



SMARTCHEM TECHNOLOGIES LIMITED

25th Annual Report

2011-12

Board of Directors

Shri S. C. Mehta
Dr. T. K. Chatterjee
Shri S. R. Wadhwa
Shri R. Sriraman
Shri V. Kishore Kumar

Manager

Shri Bhaskar Pai (w.e.f 23rd March 2012)

Company Secretary

Shri Madhav Oak

Bankers

State Bank of India
Axis Bank Limited

Auditors

Deloitte Haskins & Sells

Registered Office & Plant

Village Ponnada,
Etcherla Mandalam,
Srikakulam,
Andhra Pradesh – 532 408.
Tel : 08942 – 271391, 270726
Fax: 08942 - 271392.

Bhagwati Division

Village Khattalwada,
Sanjan (Western Railway),
Taluka Umbergaon,
Dist. Valsad, Gujarat – 396 120.

Corporate Office

Deepak Complex,
Opp. Golf Course,
Shastri Nagar, Yerawada,
Pune – 411 006.
Tel : 020 - 6645 8000
Fax : 020 - 2668 3722

NOTICE

NOTICE is hereby given that Twenty Fifth Annual General Meeting of the members of **SMARTCHEM TECHNOLOGIES LIMITED** will be held on Wednesday, 27th June, 2012 at 11:00 a. m. at the Registered Office of the Company at Village – Ponnada, via Bonthalakoduru, Srikakulam, Andhra Pradesh 532 408 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2012 and the Statement of Profit and Loss for the financial year ended on that date together with the Directors' Report and the Auditors' Report thereon.
2. To declare a dividend on Equity Shares for the financial year ended 31st March, 2012.
3. To appoint a Director in place of Shri S. C. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. T. K. Chatterjee, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. 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 198, 269, 385, 387 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the appointment of Shri Bhaskar S. Pai as Manager of the Company for the period of one year with effect from 23rd March, 2012 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed herewith.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to alter or vary the terms and conditions of the appointment including remuneration, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956 or any statutory modifications or re – enactment thereof for the

time being in force and also to do such acts, deeds, matters and things as may be necessary, desirable or expedient to give effect to this resolution.”

By the order of the Board of Directors,



**Madhav Oak
Company Secretary**

Place: Mumbai

Date: 17th May, 2012

Registered Office:

Village – Ponnada, Via Bonthalakoduru

Srikakulam

Andhra Pradesh – 532 408

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, SHOULD BE COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of Special Business as set out above is annexed hereto.
3. The dividend, if declared, will be paid to those members whose names appear on the register of members as on 27th June, 2012 being the Record Date to determine entitlement of members to attend and vote at the AGM and for payment of dividend, if any.
4. Members are requested to intimate the Company change in their address, if any, with Pin Code number, quoting Registered Folio Number.

Annexure to the Notice

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956

Item No. 6

The Board of Directors, at its meeting held on 20th March, 2012, appointed Shri Bhaskar S. Pai as Manager of the Company in place of Shri S. Raja Reddy for the period of one year with effect from 23rd March, 2012, subject to the approval of the members. The terms and conditions of the appointment of Shri Bhaskar S. Pai are as under:

Tenure of Office: One year with effect from 23rd March 2012.

Remuneration:

Basic Salary:	Rs. 83,000 per month
House Rent Allowance:	Rs. 55,000 per month
Special Allowance:	Rs. 9,167 per month
Ex-gratia:	Rs. 8,300 per month
Perquisite:	
Medical Allowance:	Rs. 15,000 per annum
Leave Travel Allowance:	Rs. 3,000 per annum
Child Education Allowance:	Rs. 2,400 per annum

Other benefits:

- Car with driver's salary and maintenance expenses as per the Company policy;
- Medical benefits, Leaves, Provident Fund, Gratuity and such other benefits as per Company rules;
- Performance Award as per the Company Policy;
- Coverage for medical insurance, critical illness, life insurance, Personal Accident coverage as per the Company Policy.

Other terms and Conditions:

1. During the period of employment of Shri Bhaskar Pai with the Company or at any

time thereafter except in the course of performance of his duties in the Company's services, he shall not use, divulge or disclose any information to any person / association/ agency/ company/ authority any of the secrets concerning affairs of the Company and/or the business of the Company which he may have access to by the reason of or during the course of his employment with the Company.

2. His appointment including remuneration has been made in compliance with the provisions of the Companies Act, 1956 and Schedule XIII to the Act.
3. He will abide by the rules and regulations of the Company in force from time to time.

Shri Bhaskar S. Pai satisfies all the conditions set out in Part I of Schedule XIII to the Companies Act, 1956 for being eligible for the appointment.

The Board commends the resolution for approval by the members as an Ordinary Resolution.

None of the Directors of the Company is concerned or interested in the above resolution.

The above may also be treated as an abstract as required under Section 302 of the Companies Act, 1956.

By the order of the Board of Directors,



Madhav Oak
Company Secretary

Place: Mumbai

Date: 17th May, 2012

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty-Fifth Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2012.

FINANCIAL RESULTS

The summarised financial results are as under:

<u>Financial Year</u>	<u>2011-12</u>	(Rupees in Lacs)	
		<u>2010-11</u>	
Income (Gross)	7698.63	7081.07	
Profit Before Tax (PBT)	948.93	1352.18	
Less:			
a) Provision for Income Tax	333.00	485.00	
b) Provision for Deferred Tax	(45.39)	(46.93)	
c) Provision for Fringe Benefit Tax	-	-	
Profit After Tax (PAT)	661.32	914.10	
Add: Balance brought forward	1385.64	1486.60	
Less: Transfer to Capital Redemption Reserve	510.00	575.00	911.60
Profit available for appropriation	1536.96	1,825.70	
Appropriations:			
- Transfer to General Reserve	66.13	91.40	
- Proposed Dividend on Pref. Shares	-	-	
- Proposed Dividend on Equity Shares	400.00	300.00	
- Corporate Dividend Tax	64.89	48.67	
Surplus carried to Balance Sheet	1,005.94	1,385.64	

DIVIDEND

Considering the performance of the Company, your Directors recommend dividend of Rs. 40 per equity share on 10,00,000 Equity Shares of Rs. 10/- each for the year ended 31st March, 2012. The proposed Equity Dividend (including Corporate Dividend Tax) will absorb Rs. 464.89 lacs (including Corporate Dividend Tax of Rs. 64.89 lacs).

OPERATIONS AND FUTURE OUTLOOK

During the year under review, your Company has achieved Gross Sales of Rs. 7,633.61 lacs as against Rs. 7,010.93 lacs for the previous year. Total production of Ammonium Nitrate during the year under review decreased to 30,655 MT as compared to 33,042 MT in the previous year. Similarly, the total production of Weak Nitric Acid (on 60% basis) decreased to 43,783 MT as compared to 47,030 MT in the previous year. At Srikakulam Plant, capacity utilisation of Ammonium Nitrate was 95% and that of Weak Nitric Acid at 81%.

During the year under review, import prices of Ammonia went up from 507 USD in April, 2011 to 608 USD in December, 2011 and subsequently came down to 396 USD in March, 2012. However, with innovative sourcing from dealers in Western India and a manufacturer from Eastern India developing a fleet of committed road transporters, the Company could capitalize on comparative lower Ammonia prices prevailing in various parts of the country thereby minimize the impact of increase in import prices.

Your Company has completed the erection of dedicated feeder. New Dedicated Feeder line was charged in April, 2012 and its performance is being observed. For power purchases ABT Meters were procured, tested and calibrated at ETDC, Hyderabad and due for erection. Your Company is planning to sign an agreement for power procurement from third party.

Your Company continues to strive for growth by improving operational efficiencies.

CHANGES IN SHARE CAPITAL STRUCTURE

During the year under review, your Company redeemed 6,00,000 1% Cumulative Redeemable Preference Shares of Rs. 100/- each amounting Rs. 6 Crores out of the profits and general reserves of the Company. Consequently, the paid-up share capital of the Company reduced to Rs. 1 Crore.

DIRECTORS

Shri S. C. Mehta and Dr. T. K. Chatterjee retires by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

MANAGER

During the year, the Board has appointed Shri Bhaskar S. Pai as Manager of the Company under the provisions of the Companies Act, 1956 for a period of one year with effect from 23/03/2012, subject to approval of the Members at the ensuing Annual General Meeting.

AUDIT COMMITTEE

The Audit Committee was constituted on 31st March, 2011. During the year under review, five Audit Committee meetings were held on 10th May, 2011, 7th August 2011, 19th October, 2011, 28th December, 2011 and 24th January, 2012.

As on date, the Audit Committee consists of the following Directors:

1. Dr. T. K. Chatterjee
2. Shri S. R. Wadhwa
3. Shri R. Sriraman

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of sub-section (2AA) of Section 217 of the Companies Act, 1956, your Directors confirm that:

- i) in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- ii) the accounting policies selected had been applied consistently and judgements and estimates made were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year as on 31st March, 2012 and of the profit of the Company for that period;
- iii) proper and sufficient care had been taken 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
- iv) the annual accounts had been prepared on a 'going concern' basis.

AUDITORS

M/s. Deloitte Haskins and Sells, Chartered Accountants, Pune, the Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that their re-appointment, if made, by the Company for the year 2012-13 will be within the limit prescribed under Section 224 (1B) of the Companies Act, 1956. The Board of Directors recommends their re-appointment.

PERSONNEL

During the year under review, there were no employees who were covered under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

INDUSTRIAL RELATIONS

Industrial Relations remained cordial during the year under report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure forming part of this Report.

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation to its bankers for their continued support during the year.

Your Directors are also pleased to record their appreciation for the dedication and contribution made by the employees at all levels who through their competence and hard work have enabled your Company to achieve good performance in the emerging competitive environment and look forward to their support in future as well.

For and on behalf of the Board,

Place: Mumbai
Date: 17th May, 2012


S. C. MEHTA
CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken

No new measures taken for conservation of energy.

(b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy

No additional investments and proposal being implemented for reduction of consumption of energy.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

Previous measures taken are being consolidated for conservation of energy as well as reduction in consumption of energy

(d) Total energy consumption and energy consumption per unit of production as per Form A in respect of industries specified in the Schedule

FORM A

Disclosure of particulars with respect to Conservation of Energy

Power & Fuel Consumption	Units	Current Year 2011-12	Previous Year 2010-11
1. Electricity			
a) Purchased units	'000 KWH	11,097.35	11,591.68
Total Amount	Rs. in Lacs	517.80	481.51
Rate per unit	(Rs. / KWH)	4.67	4.15

Power & Fuel Consumption	Units	Current Year 2011-12	Previous Year 2010-11
b) Own Generation	Power generated through DG sets was higher than normal years due to extensive power outages in Andhra Pradesh.		
2. Furnace Oil			
Quantity	KL	47.72	84.20
Total Amount	Rs. in Lacs	23.61	22.17
Average Rate	(Rs. / KL)	49,476	31,080
3. Light Diesel Oil			
Quantity	KL	NA	NA
Total Amount	Rs. in Lacs	NA	NA
Average Rate	(Rs. / KL)	NA	NA
4. High Speed Diesel Oil			
Quantity	KL	28.60	20.20
Total Amount	Rs. in Lacs	12.87	8.13
Average Rate	(Rs. / KL)	45,000	40,254

Consumption per unit of production

	Units	Current Year 2011-12	Previous Year 2010-11
1. Ammonium Nitrate			
Electricity	KWH / MT	125	118
Light Diesel Oil	KL / MT	NA	NA
Furnace Oil	KL / MT	0.778	1.30
2. Weak Nitric Acid			
Electricity	KWH / MT	277	276
Furnace Oil	KL / MT	0.540	1.49

B. TECHNOLOGY ABSORPTION

FORM B

Disclosure of particulars with respect to Absorption

RESEARCH AND DEVELOPMENT (R&D)

- | | |
|--|-----|
| 1. Specific areas in which R&D carried out by the Company | Nil |
| 2. Benefits derived as a result of the above R&D | Nil |
| 3. Future plan of action | Nil |
| 4. Expenditure on R&D | |
| a) Capital | Nil |
| b) Recurring | Nil |
| c) Total | Nil |
| d) Total R&D Expenditure as a percentage of Total Turnover | Nil |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1) Efforts, in brief, made towards Technology Absorption, Adaptation and Innovation

Melting of solidified coating oil is being carried out by steam with a pipe in pipe arrangement and the oil is directly pumped into storage tank. Previously drums were cut and oil was scooped into a bucket and transferred to storage tank.

2) Benefits derived as a result of above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

No oil wastage and no pollution due to oil spillages. Also additional revenue of Rs. 50/- per drum during sale of empty drums as drums are not cut open. Additional revenue generated is Rs. 8,000/- per annum.

3) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished

- | | |
|---|--------|
| a) Technology imported | : N.A. |
| b) Year of Import | : N.A. |
| c) Has technology been fully absorbed? | : N.A. |
| d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action | : N.A. |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:

Nil

- (b) Total foreign exchange used and earned:

Particulars with regard to foreign exchange used and earned are set out in Note no. 26 and Note no. 27 to the accounts.

For and on behalf of the Board,

Place: Mumbai
Date: 17th May, 2012


S. C. MEHTA
CHAIRMAN

Deloitte Haskins & Sells

Chartered Accountants
706, 'B' Wing, 7th Floor
ICC Trade Tower
International Convention Centre
Senapati Bapat Road
Pune - 411 016
Maharashtra, INDIA

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Fax: +91 (20) 6624 4605

AUDITORS' REPORT TO THE MEMBERS OF SMARTCHEM TECHNOLOGIES LIMITED


1. We have audited the attached Balance Sheet of **SMARTCHEM TECHNOLOGIES LIMITED** ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the 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 dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and



Deloitte Haskins & Sells

- (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117366W)


Hemant M. Joshi
Partner
(Membership No.38019)

PUNE, 17th May 2012

Deloitte Haskins & Sells

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's activities, clauses (vi), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified in previous years by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

Deloitte Haskins & Sells

- (a) The particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that needed to be entered in the register maintained under the said section have been so entered.
- (b) Where each of such transactions is in excess of Rupees Five lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchase for which comparable quotations are not available and in respect of which we are unable to comment.
- (vi) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (vii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed dues, including Provident Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- As explained to us, the Company was not required to deposit any amounts with the Investor Education and Protection Fund and the provisions of the Employees State Insurance Act, 1948 are not applicable to the Company for the year ended 31st March 2012.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax and Excise Duty which have not been deposited as on 31st March, 2012 on account of disputes are given below:


Name of Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs.)
Central Excise Act, 1944	Excise Demand	Central Excise and Service Tax Appellate Tribunal (CESTAT)	F.Y. 2002-03	1,377,723
Central Excise Act, 1944	Credit of Counter Vailing duty	Commissioner of Central Excise, Visakhapatnam	F.Y. 2006-07	405,825
Income Tax Act, 1961	Corporate tax	Income tax Appellate Tribunal	F.Y.2001-02	890,752
Income Tax Act, 1961	Fringe Benefit Tax	Assistant Commissioner of Income Tax	F.Y.2006-07	28,630

Deloitte Haskins & Sells

- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No. 117366W)


Hemant M. Joshi
Partner
(Membership No. 38019)

Date: 17th May, 2012
Place: Pune

Balance Sheet as at

	Notes No.	31 March 2012 Rupees	31 March 2011 Rupees
I EQUITY AND LIABILITY			
(1) SHAREHOLDERS' FUNDS			
(a) Share Capital	2	10,000,000	70,000,000
(b) Reserves and Surplus	3	381,123,187	373,218,569
		391,123,187	443,218,569
(2) Non Current Liabilities			
(a) Deferred Tax Liabilities (Net)	4	28,134,226	32,673,262
(b) Long Term Provisions	5	6,664,300	5,329,025
		34,798,526	38,002,287
(3) Current liabilities			
(a) Trade payables	7	17,760,297	29,232,739
(b) Other current liabilities	6	10,566,723	14,165,831
(c) Short term provisions	5	48,860,158	41,246,515
		77,187,178	84,645,085
	TOTAL	503,108,891	565,865,941
II ASSETS			
(1) Non Current Assets			
(a) Fixed Assets	8		
(i) Tangible Assets		239,208,310	266,291,531
(ii) Intangible Assets		1,495,764	1,996,632
(iii) Capital work-in-progress		5,139,051	4,119,926
		245,843,125	272,408,089
(b) Non Current Investments	9	367,770	367,770
(c) Long Term loans and advances	10	18,412,939	13,458,738
(d) Other Non Current Assets	11	4,825,043	4,825,043
		23,605,752	18,651,551
(2) Current Assets			
(a) Current Investments	12	10,000,000	112,029,408
(b) Inventories	13	48,613,842	46,129,843
(c) Trade Receivable	14	62,366,858	96,388,178
(d) Cash and cash equivalents	15	97,337,189	3,786,659
(e) Short Term Loans and advances	10	14,461,865	15,599,882
(f) Other Current Assets	11	880,260	872,331
		233,660,014	274,806,301
	TOTAL	503,108,891	565,865,941
See accompanying notes to the financial statements	1		

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Hemant M. Joshi
Partner

For and on behalf of Board of Directors

S. C. Mehta

S. C. Mehta
Director

R. Sriraman

R. Sriraman
Director

Madhav Oak

Madhav Oak
Company Secretary

Pune
Dated 17th May, 2012

Mumbai
Dated 17th May, 2012

AS

Statement of Profit and Loss for the year ended

Particulars	Note No	31 March 2012	31 March 2011
		Rupees	Rupees
I Revenue from operations	16	691,763,711	635,557,708
II Other Income	17	6,502,011	7,013,769
III Total Revenue (I + II)		698,265,722	642,571,477
IV Expenses :			
Cost of Materials consumed	18	460,297,289	349,722,303
Changes in inventories of finished goods	19	827,990	330,753
Employee benefit expense	20	33,814,886	28,868,353
Finance cost	21	78,099	137,951
Depreciation and amortization expense	8	19,372,697	21,322,328
Other expenses	22	88,981,606	106,971,622
Total expenses		603,372,567	507,353,310
V Profit before tax (II-IV)		94,893,155	135,218,167
VI Tax expense:			
(1) Current tax		33,300,000	48,500,000
(2) Deferred tax		(4,539,036)	(4,692,623)
VII Profit after tax		28,760,964	43,807,377
VIII Earnings per equity share (Refer Note 24):			
(1) Basic		66.13	91.41
(2) Diluted		66.13	91.41

See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Hemant M. Joshi
Partner

S. C. Mehta
Director

R. Sriraman
Director

Madhav Oak
Company Secretary

Pune
Dated 17th May, 2012

Mumbai
Dated 17th May, 2012

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Statement of Cash Flows for the year ended

Particulars	31 March, 2012		31 March, 2011	
	Rupees	Rupees	Rupees	Rupees
A. Cash flow from operating activities				
Net Profit before tax		94,893,155		135,218,164
Depreciation and amortisation		19,372,697		21,322,328
(Profit) / loss on sale of fixed assets		(4,121)		24,939
Finance costs		78,099		137,951
Interest income		(1,025,741)		(834,272)
Dividend income		(4,912,949)		(3,734,412)
Wealth Tax provision		112,000		112,000
Net gain on sale of investments		(66,078)		(23,592)
Provision for doubtful trade and other receivables		129,261		271,973
Liabilities / provisions no longer required written back		(53,384)		(1,559,768)
Operating profit before working capital changes		108,522,939		150,935,311
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories		(2,483,999)		873,427
Trade receivables		33,915,158		(56,357,522)
Short-term loans and advances		2,543,563		(2,090,372)
Long-term loans and advances		(480,831)		688,351
Other current assets		872,331		1,726,537
Other non-current assets		-		(43,560)
Adjustments for (increase) / decrease in operating liabilities:				
Trade payables		(11,442,158)		11,454,053
Other current liabilities		(3,599,108)		313,233
Short-term provisions		(435,729)		703,625
Long-term provisions		1,335,275		45,253
Cash generated from operations		128,747,441		108,248,336
Net income tax paid		(38,390,424)		(45,022,279)
Net cash flow from operating activities (A)		90,357,017		63,226,057
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances		(9,020,317)		(5,159,591)
Proceeds from sale of fixed assets		4,762		26,057
Current investments not considered as Cash and cash equivalents				
- Purchased	(723,949,979)		(840,925,896)	
- Proceeds from sale	830,606,831	106,656,852	938,218,931	97,293,035
Interest received - Others		145,481		(38,059)
- Dividend received		351,584		326,716
Net cash flow from investing activities (B)		98,138,362		92,448,158
C. Cash flow from financing activities				
Redemption of preference shares	(60,000,000)		(120,000,000)	
Finance cost	(78,099)		(137,951)	
Dividends paid	(30,000,000)		(30,600,000)	
Tax on dividend	(4,866,750)		(5,200,470)	
Cash flow from extraordinary items				
Net cash flow used in financing activities (C)		(94,944,849)		(155,938,421)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		93,550,530		(264,206)
Cash and cash equivalents at the beginning of the year		3,786,659		4,050,865
Cash and cash equivalents at the end of the year		97,337,189		3,786,659
Cash and cash equivalents at the end of the year		93,550,530		(264,206)
Cash and cash equivalents comprises of :				
		As at	As at	As at
		31 March 2012	31 March 2011	31 March 2010
		Rupees	Rupees	Rupees
(a) Cash on hand		109,591	26,559	40,007
(b) Cheques, drafts on hand		43,422	686,849	-
(c) Balances with banks				
(i) In current accounts		4,156,529	2,284,019	528,491
(ii) In deposit accounts with original maturity period less than 3 months		92,521,647	472,417	2,932,499
(iii) In deposit accounts with original maturity period more than 3 months		506,000	316,815	549,868
Other cash		97,337,189	3,786,659	4,050,865

For and on behalf of the Board of Directors

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Hemant M. Joshi
Partner

S. C. Mehta
Director

R. Sriraman
Director

Madhav Oak
Company Secretary

Mumbai
Dated 17th May, 2012

Pune
Dated 17th May, 2012

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Note 1:

BACKGROUND & SIGNIFICANT ACCOUNTING POLICIES

I) BACKGROUND

Smartchem Technologies Limited (the Company) is engaged in the business of manufacturing and trading of Ammonium Nitrate and Weak Nitric Acid. The Company has two plants located at Srikakulam in the State of Andhra Pradesh and at Khattalwada in the state of Gujarat. Its corporate office is situated at Pune in the state of Maharashtra.

II) SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Accounting Standards specified by Section 211 (3C) of the Companies Act, 1956.

2. USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumption to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual result could differ from those estimates and differences between actual results and estimates are recognized in the periods in which the results are known/materialise.

3. FIXED ASSETS

Fixed Assets are recorded at cost of acquisition or construction. They are stated at historical cost or other amounts substituted for historical cost (See note no. 2 of Part III below), less accumulated depreciation, except leasehold land, which is carried at cost.

4. DEPRECIATION

Depreciation on fixed assets is provided for on straight-line basis in accordance with Section 205(2)(b) of the Companies Act, 1956 at the rates specified in Schedule XIV to the Act.

Depreciation on fixed assets purchased/sold during the year is provided for on pro-rata basis according to the period for which assets are put to use. Assets costing Rs.5,000/- or less are fully depreciated in the year of purchase.

The additional charge for depreciation on the increased value due to revaluation of assets is transferred from Revaluation Reserve to the Statement of Profit and Loss.

Intangible assets are amortised over a period of 4 years.

5. INVENTORIES

Inventories are valued at the lower of cost or net realisable value.

The cost of inventories comprises all costs of purchase (net of CENVAT), cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis for Raw material, Packing material and Stores and spares. Work-in-progress is valued at raw material cost. Finished goods are valued by the absorption costing method. Goods-in-transit is carried at cost.

6. INVESTMENTS

All current investments are valued at cost or market value whichever is lower & long term investments are valued at cost.



7. EMPLOYEE BENEFITS

Contribution to Government Provident Fund is made in accordance with the statute and expensed to revenue as incurred.

Accruing gratuity and leave encashment liabilities are provided for on the basis of actuarial valuations at year end made by independent actuaries.

In respect of eligible employees who are covered by LIC's Superannuation scheme, contribution is made based on the annual demand from LIC.

3. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.

Foreign currency denominated assets and liabilities (monetary items) are translated into Indian Rupees at the exchange rates prevailing on the Balance Sheet date and the resulting gain/loss is recorded in the Statement of Profit and Loss.

Exchange differences arising on settlement of transactions and translation of monetary items are recognized as income or expense in the period in which they arise.

9. REVENUE RECOGNITION

Sales are recognised on delivery of goods, when significant risks and rewards have been transferred and no effective ownership control is retained. Gross sales are inclusive of excise duty recovered and are net of sales tax, commission and discounts. Excise duty paid in respect of sales made during the year is, in accordance with Accounting Standards Interpretation (ASI) 14 – "Disclosure of Revenue from Sales Transactions" issued by the Institute of Chartered Accountants of India (ICAI), presented as a deduction from sales.

Revenue for services rendered is recognised on the basis of services rendered and billed to client based on contractual obligation.

Revenue is recognised where it is earned and no significant uncertainty exists as to its realisation or collection.

10. INCOME TAX

Income taxes are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income". Taxes comprise both current and deferred tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the year based on the provisions of the Income Tax Act, 1961.

The tax effect of timing differences that result between taxable income and accounting income originating in one period and are capable of reversal in one or more subsequent periods are recorded as deferred tax asset or deferred tax liability. They are measured using the substantively enacted tax rates and tax regulations. The carrying amount of deferred tax assets at each Balance Sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax assets can be realised.

Tax on distributed profits payable in accordance with the provisions of Section 115O of the Income Tax Act, 1961 is in accordance with the Guidance Note on Accounting for Corporate Dividend Tax regarded as a tax on distribution of profits and is not considered in determination of the profits for the year.

11. IMPAIRMENT OF ASSETS:

At the end of each year, the company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets" issued by the ICAI. Where the recoverable amount of any fixed asset is lower than its carrying amount, a

provision for impairment loss on fixed assets is made for the difference. Recoverable amount is the higher of an assets net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

12. EARNINGS PER SHARE

The Company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on "Earnings Per Share". Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year.

13. CASH FLOW STATEMENT

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the company.

14. OPERATING LEASES

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as "Operating Leases" in accordance with Accounting Standard - 19 "Accounting for leases". Operating Lease payments are recognized as an expense in the Statement of Profit and Loss over the lease term on straight line basis.

15. CONTINGENT LIABILITIES

As per Accounting Standard 29, 'Provisions, Contingent Liabilities and Contingent Assets', the Company recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

No provision is recognised for --

- (a) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) Any present obligation that arises from past events because – it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (c) A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed periodically and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is disclosed, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

16. BUSINESS SEGMENT:

The Company has considered the business segment as the primary segment for disclosure. The Company is engaged in the business of manufacturing and trading of Ammonium Nitrate and Weak Nitric Acid. These in the context of Accounting Standard 17 on segment reporting issued by Institute of Chartered Accountants of India are considered to constitute one single primary segment.

Note 2

Share Capital

Particulars	31 March 2012	31 March 2011
	Amount	Amount
Authorised		
7,000,000 (P.Y 7,000,000) Equity Shares of Rs. 10/- each	70,000,000	70,000,000
1,800,000 (P.Y. 1,800,000) 1% Cumulative Redeemable Preference shares of Rs. 100/- each	180,000,000	180,000,000
Issued, Subscribed & Paid up		
1,000,000 (P.Y 1,000,000) Equity Shares of Rs. 10/- each fully paidup	10,000,000	10,000,000
1% Cumulative Redeemable Preference shares Nil (P.Y 600,000) of Rs. 100/- each (Refer Note 35)	-	60,000,000
Total	10,000,000	70,000,000

Note 2 A

Reconciliation of number of shares outstanding at the beginning and end of the reporting period
Equity Shares

Particulars	31 March 2012		31 March 2011	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	1,000,000	10,000,000	1,000,000	10,000,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	1,000,000	10,000,000	1,000,000	10,000,000

Out of above 999,994 Equity Shares (Previous Year 999,994) are held by Deepak Fertilisers and Petrochemicals Corporation Limited, the holding Company.

Preference Shares

Particulars	31 March 2012		31 March 2011	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	600,000	60,000,000	1,800,000	180,000,000
Shares Issued during the year	-	-	-	-
Shares redeemed during the year	600,000	60,000,000	1,200,000	120,000,000
Shares outstanding at the end of the year	-	-	600,000	60,000,000

The preference shares held by Deepak Fertilisers and Petrochemicals Corporation Limited, the holding Company, amounting to Rs. 60,000,000/- were redeemed during the year by creating Capital Redemption Reserve out of General reserve and Profit and Loss account (Refer Note No. 35)

NOTE 2 B

Details of Shareholders holding more than 5% shares in the company

SR NO	Name of Shareholder	31 March 2012		31 March 2011	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Equity Shares Deepak Fertilisers and Petrochemicals Corporation Limited	999,994	99.999%	999,994	99.999%
2	Preference Shares Deepak Fertilisers and Petrochemicals Corporation Limited	-	0.00%	600,000	100.00%

NOTE 3
Reserves & Surplus

Particulars	31 March 2012	31 March 2011
	Rupees	Rupees
a. Capital Redemption Reserve		
Opening Balance	120,000,000	-
(+) Transfer from Statement of Profit and Loss	51,000,000	57,500,000
(+) Transfer from General Reserve	9,000,000	62,500,000
Closing Balance	180,000,000	120,000,000
b. Revaluation Reserve		
Opening Balance	105,072,611	116,811,184
(+) Addition during the year	-	-
(-) Utilised for set off against depreciation	11,738,573	11,738,573
Closing Balance	93,334,038	105,072,611
c. General Reserve		
Opening Balance	9,582,000	62,942,000
(+) Transfer from Statement of Profit and Loss	6,613,000	9,140,000
(-) Transfer to Capital Redemption Reserve	9,000,000	62,500,000
Closing Balance	7,195,000	9,582,000
d. Surplus		
Opening balance	138,563,958	148,659,918
(+) Net Profit For the year	66,132,191	91,410,790
(-) Proposed Dividend on Equity shares (Rs.40 per share, (P.Y Rs.40 per share))	40,000,000	30,000,000
(-) Tax on Proposed Dividend	6,489,000	4,866,750
(-) Transfer to Capital Redemption Reserve	51,000,000	57,500,000
(-) Transfer to General Reserves	6,613,000	9,140,000
Closing Balance	100,594,149	138,563,958
Total	381,123,187	373,218,569

NOTE 4
Deferred Tax

Particulars	31 March 2012	31 March 2011
	Rupees	Rupees
Difference between book and tax depreciation	30,951,012	35,333,641
Deferred Tax Liability	30,951,012	35,333,641
Expenditure allowable on payment basis.	2,557,207	2,325,313
Provision for Doubtful Debts	259,579	335,066
Deferred Tax Asset	2,816,786	2,660,379
Net Deferred Tax Liability	28,134,226	32,673,262

NOTE 5
Provisions

Particulars	Long Term Provisions		Short Term Provisions	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	Rupees	Rupees	Rupees	Rupees
(a) Provision for employee benefits				
Provision for Bonus	-	-	1,003,224	966,656
Gratuity (unfunded) (Refer note 32)	5,056,595	4,048,449	172,367	589,172
Leave Encashment (unfunded)	1,607,705	1,280,576	161,084	216,576
	6,664,300	5,329,025	1,336,675	1,772,404
(b) Others				
Provision for Tax (Net of Advance Tax and TDS Rs.102,161,517, (P.Y. Rs.102,151,517))	-	-	1,034,483	4,607,361
Provision for Dividend	-	-	40,000,000	30,000,000
Provision for Dividend Tax	-	-	6,489,000	4,866,750
	-	-	47,523,483	39,474,111
Total	6,664,300	5,329,025	48,860,158	41,246,515

NOTE 6

Other Current Liabilities

Particulars	Other Current Liabilities	
	31 March 2012	31 March 2011
	Rupees	Rupees
Other Liabilities :		
Advances from customers	7,347,709	10,348,723
Deposits and Earnest Money	928,743	922,743
Statutory Dues	2,290,271	2,894,365
Total	10,566,723	14,165,831

Note 7

Trade Payables

Particulars	31 March 2012	31 March 2011
	Rupees	Rupees
Payable to Suppliers*	14,138,306	15,073,534
Provision for Expenses	3,621,991	14,159,205
Total	17,760,297	29,232,739

*(Refer Note No. 33 for details of MSMED Creditors)

NOTE 9

Non Current Investments

Non Trade Investments	31 March 2012	31 March 2011
	Rupees	Rupees
Investment in Equity Shares (Quoted) :-		
943 (P.Y 943) Equity shares of Punjab National Bank Limited of Rs. 10/- each fully paid up	367,770	367,770
	367,770	367,770
Market Value	872,275	1,143,576

NOTE 10

Loans and advances

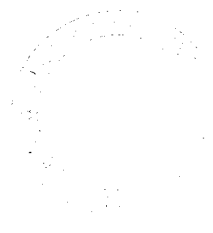
Particulars	Long Term		Short Term	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	Rupees	Rupees	Rupees	Rupees
Unsecured Considered good				
Capital Advances	4,473,370	-	-	-
Security Deposits	13,888,997	13,057,037	1,000,000	2,100,000
Advances to Employees	-	-	217,600	249,642
Advances to Suppliers	-	244,925	926,949	4,438,244
Prepayments and Others	50,572	156,776	748,724	950,178
Balances with Government Authorities				
Cenvat credit receivable	-	-	3,793,664	1,575,599
Deposit with customs	-	-	1,531	1,531
Service tax credit receivable	-	-	563,767	480,604
	-	-	4,358,962	2,057,734
Advance Payment of Taxes (Net of provision Rs.242,989,330/- [P.Y. Rs. 209,689,330/-])	-	-	7,209,630	5,804,084
Total	18,412,939	13,458,738	14,461,865	15,599,882

Note 8

Fixed Assets

	Gross Block				Accumulated Depreciation				Net Block	
	01 April 2011	Additions	Disposals	31 March 2012	01 April 2011	Depreciation/ Amortisation charge for the year	Adjustment due to revaluations	On disposals	31 March 2012	31 March 2011
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
a	Tangible Assets									
	8,686,569			8,686,569	-				-	8,686,569
	314,912			314,912	-				-	314,912
	28,722,035			28,722,035	11,206,098	916,834			12,122,932	17,515,937
	535,587,560	3,527,822		539,115,382	297,308,799	17,696,502	11,738,573		326,744,274	238,278,761
	349,864			349,864	299,830	14,230			314,060	50,034
	882,515			882,515	463,616	80,147			543,763	418,899
	2,396,624		12,830	2,383,794	1,370,205	163,716		12,189	1,521,732	1,026,419
	576,940,079	3,527,822	12,830,00	580,455,071	3,064,854	18,871,829	11,738,573	12,189	341,246,761	239,208,310
b	Intangible Assets									
	1,998,000			1,998,000	1,368	500,868			502,236	1,996,632
	1,998,000			1,998,000	1,368	500,868			502,236	1,996,632
	578,938,079	3,527,822	12,830,00	582,453,071	3,064,916	19,372,697	11,738,573	12,189	341,748,997	240,704,074
	575,779,810	3,346,638	188,369	578,938,079	277,726,388	21,322,328	11,738,573	137,373	310,649,916	268,288,163
c	Capital Work In Progress									
	4,119,926	3,610,883	2,591,758	5,139,051	-	-	-	-	-	5,139,051

Note (i) On 1st April 2001, the company revalued Plant and Machinery at its Srikulam Plant based on valuation report of Anmol Sekhri and Associates, Chartered Engineers and Registered Valuers. The valuation was made on the basis of current replacement values of the Plant and Machinery. The gross block at 1st April 2001 has been increased by Rs.225,144,129/- by transferring a similar amount to Revaluation Reserve. Depreciation amounting to Rs.11,738,573/- for the year on the revalued amount has been charged to Profit and Loss account and similar amount has been withdrawn from the Revaluation Reserve and credited to Profit and Loss Account.



NOTE 11

Other Assets

Particulars	Non Current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	Rupees	Rupees	Rupees	Rupees
Sales Tax paid under protest	4,825,043	4,825,043	-	-
Interest Accrued on Bank deposits			134,671	138,472
Interest Accrued Others			745,589	733,859
Total	4,825,043	4,825,043	880,260	872,331

NOTE 12

Current Investments

Investment in Mutual Funds (Unquoted)		31 March 2012	31 March 2011
		Rupees	Rupees
1	ICICI Prudential FRP Fund Plan C Premium (Nil Units (PY 119484.972 Units of Rs.100 each))	-	11,955,666
2	Tata Floater Fund (Nil Units (PY 2993436.400 Units of Rs.10/- each))	-	30,040,930
3	Templeton India Ultra Short Bond Fund (Nil Units (PY 2999951.182 units of Rs.10/- each))	-	30,032,812
4	Kotak Quarterly Interval Plan Series 10 (Nil Units (PY 1499999.984 units of Rs.10/- each))	-	15,000,000
5	Birla Sunlife Short Term FMP Series 7 (Nil Units (PY 2000000 Units of Rs.10/- each))	-	20,000,000
6	Axis Equity Fund (500,000 units (PY 500,000 of Rs. 10/- each))	5,000,000	5,000,000
7	HDFC Top 200 Fund (500,000 Units of Rs.10/- each (PY Nil units))	5,000,000	-
Total		10,000,000	112,029,408

NOTE 13

Inventories (At lower of cost and Net Realisable Value)

Particulars	31 March 2012		31 March 2011	
	Rupees	Rupees	Rupees	Rupees
a. Raw Materials and components	10,376,722		7,037,173	
Goods-in transit	5,275,887		9,542,472	
<i>Sub total</i>		15,652,609		16,579,645
b. Work-in-progress - A N Melt		326,237		235,895
c. Finished goods		975,260		1,870,650
e. Stores and spares		31,659,736		27,443,653
Grand Total		48,613,842		46,129,843

NOTE 14

Trade Receivable

Particulars	31 March 2012	31 March 2011
	Rupees	Rupees
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	721,759	813,616
Unsecured, considered doubtful	800,058	1,008,701
	1,521,817	1,822,317
Less: Provision for doubtful debts	800,058	1,008,701
	721,759	813,616
Other Trade Receivables (Refer Note (i) below)		
Unsecured, considered good	51,645,099	95,574,562
Total	52,366,858	96,388,178

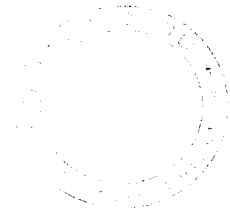
(i) Sundry debtors includes dues from Deepak Fertilisers And Petrochemicals Corporation Limited Rs. Nil/- (Previous Year – Rs. 970,771/-).

NOTE 15

Cash and cash equivalents

Particulars	31 March 2012	31 March 2011
	Rupees	Rupees
a. Balances with banks*		
i) In current account	4,156,529	2,284,019
ii) In deposit account	93,027,647	789,232
b. Cheques, drafts on hand	43,422	686,849
c. Cash on hand	109,591	26,559
Total	97,337,189	3,786,659

* Balances with banks in deposit accounts includes margin monies amounting to Rs. 506,000/- (P.Y Rs. 316,815/-) which have an original maturity of more than 12 months.



NOTE 16

REVENUE FROM OPERATIONS

Particulars	31 March 2012	31 March 2011
	Rupees	Rupees
Sale of Finished Goods	763,360,844	701,093,268
Less: Excise duty	(71,597,133)	(65,535,560)
Total	691,763,711	635,557,708

NOTE 16A

DETAILS OF FINISHED GOODS SOLD

Particulars	31 March 2012	31 March 2011
	Rupees	Rupees
- Ammonium Nitrate	661,302,063	600,714,593
- Weak Nitric Acid	30,461,648	34,843,115
Total	691,763,711	635,557,708

NOTE 17

Other Income

Particulars	31 March 2012	31 March 2011
	Rupees	Rupees
Interest Income – from bank deposit	252,690	74,056
- Others	773,051	760,216
Dividend Income – Current investments	4,892,203	3,723,096
- Long term investments	20,746	11,316
Net gain on sale of current investments	66,078	23,592
Other non-operating income (Refer Note (i) below)	497,243	2,421,493
Total	6,502,011	7,013,769

(i) Other non operating income comprises:

Particulars	31 March 2012	31 March 2011
	Rupees	Rupees
Liabilities / provisions no longer required written back	53,384	1,559,768
Foreign exchange Gain (net)	175,664	-
Miscellaneous Income	268,195	861,725
Total	497,243	2,421,493

NOTE 18

Details of Principal Raw Materials Consumed

Particulars	31 March 2012	31 March 2011
	Rupees	Rupees
Opening stock	14,001,799	6,732,371
Add: Purchases	460,081,188	357,116,235
Less: Stock Written Off	11,059	124,504
Less: Closing stock	13,774,639	14,001,799
Cost of Materials Consumed (Refer Note 28)	460,297,289	349,722,303
Ammonia (CY 14,646.582 MTS (FY 15,549.65 MTS)	453,989,610	333,983,501
A. N. Melt (CY Nil MTS (FY 667.67 MTS)	-	10,357,012
Other Materials	6,307,679	5,381,790
Total	460,297,289	349,722,303

NOTE 19

Changes in inventories of finished goods	31 March 2012	31 March 2011
Stocks of Finished Goods as at 31 st March 2012/ 2011	975,260	1,870,650
Stocks of Finished Goods as at 31 st March 2011/ 2010	1,870,650	2,235,473
	(895,390)	(364,823)
Decrease/(increase) in Excise Duty on Stock of Finished Goods	67,400	34,070
(Decrease)/increase	(827,990)	(330,753)

NOTE 20

Employee Benefits Expense

Particulars	31 March 2012	31 March 2011
	Rupees	Rupees
(a) Salaries and wages	29,850,854	24,814,768
(b) Contributions to – PF	1,382,411	1,215,123
(c) Gratuity fund contributions	895,546	1,075,544
(d) Staff welfare expenses	1,686,075	1,762,918
Total	33,814,886	28,868,353

NOTE 21

Finance Cost

Particulars	31 March 2012	31 March 2011
	Rupees	Rupees
Other Finance cost	78,099	137,951
Total	78,099	137,951

NOTE 22

Other Expenses

SR No	Particulars	31 March 2012	31 March 2011
		Rupees	Rupees
1	Packing Materials Consumed	7,571,875	7,992,530
2	Power & Fuel	50,499,875	52,364,710
3	Stores & Spares Consumed	7,775,018	20,825,263
4	Catalyst, Oils and Chemicals Consumed	5,753,492	6,465,045
5	Repairs to building	613,835	777,374
6	Repairs to machinery	2,390,917	4,710,351
7	Repairs to Others	197,959	332,721
8	Insurance	1,330,164	1,223,316
9	Rates & taxes	417,502	433,171
10	Legal & Professional Fees	1,836,182	2,367,842
11	Office Maintenance	59,782	184,381
12	Telephone & Internet Charges	499,927	425,780
13	Travelling Expense	782,310	811,601
14	Freight and Forwarding	2,250,687	1,751,875
15	Rent	239,908	66,825
16	Audit fees (Refer Note 23)	2,564,974	1,104,570
17	Bad debts written off	28,001	0
18	Provision for doubtful debts	129,261	271,973
19	Foreign Exchange Loss (net)	-	328,854
20	Miscellaneous Expense	4,039,937	4,533,440
	Total	88,981,606	106,971,622

Note 23

SR No	Audit fees	31 March 2012	31 March 2011
		Rupees	Rupees
	Payments to the auditor as:		
1	auditor	600,000	600,000
2	for taxation matters	1,750,000	275,000
3	for other services	200,000	200,000
4	for reimbursement of expenses	14,974	29,570
	Total	2,564,974	1,104,570

NOTE : 24
Earnings per Share (EPS) :

Sr No.	Particulars	31 March 2012	31 March 2011
a)	Profit after tax (Rs.)	66,132,191	91,410,787
b)	Less: Dividend on preference shares (including corporate dividend tax)	-	-
c)	Profit attributable to Equity Shareholders (Rs.)	66,132,191	91,410,787
d)	No. of Equity Shares outstanding during the year.	1,000,000	1,000,000
e)	Nominal Value of Equity Shares (Rs.)	10/-	10/-
	Basic Earning per Share (Rs.) (c/d)	66.13	91.41

Note: There is no dilution to the Basic EPS as there are no dilutive potential equity shares.

Note : 25
Related party disclosures
Name of the related parties and description of relationship:

Holding Company	Deepak Fertilisers and Petrochemicals Corporation Limited
Key Management personnel	S. Raja Reddy (Appointed as Manager on 23 rd March 2011) Bhaskar Pai (Appointed as Manager on 23 rd March 2012)

Following are the transactions with related parties

Particulars	Holding Company	Key Management personnel	Total
Purchase of goods	8,085,264 (5,332,515)	- (-)	8,085,264 (5,332,515)
Reimbursement of Services	- (15,696)		- (15,696)
Remuneration	- (-)	2,217,580 (53,847)	2,157,864 (53,847)
Redemption of Preference Share Capital	60,000,000 (120,000,000)	-	60,000,000 (120,000,000)
Equity Dividend	29,999,820 (29,999,820)	- (-)	29,999,820 (29,999,820)
Balance payable at the year end	- (7,997)	(-) (-)	- (7,997)

The figures in brackets pertain to previous year

Note: 26
Value of Imports on CIF basis in respect of:

Particulars	31 March 2012 (Rs.)	31 March 2011 (Rs.)
Raw Materials	2,297,848	85,411,160
Spares & Stores	354,398	911,384
Total	2,652,246	86,322,544

Note :-27
Expenditure in Foreign Currency (Accrual Basis)

Particulars	31 March 2012 (Rs.)	31 March 2011 (Rs.)
Supervision Charges	-	2,610,099

Note: 28

Raw materials consumed:

Particulars	31 March 2012		31 March 2011	
	Value (Rs)	%	Value (Rs)	%
Indigenous	445,962,244	96.88	249,594,061	71.36
Imported	14,335,045	3.12	100,128,242	28.64
Total	460,297,289		349,722,303	

Note : 29

Stores and Spares Consumed:

Particulars	31 March 2012		31 March 2011	
	Value (Rs.)	%	Value (Rs.)	%
Indigenous	7,775,018	100	9,965,442	47.85
Imported	-		10,859,821	52.15
Total	7,775,018		20,825,263	

Note : 30

Contingent Liabilities:

Particulars	31 March 2012 Rupees	31 March 2011 Rupees
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as debt	40,000	40,000
(b) Guarantees	-	-
(c) Other money for which the company is contingently liable	-	-
- Excise	1,783,548	1,783,548
- Sales Tax	4,721,962	4,721,962
- Income Tax	919,382	1,138,975
	7,464,892	7,684,485

Note : 31

Employee Benefits :

The Company has adopted Accounting Standard (AS) 15 (revised 2005) on Employee benefits on 1st April, 2006. The Company has recognized, in the Statement of Profit and Loss for the year ended 31.03.2012, an amount of Rs.1,382,411/- as an expense under defined contribution plans.

Benefit (contribution to)	Amount Rs.
- Provident Fund	724,119
- Employees Pension Scheme	658,292
Total	1,382,411

Note :32

Details of Unfunded Plans

The Company operates post retirement defined benefit unfunded plans for Gratuity as follows :-

(Rupees)

Description	31 March 2012	31 March 2011			
1. Reconciliation of opening and closing balances of Obligation					
a. Present value of obligation as at the beginning of the year	4,637,621	4,241,335			
b. Current Service Cost	395,323	359,503			
c. Past Service Cost	-	321,276			
d. Interest Cost	372,298	312,136			
e. Actuarial (gain)/Loss	127,925	82,629			
f. Benefits paid	(304,205)	(679,258)			
Present value of obligation as at the end of the year	5,228,962	4,637,621			
2. Expenses recognized in the period					
a. Current Service Cost	395,323	359,503			
b. Past Service Cost	-	321,276			
c. Interest Cost	372,298	312,136			
d. Actuarial (gain)/Loss	127,925	82,629			
e. Expense recognized in the period	895,546	1,075,544			
3. Assumptions					
a) Discount rate (per annum) on 31.03.2012 / 31.03.2011	8.50%	8.30%			
b) Rate of Increase in Compensation Levels	5%	5%			
c) Expected Average remaining working lives of employees (years)	12.62	10.23			
4. Other disclosures					
Particulars	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
a. Experience adjustments on Plan Liabilities	(190,675)	136,788	*	*	*
b. Experience adjustments on Plan Assets	-	-	-	-	-
c. Defined Benefit Obligation at the end of the period	5,228,962	4,637,621	4,241,335	3,186,617	2,752,442
d. Plan Assets at the end of the period	-	-	-	-	-
e. Funded Status	(5,228,962)	(4,637,621)	(4,241,335)	(3,186,617)	(2,752,442)

* The details of experience adjustments arising on account of plan liabilities as required by paragraph 120(n) of AS 15(Revised) on "Employee Benefits" are not available in the valuation report and hence are not furnished.

Note: 33

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

To comply with the requirement of the Micro, Small and Medium Enterprises Development Act, 2006, the company requested its suppliers to confirm whether they are covered as Micro, Small and Medium enterprises as is defined in the said Act. Based on the confirmations received, the company has recognised them for the necessary treatment as provided under the Act, from the date of receipt of such confirmations and there is no default in payment to such enterprise as specified in the said Act.

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Rupees	Rupees
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note : 34

Capital Commitments:-

Estimated amount of contracts remaining to be executed on capital account and not provided for the year ended 31st March 2012 (net of advances Rs. 4,473,370/- (P.Y. Rs. Nil /-)) is Rs.2,163,811 /- (P.Y. Rs. Nil /-).

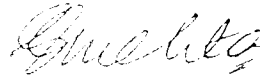
Note : 35

The company had issued 1% Cumulative Redeemable Preference Share amounting to Rs. 180,000,000 divided into 1,800,000 shares of Rs. 100/- each on 16.05.2000, which was redeemable after 12 years from the date of issue. Out of which the company has redeemed the remaining preference share capital amounting to Rs. 60,000,000 on 17.05.2011 out of the internal funds. The said redemption has been effected by creating Capital Redemption Reserve amounting to Rs. 60,000,000 out of General Reserve and Statement of Profit and Loss.

Note : 36

The revised schedule VI has become effective from 1st April, 11 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

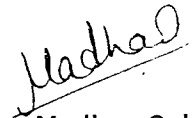
For and on behalf of Board of Directors



S. C. Mehta
Director



R. Sriraman
Director



Madhav Oak
Company Secretary

Mumbai
Dated 17th May, 2012



Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No. 3 9 1 1 4 State Code 0 1
 Balance Sheet Date 3 1 0 3 2 0 1 2

II Capital raised during the year (Amount Rs. in Thousands)

Public Issue N I L Rights Issue N I L
 Bonus Issue N I L Private Placement N I L

III Position of Mobilisation and Deployment of Funds (Amount Rs. in Thousands)

Sources of Funds

Total Liabilities 5 0 3 1 0 9 Total Assets 5 0 3 1 0 9
 Paid up Capital 1 0 0 0 0 Reserves & Surplus 3 8 1 1 2 3
 Secured Loans N I L Unsecured Loans N I L
 Deferred Tax Liability 2 8 1 3 4

Application of Funds

Net Fixed Assets 2 4 0 7 0 4 C-W-I-P 5 1 3 9
 Investments 1 0 3 6 7 Misc. Expenditure N I L
 Net Current Assets 1 5 6 4 7 3

IV Performance of the Company (Amounts Rs. in Thousands)

Turnover and Other Income 6 9 8 2 6 6 Total Expenditure 6 0 3 3 7 3
 Profit Before Tax 9 4 8 9 3 Profit After Tax 6 6 1 3 2
 Earning per Share in Rs. 6 6 Dividend Rate % 4 0 0

V Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No.(ITC Code) 2 8 3 4 2 9 0 9
 Product Description A M M O N I U M N I T R A T E
 Item Code No.(ITC Code) 2 8 0 8 0 0 0 2
 Product Description N I T R I C A C I D
 Item Code No.(ITC Code) - - - - -
 Product Description - - - - -