
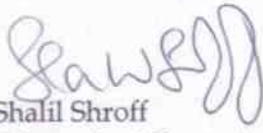




**FORM B**

**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 financial year ended 31 <sup>st</sup> March, 2014.
3.	Type of Audit qualification	<b>Standalone Financial Statements:</b> Emphasis of matter  <b>Consolidated Financial Statements:</b> a) Emphasis of Matter b) Qualified Opinion
4.	Frequency of qualification	<b>Standalone Financial Statements:</b> <b>Emphasis of Matter</b> Emphasis of Matter as given in Independent Auditor's Report under the heading "Emphasis of Matter". Frequency-Repetitive since last financial year ended March 31, 2013.  <b>Consolidated Financial Statements:</b> <b>a) Emphasis of matter</b> Emphasis of Matter as given in Independent Auditor's Report under the heading "Emphasis of Matter". Frequency-Repetitive since last financial year ended March 31, 2013.  <b>b) Qualified Opinion:</b> i) Audit qualification as given in note (a) of the Independent Auditor's Report under the heading "Basis for Qualified Opinion". Frequency-Repetitive since last financial year ended March 31, 2013.  ii) Audit qualification as given in note (b) of the Independent Auditor's Report under the heading "Basis for Qualified Opinion". Frequency- First time
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report.	<b>Qualifications in the Independent Auditor's Report to the Consolidated Financial Statements</b> i) Note (a) of the Independent Auditor's Report under the heading "Basis for Qualified Opinion" ➤ Refer note 2.1.1 (d) of the consolidated financial statements for the year ended 31 <sup>st</sup> March, 2014. ➤ Refer the Directors' Report for the management comments on auditor's qualification under the heading "Auditors' Report".

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		<p>(ii) Note (b) of the Independent Auditor's Report under the heading "Basis for Qualified Opinion"</p> <ul style="list-style-type: none"> <li>➤ Refer note 2.1.1 (f) (iv) of the consolidated financial statements for the year ended 31<sup>st</sup> March, 2014.</li> <li>➤ Refer the Directors' Report for the management comments on auditor's qualification under the heading "Auditors' Report".</li> </ul>
6.	Additional comments from the board/audit committee chair:	None.
7.	<p>To be signed by- For S.R. Batliboi &amp; Co. LLP Chartered Accountants ICAI Firm Registration Number: 301003E</p>  <p>per Ravi Bansal Partner Membership Number: 49365 Statutory Auditor</p> <p>Place: Mumbai Date: August 7, 2014</p>	 <p>Shalil Shroff (Managing Director)</p>  <p>Vipul Joshi (Chief Financial Officer)</p>  <p>Mukesh D. Patel (Audit Committee Chairman)</p> <p>Place: Mumbai Date: August 7, 2014</p>





# PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

CIN No. : L24231CH1975PLC003603

Registered Office: S.C.O: 183, 1st Floor, Sector 26, Madhya Marg, Chandigarh 160019.

## **NOTICE**

Notice is hereby given that the thirty eighth (38th) Annual General Meeting of the members of Punjab Chemicals and Crop Protection Limited will be held on Tuesday, the 23rd September, 2014 at 4:00 p.m. at PHD House, Sector- 31, Chandigarh to transact the following businesses:

### **Ordinary Business:**

1. To receive, consider and adopt the Audited Standalone and Consolidated financial statements of the Company for the financial year ended March 31, 2014 including the audited Balance Sheet as at March 31, 2014 and the Statement of Profit & Loss for the financial year ended on that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Capt. S.S Chopra (Retd.) (DIN No. 00146490), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
3. **Appointment of Auditors and fixation of their remuneration.**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 139-142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, S R B C & Co. LLP, Chartered Accountants (Registration No. 324982E) , be and is hereby appointed as the Statutory Auditors of the Company, in place of retiring auditors S.R Batliboi & Co. LLP, Chartered Accountants (Registration No. 301003E) to hold office from the conclusion of this Annual General Meeting till the conclusion of the 41st Annual General Meeting of the Company to be held in the calendar year 2017 (subject to ratification of their appointment at every Annual General Meeting) at such remuneration plus service tax and out of pocket expenses, etc. as may be mutually agreed between the Board of Directors of the Company and the Auditors."

### **Special Business:**

4. **Appointment of Shri G. Narayana (DIN: 00020575) as an Independent Director.**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013 (the Act) and the Rules framed there under, read with Schedule IV to the Act, (including any statutory modification (s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri G. Narayana (DIN: 00020575), a Non- executive Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years upto the conclusion of the 43rd Annual General Meeting of the Company to be held in the calendar year 2019."

5. **Appointment of Shri M.D Patel (DIN: 00009605), as an Independent Director.**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013 (the Act) and the Rules framed there under, read with Schedule IV to the Act, (including any statutory modification (s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri M.D Patel (DIN: 00009605), a Non- executive Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years upto the conclusion of the 43rd Annual General Meeting of the Company to be held in the calendar year 2019."

6. **Appointment of Shri Vijay Rai (DIN: 00075837), as an Independent Director.**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013 (the Act) and the Rules framed there under, read with Schedule IV to the Act, (including any statutory modification (s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Vijay Rai (DIN: 00075837), a Non- executive Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years upto the conclusion



of the 43rd Annual General Meeting of the Company to be held in the calendar year 2019.”

**7. To appoint Smt. Sindhu Seth (DIN: 00109298) as a Director, liable to retire by rotation.**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013 (the Act) and the Rules framed there under (including any statutory modification (s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement and other applicable provisions, if any, Smt. Sindhu Seth (DIN: 00109298), who was appointed as an Additional Director by the Board of Directors of the Company pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and who holds office upto the conclusion of this Annual General Meeting and being eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature as a Director of the Company, be and is hereby appointed as a Woman Director of the Company, liable to retire by rotation.”

**8. To approve the remuneration of the Cost Auditors for the financial year ending March 31,2015.**

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Smt. Pushpa Khanna, Cost Accountant, Chandigarh (Membership No. M5604) and M/s Khushwinder Kumar & Co., Cost Accountants, Jalandhar, (Firm Registration No.100123) appointed as the Cost Auditors of the Company by the Board of Directors, to conduct the audit of the cost records of the Company for the financial year ending March 31,2015, be paid remuneration as set out in the explanatory statement of this item annexed to the Notice of this Meeting.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**9. To amend Articles of Association of the Company.**

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

**“RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 and Rules contained therein (including any statutory modification and reenactments thereof for the time being in force) and such other requisite approvals as may be required, Article 120 and Article 173 of the Articles of Association of the Company be amended as follows respectively:

**Insertion after Article 120:**

“A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.”

**Article 173 be substituted as follows:**

- (a) Shri Shalil Shroff shall be a director not be liable to retire by rotation.
- (b) All other Whole Time Director (s) shall be liable to retire by rotation. A Whole Time Director re-appointed as a Director immediately on retirement by rotation, shall continue to hold his office of Whole Time Director, and such re-appointment of the Director shall not be deemed to constitute a break in his appointment as Whole Time Director.
- (c) The Board shall have the power to determine the directors whose period of office is or is not liable to determination by retirement of directors by rotation.”

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take all such steps and actions for the purposes of making all such filings and registrations as may be required in relation to the aforesaid amendment to the Articles of Association and further to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

**10. Re-appointment of Shri Shalil Shroff (DIN:00015621) as the Managing Director of the Company and to fix his remuneration.**

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

**“RESOLVED that** pursuant to the provisions of Sections 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Act and subject to the requisite approval of the Central Government, if required and pursuant to the resolution passed by the Nomination and Remuneration Committee and the Board of Directors of the Company, the approval of the Company be and is hereby accorded to the re-appointment of Shri Shalil Shroff ( DIN: 00015621) as the Managing Director of the Company for a period of 3 (three) years from 15.01.2015 to 14.01.2018 on the terms and

conditions including remuneration as set out in the relevant explanatory statement annexed to the notice of this meeting.

RESOLVED FURTHER THAT the remuneration payable to Shri Shalil Shroff as detailed in the explanatory statement shall be payable as minimum remuneration in case of absence or inadequacy of profit in any financial year but not exceeding the limits specified under Section II of Part II of Schedule V to the Act (including any statutory modification or re-enactment thereof, for the time being in force), or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors (which term shall be deemed to include the Nomination and Remuneration Committee) be and is hereby authorised to alter and vary the terms and conditions of the said re-appointment and/ or remuneration as it may deem fit, subject to the same not exceeding the limits specified under Section 197 read with Schedule V to the Act (including any statutory modifications or re-enactment (s) thereof, for the time being in force).

RESOLVED FURTHER THAT the Board of Directors of the Company or any person authorised by the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient or desirable and to settle any question or doubt that may arise in relation thereto and the Board shall have the absolute powers to accept any modification in the terms and conditions as may be approved by the Central Government while according its approval, if required, to the said reappointment and comply with the abovementioned applicable provisions and to give effect to the foregoing resolution.”

#### **11. Re-appointment of Shri Avtar Singh (DIN:00063569) as the Whole Time Director of the Company and to fix his remuneration.**

To consider and If thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT in continuation to the earlier approval accorded by the Members in their 36th Annual General Meeting (AGM) to the re-appointment of Shri Avtar Singh (DIN: 00063569) as the Whole Time Director of the Company pursuant to the Companies Act, 1956 (erstwhile Act), it is hereby further resolved that the said approval be and is hereby also accorded under Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 (New Act) and the rules made there under and subject to the requisite approval of the Central Government, if required (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the New Act.

RESOLVED FURTHER THAT the terms and conditions for the re-appointment of Shri Avtar Singh including remuneration will remain same as approved in the resolution passed by the Members in their 36th AGM as reproduced in the relevant explanatory statement annexed to the notice of this meeting for a term of five (5) years w.e.f 14.11.2012 to 13.11.2017.

RESOLVED FURTHER THAT the remuneration payable to Shri Avtar Singh as aforesaid shall be payable as minimum remuneration in case of absence or inadequacy of profit in any financial year but not exceeding the limits specified under Section II of Part II of Schedule V to the Act (including any statutory modification or re-enactment thereof, for the time being in force) , or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors (which term shall be deemed to include the Nomination and Remuneration Committee) be and is hereby authorised to alter and vary the terms and conditions of the said re-appointment and/ or remuneration as it may deem fit, subject to the same not exceeding the limits specified under Section 197 read with Schedule V to the Act (including any statutory modifications or re-enactment (s) thereof, for the time being in force).

RESOLVED FURTHER THAT the Board of Directors of the Company or any person authorised by the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient or desirable and to settle any question or doubt arise in relation thereto and the Board shall have the absolute powers to accept any modification in the terms and conditions as may be approved by the Central Government while according its approval, if required, to the said reappointment and/ or remuneration and comply with the abovementioned applicable provisions to give effect to the foregoing resolution.”

#### **12. To approve borrowing limits of the Company**

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

“RESOLVED THAT pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification (s) or re-enactment thereof for the time being in force) and that of Articles of Association of the Company and in supersession to the ordinary resolution passed under Section 293 (1) (d) of the Companies Act, 1956 by the Members in their Extra-ordinary General Meeting held on 22nd July, 2005, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include any committee thereof for the time being)to borrow money, where the money to be borrowed together with the money already borrowed by the Company either from the Company's Bankers or any other Indian or Foreign Bank (s), Financial Institution (s) and / or any other Lending Institutions or person(s) from time to time, apart from the Temporary loans obtained or to be obtained from the Company's bankers/ Financial Institutions in the ordinary course of business, with or without security on such terms and conditions as the Board thinks fit, may exceed, at any time, the aggregate of the

paid-up share capital and free reserves of the Company, provided that the money borrowed together with the money (s) already borrowed by the Board of Directors shall not exceed the sum of Rs. 500 crores (Rupees five hundred crores) at any time.

RESOLVED FURTHER THAT the Board be and is hereby authorized and empowered to arrange or settle the terms and conditions including interest, repayment, security, etc. on which all such monies to be borrowed from time to time and to do all such acts, deeds and things to execute documents, instruments and writings as may be required from time to time."

### **13. Creation of charges on the assets of the Company.**

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

"RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification (s) or re-enactment thereof for the time being in force) and that of the Articles of Association of the Company and in supersession to the ordinary resolution passed under Section 293 (1) (a) of the Companies Act, 1956 by the Members in their Annual General Meeting held on 28th December, 2005, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution) to create security by way of hypothecation/ mortgage and/ or charge and/ or encumber in addition to the existing mortgages, charges, hypothecation and other encumbrances, if any, created by the Company on all or any part of the immovable and/ or movable properties, current and/ or fixed assets, tangible and/ or intangible assets, book debts and/ or claims of the Company wherever situated, present and future, to rank either pari-passu with or second, subsequent, subservient and subordinate to all mortgages, charges, hypothecation and other encumbrances created/ to be created by the Company in favour of Indian or Foreign Bankers/ Financial Institutions/ other Lending Institution or Trustees for the holders of Debentures/ Bonds/ other instruments/ securities or for Lenders and/ or to such other persons, if any from whom the Company has proposed/ proposes to borrow money/ sums of money (s) by way of any Rupee/ Foreign currency loans / facilities/ borrowing limits/ LC limits, guarantee assistance, Standby Letter of credit/ Letter of credit, and/ or any issue of Non-convertible Debentures, and/or compulsorily or optionally, fully or partly Convertible Debentures and/ or Bonds, and/or any other Non-convertible and / or other Partly/ Fully Convertible instruments / securities, together with interest, cost, charge and other incidental expenses in terms of the agreement (s) entered/ to be entered into by the Board of the Company within the overall borrowing limits fixed pursuant to Section 180 (1) (c) of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board be and is hereby authorized to finalize with the Lenders or their Trustees, all the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to this Resolution."

### **14. Approval for appointment and payment of remuneration to Mr. Jaskaran Singh u/s 188 (1) (f) of the Companies Act, 2013.**

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

RESOLVED THAT pursuant to Section 188 (1) (f) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other consents, approvals, permissions as may be required from time to time, the consent of the Company be and is hereby accorded to the appointment of Mr. Jaskaran Singh (the appointee), who is a relative of a Director to hold an office or place of profit in the Company.

RESOLVED FURTHER THAT initially, the appointee shall be appointed in the managerial grade on a monthly remuneration not exceeding Rs. 35,000 per month in accordance with Section 188 (1) (f) of the Companies Act, 2013 and Rules made thereunder.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as the "Board", which expression shall also include a duly constituted Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its power including the power conferred by this resolution and any person authorized by the Board in this behalf) and/ or Nomination and Remuneration Committee of the Company be and is hereby authorized to appraise the performance of the appointee and thereafter alter and vary the terms and conditions of appointment, including increase in remuneration and the pay scale and change of designation, etc from time to time in accordance with Section 188 (1) (f) of the Companies Act, 2013 read with the Companies (Meetings of Board and its powers) Rules, 2014.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take, perform and execute such further steps, acts, deeds and matters, as may be necessary, proper or expedient to give effect to this resolution.

#### **Notes:**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the businesses specified under Item Nos. 3 to 14 of the Notice, is annexed hereto. The relevant details as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/ re-appointment as Directors under Item No. 4 to 7, 10 and 11 of the Notice are also annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO

APPOINT A PROXY TO ATTEND AND VOTE ON POLL OR OTHERWISE INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The instrument appointing the proxy in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.

3. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote
4. Members/ proxies should bring the duly filled Attendance slip enclosed herewith to attend the Meeting.
5. The Register of Members and Share Transfer Books of the Company will be closed from 16th September, 2014 to 23rd September, 2014 (both days inclusive).
6. Members seeking any information with regard to the Accounts, are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting
7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
8. The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the AGM
9. Pursuant to Sections 205A and 205C and other applicable provisions, if any, 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
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 no claim shall lie against the IEPF or the Company for the amounts so transferred prior to March 31, 2014, nor shall any payment be made in respect of such claim.**

**Once the unclaimed dividend is transferred to the IEPF, no claim shall lie, against the Company or the said fund, in respect thereof.**

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 4, 2013 (date of last Annual General Meeting) on the website of the Company ([www.punjabchemicals.com](http://www.punjabchemicals.com)) as also on the website of the Ministry of Corporate Affairs.

10. In terms of Sections 107 and 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is providing the facility to its Members holding shares in physical and dematerialized form as on the cut off date 1st August, 2014 to exercise their right to vote by electronic means on any or all of the business specified in the accompanying notice. Necessary information and instructions for e-voting is also enclosed.
11. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company situated at SCO: 183, First Floor, Sector 26, Chandigarh-160 019 on all working days, except Saturdays, during business hours upto the date of the Meeting.
12. Members are requested that the Registrar and Share Transfer Agent of the Company -M/s Alankit Assignments Ltd. be immediately intimate of any change in their addresses, e-mail Ids, contact numbers, bank details, ECS mandate, Nomination, etc. in respect of the equity shares held in physical mode and to their Depository Participants (DPs) in respect of equity shares held in dematerialized form.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/M/s Alankit Assignments Ltd., Registrar and Share Transfer Agent.
14. Members holding shares in single name in physical form are advised to make nomination in respect of their



shareholding in the Company.

15. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to M/s Alankit Assignments Ltd., Registrar and Share Transfer Agent, for consolidation into a single folio.
16. Electronic copy of the Annual Report for FY 2013-14 is being sent to all the Members whose email-IDs are registered with the Company/ Depository Participant (s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Annual Report for FY 2013-14 are being sent through the permitted mode. Members may also note that the Annual Report for FY 2013-14 will also be available on the Company's website [www.punjabchemicals.com](http://www.punjabchemicals.com) for their download.

**By order of the Board of Directors**

**Sd/-**

**Punit K Abrol**

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

**Date : 8th August, 2014**

**Place : Chandigarh**

**Registered Office:**

SCO: 183, First Floor, Sector-26

Madhya Marg, Chandigarh- 160019



**EXPLANATORY STATEMENT**  
**(PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013)**

The following statement sets out all material facts relating to the businesses mentioned in the accompanying Notice:

**Item No. 3**

At the 37th Annual General Meeting held on 4th September, 2013, the members of the Company had re-appointed S. R. Batliboi & Co. LLP, Chartered Accountants (formerly known as S. R. Batliboi & Co, Chartered Accountants) as Statutory Auditors of the Company. They would be retiring at the conclusion of this Annual General Meeting (AGM).

However, due to certain internal restructuring in their firm, they have proposed the name of their associate firm M/s S R B C & Co. LLP for appointment as Statutory Auditors for the next 3 (three) years.

As per the requirement of the Companies Act, 2013 (the Act) B S R & Co. LLP, Chartered Accountants have confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act and they are not disqualified to be appointed as the statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014. The consent letter from this firm to act as the Statutory Auditors of the Company has been received.

Therefore, upon recommendation from the Audit Committee, the Board has proposed the appointment of S R B C & Co. LLP as Statutory Auditors of the Company for a period of three (3) years. Accordingly, the appointment of Statutory Auditors is proposed to the Members in the Notice for a period of three (3) years commencing from the conclusion of the forthcoming AGM till the conclusion of 41st AGM, subject to ratification of their appointment at every AGM by the Members.

Copies of the notice given by S. R. Batliboi & Co. LLP and letter given by S R B C & Co. LLP, as referred above, shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday upto the date of the Meeting.

No Director, Key Managerial Personnel or their relatives is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 3 for the approval of the Members.

**Item No. 4 to 6:**

Shri G. Narayana, Chairman and Director, retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956.

Shri Vijay Rai and Shri M.D Patel are the Directors whose office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of Companies Act, 1956. All these Directors have held their positions as such for more than five (5) years.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 (the Act) which came into effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as Independent Directors, who are not liable to retire by rotation.

Shri G. Narayana, Shri Vijay Rai and Shri M.D Patel, being independent and eligible are proposed to be appointed as the Independent Directors under Section 149 and other applicable provisions of the Act.

The Company has received notices in writing from Members alongwith the deposit of requisite amount under Section 160 of the Act proposing their candidatures for the office of Directors of the Company.

The tenure of the office of these Directors can be upto the conclusion of 43rd Annual General Meeting of the Company to be held in the calendar year 2019.

These Directors are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

They have also given declarations of their independence as provided under Section 149(6) of the Act. In the opinion of the Board, each of these directors fulfils the conditions specified in the Act and the Rules framed thereunder for their appointment as Independent Directors.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

Copy of the draft letter for appointment of the above Directors as an Independent Directors, setting out the terms and conditions shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday upto the date of the Meeting.

The detailed profile of these Directors regarding Directorships and Committee positions held by them is included separately in the Notice and report on Corporate Governance forming part of the Annual Report.

No Director, Key Managerial Personnel or their relatives, except Shri G. Narayana, Shri Vijay Rai and Shri M.D Patel, to whom the resolutions relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item Nos. 4 to 6 for the approval of the Members.

**Item No. 7:**

As per the provisions of Section 149 (1) of the Companies Act, 2013 read with Companies (Appointment and Qualification

of Directors) Rules, 2014, every listed Company as well as every other public Company having paid up share capital of Rs 100 crores or more or turnover of Rs. 300 crores or more is required to appoint atleast one Woman Director on the Board of the Company.

Accordingly, the Board of Directors of the Company at its meeting held on 29th May, 2014, appointed Smt. Sindhu Seth as an Additional Director of the Company pursuant to the provisions of Section 161 of the Act who holds office of Director only upto the conclusion of this Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Smt. Sindhu Seth for the office of Director of the Company, liable to retire by rotation.

She is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director.

The detailed profile of Smt. Sindhu Seth regarding Directorship and Committee position held by her is included separately in the Notice and report on Corporate Governance forming part of the Annual Report.

Copy of the draft letter for her appointment as Non executive Director setting out the terms and conditions shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday upto the date of the Meeting.

No Director, Key Managerial Personnel or their relatives, except Smt. Sindhu Seth, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 7 for the approval of the Members.

#### **Item No. 8:**

The Board of Directors, on the recommendation of the Audit Committee, at its meeting held on 29th May, 2014, has considered and approved the appointment of the following Cost Auditors of the Company for the financial year 2014-15 at a remuneration as given herein below plus service tax as applicable and reimbursement of out of pocket expenses:

Sr. No.	Name of the Cost Auditor	Industry	Audit Fees (Amount in Rs.)
1.	Smt. Pushpa Khanna, Cost Accountants, Chandigarh	Insecticides	37,500.00
2.	M/s. Khushwinder Kumar & Co., Cost Accountants, Jalandhar	Bulk Drugs	27,500.00

In accordance with the provisions of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration, as approved by the Board of Directors of the Company on the recommendation of the Audit Committee, is required to be subsequently ratified by the Members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

No Director, Key Managerial Personnel or their relatives is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 8 for the approval of the Members.

#### **Item No. 9:**

In order to comply with the provisions of the Companies Act, 2013 and the Rules contained therein, few changes have been proposed to be made in the Articles of Association of the Company, which are as follows:

- The Sections relating to the appointment and Qualifications of Directors under Chapter XI of the Companies Act, 2013, have been notified by the Ministry of Corporate Affairs, Government of India w.e.f 1st April, 2014. The new provisions provides for appointment of Independent Directors as not liable to retire by rotation. Since the office of Independent Directors is no longer subject to retire by rotation, therefore, in order to comply with the requirement contained in the Companies Act, 2013 and the rules w.r.t. proportion of appointment of Directors liable to retire by rotation, the office of Whole Time Directors except Shri Shalil Shroff, Managing Director, be made subject to retire by rotation.
- In the erstwhile Companies Act, 1956, a person can be appointed a proxy for any number of members but the Companies Act, 2013 has fixed a limit to this provision. A person can now act as a proxy for Members not exceeding fifty (50) and shareholding of whom in the aggregate should not be more than 10% of the total share capital of the Company. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

Except Shri Shalil Shroff, Shri Avtar Singh, Shri S.S. Tiwari, whose appointment as Director are to become rotational or non-rotational, and Capt. S.S. Chopra (Retd.) who is the relative of Shri Shalil Shroff, no other Director, Key Managerial Personnel or their relatives is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 9 for the approval of the Members.

#### **ITEM No. 10**

The Nomination and Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 7th August, 2014 in accordance with the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to the approval of the Members of the Company, Central Government and or any other regulatory approvals, if required, have reappointed Shri

Shalil Shroff as the Managing Director of the Company for a period of three (3) years w.e.f 15.01.2015 to 14.01.2018 on the terms and conditions including remuneration as reproduced below:

**1. Salary:**

Rs.2,50,000/- per month in the pay scale of Rs.2,00,000 - 4,00,000. The annual increment will be effective from 1st April each year taking into account the Company's performance and as decided by the Nomination and Remuneration Committee and the Board of Directors.

**2. Commission:**

Commission on net profits of the Company as may be determined and fixed by the Board of Directors subject to a limit of 1 (one) % of the net profits of each financial year.

**3. Perquisites:**

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

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

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

**4. Other Terms:**

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

The resolution is being proposed for approval as a special resolution in compliance with the requirements of Schedule V, Part II, Section II, Clause (B) of the Companies Act, 2013. A statement to this effect is separately given in the Notice.

No Director, Key Managerial Personnel or their relatives, except Shri Shalil Shroff himself and Capt. S.S Chopra (Retd.), being relative of Shri Shalil Shroff, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 10 for the approval of the Members.

**ITEM NO. 11**

Shri Avtar Singh was re-appointed as the Whole Time Director pursuant to the resolution passed by the Remuneration Committee and the Board of Directors of the Company on 22nd November, 2012 and Members of the Company in their 36th Annual General Meeting held on 29th December, 2012 for a period of five (5) years with effect from 14th November, 2012 to 13th November, 2017 in accordance with the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956.

The Company has applied to the Central Government for seeking its approval for the said purpose as the Company had defaulted in the payment of debt to the bank for more than 30 days in the Financial Year 2010-11, however, the approval of the Central Government is still pending.

With the introduction of the Companies Act, 2013 (the Act), all the provisions under the Companies Act, 1956 have been repealed. In view of the repealing of the related provisions of the Companies Act, 1956, it has been advised to the Company to take fresh approval from the Members for the re-appointment of Shri Avtar Singh including his remuneration also under the provisions of the new Act and Rules made thereunder even though it has already given by the Members.

The Nomination and Remuneration Committee and the Board of Directors of the Company therefore, had again confirmed all the points decided in their respective meetings held on 7th August, 2014 in accordance with the provisions of Sections 196, 197 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 (earlier Sections 198, 269, 309 and 311 read with Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956) and subject to the approval of the Central Government and Members of the Company or any other regulatory approvals, if required, approved the reappointment of Shri Avtar Singh as the Whole Time Director of

the Company for a period of five (5) years w.e.f. 14.11.2012 to 13.11.2017 on the terms and conditions including remuneration already approved by them and the Members, as reproduced herein below:

**1. Salary:**

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

**2. Commission:**

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

**3. Perquisites:**

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

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

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

**4. Other Terms:**

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

The resolution is being proposed for approval as a special resolution in compliance with the requirements of Schedule V, Part II, Section II, Clause (B) of the Companies Act, 2013. A statement to this effect is separately given in the Notice.

No Director, Key Managerial Personnel or their relatives, Shri Avtar Singh, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 11 for the approval of the Members.

**ITEM No. 12 & 13**

At the Extra-Ordinary General Meeting of the Company held on 22nd July, 2005 and Annual General Meeting of the Company held on 28th December, 2005 the Members had, by way of Ordinary Resolutions authorized the Board of Directors:

- i) To borrow monies upto Rs. 500 crores under Section 293 (1) (d) of the Companies Act, 1956; and
- ii) To secure the same by suitable mortgage/ hypothecation on all or any of the movable and/ or immovable properties or Company's assets in favour of lending agencies and trustees under Section 293 (1) (a) of the Companies Act, 1956

Under Section 180 of the Companies Act, 2013 (the Act), the above powers of the Board are required to be exercised only with the consent of the company by a Special Resolution.

Therefore in order to remain compliant with the relevant provisions on borrowings and creation of security for the said borrowing pursuant to Section 180(1)(c) and 180(1)(a) of the Act respectively, the approval of the Members now being sought, by way of Special Resolutions. The borrowing limit of the Company, apart from temporary loans obtained in ordinary course of business shall remain Rs.500 crores.

No Director, Key Managerial Personnel or their relatives is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item Nos. 12 and 13 for the approval of the Members.



**ITEM No.14 :**

The Company has appointed Mr. Jaskaran Singh in the managerial grade initially on a consolidated monthly remuneration of Rs.35,000 per month as per the terms and conditions of employment. He is related to Shri Avtar Singh, Director (Operations & Business Development) of the Company.

Mr. Jaskaran Singh, aged 23 years, has completed his B.Tech. (Mechanical Engineering) from Chandigarh Engineering College. He has done practical training in various reputed Companies and has gained practical knowledge in the field of engineering.

On recommendation by the Nomination and Remuneration Committee at its Meeting held on 7th August, 2014, the Board of Directors at their meeting held on 7th August, 2014 approved the initial monthly remuneration of Rs. 35,000, subject to the approval of the Members of the Company.

The Board of Directors in consultation with the Nomination and Remuneration Committee will appraise the performance of Mr. Jaskaran Singh from time to time and can alter and vary the terms and conditions of his appointment, including increase in remuneration and the pay scale and change of designation, etc as and when required in accordance with Section 188 (1) (f) of the Companies Act, 2013 read with the Companies (Meetings of Board and its powers) Rules, 2014.

The details of the proposed remuneration to Mr. Jaskaran Singh shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday upto the date of the Meeting.

No Director, Key Managerial Personnel or their relatives, except Shri Avtar Singh, a Whole time Director being relative of Mr. Jaskaran Singh is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 14 for the approval of the Members.

**A STATEMENT PURSUANT TO SCHEDULE V, PART II, SECTION II, CLAUSE (B) PROVISIO (IV) OF THE COMPANIES ACT, 2013 W.R.T. ITEM NO. 10 AND 11 OF THE NOTICE (RE APPOINTMENT OF SHRI SHALIL SHROFF, MANAGING DIRECTOR AND RE APPOINTMENT OF SHRI AVTAR SINGH, WHOLE TIME DIRECTOR) IS STATED AS BELOW:**

**I. GENERAL INFORMATION:**

1.	Nature of Industry	:	Agro Chemicals and Pharma																																																		
2.	Date or expected date of commencement of commercial production	:	In production since 1978																																																		
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	:	Not Applicable																																																		
4.	Financial performance based on given indicators	:	<table><tr><td>Standalone</td><td colspan="2">(Rs. In lacs)</td></tr><tr><td></td><td colspan="2">(Audited)</td></tr><tr><td></td><td>2012-13</td><td>2013-14</td></tr><tr><td></td><td>(6 months)</td><td>(12 months)</td></tr><tr><td>1. Sales Turnover</td><td></td><td></td></tr><tr><td>    a) Domestic</td><td>17461</td><td>24814</td></tr><tr><td>    b) Export</td><td>2600</td><td>16872</td></tr><tr><td>                    Total</td><td>20061</td><td>41686</td></tr><tr><td>2. Profit/(Loss) before tax (PBT)</td><td>(207)</td><td>118</td></tr><tr><td>3. Profit/ (Loss) after tax (PAT)</td><td>(207)</td><td>118</td></tr><tr><td>4. Gross Block</td><td>38270</td><td>37631</td></tr><tr><td>5.Net Block</td><td>24447</td><td>23354</td></tr><tr><td>6. Paid-Up Capital</td><td>1226</td><td>1226</td></tr><tr><td>7. Reserves &amp; Surplus</td><td>542</td><td>656</td></tr><tr><td>8. Net Worth</td><td>1768</td><td>1882</td></tr><tr><td>9. EPS (in Rs.)</td><td>(1.69)</td><td>0.96</td></tr></table>			Standalone	(Rs. In lacs)			(Audited)			2012-13	2013-14		(6 months)	(12 months)	1. Sales Turnover			a) Domestic	17461	24814	b) Export	2600	16872	Total	20061	41686	2. Profit/(Loss) before tax (PBT)	(207)	118	3. Profit/ (Loss) after tax (PAT)	(207)	118	4. Gross Block	38270	37631	5.Net Block	24447	23354	6. Paid-Up Capital	1226	1226	7. Reserves & Surplus	542	656	8. Net Worth	1768	1882	9. EPS (in Rs.)	(1.69)	0.96
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5)	Foreign investments or collaborations, if any.	:	Not Applicable																																																		

**II. INFORMATION ABOUT THE APPOINTEES:**

Background details.	<p><b>Shri Avtar Singh</b>, aged about 55 years, is B.Sc from Panjab University, Chandigarh. He started his career with Gharda Chemicals (P) Ltd., Mumbai as Junior Chemist and later on joined this Company at supervisory level in the plant in the year 1981. He gained expertise on various processes, chemistry and product development due to hard work, dedication and sincerity. He has overall experience of more than 30 years in Chemicals, Pharmaceuticals and Agrochemicals at various levels. He has been working in this Company as a Whole Time Director for more than 15 years and is overall incharge and Occupier of Agro Chemicals Division, Derabassi and Pharma Division, Lalru of the Company. His prime responsibility for these two divisions has been to look after Production, R&amp;D, New Product</p>	<p><b>Shri Shalil Shroff</b>, aged 49 years, Management Diploma from the University of Deopage-USA is associated with the Company since 1992. He started working at the operational level and reached the position of the Managing Director after passing through various stages. He has overall experience of more than 15 years in overall management of the Company. He was appointed as the Executive Director w.e.f. 15th January, 1998 and appointed as the Managing Director in 2003. His prime responsibility includes overall management of routine matters, exploring new market for the products and liasioning with new customers. Presently, he is on the Board of Stellar Marine Paints Limited, Hem-Sil Trading &amp; Manufacturing Pvt. Ltd., L&amp;L Products Shroff Pvt. Ltd., STS Chemicals (UK) Ltd., SD Agchem (Europe) N.V., SSRS Trading &amp; Manufacturing Pvt. Ltd. and Scarlett Enterprises Pvt, Ltd.</p>
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	Development and commencement of the commercial production of new products. He is also responsible for manpower, management, purchases, Govt. Liaison and other local issues. He has widely traveled across the world for marketing and development of new chemicals, Pharmaceuticals, Agrochemicals and their intermediates and has attended various conferences at national and international levels. Presently, he is on the Board of a Director in Saurav Chemicals Limited, SD Agchem (Europe) N.V., STS (UK) Ltd. and Sintesis Quimica, S.A.I.C., Argentina.			
Past Remuneration	2012-13 (Rs. Lacs) (6 month)	2013-14 (Rs. Lacs) (12 month)	2012-13 (Rs. Lacs) (6 month)	2013-14 (Rs. Lacs) (12 month)
Basic Salary	9.30	18.60	12.00	24.00
Perquisites	5.76	11.57	6.49	6.48
Contribution to PF/Super-annuation.	2.51	5.02	3.24	12.99
Commission	0	0	0	0
Total Annual Salary	17.57	35.19	21.73	43.47
Job Profile and his suitability.	He looks after the day to day management and affairs of the Agro Division and Pharma Division of the Company, subject to the superintendence and control of the Board of Director of the Company and the Managing Director. In addition, he is also looking after the affairs of Sintesis Quimica, an overseas subsidiary and regularly visits there to supervise their technical as well as commercial matters.  His experience is fully suitable for this post because of his vast experience and knowledge in the Agrochemicals Chemistry.		Overall management of the Company under the superintendence and control of the Board of Directors of the Company.  His experience is fully suitable for this post because of his vast experience and knowledge in the Agrochemicals industry.	
Remuneration proposed	As stated in the Explanatory Statement of item no. 11.		As stated in the Explanatory Statement of item no. 10.	
Comparative remuneration profile w.r.t. industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).	The Nomination and Remuneration Committee and the Board of Directors of the Company have decided the remuneration keeping in view the size of the Company and job profile of Shri Avtar Singh. The remuneration of senior executive of this level in the allied Industries is reported to be in the range of Rs. 50 lacs to Rs. 60 lacs per annum.  Moreover, there is no change in his salary for more than 4 years.		The Nomination and Remuneration Committee and the Board of Directors of the Company have decided the remuneration keeping in view the size of the Company and job profile of Shri Shalil Shroff. The remuneration of senior executive of this level in the allied Industries is reported to be in the range of Rs. 70 lacs to Rs. 80 lacs per annum.  Moreover, there is no change in his salary for more than 4 years.	

Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.	<p>He started working at the operational level and has handled the Company's plant in various capacities since 1981. Keeping in view his technical expertise, dedication and knowledge of Company's products, innovative ideas, inclusion of various new products in the Company's product list, the Board of Directors appointed him as an Additional Director and Whole Time Director of the Company w.e.f 14.11.1996.</p> <p>He does not have any pecuniary relationship with any key Managerial Personnel of the Company.</p>	<p>He was appointed as the Executive Director w.e.f 15<sup>th</sup> January, 1998 and appointed as the Managing Director in 2003.</p> <p>He does not have any pecuniary relationship with any Managerial Personnel of the Company, except Capt. S.S Chopra (Retd.), who is a Director of the Company</p>
Recognition or Awards	<p>The Company has received the following awards:</p> <ol style="list-style-type: none"> <li>State Award for Export Promotion in the Year 1990-91.</li> <li>Export House Recognition in the year 1999.</li> <li>Punjab State Safety Award in the year 2002.</li> <li>2nd Chemexcil Award on Export performance for the year 2000-01.</li> <li>Chemexcil Gold Award for the outstanding export performance of Inorganic and Organic Chemicals during 2005-06.</li> </ol>	

### III. OTHER INFORMATION:

1.	Reason of losses or inadequate profits	:	<ol style="list-style-type: none"> <li>Devastated fire in one of the Agrochemicals plant at Derabassi in April, 2009 hampered the production for about 9 months, which impacted the Company's financials badly.</li> <li>Delay in release of insurance claim had an impact on the working capital.</li> <li>Strained export revenue due to escalated raw materials prices in the year 2008-09 and recessionary trend in global economy.</li> <li>Volatility in prices and availability of raw materials and intermediates coupled with fluctuation in prices of finished products.</li> <li>Adverse impact of global economic meltdown such as exchange loss and derivative loss.</li> <li>The Company's efforts to raise equity during these years were not met with much success.</li> <li>Continued repayment of loans/ interest despite making losses during 2009-12.</li> <li>Decline in performance of the plants of the Company due to shortage of working capital.</li> <li>Delay in approval of CDR scheme with no assistance to the Company in terms of additional funds further provoked the situation of liquidity crunch in the Company.</li> <li>Erosion of networth of one of the overseas subsidiary namely SD Agchem Europe NV due to losses arising from sale of its step down subsidiary and enormous loss in another step down subsidiary.</li> </ol>
2.	Step taken or proposed to be taken for improvement	:	<p>The Company has taken various steps to overdo the impact of fire, shortage of working capital and underutilization of the plants at various units in the following manner:</p> <ol style="list-style-type: none"> <li>The Company sold off its non-core businesses and non-profitable assets to generate funds to invest as well as to concentrate on the core business of Agrochemicals.</li> <li>The Company approached the Corporate Debt Restructuring Cell for restructuring of its debts including interest. The Cell has approved the scheme and accordingly, the Company was given a moratorium and restructuring of the overall debts.</li> <li>The Company divested SD Agchem (Netherlands) B.V and its step down subsidiaries including Agrichem BV and deleverage its Balance Sheet, to retire part of its debt.</li> <li>The Company has entered into a strategic long term sales contract for few agro chemicals with the buyer of Agrichem.</li> </ol>



		5. Major initiatives have been taken to run the Agro Chemicals Division at the maximum capacity level which is a cash generating Division of the Company.
3.	Expected increase in productivity and profits in measurable terms	: The Company expects to achieve total income of approximately Rs. 500 crores in the next financial year 2014-15 with a Profit After Tax (PAT) of approx Rs. 20 crores. The Company has also added few products in its basket of agrochemicals, impact of which will be reflected in the accounts of the next years.

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

Capt. Chopra (aged 74 years), is qualified in National Defence Academy (NDA), Khadakvasla and has rich experience of organization capabilities and inspires the management and other executives working in the Company. He has served in Indian Air Force for 15 years and Air India for 26 years. He served as a Commissioned Officer in the I.A.F. from 1961 to 1976 as a pilot and took part in three wars i.e. 1962, 1965 & 1971. He served as an Examiner and instructor and was also a member of the Air Crew Examining Board. He served in Air India as a pilot from 1976 to 2002.

His professional exposure in Air-force and in Air India makes him a versatile person with vast experience suitable to participate in the Board discussions and advise the Board Members and the Company in various managerial and administrative matters.

He is on the Board of the Company since 18.8.2004. He is a member of Audit Committee and Corporate Social Responsibility Committee of the Company. He is not a Director of any other Company.

He does not hold any shares in the Company.

None of the Directors/Key Managerial Personnel of the Company /their relatives, except Shri Shalil Shroff, Managing Director being relative of Capt. S S Chopra (Retd.) and he himself are deemed to be concerned or interested in the aforesaid resolution.

#### 2. Shri G. Narayana

Shri G. Narayana, aged 72 years, has rich experience as a corporate and business contributor, Management Author and Trainer. He has a wide experience in the field of Engineering, Operations, General Management and Corporate Management.

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

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

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

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

At present, he is the Chairman Emeritus of Excel Industries Limited and Director of Laopala RG Glass Limited and Aryan Paper Mills Limited. He is also a mentor to Mahavir Group of Enterprises. He is the Chairman of Audit Committee of Laopala R G Glass Limited and of Corporate Social Responsibility Committee of the Company. He is also a member of the Audit Committee of the Company.

He does not hold any shares in the Company.

None of the Directors /Key Managerial Personnel of the Company /their relatives, except Shri G. Narayana himself is deemed to be concerned or interested in the aforesaid resolution.

### 3. Shri M.D Patel

Shri M.D Patel, aged about 65 years, is an Independent Non-Executive Director of the Company. He is a graduate in Chemical Engineering. Besides having over 38 years experience in 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., Universal Esters Ltd., and Banco Products (India) Ltd. He is a Chairman of Audit Committee of Shilchar Technologies Limited and in Shareholders & Investors Committee of Shilchar Technologies Limited. He is a Member of Audit Committee of Banco Products (India) Ltd. and in Shareholders & Investors Committee of Transpek Finance Ltd., and Banco Products (India) Ltd.

He is the Chairman of the Audit Committee and Stakeholder Relationship Committee of the Company. He is also a member of nomination and the Remuneration Committee, Risk Assessment Committee and Corporate Social Responsibility 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 /Key Managerial Personnel of the Company /their relatives, except Shri M.D Patel, himself is deemed to be concerned or interested in the aforesaid resolution.

### 4. Shri Vijay Rai

Shri Vijay Rai (aged 68 years) is a B. Tech from I.I.T. Kharagpur and further done courses in marketing and personnel management.

He has over forty five 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, Sri Biotech Laboratories India Ltd., and Akola Chemicals (India) 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 a member of Audit Committee and Shareholders & Investors Grievance Committee of Greaves Cotton Ltd. He is the Chairman of the Nomination and Remuneration Committee and a Member of Audit Committee and Stakeholder relationship Committee of the Company.

He does not hold any shares in the Company.

None of the Directors /Key Managerial Personnel of the Company /their relatives, except Shri Vijay Rai, himself is deemed to be concerned or interested in the aforesaid resolution.

### 5. Smt. Sindhu Seth

Smt. Sindhu Seth, aged 57 years, is M.A Economics from Delhi School of Economics. She is professional with rich experience in the field of HRD and managing the affairs of few charitable Trusts and also active in some companies.

At present, she is on the Board of Iklas Investments & Services Pvt. Ltd., Gyanada Holdings Pvt. Ltd., Gyanada Software Pvt. Ltd., Gyanada Pharma Pvt. Ltd., Gyanada Logistic Services Pvt. Ltd. and Gyanada Agro Services Pvt. Ltd. She is also working as Managing Trustee of Lala Arjundas Seth Charitable Trust and as a Trustee of Olchamandal Seva Trust.

She does not hold any shares in the Company.

She is a member of corporate social responsibility committee of the Company.

None of the Directors/KeyManagerialPersonnel of the Company /their relatives, except Smt. Sindhu Seth , herself deemed to be concerned or interested in the aforesaid resolution.



PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

CIN: L24231CH1975PLC003603  
Registered Office : SCO 183, First Floor, Sector 26, Madhya Marg, Chandigarh-160019  
Phone No:0172-5008300/301, Fax:0172-2790160,  
E-mail: info@punjabchemicals.com, Website: www.punjabchemicals.com

D.P. ID		L.F. No.	
Client ID		No. of Shares held	

ATTENDANCE SLIP

I/ we hereby record my/ our presence at the 38th Annual General Meeting of the Company held at PHD House, Sector- 31, Chandigarh on Tuesday, the 23rd September, 2014 at 4:00 pm.

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 handover this slip at the entrance of the Meeting venue.
  - 2. If you intend to appoint 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 commencement of the Meeting.



PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

CIN: L24231CH1975PLC003603  
Registered Office : SCO 183, First Floor, Sector 26, Madhya Marg, Chandigarh-160019  
Phone No:0172-5008300/301, Fax:0172-2790160,  
E-mail: info@punjabchemicals.com, Website: www.punjabchemicals.com

PROXY FORM

Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration Rules, 2014)

Name of the Member(s)	:	
Registered Address	:	
E-mail ID	:	
Folio No. / Client ID	:	
DP ID	:	

I/We, being the Member(s) of ..... shares of the above named Company, hereby appoint  
Name : \_\_\_\_\_ E-mail : \_\_\_\_\_  
Address : \_\_\_\_\_  
Signature : \_\_\_\_\_, or failing him /her  
Name : \_\_\_\_\_ E-mail : \_\_\_\_\_  
Address : \_\_\_\_\_  
Signature : \_\_\_\_\_, or failing him /her  
Name : \_\_\_\_\_ E-mail : \_\_\_\_\_  
Address : \_\_\_\_\_  
Signature: \_\_\_\_\_, as my/ our proxy to attend and vote (on a poll) for me/us and on my/ our behalf at the 38th Annual General Meeting of the Company, to be held on Tuesday, the 23rd September, 2014 at 4:00 pm at PHD House, Sector- 31, Chandigarh and a any adjournment thereof in respect of such resolutions as are indicated below:

Resl No.	Resolution	Vote (Please mention no. of shares)		
		For	Against	Abstain
Ordinary business				
1.	Adoption of Balance Sheet,Statement of Profit and Loss, Report of the Board of Directors and Auditors for the financial year ended March 31, 2014.			
2.	Appoint a Director in place of Capt. S.S Chopra (Retd.), who retires by rotation and being eligible, seeks re-appointment.			
3.	Appoint S R B C & Co. LLP, Chartered Accountants as Statutory Auditors of the Company, in place of retiring auditors S.R Batliboi & Co. LLP, Chartered Accountants			
Special Business				
4.	Appointment of Shri G. Narayana as an Independent Director			
5.	Appointment of Shri M.D Patel as an Independent Director			
6.	Appointment of Shri Vijay Rai as an Independent Director			
7.	Appointment of Smt. Sindhu Seth as a Director liable to retire by rotation.			
8.	Approval of the remuneration of the Cost Auditors for the financial year ending March 31, 2015.			
9.	To amend Articles of Association of the Company			
10.	Re-appointment of Shri Shalil Shroff as the Managing Director of the Company and to fix his remuneration			
11.	Re-appointment of Shri Avtar Singh as the Whole Time Director of the Company and to fix his remuneration			
12.	To approve borrowing limits of the Company.			
13.	Creation of charges on the assets of the Company			
14.	Appointment and payment of Remuneration to Shri Jaskaran Singh u/s 188 (1) (f) of the Companies Act, 2013.			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Signature of the Member

Signature of the proxy holder(s)

Notes:

- This form, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- It is optional to indicate your preference. If you leave 'for', 'against' or 'abstain' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/ she may deem appropriate.

Affix Re. 1/-  
Revenue  
Stamp



**38<sup>th</sup>**

**Annual Report  
And Accounts**  

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**2013-14**



**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 privilege to communicate with you through this column and share highlights, key developments and vision of the Company. It is important to discuss various initiatives taken by the management for the revival and growth of the Company, during the year under review, and its future plans keeping in view the economic scenario of the country.*

*All are aware that the Indian economy has experienced its worst slowdown in the past few years due to global contradictory headwinds, domestic macro-economic imbalances, high fiscal deficit, expansionary subsidies and worsening current account balance. The impact of El Niño may further increase the complications in the Agriculture Sector and shift the priority of the government to tackle water and power scarcity in the current fiscal year.*

*We have to be optimistic and confident that the measures to be taken by the new government on long term and short term basis will keep the morale of the country high and steps in this regard will keep the mood positive. In the same way, amidst increasing demand for agricultural and related products and policy reforms in agriculture sector, the Management of the Company continues to be positive about the robustness of the business prospects of the Company.*

*Like all growing organizations, your Company also experienced peaks and troughs. The year under review was a challenging year for the Company. Last year, we took few stringent decisions to focus on its core business of manufacturing agro chemicals at Derabassi and to dispose off the non-profitable businesses and non-core assets. In that exercise, the Company disposed off Agro Formulation Division and leased out its Tarapur Unit of Industrial Chemicals Division which were operating below breakeven level due to working capital shortage and slide in demand for its finished products. The implementation of the decision on other non-core assets is in progress by*

*negotiations with the potential buyers. As envisaged by the Management, this should help the Company to channelize the funds to Agrochemicals Division for profitable products to augment the sale and improve cash flow. This has helped to repay interest and instalments of the banks on due dates till now.*

*It is a matter of happiness that the new fungicide plant has been successfully commissioned at Agrochemical Unit at Derabassi and in operation as per the target. The product is being regularly dispatched under the buy-back arrangement to one of the renowned MNC. The Company is meeting all requirements of the buyer including quality and time schedule of supplies.*

*I would also like to inform that the management is seriously exploring ways to reduce losses in the overseas subsidiary companies and pharma division and preparing a strategy for their revival.*

*You all are aware that the Company had passed through a very hard time. However, the Management of your Company is confident that the strong measures taken at the right time with better coordination between different functions and processes will nurture back the operations to a positive trend for progress and growth.*

*As evident from this Annual Report, your Company's plan of coming back into track of generating good returns are now turning into a reality. We are happy that the Team PCCPL with able and thoughtful leadership of Shri Shalil Shroff, Managing Director is fully devoted, committed and endeavouring for better future of your Company.*

*In the light of the above, I would like to place on record my sincere thanks to all of you for the patience and support to the management of the Company in this hard time and also appreciate your faith on the management of the Company.*

  
**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)  
Shiv Shanker Tiwari, Whole Time Director  
S.P. Singh, Nominee Director  
Sindhu Seth (w.e.f. 29th May, 2014)

## 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

## 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

## HEAD OFFICE

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

## MANUFACTURING SITES

Agro Chemicals Division - PCCPL - Derabassi  
Pharma Division - Alpha Drug - Lalru  
Industrial Chemical Division - Excel Phospho Chem II - Pune



## INFORMATION FOR SHAREHOLDERS

### 38th Annual General Meeting

Tuesday, 23rd September, 2014 at 4.00 P.M.  
at PHD House  
Sector - 31, Chandigarh  
Book Closure Dates  
16th September, 2014 to 23rd September, 2014

### 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 2013-14. You may desire to have some clarification or additional information at the ensuing Annual General Meeting. We shall very much appreciate, if you will kindly write to us atleast ten days in advance in order to enable us to keep the information ready for you at the Meeting. We solicit your kind co-operation.

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

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

**Website: [www.punjabchemicals.com](http://www.punjabchemicals.com)**



# DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present to you, the Thirty Eighth (38th) Annual Report, on the business and operations of the Company along with the Audited standalone and the consolidated financial statements for the financial year ended on 31st March, 2014.

## FINANCIAL HIGHLIGHTS:

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

(Rupees in Lacs)

Particulars	Consolidated*		Standalone	
	2013-14	2012-13	2013-14	2012-13
Sale of Products & Other Income (Net)	53232	24915	43314	20441
<b>Profit / (Loss) before Interest, Depreciation &amp; Tax &amp; Exceptional item</b>	<b>5851</b>	733	<b>5188</b>	1509
Less: Depreciation/Amortisation	1616	804	1484	717
Less: Finance Cost	3465	1929	3248	1736
<b>Profit / (Loss) before Tax &amp; Exceptional item</b>	<b>770</b>	(2000)	<b>456</b>	(944)
Less: Exceptional income/ (expense)	(338)	737	(338)	737
<b>Profit / (Loss) before Tax</b>	<b>432</b>	(1263)	<b>118</b>	(207)
<b>Less: Provision for Taxation</b>				
Current tax	-	-	-	-
Deferred Tax	-	-	-	-
<b>Profit / (Loss) after Tax</b>	<b>432</b>	(1263)	<b>118</b>	(207)
Share of profits in associate for current year	110	-	-	-
Share of losses of associate for earlier years	(446)	-	-	-
<b>Net Profit / (Loss)</b>	<b>96</b>	(1263)	<b>118</b>	(207)
<b>Carried forward to next year</b>	<b>96</b>	(1263)	<b>118</b>	(207)

\* Consolidated financial statements for the financial year ended 31st March, 2014 form part of the Annual Report and Accounts of its Subsidiary Companies.

## Notes:

- Current period figures are not comparable with the previous year, as the current period is for 12 months as against the previous period of 6 months.
- Previous period figures under different heads have been regrouped to the extent necessary.

## OPERATIONS:

The year under review was very eventful for the Company. The Management took several steps to stop the losses and nurture back the operations to a positive cash flow situation. This was achieved largely by selling of losing businesses. The focus during the year was on the Agro Chemicals Division at Derabassi. The new strategic alliances with elite customers and successful commissioning of fungicide plant has boosted the morale of the Company and vastly improved the added value. Further, the results were possible by better efficiencies, cost saving measures taken, improved supply chain and working capital management in the Agro Chemicals Division. The allocation of working capital to Pharma and Industrial Chemicals Division was limited, which had an impact on the overall performance of the Company.

The Corporate Debt Restructuring (CDR) scheme approved by the Corporate Debt Restructuring Empowered Group has been implemented and security/charge has been created over all the assets, immovable as well as movable, of the Company in the interest of the Lenders in accordance with the CDR scheme. Also as informed earlier, the Management was reviewing its entire business portfolio and exploring to dispose off non-core assets or less performing assets and businesses to focus on the core business of manufacturing of agrochemicals technical and channelize the funds for producing profitable products. These steps will increase the viability of the Company in the long term and help to retire part of its debt obligations under the CDR Mechanism.

In this endeavor, during the year, the Company sold its Agro Formulation Division along with all its assets situated at Ratnagiri and Baroda, which was facing challenges of limited expansion opportunities and growth prospects due to severe competition and shortage of working capital. The Company leased out its Tarapur Unit of Industrial Chemicals Division which was operating below breakeven level due to working capital shortage and slack in demand for its finished products. The Management has also accelerated negotiations with Potential Buyers of Pune Unit of Industrial Chemicals Division and Office building situated at Mumbai. The

approvals of the shareholders and CDR Cell have already been obtained for these transactions.

In view of the above scenario, the total income of the Indian Operations during period under review was at Rs. 433.14 crores with a meagre net profit of Rs. 1.18 crores as against the total income of Rs. 204.41 crores and a net loss of Rs. 2.07 crores in the corresponding previous year of six months. The Management of the Company expects that the disinvestment of non-profitable businesses and non-core assets will help the Company to reduce its operational fixed expenses, prune its debt burden and plough back the additional cash flow into the main operations of the Company. The impact of the same should be visible in the current financial year.

The Company has offered Voluntary Retirement Scheme (VRS) to the employees of its Tarapur Unit, which has been given on lease to UPL Limited. All the employees have voluntarily opted to seek the retirement. The total expense of compensation of Rs. 388 Lacs has been provided in the accounts as an exceptional item.

#### **OVERSEAS BUSINESS AND CONSOLIDATED RESULTS:**

The working of the overseas subsidiaries of the Company did not improve as envisaged by the Management. Sintesis Quimica, Argentina (SQ) continued to make losses in the period under review due to shortage of working capital and local environment. As informed earlier that this Company filed an application of Reorganization of Debt with the Argentinean authority. We are now informed that the Argentinean Court has approved the scheme of reorganization of debt. The Management feels that SQ will now work smoothly after these orders subject to the availability of the required Working capital.

In the period under review, the total revenue of this subsidiary stood at Rs. 92.25 crores with a net loss of Rs. 7.63 crores.

During the period under review, SD Agchem (Europe) NV also approached its local Banks for approval of the Debt Restructuring Scheme. The Company has remitted Rs. 39 lacs to SD Agchem (Europe) as Promoters' contribution for debt restructuring as per the requirement of local Banks. The total income of this subsidiary stood at Rs. 15.86 crores with net loss of Rs. 0.48 crores.

The Management of the Company is exploring ways to reduce losses in these subsidiaries and preparing a strategy for their revival.

The total income of the Company in the consolidated accounts during the period under review was Rs. 532.32 crores with net profit of Rs. 0.96 crores as against the income of Rs. 249.15 crores and net loss of Rs. 12.63 crores in the previous period of 6 months.

#### **DIVIDEND:**

In view of accumulated losses of the previous years, the Directors regret their inability to recommend any dividend.

#### **OUTLOOK:**

Your Company has a specialized product portfolio of agrochemicals which are covered by strategic alliances with a few elite customers. Barring the uncertainties that loom over the Agrochemical industry, the Company expects strong business performance in this sector.

In addition, new opportunities in Pharma, Industrial Chemicals and specialized bio-products businesses will improve the prospects of the Company.

The Management is optimistic about the business prospects and taking requisite steps as and when the situation arises.

#### **SUBSIDIARY COMPANIES:**

As on 31st March, 2014, your Company has only three subsidiaries 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 provision of Section 212 (8) of the Companies Act, 1956, the Ministry of Corporate Affairs vide its General Circular No. 2/2011 dated 8th February, 2011, has granted general exemption from attaching the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies with the Balance Sheet of the Company. The Board of Directors in its meeting held on 29th May, 2014 has given its consent for not attaching the Annual Accounts of its subsidiaries with the accounts of the Company. The statement containing brief financial details of the Company's subsidiaries for the financial year ended 31st March, 2014 is included in the Annual Report. The Company will provide a copy of separate annual accounts in respect of each of its subsidiary to any shareholder of the Company who asks for it and the said annual accounts will also be kept open for inspection at the Registered Office of the Company and that of the respective 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:**

Inadequacy of working capital continued to be a great concern for the Management of the Company. The Management has taken various steps, as detailed in the foregoing paragraphs and also in the Management Analysis Report to improve the liquidity position of the Company by way of disposing of non-core assets and non profitable businesses.

As informed in the last year Annual Report that the Company had restructured its secured term loans and working capital loans under the scheme of CDR. However, no additional funds were sanctioned to the Company for operational purposes or to fund the working capital required to run the operations. Therefore, during the period under review, the Company continued to plough back its cash inflows generated from the operations into the working of the Company.

The payment of interest & instalments under the CDR scheme has also been started from June, 2013. This has posed additional stress on the financials of the Company. The Management expects that this situation should improve in the next financial year.

#### **FIXED DEPOSITS:**

The Company has not accepted or renewed any fixed deposits from the public since the last financial year. The Company has repaid all



the fixed deposits matured and due during the period in time. The total outstanding deposits as on 31st March, 2014 amounts to Rs. 27.95 lacs.

As on 31st March, 2014, the deposits amounting to Rs. 1.00 lacs remained unclaimed by 2 depositors (previous year Rs. 3.16 lacs by 4 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 2014-15 has been paid to these Exchanges.

#### **INSURANCE:**

The Company has taken adequate insurance policies for its assets against the possible risks like fire, flood, public liability, marine, etc.

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

The environment management and pollution control are the foremost priority in all the units of the Company. Due importance is also given on adopting environmentally clean and safe operations.

The Management of the Company is very conscious and takes adequate steps to reduce 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:**

Directors wish to place on record their appreciation for the sincere and devoted efforts of the employees and the Management staff at all levels.

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. Around 62 employees donated blood this year. SDS Memorial Trust has also helped few of the needy students, gave donations for religious places and other Charitable Institutes. These activities will be increased upon improvement in the financial position of the Company.

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

In spite of shortage of funds, your Company continues to make need base 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:**

Section 161(1) read with section 149 of the Companies Act, 2013 and the Articles of Association of the Company, Smt. Sindhu Seth was appointed as an Additional Director designated as a Woman Director w.e.f. 29th May, 2014 and she shall hold office up to the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing Smt. Sindhu Seth for appointment as a Woman Director, liable to retire by rotation, at the ensuing Annual General Meeting of the Company.

In terms of the Articles of Association of the Company, Capt. S.S Chopra (Retd.) Director will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer himself for re-appointment.

The Board of Directors recommends the appointment/re-appointment of above mentioned Directors.

Further, in compliance with the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges and the Companies Act, 1956, Shri G. Narayana, Shri M.D Patel and Shri Vijay Rai were designated as Independent Directors of the Company. Now, pursuant to the new provisions of Section 149 of the Companies Act, 2013, which came into effect from 1st April, 2014, every listed public Company is required to have atleast one-third of the total number of Directors as Independent Directors, who are not liable to retire by rotation and shall hold office for a term upto five (5) consecutive years on the Board of a Company and shall be eligible for re-appointment for another term of upto five (5) consecutive years on passing of a special resolution by the Company. Therefore in view of the new provisions, the Board recommends the appointment of Shri G. Narayana, Shri M.D Patel and Shri Vijay Rai as Independent Directors of the Company at the ensuing Annual General Meeting for a term of five (5) consecutive years effective from the date of the ensuing Annual General Meeting till 43rd Annual General Meeting to be held in the calendar year 2019. The Company has received notices from members in writing pursuant to Section 160 of the Companies Act, 2013 signifying their intention to propose the candidature of Shri G. Narayana, Shri M.D Patel and Shri Vijay Rai.

The Company has received declarations from these Directors confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges. In the opinion of the Board, each of these Directors fulfil the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director.

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.

#### **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**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- a) in the preparation of the annual accounts for the year ended March 31, 2014, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the Directors have prepared the annual accounts of the Company 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 (CFO) of the Company was placed before the Board of Directors along with the annual financial statements for the year ended on 31st March, 2014, at its meeting held on 29th May, 2014. The said Certificate is also annexed to the Corporate Governance Report.

### **COST AUDIT:**

The Board of Directors upon recommendation of the Audit Committee appointed Mrs. Pushpa Khanna, Cost Accountant, Chandigarh and M/s Khushwinder Kumar & Co., Cost Accountant, Jalandhar as Cost Auditors of the Company for conducting audit of the cost accounts maintained by the Company for the financial year

2014-15. They have submitted a certificate of eligibility for the appointment.

The Audit Committee has nominated Mrs. Pushpa Khanna, Cost Accountant, Chandigarh as the Lead Auditor of the Company.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at in the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

For the year 2013-14, the due date for filing the Cost Audit Report is 30th September, 2014 and the same will be filed in due course. The Cost Audit Report for the year 2012-13 was filed on 28th September, 2013.

### **AUDITORS' REPORT:**

The Company's Auditors have made the following qualifications in their report on Consolidated Financial Statements for the Financial Year ended March 31, 2014;

- 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 on the financial position and operating results of the group, as required by Accounting Standard (AS) 23, 'Accounting for Investment in Associates in Consolidated Financial Statements' has been considered in the Consolidated Financial Statements based on the unaudited management certified financial statements.

The Board of Directors are of the opinion that the aforesaid subsidiary does 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 on the operating results of the Group. The management believes that there would not be any material impact on the consolidated financial statements based on management certified accounts of the associate concern.

The Auditors have also given 'emphasis of matter', and not qualification, in their report in Standalone and Consolidated financial statements. The Company is taking required steps in this regard.

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.

### **AUDITORS:**

The term of M/s S.R. Batliboi & Company LLP, Chartered Accountants, as the Statutory Auditors of the Company will expire at the conclusion of the ensuing Annual General Meeting of the Company. However, due to certain internal restructuring in their LLP, M/s S.R. Batliboi & Company LLP, Chartered Accountants have given a notice in writing of their unwillingness to continue as the Statutory Auditors upon the conclusion of the ensuing Annual General Meeting.

Therefore, upon recommendation from the Audit Committee, the Board has proposed the appointment of S R B C & Co. LLP as Statutory





Auditors of the Company for a period of three (3) years. Accordingly, the appointment of Statutory Auditors is proposed to the Members in the Notice of the forthcoming AGM for a period of three (3) years commencing from the conclusion of the forthcoming AGM till the conclusion of 41st AGM, subject to ratification of their appointment at every AGM by the Members.

The Company has received letter from S R B C & Co. LLP, Chartered Accountants, confirming their eligibility to be appointed as Auditors under the relevant provisions of Chapter X of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014. Further the proposed appointment will be within the limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for appointment.

Members are requested to consider their appointment on a remuneration to be decided by the Board for the ensuing Financial Year i.e. 2014-15.

#### **TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND:**

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund (IEPF). No claim shall lie against the IEPF or the Company for the amounts so transferred prior to 31st March, 2014, nor shall any payment be made in respect of such claims.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amount lying with the Company as on 4th September, 2013 (date of last Annual General Meeting) on the Company's website ([www.punjabchemicals.com](http://www.punjabchemicals.com)).

#### **CORPORATE GOVERNANCE:**

The Company strives to maintain the required standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The Company has complied with the Corporate Governance code as stipulated under the Listing Agreement with the stock exchanges. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite certificate from the Practicing Company Secretary confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Clause 49, is attached to the Report on corporate governance.

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 Director's Report.

#### **ACKNOWLEDGEMENT:**

The Directors wish to convey their appreciation to all of the Company's employees for their enormous personal efforts as well as their collective contribution to the Company's performance. The Directors would also like to thank the employee unions, shareholders, fixed deposit holders, customers, dealers, suppliers, bankers, and all the other business associates for their continuous support given to the Company and their confidence in its management.

For and on behalf of the Board of Directors

**G. NARAYANA**  
Chairman

Place: Mumbai  
Date: May 29, 2014

## 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:
  - With the Process modifications, the production capacity of various plants increased, which has saved energy and power.
  - The connected load of power reduced by replacing high horsepower motors with the actual required motors.
  - New Brine Unit with high efficiency installed.
- b) *Additional investments and proposal, if any, being implemented for reducing the consumption of energy.*
  - The additional investment will be made on receipt of any 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 and cost.
- d) *Total energy consumption and energy consumption per unit of production, as per prescribed Form 'A'.*

#### FORM 'A'

	CURRENT YEAR (2013-14)	PREVIOUS YEAR (2012-13)
<b>A. Power and fuel consumption</b>		
1. <i>Electricity</i>		
a) Purchased		
Unit(Kwh)	2,47,17,476	1,18,70,978
Total Amt.(Rs.lacs)	1863.03	781.93
Rate/Unit(Rs.)	7.54	6.59
b) Own Generation		
i) Through Diesel Generator		
Unit(Kwh)	11,31,508	3,68,349
Unit per ltr. of Diesel Oil	3.71	3.36
Cost/ Unit (Rs.)	14.07	17.29
ii) Through Steam Turbine/Generator		
Unit(Kwh)	Nil	Nil
Unit per ltr. of fuel oil/gas	Nil	Nil
Cost/ Unit (Rs.)	Nil	Nil
2. <i>Coal (specify quality and where used)</i>		
Qty.(tonnes)	1,702	1,784
Total cost (Rs.lacs)	144.91	38.67
Average Rate (Rs.)	8,516	7,192
3. <i>Furnace Oil</i>		
Quantity (K.ltrs.)	236	228
Total Amount (Rs. Lacs)	102.36	105.04
Average rate (Rs.) per Kg.	43.30	46.10
4. <i>Others/Internal generation</i>		
Husk Rice, Straw, Baggase, etc. (Agro Waste)		
Quantity (MT)	34,735	16,498
Total Cost (Rs.lacs)	1,691.24	852.29
Rate/Unit (Rs.)	4,869	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	1004	1562	815	1286
ii) Pharma Products & their Intermediates	4806	7794	4149	7665
iii) Industrial Chemicals	620	150	607	119
iv) Sulphur based compounds	368	263	362	248

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'

#### RESERACH AND DEVELOPMENT (R&D)

- 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.
- Benefits derived as a result of the above R&D.
  - The reduction in the cost of production and development of environment friendly process.
- Future plan of action :
  - To further upgrade the R&D facilities upto the international standard.
- Expenditure on R&D

(Rs. lacs)

	2013-14	2012-13*
a) Capital	3	-
b) Recurring	157.81	186.96
c) Total	160.81	186.96
d) Total R&D expenditure as %age of total turnover	0.38%	0.37%

\*Figures for the year 2012-13 are for 6 months.

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts, in brief, made towards technology absorption, adaptation and innovation.
  - Development of in house and indigenous technologies to meet demand of the customers.
- Benefits derived as a result of the above efforts, e.g. Product improvement and cost reduction, product development, import substitution etc.
  - The existing processes are simplified and lowered the cost of production with better quality.
- Technology imported during the last 5 years:
  - The Company has not imported any technology.

## III) FOREIGN EXCHANGE EARNINGS AND OUTGO

- 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.
- Total Foreign Exchange earned and used

(Rs. lacs)

	2013-14	2012-13
i) Earned	19,172	4,115
ii) Used	5,415	1,388

For and on behalf of the Board of Directors

**G. NARAYANA**

Chairman

Place: Mumbai

Date: May 29, 2014

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. BUSINESS REVIEW:

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

#### a) Industry Structure and Development:

The recovery of the monsoon in the season's second half in 2012 and a good monsoon in 2013 helped agriculture sector to grow by 4.6% in FY2013, though growth moderated somewhat in the second half of the year. Food grain production have increased approximately by 2.4% in FY2013, reaching a record of 263.2 million tons. Record production of food grains in FY 2013 should help to soften food prices. However, the Government policies on support price for procuring food grains under the National Food security Act will affect the food inflation. Some global weather agencies have reported the increased chance of a weak El Niño in 2014, which could reduce rainfall in India and suppress agriculture growth. Therefore, improvement in the agricultural productivity, irrigation facility, marketing and efficient distribution of perishable food items will get an emphasis by the new Government in order to ensure the desired growth.

Agriculture sector, being one of the most important contributors to GDP, will always have the focus of the government for more productivity, efficient method of agriculture, irrigation facilities and low wastage. Therefore, the agrochemicals industry, being the supportive Industry to Agriculture, has an important role to play for the Indian economy and is bound to experience healthy growth rate in the years to come.

On the International front, as per one of the report, the global agrochemicals market was estimated to be worth \$196 billion in 2012 and growing. It is expected to reach \$243 billion by 2018, growing at a CAGR of 3.6% from 2013 to 2018.

Your Company is primarily in this business segment and in view of the growth prospects of the Sector your Company expects similar growth.

#### b) Opportunities and Threats:

It is worth noting that billions of dollars worth of agrochemical patents are expiring by 2020. Therefore, many big global players are keen to buy or tie-up with Indian companies known for their low-cost manufacturing expertise. It is likely that manufacturing of most of the patent products is likely to move to India which has the necessary infrastructure and technical capability. Therefore, toll manufacturing strength of your company is likely to gain momentum in the near future. This should further benefit your company, which has a proven record.

The agro chemical industry is a capital intensive industry with fast changing requirements. For smooth operations, the

availability of working capital is very important. The high interest rates, alongwith tight monitoring policy, if maintained by the Government, may affect the Company as it competes with China where the rates are below 8%.

Constant up-gradation of technology is required to remain competitive. The focus on continuous R&D is therefore, our strength.

The Management of the Company is aware of the opportunities and threats explained above, and will take adequate steps as and when necessary to overcome these problems.

#### c) Performance and outlook:

In spite of many operational and financial hiccups, during the year under review, your Company has been able to sustain and improve the performance in this business segment.

Last year, with the help of a renowned MNC your Company had commissioned a new fungicide plant in the Agro Chemicals unit. This plant is now fully operational and providing good payback to the Company.

The Company has entered into long term sale contracts with many national and international clients to ensure committed sales of some key products.

The Corporate Debt Restructuring (CDR) Scheme approved by the Corporate Debt Restructuring Empowered Group under the CDR framework has already been implemented. Therefore, as per the CDR scheme, the Company was required to dispose off few non-core assets and non or less-profitable businesses to repay the Working Capital Demand Loan (WCDL) of Rs. 50 crores. The Company therefore, reviewed its entire business portfolio and fixed assets and evaluated the proposals to divest or dispose of its non-core assets and non or less profitable businesses to repay the WCDL to prune the debt burden.

Accordingly, the Management took the following steps:

- i) Sold/disposed off its Agro Formulation Division to Coromandel Agrico Private Limited as a going concern, by way of slump sale, for an upfront consideration of Rs. 12.25 crores plus net working capital adjustment at the closing date. All the formalities have been completed and upfront consideration has also been received by the Company.
- ii) Given Tarapur Unit of Industrial Chemicals Division to UPL Limited on long term lease to generate fixed income and mitigate the operational losses of this unit.



- iii) Negotiations initiated with the potential buyer to sell or otherwise dispose off Pune Unit of Industrial Chemicals Division including the business conducted therein.
- iv) The Management has also decided to sell, lease or otherwise transfer the office building of the Company situated at Mumbai.

The Management of your Company contemplates that with the pruning of debt by disposal of non core businesses of the Company, it would be able to focus on its core business, channelize the funds to the profitable products and improve the operations of the Company in the long run.

The Management is confident that it will be more beneficial to remain in technical manufacturing area rather than focus on formulation and retail business. The expertise of the Company for the last many years in technical manufacturing should turn the tide and steer the Company to recovery.

**d) Risks and concerns:**

Uncertain climatic conditions, which may affect local demand and wide fluctuations in foreign exchange because of its over dependence on the export markets, are the key concerns of the Company.

The Management is entirely acquainted with all these risks and concerns and takes appropriate and required measures as and when the need arises.

## 1.2 Business Segment- Pharma

**a) Industry Structure and Development:**

The pharmaceutical sector has been slowly but steadily recovering.

Your Company entered into the 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 specialty chemicals. The growth of this division has been slow mainly due to lack of working capital. With the introduction of another specialty product to the product range, the number of profitable products has increased and we will be able to provide better results in the future. The CRAM business in the division is giving good returns and the Company is now giving more focus on specialty chemicals which make better margins. The speed and cost of taking up manufacturing of chemicals will increase the return of this division.

**b) Opportunities and Threats:**

The Pharma industry is out of the worst phase in its history. Many Companies in manufacturing should continue to see a sustained improvement in the results of this year if it focuses on specialty Chemicals. High cost due to low volumes directs the company to downsize if it wants to make profits.

The Management of the Company is aware of the threats denting the prospects of the business and will endeavor to capitalize on the opportunities to the extent possible.

**c) Performance and Outlook:**

The Company is now giving more focus on specialty chemicals rather than looking for more APIs. The speed and cost of taking up manufacturing of chemicals should increase turnover and profitability of this division. The manufacturing facility has ISO 9001:2000 and ISO 14001:2004 which should add value and facilitate more manufacturing activities.

As the activities of the Industrial Chemicals Division will now be almost restricted, therefore, no details for the said division are provided.

**d) Risks and concerns:**

High cost of manufacturing and R&D cost, lengthy clinical trial processes, expiring patents and stringent standards for providing product approval by appropriate regulatory bodies are few of the concerns of this industry.

The Management is entirely acquainted with all these risks and concerns and takes appropriate and required measures as and when the need arises.

## 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 the 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 Company has a system of monthly physical verification of all types of stocks viz. finished goods, semi-finished goods and raw materials from the Internal Auditor in addition to yearly verification of engineering stores. The monthly monitoring and verification of these stocks help the management to analyse and focus on the consumption and efficiency of raw materials viz. a viz. production output.

The remedial measures, if required, in any process or plant with respect to discrepancy of increased raw material consumption, etc. is taken up immediately to avoid re-occurrence.

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 three subsidiaries, namely, (i) STS Chemicals (UK) Ltd. ; (ii) Sintesis Quimica, Argentina, S.A.I.C and (iii) SD AgChem (Europe) NV.

Further, 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 skills. 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, 2014 was 942.

### **5. FINANCIAL PERFORMANCE AND ANALYSIS:**

In the financial year 2013-14, comprising of 12 months i.e from 1st April, 2013 to 31st March, 2014, the net sales of the Company on a standalone basis was Rs. 416.86 crores with a meagre profit of Rs. 1.18 crores. In the previous financial year of 6 months, the standalone net sales were Rs. 200.61 crores with a net loss of

Rs. 2.07 crores. On consolidated basis, the net sales stood at Rs. 514.42 crores with a net profit of Rs. 0.96 crores in the current period under review against net sales of Rs. 245.33 crores and net loss of Rs. 12.63 crores in the previous year.

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:

Corporate Governance is an ethically driven business process which strives at enhancing an organisation's wealth generating capacity and constitutes strong foundation on which successful organisations are built up. The Company has set out the required practices of Corporate Governance keeping in view the size, complexity, global operations and its traditional ethical values. The accountability, integrity and responsibilities in dealings with employees, shareholders, consumers and community at large are of utmost importance for the Company. The Company believes to achieve the global standards of corporate conduct towards all stakeholders, which needs to be better managed and governed and to align its activities with national interest. The culture of transparency, new development capabilities, identifying opportunities for value creation has been embedded in each and every employee of the Company.

The Company has complied with the requirement of Corporate Governance in terms of Clause 49 of the Listing Agreement with the Stock Exchanges and the best practices are followed to achieve its goal of Corporate Governance.

## 2. BOARD OF DIRECTORS:

The Board of Directors along-with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board of the Company has been constituted in compliance with the Companies Act, 2013 and the Listing Agreements entered with the Stock Exchanges.

The Board of Directors of the Company comprises of one Managing Director, Two Whole-time Directors and Five Non-Executive Directors as on 31st March, 2014. The number of Independent Directors on the Board is three and one Director is a Nominee Director. The Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under Clause 49 of the Listing Agreement.

The Company has obtained the requisite disclosures from the Directors in respect of their Directorships in other Companies and Memberships in committees of other Companies. None of the Directors on the Board is a Member of more than 10 Committees nor acted as Chairperson of more than 5 Committees across all Public Limited Companies in which he is a Director.

The Composition of the Board of Directors as on date, their attendance at the Board Meetings held during the year, attendance at the last Annual General Meeting (AGM), the number of Directorships and Committee Chairmanships/ Memberships held by them in other Public Companies and number of shares held by them as on 31st March, 2014 are as under:

Sr. No.	Name of Director	Category	No. of Board Meetings during the year 2013-14		Attendance at the last AGM (4.9.2013)	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 2014
			Held	Attended			Chairman	Member	
1.	Shri G Narayana Chairman (DIN : 00020575)	Independent Non-Executive	7	7	Yes	2	1	Nil	Nil
2.	Capt. S S Chopra (Retd.) (DIN : 00146490)	Non-Independent Non-Executive	7	6	Yes	Nil	Nil	Nil	Nil
3.	Shri Shalil S Shroff Managing Director (DIN : 00015621)	Promoter Executive	7	7	Yes	1	Nil	Nil	3,80,581
4.	Shri Vijay Rai (DIN : 00075837)	Independent Non-Executive	7	7	Yes	5	Nil	2	Nil
5.	Shri MD Patel (DIN : 00009605)	Independent Non-Executive	7	7	Yes	5	3	4	400
6.	Shri Avtar Singh Whole Time Director (DIN : 00063569)	Non-Independent Executive	7	5	Yes	1	Nil	Nil	7,911
7.	Shri S.S. Tiwari Whole Time Director (DIN : 00019058)	Non-Independent Executive	7	3	Yes	Nil	Nil	Nil	11,714
8.	Shri S.P. Singh* (DIN : 006493455)	Nominee Non-Executive	7	6	No	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) Nominee of EXIM Bank is classified as independent Director upto 31st March, 2014
- (b) None of the Directors is related to any other Director, except Shri Shalil Shroff and Capt. S.S. Chopra (Retd.) being relatives.
- (c) None of the Directors held Directorship in more than 15 Public Limited Companies.
- (d) None of the Director has any business relationship with the Company.
- (e) None of the Directors received any loans and advances from the Company during the year.
- (f) Apart from the Directors' Sitting fees, the Company did not have any pecuniary relationship or transactions with non-executive Directors during 2013-14.
- (g) The details of the Directors proposed to be appointed/ re-appointed at the 38th Annual General Meeting are published elsewhere in the Annual Report.

**Details of Board Meetings held during the period 01.04.2013 to 31.03.2014 :**

The gap between two Board Meetings did not exceed four months. The dates on which seven (7) Board Meetings were held are as follows :

30th April,2013	29th May,2013	18th July,2013	3rd August,2013
4th September, 2013	9th November, 2013	12th February, 2014	

**3. APPOINTMENT/ REAPPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING:**

Name of the Director	<b>Capt. S.S. Chopra (Retd.)</b>
Date of Birth	08.04.1940
Date of Appointment	18.08.2004
Expertise in specific functional areas	Organizational Management
Qualifications	National Defence Academy (NDA), Khadakvasla
Other Public Companies in which Directorship held	NIL
Other Public Companies in which membership of Committees of Directors held	NIL

Name of the Director	<b>Smt. Sindhu Seth</b>
Date of Birth	04.02.1957
Date of Appointment	29.05.2014
Expertise in specific functional areas	HRD, Education and International Relations
Qualifications	M.A. (Economics)
Other Public Companies in which Directorship held	NIL
Other Public Companies in which membership of Committees of Directors held	NIL



Name of the Director	<b>Shri M.D Patel</b>
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      4. Transpek Industry Limited 2. Transpek Finance Limited      5. Banco Products (India) Limited 3. Universal Esters Limited
Other Public Companies in which membership of Committees of Directors held	<b>Audit Committee :</b> 1. Shilchar Technologies Limited (as Chairman) 2. Transpek Industry Limited (as Chairman) 3. Banco Product (India) Ltd. <b>Shareholders &amp; Investors Grievance Committee :</b> 1. Shilchar Technologies Limited 2. Transpek Finance Ltd. 3. Transpek Industry Ltd 4. Banco Product (India) Ltd.

Name of the Director	<b>Shri Vijay Rai</b>
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	<b>Audit Committee :</b> 1. Greaves Cotton Ltd. <b>Shareholders &amp; Investors Grievance Committee :</b> 1. Greaves Cotton Ltd.

Name of the Director	<b>Shri G. Narayana</b>
Date of Birth	20.08.1941
Date of Appointment	18.03.1997
Expertise in specific functional areas	Expertise in Engineering, Operations, General Management and Corporate Management
Qualifications	Post Graduate in Management Studies and Graduation in Electrical & Electronics Engineering.
Other Public Companies in which Directorship held	1. Aryan Paper Mills Limited 2. Laopala R G Glass Limited
Other Public Companies in which membership of Committees of Directors held	<b>Audit Committee :</b> 1. Laopala R G Glass Limited ( as Chairman)

#### 4. AUDIT COMMITTEE :

The Board of Directors at its Meeting held on 29th May, 2014 amended the terms of reference of the Audit Committee to align with the requirements prescribed for it with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

##### **Terms of Reference:**

The primary objective of the Committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality.

The terms of reference of the Audit Committee are broadly as under:

1. Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to Board, the appointment, reappointment and, if required, the replacement or removal of Statutory Auditors, including Cost Auditors, and fixation of audit fees and other terms of appointment.
3. Approving payment to Statutory Auditors, including Cost Auditors for any other services rendered by them
4. Reviewing, with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Directors' Report in terms of clause(c) of sub-section 3 of section 134 of the Companies Act, 2013 (earlier sub-section (2AA) of Section 217 of the Companies Act, 1956).
  - b) Changes, if any, in accounting policies and practices and reasons for the same
  - c) Major accounting entries involving estimates based on the exercise of judgment by management
  - d) Significant adjustments made in the financial statements arising out of audit findings
  - e) Compliance with listing and other legal requirements relating to financial statements
  - f) Disclosure of any related party transactions
  - g) Qualifications in the draft Audit Report
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing and monitoring the Auditor's independence and performance, and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, external and internal auditors, the adequacy of the internal control systems.
13. Reviewing the adequacy of Internal Audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with Internal Auditors of any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To review the functioning of the Whistle Blower mechanism.
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
20. Carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors and/ or other Committees of Directors.





### Composition:

During the last financial year, the Audit Committee held four meetings and not more than four months had elapsed between any two meetings. The dates of meetings of the Audit Committee are as follows:

29th May, 2013

3rd August, 2013

9th November, 2013

12th February, 2014

The necessary quorum was present in all the meetings.

The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Sr.No.	Name of Director	Category	Position	No. of Audit Committee Meetings during 2013-14	
				Held	Attended
1.	Shri M.D. Patel	Non-Executive / Independent	Chairman	4	4
2.	Shri Vijay Rai	Non-Executive / Independent	Member	4	4
3.	Capt. S.S Chopra (Retd.)	Non-Executive / Non-Independent	Member	4	4

The Company has complied with the requirements of Clause 49 (II) (A) with respect to the composition of the Audit Committee.

At the Annual General Meeting held on 4th September, 2013, the Chairman of the Audit Committee, Shri M.D Patel was present.

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 also invited to the meetings, as and when required. Shri Punit K Abrol, Sr. V.P. (Finance) & Secretary of the Company acts as the Secretary of the Committee.

## 5. SHAREHOLDERS & INVESTORS GRIEVANCE COMMITTEE:

### (Reconstituted as "Stakeholders Relationship Committee" effective from 29th May, 2014)

Section 178 of the Companies Act, 2013 mandates the constitution of a Stakeholders Relationship Committee for Companies which have more than one thousand shareholders, debenture holders, deposit holders and any other security holders at any time during a financial year. The revised Clause 49 of the Listing Agreement which would be effective from 1st October, 2014 has also replicated these provisions and prescribed constitution of a Stakeholders Relationship Committee to specifically look into redressal of grievances of shareholders, debenture holders and other security holders. In line with the requirement, the Board of Directors at its Meeting held on 29th May, 2014 renamed and reconstituted Shareholders & Investors' Grievance Committee as Stakeholders Relationship Committee, effective from 29th May, 2014.

### Terms of Reference:

Terms of Reference of the Committee, inter alia, includes the following:

- i) Oversee and review all matters connected with the transfer of the Company's securities
- ii) Approve issue of the Company's duplicate share certificates
- iii) Monitor redressal of investors' / shareholders' / security holders' grievances
- iv) Oversee the performance of the Company's Registrars and Transfer Agents
- v) Recommend methods to upgrade the standard of services to investors
- vi) Monitor implementation of the Company's Code of Conduct for Prohibition of Insider Trading
- vii) Any other function or duty as stipulated by the Companies Act, Reserve Bank of India, Securities & Exchange Board of India, Stock Exchanges and any other regulatory authority or under any applicable laws, as amended from time to time

### Composition:

During the year under review, four Shareholders'/Investors' Grievances Committee meetings were held on 29th May, 2013, 3rd August, 2013, 9th November, 2013 and 12th February, 2014.

The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Sr.No.	Name of Director	Category	Position	No. of Audit Committee Meetings during 2013-14	
				Held	Attended
1.	Shri M.D. Patel	Non-Executive / Independent	Chairman	4	4
2.	Shri Shalil Shroff	Executive / Non-Independent	Member	4	4
3.	Shri. Vijay Rai	Non-Executive / Independent	Member	4	4
4.	Shri Avtar Singh	Executive / Non-Independent	Member	4	4

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

During the period under review, the Company received 2 complaints from Investors and the same have been replied /resolved. As on 31st March, 2014, no complaints from investors are pending.

The Board of Directors of the Company have delegated the power to transfer the shares by any one of Shri Shalil Shroff, Managing Director, or Shri Avtar Singh, Director (Operations & Business Development), or Shri Punit K Abrol, Sr.V.P (Finance) & Secretary. During the year 2013-14, 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) & Secretary.

## 6. REMUNERATION COMMITTEE:

**(Reconstituted as "Nomination and Remuneration Committee" effective from 29th May, 2014):**

Section 178 of the Companies Act, 2013 mandates the constitution of a 'Nomination and Remuneration Committee' for every listed Company and such other class of Companies as may be prescribed. The revised Clause 49 of the Listing Agreement which would be effective from 1st October, 2014 has also replicated these provisions and prescribed constitution of a Nomination and Remuneration Committee to formulate policy relating to remuneration of Directors, KMPs and other employees, evaluation of Independent Directors, etc. In line with the requirement, the Board of Directors at its Meeting held on 29th May, 2014 renamed and reconstituted Remuneration Committee as "Nomination and Remuneration Stakeholders Relationship Committee", effective from 29th May, 2014.

### Terms of reference:

The terms of reference of the Committee has been expanded in terms of the provisions of the Companies Act, 2013 and the Listing Agreement which includes:

1. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
2. Evaluation of performance of all Directors on the Board.
3. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
4. Formulation of criteria for evaluation of Independent Directors and the Board.
5. Devising a policy on Board diversity.

### Composition:

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

Sr.No.	Name of Director	Category	Position
1.	Shri Vijay Rai	Non-Executive / Independent	Chairman
2.	Shri M.D. Patel	Non-Executive / Independent	Member
3.	Shri S.P. Singh	Non-Executive / Nominee	Member

No Meeting of the Nomination and Remuneration Committee was held during the year.



### Remuneration Policy:

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

- a) The Company pays remuneration to its Managing Director and Whole-time Directors by way of salary, commission, perquisites and allowances. Salary is paid within the range as approved by the Shareholders. The Board, on the recommendations of the Remuneration Committee, approves annual increments to the Managing Director and the Whole-Time Directors. The commission is calculated with reference to the net profits of the Company in a particular financial year and is determined by the Board of Directors at the end of the financial year based on the recommendations of the Remuneration Committee, subject to the overall ceiling as stipulated in Sections 198 and 309 of the Companies Act, 1956.
- b) The Non-Executive Directors are paid remuneration by way of commission and sitting fees. The Company pays sitting fees of Rs. 5000/- per meeting to its Non-Executive Directors for attending the meeting of the Board and other Committees of the Board. The commission is paid as per the limits approved by shareholders, subject to a limit not exceeding 1% p.a. of the Company (computed in accordance with Section 309 (5) of the Companies Act, 1956) and in such proportion and manner as the Chairman may decide. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the Meetings.

The Directors' remuneration and sitting fees paid/payable in respect of the Financial Year 2013-14, 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	35,000	Nil	Nil	Nil	35,000
Capt. S.S. Chopra (Retd.)	50,000	Nil	Nil	Nil	50,000
Shri Vijay Rai	75,000	Nil	Nil	Nil	75,000
Shri M.D. Patel	75,000	Nil	Nil	Nil	75,000
Shri Shalil Shroff	Nil	43,47,487	Nil	Nil	43,47,487
Shri Avtar Singh	Nil	35,19,639	Nil	Nil	35,19,639
Shri S.S. Tiwari	Nil	39,49,800	Nil	Nil	39,49,800
Shri S.P. Singh	30,000	Nil	Nil	Nil	30,000
<b>Total</b>	<b>2,65,000</b>	<b>1,18,16,926</b>	<b>Nil</b>	<b>Nil</b>	<b>1,20,81,926</b>

### Notes:

1. The employment of Shri Shalil Shroff, Managing Director and Shri S.S. Tiwari, Whole Time Director is contractual for a period of three years as approved by the Central Government whereas the employment of Shri Avtar Singh, Director (Operations & Business Development), is contractual for a period of five (5) years, subject to the approval by the Central Government, which is pending. The employment is terminable by either party giving three months notice or as may be mutually decided between them and the Company.
2. Severance compensation is payable to the Managing Director and the Whole-time Director, if his office is terminated before the contractual period, subject to the provisions and limitations specified in Section 318 of the Companies Act, 1956.
3. The sitting fee mentioned against Shri S.P. Singh has been paid to EXIM Bank, as per the nomination letter received from EXIM Bank.
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. OTHER COMMITTEES:

#### a) Risk Assessment Committee:

The Risk Assessment Committee assists the Board in fulfilling its corporate governance duties by overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and environmental risks.

One Meeting of the Risk Assessment Committee was held on 19th December, 2013.

The Composition of the Risk Assessment Committee and details of the Meeting attended by its Members are given below:

Sr. No.	Name of Director	Category	Position	No. of Audit Committee Meetings during 2013-14	
				Held	Attended
1.	Shri Shalil Shroff	Executive / Non-Independent	Chairman	1	1
2.	Shri Avtar Singh	Executive / Non-Independent	Member	1	1
3.	Shri S.S. Tiwari	Executive / Non-Independent	Member	1	-
4.	Shri M.D. Patel	Non-Executive / Independent	Member	1	-

**b) Corporate Social Responsibility Committee :**

In terms of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board at its meeting held on 29th May, 2014 has constituted a Corporate Social Responsibility Committee consisting of majority of Independent Directors.

The Composition of the Committee is given below:

Sr. No.	Name of Director	Category	Position in Committee
1.	Shri G. Narayana	Non- Executive / Independent	Chairman
2.	Shri Shalil Shroff	Executive / Non-Independent	Member
3.	Shri M.D. Patel	Non- Executive / Independent	Member
4.	Capt. S. S. Chopra (Retd.)	Non- Executive / Non-Independent	Member
5.	Mrs. Sindhu Seth	Non- Executive / Non-Independent	Member

The terms of reference of the Committee includes:

- Formulation and recommendation to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- To recommend the amount of expenditure to be incurred on CSR activities as indicated in the CSR Policy;
- Monitoring CSR Policy of the Company from time to time;
- Instituting a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company; and
- To perform any other function or duty as stipulated by the Companies Act, and any other regulatory authority or under any applicable laws, as may be prescribed from time to time.

As a good Corporate citizen, the Company continued to contribute funds as and when necessary for the charitable or religious purposes, inspite of running into severe losses in the past. However, the Committee will take care of the Company when becomes eligible in accordance with Section 135 of the Companies Act, 2013.



## 8. GENERAL MEETINGS:

### Location and Time of the last three Annual General Meetings :

Year	Location	Day/Date	Time	No. of Special Resolutions
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
2012-2013	PHD House, Sector-31, Chandigarh.	Wednesday, 4th September, 2013	10.30A.M.	Nil

### Following Special Resolutions were passed at the aforesaid Meetings:

Sr. No.	Meeting Date	Section Reference	Regarding
1.	07.09.2011	Nil	Nil
2.	29.12.2012	198, 269, 309, 310 and 311	Reappointment of Shri Avtar Singh as the Whole-Time Director of the Company and to fix his remuneration.
3.	04.09.2013	Nil	Nil

### Postal Ballot:

During the year under review, following Resolutions were passed by Postal Ballot Mechanism:

S. No.	Date of result of Postal Ballot	Particulars of resolution	Type of resolution	Details of voting pattern	
				Votes cast in favour (No. of shares)	Votes cast against (No. of shares)
1	12th September, 2013	Sale of Agro-formulation Division of the Company	Ordinary Resolution	86,66,286	3,623
		Sale of Pune Unit of Industrial Chemicals Division of the Company including business conducted therein.		86,66,340	3,569
2	21st January, 2014	To transfer Tarapur Unit of Industrial Chemicals Division of the Company by way of lease or by any other feasible and appropriate legal manner.	Special Resolution	79,31,323	6,198
3	21st February, 2014	To sell, lease or transfer by way of any other mode the office building of the Company situated in Mumbai.	Special Resolution	83,26,130	3,098

Shri S.K Sharma, of M/s S.K Sharma & Associates, Practicing Company Secretary, Chandigarh, was appointed as the Scrutinizer for conducting the Postal Ballot process and to compile the results of the voting of these resolutions.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of a Special Resolution through postal ballot.

## 9. DISCLOSURES:

### a) Related Party Transactions :

Related Party Transactions under Clause 49 of the Listing Agreement are defined as the transactions of the Company of a material nature with its Promoters, Directors or the Management, their subsidiaries or relatives, etc that may have potential conflict with the interest of the Company at large.



All these contracts or arrangements are entered in the Register of Contracts under Section 301 of the Companies Act, 1956 and the Register is placed before the Audit Committee and the Board from time to time. There were no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large. Particulars of transactions between the Company and related parties as per the Accounting Standard (AS-18), "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given else where in the Annual Report.

**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 and has adopted the following non-mandatory requirements:

- i) The Company has set up a Remuneration Committee, details of which have been given earlier in this Report.
- ii) The Company has adopted a Whistle Blower Policy in its Meeting held on 29th May, 2014 and is in the process of establishing the necessary mechanism for employees to report concerns about unethical behaviour.
- iii) The Chairman of the Board is a Non Executive Director and the Company reimburses him the expenses incurred in performance of his duties.

**10. MEANS OF COMMUNICATION:**

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

The financial and other information filed by the Company from time to time is also available on the website of the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). NSE and BSE have introduced NSE Electronic Application Processing (NEAP) System and BSE Listing Centre respectively as intimated by them from time to time, various compliances as required/ prescribed under the Listing Agreement executed with the Stock Exchanges are also filed through these systems in addition to dissemination of information by email or fax.

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

**11. GENERAL SHAREHOLDER INFORMATION:**

**a) Annual General Meeting**

Date	:	Tuesday, the 23rd September, 2014
Time	:	4:00 p.m
Venue	:	PHD House, Sector- 31, Chandigarh
Financial Year	:	Year ending March 31, 2014.
Date of Book Closure	:	16th September, 2014 to 23rd September, 2014
Dividend payment date	:	N.A
<b>Listing on Stock Exchanges</b>	:	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>Corporate Identification Number Of the Company</b>	:	L24231CH1975PLC003603


**b) Market Price Data:**

MONTH & YEAR	PCCPL Price at BSE (Rs.)			BSE SENSEX		
	High	Low	Month Close	High	Low	Month Close
April, 2013	55.00	42.00	48.95	19622.68	18144.22	19504.18
May, 2013	54.45	46.00	49.90	20443.62	19451.26	19760.30
June, 2013	51.00	43.50	44.35	19860.19	18467.16	19395.81
July, 2013	53.95	31.10	40.00	20351.06	19126.82	19345.70
August, 2013	45.00	29.15	32.80	19569.20	17448.71	18619.72
Sept, 2013	43.05	32.05	38.15	20739.69	18166.17	19379.77
Oct, 2013	43.90	36.30	41.95	21205.44	19264.72	21164.52
Nov, 2013	63.05	40.75	60.00	21321.53	20137.67	20791.93
Dec, 2013	60.80	54.15	60.00	21483.74	20568.70	21170.68
Jan, 2014	62.90	50.15	50.75	21409.66	20343.78	20513.85
Feb, 2014	65.90	48.10	62.55	21140.51	19963.12	21120.12
Mar, 2014	76.90	61.85	76.00	22467.21	20920.98	22386.27

MONTH & YEAR	PCCPL Price at NSE (Rs.)			NIFTY (Rs.)		
	High	Low	Month Close	High	Low	Month Close
April, 2013	52.00	44.00	49.20	5962.30	5477.20	5930.20
May, 2013	55.00	45.65	48.85	6229.45	5910.95	5985.95
June, 2013	50.80	44.00	45.00	6011.00	5566.25	5842.20
July, 2013	48.00	31.00	32.10	6093.35	5675.75	5742.00
August, 2013	33.50	25.00	31.90	5808.50	5118.85	5471.80
Sept, 2013	39.50	33.45	36.80	6142.50	5318.90	5735.30
Oct, 2013	40.60	35.60	40.00	6309.05	5700.95	6299.15
Nov, 2013	60.35	41.00	58.00	6342.95	5972.45	6176.10
Dec, 2013	59.00	53.55	58.95	6415.25	6129.95	6304.00
Jan, 2014	60.90	48.05	49.35	6358.30	6027.25	6089.50
Feb, 2014	64.45	47.20	62.60	6282.70	5933.30	6276.95
Mar, 2014	76.35	63.00	76.10	6730.05	6212.25	6704.20

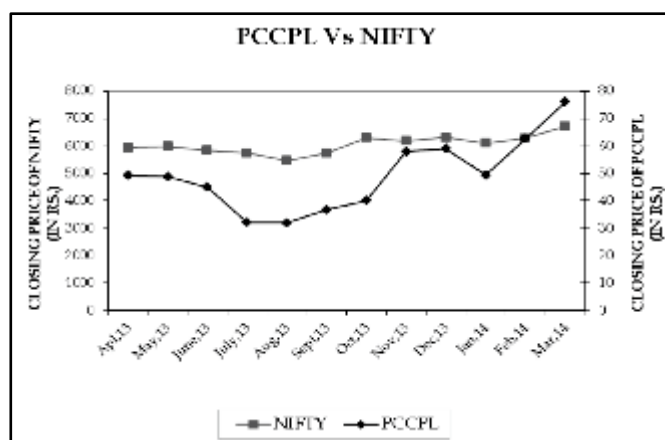
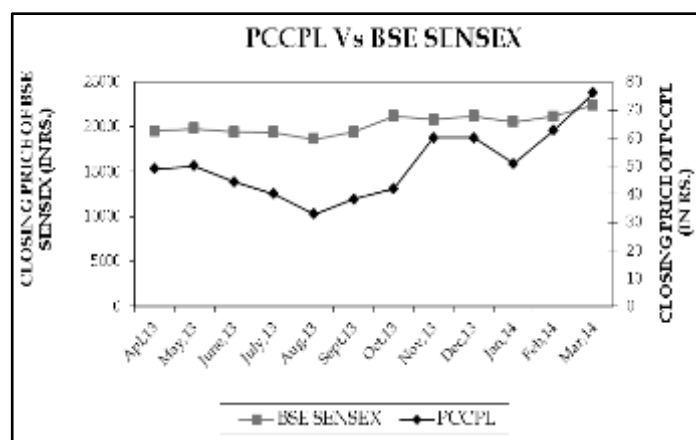
**c) Share Price Movements:**

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 2013-14:

Graph on next Page.

**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 Sr. V.P (Finance) & Company Secretary, as per the authority delegated to him by the Board of Directors to, inter alia, approve the share transfers and transmission.

The shares are normally transferred every week 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, 2014.

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

**f) Distribution of Shareholding as on 31st March, 2014:**

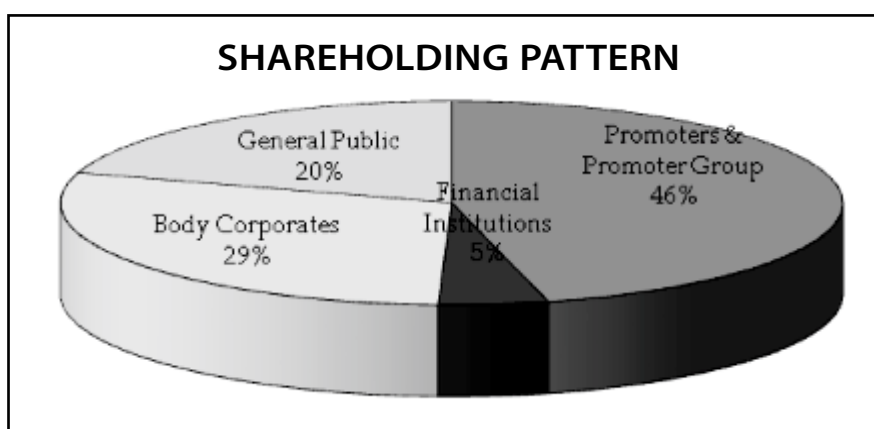
FROM-TO	NO. OF SHAREHOLDERS		NO. OF SHARES		DEMAT HOLDING	
Number of Shares	Number	%	Number	%	Number	%
1-500	29468	97.04	955736	7.79	738550	6.02
501-1000	468	1.54	356844	2.91	322337	2.63
1001-2000	216	0.71	310569	2.53	291981	2.38
2001-3000	63	0.21	157603	1.29	153040	1.25
3001-4000	39	0.13	135582	1.11	124169	1.01
4001-5000	22	0.07	102446	0.84	97446	0.80
5001-10000	45	0.15	320522	2.61	307866	2.51
Above 10000	45	0.15	9922883	80.92	9922883	80.92
<b>TOTAL</b>	<b>30366</b>	<b>100.00</b>	<b>12262185</b>	<b>100.00</b>	<b>11958272</b>	<b>97.52</b>

**Categories of Shareholders as on 31st March, 2013.**

Sr. No.	Category	No. of Shares Held	Percentage of Shareholding (%)
<b>A.</b>	<b>Shareholding of Promoter and Promoter Group</b>		
(1)	Indian	5643867	46.03
(2)	Foreign	Nil	Nil
	<b>Total Shareholding of Promoter and Promoter Group</b>	<b>5643867</b>	<b>46.03</b>



<b>B.</b>	<b>Public Shareholding</b>		
<b>(1)</b>	<b>Institution :</b>		
<b>(a)</b>	Mutual Funds	6913	0.06
<b>(b)</b>	Financial Institutions/Banks	1079	0.01
<b>(c)</b>	Central Govt. /State Govt.Co.	122027	0.99
<b>(d)</b>	Insurance Company	420796	3.43
<b>(e)</b>	FII's	3913	0.03
	<b>Sub total (B) (1)</b>	<b>554728</b>	<b>4.52</b>
<b>(2)</b>	<b>Non-Institutions</b>		
<b>(a)</b>	Private Corporate Bodies	3582153	29.21
<b>(b)</b>	Indian Public	2469548	20.14
<b>(c)</b>	NRI's	11689	0.10
<b>(d)</b>	Trust	200	0.00
	<b>Sub Total (B) (2)</b>	<b>6063590</b>	<b>49.45</b>
	<b>Total Public Shareholding (B)(1)+(B)(2)</b>	<b>6618318</b>	<b>53.97</b>
	<b>TOTAL</b>	<b>12262185</b>	<b>100.00</b>



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

As per extant guidelines, trading in equity shares of the Company is mandatory in dematerialised form. To facilitate trading in demat form, there are two depositories i.e National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into agreements with both these depositories. Shareholders can open account with any of these two depositories. As on 31st March, 2014, 97.52 % 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:**

In accordance with the requirements of Clause 5A(II) of the Listing Agreement, the Company has 2,996 shareholders holding 36,266 Equity Shares who have not claimed their share certificate.

The Company has transferred these shares in a demat account called "Punjab Chemicals and Crop Protection Limited - Unclaimed Suspense Account".

The voting rights on these outstanding shares lying in the suspense account 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) Plant Locations:**

Location of Manufacturing Sites :	
<b>Agro-Chemicals Division</b> Milestone-18, Ambala Kalka Road, P.O. Bhankharpur, Distt. SAS Nagar, Mohali (Pb.) 140 201, Ph. : 01762-280086, 280094, 522253 Fax : 01762-280070 E-mail : factoryinfo@punjabchemicals.com	<b>Pharma Division - Unit Alpha Drug</b> Villages: Kolimajra & Samalheri P.O. : Lalru, Distt. SAS Nagar, Mohali (Pb.) Ph. : 01762-275519, 506996 Fax : 01762-275308, 506999 E-mail : pharmainfo@punjabchemicals.com
<b>Industrial Chemical Division - Unit Excel Phospho Chem</b> Excel Phospho Chem Site No. I & II, H.A. Ltd., Compound Pimpri, Pune-400 018. Ph. : 020-27425647-9 Fax : 020-27425652	

**k) Address for Correspondence:**

<b>Registered Office</b> S.C.O : 183, First Floor, Sector - 26, Madhya Marg, Chandigarh 160 019. Tel: 0172-5008300 / 5008301 Fax : 0172-2790160 E-mail: info@punjabchemicals.com	<b>Corporate Office</b> Plot No. 645-646, 4th/5th Floor, Oberoi Chambers II, New Link Road, Andheri (W), Mumbai-400 053. Ph. : 022-26747900 (30 lines) Fax:022-26736013, 26736193 E-mail: enquiry@punjabchemicals.com
<b>Hyderabad Office</b> 414, Navketan Complex, Opp. Clock Tower Garden, 62, S.D. Road, Secunderabad-500 003. Ph. : 040-27805662 Fax : 040-27805663 Email : jose@punjabchemicals.com	<b>Ahmedabad Office</b> 205-206, Supath - II Complex Ashram Road, Near Vadaj Bus Terminus, Ahmedabad-380 013 Cell : 09898892994 Ph. : 079-27552583 Fax : 079-27561127 Email: kalendu@punjabchemicals.co





**I) Group Companies:**

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

As stipulated by the Securities and Exchange Board of India, a qualified Practicing Company Secretary carries out the Reconciliation of Share Capital Audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The audit, inter alia, confirms that the total listed and paid-up capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CSDL.

**13. 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, 2014 at its meeting held on 29.05.2014.

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

The Board of Directors of the Company has laid down Code of Conduct ("Code") for all the Board Members and Senior Management Personnel of the Company. The Code is also posted on the website of the Company i.e [www.punjabchemicals.com](http://www.punjabchemicals.com). All Board Members and Senior Management have affirmed their compliance with the Code for the financial year ended 31st March, 2014. A declaration to this effect signed by Shri Shalil Shroff, Managing Director of the Company, also forms part of this report.

## COMPLIANCE CERTIFICATE FROM AUDITORS'

### TO THE MEMBERS OF PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

We have examined the compliance of conditions of corporate governance by Punjab Chemicals and Crop Protection Limited for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the 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, 2014

## DECLARATION UNDER CLAUSE 49 I(D)

### For Compliance with the Code of Conduct

As per the requirement of clause 49 of the listing Agreement with the stock exchange, the Company has laid down a code of conduct for its Board of Directors and Senior Management.

I, Shalil Shroff, Managing Director of the Company, confirm the compliance of this Code of conduct by myself and other members of the Board of Directors and Senior Management personnel as affirmed by them individually.

**For Punjab Chemicals & Crop Protection Limited**

Place: Mumbai  
Date: May 29, 2014

**SHALIL SHROFF**  
Managing Director

## CERTIFICATE

To the Board of Directors of Punjab Chemicals and Crop Protection Limited

I, Shalil Shroff, Managing Director and Vipul Joshi, Chief Financial Officer of the Company certify that:

- a) We have reviewed financial statements and the cash flow statement for the financial year ended 31st March, 2014 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, 2014

**SHALIL SHROFF**  
Managing Director

**VIPUL JOSHI**  
Chief Financial Officer



# INDEPENDENT AUDITOR'S 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, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, 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 notified under the Companies Act, 1956 ("the Act"), read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014;

- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to Note 33 to the financial statements regarding managerial remuneration amounting to Rs. 48.48 lacs which was paid/provided during the period from November 14, 2012 to March 31, 2014 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, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
  - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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, 2014

## Annexure to the Auditor's Report

The Annexure referred to in our report to the members of Punjab Chemicals and Crop Protection Limited ('the Company') for the year ended March 31, 2014. 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 is Rs. 30 lacs and the year-end balance of loan/advances granted to such party is Rs. NIL.
- (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 and the year-end balance of loans taken from such party is 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 period is Rs. 7.15 lacs and the year-end balance of the said fixed deposits is Rs. Nil.
- (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 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.

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) (net of advances paid)	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	599	2005-06 to 2012-13	Deputy Commissioner Central Excise, Commissioner and CESTAT
Income Tax Act	Disallowance under Transfer Pricing and sec. 14A	616	2007-08 and 2008-09	Income Tax Appellate Tribunal.
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 year 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. 3,743 lacs and Rs. 1,485 lacs respectively (delays ranging from 1 day to 548 days). Of the above, Rs. 4,246 lacs is outstanding at the balance sheet date. The above amount includes principal and interest amount of Rs. 3,373 lacs and Rs. 874 lacs respectively pertaining to period post Corporate Debt Restructuring Scheme (CDR) which is effective and as approved by the Corporate Debt Restructuring Empowered Group (CDREG).*
- (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. 2,765 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**

ICAI Firm registration number: 301003E

Chartered Accountants

**per Ravi Bansal**

Partner

Membership No.: 49365

Place: Mumbai

Date: May 29, 2014



## BALANCE SHEET AS AT 31 MARCH 2014

			(Rs. in lacs)
	Notes	31 March 2014	31 March 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,226	1,226
Reserves and surplus	4	656	542
		<b>1,882</b>	1,768
<b>Non-current liabilities</b>			
Long-term borrowings	5	16,415	18,110
Long-term provisions	6	794	644
		<b>17,209</b>	18,754
<b>Current liabilities</b>			
Short-term borrowings	7	10,330	8,390
Trade payables	8a	7,055	6,264
Other current liabilities	8b	9,779	8,036
Short-term provisions	6	779	722
		<b>27,943</b>	23,412
<b>Total</b>		<b>47,034</b>	43,934
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	21,866	22,864
Intangible assets	10	1,488	1,583
Capital work-in-progress		53	760
Intangible asset under development		66	63
Non-current investments	11	338	343
Long term Loans and advances	12	1,924	1,994
Trade receivables	14	-	-
Other non-current assets	16	525	347
		<b>26,260</b>	27,954
<b>Current assets</b>			
Inventories	13	6,584	4,828
Trade receivables	14	6,821	6,886
Cash and bank balances	15	2,416	819
Short term Loans and advances	12	3,168	3,067
Other current assets	16	1,785	380
		<b>20,774</b>	15,980
<b>Total</b>		<b>47,034</b>	43,934
Summary of significant accounting policies	2.1		

The accompanying summary of significant accounting policies and other explanatory informations are an integral part of the 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, 2014

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

**G. NARAYANA**  
Chairman

**PUNIT K. ABROL**  
Sr. Vice President (Finance) &  
Company Secretary  
Place : Mumbai  
Date : May 29, 2014

**SHALIL SHROFF**  
Managing Director

**VIPUL JOSHI**  
Chief Financial Officer



# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

			(Rs. in lacs)
	Notes	1 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
<b>Income</b>			
Revenue from operations (gross)	17	43,084	20,656
Less: Excise duty		1,398	595
<b>Revenue from operations (net)</b>		41,686	20,061
Other income	18	1,628	380
<b>Total revenue</b>		43,314	20,441
<b>Expenses</b>			
Cost of raw materials consumed	19	23,255	10,529
Purchase of traded goods	20	1,215	254
(Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	21	(1,384)	505
Employee benefit expenses	22	4,710	2,008
Operating and other expenses	23	10,330	5,636
<b>Total expenses</b>		38,126	18,932
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		5,188	1,509
Depreciation and amortization expenses	24	1,484	717
Finance costs	25	3,248	1,736
<b>Profit/(Loss) before tax and exceptional items</b>		456	(944)
Exceptional income/(expenses)	26	(338)	737
<b>Profit/(Loss) before tax but after exceptional items</b>		118	(207)
Tax expenses		-	-
<b>Profit/(Loss) after tax</b>		118	(207)
<b>Earnings per equity share</b>			
<b>[nominal value of share Rs. 10 each (Previous period: Rs. 10 each)]</b>			
Basic and diluted (in Rs.)	27	0.96	(1.69)
Summary of significant accounting policies	2.1		

The accompanying summary of significant accounting policies and other explanatory informations are an integral part of the 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, 2014

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

**G. NARAYANA**  
Chairman

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

Place : Mumbai  
Date : May 29, 2014

**SHALIL SHROFF**  
Managing Director

**VIPUL JOSHI**  
Chief Financial Officer

## CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	(Rs. in lacs)	
	For the year ended 31 March 2014	For the period ended 31 March 2013
<b>Cash flow from operating activities</b>		
Profit/(Loss) before tax	118	(207)
<b>Adjustments for :</b>		
Liabilities written back on one time settlement of borrowings	-	737
Depreciation and amortization	1,484	717
Miscellaneous income/Sundry credit balance written off (net)	(182)	(2)
Interest income	(155)	(128)
Dividend income	(0.17)	(7)
Income in respect of government grants / other grants	(4)	(2)
Finance cost	3,248	1,736
Loss/(Profit) on sale of fixed assets (net)	(4)	(26)
Loss/(Profit) on sale of long-term investments	-	(20)
Unrealised foreign exchange Loss/(Gain) (net)	(1,067)	(89)
Advances written off	56	-
Provision for doubtful advances	374	269
Provision for diminution in value of Investments	4	-
Provision for doubtful debts (net)	946	500
<b>Operating Profit before working capital changes</b>	<b>4,818</b>	<b>3,478</b>
<b>Movement in working capital</b>		
Decrease/(Increase) in trade receivables	(254)	492
Decrease/(Increase) in inventories	(1,756)	779
Decrease/(Increase) in other current assets	(414)	(11)
Decrease/(Increase) in loans and advances	(34)	(869)
Increase/(Decrease) in trade payables and current liabilities	1,234	(1,282)
Increase/(Decrease) in provisions	207	124
<b>Cash generated/(used) from/in operations</b>	<b>3,801</b>	<b>2,711</b>
Direct taxes (paid)/refunded (net)	(163)	(309)
<b>Net cash generated/(used) from/in operating activities</b> (A)	<b>3,638</b>	<b>2,402</b>
<b>Cash Flow from investment activities</b>		
Purchase of fixed assets, including CWIP and capital advances	(757)	(597)
Proceeds from sale of fixed assets	41	308
Proceeds of sale of investments	-	65
Investment in Fixed deposits (with maturity more than three months)	(5)	(370)
Maturity of Fixed deposits (with maturity more than three months)	303	-
Interest received	156	122
Dividend received	0.17	7
<b>Net cash generated/(used) from/in investing activities</b> (B)	<b>(262)</b>	<b>(465)</b>
<b>Cash flow from financial activities</b>		
Proceeds from borrowings	2,610	1,444
Repayments of borrowings	(1,199)	(4,614)
Interest Paid	(2,892)	(1,805)
<b>Net cash generated/(used) from/in financing activities</b> (C)	<b>(1,481)</b>	<b>(4,975)</b>



(Rs. in lacs)

	For the year ended 31 March 2014	For the period ended 31 March 2013
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>1,895</b>	(3,038)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>431</b>	3,469
<b>Cash and cash equivalents at the end of the period</b>	<b>2,326</b>	431
<b>Components of cash &amp; cash equivalents</b>		
Cash on hand	5	10
With banks		
a) on current account	2,259	342
b) on deposit account with original maturity of less than three months	50	51
c) on unpaid dividend account*	12	20
d) on unpaid fractional shares account*	-	8
<b>Total cash &amp; cash equivalents (note 15)</b>	<b>2,326</b>	431

\*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 **S.R. BATLIBOI & CO. LLP**

ICAI Firm registration number: 301003E

Chartered Accountants

per **RAVI BANSAL**

Partner

Membership No. 49365

Place : Mumbai

Date : May 29, 2014

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

**G. NARAYANA**

Chairman

**PUNIT K. ABROL**

Sr. Vice President (Finance) &  
Company Secretary

Place : Mumbai

Date : May 29, 2014

**SHALIL SHROFF**

Managing Director

**VIPUL JOSHI**

Chief Financial Officer

## OTHER EXPLANATORY INFORMATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 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 read with General Circular 8/2014 dated April 4, 2014 issued by Ministry of Corporate Affairs. 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 adopted in preparation of financial statements are consistent with those of previous year.
- B) The accumulated losses of the Company as at the close of the financial year exceeded 50% of the Shareholder's Funds (excluding accumulated losses) as at March 31, 2014 and the current liabilities have exceeded current assets by Rs. 7,169 lacs. Based on the strategic long term supply contracts with its customers with minimum commitment of supply of products and the future business plans the management is confident that the Company will be able to generate profits in future years and meet its financial obligation as they arise accordingly, the accompanying Financial Statements have been prepared on a going concern basis.

### 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.

Items of fixed assets that are held for disposal are stated at the lower of their book value and net realisable value and are shown separately in the financial statement under Other Current Assets. Any expected loss is recognised immediately in the statement of Profit and Loss.

#### - 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 and 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 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 the period of acquisition.





- vi) Technical Know how is amortised on a straight line basis over a period of 5 years.

#### **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 term, 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 / value added tax. Excise duty deducted from revenue from operations (gross) is the amount that is included 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.

**Voluntary retirement scheme**

Voluntary retirement scheme expenses are fully charged to statement of profit & loss in the year in which they accrue.

**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.

**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 profit and loss. In its measurement, the company does not 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.

### 3. Share capital

(Rs. in lacs)

	31 March 2014	31 March 2013
<b>Authorized shares</b>		
19,800,000 (Previous period: 19,800,000) equity shares of Rs. 10/- each	1,980	1,980
20,000 (Previous period: 20,000) 9.8% redeemable cumulative preference shares of Rs. 100/- each	20	20
	<b>2,000</b>	<b>2,000</b>
<b>Issued shares</b>		
12,277,218 (Previous period: 12,277,218) equity shares of Rs. 10/- each	1,228	1,228
<b>Subscribed and fully paid-up shares</b>		
12,262,185 (Previous period: 12,262,185) equity shares of Rs. 10/- each	1,226	1,226
	<b>1,226</b>	<b>1,226</b>

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

	31 March 2014		31 March 2013	
Equity shares	Numbers	Rs. in lacs	Numbers	Rs. in lacs
At the beginning and at the end of the year/period	12,262,185	1,226	12,262,185	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 2014	31 March 2013
	In numbers	In numbers
Equity shares allotted as fully paid-up pursuant to a scheme of amalgamation for consideration other than cash in 2011-12	69,293	69,293
	<b>69,293</b>	<b>69,293</b>

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

	31 March 2014		31 March 2013	
	Numbers	% holding	Numbers	% holding
Equity shares of Rs. 10 each fully paid-up				
Hem-sil Trading and Manufacturing Private Limited	4,017,318	33%	4,017,318	33%
Gowal Consulting Services Private Limited	3,000,000	24%	3,000,000	24%
	<b>7,017,318</b>	<b>57%</b>	<b>7,017,318</b>	<b>57%</b>

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 2014	31 March 2013
Capital reserve	309	309
Capital redemption reserve	28	28
Capital reduction reserve	21	21
Securities premium account	5,707	5,707
Capital subsidy from state government	35	35
Amalgamation reserve	19	19
<b>Government grant</b>		
Balance as per last financial statements	23	24
Less: Grant recognized in the statement of profit and loss	2	1
	<b>21</b>	<b>23</b>



(Rs. in lacs)

	31 March 2014	31 March 2013
<b>Development aid grant UNIDO</b>		
Balance as per last financial statements	26	27
Less: Grant recognized in the statement of profit and loss	2	1
	<u>24</u>	<u>26</u>
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	(5,626)	(5,419)
Profit/(loss) for the year/period	118	(207)
<b>Net deficit in the statement of profit and loss</b>	<u>(5,508)</u>	<u>(5,626)</u>
<b>Total reserves and surplus</b>	<u>656</u>	<u>542</u>

**5. Long-term borrowings**

(Rs. in lacs)

	<b>Non current portion</b>		<b>Current maturities</b>	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>Term loans</b>				
<b>From banks</b>				
Term loan (secured) (refer note a to d below)	16,398	18,040	2,627	1,295
Housing finance scheme (secured) (refer note f below)	-	21	25	28
<b>From others</b>				
Housing finance scheme (secured) (refer note g below)	17	22	5	6
<b>Other loans and advances</b>				
Working Capital Demand Loans from Banks (secured) (refer note a and e below)	-	-	2,890	2,944
Finance lease obligation (secured) (refer note h below)	-	-	-	19
Deposits (unsecured) (refer note i below)				
Deposits from shareholders	-	2	2	14
Deposits from public	-	25	25	101
	<u>16,415</u>	<u>18,110</u>	<u>5,574</u>	<u>4,407</u>
<b>The above amount includes</b>				
Secured borrowings	16,415	18,083	5,547	4,292
Unsecured borrowings	-	27	27	115
Amount disclosed under the head "Other current liabilities" (note 8b)	-	-	(5,574)	(4,407)
	<u>16,415</u>	<u>18,110</u>	<u>-</u>	<u>-</u>

- a. In accordance with the Corporate Debt Restructuring Scheme (CDR) approved by the Corporate Debt Restructuring Empowered Group, SBICAP Trustee Company Limited was appointed as the Security Trustee for the benefit of the Lenders of the Company and acting as an agent for SBI Antwerp, Belgium (for the loan taken by one of the subsidiary of the Company.) In pursuance of master restructuring agreement signed as per CDR scheme and the SBI Antwerp document, the term loan amounting to Rs. 18,919 lacs and working capital demand loan amounting to Rs. 2,890 lacs is secured by way of first pari passu charge on movable assets including current assets and immovable assets of Agro and Pharma Division, pledge of unencumbered shares of one of the promoter and the personal guarantee of promoter of the Company.

Further, Working Capital Term loan amounting to Rs.106 lacs (Previous period: Rs 128 lacs) from Indian Overseas Bank is secured by exclusive charge by hypothecation of plant and machineries, stock and book debts and pledge of factory building and office premises at Vadodara.

As regard to the previous period, the charge were as follows:

- Term Loan from Allahabad Bank amounting to Rs. 4,945 lacs is secured by way of first pari passu charge on the fixed assets (Except Pharmaceutical division) and second pari passu charge on the current assets of the company.
- Term Loan from Export - Import Bank of India amounting to Rs. 1,561 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.
- Term Loan from Central Bank of India amounting to Rs. 2,473 lacs is secured by way of collateral first pari passu charge on fixed assets of the company and second pari passu charge on the current assets of the Company and also by personal guarantees of one of the director.



- iv. 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.
- v. Term loan of 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.
- vi. Working Capital Term loan of Rs. 4,154 lacs from SBI is secured under above consortium agreement. Principal of Rs. 1,990 lacs is overdue for a period of 90 to 183 days as on the reporting date.
- vii. Working Capital Term loan of Rs. 1,462 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.
- viii. Working Capital Term loan of Rs. 857 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.
- ix. Working Capital Term loan of 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 Vadodara.
- x. Working Capital Term loan of Rs. 2,362 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.
- xi. Funded Interest Term loan of Rs. 4,296 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.
- b. Term Loans amounting to Rs. 8,474 lacs (Previous period: Rs. 9,020 lacs) is carrying interest rate of 10.75% p.a. (Previous period 10.75% p.a.). Principal amount of Rs. 185 lacs (Previous period: Rs. 0.20 lacs) is overdue for a period of 1 to 456 days (Previous period 91 days) as on the reporting date.
- c. Working Capital Term Loans amounting to Rs. 5,729 lacs (Previous period: Rs. 6,019 lacs) is carrying interest rate of 8% p.a. (Previous period 8% p.a.). Principal amount of Rs. 227 lacs (Previous period: Rs. 11 lacs) is overdue for a period of 1 to 456 days (Previous period 91 days) as on the reporting date.
- d. Funded Interest Term Loan amounting to Rs. 4,822 lacs (Previous period: Rs. 4,296 lacs) is carrying interest rate of 8% p.a. (Previous period 8% p.a.). Principal amount of Rs. 71 lacs (Previous period Nil) is overdue for a period of 1 to 183 days (Previous period Nil) as on the reporting date.
- e. Working Capital Demand Loans amounting to Rs. 2,890 lacs (Previous period: Rs. 2,944 lacs) is carrying interest rate of 10.75% p.a. (Previous period 10.75% p.a.). Principal amount of Rs. 2,890 lacs (Previous period Rs. 2,944) is overdue for 548 days (Previous period 183 days) as on the reporting date. (Refer note 34 for further details)
- f. Housing Loan from ICICI Bank Ltd amounting to Rs. 25 lacs (Previous period: Rs. 49 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% p.a. (Previous period 12%-16% p.a.) and is repayable in 143 EMIs.
- g. Loan from Housing Development Finance Corporation Limited for Rs. 22 lacs (Previous period: Rs. 28 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% p.a. (Previous period 12%-16% p.a.) and is repayable in 144 EMIs.
- h. The finance lease obligation of Rs. Nil (Previous period: Rs. 19 lacs) is secured by the plant and machinery taken under said lease and is carrying interest rate of 16% (Previous period 16% p.a.) and is repayable in 60 EMIs.
- i. Deposits from public and shareholders are unsecured and are carrying interest rate ranging from 11% - 15% p.a. (Previous period 11%-15% p.a.) and are repayable in 1 - 3 years from the respective date of deposits.

## 6. Provisions

(Rs. in lacs)

	Long-term		Short-term	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>Provision for employee benefits</b>				
Provision for gratuity (refer note 28)	794	644	139	101
Provision for leave encashment	-	-	382	364
<b>(A)</b>	<b>794</b>	<b>644</b>	<b>521</b>	<b>465</b>



(Rs. in lacs)

	Long-term		Short-term	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>Other provisions</b>				
Provision for taxation (net)	-	-	254	254
Provision for wealth tax	-	-	4	3
<b>(B)</b>	-	-	258	257
<b>(A+B)</b>	794	644	779	722

**7. Short-term borrowings**

(Rs. in lacs)

	31 March 2014	31 March 2013
Cash credit from banks (secured) (refer note a and b below)	7,543	7,603
Working capital demand loan from banks (secured) (refer note a and c below)	2,000	-
Inter-corporate deposits repayable on demand (unsecured)	787	787
	10,330	8,390
<b>The above amount includes</b>		
Secured borrowings	9,543	7,603
Unsecured borrowings	787	787
	10,330	8,390

- a. In accordance with the Corporate Debt Restructuring Scheme (CDR) approved by the Corporate Debt Restructuring Empowered Group, SBICAP Trustee Company Limited was appointed as the Security Trustee for the benefit of the Lenders of the Company and acting as an agent for SBI Antwerp, Belgium for the loan taken by the subsidiary of the Company. In pursuance of master restructuring agreement signed as per CDR scheme and the SBI Antwerp document, the cash credit amounting to Rs. 7,378 lacs and working capital demand loan amounting to Rs. 2,000 lacs is secured by way of first pari passu charge on movable assets including current assets and immovable assets of Agro and Pharma Division, pledge of unencumbered shares of Shri Shalil Shroff one of the Promoters and the personal guarantee of Shri Shalil Shroff, Managing Director of the Company.

Further, Cash Credit amounting to Rs.165 lacs (Previous period: Rs 164 lacs) from Indian Overseas Bank is secured by exclusive charge by hypothecation of plant and machineries, stock and book debts and pledge of factory building and office premises at Vadodara.

As regard to the previous period, the charge is as follows:

- The company had entered into a consortium agreement with State Bank of India (SBI) as lead bank, EXIM Bank, Bank of Baroda and Union Bank of India for cash credit and working capital demand loan. Under consortium agreement, cash credit and working capital facilities are secured by way of Hypothecation of entire Current assets present & future on a pari passu basis with other members of the Consortium and collateral second charge on the movable fixed assets situated at Derabassi and Lalru in the state of Punjab, MIDC-Tarapur, Pimpri-Pune, Lote Parshuram-Chiplun in the state of Maharashtra.
  - Cash credit from State Bank of India of Rs. 2,846 lacs is secured under above consortium agreement.
  - Cash credit from Union Bank of India of Rs. 914 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.
  - Cash credit from Export Import Bank of India of 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.
  - Cash credit from Bank of Baroda of Rs. 3,091 lacs is secured by security given under consortium agreement.
  - Cash credit from Indian Overseas Bank of Rs. 164 lacs is secured by Hypothecation of plant and machineries, stock and book debts and pledge of factory building and office premises of Parul Division in Vadodara.
  - The Company has obtained approval of Corporate Debt Restructuring Empowered Group (CDR EG) for restructuring of its debts effective 1 July 2011. The loans and borrowings in books have been restructured and disclosed accordingly. The Company is in the process of creating securities required as per the CDR Scheme. 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.
- b. Cash Credit amounting to Rs. 7,543 lacs (Previous period: Rs. 7,603 lacs) is carrying interest rate of 10.75% p.a. (Previous period 10.75% p.a.).
- c. Working Capital Term Loans amounting to Rs. 2,000 lacs (Previous period: Rs. Nil) is carrying interest rate of 10.25% p.a. (Previous period Nil).

## 8. Trade payables and other current liabilities

(Rs. in lacs)

	31 March 2014	31 March 2013
<b>8a. Trade payables (refer note 37 for details of dues to micro and small enterprises)</b>	<b>7,055</b>	6,264
	<b>7,055</b>	6,264
<b>8b. Other current liabilities</b>		
Current maturities of long term borrowings (refer note 5)	5,574	4,407
Payables for fixed assets	336	434
Interest accrued but not due on borrowings	37	46
Interest accrued and due on borrowings	640	275
Due to subsidiaries	1,397	1,190
Employee related liabilities	607	442
Interest bearing security deposits from customers	216	237
Advance from customers	736	665
Investor education and protection fund will be credited by the following amounts (as and when due) (Refer note below)		
Unclaimed dividend	12	19
Unclaimed fractional shares	-	8
Unclaimed public deposits	1	3
Unclaimed accrued interest on public deposits	-	1
Other liabilities	223	309
	<b>9,779</b>	8,036
	<b>16,834</b>	14,300

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

## 9. Tangible assets

(Rs. in lacs)

	Land (Refer note (b) and (c) and (f))	Buildings (Refer note (a), (b), (e) (f) and (h))	Plant and machinery (Refer note (d), (f) and (g))	Electrical installations (Refer note (f))	Furniture, fixture and equipments (Refer note (d) and (f))	Vehicles (Refer note (f))	Total
<b>Cost or valuation</b>							
As at 1 October 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
<b>As at 31 March 2013</b>	<b>6,329</b>	<b>9,428</b>	<b>18,151</b>	<b>541</b>	<b>821</b>	<b>597</b>	<b>35,867</b>
Additions	-	56	1,269	13	27	59	1,424
Disposals	-	2	133	9	102	27	273
Assets held for Sale (Refer note 44)	51	657	1,088	46	76	40	1,958
<b>As at 31 March 2014</b>	<b>6,278</b>	<b>8,825</b>	<b>18,199</b>	<b>499</b>	<b>670</b>	<b>589</b>	<b>35,060</b>
<b>Depreciation</b>							
As at 1 October 2012	43	2,144	8,865	270	695	466	12,483
Charge for the period	6	219	324	18	12	22	601
Disposals	-	24	9	-	6	42	81
<b>As at 31 March 2013</b>	<b>49</b>	<b>2,339</b>	<b>9,180</b>	<b>288</b>	<b>701</b>	<b>446</b>	<b>13,003</b>
Charge for the year	12	380	712	35	34	48	1,221
Disposals	-	2	101	9	101	23	236
Assets held for Sale (Refer note 44)	4	207	459	23	63	38	794
<b>As at 31 March 2014</b>	<b>57</b>	<b>2,510</b>	<b>9,332</b>	<b>291</b>	<b>571</b>	<b>433</b>	<b>13,194</b>
<b>Net Block</b>							
<b>As at 31 March 2013</b>	<b>6,280</b>	<b>7,089</b>	<b>8,971</b>	<b>253</b>	<b>120</b>	<b>151</b>	<b>22,864</b>
<b>As at 31 March 2014</b>	<b>6,221</b>	<b>6,315</b>	<b>8,867</b>	<b>208</b>	<b>99</b>	<b>156</b>	<b>21,866</b>

(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. The valuations performed by the valuer were based on active market prices, adjusted for any difference in the nature, location or condition of the specific property.

The historical cost of freehold land, leasehold land and building fair valued by the company was Rs. 130 lacs, Rs. 19 lacs and Rs. 3,542 lacs respectively and their fair value were Rs. 5,395 lacs, Rs. 614 lacs and Rs. 8,355 lacs respectively. 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 2014	31 March 2013
Gross block	934	934
Depreciation charge for the year/period	12	6
Accumulated depreciation	61	49
Net book value	873	885

**(d) Plant and machinery and furniture, fixture and equipments include assets take on finance lease:**

(Rs. in lacs)

	Plant and machinery		Furniture, fixture and equipment	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Gross block	-	78	-	4
Depreciation charge for the year/period	-	2	-	-
Accumulated depreciation	-	18	-	4
Net book value	-	60	-	-

The Lease term was for various tenures at the end of which the legal title has passed to the lessee.

(Rs. in lacs)

	31 March 2014		31 March 2013	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	-	-	8	8
After one year but more than five years	-	-	-	-
More than five years	-	-	-	-
<b>Total minimum lease payments</b>	-	-	8	8
Less: amounts representing finance charges	-	-	1	-
<b>Present value of lease payments</b>	-	-	7	8

**(e) Buildings includes building given on operating lease**

(Rs. in lacs)

	31 March 2014	31 March 2013
Gross block	1,032	1,032
Depreciation charge for the year/period	16	8
Accumulated depreciation	116	100
Net book value	916	932

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) Assets held for sale**

(Rs. in lacs)

	Land	Buildings	Plant and machinery	Electrical installations	Furniture, fixture and equipments	Vehicles	Total
Gross block	51	657	1,088	46	76	40	1,958
Depreciation charge for the year/period	-	21	62	2	3	1	89
Accumulated depreciation	4	207	459	23	63	38	794
Net book value	47	450	629	23	13	2	1,164
Capital work-in-progress	-	-	6	-	-	-	6
<b>Total</b>	<b>47</b>	<b>450</b>	<b>635</b>	<b>23</b>	<b>13</b>	<b>2</b>	<b>1,170</b>

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

- (h) 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 conveyance of the land in favour of the society on which this building is situated is pending.

# 10. Intangible assets

(Rs. in lacs)

	Computer software/ license	Product registration (Refer note (a) and (b))	Technical Know how (Refer note (c))	Total
<b>Gross Block</b>				
As at 1 October 2012	177	2,271	-	2,448
Additions	49	-	-	49
Disposals	94	-	-	94
<b>As at 31 March 2013</b>	<b>132</b>	<b>2,271</b>	<b>-</b>	<b>2,403</b>
Additions	-	-	168	168
Disposals	-	-	-	-
<b>As at 31 March 2014</b>	<b>132</b>	<b>2,271</b>	<b>168</b>	<b>2,571</b>
<b>Amortization</b>				
As at 1 October 2012	177	621	-	798
Charge for the period	3	113	-	116
Disposals	94	-	-	94
<b>As at 31 March 2013</b>	<b>86</b>	<b>734</b>	<b>-</b>	<b>820</b>
Charge for the year	17	227	19	263
Disposals	-	-	-	-
<b>As at 31 March 2014</b>	<b>103</b>	<b>961</b>	<b>19</b>	<b>1,083</b>
<b>Net Block</b>				
<b>As at 31 March 2013</b>	<b>46</b>	<b>1,537</b>	<b>-</b>	<b>1,583</b>
<b>As at 31 March 2014</b>	<b>29</b>	<b>1,310</b>	<b>149</b>	<b>1,488</b>

- Product registration includes testing charges, task force studies and other related expenses.
- Remaining period of amortization of product registration expenses ranges from 49 to 101 months.
- Technical Know how is amortised on a straight line basis over a period of 5 years. Remaining period of amortization of technical know how is 53 months.

# 11. Non-current investments

(Rs. in lacs)

	31 March 2014	31 March 2013
<b>Trade investments (valued at cost unless otherwise stated)</b>		
<b>Unquoted equity instruments</b>		
<u>Investment in subsidiaries</u>		
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	(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
<u>Investment in joint venture</u>		
22,470 (Previous period: 22,470) equity shares of Rs. 10/- each fully paid-up in Stellar Marine Paints Limited	2	2
	328	328
<b>Non trade investments (valued at cost unless otherwise stated)</b>		
<b>Quoted equity instruments</b>		
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





(Rs. in lacs)

	31 March 2014	31 March 2013
<b>Unquoted equity instruments</b>		
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
Less: Provision for diminution in value of investments	(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
Less: Provision for diminution in value of investments	(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
Less: Provision for diminution in value of investments	(0.11)	-
	-	0.11
<b>Unquoted other non-current investments</b>		
3,875 (Previous period: 3,875) 6.75% Tax Free US-64 Bonds of Rs. 100/- each	4	4
Less: Provision for diminution in value of investments	(4)	-
	-	4
National Savings Certificate	-	0.16
	10	15
	338	343
Aggregate amount of quoted investments	1	1
(Market value Rs. 1.41 lacs (Previous period: Rs. 2 lacs))		
Aggregate amount of unquoted investments	337	342
Aggregate provision for diminution in value of investments	3,505	3,501

**12. Loans and advances**

(Rs. in lacs)

	Long-term		Short-term	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Capital advances (unsecured, considered good)	43	274	-	-
Security deposit (unsecured, considered good)	183	155	31	3
(A)	226	429	31	3
Loans and advances to related parties				
Unsecured considered good	-	-	1,148	1,019
Unsecured considered doubtful	346	-	1,873	1,868
	346	-	3,021	2,887
Provision for doubtful advances	346	-	1,873	1,868
(B)	-	-	1,148	1,019
Advances recoverable in cash or kind				
Unsecured considered good	1,015	1,045	879	977
Unsecured considered doubtful	-	1,122	24	16
	1,015	2,167	903	993
Provision for doubtful advances	-	1,122	24	16
(C)	1,015	1,045	879	977
<b>Other loans and advances</b>				
<b>(unsecured, considered good unless otherwise stated)</b>				
Advance tax (net)	683	520	-	-

(Rs. in lacs)

	<b>Long-term</b>		<b>Short-term</b>	
	<b>31 March 2014</b>	<b>31 March 2013</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
Balance with excise and customs	-	-	<b>829</b>	846
VAT recoverable	-	-	<b>281</b>	222
Inter-corporate deposits - considered doubtful	-	57	-	-
Provision for doubtful deposits	-	(57)	-	-
<b>(D)</b>	<b>683</b>	520	<b>1,110</b>	1,068
<b>(A+B+C+D)</b>	<b>1,924</b>	1,994	<b>3,168</b>	3,067
<b>Movement in provision for doubtful advances / deposits</b>				
At the beginning of the year/period			<b>3,063</b>	2,939
Add: Provision made during the year/period			<b>374</b>	269
			<b>3,437</b>	3,208
Less: Advances written off against which provision was made			<b>1,194</b>	145
At the end of the year/period			<b>2,243</b>	3,063

	<b>Long-term</b>	
	<b>31 March 2014</b>	<b>31 March 2013</b>
<b>Loans and advances to related parties include</b>		
Dues from Sintesis Quimica SAIC	<b>346</b>	-
(maximum amount due Rs. 348 lacs (Previous period: Rs. Nil))	<b>346</b>	-

	<b>Short-term</b>	
	<b>31 March 2014</b>	<b>31 March 2013</b>
<b>Advances recoverable in cash or kind include</b>		
Dues from officers of the company (maximum amount due Rs. 3 lacs (Previous period: Rs. 1 lacs))	<b>2</b>	0.25
<b>Loans and advances to related parties include</b>		
Dues from SD Agchem (Europe) N.V.	<b>2,980</b>	2,482
(maximum amount due Rs. 3,068 lacs (Previous period: Rs. 2,587 lacs))		
Dues from Sintesis Quimica SAIC (maximum amount due Rs. Nil (Previous period: Rs. 318 lacs))	-	317
Dues from Stellar Marine Paints Limited	-	50
(maximum amount due Rs. 56 lacs (Previous period: Rs. 50 lacs))		
Dues from STS Chemicals (UK) Limited (maximum amount due Rs. 41 lacs (Previous period: Rs. 36 lacs))	<b>41</b>	34
Dues from L & L Products Shroff Private Limited	-	4
(maximum amount due Rs. 17 lacs (Previous period: Rs. 11 lacs))		
	<b>3,021</b>	2,887

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

(Rs. in lacs)

	<b>31 March 2014</b>	<b>31 March 2013</b>
Raw materials (includes in transit Rs. 305 lacs (Previous period: Rs. 22 lacs))	<b>2,270</b>	1,429
Work-in-progress	<b>818</b>	763
Finished goods	<b>2,894</b>	1,496
Traded goods	<b>30</b>	102
Packing materials	<b>187</b>	233
Stores and spares (including fuel)	<b>385</b>	385
Finished Goods - trial run (refer note 42)	-	420
	<b>6,584</b>	4,828



#### 14. Trade receivables

(Rs. in lacs)

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Secured, considered good	-	-	33	27
Unsecured, considered good	-	-	2,337	2,200
Doubtful	1,088	-	2,575	4,460
	<b>1,088</b>	-	<b>4,945</b>	6,687
<b>Other receivables</b>				
Secured, considered good	-	-	21	35
Unsecured, considered good	-	-	4,430	4,624
Doubtful	-	-	89	14
	-	-	<b>4,540</b>	4,673
Less: Provision for doubtful debts	1,088	-	2,664	4,474
	-	-	<b>6,821</b>	6,886
<b>Trade receivable from related parties include</b>				
Dues from SD Agchem (Europe) N.V.	-	-	3,452	3,027
Dues from Sintesis Quimica S.A.I.C	1,088	-	58	1,017
	<b>1,088</b>	-	<b>3,510</b>	4,044
<b>Movement in provision for doubtful debts</b>				
At the beginning of the year/period			4,474	3,974
Add: Provision made during the year/period			946	500
			<b>5,420</b>	4,474
Less: Bad debts written off against which provision was made			1,668	-
At the end of the year/period			<b>3,752</b>	4,474

#### 15. Cash and bank balances

(Rs. in lacs)

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>Cash and cash equivalents</b>				
Balance with banks				
on current accounts	-	-	2,259	342
on fixed deposits with original maturity of less than three months	-	-	50	51
on unpaid dividend account	-	-	12	20
on unpaid fractional shares account	-	-	-	8
Cash on hand	-	-	5	10
	-	-	<b>2,326</b>	431
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	1	1	63	27
Deposits with original maturity for more than 3 months but less than 12 months	-	-	27	361
Margin money deposit*	524	346	-	-
	<b>525</b>	347	<b>90</b>	388
Amount disclosed under non-current assets (note 16)	(525)	(347)	-	-
	-	-	<b>2,416</b>	819

\*Includes Rs.47 lacs (Previous period: Rs. 69 lacs) held in liquidity margin under Companies (Acceptance of Deposit Rules) and Rs.106 lacs (Previous period: Rs. 277 lacs) as margin for import letter of credit and bank guarantees.

**16. Other assets**

(Rs. in lacs)

	<b>Non-current</b>		<b>Current</b>	
	<b>31 March 2014</b>	<b>31 March 2013</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
Non-current bank balances (refer note 15)	525	347	-	-
Interest receivable	-	-	22	23
Export benefit receivable	-	-	444	312
Insurance claim receivable	-	-	2	7
Assets held for Sale (refer note 44 and 9 (f))	-	-	1,170	-
Job work charges receivable	-	-	147	38
	<b>525</b>	<b>347</b>	<b>1,785</b>	<b>380</b>

**17. Revenue from Operations**

(Rs. in lacs)

	<b>1 April 2013 to 31 March 2014</b>	<b>1 October 2012 to 31 March 2013</b>
Sale of products		
Finished goods	37,813	18,255
Traded goods	1,643	598
Sale of services	2,822	1,104
Other operating revenue		
Scrap sales	122	94
Export benefit	652	250
Technicals Support & Development Fees	32	27
Commission	-	328
<b>Revenue from operations (gross)</b>	<b>43,084</b>	<b>20,656</b>
Less: Excise duty#	1,398	595
<b>Revenue from operations (net)</b>	<b>41,686</b>	<b>20,061</b>

# Excise duty on sales amounting to Rs. 1,398 lacs (Previous period: Rs. 595 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. 3 lacs) (Previous period: (Rs. 21 lacs)) has been considered in note 21 of financial statements.

**Details of products sold**
**Finished goods sold**

Agro chemicals and intermediates	25,732	12,656
Speciality chemicals	4,148	1,826
Phosphorous and its compounds	2,830	1,526
Other chemicals	5,103	2,247
	<b>37,813</b>	<b>18,255</b>

**Traded goods sold**

Formulated goods	133	-
Organic chemicals	-	536
Other chemicals	1,510	62
	<b>1,643</b>	<b>598</b>

**Details of services rendered**

Job work income	2,435	986
Micronisation and handling charges	387	118
	<b>2,822</b>	<b>1,104</b>

**18. Other income**

(Rs. in lacs)

	<b>1 April 2013 to 31 March 2014</b>	<b>1 October 2012 to 31 March 2013</b>
<b>Interest income on</b>		
Bank deposits	76	124
Others	79	4
Government grants	4	2
Exchange difference (net)	1,166	123



(Rs. in lacs)

	1 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
Dividend income from long-term investments	0.17	7
Insurance claim received	-	1
Profit on sale of long-term investments (net)	-	20
Profit on sale of fixed assets (net)	4	26
Service charges	7	7
Sundry credit balances written back (net)	182	2
Rent income	95	55
Miscellaneous Income	15	9
	<b>1,628</b>	<b>380</b>

**19. Cost of raw materials consumed**

(Rs. in lacs)

	1 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
Stock of raw material at the beginning of the year/period	1,429	2,168
Add: Purchases	24,391	9,932
	<b>25,820</b>	<b>12,100</b>
Less: Sale of raw materials	295	142
Less: Stock of raw material at end of the year/period	2,270	1,429
	<b>2,565</b>	<b>1,571</b>
<b>Cost of raw material consumed</b>	<b>23,255</b>	<b>10,529</b>
<b>Details of raw material consumed</b>		
Agro chemicals and its intermediates	13,777	6,166
Speciality chemicals	2,741	1,153
Oxalic acid and oxalates	2,568	1,411
Other chemicals	4,169	1,799
	<b>23,255</b>	<b>10,529</b>

**20. Purchase of traded goods**

(Rs. in lacs)

	1 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
Formulated goods	54	-
Organic chemicals	69	231
Other chemicals	1,092	23
	<b>1,215</b>	<b>254</b>

**21. (Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods**

(Rs. in lacs)

	31 March 2014	31 March 2013	(Increase)/ decrease 31 March 2014
<b>Inventories at the end of the period</b>			
Traded goods	30	102	(72)
Work-in-progress	818	763	55
Finished goods	2,894	1,496	1,398
	<b>3,742</b>	<b>2,361</b>	<b>1,381</b>
<b>Inventories at the beginning of the period</b>			31 March 2013
Traded goods	102	85	17
Work-in-progress	763	583	180
Finished goods	1,496	2,219	(723)
	<b>2,361</b>	<b>2,887</b>	<b>(526)</b>
(Increase)/Decrease in excise duty on closing stock of finished goods	(3)	(21)	
	<b>(1,384)</b>	<b>505</b>	



	31 March 2014	31 March 2013
(Rs. in lacs)		
<b>Details of inventories</b>		
<b>Traded goods</b>		
Formulated goods	11	54
Other chemicals	19	48
	<u>30</u>	<u>102</u>
<b>Work-in-progress</b>		
Agro chemicals and intermediates	349	495
Speciality chemicals	373	207
Sulphur based compounds	23	22
Other chemicals	73	39
	<u>818</u>	<u>763</u>
<b>Finished goods</b>		
Speciality chemicals	951	892
Formulated goods	240	237
Agro chemicals and intermediates	1,646	246
Other chemicals	57	121
	<u>2,894</u>	<u>1,496</u>

<b>22. Employee benefit expenses</b>		(Rs. in lacs)
	<b>1 April 2013 to 31 March 2014</b>	<b>1 October 2012 to 31 March 2013</b>
Salaries, wages and bonus	3,452	1,462
Contribution to provident and other funds	415	189
Gratuity and leave encashment expense (refer note 28)	414	176
Staff welfare expenses	429	181
	<u>4,710</u>	<u>2,008</u>

<b>23. Operating and other expenses</b>		(Rs. in lacs)
	<b>1 April 2013 to 31 March 2014</b>	<b>1 October 2012 to 31 March 2013</b>
Consumption of stores and spares	194	68
Power and fuel	4,268	1,913
Repairs and maintenance - plant and machinery	713	225
Repairs and maintenance - buildings	73	15
Repairs and maintenance - others	57	23
Sub-contracting charges	481	185
Rent	26	25
Rates and taxes	166	43
Insurance charges	94	42
Advances written off	56	-
Postage, telegrams and telephones	70	24
Traveling and conveyance	526	246
Commission on sales (other than sole selling agents)	39	559
Discount on sales	36	19
Provision for doubtful advances (net) (refer note 12)	374	269
Packing expenses	683	202
Freight and handling expenses	442	166
Director's sitting fees	3	2
Charity and donations (other than political parties)	1	-
Provision for doubtful debts (net) (refer note 14)	946	500
Provision for diminution in the value of investments	4	-
Research and development expenses	55	20
Marketing and promotional expenses	4	496
Other expenses*	1,019	594
	<u>10,330</u>	<u>5,636</u>



(Rs. in lacs)

	1 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
<b>*Includes payment to auditor</b>		
As auditor:		
Audit fee	20	20
Limited review	9	3
Reimbursement of expenses	2	-
	<u>31</u>	<u>23</u>

**24. Depreciation and amortization expenses**

(Rs. in lacs)

	1 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
Depreciation of tangible assets	1,221	601
Amortization of intangible assets	263	116
	<u>1,484</u>	<u>717</u>

**25. Finance costs**

(Rs. in lacs)

	1 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
Interest on loans and deposits	2,214	1,234
Interest on cash credit accounts	843	372
Interest on others	141	103
Bank charges	50	27
	<u>3,248</u>	<u>1,736</u>

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

(Rs. in lacs)

	1 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
Voluntary Retirement compensation (refer note a below)	(338)	-
Liabilities written back on one time settlement of borrowings (refer note b below)	-	737
	<u>(338)</u>	<u>737</u>

a. The Company had announced voluntary retirement scheme for the employees of one of its unit which have been accepted by all the employees of that unit. Accordingly during the year, the Company has accrued voluntary retirement compensation payable to these employees.

b. During the previous period, the Company had settled its borrowings along with accrued interest thereon with one of the banks 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**

(Rs. in lacs)

	31 March 2014	31 March 2013
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Net Loss after tax for calculation of basic and diluted EPS	118	(207)
Weighted average number of equity shares in calculating basic and diluted EPS (in numbers)	12,262,185	12,262,185
<b>Earnings per share (basic and diluted) (in Rs.)</b>	<u>0.96</u>	<u>(1.69)</u>

**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 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
Contribution to provident fund	247	115
Contribution to superannuation fund	156	70
	<b>403</b>	<b>185</b>

## B. Defined benefit plans - gratuity

The Company has a defined gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Company. The aforesaid liability is provided for on the basis of an actuarial valuation made at the end of the financial year. The scheme is funded with an insurance company in the form of qualifying insurance policy.

### Statement of profit and loss

Net employee benefit expense recognized in the employee cost

(Rs. in lacs)

	31 March 2014	31 March 2013
Current service cost	65	29
Interest cost on benefit obligation	81	43
Expected return on plan assets	(27)	(16)
Net actuarial (gain)/loss recognized in the period	172	48
<b>Net benefit expenses</b>	<b>291</b>	<b>104</b>
Actual return on plan assets	30	17
<b>Balance sheet</b>		
Benefit asset/liability		
Present value of defined benefit obligation	1,229	1,091
Fair value of plan assets	296	346
<b>Plan asset/(liability)</b>	<b>(933)</b>	<b>(745)</b>
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	1,091	1,045
Current service cost	65	29
Interest cost	81	43
Benefits paid	(183)	(75)
Actuarial (gains)/losses on obligation	175	49
<b>Closing defined benefit obligation</b>	<b>1,229</b>	<b>1,091</b>
<b>Changes in the fair value of plan assets are as below:</b>		
Opening fair value of plan assets	346	372
Expected return	27	16
Contributions by employer	102	32
Benefits paid	(182)	(75)
Actuarial gains/(losses)	3	1
<b>Closing fair value of plan assets</b>	<b>296</b>	<b>346</b>
Contribution for the next year	145	119
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Investments with insurer	100%	100%
	<b>100%</b>	<b>100%</b>
The principal assumptions used in determining gratuity for the company's plans are shown below:		
Discount rate	8.50%	8.25%
Expected return on plan assets	8.85%	8.50%
Employee turnover	2.00%	2.00%
Expected rate of salary increase	6.00%	6.00%
Mortality table	IALM (2006-08)	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.

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

(Rs. in lacs)

	31 March 2014	31 March 2013	30 September 2012	31 March 2011	31 March 2010
Defined benefit obligation	1,229	1,091	1,045	809	764
Plan assets	296	346	372	302	286
Surplus/(deficit)	(933)	(745)	(673)	(507)	(478)
Experience adjustment on plan liabilities	(168)	(11)	4	1	3
Experience adjustment on plan assets	21	(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 2014 is as under:

(Rs. in lacs)

	31 March 2014	31 March 2013
Current assets	1	2
Non-current assets	0.49	0.49
Current liabilities	20	23
Non-current liabilities	33	29
<b>Equity</b>	<b>(52)</b>	<b>(50)</b>
Revenue	1	7
Material cost	2	3
Employee benefit expenses	0.17	2
Operating and other expenses	1	5
<b>Profits before tax</b>	<b>(2)</b>	<b>(3)</b>
Income tax expenses	-	-
<b>Profit after tax</b>	<b>(2)</b>	<b>(3)</b>

### 30. Segment information

The Company is organized into two Business Segment namely:

- Chemicals - Comprising of Industrial, Agro Chemicals and their Intermediates, Speciality Chemicals etc.
- Bulk Drug - Comprising of Bulk Drug and Intermediates.

**Year ended 31 March 2014**

(Rs. in lacs)

	Chemicals	Bulk drugs and intermediates	Eliminations	Total
<b>Revenue from operations</b>				
External	34,561	7,125	-	41,686
Inter-segment	216	10	(226)	-
<b>Total revenue from operations</b>	<b>34,777</b>	<b>7,135</b>	<b>(226)</b>	<b>41,686</b>
<b>Results</b>				
Segment results	3,263	422	-	3,685
Unallocated expenses net of (unallocable income)				(19)
<b>Operating profit/(loss)</b>				<b>3,704</b>
Finance costs				3,248
Exceptional income/(expenses)				(338)
<b>Profit/(loss) before tax</b>				<b>118</b>
Tax expenses				-
<b>Profit/(loss)</b>				<b>118</b>

As at 31 March 2014				(Rs. in lacs)
	Chemicals	Bulk drugs and intermediates	Eliminations	Total
Segment assets	37,236	8,777	-	46,013
Unallocated assets	-	-	-	1,021
<b>Total assets</b>	<b>37,236</b>	<b>8,777</b>	<b>-</b>	<b>47,034</b>
Segment liabilities	10,912	1,663	-	12,575
Unallocated liabilities	-	-	-	32,577
<b>Total liabilities</b>	<b>10,912</b>	<b>1,663</b>	<b>-</b>	<b>45,152</b>
<b>Other segment information</b>				
Capital expenditure:				
Tangible assets	369	348	-	717
Intangible assets	171	-	-	171
Depreciation	961	260	-	1,221
Amortization	263	-	-	263
Other non-cash expenses	1,207	173	-	1,380
<b>Period ended 31 March 2013</b>				
<b>Revenue</b>				
External sales	17,151	2,910	-	20,061
Inter-segment sales	196	38	(234)	-
<b>Total revenue</b>	<b>17,347</b>	<b>2,948</b>	<b>(234)</b>	<b>20,061</b>
<b>Results</b>				
Segment results	576	58	-	634
Unallocated expenses net of unallocable income				(158)
<b>Operating profit</b>				<b>792</b>
Finance costs				1,736
Exceptional income/(expenses)				737
<b>Profit/(loss) before tax</b>				<b>(207)</b>
Tax expenses				-
<b>Profit/(loss)</b>				<b>(207)</b>
<b>As at 31 March 2013</b>				
Segment assets	34,570	8,501	-	43,071
Unallocated assets				863
<b>Total assets</b>	<b>34,570</b>	<b>8,501</b>	<b>-</b>	<b>43,934</b>
Segment liabilities	9,771	1,231	-	11,002
Unallocated liabilities				31,164
<b>Total liabilities</b>	<b>9,771</b>	<b>1,231</b>	<b>-</b>	<b>42,166</b>
<b>Other segment information</b>				
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

#### 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.

Year ended 31 March 2014				(Rs. in lacs)
	India	Outside India	Total	
<b>Revenue from operations</b>				
External customers	22,395	19,291	41,686	





(Rs. in lacs)

	India	Outside India	Total
<b>Other segment information</b>			
Segment assets	40,954	6,080	47,034
Capital expenditure			
Tangible fixed assets	714	3	717
Intangible assets	171	-	171
<b>Period ended 31 March 2013</b>			
<b>Revenue from operations</b>			
External customers	15,929	4,132	20,061
<b>Other segment information</b>			
Segment assets	38,948	4,986	43,934
Capital expenditure			
Tangible fixed assets	643	7	650
Intangible assets	12	5	17

### 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

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

Joint venture company	1	Stellar Marine Paints Limited
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##### Key management personnel

##### Directors

- 1 Mr. G.Narayana - Chairman
- 2 Mr. Shalil Shroff - Managing Director
- 3 Mr. Avtar Singh - Whole time Director
- 4 Mr. S.S.Tiwari - Whole time Director
- 5 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 Hemsil Trading & Manufacturing Private Limited
- 2 M/s Salil Meta Chem
- 3 L & L Products Shroff Private Limited
- 4 Shalil Shroff (HUF)

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

#### a. Sale of goods

(Rs. in lacs)

	Year/Period ended	Sale of goods	Amount owed by related parties*	Amount owed to related parties*
<b>Subsidiaries</b>				
SD Agchem (Europe) N.V.	31 March 2014	1,058	3,452	1,385
	31 March 2013	525	3,027	1,179
Sintesis Quimica SAIC	31 March 2014	-	1,146	12
	31 March 2013	53	1,017	11

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

**b. Loans given, advances made**

(Rs. in lacs)

	Year/Period ended	Loans given/ Advances made during the year/period	Amount owed by related parties#
<b>Subsidiaries</b>			
STS Chemicals (UK) Limited	31 March 2014	-	<b>41</b>
	31 March 2013	-	34
SD Agchem (Europe) N.V.	31 March 2014	<b>39</b>	<b>2,980</b>
	31 March 2013	-	2,482
Sintesis Quimica SAIC	31 March 2014	-	<b>346</b>
	31 March 2013	-	317
<b>Joint Venture</b>			
Stellar Marine Paints Limited	31 March 2014	<b>6</b>	-
	31 March 2013	-	50

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

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

(Rs. in lacs)

	Year/Period ended	Loans and Deposits taken/ Advance received during the year/ period	Loans repayment/ Interest payment during the year/period	Interest accrued during the year/period	Amount owed to related parties
<b>Other related entities</b>					
Hem-sil Trading and Manufacturing Private Limited	31 March 2014	-	<b>101</b>	<b>101</b>	<b>787</b>
	31 March 2013	7	10	50	787
Salil Metachem	31 March 2014	-	<b>15</b>	<b>5</b>	<b>47</b>
	31 March 2013	-	-	-	57
<b>Key managerial personnel</b>					
Capt. S. S. Chopra (Retd.)	31 March 2014	-	-	-	-
	31 March 2013	-	14	-	-
<b>Relatives to key managerial personnel</b>					
Others	31 March 2014	-	<b>7</b>	<b>0.02</b>	-
	31 March 2013	-	19	0.20	7

**d. Other transactions with related parties**

(Rs. in lacs)

	Year/Period ended	Rent/service charges income/ (expense) during the year/period	Amount receivable / (payable) on account of income/ (expense)
<b>Joint Venture</b>			
Stellar Marine Paints Limited	31 March 2014	-	-
	31 March 2013	2	2
<b>Other related parties</b>			
Shalil Shroff HUF	31 March 2014	<b>(7)</b>	-
	31 March 2013	(3)	-
L & L Products Shroff Private Limited	31 March 2014	<b>48</b>	-
	31 March 2013	21	4



(Rs. in lacs)

	Year/Period ended	Provision for doubtful debts made during the year/period	Provision for doubtful advances made /advances write off during the year/period
<b>Subsidiaries</b>			
SD Agchem (Europe) N.V.	31 March 2014	<b>556</b>	<b>316</b>
	31 March 2013	38	-
Sintesis Quimica SAIC	31 March 2014	<b>130</b>	<b>32</b>
	31 March 2013	79	48
STS Chemicals (UK) Limited	31 March 2014	-	<b>7</b>
	31 March 2013	-	34
<b>Joint Venture</b>			
Stellar Marine Paints Limited	31 March 2014	-	<b>56</b>
	31 March 2013	-	-

**e. Remuneration and other benefits**

(Rs. in lacs)

	31 March 2014	31 March 2013
<u>Remuneration to Directors</u>		
Mr. Shalil Shroff	<b>42</b>	22
Mr. Avtar Singh	<b>35</b>	18
Mr. S. S. Tiwari	<b>34</b>	20
<u>Benefits to Relatives</u>		
Ms. Shaila Shroff	<b>4</b>	2
Ms. Ravinder Kaur	<b>5</b>	3
Others	<b>1</b>	1
<u>Sitting Fees</u>		
Mr. G. Narayana	<b>0.35</b>	0.20
Capt. S. S. Chopra (Retd.)	<b>1</b>	0.15
Mr. Vijay Rai	<b>1</b>	-
Mr. Mukesh Patel	<b>1</b>	-
Mr. S P Singh	<b>0.30</b>	-
<u>Receivable from Directors</u>		
Mr. Shalil Shroff	<b>2</b>	-

**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 2014, the term loans of Rs. 4,794 lacs (Previous period: Rs. 4,344 lacs) from financial institutions taken by SD Agchem (Europe) N.V. is guaranteed by the corporate guarantee of the Company.

**32. Contingent liabilities**

(Rs. in lacs)

	31 March 2014	31 March 2013
Claims against the company not acknowledged as debts		
Excise duty matters in dispute or under appeal	<b>599</b>	252
Income Tax matters in dispute or under appeal	<b>837</b>	1,550
Demand raised by Sales Tax Authorities	<b>11</b>	11
Labour laws matters in dispute or under appeal	<b>13</b>	8
Demand raised by previous land owners	<b>499</b>	434
Corporate guarantee given on behalf of the subsidiary companies (revalued at closing exchange rates)	<b>4,794</b>	4,344

[Includes Corporate Guarantee given to State Bank of India of Rs. 1,863 lacs (Previous period: Rs. 509 lacs) which is also secured by way of charge on the current assets of the Company and charge on the fixed assets of Agro and Pharmaceutical division.

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 accrued 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. Remuneration to Key Managerial Personnel

The Company has paid and provided remuneration amounting to Rs. 48.48 lacs during the period from November 14, 2012 to March 31, 2014 to one of its director. 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 and currently awaiting the approval.

### 34. Corporate Debt Restructuring

In the earlier periods, the Company had obtained an approval for Debt Restructuring (referred to as 'CDR') from the Corporate Debt Restructuring Empowered Group ('CDR EG'). As per the CDR Scheme, the Company was liable to pay working capital demand loan amounting to Rs. 5,000 lacs till September 2012, out of which the Company has repaid Rs. 2,110 lacs. During the current year the Company has received approval from CDR EG / Shareholders to allow company to sell other non-core assets and repay the balance dues for which the Company is in the process of selling the non-core assets.

### 35. Capital and other commitments

(Rs. in lacs)

	31 March 2014	31 March 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	16	75
Other commitments (Deposit for Performance Guarantee)	2,125	2,125
	<u>2,141</u>	<u>2,200</u>

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

(Rs. in lacs)

		31 March 2014		31 March 2013	
	Currency	Indian rupees	Foreign currency	Indian rupees	Foreign currency
Particulars of unhedged foreign currency exposure as at the reporting date					
Trade receivable / advances to vendors	EUR	3,797	46.08	3,358	48.36
	USD	3,712	62.08	2,249	44.03
Trade payable / advances from customers	EUR	101	1.22	113	1.61
	USD	1,539	25.88	783	14.43
Advances to/receivable from subsidiaries	EUR	2,980	36.14	2,520	36.20
	USD	346	5.76	340	6.24
	GBP	41	0.41	34	0.41
Payable to subsidiaries	EUR	1,249	15.16	1,055	15.16
	USD	148	2.46	135	2.46
Investments (at historical cost)	EUR	3,825	66.56	3,825	66.56
	GBP	2	0.02	2	0.02

### 37. 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".

### 38. Value of imports calculated on CIF basis

(Rs. in lacs)

	1 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
Raw materials	5,203	1,329
Capital goods	3	7
Traded Goods	93	-
	<u>5,299</u>	<u>1,336</u>

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

(Rs. in lacs)

	1 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
Advertisement and sales promotion expenses	13	-
Travelling expenses	94	39
Trade commission and discount	3	6
Bank charges	1	2
Product registration expenses (including task force studies, testing & other expenses)	-	5
Others	6	-
	<b>117</b>	<b>52</b>

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

(Rs. in lacs)

	1 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
	Value % of total consumption	Value % of total consumption
<b>Raw materials</b>		
Imported	4,617 20%	1,347 13%
Indigenously obtained	18,638 80%	9,182 87%
	<b>23,255 100%</b>	<b>10,529 100%</b>
<b>Components and spare parts</b>		
Imported	- 0%	- 0%
Indigenously obtained	194 100%	68 100%
	<b>194 100%</b>	<b>68 100%</b>

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

(Rs. in lacs)

	31 March 2014	31 March 2013
Export of Goods (FOB basis)	16,872	2,600
Interest on overdue balances, loans, advances, etc.	-	0.17
Processing charges received	2,267	1,515
Technical support & development fees	32	-
Others	1	-
	<b>19,172</b>	<b>4,115</b>

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

During the previous period, the company had 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 2014	31 March 2013
Salaries, wages and bonus	-	120
Raw Material Consumption	-	299
Power and fuel	-	68
Finance costs	-	75
Others	-	10
<b>Total</b>	<b>-</b>	<b>572</b>
Less: Trial run inventory (refer note 13)	-	420
<b>Total amount capitalised</b>	<b>-</b>	<b>152</b>

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

(Rs. in lacs)

	31 March 2014	31 March 2013
<b>Deferred tax liabilities</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	2,071	1,909
(A)	<b>2,071</b>	<b>1,909</b>



(Rs. in lacs)

	31 March 2014	31 March 2013
<b>Deferred tax assets</b>		
Impact of expenditure charged to the statement of profit and loss in the current period but allowed for tax purposes on payment basis		
Provision for Gratuity	303	242
Provision for Leave encashment	124	118
Others	83	124
Unabsorbed losses and depreciation*	1,561	1,425
	<b>(B)</b>	
	<b>2,071</b>	<b>1,909</b>
<b>Net deferred tax asset/(liability)</b>	<b>(A) - (B)</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 liabilities.

#### 44. Sale of Agro Formulation Division

During the current year, the Company has entered into business transfer agreement ('the Agreement') for sale of agro formulation division of the Company. As per the terms of the Agreement, the tangible fixed assets will be transferred at fixed price and working capital will be taken over at a value to be determined on closing date i.e. 30 April 2014. Accordingly, the tangible fixed assets of this units are considered as assets held for sale at lower of net book value or realizable agreed price as per the business transfer agreement. The Company is under discussion with the customer to agree the closing price for working capital items for which the Company is confident of recovering the amount as per the books of accounts as at closing date.

#### 45. Previous period figures

- In the previous period, the company had changed its accounting year from period ended 30 September to period ended 31 March. Accordingly previous period's figures are for a period of six months from 1 October 2012 to 31 March 2013 and financial year for current year is for 12 months from 1 April 2013 to 31 March 2014. Hence, the figures for current accounting year are not comparable with those of the previous accounting period.
- The company has reclassified previous period figures to confirm to current year's classification.

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, 2014

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

**G. NARAYANA**  
Chairman

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

Place : Mumbai  
Date : May 29, 2014

**SHALIL SHROFF**  
Managing Director

**VIPUL JOSHI**  
Chief Financial Officer



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

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	For financial year of the Subsidiary		For the previous financial period since it became a subsidiary	
							Profit/(losses) so far it concerns the members of the holding company and not dealt within the books of account of the holding company (except to the extent dealt with in col.6)	Profit/(losses) so far it concerns the members of the holding company and not dealt within books of account of the holding company	Profit/(losses) so far it concerns the members of the holding company and not dealt within 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 within 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	31.03.2014	2,000 (2,000)	£ 1/- each (£ 1/- each)	100% (100%)	- -	- -	- Rs. (1.43) lacs GBP (0.02) lacs	-
2	SD Agchem (Europe) NV	14.10.2005	31.03.2014	10,824 (10,824)	Euro 615/-each (Euro 615/-each)	100% (100%)	Rs. (48.56) lacs EUR (0.64) lacs Rs. (118) lacs EUR (1.70) lacs	- -	Rs. (118) lacs EUR (1.70) lacs Rs. (3954.67) lacs EUR (60.167) lacs	-
3	Sintesis Quimica S.A.I.C	11.12.2006	31.03.2014	2,00,000 (2,00,000)	Peso 10/-each (Peso 10/-each)	100% (100%)	Rs. (760.57) lacs PESO (84.07) lacs Rs. (977.00) lacs PESO (89.76) lacs	- -	Rs. (977.00) lacs PESO (89.76) lacs Rs. (4249.45) lacs PESO (381.63) 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, 2014.

### Note :

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

Place : Mumbai  
Date : May 29, 2014

**G. NARAYANA**  
Chairman

**SHALIL SHROFF**  
Managing Director

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

**VIPUL JOSHI**  
Chief Financial Officer

# INDEPENDENT AUDITOR'S 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, associate and joint venture (together referred to as "Group") which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended March 31, 2014 ('the year') 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. *The company's 100% subsidiary viz. STS Chemicals (UK) Limited, have not been considered for the purpose of preparation of the*

*consolidated financial statements. We are unable to comment on the impact of the non-inclusion of this subsidiary on the financial position and the operating results of the group.*

- b. *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 been considered in the consolidated financial statements based on the unaudited management certified financial statements. We are unable to comment on the impact of any adjustment that may arise had the audit of the financial statements of the said associate company been conducted and its consequential impact on the financial position and the operating results of the group. Our audit report on the consolidated financial statement for the period ended March 31, 2013 was qualified for not considering the accounting effect as required by Accounting Standard-23, 'Accounting for Investment in Associates in Consolidated Financial Statement' 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 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, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

## **Emphasis of Matter**

We draw attention to Note 33 to the consolidated financial statements regarding managerial remuneration amounting to Rs. 48.48 lacs which was paid/provided during the period from November 14, 2012 to March 31, 2014 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. 6,802 lacs as at



March 31, 2014, the total revenue of Rs. 10,813 lacs and cash outflows amounting to Rs. 155 lacs for the year 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 our review of 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, 2014

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2014

(Rs. in lacs)

Particulars	Notes	31 March 2014	31 March 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	1,226	1,226
Reserves and Surplus	4	(4,599)	(4,964)
		<b>(3,373)</b>	<b>(3,738)</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	20,541	18,954
Long term provisions	6	794	644
Trade payables	8a	3,152	-
Other liabilities	8b	352	-
		<b>24,839</b>	<b>19,598</b>
<b>Current liabilities</b>			
Short-term borrowings	7	10,333	11,284
Trade payables	8a	6,729	10,895
Other current liabilities	8b	9,958	9,253
Short-term provisions	6	1,091	874
		<b>28,111</b>	<b>32,306</b>
<b>Total</b>		<b>49,577</b>	<b>48,166</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	22,668	24,116
Intangible assets	10	1,511	1,639
Capital work-in-progress		197	966
Intangible asset under development		67	63
Non-current investments	11	422	647
Long-term loans and advances	12	2,134	1,995
Other non-current assets	16	526	347
		<b>27,525</b>	<b>29,773</b>
<b>Current assets</b>			
Inventories	13	7,677	6,587
Trade receivables	14	7,142	6,976
Cash and bank balances	15	2,887	1,446
Short-term loans and advances	12	2,561	3,004
Other current assets	16	1,785	380
		<b>22,052</b>	<b>18,393</b>
<b>Total</b>		<b>49,577</b>	<b>48,166</b>
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

per **RAVI BANSAL**  
Partner  
Membership No. 49365  
Place : Mumbai  
Date : May 29, 2014

**PUNIT K. ABROL**  
Sr. Vice President (Finance) &  
Company Secretary  
Place : Mumbai  
Date : May 29, 2014

**VIPUL JOSHI**  
Chief Financial Officer



# CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH, 2014

(Rs. in lacs)

Particulars	Notes	1 April, 2013 to 31 March, 2014	1 October, 2012 to 31 March, 2013
<b>Income</b>			
Revenue from operations (gross)	17	52,840	25,128
Less: Excise duty		1,398	595
<b>Revenue from operations (net)</b>		51,442	24,533
Other income	18	1,790	382
<b>Total revenue</b>		53,232	24,915
<b>Expenses</b>			
Cost of raw materials consumed	19	24,731	11,512
Purchases of traded goods	20	2,241	830
(Increase)/Decrease in inventories of finished goods,	21	(968)	558
Work-in-progress and traded goods			
Employee benefit expenses	22	10,000	4,713
Operating and other expenses	23	11,377	6,569
<b>Total expenses</b>		47,381	24,182
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		5,851	733
Depreciation and amortization expenses	24	1,616	804
Finance costs	25	3,465	1,929
<b>Profit / (Loss) before tax and exceptional items</b>		770	(2,000)
Exceptional income / (expenses)	26	(338)	737
<b>Profit / (Loss) before tax but after exceptional items</b>		432	(1,263)
Tax expenses		-	-
<b>Total tax expenses</b>		-	-
Share of profits in associate for current year		110	-
Share of losses of associate for earlier years		(446)	-
<b>Profit/(Loss) after tax</b>		96	(1,263)
<b>Earnings per equity share [nominal value of share Rs. 10 each (Previous period: Rs. 10 each)]</b>			
Basic and diluted (in Rs.)	27	0.78	(10.30)
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, 2014

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

**G. NARAYANA**  
Chairman

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

Place : Mumbai  
Date : May 29, 2014

**SHALIL SHROFF**  
Managing Director

**VIPUL JOSHI**  
Chief Financial Officer



## CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

(Rs. in lacs)

	For the period ended 31 March, 2014	For the year ended 31 March, 2013
<b>Cash flow from Operating Activities</b>		
Profit / (Loss) before tax	432	(1,263)
<b>Adjustments for :</b>		
Liabilities written back on one time settlement of borrowings	-	737
Depreciation and Amortisation	1,616	804
Miscellaneous income/Sundry credit balance written off (net)	(182)	(3)
Interest income	(155)	(128)
Dividend income	-	(7)
Income in respect of government grants / other grants	(4)	(2)
Interest and other financial costs	3,465	1,929
Loss/(Profit) on sale of fixed assets	(10)	(26)
Loss/(Profit) on sale of long-term investments	-	(20)
Unrealised foreign exchange Loss/(Gain) (net)	(1,066)	(88)
Provision for diminution in value of Investments	4	-
Advances / Bad debts written off	53	14
Provision for doubtful advances	26	137
Provision for doubtful debts (net)	260	579
<b>Operating Profit before working capital changes</b>	<b>4,439</b>	<b>2,663</b>
<b>Movement in Working Capital</b>		
Decrease/(Increase) in trade receivables	(797)	235
Decrease/(Increase) in inventories	(1,464)	1,069
Decrease/(Increase) in other current assets	(415)	(22)
Decrease/(Increase) in loans and advances	552	(646)
Increase/(Decrease) in trade payables and current liabilities	1,499	(673)
Increase/(Decrease) in provisions	229	80
<b>Cash generated from operations</b>	<b>4,043</b>	<b>2,706</b>
Direct taxes (paid)/refunded (net)	(235)	(365)
<b>Net cash generated from operating activities</b> (A)	<b>3,808</b>	<b>2,341</b>
<b>Cash Flow from investment activities</b>		
Purchase of fixed assets, including CWIP and capital advances	(719)	(688)
Proceeds from sale of fixed assets	47	308
Proceeds of sale of investments	-	65
Investment in Fixed deposits (with maturity more than three months)	(5)	-
Maturity of Fixed deposits (with maturity more than three months)	303	(359)
Interest received	156	122
Dividend received	-	7
<b>Net cash used in investing activities</b> (B)	<b>(218)</b>	<b>(545)</b>
<b>Cash flow from financial activities</b>		
Proceeds from borrowings	3,034	1,444
Repayments of borrowings	(1,882)	(4,837)
Interest Paid	(3,108)	(1,998)
<b>Net cash used in financing activities</b> (C)	<b>(1,956)</b>	<b>(5,391)</b>



(Rs. in lacs)

	For the period ended 31 March, 2014	For the year ended 31 March, 2013
<b>Effect of exchange gain/(loss) on cash and cash equivalents (D)</b>	<b>105</b>	212
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C+D)</b>	<b>1,739</b>	(3,383)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,058</b>	4,441
<b>Cash and cash equivalents at the end of the period</b>	<b>2,797</b>	1,058
<b>Components of cash &amp; cash equivalents</b>		
Cash on hand	9	13
Cheques on hand	83	1
With banks		
a) on current account	2,643	965
b) on deposit account with original maturity of less than three months	50	51
c) on unpaid dividend account*	12	20
d) on unpaid fractional shares account*	—	8
<b>Total cash &amp; cash equivalents (note 15)</b>	<b>2,797</b>	1,058

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

Summary of significant accounting policies

2.1

#### Notes:

- Comparative figures have been regrouped wherever necessary.
- The Cash Flow statement has been prepared under indirect method as set out in the Accounting Standard - 3 on "Cash Flow Statements" notified by Companies Accounting Standard Rules 2006 (as amended).

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, 2014

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

**G. NARAYANA**

Chairman

**PUNIT K. ABROL**

Sr. Vice President (Finance) &  
Company Secretary

Place : Mumbai

Date : May 29, 2014

**SHALIL SHROFF**

Managing Director

**VIPUL JOSHI**

Chief Financial Officer

# OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

## 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 other chemicals and therefore the aforesaid statement of nature of business operations hold good for the group also.

## 2. Basis of preparations

- The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular 8/2014 dated April 4, 2014 issued by Ministry of Corporate Affairs. 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 adopted in preparation of financial statements are consistent with those of previous period.
- The accumulated losses of the Group as at the close of the financial year/period exceeded 50% of the Shareholder's Funds (excluding accumulated losses) as at March 31, 2014 and the current liabilities have exceeded current assets by Rs. 6,059 lacs. Based on the strategic long term supply contracts with its customers with minimum commitment of supply of products and the future business plans, restructuring of debts of the Company and its subsidiaries, the management is confident that the Group will be able to generate profits in future years and meet its financial obligation as they arise accordingly, the accompanying Financial Statements have been prepared on a going concern basis.

### 2.1. Significant Accounting Policies

#### 2.1.1 Principles of Consolidation

- The Consolidated Financial Statements comprise financial statements of Punjab Chemicals and Crop Protection Limited ('the Holding Company'), its subsidiaries, associates 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.
- 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) below.
- The list of subsidiaries, associate and joint venture companies considered for consolidation together with the proportion of share holding by Group is as follows:

Sr. No.	Name of the Company	Relationship	Country of Incorporation	% of Group Holding as at 31 March 2014	% of Group Holding as at 30 September 2013
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.	Source Dynamics LLC (refer note 35)	Associate	United States	20%	20%
5.	Stellar Marine Paints Limited (refer note (e) below)	Joint Venture	India	45%	45%

- 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.
- 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, 2014.



- (iii) Sintesis Quimica S.A.I.C: 98% is held by SD Agchem (Europe) N.V. and 2% by STS Chemicals (UK) Limited as at March 31, 2014.
- (d) 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.
- (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 2014 has been considered for preparation of the aforesaid consolidated financial statements.
- (f) 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, 2014; 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 each of the subsidiary and joint venture other than the associate Company are drawn upto same reporting date i.e year ended March 31, 2014 and have been used for the purpose of consolidation. The effect of investment in associate company viz. Source Dynamics LLC, on financial position and operating result of the group have been considered in consolidated financial statements based on unaudited management certified statements for the year ended December 31, 2013.

### 2.1.2 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 year. 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.

### 2.1.3 Fixed Assets

#### (a) 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.

Items of fixed assets that are held for disposal are stated at the lower of their book value and net realisable value and are shown separately in the financial statement under Other Current Assets. Any expected loss is recognised immediately in the statement of Profit and Loss.

#### (b) Intangible 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.

### 2.1.4 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 and 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	Depreciation rates
<b>Sintesis Quimica S.A.I.C.</b>		
Buildings	S.L.M.	2%
Furniture & Fixtures	S.L.M.	10% - 33%
Plant & Machinery	S.L.M.	10%
Vehicles	S.L.M.	20%
<b>SD Agchem (Europe) N.V.</b>		
Buildings	S.L.M.	4%, 10% to 20%
Plant & Machinery	S.L.M.	10%, 20%
Other Fixed Assets	S.L.M.	20%
<b>STS Chemicals (UK) Limited</b>		
Furniture & Fixtures	W.D.V.	25%

- 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.

#### 2.1.5 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.
- iii) Technical Know how is amortised on a straight line basis over a period of 5 years.

#### 2.1.6 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.

#### 2.1.7 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.

#### 2.1.8 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 the statement of profit and loss account. Initial direct costs such as legal costs, brokerage etc are recognized immediately in statement of profit and loss.

## **2.1.9 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.

## **2.1.10 Inventories**

### **(a) Punjab Chemicals and Crop Protection Limited, Stellar Marine Paints 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.

## **2.1.11 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.

### **(a) 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) is the amount that is included revenue from operations (gross) and not the entire amount of liability arising during the period.

### **(b) 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).

### **(c) Interest**

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

### **(d) Dividends**

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

### **(e) 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".

## **2.1.12 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.'

## 2.1.13 Retirement and Other Employee Benefits :

### (a) Punjab Chemicals and Crop Protection 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 statement of 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 statement of profit and loss as income or expense.

### (b) All other subsidiaries

The companies contribute to a defined contribution plans which are charged to statement of profit and loss as incurred.

## 2.1.14 Voluntary retirement scheme

Voluntary retirement scheme expenses are fully charged to statement of profit & loss in the year in which they accrue.

## 2.1.15 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 prevailing as on date of balance sheet. 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.

#### **2.1.16 Government and 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

#### **2.1.17 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 year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

#### **2.1.18 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.

#### **2.1.19 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.

**2.1.20 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.

**2.1.21 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.

**2.1.22 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.

**2.1.23 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 profit and loss. In its measurement, the company does not include depreciation and amortization expense, finance costs, tax expense and exceptional (income) and expense.

**2.1.24 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 2014	30 March 2013
<b>3. Share capital</b>		
<b>Authorized shares</b>		
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
	<b>2,000</b>	<b>2,000</b>
<b>Issued shares</b>		
12,277,218 (Previous year: 12,277,218) equity shares of Rs. 10/- each	1,228	1,228
<b>Subscribed and fully paid-up shares</b>		
12,262,185 (Previous period: 12,262,185) equity shares of Rs. 10/- each	1,226	1,226
	<b>1,226</b>	<b>1,226</b>

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

	31 March 2014		31 March, 2013	
Equity shares	Numbers	Rs. in lacs	Numbers	Rs. in lacs
At the beginning 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 2014 In numbers	31 March 2013 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	69,293
	<b>69,293</b>	<b>69,293</b>

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

	31 March 2014		31 March 2013	
	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%
	<b>70,17,318</b>	<b>57%</b>	<b>70,17,318</b>	<b>57%</b>

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 2014	31 March 2013
Capital reserve	329	340
Capital redemption reserve	28	28
Capital reduction reserve	21	21
Securities premium account	5,707	5,707
Capital subsidy from state government	35	15
Amalgamation reserve	19	19
<b>Government grant</b>		
Balance as per last financial statements	23	24
Less: Grant recognized in the statement of profit and loss	2	1
	21	23
<b>Development aid grant UNIDO</b>		
Balance as per last financial statements	26	27
Less : Grant recognized in the statement of profit and loss	2	1
	24	26
<b>Foreign currency translation reserve</b>		
Balance as per last Balance Sheet	(448)	(609)
Add: Exchange difference in respect of non-integral foreign operations	264	161
	(184)	(448)
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	(10,695)	(9,432)
Profit/(loss) for the year/period	96	(1,263)
	(10,599)	(10,695)
<b>Net deficit in the statement of profit and loss</b>		
	(4,599)	(4,964)

#### 5. Long-term borrowings

(Rs. in lacs)

	Non current portion		Current maturities	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>Term loans</b>				
<b>From banks</b>				
Term loan (secured) (refer note a to h below)	19,187	18,884	2,717	2,202
Term loan (unsecured) (refer note 41)	1,320	-	-	-
Housing finance scheme (secured) (refer note i below)	-	21	25	28
<b>From others</b>				
Housing finance scheme (secured) (refer note j below)	17	22	5	6
Others (unsecured) (refer note k below)	17	-	-	-
<b>Other loans and advances</b>				
Working Capital Demand Loans from Banks (secured) (refer note l below)	-	-	2,890	2,944
Finance lease obligation (secured) (refer note m below)	-	-	-	50
Deposits (unsecured) (refer note n below)				
Deposits from shareholders	-	2	2	14
Deposits from public	-	25	25	101
	20,541	18,954	5,664	5,345
<b>The above amount includes</b>				
Secured borrowings	19,204	18,927	5,637	5,230
Unsecured borrowings	1,337	27	27	115
Amount disclosed under the head "Other current liabilities" (note 8)			(5,664)	(5,345)
	20,541	18,954	-	-



## Notes :

- a. In accordance with the Corporate Debt Restructuring Scheme (CDR) approved by the Corporate Debt Restructuring Empowered Group, SBICAP Trustee Company Limited was appointed as the Security Trustee for the benefit of the Lenders of the Company and acting as an agent for SBI Antwerp, Belgium for the loan taken by one of the subsidiary of the Company. In pursuance of master restructuring agreement signed as per CDR scheme and the SBI Antwerp document, the term loan amounting to Rs. 18,919 lacs and working capital demand loan amounting to Rs. 2,890 lacs is secured by way of first pari passu charge on movable assets including current assets and immovable assets of Agro and Pharma Division, pledge of unencumbered shares of one of the promoter and the personal guarantee of promoter of the Company. Further, Working Capital Term loan amounting to Rs. 106 lacs (Previous period: Rs 128 lacs) from Indian Overseas Bank is secured by exclusive charge by hypothecation of plant and machineries, stock and book debts and pledge of factory building and office premises at Vadodara. As regard to the previous period, the charge were as follows:
  - i. Term Loan from Allahabad Bank amounting to Rs. 4,945 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.
  - ii. Term Loan from Export - Import Bank of India amounting to Rs. 1,561 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.
  - iii. Term Loan from Central Bank of India amounting to Rs. 2,473 lacs is secured by way of collateral first pari passu charge on fixed assets of the company and second pari passu charge on the current assets of the Company and also by personal guarantees of one of the director.
  - iv. 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.
  - v. Term loan of 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.
  - vi. Working Capital Term loan of Rs. 4,154 lacs from SBI is secured under above consortium agreement. Principal of Rs. 1,990 lacs is overdue for a period of 90 to 183 days as on the reporting date.
  - vii. Working Capital Term loan of Rs. 1,462 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.
  - viii. Working Capital Term loan of Rs. 857 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.
  - ix. Working Capital Term loan of 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 Vadodara.
  - x. Working Capital Term loan of Rs. 2,362 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.
  - xi. Funded Interest Term loan of Rs. 4,296 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.
- b. Term Loans amounting to Rs. 8,474 lacs (Previous period: Rs. 9,020 lacs) is carrying interest rate of 10.75% p.a. (Previous period 10.75% p.a.). Principal amount of Rs. 185 lacs (Previous period: Rs. 0.20 lacs) is overdue for a period of 1 to 456 days (Previous period 91 days) as on the reporting date.
- c. Working Capital Term Loans amounting to Rs. 5,729 lacs (Previous period: Rs. 6,019 lacs) is carrying interest rate of 8% p.a. (Previous period 8% p.a.). Principal amount of Rs. 227 lacs (Previous period: Rs. 11 lacs) is overdue for a period of 1 to 456 days (Previous period 91 days) as on the reporting date.
- d. Funded Interest Term Loan amounting to Rs. 4,822 lacs (Previous period: Rs. 4,296 lacs) is carrying interest rate of 8% p.a. (Previous period 8% p.a.). Principal amount of Rs. 71 lacs (Previous period Nil) is overdue for a period of 1 to 183 days (Previous period Nil) as on the reporting date.



- e. State Bank of India, Antwerp vide letter no. CRE/2013/136 dated June 14, 2013, have approved the restructuring of the existing borrowings in S D Agchem (Europe) NV by way of repayment of outstanding term loan, working capital loan and funded interest term loan of Rs. 2,569 lacs on March 31, 2013, in 24 quarterly installments commencing from June 30, 2014.
- f. The Holding company has given Corporate guarantees for loans taken by subsidiaries.
- g. Term Loan taken from Banco Nacion de la Argentina (Argentina National Bank) amounting to Rs. 106 lacs (Previous Period: Rs. 132 lacs) is 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.
- h. Term Loan taken from Banco Santander Rio amounting to Rs. 204 lacs (Previous Period: Rs. 272 lacs) is 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.

As regard to the previous period, the charge were as follows :

- i. Term Loan taken from State Bank of India amounting to Rs 1,306 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.
- ii. Term Loan taken from Banco Comafi amounting to Rs. 41 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.
- i. Housing Loan form ICICI Bank Ltd amounting to Rs. 25 lacs (Previous period: Rs. 49 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% p.a. (Previous period 12%-16% p.a.) and is repayable in 143 EMIs.
- j. Loan from Housing Development Finance Corporation Limited for Rs. 22 lacs (Previous period: Rs. 28 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% p.a. (Previous period 12%-16% p.a.) and is repayable in 144 EMIs.
- k. Term Loan from others (unsecured) represents loan taken by Stellar Marine Paints Limited (Joint venture) from Viachem LLC which is interest free and loan from Hemsil Trading & Manufacturing Private Limited carrying an interest of 12% p.a (Previous period Nil). The said loans are repayable on demand.
- l. Working Capital Demand Loans amounting to Rs. 2,890 lacs (Previous period: Rs. 2,944 lacs) is carrying interest rate of 10.75% p.a. (Previous period 10.75% p.a.). Principal amount of Rs. 2,890 lacs (Previous period Rs. 2,944) is overdue for 548 days (Previous period 183 days) as on the reporting date. (Refer note 34 for further details)
- m. The finance lease obligation of Rs. Nil (Previous period: Rs. 50 lacs) is secured by the plant and machinery taken under said lease and is carrying interest rate of 16% (Previous period 16% p.a.) and is repayable in 60 EMIs.
- n. Deposits from public and shareholders are unsecured and are carrying interest rate ranging from 11% - 15% p.a. (Previous period 11%-15% p.a.) and are repayable in 1 - 3 years from the respective date of deposits.

## 6. Provisions

(Rs. in lacs)

	Long Term		Short Term	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>Provision for employee benefits</b>				
Provision for gratuity (refer note 28)	794	644	139	101
Provision for leave encashment	-	-	556	516
<b>(A)</b>	<b>794</b>	<b>644</b>	<b>695</b>	<b>617</b>
<b>Other provisions</b>				
Provision for taxation (net)	-	-	392	254
Provision for wealth tax	-	-	4	3
<b>(B)</b>	<b>-</b>	<b>-</b>	<b>396</b>	<b>257</b>
<b>(A+B)</b>	<b>794</b>	<b>644</b>	<b>1,091</b>	<b>874</b>



## 7. Short-term borrowings

(Rs. In lacs)

	31 March 2014	31 March 2013
Cash credit from banks (secured) (refer note a and b below)	7,546	8,158
Working capital demand loan from banks (secured) (refer note a and c below)	2,000	-
Inter-corporate deposits repayable on demand (unsecured)	787	787
Other loans (unsecured)	-	2,339
	<b>10,333</b>	<b>11,284</b>
<b>The above amount includes</b>		
Secured borrowings	9,546	8,158
Unsecured borrowings	787	3,126
	<b>10,333</b>	<b>11,284</b>

- a. In accordance with the Corporate Debt Restructuring Scheme (CDR) approved by the Corporate Debt Restructuring Empowered Group, SBICAP Trustee Company Limited was appointed as the Security Trustee for the benefit of the Lenders of the Company and acting as an agent for SBI Antwerp, Belgium for the loan taken by the subsidiary of the Company. In pursuance of master restructuring agreement signed as per CDR scheme and the SBI Antwerp document, the cash credit amounting to Rs. 7,381 lacs and working capital demand loan amounting to Rs. 2,000 lacs is secured by way of first pari passu charge on movable assets including current assets and immovable assets of Agro and Pharma Division, pledge of unencumbered shares of Shri Shalil Shroff one of the Promoters and the personal guarantee of Shri Shalil Shroff, Managing Director of the Company.

Further, Cash credit amounting to Rs.165 lacs (Previous period: Rs 164 lacs) from Indian Overseas Bank is secured by exclusive charge by hypothecation of plant and machineries, stock and book debts and pledge of factory building and office premises at Vadodara.

As regard to the previous period, the charge is as follows:

- The company had entered into a consortium agreement with State Bank of India (SBI) as lead bank, EXIM Bank, Bank of Baroda and Union Bank of India for cash credit and working capital demand loan. Under consortium agreement, cash credit and working capital facilities are secured by way of Hypothecation of entire Current assets present & future on a pari passu basis with other members of the Consortium and collateral second charge on the movable fixed assets situated at Derabassi and Lalru in the state of Punjab, MIDC-Tarapur, Pimpri-Pune, Lote Parshuram-Chiplun in the state of Maharashtra.
  - Cash credit from State Bank of India of Rs. 2,846 lacs is secured under above consortium agreement.
  - Cash credit from Union Bank of India of Rs. 914 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.
  - Cash credit from Export Import Bank of India of 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.
  - Cash credit from Bank of Baroda of Rs. 3,091 lacs is secured by security given under consortium agreement.
  - Cash credit from Indian Overseas Bank of Rs. 164 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.
  - Cash credit from State Bank of India amounting to Rs. 555 lacs is secured by Pledge of Shares of Sintesis Quimica S.A.I.C 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.
  - 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. 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.
- b. Cash Credit amounting to Rs. 7,546 lacs (Previous period: Rs. 7,603 lacs) is carrying interest rate of 10.75% p.a. (Previous period 10.75% p.a.).
- c. Working Capital Term Loans amounting to Rs. 2,000 lacs (Previous period: Rs. Nil) is carrying interest rate of 10.25% p.a.(Previous period Nil).

## 8. Trade payables and other liabilities

(Rs. In lacs)

	Non current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>8a. Trade payables</b> (refer note 41)	<b>3,152</b>	-	<b>6,729</b>	10,895
	<b>3,152</b>	-	<b>6,729</b>	10,895
<b>8b. Other current liabilities</b>				
Current maturities of long term borrowings (refer note 5)	-	-	5,664	5,345
Payables for fixed assets	-	-	336	434
Interest accrued but not due on borrowings	-	-	37	46
Interest accrued and due on borrowings	-	-	641	275

(Rs. In lacs)

	Non current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Employee related liabilities	-	-	804	1,417
Interest bearing security deposits from customers	-	-	216	237
Advance from customers	-	-	816	755
Investor education and protection fund will be credited by the following amounts (as and when due) (Refer note below)				
Unclaimed dividend	-	-	12	19
Unclaimed fractional shares	-	-	-	8
Unclaimed public deposits	-	-	1	3
Unclaimed accrued interest on public deposits	-	-	-	1
Other liabilities	352		1,431	713
	352	-	9,958	9,253
	3,504	-	16,687	20,148

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

## 9. Tangible assets

(Rs. in lacs)

	Land (Refer note (b) and (c) and (f))	Buildings (Refer note (a), (b), (e) (f) and (h))	Plant and machinery (Refer note (d, f) & (g))	Electrical installations (Refer note (f))	Furniture, fixture and equipments (Refer note (d & f))	Vehicles (Refer note (f))	Total
<b>Cost or valuation</b>							
As at 1 October 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)
<b>As at 31 March 2013</b>	<b>6,442</b>	<b>10,175</b>	<b>19,121</b>	<b>541</b>	<b>1,843</b>	<b>666</b>	<b>38,788</b>
Additions	-	56	1,290	13	31	59	1,449
Disposals	-	2	133	9	102	27	273
Assets held for Sale	51	657	1,137	46	27	40	1,958
Foreign exchange adjustment	(34)	(227)	(295)	-	(310)	(9)	(875)
<b>As at 31 March 2014</b>	<b>6,357</b>	<b>9,345</b>	<b>18,846</b>	<b>499</b>	<b>1,435</b>	<b>649</b>	<b>37,131</b>
<b>Depreciation</b>							
As at 1 October 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)
<b>As at 31 March 2013</b>	<b>50</b>	<b>2,536</b>	<b>9,784</b>	<b>289</b>	<b>1,533</b>	<b>480</b>	<b>14,672</b>
Charge for the year	12	389	779	35	42	55	1,312
Disposals	-	2	101	9	101	23	236
Assets held for Sale	4	207	499	23	23	38	794
Foreign exchange adjustment	(1)	(57)	(184)	-	(253)	4	(491)
<b>As at 31 March 2014</b>	<b>57</b>	<b>2,659</b>	<b>9,779</b>	<b>292</b>	<b>1,198</b>	<b>478</b>	<b>14,463</b>
<b>Net Block</b>							
<b>As at 31 March 2013</b>	<b>6,392</b>	<b>7,639</b>	<b>9,337</b>	<b>252</b>	<b>310</b>	<b>186</b>	<b>24,116</b>
<b>As at 31 March 2014</b>	<b>6,300</b>	<b>6,686</b>	<b>9,067</b>	<b>207</b>	<b>237</b>	<b>171</b>	<b>22,668</b>



(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. The valuations performed by the valuer were based on active market prices, adjusted for any difference in the nature, location or condition of the specific property.

The historical cost of freehold land, leasehold land and building fair valued by the company was Rs. 130 lacs, Rs. 19 lacs and Rs. 3,542 lacs respectively and their fair value were Rs. 5,395 lacs, Rs. 614 lacs and Rs. 8,355 lacs respectively. 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 2014	31 March 2013
Gross block	934	934
Depreciation charge for the year/ period	6	6
Accumulated depreciation	49	49
Net book value	885	885

(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 2014	31 March 2013	31 March 2014	31 March 2013
Gross block	-	78	-	4
Depreciation charge for the year/ period	-	2	-	-
Accumulated depreciation	-	18	-	4
Net book value	-	60	-	-

The Lease term was for various tenures at the end of which the legal title has passed to the lessee.

(Rs. in lacs)

	31 March 2014		31 March 2013	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	-	-	17	17
After one year but more than five years	-	-	-	-
More than five years	-	-	-	-
<b>Total minimum lease payments</b>	-	-	<b>17</b>	<b>17</b>
Less: amounts representing finance charges	-	-	-	-
<b>Present value of lease payments</b>	-	-	<b>17</b>	<b>17</b>

(e) **Building includes building given on operating lease**

(Rs. in lacs)

	31 March 2014	31 March 2013
Gross block	1,032	1,032
Depreciation charge for the year	16	8
Accumulated depreciation	116	100
<b>Net book value</b>	<b>916</b>	<b>932</b>

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) **Assets held for sale**

(Rs. in lacs)

	Land	Buildings	Plant and machinery	Electrical installations	Furniture, fixture and equipments	Vehicles	Total
Gross block	51	657	1,137	46	27	40	1,958
Depreciation charge for the year	-	21	62	2	3	1	89
Accumulated depreciation	4	207	499	23	23	38	794
Net book value	47	450	638	23	4	2	1,164
Capital work-in-progress	-	-	6	-	-	-	6
<b>Total</b>	<b>47</b>	<b>450</b>	<b>644</b>	<b>23</b>	<b>4</b>	<b>2</b>	<b>1,170</b>

- g. Plant and machinery includes Rs. 82 lacs (Previous year: Rs. 82 lacs) worth of equipments acquired under UNIDO grant scheme.
- h. 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 conveyance of the land in favour of the society on which this building is situated is pending.

###### 10. Intangible assets

(Rs. in lacs)

	Goodwill	Formation Expenses	Computer License/ Computer Software	Product registration (Refer Note (a) & (b) )	Technical knowhow Fees (Refer Note (c) )	Total
<b>Gross Block</b>						
As at 1 October 2012	2,416	9	318	2,271	-	5,014
Additions	-	-	49	-	-	49
Disposals	-	-	-	-	-	-
Foreign exchange adjustment	-	-	(24)	-	-	(24)
<b>As at 31 March 2013</b>	<b>2,416</b>	<b>9</b>	<b>343</b>	<b>2,271</b>	<b>-</b>	<b>5,039</b>
Additions	-	-	-	-	168	168
Disposals	-	-	-	-	-	-
Foreign exchange adjustment	-	2	(130)	-	-	(128)
<b>As at 31 March 2014</b>	<b>2,416</b>	<b>11</b>	<b>213</b>	<b>2,271</b>	<b>168</b>	<b>5,079</b>
<b>Amortization</b>						
As at 1 October 2012	2,416	9	231	618	-	3,274
Charge for the period	-	-	13	113	-	126
Disposals	-	-	-	-	-	-
Foreign exchange adjustment	-	-	-	-	-	-
<b>As at 31 March 2013</b>	<b>2,416</b>	<b>9</b>	<b>244</b>	<b>731</b>	<b>-</b>	<b>3,400</b>
Charge for the year	-	-	33	227	19	279
Disposals	-	-	-	-	-	-
Foreign exchange adjustment	-	2	(113)	-	-	(111)
<b>As at 31 March 2014</b>	<b>2,416</b>	<b>11</b>	<b>164</b>	<b>958</b>	<b>19</b>	<b>3,568</b>
<b>Net Block</b>						
<b>As at 31 March 2013</b>	<b>-</b>	<b>-</b>	<b>99</b>	<b>1,540</b>	<b>-</b>	<b>1,639</b>
<b>As at 31 March 2014</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>1,313</b>	<b>149</b>	<b>1,511</b>

- a. Product registration includes testing, data access and other product registration related expenses.
- b. Remaining period of amortization of product registration expenses ranges from 49 to 101 months.
- c. Technical Know how is amortised on a straight line basis over a period of 5 years. Remaining period of amortization of technical know how is 53 months.

###### 11. Non-current investments

(Rs. In lacs)

	31 March 2014	31 March 2013
<b>Trade investments (valued at cost unless otherwise stated)</b>		
<b>Unquoted equity instruments</b>		
Investment in Subsidiary Companies (Refer note 2.1 (d) )	2	2
Investment in Associate Companies (Refer note 35)	746	630
Less: Share of losses of associate of earlier years	(446)	-
Add: Share of profits of associate for current year	110	-
	<b>412</b>	<b>632</b>
<b>Non trade investments (valued at cost unless otherwise stated)</b>		
<b>Quoted equity instruments</b>		
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

0.25

Less: Provision for diminution in value of investment

(0.02)

-

-

0.25

2,535 (Previous period: 2,535) equity shares of Rs. 10/- each fully paid-up in Pragati Sahkari Bank Limited

0.25

0.25

Less: Provision for diminution in value of investment

(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

Less: Provision for diminution in value of investment

(0.11)

-

-

0.11

#### Unquoted other non-current investments

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

4

4

Less: Provision for diminution in value of investment

(4)

-

-

4

National Savings Certificate

-

0.16

10

15

422

647

Aggregate amount of quoted investments

(Market value Rs. 1.41 lacs (Previous year: Rs. 2 lacs))

1

1

Aggregate amount of unquoted investments

424

646

Aggregate provision for diminution in value of Investments

4

-

## 12. Loans and advances

(Rs. in lacs)

	Long-term		Short-term	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Capital advances (unsecured, considered good)	43	274	-	-
Security deposit (unsecured, considered good)	183	155	31	3
(A)	226	429	31	3
Loans and advances to related parties				
Unsecured considered good	-	-	33	38
Unsecured considered doubtful	-	-	42	18
	-	-	75	56
Provision for doubtful advances	-	-	42	18
(B)	-	-	33	38
Advances recoverable in cash or kind				
Unsecured considered good	1,015	1,046	1,321	1,547
Unsecured considered doubtful	-	1,122	24	16
	1,015	2,168	1,345	1,563
Provision for doubtful advances	-	1,122	24	16
(C)	1,015	1,046	1,321	1,547



(Rs. in lacs)

<b>Other loans and advances (unsecured, considered good unless otherwise stated)</b>	<b>Long-term</b>		<b>Short-term</b>	
	<b>31 March 2014</b>	<b>31 March 2013</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
Advance tax (net)	893	520	-	348
Balance with excise and customs	-	-	829	846
VAT recoverable	-	-	347	222
Inter-corporate deposits - considered doubtful	-	57	-	-
Provision for doubtful deposits	-	(57)	-	-
<b>(D)</b>	<b>893</b>	<b>520</b>	<b>1,176</b>	<b>1,416</b>
<b>(A+B+C+D)</b>	<b>2,134</b>	<b>1,995</b>	<b>2,561</b>	<b>3,004</b>

**Movement in provision for doubtful advances / deposits**

At the beginning of the year/period	1,213	1,168
Add: Provision made during the year/period	26	137
	<b>1,239</b>	<b>1,305</b>
Less: Advances written off against which provision was made	1,173	92
<b>At the end of the year/period</b>	<b>66</b>	<b>1,213</b>

**Short-term**

<b>31 March 2014 Rs. in lacs</b>	<b>31 March 2013 Rs. in lacs</b>
<b>Advances recoverable in cash or kind include</b>	
Dues from officers of the company (maximum amount due Rs. 3 lacs (Previous period: Rs. 1 lacs))	2 0.25
<b>Loans and advances to related parties include</b>	
Dues from L & L Products Shroff Private Limited (maximum amount due Rs. 17 lacs (Previous period: Rs. 11 lacs))	- 4
Dues from STS Chemicals (UK) Limited (maximum amount due Rs. 75 lacs (Previous period: Rs. 36 lacs))	75 34
	<b>75 38</b>

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

(Rs. in lacs)

	<b>31 March 2014</b>	<b>31 March 2013</b>
Raw materials (includes in transit Rs. 305 lacs (Previous period: Rs. 159 lacs))	2,592	1,897
Work-in-progress	818	763
Finished goods	3,316	2,232
Traded goods	238	490
Packing materials	328	400
Stores and spares (including fuel)	385	385
Finished Goods - trial run (refer note 37)	-	420
	<b>7,677</b>	<b>6,587</b>

**14. Trade receivables**

(Rs. In lacs)

	<b>Current 31 March 2014</b>	<b>31 March 2013</b>
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Secured, considered good	33	27
Unsecured, considered good	271	51
Doubtful	1,728	3,765
	<b>2,032</b>	<b>3,843</b>

**Other receivables**

Secured, considered good	21	35
Unsecured, considered good	6,817	6,863
Doubtful	89	14

	<b>6,927</b>	6,912
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Less: Provision for doubtful debts	<b>1,817</b>	3,779
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	<b>7,142</b>	6,976
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**Movement in provision for doubtful debts**

At the beginning of the year/period	<b>3,779</b>	3,104
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Add: Provision made during the year/period	<b>260</b>	675
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	<b>4,039</b>	3,779
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Less: Bad debts written off against which provision was made	<b>2,222</b>	-
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<b>At the end of the year/period</b>	<b>1,817</b>	3,779
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**15. Cash and bank balances**

(Rs. in lacs)

	<b>Non-current</b>		<b>Current</b>	
	<b>31 March 2014</b>	31 March 2013	<b>31 March 2014</b>	31 March 2013
<b>Cash and cash equivalents</b>				
<b>Balance with banks</b>				
on current accounts	-	-	<b>2,643</b>	965
on fixed deposits with original maturity of less than three months	-	-	<b>50</b>	51
on unpaid dividend account	-	-	<b>12</b>	20
on unpaid fractional shares account	-	-	-	8
Cheques on hand	-	-	<b>83</b>	1
Cash on hand	-	-	<b>9</b>	13
	<b>-</b>	<b>-</b>	<b>2,797</b>	1,058
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	<b>1</b>	1	<b>63</b>	27
Deposits with original maturity for more than 3 months but less than 12 months	-	-	<b>27</b>	361
Margin money deposit*	<b>525</b>	346	-	-
	-	-	-	-
	<b>526</b>	347	<b>90</b>	388
Amount disclosed under non-current assets (note 16)	<b>(526)</b>	(347)	-	-
	<b>-</b>	<b>-</b>	<b>2,887</b>	1,446

\*Includes Rs.47 lacs (Previous period: Rs. 69 lacs) held in liquidity margin under Companies (Acceptance of Deposit Rules) and Rs. 106 lacs (Previous period: Rs. 277 lacs) as margin for import letter of credit and bank guarantees.

**16. Other assets**

(Rs. in lacs)

	<b>Non-current</b>		<b>Current</b>	
	<b>31 March 2014</b>	31 March 2013	<b>31 March 2014</b>	31 March 2013
Non-current bank balances (refer note 15)	<b>526</b>	347	-	-
Interest receivable	-	-	<b>22</b>	23
Export benefit receivable	-	-	<b>444</b>	312
Insurance claim receivable	-	-	<b>2</b>	7
Assets held for Sale (refer note 40 and note 9(f))	-	-	<b>1,170</b>	-
Job work charges receivable	-	-	<b>147</b>	38
	<b>526</b>	347	<b>1,785</b>	380

## 17. Revenue from Operations

(Rs. in lacs)

	1 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
<b>Sale of products</b>		
Finished goods	45,983	22,522
Traded goods	3,229	803
Sale of services	2,822	1,104
<b>Other operating revenue</b>		
Scrap sales	122	94
Export benefit	652	250
Commission	-	328
Technicals Support & Development Fees	32	27
<b>Revenue from operations (gross)</b>	<b>52,840</b>	<b>25,128</b>
Less: Excise duty#	1,398	595
<b>Revenue from operations (net)</b>	<b>51,442</b>	<b>24,533</b>

# Excise duty on sales amounting to Rs. 1398 lacs (Previous period: Rs. 595 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. 3 lacs) (Previous period: (Rs. 21 lacs)) has been considered in note 21 of financial statements.

### Details of products sold

#### Finished goods sold

Agro chemicals and intermediates	32,579	16,307
Speciality chemicals	4,148	1,826
Phosphorous and its compounds	2,830	1,525
Other chemicals	6,427	2,864
	<b>45,983</b>	<b>22,522</b>

#### Traded goods sold

Agro chemicals and intermediates	1,586	205
Formulated goods	133	-
Organic chemicals	-	536
Other chemicals	1,510	62
	<b>3,229</b>	<b>803</b>

#### Details of services rendered

Job work income	2,435	986
Micronisation and handling charges	387	118
	<b>2,822</b>	<b>1,104</b>

## 18. Other income

(Rs. in lacs)

	1 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
<b>Interest income on</b>		
Bank deposits	76	124
Others	79	4
Government grants	4	2
Exchange difference (net)	1,318	123
Dividend income from long-term investments	-	7
Insurance claim received	-	1
Profit on sale of long-term investments (net)	-	20
Profit on sale of fixed assets (net)	10	26
Service charges	7	6
Sundry credit balances written back (net)	182	3



Rent income	95	55
Miscellaneous Income	19	11
	<u>1,790</u>	<u>382</u>

**19. Cost of raw materials consumed**

(Rs. in lacs)

	1 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
Stock of raw material at the beginning of the year/period	1,897	2,784
Add: Purchases	25,862	10,798
	<u>27,759</u>	<u>13,582</u>
Less: Sale of raw materials	295	142
Less: Stock of raw material at end of the year/period	2,592	1,897
	<u>2,887</u>	<u>2,039</u>
Foreign Exchange Movement	(141)	(31)
<b>Cost of raw material consumed</b>	<u>24,731</u>	<u>11,512</u>
<b>Details of raw material consumed</b>		
Agro chemicals and its intermediates	14,817	6,856
Speciality chemicals	2,741	1,153
Oxalic acid and oxalates	2,568	1,411
Other chemicals	4,605	2,092
	<u>24,731</u>	<u>11,512</u>

**20. Purchase of traded goods**

(Rs. in lacs)

	1 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
Agro chemicals and its intermediates	1,026	574
Formulated goods	54	-
Organic chemicals	69	231
Other chemicals	1,092	25
	<u>2,241</u>	<u>830</u>

**21. (Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods**

(Rs. in lacs)

	31 March 2014	31 March 2013	(Increase)/decrease 31 March 2014
<b>Inventories at the end of the period</b>			
Traded goods	238	490	252
Work-in-progress	818	763	(55)
Finished goods	3,316	2,232	(1,084)
	<u>4,372</u>	<u>3,485</u>	<u>(887)</u>
<b>Inventories at the beginning of the period</b>			31 March 2013
Traded goods	490	85	405
Work-in-progress	763	583	180
Finished goods	2,232	3,415	(1,183)
	<u>3,485</u>	<u>4,083</u>	<u>(598)</u>
Foreign Exchange Movement	(78)	(19)	
(Increase)/Decrease in excise duty on closing stock of finished goods	(3)	(21)	
	<u>(968)</u>	<u>558</u>	

Details of inventories	31 March 2014	31 March 2013
	Rs. in lacs	Rs. in lacs
<b>Traded goods</b>		
Formulated goods	11	54
Other chemicals	227	436
	<b>238</b>	<b>490</b>
<b>Work-in-progress</b>		
Agro chemicals and intermediates	350	495
Speciality chemicals	372	202
Sulphur based compounds	23	22
Other chemicals	73	44
	<b>818</b>	<b>763</b>
<b>Finished goods</b>		
Speciality chemicals	2,005	901
Formulated goods	240	237
Agro chemicals and intermediates	951	767
Other chemicals	120	327
	<b>3,316</b>	<b>2,232</b>
<b>22. Employee benefit expenses</b>		(Rs. in lacs)
	<b>1 April 2013 to 31 March 2014</b>	<b>1 October 2012 to 31 March 2013</b>
Salaries, wages and bonus	8,387	3,439
Contribution to provident and other funds	429	196
Gratuity and leave encashment expense (refer note 28)	415	180
Staff welfare expenses	769	898
	<b>10,000</b>	<b>4,713</b>
<b>23. Operating and other expenses</b>		(Rs. in lacs)
	<b>1 April 2013 to 31 March 2014</b>	<b>1 October 2012 to 31 March 2013</b>
Consumption of stores and spares	194	68
Power and fuel	4,439	1,977
Repairs and maintenance - plant and machinery	886	268
Repairs and maintenance - buildings	73	15
Repairs and maintenance - others	59	23
Sub-contracting charges	481	185
Rent	149	160
Rates and taxes	570	227
Insurance charges	162	57
Bad debts / advances written off	53	-
Postage, telegrams and telephones	99	25
Traveling and conveyance	653	314
Commission on sales (other than sole selling agents)	223	560
Discount on sales	60	20
Provision for doubtful advances (net) (refer note 12)	26	137
Packing expenses	653	204
Freight and handling expenses	570	200
Director's sitting fees	3	2
Provision for doubtful debts (net) (refer note 14)	260	675
Provision for decline in the value of investments	4	-
Research and development expenses	55	30
Marketing and promotional expenses	5	499
Other expenses*	1,699	922
	<b>11,377</b>	<b>6,569</b>



\*Includes payment to auditor

**As auditor:**

Audit fee	20	20
Limited review	9	3
Reimbursement of expenses	2	-
	<u>31</u>	<u>23</u>

**24. Depreciation and amortization expenses**

(Rs. in lacs)

	1 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
Depreciation of tangible assets	1,333	688
Amortization of intangible assets	283	116
	<u>1,616</u>	<u>804</u>

**25. Finance costs**

(Rs. in lacs)

	1 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
Interest on loans and deposits	2,431	1,347
Interest on cash credit accounts	843	372
Interest on others	141	182
Bank charges	50	28
	<u>3,465</u>	<u>1,929</u>

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

(Rs. in lacs)

	1 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
Voluntary Retirement compensation (refer note a below)	(338)	-
Liabilities written back on one time settlement of borrowings (refer note b below)	-	737
	<u>(338)</u>	<u>737</u>

- The Company had announced voluntary retirement scheme for the employees of one of its unit which have been accepted by all the employees of that unit. Accordingly during the year, the Company has accrued voluntary retirement compensation payable to these employees.
- During the previous period, the Company had 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:

	31 March 2014 Rs. In lacs	31 March 2013 Rs. In lacs
Net Profit / (Loss) after tax for calculation of basic and diluted EPS	96	(1,263)
Weighted average number of equity shares in calculating basic and diluted EPS (in numbers)	12,262,185	12,262,185
<b>Earnings per share (basic and diluted) (in Rs.)</b>	<u>0.78</u>	<u>(10.30)</u>

**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 April 2013 to 31 March 2014	1 October 2012 to 31 March 2013
Contribution to provident fund	247	115
Contribution to superannuation fund	156	70
	<b>403</b>	<b>185</b>

#### B. Defined benefit plans - gratuity

The Company has a defined gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Company. The aforesaid liability is provided for on the basis of an actuarial valuation made at the end of the financial year. The scheme is funded with an insurance company in the form of qualifying insurance policy.

#### Statement of profit and loss

Net employee benefit expense recognized in the employee cost

(Rs. in lacs)

	31 March 2014	31 March 2013
Current service cost	65	29
Interest cost on benefit obligation	81	43
Expected return on plan assets	(27)	(16)
Net actuarial (gain)/loss recognized in the year/period	172	48
<b>Net benefit expenses</b>	<b>291</b>	<b>104</b>
Actual return on plan assets	30	17
<b>Balance sheet</b>		
Benefit asset/liability		
Present value of defined benefit obligation	1,229	1,091
Fair value of plan assets	296	346
<b>Plan asset/(liability)</b>	<b>(933)</b>	<b>(745)</b>
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	1,091	1,045
Current service cost	65	29
Interest cost	81	43
Benefits paid	(183)	(75)
Actuarial (gains)/losses on obligation	175	49
<b>Closing defined benefit obligation</b>	<b>1,229</b>	<b>1,091</b>
<b>Changes in the fair value of plan assets are as below:</b>		
Opening fair value of plan assets	346	372
Expected return	27	16
Contributions by employer	102	32
Benefits paid	(182)	(75)
Actuarial (gains)/losses	3	1
<b>Closing fair value of plan assets</b>	<b>296</b>	<b>346</b>
Contribution for the next year	145	119



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

	31 March 2014	31 March 2013
Investments with insurer	100%	100%
	100%	100%

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

	31 March 2014	31 March 2013
Discount rate	8.50%	8.25%
Expected return on plan assets	8.85%	8.50%
Employee turnover	2.00%	0.00%
Expected rate of salary increase	6.00%	0.00%
Mortality table	IALM (2006-08) 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 2014	31 March 2013	30 September 2012	31 March 2011	31 March 2010
Defined benefit obligation	1,229	1,091	1,045	809	764
Plan assets	296	346	372	302	286
Surplus/(deficit)	(933)	(745)	(673)	(507)	(478)
Experience adjustment on plan liabilities	(168)	(11)	4	1	3
Experience adjustment on plan assets	21	(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 2014 is as under :

	31 March 2014 (In Rs. lacs)	31 March 2013 (In Rs. lacs)
Current assets	1	2
Non-current assets	0.49	0.49
Current liabilities	20	23
Non-current liabilities	33	29
<b>Equity</b>	<b>(52)</b>	<b>(50)</b>
Revenue	1	7
Material cost	2	3
Employee benefit expenses	0.17	2
Operating and other expenses	1	5
<b>Profits before tax</b>	<b>(2)</b>	<b>(3)</b>
Income tax expenses	-	-
<b>Profit after tax</b>	<b>(2)</b>	<b>(3)</b>

## 30. Segment information

The Company is organized into two Business Segment namely:

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

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

**Year ended 31 March 2014**

(Rs. in lacs)

	Chemicals	Bulk drugs and intermediates	Eliminations	Total
<b>Revenue from operations</b>				
External	44,317	7,125	-	51,442
Inter-segment	216	10	(226)	-
<b>Total revenue from operations</b>	<b>44,533</b>	<b>7,135</b>	<b>(226)</b>	<b>51,442</b>
<b>Results</b>				
Segment results	3,794	422	-	4,216
Unallocated expenses net of unallocable income				(19)
<b>Operating profit / (loss)</b>				<b>4,235</b>
Finance costs				3,465
Exceptional Income / (expenses)				(338)
<b>Profit/(loss) before tax</b>				<b>432</b>
Tax expenses				-
<b>Profit/(loss) after tax before Income from Associate</b>				<b>432</b>
Share of profits in associate for current year				110
Share of losses of associate for earlier years				(446)
<b>Net Profit/(loss) for the year</b>				<b>96</b>
<b>As at 31 March 2014</b>				
Segment assets	39,485	8,777	-	48,262
Unallocated assets				1,315
<b>Total assets</b>	<b>39,485</b>	<b>8,777</b>	<b>-</b>	<b>49,577</b>
Segment liabilities	14,357	1,663	-	16,020
Unallocated liabilities				36,930
<b>Total liabilities</b>	<b>14,357</b>	<b>1,663</b>	<b>-</b>	<b>52,950</b>
<b>Other segment information</b>				
Capital expenditure:				
Tangible assets	332	348	-	680
Intangible assets	171	-	-	171
Depreciation	1,073	260	-	1,333
Amortization	283	-	-	283
Other non-cash expenses	308	35	-	343
<b>Period ended 31 March 2013</b>				
<b>Revenue</b>				
External sales	21,676	2,857	-	24,533
Inter-segment sales	196	91	(287)	-
<b>Total revenue</b>	<b>21,872</b>	<b>2,948</b>	<b>(287)</b>	<b>24,533</b>
<b>Results</b>				
Segment results	(287)	58	-	(229)
Unallocated expenses net of unallocable income				(158)
<b>Operating profit</b>				<b>(71)</b>
Finance costs				1,929
Exceptional income/(expenses)				737
<b>Profit/(loss) before tax</b>				<b>(1,263)</b>
Tax expenses				-
<b>Profit/(loss)</b>				<b>(1,263)</b>
<b>As at 31 March 2013</b>				
Segment assets	38,498	8,501	-	46,999



(Rs. in lacs)

	Chemicals	Bulk drugs and intermediates	Eliminations	Total
Unallocated assets				1,167
<b>Total assets</b>	<b>38,498</b>	<b>8,501</b>	<b>-</b>	<b>48,166</b>
Segment liabilities	14,836	1,231	-	16,067
Unallocated liabilities				35,837
<b>Total liabilities</b>	<b>14,836</b>	<b>1,231</b>	<b>-</b>	<b>51,904</b>
<b>Other segment information</b>				
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

**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.

(Rs. In lacs)

Year ended 31 March 2014	India	Outside India	Total
<b>Revenue from operations</b>			
External customers	22,395	29,047	51,442
<b>Other segment information</b>			
Segment assets	40,954	8,623	49,577
Capital expenditure			
Tangible fixed assets	650	30	680
Intangible assets	171	-	171
<b>Period ended 31 March 2013</b>	<b>India</b>	<b>Outside India</b>	<b>Total</b>
<b>Revenue from operations</b>			
External customers	20,401	4,132	24,533
<b>Other segment information</b>			
Segment assets	43,384	4,782	48,166
Capital expenditure			
Tangible fixed assets	647	-	647
Intangible assets	6	11	17

**31. Related party transactions****Name of the related party and related party relationships****Related party where control exists**

Subsidiaries, Associate and Joint Venture	1. STS Chemicals (UK) Limited	— Subsidiary
	2. Source Dynamics LLC, US	— Associate
	3. Stellar Marine Paints Limited	— Joint Venture

**Other related parties with whom transactions have taken during the period****Key management personnel****Directors**

1. Mr. G. Narayana	— Chairman
2. Mr. Shalil Shroff	— Managing Director
3. Mr. Avtar Singh	— Whole Time Director
4. Mr. S.S. Tiwari	— Whole Time Director
5. 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. Hemsil Trading & Manufacturing Private Limited
2. M/s Salil Meta Chem
3. L & L Products Shroff Private Limited
4. Shalil Shroff (HUF)

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

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

(Rs. In lacs)

	Year/Period ended	Loans given/ Advances made during the period	Amount owed by related parties#
<b>Subsidiaries</b>			
STS Chemicals (UK) Limited	<b>31 March 2014</b>	-	<b>75</b>
(Refer note 2.1 (d))	31 March 2013	-	56
<b>Joint Venture</b>			
Stellar Marine Paints Limited	<b>31 March 2014</b>	<b>3</b>	-
	31 March 2013	-	28

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

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

(Rs. In lacs)

	Year/Period ended	Loans & Deposits taken/ Advance received during the period	Loans Repayment/ Interest payment during the year/period	Interest accrued during the period	Amount owed to related parties
<b>Other related entities</b>					
Hem-sil Trading and	<b>31 March 2014</b>	-	<b>101</b>	<b>101</b>	<b>787</b>
Manufacturing Pvt. Limited	31 March 2013	7	10	50	787
Salil Metachem	<b>31 March 2014</b>	-	<b>15</b>	<b>5</b>	<b>47</b>
	31 March 2013	-	-	-	57
<b>Key managerial personnel</b>					
Capt. S. S. Chopra (Retd.)	<b>31 March 2014</b>	-	-	-	-
	31 March 2013	-	14	-	-
<b>Relatives to key managerial personnel</b>					
Others	<b>31 March 2014</b>	-	<b>7</b>	<b>0.20</b>	-
	31 March 2013	-	19	0.20	7

**c. Other transactions with related parties**

(Rs. In lacs)

	Year/Period ended	Rent/service charges income /(expense) during the period	Amount receivable/ (payable) on account of income /(expense)
<b>Joint Venture</b>			
Stellar Marine Paints Limited	<b>31 March 2014</b>	-	-
	31 March 2013	1	1
<b>Other related parties</b>			
Shalil Shroff HUF	<b>31 March 2014</b>	<b>(7)</b>	-
	31 March 2013	(3)	-
L & L Products Shroff Private Limited	<b>31 March 2014</b>	<b>48</b>	-
	31 March 2013	21	4



(Rs. In lacs)

	Year / Period ended	Provision for doubtful debts made during the year/period	Provision for doubtful advances made/advances write off during the year/period
<b>Subsidiaries</b>			
STS Chemicals (UK) Limited	31 March 2014	-	7
	31 March 2013	-	34
<b>Joint Venture</b>			
Stellar Marine Paints Limited	31 March 2014	-	31
	31 March 2013	-	-

**d. Remuneration and other benefits**

(Rs. In lacs)

	31 March 2014	31 March 2013
<b>Remuneration to Directors</b>		
Mr. Shalil Shroff	42	22
Mr. Avtar Singh	35	18
Mr. S. S. Tiwari	34	20
<b>Benefits to Relatives</b>		
Ms. Shaila Shroff	4	2
Ms. Ravinder Kaur	5	3
Others	1	1
<b>Sitting Fees</b>		
Mr. G. Narayana	0.35	0.20
Capt. S. S. Chopra (Retd.)	1	0.15
Mr. Vijay Rai	1	-
Mr. Mukesh Patel	1	-
Mr. S P Singh	0.30	-

**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.

**32. Contingent liabilities**

(Rs. In lacs)

	31 March 2014	31 March 2013
Claims against the company not acknowledged as debts		
Excise duty matters in dispute or under appeal	599	252
Income Tax matters in dispute or under appeal	837	1,550
Demand raised by Sales Tax Authorities	11	11
Labour laws matters in dispute or under appeal	13	8
Demand raised by previous land owners	499	434

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 accrued 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. Remuneration to Key Managerial Personnel**

The Company has paid/provided remuneration amounting to Rs. 48.48 lacs during the period from November 14, 2012 to March 31, 2014 to one of its director. 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 and currently awaiting the approval.

### 34. Corporate Debt Restructuring

In the earlier periods, the Company had obtained an approval for the Debt Restructuring (referred to as 'CDR') from the Corporate Debt Restructuring Empowered Group ('CDR EG'). As per the CDR Scheme, the Company was liable to pay working capital demand loan amounting to Rs. 5,000 lacs till September 2012, out of which the Company has repaid Rs. 2,110 lacs. During the current year the Company has received approval from CDR EG / Shareholders to allow company to sell other non-core assets and repay the balance dues for which the Company is in the process of selling the non-core assets.

### 35. Investment in Associate Company

The Group has considered the effect of investment in associate company, Source Dynamics LLC in the consolidated financial statements in accordance with AS 23 - "Accounting for Investments in Associates in Consolidated Financial Statements" for the first time in the current year. Accordingly, the carrying amount of investment in the associate are brought to amount that would have resulted had the equity method of accounting been followed as per AS 23 since the acquisition of the associate and the Group's share in post acquisition profits of the associate upto March 31, 2013 has been accounted in the consolidated statement of Profit and loss and disclosed as "Share of losses of associate for earlier years".

### 36. Capital and other commitments

	31 March 2014	(Rs. In lacs) 31 March 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	16	75
Other commitments (Deposit for Performance Guarantee)	2,125	2,125
	<b>2,141</b>	<b>2,200</b>

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

During the previous period, the company had 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 2014 Rs. In lacs	31 March 2013 Rs. In lacs
Salaries, wages and bonus	-	120
Raw Material Consumption	-	299
Power and fuel	-	68
Finance costs	-	75
Others	-	10
<b>Total</b>	-	572
Less: Trial run inventory (refer note 13)	-	420
<b>Total amount capitalised</b>	-	152

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

Particulars of unhedged foreign currency exposure as at the reporting date

		31 March 2014		31 March 2013	
	Currency	Indian Rupees in lacs	Foreign Currency in lacs	Indian Rupees in lacs	Foreign currency in lacs
Trade receivable / advances to vendors	EUR	444	5.38	3,358	48.36
	USD	2,468	41.19	1,366	25.15
Trade payable / advances from customers	EUR	101	1.22	113	1.61
	USD	1,539	25.68	907	16.70
Advances to / receivable from subsidiaries	EUR	-	-	2,520	36.20
	USD	-	-	340	6.24
	GBP	41	0.41	34	0.41
Investments (at historical cost)	EUR	-	-	3,825	66.56
	GBP	2	0.02	2	0.02




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

(Rs. In lacs)

	31 March 2014	31 March 2013
<b>Deferred tax liabilities</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	2,071	1,909
(A)	2,071	1,909
<b>Deferred tax assets</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis		
Provision for Gratuity	303	242
Provision for Leave encashment	124	118
Others	83	124
Unabsorbed losses and depreciation*	1,561	1,425
(B)	2,071	1,909
<b>Net deferred tax asset/(liability)</b>	<b>(A) - (B)</b>	<b>-</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.

**40. Sale of Agro Formulation Division**

During the current year, the Company has entered into business transfer agreement ('the Agreement') for sale of agro formulation division of the Company. As per the terms of the Agreement, the tangible fixed assets will be transferred at fixed price and working capital will be taken over at a value to be determined on closing date i.e. 30 April 2014. Accordingly, the tangible fixed assets of this units are considered as assets held for sale at lower of net book value or realizable agreed price as per the business transfer agreement. The Company is under discussion with the customer to agree the closing price for working capital items for which the Company is confident of recovering the amount as per the books of accounts as at closing date.

**41. Restructuring of subsidiary Company**

Sintesis Quimica S.A.I.C has filed an application for the Bankruptcy protection in Argentina for which the Company has obtained the approval from the Court under file "Sintesis Quimica S.A.I.C. 14 28 31/05/12 Industria Quimica, Raul Scalabrini Ortiz 3333" on April 30, 2014 and accordingly, the Company has given its effect in the financial statements by virtue of which the amounts which are receivable and payable after one year, as per the Order, are classified as non-current.

**42. Previous period figures**

- In the previous period, the company had changed it's accounting year from period ended 30 September to period ended 31 March. Accordingly previous period's figures are for a period of six months from 1 October 2012 to 31 March 2013 and financial year for current year is for 12 months from 1 April 2013 to 31 March 2014. Hence, the figures for current accounting year are not comparable with those of the previous accounting period.
- The company has reclassified previous period figures to confirm to current year's classification.

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, 2014

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

**G. NARAYANA**

Chairman

**PUNIT K. ABROL**

Sr. Vice President (Finance) &  
Company Secretary

Place : Mumbai

Date : May 29, 2014

**SHALIL SHROFF**

Managing Director

**VIPUL JOSHI**

Chief Financial Officer

**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 Subsidiary	Turn-over	Profit before Taxation	Provision for Taxation	Prior Period Item/Excess provision for tax)	Profit after Taxation	Proposed Dividend
1.	SD Agchem (Europe) NV	EUR	82.41	5486.00	(12314.34)	1153.00	7981.34	0.00	1586.00	(48.56)	0.00	0.00	(48.56)	0.00
2.	Sintesis Quimica S.A.I.C	PESO	7.42	148.00	(2255.00)	5647.00	7754.00	0.00	9225.00	(760.57)	(212.33)	0.00	(548.24)	0.00

**Note :-**

- The above information is presented in accordance with the general exemption granted by the Ministry of Corporate Affairs, as stated and explained in the Director's Report
- Indian Rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary Companies, has been given based on the exchange rate as on the Balance sheet date i.e. 31.03.2014.
- During the year 100% subsidiary, STS Chemicals (UK) Limited has not been considered for consolidation.

Place : Mumbai  
Date : May 29, 2014

**G. NARAYANA**  
*Chairman*

**SHAIL SHROFF**  
*Managing Director*

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

**VIPUL JOSHI**  
*Chief Financial Officer*

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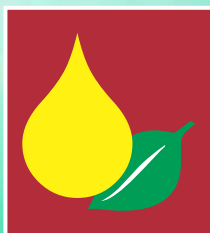


# Manufacturing Site

*Agro Chemicals Division - Derabassi*







## Punjab Chemicals & Crop Protection Limited

[www.punjabchemicals.com](http://www.punjabchemicals.com)

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Fax : 0172-2790160  
E-mail : [info@punjabchemicals.com](mailto: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](mailto:enquiry@punjabchemicals.com)