



**SMARTCHEM TECHNOLOGIES LIMITED**

**24<sup>th</sup> Annual Report**

**2010-11**

**Board of Directors**

Shri S. C. Mehta  
Dr. T. K. Chatterjee  
Shri S. R. Wadhwa  
Shri R. Sriraman  
Shri V. Kishore Kumar (w.e.f 23<sup>rd</sup> March 2011)

**Manager**

Shri S. Raja Reddy

**Company Secretary**

Shri Sudhir Kadam

**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 Fourth Annual General Meeting of the members of **SMARTCHEM TECHNOLOGIES LIMITED** will be held on Monday, 1st August, 2011 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 31<sup>st</sup> March 2011 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 Equity Shares for the financial year ended 31<sup>st</sup> March, 2011
3. To appoint a Director in place of Shri R. Sriraman, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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**

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

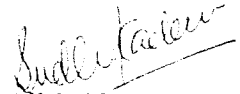
**"RESOLVED THAT** Shri. V. Kishore Kumar, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of the Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the Company has, under section 257 of the 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."

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 S. Raja Reddy as Manager of the Company for the period of one year with effect from 23<sup>rd</sup> March, 2011 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 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,



**Sudhir Kadam**  
Company Secretary

Place: Mumbai  
Date: 10<sup>th</sup> May, 2011

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 1<sup>st</sup> August, 2011 being the date of the Annual General Meeting of the Company.
4. The Register of Members and the Share Transfer Books of the Company shall remain closed from Tuesday, 26<sup>th</sup> July, 2011 to Monday, 1<sup>st</sup> August 2011 (both days inclusive).
5. 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 V. Kishore Kumar was appointed by the Board of Directors as an Additional Director of the Company at its meeting held on 23<sup>rd</sup> March 2011. In terms of the provisions of Section 260 of the Companies act, 1956, Shri V. Kishore Kumar holds office upto the date of ensuing 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 V. Kishore Kumar as a candidate for the office of Director, liable to retire by rotation.

Shri V. Kishore Kumar has done B. Tech (Hons.) in Mining Engineering from IIT, Kharagpur and Post Graduate Diploma in Business Finance from ICFAI, Hyderabad and has rich experience of about 31 years in the field of Research & Development, Technical Services, Marketing, Business Development, operations and General Management.

The Board of Directors is of the view that the services of Shri V. Kishore Kumar 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 V. Kishore Kumar is concerned or interested in the resolution.

#### Item No. 7

The Board of Directors, at its meeting held on 23<sup>rd</sup> March, 2011, appointed Shri S. Raja Reddy, as Manager of the Company for the period of one year with effect from 23<sup>rd</sup> March, 2011, subject to the approval of the members. The terms and conditions of the appointment of Shri S. Raja Reddy are as under:

Tenure of Office: One year with effect from 23<sup>rd</sup> March 2011.

Remuneration: Salary: Rs. 70,000 per month  
Perquisite Allowance: Rs. 79,072 per month  
House Rent Allowance: Rs. 28,000 per month  
Medical benefits, Leaves, Provident Fund, Gratuity and such other benefits as per Company rules.

Other terms and Conditions:

1. During the period of employment of Shri S. Raja Reddy 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. 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 perform all such works, acts and things as may be assigned by the Board from time to time pertaining to any official matters.

Shri S. Raja Reddy 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 the order of the Board of Directors,**



**Sudhir Kadam**  
Company Secretary

**Place: Mumbai**  
**Date: 10<sup>th</sup> May, 2011**

## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty-Fourth Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31<sup>st</sup> March, 2011.

### FINANCIAL RESULTS

The summarised financial results are as under:

<u>Financial Year</u>	<b>(Rupees in Lacs)</b>	
	<u>2010-11</u>	<u>2009-10</u>
Income (Gross)	<b>7081.07</b>	5,598.04
Profit Before Tax (PBT)	<b>1,353.30</b>	1,241.49
Less:		
a) Provision for Income Tax	<b>485.00</b>	435.00
b) Provision for Deferred Tax	<b>(46.93)</b>	(43.51)
c) Provision for Fringe Benefit Tax	-	-
d) Provision for Wealth Tax	<b>1.12</b>	1.28
<b>Profit After Tax (PAT)</b>	<b>914.10</b>	848.72
Add: Balance brought forward	<b>1486.60</b>	1080.78
Less: Transfer to Capital Redemption Reserve	<b>575.00</b>	1,080.78
<b>Profit available for appropriation</b>	<b>1,825.70</b>	1,929.50
<b>Appropriations:</b>		
- Transfer to General Reserve	<b>91.40</b>	84.90
- Proposed Dividend on Pref. Shares	-	6.00
- Proposed Dividend on Equity Shares	<b>300.00</b>	300.00
- Corporate Dividend Tax	<b>48.67</b>	52.00
Surplus carried to Balance Sheet	<b>1,385.64</b>	1,486.60

### DIVIDEND

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, 2011. The proposed Equity Dividend (including Corporate Dividend Tax) will absorb Rs. 348.67 lacs (including Corporate Dividend Tax of Rs. 48.67 lacs).

## **OPERATIONS AND FUTURE OUTLOOK**

During the year under review, your Company has achieved Gross Sales of Rs. 7010.93 lacs as against Rs. 5,258.40 lacs for the previous year. Total production of Ammonium Nitrate during the year under review increased to 33042 MT as compared to 24,515 MT in the previous year. Similarly, the total production of Weak Nitric Acid (on 60% basis) increased to 47,030 MT as compared to 26,089 MT in the previous year. At Srikakulam Plant, capacity utilisation of Ammonium Nitrate was 100 % and that of Weak Nitric Acid at 87%.

During the year under consideration, import prices of Ammonia went up from 292.67 USD in April 2010 to 384.25 USD in March 2011. 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.

With a view to improve the power availability, your Company has commenced 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 Rajeev P. Karnik resigned as a Director of the Company on 23/03/2011. Consequent upon his resignation, he also ceased to be Occupier 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 V. Kishore Kumar was appointed as an Additional Director of the Company w.e.f. 23/03/2011. He holds office upto the date of ensuing Annual General Meeting and is eligible for appointment as a Director of the Company.

Shri R. Sriraman 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 S. Raja Reddy, General Manager (Operations) as Manager of the Company under the provisions of the Companies Act, 1956 for a period of one year with effect from 23/03/2011, 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, Five Audit Committee meetings were held on 26<sup>th</sup> April, 2010, 24<sup>th</sup> May, 2010, 21<sup>st</sup> July, 2010, 25<sup>th</sup> October, 2010 and 24<sup>th</sup> January, 2011.

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 2011-12 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 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: 10<sup>th</sup> May, 2011

  
**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**

<b>Power &amp; Fuel Consumption</b>	<b>Units</b>	<b>Current Year 2010-11</b>	<b>Previous Year 2009-10</b>
1. Electricity			
a) Purchased units	'000 KWH	<b>11591.68</b>	7563.46
Total Amount	Rs. in Lacs	<b>481.51</b>	280.78
Rate per unit	(Rs. / KWH)	<b>4.15</b>	3.71

Power & Fuel Consumption	Units	Current Year 2010-11	Previous Year 2009-10
b) Own Generation			
2. Furnace Oil			
Quantity	KL	84.20	174.56
Total Amount	Rs. in Lacs	22.17	44.74
Average Rate	(Rs. / KL)	31,080	25630
3. Light Diesel Oil			
Quantity	KL	NA	241.84
Total Amount	Rs. in Lacs	NA	91.52
Average Rate	(Rs. / KL)	NA	37843
4. High Speed Diesel Oil			
Quantity	KL	20.20	26.849
Total Amount	Rs. in Lacs	8.13	9.57
Average Rate	(Rs. / KL)	40,254	35652

**Consumption per unit of production**

	Units	Current Year 2010-11	Previous Year 2009-10
1. Ammonium Nitrate			
Electricity	KWH / MT	118	115.13
Light Diesel Oil	KL / MT	NA	0.032
Furnace Oil	KL / MT	1.30	5015
2. Weak Nitric Acid			
Electricity	KWH / MT	276	303
Furnace Oil	KL / MT	1.49	5.58

**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 and earned are set out in Note no. 6 (f) of Part III in Schedule 14 to the accounts.

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

Place: Mumbai  
Date: 10<sup>th</sup> May, 2011

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


## 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, 2011, 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;

# Deloitte Haskins & Sells

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
  - (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, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 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, May 10, 2011



## 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 fixed assets were physically verified in last 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.

# Deloitte

## Haskins & Sells

- (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:
  - (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 2011.
  - (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

# Deloitte Haskins & Sells

arrears as at 31<sup>st</sup> March, 2011 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, 2011 on account of disputes are given below:

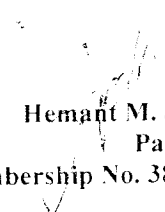
Name of Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs.)
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax Demand	Sales Tax Tribunal	F.Y. 2000-01 And F.Y. 2003-04	2,521
Central Excise Act, 1944	Excise Demand	Central Excise and Service 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 2002-03 And F.Y. 2005-06	219,593
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)**

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

**Place: Pune  
Date: May 10, 2011**

## Balance Sheet as at

			31 March 2011	31 March 2010
	Schedules	Rupees	Rupees	Rupees
	No.			
<b>I SOURCES OF FUNDS</b>				
<b>(1) SHAREHOLDERS' FUNDS</b>				
(a) Share Capital	1	70,000,000		190,000,000
(b) Reserves and Surplus	2	<u>373,218,566</u>	443,218,566	<u>328,413,102</u>
				518,413,102
<b>(2) DEFERRED TAX LIABILITY (net)</b>			32,673,263	37,365,886
(See Note No III (4(b)) of Schedule 14)				
<b>TOTAL</b>			<u><b>475,891,829</b></u>	<u><b>555,778,988</b></u>
<b>II APPLICATION OF FUNDS</b>				
<b>(1) FIXED ASSETS</b>				
(a) Gross Block	3		578,938,078	575,779,810
(b) Less : Accumulated Depreciation			<u>310,649,916</u>	<u>277,726,388</u>
(c) Net Block			268,288,162	298,053,422
(d) Capital Work in Progress			4,119,926	2,306,972
<b>(2) INVESTMENTS</b>	4		112,397,178	206,258,924
<b>(3) CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
(a) Inventories	5	46,129,843		47,003,270
(b) Sundry Debtors	6	96,388,178		39,540,979
(c) Cash and Bank Balances	7	3,786,659		4,050,865
(d) Loans and Advances	8	<u>34,755,993</u>		<u>33,970,876</u>
		181,060,673		124,565,990
<b>LESS: CURRENT LIABILITIES &amp; PROV.</b>	9			
(a) Current Liabilities		44,365,226		33,498,181
(b) Provisions		<u>45,608,884</u>		<u>41,908,139</u>
		89,974,110		75,406,320
<b>NET CURRENT ASSETS</b>			91,086,563	49,159,670
<b>TOTAL</b>			<u><b>475,891,829</b></u>	<u><b>555,778,988</b></u>
Significant Accounting Policies and Notes to Accounts	14			

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

As per our attached report of even date  
For **Deloitte Haskins & Sells**  
Chartered Accountants

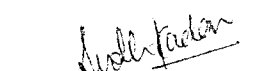
Hemant M. Joshi  
Partner

Pune : 10-05-2011

For and on behalf of Board of Directors

  
S. C. Mehta  
Director

  
Dr. T. K. Chatterjee  
Director

  
Sudhir Kadam  
Company Secretary

Mumbai : 10-05-2011

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

	Schedule No	31 March 2011 Rupees	31 March 2010 Rupees
<b>INCOME :</b>			
Gross Sales		701,093,268	524,787,251
Less : Excise Duty		<u>65,535,560</u>	<u>41,114,109</u>
Net Sales		635,557,708	483,673,142
Gross Sales of Traded Products		-	1,052,511
Less : Counter Vailing Duty		<u>-</u>	<u>87,794</u>
Net Sales Traded Products		-	964,717
Net Sales		635,557,708	484,637,859
Other Income	10	7,013,769	33,349,998
(Decrease)/Increase in Stocks of Finished Goods	11	<u>(330,753)</u>	<u>613,940</u>
		642,240,724	518,601,797
<b>EXPENDITURE :</b>			
Manufacturing and Other Expenses	12	485,450,281	373,997,694
Purchase of Traded Products		-	847,793
Depreciation		33,060,901	32,372,614
Less : Transferred from Revaluation Reserve (Refer Note No III (2) of Schedule 14)		<u>11,738,573</u>	<u>13,232,065</u>
Interest and Other Financial Charges	13	21,322,328	19,140,549
		137,951	466,562
		<u>506,910,560</u>	<u>394,452,598</u>
<b>PROFIT BEFORE TAX</b>		135,330,164	124,149,199
Provision for Tax - Total (See Note No III (4(a)) of Schedule 14)		43,919,377	39,276,750
<b>PROFIT AFTER TAX</b>		91,410,787	84,872,449
Add: Balance Brought Forward from Previous Year		148,659,918	108,077,939
Less : Transfer to Capital Redemption Reserve		<u>57,500,000</u>	<u>-</u>
		91,159,918	108,077,939
Balance available for appropriation		182,570,705	192,950,388
Appropriations :-			
Transferred to General Reserve		9,140,000	8,490,000
Proposed Dividend on Preference Shares		-	600,000
Proposed Dividend on Equity Shares		30,000,000	30,000,000
Corporate Dividend Tax		4,866,750	5,200,470
<b>SURPLUS IN PROFIT AND LOSS ACCOUNT</b>		<u>138,563,955</u>	<u>148,659,918</u>
Earning per share (Equity shares, face value of Rs. 10/- per share) Basic & Diluted (Refer Note No III (3) of Schedule 14)		<b>91.41</b>	<b>84.17</b>
Significant Accounting Policies and Notes to Accounts	14		

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


As per our attached report of even date  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**Hemant M. Joshi**  
Partner

Pune : 10-05-2011

For and on behalf of Board of Directors

  
**S. C. Mehta**  
Director

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

  
**Sudhir Kadam**  
Company Secretary

Mumbai : 10-05-2011

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED**

	31 March 2011 Rupees	31 March 2010 Rupees
<b>(A) Cash flows from operating activities</b>		
Net profit before tax	135,330,164	124,149,199
Adjustments for:		
Depreciation	21,322,328	19,140,549
Interest and finance charges	137,951	466,562
Loss/(Profit) on sale of fixed assets	24,939	-
Provision for Doubtful Debts	271,073	241,336
Dividend income	(3,734,412)	(6,548,945)
Profit on redemption of investments	(23,592)	(55,861)
Provisions written back	(1,559,768)	(557,094)
Interest income	(834,272)	(924,495)
<b>Operating Profit Before Working Capital Changes</b>	150,935,311	135,881,251
Decrease/(Increase) in Inventories	873,427	3,032,542
Decrease/(Increase) in Sundry Debtors	(56,357,521)	23,288,740
(Increase)/Decrease in Loans and Advances	280,957	3,188,888
Increase in Current Liabilities	11,665,163	4,655,354
Increase in Provisions	851,001	1,135,352
<b>Cash generated from operations</b>	108,248,338	171,182,126
Income taxes paid	(45,022,279)	(45,333,775)
<b>Net cash generated/(used in) from operating activities (A)</b>	<b>63,226,058</b>	<b>125,848,351</b>
<b>(B) Cash flow from investing activities</b>		
Purchase of fixed assets (including capital work in progress)	(5,159,591)	(2,374,363)
Sale proceeds of fixed assets	26,057	-
Investment in units of mutual funds (net)	93,885,338	(16,529,095)
Dividend income	3,734,412	6,548,945
Interest income	(38,059)	151,036
<b>Net cash (used in)/generated from investing activities (B)</b>	<b>92,448,156</b>	<b>(12,203,477)</b>
<b>(C) Cash flows from financing activities</b>		
Payment of interest and finance charges	(137,951)	(466,562)
Equity Dividend Paid	(30,000,000)	(100,000,000)
Redemption of Reference Share capital	(120,000,000)	-
Preference dividend paid	(600,000)	(1,800,000)
Preference & Equity dividend tax paid	(5,200,470)	(17,300,910)
<b>Net cash used in financing activities (C)</b>	<b>(155,938,421)</b>	<b>(119,567,472)</b>
<b>Net increase/(decrease) in cash and cash equivalent (A+B+C)</b>	<b>(264,206)</b>	<b>(5,922,598)</b>
Cash and cash equivalents as at beginning of the year	4,050,865	9,973,463
Cash and cash equivalents as at the end of the year	3,786,659	4,050,865
	<b>(264,206)</b>	<b>(5,922,598)</b>

**Note :**

- 1) Figures of Previous years have been regrouped wherever necessary.  
2) Cash and cash equivalents comprise of:

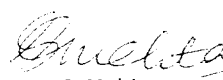
	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
Cash on hand	26,559	40,007	62,790
Cheques on hand	686,849	-	2,791,169
Balances with banks in			
Current Account	2,284,019	528,491	2,223,668
Deposit Account	478,417	2,932,499	4,372,961
Deposit Account (under lien)	310,815	549,868	522,875
	<b>3,786,659</b>	<b>4,050,865</b>	<b>9,973,463</b>

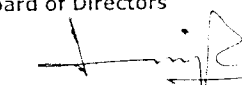
As per our attached report of even date  
For **Deloitte Haskins & Sells**  
Chartered Accountants

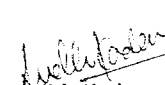
**Hemant M. Joshi**  
Partner

Pune : 10-05.2011

For and on behalf of Board of Directors

  
S. C. Mehta  
Director

  
Dr. T. K. Chatterjee  
Director

  
Sudhir Kadam  
Company Secretary

Mumbai : 10-05-2011

**Schedules forming part of the Balance Sheet as at**

Rupees	31 March 2011 Rupees	31 March 2010 Rupees
<b>Schedule - 1 : SHARE CAPITAL</b>		
<b><u>AUTHORISED :</u></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><u>ISSUED AND SUBSCRIBED</u></b>		
1,000,000 (Previous Year 1000,000) 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		
600,000 (Previous Year 1,800,000) 1% Cumulative Redeemable Preference Shares of Rs.100/- each, fully paid up	60,000,000	180,000,000
All the preference shares are held by Deepak Fertilisers and Petrochemicals Corporation Limited, the holding Company.		
The Preference Shares amounting to Rs.120,000,000 were redeemed during the year by creating Capital Redemption Reserve out of General Reserve and Profit & Loss Account.		
<b>Total</b>	<b>70,000,000</b>	<b>190,000,000</b>
<b>Schedule - 2 : RESERVES AND SURPLUS</b>		
<b><u>General Reserve :</u></b>		
Balance at the commencement of the year	62,942,000	54,452,000
Add: Transfer from Profit and Loss Account	9,140,000	8,490,000
Less : Transfer to Capital Redemption reserve	62,500,000	
	9,582,000	62,942,000
<b><u>Capital Redemption Reserve :</u></b>		
Balance at the commencement of the year	-	
Add: Transfer during the year		
Transfer from General Reserve	62,500,000	
Transfer from Profit & Loss Account	57,500,000	
	120,000,000	
<b><u>Revaluation Reserve :</u></b>		
Balance at the commencement of the year	116,811,184	130,043,249
Less : Transferred to Profit and Loss Account ( See Note No. III (2) to Schedule 14)	11,738,573	13,232,065
	105,072,611	116,811,184
Surplus in Profit and Loss Account	138,563,955	148,659,918
<b>Total</b>	<b>373,218,566</b>	<b>328,413,102</b>





**Schedules forming part of the Balance Sheet as at 31 March 2011**
**Schedule - 3 : FIXED ASSETS**

Assets	Gross Block ( At Cost / Revaluation)				Depreciation				Net Block (At Cost / Revaluation)	
	As at 1-Apr-10	As at 31-Mar-11	As at 1-Apr-10	As at 31-Mar-11	For the Year	Deductions	As at 31-Mar-11	As at 31-Mar-11	As at 31-Mar-11	As at 31-Mar-10
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Leasehold Land	314,912	314,912	-	-	-	-	-	314,912	314,912	314,912
Freehold Land	8,686,569	8,686,569	-	-	-	-	-	8,686,569	8,686,569	8,686,569
Buildings	28,722,035	28,722,035	-	9,432,160	1,773,938	-	11,206,098	17,515,937	19,289,875	19,289,875
Plant and Machinery *	534,743,978	535,587,560	47,900	266,363,383	30,969,510	24,094	297,308,799	238,278,761	268,380,595	268,380,595
Office Equipment	2,048,919	2,396,624	109,451	1,292,601	161,379	83,775	1,370,205	1,026,419	756,318	756,318
Furniture and Fixtures	371,907	349,864	22,043	277,629	44,244	22,043	299,830	50,034	94,278	94,278
Vehicles	891,490	882,515	8,975	360,615	110,462	7,461	463,616	418,899	530,875	530,875
Intangible Assets	-	1,998,000	-	-	1,368	-	1,368	1,996,632	-	-
<b>Total</b>	<b>575,779,810</b>	<b>578,938,078</b>	<b>188,369</b>	<b>277,726,388</b>	<b>33,060,901</b>	<b>137,373</b>	<b>310,649,916</b>	<b>268,288,162</b>	<b>298,053,422</b>	<b>298,053,422</b>
<b>Previous Year</b>	<b>570,832,383</b>	<b>575,779,810</b>	<b>-</b>	<b>245,353,774</b>	<b>32,372,614</b>	<b>-</b>	<b>277,726,388</b>	<b>298,053,422</b>	<b>298,053,422</b>	<b>298,053,422</b>

Capital Work in Progress (Including Capital Advances Rs Nil (Previous Year Rs. Nil))

**4,119,926**

\* 1. Refer Note 2 of Part III of Schedule 14

2. Includes assets held for disposal having gross block of Rs.21,282,293/- (Previous Year Rs. 9,662,829/-) and accumulated depreciation of Rs.20,219,223/- (Previous Year Rs. 9,179,438/-)

3. The depreciation for the year includes additional depreciation of Rs. 5,623,694 /- (Previous Year Rs.4,234,832/-) on assets held for disposal

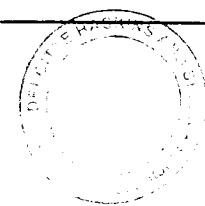


**Schedules forming part of the Balance Sheet as at**

Schedule - 4 : INVESTMENTS (AT COST)	Rupees	31 March 2011 Rupees	31 March 2010 Rupees
<b>Current Investments (Other than trade)</b> (at lower of cost or fair value)			
<b><u>EQUITY SHARES (QUOTED) :</u></b>			
943 Equity Shares of Punjab National Bank Limited of Rs. 10/- each fully paid up. (Market Value as on 31.03.2011 – Rs.1,143,576/- (Previous Year Rs. 955,023/-))		367,770	367,770
<b><u>MUTUAL FUND UNITS (UNQUOTED)</u></b>			
<b><u>Liquid Funds :</u></b>			
1. Birla Sun Life Savings Fund : Nil (P.Y. 2,483,390.007) units of Rs 10/- eac		-	24,850,787
2. HDFC Cash Mgmt Trsry Adv Plan Fund : Nil (P.Y.2,160,946.155 ) units of Rs 10/- each		-	21,677,531
3. ICICI Prudential Flexible Income Plan Premium : Nil (P.Y. 97,474.518) units of Rs 100/- each		-	10,307,164
4. ICICI Prudential FRP Plan C Premium : 119,484.972 (P.Y. Nil) units of Rs 100/- each		11,955,666	-
5. IDFC Money Manager Fund : Nil (P.Y. 1,670,672.555) units of Rs 10/- each		-	16,823,506
6. JM Money Manager Fund : Nil (P.Y. 2,525,614.651) units of Rs 10/- each		-	25,269,532
7. Kotak Floater Long Term : Nil (P.Y. 2,455,179.987) units of Rs 10/- each		-	24,747,723
8. Reliance Money Manager Fund : Nil (P.Y. 24,617.969) units of Rs 1000/- eac		-	24,639,774
9. Tata Floater Fund : 2,993,436.400 (P.Y. 1,642,668.239) units of Rs 10/- each		30,040,930	16,485,161
10. Templeton India Ultra Short and Fund Inst Daily Dividend : 2,999,951.182 (P.Y. Nil) units of Rs 10/- each		30,032,812	-
11. UTI Treasury Advantage Fund : Nil (P.Y. 24,675.427) units of Rs 1000/- each		-	25,519,752
		72,029,408	190,320,930
<b><u>Fixed Maturity Plans :</u></b>			
1. Kotak Quarterly Interval plan Series 10: 1,499,999.984 (P.Y. Nil) units of Rs. 100/- each		15,000,000	-
2. Birla Sunlife Short Term FMP Series 7 : 2,000,000(P.Y. Nil ) units of Rs 10/- ea		20,000,000	-
		-	-
<b><u>Short Term Funds :</u></b>			
1. Birla Sunlife Dynamic Bond Fund : Nil (P.Y. 502,310.803) units of Rs. 10/- eac		-	5,268,481
2. HDFC Short Term Fund : Nil (P.Y. 501,555.118) units of Rs 10/- each		-	5,301,743
		-	10,570,224
<b><u>Equity Fund :</u></b>			
1. Axis Equity Fund : 500,000.000 (P.Y. 500,000.000) units of Rs. 10/- each		5,000,000	5,000,000
		5,000,000	5,000,000
		112,029,408	205,891,154
<b>Total</b>		<b>112,397,178</b>	<b>206,258,924</b>

**NOTE :** Investments purchased and sold during the year :

	Face Value Rs. per unit	Number of units Purchased	Number of Units Sold
<b>a) Liquid Funds</b>			
1. Birla Sun Life Cash Plus Fund	10/-	7,777,205	7,777,205
2. Birla Sun Life Cash Manager Fund	10/-	7,748,996	7,748,996
3. Birla Sun Life Ultra Short Term Fund	10/-	1,353,679	1,353,679
4. Birla Sun Life Savings Fund	10/-	694,543	3,177,933
5. HDFC Liquid Fund – Daily Dividend	10/-	3,383,391	3,383,391
6. HDFC Cash Management Fund – Treasury Advant	10/-	1,107,169	3,268,115
7. IDFC Money Manager Fund – Treasury Plan A – De	10/-	3,286	1,673,959
8. ICICI Prudential Flexible Income Fund Premium	100/-	301,375	398,850
9. ICICI Prudential Liquid Super Institutional Fund	100/-	649,951	649,951
10. ICICI Prudential Floating Rate Plan B	100/-	200,326	200,326



**Schedules forming part of the Balance Sheet as at**

NOTE : Investments purchased and sold during the year :

	Face Value Rs. per unit	Number of units Purchased	Number of Units Sold
<b>a) Liquid Funds ( Continued )</b>			
11. ICICI Prudential Floating Rate Plan - C	100/-	336,355	216,870
12. UTI High Liquidity Fund	10/-	1,773,873	1,773,873
13. UTI Money Manager Fund Super Plus Plan	10/-	1,856,675	4,382,290
14. Kotak Liquid Inst Fund – Daily Dividend	10/-	1,046,862	1,046,862
15. Kotak Floater Long Term	10/-	1,533,131	3,988,311
16. Reliance Money Manager Fund	1000/-	200	24,818
17. SBI SHF Ultra Short term Fund – Retail Plan	10/-	251,591	251,591
18. SBI SHF Ultra Short term Fund – Instl Plan	10/-	5,534,332	5,534,332
19. SBI Magnum Insta Cash Fund	10/-	3,128,827	3,128,827
20. Tata Liquid Fund – Daily Dividend	1000/-	60,008	60,008
21. Tata Floater Fund	10/-	6,638,228	5,287,460
22. Templeton India TMA Fund Regular Plan	1000/-	1,653	1,653
23. Templeton India TMA Instl Plan – Daily Dividend	1000/-	27,086	27,086
24. Templeton India Ultra Short Bond Fund – Retail da	10/-	251,468	251,468
25. Templeton India Ultra Short Bond Fund – Inst daily	10/-	2,999,951	-
26. UTI Liquid Cash Fund Regular	1000/-	10,381	10,381
27. UTI Treasury Advantage Fund	1000/-	21,184	45,860
<b>b) Short Term Bond</b>			
1. Birla Sun Life Dynamic Bond Fund	10/-	11,144	513,455
2. HDFC Short Term Fund	10/-	8,116	509,671
<b>c) Floating Rate Funds</b>			
1. HDFC FRIF STP Fund	10/-	2,592,139	2,592,139
<b>d) Fixed Maturity Plans :</b>			
1. Kotak Quarterly Interval plan Series 10	10/-	1,500,000	-
2. Birla Sunlife Short Term FMP Series 7	10/-	2,000,000	-
Market value of current investments		<b>112,723,708</b>	<b>206,059,357</b>

**Schedule - 5 : INVENTORIES**

(at lower of Cost or Net Realisable Value)

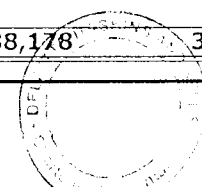
Stores and Spares (including catalyst, oils & chemicals)		27,443,653	35,709,936
<b>Stock-in-trade</b>			
Raw Materials (including Purchased Raw Materials in Transit Rs.9,542,472/- (Previous Year Rs.3,539,224 /-))*	16,815,540		9,057,861
Finished Stocks	1,870,650		2,235,473
		18,686,190	11,293,334
<b>Total</b>		<b>46,129,843</b>	<b>47,003,270</b>

\* Includes value of Raw Material and Work-in-Progress

**Schedule - 6 : SUNDRY DEBTORS**

(Unsecured, considered good unless otherwise stated)

<b>(a) Debts outstanding for a period exceeding six months</b>			
Considered good	789,748		4,839,843
Considered Doubtful	1,008,701		1,498,378
		1,798,449	6,338,221
<b>(b) Other Debts</b>			
Considered good	95,598,430		34,701,137
Considered Doubtful	-		-
		95,598,430	34,701,137
Less: Provision for Doubtful debt		1,008,701	1,498,378
<b>Total</b>		<b>96,388,178</b>	<b>39,540,979</b>



Schedules forming part of the Balance Sheet as at

	31 March 2011 Rupees	31 March 2010 Rupees
<b>Schedule - 7 : CASH AND BANK BALANCES</b>		
Cash on Hand	26,559	40,007
Cheques on Hand	686,849	-
Bank balances with scheduled banks :		
(i) In current accounts	2,284,019	528,491
(ii) In deposit accounts (includes margin money deposit of Rs. 310,815/- under lien (P.Y. Rs.549,868/-))	789,232	3,482,367
<b>Total</b>	<b>3,786,659</b>	<b>4,050,865</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	4,683,169	5,642,012
Electricity and other Deposits	15,157,037	14,058,543
Sales Tax/Excise paid under protest	4,825,043	4,781,483
Service Charges Receivable	-	953,078
Prepayments and Others (including interest accrued Rs.138,472/- (Previous Year-Rs.112,478/-))	2,228,927	1,558,004
	26,894,176	26,993,120
Balances with Customs and Excise authorities	2,057,733	1,367,414
Advance Taxes (net of provisions)	5,804,084	5,610,341
<b>Total</b>	<b>34,755,993</b>	<b>33,970,876</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	30,224,165	19,645,583
	30,224,165	19,645,583
Other Liabilities	3,792,338	2,669,080
Advances received from Customers	10,348,723	11,183,518
	<b>44,365,226</b>	<b>33,498,181</b>
<b>PROVISIONS :</b>		
For Staff Benefit Schemes		
Gratuity	4,637,621	4,241,335
Leave Encashment	1,497,152	1,042,437
	6,134,773	5,283,772
For Income Tax (net of advance tax)	4,607,361	823,897
Proposed dividend on Equity Shares	30,000,000	30,000,000
Proposed dividend on Preference Shares (Refer Note III (11) of Schedule 14)	-	600,000
Corporate Dividend Tax	4,866,750	5,200,470
	<b>45,608,884</b>	<b>41,908,139</b>
<b>Total</b>	<b>89,974,110</b>	<b>75,406,320</b>



**Schedules forming part of the Profit and Loss Account for the year ended**

	Rupees	<u>01.04.2010</u> <u>31.03.2011</u> Rupees	01.04.2009 31.03.2010 Rupees
<b>Schedule - 10 : OTHER INCOME</b>			
Dividend Income on current investments		3,734,412	6,548,945
Service Charges Received		-	24,632,920
Interest on Bank Deposits and Others (Tax deducted at source Rs.16,366 Previous Year – Rs.88,958/-)		834,272	924,495
Profit on Sale/redemption of Investments		23,592	85,861
Discount Received		295,782	222,703
Excess provisions written back		1,559,768	557,094
Other Income		565,943	377,980
<b>Total</b>		<b>7,013,769</b>	<b>33,349,998</b>
<b>Schedule - 11 : (DECREASE)/INCREASE IN STOCKS OF FINISHED GOODS</b>			
Stocks as at 31st March, 2011/2010			
Finished Stocks:			
Manufactured Products	1,870,650		2,235,473
Traded Goods	-		-
		1,870,650	2,235,473
Stocks as at 1st April, 2010/2009			
Finished Stocks:			
Manufactured Products	2,235,473		1,555,469
Traded Goods	-		-
		2,235,473	1,555,469
Decrease/(Increase) in Excise Duty on Stock of Finished Goods		34,070	(66,064)
<b>(Decrease)/Increase</b>		<b>(330,753)</b>	<b>613,940</b>
<b>Schedule - 12 : MANUFACTURING AND OTHER EXPENSES</b>			
1) Raw Materials Consumed		349,722,303	255,236,209
2) Packing Materials Consumed		7,992,530	5,761,752
3) Power and Fuel		52,364,710	42,221,714
4) Payments to and Provisions for Employees			
(a) Salaries, Wages and Bonus	24,814,768		35,702,890
(b) Contribution to Provident and Other Funds	1,235,938		1,825,261
(c) Provision for Gratuity	1,075,544		1,120,825
(d) Staff Welfare Expenses	1,762,918		1,783,389
		28,889,168	40,432,365
5) Operating and Other Expenses			
(a) Stores and Spares Consumed	20,825,263		7,726,625
(b) Catalyst, Oils and Chemicals Consumed	6,465,045		3,635,041
(c) Repairs and Maintenance			
To Plant and Machinery	4,710,351		2,146,238
To Building	777,374		924,168
To Others	760,030		1,161,156
		6,247,755	4,231,562
(d) Insurance	1,223,316		1,058,580
(e) Rent	66,825		109,100
(f) Rates, Taxes and Duties	321,171		338,274
(g) Legal and Professional Fees	3,442,842		5,530,956
(h) Travelling and Conveyance	811,601		757,105
(i) Postage, Telephone and Printing and Stationery	645,701		974,364
(j) Director sitting fees	180,000		165,000
(j) Freight and Forwarding Charges	1,751,875		951,635
(k) Provision for Doubtful Debts	271,973		241,336
(l) Foreign Exchange Loss	328,854		426,971
(m) Miscellaneous Expenses	3,899,349		4,199,105
		46,481,570	30,345,654
		485,450,281	373,997,694
<b>Total</b>		<b>485,450,281</b>	<b>373,997,694</b>
<b>Schedule - 13 : INTEREST AND OTHER FINANCIAL CHARGES</b>			
(a) Other Financial Cost		137,951	466,562
<b>Total</b>		<b>137,951</b>	<b>466,562</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 result 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.
- (iv) 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 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 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". 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.

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 "Accounting for leases". Operating Lease payments are recognized 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, '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.

### III. NOTES TO FINANCIAL STATEMENTS

#### 1. Contingent Liabilities:

	31 March 2011	31 March 2010
	(Rs.)	(Rs.)
Claims against the company not acknowledged as debts	40,000	40,000
<b>Taxes and duties disputed in appeal:</b>		
- Excise	1,783,548	1,783,548
- Sales Tax	4,721,955	4,715,594
- Income Tax	1,138,975	1,245,161

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 at 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.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.

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

Sr No.	Particulars	31 March 2011	31 March 2010
a)	Profit after tax (Rs.)	91,410,787	84,872,449
b)	Less: Dividend on preference shares (including corporate dividend tax)	-	701,970
c)	Profit attributable to Equity Shareholders (Rs.)	91,410,787	84,170,479
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)	91.41	84.17

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 2011	31 March 2010
	(Rs.)	(Rs.)
Current Tax	48,500,000	43,500,000
Deferred Tax	(4,692,623)	(4,351,250)
Fringe Benefit Tax	-	-
Wealth Tax	112,000	128,000
<b>GRAND TOTAL</b>	<b>43,919,377</b>	<b>39,276,750</b>

**(b) Deferred Income Tax**

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

Particulars	31 March 2011 (Rs.)	31 March 2010 (Rs.)
Depreciation	35,333,642	39,734,769
Expenditure allowable on payment basis	(2,325,313)	(1,871,160)
Provision for Doubtful Debts	(335,066)	(497,723)
<b>Net deferred tax liability for the year</b>	<b>32,673,263</b>	<b>37,365,886</b>

**5. Related party disclosures**

Following are the transactions with related parties

	Holding Company	Key Management personnel	Total
Purchase of goods	5,332,515 (77,964,475)	- (-)	5,332,515 (77,964,475)
Reimbursement of Services	15,696 (-)	- (-)	15,696 (-)
Sale of Goods and Services	- (28,545,254)	- (-)	- (28,545,254)
Remuneration	- (-)	53,847 (434,808)	53,847 (434,808)
Purchase of Fixed Assets	1 (-)	- (-)	1 (-)
Preference Dividend	- (600,000)	- (-)	- (600,000)
Redemption of Preference Share Capital	120,000,000 (-)	- (-)	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 (724,795)	(-) (-)	7,997 (724,795)
Balance receivable at the year end	- (970,771)	- (-)	- (970,771)

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

Key Management Personnel - S. Rajareddy ( previous year K. S. Gopalakrishnan)

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

a) Quantitative details

Particulars	Unit	31 March 2011			31 March 2010		
		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. (on 100% concentration basis)	MT	32,400	36,900	-	32,400	36,900	-
Opening stock	MT	54.79	129.40	-	193.39	11.05	-
	RS	321,460	1,914,013	-	1,370,430	185,039	-
Production/purchases	MT	47,030.00	33,042.00	-	26,089.27	24,515.5	-
Captive consumption	MT	43,201.82	-	-	22,607.61	-	-
Sales (Gross including Excise Duty/CVD)	MT	3,758.34	33,098.50	-	3,620.26	24,397.15	-
	RS	38,431,968	662,661,300	-	32,737,964	492,049,286	-
Closing stock	MT	124.63	72.9	-	54.79	129.4	-
	RS	759,060	1,111,590	-	321,460	1,914,013	-

Notes: 1) The above does not include the sale of Raw material and Others Rs. Nil  
(Previous year Rs. 1,052,511)

2) Installed capacities are as certified by the management.

WNA = Weak Nitric Acid

AN = Ammonium Nitrate

3) Quantity details for WNA are at 60% concentration.

b) Raw Materials Consumed

Particulars	31 March 2011		31 March 2010	
	Quantity MT	Value (Rs.)	Quantity MT	Value (Rs.)
Ammonia	15,573.65	334,219,396	8,669.48	150,930,135
AN melt	667.67	10,357,012	7,452.14	100,464,362
Others	*	5,145,895	*	3,847,712
<b>Total</b>		<b>349,722,303</b>		<b>255,236,209</b>

\* not quantifiable

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

Particulars	31 March 2011 (Rs.)	31 March 2010 (Rs.)
Salaries and allowances	51,408	434,808
Contribution to Provident Fund	2,439	-
<b>Total</b>	<b>53,847</b>	<b>434,808</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 2011 (Rs.)	31 March 2010 (Rs.)
Audit fees	800,000	800,000
Tax audit fees	100,000	100,000
As advisers' or in any other capacity in respect of:	175,000	700,000
Taxation matters		
Out of Pocket Expenses	29,570	23,721
<b>Total</b>	<b>1,104,570</b>	<b>1,623,721</b>

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

Particulars	31 March 2011 (Rs.)	31 March 2010 (Rs.)
Raw Materials	85,411,160	64,992,573
Spares & Stores	911,384	-
<b>Total</b>	<b>86,322,544</b>	<b>64,992,573</b>

- f) Payment in Foreign Currency (Cash Basis)

Particulars	31 March 2011 (Rs.)	31 March 2010 (Rs.)
Supervision Charges	2,610,099	-

- g) Raw materials consumed:

Particulars	31 March 2011		31 March 2010	
	Value (Rs)	%	Value (Rs)	%
Indigenous	249,594,061	71.36	164,505,884	64.45
Imported	100,128,242	28.64	90,730,325	35.55
<b>Total</b>	<b>349,722,303</b>		<b>255,236,209</b>	

- h) Stores and Spares Consumed:

Particulars	31 March 2011		31 March 2010	
	Value (Rs.)	%	Value (Rs.)	%
Indigenous	9,965,442	47.85	7,726,625	100
Imported	10,859,821	52.15	-	-
<b>Total</b>	<b>20,825,263</b>		<b>7,726,625</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. 970,771/- (Previous Year – Rs. 11,650,897).

## 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 recognized, in the profit and loss account for the year ended 31.03.2011, an amount of Rs.1,334,743/- expenses under defined contribution plans.

Benefit (contribution to)	Amount Rs.
- Provident Fund	678,293
- Employees Pension Scheme	656,450
<b>Total</b>	<b>1,334,743</b>

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

Description	31.03.2011	31.03.2010
<b>1. Reconciliation of opening and closing balances of Obligation</b>		
a. Obligation as at 01.04.2010 / 01.04.2009	4,241,335	3,186,617
b. Current Service Cost	359,503	329,726
c. Past Service Cost	321,276	-
d. Interest Cost	312,136	254,929
e. Actuarial (gain)/Loss	82,629	536,170
f. Benefits paid	(679,258)	(66,107)
g. Obligation as at 31.03.2011 / 31.03.2010	4,637,621	4,241,335
<b>2. Expenses recognized in the period</b>		
a. Current Service Cost	359,503	329,726
b. Past Service Cost	321,276	-
c. Interest Cost	312,136	254,929
d. Actuarial (gain)/Loss	82,629	536,170
e. Expense recognized in the period	1,075,544	1,120,825
<b>3. Assumptions</b>		
a. Discount rate (per annum) on 01.04.2010 / 01.04.2009	8.00%	8.00%
b. Discount rate (per annum) on 31.03.2011 / 31.03.2010	8.30%	8.00%

4. Other disclosures	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Particulars					
a. Experience adjustments on Plan Liabilities	136,788	*	*	*	*
b. Experience adjustments on Plan Assets	-	-	-	-	-
c. Defined Benefit Obligation at the end of the period	4,637,621	4,241,335	3,186,617	2,752,442	2,524,000
d. Plan Assets at the end of the period	-	-	-	-	-
e. Funded Status	(4,637,621)	(4,241,335)	(3,186,617)	(2,752,442)	(2,524,000)

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

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        |
| <b>The total of (i) &amp; (ii)</b>   | <b>Nil</b> |
| 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 2011 (net of advances Rs. Nil/- (P.Y. Rs. Nil /-)) is Rs. 7,312,764/- (P.Y. Rs. Nil /-).

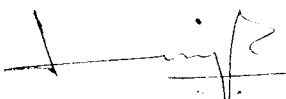
- 11.** The company has issued 1% Cumulative Redeemable Preference Share amounting to Rs. 18 crores divided into 1,800,000 shares of Rs. 100/- each on 16.05.2000, which was redeemable after 12 years from the date of issue. The company redeemed preference share capital amounting to Rs. 12 Crores on 20.04.2010 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 out of Profit and Loss account.

The company has proposed to redeem balance of preference shares amounting to Rs.6 crores on 10.05.2011 out of the internal funds. Hence no provision is made for dividend to preference shareholders.

- 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.



**S. C. Mehta**  
Director



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



**Sudhir Kadam**  
Company Secretary

Place: Mumbai

Date: **10.05.2011**



