



**SMARTCHEM TECHNOLOGIES  
LIMITED**

**23<sup>rd</sup> Annual Report**

**2009-10**

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**Board of Directors**

Shri S. C. Mehta  
Dr. T. K. Chatterjee  
Shri S. R. Wadhwa  
Shri R. Sriraman  
Shri R. P. Karnik

**Manager**

Shri V. Kishore Kumar

**Company Secretary**

Shri Jaikishan Pahlani

**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-third Annual General Meeting of the members of **SMARTCHEM TECHNOLOGIES LIMITED** will be held on Monday, 28<sup>th</sup> June, 2010 at 11:00 a.m. at the Registered Office of the Company at Village Ponnada, Etcherla Mandalam, Srikakulam - 532 408, Andhra Pradesh to transact the following business :

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the financial year ended on that date together with the Directors' Report and the Auditors' Report thereon.
2. To declare a dividend on preference shares for the financial year ended 31<sup>st</sup> March, 2010.
3. To declare a dividend on equity shares for the financial year ended 31<sup>st</sup> March, 2010.
4. To appoint a Director in place of Shri S. R. Wadhwa, 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 Shri R. P. Kamik, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of the Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has, under Section 257 of the said Act, received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. 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 modification(s) or re-enactment

thereof for the time being in force), approval of the Company be and is hereby accorded to the appointment of Shri V. Kishore Kumar as Manager of the Company for a period of one year with effect from 1<sup>st</sup> November, 2009 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 is 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 of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof for the time being in force and also to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

By Order of the Board of Directors,



Jaikishan Pahlani  
Company Secretary

Place : Mumbai  
Date : 24<sup>th</sup> May, 2010

**Registered Office:**  
Village Ponnada,  
Etcherla Mandalam,  
Srikakulam - 532 408  
Andhra Pradesh.

**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 of the Company as on 28<sup>th</sup> June, 2010 being the date of the Annual General Meeting of the Company.
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**

Shri R. P. Karnik was appointed by the Board of Directors as an Additional Director of the Company at its meeting held on 26<sup>th</sup> October, 2009. In terms of the provisions of Section 260 of the Companies Act, 1956, Shri R. P. Karnik holds office upto the date of the Annual General Meeting of the Company. Notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company proposing Shri R. P. Karnik as a candidate for the office of Director, liable to retire by rotation.

Shri R. P. Karnik has done B.Tech (Hons.) from IIT, Mumbai and M.S. (Chemical Engg.) from University of Missouri-Columbia, USA and has rich experience of about 37 years in Chemical industry.

The Board of Directors is of the view that the services of Shri R. P. Karnik will be of immense value to the Company. Your Directors, therefore, recommend his appointment as a Director of the Company.

None of the Directors of the Company except Shri R. P. Karnik is concerned or interested in the Resolution.

**Item No. 7**

The Board of Directors, at its meeting held on 26<sup>th</sup> October, 2009, appointed Shri V. Kishore Kumar, as Manager of the Company for a period of one year with effect from 1<sup>st</sup> November 2009, subject to approval of the Members. The terms and conditions of the appointment of Shri V. Kishore Kumar are as under :

Tenure of Office : One year with effect from 1<sup>st</sup> November, 2009.

Remuneration : Nil (Consequent upon his deputation, Shri V. Kishore Kumar has been continuing to draw remuneration from Deepak Fertilisers And Petrochemicals Corporation Limited, the holding company and is not drawing any remuneration from the Company).

Other terms and Conditions:

1. During the period of employment of Shri V. Kishore Kumar with the Company as Manager 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 reason of or during the course of his employment with the Company.

2. He will abide by the rules and regulations of the Company in force from time to time.
3. He will work under the overall supervision, control and direction of the Board of Directors and shall perform all such works, acts and things as may be assigned by the Board from time to time pertaining to any official matters.

Shri V. Kishore Kumar 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.

By Order of the Board of Directors,

*Jaikishan Pahlani*

Place : Mumbai  
Date : 24<sup>th</sup> May, 2010

Jaikishan Pahlani  
Company Secretary

## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty-third Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31<sup>st</sup> March, 2010.

### FINANCIAL RESULTS

The summarised financial results are as under:

<u>Financial Year</u>	<u>(Rupees in Lacs)</u>	
	<u>2009-10</u>	<u>2008-09</u>
Income (Gross)	<b>5,598.04</b>	9,490.73
Profit Before Tax (PBT)	<b>1,241.49</b>	1,861.43
Less:		
a) Provision for Income Tax	<b>435.00</b>	636.25
b) Provision for Deferred Tax	<b>(43.51)</b>	(30.89)
c) Provision for Fringe Benefit Tax	-	1.50
d) Provision for Wealth Tax	<b>1.28</b>	608.14
<b>Profit After Tax (PAT)</b>	<b>848.72</b>	1,253.29
Add: Balance brought forward	<b>1,080.78</b>	1,143.80
<b>Profit available for appropriation</b>	<b>1,929.50</b>	2,397.09
<b>Appropriations:</b>		
- Transfer to General Reserve	<b>84.90</b>	125.30
- Proposed Dividend on Preference Shares	<b>6.00</b>	18.00
- Proposed Dividend on Equity Shares	<b>300.00</b>	1,000.00
- Corporate Dividend Tax	<b>52.00</b>	173.01
Surplus carried to Balance Sheet	<b>1,486.60</b>	1,080.78

### DIVIDEND

Your Directors recommend dividend on 6,00,000 1% Cumulative Redeemable Preference Shares of Rs. 100/- each. The proposed Preference Dividend (including Corporate Dividend Tax) will absorb Rs. 7.02 lacs.

Considering the performance of the Company, your Directors recommend dividend of Rs. 30 per equity share on 10,00,000 Equity Shares of Rs. 10/- each for the year ended 31<sup>st</sup> March, 2010. The proposed Equity Dividend (including Corporate Dividend Tax) will absorb Rs. 350.98 lacs.

#### REDEMPTION OF PREFERENCE SHARES

Your Company has redeemed 12,00,000 1% Cumulative Redeemable Preference Shares of Rs. 100/- each out of total 18,00,000 preference shares held by Deepak Fertilisers And Petrochemicals Corporation Limited, the holding company at par on 20<sup>th</sup> April, 2010.

#### OPERATIONS AND FUTURE OUTLOOK

During the year under review, your Company has achieved a Gross Sales of Rs. 5,258.40 lacs (including trading sales of Rs. 10.53 lacs) as against Rs. 9,341.69 lacs for the previous year (including trading sales of Rs. 276.59 lacs). Total production of Ammonium Nitrate during the year under review decreased to 24,515 MT as compared to 39,954 MT in the previous year mainly due to 78 days labour strike at Srikakulam Plant and non-availability of continuous and quality power in the state of Andhra Pradesh. Similarly, the total production of Weak Nitric Acid (on 60% basis) decreased to 26,089 MT as compared to 44,093 MT in the previous year. At Srikakulam Plant, capacity utilisation of Ammonium Nitrate was 52% and that of Weak Nitric Acid at 48%. At Bhagwati Division, capacity utilisation was 168%.

During the year under consideration, import prices of Ammonia went up from 290 USD in April 2009 to 400 USD in March 2010. However, with innovative sourcing from dealers in Western India and developing a fleet of committed road transporters, the Company could capitalise on lower Ammonia prices prevailing in Western India and thereby minimise the impact of increase in import prices.

In September 2009, your Company's Srikakulam Plant was awarded the ISO 9001:2008 certification for Quality Management Systems. The certification recognises consistency in the standards and the operational procedures and your Company will be more customer-oriented primarily focussing on continual improvement in operational excellence.

With a view to improve the power availability, your Company has awarded a contract for erection of a dedicated feeder at Srikakulam to bring down the instances of line breakdowns and also to enable the Company to purchase power from third parties and thus minimise the power shortages.

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



## DIRECTORS

During the year under review, Shri K. S. Gopalakrishnan resigned as a Director of the Company on 31/10/2009. Consequent upon his resignation, he ceased to be the Whole-time Director of the Company. The Board wishes to place on record its deep appreciation for the services rendered by him during his long and fruitful association with the Company.

Shri R. P. Karnik was appointed as an Additional Director of the Company w.e.f. 26/10/2009. He holds office upto the date of ensuing Annual General Meeting and is eligible for appointment as a Director of the Company.

Shri S. R. Wadhwa retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

## MANAGER

During the year, the Board has appointed Shri V. Kishore Kumar, Vice-President (Operations) as Manager of the Company under the provisions of the Companies Act, 1956 for a period of one year with effect from 1<sup>st</sup> November, 2009, subject to approval of the Members at the ensuing Annual General Meeting.

## AUDIT COMMITTEE

The Audit Committee was constituted on 31<sup>st</sup> March, 2001. During the year under review, four Audit Committee meetings were held on 19<sup>th</sup> May, 2009, 22<sup>nd</sup> July, 2009, 26<sup>th</sup> October, 2009 and 25<sup>th</sup> January, 2010.

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, 2010 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 2010-11 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 RETLATIONS**

There was a 78 days strike by workers at Srikakulam Plant during the period December 2009 to February 2010. The situation has normalised after the Company has signed a 3 year Wage Settlement Agreement with the workmen union.

#### **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 State Bank of India and Axis Bank Limited 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 : 24<sup>th</sup> May, 2010

  
**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**

At Srikakulam Plant, the Service Boiler modulator was modernised with change in cam and re-tuned to run fully on auto mode.

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

Diversion of Steam Condensate from AN Plant to Service Boiler before startup.

**(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**

By implementing measures at (a) above the Company could reduce the oil consumption in Service Boiler from 180 litres per hour to 150 litres per hour maintaining the same steam production of 3.5 tph. This was achieved by better burner efficiency and eliminating waste heat in flue gas. Savings in Fuel oil was 60 litres per startup. Assuming 150 startups per year, the savings is expected to be 9 Kilolitres i.e. Rs. 2.40 lacs per year.

By implementing proposal at (b) above, the Company expects to increase the feed water temperature from 35°C to 45°C and reduce the startup time and fuel oil consumption. However, quantification of long term benefit is still under evaluation.

**(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**

<b>Power &amp; Fuel Consumption</b>	<b>Units</b>	<b>Current Year 2009-10</b>	<b>Previous Year 2008-09</b>
<b>1. Electricity</b>			
a) Purchased units	'000 KWH	<b>7,563.46</b>	10,620.26
Total Amount	Rs. in Lacs	<b>280.78</b>	345.49
Rate per unit	(Rs. / KWH)	<b>3.71</b>	3.25
b) Own Generation	Power generated through D G Sets was higher than normal years due to extensive power outages in Andhra Pradesh.		
<b>2. Furnace Oil</b>			
Quantity	KL	<b>174.56</b>	80.50
Total Amount	Rs. in Lacs	<b>44.74</b>	20.81
Average Rate	(Rs. / KL)	<b>25,630</b>	25,856
<b>3. Light Diesel Oil</b>			
Quantity	KL	<b>241.84</b>	240.39
Total Amount	Rs. in Lacs	<b>91.52</b>	93.76
Average Rate	(Rs. / KL)	<b>37,843</b>	39,002
<b>4. High Speed Diesel Oil</b>			
Quantity	KL	<b>26.849</b>	15.376
Total Amount	Rs. in Lacs	<b>9.57</b>	5.76
Average Rate	(Rs. / KL)	<b>35,652</b>	37,443

**Consumption per unit of production**

	Unit	Current Year 2009-10	Previous Year 2008-09
<b>1. Ammonium Nitrate</b>			
Electricity	KWH / MT	<b>115.13</b>	95.46
Light Diesel Oil	KL / MT	<b>0.032</b>	0.031
Furnace Oil	L / MT	<b>5.15</b>	1.25
<b>2. Weak Nitric Acid</b>			
Electricity	KWH / MT	<b>303</b>	257
Furnace Oil	L / MT	<b>5.58</b>	0.92

**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**

Nil

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

Not Applicable.

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 are set out in Note No. 6 (e) of Part III in Schedule 14 to the accounts.

**For and on behalf of the Board,**

Place: Mumbai  
Date : 24<sup>th</sup> May, 2010

  
**S. C. MEHTA**  
**CHAIRMAN**

# Deloitte Haskins & Sells

Chartered Accountants  
706, 'B' Wing, 7th Floor  
ICC Trade Tower  
Senapati Bapat Road  
Pune - 411 016  
India  
Tel: +91 (20) 6624 4600  
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 31<sup>st</sup> March, 2010, the Profit and Loss Account 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 Profit and Loss Account 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 Profit and Loss Account 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 31<sup>st</sup> March, 2010;



**Deloitte  
Haskins  
& Sells**

(ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and

(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 31<sup>st</sup> March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 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)

**Pune**  
24<sup>th</sup> May 2010

**Hemant M. Joshi**  
Partner  
(Membership No.38019)

**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 (x), (xiii), (xiv) and (xvii) 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 major portion of fixed assets were physically verified during the year 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, 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:
  - (a) The particulars of contracts or arrangements referred to 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.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- (viii) 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.
- (ix) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of any of the Company's products. Accordingly, the provisions of Clause (viii) of paragraph 4 of Companies (Auditors' Report) Order, 2003 is not applicable to the Company.
- (x) 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 31<sup>st</sup> March 2010.
  - (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 31<sup>st</sup> March, 2010 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 31<sup>st</sup> March, 2010 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.)
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax Demand	Sales Tax Tribunal	F.Y. 2000-01 And F.Y. 2003-04	2,521
Central Excise Act, 1944	Excise Demand	Central Excise and Service Tax Appellate Tribunal (CESTAT)	F.Y. 2002-03	1,377,723
Income Tax Act, 1961	Corporate tax	Income tax Appellate Tribunal	F.Y. 2001-02	890,752
Income Tax Act, 1961	Corporate tax	Commissioner of Income tax (Appeals)	F.Y. 2005-06	325,779
Income Tax Act, 1961	Fringe Benefit Tax	Assistant Commissioner of Income Tax	F.Y. 2006-07	28,630

- (xi) The company has neither taken any loans from a financial institution and a bank nor issued any debentures; hence the question of default in repayment of dues does not arise.
- (xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xiv) In our opinion and according to the information and explanations given to us, there are no term loans availed during the year by the company.
- (xv) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xvi) According to the information and explanations given to us the Company has not issued any secured debentures during the year. Accordingly the provisions of clause 4(xix) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (xvii) The Company has not raised any monies by public issue during the year; hence the question of adequacy and disclosure of the end use of the money raised does not arise.

**Deloitte  
Haskins  
& Sells**

(xviii) 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)

**Pune**  
14<sup>th</sup> May 2010

**Hemant M. Joshi**  
Partner  
(Membership No. 38019)

**Balance Sheet as at**

		<u>31 March, 2010</u>	<u>31 March, 2009</u>
	Schedule No.	Rupees	Rupees
<b>I. SOURCES OF FUNDS</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	190,000,000	190,000,000
(b) Reserves and Surplus	2	<u>328,413,102</u>	<u>292,573,188</u>
		518,413,102	482,573,188
<b>(2) DEFERRED TAX LIABILITY (net)</b>			
(See Note No. III - 4(b) of Schedule 14)		37,365,886	41,717,136
<b>TOTAL</b>		<b><u>555,778,988</u></b>	<b><u>524,290,324</u></b>
<b>II. APPLICATION OF FUNDS</b>			
<b>(1) FIXED ASSETS</b>			
(a) Gross Block	3	575,779,810	570,832,383
(b) Less : Accumulated Depreciation		<u>277,726,388</u>	<u>245,353,774</u>
(c) Net Block		298,053,422	325,478,609
(d) Capital Work-in-Progress		2,306,972	4,880,035
<b>(2) INVESTMENTS</b>			
	4	206,258,924	189,643,968
<b>(3) CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
(a) Inventories	5	47,003,270	50,035,812
(b) Sundry Debtors	6	39,540,979	62,528,588
(c) Cash and Bank Balances	7	4,050,865	9,973,463
(d) Loans and Advances	8	<u>33,970,876</u>	<u>34,680,220</u>
	·	124,565,990	157,218,083
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
(a) Current Liabilities	9	33,498,181	28,857,454
(b) Provisions		<u>41,908,139</u>	<u>124,072,917</u>
		75,406,320	152,930,371
<b>NET CURRENT ASSETS</b>		49,159,670	4,287,712
<b>TOTAL</b>		<b><u>555,778,988</u></b>	<b><u>524,290,324</u></b>
Significant Accounting Policies and Notes to Accounts	14		

The Schedules and Notes to Accounts form an integral part of the Financial Statements.

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

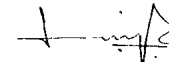
**Hemant M. Joshi**  
Partner

Pune : 24.05.2010

For and on behalf of Board of Directors,



**S. C. Mehta**  
Director



**Dr. T. K. Chatterjee**  
Director



**Jaikishan Pahlani**  
Company Secretary

Mumbai : 24.05.2010

**Profit and Loss Account for the year ended**

	Schedule No.	31 March, 2010 Rupees	31 March, 2009 Rupees
<b>INCOME :</b>			
Gross Sales		524,787,251	906,510,154
Less : Excise Duty		41,114,109	104,572,692
Net Sales			801,937,462
Gross Sales - Traded Products		1,052,511	27,659,258
Less : Counter Vailing Duty		87,794	4,091,921
Net Sales - Traded Products			23,567,337
Net Sales		484,637,859	825,504,799
Other Income	10	33,349,998	16,495,089
(Decrease)/Increase in Stocks of Finished Goods	11	613,940	(1,591,824)
		518,601,797	840,408,064
<b>EXPENDITURE :</b>			
Manufacturing and Other Expenses	12	373,997,694	610,696,277
Purchase of Traded Products		847,793	22,769,932
Depreciation		32,372,614	30,320,005
Less : Transferred from Revaluation Reserve (Refer Note No III (2) of Schedule 14)		13,232,065	11,887,610
Interest and Other Financial Charges	13	19,140,549	18,432,395
		466,562	2,366,807
		394,452,598	654,265,411
		124,149,199	186,142,653
<b>PROFIT BEFORE TAX</b>			
Provision for Tax - Total (See Note No. III - 4(a) of Schedule 14)		39,276,750	60,813,733
<b>PROFIT AFTER TAX</b>			
		84,872,449	125,328,920
Add: Balance Brought Forward from Previous Year		108,077,939	114,379,929
<b>Balance available for appropriation</b>		192,950,388	239,708,849
<b>APPROPRIATIONS :</b>			
Transferred to General Reserve		8,490,000	12,530,000
Proposed Dividend on Preference Shares		600,000	1,800,000
Proposed Dividend on Equity Shares		30,000,000	100,000,000
Corporate Dividend Tax		5,200,470	17,300,910
<b>SURPLUS IN PROFIT AND LOSS ACCOUNT</b>			
		148,659,918	108,077,939
Earnings Per Share (Equity shares, face value of Rs. 10/- each) Basic & Diluted (Refer Note No. III (3) of Schedule 14)		84.17	123.22
Significant Accounting Policies and Notes to Accounts	14		

The Schedules and Notes to Accounts form an integral part of the Financial Statements.

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

For and on behalf of Board of Directors,

*S. C. Mehta*

S. C. Mehta  
Director

*Dr. T. K. Chatterjee*  
Dr. T. K. Chatterjee  
Director

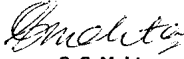
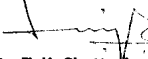

*Hemant M. Joshi*  
Hemant M. Joshi  
Partner

*Jaikishan Pahlani*  
Jaikishan Pahlani  
Company Secretary

Pune : 24.05.2010

Mumbai : 24.05.2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED**

	31 March, 2010 Rupees	31 March, 2009 Rupees
<b>(A) Cash flow from operating activities</b>		
<b>Net Profit Before Tax</b>	<b>124,149,199</b>	<b>186,142,653</b>
<u>Adjustments for:</u>		
Depreciation	19,140,549	18,432,395
Interest and finance charges	466,562	2,366,807
Provision for Doubtful Debts	241,336	340,811
Dividend income	(6,548,945)	(8,789,433)
Profit on redemption of investments	(85,861)	(1,504,231)
Provisions written back	(557,094)	(792,917)
Interest income	(924,495)	(1,168,541)
<b>Operating Profit Before Working Capital Changes</b>	<b>135,881,251</b>	<b>195,027,545</b>
Decrease/(Increase) in Inventories	3,032,542	8,296,703
Decrease/(Increase) in Sundry Debtors	23,288,740	33,848,059
(Increase)/Decrease in Loans and Advances	3,188,888	7,636,898
Increase in Current Liabilities	4,655,354	(27,083,994)
Increase in Provisions	1,135,352	543,657
<b>Cash generated from operations</b>	<b>171,182,126</b>	<b>218,268,869</b>
Income taxes paid	(45,333,775)	(71,725,347)
<b>Net cash generated/(used in) from operating activities (A)</b>	<b>125,848,351</b>	<b>146,543,521</b>
<b>(B) Cash flow from investing activities</b>		
Purchase of fixed assets (including capital work-in-progress)	(2,374,363)	(8,206,560)
Investment in units of mutual funds (net)	(16,529,095)	74,394,824
Dividend income	6,548,945	8,789,433
Interest income	151,036	520,393
<b>Net cash (used in)/generated from investing activities (B)</b>	<b>(12,203,477)</b>	<b>75,498,089</b>
<b>(C) Cash flow from financing activities</b>		
Payment of interest and finance charges	(466,562)	(2,366,807)
Equity dividend Paid	(100,000,000)	(190,000,000)
Preference dividend paid	(1,800,000)	(1,800,000)
Preference & Equity dividend tax paid	(17,300,910)	(32,596,410)
<b>Net cash used in financing activities (C)</b>	<b>(119,567,472)</b>	<b>(226,763,217)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(5,922,598)</b>	<b>(4,721,607)</b>
Cash and cash equivalents as at beginning of the year	9,973,463	14,695,070
Cash and cash equivalents as at the end of the year	4,050,865	9,973,463
	<b>(5,922,598)</b>	<b>(4,721,607)</b>
Note : Figures of previous year have been regrouped wherever necessary.		
In terms of our report attached For <b>Deloitte Haskins &amp; Sells</b> Chartered Accountants	<b>For and on behalf of Board of Directors,</b>	
	 <b>S. C. Mehta</b> Director	 <b>Dr. T. K. Chatterjee</b> Director
<b>Hemant M. Joshi</b> Partner	 <b>Jaikishan Pahlani</b> Company Secretary	
Pune : 24.05.2010	Mumbai : 24.05.2010	



**Schedules forming part of the Balance Sheet**

Rupees	31 March, 2010 Rupees	31 March, 2009 Rupees
<b>Schedule - 1 : SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
7,000,000 Equity Shares of Rs. 10/- each.	70,000,000	70,000,000
1,800,000 1% Cumulative Redeemable Preference Shares of Rs. 100/- each.	180,000,000	180,000,000
<b>Total</b>	<b>250,000,000</b>	<b>250,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
1,000,000 (Previous Year -1,000,000) Equity Shares of Rs. 10/- each, fully paid-up	10,000,000	10,000,000
Out of the above 999,994 (Previous Year - 999,994) shares are held by Deepak Fertilisers And Petrochemicals Corporation Limited, the holding Company		
1,800,000 (Previous Year - 1,800,000) 1% Cumulative Redeemable Preference Shares of Rs. 100/- each, fully paid-up	180,000,000	180,000,000
All the preference shares are held by Deepak Fertilisers And Petrochemicals Corporation Limited, the holding Company. The Preference Shares are redeemable at par after 12 years from the date of issue i.e. 16.05.2000.		
<b>Total</b>	<b>190,000,000</b>	<b>190,000,000</b>
<b>Schedule - 2 : RESERVES AND SURPLUS</b>		
General Reserve :		
Balance at the commencement of the year	54,452,000	41,922,000
Add: Transfer from Profit and Loss Account	8,490,000	12,530,000
	62,942,000	54,452,000
Revaluation Reserve :		
Balance at the commencement of the year	130,043,249	141,930,859
Less : Transferred to Profit and Loss Account (See Note No. III (2) of Schedule 14)	13,232,065	11,887,610
	116,811,184	130,043,249
Surplus in Profit and Loss Account	148,659,918	108,077,939
<b>Total</b>	<b>328,413,102</b>	<b>292,573,188</b>

**Schedules forming part of the Balance Sheet**

**Schedule - 3 : FIXED ASSETS**

Assets	Gross Block (At Cost / revaluation)		Depreciation		Net Block (At Cost / revaluation)	
	As at 1-Apr-09 Rs.	As at 31-Mar-10 Rs.	For the Year Rs.	Deductions Rs.	As at 31-Mar-10 Rs.	As at 31-Mar-09 Rs.
Leasehold Land	314,912	314,912	-	-	314,912	314,912
Freehold Land	8,686,569	8,686,569	-	-	8,686,569	8,686,569
Buildings	28,722,035	28,722,035	959,200	-	19,289,875	20,249,075
Plant and Machinery (See note 1 to 3 below)	529,803,251	534,743,978	31,193,292	-	266,435,557	294,560,986
Furniture and Fixtures	2,414,126	2,420,826	135,865	-	1,498,056	1,051,935
Vehicles	891,490	891,490	84,257	-	360,615	615,132
<b>Total</b>	<b>570,832,383</b>	<b>4,947,427</b>	<b>32,372,614</b>	<b>-</b>	<b>277,726,388</b>	<b>325,478,609</b>
Previous Year	566,798,971	4,033,412	30,320,005	-	245,353,774	325,478,609
Capital Work-in-Progress (Including Capital Advances Rs. Nil (Previous Year - Rs. 18,106))	-	-	-	-	-	<b>2,306,972</b>

1. Refer Note 2 of Part III of Schedule 14 on Revaluation of Plant and Machinery.
2. Includes assets held for disposal having gross block of Rs. 9,662,829 (Previous Year - Rs. 3,932,731) and accumulated depreciation of Rs. 9,179,438 (Previous Year - Rs. 3,736,094).
3. The depreciation for the year includes depreciation of Rs. 4,234,832 (Previous Year - Rs. 2,142,392) on account of assets held for disposal.

**Schedules forming part of the Balance Sheet**

<b>Schedule - 4 : INVESTMENTS (AT COST)</b>	<b>31 March, 2010</b>	<b>31 March, 2009</b>	
	<b>Rupees</b>	<b>Rupees</b>	
<b>Current Investments (Other than trade)</b> (at lower of cost or fair value)			
<b>EQUITY SHARES (QUOTED) :</b>			
943 Equity Shares of Punjab National Bank Limited of Rs. 10/- each fully paid-up. [Market Value as on 31.03.2010 – Rs. 955,023 (Previous Year - Rs. 387,997)]	367,770	367,770	
<b>MUTUAL FUND UNITS (UNQUOTED)</b>			
<b>Liquid Funds :</b>			
1. Birla Sun Life Savings Fund : 2,483,390.007 (P.Y. Nil) units of Rs. 10/- each	24,850,787	-	
2. Birla Sun Life Cash Plus Fund : Nil (P.Y. 1,695,861.365) units of Rs. 10/- each	-	18,319,203	
3. DWS Insta Cash Plus Fund : Nil (P.Y. 2,140,617.950) units of Rs. 10/- each	-	22,175,026	
4. HDFC Cash Management TA Plan : 2,160,946.155 (P.Y. Nil) units of Rs. 10/- each	21,677,531	-	
5. HDFC Cash Management Savings Plan : Nil (P.Y. 2,170,221.960) units of Rs. 10/- each	-	23,083,349	
6. ICICI Prudential Inst. Liquid Fund : Nil (P.Y. 2,229,011.680 ) units of Rs. 10/- each	-	22,291,231	
7. ICICI Prudential Flexible Income Plan : 97,474.518 (P.Y. Nil) units of Rs. 100/- each	10,307,164	-	
8. IDFC Money Manager Fund : 1,670,672.555 (P.Y. Nil) units of Rs. 10/- each	16,823,506	-	
9. JM High Liquidity Fund : Nil (P.Y. 1,749,935.350) units of Rs. 10/- each	-	18,252,176	
10. JM Money Manager Fund : 2,525,614.651 (P.Y. Nil) units of Rs. 10/- each	25,269,532	-	
11. Kotak Floater Long Term : 2,455,179.987 (P.Y. Nil) units of Rs. 10/- each	24,747,723	-	
12. Religare Liquid Fund : Nil (P.Y. 2,015,199.510) units of Rs. 10/- each	-	20,158,645	
13. Reliance Liquid Fund : Nil (P.Y. 1,327,305.090 ) units of Rs. 10/- each	-	20,335,672	
14. Reliance Money Manager Fund : 24,617.969 (P.Y. Nil) units of Rs. 1000/- each	24,639,774	-	
15. Tata Floater Fund : 1,642,668.239 (P.Y. Nil) units of Rs. 10/- each	16,485,161	-	
16. Tata Liquid High Inv. Fund : Nil (P.Y. 17,371.840) units of Rs. 1000/- each	-	19,917,112	
17. Templeton India TMA Plan : Nil (P.Y. 1,052.470) units of Rs. 1000/- each	-	1,591,688	
18. UTI Liquid Cash Plan : (P.Y. 7,737.880) units of Rs. 1000/- each	-	8,088,314	
19. UTI Money Market Fund : (P.Y. 220,571.170) units of Rs. 10/- each	-	4,015,704	
20. UTI Treasury Advantage Fund : 24,675.427 (P.Y. 10,719.560) units of Rs. 1000/- each	25,519,752	11,048,077	
	190,320,930	189,276,198	
<b>Short Term Funds :</b>			
1. Birla Sunlife Dynamic Bond Fund : 502,310.803 (P.Y. Nil) units of Rs. 10/- each	5,268,481	-	
2. HDFC Short Term Fund : 501,555.118 (P.Y. Nil) units of Rs. 10/- each	5,301,743	-	
	10,570,224	-	
<b>Equity Fund :</b>			
1. Axis Equity Fund : 500,000.000 (P.Y. Nil) units of Rs. 10/- each	5,000,000	-	
	5,000,000	-	
	205,891,154	189,276,198	
<b>Total</b>	<b>206,258,924</b>	<b>189,643,968</b>	
<b>NOTE :</b> Investments purchased and sold during the year :			
	Face Value Rs. per unit	Number of units Purchased	Number of Units Sold
a) <b>Liquid Funds</b>			
1. Birla Sun Life Cash Plus Fund	10/-	2,483,390	-
2. Birla Sun Life Cash Manager Fund	10/-	2,561,270	4,257,131
3. DWS Ultra Short Term Fund	10/-	4,011,311	4,011,311
4. DWS Insta Cash Plus Fund – Weekly Dividend	10/-	14,301	2,154,919
5. DWS Insta Cash Plus Fund – Daily Dividend	10/-	1,359,385	1,359,385
6. HDFC Liquid Fund	10/-	3,157,723	3,157,723
7. HDFC Cash Management Fund – Savings Plan	10/-	248,975	2,419,197
8. HDFC Cash Management Fund – TA Plan	10/-	5,732,988	3,572,042
9. IDFC Cash Fund	10/-	3,894,388	3,894,388

**Schedules forming part of the Balance Sheet**
**NOTE :** Investments purchased and sold during the year : (contd...)

	Face Value Rs. per unit	Number of units Purchased	Number of Units Sold
10. IDFC Money Manager Fund -- Treasury Plan	10/-	4,125,560	2,454,887
11. ICICI Prudential Liquid Fund	10/-	185,433	2,414,445
12. ICICI Prudential Flexible Income Fund Premium	100/-	2,521,732	2,424,257
13. JM High Liquidity Fund	10/-	2,543,056	4,292,991
14. JM Money Manager Super Plus Fund	10/-	5,075,934	2,550,319
15. Kotak Liquid Fund -- Weekly Dividend	10/-	648,238	648,238
16. Kotak Liquid Fund -- Daily Dividend	10/-	817,845	817,845
17. Kotak Floater Long Term	10/-	3,447,263	992,083
18. Religare Liquid Fund	10/-	761,132	2,776,331
19. Religare Ultra Short Term Fund	10/-	750,406	750,406
20. Reliance Liquid Fund -- Weekly Dividend	10/-	303,728	1,631,033
21. Reliance Liquid Fund - Daily Dividend	10/-	1,181,053	1,181,053
22. Reliance Money Manager Fund	1000/-	53,131	28,513
23. Tata Liquid Fund	1000/-	24,632	24,632
24. Tata Floater Fund	10/-	5,218,772	3,576,104
25. Tata Liquid High Inv. Fund	1000/-	104	17,476
26. Templeton India TMA Fund	1000/-	4,964	6,016
27. Templeton India Ultra Short Bond Fund	10/-	751,729	751,729
28. UTI Liquid Cash Fund	1000/-	39	7,776
29. UTI Money Market Fund	10/-	335,943	556,514
30. UTI Treasury Advantage Fund	1000/-	31,848	17,892
<b>b) Short Term Funds</b>			
1. Birla Sun Life Dynamic Bond Fund	10/-	502,311	-
2. HDFC Short Term Fund	10/-	501,555	-
<b>c) Equity Fund</b>			
1. Axis Equity Fund -- Growth		500,000	-
Market value of current investments		<b>206,059,357</b>	189,303,317
<b>Schedule - 5 : INVENTORIES</b>			
(at lower of Cost or Net Realisable Value)			
Stores and Spares		35,709,936	32,804,737
<b>Stock-in-trade</b>			
Raw Materials [including Purchased Raw Materials in Transit Rs. 35,39,224 (Previous Year - Rs. 582,645)]*			
	9,057,861		15,675,606
Finished Stocks	2,235,473		1,555,469
		11,293,334	17,231,075
<b>Total</b>		<b>47,003,270</b>	<b>50,035,812</b>
* Includes value of Raw Material and Work-in-Progress			
<b>Schedule - 6 : SUNDRY DEBTORS</b>			
Outstanding over six months	6,338,220		4,739,492
Less : Provision for Doubtful Debts	1,498,378		1,799,510
		4,839,842	2,939,982
Others		34,701,137	59,588,606
<b>Total</b>		<b>39,540,979</b>	<b>62,528,588</b>
<b>Note :</b>			
Considered Good :			
Secured		-	-
Unsecured		39,540,979	62,528,589
Considered Doubtful		1,498,378	1,799,510
<b>Total</b>		<b>41,039,357</b>	<b>64,328,099</b>

**Schedules forming part of the Balance Sheet**

	<b>31 March, 2010</b>	<b>31 March, 2009</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Schedule - 7 : CASH AND BANK BALANCES</b>		
Cash on Hand	40,007	62,790
Cheques on Hand	-	2,791,169
Bank balances with scheduled banks :		
(i) In current accounts	528,491	2,223,668
(ii) In deposit accounts [includes margin money deposit of Rs. 549,868 under lien (P.Y. - Rs. 522,875)]	3,482,367	4,895,836
<b>Total</b>	<b>4,050,865</b>	<b>9,973,463</b>
<b>Schedule - 8 : LOANS AND ADVANCES</b>		
(Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Advances to suppliers	5,642,012	1,722,830
Electricity and other Deposits	14,058,543	14,068,143
Sales Tax/Excise Duty paid under protest	4,781,483	4,257,677
Service Charges Receivable	953,078	4,089,956
Prepayments and Others [including interest accrued Rs. 112,478 (Previous Year - Rs. 79,430)]	1,558,004	1,561,236
	26,993,120	25,699,843
Balances with Customs and Excise authorities	1,367,415	5,076,122
Advance Taxes (net of provisions)	5,610,341	3,904,256
<b>Total</b>	<b>33,970,876</b>	<b>34,680,220</b>
<b>Schedule - 9 : CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors (Refer note III (9) of schedule 14)		
Due to Micro, Small & Medium Enterprises		
Due to Sundry Creditors Other than Micro, Small & Medium Enterprises		
	19,645,583	17,544,788
	19,645,583	17,544,788
Other Liabilities	2,669,080	1,752,850
Advances received from Customers	11,183,518	9,559,816
<b>Total</b>	<b>33,498,181</b>	<b>28,857,454</b>
<b>PROVISIONS :</b>		
For Employee Benefit Schemes :		
Gratuity	4,241,335	3,186,617
Leave Encashment	1,042,437	961,803
	5,283,772	4,148,420
For Income Tax (net of advance tax)	823,897	823,587
Proposed dividend on Equity Shares	30,000,000	100,000,000
Proposed dividend on Preference Shares	600,000	1,800,000
Corporate Dividend Tax	5,200,470	17,300,910
	41,908,139	124,072,917
<b>Total</b>	<b>75,406,320</b>	<b>152,930,371</b>

**Schedules forming part of the Profit and Loss Account**

	Year ended 31 March, 2010 Rupees	Year ended 31 March, 2009 Rupees
<b>Schedule - 10 : OTHER INCOME</b>		
Dividend Income on current investments	6,548,945	8,789,433
Interest on Bank Deposits and Others [Tax deducted at source Rs. 88,958 (Previous Year – Rs. 254,609)]	924,495	1,168,541
Profit on Sale/redemption of Investments	85,861	1,504,231
Service Charges Received	24,632,920	4,089,956
Excess provisions written back	557,094	792,917
- Other Income	600,683	150,011
<b>Total</b>	<b>33,349,998</b>	<b>16,495,089</b>
<b>Schedule - 11 : (DECREASE)/INCREASE IN STOCKS OF FINISHED GOODS</b>		
Stocks as at 31st March, 2010/2009		
Finished Stocks:		
Manufactured Products	2,235,473	1,555,469
Traded Goods	-	-
	2,235,473	1,555,469
Stocks as at 1st April, 2009/2008		
Finished Stocks:		
Manufactured Products	1,555,469	3,437,925
Traded Goods	-	-
	1,555,469	3,437,925
Decrease/(Increase) in Excise Duty on Stock of Finished Goods	(66,064)	290,632
<b>(Decrease)/Increase</b>	<b>613,940</b>	<b>(1,591,824)</b>
<b>Schedule - 12 : MANUFACTURING AND OTHER EXPENSES</b>		
1) Raw Materials Consumed	255,236,209	492,252,651
2) Packing Materials Consumed	5,761,752	10,518,970
3) Power and Fuel	42,221,714	46,507,486
4) Payments to and Provisions for Employees :		
(a) Salaries, Wages and Bonus	35,702,890	22,033,618
(b) Contribution to Provident and Other Funds	1,825,261	1,109,052
(c) Provision for Gratuity	1,120,825	566,018
(d) Staff Welfare Expenses	1,783,389	1,271,064
	40,432,365	24,979,752
5) Operating and Other Expenses :		
(a) Stores and Spares Consumed	7,726,625	7,023,902
(b) Catalyst, Oils and Chemicals Consumed	3,635,041	4,997,880
(c) Repairs and Maintenance		
To Plant and Machinery	2,146,238	1,493,462
To Building	924,168	614,904
To Others	1,161,156	1,928,448
	4,231,562	4,036,814
(d) Insurance	1,058,580	1,248,004
(e) Rent	109,100	66,090
(f) Rates, Taxes and Duties	338,274	310,894
(g) Legal and Professional Fees*	5,530,956	3,330,243
(h) Travelling and Conveyance	757,105	929,007
(i) Postage, Telephone and Printing and Stationery	974,364	795,437
(j) Freight and Forwarding Charges	951,635	1,302,367
(k) Provision for Doubtful Debts	241,336	340,811
(l) Foreign Exchange Loss	426,971	10,176,075
(m) Miscellaneous Expenses	4,364,106	1,879,893
	30,345,654	36,437,417
<b>Total</b>	<b>373,997,694</b>	<b>610,696,277</b>
* (Refer note 6(d) to Schedule 14)		
<b>Schedule - 13 : INTEREST AND OTHER FINANCIAL CHARGES</b>		
(a) Interest on Fixed Loans	-	-
(b) Interest on Other	-	145
(c) Other Financial Cost	466,562	2,366,662
<b>Total</b>	<b>466,562</b>	<b>2,366,807</b>

**SCHEDULE - 14: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

**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 results could differ from those estimates and differences between actual results and estimates are recognised 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**

- (i) 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.
- (ii) 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.
- (iii) The additional charge for depreciation on the increased value due to revaluation of assets is transferred from Revaluation Reserve to the Profit and Loss Account.

**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 Investments are classified as current investments and are carried at the lower of cost and fair value.

**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.

**8. 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 Profit and Loss Account.

Exchange differences arising on settlement of transactions and translation of monetary items are recognised 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 (AST) 14 on "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". 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 asset's 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 Statement" and presents the cash flows by operating, investing and financing activities of the Company.

Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.

### **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 on "Accounting for leases". Operating Lease payments are recognised as an expense in the Profit and Loss Account over the lease terms on straight line basis.

### **15. CONTINGENT LIABILITIES**

As per Accounting Standard-29 on "Provisions, Contingent Liabilities and Contingent Assets", the Company recognises 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  
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 recognised in the financial statements since this may result in the recognition of income that may never be realised.

### **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.

### III. NOTES TO FINANCIAL STATEMENTS

#### 1. Contingent Liabilities:

	31 March, 2010	31 March, 2009
	(Rs.)	(Rs.)
Claims against the Company not acknowledged as debts	40,000	40,000
<b>Taxes and duties disputed in appeal:</b>		
- Excise	17,83,548	1,783,548
- Sales Tax	4,715,594	4,715,594
- Income Tax	12,45,161	1,268,839

2. On 1<sup>st</sup> April, 2001, the Company revalued Plant and Machinery at its Srikakulam 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 on 1<sup>st</sup> April, 2001 has been increased by Rs. 225,144,129 by transferring a similar amount to Revaluation Reserve. Depreciation amounting to Rs. 13,232,065 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.

#### 3. Earnings per Share (EPS) :

Sr. No.	Particulars	31 March, 2010	31 March, 2009
a)	Profit After Tax (Rs.)	84,872,449	125,328,920
b)	Less: Dividend on preference shares (including corporate dividend tax)	701,970	2,105,910
c)	Profit attributable to Equity Shareholders (Rs.)	84,170,479	123,223,010
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 Earnings Per Share (Rs.) (c/d)	84.17	123.22

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

4. (a) Provision for Taxes for the year comprises of:

Particulars	31 March, 2010	31 March, 2009
	(Rs.)	(Rs.)
Current Tax	43,500,000	63,625,000
Deferred Tax	(4,351,250)	(3,089,267)
Fringe Benefit Tax	-	150,000
Wealth Tax	128,000	128,000
<b>GRAND TOTAL</b>	<b>39,276,750</b>	<b>60,813,733</b>

(b) Deferred Income Tax

Major components of Deferred Tax Liability / (Asset) are as follows:

Particulars	31 March, 2010	31 March, 2009
	(Rs.)	(Rs.)
Depreciation	39,734,769	43,831,791
Expenditure allowable on payment basis	(1,871,160)	(1,503,002)
Provision for Doubtful Debts	(497,723)	(611,653)
<b>Net deferred tax liability for the year</b>	<b>37,365,886</b>	<b>41,717,136</b>

5. Related party disclosures

Following are the transactions with related parties:

	Holding Company	Key Management personnel	Total
Purchase of goods	77,964,475 (134,713,931)	- (-)	77,964,475 (134,713,931)
Sale of Goods and Services	28,545,254 (4,089,956)	- (-)	28,545,254 (4,089,956)
Remuneration	- (-)	434,808 (794,000)	434,808 (794,000)
Preference Dividend	600,000 (1,800,000)	- (-)	600,000 (1,800,000)
Equity Dividend	30,000,000 (100,000,000)	- (-)	30,000,000 (100,000,000)
Balance payable at the year end	724,795 (732,953)	(-) (11,500)	724,795 (744,453)
Balance receivable at the year end	970,771 (4,089,956)	- (-)	970,771 (4,089,956)

The figures in brackets pertain to previous year.

**Note:**

Name of the related parties and description of relationship:

Holding Company : Deepak Fertilisers And Petrochemicals Corporation Limited

Fellow Subsidiaries : -

Key Management Personnel : K.S. Gopalakrishnan

**6. Additional information pursuant to the provisions of paragraph 3, 4, 4B, 4C, and 4D of Part II of Schedule VI of the Companies Act, 1956.**

a) Quantitative details :

Particulars	Unit	31 March, 2010			31 March, 2009		
		Manufactured products		Traded Products	Manufactured products		Traded Products Others
Products		WNA	AN	AN	WNA	AN	A. N.
Licensed capacity/ p.a.	MT	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Installed capacity/ p.a. (at 100 % concentration basis)	MT	32,400	36,900	-	32,400	36,900	-
Opening stock	MT	193.39	11.05	-	315.04	170.25	-
	Rs.	1,370,430	185,039	-	1,461,960	1,975,965	-
Production / purchases	MT	26,089.27	24,515.50	-	44,093.15	39,954.30	1,000
Captive consumption	MT	22,607.61	-	-	42,487.66	-	-
Sales (Gross Including Excise Duty/CVD)	MT	3,620.26	24,397.15	-	1,727.14	40,113.5	1,000
	Rs.	32,737,964	492,049,286	-	16,615,206	889,842,548	27,617,155
Closing stock	MT	54.79	129.40	-	193.39	11.05	-
	Rs.	321,460	1,914,013	-	1,370,430	185,039	-

Notes:

- The above does not include the sale of Raw material and Others Rs. 1,052,511 (Previous year - Rs. 42,103).
- Installed capacities are as certified by the management.  
WNA = Weak Nitric Acid  
AN = Ammonium Nitrate
- Quantity details for WNA are at 60% concentration.

b) Raw Materials Consumed:

Particulars	31 March, 2010		31 March, 2009	
	Quantity	Value	Quantity	Value
	MT	(Rs.)	MT	(Rs.)
Ammonia	8,669.480	150,930,135	14,970.883	379,164,705
AN melt	7,452.137	100,464,362	7,721.183	104,706,898
Others	-	3,847,712	-	8,381,048
<b>Total</b>	<b>16,121.617</b>	<b>255,236,209</b>	<b>22,692.066</b>	<b>492,252,651</b>

c) Managerial remuneration payable to Whole Time Director under Section 198 of the Companies Act, 1956:

Particulars	31 March, 2010 (Rs.)	31 March, 2009 (Rs.)
Salaries and allowances	434,808	794,000
<b>Total</b>	<b>434,808</b>	<b>794,000</b>

Computation of net profit in accordance with Section 349 of the Companies Act, 1956 for the year has not been given since no commission is payable by way of percentage of profits.

d) Payment to auditors (excluding service tax): (included in Legal and Professional Fees)

Particulars	31 March, 2010 (Rs.)	31 March, 2009 (Rs.)
Audit fees	800,000	600,000
Tax audit fees	100,000	100,000
As advisers' or in any other capacity in respect of:		
Taxation matters	700,000	500,000
Out of Pocket Expenses	23,721	11,911
<b>Total</b>	<b>1,623,721</b>	<b>1,211,911</b>

e) Value of Imports on CIF basis in respect of:

Particulars	31 March, 2010 (Rs.)	31 March, 2009 (Rs.)
Raw Materials	64,992,573	237,606,761
Traded Products	-	19,750,000
<b>Total</b>	<b>64,992,573</b>	<b>257,356,761</b>

f) Raw materials consumed:

Particulars	31 March, 2010		31 March, 2009	
	Value (Rs.)	%	Value (Rs.)	%
Indigenous	164,505,884	64.45	188,261,906	38.24
Imported	90,730,325	35.55	303,990,745	61.76
<b>Total</b>	<b>255,236,209</b>	<b>100</b>	<b>492,252,651</b>	<b>100</b>

g) Stores and Spares Consumed:

Particulars	31 March, 2010		31 March, 2009	
	Value (Rs.)	%	Value (Rs.)	%
Indigenous	7,726,625	100	7,023,902	100
Imported	-	-	-	-
<b>Total</b>	<b>7,726,625</b>	<b>100</b>	<b>7,023,902</b>	<b>100</b>

7. Sundry debtors includes dues from Deepak Fertilisers And Petrochemicals Corporation Limited as Company under same management (refer note No. 5 for balances in respect of above parties. Maximum amount due during the year is Rs.11,650,897 (Previous year - Rs. 4,089,956).

**8. Employee Benefits:**

- a) The Company has adopted Accounting Standard (AS) - 15 (revised 2005) on "Employee Benefits" on 1<sup>st</sup> April, 2006. The Company has recognised, in the Profit and Loss Account for the year ended 31.03.2010, an amount of Rs. 1,886,740 expenses under defined contribution plans.

Benefit (contribution to)	Amount Rs.
- Provident Fund	960,756
- Employees Pension Scheme	925,984
<b>Total</b>	<b>1,886,740</b>

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

Description	31.03.2010	31.03.2009
<b>1. Reconciliation of opening and closing balances of Obligation</b>		
a. Obligation as at 01.04.2009 / 01.04.2008	3,186,617	2,752,442
b. Current Service Cost	329,726	259,271
c. Interest Cost	254,929	235,663
d. Actuarial (gain)/Loss	536,170	71,084
e. Benefits paid	(66,107)	131,843
f. Obligation as at 31.03.2010 / 31.03.2009	4,241,335	3,186,617

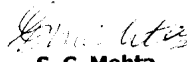
<b>2. Expenses recognised in the period</b>		
a. Current Service Cost	329,726	259,271
b. Interest Cost	254,929	235,663
c. Actuarial (gain)/Loss	536,170	71,084
d. Expense recognised in the period	1,120,825	566,018
<b>3. Assumptions</b>		
a. Discount rate (p. a.) on 01.04.2009/01.04.2008	8.00%	8.00%
b. Discount rate (p. a.) on 31.03.2010/31.03.2009	8.00%	8.00%

9. As per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 following information is disclosed:
- (Amount Rs.)**
- |  |     |
|--|-----|
| a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year included in sundry creditors.   | Nil |
| (ii) The interest due on above.  | Nil |
| The total of (i) & (ii)  | Nil |
| b) The amount of interest paid by the buyer in terms of Section 16 of the Act.   | Nil |
| c) The amount of the payment made to the supplier beyond the appointed day during the accounting year  | Nil |
| d) The amounts of interest accrued and remaining unpaid at the end of financial year   | Nil |
| e) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under this Act. | Nil |
10. **Capital Commitments:** Estimated amount of contracts remaining to be executed on capital account and not provided for the year ended 31<sup>st</sup> March, 2010 [net of advances Rs. Nil (P.Y. - Rs. 18,106)] is Rs. Nil (P.Y. - Rs. 54,318).
11. The Company had issued 1% Cumulative Redeemable Preference Shares amounting to Rs. 18 Crores 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. The Company redeemed preference share capital amounting to Rs. 12 Crores on 20.04.2010 out of the internal funds. The said redemption has been effected by creating Capital Redemption Reserve amounting to Rs. 12 Crores out of General Reserve and balance of Profit and Loss Account.



12. Comparative financial information (i.e. the amounts and other disclosures for the preceding year presented above) is included as an integral part of the current year's financial statements and is to be read in relation to the amounts and other disclosures relating to the current year. Figures of the previous year have been regrouped / reclassified wherever necessary to correspond to figures of the current year.

**For and on behalf of Board of Directors,**

  
**S. C. Mehta**  
Director

  
**Dr. T. K. Chatterjee**  
Director

  
**Jaikishan Pahlani**  
Company Secretary

Place : Mumbai  
Date : 24.05.2010

**15. Balance Sheet Abstract and Company's General Business Profile**

<b>I. Registration Details</b>			
Registration No.	3 9 1 1 4	State Code	0 1
Balance Sheet Date	3 1 0 3 2 0 1 0		
<b>II. Capital raised during the year (Amount Rs. in Thousands)</b>			
Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private Placement	N I L
<b>III. Position of Mobilisation and Deployment of Funds (Amount Rs. in Thousands)</b>			
<b>Sources of Funds</b>			
Total Liabilities	5 5 5 7 7 9	Total Assets	5 5 5 7 7 9
Paid up Capital	1 9 0 0 0 0	Reserves & Surplus	3 2 8 4 1 3
Secured Loans	N I L	Unsecured Loans	N I L
Deferred Tax Liability	3 7 3 6 6		
<b>Application of Funds</b>			
Net Fixed Assets	2 9 8 0 5 3	C-W-I-P	2 3 0 7
Investments	2 0 6 2 5 9	Misc. Expenditure	N I L
Net Current Assets	4 9 1 6 0		
<b>IV. Performance of the Company (Amounts Rs. in Thousands)</b>			
Turnover and Other Income	5 1 8 6 0 2	Total Expenditure	3 9 4 4 5 3
Profit Before Tax	1 2 4 1 4 9	Profit After Tax	8 4 8 7 2
Earning per Share in Rs.	8 4	Dividend Rate %	3 0 0
<b>V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)</b>			
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	-		