities			
Proceeds from issue of shares		-	5,000
Proceeds from borrowings		1,444	4,287
Repayment of borrowings		(4,614)	(3,745)
Interest Paid		(1,805)	(6,431)
Net cash generated/(used) from/in Financing Activities	(C)	(4,975)	(889)
Net increase/(decrease) in cash and cash equivalents	(A+B+C)	(3,038)	2,747
Cash and cash equivalents at the beginning of the period		3,469	722
Cash and cash equivalents at the end of the period		431	3,469
Components of Cash & Cash Equivalents			
Cash on hand		10	10
With Banks			
a) on Current Account		342	3,428
b) on deposit account with original maturity of less than three months		51	-
c) on unpaid dividend account*		20	23
d) on unpaid fractional shares account*		8	8
Total Cash & Cash Equivalents (note 15)		431	3,469

*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:

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" notified by Companies Accounting Standards Rules, 2006 (as amended)

As per our report of even date

For and on behalf of the Board of Directors of Punjab Chemicals & Crop Protection Limited

For **S.R. BATLIBOI & CO. LLP**
ICAI 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
Place : Mumbai
Date : May 29, 2013

PUNIT K. ABROL
Sr. Vice President (Finance) &
Company Secretary
Place : Mumbai
Date : May 29, 2013

VIPUL JOSHI
Chief Financial Officer

NOTES TO FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH, 2013

1. Corporate information

Punjab Chemicals and Crop Protection Limited (hereinafter referred to as "the Company") is engaged in business of agro chemicals 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

A) 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.

B) The Company has recorded a net loss of Rs. 207 lacs for the six months ('period') and has incurred losses in the current and 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 March 31, 2013 and the current liabilities have exceeded current assets by Rs. 7,432 lacs. 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 Corporate Debt Restructuring Empowered Group ('CDR EG') resulting in savings in cash flows of interest payments as discussed in detail in note 36.

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 Company have arranged Rs. 3,000 lacs through strategic investment by an investor in the immediately previous financial period.

2.1 Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, 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, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

b. Fixed assets

- Tangible fixed assets

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

c. 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:

Asset Description	Useful Life as per Management	Useful Life as per Schedule XIV
Buildings	5 to 58 years	28 years for factory buildings and 58 years for other than factory buildings

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 on straight line basis.

iv) The premium on leasehold land is amortized on straight line basis over the period of lease.

v) Fixed Assets costing Rs. 5,000/- or less are fully depreciated in a period of acquisition.

d. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal and 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.

e. 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, the lease term and Schedule XIV as per the Companies Act,1956.

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.

f. Investments

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 or 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.

g. 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 weighted average basis.

ii) Traded Goods are valued at lower of cost or net realizable value. Cost is determined on a weighted average basis.

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.

h. 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 Sales tax / Vaulue added tax. Excise Duty deducted from Revenue from Operations (gross) are the amount that is included in the amount of Revenue from Operations (gross) and not the entire amount of liability arising during the period.

Income from services

Income from services 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

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

Dividends

Dividend income is recognized when the Companies right to receive dividend is established by the balance sheet date.

Export benefits

Raw Material imported duty free under Advance License are accounted for inclusive of Custom Duty. Benefits are 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".

i. 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.

j. 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.

k. 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.

l. 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.

m. 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 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 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/ 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.

n. 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 at the Balance Sheet date

Foreign currency monetary items are restated using the closing exchange rate. Non-monetary items are recorded at the exchange rate prevailing on the date of the transaction.

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 period, 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.

o. 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.

p. 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.

q. **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.

r. **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.

s. **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, 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 expense, finance costs, tax expense and exceptional (income) and expense.

t. **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)

	31 March 2013	30 September 2012
3. Share capital		
Authorized shares		
19,800,000 (Previous period : 19,800,000) equity shares of Rs. 10/- each	**1,980**	1,980
20,000 (Previous year: 20,000) 9.8% redeemable cumulative preference shares of Rs. 100/- each	**20**	20
	2,000	2,000
Issued shares		
12,277,218 (Previous period : 12,277,218) equity shares of Rs. 10/- each	**1,228**	1,228
Subscribed and fully paid-up shares		
12,262,185 (Previous period : 12,262,185) equity shares of Rs. 10/- each	**1,226**	1,226
	1,226	1,226

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

Equity shares	**31 March, 2013**		30 September, 2012	
	Numbers	**Rs. in lacs**	Numbers	Rs. in lacs
At the beginning of the period	**1,22,62,185**	**1,226**	71,92,892	719
Issued during the period pursuant to scheme of amalgamation of Parul Chemicals Limited	**-**	**-**	69,293	7
Issued during the period pursuant to Corporate Debt Restructuring Scheme (refer note 36)	**-**	**-**	20,00,000	200
Issued during the period pursuant to conversion of Zero Coupon Unsecured Fully Convertible Debentures	**-**	**-**	30,00,000	300
Outstanding at the end of the period	**1,22,62,185**	**1,226**	1,22,62,185	1,226

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 :

	31 March, 2013 **In numbers**	30 September, 2012 In numbers
Equity shares allotted as fully paid-up pursuant to a scheme of amalgamation for consideration other than cash in 2011-2012 (69,293 shares) and 2006-07 (2,281,568 shares)	**69,293**	23,50,861
	69,293	23,50,861

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

	31 March, 2013		30 September 2012	
	Numbers	**% holding**	Numbers	% holding
Equity shares of Rs. 10 each fully paid-up				
Hem-sil Trading and Manufacturing Private Limited	**40,17,318**	**33%**	40,17,318	33%
Gowal Consulting Services Private Limited	**30,00,000**	**24%**	30,00,000	24%
	70,17,318	**57%**	70,17,318	57%

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)

	31 March 2013	30 September 2012
4. Reserves and surplus		
Capital reserve	**309**	309
Capital redemption reserve	**28**	28
Capital reduction reserve	**21**	21
Securities premium account		
Balance as per last financial statements	**5,707**	1,207
Add: Premium on issue of equity shares	**-**	1,800
Add: Premium on conversion of zero coupon unsecured fully convertible debentures	**-**	2,700
	5,707	5,707

Capital subsidy from state government	**35**	35
Amalgamation reserve	**19**	19
Government grant		
Balance as per last financial statements	**24**	27
Less: Grant recognized in the statement of profit and loss	**1**	3
	23	24
Development aid grant UNIDO		
Balance as per last financial statements	**27**	31
Less: Grant recognized in the statement of profit and loss	**1**	4
	26	27
Business reconstruction reserve (refer note 33)		
Balance as per last financial statements	**-**	1,139
Less: Expenses as per scheme adjusted against Business Reconstruction Reserve	**-**	1,139
-	**-**	-
General reserve		
Balance as per last financial statements	**-**	3,568
Less: Transfer to deficit in the statements of profit and loss	**-**	(3,568)
	-	-
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	**(5,419)**	-
Loss for the period	**(207)**	(8,987)
Add : Transfer from general reserve	**-**	3,568
Net deficit in the statement of profit and loss	**(5,626)**	(5,419)
Total Reserve and Surplus	**542**	751

5. Long-term borrowings

Rs. in lacs

	Non current portion		Current maturities	
	31 March 2013	30 Sept. 2012	**31 March 2013**	30 Sept. 2012
Term loans				
From banks				
Term loan (secured) (refer note a to l and r below)	**18,040**	18,465	**4,239**	5,770
Vehicle finance scheme (secured) (refer note m below)	**-**	-	**-**	0.34
Housing finance scheme (secured) (refer note n below)	**21**	38	**28**	20
From others				
Vehicle finance scheme (secured) (refer note o below)	**-**	-	**-**	0.32
Housing finance scheme (secured) (refer note p below)	**22**	22	**6**	8
Other loans and advances				
Finance lease obligation (secured) (refer note q below)	**-**	-	**19**	28
Deposits (unsecured) (refer note s below)				
Deposits from shareholders	**2**	15	**14**	17
Deposits from public	**25**	56	**101**	169
	18,110	18,596	**4,407**	6,013
The above amount includes				
Secured borrowings	**18,083**	18,525	**4,292**	5,827
Unsecured borrowings	**27**	71	**115**	186
Amount disclosed under the head "Other current liabilities" (note 8)	**-**	-	**(4,407)**	(6,013)
	18,110	18,596	**-**	-

Notes :

a. Term Loan from Allahabad Bank amounting to Rs. 4,945 lacs (Previous period: Rs. 4,970 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.

b. Working Capital Long Term Loan from Export - Import Bank of India amounting to Rs. 1,561 lacs (Previous period: Rs. 1,569 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 Managing Director's shares held in the Company which is in the process of execution.

c. Term Loan from Central Bank of India amounting to Rs. 2,473 lacs (Previous period: Rs. 2,485 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.

d. Term Loan from ICICI Bank Limited amounting to Rs. Nil (Previous period: Rs. 1,147 lacs) is secured by subservient charge on fixed assets and current assets of the Company. During the period, the Company has settled its borrowings along with accrued interest thereon on one time settlement basis. The Company is in the process of obtaining approval from Monitoring Committee and CDR (EG) for such settlement.

e. 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, Pimpiri-Pune, Lote Parshuram-Chiplun in the state of Maharashtra.

f. Term loan of Rs. 41 lacs (Previous period: Rs 41 lacs) from SBI is secured under above consortium agreement. Principal amount of Rs. 0.2 lacs is overdue for a period of 90 to 183 days as on the reporting date.

g. Working Capital Term loan of Rs. 4,154 lacs (Previous period: Rs 4,154 lacs) from SBI is secured under above consortium agreement. Principal amount of Rs. 1,990 lacs is overdue for a period of 90 to 183 days as on the reporting date.

h. Working Capital Term loan of Rs. 1,462 lacs (Previous period: Rs. 1,479 lacs) 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 Pharmaceutical division located in Lalru. Principal of Rs. 674 lacs is overdue for a period of 183 day as on the reporting date.

i. Working Capital Term loan of Rs. 857 lacs (Previous period: Rs 860 lacs) 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 Managing Director's shares 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 183 days as on the reporting date.

j. Working Capital Term loan of Rs. 128 lacs (Previous period: Rs 128 lacs) 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 Vadoda

k. Working Capital Term loan of Rs. 2,362 lacs (Previous period: Rs 4,484 lacs) from Bank of Baroda is secured by way of first charge on Pharmaceutical 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.

l. Funded Interest Term loan of Rs. 4,296 lacs (Previous period: Rs 2,918 lacs) 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 36 to the financial statements.

m. Loans from HDFC Bank Limited under Vehicle Finance Schemes amounting to Rs. Nil (Previous period: Rs.0.34 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').

n. Housing Loan from ICICI Bank Ltd amounting to Rs. 49 lacs (Previous period: Rs. 58 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.

o. Loan from Kotak Mahindra Prime Limited under Vehicle Finance Scheme amounting to Rs. Nil (Previous period: Rs. 0.32 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.

p. Loan from Housing Development Finance Corporation Limited for Rs. 28 lacs (Previous period: Rs. 30 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.

q. The finance lease obligation of Rs. 19 lacs (Previous period: Rs. 28 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.

r. 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 36 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.

s. 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)

		Long-term		Short-term	
		31 March 2013	30 Sept. 2012	**31 March 2013**	30 Sept. 2012
Provision for employee benefits					
Provision for gratuity (refer note 28)		**644**	563	**101**	110
Provision for leave encashment		**-**	-	**364**	315
	(A)	**644**	563	**465**	425
Other provisions					
Provision for taxation (net)		**-**	-	**254**	376
Provision for wealth tax		**-**	-	**3**	-
	(B)	**-**	-	**257**	376
	(A+B)	**644**	563	**722**	801

7. Short-term borrowings (Rs. in lacs)

	31 March 2013	30 September 2012
Cash credit from banks (secured) (refer note a to g below)	**7,603**	7,921
Inter-corporate deposits repayable on demand (unsecured)	**787**	810
	8,390	8,731
The above amount includes		
Secured borrowings	**7,603**	7,921
Unsecured borrowings	**787**	810
	8,390	8,731

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, Pimpiri-Pune, Lote Parshuram-Chiplun in the state of Maharashtra.

b. Cash credit from State Bank of India of Rs. 2,846 lacs (Previous period: Rs. 2,846 lacs) is secured under above consortium agreement.

c. Cash credit from Union Bank of India of Rs. 914 lacs (Previous period: Rs. 1,017 lacs) is secured by security provided under consortium agreement as mentioned above in addition to specific charge for working capital demand loan on Pharmaceutical division located in Lalru.

d. Cash credit from Export Import Bank of India of Rs. 588 lacs (Previous period: Rs. 588 lacs) is secured by personal guarantees of two directors, and by pledge of Managing Director's shares held in the Company which is in the process of execution, in addition to security provided under consortium agreement as mentioned above.

e. Cash credit from Bank of Baroda of Rs. 3,091 lacs (Previous period: Rs. 3,251 lacs) is secured by security given under consortium agreement.

f. Cash credit from Indian Overseas Bank of Rs. 164 lacs (Previous period: Rs. 219 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. 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 cash credit refer Note 36 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)

8. Trade payables and other current liabilities	**31 March 2013**	30 September 2012
8a. Trade payables (including acceptances) (refer note 39 for details of dues to micro and small enterprises)	**6,388**	7,665
	6,388	7,665

8b. Other current liabilities

Current maturities of long term borrowings (refer note 5)	**4,407**	6,013
Payables for fixed assets	**434**	340
Interest accrued but not due on borrowings	**46**	55
Interest accrued and due on borrowings	**275**	335
Due to subsidiaries	**1,066**	1,177
Employee related liabilities	**442**	662
Interest bearing security deposits from customers	**237**	265
Advance from customers	**665**	343
Investor education and protection fund will be credited by the following amounts (as and when due) (Refer note below)		
Unclaimed dividend	**19**	22
Unclaimed fractional shares	**8**	8
Unclaimed public deposits	**3**	17
Unclaimed accrued interest on public deposits	**1**	4
Other liabilities	**309**	212
	7,912	9,453
	14,300	17,118

Note: There is no amount due as at the end of period which needs to be transferred to Investor Education and Protection Fund.

9. **Tangible assets**

	Land (Refer note (b) and (c))	Buildings (Refer note (a), (b), (e) and (g))	Plant and machinery (Refer note (d) and (f))	Electrical installations	Furniture, fixture and equipments (Refer note (d))	Vehicles	Total
Cost or valuation							
At 1 April 2011	6,329	9,716	15,960	453	796	624	33,878
Additions	-	11	365	7	20	89	492
Disposals	-	-	-	-	-	78	78
As at 30 September 2012	**6,329**	**9,727**	**16,325**	**460**	**816**	**635**	**34,292**
Additions	-	-	1,838	81	11	8	1,938
Disposals	-	299	12	-	6	46	363
As at 31 March 2013	**6,329**	**9,428**	**18,151**	**541**	**821**	**597**	**35,867**
Depreciation							
At 1 April 2011	24	1,678	7,869	245	650	474	10,940
Charge for the year	19	466	996	25	45	60	1,611
Disposals	-	-	-	-	-	68	68
As at 30 September 2012	**43**	**2,144**	**8,865**	**270**	**695**	**466**	**12,483**
Charge for the year	6	219	324	18	12	22	601
Disposals	-	24	9	-	6	42	81
As at 31 March 2013	**49**	**2,339**	**9,180**	**288**	**701**	**446**	**13,003**
Net Block							
As at 30 September 2012	**6,286**	**7,583**	**7,460**	**190**	**121**	**169**	**21,809**
As at 31 March 2013	**6,280**	**7,089**	**8,971**	**253**	**120**	**151**	**22,864**

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

b. **Revaluations**

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. 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)

	31 March 2013	30 September 2012
Gross block	**934**	934
Depreciation charge for the period	**6**	19
Accumulated depreciation	**49**	43
Net book value	**885**	891

d. Plant and machinery and furniture, fixture and equipments include assets taken on finance lease: (Rs. in lacs)

	Plant and machinery		**Furniture, fixture and equipment**	
	31 March 2013	30 Sept. 2012	**31 March 2013**	30 Sept. 2012
Gross block	**78**	78	**4**	4
Depreciation charge for the year	**2**	6	**-**	-
Accumulated depreciation	**18**	16	**4**	4
Net book value	**60**	62	**-**	-

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)

	31 March 2013		30 September 2012	
	Minimum payments	**Present value of MLP**	Minimum payments	Present value of MLP
Within one year	**8**	**8**	17	16
After one year but more than five years	**-**	**-**	-	-
More than five years	**-**	**-**	-	-
Total minimum lease payments	**8**	**8**	17	16
Less: amounts representing finance charges	**1**	**-**	1	-
Present value of lease payments	**7**	**8**	16	16

e. Building includes building given on operating lease

(Rs. in lacs)

	31 March 2013	30 September 2012
Gross block	**1,032**	1,323
Depreciation charge for the year	**8**	35
Accumulated depreciation	**100**	101
Net book value	**932**	1,222

The Lease term is for various tenures. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

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

g. 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/ license	**Product registration (Refer note (a) & (b)**	**Total**
Gross Block			
At 1 April 2011	177	2,119	2,296
Additions	-	152	152
As at 30 September 2012	**177**	**2,271**	**2,448**
Additions	49	-	49
Disposals	94	-	94
As at 31 March 2013	**132**	**2,271**	**2,403**
Amortization			
At 1 April 2011	143	275	418
Charge for the period	34	346	380
As at 30 September 2012	**177**	**621**	**798**
Charge for the period	3	113	116
Disposals	94	-	94
As at 31 March 2013	**86**	**734**	**820**
Net Block			
As at 30 September 2012	**-**	**1,650**	**1,650**
As at 31 March 2013	**46**	**1,537**	**1,583**

a. Product registration includes testing, data access and other product registration related expenses.

b. Remaining period of amortization of product registration expenses ranges from 61 to 113 months.

11. Non-current investments (Rs. in lacs)

	31 March 2013	30 September 2012
Trade investments (valued at cost unless otherwise stated)		
Unquoted equity instruments		
Investment in subsidiaries		
10,823 (Previous period : 10,823) equity shares of Euro 615 each fully paid-up in SD Agchem (Europe) N.V.	**3,825**	3,825
Less: Provision for diminution in value of investments (refer note 34)	**(3,501)**	(3,501)
	324	324
2,000 (Previous period : 2,000) equity shares of GBP 1 each fully paid-up in STS Chemicals (UK) Limited	**2**	2
Investment in joint venture		
22,470 (Previous period : 22,470) equity shares of Rs. 10/- each fully paid-up in Stellar Marine Paints Limited	**2**	2
	328	328
Non trade investments (valued at cost unless otherwise stated)		
Quoted equity instruments		
1,700 (Previous period : 1,700) equity shares of Rs. 10/- each fully paid-up in Dena Bank Limited	**1**	1
400 (Previous period : 400) equity shares of Rs. 10/- each fully paid-up in Syndicate Bank Limited	**0.04**	0.04
Unquoted equity instruments		
84,375 (Previous period : 84,375) equity shares of Rs. 10/- each fully paid-up in Nimbua Green Field (Punjab) Limited	**8**	8
12,500 (Previous period : 12,500) equity shares of Rs. 10/- each fully paid-up in Alpha Tools Private Limited	**1**	1
30 (Previous period : 30) equity shares of Rs. 50/- each fully paid-up in Alkapuri Arcade Co-op Society	**0.02**	0.02
2,535 (Previous period : 2,535) equity shares of Rs. 10/- each fully paid-up in Pragati Sahkari Bank Limited	**0.25**	0.25
1,050 (Previous period : 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		
Nil (Previous period : 516,814) units of Rs. 10/- each in Reliance Mutual Fund (NAV Rs. Nil (Previous period : Rs. 76 lacs))	**-**	45
3,875 (Previous period : 3,875) 6.75% Tax Free US-64 Bonds of Rs. 100/- each	**4**	4
National Savings Certificate	**0.16**	-
	15	59
	343	387
Aggregate amount of quoted investments (Market value Rs. 2 lacs (Previous period : Rs. 2 lacs))	**1**	1
Aggregate amount of unquoted investments	**342**	386
Aggregate provision for diminution in value of investments	**3,501**	3,501

12. Loans and advances (Rs. in lacs)

	Long-term		Short-term	
	31 March 2013	30 Sept. 2012	**31 March 2013**	30 Sept. 2012
Capital advances (unsecured, considered good)	**274**	250	-	-
Security deposit (unsecured, considered good)	**155**	223	3	-
(A)	**429**	473	3	-

Loans and advances to related parties					
Unsecured considered good		**-**	-	**1,019**	1,048
Unsecured considered doubtful		**-**	-	**1,868**	1,771
		-	-	**2,887**	2,819
Provision for doubtful advances		**-**	-	**1,868**	1,771
	(B)	**-**	-	**1,019**	1,048
Advances recoverable in cash or kind					
Unsecured considered good		**1,045**	35	**977**	1,147
Unsecured considered doubtful		**1,138**	1,168	**-**	-
		2,183	1,203	**977**	1,147
Provision for doubtful advances		**1,138**	1,168	**-**	-
	(C)	**1,045**	35	**977**	1,147
Other loans and advances (unsecured, considered good unless otherwise stated)					
Advance tax		**520**	334	**-**	-
Balance with excise and customs		-	-	**846**	936
VAT recoverable		-	-	**222**	158
Inter-corporate deposits - considered doubtful		**57**	57	**-**	-
Provision for doubtful deposits		**(57)**	-	**-**	-
	(D)	**520**	391	**1,068**	1,094
	(A+B+C+D)	**1,994**	899	**3,067**	3,289

(Rs. in lacs)

Loans to employees include	**Short-term** **31 March 2013**	30 Sept. 2012
Dues from officers of the company (maximum amount due Rs.0.63 lacs (Previous period: Rs. 2 lacs))	**0.25**	0.09
Loans and advances to related parties include		
Dues from SD Agchem (Europe) N.V. (maximum amount due Rs. 2,587 lacs (Previous period: Rs. 2,425 lacs))	**2,482**	2,425
Dues from Sintesis Quimica SAIC (maximum amount due Rs. 318 lacs (Previous period: Rs. 307 lacs))	**317**	307
Dues from Stellar Marine Paints Limited (maximum amount due Rs. 50 lacs (Previous period: Rs. 48 lacs))	**50**	48
Dues from STS Chemicals (UK) Limited (maximum amount due Rs. 36 lacs (Previous period: Rs. 35 lacs))	**34**	35
Dues from L & L Products Shroff Private Limited (maximum amount due Rs. 11 lacs (Previous period: Rs. 4 lacs))	**4**	4
	2,887	2,819

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

(Rs. in lacs)

	31 March 2013	30 September 2012
Raw materials (includes in transit Rs. 22 lacs (Previous period: Rs. 7 lacs))	**1,429**	2,168
Work-in-progress	**763**	583
Finished goods (includes in transit Rs. 21 lacs (Previous period: Rs. 144 lacs))	**1,496**	2,219
Traded goods	**102**	85
Packing materials	**233**	243
Stores and spares (including fuel)	**385**	309
Finished Goods - trial run (refer note 44)	**420**	-
	4,828	5,607

14. Trade receivables

(Rs. in lacs)

	Current **31 March 2013**	30 September 2012
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	**27**	44
Unsecured, considered good	**2,200**	3,082
Doubtful	**4,460**	3,970
	6,687	7,096

Other receivables		
Secured, considered good	**35**	86
Unsecured, considered good	**4,624**	4,593
Doubtful	**14**	4
	4,673	4,683
Less: Provision for doubtful debts	**4,474**	3,974
	6,886	7,805
Trade receivable from related parties include		
Dues from SD Agchem (Europe) N.V.	**3,027**	2,450
Dues from Sintesis Quimica SAIC	**1,017**	960

15. Cash and bank balances

(Rs. in lacs)

	Non-current		Current	
	31 March 2013	30 Sept. 2012	**31 March 2013**	30 Sept. 2012
Cash and cash equivalents				
Balance with banks				
on current accounts	**-**	-	**342**	3,428
on fixed deposits with original maturity of less than three months	**-**	-	**51**	-
on unpaid dividend account	**-**	-	**20**	23
on unpaid fractional shares account	**-**	-	**8**	8
Cash on hand	**-**	-	**10**	10
	-	-	**431**	3,469
Other bank balances				
Deposits with original maturity for more than 12 months	**1**	-	**27**	-
Deposits with original maturity for more than 3 months but less than 12 months	**-**	-	**361**	18
Margin money deposit*	**346**	374	**-**	-
	347	374	**388**	18
Amount disclosed under non-current assets (note 16)	**(347)**	(374)	**-**	-
	-	-	**819**	3,487

*Includes Rs.69 lacs (Previous period : Rs. 68 lacs) held in liquidity margin under Companies (Acceptance of Deposit Rules) and Rs. 277 lacs (Previous period : Rs. 306 lacs) as margin for import letter of credit and bank guarantees.

16. Other assets

(Rs. in lacs)

	Non-current		Current	
	31 March 2013	30 Sept. 2012	**31 March 2013**	30 Sept. 2012
Non-current bank balances (refer note 15)	**347**	374	**-**	-
Interest receivable	**-**	-	**23**	17
Export benefit receivable	**-**	-	**312**	304
Insurance claim receivable	**-**	-	**7**	5
Job work charges receivable	**-**	-	**38**	10
	347	374	**380**	336

17. Revenue from Operations

(Rs. in lacs)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Sale of products		
Finished goods	**18,255**	51,788
Traded goods	**598**	1,951
Sale of services	**1,104**	1,556
Other operating revenue		
Scrap sales	**94**	211

Export benefit	**250**	433
Technicals Supports & Development Fees	**27**	-
Commission	**328**	3
Revenue from operations (gross)	**20,656**	55,942
Less: Excise duty#	**595**	2,550
Revenue from operations (net)	**20,061**	53,392

Excise duty on sales amounting to Rs. 595 lacs (Previous period: Rs. 2,550 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. 21 lacs) (Previous period: (Rs. 83 lacs)) has been considered and as income in note 21 of financial statements.

Details of products sold	**1 October 2012 to**	1 April 2011 to
Finished goods sold	**31 March 2013**	30 September 2012
Agro chemicals and intermediates	**12,656**	22,190
Speciality chemicals	**1,826**	6,397
Phosphorous and its compounds	**1,526**	7,292
Other chemicals	**2,247**	15,909
	18,255	51,788
Traded goods sold		
Formulated goods	**-**	1,010
Organic chemicals	**536**	687
Other chemicals	**62**	254
	598	1,951
	18,853	53,739
Details of services rendered		
Job work income	**986**	1,443
Micronisation and handling charges	**118**	113
	1,104	1,556

18. Other income

(Rs. in lacs)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Interest income on		
Bank deposits	**124**	36
Receivable from subsidiaries and joint venture	**0**	417
Others	**4**	14
Management fees	**0**	142
Government grants	**2**	7
Exchange difference (net)	**123**	593
Dividend Income from long-term investments	**7**	8
Insurance claim received	**1**	3
Profit on sale of long-term investments (net)	**20**	1
Profit on sale of fixed assets (net)	**26**	5
Service charges	**7**	82
Sundry credit balance written back (net)	**2**	81
Rent income	**55**	113
Miscellaneous Income	**9**	-
	380	1,502

19. Cost of raw material consumed (Rs. in lacs)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Stock of raw material at the beginning of the period	**2,168**	1,496
Add: Purchases	**9,932**	31,684
	12,100	33,180
Less: Sale of raw materials	**142**	186
Less: Discount received on purchase	**-**	35
Less: Stock of raw material at end of the period	**1,429**	2,168
	1,571	2,389
Cost of raw material consumed	**10,529**	30,791
Details of raw material consumed		
Agro chemicals and its intermediates	**6,166**	12,369
Speciality chemicals	**1,153**	5,815
Oxalic acid and oxalates	**1,411**	3,525
Other chemicals	**1,799**	9,082
	10,529	30,791

20. Purchase of traded goods (Rs. in lacs)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Formulated goods	**-**	685
Organic chemicals	**231**	262
Other chemicals	**23**	1,079
	254	2,026

21. (Increase)/decrease in inventories of finished goods, work-in-progress and trade goods (Rs. in lacs)

	31 March 2013	30 Sept. 2012	(Increase)/decrease
Inventories at the end of the period			**31 March 2013**
Traded goods	**102**	85	**(17)**
Work-in-progress	**763**	583	**(180)**
Finished goods	**1,496**	2,219	**723**
	2,361	2,887	**526**
Inventories at the beginning of the period			30 September 2012
Traded goods	**85**	296	(211)
Work-in-progress	**583**	602	(19)
Finished goods	**2,219**	2,351	(132)
	2,887	3,249	(362)
(Increase)/ Decrease in excise duty on finished goods	**(21)**	(83)	
	505	279	

Details of inventories	**31 March 2013**	30 September 2012
Traded goods		
Formulated goods	**54**	73
Other chemicals	**48**	12
	102	85
Work-in-progress		
Agro chemicals and intermediates	**495**	182
Speciality chemicals	**207**	180
Sulphur based compounds	**22**	61
Other chemicals	**39**	160
	763	583

Finished goods		
Speciality chemicals	**892**	690
Formulated goods	**237**	646
Agro chemicals and intermediates	**246**	328
Other chemicals	**121**	555
	1,496	2,219

22. Employee benefit expenses (Rs. in lacs)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Salaries, wages and bonus	**1,459**	4,345
Contribution to provident and other funds	**189**	562
Gratuity and leave encashment expense (refer note 28)	**179**	356
Staff welfare expenses	**181**	467
	2,008	5,730

23. Operating and other expenses (Rs. in lacs)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Consumption of stores and spares	**105**	315
Power and fuel	**1,913**	5,129
Repairs and maintenance - plant and machinery	**225**	459
Repairs and maintenance - buildings	**15**	35
Repairs and maintenance - others	**23**	304
Rent	**82**	131
Rates and taxes	**43**	172
Insurance charges	**42**	138
Bad debts written off	**14**	149
Postage, telegrams and telephones	**24**	84
Traveling and conveyance	**246**	652
Commission on sales (other than sole selling agents)	**559**	109
Discount on sales	**19**	99
Provision for doubtful advances	**269**	1,805
Packing expenses	**202**	987
Freight and handling expenses	**166**	688
Job work expenses	**50**	183
Director's sitting fees	**2**	5
Provision for doubtful debts (net)	**486**	1,811
Research and development expenses	**20**	118
Marketing and promotional expenses	**496**	32
Other expenses*	**635**	1,128
	5,636	14,533
***Payment to auditor**		
As auditor:		
Audit fee	**20**	31
Tax audit fee	**-**	4
Limited review	**3**	9
In other capacity:		
Taxation matters	**-**	11
Other services (certification)	**-**	2
Reimbursement of expenses	**-**	1
	23	58

24. Depreciation and amortization expenses

(Rs. in lacs)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Depreciation of tangible assets	**601**	1,611
Amortization of intangible assets	**116**	380
	717	1,991

25. Finance costs

(Rs. in lacs)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Interest on loans and deposits	**853**	2,586
Interest on cash credit accounts	**753**	3,092
Interest on others	**103**	267
Bank charges	**27**	208
	1,736	6,153

26. Exceptional income/ (expenses)

(Rs. in lacs)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Liabilities written back on one time settlement of borrowings (refer note below)	**737**	-
Provision for diminution in value of investments (refer note 34)	**-**	(3,501)
	737	(3,501)
Less : Adjusted with business reconstruction reserve (refer note 33)	**-**	(1,139)
	737	(2,362)

Note : During the period, the Company has settled its borrowings along with accrued interest thereon with one of the bank on One Time Settlement basis and liabilities written back on such settlement has been credited to the statement of profit and loss.

27. Earnings per share

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

(Rs. in lacs)

	31 March 2013	30 September 2012
Net Loss after tax for calculation of basic and diluted EPS	**(207)**	(8,987)
Weighted average number of equity shares in calculating basic and diluted EPS (in numbers)	**1,22,62,185**	73,36,866
Earnings per share (basic and diluted) (in Rs.)	**(1.69)**	(122.49)

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 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 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)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Contribution to provident fund	**115**	312
Contribution to superannuation fund	**70**	194
	185	506

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)

	31 March 2013	30 September 2012
Current service cost	**29**	78
Interest cost on benefit obligation	**43**	107
Expected return on plan assets	**(16)**	(41)
Net actuarial (gain)/loss recognized in the period	**48**	126
Net benefit expenses	**104**	270
Actual return on plan assets	**17**	42
Balance sheet		
Benefit asset/liability		
Present value of defined benefit obligation	**1,091**	1,045
Fair value of plan assets	**346**	372
Plan asset/(liability)	**(745)**	(673)
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**1,045**	809
Current service cost	**29**	78
Interest cost	**43**	107
Benefits paid	**(75)**	(78)
Actuarial (gains)/losses on obligation	**49**	129
Closing defined benefit obligation	**1,091**	1,045
Changes in the fair value of plan assets are as below:		
Opening fair value of plan assets	**372**	319
Expected return	**16**	41
Contributions by employer	**32**	87
Benefits paid	**(75)**	(78)
Actuarial (gains)/losses	**1**	3
Closing fair value of plan assets	**346**	372
Contribution for the next year	**119**	118
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%
	100%	100%
The principal assumptions used in determining gratuity for the Company's plans are shown below:		
Discount rate	**8.25%**	8.60%
Expected return on plan assets	**8.50%**	8.50%
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 periods / years are as follows: (Rs. in lacs)

	31 March 2013	30 September 2012	31 March 2011	31 March 2010	31 March 2009
Defined benefit obligation	**1,091**	1,045	809	764	583
Plan assets	**346**	372	302	286	246
Surplus/(deficit)	**(745)**	(673)	(507)	(478)	(337)
Experience adjustment on plan liabilities	**(11)**	4	1	3	-
Experience adjustment on plan assets	**(17)**	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 2013 is as under:

(In Rs. lacs)

	31 March 2013	31 March 2012
Current assets	**2**	2
Non-current assets	**0.49**	1
Current liabilities	**23**	22
Non-current liabilities	**29**	28
Equity	**(50)**	(47)
Revenue	**7**	10
Material cost	**3**	11
Employee benefit expenses	**2**	5
Operating and other expenses	**5**	8
Profits before tax	**(3)**	(14)
Income tax expenses	**-**	-
Profit after tax	**(3)**	(14)

30. Segment information

The Company is organized into two Business Segment namely:

a) Chemicals - Comprising of Industrial, Agro Chemicals and their Intermediates, Speciality Chemicals etc.

b) Bulk Drug - Comprising of Bulk Drug and Intermediates.

Period ended 31 March 2013

	Chemicals	**Bulk drugs and intermediates**	**Eliminations**	**Total**
Revenue from operations				
External	17,151	2,910	-	20,061
Inter-segment	196	38	(234)	-
Total revenue from operations	**17,347**	**2,948**	**(234)**	**20,061**
Results				
Segment results	576	58	-	634
Unallocated expenses net of unallocable income				(158)
Operating profit/(loss)				**792**
Finance costs				1,736
Exceptional income/ (expenses)				737
Profit/(loss) before tax				**(207)**
Tax expenses				-
Profit/(loss)				**(207)**

	Chemicals	Bulk drugs and intermediates	Eliminations	Total
As at 31 March 2013				
Segment assets	34,570	8,501	-	43,071
Unallocated assets				863
Total assets	**34,570**	**8,501**	**-**	**43,934**
Segment liabilities	9,771	1,231	-	11,002
Unallocated liabilities				31,164
Total liabilities	**9,771**	**1,231**	**-**	**42,166**
Other segment information				
Capital expenditure				
Tangible assets	555	95	-	650
Intangible assets	17	-	-	17
Depreciation	458	143	-	601
Amortization	116	-	-	116
Other non-cash expenses	654	115	-	769

Period ended 30 September 2012

	Chemicals	Bulk drugs and intermediates	Eliminations	Total
Revenue				
External sales	45,440	7,952	-	53,392
Inter-segment sales	844	48	(892)	-
Total revenue	**46,284**	**8,000**	**(892)**	**53,392**
Results				
Segment results	537	(1,115)	-	(578)
Unallocated expenses net of unallocable income				(122)
Operating profit				**(456)**
Finance costs				6,153
Exceptional Income / (expenses)				(2,362)
Profit/(loss) before tax				**(8,971)**
Tax expenses				16
Profit/(loss)				**(8,987)**
As at 30 September 2012				
Segment assets	36,390	9,322	-	45,712
Unallocated assets				2,074
Total assets	**36,390**	**9,322**	**-**	**47,786**
Segment liabilities	10,607	1,152	-	11,759
Unallocated liabilities	-	-	-	34,050
Total liabilities	**10,607**	**1,152**	**-**	**45,809**
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

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.

Period ended 31 March 2013	India	Outside India	Total
Revenue from operations			
External customers	15,929	4,132	20,061
Other segment information			
Segment assets	38,948	4,986	43,934
Capital expenditure			
Tangible fixed assets	643	7	650
Intangible assets	12	5	17

Period ended 30 September 2012	India	Outside India	Total
Revenue from operations			
External customers	39,531	13,858	53,392
Other segment information			
Segment assets	34,511	13,275	47,786
Capital expenditure			
Tangible fixed assets	1,875	-	1,875
Intangible assets	64	11	75

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

Joint venture company

1. Stellar Marine Paints Limited

Key management personnel

Directors

1. Mr. G.Narayana - Chairman
2. Mr. Shalil Shroff - Managing Director
3. Mrs. Rupam Shroff - Whole time Director (till June 30, 2011)
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. Mrs. Ravinder Kaur
5. Mr. Jaswant Singh

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

1. Eftec Shroff (India) Limited (till September 30, 2012)
2. Hemsil Trading & Manufacturing Private Limited
3. M/s Salil Meta Chem
4. L & L Products Shroff Private Limited
5. Shalil Shroff (HUF)

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

a. Sale/purchase of goods and services

	Period ended	Sale of goods	Purchases of goods	Amount owned by related parties*	Amount owned to related parties*
Subsidiaries					
Agrichem B.V.	31 March 2013	**-**	**-**	**-**	**-**
	30 September 2012	637	-	-	-
SD Agchem (Europe) N.V.	31 March 2013	**525**	**-**	**3,027**	**1,179**
	30 September 2012	1,708	119	2,450	1,151
Sintesis Quimica SAIC	31 March 2013	**53**	**-**	**1,017**	**11**
	30 September 2012	430	26	960	26
Joint Venture					
Stellar Marine Paints Limited	31 March 2013	**-**	**-**	-	**-**
	30 September 2012	0.18	1	-	-
Other related entities					
Hem-sil Trading and	31 March 2013	-	-	-	**-**
Manufacturing Pvt Limited	30 September 2012	-	-	-	11

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

b. Loans given, advances made and repayment thereof

	Period ended	Loans given/Advances made during the period	Repayment made during the period/year	Interest accured during the period	Amount owned by related parties#
Subsidiaries					
STS Chemicals (UK) Limited	31 March 2013	**-**	-	**-**	**34**
	30 September 2012	8	-	-	35
Agrichem B.V.	31 March 2013	**-**	**-**	**-**	-
	30 September 2012	-	414	23	-
SD Agchem (Europe) N.V.	31 March 2013	**-**	**-**	**-**	**2,482**
	30 September 2012	143	-	310	2,425
Sintesis Quimica SAIC	31 March 2013	**-**	**-**	**-**	**317**
	30 September 2012	64	-	81	307
Joint Venture					
Stellar Marine Paints Limited	31 March 2013	**-**	**-**		**48**
	30 September 2012	4	-	4	48
Key managerial personnel					
Mr. S. S. Tiwari	31 March 2013	**-**	**0.90**	**-**	**-**
	30 September 2012	6	-	-	0.90
Other related entities					
Eftec Shroff (India) Limited	31 March 2013	**-**	**-**	**-**	**-**
	30 September 2012	-	27	-	-
L & L Products Shroff	31 March 2013	-	**-**	**-**	**-**
Private Limited	30 September 2012	4	-	-	4

The amounts are classified as advance receivable from related parties.

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

	Period ended	Loans and deposits taken/advance received during the period	Repayment during the period	Interest accrued during the period	Amount owned to related parties$
Subsidiaries					
Sintesis Quimica SAIC	31 March 2013	-	-	**-**	-
	30 September 2012	-	-	16	-
Other related entities					
Hem-sil Trading and Manufacturing Pvt Limited	31 March 2013	**7**	**10**	**50**	**555**
	30 September 2012	223	-	125	780
Salil Metachem	31 March 2013	**-**	**-**	**-**	**57**
	30 September 2012	57	-	7	57
Eftec Shroff (India) Limited	31 March 2013	-	-	-	**-**
	30 September 2012	-	-	-	6
Key managerial personnel					
Capt. S. S. Chopra (Retd.)	31 March 2013	**-**	**14**	**-**	**-**
	30 September 2012	-	-	2	14
Relatives to key managerial personnel					
Others	31 March 2013	**-**	**19**	**0.20**	**-**
	30 September 2012	-	15	3	19

$ The amounts are classified as due from subsidiaries.

d. Other transactions with related parties

	Period ended	Purchase of fixed assets during the period	Management Fees during the period	Rent/service charges income/ (expense) during the period	Amount receivable /(payable) on account of income /(expense)
Subsidiaries					
Agrichem B.V.	31 March 2013	**-**	**-**	**-**	**-**
	30 September 2012	-	142	-	-
Joint Venture					
Stellar Marine Paints Limited	31 March 2013	-	-	**2**	**2**
	30 September 2012	-	-	5	-
Other related parties					
Eftec Shroff (India) Limited	31 March 2013	**-**	-	-	**-**
	30 September 2012	2	-	56	-
Hem-sil Trading and Manufacturing Pvt Limited	31 March 2013	-	-	**-**	**-**
	30 September 2012	-	-	(26)	-
Shalil Shroff HUF	31 March 2013	-	-	**3**	**-**
	30 September 2012	-	-	(10)	-
L & L Products Shroff Private Limited	31 March 2013	-	-	**21**	**4**
	30 September 2012	-	-	51	4

		Issue of Share Capital during the period	Provision for doubtful debts made during the period	Provision for advances made during the period
Subsidiaries				
SD Agchem (Europe) N.V.	31 March 2013	-	**38**	-
	30 September 2012	-	207	1,411
Sintesis Quimica SAIC	31 March 2013	-	**79**	**48**
	30 September 2012	-	873	360
STS Chemicals (UK) Limited	31 March 2013	-	-	**34**
	30 September 2012	-	-	-
Joint Venture				
Stellar Marine Paints Limited	31 March 2013	-	-	-
	30 September 2012	-	-	-
Other related parties				
Hem-sil Trading and Manufacturing Pvt Limited	31 March 2013	-	-	
	30 September 2012	2,000	-	-

(Rs. in Lacs)

e. Remuneration and other benefits	**31 March 2013**	30 September 2012
Remuneration to Directors		
Mr. Shalil Shroff	**22**	67
Mr. Avtar Singh	**18**	51
Ms. Rupam Shroff	**-**	28
Mr. S. S. Tiwari	**20**	60
Benefits to Relatives		
Ms. Shaila Shroff	**2**	7
Ms. Ravinder Kaur	**3**	7
Others	**1**	2
Sitting Fees		
Mr. G. Narayana	**0.20**	0.80
Capt. S. S. Chopra (Retd.)	**0.15**	0.45

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 31 March 2013, the term loans of Rs. 4,344 lacs (Previous period : Rs. 4,228 lacs) from financial institutions taken by SD Agchem (Europe) N.V. is guaranteed by the corporate guarantee of the Company.

(Rs. in Lacs)

32. Contingent liabilities	**31 March 2013**	30 September 2012
Claims against the company not acknowledged as debts		
Excise duty matters in dispute or under appeal	**252**	66
Income Tax matters in dispute or under appeal	**1550**	965
Demand raised by Sales Tax Authorities	**11**	11
Labour laws matters in dispute or under appeal	**8**	8
Demand raised by previous land owners	**434**	404
Corporate guarantee given on behalf of the subsidiary companies (revalued at closing exchange rates)	**4344**	4,228

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

The Company is contesting the demands and the management, including its tax advisors, believe that its position will be likely to be upheld in appellate process. No tax expense has been accured in financial statements for the tax demand raised. The management believes that the ultimate outcome of the proceeding will not have a material adverse effect on the company's financial position and results of operations.

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.

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

a) 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 period ended 30 September 2012 :-

1. Incremental depreciation aggregating Rs. 499 lacs for 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 Parul Chemicals Limited;
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. 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 period 30 September 2012. (also refer note 34)

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	**1 October 2012 to 31 March 2013**	1 April 2011 to 30 September 2012
Depreciation	-	-
Finance expenses	-	-
Fixed assets and capital project written off	-	-
Payroll expenses	-	-
Other operating expenses	-	-
Material cost (inventory written off)	-	-
Provision for diminution in value of investments in subsidiary	-	1,139
Loss before tax	-	1,139
Provision for deferred tax*	-	-
Loss after tax	-	1,139

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

Earnings per share	**For the period ended**	
	31 March 2013	30 September 2012
Basic and diluted EPS (In Rs)	-	(138.02)

In the balance sheet (Amt in Rs. Lacs)

Item	31 March 2013	30 September 2012
Revaluation reserve	-	-
Business reconstruction reserve	-	-
Statement of profit and loss debit balance	-	1,139
General reserve	-	-

34. Sale of Subsidiary

During the previous financial period, the wholly owned subsidiary of the Company, S. D. Agchem Europe N.V. sold its entire investments in equity shares in its step down subsidiary S. D. Agchem Netherlands B.V. Further, significant operational losses had been incurred in another step down subsidiary Sintesis Qimica SAIC. This stepdown subsidiary has also filed request of reorganisation before the court in Argentina to renegotiate its contracted debts/creditors. Such significant operational losses of Sintesis Quimica SAIC coupled with losses arising from sale of S. D. Agchem Netherlands B.V. resulted in substantial erosion of the networth of S. D. Agchem Europe N.V. 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 N.V. This provision to the extent of Rs. 1,139 lacs had 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 previous financial period would have been higher by Rs. 1,139 lacs.

35. Remuneration to Key Managerial Personnel

The Company has paid and provided remuneration amounting to Rs. 13.29 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 period, 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.

36. Corporate Debt Restructuring

The Company had in the previous period obtained an approval for the Debt Restructuring from the Corporate Debt Restructuring Empowered Group ('CDR EG'). 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 (WCTL) with following terms :-

— Rs. 5,000 lacs carrying interest @ 8% p.a. and to be repaid in full till 30 September 2012 ,out of which the company has paid Rs. 2,044 lacs to the bankers. The company is under discussion with the lender to renegotiate the terms of repayment by offering certain alternative assets for disposal to repay all in lieu of disposal of Pharmaceutical division as per CDR scheme. The Company is awaiting for such approval based on which the Company will repay balance amount of Rs. 2,956 lacs of WCTL to the lenders as per the CDR scheme. Pending the approval from lenders to disposal of alternate assets, the Company has executed "Power of Attorney" in favour of lenders to dispose off the Pharmaceutical Division of the company to repay the WCTL as per the CDR scheme.

— 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 had contributed 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 Secundarabad and Ahmedabad and Industrial land at Tarapur and Chiplun by the Company.

(c) Personal guarantee of Managing Director.

(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 Division 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.

37. Capital and other commitments

	31 March 2013 (In Rs. lacs)	30 September 2012 (In Rs. lacs)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**75**	67
Other Commitments (Deposit for Performance Guarantee)	**2,125**	-
	2,200	67

38. Derivative instruments and unhedged foreign currency exposure

Particulars of unhedged foreign currency exposure as at the reporting date

		31 March 2013		30 September 2012	
	Currency	**Indian Rupees in lacs**	**Foreign Currency in lacs**	Indian Rupees in lacs	Foreign currency in lacs
Trade receivable / advances to vendors	EUR	**3,358**	**48**	2,568	38
	USD	**2,249**	**44**	2,463	46
Trade payable / advances from customers	EUR	**113**	**2**	95	1
	USD	**907**	**17**	1,274	24
Advances to / receivable from subsidiaries	EUR	**2,520**	**36**	2,425	36
	USD	**340**	**6**	307	6
	GBP	**34**	**0.41**	35	0.41
Payable to subsidiaries	EUR	**1,066**	**15**	1,031	15
	USD	**-**	**-**	19	0.19
Investments (at historical cost)	EUR	**3,825**	**67**	3,825	67
	GBP	**2**	**0.02**	2	0.02

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

Based on the information available with company as at period 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".

40. Value of imports calculated on CIF basis (In Rs. lacs)

	31 March 2013	30 September 2012
Raw materials	**1,329**	10,770
Components and spare parts	**-**	0
Traded goods	-	181
Capital goods	**7**	39
	1,336	10,990

41. Expenditure in foreign currency (on accrual basis) (In Rs. lacs)

	31 March 2013	30 September 2012
Travelling expenses	**39**	62
Trade commission and discount	**6**	20
Bank charges	**2**	4
Product registration expenses (including task force studies, testing & other expenses)	**5**	55
Interest cost	**-**	6
Others	**-**	0.09
	52	147

42. Imported and indigenous raw materials, components and spare parts consumed (In Rs. lacs)

	31 March 2013		30 September 2012	
	Value in Rs. lacs	**% of total consumption**	Value in Rs. lacs	% of total consumption
Raw materials				
Imported	**1,347**	**13%**	10,130	33%
Indigenously obtained	**9,177**	**87%**	20,661	67%
	10,524	**100%**	30,791	100%
Components and spare parts				
Imported	**0**	**0.22%**	1	0.23%
Indigenously obtained	**105**	**100%**	314	100%
	105	**100%**	315	100%

43. Earnings in foreign currency (on accrual basis) (In Rs. lacs)

	31 March 2013	30 September 2012
Export of Goods (FOB basis)	**2,600**	13,517
Commission	**-**	1
Interest on overdue balances, loans, advances, etc.	**0.17**	414
Management Fees	**-**	142
Data sharing fees	**-**	-
Processing charges received	**1,515**	341
Others	**-**	3
	4,115	14,418

44. Amounts capitalized in the respective project costs and excluded from :

During the period, 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)

	31 March 2013	30 September 2012
Salaries, wages and bonus	**120**	208
Raw Material Consumption	**299**	-
Traveling expenses	**-**	10
Power and fuel	**68**	17
Insurance expenses	**-**	2
Legal and professional fees	**-**	2
Finance costs	**75**	65
Others	**10**	-
Total	**572**	304
Less: Trial run inventory (refer note 13)	**420**	-
Total amount capitalised	**152**	304

45. Break-up of Deferred Tax Assets and Deferred Tax Liabilities :

		31 March 2013 (In Rs. lacs)	30 September 2012 (In Rs. lacs)
Deferred tax liabilities			
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting		**1,909**	1,904
	(A)	**1,909**	1,904
Deferred tax assets			
Impact of expenditure charged to the statement of profit and loss in the current period but allowed for tax purposes on payment basis		**484**	304
Unabsorbed losses and depreciation*		**1,425**	1,600
	(B)	**1,909**	1,904
Net deferred tax asset/(liability)	**(A) - (B)**	**-**	-

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

46. Previous period figures

a) With effect from current financial period, the Company has changed its accounting year from period ended 30 September to period ended 31 March. Accordingly, these financial statements are prepared for a period of six months from 1 October 2012 to 31 March 2013. Hence, the figures for current accounting period are not comparable with those of the previous accounting period. Further in previous period, the company has changed it's accounting year from year ended 31 March to period ended 30 September. Accordingly previous period's figures are for a period of eighteen months from April 1, 2011 to September 30, 2012.

b) The company has reclassified previous period figures to confirm to current period's classification.

As per our report of even date

For and on behalf of the Board of Directors of Punjab Chemicals & Crop Protection Limited

For **S.R. BATLIBOI & CO. LLP**
ICAI Firm Registration Number: 301003E
Chartered Accountants

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

Place : Mumbai
Date : May 29, 2013

G. NARAYANA
Chairman

SHALIL SHROFF
Managing Director

AVTAR SINGH
Whole Time Director

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

VIPUL JOSHI
Chief Financial Officer

Place : Mumbai
Date : May 29, 2013

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 dealt with in 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 dealt with in 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	31.03.2013	2,000 (2,000)	£ 1/- each (£ 1/- each)	100% (100%)	- (Rs (1.43) lacs) (GBP (0.02) lacs)	-	Rs. (1.43) lacs GBP (0.02) lacs (Rs. (2.70) lacs) (GBP (0.04) lacs)	-
2	SD Agchem (Europe) NV	14.10.2005	31.03.2013	10,824 (10,824)	Euro 615/-each (Euro 615/-each)	100% (100%)	Rs. (118) lacs EUR (1.70) lacs (Rs. (3954.67) lacs) (EUR (60.167) lacs)	-	Rs. (3954.67) lacs EUR (60.167) lacs (Rs. (153.17) lacs) (EUR (2.47) lacs)	-
3	Sintesis Quimica S.A.I.C	11.12.2006	31.03.2013	2,00,000 (2,00,000)	Peso 10/-each (Peso 10/-each)	100% (100%)	Rs. (977.00) lacs PESO (89.76) lacs (Rs. (4249.45) lacs) (PESO (381.63) lacs)	-	Rs. (4249.45) lacs PESO (381.63) lacs (Rs. 489.37 lacs) (PESO 42.88 lacs)	-

Change in the interest of Punjab Chemicals and Crop Protection Limited in the subsidiary companies between the end of financial year of the subsidiary companies and 31st March, 2013.	-	-

Note :

1) Figures in parenthesis pertains to previous year.
2) During the year 100% subsidiary, STS Chemicals (UK) Limited has not been considered for consolidation.

Place : Mumbai Date : May 29, 2013	**G. Narayana** Chairman	**Shalil Shroff** Managing Director	**Avtar Singh** Whole Time Director	**Punit K. Abrol** Sr. Vice President (Finance) & Company Secretary	**Vipul Joshi** Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To

The Board of Directors of Punjab Chemicals and Crop Protection Limited

We have audited the accompanying consolidated financial statements of Punjab Chemicals and Crop Protection Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the period from October 1, 2012 to March 31, 2013 ('the period') and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

a. *We report that the company's 100% subsidiary viz. STS Chemicals (UK) Limited, have not been considered for the purpose of preparation of the consolidated financial statements. Hence, we are unable to comment on the impact of the non-inclusion of this subsidiary on the financial position and the operating results of the group.*

b. *We further report that the effect of investment in associate company viz. Source Dynamic LLC, on the financial position and the 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. Hence, we are unable to comment on the impact of non-inclusion of the effect of investment in associate company on the financial position and the operating results of the group. Our audit report on the consolidated financial statement for the period ended September 30, 2012 was qualified in respect of effect of investment in associate company on the financial position and operating results of the group.*

Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matters described in the Basis of Qualified Opinion paragraph,* the 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 Company as at March 31, 2013;

(b) in the case of the consolidated Statement of Profit and Loss, of the loss for the period ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the period ended on that date.

Emphasis of Matter

We draw attention to Note 35 to the consolidated financial statements regarding managerial remuneration amounting to Rs. 13.29 lacs which was paid/provided during the period from November 14, 2012 to March 31, 2013 for which the Company has applied for the 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 period. Pending receipt of approval, no adjustments has been considered necessary in these financial statements. Our opinion is not qualified in respect of this matter.

Other Matter

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs.14,470 lacs as at March 31, 2013, the total revenue of Rs. 5,118 lacs and cash outflows amounting to Rs. 345 lacs for the six 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 GAAPs in respective countries and the aforesaid conversion undertaken by the management examined by us on a test basis.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number : 301003E

per Ravi Bansal
Partner
Membership Number : 49365

Place : Mumbai
Date : May 29, 2013

PUNJAB CHEMICALS AND CROP PROTECTION LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2013

(Rs. in lacs)

Particulars	Notes	31 March 2013	30 September 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	**1,226**	1,226
Reserves and Surplus	4	**(4,964)**	(3,891)
		(3,738)	(2,665)
Non-current liabilities			
Long-term borrowings	5	**18,954**	20,053
Long term provisions	6	**644**	563
		19,598	20,616
Current liabilities			
Short-term borrowings	7	**11,284**	11,288
Trade payables	8a	**10,895**	11,803
Other current liabilities	8b	**9,253**	10,596
Short-term provisions	6	**874**	997
		32,306	34,684
Total		**48,166**	52,635
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	**24,116**	23,151
Intangible assets	10	**1,639**	1,740
Capital work-in-progress		**966**	2,258
Intangible asset under development		**63**	95
Non-current investments	11	**647**	675
Long-term loans and advances	12	**1,995**	1,133
Other non-current assets	16	**347**	363
		29,773	29,415
Current assets			
Inventories	13	**6,587**	7,656
Trade receivables	14	**6,976**	7,731
Cash and bank balances	15	**1,446**	4,470
Short-term loans and advances	12	**3,004**	3,027
Other current assets	16	**380**	336
		18,393	23,220
Total		**48,166**	52,635
Summary of significant accounting policies	2.1		

The accompanying summary of significant accounting policies and other explanatory information are an integral part of financial statements.

As per our report of even date

For and on behalf of the Board of Directors of Punjab Chemicals & Crop Protection Limited

For **S.R. BATLIBOI & CO. LLP**
ICAI 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 : May 29, 2013

Place : Mumbai
Date : May 29, 2013

PUNJAB CHEMICALS AND CROP PROTECTION LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE SIX MONTHS ENDED 31 MARCH, 2013

(Rs. in lacs)

Particulars	Notes	1 October, 2012 to 31 March, 2013	1 April, 2011 to 30 September, 2012
Income			
Revenue from operations (gross)	17	**25,128**	1,03,127
Less: Excise duty		**595**	2,550
Revenue from operations (net)		**24,533**	1,00,577
Other income	18	**382**	947
Total revenue		**24,915**	1,01,524
Expenses			
Cost of raw materials consumed	19	**11,512**	55,612
Purchases of traded goods	20	**830**	4,682
(Increase)/Decrease in inventories of finished goods, Work-in-progress and traded goods	21	**558**	(912)
Employee benefit expenses	22	**4,713**	14,741
Operating and other expenses	23	**6,569**	17,506
Total expenses		**24,182**	91,629
Earnings before interest, tax, depreciation and amortization (EBITDA)		**733**	9,895
Depreciation and amortization expenses	24	**804**	8,460
Finance costs	25	**1,929**	9,435
Loss before tax and exceptional items		**(2,000)**	(8,000)
Exceptional income / (expenses)	26	**737**	(1,956)
Loss before tax but after exceptional items		**(1,263)**	(9,956)
Tax expenses			
Current tax		**-**	757
(Excess)/ short provisions of earlier years		**-**	(1)
Total tax expenses		**-**	756
Loss after tax		**(1,263)**	(10,712)
Earnings per equity share [nominal value of share Rs. 10 each (Previous period: Rs. 10 each)]			
Basic and diluted (in Rs.)	27	**(10.30)**	(146.00)
Summary of significant accounting policies	2.1		

The accompanying summary of significant accounting policies and other explanatory information are an integral part of financial statements.

As per our report of even date

For and on behalf of the Board of Directors of Punjab Chemicals & Crop Protection Limited

For **S.R. BATLIBOI & CO. LLP**
ICAI Firm Registration Number: 301003E
Chartered Accountants

per **RAVI BANSAL**
Partner
Membership No. 49365
Place : Mumbai
Date : May 29, 2013

G. NARAYANA
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Managing Director

AVTAR SINGH
Whole Time Director

PUNIT K. ABROL
Sr. Vice President (Finance) &
Company Secretary
Place : Mumbai
Date : May 29, 2013

VIPUL JOSHI
Chief Financial Officer

PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 31 MARCH, 2013

(Rs. in lacs)

		For the period ended 31 March, 2013	For the year ended 30 September, 2012
Cash flow from Operating Activities			
Loss before tax		(1,263)	(9,956)
Adjustments for :			
Liabilities written back on one time settlement of borrowings		737	-
Expenses adjusted with Business Reconstruction Reserve		-	(1,139)
Depreciation/Amortisation		804	8,460
Write off or other adjustments of fixed assets		-	66
Miscellaneous income/Sundry credit balance written off (net)		(3)	-
Interest income		(128)	(22)
Dividend income		(7)	(8)
Income in respect of government grants / other grants		(2)	(7)
Interest and other financial costs		1,929	9,435
Loss/(Profit) on sale of fixed assets		(26)	(72)
Loss on sale of subsidiary		-	3,095
Loss/(Profit) on sale of long-term investments		(20)	1
Unrealised foreign exchange Loss/(Gain) (net)		(88)	(4)
Bad debts written off		14	149
Provision for doubtful advances		137	34
Provision for doubtful debts (net)		579	1,033
Operating Profit before working capital changes		2,663	11,065
Movement in Working Capital			
Decrease/(Increase) in trade receivables		235	8,235
Decrease/(Increase) in inventories		1,069	(1,763)
Decrease/(Increase) in other current assets		(22)	(35)
Decrease/(Increase) in loans and advances		(646)	(663)
Increase/(Decrease) in trade payables and current liabilities		(673)	3,468
Increase/(Decrease) in provisions		80	748
Cash generated/(used) from/in operations		2,706	21,055
Direct Taxes paid / refunded (Net)		(365)	(813)
Net cash generated/(used) from/in Operating Activities	A	2,340	20,242
Cash Flow from Investment Activities			
Purchase of fixed assets, including CWIP and capital advances		(688)	(5,427)
Proceeds from sale of fixed assets		308	140
Proceeds from sale of Subsidiary		-	2,565
Proceeds of sale of investments		65	4
Purchase of non current investments		-	-
Fixed deposits (with maturity more than three months)		(359)	(170)
Interest received		122	22
Dividend received		7	8
Net Cash generated/(used) from/in Investing Activities	B	(545)	(2,858)

(Rs. in lacs)

		For the period ended 31 March, 2013	For the year ended 30 September, 2012
C. Cash Flow from Financial Activities			
Proceeds from issue of shares		**-**	5,000
Proceeds from borrowings		**1,444**	4,287
Repayments of borrowings		**(4,837)**	(8,411)
Interest Paid		**(1,998)**	(9,500)
Net cash generated/(used) from/in Financing Activities	**C**	**(5,391)**	(8,624)
Effect of exchange gain/(loss) on cash and cash equivalents	**D**	**212**	(1,554)
Net increase/(decrease) in cash and cash equivalents	**(A+B+C+D)**	**(3,383)**	7,206
Cash and cash equivalents at the beginning of the period		**4,441**	1,583
Cash and cash equivalents transferred pursuant to sale of Subsidiary		**-**	(4,348)
Cash and cash equivalents at the end of the period		**1,058**	4,441
Components of Cash & Cash Equivalents			
Cash on hand		**13**	18
Cheques on hand		**1**	141
With Banks			
(a) On Current Account		**965**	4,244
(b) on deposit account with original maturity of less than three months		**51**	7
(c) on unpaid dividend account*		**20**	23
(d) on unpaid fractional shares account*		**8**	8
Total Cash & Cash Equivalents (note 15)		**1,058**	4,441

*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:

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" notified by Companies Accounting Standard Rules, 2006 (as amended)

As per our report of even date

For and on behalf of the Board of Directors of Punjab Chemicals & Crop Protection Limited

For **S.R. BATLIBOI & CO. LLP**
ICAI Firm Registration Number: 301003E
Chartered Accountants

per **RAVI BANSAL**
Partner
Membership No. 49365
Place : Mumbai
Date : May 29, 2013

G. NARAYANA
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AVTAR SINGH
Whole Time Director

PUNIT K. ABROL
Sr. Vice President (Finance) &
Company Secretary
Place : Mumbai
Date : May 29, 2013

VIPUL JOSHI
Chief Financial Officer

PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2013

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 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 was carried out. The accounting policies have been consistently applied by the Company.

b) The Group has recorded a net loss of Rs. 1,263 lacs for the period and have incurred losses in the previous period resulting in substantial erosion of the net worth. The accumulated losses of the Group as at the close of the financial period exceeded 50% of the Shareholder's Funds (excluding accumulated losses) as at 31 March 2013 and the current liabilities have exceeded current assets by Rs.13,913 lacs. There were lower cash inflows from existing operations. The Group has got approval of 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 explained in detail in note no 36.

(ii) The Holding Company has entered into strategic long term supply contracts with its customers with minimum commitment of supply of products.

(iii) 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 strategic investment by an investor in the immediately previous financial period.

2.1. 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 (d) and (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 31 March 2013	% of Group Holding as at 30 September 2012
1.	STS Chemicals (UK) Limited (refer note (d) below)	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
5.	Agrichem B.V.	Subsidiary	Netherlands	—	Refer note v below
6.	Stellar Marine Paints Limited	Joint Venture	India	45%	45%

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

(ii) STS Chemicals (UK) Limited and S D Agchem (Europe) N.V are wholly owned subsidiaries of Punjab Chemicals & Crop Protection Limited as at March 31, 2013.

(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 March 31, 2013.

(iv) SD Agchem (Netherlands) B.V. is a wholly owned subsidiary of S D Agchem (Europe) N.V upto 30 June 2012 (Refer note 34) as the control was transferred on that date by virtue of sale of shares.

(v) Agrichem B.V. is a wholly owned subsidiary of SD Agchem (Netherlands) B.V. as at 30 June 2012 when S D Agchem (Europe) N.V. transferred control over SD Agchem (Netherlands) B.V. by virtue of sale of shares.

(d) In the current period, 100% subsidiary, STS Chemicals (UK) Limited has not been considered for consolidation as the required information is not available and the management believes that it is insignificant to the consolidated financial statements. Resultantly, to eliminate the equity share capital of Sintesis Quimica S.A.I.C., the 2% holding of STS Chemicals (UK) Limited in equity share capital of Sintesis Quimica S.A.I.C amounting to Rs. 4.67 lacs is included in other liabilities.

In the previous period, 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 had not been considered for consolidation as they are considered to be insignificant to the consolidated financial statements (Refer note 34).

(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 2013 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 37).

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

(i) The activities of the foreign subsidiaries are not an integral part of those of the Holding Company and hence, these have been considered to be Non-Integral foreign operations in terms of Accounting Standard 11 – "The Effects of Changes in Foreign Exchange Rates". Consequently, the assets and liabilities, both monetary and non-monetary, of such subsidiaries have been translated at the closing rates of exchange of the respective currencies as at March 31, 2013; 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.

Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, 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, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

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 Paints 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 years for factory buildings and 58 years for other than factory buildings

	Method	Useful Life of Assets/ Depreciation rates
Sintesis Quimica S.A.I.C.		
Buildings	S.L.M.	2%
Furniture & Fixtures	S.L.M.	10% - 33%
Plant & Machinery	S.L.M.	10%
Vehicles	S.L.M.	20%
SD Agchem (Netherlands) B.V., SD Agchem (Europe) N.V. & Agrichem B.V.		
Buildings	S.L.M.	4%, 10% -20%
Plant & Machinery	S.L.M.	10%, 20%
Other Fixed Assets	S.L.M.	20%
STS Chemicals (UK) Limited		
Furniture & Fixtures	W.D.V.	25%

ii) The premium on leasehold land is amortized on a straight line basis over the period of lease.

iii) Fixed Assets costing Rs. 5,000/- or less are fully depreciated in the period of acquisition.

Amortization

i) Cost of Computer Software/License is amortized on straight line basis over a period of three years.

ii) 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 recognised as finance cost in 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, the lease term and Schedule XIV of the Indian Companies Act, 1956.

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 Statement of Profit and Loss on straight line basis. Costs including depreciation are recognized as an expense in Statement of Profit and Loss Account. Initial direct costs such as legal costs, brokerage etc are recognized immediately in Statement of Profit and Loss.

Investments

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.

Inventories

(a) Punjab Chemicals and Crop Protection Limited, S D Agchem (Europe) N.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 weighted average basis.

ii) Traded Goods are valued at lower of cost or net realizable value. Cost is determined on weighted average basis.

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 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 sales tax / Value added tax. Excise duty deducted from revenue from operations (gross) are the amount that is included in amount of revenue from operations (gross) and not the entire amount of liability arising during the period.

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

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

Dividends

Dividend income is recognized when the Companies right to receive dividend is established by the balance sheet date.

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".

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.

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.

Actuarial gains and 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 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 at the balance sheet date

Foreign currency monetary items are reported using the closing rate. Non-monetary items are recorded at the exchange rate prevailing on the date of transaction.

iii) Exchange Differences

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

iv) 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.

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 Statement of 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 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 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 inter-segment 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 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.

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 Indian 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, tax expense and exceptional(income) and expense.

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)

	31 March 2013	30 September 2012
3. Share capital		
Authorized shares		
19,800,000 (Previous period: 19,800,000) equity shares of Rs. 10/- each	**1,980**	1,980
20,000 (Previous year: 20,000) 9.8% redeemable cumulative preference shares of Rs. 100/- each	**20**	20
	2,000	2,000
Issued shares		
12,277,218 (Previous year: 12,277,218) equity shares of Rs. 10/- each	**1,228**	1,228
Subscribed and fully paid-up shares		
12,262,185 (Previous period: 12,262,185) equity shares of Rs. 10/- each	**1,226**	1,226
	1,226	1,226

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

Equity shares	31 March 2013		30 September, 2012	
	Numbers	**Rs. in lacs**	Numbers	Rs. in lacs
At the beginning of the period	**1,22,62,185**	**1,226**	71,92,892	719
Issued during the period pursuant to scheme of amalgamation of Parul Chemicals Limited	-	-	69,293	7
Issued during the period pursuant to Corporate Debt Restructuring Scheme (refer note 36)	-	-	20,00,000	200
Issued during the period pursuant to conversion of Zero Coupon Unsecured Fully Convertible Debentures	-	-	30,00,000	300
Outstanding at the end of the period	**1,22,62,185**	**1,226**	1,22,62,185	1,226

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:

	31 March 2013 In numbers	30 September 2012 In numbers
Equity shares allotted as fully paid-up pursuant to a scheme of amalgamation for consideration other than cash in 2011-2012 (69,293 shares) and 2006-07 (2,281,568 shares)	**69,293**	23,50,861
	69,293	23,50,861

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

	31 March 2013		30 September 2012	
	Numbers	**% holding**	Numbers	% holding
Equity shares of Rs. 10 each fully paid-up				
Hem-sil Trading and Manufacturing Private Limited	**40,17,318**	**33%**	40,17,318	33%
Gowal Consulting Services Private Limited	**30,00,000**	**24%**	30,00,000	24%
	70,17,318	**57%**	70,17,318	57%

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.

4. Reserves and Surplus (Rs. in lacs)

	31 March 2013	30 September 2012
Capital reserve	**340**	309
Capital redemption reserve	**28**	28
Capital reduction reserve	**21**	21
Securities premium account		
Balance as per last financial statements	**5,707**	1,207
Add: Premium on issue of equity shares	**-**	1,800
Add: Premium on conversion of zero coupon unsecured fully convertible debentures	**-**	2,700
	5,707	5,707
Capital subsidy from state government	**15**	15
Amalgamation reserve	**19**	19
Government grant		
Balance as per last financial statements	**24**	27
Less: Grant recognized in the statement of profit and loss	**1**	3
	23	24
Development aid grant UNIDO		
Balance as per last financial statements	**27**	31
Less: Grant recognized in the statement of profit and loss	**1**	4
	26	27
Business reconstruction reserve (refer note 33)		
Balance as per last financial statements	**-**	1,139
Less: Expenses as per scheme adjusted against Business reconstruction reserve	**-**	1,139
-	**-**	-
Foreign Currency Translation Reserve		
Balance as per last Balance Sheet	**(609)**	(443)
Add: Exchange difference in respect of non-integral foreign operations	**161**	(166)
	(448)	(609)
General reserve		
Balance as per last financial statements	**-**	1,280
Less: Transfer to deficit in the statements of profit and loss	**-**	(1,280)
	-	-
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	**(9,432)**	-
Loss for the period	**(1,263)**	(10,712)
Add : Transfer from general reserve	**-**	1,280
Net deficit in the statement of profit and loss	**(10,695)**	(9,432)
Total reserve and Surplus	**(4,964)**	(3,891)

5. Long-term borrowings (Rs. in lacs)

	Non current portion		Current maturities	
	31 March 2013	30 Sept. 2012	**31 March 2013**	30 Sept. 2012
Term loans				
From banks				
Term loan (secured) (refer note a to p and v below)	**18,884**	19,922	**5,146**	6,620
Vehicle finance scheme (secured) (refer note q below)	**-**	-	**-**	0.34
Housing finance scheme (secured) (refer note r below)	**21**	38	**28**	20
From others				
Vehicle finance scheme (secured) (refer note s below)	**-**	-	**-**	0.32
Housing finance scheme (secured) (refer note t below)	**22**	22	**6**	8
Other loans and advances				
Finance lease obligation (secured) (refer note u below)	**-**	-	**50**	63
Deposits (unsecured) (refer note w below)				
Deposits from shareholders	**2**	15	**14**	17
Deposits from public	**25**	56	**101**	169
	18,954	20,053	**5,345**	6,897
The above amount includes				
Secured borrowings	**18,927**	19,982	**5,230**	6,711
Unsecured borrowings	**27**	71	**115**	186
Amount disclosed under the head "Other current liabilities" (note 8)	**-**	-	**(5,345)**	(6,897)
	18,954	20,053	**-**	-

Notes :

a. Term Loan from Allahabad Bank amounting to Rs. 4,945 lacs (Previous period: Rs. 4,970 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.

b. Working Capital Long Term Loan from Export - Import Bank of India amounting to Rs. 1,561 lacs (Previous period: Rs. 1,569 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 Managing Director's shares held in the Company which is in the process of execution.

c. Term Loan from Central Bank of India amounting to Rs. 2,473 lacs (Previous period: Rs. 2,485 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.

d. Term Loan from ICICI Bank Limited amounting to Rs. Nil (Previous period: Rs. 1,147 lacs) is secured by subservient charge on fixed assets and current assets of the Company. During the period, the Company has settled its borrowings along with interest thereon on one time settlement basis. The company is in the process of obtaining approval from Monitoring Committee and CDR (EG) for such one time settlement.

e. 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, Pimpari-Pune, Lote Parshuram-Chiplun in the state of Maharashtra.

f. Term loan of Rs. 41 lacs (Previous period: Rs 41 lacs) from SBI is secured under above consortium agreement. Principal amount of Rs. 0.2 lacs is overdue for a period of 90 to 183 days as on the reporting date.

g. Working Capital Term loan of Rs. 4,154 lacs (Previous period: Rs 4,154 lacs) from SBI is secured under above consortium agreement. Principal amount of Rs. 1,900 lacs is overdue for a period of 90 to 183 days as on the reporting date.

h. Working Capital Term loan of Rs. 1,462 lacs (Previous period: Rs. 1,479 lacs) 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 Pharmaceutical division located in Lalru. Principal of Rs. 674 lacs is overdue for a period of 183 day as on the reporting date.

i. Working Capital Term loan of Rs. 857 lacs (Previous period: Rs 860 lacs) from Export Import Bank of India is secured by personal guarantees of two directors, and by pledge of Managing Director's share 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 183 days as on the reporting date.

j. Working Capital Term loan of Rs. 128 lacs (Previous period: Rs 128 lacs) 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 Vadoda

k. Working Capital Term loan of Rs. 2,362 lacs (Previous period: Rs 4,484 lacs) from Bank of Baroda is secured by way of first charge on Pharmaceutical 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.

l. Funded Interest Term loan of Rs. 4,296 lacs (Previous period: Rs 2,918 lacs) 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 36 to the financial statements.

m. Term Loan taken from State Bank of India amounting to Rs. 1,306 Lacs (Previous period: Rs 1,579 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.

n. Term Loan taken from Banco Nacion de la Argentina (Argentina National Bank) amounting to Rs. 132 lacs (Previous period : Rs. 222 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.

o. Term Loan taken from Banco Santander Rio amounting to Rs. 272 lacs (Previous period: Rs. 408 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 in the range of 19.95% and repayable in 60 equal installments.

p. Term Loan taken from Banco Comafi amounting to Rs.41 lacs (Previous period : Rs. 98 lacs) secured by mortgage of the company's real estate property located in Paraná 751, 753 and 755, between Avenue Córdoba y Viamonte, city of Buenos Aires. The loan carries interest rate of in the range of 22.5% and repayable in 18 installments.

q. Loans from HDFC Bank Limited under Vehicle Finance Schemes amounting to Rs. Nil (Previous period: Rs.0.34 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').

r. Housing Loan form ICICI Bank Ltd amounting to Rs. 49 lacs (Previous period: Rs. 58 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. Loan from Kotak Mahindra Prime Limited under Vehicle Finance Scheme amounting to Rs. Nil (Previous period: Rs. 0.32 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.

t. Loan from Housing Development Finance Corporation Limited for Rs. 28 lacs (Previous period: Rs. 30 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.

u. The finance lease obligation of Rs. 19 lacs (Previous period: Rs. 28 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. The finance lease obligation of Rs. 31 lacs (Previous period: Rs. 35 lacs) is secured by the asset taken under the said lease carrying interest rate in range of 16% to 23% and is repayable in 30 monthly installments with interest.

v. 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 36 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.

w. 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)

		Long-term		Short-term	
		31 March 2013	30 Sept. 2012	**31 March 2013**	30 Sept. 2012
Provision for employee benefits					
Provision for gratuity (refer note 28)		**644**	563	**101**	110
Provision for leave encashment		**-**	-	**516**	511
	(A)	**644**	563	**617**	621
Other provisions					
Provision for taxation		**-**	-	**254**	376
Provision for wealth tax		**-**	-	**3**	-
	(B)	**-**	-	**257**	376
	(A+B)	**644**	563	**874**	997

(Rs. in lacs)

7. Short-term borrowings	31 March 2013	30 September 2012
Cash credit from banks (secured) (refer note a to g below)	**8,158**	8,323
Inter-corporate deposits repayable on demand (unsecured)	**787**	810
Other loans (unsecured)	**2,339**	2,155
	11,284	11,288
The above amount includes		
Secured borrowings	**8,158**	8,323
Unsecured borrowings	**3,126**	2,965
	11,284	11,288

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 from State Bank of India of Rs. 2,846 lacs (Previous period: Rs. 2,846 lacs) is secured under above consortium agreement.

c. Cash credit from Union Bank of India of Rs. 914 lacs (Previous period: Rs. 1,017 lacs) is secured by security provided under consortium agreement as mentioned above in addition to specific charge for working capital demand loan on Pharmaceutical division located in Lalru.

d. Cash credit from Export Import Bank of India of Rs. 588 lacs (Previous period: Rs. 588 lacs) is secured by personal guarantees of two directors, and by pledge of Managing Director's shares held in the Company which is in the process of execution, in addition to security provided under consortium agreement as mentioned above.

e. Cash credit from Bank of Baroda of Rs. 3,091 lacs (Previous period: Rs. 3,251 lacs) is secured by security given under consortium agreement.

f. Cash credit from Indian Overseas Bank of Rs. 164 lacs (Previous period: Rs. 219 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. Cash credit taken from State Bank of India amounting to Rs. 555 Lacs (Previous period: Rs 402 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 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 cash credit refer Note 36 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)

8. Trade payables and other current liabilities	31 March 2013	30 September 2012
8a. Trade Payable		
Trade payables (including acceptances)	**10,895**	11,803
	10,895	11,803
8b. Other current liabilities		
Current maturities of long term borrowings (refer note 5)	**5,345**	6,897
Payables for fixed assets	**434**	340
Interest accrued but not due on borrowings	**46**	55
Interest accrued and due on borrowings	**275**	335
Employee related liabilities	**1,417**	662
Interest bearing security deposits from customers	**237**	265
Advance from customers	**755**	343
Investor education and protection fund will be credited by the following amounts (as and when due) (Refer note below)		
Unclaimed dividend	**19**	22
Unclaimed fractional shares	**8**	8

Unclaimed public deposits	**3**	17
Unclaimed accrued interest on public deposits	**1**	4
Other liabilities	**713**	1,648
	9,253	10,596
	20,148	22,399

Note: There is no amount due as at the end of period which needs to be transferred to Investor Education and Protection Fund.

9. Tangible assets

	Land (Refer note (b) and (c))	Buildings (Refer note (a), (b), (e) and (g))	Plant and machinery (Refer note (d) and (f))	Electrical installations	Furniture, fixture and equipments (Refer note (d))	Vehicles	Total
Cost or valuation							
At 1 April 2011	5,676	13,937	17,888	453	1,963	688	40,605
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
As at 30 September 2012	**6,649**	**10,499**	**17,351**	**461**	**1,818**	**705**	**37,483**
Additions	-	-	1,839	81	11	8	1,939
Disposals	-	299	12	-	6	46	363
Foreign exchange adjustment	(207)	(25)	(57)	(1)	20	(1)	(271)
As at 31 March 2013	**6,442**	**10,175**	**19,121**	**541**	**1,843**	**666**	**38,788**
Depreciation							
At 1 April 2011	(163)	2,467	8,711	246	1,457	495	13,213
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
As at 30 September 2012	**44**	**2,542**	**9,440**	**271**	**1,526**	**509**	**14,332**
Charge for the year	6	227	358	18	40	27	676
Disposals	-	24	9	-	6	42	81
Foreign exchange adjustment	-	(209)	(5)		(27)	(14)	(255)
As at 31 March 2013	**50**	**2,536**	**9,784**	**289**	**1,533**	**480**	**14,672**
Net Block							
As at 30 September 2012	**6,605**	**7,957**	**7,911**	**190**	**292**	**196**	**23,151**
As at 31 March 2013	**6,392**	**7,639**	**9,337**	**252**	**310**	**186**	**24,116**

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

(b) **Revaluations**

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. 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)

	31 March 2013	30 September 2012
Gross block	**934**	934
Depreciation charge for the period	**6**	19
Accumulated depreciation	**49**	43
Net book value	**885**	891

d. Plant and machinery and furniture, fixture and equipments include assets taken on finance lease: (Rs. in lacs)

	Plant and machinery		Furniture, fixture and equipment	
	31 March 2013	30 Sept. 2012	**31 March 2013**	30 Sept. 2012
Gross block	**78**	78	**4**	4
Depreciation charge for the period	**2**	6	**-**	-
Accumulated depreciation	**18**	16	**4**	4
Net book value	**60**	62	**-**	-

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)

	31 March 2013		30 September 2012	
	Minimum payments	**Present value of MLP**	**Minimum payments**	**Present value of MLP**
Within one year	**8**	**8**	17	16
After one year but more than five years	**-**	**-**	-	-
More than five years	**-**	**-**	-	-
Total minimum lease payments	**8**	**8**	17	16
Less: amounts representing finance charges	**1**	**-**	1	-
Present value of lease payments	**7**	**8**	16	16

e. Building includes building given on operating lease (Rs. in lacs)

	31 March 2013	30 September 2012
Gross block	**1,032**	1,323
Depreciation charge for the year	**8**	35
Accumulated depreciation	**100**	101
Net book value	**932**	1,222

The Lease term is for various tenures. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

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

g. 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)

	Goodwill	Formation Expenses	Computer license/ Comp. Software	Product registration (Refer note (a & b)	Total
Gross Block					
At 1 April 2011	2,416	8	255	23,677	26,356
Additions	-	-	45	3,354	3,399
Disposals	-	-	-	26,335	26,335
Foreign exchange adjustment	-	1	18	1,575	1,594
As at 30 September 2012	**2,416**	**9**	**318**	**2,271**	**5,014**
Additions	-	-	49	-	49
Disposals	-	-	-	-	-
Foreign exchange adjustment	-	-	(24)	-	(24)
As at 31 March 2013	**2,416**	**9**	**343**	**2,271**	**5,039**

Amortization					
At 1 April 2011	-	6	140	7,098	7,244
Charge for the period	2,416	2	73	3,918	6,409
Disposals	-	-	-	10,895	10,895
Foreign exchange adjustment	-	1	18	497	516
As at 30 September 2012	**2,416**	**9**	**231**	**618**	**3,274**
Charge for the period	-	-	13	113	126
Disposals	-	-	-	-	-
Foreign exchange adjustment	-	-	-	-	-
As at 31 March 2013	**2,416**	**9**	**244**	**731**	**3,400**
Net Block					
As at 30 September 2012	**-**	**-**	**87**	**1,653**	**1,740**
As at 31 March 2013	**-**	**-**	**99**	**1,540**	**1,639**

a. Product registration includes testing and data access and other product registration related expenses.

b. Remaining period of amortization of product registration expenses ranges from 61 to 113 months.

11. Non-current investments (Rs. in lacs)

	31 March 2013	30 September 2012
Trade investments (valued at cost unless otherwise stated)		
Unquoted equity instruments		
Investment in Subsidiary Companies (Refer note 2.1(d))	**2**	-
Investment in Associate Companies (Refer note 2.1(f) and note 37)	**630**	615
	632	615
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: 84,375) equity shares of Rs. 10/- each fully paid-up in Nimbua Green Field (Punjab) Limited	**8**	8
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	**0.25**	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		
Nil (Previous year: 516,814) units of Rs. 10/- each in Reliance Mutual Fund (NAV Rs. Nil (Previous year: Rs. 76 lacs))	**-**	45
3,875 (Previous year: 3,875) 6.75% Tax Free US-64 Bonds of Rs. 100/- each	**4**	4
National Savings Certificate	**0.16**	0.08
	15	60
	647	675
Aggregate amount of quoted investments (Market value Rs. 2 lacs (Previous year: Rs. 2 lacs))	**1**	1
Aggregate amount of unquoted investments	**646**	674

12. Loans and advances

(Rs. in lacs)

		Long-term		Short-term	
		31 March 2013	30 Sept. 2012	**31 March 2013**	30 Sept. 2012
Capital advances (unsecured, considered good)		**274**	250	**-**	-
Security deposit (unsecured, considered good)		**155**	223	**3**	-
	(A)	**429**	473	**3**	-
Loans and advances to related parties					
Unsecured, considered good		**-**	-	**38**	4
Unsecured considered doubtful		**-**	-	-	-
	(B)	**-**	-	**38**	4
Advances recoverable in cash or kind					
Unsecured considered good		**1,046**	35	**1,547**	1,872
Unsecured considered doubtful		**1,138**	1,168	**-**	-
		2,184	1,203	**1,547**	1,872
Provision for doubtful advances		**1,138**	1,168	-	-
	(C)	**1,046**	35	**1,547**	1,872
Other loans and advances (unsecured, considered good)					
Advance tax		**520**	625	**348**	-
Balance with excise and customs		-	-	**846**	936
VAT recoverable		-	-	**222**	158
Inter-corporate deposit - considered doubtful		**57**	-	**-**	57
Provision for doubtful deposits		**(57)**	-	**-**	-
	(D)	**520**	625	**1,416**	1,151
	(A+B+C+D)	**1,995**	1,133	**3,004**	3,027

(Rs. in lacs)

	Short-term	
	31 March 2013	30 September 2012
Loans to employees include		
Dues from officers of the company (Maximum amount due Rs. 0.63 Lacs (Previous year : Rs. 2 lacs))	**0.25**	0.09
Loans and advances to related parties include		
Dues from L & L Products Shroff Private Limited (Maximum amount due Rs. 11 lacs (Previous year : Rs. 4 lacs)	**4**	4
Dues from STS Chemicals (UK) Limited (Maximum amount due Rs. 36 lacs (Previous year : Rs. Nil)	**34**	-
	38	4

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

(Rs. in lacs)

	31 March 2013	30 September 2012
Raw materials (includes in transit Rs. 159 lacs (Previous period: Rs. 154 lacs))	**1,897**	2,784
Work-in-progress	**763**	583
Finished goods (includes in transit Rs. 21 lacs (Previous period: Rs. 144 lacs))	**2,232**	3,415
Traded goods	**490**	85
Packing materials	**400**	480
Stores and spares (including fuel)	**385**	309
Finished Goods - trial run (refer note 39)	**420**	-
	6,587	7,656

14. Trade receivables

	Current 31 March 2013	(Rs. in lacs) 30 September 2012
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	**27**	44
Unsecured, considered good	**51**	857
Doubtful	**3,305**	3,104
	3,383	4,005
Other receivables		
Secured, considered good	**35**	86
Unsecured, considered good	**7,323**	6,740
Doubtful	**14**	4
	7,372	6,830
Less : Provision for doubtful debts	**(3,779)**	(3,104)
	6,976	7,731

15. Cash and bank balances

(Rs. in lacs)

	Non-current		Current	
	31 March 2013	30 Sept. 2012	**31 March 2013**	30 Sept. 2012
Cash and cash equivalents				
Balance with banks				
on current accounts	**-**	-	**965**	4,244
on fixed deposits with original maturity of less than three months	**-**	-	**51**	7
on unpaid dividend account	**-**	-	**20**	23
on unpaid fractional shares account	**-**	-	**8**	8
Cheques on hand	**-**	-	**1**	141
Cash on hand	**-**	-	**13**	18
	-	-	**1,058**	4,441
Other bank balances				
Deposits with original maturity for more than 12 months	**1**	-	**27**	-
Deposits with original maturity for more than 3 months but less than 12 months	**-**	-	**361**	29
Margin money deposit*	**346**	363	**-**	-
	347	363	**388**	29
Amount disclosed under non-current assets (note 16)	**(347)**	(363)	**-**	-
	-	-	**1,446**	4,470

*Includes Rs.69 lacs (Previous period: Rs. 68 lacs) held in liquidity margin under Companies (Acceptance of Deposit Rules) and Rs.277 lacs (Previous period: Rs. 306 lacs) as margin for import letter of credit and bank guarantees.

16. Other assets

(Rs. in lacs)

	Non-current		Current	
	31 March 2013	30 Sept. 2012	**31 March 2013**	30 Sept. 2012
Non-current bank balances (refer note 15)	**347**	363	**-**	-
Interest receivable	**-**	-	**23**	17
Export benefit receivable	**-**	-	**312**	304
Insurance claim receivable	**-**	-	**7**	5
Job work charges receivable	**-**	-	**38**	10
	347	363	**380**	336

17. Revenue from Operations

(Rs. in lacs)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Sale of products		
Finished goods	**22,522**	95,571
Traded goods	**803**	5,352
Sale of services	**1,104**	1,557
Other operating revenue		
Scrap sales	**94**	211
Export benefit	**250**	433
Commission	**328**	3
Technical Supports & Development Fees	**27**	-
Revenue from operations (gross)	**25,128**	1,03,127
Less: Excise duty#	**595**	2,550
Revenue from operations (net)	**24,533**	1,00,577

Excise duty on sales amounting to Rs. 595 lacs (Previous period: Rs. 2,550 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. 21 lacs) (Previous period: (Rs. 83 lacs)) has been considered and as income in note 21 of financial statements.

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Details of products sold		
Finished goods sold		
Agro chemicals and intermediates	**16,307**	61,208
Speciality chemicals	**1,826**	6,397
Phosphorous and its compounds	**1,525**	7,292
Other chemicals	**2,864**	20,674
	22,522	95,571
Traded goods sold		
Agro chemicals and intermediates	**205**	3,402
Formulated goods	**-**	1,010
Organic chemicals	**536**	687
Other chemicals	**62**	253
	803	5,352
	23,325	1,00,923
Details of services rendered		
Job work income	**986**	1,443
Micronisation and handling charges	**118**	114
	1,104	1,557

18. Other income

(Rs. in lacs)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Interest income on		
Bank deposits	**124**	22
Others	**4**	-
Government grants	**2**	7
Exchange difference (net)	**123**	465
Dividend Income from long-term investments	**7**	8
Insurance claim received	**1**	3
Profit on sale of long term investments (net)	**20**	1
Profit on sale of fixed assets (net)	**26**	72
Service charges	**6**	175
Sundry credit balance written back (net)	**3**	81

Rent income	**55**	113
Miscellaneous Income	**11**	-
	382	947

19. Cost of raw material consumed

(Rs. in lacs)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 Sept. 2012
Stock of raw material at the beginning of the period	**2,784**	3,758
Add: Purchases	**10,798**	58,717
	13,582	62,475
Less: Sale of raw materials	**142**	186
Less: Discount received on purchases	**-**	35
Less:Transferred on sale of subsidiary	**-**	3,984
Less: Stock of raw material at end of the period	**1,897**	2,784
	2,039	6,989
Foreign Exchange Movement	**(31)**	126
Cost of raw material consumed	**11,512**	55,612
Details of raw material consumed		
Agro chemicals and its intermediates	**6,856**	33,867
Speciality chemicals	**1,153**	5,815
Oxalic acid and oxalates	**1,411**	3,525
Other chemicals	**2,092**	12,405
	11,512	55,612

20. Purchase of traded goods

(Rs. in lacs)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Agro chemicals and intermediates	**574**	2,654
Formulated goods	**-**	685
Organic chemicals	**231**	262
Other chemicals	**25**	1,081
	830	4,682

21. (Increase)/decrease in inventories of finished goods, work-in-progress and trade goods

(Rs. in lacs)

	31 March 2013	30 Sept. 2012	(Increase)/decrease
Inventories at the end of the period			**31 March 2013**
Traded goods	**490**	85	**(405)**
Work-in-progress	**763**	583	**(180)**
Finished goods	**2,232**	3,415	**1,183**
	3,485	4,083	**598**
Transferred on Sale of Subsidiary			
Finished Products	**-**	4,125	
Inventories at the beginning of the period			30 September 2012
Traded goods	**85**	624	(539)
Work-in-progress	**583**	602	(19)
Finished goods	**3,415**	6,077	(2,662)
	4,083	7,303	(3,220)
Foreign Exchange Movement	**(19)**	76	
(Increase)/ Decrease in excise duty on finished goods	**(21)**	(83)	
	558	(912)	

Details of inventories	31 March 2013	30 September 2012
Traded goods		
Formulated goods	**54**	73
Other chemicals	**436**	12
	490	85
Work-in-progress		
Agro chemicals and intermediates	**495**	182
Speciality chemicals	**202**	180
Sulphur based compounds	**22**	61
Other chemicals	**44**	160
	763	583
Finished goods		
Speciality chemicals	**901**	695
Formulated goods	**237**	646
Agro chemicals and intermediates	**767**	1,338
Other chemicals	**327**	736
	2,232	3,415

22. Employee benefit expenses (Rs. in lacs)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Salaries, wages and bonus	**3,439**	10,815
Contribution to provident and other funds	**196**	577
Gratuity and leave encashment expense (refer note 28)	**180**	764
Staff welfare expenses	**898**	2,585
	4,713	14,741

23. Operating and other expenses (Rs. in lacs)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Consumption of stores and spares	**105**	315
Power and fuel	**1,977**	5,447
Repairs and maintenance - plant and machinery	**266**	716
Repairs and maintenance - buildings	**15**	57
Repairs and maintenance - others	**23**	322
Rent	**217**	412
Rates and taxes	**227**	938
Insurance charges	**57**	465
Bad debts written off	**14**	149
Postage, telegrams and telephones	**25**	157
Traveling and conveyance	**314**	984
Commission on sales (other than sole selling agents)	**560**	165
Discount on sales	**20**	150
Provision for doubtful advances	**137**	34
Packing expenses	**204**	987
Freight and handling expenses	**200**	1,622
Fixed assets written off	**-**	66
Job work expenses	**50**	183
Director's sitting fees	**2**	5
Provision for doubtful debts (net)	**579**	1,033
Research and development expenses	**30**	152
Marketing and promotional expenses	**499**	151
Other expenses *	**1,048**	2,996
	6,569	17,506

*** Payment to auditor**

As auditor:		
Audit fee	**20**	31
Tax audit fee	**-**	4
Limited review	**3**	9
In other capacity:		
Taxation matters	**-**	11
Other services (certification)	**-**	2
Reimbursement of expenses	**-**	1
	23	58

24. Depreciation and amortization expenses

(Rs. in lacs)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Depreciation of tangible assets	**688**	2,165
Amortization of intangible assets	**116**	6,295
	804	8,460

25. Finance costs

(Rs. in lacs)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Interest on loans and deposits	**966**	5,599
Interest on cash credit accounts	**753**	3,092
Interest on others	**183**	537
Bank charges	**27**	207
	1,929	9,435

26. Exceptional Income / (Expenses)

(Rs. in lacs)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Loss on sale of Subsidiary (refer note 34)	**-**	(3,095)
Less: Adjusted with Business Reconstruction Reserve (refer note 33)	**-**	(1,139)
Liabilities written back on one time settlement of borrowings (refer note below)	**737**	-
	737	1,956

Note : During the period, the Company has settled its borrowings along with accrued interest thereon with one of the bank on One Time Settlement basis and liabilites written back on such settlement has been has been credited to the statement of profit and loss.

27. Earnings per share

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

(Rs. in lacs)

	31 March 2013	30 September 2012
Net Loss after tax for calculation of basic and diluted EPS	**(1,263)**	(10,712)
Weighted average number of equity shares in calculating basic and diluted EPS (in numbers)	**1,22,62,185**	73,36,866
Earnings per share (basic and diluted) (in Rs.)	**(10.30)**	(146.00)

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 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 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)

	1 October 2012 to 31 March 2013	1 April 2011 to 30 September 2012
Contribution to provident fund	**115**	312
Contribution to superannuation fund	**70**	194
	185	506

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)

	31 March 2013	30 September 2012
Current service cost	**29**	78
Interest cost on benefit obligation	**43**	107
Expected return on plan assets	**(16)**	(41)
Net actuarial (gain) / loss recognized in the period	**48**	126
Net benefit expenses	**104**	270
Actual return on plan assets	**17**	42
Balance sheet		
Benefit asset / liability		
Present value of defined benefit obligation	**1,091**	1,045
Fair value of plan assets	**346**	372
Plan asset / (liability)	**(745)**	(673)
Changes in the present value of the defined benefit obligation are as follows :		
Opening defined benefit obligation	**1,045**	809
Current service cost	**29**	78
Interest cost	**43**	107
Benefits paid	**(75)**	(78)
Actuarial (gains)/losses on obligation	**49**	129
Closing defined benefit obligation	**1,091**	1,045
Changes in the fair value of plan assets are as below:		
Opening fair value of plan assets	**372**	318
Expected return	**16**	41
Contributions by employer	**32**	87
Benefits paid	**(75)**	(78)
Actuarial (gains)/losses	**1**	4
Closing fair value of plan assets	**346**	372
Contribution for the next year	**119**	118

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

	31 March 2013	30 September 2012
Investments with insurer	**100%**	100%
	100%	100%

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

	31 March 2013	30 September 2012
Discount rate	**8.25%**	8.60%
Expected return on plan assets	**8.50%**	8.50%
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: (Rs. in lacs)

	31 March 2013	30 September 2012	31 March 2011	31 March 2010	31 March 2009
Defined benefit obligation	**1,091**	1,045	809	764	583
Plan assets	**346**	372	302	286	246
Surplus/(deficit)	**(745)**	(673)	(507)	(478)	(337)
Experience adjustment on plan liabilities	**(11)**	4	1	3	-
Experience adjustment on plan assets	**(17)**	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 2013 is as under :

	31 March 2013 (In Rs. lacs)	31 March 2012 (In Rs. lacs)
Current assets	**2**	2
Non-current assets	**0.49**	1
Current liabilities	**23**	22
Non-current liabilities	**29**	28
Equity	**(50)**	(47)
Revenue	**7**	10
Material cost	**3**	11
Employee benefit expenses	**2**	5
Operating and other expenses	**5**	8
Profits before tax	**(3)**	(14)
Income tax expenses	**-**	-
Profit after tax	**(3)**	(14)

30. Segment information

The Company is organized into two Business Segment namely :

a) Chemicals - Comprising of Industrial, Agro Chemicals and their Intermediates, Speciality Chemicals etc.

b) Bulk Drug - Comprising of Bulk Drug and Intermediates.

Period ended 31 March 2013

	Chemicals	Bulk drugs and intermediates	Eliminations	Total
Revenue from operations				
External	21,676	2,857	-	24,533
Inter-segment	196	91	(287)	-
Total revenue from operations	**21,872**	**2,948**	**(287)**	**24,533**
Results				
Segment results	(286)	58	-	(229)
Unallocated expenses net of unallocable income				(158)
Operating profit / (loss)				**(71)**
Finance costs				1,929
Exceptional Income / (expenses)				737
Profit/(loss) before tax				**(1,263)**
Tax expenses				-
Profit / (Loss)				**(1,263)**
As at 31 March 2013				
Segment assets	38,498	8,501	-	46,999
Unallocated assets	-			1,167
Total assets	**38,498**	**8,501**	**-**	**48,166**
Segment liabilities	14,836	1,231	-	16,067
Unallocated liabilities				35,837
Total liabilities	**14,836**	**1,231**	**-**	**51,904**
Other segment information				
Capital expenditure :				
Tangible assets	566	81	-	647
Intangible assets	17	-	-	17
Depreciation	545	143	-	688
Amortization	116	-	-	116
Other non-cash expenses	708	115	-	823

Period ended 30 September 2012

	Chemicals	Bulk drugs and intermediates	Eliminations	Total
Revenue from operations				
External Sales	93,058	7,519	-	1,00,577
Inter-segment Sales	865	481	(1,346)	-
Total revenue	**93,923**	**8,000**	**(1,346)**	**1,00,577**
Results				
Segment results	2,541	(1,115)	-	1,426
Unallocated expenses net of unallocable income				(9)
Operating profit				**1,435**
Finance costs				9,435
Exceptional income / (expenses)				1,956
Profit/(loss) before tax				**(9,956)**
Tax expenses				757
(Excess)/short provision of earlier years				(1)
Profit / (Loss)				**(10,712)**

As at 30 September 2012				
Segment assets	42,608	9,322	-	51,930
Unallocated assets			-	705
Total assets	**42,608**	**9,322**	**-**	**52,635**
Segment liabilities	22,084	1,152	-	23,236
Unallocated liabilities				32,064
Total liabilities	**22,084**	**1,152**	**-**	**55,300**
Other segment information				
Capital expenditure:				
Tangible fixed 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	1,040	-	1,282
Unallocable non-cash expenses	-	-	-	1,956

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.

Period ended 31 March 2013	**India**	**Outside India**	**Total**
Revenue from operations			
External customers	20,401	4,132	24,533
Other segment information			
Segment assets	43,384	4,782	48,166
Capital expenditure			
Tangible fixed assets	647	-	647
Intangible assets	6	11	17

Period ended 30 September 2012	**India**	**Outside India**	**Total**
Revenue from operations			
External Customers	39,534	61,043	1,00,577
Other segment information			
Segment assets	34,508	18,127	52,635
Capital expenditure			
Tangible fixed assets	2,091	258	2,349
Intangible assets	64	3,214	3,278

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. Agrichem Polska SP. Z.O.O., Poland (till June 30, 2012)
3. N.V. Agricultural Chemicals, Belgium (till June 30, 2012)
4. Agrichem Helvetia GmbH, Switzerland (till June 30, 2012)

Other related parties with whom transactions have taken during the period

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

Key management personnel

Directors
1. Mr. G. Narayana — Chairman
2. Mr. Shalil Shroff — Managing Director
3. Mrs. Rupam Shroff — Whole Time Director (till 30-06-2011)

	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. Mrs. Ravinder Kaur 5. Mr. Jaswant Singh	
Enterprises over which key management personnel & their relatives have significant influence :	1. Eftec Shroff (India) Limited (till September 30, 2012) 2. Hemsil Trading & Manufacturing Private Limited 3. M/s Salil Meta Chem 4. L & L Products Shroff Private Limited 5. Shalil Shroff (HUF)	

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

a. Sale/purchase of goods and services

	Period ended	Sale of goods	Purchases of goods	Amount owed by related parties*	Amount owed to related parties*
Other related entities					
Hem-sil Trading and Manufacturing Pvt. Limited	31 March 2013	**-**	**-**	**-**	**-**
	30 September 2012	-	-	-	11

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

b. Loans given, advances made and repayment thereof

	Period ended	Loans given/Advances made during the period	Repayment made during the period	Interest accrued during the period	Amount owed by related parties#
Subsidiaries					
STS Chemicals (UK) Limited (Refer note 2.1 (d))	31 March 2013	**-**	**-**	**-**	**34**
	30 September 2012	-	-	-	-
Key managerial personnel					
Mr. S. S. Tiwari	31 March 2013	**-**	**1**	**-**	**-**
	30 September 2012	6	-	-	1
Other related entities					
Eftec Shroff (India) Limited	31 March 2013	**-**	**-**	**-**	**-**
	30 September 2012	-	27	-	-

The amounts are classified as advance receivable from related parties.

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

	Period ended	Loans and Deposits taken/Advance received during the period	Repayment during the period	Interest accrued during the period	Amount owed to related parties$
Other related entities					
Hem-sil Trading and Manufacturing Pvt. Limited	31 March 2013	**7**	**10**	**50**	**564**
	30 September 2012	223	-	125	780
Salil Metachem	31 March 2013	**-**	**-**	**-**	**57**
	30 September 2012	57	-	7	57
Eftec Shroff (India) Limited	31 March 2013	**-**	**-**	**-**	**-**
	30 September 2012	-	-	-	6

Key managerial personnel					
Capt. S. S. Chopra (Retd.)	31 March 2013	**-**	**14**	**-**	**-**
	30 September 2012	-	-	2	14
Relatives to key managerial personnel					
Others	31 March 2013	**-**	**19.20**	**0.20**	**-**
	30 September 2012	-	7	3	19

$ The amounts are classified as due from subsidiaries.

d. Other transactions with related parties

	Period ended	Purchase of fixed assets during the period	Rent/service charges income /(expense) during the period	Amount receivable / (payable) on account of income / (expense)
Other related parties				
Eftec Shorff (India) Limited	31 March 2013	-	-	-
	30 September 2012	2	56	-
Hem-sil Trading and Manufacturing Pvt. Limited	31 March 2013	-	-	-
	30 September 2012	-	(26)	-
Shalil Shroff HUF	31 March 2013	**-**	**3**	**-**
	30 September 2012	-	(10)	-
L & L Products Shroff Pvt Ltd	31 March 2013	**-**	**21**	**4**
	30 September 2012	-	51	4

		Issue of Share Capital during the period
Other related parties		
Hem-sil Trading and Manufacturing Pvt. Limited	31 March 2013	**-**
	30 September 2012	2,000

e. Remuneration and other benefits

	31 March 2013 In Rs. lacs	30 September 2012 In Rs. lacs
Remuneration to Directors		
Mr. Shalil Shroff	**22**	67
Mr. Avtar Singh	**18**	51
Ms. Rupam Shroff	**-**	28
Mr. S. S. Tiwari	**20**	60
Benefits to Relatives		
Ms. Shaila Shroff	**2**	7
Ms. Ravinder Kaur	**3**	7
Others	**1**	2
Sitting Fees		
Mr. G. Narayana	**0.20**	0.80
Capt. S. S. Chopra (Retd.)	**0.15**	0.45

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 31 March 2013, the term loans of Rs. 4,344 lacs (Previous period: Rs. 4,228 lacs) from financial institutions taken by SD Agchem (Europe) N.V. is guaranteed by the corporate guarantee of the ultimate holding company.

32. Contingent liabilities

	31 March 2013 (In Rs. lacs)	30 September 2012 (In Rs. lacs)
Claims against the company not acknowledged as debts		
Excise duty matters in dispute or under appeal	**252**	66
Income Tax matters in dispute or under appeal	**1,550**	965
Demand raised by Sales Tax Authorities	**11**	11
Labour laws matters in dispute or under appeal	**8**	680
Demand raised by previous land owners	**434**	404
Corporate guarantee given on behalf of the subsidiary companies (revalued at closing exchange rates)	**4,344**	3,100

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

The Company is contesting the demands and the management, including its tax advisors, believe that its position will be likely be upheld in appellate process. No tax expense has been accured in financial statements for the tax demand raised. The management believes that the ultimate outcome of the proceeding will not have a material adverse effect on the company's financial position and results of operations.

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.

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

a) 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 period ended 30 September 2012:

1. Incremental depreciation aggregating Rs. 499 lacs for 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 Parul Chemicals Limited;
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. 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 period ended 30 September 2012. (also refer note 34)

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	**1 October 2012 to 31 March 2013**	1 April 2011 to 30 September 2012
Depreciation	-	-
Finance expenses	-	-
Fixed assets and capital project written off	-	-
Payroll expenses	-	-
Other operating expenses	-	-
Material cost (inventory written off)	-	-
Provision for diminution in value of investments in subsidiary	-	1,139
Loss before tax	**-**	1,139
Provision for deferred tax*	-	-
Loss after tax	**-**	1,139

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

Earnings per share	For the period ended	
	31 March 2013	30 September 2012
Basic and diluted EPS (In Rs)	-	(138.02)

In the balance sheet	Amt in Rs. Lacs	
Item	**31 March 2013**	30 September 2012
Revaluation reserve	-	-
Business reconstruction reserve	-	-
Statement of profit and loss debit balance	-	1,139
General reserve	-	-

34. Sale of Subsidiary

During the previous financial period, the wholly owned subsidiary of the Company, S. D. Agchem Europe N.V. sold its entire investments in equity shares in its step down subsidiary S. D. Agchem Netherlands B.V. Further, significant operational losses had been incurred in another step down subsidiary Sintesis Qimica SAIC which coupled with losses arising from sale of S. D. Agchem Netherlands B.V. resulted in substantial erosion of the networth of S.D. Agchem Europe N.V. 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 N.V. This provision to the extent of Rs. 1,139 lacs had 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 previous financial period would have been higher by Rs. 1,139 lacs.

35. Remuneration to Key Managerial Personnel

The Company has paid and provided remuneration amounting to Rs. 13.29 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 period, 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.

36. Corporate Debt Restructuring

The Company had in the preivous period obtained an approval for the Debt Restructuring from the Corporate Debt Restructuring Empowered Group ('CDR EG'). 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 (WCTL) with following terms :-

— Rs. 5,000 lacs carrying interest @ 8% p.a. and to be repaid in full till 30 September 2012 ,out of which the company has paid Rs. 2,044 lacs to the bankers. The company is under discussion with the lenders to renegotiate the terms of repayment by offering certain alternative assets for disposal to repay all in lieu of disposal of Pharmaceutical division as per CDR scheme. The Company is awaiting for such approval based on which the Company will repay balance amount of Rs. 2,956 lacs of WCTL to the lenders as per the CDR scheme. Pending the approval from lenders to disposal of alternate assets, the Company has executed "Power of Attorney" in favour of lenders to dispose off the Pharmaceutical Division of the company to repay the WCTL as per the CDR scheme.

— 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.

In addition to above as per the Scheme promoters had contributed 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 Secundarabad and Ahmedabad and Industrial land at Tarapur and Chiplun by the Company.

(c) Personal guarantee of Managing Director.

(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 Division 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.

37. 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 %**	**31 March 2013 (In Rs. lacs)**	30 September 2012 (In Rs. lacs)
1. Nedab Aps, Denmark (upto 30 June 2012) (refer note 34)	50%	**-**	10
2. Kapchem Limited, Ireland (upto 30 June 2012) (refer note 34)	50%	**-**	210
3. Source Dynamics LLC	20%	**617**	617
		617	837

38. Capital and other commitments

	31 March 2013 (In Rs. lacs)	30 September 2012 (In Rs. lacs)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**75**	67
Other Commitments (Deposit for Performance Guarantee)	**2,125**	-
	2,200	67

39. Amounts capitalized in the respective project costs and excluded from:

During the period, 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.

	31 March 2013 (In Rs. lacs)	30 September 2012 (In Rs. lacs)
Salaries, wages and bonus	**120**	208
Raw Material Consumption	**299**	-
Traveling expenses	**-**	10
Power and fuel	**68**	17
Insurance expenses	**-**	2
Legal and professional fees	**-**	2
Finance costs	**75**	65
Others	**10**	-
Total	**572**	304
Less: Trial run inventory (refer note 13)	**420**	-
Total amount capitalised	**152**	304

40. Derivative instruments and unhedged foreign currency exposure

Particulars of unhedged foreign currency exposure as at the reporting date

		31 March 2013		30 September 2012	
	Currency	**Indian Rupees in lacs**	**Foreign Currency in lacs**	Indian Rupees in lacs	Foreign currency in lacs
Trade receivable / advances to vendors	EUR	**3,358**	**48**	2,568	38
	USD	**1,366**	**25**	2,463	46
Trade payable / advances from customers	EUR	**113**	**2**	95	1
	USD	**907**	**17**	1,274	24
Advances to / receivable from subsidiaries	EUR	**2,520**	**36**	2,425	36
	USD	**340**	**6**	307	6
	GBP	**34**	**0.41**	35	0.41
Payable to subsidiaries	EUR	**1,066**	**15**	1,031	15
	USD	-	-	19	0.19
Investments (at historical cost)	EUR	**3,825**	**67**	3,825	67
	GBP	**2**	**0.02**	2	0.02

41. Break-up of Deferred Tax Assets and Deferred Tax Liabilities :

		31 March 2013 (In Rs. lacs)	30 September 2012 (In Rs. lacs)
Deferred tax liabilities			
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting		**1,909**	1,904
	(A)	**1,909**	1,904
Deferred tax assets			
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis		**484**	304
Unabsorbed losses and depreciation*		**1,425**	1,600
	(B)	**1,909**	1,904
Net deferred tax asset/(liability)	**(A) - (B)**	**-**	-

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

42. Previous period figures

a) With effect from current financial period, the Company has changed its accounting year from period ended 30 September to period ended 31 March. Accordingly, these financial statements are prepared for a period of six months from 1 October 2012 to 31 March 2013. Hence, the figures for current accounting period are not comparable with those of the previous accounting period. Further in previous period, the company has changed it's accounting year from year ended 31 March to period ended 30 September. Accordingly previous period's figures are for a period of eighteen months from April 1, 2011 to September 30, 2012.

b) The company has reclassified previous period figures to confirm to current period's classification.

As per our report of even date

For and on behalf of the Board of Directors of Punjab Chemicals & Crop Protection Limited

For **S.R. BATLIBOI & CO. LLP**
ICAI 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 : May 29, 2013

Place : Mumbai
Date : May 29, 2013

PUNJAB CHEMICALS & CROP PROTECTION LIMITED

STATEMENT UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

Rs. in lacs

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit before Taxation	Provision for Taxation	Prior Period Item/(Excess provision for tax)	Profit after Taxation	Proposed Dividend
1.	SD Agchem (Europe) NV	EUR	69.64	4636.00	(4720.00)	7046.00	7130.00	0.00	205.44	(118.00)	0.00	0.00	(118.00)	0.00
2.	Sintesis Quimica S.A.I.C	PESO	10.67	213.00	(2342.00)	7420.00	9549.00	0.00	4906.00	(977.00)	0.00	0.00	(977.00)	0.00

Note :-

1. 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
2. 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. 31.03.2013.
3. During the year 100% subsidiary, STS Chemicals (UK) Limited has not been considered for consolidation.

Place : Mumbai
Date : May 29, 2013

G. Narayana
Chairman

Shalil Shroff
Managing Director

Avtar Singh
Whole Time Director

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

Vipul Joshi
Chief Financial Officer

PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

Regd. Office : SCO 183, First Floor, Sector 26, Madhya Marg, Chandigarh-160 019

Dear Shareholders,

Subject : Registration of e-mail address- Green Initiative in Corporate Governance.

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by companies through electronic mode. Companies are now permitted to send various notices/ documents to its shareholders through electronic mode to the registered email addresses of shareholders.

This move by the Ministry has been welcomed by all since it will benefit the society and the Company at large through reduction in paper consumption, saving cost on paper and postage and avoid loss of document in postal transit.

This is also a golden opportunity for every shareholder to contribute to the Corporate Social Responsibility initiative of the Company. In view of this, the Company proposes to send all notices and documents like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, Postal Ballot Papers, etc, henceforth to the shareholders in the electronic mode, at the designated email addresses furnished by them and made available to the Company by the respective Depositories.

Therefore, Shareholders holding equity shares in electronic form are requested to register and/ or update their email address with the Depository Participant and Shareholders holding shares in physical form are requested to send their e-mail address for registration to jksingla@alankit.com quoting the Folio Number.

The Annual Report of your Company for the financial year 2012-13 would be made available on the Company's website : www.punjabchemicals.com.

As a member of the Company, you will be entitled to be furnished, free of cost, copy of the said documents of the Company, upon receipt of a requisition from you, at any time by writing to investorhelp@punjabchemicals.com.

We are sure that as a responsible citizen, you shall cooperate with the Company in implementation of the green initiative.

Yours faithfully,

For **PUNJAB CHEMICALS AND**
CROP PROTECTION LIMITED

Sd/-
(CS PUNIT K ABROL)
SR.V.P. (FINANCE) & COMPANY SECRETARY

PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

Regd. Office : SCO 183, First Floor, Sector 26, Madhya Marg, Chandigarh-160 019

To be sent by shareholder holding shares in physical mode only

(Shareholders holding shares in demat mode are requested to give their E-mail ID to their Depository Participant (DP) in the format provided by them)

REGISTRATION OF E-MAIL ID FORM

Date : ....

To,

Mr. J.K. Singla
RTA Division
M/s Alankit Assignments Ltd.
2E/21, Anarkali Market, Jhandewalan Extension
New Delhi - 110 055

Dear Sir,

Sub.: Implementation of Circular issued by MCA, Government of India on "Green Initiatives in Corporate Governance" – Registration of E-mail ID

I hereby give my consent to send me various documents viz. General Body Meeting Notices, Annual Reports including Audited Accounts etc. through E-mail instead of sending them in the physical form. My detail as to E-mail ID are given below :

Folio Number	
Name of First Shareholder	
E-mail ID	
Phone No.	
Signature of Shareholder	

PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

Regd. Office : SCO 183, First Floor, Sector 26, Madhya Marg, Chandigarh-160 019

D.P. ID	
Client ID	

L.F. NO.	
No. of Shares held	

ATTENDANCE SLIP

I/We hereby record my/our presence at the 37th Annual General Meeting of the Company held at PHD House, Sector - 31, Chandigarh on Wednesday, the 4th September, 2013 at 10.30 a.m.

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

NOTES :

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

PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

Regd. Office : SCO 183, First Floor, Sector 26, Madhya Marg, Chandigarh-160 019

PROXY FORM

I/We...of

.... being a Member/Members

of the above named Company, hereby appoint .... of

.... or failing him .... as my/our Proxy to

attend and vote for me/us on my/our behalf at the 37th Annual General Meeting of the Company, to be held on Wednesday, the 4th September, 2013 at 10.30 a.m. and at any adjournment thereof.

Signed this ____________________ day of ______________________ 2013.

Reference Folio No./DPID & Client ID ____________________________________

No. of Shares _______________

Signature of the Shareholder ....

Affix Re. 1/-
Revenue Stamp

NOTES:

1. The Proxy, to be effective, should be deposited at the Registered Office of the Company at Punjab Chemicals and Crop Protection Limited, SCO 183, First Floor, Sector 26, Madhya Marg, Chandigarh not less than FORTY-EIGHT HOURS before the commencement of the aforesaid meeting.
2. A Proxy need not be a Member of the Company.

Manufacturing Site

Agro Chemicals Division - Derabassi

Punjab Chemicals & Crop Protection Limited

www.punjabchemicals.com

Registered Office :
SCO 183, First Floor
Sector 26 (East), Madhya Marg
Chandigarh-160 019
Tel.: 0172-5008300, 5008301
Fax : 0172-2790160
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

FORM B

Format of covering letter of the Annual Audit Report to be filed with the stock exchanges

1.	Name of the Company	Punjab Chemicals and Crop Protection Limited
2.	Annual financial statements for the year ended	Standalone and Consolidated financial statements for the Six months period ended March 31, 2013
3.	Type of Audit qualification	**Standalone financial Statements :** Emphasis of Matter **Consolidated financial Statements:** a. Emphasis of Matter b. Qualified
4.	Frequency of qualification	**Standalone financial statements** **Emphasis of Matter** Emphasis of matter as given in Auditor's Report under the heading "Emphasis of Matter" – Frequency – First time **Consolidated financial statements** **A. Emphasis of Matter** Emphasis of matter as given in Auditor's Report under the heading "Emphasis of Matter" – Frequency – First time **B. Qualified Opinion** i) Audit qualification as given in note (a) of the Auditor's Report under the heading "Basis for Qualified Opinion" - Frequency – First time ii) Audit qualification as given in note (b) of the Auditor's Report under the heading "Basis for Qualified Opinion" - Frequency - repetitive since the financial year ended March 31, 2011.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	**Qualifications in Auditor's Report to the Consolidated Financial Statements** i) Note (a) of the Auditor's Report under the heading "Basis of Qualification" ➢ Refer Note 2.1 (d) of the consolidated financial statements for the six months period ended March 31, 2013.

		➤ Refer the Director's Report for the management comments on auditor's qualification under the heading " Auditor's Report" (Refer note (i)) ii) Note (b) of the Auditor's Report under the heading "Basis of Qualification" ➤ Refer Note 2.1 (f) of the consolidated financial statements for the six months period ended March 31, 2013. ➤ Refer the Director's Report for the management comments on auditor's qualification under the heading " Auditor's Report" (Refer note (ii))
6.	Additional comments from the board/audit committee chair	None
7.	To be signed by- For S.R. Batliboi & Co. LLP Chartered Accountants ICAI Firm Registration Number: 301003E per Ravi Bansal Partner Membership Number: 49365 Statutory Auditor Place : Mumbai Date : August 03, 2013	Shalil Shroff (Managing Director) Vipul Joshi (Chief Financial Officer) Mukesh D Patel (Audit Committee Chairman) Place : Mumbai Date : August 03, 2013