

CHEMCEL BIO-TECH LIMITED

15TH ANNUAL REPORT

2009-10

CHEMCEL BIO-TECH LIMITED

15TH ANNUAL REPORT

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CHEMCEL BIO-TECH LIMITED
15TH ANNUAL GENERAL MEETING

BOARD OF DIRECTORS

Shri K. Balakrishna Rao	-	Director
Shri K. T. Vijay Kumar	-	Managing Director
Shri K. C. S. Prasad	-	Director – Production
Shri Ch.V.Varaprasad Rao	-	Executive Director
Shri P. Narasimha Murthy	-	Independent Director
Shri K. Sri Hari Rao	-	Independent Director
Shri D. Sankar	-	Independent Director

AUDIT COMMITTEE

Shri D Shankar	-	Chairman
Shri P. Narasimha Murthy	-	Member
Shri K. Sri Hari Rao	-	Member

REMUNERATION COMMITTEE

Shri D Shankar	-	Chairman
Shri P. Narasimha Murthy	-	Member
Shri K. Sri Hari Rao	-	Member

COMPANY SECRETAR	-	S.Rahmatullah
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REGISTERED OFFICE:

CHEMCEL BIO-TECH LIMITED
 #. 16-130/12, JRD TATA Industrial Estate
 Auto Nagar, 3rd Cross Road Extension
 Kanuru, Vijayawada – 520 007.
 Ph: (0866) 2544996 Fax: (0866) 2545437; 2545243
 E-mail: info@chemcelbiotechltd.com

AUDITORS:

T. Nehru, Chartered Accountant
 # 59-4-2/2, 3RD Cross, Ashok Nagar,
 Mogalrajpuram
 Vijayawada- 520010

BANKERS:

Corporation Bank
 D.No.40-9-76/B, Avr Arcade, Sai Nagar, Benz Circle,
 Vijayawada, Andhra Pradesh - 520008
 Kotak Mahendra Bank Limited
 40-1-48/1, M.G.Road, Labbipet
 Vijayawada-520010

SHARE AND DEPOSITORY TRANSFER AGENTS

M/s. Bigshare Services Private Limited
 E 2/3, Ansa Industrial Estate, Saki vihar road
 Sakinaka, Andheri (east), Mumbai-72

LISTING OF EQUITY SHARES: - Bombay Stock Exchange Limited (BSE)-Mumbai

NOTICE

Notice is hereby given that the 15th Annual General Meeting of the members of M/s Chemcel Biotech Limited will be held on Friday, the 24th day of September 2010 at 4.00 PM at 'Siver Spoon Conference Hall', 59A-8-12B, Gurunanak Colony Road, Teachers colony, Vijayawada 520 008 to transact the following items of business:

ORDINARY BUSINESS

1. To Receive, Consider and Adopt the Audited Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010, together with the reports of the Directors and Auditors' thereon.
2. To appoint a Director in the place of Shri K. Balakrishna Rao, who retires by rotation and being eligible offers him self for re-appointment.
3. To appoint a Director in the place of Mr. D. Shankar who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Shri.T.Nehru, Chartered Accountant, Vijayawada as Statutory Auditor of the company to hold office from conclusion of this Annual General Meeting till conclusion of the next Annual General Meeting and authorize Board of Directors of the company to fix the remuneration.

SPECIAL BUSINESS

5. To appoint Shri. Ch. V. Varaprasad Rao as Director

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

"RESOLVED THAT Shri. Ch. V. Varaprasad Rao, who was appointed as an Additional Director of the Company pursuant to Section 260 and other applicable provisions of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose office is liable to retire by rotation.

6. To ratify the appointment of Shri. Ch.V.Varaprasad Rao who was appointed as an Executive Director.

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310& 311, Schedule XIII and all other applicable provisions if any of the Companies Act, 1956, the consent of the Company be and is hereby accorded to ratify the appointment of Shri. Ch. V. Varaprasad Rao as Wholetime Director designated as Executive Director of the Company with effect from 31.01.2010 for a period of 2 years at the following remuneration package:

- i) Salary: Rs.45,000/- per month
- ii) Perquisites: In addition to salary, Shri. Ch. V. Varaprasad Rao is entitled to the following perquisites, classified into three categories

CATEGORY (A)

1.Housing

Rent free furnished accommodation value not exceeding @ 15% of the salary over and above Ten percent of the salary payable by Ch. V. Varaprasad Rao or House Rent Allowance @ 15% of the salary

2.Medical Reimbursement

1-month salary per annum for self and family

3.Leave Travel Concession

For self and family, value not exceeding one month salary per annum

4.Club Fees

Fees of clubs shall be reimbursed subject to a maximum of two clubs. Admission fee or life member fee shall not be reimbursable.

5.Insurance

Insurance and/or Accident Insurance, premium not to exceed half month Basic Salary.

Explanation

Family means the spouse, dependent children and dependent parents for the above purpose

CATEGORY (B)

- 1.Company's contribution for provident Fund, Superannuating Fund, Annuity Fund to the extent not taxable either singly or put together as per Income-Tax Act,1961.
 - 2.Gratuity is payable at a rate not exceeding Half Month salary for each completed year of service and
 - 3.Encashment of earned leave at the rate of 30 days per annum at the end of the tenure.
- The above will not be included in the computation of the ceiling on perquisites.

CATEGORY C

- 1.Provision for car with driver for use on Company's business and mobile phone and telephone at residence and reimbursement of expenditure incurred on traveling, entertainment, etc. These will not be considered as perquisites.
- 2.Use of car for private purposes and personal long distance calls on telephone will be billed by the Company.

Notwithstanding anything contained herein above, wherein any financial year during the currency of tenure of the Executive Director, the Company has no profits or its profits are inadequate, it may still pay as remuneration by way of salary, perquisites any other allowances not exceeding the ceiling as specified in schedule XIII, as minimum remuneration in addition to the following perquisites which shall not be included in the computation of the ceiling of remuneration specified herein above.

- a.) Contribution to Provident Fund, Superannuating Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-Tax Act,1961.
- b) Gratuity is payable at a rate not exceeding Half Month salary for each completed year of service and
- c) Encashment of earned leave at the end of the tenure.

By order of the Board of Directors

Sd/-

Place: Vijayawada

Date : 09.08.2010

K. T.Vijaya Kumar
Managing Director

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Register of members of the Company and Share Transfer Books will remain closed from Monday, the 20th day of September 2010 to Friday, the 24th day of September 2010 (both days inclusive).
3. Members are requested to notify immediately any change in their address to the share transfer agents and incase their shares are held in dematerialized form, this information should be passed on to their respective depository participants with out delay.
4. Members who have multiple accounts are requested to intimate to the company, the folios of such accounts, to enable the company to consolidate all their share holdings in to one account.
5. Members who hold shares in dematerialized form are requested to bring their client ID and DP IDs for easier identification of attendance at the meeting.
6. Pursuant to the requirements of the listing agreement of stock exchanges, the information of the directors proposed to be appointed or Re-appointed is given in the annexure to the notice.
7. Members/proxies are requested to bring their copies of Annual Report and the attendance slip duly filled in for attending the meeting. Copies of the Annual Reports will not be provided at the meeting.
8. Members desiring any information as regards accounts are requested to write to the Company at least seven days before the date of the meeting to enable the management to keep the information ready at the meeting.

ANNEXURE TO THE NOTICE - EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of Companies Act, 1956)

Item No 5:

Shri Ch.V.Varaprasad Rao was appointed as an additional director by the Board with effect from 31st January 2010.

In terms of Section 260 of The Companies Act, 1956 and Articles of Association, Shri Ch.V.Varaprasad Rao holds office as Director only till the date of the forthcoming Annual General Meeting. Notice has been received from member as required by Section 257 of the Act, signifying his intention to propose the candidature of Shri Ch.V.Varaprasad Rao for the office of Director.

Shri Ch.V.Varaprasad Rao, aged about 58 years, is a qualified B.Sc., and is well versed in the fields of Administration and HR. He is not a director in any other Company incorporated in India. He holds 100 equity shares of the Company in his name as on 31st March 2010.

None of the Directors other than Shri Ch.V.Varaprasad Rao is interested in the respective Resolution.

Item No 6:

Shri Ch.V.Varaprasad Rao, Additional Director was appointed as a Whole time Director designated as Executive director of the Company in the Board Meeting held on 31st January, 2010.

Shri Ch.V.Varaprasad Rao, aged 58 years is well versed in the fields of Administration and HR and is not a director in any other Companies.

The Board appointed Sri Ch.V.Vara Prasad Rao as Whole time Director designated as Executive Director subject to approval of shareholders for a period of two years effective from 31.01.2010. As per the provisions of Section 198,269, 309,310,311 read with Schedule XIII approval of shareholders is required for appointment and fixation of remuneration to the Wholetime Director. Hence the resolution is recommended.

None of the Directors other than Shri Ch.V.Varaprasad Rao is interested in the respective Resolution.

By order of the Board of Directors

Sd/-

Place: Vijayawada

Date : 09.08.2010

K.T Vijaya Kumar
Managing Director

DIRECTORS' REPORT

Dear Members
M/s Chemcel Bio-tech Limited

Your Directors are pleased to present herewith the Fifteenth Annual Report on the business and operations of the Company together with Audited Statement of Accounts for the year ended 31st March 2010. The highlights for the year under review are follows: -

1. FINANCIAL INFORMATION:

The performance of the Company during the period under review is summarized below: -

(RS.IN LAKHS)

PARTICULARS	2009-10	2008-09
Net Sales	4576.40	3518.78
Other Income	-	-
Interest and Financial charges	98.90	116.25
Depreciation	8.88	9.50
Profit/(Loss) before taxes	178.52	175.19
Provision for taxes	41.40	43.88
Profit / (Loss) carried to Balance Sheet	137.12	131.31

During the year under review, your Company has achieved a gross turnover of of Rs. 4545.43Lacs as against Rs. 3528.89 Lacs in 2008-09. The Operational performance of the Company is discussed under Management Discussion and Analysis Report.

2. DIVIDEND

Your Directors considered it prudent to conserve the resources of the Company to sustain its future growth and as such have not recommended any dividend for the current financial year.

Your Directors have proposed to transfer an amount of Rs.14705425/- to the General Reserve out of the profits of the company for the year 2009-10.

3. STATUS OF IMPLEMENTATION OF PROJECT

Initially the cause for farmers preferring to go for Jatropha plantation is that it can be grown in non-agricultural lands which are left uncultivated due to poor soil conditions and non-availability of water sources. But now, as the Government of Andhra Pradesh as also other states have started constructing several dams across the Perennial rivers to prevent the wastage of water by allowing it to go into sea, the water thus stored is being diverted to uncultivated lands. Most of the areas relating to uncultivated lands are marked for Cultivation. Thus, the prospects of the farmers being very promising with land value having gone up by several times, has boosted their morale who are more inclined to grow Commercial crops like Paddy, Chillis etc., besides Plantations like Banana, Orange and other Citrus fruits. As they have started working by developing the lands in this direction which is of more remunerative when compared to Jatropha cultivation, there is an escalation of cost of production due to non availability of jatropha seeds. Hence, the prospects of hoping for more Jatropha Plantations are bleak.

While at the same time the Bio diesel, (Petro Diesel) production is not improving to the expected levels due to non-availability of Jatropha Seed, the primary in-put to Bio Diesel manufacturing. The scanty availability has

caused an excess demand which has resulted in the steep rise of seed price ranging between Rs.10 to 12 per Kg as against a maximum price of Rs.6/- per Kg at the time of our planning to go for this product through Public issue during year 2008-09 . This has resulted in escalation of cost of production which is not economical for the growth of the Company.

Meanwhile, as an alternative, your directors are contemplating the prospects of importing Bio crude oil from Countries like Malaysia and other African countries where the Crude is available in surplus. Already few manufacturers started importing Bio crude oil and are in the process of transesterification to produce Bio-Diesel as cost of imports is much cheaper when compared to the present cost of oil extracted from seeds .

In view of the above situation, as also taking into cognizance, the views expressed by our subsidiary company ,M/s Jetro Petro Bio tech Private Limited, it is worthwhile to consider the following proposals and seek the approval from share holders of the company in this Annual General Meeting:-

1. Recovery of the amount advanced to farmers through our Subsidiary M/s.Jetro Petro Biotech Private Limited.
2. Advise to the machinery supplier to expediate the dispatch of modified machinery, ie. Transesterification plant in the first instance.
3. Starting off trading operations of Bio diesel form available sources so as to develop a good marketing network and start our own outlets before commencing our manufacture.
4. installation of esterification Plant at the earliest and completion before 31.03.2011.

4. CONSOLIDATED FINANCIAL STATEMENTS:

Yours Directors have pleasure in attaching the consolidated financial statements pursuant to Clause 41 of the Listing Agreement entered into with the Stock Exchange. These statements were prepared in accordance with the Accounting Standard 21 prescribed by the Institute of Chartered Accountants of India in this regard. The company has no branches.

The Auditors' Report to the Board of Directors does not contain any qualifications.

5. FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public within the meaning of section 58A of the Companies Act, 1956.

6. SUBSIDIARY COMPANY:

The statement pursuant to Section 212 of the Companies Act, 1956, containing details of subsidiary of the Company forms part of the Annual Report. The name of the Subsidiary Company is "Jetro Petro Biotech Private Limited".

7. STATUTORY DISCLOSURES:

CONSERVATION OF ENERGY AND TECHNOLOGY

ABSORPTION:

In view of the nature of activities that are being carried on by your Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption, respectively are not applicable to your Company. Your company is being a manufacturer of pesticides and insecticides requires minimal energy consumption and every endeavor has been made to ensure the optimal use of energy, avoid wastage and conserve as far as possible.

FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

	Rs. In Lakhs
1.Total Foreign Exchange earned	Nil
2.Total Foreign Exchange utilized	Nil

RESEARCH AND DEVELOPMENT

During the year No amount was spent as Capital / Recurring Expenses towards the Research and Development

8. DIRECTORS

- In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Shri K.Balakrishna Rao and Shri D.Shankar Directors retire by rotation and being eligible offer themselves for re-appointment.
- Shri Ch.V.Varaprasad Rao was appointed as an Additional Director of the company with effect from 31st January 2010, who holds office till the date of Annual General Meeting. Shri.Ch.V.Varaprasad Rao was also appointed as Wholtime Director of the Company in Board meeting held on 31st January 2010. The Board Recommends for his appointment.

9. AUDITORS

[Sri T. Nehru, Chartered Accountant](#), Vijayawada, the Statutory Auditor of the Company , retires at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

10. AUDIT COMMITTEE

In accordance with Clause 49 of the Listing Agreement, the company has constituted an Audit Committee, which consists of Three Independent and Non Executive Directors of the company Viz. Mr D.Shankar, Mr P.Narasimha Murthy and Dr K.Srihari Rao. The Audit committee functions in terms of the role and powers delegated by the Board of Directors keeping in view of the Provisions of Clause 49 of Listing Agreement and Section 292A of the Companies Act 1956.

11. PARTICULARS OF EMPLOYEES

There are no employees in the organization coming under the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

12. DIRECTOR'S RESPONSIBILITY STATEMENT

In accordance with sub-section (2AA) of section 217 of the Companies Act, 1956, the Directors of the Company state:

- a. That in the preparation of the accounts for the financial year ended 31st March 2010, the applicable