



SMARTCHEM TECHNOLOGIES LIMITED

26th Annual Report

2012-13

Board of Directors

Shri S. C. Mehta

Dr. T. K. Chatterjee

Shri S. R. Wadhwa

Shri R. Sriraman

Shri M. P. Shinde (w.e.f. 4th April, 2013)

Registered Office & Plant

Village Ponnada,

Etcherla Mandalam,

Srikakulam,

Andhra Pradesh – 532 408.

Tel : 08942 – 271391, 270726

Fax: 08942 - 271392.

Manager

Shri Bhaskar Pai

Bhagwati Division

Village Khattalwada,

Sanjan (Western Railway),

Taluka Umbergaon,

Dist. Valsad, Gujarat – 396 120.

Company Secretary

Shri Siddharth Vaidya

Bankers

State Bank of India

Axis Bank Limited

Corporate Office

Deepak Complex,

Opp. Golf Course,

Shastri Nagar, Yerawada,

Pune – 411 006.

Tel : 020 - 6645 8000

Fax : 020 - 2668 3722

Auditors

Deloitte Haskins & Sells

NOTICE

NOTICE is hereby given that Twenty Sixth Annual General Meeting of the members of SMARTCHEM TECHNOLOGIES LIMITED will be held on Tuesday, 25th June, 2013 at 11.00 a. m. at the Registered Office of the Company at Village – Ponnada, via Bonthalakoduru, Srikakulam, Andhra Pradesh 532 408 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2013 and the Statement of Profit and Loss for the financial year ended on that date together with the Directors' Report and the Auditors' Report thereon.
2. To declare a dividend on Equity Shares for the financial year ended 31st March, 2013.
3. To appoint a Director in place of Shri. S. R. Wadhwa, 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. M. P. Shinde, 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 Bhaskar S. Pai as Manager of the Company for the period of one year with effect from 23rd March, 2013 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed herewith.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to alter or vary the terms and conditions of the appointment including remuneration, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956 or any statutory modifications or re – enactment thereof for the time being in force and also to do such acts, deeds, matters and things as may be necessary, desirable or expedient to give effect to this resolution."

By the order of the Board of Directors,


Siddharth Vaidya
Company Secretary

Place: Mumbai
Date: 30th May, 2013

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 25th June, 2013 being the Record Date to determine entitlement of members to attend and vote at the AGM and for payment of dividend, if any.
4. Members are requested to intimate the Company change in their address, if any, with Pin Code number, quoting Registered Folio Number.

Annexure to the Notice

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

Item No. 5

Shri M. P. Shinde was appointed by the Board of Directors as an Additional Director of the Company at its meeting held on 4th April, 2013. In terms of the provisions of Section 260 of the Companies act, 1956, Shri M. P. Shinde 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 Madhumilan Shinde as a candidate for the office of Director, liable to retire by rotation.

Shri M. P. Shinde has done M. Sc. (Physics) and completed Post Graduate Diploma in Industrial Safety and Post Graduate Diploma in Ecology & Environment. He has a rich experience of over 30 years.

The Board of Directors is of the view that the services of Shri M. P. Shinde 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 M. P. Shinde is concerned or interested in the resolution.

Item No. 6

The Board of Directors, at its meeting held on 4th April, 2013, re-appointed Shri Bhaskar S. Pai as the Manager of the Company for the period of one year with effect from 23rd March, 2013, subject to the approval of the members. The terms and conditions of the appointment of Shri Bhaskar S. Pai are as under:

Tenure of Office: One year with effect from 23rd March 2013.

Basic Salary:	Rs. 96,100/- per month
House Rent Allowance:	Rs. 64,500/- per month
Special Allowance:	Rs. 9,167/- per month
Ex-gratia:	Rs. 9,610/- per month

Perquisite:	
Medical Allowance:	Rs. 15,000/- per annum
Leave Travel Allowance:	Rs. 3,000/- per annum
Child Education Allowance:	Rs. 2,400/- per annum

Other benefits:

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

Other terms and Conditions:

1. During the period of employment of Shri Bhaskar Pai with the Company or at any time thereafter except in the course of performance of his duties in the Company's services, he shall not use, divulge or disclose any information to any person / association / agency / company / authority any of the secrets concerning affairs of the Company and / or the business of the Company which he may have access to by the reason of or during the course of his employment with the Company.
2. His appointment including remuneration has been made in compliance with the provisions of the Companies Act, 1956 and Schedule XIII to the Act.
3. He will abide by the rules and regulations of the Company in force from time to time.

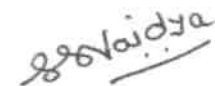
Shri Bhaskar S. Pai satisfies all the conditions set out in Part I of Schedule XIII to the Companies Act, 1956 for being eligible for the appointment.

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

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

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

By the order of the Board of Directors,



Siddharth Vaidya
Company Secretary

Place: Mumbai
Date: 30th May, 2013

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty Sixth Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2013.

FINANCIAL RESULTS

The summarised financial results are as under:

<u>Financial Year</u>	<u>2012-13</u>	<u>(Rupees in Lacs)</u>	
		<u>2012-13</u>	<u>2011-12</u>
Income (Gross)	6,396.02		7,698.63
Profit Before Tax (PBT)	7.22		948.93
Less:			
a) Provision for Income Tax	7.00		333.00
b) Provision for Deferred Tax	(5.21)		(45.39)
c) Provision for Fringe Benefit Tax	-		-
Profit After Tax (PAT)	5.43		661.32
Add: Balance brought forward	1,005.94	1,385.64	
Less: Transfer to Capital Redemption Reserve	-	1,005.94	510.00
			875.64
Profit available for appropriation	1,011.37		1,536.96
Appropriations:			
- Transfer to General Reserve	0.54		66.13
- Proposed Dividend on Pref. Shares	-		-
- Proposed Dividend on Equity Shares	100.00		400.00
- Corporate Dividend Tax	16.99		64.89
Surplus carried to Balance Sheet	893.84		1,005.94

DIVIDEND

Considering the performance of the Company, your Directors recommend dividend @100% i.e. Rs.10/- per equity share on 10,00,000 Equity Shares of Rs. 10/- each for the year ended 31st March, 2013 to be paid partly from the profit of the current financial year and partly from the accumulated profits earned in previous years by the Company. The proposed Equity Dividend (including Corporate Dividend Tax) will absorb Rs. 116.99 Lacs (including Corporate Dividend Tax of Rs. 16.99 Lacs).

OPERATIONS AND FUTURE OUTLOOK

During the year under review, your Company has achieved Gross Sales of Rs. 6,289.29 Lacs as against Rs. 7,633.61 Lacs for the previous year. Total production of Ammonium Nitrate during the year under review decreased to 20,389 MT as compared to 30,655 MT in the previous year. Similarly, the total production of Weak Nitric Acid (on 60% basis) decreased to 33,261.93 MT as compared to 43,783 MT in the previous year. At Srikakulam Plant, capacity utilisation of Ammonium Nitrate was 63% and that of Weak Nitric Acid at 62%.

During the year under review, import prices of Ammonia went up from 503 USD in April, 2012 to 765 USD in November, 2012 and subsequently came down to 618 USD in March, 2013. However, with innovative sourcing from dealers in Western India and a manufacturer from Eastern India developing a fleet of committed road transporters, the Company could capitalize on comparative lower Ammonia prices prevailing in various parts of the country thereby minimise the impact of increase in import prices.

Your Company has completed the erection of dedicated feeder. New Dedicated Feeder line was charged in April, 2012 and its performance is being observed. For power purchases, ABT Meters were procured, tested and calibrated at ETDC, Hyderabad and due for erection. Your Company has completed all the formalities regarding power purchase from Energy Exchange through Tata Power.

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

DIRECTORS

Shri V. Kishore Kumar has resigned as a Director of the Company with effect from 4th April, 2013. Consequent upon his resignation, he also ceased to be an Occupier of the Company. The Board wishes to place on record its deep appreciation for the services rendered by him during his association with the Company.

Shri M. P. Shinde was appointed as an Additional Director of the Company w.e.f. 4th April, 2013. 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

The Board has re-appointed Shri Bhaskar S. Pai as Manager of the Company under the provisions of the Companies Act, 1956 for a period of one year with effect from 23rd March, 2013, subject to approval of the Members at the ensuing Annual General Meeting.

AUDIT COMMITTEE

The Audit Committee was constituted on 31st March, 2001. During the year under review, five Audit Committee meetings were held on 17th May, 2012, 19th June, 2012, 25th July, 2012, 30th October, 2012 and 22nd January, 2013.

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, 2013 and of the Profit of the Company for the year ended on that date;
- 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 2013-14 will be within the limit prescribed under Section 224 (1B) of the Companies Act, 1956. The Board of Directors recommends their re-appointment.

COMPLIANCE CERTIFICATE

Pursuant to the proviso to sub-section (1) of Section 383A of the Companies Act, 1956, compliance certificate obtained from a secretary in whole-time practice has been enclosed with the report and forms part of the report.

PERSONNEL

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

INDUSTRIAL RELATIONS

Industrial Relations remained cordial during the year under report.

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

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

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board,

Place: Mumbai
Date: 30th May, 2013


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 in the year 2012-13.

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

- i) Proposed to install the Automatic Power Factor Controllers for the improvement in the Power factor from 0.95 to 0.99 for reducing the power consumption.
- ii) Proposed to replace about 30 no. of 250 W rating street lights and plant lights with 90 W rating LED lights for reducing the Power consumption.
- iii) Proposed to replace low energy efficient motors with Premium rating motors for reducing the power consumption.
- iv) Insulation for the steam lines and condensate lines will be improved to reduce the steam loses and there by utilizing the surplus steam for the evaporation of Vapor Process Condensate from AN plant to produce AN lumps.

(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

- a) There is no impact on the cost of production of goods in the year 2012-13 as there are no new measures taken for conservation of energy in this year.
- b)
 - i) After the increase of Power factor from 0.95 to 0.99 with the installation of Automatic Power Factor Controllers with about Rs. 10 Lacs, the cost of power bills will be reduced and there will be a net savings by an amount of about Rs. 7.0 Lacs in 2013-14.
 - ii) With the installation of 30 no. of LED lights with an investment of about Rs. 3.0 Lacs, the total savings in power consumption will be an amount of Rs. Rs. 1.25 Lacs in 2013-14.
 - iii) After the replacement of Low energy efficient motors with an investment of about Rs. 5.0 Lacs, the net savings in Power consumption is expected by an amount of Rs. 2.5 Lacs in 2013-14.

- iv) After the completion of hot insulation, the net steam increase is expected to about 1.0 MT/hr and by using this surplus steam, the additional recovery of AN lumps will be about 2.0 MT/month which is equivalent to about Rs. 6.0 Lacs in 2013-14.

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

FORM A

Disclosure of particulars with respect to Conservation of Energy

Power & Fuel Consumption	Units	Current Year 2012-13	Previous Year 2011-12
1. Electricity			
a) Purchased units			
From APEPDCL	'000 KWH	5,835.187	11,097.35
Total Amount	Rs. in Lacs	346.079	517.80
Rate per unit	(Rs. / KWH)	5.93	4.67
From TPTCL	'000 KWH	2,523.560	---
Total Amount	Rs. in Lacs	203.928	---
Rate per unit	(Rs. / KWH)	8.08	---
b) Own Generation from Diesel Generator sets.	KWH	23,351	---
2. Furnace Oil			
Quantity	KL	56.36	47.72
Total Amount	Rs. in Lacs	33.42	23.61
Average Rate	(Rs. / KL)	59,297	49,476
3. Light Diesel Oil			
Quantity	KL	NA	NA
Total Amount	Rs. in Lacs	NA	NA
Average Rate	(Rs. / KL)	NA	NA
4. High Speed Diesel Oil			
Quantity	KL	29.60	28.60
Total Amount	Rs. in Lacs	14.55	12.87
Average Rate	(Rs. / KL)	49,140	45,000

Consumption per unit of production

	Units	Current Year 2012-13	Previous Year 2011-12
1. Ammonium Nitrate			
Electricity	KWH / MT	145	125
Light Diesel Oil	KL / MT	NA	NA
Furnace Oil	KL / MT	1.380	0.778
2. Weak Nitric Acid			
Electricity	KWH / MT	275	277
Furnace Oil	KL / MT	0.847	0.540

B. TECHNOLOGY ABSORPTION

FORM B

Disclosure of particulars with respect to Absorption

RESEARCH AND DEVELOPMENT (R&D)

(A) Specific areas in which R&D carried out by the Company	Nil
(B) Benefits derived as a result of the above R&D	Nil
(C) Future plan of action	Nil
(D) Expenditure on R&D	
- Capital	Nil
- Recurring	Nil
- Total	Nil
- Total R&D Expenditure as a percentage of Total Turnover	Nil

