

CHEMCEL BIO-TECH LIMITED

16TH ANNUAL REPORT

2010-2011

CHEMCEL BIO-TECH LIMITED

16TH ANNUAL REPORT

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CHEMCEL BIO-TECH LIMITED

16TH ANNUAL GENERAL MEETING

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Shri P. Narasimha Murthy	-	Chairman
Shri K. Sri Hari Rao	-	Member
Ch.V.Vara Prasad Rao	-	Member

REMUNERATION COMMITTEE

Shri P. Narasimha Murthy	-	Chairman
Shri K. Sri Hari Rao	-	Member
Ch.V.Vara Prasad rao	-	Member

COMPANY SECRETARY	-	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) 2541175
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 Vjayawada - 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 16th Annual General Meeting of the members of M/s Chemcel Bio-tech Limited will be held on Thursday, the 29th day of September 2011 at 4.00 P.M at 'Silver 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 2011 and the Profit and Loss Account and cash flow statement for the year ended 31st March 2011, together with the reports of the Directors and Auditors' thereon.
2. To appoint a Director in the place of Shri P. Narasimha Murthy, who retires by rotation and being eligible offers him self for re-appointment.
3. 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

4. Re- Appointment of Mr. K T Vijaya Kumar as Managing Director

To consider and if thought fit to pass the following resolution as Special resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to reappoint Shri K.T.Vijaya Kumar, as Managing Director of the Company for a period of Two years with effect from 1st February 2011 at the following remuneration package.

i) Salary : Rs. 65,000 /- P.M.

ii) Perquisites: In addition to salary Sri.K.T.Vijaya Kumar 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 the Managing Director 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 for the purpose of the above the Spouse, dependant children and dependant parents.

CATAGORY (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 per 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.
- iii) **Commission:** In addition to salary and perquisites as per (i) and (ii) above he, shall be entitled to commission at the rate of 1% of the net profits of the company computed in the manner laid down under Section 309(5) of the Companies Act, 1956, Subject to the overall ceiling laid down in Section 198 and Section 309 of the Companies Act, 1956.

Notwithstanding anything contained herein above, where in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, it may still pay as minimum remuneration by way of salary, perquisites and 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 on 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.

"RESOLVED FURTHER THAT in the event of no profits or the profits of the Company are inadequate the Managing Director shall be entitled to remuneration by way of salary and perquisites not exceeding the limits as per Part ii of Schedule XIII specified above and he shall be entitled for Annual Increments as per the Rules and Policies of the Company.

5. Re-Appointment of Mr. K C S Prasad as Director (Productions)

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, consent of the company be and is hereby accorded to reappoint Shri K.C.S.Prasad as Director (production) of the Company for a period of Two years with effect from 1st February 2011 at the following remuneration package.

- | | | | | |
|---|----------|--------------------|-----|--------------|
| i) | Salary : | Rs. 50,000 /- P.M. | ii) | Perquisites: |
| In addition to salary Shri K.C.S.Prasad as Director (production 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 the Managing Director 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 for the purpose of the above the Spouse, dependant children and dependant parents.

CATAGORY (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 per 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.
- iii) **Commission:** In addition to salary and perquisites as per (i) and (ii) above he, shall be entitled to commission at the rate of 1% of the net profits of the company computed in the manner laid down under Section 309(5) of the Companies Act, 1956, Subject to the overall ceiling laid down in Section 198 and Section 309 of the Companies Act, 1956.

Notwithstanding anything contained herein above, where in any financial year during the currency of tenure of the Director (Production), the Company has no profits or its profits are

inadequate, it may still pay as minimum remuneration by way of salary, perquisites and 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 on remuneration specified herein above.

- d. 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.
- e. Gratuity is payable at a rate not exceeding Half Month salary for each completed year of service, and
- f. Encashment of earned leave at the end of the tenure.

"RESOLVED FURTHER THAT in the event of no profits or the profits of the Company are inadequate the Director (Production shall be entitled to remuneration by way of salary and perquisites not exceeding the limits as per Part ii of Schedule XIII specified above and he shall be entitled for Annual Increments as per the Rules and Policies of the Company.

6. (6.) TO ABANDON BIO DIESEL PROJECT.

To consider and if thought fit to pass with or without modification's (if any) the following resolution as Special resolution:

"RESOLVED THAT consent of the Shareholders be and is hereby accorded to the Board of Directors of the Company to ABANDON the establishment of project of Bio Diesel Plant along with the Bio Diesel business by the company and authorise the Board of Directors to utilize the Bio Diesel Project funds along with the working capital of Bio Diesel business earmarked fund for Expansion and growth of existing Agro chemicals, Bio Fertilisers and other allied agro based products business of the company"

7. AUTHORISATION TO SELL THE LAND AT KONDAPALLI

To consider and if thought fit to pass with or without modification's (if any) the following resolution as Special resolution:

" RESOLVED THAT Pursuant to Section 293(1)(a) and other applicable Provisions, if any of the Companies Act 1956, and subject to such approvals as may be necessary, the consent of the Shareholders be and is hereby accorded to the Board of Directors to sell, lease, Transfer and / or otherwise dispose of the whole or part of the land admeasuring 2260.40 Sq.yards along with the building and Structures located at Survey No 110, 110/1A, Plot No.260A at Industrial Area, Kondapalli, Ibrahimpatnam mandal, Krishna dist on such terms and conditions and in such Manner as the Board of Directors of the company may decide in the interest of the company, with full power and authority to the Board of Directors to do all such acts, things as may be necessary to implement this resolution.

By order of the Board of Directors

Sd/-

Place: Vijayawada

Date : 19.08.2011

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 26th day of September 2011 to Thursday, the 29th day of September 2011 (both days inclusive).
3. Members are requested to notify immediately any change in their address to the share transfer agents and in case 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. Shareholders holding shares in physical form are invited to contribute to the cause of Green Initiative by registering their e-mail ID, by submitting the E- COMMUNICATION REGISTRATION FORM inserted in the Annual Report.
7. 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.
8. 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.
9. 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.

Additional Information on retiring directors as required under provisions of Listing Agreement:

Brief Profile of Shri.P. Narasimha Murthy:

Mr. Polamraju Narasimha Murthy, aged 65 years is a Post Graduate in public Administration, Sugar Technology and is Qualified in chemical engineering. He has more than 34 years experience in the manufacturing field.

By order of the Board of Directors

Sd/-

K. T.Vijaya Kumar
Managing Director

Place: Vijayawada
Date : 19.08.2011

ANNEXURE TO THE NOTICE - EXPLANATORY STATEMENT

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

Item No 4:

Sri.K.T.Vijaya Kumar aged 55 yrs is a graduate in Commerce and worked with M/s. Rallis India Limited in different capacities at Vijayawada for a period of 24 years. He was in-charge of all the marketing activities in Coastal Andhra Pradesh and was directly responsible for sales.

Considering the experience and expertise based on the recommendation of Remuneration Committee, Board of Director Subject to approval of Shareholders appointed Sri.K.T.Vijaya Kumar as Managing Director on the terms and conditions as mentioned in the resolution for a period of Two years w.e.f 1st February

2011. As per the provisions of companies Act Appointment and Fixation of remuneration to the Managing Director requires the approval of shareholders by way of special resolution, Hence the Board of Directors recommended for the approval of shareholders.

This intimation may be treated as a Notice as required under Section 302 of the Companies Act 1956.

None of the Directors except Sri K.Balakrishna Rao, Sri K.T.Vijayakumar, and Sri.K.C.S.Prasad are deemed to be concerned or interested in the above resolution.

ITEM NO 5

Sri.K.C.S.Prasad aged 47 yrs holds PG Diploma in Personnel Management. Since inception of our Company, he is in-charge of Production and Procurement besides General Administration.

Considering the experience and expertise based on the recommendation of Remuneration Committee, Board of Director Subject to approval of Shareholders appointed Sri.K.C.S.Prasad as Director (Production) designated as Whole Time Director on the terms and conditions as mentioned in the resolution for a period of Two years w.e.f 1st February 2011. As per the provisions of companies Act, 1956 Appointment and Fixation of remuneration to the Whole time Director requires the approval of shareholders by way of special resolution, hence the Board of Directors recommended for the approval of shareholders.

This intimation may be treated as a Notice as required under Section 302 of the Companies Act 1956.

None of the Directors except Sri K.Balakrishna Rao, Sri K.T.Vijayakumar, and Sri.K.C.S.Prasad are deemed to be concerned or interested in the above resolution.

Item No.6

As the import of crude Bio Diesel for our proposed Bio Diesel Plant has become almost impossible at the prevailing market conditions and the Farmers who took advance from us to supply Jetropha seed have backed out since it is non remunerative and returned substantial part of advance amount to us , the management has left no alternative and becomes necessary to abandon the Bio Diesel plant along with its business. The management is in view to utilize the Bio Diesel Project working capital funds for the expansion and growth of the existing Agrochemicals, Bio Fertilisers and other allied agro based products business. As the project stated in the Prospectus issued by the company is changing, the Board of Directors seek the approval of shareholders . Further the machinery suppliers to whom advance amount was given earlier will be recovered at the earliest possible..

None of the Directors is interested in passing the above resolution.

Item No.7

As the management with the approval of shareholders proposed to abandon the bio Diesel Project at kondaplli and the same is not suitable for the existing Agro Chemical Business, the Board of Directors proposed to dispose of the Land Admeasuring 2260.40 Sq.yards along with the building and Structures located at Survey No 110, 110/1A, Plot No.260A at Industrial Area, Kondapalli, Ibrahimpatnam mandal, Krishna dist and utilize the funds for the expansion of existing Agro Chemicals, Bio Fertilisers and other allied agro based products business. As per Section 292(1)(a) of the Companies Act 1956 approval of shareholders is required to sell, lease, or otherwise dispose of the property of the company, Hence the Board of Directors sought the approval of shareholders.

None of the Directors is interested in the above resolution.

By order of the Board of Directors

Sd/-

Place: Vijayawada

Date : 19.08.2011

K. T.Vijaya Kumar
Managing Director

DIRECTORS' REPORT

Dear Members
M/s Chemcel Bio-tech Limited

Your Directors are pleased to present herewith the Sixteenth Annual Report on the business and operations of the Company together with Audited Statement of Accounts for the year ended 31st March 2011. 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:

PARTICULARS	2010-2011	2009-10
Net Sales	5022.16	4576.40
Other Income	0.16	-
Interest and Financial charges	120.94	98.90
Depreciation	7.83	8.88
Profit/(Loss) before taxes	114.94	178.52
Provision for taxes	28.16	41.24
Profit / (Loss) carried to Balance Sheet	86.78	137.12

During the year under review, your Company has achieved a gross turnover of of Rs. 5022.16 Lacs as against Rs. 4576.40 Lacs in 2009-10. 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.86,78,000/- to the General Reserve out of the profits of the company for the year 2010-2011

3. Status of implementation of Project:

At the Present market conditions extraction of Bio Diesel by importing Bio crude oil and start operation is unviable. Management Analysis and study revealed that exporters of Biodiesel crude acquired the technology for conversion of Crude into finished biodiesel. With this operation they are able to find their own conversion to be more remunerative than exports. In addition to this they are encouraged by the respective governments for generating additional employment channel. With this development the availability of crude Bio Diesel oil is bleak. These reasons are convincing us to decide to dispense with the proposed project of Biodiesel which is not at all feasible under the circumstances.

Majority of Advances given to farmers for supply of seed returned the money due to non remunerative prices for supply of Jatropha seed and their inclination towards going for commercial crops due to assured availability of water with new projects now coming in.. Efforts are initiated to recover the balance amounts from farmers . Also efforts are intiated with the machinery suppliers who are convinced to refund the advances made for machinery supplies.

Our Biodiesel plant site at Kondapalli, measuring 2260.40 Sq yards located at Plot no.260A, R.S.No.110, 110/1A, Kondapalli village, Ibrahimpatnam mandal, Krishna dist, is not sufficient for accommodating any future enhancement of capacities as and when necessitates any future