



**CHAMBAL FERTILISERS
AND CHEMICALS LIMITED**



Enriching land, Transforming lives

Annual Report
2009-10

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DIRECTORS

S.K. Poddar
Chairman

Shyam S. Bhartia
Co-Chairman

H.S. Bawa
Vice Chairman

Anil Kapoor
Managing Director

R.N. Bansal

Dipankar Basu

K.N. Memani

C.S. Nopany

Radha Singh

Marco Wadia

SENIOR EXECUTIVES

Abhay Baijal
Vice President – Finance

A.K. Bhargava
Vice President – Operations

D.L. Birla
Executive President – BTM

Vinod Mehra
President – Operations

M.S. Rathore
Vice President – Legal,
Corporate Communication & Secretary

Arun Sharma
Executive President – India Steamship

AUDITORS

S.R. Batliboi & Co.
Chartered Accountants

BRANCH AUDITORS

Singhi & Co.
Chartered Accountants

DEBENTURE TRUSTEE

Axis Bank Limited

Registered Office: Gadepan, Distt. Kota, Rajasthan, PIN- 325 208
Corporate Office: "Corporate One" 1st Floor, 5, Commercial Centre, Jasola, New Delhi-110 025
Website: www.chambalfertilisers.in

Tel : 011 – 46581300, 41697900 • Fax : 011 – 40638679

NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the members of the Company will be held at 1030 hours on Friday, August 27, 2010 at the Registered Office of the Company at Gadepan, District Kota, Rajasthan, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010, Profit & Loss Account for the year ended on that date and reports of Directors and Auditors.
2. To consider declaration of dividend on Equity Shares.
3. To appoint a director in place of Mr. Saroj Kumar Poddar, who retires by rotation and is eligible for re-appointment.
4. To appoint a director in place of Mr. Shyam Sunder Bhartia, who retires by rotation and is eligible for re-appointment.
5. To appoint M/s. S. R. Batliboi & Co., Chartered Accountants, as Statutory Auditors of the Company and fix their remuneration.
6. To appoint M/s. Singhi & Co., Chartered Accountants, as Branch Auditors for Shipping Business of the Company and fix their remuneration.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:
"RESOLVED THAT Mr. Kashi Nath Memani be and is hereby appointed as Director of the Company liable to retire by rotation."
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:
"RESOLVED THAT pursuant to Sections 198, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof for the time being in force and Article 121(2) of the Articles of Association of the Company, consent of the Company be and is hereby accorded for payment of commission upto Rs. 4,00,000 per annum to each of the Independent Directors of the Company for a period of 5 (five) years starting from the financial year 2010-11, provided that the total commission payable to all Independent Directors shall not exceed one percent of the net profits of the Company as computed in the manner referred to under the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof for the time being in force."
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:
"RESOLVED THAT pursuant to the provisions of section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("**SEBI Guidelines**") as amended from time to time and other applicable rules and regulations, prescribed by the Securities and Exchange Board of India or any other authority from time to time, listing agreement(s) entered into by the Company with the stock exchanges where the securities of the Company are listed and subject to such other approvals, consents, permissions and sanctions, as may be applicable, including such conditions and modifications as

may be prescribed or imposed while granting such approvals, consents, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "**the Board**" which term shall be deemed to include any committee of the Board including Compensation Committee which the Board has constituted to exercise its powers) to create, offer, issue and grant/ allot, at any time, a maximum of 41,62,000 employees stock options to such eligible employees (as defined under the CFCL Employees Stock Option Scheme 2010 ("**ESOS 2010**")) of the Company as determined by the Board and/ or the Compensation Committee, each option convertible into one fully paid-up equity share of the Company having a face value of Rs. 10, at such price, in such manner, during such period in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the ESOS 2010.

RESOLVED FURTHER THAT the consent of the Company be and is hereby given to the ESOS 2010, a draft of which is available at the Registered Office of the Company for inspection by members on any working day during office hours of the Company and the Board be and is hereby authorised to do all such acts to bring ESOS 2010 into effect.

RESOLVED FURTHER THAT the Board be and is hereby authorised on behalf of the Company to make any modifications, changes, variations, alterations or revisions in the ESOS 2010 from time to time or to suspend, withdraw or revive the ESOS 2010 from time to time as may be specified by any statutory authority or otherwise and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose including for the purpose of giving effect to any creation, offer, issue, allotment or listing of the shares, in conformity with the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.

RESOLVED FURTHER THAT the shares to be offered to the eligible employees (the option holders) on exercise of the employees stock options would be by way of either a) subscription of shares of the Company by such employees or b) transfer of shares to such employees by a trust constituted or to be constituted by the Board (which shall either buy shares from the secondary market or directly subscribe the shares of the Company).

RESOLVED FURTHER THAT if any additional equity options/ shares are required to be issued/ given by the Company to the holders of the options/ trust in case of any corporate action (s) such as rights issues, bonus issues, merger, sale of division, etc., for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 41,62,000 options/ shares shall be deemed to be increased to the extent of such additional options/ shares.

RESOLVED FURTHER THAT no single eligible employee shall be granted options under the ESOS 2010 entitling such employee to equity shares in the Company which would represent more than 0.1% of the paid-up share capital of the Company as on the date of grant of options;

RESOLVED FURTHER THAT the equity shares, if any, issued/ allotted upon exercise of options from time to time in accordance with the ESOS 2010, shall rank pari passu in all respects with the then existing equity shares of the Company;

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of equity shares and the price of acquisition payable by the holders of options under ESOS 2010 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 10 per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said option holders;

RESOLVED FURTHER THAT the Compensation Committee of the Board be and is hereby authorized to administer and implement ESOS 2010, settle any question and remove any difficulty in this connection and to do all other acts, deeds and things, as it may deem fit and proper from time to time;

RESOLVED FURTHER THAT the Board, if required, be and is hereby authorized to take necessary steps for listing of the equity shares upon exercise of the options on the stock exchanges where the equity shares of the Company are listed in conformity with the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and the listing agreements with the concerned stock exchanges."

By order of the Board

M. S. Rathore

Vice President – Legal,

New Delhi
July 12, 2010

Corporate Communication & Secretary

Notes:

1. Proxy

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/ her stead and a proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the scheduled time of the meeting. A blank proxy form is annexed to the annual report.

2. Explanatory Statement

The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, relating to the items of the special business is given below and forms part hereof.

3. Directors proposed to be re-appointed

M/s. S. K. Poddar and S. S. Bhartiya, directors are retiring by rotation and eligible for re-appointment. Members may kindly refer "Report on Corporate Governance" (Annexure 'E' to Directors Report) for their details.

4. Book Closure

The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, August 3, 2010 to Thursday, August 5, 2010 (both days inclusive).

5. Payment of Dividend

The Dividend on Equity Shares for the year ended March 31, 2010, will be paid after declaration by the members:

- (i) in respect of shares held in physical form, to those members whose names appear on the Register of Members of the Company on August 5, 2010, after giving effect to all valid share transfer documents lodged with the Company on or before Monday, August 2, 2010.
- (ii) in respect of shares held in electronic form, to those beneficial owners whose names appear in the statements of beneficial ownership furnished by National Securities Depository

Limited and Central Depository Services (India) Limited as at the end of business on Monday, August 2, 2010.

The Members are hereby informed that the Company would transfer the dividends, which remain unclaimed for a period of 7 years, to the Investor Education and Protection Fund ("IEP Fund") constituted by the Central Government under section 205C of the Companies Act, 1956.

The following are the details of dividends paid by the Company and respective due dates for transfer of unclaimed dividend to IEP Fund:

Dividend Year	Date of Declaration of dividend	Due date for Transfer to IEP Fund
2002-03	12.09.2003	16.10.2010
2003-04	20.08.2004	19.09.2011
2004-05	20.10.2005	25.11.2012
2005-06	25.08.2006	27.09.2013
2006-07	24.08.2007	24.09.2014
2007-08	10.09.2008	10.10.2015
2008-09	20.08.2009	20.09.2016

Further, the Company shall not be in a position to entertain the claims of the shareholders for the unclaimed dividends which have been transferred to IEP Fund.

In view of the above, the shareholders are advised to send their requests for payment of unpaid dividend pertaining to the years 2002-03 through 2008-09 to our Share Transfer Agent at New Delhi for issue of cheques / demand drafts before the due dates for transfer to the IEP Fund.

Investors holding shares in physical form are advised to forward the particulars of their bank account, name, branch and address of the bank to our Share Transfer Agent immediately, if not sent already, so as to enable them to incorporate such details on dividend warrants. These investors are advised to opt for Electronic Clearing System (ECS) at the earliest to avail fast and safe remittance of dividend and return the Mandate Form attached herewith, accurately filled in and signed. A photocopy of a leaf of your cheque book bearing your bank account number may also be sent along with the Mandate Form to the Share Transfer Agent.

6. Company on the Net

The website of your Company is www.chambalfertilisers.in where you can find more information about the Company, its subsidiaries and Joint Ventures. The details of various services being provided to the investors, guidance and procedure to be followed by the investors in respect of transfer, transmission and transposition of shares, dematerialisation and rematerialisation of shares, quarterly, half yearly and annual results, etc. are available at the page <http://www.chambalfertilisers.in/InvestorServiceCentre.asp>.

7. Share Transfer Agent

M/s. Zuari Investments Limited is Share Transfer Agent of the Company. All investor related communication may be addressed to:

M/s. Zuari Investments Limited,
Share Transfer Agents
Corporate One, First Floor, 5, Commercial Centre, Jasola,
New Delhi – 110 025

Tel : 011 – 46581300, 41697900
Fax : 011 – 40638679
E-mail : isc@chambal.in

8. Members are requested to:

- (a) send their queries, if any, to reach the Company's Corporate Office at New Delhi at least 10 days before the date of the meeting so that information can be made available at the meeting;
- (b) bring their copy of the Annual Report at the meeting; and
- (c) send their e-mail address to us for prompt communication.

9. The Company has been granted exemption vide Notification No. 46/101/2010-CL-III dated May 17, 2010 of the Ministry of Corporate Affairs, Government of India, from the disclosure of quantitative details (in respect of the Shipping Division of the Company for the Financial Year ended March 31, 2010) in compliance of paragraph 4-D (a), (b), (c) and (e) of Part II of Schedule VI to the Companies Act, 1956 as amended vide Notification No. GSR 494(E) dated October 30, 1973.

10. Pick-up Coach Facility

For the convenience of members intending to attend the Company's Annual General Meeting (AGM) scheduled to be held at 1030 hours on August 27, 2010, the Company will provide transport from Kota to Gadepan and back. The pick-up coach will leave from "Sahyog Bhavan" No. 1, Aerodrome Circle, Kota, Rajasthan at 0900 hours on the date of AGM to reach Gadepan (venue of the AGM) in time for the meeting and will leave for Kota after the meeting.

Members wishing to avail of this facility may kindly be present in time at the pick-up point at Kota.

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

Item No. 7

The Board of Directors, at its meeting held on July 21, 2009, appointed Mr. Kashi Nath Memani as Director of the Company with immediate effect to fill the casual vacancy caused by the resignation of Mr. M. D. Locke. Pursuant to Section 262 of the Companies Act, 1956 read with Article 119 of the Articles of Association of the Company, Mr. Memani holds the office until the forthcoming Annual General meeting of the Company. A notice has been received from a member under section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

Mr. Memani is a Chartered Accountant. He was Chairman and Country Managing Partner, Ernst & Young, India until 31st March 2004. He was also member of Ernst & Young Global Council for 10 years. Mr. Memani specializes in Business and Corporate Advisory, Foreign Taxation, Financial Consultancy etc. and is consulted on the corporate matters by several domestic and foreign companies.

Mr. Memani is the past Chairman of American Chamber of Commerce in India and former President of Indo American Chamber of Commerce & PHD Chamber of Commerce. He was also member of various committees of both Indian and International institutions.

Mr. Memani is not holding any shares of the Company as on June 30, 2010. Other details of Mr. Memani in terms of Clause 49 of the Listing Agreement are provided in the Report on Corporate Governance (Annexure 'E' to Directors Report).

None of the Directors except Mr. Memani, is concerned or interested in the Resolution.

The Board commends the appointment of Mr. Kashi Nath Memani as Director of the Company.

Item No. 8

In order to appropriately remunerate the Independent Directors commensurate with the increased responsibilities, time and effort put in by them and also in line with the industry trend, the Board of Directors of the Company has recommended to the members of the Company for their approval, payment of commission upto Rs. 4,00,000 (Rupees Four Lac only) per annum for a period of 5 years starting from the financial year 2010-11, to each of the Independent Directors.

The aggregate commission payable to all Independent Directors at any time, shall not exceed one percent of the net profits of the Company computed in the manner referred to under the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof and shall be paid in addition to the sitting fee payable to them for attending meetings of the Board and Committee thereof.

In pursuance of section 309 of the Companies Act, 1956, the payment of commission requires approval of the members by way of a special resolution. Further, as the payment of commission in addition to sitting fee may be construed as an increase in remuneration, such payment may also require approval of Central Government under section 310 of the Companies Act, 1956.

M/s. D. Basu, R. N. Bansal, K. N. Memani, Marco Wadia and Ms. Radha Singh, being Independent Directors, are interested in the Resolution. None of the other Directors is concerned or interested in the Resolution.

The Board commends the Resolution for approval of the shareholders.

Item No. 9

The Company appreciates the critical role the employees play in the organizational growth. It strongly feels that the value created by its people should be shared by them. To promote the culture of employee ownership, the shareholders of the Company at the Annual General Meeting held on September 10, 2008 had approved the issue of up to 41,62,000 stock options to the eligible employees of the Company. However, the Company did not pursue the said scheme further on account of high volatility in the stock market. Therefore, the Board had decided that the scheme approved by the shareholders in 2008 would not be pursued.

In light of the market practices, the Company now proposes to introduce a new scheme called CFCL Employees Stock Option Scheme, 2010 ("ESOS 2010") for grant of a maximum of 41,62,000 employees stock options to the eligible employees of the Company at market price, each option convertible into one fully paid-up equity share of the Company having a face value of Rs. 10. Further, the shares to be offered to the eligible employee (the option holder) on exercise of the employees stock options would be by way of either subscription of fresh shares of the Company (by the eligible employee) or transfer by 'CFCL Employees Welfare Trust' ("Trust") (which shall either buy shares from the secondary market or directly subscribe the shares of the Company). To enable the Trust to buy shares from the secondary market or directly subscribe the shares of the Company, the Company envisages providing financial assistance to the Trust.

The Compensation Committee constituted by the Board comprising of a majority of independent directors has finalized the ESOS 2010 which has been approved by the Board. The Board recommends the Resolution for approval by the shareholders.

The draft of ESOS 2010, as approved by the Board is available at the Registered Office of the Company for inspection by members

on any working day during office hours of the Company.

The Broad terms and conditions of ESOS 2010 are as under:

a) Total number of options to be granted:

- i) A maximum of 41,62,000 options would be available for grant to eligible employees of the Company under the ESOS 2010. Each option when exercised would be converted into one fully paid-up equity share having a face value of Rs. 10.
- ii) The vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.
- iii) In case of any corporate action such as rights issues, bonus issues, merger, sale of division, etc., a fair and reasonable adjustment would be made as per the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines"), to the options granted.

b) Identification of classes of employees entitled to participate in the ESOS 2010:

Following employees will be eligible to participate in the ESOS 2010:

- i) Employees of the Company in its Fertiliser Division who are at grade of Senior Manager and above.
- ii) Whole-time director(s)/ managing director(s) of the Company.

An employee who is a Promoter (as defined in the SEBI Guidelines); or belongs to the Promoter Group (as defined in the SEBI Guidelines) or a director, who either by himself or through his Relative or through any body corporate, directly or indirectly, holds more than 10 percent of the outstanding equity shares of the Company, shall not be eligible to participate in the ESOS 2010.

Compensation Committee shall grant options to the eligible employees based on the parameters evolved/ decided by it from time to time.

c) Transferability of employee stock options:

The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of stock option holder while in the employment, the right to exercise all the options granted to him till such date shall be transferred to his legal heirs or nominees.

d) Requirements of vesting, period of vesting and maximum period within which the options shall be vested:

Options granted under ESOS 2010 would vest not earlier than one year and not later than five years from the date of grant of such options. Vesting of options would be a function of continued employment with the Company (passage of time) and achievement of performance criteria as specified by the Compensation Committee and communicated in the grant letter. The specific vesting schedule and conditions subject to which vesting would take place would be outlined in the grant letter given to the eligible employee at the time of grant of options.

Notwithstanding anything contained in the ESOS 2010, the Compensation Committee may not vest any of the options already granted or vest such lesser number of options already granted, in the event it is found that the stock option holder has not met the performance criteria specified in the grant letter or if there is any cause (such as professional misconduct, breach

of trust, negligence etc) in relation to that stock option holder.

e) Exercise Price:

The options would be granted at the market price i.e. the latest available closing price on the stock exchanges where the shares of the Company are listed, prior to the date of the meeting of the Compensation Committee in which the options are granted. As the shares of the Company are listed on NSE and BSE, the stock exchange where there is highest trading volume on the said date shall be considered.

f) Exercise Period and the process of Exercise:

The exercise period would commence from the date of vesting and will expire on completion of five years from the date of vesting of the respective options.

The options will be exercisable by the employees by a written application accompanied by payment of exercise price to the Company/ Trust. The options will lapse if not exercised within the specified exercise period.

g) Appraisal Process for determining the eligibility of the employees to ESOS 2010:

The appraisal process for determining the eligibility of the employees under the ESOS 2010 will be specified by the Compensation Committee and will be based on criteria such as role/ designation of the employee, past performance record, future potential of the employee or such other criteria that may be determined by the Compensation Committee at its sole discretion.

h) Maximum number of options to be issued per employee and in aggregate:

The number of options that may be granted to an employee under the ESOS 2010 shall be less than 0.1% of the issued capital (excluding outstanding warrants and conversions) of the Company on the date of grant of stock options. In aggregate, the options to be granted would not be more than 41,62,000, each option convertible into one fully paid-up equity share having a face value of Rs. 10.

i) Disclosure and Accounting Policies:

The Company shall comply with the accounting policies prescribed under Clause 13.1 of the SEBI Guidelines and all other disclosure requirements and accounting policies prescribed under the SEBI Guidelines and other applicable laws and regulations.

j) Method of option valuation:

To calculate the employee compensation cost, the Company shall use the intrinsic value method for valuation of the options granted. The difference between the employee compensation cost computed using the intrinsic value of the stock options and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

The other terms and conditions will be as per ESOS 2010.

Mr. Anil Kapoor, Managing Director may be deemed to be interested in the resolutions at item no. 9 to the extent of stock options that may be granted to him from time to time. None of the other Directors is concerned or interested in these resolutions.

By order of the Board

M. S. Rathore

Vice President – Legal,

Corporate Communication & Secretary

New Delhi

July 12, 2010

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 25th Annual Report together with audited accounts for the financial year ended March 31, 2010.

1. Financial Results and Appropriations

(Rs. in crore)		
Particulars	2009-10	2008-09
(a) Turnover (excluding excise duty)	3574.50	4595.54
(b) Gross Profit after Interest but before Exceptional Items, Depreciation and Tax	612.06	535.63
(c) Depreciation/Amortization	257.62	227.14
(d) Profit before Exceptional Items and Tax	354.44	308.49
(e) Exceptional items	4.37	9.61
(f) Profit before Tax	358.81	318.10
(g) Provision for Current Tax	129.62	104.09
(h) Provision for Deferred Tax	(20.49)	(18.44)
(i) Fringe Benefit Tax	-	1.12
(j) Provision for Tonnage Tax	0.63	0.77
(k) Profit after Tax	249.05	230.56
(l) Balance of Profit Brought Forward	628.43	516.89
(m) Transferred from Debenture Redemption Reserve	3.13	3.13
(n) Profit available for Appropriation	880.61	750.58
(o) Appropriations:		
• Tonnage Tax Reserve	3.75	9.50
• General Reserve	25.00	25.00
• Proposed Dividend on Equity Shares	79.08	74.92
• Tax on Dividend	13.13	12.73
(p) Balance Carried Forward to Balance Sheet	759.65	628.43

2. Dividend

The Board recommends dividend @ Rs. 1.90 per equity shares of Rs. 10 each (Previous Year – Rs. 1.80 per equity share). The total outgo on this account will be Rs. 92.21 crore including dividend tax.

3. Operations

The Company has three Businesses i.e. Fertiliser, Shipping and Textiles. The Fertiliser Business is by far the largest among the three businesses. The Fertiliser Business comprises of 'own manufactured Urea' and trading of phosphatic and potassic fertilisers as well as agri-inputs like seeds, pesticides, micro-nutrients, etc. The fertiliser plants have stabilized after partial de-bottlenecking. While Fertiliser business remained steady during 2009-10, Shipping and Textile businesses faced severe recessionary trends although Textile business was upbeat towards the year end. The performance of the Company as a whole was satisfactory.

The Company added one new ship during the year. With this addition, it has a total fleet of 6 Aframax tankers. The Shipping Business performed well considering the severe global downturn as it had long term charter contracts with the reputed parties for four of its ships.

The Textile Business achieved increase in revenues due to better realizations and change in product mix during the year.

The detailed information on all business segments of the Company and the respective industries are given in the Management Discussion and Analysis Report.

4. 'Management Discussion and Analysis' and 'Corporate Governance Report'

Management Discussion and Analysis and Corporate Governance Report are attached as Annexure – "G" and "E". Auditors' Certificate confirming compliance with the conditions of Corporate Governance is also enclosed as Annexure – "D".

5. Joint Ventures and Associates

(i) Indo Maroc Phosphore S. A., Morocco (IMACID)

IMACID plant remained inoperative from November 10, 2008 to March 4, 2009 due to high stock and non-remunerative sales price of Phosphoric acid. After start-up of the plant on March 5, 2009, overall performance of plant operation was satisfactory. During the Year 2009, production and sales of Phosphoric Acid were 359,656 MT and 369,996 MT respectively.

Total profit after tax was 35.09 Million MAD (Rs. 21.36 crore) in year 2009 as against MAD 250.64 Million (Rs. 142.66 crore) in the previous year. The decrease in profit is mainly on account of lower price realization and long plant shut down.

(ii) Zuari Investments Ltd.

Your Company has divested its entire holding in Zuari Investments Ltd. Accordingly, Zuari Investments ceased to be an associate of your Company.

6. Subsidiaries

(i) Chambal Infrastructure Ventures Ltd.

Chambal Infrastructure Ventures Ltd. ("CIVL") is a wholly owned subsidiary of your Company. This subsidiary was set up for development of Power projects. It had set up two wholly owned subsidiaries viz. Chambal Energy (Chhattisgarh) Ltd. and Chambal Energy (Orissa) Ltd. for taking up power projects in the states of Chhattisgarh and Orissa, respectively. During the year, there was not much of activity in CIVL or its subsidiaries.

(ii) CFCL Overseas Ltd., Cayman Islands

CFCL Overseas Ltd. was incorporated as a special purpose vehicle and wholly owned subsidiary of your Company for consolidation of its entire software business. CFCL Technologies Ltd. is the flagship Company for software business and also a subsidiary of CFCL Overseas Ltd.

During the year, one of the subsidiaries of CFCL Technologies Ltd., acquired Fiserv Fulfillment Services Inc., USA ("FFS") from Fiserv Inc. in December 2009. This acquisition is a major milestone in the software business strategy and as a result the business has achieved minimum critical mass in the Home Mortgage segment.

The primary offerings of FFS are Valuation Services, Title Services, Mortgage Processing and Home Retention Services. Post acquisition of FFS, the software business has been realigned into three segments viz., Origination, Servicing and Technology services. The software business now provides comprehensive end to end products & services in the mortgage industry.

The Software business as a whole earned revenues of USD 36.4 Million and EBITDA (before Merger & Acquisition expenses) of USD 2.7 Million during the period April to December 2009.

(iii) **India Steamship Pte. Ltd., Singapore**

Due to economic downturn and very poor spot markets, operations of India Steamship, Singapore were scaled down. In-chartering activity in India Steamship, Singapore will be re-looked once the markets turn favourable.

During the Year 2009-10, India Steamship, Singapore has earned a revenue of USD 4.99 Million and recorded a loss (after tax) of USD 0.58 Million.

Exemption: Your Company has received approval of the Government of India, exempting it under section 212(8) of the Companies Act, 1956 from attaching with its Annual Report, the copies of the Balance Sheet, Profit and Loss Account, Board of Directors' Report and Auditor's Report of its subsidiary companies. However, pursuant to Accounting Standard 21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial information of its subsidiaries, as applicable. The Company will make available the Annual Accounts of its subsidiaries along with relative detailed information upon request by investors of the Company or its subsidiaries. The Annual Accounts of the subsidiaries will be available for inspection at your Company's corporate office and that of the subsidiaries. Further, the Annual Accounts of these entities will also be available at the 'Investor Service Centre' section of your Company's website, www.chambalfertilisers.in.

7. Environmental Protection, Health and Safety

(a) Environment Management

Your Company has established and maintained an Integrated Management System based on OHSAS-18001:2007, ISO-14001:2004 and ISO-9001:2000 for Environmental, Occupational Health & Safety, and Quality, the details of which are briefly given below:

(i) **Sustainable Development** – Your Company believes in sustainable development of the society in which it operates. Accordingly, it has taken various initiatives and implemented environment programmes such as Ground Water Recharging through Rain Water Harvesting, Energy Conservation measures, Use of Solar Energy, etc.

The Company engages various stakeholders in educating and sensitizing them about the importance of sustainable environmental development. Awareness and involvement is achieved through training and various other programmes.

(ii) **Waste Management** – Your Company is managing and operating well designed programmes/treatment facilities to control pollution. The Company continues to follow the 3R concept – Reduce, Re-use and Re-cycle of the effluents being generated. This year, more than 98% of the effluents in Fertiliser plants were recycled. Waste water is being used in maintaining green belt through a 65 kilometer long irrigation network spread all over the Gadepan complex, which in turn helps in saving fresh water.

Your Company has adopted best methods to manage Solid/Hazardous Waste disposal after proper categorization. Separate bins have been created for collection of various categories of waste. In township,

segregated domestic waste is collected from each house and the biodegradable waste is composted. Horticulture waste is converted to manure. All saleable items are sold to approved recyclers. Use of polythene bags in the Gadepan campus is strictly prohibited.

Similarly, Birla Textile Mills (BTM) uses waste water, after treatment, in developing and maintaining the green belt. BTM has also installed a Colour Removal System in effluent treatment plant for removal of colour from the dye house effluent.

(iii) **Green belt and water consumption** – The area surrounding Gadepan complex is experiencing a positive change in ecology due to development of a dense green belt/forest inclusive of over 2.3 Lac trees in an area of about 213 hectares under a programme named "Operation Green". Planting of new trees is a continuous process at Gadepan complex. The Green belt provides habitat to more than 100 species of birds.

Water consumption is optimized through implementation of various conservation schemes. The trend of consumption shows a continual improvement. During the year, the specific consumption of water was 5.05 cubic meter per MT of urea. This is one of the best in the Fertiliser Industry.

(b) Safety Management

Safety is an area of paramount importance in your Company. A well defined occupational health and safety management system is in place to ensure the safety of employees, contractor workforce as well as equipment and machinery. The township at Gadepan is OHSAS certified.

To maintain and improve upon the well established safety system, extensive training is conducted for the employees and contractor workforce by internal and external faculties and employees are also sent to well known institutes for specialized training. Training facility has been provided at the site and a safety booklet in Hindi has been brought out for contractor workforce in the bagging plant.

Besides establishing and maintaining Integrated Health and Safety Management System, your Company has implemented Process Safety Management (PSM) System developed by US Occupational Safety & Health Administration (OSHA) in its operations. PSM is a system covering all aspects of process risks and involves proactive identification, assessment & control of hazards in chemical industries. The system provides a dynamic environment for continual improvement and increasing awareness of the safety impacts of technology, personnel and management of process hazards. Unlike USA, PSM system is not mandatory in India but it has been adopted by the Company to focus on excellence, by fostering continual improvement of existing systems and employee involvement in safe operation of plants at Gadepan.

Emergency Handling

Your Company has a well-defined Onsite Disaster Management Plan & Flip chart at Gadepan. Regular mock drills are conducted to check the emergency preparedness in-house as well as with local administration. Mock drills have been conducted for ammonia release scenario and fire involving naphtha. A formal "Mutual Aid Scheme" with NTPC – Anta is also in place for the emergency handling.

(c) Health & Hygiene

Your Company accords high priority to hygiene monitoring at work place and employees' health assessment is done through periodical medical examinations. The plant and processes are continuously upgraded to improve work place hygiene and health standards. Necessary training is imparted to the employees and other workers to enhance their awareness towards health related matters. A large number of our employees are certified first-aiders whose knowledge is updated every month.

A well equipped medical centre at Gadepan campus provides round the clock Health Services to employees and their families, contractor workforce and community. The Company's medical officers conduct regular health awareness program.

Comprehensive Work Environment Monitoring is carried out in-house as well as through external agencies on regular basis to prevent any occupational disease.

(d) Quality Management

Adequate attention is accorded to maintain quality of end product and processes. Stringent monitoring of defined parameters is done and improvement opportunities are availed for continual improvement. Under a unique initiative, an All India workshop on "Boiler Feed Water and Steam System Management" was successfully organized at Gadepan in association with Fertiliser Association of India.

Health, Safety, Environment & Quality (HSEQ) Audits

Teams of trained internal auditors regularly conduct HSEQ audits with special emphasis on house keeping, health & hygiene, safety, environment and quality. Apart from periodic internal audits, external audits are carried out by reputed agencies like DNV & National Safety Council of India. The gaps identified in the audits are rectified through an action plan.

(e) Achievements

Your Company regularly participates in national and international benchmarking surveys & awards towards self-assessment and continual improvement. Your Company has received the following awards during the year:

- Rajasthan Energy Conservation Award 2009;
- "Best Employer 2008" for EXCELLENCE in GREEN REVOLUTION in Rajasthan State by the Employer Association of Rajasthan;
- "Golden Peacock Awards for Corporate Social Responsibility" for the year 2009; and
- Best Managed Siding Award – 2008-09 by West Central Railway for Minimum average detention to rakes.

8. Corporate Social Responsibility (CSR)

Your Company is committed towards the development of areas in the vicinity of the plants at Gadepan. Your Company's full-spectrum CSR programme, recently branded as "Uttam Roshni", has been designed to realize objectives of sustainable economic, social and environmental development. The Company had engaged a professional agency - Gramin Vikas Trust (GVT) to carry out a Need Assessment Survey of the villages surrounding the plants at Gadepan. The areas requiring the Company's intervention were identified and various initiatives were taken up for the community development in consultation with local administration at the village & block levels. The

activities mainly cover construction of Kharanja roads (stone pavement) with drains, gravel link roads, boundary walls, culverts, tube wells, fencing and provision of hand pumps and water storage tanks. The Company has also undertaken scheme for improvement in Village Drainage System and construction of a Community Center. It is proposed to build toilets for Below Poverty Line households and supply Drinking Water under Public Private Partnership model after necessary approvals from the local administration.

Your Company operates a mobile Health Care Unit namely –"Chambal Gramin Arogya Sewa" in 14 surrounding villages. A team of doctors accompanied by volunteers from "Uttam Mahila Samiti" provides free medical check up and medicines to villagers at their doorstep. 17510 patients were given treatment through Chambal Gramin Arogya Sewa during the year 2009-10. The Medical Centre in Gadepan campus provides free service to sick villagers from surrounding areas and ambulance facilities are provided to them round the clock for taking patients to Kota in emergency. During the year, over 2051 patients were provided health care service at Medical Center. Villagers also avail the services of visiting specialists for treatment. Camps for various ailments related to Eye, Gynecology, Respiratory & Asthma and Immunization and free health check up for students of nearby schools were organized.

Your Company believes that everyone can 'make a difference' and each individual is capable of giving something of value to society. The same is displayed by a group of volunteers from "Uttam Mahila Samiti" through initiatives like distribution of educational stationery, uniforms, sweaters, shoes, computers, etc. in the schools around our plants. Uttam Mahila Samiti also conducts drawing, painting and debate competitions at school level from time to time.

For overall development of community, "Uttam Krishi Clinic" has been established in the vicinity of the plants at Gadepan. This clinic provides various services such as Soil testing, Internet, Sale of improved seeds, Farmer training, Consultation, Demo-cum-Nursery for educating farmers on organic farming, etc.

9. Conservation of Energy

Your Company strives to make the plants as energy efficient as possible and continually reviews various schemes to conserve energy. The requisite information with regard to conservation of energy, technology absorption and foreign exchange earnings and outgo in terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out in separate statements attached hereto (Annexure "A" & "B") and forms part hereof.

Your Company now owns 6 Aframax tankers out of which 5 are double hull and these ships are more energy efficient as compared to the old vessels. Information required to be furnished in Form A is not applicable to shipping industry. It has no information to furnish in Form B regarding technology absorption. Total foreign exchange earning and outgo with respect to the Shipping Division has been included in data of entire Company in Form B.

10. Investor Service Centre

The In-house Investor Service Centre of your Company located at New Delhi, continues to provide prompt investor service through quick resolution of investor grievances. The motto of 'high investor satisfaction' is being pursued through

pro-active actions like reaching out to investors regularly, timely reminders to investors about new corporate benefits, unclaimed benefits, etc.

The Securities of your Company are listed at National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd. The Company has paid Annual listing fees to these Stock Exchanges for the year 2010-11.

The members are requested to refer to general shareholders' information given in Corporate Governance Report appended to this report.

11. Fixed Deposits

Your Company has discontinued accepting new deposits with effect from July 1, 2008. As on March 31, 2010, your Company had 175 depositors with fixed deposits of Rs. 49.21 lac. As on that date, 44 depositors had not claimed their Fixed Deposit amount of Rs. 10.84 Lac despite being reminded regularly. However, 3 depositors have claimed their deposits of Rs. 0.85 Lac since then.

12. Employee Stock Option Scheme

Your Company had taken approval of members in 23rd Annual General Meeting held on September 10, 2008 for issue and allotment of options exercisable into not more than 41,62,000 equity shares of face value of Rs. 10/- each to employees of the Company under Employee Stock Option Scheme(s). However, no stock options were issued by your Company during the year under review.

13. Personnel

Information in accordance with Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report and is attached hereto as Annexure "C".

14. Directors

The Board has nine Non-Executive directors and a Managing Director. Two directors namely M/s. S. K. Poddar and S. S. Bhartia are due for retirement by rotation at the forthcoming Annual General Meeting. M/s. S. K. Poddar and S. S. Bhartia are eligible for re-appointment.

The Board of Directors had appointed Mr. K. N. Memani and Ms. Radha Singh as Directors w.e.f July 21, 2009 and October 21, 2009, respectively, to fill the casual vacancies caused by resignation of M/s. M. D. Locke and A. J. A. Tauro. Mr. Memani will hold the office until the forth coming Annual General Meeting of the Company.

The Company has received a notice in writing together with requisite deposit from a member proposing Mr. Memani's appointment as a director of the Company, liable to retire by rotation.

Mr. A. J. A. Tauro has resigned as a director of the Company w.e.f. October 1, 2009. The Board places on record its sincere appreciation of the services and guidance rendered by Mr. A. J. A. Tauro during his long association with the Company. Other information on the directors is provided in Corporate Governance Report as annexed to this Report as Annexure "E".

15. Auditors

The Notes on Accounts read with the Auditors' Reports are self explanatory and therefore, do not call for any further comments or explanations.

M/s. S. R. Batliboi & Co., Statutory Auditors and M/s. Singhi & Co., Branch Auditors of Shipping Business of the Company (pursuant to Section 228 of the Companies Act, 1956), are retiring at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The above re-appointments, if made, will be in accordance with the provisions of Section 224 (1B) of the Companies Act, 1956.

16. Directors Responsibility Statement

Your Directors hereby report:

- that in the preparation of annual accounts, the applicable accounting standards have been followed alongwith proper explanation relative to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of profit and loss account for the period ended March 31, 2010;
- that the Directors have taken proper and sufficient care 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
- that the Directors have prepared the annual accounts on a going concern basis.

17. Consolidated Financial Statements

In accordance with 'Accounting Standard 21 – Consolidated Financial Statements', the group accounts form part of this Report & Accounts. These group accounts also incorporate the 'Accounting Standard 23 – Accounting for investments in Associates in Consolidated Financial Statements' and also 'Accounting Standard 27 – Financial Reporting of interest in Joint Ventures' issued by the Institute of Chartered Accountants of India. These group accounts have been prepared on the basis of audited financial statements received from subsidiaries, associate and joint venture company.

18. Acknowledgements

Your Directors wish to place on record their appreciation of the assistance and co-operation received from the Department of Fertilisers, Government of India, State Governments, Financial Institutions, Commercial Banks, Stakeholders and all others whose continued support and co-operation has been a source of strength to the Company enabling it to achieve its goals. Your Directors also wish to place on record their sincere appreciation of the unstinted devotion and commitment of every employee of the Company.

By order of the Board

New Delhi
May 8, 2010

S. K. Poddar
Chairman

Annexure "A" to Directors' Report
Disclosure of Particulars with respect to Conservation of Energy:

a) Energy conservation measures taken

(i) Fertiliser Division

- Installation of additional ammonia Converter and Loop Boiler in Ammonia-II Plant.
- Replacement of bare tube bundles with finned tube bundles in Boiler Feed Water Pre-heaters in Ammonia-II Plant.
- Re-passing of process air coils in convective section of Primary Reformer of Ammonia - II Plant.
- Installation of low pressure decomposer Pre-heater in Urea-II Plant.
- Installation of Vapour Absorption Machine for suction air chilling of Process Air Compressor in Ammonia - II Plant and CO₂ chilling in Urea - II Plant.

(ii) Textile Division

Following equipments were installed:

- Variable Frequency Drive (VFD) on one compressor motor of 75KW
- Electronic ballasts in place of convectional chocks in Unit-I
- Cyclic timers in supply air and return air fans of Two-For-One twisting (TFO) humidification plants and energy efficient centrifugal pumps in place of mono block pumps in humidification plants of ring frame and carding sections in Unit-II & III
- Cyclic timers on suction fan motors and rotary drum filters of carding, preparatory and autoconer sections of humidification plants in Unit-IV & V
- Reduced size pulleys on main motors of waste collection system of carding section in Unit-IV

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

(i) Fertiliser Division

- Replacement of Primary Reformer tubes (with better metallurgy) along with new catalyst in Ammonia-I plant.
- Replacement of High Temperature Shift converter catalyst in Ammonia-I plant.
- Replacement of High Pressure Regenerator tower packing in CO₂ removal section in Ammonia-I plant.
- Installation of new Hydrolyser pre heater in Urea-I plant.
- Replacement of trays with energy efficient tray in Distillation tower in Urea-I plant.
- Replacement of Urea reactor trays in Urea-I plant.

(ii) Textile Division

- Installation of VFD in TFO electric motors of synthetic sections, supply air fans, return air fans and pumps of humidification plants.
- Installation of energy saving centrifugal pumps in humidification plants in place of old mono block pumps.

c) Impact of the measures at (a) and (b) above for the reduction of energy consumption and consequent impact on the cost of production of goods.

The energy conservation measures mentioned at (a) and (b) above will result in reduction of energy by around 1%.

d) Total energy consumption and energy consumption per unit of production

As per Form 'A' given below.

Form A

Particulars	Unit	2009-10 Current Year	2008-09 Previous Year
A POWER AND FUEL CONSUMPTION			
1. Electricity			
(a) Purchased			
Unit	MWH	81,351.62	93,849.80
Total Amount	Rs.Lac	2840.17	3164.29
Rate/Unit	Rs./KWH	3.49	3.37
(b) Own generation			
(i) Through diesel generator			
Unit	MWH	13,763.30	1,593.61
Units per KL of furnace oil	KWH	3.81	3.95
Units per KL of HSD	KWH	3.68	4.34
Cost/Unit	Rs./KWH	7.39	5.45
(ii) Through steam turbine/generator			
Quantity	MWH	164,013.87	149,267.62
Unit per SM ³ of Gas	KWH/SM ³	2.51	2.49
Cost/Unit	Rs./KWH	3.45	3.20

Particulars	Unit	2009-10 Current Year	2008-09 Previous Year
2. Coal			
(a) Charcoal (for Steam Generation for Dye House)			
Quantity	KG	7,495.00	4,065.00
Total cost	Rs. Lac	1.12	0.58
Average rate/Unit	Rs./Kg	15.00	14.27
(b) Steamcoal (For Steam generation for Dye House)			
Quantity	KG	-	52,150.00
Total Cost	Rs.Lac	-	2.68
Average Rate/Unit	Rs./Kg	-	5.14
(c) Rice Husk (For Steam generation for Dye House)			
Quantity	MT	2,938.00	-
Total Cost	Rs.Lac	101.89	-
Average Rate/Unit	Rs./MT	3.47	-
(d) Petcoke (For Steam generation for Dye House)			
Quantity	KG	247,660.00	27,630.00
Total Cost	Rs.Lac	17.03	1.73
Average Rate/Unit	Rs./Kg	6.88	6.28
3. Furnance oil			
Quantity	KL	2,895.88	397.14
Total amount	Rs.Lac	809.82	85.21
Average rate	Rs./KL	27964.53	21456.13
4. Others/internal generation (please give details)			
(a) Natural Gas (Ammonia-Fuel, Power & Steam)*			
Quantity	1000SM ³	506,310.72	379,010.21
Total Cost	Rs.Lac	51997.69	38553.81
Average rate/Unit	Rs./1000SM ³	10269.92	10172.24
(b) Naphtha (Ammonia-Fuel, Power & Steam)			
Quantity	MT	2,421.30	97,732.81
Total Cost	Rs.Lac	579.94	38396.60
Average rate/Unit	Rs./MT	23,951.69	39,287.32
(c) HSD			
Quantity	KL	728.33	3.97
Total Cost	Rs.Lac	213.56	1.13
Average Rate/Unit	Rs./KL	29321.67	28441.98
B CONSUMPTION PER MT OF UREA PRODUCTION			
Electricity (Incl. Internal Consumption)	KWH/MT	84.08	81.35
Natural Gas (Ammonia-Fuel, Power & Steam)	SM ³ /MT	249.32	197.60
Naphtha (Ammonia-Fuel, Power & Steam)	KG/MT	1.19	50.95
C CONSUMPTION PER MT OFYARN PRODUCTION			
Electricity (Incl. Internal Consumption)	KWH/MT	4,335.15	4,265.01
Furnance oil	KL/MT	0.14	0.02
HSD	KL/MT	0.04	-

*The above figures of Natural Gas fuel for current year excludes 583,654 SM³ of Natural Gas used for de-bottlenecking project.

**Annexure "B" to Directors' Report
FORM "B"**

Disclosure of particulars with respect to Technology Absorption

Research and Development (R&D)

- i) The Company is a manufacturing organization and is not engaged in any major Research and Development activity. However, continuous efforts are made to improve the quality & efficiency and to develop new product/product mix.
- ii) Expenditure on R &D (Textile Division)
 - a) Capital – Rs. 14.96 Lac
 - b) Recurring – Rs. 79.77 Lac
 - c) Total - Rs. 94.73 Lac
 - d) Total R&D Expenditure as a percentage of total turnover – 0.32%

Technology Absorption, Adaptation and Innovation

- i) Efforts in brief, made towards technology absorption, adaptation and innovation.
 - a) **Fertiliser Division**
 - Installation of additional Ammonia Converter and Loop Boiler in Ammonia-II Plant.
 - Replacement of bare tube bundles with finned tube bundles in Boiler Feed Water Pre-heaters in Ammonia-II Plant.
 - Re-passing of process air coils in convective section of Primary Reformer of Ammonia - II Plant.
 - Installation of low Pressure decomposer Pre-heater in Urea-II Plant.
 - Installation of Vapour Absorption Machine for suction air chilling of Process Air Compressor in Ammonia - II Plant and CO₂ chilling in Urea – II Plant.
 - b) **Textile Division**
 - Development of Cotton Slub yarn on four Ring-frames by attaching slub motion.
 - Development of Cotton blended yarn e.g. Poly/Cotton and Viscose/Cotton.
 - Change of Cradle from short to medium to improve Viscose yarn productivity on 9 Nos. Ring Frames.
 - Technological change in Waste collection system from intermittent to continuous in synthetic plant to improve quality and efficiency.
- ii) **Benefits derived as a result of the above efforts**
 - a) **Fertiliser Division**
 - Energy Efficiency improvements.
 - Reduction in greenhouse gas emissions i.e. Methane, Carbon dioxide.
 - Marginal increase in capacity.
 - b) **Textile Division**
 - Development of new product and increase in productivity.
- iii) **Information related to technology imported (imported during the last 5 years reckoned from the beginning of the financial year):**
 - a) **Technology Imported:** Low energy process from M/s. Kellogg Brown and Root of USA for Ammonia – I.
 - b) **Year of Import:** 2006-07
 - c) **Has technology been fully absorbed:** Yes, technology has been fully absorbed during the Financial Year 2008-09.

Foreign Exchange Earnings and Outgo

Foreign Exchange used	:	Rs. 1484.80 Crore
Foreign Exchange earned	:	Rs. 274.12 Crore

Annexure "C" to Directors' Report

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Information pursuant to Section 2(17) (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.									
Sr. No.	Name	Designation	Qualifications	Age (Years)	Experience (Years)	Date of Commencement of Employment	Remuneration received (Rs.)	Last Employment	
								Employer's Name	Post Held
A. Employees who were employed throughout the year and were in receipt of remuneration in aggregate of not less than Rs. 24,00,000 for 12 months:									
1.	Ahuja, G. C.	General Manager - Strategic Planning	B.Sc. Engg. (Electronic)	59	37	01.06.1990	2,517,566.00	National Fertilisers Ltd.	Dy. Manager - Instruments
2.	Baijal, A.	Vice President - Finance	B.E., P.G.D.M.	49	25	01.11.2003	4,155,642.00	Birla Home Finance Ltd.	Vice President - Operations
3.	Dayal, A.	Vice President - Corporate Human Resources	B.E.	47	25	04.10.2006	3,475,647.00	Sabic India Pvt. Ltd.	Vice President
4.	Gandhi, P. K.	President - HR	B.Com., M.B.A.	55	32	16.02.2009	4,534,569.00	Punj Lloyd Ltd.	President - HR
5.	Gupta, V. K.	Chief General Manager - Sales & Marketing	B.Tech. (Agriculture Engg.), P.G.D.M. (Agriculture)	52	28	24.09.1991	2,526,533.00	JKBM Ltd.	Zonal Manager
6.	Kapoor, A.	Managing Director	B.Tech., M.S.	56	30	11.12.2000	10,556,246.00	Cabot India Ltd.	Vice President - Technical
7.	Malik, R. M.	Vice President	B.E.	66	43	14.11.1997	4,530,544.00	Duncan Industries Ltd.	Vice President - Projects
8.	Marwaha, V.	Technical Adviser to Executive President	F.I. Mare	59	36	12.04.2006	6,553,738.00	G.E. Shipping Co. Ltd.	Chief Engineer
9.	Mehra, V.	President - Operations	B.Tech. (Hons.)	58	36	01.01.1991	4,282,827.00	Zuari Industries Ltd.	Process Manager
10.	Narang, H. K.	General Manager - Operations & Quality Control	Master Mariner	47	27	01.08.2006	3,123,975.00	Fleet Management India Pvt. Ltd.	Operations Manager
11.	Rathore, M. S.	Vice President - Legal, Corp. Com. & Secretary	M.A., L.L.B., F.C.S.	55	37	28.09.1992	4,257,169.00	Rajasthan State Seeds Corporation Ltd.	Company Secretary
12.	Sharma, A.	Executive President - India	F.I. Mare	62	40	18.03.2006	6,904,288.00	G.E. Shipping Co. Ltd.	President
13.	Singh, R.	General Manager - Steamship Market Development & Agri Inputs	Ph. D.	59	33	25.01.1996	2,420,201.00	Northern Minerals Ltd.	Regional Sales Manager
14.	Vijay Shankar, V.	Vice President - Strategic Planning	I.C.W.A., F.C.A.	53	28	09.04.2007	4,720,071.00	Zuari Industries Ltd.	Vice President - Finance
B. Employees who were employed for a part of the year and were in receipt of remuneration in aggregate of not less than Rs. 2,00,000 per month:									
1.	Agarwal, V.	Chief Engineer	MEO-CLASS-I-(M)	35	11	01.04.2009	1,254,167.00	Searland Marine	Chief Engineer
2.	Akkalam, M.	2nd Officer	Second Mate - F.G.	26	2	Note 1	203,571.00	1st Employment	Not Applicable
3.	Aslam, B. M.	Additional Chief Officer	First Mate - F.G.	34	7	07.04.2009	616,660.00	Wallam Ship Management Ltd.	2nd Officer
4.	Bagadi, C. R.	4th Engineer	MEO-CLASS-IV-(M)	25	2	04.10.2009	200,000.00	1st Employment	Not Applicable
5.	Bagadi, L. R.	Chief Engineer	MEO-CLASS-I-(M)	37	13	Note 1	2,796,774.00	G.E. Shipping Co. Ltd.	Chief Engineer
6.	Bari, V. R.	Additional Master	Master - F.G.	35	12	Note 1	2,101,645.00	MSC India Pvt. Ltd.	Chief Officer
7.	Barua, Subrajit	Master	Master - F.G.	37	13	13.02.2009	1,110,000.00	Mitsui OSK Lines	2nd Officer

Annexure "C" to Directors' Report

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Sr. No.	Name	Designation	Qualifications	Age (Years)	Experience (Years)	Date of Commencement of Employment	Remuneration received (Rs.)	Last Employment	
								Employer's Name	Post Held
8.	Barua, Sujit	Electrical Officer	Electrical Engineer	45	10	30.11.2009	800,000.00	Bernhard Schulte Ship Management 1st Employment	Electrical Officer Not Applicable
9.	Basu, K.	Chief Officer	First Mate - F.G.	34	10	Note 1	2,686,941.00		
10.	Batula, V. M.	2nd Officer	Second Mate - F.G.	33	7	Note 1	1,000,000.00	Shipping Corporation of India Ltd.	2nd Officer
11.	Bhargava, A. K.	Vice President - Operations	B.E.	54	30	21.09.2009	1,554,958.00	Indian Farmers Fertilisers Cooperative Ltd.	General Manager
12.	Bhattacharjee, B. B.	Chief Engineer	MEO-CLASS-I-(M)	62	35	10.01.2010	1,379,837.00	Shipping Corporation of India Ltd.	Chief Engineer
13.	Bhist, M. S.	Chief Officer	First Mate - F.G.	30	16	25.05.2009	668,000.00	Shipping Corporation of India Ltd.	2nd Officer
14.	Bomasetti, R. R.	Chief Engineer	MEO-CLASS-I-(M)	43	11	30.10.2008	3,205,591.00	B P Shipping Ltd.	2nd Engineer
15.	Chakraborty, P.	2nd Engineer	MEO-CLASS-II-(M)	38	10	04.04.2009	1,378,245.00	Wallam Ship Management Ltd.	3rd Engineer
16.	Chowdhury, S. R.	2nd Engineer	MEO-CLASS-II-(M)	37	11	13.03.2010	235,676.00	World Tanker Ship Management	2nd Engineer
17.	Chowdhury, S. S.	Chief Engineer	MEO-CLASS-I-(M)	39	10	Note 1	3,253,354.00	Varun Shipping Co. Ltd.	3rd Engineer
18.	Datta, T.	Chief Engineer	MEO-CLASS-I-(M)	57	30	07.04.2009	635,096.00	AEI-RSOS Maritime	Chief Engineer
19.	Das, P.	Additional Chief Engineer	MEO-CLASS-I-(M)	39	13	26.10.2009	1,318,684.00	G.E. Shipping Co. Ltd.	Chief Engineer
20.	De, S. K.	2nd Engineer	MEO-CLASS-II-(M)	33	6	24.08.2009	1,625,000.00	Anglo Eastern	2nd Engineer
21.	Debnath, B.	Radio Officer	GMDSS/COP Class II	45	20	01.08.1991	341,463.00	1st Employment	Not Applicable
22.	Dey, G. K.	Electrical Officer	Electrical Engineer	45	10	Note 1	412,900.00	Essar Shipping Ltd.	Electrical Officer
23.	Garcha, B. S.	Chief Officer	First Mate - F.G. - F.G.	41	15	27.05.2009	2,469,170.00	MSC Shipping	Chief Officer
24.	Gaurav, A.	2nd Officer	Second Mate - F.G.	29	6	Note 1	633,665.00	Bibby Ship Mangement	2nd Officer
25.	Ghosh, A. M.	Radio Officer	GMDSS/COP Class II	58	20	21.05.1991	354,225.00	1st Employment	Not Applicable
26.	Gill, A.	Master	Master - F.G.	36	14	Note 1	3,123,302.00	Dymacom Tanker Management Ltd.	Master
27.	Giri, G.	2nd Engineer	MEO-CLASS-II-(M)	43	17	18.01.2009	2,565,780.00	Five Star Shipping Company Pvt. Ltd.	2nd Engineer
28.	Gomes, D.	Master	Master - F.G.	48	22	Note 1	1,746,666.00	Shipping Corporation of India Ltd.	Master
29.	Goyal, S. K.	Additional Chief Engineer	MEO-CLASS-I-(M)	37	8	20.04.2009	901,008.00	Torn	2nd Engineer
30.	Gupta, A. N.	Administrative Officer	GMDSS/COP Class II	60	35	19.10.1974	939,285.00	1st Employment	Not Applicable
31.	Haider, A.	Additional Chief Engineer	MEO-CLASS-I-(M)	44	12	Note 1	1,542,168.00	G.E. Shipping Company Ltd.	2nd Engineer
32.	Hameed, K. S. M.	Chief Engineer	MEO-CLASS-I-(M)	61	25	27.04.2009	266,604.00	Shipping Corporation of India Ltd.	Chief Engineer
33.	Hasem, S. A.	Administrative Officer	GMDSS/COP Class II	53	21	21.07.1989	468,940.00	1st Employment	Not Applicable
34.	Jana, S. C.	2nd Engineer	MEO-CLASS-II-(M)	55	27	Note 1	2,793,840.00	Nortrans Pte. Ltd.	2nd Engineer
35.	Joshi, P. M.	Chief Engineer	MEO-CLASS-I-(M)	44	16	03.12.2008	2,967,500.00	P B Maritime - Singapore	Chief Engineer
36.	Kanwar, S. S.	Chief Officer	First Mate - F.G.	42	6	27.04.2009	309,193.00	Sovereign Ship Management	Chief Officer

Annexure "C" to Directors' Report

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Sr. No.	Name	Designation	Qualifications	Age (Years)	Experience (Years)	Date of Commencement of Employment	Remuneration received (Rs.)	Last Employment	
								Employer's Name	Post Held
37.	Kotiyal, A. S.	Chief Officer	First Mate - F.G.	32	13	Note 1	1,979,962.00	G.E. Shipping Company Ltd.	Additional Chief Officer
38.	Kumar, P.	Master	Master - F.G.	40	13	01.04.2009	200,256.00	1st Employment	Not Applicable
39.	Kumar, Raj	2nd Engineer	MEO-CLASS-II-(M)	36	8	07.12.2008	2,157,500.00	Wallem Ship Management Ltd.	2nd Engineer
40.	Kumar, Ritesh	Chief Officer	First Mate - F.G.	31	8	Note 1	1,345,071.00	Anglo Eastern	3rd Officer
41.	Kumar, Saket	Chief Officer	First Mate - F.G.	29	5	Note 1	2,311,874.00	Seacoast Shipping	2nd Officer
42.	Kumar, Sanjay	Chief Officer	First Mate - F.G.	38	10	16.04.2009	338,708.00	DRS Marine	Chief Officer
43.	Kumar, Sanjiv	2nd Officer	Second Mate - F.G.	35	11	Note 1	645,000.00	1st Employment	Not Applicable
44.	Kumar, Santosh	2nd Engineer	MEO-CLASS-II-(M)	36	9	Note 1	2,078,154.00	Wallem Ship Management Ltd.	3rd Engineer
45.	Maiti, P.	Chief Engineer	MEO-CLASS-I-(M)	37	14	30.01.2010	966,924.00	American Eagle Tankers	Chief Engineer
46.	Majumder, P. K.	Master	Master - F.G.	48	23	26.09.2008	3,543,784.00	Tanker Pacific Ship Management Ltd.	Master
47.	Malik, J. A.	3rd Officer	Second Mate - F.G.	25	1	04.10.2009	237,096.00	1st Employment	Not Applicable
48.	Mathur, R.	Chief General Manager - Technical Service & Projects	B.E.	55	32	21.11.1994	1,602,684.00	National Fertilisers Ltd.	Dy. Manager (Production)
49.	Matharu, R. S.	General Manager - Human Resources	B.E., M.B.A.	44	18	02.03.2010	209,136.00	Tata International Ltd.	Head-HR
50.	Mandave, A. P.	Master	Master - F.G.	33	15	Note 1	2,890,000.00	International Andromeda Shipping	Chief Officer
51.	Manyapu, L. P.	Master	Master - F.G.	32	11	05.01.2009	711,290.00	Seaport Shipping Pvt. Ltd.	Master
52.	Mehta, M. S.	Electrical Officer	Electrical Engineer	45	19	24.05.2009	1,214,489.00	MSC Shipping	Electrical Officer
53.	Mishra, K.	2nd Officer	Second Mate - F.G.	27	3	03.04.2009	406,690.00	PT Berlian Laju Tanker TBK	2nd Officer
54.	Misra, B.	2nd Engineer	MEO-CLASS-II-(M)	49	25	19.10.2009	943,394.87	Shipping Corporation of India Ltd.	Chief Engineer
55.	Mittal, S.	Chief Officer	First Mate - F.G.	31	8	13.03.2010	229,838.00	IND-AUST Maritime	Chief Officer
56.	Mukherjee, D.	Chief Officer	First Mate - F.G.	31	7	Note 1	1,251,785.00	1st Employment	Not Applicable
57.	Mondal, A. S.	Chief Engineer	MEO-CLASS-I-(M)	34	12	01.04.2009	1,549,193.00	Univan Ship Management Ltd.	Chief Engineer
58.	Mondal, S.	Electrical Officer	Electrical Engineer	51	20	23.03.1990	600,000.00	1st Employment	Not Applicable
59.	Mukhopadhyay, A. K.	Electrical Officer	E.T.O.	54	20	19.03.1991	453,305.00	1st Employment	Not Applicable
60.	Naiya, P.	2nd Engineer	MEO-CLASS-II-(M)	35	11	21.03.2009	2,273,709.00	Fleet Management India Pvt. Ltd.	2nd Engineer
61.	Nawaz, K.	Master	Master - F.G.	33	19	Note 1	3,233,742.00	Shipping Corporation of India	Chief Officer
62.	Nizwan, K.	Chief Officer	First Mate - F.G.	30	7	Note 1	2,111,388.00	B P Shipping Ltd.	2nd Officer
63.	Ogale, A. S.	Chief Engineer	MEO-CLASS-I-(M)	33	7	Note 1	2,788,523.00	G.E. Shipping Co. Ltd.	Chief Engineer
64.	Patra, R. K.	Chief Engineer	MEO-CLASS-I-(M)	49	23	16.05.2009	3,144,160.00	Barbar Ship Management Ltd.	Chief Engineer
65.	Prasad, A.	Master	Master - F.G.	50	22	16.05.2009	275,100.00	Shipping Corporation of India Ltd.	Master
66.	Prasad, R. S.	Chief Officer	First Mate - F.G.	27	5	03.12.2008	2,500,275.00	Nortrans Pte. Ltd.	3rd Officer

Annexure "C" to Directors' Report

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Sr. No.	Name	Designation	Qualifications	Age (Years)	Experience (Years)	Date of Commencement of Employment	Remuneration received (Rs.)	Last Employment	
								Employer's Name	Post Held
67.	Purohit, L. N.	A. M. - Commercial	B. COM	48	26	02.04.1984	717,659.00	1st Employment	Not Applicable
68.	Raj, A.	2nd Engineer	MEO-CLASS-II-(M)	30	7	12.06.2009	1,803,226.00	G.E. Shipping Co. Ltd.	3rd Engineer
69.	Ramakrishna, I. V. S.	Master	Master - F.G.	53	32	Note 1	3,179,233.00	Paramount Shipping	Master
70.	Ratna, P. K.	Chief Officer	First Mate - F.G.	38	7	25.03.2009	2,435,801.00	Fleet Management India Pvt. Ltd.	Chief Officer
71.	Rawat, R. P. S.	Electrical Officer	Electrical Engineer	41	18	27.05.2009	1,418,000.00	MSC Shipping	Electrical Officer
72.	Shee, S. K.	3rd Engineer	MEO-CLASS-IV-(M)	54	22	22.12.1988	268,575.00	1st Employment	Not Applicable
73.	Singh, P. P.	Master	Master - F.G.	47	28	20.04.2009	3,689,842.00	1st Employment	Not Applicable
74.	Singh, R. D.	3rd Engineer	MEO-CLASS-II-(M)	28	6	15.01.2009	428,622.00	V. Ships	4th Engineer
75.	Singh, V.	Chief Engineer	MEO-CLASS-I-(M)	54	25	01.08.2009	1,348,709.00	G.E. Shipping Co. Ltd.	Chief Engineer
76.	Singh, Y.	Master	Master - F.G.	35	11	Note 1	3,917,646.00	G.E. Shipping Co. Ltd.	Chief Officer
77.	Sinha, B. D.	2nd Officer	Second Mate - F.G.	33	5	Note 1	800,000.00	G.E. Shipping Co. Ltd.	2nd Officer
78.	Sreevastava, R. P.	Chief Engineer	MEO-CLASS-I-(M)	59	22	15.05.2009	3,684,400.00	Eurasia Maritime & Ship Management	Chief Engineer
79.	Sud, S.	Master	Master - F.G.	35	11	23.09.2009	2,760,969.00	Sovereign Ship Management	Master

NOTES:

1. These persons were employed on contractual basis on various dates during the year.
2. In accordance with the clarification given by Ministry of Corporate Affairs, the remuneration has been computed on the basis of the actual expenditure incurred by the Company.
3. None of the above employees is a relative of any Director of the Company.
4. None of the above employees himself or alongwith his spouse and dependent children holds 2% or more equity shares of the Company.
5. All the appointments are/were on contractual basis.

Annexure "D" to Directors' Report

AUDITORS' CERTIFICATE

To

The Members of Chambal Fertilisers and Chemicals Limited

We have examined the compliance of conditions of corporate governance by Chambal Fertilisers and Chemicals Ltd., for the year ended on March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. R. BATLIBOI & CO.

Firm's registration number: 301003E

Chartered Accountants

per Manoj Gupta

Partner

Membership No.: 83906

Place: Gurgaon

Date: May 08, 2010

Annexure "E" to Directors' Report

REPORT ON CORPORATE GOVERNANCE

a) Company's Philosophy

Your Company believes that for its sustained success, it must maintain global standards of corporate conduct towards its shareholders, customers, employees, all other stakeholders and society in general. The Company has always focused on good corporate governance, which is a key driver of sustainable corporate growth and long-term value creation for its shareholders.

The Company believes that corporate governance is not just limited to creating checks and balances. It is more about creating organization excellence leading to increasing employee and customer satisfaction and shareholders' value. The primary objective of corporate governance is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness, to develop capabilities and identify opportunities that best serve the goal of value creation. The Company believes, it must leverage its human and capital resources to translate opportunities into reality, create awareness of corporate vision and spark dynamism and entrepreneurship at all levels.

Above all, corporate governance must balance individual interest with corporate goals and operate within accepted norms of propriety, equity, fair play and a sense of justice. Accountability and transparency are key drivers to improve decision-making and the rationale behind such decisions, which in turn creates stakeholder confidence.

b) Board of Directors

The Board of Directors consists of ten directors including a Managing Director and nine Non-Executive Directors. M/s. S. K. Poddar and S. S. Bhartia, Directors of the Company are retiring by rotation at the forthcoming Annual General Meeting. M/s. S. K. Poddar and S. S. Bhartia are eligible for re-appointment.

The Board of Directors had appointed Mr. K. N. Memani and Ms. Radha Singh as Directors w.e.f July 21, 2009 and October 21, 2009, respectively, to fill the casual vacancies caused by resignation of M/s. M. D. Locke and A. J. A. Tauro. Mr. K. N. Memani will hold office until the forthcoming Annual General Meeting of the Company.

The Company has received a notice in writing together with requisite deposit from a member proposing Mr. Memani's appointment as a director of the Company, liable to retire by rotation.

The brief particulars of all the Directors are given below:

(i) Mr. Saroj Kumar Poddar

Mr. S. K. Poddar, Chairman, a gold medalist in B. Com (Hons.) from Calcutta University, is the Chairman of Poddar Heritage Enterprises. Under Mr. Poddar, the group has promoted various projects including joint ventures with leading international corporations. The most notable of these ventures are Gillette India Ltd. – a joint venture with The Gillette Company of U.S.A. and Hettich India Private Ltd. – a joint venture with the Hettich Group of Germany.

Besides being the Chairman of these joint ventures, Mr. Poddar is the Chairman of Zuari Industries Ltd., Texmaco Ltd., Chambal Infrastructure Ventures Ltd., Simon India Ltd. and Zuari Cement Ltd. Internationally, Mr. Poddar is on the Board of Gillette Management Inc., Boston. He is also on the Advisory Board of M/s. N M Rothschild & Sons (India) Private Ltd.

Mr. Poddar is the Chairman of India-Saudi Arabia Joint Business Council, member of the Indo-French CEO Forum and Board of Trade, Ministry of Commerce and a member of the Court, Indian Institute of Science, Bangalore.

Mr. Poddar is the Past President of Federation of Indian Chambers of Commerce and Industry (FICCI), International Chamber of Commerce-India, Indian Council of Arbitration, All India Organization of Employers and Council of Indian Employers.

Names of other Indian Public Ltd. Companies in which Mr. S. K. Poddar is Director or the member of Committee(s):

S. No.	Name of the Company	S. No.	Name of the Company
1.	Chambal Infrastructure Ventures Limited	6.	Simon India Limited
2.	Gillette India Limited*	7.	Texmaco Limited [§]
3.	Indian Furniture Products Limited	8.	Zuari Cement Limited*
4.	Lionel India Limited	9.	Zuari Industries Limited
5.	Poddar Heritage Investments Limited		

*Also Chairman/Member of Audit Committee

[§]Also Chairman of Shareholders Grievance Committee

(ii) Mr. Shyam Sunder Bhartia

Mr. S. S. Bhartia is the Chairman and Managing Director of Jubilant Organosys Ltd. After graduating in Commerce, he did his ICWA from the Institute of Cost and Works Accountants of India (ICWAI) and is a fellow member of the ICWAI. A leading industrialist of India, he has rich industrial experience in the Pharmaceuticals, Speciality Chemicals, Food, Oil and Gas (Exploration & Production), Aerospace and Information Technology sectors. He is a director on the boards of numerous companies both in India and overseas. He is also a member of the Executive Committee of Federation of Indian Chambers of Commerce and Industry (FICCI).

His past association to institutional segment included – Member of Board of Governors of Indian Institute of Technology (IIT), Mumbai and Indian Institute of Management (IIM), Ahmedabad and Director on the Board of Air India.

Names of other Indian Public Ltd. Companies in which Mr. S. S. Bhartia is Director or the member of Committee(s):

S. No.	Name of the Company	S. No.	Name of the Company
1.	ACME Tele Power Limited*	8.	Jubilant Infrastructure Limited
2.	Clinsys Clinical Research Limited*	9.	Jubilant Innovation (India) Limited
3.	Draximge India Limited	10.	Jubilant Organosys Limited
4.	Geo-Enpro Petroleum Limited	11.	Lionel India Limited
5.	Jubilant Chemsys Limited	12.	VAM Holdings Limited
6.	Jubilant First Trust Healthcare Limited	13.	Zuari Industries Limited
7.	Jubilant Foodworks Limited		

*Also Chairman of Audit Committee

(iii) Mr. Harbachan Singh Bawa

Mr. H. S. Bawa is Managing Director of Zuari Industries Ltd. After getting his Masters Degree in Petroleum Engineering from University of Tulsa, USA, Mr. Bawa had a long stint of 24 years with ESSO India where he held some key assignments both in India and ESSO affiliates abroad. Before joining Zuari Industries Ltd. in 1979, Mr. Bawa was General Manager of the two Refineries of Hindustan Petroleum Corporation Ltd. (formerly ESSO).

Names of other Indian Public Ltd. Companies in which Mr. H. S. Bawa is Director or the member of Committee(s):

S. No.	Name of the Company	S. No.	Name of the Company
1.	Chambal Infrastructure Ventures Limited	7.	Style Spa Furniture Limited
2.	Gulbarga Cement Limited	8.	Zuari Industries Limited
3.	Indian Potash Limited	9.	Zuari Investments Limited
4.	Lionel India Limited	10.	Zuari Maroc Phosphates Limited*
5.	Paradeep Phosphates Limited	11.	Zuari Seeds Limited
6.	Simon India Limited*		

*Also Member of Audit Committee

(iv) Mr. Anil Kapoor

Mr. Anil Kapoor is a B. Tech from Indian Institute of Technology, New Delhi, one of world's premier technological institutes and holds M. S. in Chemical Engineering from State University of New York, USA. He has over 31 years of experience in areas of production, logistics, purchase, administration, customer service and in general management with reputed Indian and Multinational groups.

Names of other Indian Public Ltd. Companies in which Mr. Anil Kapoor is Director or the member of Committee(s):

S. No.	Name of the Company	S. No.	Name of the Company
1.	Chambal Energy (Chhattisgarh) Limited	4.	Indian Furniture Products Limited
2.	Chambal Energy (Orissa) Limited	5.	Zuari Investments Limited
3.	Chambal Infrastructure Ventures Limited		

(v) Mr. Ram Nath Bansal

Mr. R. N. Bansal is M. A. (Economics) and a Fellow member of the Institute of Chartered Accountants of India since 1954 and an Associate member of the Institute of Company Secretaries of India. He is an eminent professional and is on the Boards of many renowned companies. He has also served the Department of Company Affairs in various capacities viz., Registrar of Companies, Regional Director and retired as Member, Company Law Board. He was Director (Investment) and Additional Controller of Capital Issues in the Ministry of Finance. He was also a nominee of the Central Government on the Central Council of Institute of Chartered Accountants of India, Institute of Company Secretaries of India and the Governing Boards of various Stock Exchanges.

Names of other Indian Public Ltd. Companies in which Mr. R. N. Bansal is Director or the member of Committee(s):

S. No.	Name of the Company	S. No.	Name of the Company
1.	Essar Shipping Ports & Logistics Limited*	5.	Pushpsons Industries Limited*
2.	Essar Logistics Limited	6.	Spice Mobile Limited*
3.	Gobind Sugar Mills Limited*	7.	The Hindoostan Spinning & Weaving Mills Limited*
4.	Orient Ceramics & Industries Limited*	8.	Vadinar Oil Terminal Limited*

*Also Chairman/Member of Audit Committee

(vi) Mr. Dipankar Basu

Mr. Dipankar Basu is an M.A. (Economics). He is the Non-Executive Chairman of Securities Trading Corporation of India Ltd., STCI Primary Dealer Ltd., Peerless General Finance & Investment Co. Ltd., Peerless Securities Ltd. and Rain CII Carbon (India) Ltd. Mr. Basu is a former Chairman of State Bank of India. Between 1996 and 1999, Mr. Basu served as a member of the Disinvestment Commission set up by the Government of India. During 1997-98, Mr. Basu was a member of the Narasimham

Committee on Banking Sector Reforms.

Names of other Indian Public Ltd. Companies in which Mr. Dipankar Basu is Director or the member of Committee(s):

S. No.	Name of the Company	S. No.	Name of the Company
1.	Asian Paints Limited*	5.	Saregama (India) Limited
2.	Deepak Fertilisers & Petrochemicals Corp. Limited [§]	6.	Securities Trading Corporation of India Limited*
3.	Peerless General Finance & Investment Co. Limited	7.	STCI Primary Dealer Limited
4.	Peerless Securities Limited*	8.	RAIN CII Carbon (India) Limited*

*Member/Chairman of Audit Committee as well.

[§]Chairman of Shareholders Grievance Committee as well.

(vii) Mr. Kashi Nath Memani

Mr. Memani is a Chartered Accountant. He was Chairman and Country Managing Partner, Ernst & Young, India until 31st March 2004. He was also member of Ernst & Young Global Council for 10 years. Mr. Memani specializes in Business and Corporate Advisory, Foreign Taxation, Financial Consultancy etc. and is consulted on the corporate matters by several domestic and foreign companies.

Post retirement; Mr. Memani joined boards of various companies. He was also member of various Committees of the Institute of Chartered Accountants of India. For two consecutive years, Mr. Memani was on the External Audit Committee (EAC) of the International Monetary Fund and was appointed as the Chairman of EAC for the year 1999-2000. Mr. Memani is the past Chairman of American Chamber of Commerce in India and former President of Indo American Chamber of Commerce & PHD Chamber of Commerce. He is also member of managing committees of various Industry bodies. Mr. Memani was Chairman of New Company Law Drafting Committee and first Chairman of Quality Review Board, both set up by Govt. of India.

Names of other Indian Public Ltd. Companies in which Mr. K. N. Memani is Director or the member of Committee(s):

S. No.	Name of the Company	S. No.	Name of the Company
1.	Aegon Religare Life Insurance Company Limited	6.	HT Media Limited*
2.	DLF Limited*	7.	ICICI Venture Funds Management Co. Limited*
3.	Emami Limited	8.	J. K. Lakshmi Cement Limited
4.	Great Eastern Energy Corporation Limited*	9.	National Engineering Industries Limited*
5.	HEG Limited		

*Also Chairman/Member of Audit Committee

(viii) Mr. Chandra Shekhar Nopany

An industrialist with vision and sharp business acumen, Mr. Chandra Shekhar Nopany is heading successful businesses in India. A Chartered Accountant and Master of Science in Industrial Administration from Carnegie Mellon University, Pittsburgh, U.S.A., he is an eminent industrialist having vast experience in diverse fields like sugar, shipping, textiles and fertilisers. Apart from being the Chairman & Managing Director of The Oudh Sugar Mills Ltd., the Chairman of Sutlej Textiles & Industries Ltd. and SIL Investments Ltd., he is also on the Board of Directors of several other companies of K. K. Birla group. Having contributed significantly to organic and inorganic growth of the Group, he continues to lead as a new generation entrepreneur with dedication and concerted focus on the target to be achieved.

Names of other Indian Public Ltd. Companies in which Mr. C. S. Nopany is Director or the member of Committee(s):

S. No.	Name of the Company	S. No.	Name of the Company
1.	Chambal Infrastructure Ventures Limited	7.	SIL Investments Limited [§]
2.	Gobind Sugar Mills Limited [§]	8.	The Oudh Sugar Mills Limited
3.	Hargaon Investment & Trading Co. Limited	9.	Upper Ganges Sugar & Industries Limited [§]
4.	Modern DiaGen Services Limited	10.	Uttar Pradesh Trading Co. Limited
5.	New India Retailing & Investment Limited	11.	Yashovardhan Investment & Trading Co. Limited
6.	Sutlej Textiles and Industries Limited [§]		

[§] Chairman/Member of Investors' Grievance Committee as well.

(ix) Ms. Radha Singh

Ms. Radha Singh has retired from Indian Administrative Service. Before retirement, she was holding the position of Agriculture and Cooperation Secretary, Government of India. She has a long experience of 39 years in public service in areas of rural and agriculture development, water resources, public finance and institution building. In her capacity as Agriculture and Cooperation Secretary, she also headed various organizations as Board Member/Chairperson.

She also held high level policy and managerial positions in the Government of India. These included Secretary, Department of Animal Husbandry, Dairying and Fisheries; Additional Secretary in the Ministry of Water Resources, etc. She was working with the World Bank in Washington, U.S.A. as an Institutional Specialist and in other capacities for six years (1993-1998). Presently, Ms. Singh is Agriculture Advisor to FICCI, Chairperson of Madhavpura Mercantile Bank, Ahmedabad and Trustee and Secretary of Rajendra Bhawan Trust, New Delhi. She is on the Board of YES Bank Ltd. and LT Foods Ltd.

(x) **Mr. Marco Philipus Ardeshir Wadia**

Mr. Marco Wadia is B.A. (Hons.), LL.B. and is a practicing Advocate since 1986, specializing in corporate matters. Mr. Wadia is a partner in the firm of Crawford Bayley & Co., Mumbai since January 2001. He is on the Boards of various Companies.

Names of other Indian Public Ltd. Companies in which Mr. Wadia is Director or the member of Committee(s):

S. No.	Name of the Company	S. No.	Name of the Company
1.	GMAC Financial Services India Limited*	6.	Simon India Limited*
2.	Johnson & Johnson Limited*	7.	Stovec Industries Limited*
3.	Jost's Engineering Company Limited	8.	Zuari Industries Limited* ⁵
4.	Paradeep Phosphates Limited	9.	Zuari Maroc Phosphates Limited
5.	Zuari Developers Limited		

*Also Chairman/Member of Audit Committee

⁵Also Member of Shareholders' Grievance Committee

c) **Meeting and Attendance**

During the year under review, five Board Meetings were held on April 16, 2009, May 15, 2009, July 21, 2009, October 21, 2009 and January 23, 2010.

The composition of the Board of Directors, their attendance at the Board Meetings and Annual General Meeting as also number of other directorships in Indian public Ltd. companies and membership of the Committees of the Boards of such companies are as follows:

Name of Director	Whether Attended Last AGM	No. of Board Meetings attended	Category of Director	Other Director-ships	Membership of Committee of other Boards	
					Chairman	Member
Mr. S. K. Poddar	NO	5	NED/PG	9	2	1
Mr. R. N. Bansal	NO	4	ID	8	4	3
Mr. D. Basu	NO	4	ID	8	3	2
Mr. H. S. Bawa	NO	5	NED	11	NIL	2
Mr. S. S. Bhartia	NO	5	NED/PG	13	2	NIL
Mr. Anil Kapoor	YES	5	MD	5	NIL	NIL
Mr. K. N. Memani ¹	NO	1	ID	9	4	1
Mr. C. S. Nopany	NO	4	NED/PG	11	2	2
Ms. Radha Singh ²	NO	1	ID	2	NIL	NIL
Mr. Marco Ph. A. Wadia	YES	5	ID	9	2	4

ID - Independent Director, MD - Managing Director, NED - Non Executive Director, PG - Promoter Group

¹appointed on July 21, 2009, to fill the casual vacancy caused by resignation of Mr. M. D. Locke.

²appointed on October 21, 2009, to fill the casual vacancy caused by resignation of Mr. A. J. A. Tauro.

Notes:

- Directorship excludes Indian Private Ltd. Companies and Foreign Companies.
- Committees mean Audit Committee and Shareholders Grievance Committee.
- Mr. A. J. A. Tauro, an independent director resigned w.e.f. October 1, 2009 and because of his ill health, did not attend any meeting during the year.

d) **BOARD AGENDA**

The Board meetings are scheduled well in time and Board members are usually given a notice of two months before the meeting date. The Board members are provided with well structured and comprehensive agenda papers. All major agenda items are backed by in-depth background information and analysis, wherever possible, to enable the Board members to take informed decisions. Agenda papers are generally circulated a week prior to the meeting of the Board.

e) **COMMITTEES OF THE BOARD**

There are 7 Committees of the Board of Directors, which have been delegated adequate powers to discharge urgent business of the Company. These Committees are - (a) Audit Committee; (b) Investors Grievance Committee; (c) Remuneration Committee; (d) Banking and Finance Committee; (e) Project Monitoring Committee; (f) Quarterly Results Review Committee and (g) Compensation Committee. The Committees meet as often as required.

The details of these Committees are as follows:

(i) **Audit Committee**

• **Terms of reference:**

Apart from all the matters provided in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, the terms of reference of the Audit Committee include:

- approve internal audit programme,
- review with statutory auditors their findings, observations, suggestions, internal control systems, scope of audit, other related matters and major accounting policies followed by the Company,

- review the contracts entered into by the Company, valuing more than Rs. 75 million and the contracts entered into with the parties included in the register maintained under Section 301 of the Companies Act, 1956, if any,
- review Internal Audit Reports related to internal control weaknesses.

The minutes of the Audit Committee meetings are circulated to the Board of Directors.

• **Composition:**

The Committee comprises of four Directors. The permanent invitees include Managing Director, Chief Financial Officer, statutory auditors and internal auditors. The Company Secretary is the Secretary of the Committee. The Committee met 5 times during the year and the attendance of members at the meetings was as follows:

Name	Status	Category	No. of Meetings attended
Mr. Marco Wadia	Chairman w.e.f. 21.07.2009	Independent	5
Mr. R. N. Bansal	Member	Independent	4
Mr. H. S. Bawa	Member	Non-executive	5
Mr. K. N. Memani	Member w.e.f. 21.07.2009	Independent	3

Mr. A. J. A. Tauro ceased to be Chairman and member w.e.f. October 1, 2009 and did not attend any meeting during the year.

(ii) **Investors Grievance Committee**

• **Terms of reference:**

The Committee was formed to approve the matters relating to allotment of securities, issue of duplicate certificates, review and redressal of investor grievances, decide the dates of book closure/record dates in respect of the securities presently issued by the Company, etc. In order to provide quick service to investors, the Board has delegated enough powers to few executives to deal with various matters including transfer of shares across the counter, transmission of securities, etc.

• **Composition:**

The Committee comprises of three Directors. The Committee met 4 times during the year and the attendance of members at the meetings was as follows:

Name	Status	Category	No. of Meetings attended
Mr. R. N. Bansal	Chairman	Independent	3
Mr. H. S. Bawa	Member	Non-executive	4
Mr. Anil Kapoor	Member	Managing Director	4

Mr. M. S. Rathore, Vice President – Legal, Corporate Communication & Secretary is the Compliance Officer of the Company.

• **Investors' Grievances received and resolved during the year:**

The Company has 2,07,308 investors as on March 31, 2010. During the year under review, the status of requests and complaints was as follows:

Particulars	Opening Balance	Received	Total Resolved	Closing Balance
Requests	1	18,458	18,436	23*
Complaints	NIL	124	124	NIL

*Since attended

(iii) **Remuneration Committee**

• **Terms of reference:**

The Committee was formed to recommend appointment of Managing Director(s)/Whole Time Director(s)/Manager and to review and approve the remuneration including the compensation package, annual increments, incentives, additional perquisites, etc. of the Managing Director(s)/Whole Time Director(s) and Senior Executives of the Company.

• **Composition:**

The Committee comprises of three Directors. The Committee met once during the year and the attendance of members at the meetings was as follows:

Name	Status	Category	No. of Meetings attended
Mr. R. N. Bansal	Chairman	Independent	1
Mr. C. S. Nopany	Member w.e.f. 23.01.2010	Non-executive	NIL
Mr. Marco Wadia	Member	Independent	1

Mr. A. J. A. Tauro ceased to be member of this committee w.e.f. October 1, 2009 and did not attend the meeting.

(iv) **Banking and Finance Committee**

• **Terms of reference:**

The Committee was formed to approve availment of various types of finances including working capital facilities, loan facilities, etc. and any other specific matter delegated by the Board from time to time.

• **Composition:**

The Committee comprises of four Directors. The Committee met thrice during the year and the attendance of members at the meetings was as follows:

Name	Status	Category	No. of Meetings attended
Mr. S. S. Bhartia	Chairman	Non-executive	3
Mr. D. Basu	Member	Independent	NIL
Mr. C. S. Nopany	Member	Non-executive	NIL
Mr. Anil Kapoor	Member	Managing Director	3

(v) **Project Monitoring Committee**

• **Terms of reference:**

The Committee was formed to review progress of the Gadepan I & II Revamp projects and approve contracts of certain value.

• **Composition:**

The Committee comprises of four Directors. No meeting of the committee was held during the year.

Name	Status	Category
Mr. C. S. Nopany	Chairman	Non-executive
Mr. H. S. Bawa	Member	Non-executive
Mr. R. N. Bansal	Member	Independent
Mr. Anil Kapoor	Member	Managing Director

(vi) **Quarterly Results Review Committee**

• **Terms of reference:**

The Committee was formed to deal with all the matters pertaining to approval of the unaudited quarterly results of the Company.

• **Composition:**

The Committee comprises of four Directors. No meeting of the committee was held during the year. The composition of the Committee is as follows:

Name	Status	Category
Mr. S. S. Bhartia	Chairman	Non-executive
Mr. H. S. Bawa	Member	Non-executive
Mr. R. N. Bansal	Member	Independent
Mr. Anil Kapoor	Member	Managing Director

(vii) **Compensation Committee**

• **Terms of reference:**

The Committee was formed to formulate Employee Stock Option Scheme and its administration.

• **Composition:**

The Committee comprises of four Directors. No meeting of the committee was held during the year. The composition of the Committee is as follows:

Name	Status	Category
Mr. C. S. Nopany	Chairman	Non-executive
Mr. H. S. Bawa	Member	Non-executive
Mr. R. N. Bansal	Member	Independent
Mr. A. J. A. Tauro*	Member	Independent
Mr. Marco Wadia	Member	Independent

*ceased to be member w.e.f. October 1, 2009.

f) **Details of remuneration paid to directors for the year 2009-10**

(i) **Executive Directors**

Amount (in Rs.)

Managing Director	Salary	Performance Bonus	Perquisites	Retirement Benefits
Mr. Anil Kapoor	73,68,000	11,50,000	10,17,646	10,20,600

• The term of appointment of Mr. Anil Kapoor is upto February 15, 2012, which can be terminated by either party by giving three months' written notice to other party.

• The Company has not issued any stock options. No sitting fee is payable to Managing Director.

(ii) **Non - Executive Directors**

The Company doesn't pay any remuneration to its Non-Executive Directors except sitting fee for attending the meetings of the Board and the Committees thereof. The Company pays sitting fee to its Non-Executive Directors @ Rs. 20,000 and Rs. 7,500

for attending each meeting of the Board of Directors and Committees of Directors, respectively. The details of sitting fee paid during the year 2009-10 are as follows:

Name of the Director	Amount (in Rs.)	Name of the Director	Amount (in Rs.)
Mr. S. K. Poddar	1,00,000	Mr. K. N. Memani	42,500
Mr. R. N. Bansal	1,40,000	Mr. C. S. Nopany	80,000
Mr. D. Basu	80,000	Ms. Radha Singh	20,000
Mr. H. S. Bawa	1,67,500	Mr. Marco Wadia	1,45,000
Mr. S. S. Bhartia	1,22,500		

g) Remuneration Policy

The Company's remuneration policy aims at attracting and retaining high talent by taking into account the talent market, national and international remuneration trends and the competitive requirements of each of its businesses.

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives. The components of the total remuneration vary for different cadres and are governed by industry pattern, qualifications and experience of the employee, responsibilities handled by him, individual performance, etc.

h) Shareholding of Directors as on March 31, 2010

Name	No. of Shares held	Name	No. of Shares held
Mr. R. N. Bansal	NIL	Mr. C. S. Nopany	3,25,775
Mr. D. Basu	NIL	Mr. Anil Kapoor	NIL
Mr. H. S. Bawa	1,25,000	Mr. S. K. Poddar	1,55,352
Mr. S. S. Bhartia	110	Ms. Radha Singh	NIL
Mr. K. N. Memani	NIL	Mr. Marco Wadia	6,000

i) General Body Meetings

(i) The last three Annual General Meetings of the Company were held as under:

Financial year	Date	Time	Location
2008-2009	20.08.2009	1030 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan
2007-2008	10.09.2008	1030 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan
2006-2007	24.08.2007	1030 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan

(ii) The Company had taken shareholders' approval in 23rd Annual General Meeting held on September 10, 2008 by way of special resolution for approval of issue of equity shares under Employee Stock Option Scheme(s). Shareholders' approval through postal ballot was not sought for any matter last year.

i) Disclosures

There are no materially significant transactions with the related parties viz. promoters, directors, relatives, the management, subsidiaries, etc. that may have a potential conflict with the interest of the Company at large.

No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority in any matter related to capital markets, for non-compliance by the Company.

Your Company is fully compliant with the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges and quarterly compliance report in the requisite format duly signed by the Compliance Officer, has been submitted to the stock exchanges where the Company's equity shares are listed.

The Company has adopted the following non-mandatory requirements relating to:

- providing half-yearly un-audited financial results of the Company to each household of the shareholders;
- Remuneration Committee; and
- Maintenance of the office of Non-Executive Chairman at the Company's expense.

The Ministry of Corporate Affairs had issued Corporate Governance Voluntary Guidelines in December 2009. The Company is already following some of these guidelines. The Company is in the process of evaluating these guidelines and appropriate action will be taken in due course.

k) Means of Communication

- (i) The Company has been disclosing corporate financial performance on quarterly, half-yearly and annual basis well within the stipulated period to the Stock Exchanges and general public after being approved by the Board. The results are normally published in the main editions of two or more national and vernacular dailies such as *Economic Times*, *Mint*, *Navbharat Times*, *Rajasthan Patrika* and *Dainik Bhaskar*. The Company has been mailing half yearly unaudited financial results to all the shareholders. All these results, including the entire Annual Report and Accounts, were posted on SEBI's Electronic Data Information Filing and Retrieval (EDIFAR) system website.
- (ii) Information relating to shareholding pattern, compliance with corporate governance norms, etc. was also posted on SEBI's EDIFAR website.
- (iii) The results are simultaneously posted on the website of the Company at www.chambalfertilisers.in. On this website, the investors can also find Annual Reports, details of various services being provided to investors, guidance and procedure to be followed by the investors for transfer, transmission and transposition of the securities, dematerialization, rematerialisation of shares, etc.
- (iv) The Company did not make any presentation to the institutional investors or the analysts.
- (v) Management Discussion and Analysis Report forms part of this Annual Report.

l) Code of Conduct & Ethics

The Company has adopted "Code of Conduct and Ethics" for the Directors and Senior Executives of the Company. The object of the Code is to conduct the Company's business ethically and with responsibility, integrity, fairness, transparency and honesty.

The Code of Conduct also serves as a tool in carrying out the Company's social responsibility in a more effective manner. This Code sets out a broad policy for one's conduct in dealing with the Company, fellow directors and employees and with the external environment in which the Company operates.

The Code is available on the Company's corporate website www.chambalfertilisers.in.

The declaration given by Managing Director of the Company with respect to affirmation of compliance of the Code by the Board Members and Senior Executives of the Company is enclosed as Annexure - "F".

m) Code of Internal Procedures and Conduct for Trading in Securities of the Company

The Company has a Code of Internal Procedures and Conduct for Trading in Securities of the Company. The Code, inter-alia, prohibits purchase/sale of shares of the Company by Directors, Officers, designated employees and their dependents while in possession of unpublished price sensitive information in relation to the Company.

n) General Shareholders' Information
(i) 25th Annual General Meeting

Venue: Registered Office at Gadepan, Distt. Kota, Rajasthan - 325208

Time: 1030 hours

Day & Date: Friday, August 27, 2010

(ii) Tentative Financial Calendar

Event	Date
Audited Annual Results (2009-2010)	May 8, 2010
Mailing of Annual Report	Mid July 2010
First Quarter Results	End July 2010
Half Yearly Results	End October 2010
Mailing of half yearly results to shareholders	End November 2010
Third Quarter Results	End January 2011
Audited Annual Results (2010-2011)	May 2011

(iii) Book Closure

The register of members and share transfer books of the Company shall remain closed from Tuesday, August 3, 2010 to Thursday, August 5, 2010 (both days inclusive).

(iv) Dividend Payment Date: September 1, 2010
(v) Listing on Stock Exchanges and Stock codes

The names and addresses of the stock exchanges at which the equity shares of the Company are listed and the respective stock codes are as under:

S. No	Name of the Stock Exchange	Stock Code
1.	Bombay Stock Exchange Ltd. (BSE) Phiroze Jeejeebhoy Towers, 25 th Floor, Dalal Street, Mumbai - 400 001	500085
2.	The National Stock Exchange of India Ltd. (NSE) Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	CHAMBLFERT

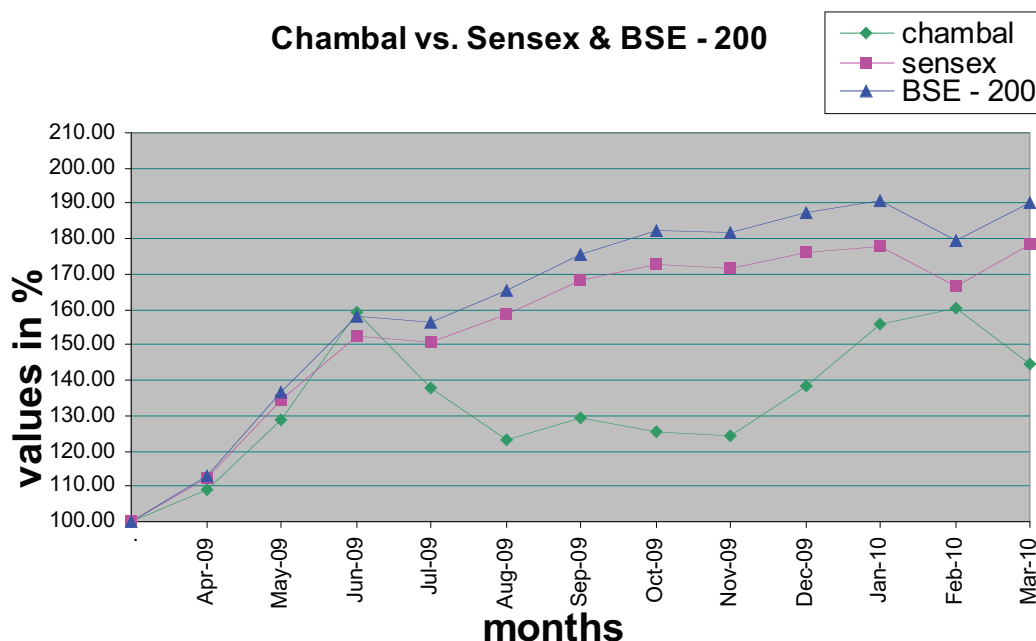
The Company has paid annual listing fees for the year 2010-11 to BSE and NSE.

(vi) **Market price data**

High and low of market prices of the Company's equity shares traded on BSE and NSE during the last financial year were as follows:
(Amount in Rs.)

Month	BSE		NSE	
	High	Low	High	Low
April 2009	50.80	41.25	50.75	41.00
May 2009	65.80	45.00	66.00	44.90
June 2009	75.60	59.60	75.40	55.70
July 2009	72.80	47.20	72.70	47.10
August 2009	57.90	46.20	57.95	46.20
September 2009	59.00	50.60	58.40	50.00
October 2009	57.75	47.00	57.50	46.85
November 2009	57.20	46.10	57.15	46.05
December 2009	62.20	54.60	62.20	54.30
January 2010	72.20	57.85	72.30	57.85
February 2010	74.25	60.20	74.40	60.40
March 2010	63.40	57.10	63.40	57.25

(vii) **Performance of Chambal's equity share in comparison to BSE Sensex and BSE 200 on the basis of closing values:**



The base of 100 is taken to be the closing price of shares and values of indices as on March 31, 2009.

(viii) **Registrar and Transfer Agents & Share Transfer System**

M/s. Zuari Investments Ltd. is your Company's Share Transfer Agent. Share transfers in physical form and other communications regarding shares, dividends, change of address, etc., may be addressed to:

M/s. Zuari Investments Ltd., Share Transfer Agents
Corporate One, 1st Floor, 5, Commercial Centre, Jasola
New Delhi – 110 025
Tel: 011 - 41697900, 46581300
Fax: 011 - 40638679
E-mail: isc@chambal.in

The dematerialized shares are directly transferred to the beneficiaries by the Depositories.

The Share Transfer Agents have an online computerized system for transfer of shares in physical form. The designated officials of the Company are authorised to approve transfer of shares after they are processed by the Share Transfer Agents including transfer of shares 'Over the Counter' upto 10,000 shares per request. No request was received during the year for transfer of shares across the counter. Average time taken in transfer of shares across the counter is 5 minutes per share certificate and in other cases is around 5 days from the date of receipt of the request.

(ix) **Address for Correspondence:**

The Investors can personally contact or send their correspondence either to Share Transfer Agents at the aforesaid address or at the Company's Investor Service Centre at the following address:

Chambal Fertilisers and Chemicals Ltd.

Investor Service Centre

Corporate One, 1st Floor, 5, Commercial Centre, Jasola

New Delhi – 110 025

Telephone: 011 - 41697900, 46581300

Fax : 011 - 40638679

E-mail: rajeshkumar.jain@chambal.in or rajveer.singh@chambal.in or ms.rathore@chambal.in

Website: www.chambalfertilisers.in

(x) **Dematerialization of Shares and Liquidity**

The Equity Shares of the Company are compulsorily traded in dematerialized form and the Company has signed agreements with both the Depositories i.e. National Securities Depositories Ltd. and Central Depository Services (India) Ltd. As on March 31, 2010, about 90.82% of the share capital of the Company was held in dematerialized form.

The equity shares of the Company are also being traded in the futures and options segment of the National Stock Exchange of India Ltd. The shares of the Company are part of BSE-200 (Group A) and S&P CNX 500.

(xi) **Distribution of Shareholding**

The distribution of shareholding as on March 31, 2010 was as follows:

S. No	No. of Equity Shares held	No. of Shareholders	Percentage of total Shareholders	No. of Shares held	Percentage of total shares
1.	1 to 500	1,79,699	86.68	3,22,48,739	7.75
2.	501 to 1000	16,537	7.98	1,45,76,482	3.50
3.	1001 to 5000	9,339	4.50	2,05,74,562	4.94
4.	5001 to 10000	911	0.44	68,92,892	1.66
5.	10001 to 100000	660	0.32	1,88,04,370	4.52
6.	100001 to 500000	81	0.04	1,99,95,122	4.80
7.	500001 & above	81	0.04	30,31,15,685	72.83
	Total	2,07,308	100.00	41,62,07,852	100.00

Details of Shareholding as on March 31, 2010 was as under:

S. No	Category	No. of shares held	Shareholding (%)
1.	Promoters	22,15,70,219	53.23
2.	Financial Institutions, Banks & Mutual fund	4,65,23,240	11.18
3.	NRIs, Foreign Nationals, OCBs and FIIs	5,12,72,761	12.32
4.	Indian Public	9,68,41,632	23.27
	Total	41,62,07,852	100.00

(xii) **Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity**
NIL

(xiii) a) **Location of the Plants**

Fertiliser Plants : Gadepan, Distt. Kota, Rajasthan, India, PIN – 325 208.
Birla Textile Mills : Baddi, Distt. Solan, Himachal Pradesh, India, PIN -173 205.

b) **India Steamship**

Shipping Division : 44, Park Street, Kolkata, West Bengal, India, PIN – 700 017

Annexure "F" to Directors' Report
DECLARATION OF MANAGING DIRECTOR

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, Anil Kapoor, Managing Director of Chambal Fertilisers and Chemicals Ltd., declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the year 2009-10.

Place: New Delhi
Date: May 8, 2010

Anil Kapoor
Managing Director

Annexure "G" to Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management of Chambal Fertilisers and Chemicals Ltd. is pleased to present its analysis report covering segment-wise performance and outlook.

The Company has three business segments viz. Fertiliser, Textile and Shipping of which the Fertiliser Division is the largest.

FERTILISER DIVISION

I. Industry Structure

Urea production capacity in India has been stagnant for the last 11 years as no new plant came up since 1999. The country is therefore far from self-reliant both in nitrogenous and phosphatic fertilisers'. There was only a marginal growth of around 3% in consumption of fertilisers during the year 2009-10. India has imported over 5.2 million of Urea during financial year 2009-10. Urea import prices (FOB) varied ranging between USD 254 per MT in September 2009 to USD 315 per MT in January-February 2010. The dependence on imports of this vital nutrient is increasing and reaching levels where future food security could be jeopardized. Accordingly there is an urgent need to increase domestic production of Urea.

Further growth in capacity through investments in Greenfield or Brownfield projects will depend upon assured Gas supply on a long term basis at a fair price.

II. Developments in Government Policies

Pending formulation of a pricing policy for Urea, New Pricing Scheme (NPS) -Stage III which was valid upto March 31, 2010, has been further extended provisionally.

The new Fertiliser Investment Policy for Urea was notified last year. The main feature of the new policy is the shift from 'cost plus' approach to 'Import Parity Price' basis for the new investments i.e. Revamp, Brownfield, Greenfield or Revival. For determining the import parity, the floor and ceiling prices have been fixed at US\$ 250 per MT and US\$ 425 per MT, respectively. The additional Urea from the Revamp of existing units, expansion projects and Brownfield projects will be recognized at 85%, 90% and 95% respectively of the Import Parity Price. As the policy is predicated upon the continued availability of KG-D6 basin gas supplies at a fair price, there is an urgent need to augment Gas supplies domestically or come to formula wherein potential investors are assured of a cost neutralization of inputs beyond a level.

The Government is currently working on a suitable amendment to this policy to take care of industry concerns and the company is actively tracking these developments.

The Government has also notified the Operation of the Nutrient Based Subsidy Scheme (NBS) for Potassic and Phosphatic fertilisers although Nitrogenous fertilisers have been currently kept out of the purview of the policy. Under NBS, the Government fixes subsidies on the basis of nutrient content in a product rather than a formula based subsidy linked to a product. The new policy seeks to emphasize the balanced nutrition of the soil consistent with rational economic principles. This move of the Government is a step in the right direction and will drive producers as well as importers to improve production, procurement and distribution efficiencies. This move is also consistent with focus on marketing and customer service through competition. The Company sees this development as an opportunity to expand its product range in Potassic and Phosphatic fertilisers through an active overseas

procurement programme. This will further strengthen the Company's flagship brand 'Uttam' under which these products will be sold. It will also enable the Company to reach more farmers and dealers and strengthen its leadership position in the crucial markets of North India.

Natural Gas Scenario

The year saw a marked reduction in the international prices of oil and gas in the first quarter on account of the economic slowdown in the developed economies. The markets, however, revived and the oil prices have inched back to USD 75-85 per barrel range. The international oil prices have a direct bearing on the gas prices due to a close correlation between the oil and the gas prices.

Your Company has a basket of sources from which natural gas is supplied to its plants at Gadepan. Re-gasified LNG (RLNG) constitutes a major quantum of gas supplies and the prices under the contracts have been rising due to increase in the international oil prices. Your Company is taking steps for reduction in the overall gas cost and has requested the Government of India to replace a part of RLNG volumes with the gas from the KG-D6 basin in line with a mandate from the Empowered Group of Ministers.

III. Opportunities

In view of the supply-demand outlook for Urea, new fertiliser investment policy of the Government of India and commencement of supply of gas from KG-D6 basin, there is an opportunity for your Company to expand further in fertiliser business. However, clarity and improvement in some parameters in the Government policy is required for committing further investments.

IV. Risks and Concerns

Urea segment of Fertiliser Industry is highly dependent upon Urea pricing policy of the Government of India. Delay in formulation of new pricing policy and short term approach on policy front may be an area of concern. Further, delays in payment of subsidy and payment of subsidy through Fertiliser Bonds, if so made, may cause serious financial burden on the industry. The Company is carrying Fertiliser Bonds of Rs. 367.15 Crore which were issued in earlier years by the Government of India. These Bonds are trading at a discount of around 12% of their face value. However, no fertiliser bonds were issued during the year and as per the assurance from the Government further bonds are not likely to be issued.

V. Operational and Financial Performance

The performance of Fertiliser Division is summarized below:

	2009-10	2008-09
Urea Production (MT in lac)	20.31	19.18
Sales including Agri inputs (Rs. in crore)	3001.87	3915.28
EBIDTA (Rs. in crore)	545.17	466.79

Your Company sold 20.14 Lac MT of Urea during the year 2009-10 which was marginally higher than the last year's sale of 19.76 Lac MT. The production and sales of Urea were higher due to implementation of energy saving cum de-bottlenecking revamp projects for Gadepan - I and II. The production is likely to improve further in the current financial year 2010-11.

Your Company is gradually increasing its marketing reach by expanding its marketing network to Bihar and Jharkhand. The Company's impetus on trading of agri-inputs is bearing fruits. There was substantial increase in the sale of Pesticides during

the year under review, which increased to Rs. 179.77 Crore from Rs. 132.72 Crore in 2008-09. The Company has sold 1.42 Lac MT of Di-ammonium Phosphate - DAP (Previous Year 2.21 Lac MT) and 0.86 Lac MT of Muriate of Potash - MOP (Previous Year 0.45 Lac MT) in the same period. The variation in trading volumes of DAP was mainly due to supply constraints. The Company has sold micronutrients worth Rs. 47.16 Crore and seeds worth Rs. 31.90 Crore as against previous year sales of Rs. 43.74 Crore and Rs. 42.88 Crore, respectively. The sales of seeds were lower mainly due to higher subsidy given to the Government channels on sales of wheat seed.

VI. Material Development in Human Resources/Industrial Relations

a) Human Resource Development

(i) Training & Development

Your Company makes a continual effort towards training and development needs of its human capital for their growth opportunities along with Company's growth. The Company had conducted 75 In-house Training Programs during the year and sponsored the employees to number of external training programs conducted by reputed Institutes and Business schools in India. Your Company has achieved 2434 training man days during the year.

(ii) BS Degree – Birla Institute of Technology and Science, Pilani

An off-campus partnership program was initiated in association with Birla Institute of Technology and Science, Pilani in the year 2005-06. Under this programme, second batch of 14 employees successfully completed their 3 year Bachelor of Science degree in Process Engineering in June 2009.

b) Manpower Status and Recruitment

The Fertiliser Division experienced lower attrition in 2009-10 compared to the previous year. However, the experienced manpower is in high demand in open market. The Company recruits the requisite personnel both from campus as well open market to fill the gaps.

As on March 31, 2010, the total manpower deployed in fertiliser division was 853. The division continues to have very cordial industrial relations.

INDIA STEAMSHIP – SHIPPING DIVISION

I. Industry structure

The Shipping Industry plays very vital role in international trade as most of the transportation across the continents is carried out through sea route. The two major segments of the shipping trade are dry bulk and tanker. Your Company operates into tanker segment through its own Aframax tankers as well as in-chartered tankers.

The Shipping Industry world wide has seen their top and bottom lines plunge since 2009. Most charterers/owners have followed a wait and watch policy with few transactions taking place either with respect to time charters or sale and purchase of ships. The spot markets have continuously dipped with aframax tanker charter rates moving from almost USD 50,000 per day in 2008 to USD 16,000 per day in 2009. Similarly, asset prices in the segment moved down from a high of around USD 80 million in 2008 to subpar USD 60 million in 2009.

II. Opportunities and threats

Prolonged economic downturn has resulted in significant dip in spot market rates as well as time charter rates. Currently, most of

our ships are fixed on period charter at much higher rates than the current market rates. In such situations, charterers usually either force restructuring of rates or drop the ships all together. Our charterers did approach us for renegotiation of rates; your Company however has politely turned down such requests.

Since the charter rates have been subdued for more than a year, the asset prices have also come down substantially. Consequently, opportunities are available to pick up assets at relatively lower prices.

III. Outlook

The Shipping Industry operates as a global trade and is closely linked to the world economic environment. The world economy has been in recession since the last quarter of 2008 and year 2009 saw some extremely poor rates in the tanker market. The Industry is still facing a considerable challenge in the form of massive order book with almost 30% of the existing tanker fleet scheduled to be delivered over the next 3 years.

However, International Monetary Fund recently upgraded its world economic growth outlook to 3.9% this year and 4.3% for 2011. Higher economic activities should stimulate energy consumption which in turn will help in turning around the fortunes of shipping industry. Overall, there is an atmosphere of cautious optimism in the shipping industry.

IV. Risks and concerns

The major risks faced by shipping are - counter party risk, environmental risk, and regulatory risk apart from regular risks that business is subjected to.

Once world economy gathers steam, both dry-bulk and tanker segments should witness significant increase in the transportation demand. However, despite phase out of single hulls, there is substantial new supply coming in 2010 and 2011 which may see the tanker rates staying low in 2011 and 2012.

All of the Company's shipping revenues are from world class clients and it engages in charters with strong counter parties. This has enabled the Company to largely mitigate its counter party risk for the time being. The Shipping business has sound environment policy in place and is certified by Det Norske Veritas. The ships are manned by able and competent officers and fully insured with Hull Underwriters and P&I Clubs against risks of spillage and environmental damage.

The phase out of single hull vessels has been accelerated to 2010. However, India and few other countries are still allowing operation of single hulls beyond 2010 upto 2015 or 25 years of life of the vessel, whichever is earlier. The Company has only one single hull tanker (Ratna Urvi) which is expected to continue up to September 2012. All other 5 tankers are modern double hull vessels.

V. Financial and operational performance

The summarised performance of Shipping Division during the year was as under:

	2009-10	2008-09
Sales (Rs. in crore)	276.60	411.61
EBIDTA (Rs. in crore)	119.10	176.87

VI. Human resources development and industrial relations

The relationship between the management and the employees including the employees union is very cordial and there are no outstanding industrial disputes. The management also has well laid down HR Policies for its employees. Welfare and health & safety of employees are high priority areas. The

Company has embarked on several HR initiatives in the form of training, seminars and psychological testing to enhance the effectiveness of its employees.

The Shipping Division had 60 On-Shore employees including marine engineers on office duty and 167 Floating Staff as on March 31, 2010.

BIRLA TEXTILE MILLS - SPINNING DIVISION

I. Industry Structure

India is the second biggest textiles manufacturer worldwide and third largest cotton producer and consumer after China and USA. Employing around 35 million people, textiles industry stands as a major foreign currency revenue generator. Almost one fourth of the world's spindle activities are hosted in India. The Country is also significant textiles Fibre and yarn manufacturer on the world scene, taking on its own a 12% share of the world's production volume. India ranks at second place in production of silk and cellulose Fibre and yarn whilst standing on the fifth position when it comes to synthetic Fibre and yarn.

II. Opportunities & Threats

In order to seize the opportunities expected to arise out of lifting of quota restrictions and other trade barriers, Indian Textiles industry is moving towards modernization and expansion as encouraged by the Textile Upgradation Fund Scheme (TUFS) set up by the Government of India.

With the removal of quotas and similar trade barriers, the market is expecting new opportunities. China's impressive production capacity and its growing strength compelled Europe and USA markets to impose trade restrictions on Chinese products. India could do well in proposing a valuable alternative to buyers on the international scene. Visible efforts in quality improvement, innovations through R&D programmes, and other value-added features bring a whole new dimension to the Indian products. In turn this has resulted in higher profit as compared to other regional producers.

III. Risk & Concerns

Pakistan and Bangladesh are growing at fast pace, shortening the gap with India in export market. India is somewhat lagging behind in technology in the garments manufacturing sector and this seriously hinders increase in exportable production.

Labour regulations are a major concern in India causing great harm to the industry at various levels. With no clear legislations, strikes and similar issues often bring business to complete halts.

IV. Outlook

Indian textile industry has shown recovery signs in year 2010, following the dismal operating environment that prevailed for two consecutive years. The recovery should be supported by a pick-up in export demand, government stimulus, improved liquidity and a stable-to-growing domestic demand for textile products. Modernization will enable the companies in providing quality and volume solutions which is in constant demand by international buyers.

Appreciation of the Indian Rupee remains a challenge for Indian exporters since it lowers their competitive advantage against their Asian peers in Vietnam, China and Bangladesh. Should the rupee continue to strengthen, textile exports may register a sharp decline in the short-term, hitting revenues and cash flows of exporters.

V. Operational and Financial Performances

The summarized performance of Birla Textile Mills was as under:

	2009-10	2008-09
Yarn production (MT)	20,423.05	20,417
Sales* (Rs. in Crore)	296.03	268.65
EBIDTA (Rs. in Crore)	32.95	14.47

*excluding excise duty

The Yarn sales and average spindle utilization during the year 2009-10 were flat at 21324 MT and 95.77%, respectively. The revenue and margins have improved mainly due to favourable market conditions in the later half of the year.

VI. Material development in human resources/industrial relations front including number of people employed

Being a labour intensive industry, training and development of human resources is of paramount importance. Well structured in-house training programmes conducted by experienced and competent faculty have improved the skill levels and the employee commitment. The results of the training efforts at the shop floor level have been excellent. Presently, the manpower deployments in Textile Division comprises of 1592 workers, 253 staff members (including subordinate staff) and 203 trainees.

INTERNAL CONTROL SYSTEM

The Company has an adequate system of internal controls comprising authorization levels, supervision, checks and balances and procedures through documented policy guidelines and manuals, which provide that all transactions are authorized, recorded and reported correctly and compliance with policies and statutes are ensured.

The operational managers exercise their control over business processes through operational systems, procedure manuals and financial limits of authority manual, which are reviewed and updated on an on going basis to improve the systems and efficiency of operations.

The Company places prime importance on an effective internal audit system. During the year, the internal audit was carried out jointly by the internal audit team of the Company and a consultancy firm namely M/s. Axis Risk Consulting Pvt. Ltd. based on the internal audit programme duly approved by the Audit Committee of the Board of Directors. The internal audit programme is aligned to the previous years' observations, suggestions from the operating managers and statutory auditors, existing systems and procedures, financial limits of authority and also the risk areas, which are identified and reviewed.

The internal audit carries out audit effectively throughout the year covering all areas of operations including the follow up action. The audit approach is based on random sample selection and takes into consideration the generally accepted business practices. The internal audit reports are first discussed by the Management Committee and subsequently placed before the Audit Committee of the Board of Directors along with the direction/action plan recommended by the Management Committee. The directions are implemented by the respective divisions and wherever required Action Taken Report is placed before the Audit Committee.

CAUTIONARY STATEMENT

The report may contain certain statements that the Company believes are, or may be considered to be "forward looking statements" that describe our objectives, plans or goals. All these forward looking statements are subject to certain risks and uncertainties, including but not limited to, government action, economic development, risks inherent in the Company's growth strategy and other factors that could cause the actual results to differ materially from those contemplated by the relevant forward looking statements.

Auditor's Report

To

The Members of

Chambal Fertilisers and Chemicals Limited

1. We have audited the attached Balance Sheet of Chambal Fertilisers and Chemicals Ltd. (the Company) as at March 31, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated financial statements of Shipping Division of the Company audited by other auditors. 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 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 (as amended) issued by the Central Government in terms of sub-section (4A) of Section 227 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 above, we report that:
 - i. 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;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit has been received from Shipping Division not visited by us. The Branch Auditors' Report of the Shipping Division have been forwarded to us and have been appropriately dealt with;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and audited returns from the Shipping Division;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi. 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;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For S.R. BATLIBOI & Co.
Firm's Registration No. 301003E
Chartered Accountants

per Manoj Gupta
Partner
Membership No.: 83906

Place: Gurgaon
Date: May 8, 2010

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE CHAMBAL FERTILISERS AND CHEMICALS LIMITED (THE COMPANY)

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Fixed assets have been physically verified by the management during the year based on a phased programme of verifying all the assets over a period of two years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on physical verification.
 - (c) There was no substantial disposal of fixed assets during the year.
- (ii)
 - (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii)
 - (a) The Company has granted loans to three companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.3000 Lacs and the year end balance of loans granted to such parties is Rs.2000 Lacs.
 - (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
 - (c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest is also regular.
 - (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
 - (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, provisions of clauses 4(iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During

- the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees Five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, have generally been regularly deposited with the appropriate authorities. Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty and other undisputed statutory dues were outstanding at the year end for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues outstanding of income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty and cess on account of any dispute, other than the following:

Name of the Statute	Nature of the Dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
Rajasthan Sales-Tax Act, 1994	Sales tax demand on usage of natural gas other than Urea manufacture.	352.34	1996 to 2001	Rajasthan High Court, Jodhpur

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by its subsidiaries from bank/financial institutions, the terms and conditions whereof in our opinion are not prima-facie pre judicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) Based on books and records produced to us by the management, securities have been created in respect of debentures issued, wherever required.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. BATLIBOI & Co.
Firm's Registration No. 301003E
Chartered Accountants

per Manoj Gupta
Partner
Membership No.: 83906

Place: Gurgaon
Date: May 8, 2010

BALANCE SHEET AS AT MARCH 31, 2010

Particulars	Schedule	(Rs. in Lacs)	
		As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	41620.79	41620.79
Reserves and surplus	2	97384.95	81814.51
		<u>139005.74</u>	<u>123435.30</u>
Loan Funds			
Secured loans	3	199607.50	206926.90
Unsecured loans	4	61989.14	34983.46
		<u>261596.64</u>	<u>241910.36</u>
Deferred Payment Liabilities		-	6211.65
Deferred Tax Liabilities (Net)	5	24550.02	26599.44
Total		<u>425152.40</u>	<u>398156.75</u>
APPLICATION OF FUNDS			
Fixed Assets	6		
Gross block		497337.10	466306.48
Less: Accumulated depreciation		<u>204553.68</u>	<u>179830.03</u>
Net block		292783.42	286476.45
Capital work in progress including capital advances		4367.57	22108.70
		<u>297150.99</u>	<u>308585.15</u>
Intangible Assets	7	417.46	587.85
Investments	8	41720.96	61089.35
Current Assets, Loans and Advances			
Inventories	9	24331.16	31682.41
Sundry debtors	10	55849.70	66010.31
Cash and bank balances	11	2999.90	12752.01
Other current assets	12	34251.12	36122.51
Loans and advances	13	8543.58	10057.07
		<u>125975.46</u>	<u>156624.31</u>
Less: Current Liabilities and Provisions			
Current liabilities	14	22768.61	115539.87
Provisions	15	17343.86	13362.62
		<u>40112.47</u>	<u>128902.49</u>
Net Current Assets		85862.99	27721.82
Miscellaneous Expenditure (to the extent not written off or adjusted)	16	-	172.58
Total		<u>425152.40</u>	<u>398156.75</u>
Notes to Accounts	26		

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For and on behalf of the Board of Directors of
Chambal Fertilisers and Chemicals Limited

For S.R. BATLIBOI & Co.
Firm's Registration No. 301003E
Chartered Accountants

Anil Kapoor
Managing Director

H.S. Bawa
Vice Chairman

S.K. Poddar
Chairman

per Manoj Gupta
Partner
Membership No - 83906

Abhay Baijal
Vice President - Finance

M.S. Rathore
Vice President - Legal,
Corporate Communication & Secretary

Place: Gurgaon
Date : May 08, 2010

Place: New Delhi
Date : May 08, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

			(Rs. in Lacs)
Particulars	Schedule	Year Ended March 31, 2010	Year Ended March 31, 2009
INCOME			
Turnover (Gross)	17	357639.96	459700.27
Less: Excise duty		189.77	146.66
Turnover (Net)		357450.19	459553.61
Other income	18	6683.69	11943.94
Total		364133.88	471497.55
EXPENDITURE			
Purchase of trading goods		64389.37	156418.00
Raw material consumed	19	103087.10	94202.17
Personnel expenses	20	9860.71	9059.96
Decrease/(increase) in inventories	21	7605.33	(4851.56)
Operating and other expenses	22	105338.25	136554.68
Freight to charter-in ship		3483.61	13241.55
Depreciation/Amortization	6 & 7	25761.77	22713.93
Financial expenses	23	9104.14	13232.42
Deferred revenue expenditure written off	16	59.29	77.47
Total		328689.57	440648.62
Profit Before Exceptional Items and Tax		35444.31	30848.93
Exceptional items	24	436.87	961.09
Profit After Exceptional Items and Before Tax		35881.18	31810.02
Provision for Tax			
Current tax		12962.20	10408.78
Deferred tax charge/(credit)		(2049.42)	(1843.94)
Tonnage tax in shipping business		63.28	76.46
Fringe benefit tax		-	112.43
Total tax expense/(income)		10976.06	8753.73
Net profit after tax for the year		24905.12	23056.29
Transferred from Debenture Redemption Reserve		312.50	312.50
Balance brought forward from previous year		62843.32	51689.49
Profit available for appropriation		88060.94	75058.28
Appropriations:			
Transfer to General Reserve		2500.00	2500.00
Transfer to Tonnage Tax Reserve		375.00	950.00
Proposed Dividend on Equity Shares		7907.95	7491.74
Tax on Dividend		1313.44	1273.22
Surplus carried to Balance Sheet		75964.55	62843.32
Basic and Diluted Earning Per Share (In Rs.)	25	5.98	5.54
Nominal Value of Equity Shares (In Rs.)		10.00	10.00
Notes to Accounts	26		

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For and on behalf of the Board of Directors of
Chambal Fertilisers and Chemicals Limited

For S.R. BATLIBOI & Co.
Firm's Registration No. 301003E
Chartered Accountants

Anil Kapoor
Managing Director

H.S. Bawa
Vice Chairman

S.K. Poddar
Chairman

per Manoj Gupta
Partner
Membership No - 83906

Abhay Baijal
Vice President - Finance

M.S. Rathore
Vice President - Legal,
Corporate Communication & Secretary

Place: Gurgaon
Date : May 08, 2010

Place: New Delhi
Date : May 08, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

Particulars	(Rs. in Lacs)	
	Year Ended March 31, 2010	Year Ended March 31, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit after exceptional items and before tax.	35881.18	31810.02
Adjustments for:		
Depreciation/Amortisation	25761.77	22713.93
Profit on sale of mining lease rights	—	(526.67)
Profit on disposal of non trade long term investments	(436.87)	(434.42)
Assets written off	119.15	421.87
Diminution in the value of fertiliser bonds	1400.00	2810.00
Unrealised foreign exchange fluctuation	(662.11)	11265.85
Premium on forward contracts amortised	1081.03	758.94
Provision for loss on derivative transaction	1405.07	712.11
Miscellaneous expenditure written off	59.29	77.47
(Profit)/Loss on sale of fixed assets	(117.04)	70.15
Provision for doubtful advances and debts	119.79	32.55
Liabilities no longer required written back	(534.71)	(733.39)
Catalyst charges written off	182.96	109.28
Doubtful debts/advances written off	4.83	75.18
Inventory written off	47.46	104.46
Interest expense	8515.21	12250.88
Interest income	(3360.75)	(4198.47)
Dividend income on non trade current investments	(439.37)	(489.31)
Dividend income on trade long term investments	—	(5009.30)
Operating profit before working capital changes	69026.89	71821.13
Movement in working capital :		
Decrease/(Increase) in sundry debtors	10072.82	(49725.19)
Decrease/(Increase) in inventories	7120.83	(1636.19)
Decrease/(Increase) in other current assets	149.11	(767.79)
Decrease/(Increase) in loans and advances	2353.49	408.76
Increase/(Decrease) in current liabilities and provisions	(92707.37)	89996.80
Decrease/(Increase) in miscellaneous expenditure	—	(113.64)
Cash generated from operations	(3984.23)	109983.88
Direct taxes paid (net of refunds)	(10841.97)	(12263.46)
NET CASH FLOW FROM OPERATING ACTIVITIES	(14826.20)	97720.42
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(31136.61)	(104077.36)
Proceeds from sale of fixed assets	290.88	67.64
Purchase of investments	(102541.26)	(30987.19)
Proceeds from sale of non trade long term investments	122346.51	1073.30
Proceeds from sale of mining lease rights	—	526.67
Proceeds from Inter Corporate deposits	(840.00)	—
Deposits (with maturity more than three months)	(525.00)	(10500.00)
Proceeds of deposits matured (with maturity more than three months)	10500.00	34.87
Interest received	3563.24	4307.32
Dividend received	439.37	2936.86
NET CASH FLOW FROM/(USED) IN INVESTING ACTIVITIES	2097.13	(136617.89)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from long term borrowings	27768.58	62679.78
Repayment of long term borrowings	(25827.55)	(6966.54)
Net repayment of short term borrowings	28512.86	122.38
Interest paid	(8789.38)	(12211.61)
Dividend paid	(7438.57)	(7432.89)
Tax on dividend paid	(1273.22)	(1273.22)
NET CASH FLOW FROM/(USED) IN FINANCING ACTIVITIES	12952.72	34917.90
Net increase/(decrease) in cash and cash equivalents (A+B+C)	223.65	(3979.57)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2253.09	6232.66
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2476.74	2253.09
COMPONENTS OF CASH AND CASH EQUIVALENTS AS AT 31ST MARCH		
Cash and cheques on hand	73.37	29.21
Balances with banks :		
- on unpaid dividend account	778.10	754.21
- on current account	1457.59	815.45
- on cash credit account	5.53	8.26
- on saving account	0.39	0.39
- on deposits account	645.70	11131.69
- on overseas account	39.22	12.80
	2999.90	12752.01
Less: Fixed deposits not considered as cash equivalents	525.00	10500.00
Add: Foreign Exchange fluctuation on overseas account	1.84	1.08
Net cash and cash equivalents	2476.74	2253.09

Note: Bank balances of Rs. 778.10 Lacs (Previous Year Rs.754.21 Lacs) is earmarked for payment of unpaid dividend and will not be available for use for any other purposes.

As per our report of even date

For and on behalf of the Board of Directors of
Chambal Fertilisers and Chemicals Limited

For S.R. BATLIBOI & Co.
Firm's Registration No. 301003E
Chartered Accountants

Anil Kapoor
Managing Director

H.S. Bawa
Vice Chairmann

S.K. Poddar
Chairman

per Manoj Gupta
Partner
Membership No - 83906

Abhay Baijal
Vice President - Finance

M.S. Rathore
Vice President - Legal,
Corporate Communication & Secretary

Place: Gurgaon
Date : May 08, 2010

Place: New Delhi
Date : May 08, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

(Rs. in Lacs)

Particulars	As at March 31, 2010	As at March 31, 2009
SCHEDULE 1 : SHARE CAPITAL		
Authorised:		
440,000,000 (Previous Year 440,000,000) Equity Shares of Rs.10/- each	44000.00	44000.00
210,000,000 (Previous Year 210,000,000) Redeemable Preference Shares of Rs.10/- each	21000.00	21000.00
	<u>65000.00</u>	<u>65000.00</u>
Issued, Subscribed and Paid Up :		
416,207,852 (Previous Year 416,207,852) Equity Shares of Rs.10/- each, fully paid up.	41620.79	41620.79
	<u>41620.79</u>	<u>41620.79</u>
Of the above		
10,207,852 (Previous Year 10,207,852) equity shares of Rs.10/- each have been allotted for consideration other than cash, pursuant to the scheme of amalgamation of erstwhile India Steamship Company Ltd.		
SCHEDULE 2 : RESERVES AND SURPLUS		
Capital Reserve (arising on forfeiture of shares)	20.95	20.95
Securities Premium Account	641.59	641.59
Capital Redemption Reserve	25.00	25.00
Debenture Redemption Reserve		
Balance as per last account	625.00	937.50
Less: Transferred to Profit and Loss Account	312.50	312.50
	<u>312.50</u>	<u>625.00</u>
General Reserve		
Balance as per last account	13695.36	15877.99
Add: Transferred from Profit and Loss Account	2500.00	2500.00
Less: Exchange differences of earlier year capitalised to fixed assets	-	4682.63
{Net of depreciation Rs.Nil (Previous year Rs.151.90 Lacs) and net of tax Rs.Nil, (Previous year Rs.Nil)}		
	<u>16195.36</u>	<u>13695.36</u>
Tonnage Tax Reserve under Section 115 VT of Income Tax Act 1961		
Balance as per last account	3963.29	3013.29
Less: Amalgamation Adjustment Account	113.29	-
Add: Transferred from Profit and Loss Account	375.00	950.00
Less: Transferred to Tonnage Tax Reserve (utilised) account	3850.00	-
	<u>375.00</u>	<u>3963.29</u>
Tonnage Tax Reserve (utilised) account under Section 115 VT of Income Tax Act, 1961		
Balance as per last account	-	-
Add: Transfer from Tonnage Tax Reserve under Section 115 VT of Income Tax Act, 1961	3850.00	-
	<u>3850.00</u>	<u>-</u>
Profit and Loss Account		
	<u>75964.55</u>	<u>62843.32</u>
	<u>97384.95</u>	<u>81814.51</u>

Particulars	(Rs. in Lacs)	
	As at March 31, 2010	As at March 31, 2009
SCHEDULE 3 : SECURED LOANS		
Debentures		
500 (Previous Year 500) 7.90% Secured Redeemable Non-convertible Debentures of Rs.1,000,000 each.	1250.00	2500.00
Term loans from banks		
- Rupee term loans	28046.00	25726.83
- Foreign currency term loans	140257.14	150549.33
- Short term loan from banks	28000.00	-
Loans and advances from banks		
- Cash credit facilities	1510.10	28003.01
Finance lease obligation	544.26	147.73
	<u>199607.50</u>	<u>206926.90</u>

Notes:

1. 7.90% Secured Redeemable Non-convertible Debentures are secured by first pari passu charge by way of mortgage by deposit of title deeds in respect of immovable properties and hypothecation of the movable fixed assets of the Company, both present and future (save and except assets of shipping division), subject to prior charges created/to be created in favour of banks on current assets and other movables for securing working capital borrowings. These debentures are redeemable in four equal annual installments starting from March 31, 2008.
2. Rupee term loans from banks of Rs.28046.00 Lacs and foreign currency term loans of Rs. 36276.77 Lacs from banks are secured/to be secured by first pari-passu charge by way of mortgage, by deposit of title deeds in respect of immovable properties and hypothecation of the movable fixed assets of the Company, both present and future (save and except assets of shipping division), subject to prior charges created/to be created in favour of banks on current assets and other movables for securing working capital borrowings.
3. Foreign currency term loan of Rs.19756.00 Lacs from a bank is secured by first priority mortgage on the Company's vessel i.e. Ratna Puja and assignment of earnings, insurance and requisition compensation in respect of such vessel.
4. Foreign currency term loan of Rs.25593.00 Lacs from a bank is secured by first priority mortgage on the Company's vessel i.e. Ratna Shalini and assignment of earnings, insurance and requisition compensation in respect of such vessel and second priority mortgage on the Company's vessel i.e. Ratna Puja and assignment of earnings, insurance and requisition compensation in respect of such vessel.
5. Foreign currency term loan of Rs.58631.37 Lacs from banks is secured by first priority mortgage on the Company's three vessels i.e. Ratna Shruti, Ratna Shradha and Ratna Namrata and assignment of earnings, insurance and requisition compensation in respect of such vessels.
6. Short Term Loan of Rs.28000.00 Lacs from a bank is to be secured by pledge of Government of India Fertiliser Bonds issued to the Company.
7. Cash credit facilities from banks are secured by hypothecation of all the Company's current assets including all stocks and book debts (including subsidy support) and other movables, both present & future (except assets of shipping division). These loans are further secured/to be secured by second charge on all the immovable properties (except assets of shipping division) of the Company.
8. Finance lease obligation is secured by assets acquired under the facility.
9. Secured loans (other than cash credit facilities from banks, short term rupee loans and finance lease obligations) include Rs.24987.59 Lacs (Previous Year Rs.17481.87 Lacs) repayable within one year.

Particulars	(Rs. in Lacs)	
	As at March 31, 2010	As at March 31, 2009
SCHEDULE 4 : UNSECURED LOANS		
Fixed deposits	38.67	100.48
{Due within one year Rs.32.65 Lacs (Previous year Rs.61.56 Lacs)}		
Commercial Papers (Short term)	10000.00	-
{Maximum amount raised at any time during the year Rs.10000 Lacs (Previous year Rs.Nil)}		
Short term loans from banks		
- Short term rupee loans	23000.00	8500.00
- Short term foreign currency loans	26408.50	25084.08
- Short term packing credit foreign currency loan	2541.97	1298.90
	<u>61989.14</u>	<u>34983.46</u>

SCHEDULE 5 : DEFERRED TAX LIABILITY (NET)

Deferred Tax Liabilities

Differences in depreciation and other differences in block of fixed assets as per tax and financial books

26684.60 27947.65

Gross Deferred Tax Liabilities

26684.60 27947.65

Deferred Tax Assets

Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years

64.52 29.56

Provision for gratuity

245.91 289.71

Provision for leave encashment

282.34 33.64

Provision for diminution in the value of fertiliser bonds

1430.98 955.12

Others

110.83 40.18

Gross Deferred Tax Assets

2134.58 1348.21

Net Deferred Tax Liability

24550.02 26599.44

SCHEDULE 6 : FIXED ASSETS

S.No	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK			
		As at April 1, 2009	Additions during the year	Adjustments	As at March 31, 2010	As at April 1, 2009	For the Year	Adjustments	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2009	As at March 31, 2009
1.	Land - Freehold	325.59	-	-	325.59	-	-	-	-	325.59	325.59		
2.	Land - Leasehold	587.28	-	-	587.28	114.43	5.94	-	120.37	466.91	472.85		
3.	Buildings	17634.37	68.37	(130.67)	17572.07	4666.62	368.03	(21.42)	5013.23	12558.84	12967.75		
4.	Leasehold Improvements	724.31	-	(487.70)	236.61	585.80	21.17	(468.14)	138.83	97.78	138.51		
5.	Leasehold Improvements (on finance lease)	-	487.63	-	487.63	-	17.56	-	17.56	470.07	-		
6.	Railway Siding	2205.11	-	-	2205.11	1282.72	104.74	-	1387.46	817.65	922.39		
7.	Plant & Machinery	286476.54	15864.09	(1821.00)	300519.63	158686.92	17283.03	(155.70)	175814.25	124705.38	127789.62		
8.	Equipment & Appliances	3447.33	148.69	(155.66)	3440.36	1838.99	177.52	(115.49)	1901.02	1539.34	1608.34		
9.	Furniture & Fittings	711.82	32.77	(62.23)	682.36	483.59	57.99	(38.78)	502.80	179.56	228.23		
10.	Vehicles	353.01	130.80	(53.64)	430.17	146.39	35.67	(31.74)	150.32	279.85	206.62		
11.	Vehicles (on Finance Lease)	357.54	-	(33.73)	323.81	195.45	68.00	(27.04)	236.41	87.40	162.09		
12.	Ships	153483.58	31889.01	(14846.11)	170526.48	11829.12	7442.31	-	19271.43	151255.05	141654.46		
	Grand Total	466306.48	48621.36	(17590.74)	497337.10	179830.03	25581.96	(858.31)	204553.68	292783.42	286476.45		
	Previous Year	320825.33	152742.70	(7261.55)	466306.48	159302.69	22557.00	(2029.66)	179830.03	286476.45	161522.64		
	Capital Work In Progress									4367.57	22108.70		

Notes:

- Freehold Land includes Rs 0.81 Lacs (Previous Year Rs.0.81 Lacs), which is yet to be transferred in the Company's name.
- Buildings of Rs.0.71 Lacs (Previous Year Rs.0.71 Lacs) represent undivided share in assets jointly owned with others.
- Adjustment to Plant & Machinery include Rs.1583.91 Lacs (Addition to Plant & Machinery in previous year Rs.2711.86 Lacs), adjustment to ships include Rs.14846.11 Lacs (Addition to Ships in previous year Rs.26727.44 Lacs) and Capital Work in progress include Rs.Nil (Previous Year Rs.2043.66 Lacs) being variations in rupee liability in respect of foreign currency.
- Gross Block and Accumulated Depreciation of Plant & Machinery includes Rs.266.35 Lacs (Previous Year Rs.266.35 Lacs) and Rs.257.05 Lacs (Previous Year Rs.257.05 Lacs) respectively, and that of Building includes Rs.1211.02 Lacs and Rs.1150.47 Lacs (Previous Year Rs.1211.02 Lacs and Rs.1150.47 Lacs) respectively towards capital expenditure represented by assets not owned by the Company, but which are being used by the Company for its business purpose.
- Capital Work in Progress includes Capital Advances of Rs 1721.77 Lacs (Previous Year Rs.8170.26 Lacs).
- Additions include preoperative expenses amounting Rs.2462.79 Lacs (Previous Year Rs.10732.11 Lacs) and capital work in progress includes preoperative expenses amounting Rs.Nil (Previous Year Rs.1594.79 Lacs). (Refer Note No.4 of Schedule 26C).

SCHEDULE 7 : INTANGIBLE ASSETS

		(Rs. in Lacs)									
S.No	Particulars	GROSS BLOCK				AMORTISATION				NET BLOCK	
		As at	Additions	Adjustments	As at	As at	For the Year	Adjustments	As at	As at	As at
		April 1, 2009	during the year		March 31, 2010	April 1, 2009			March 31, 2010	March 31, 2010	March 31, 2009
1.	Software	901.54	-	13.70	915.24	313.69	179.81	4.28	497.78	417.46	587.85
	Total	901.54	-	13.70	915.24	313.69	179.81	4.28	497.78	417.46	587.85
	Previous Year	717.55	183.99	-	901.54	156.76	156.93	-	313.69	587.85	560.79

		(Rs. in Lacs)	
Particulars		As at March 31, 2010	As at March 31, 2009

SCHEDULE 8 : INVESTMENTS
Long Term Investments (At Cost) :

A. Trade (Unquoted)			
-	206,667 (Previous Year 206,667) shares of Moroccan Dirham 1000/- each fully paid up in Indo Maroc Phosphore S.A.	8513.32	8513.32
-	6,240,962 (Previous Year 12,481,924) equity shares of Rs.10/- each fully paid up in Zuari Investments Ltd.* (6,240,962 equity shares of Rs.624.09 Lacs sold during the year.)	624.10	1248.19
B. Other than trade			
Unquoted			
-	20,000 (Previous Year Nil) equity shares of Rs.10/- each fully paid up in Shivalik Solid Waste Management Ltd.		
	Government Securities	2.00	-
-	6 Year National Savings Certificates VIII Issue (lodged with Govt. Authorities.)	0.09	0.09
-	Indira Vikas Patra	0.20	0.20
Bonds			
-	2 (Previous Year 2), 7.60% Konkan Railway Corporation Bonds of Rs.1,000,000/- each fully paid up	20.32	20.32
Debentures			
-	218 (Previous year 218) 5% Non Convertible Debentures of Woodlands Hospital and Medical Research Centre Ltd. of Rs.100/- each fully paid up	0.22	0.22
-	14 (Previous year 14) 8% Non Convertible Debentures of Indian Chamber of Commerce of Rs.12.50/- each fully paid up	0.01	0.01
C. In Subsidiaries Companies			
	Trade (Unquoted), fully paid up		
-	50,000,000 (Previous Year 50,000,000) equity shares of US\$ 0.001 each fully paid up in CFCL Overseas Ltd.*	21.78	21.78
-	60,691,174 (Previous Year 47,636,000) redeemable preference shares of US\$ 1 each fully paid up in CFCL Overseas Ltd.* (13,055,174 redeemable preference shares of Rs.6096.29 Lacs purchased during the year.)	26612.21	20515.92
-	1,400,000 (Previous Year 1,400,000) equity shares of Rs.10/- each fully paid up in Chambal Infrastructure Ventures Ltd.	140.00	140.00
-	1,079,962 (Previous Year 1,079,962) equity shares of Singapore \$ 1 each fully paid up in India Steamship Pte. Ltd. Singapore	286.04	286.04
Current Investment (At lower of cost and market value)			
Unquoted			
-	16,357,452 (Previous year Nil) Units in Kotak Liquid (Institutional Premium) - Daily Dividend Plan of Rs. 12.23 each fully paid (16,357,452 units of Rs.2000.20 Lacs purchased during the year.)	2000.20	-
-	19,963,809 (Previous year Nil) Units in Birla Sun Life Cash Plus - Instl. Prem. - Daily Dividend Reinvestment plan of Rs. 10.02 each fully paid (19,963,809 units of Rs.2000.27 Lacs purchased during the year.)	2000.27	-
-	12,236,707 (Previous year Nil) Units in HDFC Liquid Fund Premium Plan - Dividend -Daily Reinvest Plan of Rs. 12.26 each fully paid (12,236,707 units of Rs.1500.20 Lacs purchased during the year.)	1500.20	-
-	Nil (Previous year 509,979) Units in Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan of Rs.1001.13 each fully paid (509,979 units of Rs.5105.59 Lacs sold during the year.)	-	5105.59
-	Nil (Previous year 50,969,316) Units in Birla Sun Life Savings Fund - Instl. - Daily Dividend - Reinvestment Plan of Rs.10.01 each fully paid (50,969,316 units of Rs.5100.40 Lacs sold during the year.)	-	5100.40
-	Nil (Previous year 48,060,139) Units in ICICI Prudential - Flexible Income Plan Premium Daily Dividend Plan of Rs.10.57 each fully paid (48,060,139 units of Rs.5081.64 Lacs sold during the year.)	-	5081.64
-	Nil (Previous year 49,781,474) Units in Kotak Floater Long Term - Daily Dividend Plan of Rs.10.08 each fully paid (49,781,474 units of Rs.5017.87 Lacs sold during the year.)	-	5017.87
-	Nil (Previous year 50,219,716) Units in Franklin Templeton India Ultra short Bond Fund Super Institutional Plan - Daily Dividend Reinvestment Plan of Rs.10.01 each fully paid (50,219,716 units of Rs.5027.80 Lacs sold during the year.)	-	5027.80
-	Nil (Previous year 25,046,922) Units in Fortis Money Plus Institutional Plan Daily Dividend Plan of Rs.10.00 each fully paid (25,046,922 units of Rs.2505.47 Lacs sold during the year.)	-	2505.47
-	Nil (Previous Year 25,032,343) Units of SBI - SHF-Ultra Short term Fund-Institutional Plan-Daily Dividend Plan of Rs. 10.01 each fully paid (25,032,343 units of Rs.2504.49 Lacs sold during the year.)	-	2504.49
	Total	41720.96	61089.35
Aggregate amount of unquoted investments		41720.96	61089.35

*(Also refer Note No.10 of Schedule 26C)

(For investments purchased and squared off during the year refer Note No.5 of Schedule 26C)

Particulars	(Rs. in Lacs)	
	As at March 31, 2010	As at March 31, 2009
SCHEDULE 9 : INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)		
Stores and spares	5106.26	6096.60
Catalysts in use	1323.49	1265.50
Naphtha	1005.07	1584.87
Raw materials {Including in transit Rs.404.22 Lacs (Previous Year Rs 80.68 Lacs)}	4418.86	2596.16
Loose tools	5.96	9.17
Packing materials	315.61	368.87
Waste	31.90	12.65
Work-in-process	1147.96	891.39
Finished goods {Including in transit Rs.1426.51 Lacs (Previous Year Rs.1793.93 Lacs)}	7225.82	7300.49
Traded goods {Including in transit Rs.Nil (Previous Year Rs.3446.88 Lacs)}	3750.23	11556.71
	<u>24331.16</u>	<u>31682.41</u>
SCHEDULE 10 : SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Secured, considered good	5.65	4.15
Unsecured, considered good (Including subsidy receivable from Government of India Rs.13756.10 Lacs (Previous Year Rs.3560.19 Lacs).	14043.77	3734.26
Unsecured considered doubtful	48.13	44.14
Other debts		
Secured considered good	1040.15	1201.81
Unsecured, considered good (Including subsidy receivable from Government of India Rs. 32749.99 Lacs (Previous Year Rs. 45901.72 Lacs).	40760.13	61070.09
	<u>55897.83</u>	<u>66054.45</u>
Less: Provision for doubtful debts	48.13	44.14
	<u>55849.70</u>	<u>66010.31</u>
SCHEDULE 11 : CASH AND BANK BALANCES		
Cash on hand	8.58	5.45
Cheques/drafts in hand	64.79	23.76
Balances with scheduled banks :		
On unpaid dividend/debenture/fixed deposit accounts	778.10	754.21
On current accounts	1457.59	815.45
On cash credit accounts	5.53	8.26
On saving accounts	0.39	0.39
On fixed deposit accounts	645.70	11131.69
Balances with overseas banks :		
On current account with State Bank of India London	39.22	12.80
{Maximum Balance Rs. 40.88 Lacs (Previous Year Rs. 46.96 Lacs)}		
	<u>2999.90</u>	<u>12752.01</u>
SCHEDULE 12 : OTHER CURRENT ASSETS		
(Unsecured, considered good except to the extent stated)		
Interest accrued on investments	1.14	0.88
Interest receivable on loans deposits and others	909.18	1111.67
Export benefits receivable	407.04	172.39
Insurance and other claims receivable	334.27	230.51
{Considered doubtful Rs.119.79 Lacs (Previous Year Rs.Nil)}		
Unamortised premium on forward contracts	193.88	681.66
Fertilisers Companies Govt. of India bonds (at lower of cost and market value)	32505.40	33905.40
Assets held for disposal	20.00	20.00
	<u>34370.91</u>	<u>36122.51</u>
Less: Provision for doubtful receivables	119.79	-
	<u>34251.12</u>	<u>36122.51</u>

Particulars	(Rs. in Lacs)	
	As at March 31, 2010	As at March 31, 2009
SCHEDULE 13 : LOANS AND ADVANCES		
(Unsecured, considered good except to the extent stated)		
Advances and loans to subsidiaries	520.76	442.66
Advances recoverable in cash or in kind or for value to be received (Considered doubtful Rs.77.10 Lacs, Previous Year Rs.90.90 Lacs)	3900.43	6553.68
Balances with customs, excise, etc.	965.11	924.32
Loans to employees	552.76	589.62
Deposits - others (Considered doubtful Rs.Nil, Previous Year Rs.14.12 Lacs)	677.92	488.11
Inter - corporate deposits	2000.00	1160.00
Advance fringe benefit tax (Net of Provision for fringe benefit tax)	3.70	3.70
	<u>8620.68</u>	<u>10162.09</u>
Less: Provision for doubtful deposits & advances	<u>77.10</u>	<u>105.02</u>
	<u>8543.58</u>	<u>10057.07</u>
Included in Loans and Advances are:		
i. Dues from Directors of the Company {Maximum amount outstanding during the year Rs.21.43 Lacs (Previous Year Rs. 25.61 Lacs)}	17.03	21.43
ii. Dues from officers of the Company {Maximum amount outstanding during the year Rs.6.85 Lacs (Previous Year Rs.8.29 Lacs)}	5.34	6.85
SCHEDULE 14 : CURRENT LIABILITIES		
Sundry creditors		
- Total outstanding dues to Micro and Small Enterprises	6.02	17.57
- Total outstanding dues to creditors other than Micro and Small Enterprises	14260.94	109345.86
Advances from customers	2400.38	1248.72
Earnest money/security deposits	2939.74	2713.14
Unclaimed statutory liabilities (as referred in Section 205C of the Companies Act 1956):*		
- Unpaid dividend	775.40	722.23
- Unpaid matured deposit	15.13	15.04
- Unpaid matured debentures	-	24.38
- Unpaid interest on above	1.19	3.01
Other liabilities	2047.12	856.22
Book overdraft	1.34	-
Interest accrued but not due on loans	321.35	593.70
	<u>22768.61</u>	<u>115539.87</u>
*Amount payable to Investor Education and Protection Fund is Nil		
SCHEDULE 15 : PROVISIONS		
Provision for taxation (net of advance tax payments)	3962.79	1779.28
Provision for wealth tax	12.57	11.55
Provision for leave encashment	1214.17	1130.18
Provision for gratuity (refer Note No. 7(a) of Schedule 26C)	815.76	964.54
Provision for loss on derivative contract	2117.18	712.11
Proposed dividend on equity shares	7907.95	7491.74
Tax on proposed dividend	1313.44	1273.22
	<u>17343.86</u>	<u>13362.62</u>
SCHEDULE 16 : MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
Deferred revenue expenditure		
- Opening balance	59.29	23.13
- Add: Additions during the year	-	113.63
- Less: Written-off during the year	<u>59.29</u>	<u>77.47</u>
- Closing balance	-	59.29
Amalgamation adjustment account		
- Opening balance	113.29	113.29
- Less: Transferred to Tonnage Tax Reserve Account	<u>113.29</u>	<u>-</u>
- Closing balance	-	113.29
	<u>-</u>	<u>172.58</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2010**

(Rs. in Lacs)

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
SCHEDULE 17 : TURNOVER (GROSS)		
Sale of own manufactured products (including subsidy on fertilisers)	253870.72	265066.24
Sale of traded products (including subsidy on fertilisers)	76108.89	153473.17
Income from operations of shipping business {Including Rs.5229.84 Lacs from charter in ship (Previous Year Rs.18773.45 Lacs)}	27660.35	41160.86
	<u>357639.96</u>	<u>459700.27</u>
SCHEDULE 18 : OTHER INCOME		
Interest on		
- Long term investments - Non Trade (Gross)	1.52	1.56
(Tax deducted at source Rs. Nil Lacs, Previous Year Rs.0.35 Lacs)		
- Fertilisers bonds	2460.43	2678.94
- Employees loans	26.23	26.67
- Loans to subsidiaries	36.04	35.10
(Tax deducted at source Rs. 6.85 Lacs, Previous Year Rs 2.01 Lacs)		
- Income Tax refund	57.63	368.40
- Deposit (Gross)	498.99	700.00
(Tax deducted at source Rs. 80.47 Lacs, Previous Year Rs.155.23 Lacs)		
- Delayed payment by customers	279.91	387.80
(Tax deducted at source Rs.10.71 Lacs, Previous Year Rs. 24.70 Lacs)		
Dividend income	439.37	489.31
on non trade current investments	-	5009.30
on long term trade investments		
Rent received	26.85	52.27
Foreign exchange variation (Net)	383.84	-
Insurance claims received	386.74	76.06
Liabilities no longer required written back	534.71	733.39
Export benefits	621.52	677.51
Profit on sale of asset (Net)	117.04	-
Sale of scrap	258.18	88.97
Miscellaneous income	554.69	618.66
	<u>6683.69</u>	<u>11943.94</u>
SCHEDULE 19 : RAW MATERIAL CONSUMED		
Opening inventories	2596.16	3187.57
Add: Purchases	104909.80	93610.76
Less: Closing inventories	4418.86	2596.16
	<u>103087.10</u>	<u>94202.17</u>
SCHEDULE 20 : PERSONNEL EXPENSES		
Salaries wages and bonus*	8728.23	7761.71
Contribution to provident and other funds	567.41	565.34
Gratuity expenses (refer Note No.7(a) of Schedule 26C)	111.76	316.46
Workmen and staff welfare expenses*	453.31	416.45
	<u>9860.71</u>	<u>9059.96</u>
*Refer Note No. 4 of Schedule 26C		
SCHEDULE 21 : DECREASE/(INCREASE) IN INVENTORIES		
Closing inventories		
- Work-in-process	1147.96	891.39
- Finished goods	7225.82	7300.49
- Traded goods	3750.23	11556.71
- Waste	31.90	12.65
	<u>12155.91</u>	<u>19761.24</u>
Opening inventories		
- Work-in-process	891.39	881.87
- Finished goods	7300.49	11970.15
- Traded goods	11556.71	2037.84
- Waste	12.65	19.82
	<u>19761.24</u>	<u>14909.68</u>
	<u>7605.33</u>	<u>(4851.56)</u>

Particulars	(Rs. in Lacs)	
	Year Ended March 31, 2010	Year Ended March 31, 2009
SCHEDULE 22 : OPERATING AND OTHER EXPENSES		
Consumption of stores and spares*	3698.07	3344.05
Consumption of packing materials	6792.45	6813.47
Bagging and other services	486.69	457.97
Power and fuel*	55879.41	80227.32
Catalyst charges written off	182.96	109.28
Rent	1175.11	1127.60
Rates and taxes	289.02	55.56
Insurance*	1527.48	1499.37
Repairs and maintenance :		
- Plant & Machinery	1070.61	936.05
- Ships	402.57	357.79
- Buildings	448.99	312.15
- Others	554.80	525.95
Ships bunker cost	2267.39	2636.15
Ships port dues	784.07	760.27
Ships special survey expenses	1383.63	115.54
Directors' sitting fees	8.98	11.23
Travelling and conveyance*	1014.78	990.20
Communication costs	199.09	208.38
Printing and stationery	90.55	131.04
Legal and professional fees*	419.70	655.04
Equipment hire charges	820.45	735.66
Auditor's remuneration (including Branch Auditors')		
As auditor:		
- Audit fee	38.61	38.61
- Tax audit fee	7.50	7.62
- Limited review fee	21.84	22.24
- Out of pocket expenses	3.27	2.15
In other manner:		
- Certification and other services	31.48	10.23
Freight and forwarding charges	17584.67	16213.44
Selling and marketing expenses	653.48	567.16
Cash rebate to customers	218.76	250.12
Commission and brokerage to other than sole selling agents	1046.46	1136.34
Donations and contribution to		
- Corporate Electoral Trust (Political purpose)	150.10	-
- Charitable institutions	7.95	46.00
Depletion of loose tools	8.66	6.84
Green belt development/horticulture expenses	262.25	300.60
Diminution in the value of fertiliser bonds	1400.00	2810.00
Provision for loss on derivative transaction	1405.07	712.11
Provision for doubtful advances and debts	119.79	32.55
Foreign exchange variation (Net)	-	9604.17
Premium on forward contracts amortised	1081.03	758.94
Loss on sale of fixed assets (Net)	-	70.15
Doubtful debts and advances written off	4.83	75.18
Inventory written off	38.80	104.46
Assets written off	119.15	421.87
Miscellaneous expenses*	1637.75	1353.83
	<u>105338.25</u>	<u>136554.68</u>

*Refer Note No. 4 of Schedule 26C

Particulars	(Rs. in Lacs)	
	Year Ended March 31, 2010	Year Ended March 31, 2009
SCHEDULE 23 : FINANCIAL EXPENSES		
Interest :		
- On term loans*	6242.65	8462.93
- On debentures and commercial papers	1623.02	2010.78
- On cash credit facilities	188.30	644.01
- Others	461.24	1133.16
Bank charges and guarantee commission*	588.93	981.54
	<u>9104.14</u>	<u>13232.42</u>

*Refer Note No. 4 of Schedule 26C

SCHEDULE 24 : EXCEPTIONAL ITEMS

Profit on sale of investments	436.87	434.42
Profit on sale of mining lease rights	-	526.67
	<u>436.87</u>	<u>961.09</u>

SCHEDULE 25 : EARNING PER SHARE (EPS)

Net profit as per profit and loss account	24905.12	23056.29
Calculation of weighted average number of equity share of Rs.10/- each		
- Number of shares at the beginning of the year	416207852	416207852
- Total equity shares outstanding at the end of the year	416207852	416207852
- Weighted average number of equity shares outstanding during the year	416207852	416207852
Basic and Diluted Earnings Per Share (In Rs.)	5.98	5.54
Nominal Value of Equity Shares (In Rs.)	10.00	10.00

SCHEDULE 26 : NOTES TO ACCOUNTS

A. Nature of Operations

The Company is the largest manufacturer of Urea in private sector in India. The Company is also into manufacturing of Synthetic and Cotton Yarn. Shipping Division of the Company is engaged in the business of running of ships for cargo.

B. Statement of Significant Accounting Policies

1) Basis of Preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates is recognized in the period in which the results are known/materialized.

3) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

In respect of accounting periods commencing on or after December 7, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

4) Depreciation

Depreciation is provided using Straight Line Method as per the useful lives of the assets estimated by the management, which are equivalent to the rates prescribed in Schedule XIV to the Companies Act, 1956, except as mentioned in para (i) to (vi) below:

S. No.	Assets	Useful life/rate
(i)	Second hand fixed assets at Textile division	On technically assessed remaining useful lives of such assets ranging from 3 to 7 years.
(ii)	- Leasehold Land - Leasehold Improvement - Assets under finance lease	Amortised over 99 Years Ranging from 4 to 12 Years Ranging from 3 to 9 Years These assets are amortised over the period of respective leases or useful life of assets, whichever is lower.
(iii)	Insurance/Machinery Spares	Over the remaining useful lives of mother assets ranging from 1 to 18 years.
(iv)	Assets not owned by the Company	Written off over 5 years from the date of capitalization.
(v)	Ships of Shipping Division	On technical evaluation of remaining useful life in case of old ships, which is 10 years and as per Companies Act, 1956 in case of new ships.
(vi)	Fixed assets of Shipping Division other than ships	On written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

Assets costing below Rs.5,000 are depreciated in the year of purchase.

5) Impairment

- The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

6) Intangible Assets

Research costs are expensed as incurred. Development expenditure can only be capitalised if specific conditions are fulfilled. Development expenditure incurred on software implementation is carried forward when its future economic benefits can reasonably be regarded as assured. The expenditure carried forward is amortised over their estimated useful life of five years on straight line basis. The carrying value of development costs is reviewed for impairment annually when the asset is not in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

7) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially, all the risk and benefits incidental to the ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are expensed. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Profit and Loss Account on straight line basis over the lease term. Cost including depreciation is recognized as an expense in the Profit and Loss Account. Lease income by sub lease of office premises is recognized in the Profit and Loss Account on a straight line basis over the lease term. Initial direct costs such as legal costs, brokerage costs are recognized immediately in the Profit and Loss Account.

8) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is netted off from the respective expense necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

9) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in the value is made to recognize a decline other than temporary in the value of the investments.

10) Inventories

Inventories are valued as follows:

Naphtha, Raw materials, Packing materials, Stores and spares	Lower of cost and net realizable value. However, materials and other items held for use in the production of finished goods are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
Catalyst in Use	At depreciated cost on the basis of amortization over their estimated useful lives ranging from five to fifteen year as technically assessed.
Loose Tools	At depreciated cost arrived at on the basis of amortization over a period of three years.
Work in Process and Finished Goods	Lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.
Traded products	Lower of cost and net realizable value. Cost is determined on weighted average basis.
Bunkers remaining on board	Lower of cost and net realizable value. Cost is determined on weighted average basis.
Deck, Engine Stores & Spares and Vtuallying	Lower of cost and net realizable value. Cost is determined on First in First out basis.
Stock of insurance spares in Shipping Division	At net value arrived at on the basis of proportionate amortization over the remaining useful lives of such ships.
Waste	At net realisable value.

Net Realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

11) Borrowing Costs

Borrowing costs directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

12) Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of Goods

Revenue, including subsidy, in respect of sale of products is recognised when the significant risks and rewards of ownership of the goods is passed to the buyer. Excise Duty deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arised during the year. Sale is net of trade discounts and sales tax.

Subsidy on Urea is recognized based on Concession rate, including freight, as notified under the New Pricing Scheme, further adjusted for input price escalation/de-escalation as estimated by the management based on the prescribed norms.

Subsidy on Traded products is recognized based on monthly Concession rates, including freight, as notified by the Government of India. Where such rates have not been notified, the same are accounted as estimated by the management based on the known policy parameters.

(ii) Income from operations of Shipping Division

In respect of voyage charter, revenue is recognized on proportionate number of days of respective voyage. In case of time charter (including cost plus charter), revenue is recognized on time proportion basis.

(iii) Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(iv) Dividend

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if the same is declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

(v) Insurance Claims

Claims receivable on account of insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

(vi) Export Benefits

Export benefits under Duty Exemption Advance License Scheme, Duty Exemption Pass Book Scheme and Duty Drawback Scheme are accounted for in the year of export of goods.

13) Foreign Currency Translation

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) **Exchange differences**

Exchange differences, in respect of accounting periods commencing on or after December 7, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortised over the balance period of such long-term asset/liability but not beyond accounting period ending on or before March 31, 2011.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(iv) **Forward exchange contracts not intended for trading or speculation purposes**

The premium or discounts arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange difference on such contracts is recognized in the statement of profit and loss in the year in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognized as income or expenses for the year.

14) Retirement and other employee benefits

(i) Retirement benefit in the form of Provident Fund is a defined benefit obligation in case of Fertiliser division of the Company and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. Shortfall in the funds, if any, is adequately provided for by the Company.

In respect of Textile and Shipping division of the Company, Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(ii) Superannuation Fund is a defined contribution scheme. Liability in respect of Superannuation Fund to the concerned employees of Fertiliser division is accounted for as per the Company's Scheme and contributed to Life Insurance Corporation of India (LIC)/ICICI Prudential Life Insurance Company Ltd. (ICICI) every year. The contributions to the funds are charged to the Profit and Loss Account of the year. The Company does not have any other obligation to the fund other than the contribution payable to LIC/ICICI.

(iii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. However, in respect of Fertiliser & Shipping division, the Company has taken a policy with LIC to cover the gratuity liability of the employees and contribution paid to the LIC is charged to Profit & Loss Account. The difference between the actuarial valuation of the gratuity of employees at the year-end and the balance of funds with LIC is provided for as liability in the books.

(iv) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for on the basis of actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.

(v) Actuarial gains/losses are immediately taken to Profit & Loss Account and are not deferred.

(vi) Payments made under the Voluntary Retirement Scheme are amortized over two years but not beyond accounting period ending March 31, 2010.

15) Income Taxes

Tax expense comprises of current, deferred and tonnage tax. Current income tax and tonnage tax are measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

The Shipping division of the Company is covered under "Tonnage Tax Scheme" under Section 115V of the Income Tax Act, 1961, therefore the items of income/expenses of Shipping division has not been considered for the purpose of deferred tax calculation.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situation where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

16) Segment Reporting Policies

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products manufactured and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the locations of customers.

Allocation of common costs

Common allocable costs are allocated to each segment in proportion to the relative sales of each segment.

Unallocated items

All the common income, expenses, assets and liabilities, which are not possible to be allocated to different segments, are treated as unallocated items.

Segment policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting financial statements of the Company as a whole.

17) Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of the equity shares outstanding during the period.

For the purpose of calculating diluted earning per share, net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

18) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

19) Cash and Cash equivalents

Cash and Cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

20) Derivative Instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under Accounting Standard 11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the Profit & Loss Account. Net gains are ignored.

C. Notes to accounts

1. Contingent Liabilities

(a) Contingent liabilities (not provided for) in respect of following:

(Rs. in Lacs)

S. No.	Particulars	2009-10	2008-09
i)	Outstanding amount against counter guarantees given to Banks/Financial Institutions on account of loans given by the said Banks/Financial Institutions to Bodies Corporate.	314.30	690.35
ii)	Demand raised by Customs, Sales-Tax and Income Tax authorities being disputed by the Company	5835.84*	6871.01*
iii)	Differential amount of custom duty in respect of machinery imported under EPCG Scheme including interest thereon.	-	796.16
iv)	Various labour cases	Amount not ascertainable	Amount not ascertainable
v)	Other claims against the Company not acknowledged as debts.	4.24	4.24
vi)	Claim against Nihat Shipping Company Ltd. in legal suits/notices, in which the Company has been made a party, is being contested, since the Company acted as Agents/Technical & Operational managers.	222.04	222.04

* Brief Description of liabilities as per (ii) above:

		(Rs. in Lacs)	
S. No.	Particulars	2009-10	2008-09
1.	Income Tax: Demand raised by IT authorities on account of various disallowances for A.Y. 2002-03 including penalties. Demand raised by IT authorities on account of various disallowances for A.Y. 2003-04 including penalties. Demand raised by IT authorities on account of various disallowances for A.Y. 2004-05 including penalties. Demand raised by IT authorities on account of various disallowances for A.Y. 2006-07.	838.92 4674.78 135.21 28.93	1290.62 4673.35 - 560.84
2.	Sales-Tax: Disallowance of VAT credit on raw materials used in the manufacturing of finished goods and lying in stock on April 1, 2006 Miscellaneous RST & CST demand	22.18 38.90	22.18 39.01
3.	Land Tax: Demand raised by Registrar for usage of land other than specified purposes.	92.33	140.08
4.	Service-Tax/Excise Duty/Custom Duty: Service-tax demand raised by authorities on non payment of service-tax on services received from Non-Residents. Show cause notice received on services under intellectual property rights from foreign parties received by the Company. Show cause notice received on services from foreign parties in respect to service tax not paid on Tax deducted at services (TDS) portion.	- - 4.59	18.33 126.60 -
	Total	5835.84	6871.01

Based on favourable decisions in similar cases, legal opinion taken by the Company, discussions with the solicitors, etc., the Company believes that there is fair chance of decisions in its favour in respect of all the items listed in (b), (d), (e) and (f) above and hence no provision is considered necessary against the same.

- (b) The Company had received a demand of Rs.352.34 Lacs from Sales Tax Department, Kota in an earlier year towards use of natural gas for ammonia fuel, power and steam generation for the period of April, 1996 to May, 2001. The Company has obtained a stay from Hon'ble High Court of Rajasthan, Jodhpur on 11th July, 2001. However, in the event of the Company having to pay the above, it is reimbursable by FICC/Government of India under Subsidy Scheme.
- (c) The Company as well as other users of natural gas under HBJ Gas Pipeline had in earlier years received letters from GAIL (India) Ltd. (erstwhile Gas Authority of India Ltd), informing about the possibility of levy of excise duty on natural gas (presently not levied) with retrospective effect. The amount of such levy is not ascertainable. However, in the event of its levy, it is reimbursable by Fertilisers Industry Coordination Committee (FICC) of Ministry of Fertilisers, the Government of India under Subsidy Scheme.
- (d) The Company as well as other users of Natural Gas under HBJ Gas Pipeline had received a letter in an earlier year from GAIL (India) Ltd. (erstwhile Gas Authority of India Ltd), informing about the possibility of levy of Central Sales Tax. The Company has been taking the delivery of Gas in the State of Rajasthan and has been accordingly paying Rajasthan Sales Tax on the supply. Therefore, the Company feels that no Central Sales Tax is payable by it. Further, the amount of such levy is not ascertainable. However, in the event of its levy, it is reimbursable by Fertilisers Industry Coordination Committee (FICC) of Ministry of Fertilisers, the Government of India under Subsidy Scheme.
- (e) Under the Jute Packaging Material (Compulsory use of Packing Commodities) Act, 1987, a specified percentage of fertilisers dispatched were required to be supplied in Jute bags up to 31.08.2001. The provisions of the said Act were challenged in the Supreme Court, which upheld the constitutional validity of this Act in its judgement in 1996. In spite of making conscious efforts to step up use of jute packaging material, the Company had been unable to adhere to the specified percentage, due to strong customer resistance to use of jute bags. The Company had received show cause notice from the Office of the Jute Commissioner, Kolkata, for levying a penalty of Rs.7380.36 Lacs for non compliance of the provisions of the said Act. The Company has obtained a stay order from Delhi High Court against the above show cause notice and has been advised that the said levy is not tenable in law and accordingly no provision has been considered.

		(Rs. in Lacs)	
2. Particulars		2009-10	2008-09
Estimated amount of contracts remaining to be executed on capital account (net of advances)		4834.86	27846.35

3. Managerial remuneration

(Rs. in Lacs)

Particulars	2009-10	2008-09
Salary	85.18	76.96
Contribution to Provident Fund	4.53	4.03
Contribution to Superannuation Fund	5.67	5.04
Other Perquisites	10.18	7.48
Total	105.56	93.51

Notes:

- Remuneration to Managing Director is paid within the limits of Schedule XIII of Companies Act, 1956.
- Managing Director is covered under the Company's Group Gratuity Scheme along with other employees of the Company. The Gratuity and leave liability is determined for all the employees on an overall basis based on the actuarial valuation done by an independent actuary. The specific amount of gratuity and leave liability for Managing Director can not be ascertained separately, except for the amount actually paid.

4. Pre-operative expenditure

The Company has incurred some expenditure related to construction of fixed assets (including new ship in Shipping Division) and accordingly capitalised the same to the gross value of assets to which they pertain. The break up of expenditures is as follows:

(Rs. in Lacs)

Particulars	2009-10	2008-09
Opening balance	1594.79	8422.09
Add: Expenditure during the period		
Salaries, wages and bonus	202.87	89.06
Workmen and staff welfare expenses	-	3.27
Consumption of stores and spares	42.96	189.93
Travelling and conveyance	40.77	121.94
Insurance	1.17	3.44
Power and Fuel	248.92	172.28
Legal and professional fees	6.60	115.24
Miscellaneous expenses	19.12	162.02
Interest expenses	305.48	2878.86
Bank charges	0.11	168.77
Total	2462.79	12326.90
Less: Capitalised	2462.79	10732.11
Net pre-operative expenditure (pending for allocation)	-	1594.79

5. Details of investments purchased and sold during the year are given below:

S.No.	Description	No. of units purchased	Purchase value (Rs. In Lacs)	No. of units sold	Sale value (Rs. In Lacs)
1.	Reliance Money Manager Fund - Institutional Option - Daily Dividend Option	307225.89	3000.23	307225.89	3075.75
2.	Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	71843337.41	10980.22	71843337.41	10982.83
3.	Reliance Liquidity Fund - Daily Dividend Reinvestment Option	84480463.96	8450.00	84480463.96	8450.67
4.	Birla Sun Life Cash Plus - Institutional Premium - Daily Dividend Reinvestment	36625715.77	3668.59	36625715.77	3669.71
5.	Birla Sun Life Saving Fund - Institutional - Daily Dividend Reinvestment	22679246.84	2200.18	22679246.84	2269.47
6.	Birla Sun Life Cash Manager – IP – Daily Dividend Reinvestment	21995233.48	2200.00	21995233.48	2200.18
7.	Fortis Money Plus Institutional Plan Daily Dividend	40720020.23	4000.41	40720020.23	4073.26
8.	Fortis Overnight Institutional Plan – Daily Dividend	116772551.43	11677.14	116772551.43	11680.76
9.	HDFC Liquid Fund Premium Plan – Dividend – Daily Reinvest, Option: Reinvest	71827113.70	8804.06	71827113.70	8805.86
10.	HDFC Cash Management Fund – Treasury Advantage Plan – Wholesale – Daily Dividend, Option: Reinvest	43902354.47	4400.47	43902354.47	4404.06
11.	JP Morgan India Liquid Fund – Super Inst. Daily Dividend Plan – Reinvest	111213828.15	11127.82	111213828.15	11130.17

S.No.	Description	No. of units purchased	Purchase value (Rs. In Lacs)	No. of units sold	Sale value (Rs. In Lacs)
12.	JP Morgan India Treasury Fund – Super Inst. Daily Dividend Plan – Reinvest	34251181.02	3400.42	34251181.02	3428.17
13.	Principal Cash Management Fund – Liquid Option Institutional Prem. Plan – Dividend Reinvestment Daily	70325783.33	7031.96	70325783.33	7033.07
14.	Principal Floating Rate Fund FMP – Institutional Option – Dividend Reinvestment Daily	50257779.97	5000.51	50257779.97	5031.96
15.	Tata Liquid Super High Investment Fund – Daily Dividend	224338.46	2500.00	224338.46	2500.30
16.	Tata Floater Fund – Daily Dividend	25101906.38	2500.29	25101906.38	2519.13
	Total	802528080.49	90942.30	802528080.49	91255.35

6. Segment Information

Primary Segment: Business Segment

The Company's operating businesses are organized and managed separately according to the nature of products manufactured and services provided. The four identifiable reportable segments are viz. Own Manufactured Fertilisers, Trading, Textile and Shipping. A description of the types of products and services provided by each reportable segment is as follows:

Own Manufactured Fertilisers segment includes manufacture and marketing of Urea for which price is fully controlled by the Government of India (GOI) and distribution is partly controlled.

Trading segment includes the purchase and sale of Fertilisers and Agricultural Inputs and this activity, though different in risk perception from own manufactured Urea, is carried out mainly with an objective of providing Fertilisers/Agricultural Inputs under one roof.

Textile segment includes manufacturing and sale of synthetic and cotton yarn.

Shipping segment includes transportation of crude oil and liquid products through vessels owned and/or hired by the Shipping division.

Secondary Segment: Geographical Segment

The analysis of geographical segment is based on the geographical location i.e., domestic and overseas markets, of the customers.

The following table presents segment revenues, results, assets & liabilities in accordance with AS-17 as on March 31, 2010.

(Rs. in Lacs)

Particulars	Own Manufactured Fertilisers		Trading		Shipping		Textile		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Revenue										
External Sales	224078.07	238054.87	76108.89	153473.17	27660.35	41160.85	29602.88	26864.72	357450.19	459553.61
Inter Segment Sales	-	-	-	-	-	-	-	-	-	-
Total sales	224078.07	238054.87	76108.89	153473.17	27660.35	41160.85	29602.88	26864.72	357450.19	459553.61
Results										
Segment Result	36724.73	33431.69	2207.04	(4532.40)	4418.03	10527.79	1242.43	(858.41)	44592.23	38568.67
Unallocated Expenses (net)	-	-	-	-	-	-	-	-	4432.83	5165.94
Operating Profit before Exceptional Items	-	-	-	-	-	-	-	-	40159.40	33402.73
Exceptional Items	-	-	-	-	-	-	-	-	436.87	961.09
Interest Expenses	-	-	-	-	-	-	-	-	8515.21	12250.88
Interest Income	-	-	-	-	-	-	-	-	3360.75	4198.47
Dividend Income	-	-	-	-	-	-	-	-	439.37	5498.61
Income Tax	-	-	-	-	-	-	-	-	10976.06	8753.73
Net Profit after Exceptional Items	-	-	-	-	-	-	-	-	24905.12	23056.29
Other Information										
Segment Assets	189302.17	196157.18	13716.78	34010.27	154579.66	160064.22	25587.22	25521.18	383185.83	415752.85
Unallocated Assets	-	-	-	-	-	-	-	-	82079.04	111306.39
Total Assets	-	-	-	-	-	-	-	-	465264.87	527059.24
Segment Liabilities	15073.51	15726.83	2216.34	94078.11	3780.81	3038.51	1792.24	1325.58	22862.90	114169.03
Unallocated Liabilities	-	-	-	-	-	-	-	-	303396.23	289454.91
Total Liabilities	-	-	-	-	-	-	-	-	326259.13	403623.94
Capital Expenditure (Including FEV impact)	9443.58	31979.37	-	-	21144.47	71254.76	292.18	843.23	30880.23	104077.36
Depreciation	16305.19	13336.34	-	-	7470.39	7150.06	1892.68	2138.42	25668.26	22624.82
Unallocated Depreciation/Amortisation	-	-	-	-	-	-	-	-	93.51	89.11
Non-cash expenses other than Depreciation & Amortisation	-	23.13	-	-	59.29	54.34	-	-	59.29	77.47

Secondary Segment Reporting (by Geographical Segments)

The following is the distribution of the Company's consolidated revenue by geographical markets, regardless of where the goods were produced.

(Rs. in Lacs)

Particulars	2009-10	2008-09
Revenue from Domestic Market	331874.82	430763.50
Revenue from Overseas Markets	25575.37	28790.11
Total	357450.19	459553.61

Geographical segment wise receivables:

(Rs. in Lacs)

Particulars	2009-10	2008-09
Receivables from Domestic Markets	54001.75	63549.29
Receivables from Overseas Markets	1847.95	2461.02
Total	55849.70	66010.31

The Company has common assets for producing goods for Domestic Market and Overseas Markets. Hence, separate figures for assets/additions to fixed assets cannot be furnished.

7. Gratuity and Other Post Employment Benefit Plans:

a) Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is funded with an insurance company in the form of a qualifying insurance policy in respect of Fertiliser and Shipping division of the Company. The following tables summarise the components of net benefit expense recognised in the Profit and Loss Account and the funded status and amounts recognised in the balance sheet for the respective plans.

Profit and Loss Account

Net employee benefit expense (recognised in Employee Cost)

(Rs. in Lacs)

Particulars	Gratuity	
	2009-10	2008-09
Current service cost	104.83	102.43
Interest cost on benefit obligation	78.76	60.20
Expected return on plan assets	(6.58)	(8.43)
Net actuarial (gain)/loss recognised in the year	(65.25)	162.26
Past service cost	-	-
Net (benefit)/expense	111.76	316.46
Actual return on plan assets	1.57	16.75

Balance Sheet

Details of Provision for Gratuity

Particulars	Gratuity	
	2009-10	2008-09
Defined benefit obligation	1065.09	1051.60
Fair value of plan assets	249.33	87.06
Less: Unrecognised past service cost	-	-
Plan asset/(liability)	(815.76)	(964.54)

Changes in the present value of the defined benefit obligation are as follows:

(Rs. in Lacs)

Particulars	Gratuity	
	2009-10	2008-09
Opening defined benefit obligation	1051.60	872.73
Interest cost	78.76	60.20
Current service cost	104.83	102.43
Benefits paid out of funds	(46.47)	(113.65)
Benefits paid by Company	(53.37)	(40.69)

Particulars	(Rs. in Lacs)	
	Gratuity	
	2009-10	2008-09
Actuarial (gains)/losses on obligation	(70.26)	170.58
Closing defined benefit obligation	1065.09	1051.60

Changes in the fair value of plan assets are as follows:

Particulars	(Rs. in Lacs)	
	Gratuity	
	2009-10	2008-09
Opening fair value of plan assets	87.06	107.31
Expected return	6.58	8.43
Contribution by employer	207.17	76.65
Benefits paid	(46.47)	(113.65)
Actuarial gains/(losses) on obligation	(5.01)	8.32
Closing fair value of plan assets	249.33	87.06

The Company expects to contribute Rs.103.76 Lacs (approx.) to gratuity in 2010-11.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity (%)	
	2009-10	2008-09
Investments with insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity for the Company's plans are shown below:

Particulars	2009-10 (%)	2008-09 (%)
Discount Rate	7.75	7.00
Expected rate of return on assets	9.30	9.00
Employee turnover rate	1 to 3	1 to 3

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous four periods in respect of gratuity are as follows:

Particulars	(Rs. in Lacs)				
	Gratuity				
	2009-10	2008-09	2007-08	2006-07	2005-06
Defined benefit obligation	1065.09	1051.60	872.73	897.31	866.39
Plan assets	249.33	87.06	107.31	163.96	182.09
Surplus/(deficit)	(815.76)	(964.54)	(765.42)	(733.35)	(684.30)
Experience adjustment on plan assets – gain/(loss)	1.92	(1.69)	-	-	-
Experience adjustment on plan liabilities – (loss)/gain	(0.68)	(105.47)	-	-	-

Contribution to Defined Contribution Plans:

Particulars	(Rs. in Lacs)	
	2009-10	2008-09
Provident Fund/Pension Fund*	265.53	277.55
Superannuation Fund	80.07	102.83

* Provident fund in respect of Textile and Shipping division of the Company and Pension fund in respect of all divisions of the Company.

b) Provident fund

The Company has set up provident fund trust, which is managed by the Company in respect of Fertiliser division of the Company and as per the Guidance Note on implementing AS-15, Employee Benefits (revised 2005) issued by the Accounting Standard Board (ASB), provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability. However, the Company has ascertained that at the year end there is no shortfall in the Provident Fund Trust.

8. Related Party Disclosures

During the year, the Company entered into transactions with the related parties. Those transactions along with related balances as at March 31, 2010 and for the year then ended are presented in the following table.

List of related parties along with nature and volume of transactions is given below:

(a) Subsidiaries

CFCL Overseas Ltd., Cayman Islands

Chambal Infrastructure Ventures Ltd., India

India Steamship Pte. Ltd., Singapore

Subsidiaries and Step-down Subsidiaries of CFCL Overseas Ltd.

* CFCL Technologies Ltd., Cayman Islands

* CFCL Ventures Ltd., Cayman Islands

* ISGN Corporation, USA

Subsidiaries and Step-down Subsidiaries of ISGN Corporation, USA

* NovaSoft Information Technology Corporation GmbH, Germany

* NovaSoft Information Technology (Europe) Ltd., UK (ceased w.e.f. March 24, 2009)

* Dynatek Inc., USA (merged with ISGN Corporation w.e.f. April 1, 2009)

* ISGN Solutions Inc., USA

* Richmond Investors, LLC, USA

* Richmond Title Genepar, LLC, USA

* Richmond Title Services, LP, USA

* Flex Agents Signing Team, LLC, USA

* Richmond Title Services, LLC, USA

* Fiserv Fulfillment Services, Inc., USA (Pennsylvania) (acquired along with step down subsidiaries w.e.f. December 12, 2009)

* Fiserv Fulfillment Services, Inc., USA (Arizona)

* Fiserv Fulfillment Services, South, Inc., USA

* Fiserv Fulfillment Services, of Alabama, LLC, USA

* Fiserv Fulfillment Services, of Maryland, Inc., USA

* ILS Services, LLC, USA

* Fiserv Fulfillment Agency, LLC, USA

* Fiserv Fulfillment Agency of Alabama, LLC, USA

Subsidiaries and Step-down Subsidiaries of CFCL Ventures Ltd.

* ISG NovaSoft Technologies Ltd., India

* Inuva Info Management Private Ltd., India

* ISGN Solutions Ltd., Ireland (liquidated in May 2009)

Subsidiaries of Chambal Infrastructure Ventures Ltd.

* Chambal Energy (Chhattisgarh) Ltd., India

* Chambal Energy (Orissa) Ltd., India

* Gulbarga Cement Ltd., India (ceased w.e.f. December 30, 2008)

(Rs in Lacs)

Nature of Transactions	2009-10		2008-09	
Services Expenses		327.19		4154.91
- India Steamship Pte. Ltd.	327.19		4154.91	
Rent – Income		-		21.66
- ISG NovaSoft Technologies Ltd.	-		21.66	
Other Income		5.55		706.58
- India Steamship Pte. Ltd.	5.55		179.91	
- Gulbarga Cement Ltd.	-		526.67	
Interest Income		36.04		-
- CFCL Technologies Ltd.	36.04		-	
Investments purchased		6096.29		643.94
- Chambal Infrastructure Ventures Ltd.	-		120.00	
- CFCL Overseas Ltd.	6096.29		523.94	
Loan Given		820.00		239.85
- India Steamship Pte. Ltd.	-		239.85	
- CFCL Technologies Ltd.	820.00			
Loan Repaid		820.00		239.85
- CFCL Technologies Ltd.	820.00		-	
- India Steamship Pte. Ltd.	-		239.85	

Nature of Transactions	2009-10		2008-09	
Corporate Guarantees Outstanding		314.30		690.35
-ISGN Corporation	314.30		355.25	
-NovaSoft Information Technology (Europe) Ltd.	-		335.10	
Reimbursement of expenses		126.24		483.63
-Chambal Infrastructure Ventures Ltd.	17.54		72.21	
-Chambal Energy (Chhattisgarh) Ltd.	90.75		22.79	
-Chambal Energy (Orissa) Ltd.	18.96		-	
-Gulbarga Cements Ltd.	-		384.99	
-CFCL Overseas Ltd.	0.27		0.27	
-ISG NovaSoft Technologies Ltd.	(1.28)		3.37	
Outstanding Balances as at the year end		520.76		442.66
Advances receivables				
-ISGN Corporation, USA	10.96		10.96	
-ISG Novasoft Technologies Ltd.	0.89		14.14	
-Chambal Infrastructure Ventures Ltd.	233.24		215.69	
-Chambal Energy (Orissa) Ltd.	18.96		-	
-Chambal Energy (Chhattisgarh) Ltd.	113.54		22.79	
-India Steamship Pte. Ltd.	142.34		178.52	
-CFCL Overseas Ltd.	0.83		0.56	

(b) **Joint Ventures**

Indo Maroc Phosphore S.A., Morocco,

(Rs. in Lacs)

Nature of Transactions	2009-10		2008-09	
Dividend income	-	-	5009.30	5009.30
Reimbursement of expenses	64.25	64.25	62.02	62.02
Outstanding balances as at the year end		51.44		2623.24
Advances receivables	51.44		2623.24	

(c) **Associates**

Zuari Investments Ltd. (ceased w.e.f May, 2009)

(Rs. in Lacs)

Nature of Transactions	2009-10		2008-09	
Services expenses		1.31		67.47
-Zuari Investments Ltd.	1.31		67.47	
Rent income		2.53		29.50
-Zuari Investments Ltd.	2.53		29.50	
Reimbursement of expenses		0.43		33.49
-Zuari Investments Ltd.	0.43		33.49	
Outstanding balances as at the year end				
Receivables		6.40		
-Zuari Investments Ltd.	6.40			

Note:

Transactions and outstanding balance are furnished till the date Zuari Investments Ltd. was Company's associate.

(d) **Key Management Personnel and their relatives**

Mr. Anil Kapoor

Mrs. Deepali Kapoor (Spouse)

Mr. Hemant Kapoor (Son)

Ms. Priyanka Kapoor (Daughter)

(Rs. in Lacs)

Nature of Transactions	2009-10		2008-09	
Dividend Paid		-		0.02
-Mrs. Deepali Kapoor	-		0.02	
Interest Paid		-		0.69
- Mr. Anil Kapoor	-		0.10	
- Mr. Hemant Kapoor	-		0.22	
- Ms. Priyanka Kapoor	-		0.37	
Remuneration paid to Managing Director		105.56		93.51
- Mr. Anil Kapoor	105.56		93.51	
Outstanding Balances as at the year end		17.03		21.43
Loan receivable				
- Mr. Anil Kapoor	17.03		21.43	

9. Details of loans and advances to firms/companies in which directors are interested and Investments by the loanee in the shares of the Company (as required by Clause 32 of Listing Agreement).

(Rs. in Lacs)

Particulars	Outstanding amount as at *		Maximum amount outstanding during financial year	
	31.03.2010	31.03.2009	2009-10	2008-09
Loans and advances to firms/companies in which directors are interested				
- The Oudh Sugar and Industries Ltd.	1000.00	-	1000.00	1000.00
- Upper Ganges Sugar and Industries Ltd.	1000.00	1000.00	1000.00	1000.00
- Gobind Sugar Mills Ltd.	-		1000.00	1000.00
Investments by the above mentioned loanees in the shares of the Company				
- Upper Ganges Sugar and Industries Ltd.	70.42	70.42	70.42	70.42
- Gobind Sugar Mills Ltd.	0.19	0.19	0.19	0.19

* Repayable within one year

10. Investments

- The Company has made further investment of Rs.6096.29 Lacs in its wholly owned subsidiary CFCL Overseas Ltd., Cayman Islands.
- During the year, the Company has sold partial stake in its associate "Zuari Investments Ltd." at a consideration of Rs.1060.96 Lacs and recognized gain on sale of investment of Rs.436.87 Lacs.
- The Company has investments of Rs.26633.99 Lacs in the Share Capital of CFCL Overseas Ltd., Cayman Islands. CFCL Overseas Ltd., in turn has investment in CFCL Ventures Ltd., India and ISGN Corporation, USA through its wholly owned subsidiary company CFCL Technologies Ltd. In turn CFCL Ventures have further invested in its wholly owned subsidiary ISG NovaSoft Technologies Ltd., India. As per the latest financial statements of ISG NovaSoft Technologies Ltd., India and ISGN Corporation USA, their accumulated losses have resulted in erosion of significant portion of the net worth of these companies. These being long-term strategic investments and also in view of projected profitable operations of these companies in near future, in the opinion of management, no provision for diminution in value of investment is required to be made as per Accounting Standard 13 "Accounting for Investment" notified by Companies (Accounting Standards) Rules, 2006 (as amended).

11. Interest in joint venture

The Company has 33.33% ownership interest in Indo Maroc Phosphore S.A. IMACID, which is engaged in manufacturing of phosphoric fertilisers.

The Company's share of the assets, liabilities, income and expenses of the jointly controlled entity are as follows:

(Rs. In Lacs)

S. No.	Particulars	2009-10	2008-09
1.	Country of Incorporation or Registration	Morocco	Morocco
2.	Accounting Period ended	31.12.2009	31.12.2008
3.	Assets	27240.53	46,322.67
4.	Liabilities	8766.35	27974.59
5.	Income	35613.05	78147.19
6.	Expenses	34451.12	71847.32
7.	Contingent Liabilities	-	-
8.	Capital Commitments	250.17	165.47

12. Government grants and subsidies

- Nitrogenous Fertilisers are under the Concession Scheme as per New Pricing Scheme implemented w.e.f. 1st April, 2003. The concession price and freight has been accounted for on the basis of notified prices, further adjusted for input price escalation/de-escalation as per known policy parameters. The Government of India has provisionally notified the concession price of Urea under the NPS - Stage III effective from October 1, 2006. Accordingly, the impact of revised concession price has been accounted for.

Contribution from sale of surplus Ammonia has been accounted for in accordance with the known policy parameters.

The current year subsidy income is inclusive of Rs.3734.27 Lacs (Previous Year Rs.5470.17 Lacs) being the subsidy income pertaining to earlier years, determined during the year.

- Subsidy on traded products has been accounted based on monthly concession rate as notified by the Government of India. Pending notification of the final concession price applicable for the period July 2009 to March 2010, the same has been accounted for on an estimated basis in line with the known policy parameters.
- The Textile division of the Company is eligible for interest concession under the TUFs (Technology Upgradation Fund Scheme) of the Government of India. Accordingly, the Company has availed interest concession of Rs.455.66 Lacs (Previous year Rs.475.21 Lacs) during the year and reduced the same from interest expenses.

13. Excise duty on sales amounting to Rs.189.77 Lacs (Previous year Rs.146.66 Lacs) has been reduced from sales in Profit & Loss Account.

14. Leases

- (a) The Fertiliser division of the Company has taken certain fixed assets during the year on finance lease of Rs.487.63 Lacs (Previous year Rs.18.01 Lacs). The lease payment made during the year amounts to Rs.125.90 Lacs (Previous year Rs. 97.85 Lacs), out of which Rs.91.10 Lacs (Previous year Rs. 76.49 Lacs) has been adjusted against Principal and Rs.34.81 Lacs (Previous year Rs. 21.36 Lacs) has been shown as Finance Lease charges. The interest rate on various finance leases is around 10% to 13%. There is no renewal and escalation clause as well as restriction imposed in the lease agreement. There are no subleases.

The break up of minimum lease payment outstanding as at March 31, 2010 is as follows:

(Rs. in Lacs)

Period	2009-10			2008-09		
	Minimum lease payments	Principal	Finance lease charges	Minimum lease payments	Principal	Finance lease charges
Payable within one year	146.29	81.01	65.28	88.27	74.22	14.05
Payable after one year but before 5 years	483.08	271.73	211.35	82.12	73.51	8.61
Payable after 5 years	221.20	191.52	29.68	-	-	-

- (b) The Company has entered into Operating Lease Agreements for the premises which are non- cancelable. The lease payments recognized in the statement of Profit and Loss Account during the period amounts to Rs. 425.02 Lacs (Previous year Rs.121.27 Lacs). The renewal of lease will be as per the mutual understanding of lessee and lessor and there is no escalation clause. There are no restrictions imposed by lease arrangements and there are no subleases. The break up of minimum lease payment outstanding as at March 31, 2010 is as follows:

(Rs in Lacs)

Period	Minimum Lease Payments	
	2009-10	2008-09
Payable within one year	644.13	88.95
Payable after one year but within 5 years	3127.18	48.22
Payable after 5 year	1566.43	-

- (c) The lease payments, other than cases covered in point no. (b) above i.e. non - cancelable leases, recognized in the statement of Profit and Loss Account during the period amounts to Rs.750.09 Lacs (Previous year Rs.1006.33 Lacs). The renewal of leases will be as per the mutual understanding of lessee and lessor and there is no escalation clause. There are no restrictions imposed by lease arrangements.
- (d) Sub lease income amounting to Rs.26.85 Lacs (Previous year Rs.29.50 Lacs) has been recognized in the statement of Profit & Loss Accounts.
15. During the year, the Company has revised the estimated useful life of few of its fixed assets based on technical estimates made by the management. Accordingly, additional depreciation of Rs.332.58 Lacs has been accounted for in the financial statements. Had the company continued to use the earlier basis of providing depreciation, the charge to the Profit and Loss Account for the current year would have been lower by Rs.219.54 Lacs (net of tax of Rs.113.04 Lacs) and the net block of fixed assets would correspondingly have been higher by Rs.332.58 Lacs.

16. Details of dues to Micro and Small Enterprises as per MSMED Act, 2006:

(Rs. in Lacs)

Particulars	2009-10	2008-09
the principal amount due and remaining unpaid to any supplier as at the end of each accounting year.	6.02	17.57
the interest due on unpaid principal amount remaining as at the end of each accounting year.	-	-
the amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	-	-
the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-

17. Derivative Instruments:

A. Derivative outstanding as on March 31, 2010

S. No.	Details of Derivatives	Currency/Pair of Currency	Amount in foreign currency	Amount (Rs. in Lacs)	Purpose
I	Forward Contracts				
	Buy	INR-USD	USD 58816261 (210109922)	26408.50 (103808.31)	To hedge the import creditors/short term foreign currency loans from bank.
	Buy	INR-USD	USD 20000000 (-)	8980.00 (-)	To hedge future Import commitments
	Buy	USD-JPY	JPY - (108360000)	- (507.50)	To hedge the principal and interest of liabilities under deferred payments.
	Buy	INR-USD	USD 2156716.86 (-)	968.37 (-)	To hedge the principal and interest of Liabilities under deferred payments
	Buy	INR-USD	EURO 543150 (-)	347.40 (-)	To hedge future Import commitments
	Sell	INR-USD	USD 2000,000 (4600000)	898.80 2333.12	To hedge the charter hire receivables
	Sell	USD-EURO	EURO - (671074)	- (453.44)	To hedge the export receivables
II	Options				
	Buy	INR-USD	USD - (3000000)	- (1474.50)	To hedge the import creditors
III	Swap				
	Buy	INR-USD	USD - (1291096)	- (655.23)	To hedge the Principal and interest of term loan.
IV	Interest Swap				
			USD 158263333 (45000000)		To hedge the interest expense on foreign currency loan

B. Details of foreign currency exposures that are not hedged by a derivative Instrument or otherwise.

S. No.	Exposure in Foreign currency	Nature of exposure and amount			
		Sundry creditors & other payables	Loans/Liabilities under deferred payments	Sundry Debtors & other receivables	Investments
1.	USD	3848,170 (14914,645)	318038613 (300501132)	6685138 (9954483)	60741174 (47686000)
2.	SGD	57145 (63364)	-	33355 (17004)	1079962 (1079962)
3.	JPY	3144201 (4572258)	- (1085805000)	- (-)	- (-)
4.	GBP	14,532 (257)	- (-)	311 (2800)	- (-)
5.	EURO	178,980 (318,127)	- (-)	734 (250700)	- (-)
6.	AED	54,638 (-)	- (-)	- (-)	- (-)
7.	MAD	- (-)	- (-)	- (-)	206667000 (206667000)
8.	KW	11,053,318 (-)	- (-)	- (-)	- (-)
	Exposure – (Rs. in Lacs)	1923.15 (7827.04)	142799.11 (158061.47)	3012.98 (5224.35)	35433.35 (29337.06)

Notes:

- 1) Unhedged Loan/Liabilities under deferred payments of Rs.127607.55 Lacs (Previous Year Rs.138281.62 Lacs) are not payable within next one year.
- 2) The hedging of Foreign Currency outflows is decided after considering the extent of natural hedge available from foreign currency inflows from export of goods and shipping activities.
- 3) In case of hedged transactions mentioned in (A) above, all losses, wherever applicable, as of March 31, 2010 have been provided for.
- 4) Previous year figures have been given in bracket.

18. Additional information pursuant to the provisions of Part II of Schedule VI to the Companies Act, 1956:
a) Capacity:

Product	Unit	Licensed Capacity		Installed Capacity (*)	
		2009-10	2008-09	2009-10	2008-09
(i) Fertiliser					
Ammonia	MTPD	2700	2700	2700	2700
Urea	MTPD	4600	4600	4600	4600
(ii) Yarn Spindles	Nos.	**	**	83376	83376

*As certified by the management.

**Not applicable.

b) Production, Sales and Stocks:

Product	2009-10		2008-09	
	Quantity (Tons)	Amount (Rs. in Lacs)	Quantity (Tons)	Amount (Rs. in Lacs)
Production				
Ammonia	1175115.000	-	1098552.000	-
Urea	2030790.000	-	1918094.000	-
Total	3205905.000		3016646.000	
Synthetic Yarn				
Man-made Fibre Yarn	11473.146	-	11794.000	-
Fibre Yarn Waste	600.746	-	472.000	-
Total	12073.892		12266.000	
Cotton Yarn				
Yarn	8949.906	-	8623.000	-
Fibre Waste	2204.824	-	2287.000	-
Total	11154.730		10910.000	
Opening Stock				
Ammonia	1824.990	213.99	1889.170	169.15
Urea	45574.857	4752.41	104079.803	8084.73
Total	47399.847	4966.40	105968.973	8253.88
Synthetic Yarn				
Man-made Fibre Yarn	1550.000	1702.04	2391.000	2947.00
Fibre Yarn Waste	12.000	0.65	11.000	1.00
Total	1562.000	1702.69	2402.000	2948.00
Cotton Yarn				
Yarn	758.000	846.04	854.000	938.42
Fibre Waste	62.000	12.00	69.000	18.82
Total	820.000	858.04	923.000	957.24
Captive Consumption				
Ammonia	1157862.000		1093403.000	-
Closing Stock				
Ammonia	4855.540	494.51	1824.990	213.99
Urea	61476.566	5462.64	45574.857	4752.41
Total	66332.106	5957.15	47399.847	4966.40
Synthetic Yarn				
Man-made Fibres Yarn	1176.433	1487.79	1550.000	1702.04
Fibre Yarn Waste	13.370	0.65	12.000	0.65
Total	1189.803	1488.43	1562.000	1702.69
Cotton Yarn				
Yarn	230.856	275.39	758.000	846.04
Fibre Waste	176.000	31.25	62.000	12.00
Total	406.856	306.62	820.000	858.04
Sales				
Ammonia	14222.450	2363.97	5213.180	1188.19
Urea	2014337.600	221902.47	1976279.412	237009.19
Total	2028560.050	224266.44	1981492.592	238197.38
Synthetic Yarn				
Man-made Fibre Yarn	11846.972	15831.72	12696.000	15796.47
Fibre Yarn Waste	599.306	96.57	405.000	73.24
Total	12446.278	15928.29	13101.000	15869.71
Cotton Yarn				
Yarn	9477.050	12990.23	8708.000	10308.81
Fibre Waste	2091.104	685.76	2294.000	690.34
Total	11568.154	13675.99	11002.000	10999.15

Notes:

-Stock of Ammonia is included under Stock-in-Process.

-Difference in quantity tally is on account of shortages/excess/damages etc.

c) **Shipping activity:**

Shipping Division of the Company is engaged in the business of shipping activities. Shipping activities are not capable of being expressed in generic units. Hence quantitative details and related information required to be given under paragraphs 3 and 4C of Part II of Schedule VI of the Companies Act, 1956 are not applicable to this business. Further, the Company has applied to the Ministry of Corporate Affairs, Government of India, from the disclosure of quantitative details (in respect of the Shipping division for the financial year ending on 31st March, 2010) in compliance of paragraph 4D(a), (b), (c), (e) of Part –II of Schedule VI to the Companies Act, 1956 as amended vide Notification No. GSR 494(E), dated the 30th October, 1973.

d) **Raw material consumed - indigenous & imported:**

Particulars	Unit	2009-10			2008-09		
		Quantity	Value (Rs. in Lacs)	% Age	Quantity	Value (Rs. in Lacs)	% Age
Indigenous							
Natural Gas	'000 SM ³	805018.94	84737.62	82.20	722336.99	77127.53	81.87
Staple Fibre	MT	14202.03	9573.97	9.29	12425.63	9652.17	10.25
Cotton	MT	8977.99	8775.51	8.51	10862.09	7422.47	7.88
Total			103087.10	100.00		94202.17	100.00
Imported		-	-	-	-	-	-

e) **Trading activity:**

Products	2009-10		2008-09	
	Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)
Openitng Stock				
DAP (in MT)	5420.792	1161.68	150.762	6.79
MOP (in MT)	22568.116	7450.32	31.379	1.81
Biophos (in MT)	-	-	173.480	52.40
Pesticides (in Ltr.)	2566753.100	2566.18	267399.200	1508.41
Pesticides (in KG)	420616.750		857394.176	
Seeds (in MT)	5023.400	39.95	83.517	54.50
Zinc (in MT)	23.725	5.56	-	-
Complex Fertiliser	56.147	35.79	124.931	56.82
Micro Nutrient	1543.528	296.72	1527.610	348.02
Mustard (in MT)	-	-	49.543	8.62
Cattle feed (in MT)	5.500	0.51	5.500	0.47
		11556.71		2037.84
Purchases				
DAP (in MT)	136254.004	27622.42	226243.106	117195.06
MOP (in MT)	63941.208	15707.46	67893.000	18598.60
Pesticides (in Ltr.)	2634339.650	13973.86	1658134.050	11826.21
Pesticides (in Kg.)	14146481.240		13536544.53	
Seeds (in MT)	15562.308	2917.27	36025.761	3774.37
SSP (in MT)	697.000	8.30	26875.400	1112.03
Zinc (in MT)	8885.76	1896.34	6029.961	1557.88
Micro Nutrient (in MT)	12472.540	1815.00	5205.400	1542.40
Organic Fertilisers (in MT)	450.000	9.00	1600.050	32.03
Gypsum	23479.40	180.03	24594.800	134.10
Cattle Feed	778.20	46.95	9196.510	575.93
Complex Fertiliser	374.788	212.74	91.994	69.39
		64389.37		156418.00

Products	2009-10		2008-09	
	Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)
Sales				
DAP (in MT)	141646.980	28765.80	220973.076	115819.58
MOP (in MT)	86497.840	23198.17	45356.263	14414.72
Biophos (in MT)	-	-	147.995	52.37
Pesticides (in Ltr.)	2383708.725	16250.71	1502432.250	12690.28
Pesticides (in Kg)	16164994.060		11827046.30	
Seeds (in MT)	19673.978	2982.61	31085.878	4028.43
SSP (in MT)	697.000	30.89	26875.400	1242.59
Zinc (in MT)	8891.960	2131.86	6006.236	1635.12
Micro Nutrient (in MT)	9049.970	2099.38	5189.340	2423.47
Organic Fertilisers (in MT)	450.000	10.80	1600.050	38.41
Gypsum	23479.400	405.53	24594.800	412.65
Mustard (in MT)	-	-	43.693	1.74
Cattle Feed	783.700	49.81	9196.510	593.99
Complex Fertiliser	243.950	183.33	160.781	119.82
		76108.89		153473.17
Closing Stock				
DAP (in MT)	14.636	0.53	5420.792	1161.68
MOP (in MT)	4.674	0.49	22568.116	7450.32
Biophos (in MT)			-	-
Pesticides (in Ltr.)	671162.475	2704.12	2566753.100	2566.18
Pesticides (in Kg)	548193.800		420616.750	
Seeds (in MT)	911.730	256.91	5023.400	39.95
Zinc (in MT)	17.525	2.63	23.725	5.56
Cattle Feed	-	-	5.500	0.51
Complex Fertiliser	186.785	103.75	56.147	35.79
Micro Nutrient	4965.948	681.80	1543.528	296.72
		3750.23		11556.71

Note: Difference in quantity tally represents shortages/damages etc.

f) **Stores and spares consumed - indigenous & imported:**

Particulars	2009-10		2008-09	
	Amount (Rs. in Lacs)	% age	Amount (Rs. in Lacs)	% age
Indigenous	2777.76	95.05	2646.35	96.30
Imported	144.61	4.95	101.45	3.70
Total	2922.37	100.00	2747.80	100.00

Note: The stores and spares consumption excludes consumption of spares amounting to Rs.775.70 Lacs (Previous Year Rs.596.25 Lacs) pertaining to Shipping division of the Company as quantitative details and other information required under paragraphs 3 and 4C of Part II of Schedule VI of the Companies Act, 1956 are not applicable to this business.

g) CIF value of imports

(Rs. in Lacs)

Particulars	2009-10	2008-09
Capital Goods	1214.23	7700.86
Stores and Spares	223.01	593.81
Traded Products	41577.89	127925.26
Total	43015.13	136219.93

h) Expenditure in foreign currency (on cash basis)

(Rs. in Lacs)

Particulars	2009-10	2008-09
Design, Engineering and Supervision fee	428.40	77.95
Travelling	47.38	65.07
Interest	595.97	592.42
Others	313.73	137.42
Total	1385.48	872.86

i) Earnings in foreign exchange

(Rs. in Lacs)

Particulars	2009-10	2008-09
FOB value of exports	25413.84	28790.10
Dispatch money (On Cash basis)	20.44	120.34
Dividend income	-	5009.30
Interest (On Cash basis)	36.04	61.49
Rebate	215.19	-
Total	25685.51	33981.23

j) Net dividend remitted in foreign currency

(Rs. in Lacs)

Particulars	2009-10	2008-09
Number of Non Resident shareholders	326	388
Number of Shares held by them	12282650	12517585
Dividend paid (Rs. in Lacs)	221.08	225.32
Year to which dividend relates	2008-09	2007-08

19. Previous Year's figures have been regrouped and/or rearranged wherever necessary to confirm to this year's classifications.

As per our report of even date

For and on behalf of the Board of Directors of
Chambal Fertilisers and Chemicals Limited

For S.R. BATLIBOI & Co.
Firm's Registration No. 301003E
Chartered Accountants

Anil Kapoor
Managing Director

H.S. Bawa
Vice Chairman

S.K. Poddar
Chairman

per Manoj Gupta
Partner
Membership No - 83906

Abhay Baijal
Vice President - Finance

M.S. Rathore
Vice President - Legal,
Corporate Communication & Secretary

Place: Gurgaon
Date : May 08, 2010

Place: New Delhi
Date : May 08, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration No.	L24124RJ1985PLC003293
State Code	17
Balance Sheet Date	31.03.2010
	(Rs.in '000)
II. Capital raised during the year	
Public Issue	NIL
Right Shares	NIL
Bonus Shares	NIL
Private Placement	NIL
III. Position of Mobilisation and Deployment of funds	
Total Liabilities	42515240
Total Assets	42515240
Sources of Funds	
Paid up Capital	4162079
Reserve & Surplus	9738495
Secured Loan	19960750
Unsecured Loan	6198914
Deferred Tax Liability (Net)	2455002
Application of funds	
Net Fixed Assets (including CWIP)	29715099
Investment	4172096
Net Current Assets	8586299
Misc. Expenditure	41746
IV. Performance of the Company	
Turnover (including other income)	36413388
Total Expenditure	32868957
Profit before exceptional item and tax	3544431
Exceptional Item	43687
Profit before tax	3588118
Profit after tax	2490512
Earning per Equity Share in Rs.	5.98
Dividend rate percentage:	
Equity Shares	19%
Preference Shares	NIL

V. Generic Names of the Principal Products of the Company

<u>Item Code No.</u>	<u>Product Description</u>
31021000	Urea
31053000	DAP
5509-21	100% Polyster Yarn
5509-50	Polyster Viscose Yarn
52052190	Cotton Yarn
N.A	Shipping

Statement Pursuant to Section 212 of the Companies Act, 1956

Name of the Subsidiary Company	Financial year ending of the Subsidiary	Number of Shares held by the Company or its Subsidiary	Extent of Holding %	For the Financial Year of the Subsidiary	Profit/(Loss) so far as it concerns the members of the Holding Company and not dealt with in the Books of Accounts of the Holding Company (Except to the extent dealt with in Col.6)	Profit/(Loss) so far as it concerns the members of the Holding Company and dealt with in the Books of Accounts of the Holding Company
(1)	(2)	(3)	(4)	(5)	(6)	(6)
				Rs.in Lacs		Rs.in Lacs
CFCL Overseas Ltd., Cayman Islands	31.03.2010	50,000,000 Ordinary Shares	100%	20.11		-
CFCL Technologies Ltd., Cayman Islands #	31.12.2009	2,932,947 Ordinary Shares	79.51%	(161.87)		-
ISGN Corporation ,USA #	31.12.2009	554,167,969 Shares of Common Stock	99.99%	(2047.66)		-
ISGN Solutions Inc., USA #	31.12.2009	7,290,197 Shares of Common Stock	100%	(1285.64)		-
Novasoft Information Technology Corporation GmbH, Germany #	31.12.2009	25,000 Ordinary Shares	100%	-		-
Flex Agents Signing Team, LLC, USA #	31.12.2009	-	100%	(336.56)		-
Richmond Investors LLC, USA #	31.12.2009	200 units	100%	(334.23)		-
Richmond Title Genpar LLC, USA #	31.12.2009	200 units	100%	(3.38)		-
Richmond Title Services LP, USA #	31.12.2009	-	100%	(337.60)		-
Richmond Title Services LLC, USA #	31.12.2009	-	100%	-		-
CFCL Ventures Ltd., Cayman Islands #	31.12.2009	50,000,000 Ordinary Shares	100%	(1.65)		-
ISG Novasoft Technologies Ltd., India #	31.12.2009	36,230,700 Equity Shares	100%	(90.65)		-
Inuva Info Management Private Ltd., India #	31.12.2009	16,900 Equity Shares	71%	6.30		-
Chambal Infrastructure Ventures Ltd., India	31.03.2010	1,400,000 Equity Shares	100%	(5.90)		-
Chambal Energy (Chhattisgarh) Ltd., India	31.03.2010	50,000 Equity Shares	100%	(4.79)		-
Chambal Energy (Orissa) Ltd., India	31.03.2010	50,000 Equity Shares	100%	(10.01)		-
India Steamship Pte. Ltd., Singapore	31.03.2010	1,079,962 Ordinary Shares	100%	(275.96)		-
Fiserv Fulfillment Services, Inc., USA* #	31.12.2009	400,800 Shares of Capital Stock	100%	(1346.18)		-
Fiserv Fulfillment Services, Inc. USA (Arizona)* #	31.12.2009	100 Shares of Capital Stock	100%	-		-
Fiserv Fulfillment Services, South Inc., USA* #	31.12.2009	100,000 Shares of Capital Stock	100%	-		-
Fiserv Fulfillment Services of Alabama LLC, USA* #	31.12.2009	100 units	100%	-		-
Fiserv Fulfillment Services of Maryland, Inc.,USA* #	31.12.2009	100 Shares of Capital Stock	100%	-		-
ILS Services LLC, USA* #	31.12.2009	100 units	100%	-		-
Fiserv Fulfillment Agency LLC, USA* #	31.12.2009	100 units	100%	-		-
Fiserv Fulfillment Agency of Alabama LLC, USA* #	31.12.2009	100 units	100%	-		-

Notes:-

1. CFCL Technologies Ltd., Cayman Islands is a subsidiary of CFCL Overseas Ltd., Cayman Islands which in turn is a wholly owned subsidiary of the Company.
2. ISGN Solution Inc.,USA and Novasoft Information Technologies Corporation GmbH, Germany are wholly owned subsidiaries of of ISGN Corporation, USA in which CFCL Technologies Ltd., Cayman Islands holds 99.99% shares of Common Stock.
3. Flex Agents Signing Team LLC, Richmond Investors LLC, Richmond Title Genpar LLC, Richmond Title Services LP and Richmond Title Services LLC are wholly owned subsidiaries of ISGN Solutions Inc., USA.
4. Inuva Info Management Pvt. Ltd., India is subsidiary of ISG Novasoft Technologies Ltd., India in which CFCL Ventures Ltd., Cayman Islands holds 100% Equity shares and CFCL Ventures Limited, Cayman Islands is a wholly owned subsidiary of CFCL Technologies Ltd., Cayman Islands.
5. ISGN Solution Ltd., Ireland was liquidated in May 2009.
6. Dynatek Inc. has been merged with ISGN Corporation, USA with effect from April 1, 2009.

There were no changes in the Company's interest into the subsidiary companies between the end of financial year of subsidiary companies and that of holding company. Further there are no material changes with respect to subsidiaries' fixed assets, investments, moneys lent and moneys borrowed by it for any purpose other than that of meeting current liabilities, between the end of financial year of subsidiary companies and that of holding company.

*Fiserv Fulfillment Services, Inc., USA which is wholly owned subsidiary of ISGN Solutions Inc., USA , was acquired during the year along with its wholly owned step down subsidiaries.

For and on behalf of the Board of Directors of
Chambal Fertilisers and Chemicals Limited

Anil Kapoor
Managing Director

H.S. Bawa
Vice Chairman

S.K. Poddar
Chairman

Abhay Baijal
Vice President - Finance

M.S. Rathore
Vice President - Legal,
Corporate Communication & Secretary

Place: New Delhi
Date : May 08, 2010

Financial Performance of Subsidiaries during the Period April 1, 2009 to March 31, 2010

	Share Capital	Reserves	Total Assets	Total Liabilities	Details of Investment (Other than subsidiaries)	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after taxation	Proposed Dividend	The Exchange rates used for conversion of figures from foreign currency to Indian rupees are as under	(Rs. in Lacs)	
												Balance Sheet	Profit & Loss Account
1. CFCL Overseas Ltd., Cayman Islands	27272.79	29.01	27302.99	27302.99	-	-	20.11	-	20.11	-	US \$=Rs. 44.90	US \$=Rs. 44.90	US \$=Rs. 44.90
2. CFCL Technologies Ltd., Cayman Islands	0.51	46006.60	47754.93	47754.93	-	-	(161.87)	-	(161.87)	-	US \$=Rs. 46.545	US \$=Rs. 46.545	US \$=Rs. 46.545
3. ISGN Corporation, USA	25.80	31325.38	41618.73	41618.73	-	5454.82	(1966.64)	81.02	(2047.66)	-	US \$=Rs. 46.545	US \$=Rs. 46.545	US \$=Rs. 46.545
4. ISGN Solutions Inc., USA	33.93	9782.00	18140.52	18140.52	-	6441.71	(1278.48)	7.16	(1285.64)	-	US \$=Rs. 46.545	US \$=Rs. 46.545	US \$=Rs. 46.545
5. Novasoft Information Technology Corporation GmbH, Germany	16.62	(16.74)	14.45	14.45	-	-	-	-	-	-	EURO=Rs. 66.469	EURO=Rs. 66.469	EURO=Rs. 66.469
6. Flex Agents Signing Team LLC, USA	0.47	(456.68)	17.95	17.95	-	207.02	(336.56)	-	(336.56)	-	US \$=Rs. 46.545	US \$=Rs. 46.545	US \$=Rs. 46.545
7. Richmond Investors LLC, USA	764.92	(753.50)	11.42	11.42	-	-	(334.23)	-	(334.23)	-	US \$=Rs. 46.545	US \$=Rs. 46.545	US \$=Rs. 46.545
8. Richmond Title Genpar LLC, USA	7.73	4.99	12.72	12.72	-	-	(3.38)	-	(3.38)	-	US \$=Rs. 46.545	US \$=Rs. 46.545	US \$=Rs. 46.545
9. Richmond Title Services LP, USA	772.65	(748.51)	1442.49	1442.49	-	3378.52	(321.95)	15.65	(337.60)	-	US \$=Rs. 46.545	US \$=Rs. 46.545	US \$=Rs. 46.545
10. Richmond Title services LLC, USA#	-	-	-	-	-	-	-	-	-	-	-	-	-
11. CFCL Ventures Ltd., Cayman Islands	23.27	3865.01	3894.41	3894.41	-	-	(1.65)	-	(1.65)	-	US \$=Rs. 46.545	US \$=Rs. 46.545	US \$=Rs. 46.545
12. ISG Novasoft Technologies Ltd., India	3623.07	(2181.31)	2582.91	2582.91	-	4550.51	(10.95)	79.70	(90.65)	-	-	-	-
13. Inuva Info Management Private Ltd., India	2.38	92.80	103.04	103.04	-	180.18	(1.22)	(7.52)	6.30	-	-	-	-
14. Chambal Infrastructure Ventures Ltd., India	140.00	(114.03)	259.21	259.21	-	-	(5.90)	-	(5.90)	-	-	-	-
15. Chambal Energy (Chhatigarth) Ltd., India	5.00	(10.01)	257.59	257.59	-	-	(4.79)	-	(4.79)	-	-	-	-
16. Chambal Energy (Orissa) Ltd., India	5.00	(17.37)	92.34	92.34	-	-	(10.01)	-	(10.01)	-	-	-	-
17. India Steamship Pte. Ltd., Singapore	314.23	1895.33	2581.17	2581.17	-	2366.92	(275.96)	-	(275.96)	-	US \$=Rs. 44.90	US \$=Rs. 44.90	US \$=Rs. 47.47
18. Fiserv Fulfillment Services Inc., USA	0.00	2583.53	12027.73	12027.73	-	50541.84	(15848.30)	(2848.09)	(13000.21)	-	US \$=Rs. 46.545	US \$=Rs. 46.545	US \$=Rs. 46.545
19. Fiserv Fulfillment Services Inc. USA (Arizona)#	-	-	-	-	-	-	-	-	-	-	-	-	-
20. Fiserv Fulfillment Services South Inc., USA#	-	-	-	-	-	-	-	-	-	-	-	-	-
21. Fiserv Fulfillment Services of Alabama LLC, USA#	-	-	-	-	-	-	-	-	-	-	-	-	-
22. Fiserv Fulfillment Services of Maryland Inc., USA#	-	-	-	-	-	-	-	-	-	-	-	-	-
23. ILS Services LLC, USA#	-	-	-	-	-	-	-	-	-	-	-	-	-
24. Fiserv Fulfillment Agency LLC, USA#	-	-	-	-	-	-	-	-	-	-	-	-	-
25. Fiserv Fulfillment Agency of Alabama LLC, USA#	-	-	-	-	-	-	-	-	-	-	-	-	-

These entities being license companies, there are no assets & liabilities and no financial transactions were carried out during the financial year.

Auditor's Report to the Board of Directors of Chambal Fertilisers and Chemicals Limited on the Consolidated Financial Statements.

1. We have audited the attached Consolidated Balance Sheet of Chambal Fertilisers and Chemicals Ltd. Group, as at March 31, 2010, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, joint venture and associate whose financial statements reflect the Group's share of total assets of Rs. 57594.50 Lacs (Previous year Rs. 45153.65 Lacs) as at March 31, 2010, total revenue of Rs. 55781.47 Lacs (Previous year Rs. 100843.89 Lacs) and cash flows amounting to Rs. 13268.29 Lacs (Cash flows in Previous year Rs. 22226.74 Lacs) for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of other auditors.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

4. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;
 - (b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For S.R. BATLIBOI & Co.
Firm's Registration No. 301003E
Chartered Accountants

per Manoj Gupta
Partner
Membership No.: 83906

Place: Gurgaon
Date: May 08, 2010

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010
(Rs. in Lacs)

Particulars	Schedule	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	41620.79	41620.79
Reserves and surplus	2	101721.41	86569.51
		<u>143342.20</u>	<u>128190.30</u>
Loan Funds			
Secured loans	3	202011.91	209413.24
Unsecured loans	4	72108.40	40921.87
		<u>274120.31</u>	<u>250335.11</u>
Stock Options Outstanding (Refer Note No. 19 of Schedule 26 C)		242.49	238.87
Preference Shares (Held by other than Group)(Refer Note No. 20 (a) of Schedule 26 C)		0.13	0.11
Minority Interest		4782.78	24.69
Deferred Payment Liabilities		-	6211.65
Deferred Tax Liabilities (Net)	5	24550.02	26599.44
Total		<u>447037.93</u>	<u>411600.17</u>
APPLICATION OF FUNDS			
Fixed Assets	6		
Gross block		546937.52	510193.06
Less: Accumulated depreciation		<u>245804.36</u>	<u>213636.10</u>
Net block		301133.16	296556.96
Capital work in progress including capital advances		<u>4884.95</u>	<u>22465.10</u>
		<u>306018.11</u>	<u>319022.06</u>
Intangible Assets	7	32896.70	21170.48
Investments	8	6305.62	31926.01
Current Assets, Loans and Advances :			
Inventories	9	27864.36	37907.23
Sundry debtors	10	65145.91	68795.72
Cash and bank balances	11	20187.85	43208.25
Other current assets	12	34939.32	36833.72
Loans and advances	13	<u>19260.23</u>	<u>23997.91</u>
		<u>167397.67</u>	<u>210742.83</u>
Less: Current Liabilities and Provisions			
Current liabilities	14	47894.11	157842.39
Provisions	15	<u>17686.06</u>	<u>13591.39</u>
		<u>65580.17</u>	<u>171433.78</u>
Net Current Assets		101817.50	39309.05
Miscellaneous Expenditure (to the extent not written off or adjusted)	16	-	172.57
Total		<u>447037.93</u>	<u>411600.17</u>
Notes to Accounts	26		

The schedules referred to above and notes to consolidated accounts form an integral part of the Consolidated Balance Sheet.

As per our report of even date

For and on behalf of the Board of Directors of
Chambal Fertilisers and Chemicals Limited

For S.R. BATLIBOI & Co.
Firm's Registration No. 301003E
Chartered Accountants

Anil Kapoor
Managing Director

H.S. Bawa
Vice Chairman

S.K. Poddar
Chairman

per Manoj Gupta
Partner
Membership No - 83906

Abhay Bajjal
Vice President - Finance

M.S. Rathore
Vice President - Legal,
Corporate Communication & Secretary

Place: Gurgaon
Date : May 08, 2010

Place: New Delhi
Date : May 08, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

		(Rs. in Lacs)	
Particulars	Schedule	Year Ended March 31, 2010	Year Ended March 31, 2009
INCOME			
Turnover (Gross)	17	412924.12	559884.99
Less: Excise duty		189.77	146.66
Turnover (Net)		412734.35	559738.33
Other income	18	6755.57	7382.68
Total		419489.92	567121.01
EXPENDITURE			
Purchase of trading goods		64389.37	156418.00
Raw material consumed	19	123540.55	159493.64
Personnel expenses	20	19908.48	19339.54
Decrease/(increase) in inventories	21	9612.03	(8605.20)
Operating and other expenses	22	123261.66	152054.09
Freight to charter-in ship		4804.09	14430.71
Depreciation/Amortization	6 & 7	31892.14	28167.15
Financial expenses	23	9711.83	13861.11
Goodwill on consolidation written off		441.78	-
Deferred revenue expenditure written off	16	59.28	77.48
Total		387621.21	535236.52
Profit Before Exceptional Items and Tax		31868.71	31884.49
Exceptional items	24	278.87	816.89
Profit After Exceptional Items and Before Tax		32147.58	32701.38
Provision for Tax			
Current tax		13403.30	11863.17
Deferred tax charge/(credit)		(2049.42)	(1843.94)
Tonnage tax in Shipping Business		63.28	76.46
Fringe benefit tax		-	174.42
Total tax expense/(income)		11417.16	10270.11
Net profit after tax for the year		20730.42	22431.27
Share in Profit/(Loss) of Associate		2.27	145.71
Share of Minority Interest in current year losses/(profit)		990.19	(18.17)
Net profit after tax (after adjustment for Minority Interest & Associate)		21722.88	22558.81
Transferred from Debenture Redemption Reserve		312.50	312.50
Balance brought forward from previous year		52168.93	41792.45
Share of Minority Interest in opening losses		3777.59	-
Profit available for appropriation		77981.90	64663.76
Appropriations:			
Transfer to General Reserve		2754.26	2779.87
Transfer to Tonnage Tax Reserve		375.00	950.00
Proposed Dividend on Equity Shares		7907.95	7491.74
Tax on Dividend		1313.44	1273.22
Surplus carried to Balance Sheet		65631.25	52168.93
Basic and Diluted Earning per Share (in Rs.)	25	5.22	5.42
Nominal Value of Shares (in Rs.)		10.00	10.00
Notes to Accounts	26		

The schedules referred to above and the consolidated notes to accounts form an integral part of the Consolidated Profit and Loss Account.

As per our report of even date

For and on behalf of the Board of Directors of
Chambal Fertilisers and Chemicals Limited

For S.R. BATLIBOI & Co.
Firm's Registration No. 301003E
Chartered Accountants

Anil Kapoor
Managing Director

H.S. Bawa
Vice Chairman

S.K. Poddar
Chairman

per Manoj Gupta
Partner
Membership No - 83906

Abhay Baijal
Vice President - Finance

M.S. Rathore
Vice President - Legal,
Corporate Communication & Secretary

Place: Gurgaon
Date : May 08, 2010

Place: New Delhi
Date : May 08, 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(Rs. in Lacs)

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit after exceptional items and before tax	32147.58	32701.38
Adjustments for :		
Depreciation/Amortisation	31892.14	28167.15
Profit on sale of mining lease rights	-	(526.67)
(Profit)/Loss on sale of fixed assets	(114.59)	77.47
(Profit)/Loss on disposal of non trade long term investments	-	(9.54)
Write off/other adjustments of fixed assets	119.52	423.52
Provision for diminution in value of Fertilisers Bond	1400.00	2810.00
Profit from Sale of subsidiary	-	(8.60)
Profit from sale of associate	(278.87)	(281.62)
Goodwill written off	441.78	-
Premium on forward contracts amortised	1081.03	758.94
Unrealised foreign exchange fluctuation	(664.92)	12195.41
Provision for loss on derivative transaction	1405.07	712.11
Miscellaneous expenditure written off	59.28	77.48
Provision for doubtful deposits/advances	404.80	96.29
Liabilities no longer required written back	(600.31)	(869.60)
Catalyst charges written off	182.96	109.28
Doubtful debts/advances written off	40.32	325.51
Employee stock option scheme	3.62	238.87
Inventory written off	86.52	138.77
Interest expense	8881.13	12537.22
Interest income	(3531.62)	(4526.48)
Dividend income	(439.37)	(489.31)
Operating profit before working capital changes	72516.07	84657.58
Movement in working capital :		
Decrease/(Increase) in sundry debtors	3121.72	(47001.89)
Decrease/(Increase) in other current assets	494.40	(1154.79)
Decrease/(Increase) in loans and advance	5396.17	(15517.77)
Decrease/(Increase) in miscellaneous expenditure	-	(113.63)
Decrease/(Increase) in inventories	9773.39	(6385.54)
Increase/(Decrease) in current liabilities and provisions	(102873.25)	110641.82
Cash generated from operations	(11571.50)	125125.78
Direct taxes paid (net of refunds)	(11178.24)	(13570.02)
NET CASH FLOW FROM OPERATING ACTIVITIES	(22749.74)	111555.76
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(45739.64)	(106518.22)
Proceed from sale of fixed assets	1103.82	213.23
Proceed from disposal of subsidiary	-	13.60
Proceed from sale of share of associate	1060.96	1060.96
Inter Corporate deposits	(840.00)	-
Proceed from sale of mining lease rights	-	526.67
Deposits (with maturity more than three months)	(525.00)	(10500.00)
Proceed of deposits matured (with maturity more than three months)	10500.00	34.87
Purchase of investments	(96444.97)	(30343.25)
Proceed from sale of investments	121285.53	24.33
Interest received	3713.13	4634.84
Dividend received	439.37	489.31
NET CASH FLOW FROM/(USED) IN INVESTING ACTIVITIES	(5446.80)	(140363.66)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from long term borrowings	27880.17	92787.25
Repayment of long term borrowings	(25827.55)	(36991.30)
Proceeds from issue of Preference Shares (including share premium)	5663.83	57.37
Net proceeds of short term borrowings	32562.89	1667.60
Interest paid	(9095.91)	(12378.48)
Dividend paid	(7438.57)	(7432.88)
Tax on dividend paid	(1273.22)	(1273.22)
NET CASH USED IN FINANCING ACTIVITIES	22471.64	36436.34
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(5724.90)	7628.44
Foreign Currency Translation difference	(324.18)	17.61
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	22097.66	14451.61
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	16048.58	22097.66
COMPONENTS OF CASH AND CASH EQUIVALENTS AS AT 31ST MARCH		
Cash and cheques on hand	74.79	29.50
Balances with banks :		
- on unpaid dividend account	778.10	754.21
- on current account	3363.40	4408.56
- on cash credit account	5.53	8.26
- on saving account	0.39	0.39
- on deposits account	8036.15	26934.37
- on overseas account	4315.22	462.37
- on escrow account	3614.27	10610.59
	20187.85	43208.25
Less: Fixed deposits not considered as cash equivalents	525.00	10500.00
Less: Escrow account balance not considered as cash equivalents	3614.27	10610.59
Net cash and cash equivalents	16048.58	22097.66

Note:

Bank balances of Rs.778.10 Lacs (Previous Year Rs.754.21 Lacs) is earmarked for payment of unpaid dividend and will not be available for use for any other purposes.

As per our report of even date

For and on behalf of the Board of Directors of
Chambal Fertilisers and Chemicals Limited

For S.R. BATLIBOI & Co.
Firm's Registration No. 301003E
Chartered Accountants

Anil Kapoor
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per Manoj Gupta
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Vice President - Finance

M.S. Rathore
Vice President - Legal,
Corporate Communication & Secretary

Place: Gurgaon
Date : May 08, 2010

Place: New Delhi
Date : May 08, 2010

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT
MARCH 31, 2010**

(Rs. in Lacs)

Particulars	As at March 31, 2010	As at March 31, 2009
SCHEDULE 1: SHARE CAPITAL		
Authorised:		
440,000,000 (Previous Year 440,000,000) Equity Shares of Rs.10/- each	44000.00	44000.00
210,000,000 (Previous Year 210,000,000) Redeemable Preference Shares of Rs.10/- each	<u>21000.00</u>	<u>21000.00</u>
	<u>65000.00</u>	<u>65000.00</u>
Issued, Subscribed and Paid Up:		
416,207,852 (Previous Year 416,207,852) Equity Shares of Rs.10/- each, fully paid up	<u>41620.79</u>	<u>41620.79</u>
	<u>41620.79</u>	<u>41620.79</u>
Of the above		
10,207,852 (Previous Year 10,207,852) equity shares of Rs.10/- each have been allotted for consideration other than cash, pursuant to the scheme of amalgamation of erstwhile India Steamship Company Ltd.		
SCHEDULE 2: RESERVES AND SURPLUS		
Capital Reserve (arising on forfeiture of shares)	20.95	20.95
Securities Premium Account		
Balance as per last account	11621.91	11269.46
Additions during the year (Refer Note No. 1(i) and 20(a) of Schedule 26 C)	5663.81	352.45
Share of Minority interest	<u>(9511.52)</u>	<u>-</u>
	<u>7774.20</u>	<u>11621.91</u>
Capital Redemption Reserve		
Foreign Currency Translation Reserve	25.00	25.00
Balance as per last account	4082.06	1960.44
Adjustments during the year	<u>2850.20</u>	<u>2121.62</u>
	<u>6932.26</u>	<u>4082.06</u>
Debenture Redemption Reserve		
Balance as per last account	625.00	937.50
Less: Transferred to Profit and Loss Account	<u>312.50</u>	<u>312.50</u>
	<u>312.50</u>	<u>625.00</u>
General Reserve		
Balance as per last account	14062.37	15965.13
Add: Transferred from Profit and Loss Account	2754.26	2779.87
Less: Share of Minority interest	16.38	-
Less: Exchange difference of earlier year capitalised to fixed assets	<u>-</u>	<u>4682.63</u>
	<u>16800.25</u>	<u>14062.37</u>
(Net of depreciation Rs.Nil (Previous Year Rs.151.90 Lacs) and tax Rs. Nil (Previous Year Rs.Nil)		
Tonnage Tax Reserve under Section 115 VT of Income Tax Act,1961		
Balance as per last account	3963.29	3013.29
Less: Amalgamation adjustment account	113.29	-
Add: Transferred from Profit and Loss Account	375.00	950.00
Less: Transferred to Tonnage Tax Reserve (utilised) account	<u>3850.00</u>	<u>-</u>
	<u>375.00</u>	<u>3963.29</u>
Tonnage Tax Reserve under Section 115 VT of Income Tax Act,1961(utilised) Account		
Balance as per last account	-	-
Add: Transfer from Tonnage Tax Reserve under Section 115 VT of Income Tax Act,1961	<u>3850.00</u>	<u>-</u>
	<u>3850.00</u>	<u>-</u>
Profit and Loss Account	65631.25	52168.93
	<u>101721.41</u>	<u>86569.51</u>
SCHEDULE 3: SECURED LOANS		
Debentures		
500 (Previous Year 500) 7.90% Secured Redeemable Non-convertible Debentures of Rs.1,000,000/- each.	1250.00	2500.00
Term loans from banks		
- Rupee term loans	28046.49	25734.06
- Foreign currency term loans	140257.14	150549.33
Term loans from others	305.74	187.43
Short term loan from banks	28000.00	-
Loans and advances from banks		
- Cash credit facilities	1527.42	28003.01
Line of credit from others	1923.01	2071.16
Finance lease obligation	<u>702.11</u>	<u>368.25</u>
	<u>202011.91</u>	<u>209413.24</u>

Notes:

- 7.90% Secured redeemable Non-Convertible Debentures are secured by first pari passu charge by way of mortgage by deposit of title deeds in respect of immovable properties and hypothecation of the movable assets of the Company, both present and future (save and except assets of Shipping division), subject to prior charges created/to be created in favour of banks on current assets and other movables for securing working capital borrowings. These debentures are redeemable in four equal annual instalments starting from March 31, 2008.
- Rupee term loan from banks of Rs. 28046.49 Lacs and foreign currency term loans of Rs.36276.77 Lacs from banks are secured/to be secured by first pari-passu charge by way of mortgage, by deposit of title deeds in respect of immovable properties and hypothecation of the movable fixed assets of the Company, both present and future (save and except assets of Shipping Division), subject to prior charges created/to be created in favour of banks on current assets and other movables for securing working capital borrowings.
- Foreign currency term loan of Rs.19756.00 Lacs from bank is secured by first priority mortgage on the Company's vessel i.e. M.T. Ratna Puja and assignment of earnings, insurance and requisition compensation in respect of such vessel.
- Foreign currency term loan of Rs.25593.00 Lacs from a bank is secured by first priority mortgage on the Company's vessel i.e. Ratna Shalini and assignment of earnings, insurance and requisition compensation in respect of such vessel and second priority mortgage on the Company's vessel i.e. Ratna Puja and assignment of earnings, insurance and requisition compensation in respect of such vessel.
- Foreign currency term loan of Rs.58631.37 Lacs from banks is secured by first priority mortgage on the Company's three vessels i.e. Ratna Shruti, Ratna Shradha and Ratna Namrata and assignment of earnings, insurance and requisition compensation in respect of such vessels.
- In case of subsidiaries term loan from others of Rs.305.74 Lacs and Line of credit of Rs. 1923.01 Lacs are secured by way of a) first priority continuing security interest in and lien upon all current assets, tangible and intangible assets including intellectual property of ISGN Solutions Inc. and ISGN Corporation Inc. b) the pledge of share certificates of ISGN Solutions Inc. and all its dividends, distributions, cash, Instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such pledge shares.
The group has also entered into a warrant agreement with TPC which provides for warrant coverage of US\$ 100000 for the equipment loans and \$ 400000 for the line of credit facilities. These have conversion option 10882 series B preference shares for the equipments loans and 43529 series B preference shares for the line of credit facility at a conversion price of US\$ 9.1892 per ordinary share. The conversion price can be lower based on conditions as outlined in the warrant agreements, the number of ordinary shares to be issued will vary and final outcome would be determined at the time of exercise of the option.
- Rupee Term Loan of Rs 28000.00 Lacs from a bank is to be secured by pledge of Government of India Fertiliser Bonds issued to the Company.
- Finance lease liability is secured by assets acquired under the facility.
- Cash credit loans from banks are secured by hypothecation of all the Company's current assets including all stocks and book debts (including subsidy support) and other movables, both present & future (except assets of Shipping Division). These loans are further secured/to be secured by second charge on all the immovable properties (except assets of Shipping division) of the Company.
- Secured loans (other than cash credit facilities from banks, short term rupee loans and finance lease obligations) includes Rs.25042.59 Lacs (Previous Year Rs.17481.87 Lacs) repayable within one year.

	(Rs. in Lacs)	
Particulars	As at March 31, 2010	As at March 31, 2009
SCHEDULE 4: UNSECURED LOANS		
Fixed deposits	38.67	100.48
{Due within one year Rs.32.65 Lacs (Previous Year Rs.61.56 Lacs)}		
Commercial Papers (Short term)	10000.00	-
{Maximum amount raised at any time during the year Rs.10000.00 Lacs (Previous year Rs.Nil)}		
Short term loans from banks		
- Short term rupee loans	23000.00	8500.00
- Short term foreign currency loans	26408.50	25084.09
- Short term packing credit foreign currency loan	2541.97	1298.90
Convertible Notes		
- Interest bearing (Refer Note No.22(a) of Schedule 26 C)	3841.77	4186.37
- Non-interest bearing (Refer Note No.22 (b) of Schedule 26 C)	1463.84	1595.14
Non-Convertible Notes		
- Interest bearing (Refer Note No.22(c) of Schedule 26 C)	4654.50	-
Other Financial Debts	159.15	156.89
{Due within one year Rs.Nil (Previous Year Rs.152.26 Lacs)}		
	72108.40	40921.87
SCHEDULE 5: DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	26684.60	27947.65
Gross Deferred Tax Liabilities	26684.60	27947.65
Deferred Tax Assets		
Effect of expenditure debited to Profit and Loss Account in the current year but allowed for tax purposes in following years	64.52	29.56
Provision for gratuity	245.91	289.71
Provision for leave encashment	282.34	33.64
Provision for diminution in the value of Fertiliser bonds	1430.98	955.12
Others	110.83	40.18
Gross Deferred Tax Assets	2134.58	1348.21
Net Deferred Tax Liability	24550.02	26599.44

SCHEDULE 6: FIXED ASSETS

S.No	Particulars	Gross Block				Depreciation				(Rs. in Lacs)	
		As at April 1, 2009	Additions during the year	Deletion due to disposal of subsidiary	Forex Translation Adjustment On Opening Block	As At March 31, 2010	For the year ending 2010	Adjustments during the year	Forex Translation Adjustment On Current Year Opening Block	As at March 31, 2010	As at March 31, 2009
1.	Land - Freehold	325.59	-	-	-	325.59	-	-	-	325.59	325.59
2.	Land - Leasehold	587.28	-	-	-	587.28	-	-	-	466.91	472.85
3.	Buildings	21790.76	68.37	(130.67)	(174.35)	21554.11	570.81	(21.42)	19.92	7003.43	14550.68
4.	Leasehold Improvements	935.91	31.70	(487.70)	(41.78)	1417.14	666.77	(468.14)	(1.02)	951.47	15255.05
5.	Leasehold Improvements (on finance lease)	-	487.63	-	-	487.63	17.56	-	-	470.07	208.81
6.	Railway Siding	2205.11	-	-	-	2205.11	104.74	-	-	1387.46	922.39
7.	Plant & Machinery	323105.46	16090.08	(1823.77)	(1540.08)	335831.69	188582.48	(112.45)	250.89	206997.57	128834.12
8.	Equipment & Appliances	5824.52	5495.65	(164.94)	(290.59)	11394.03	4682.15	(121.58)	(0.65)	8317.76	2435.69
9.	Furniture & Fixings	1145.45	714.19	(63.96)	(80.67)	1766.34	502.17	(39.68)	(0.87)	1290.21	362.16
10.	Vehicles	431.86	10.12	(58.09)	(4.02)	518.32	196.98	(36.20)	0.50	210.70	234.88
11.	Vehicles (on Finance Lease)	357.55	-	(33.74)	(0.01)	323.80	68.00	(27.04)	-	236.41	162.10
12.	Ships	153483.57	31889.01	(14846.11)	0.01	170526.48	7442.31	-	-	19271.42	151255.06
	Grand Total	510193.06	7198.97	(47608.98)	(2131.49)	546937.52	5857.56	(826.51)	268.77	301133.16	296556.96
	Capital Work In Progress										
	Previous Year	356985.00	82.69	(7533.18)	-	510193.06	56.58	(2166.03)	-	213636.10	296556.96

Notes :-

- Freehold Land includes Rs 0.81 Lacs (Previous Year Rs.0.81 Lacs) ,which is yet to be transferred in the Company's name.
- Buildings of Rs. 0.71 Lacs (Previous Year Rs 0.71 Lacs) represent undivided share in assets jointly owned with others.
- Adjustment to Plant & Machinery include Rs.1583.91 Lacs (Addition to Plant & Machinery in Previous Year Rs.2711.86 Lacs), adjustment to ships include Rs.14846.11 Lacs (Addition to Ships in Previous Year Rs.26727.44 Lacs) and Capital-Work in progress include Rs.Nil (Previous Year Rs.2043.66 Lacs) being variations in rupee liability in respect of foreign currency.
- Gross Block and Accumulated Depreciation of Plant & Machinery includes Rs.266.35 Lacs (Previous Year Rs.266.35 Lacs) and Rs.257.05 Lacs (Previous Year Rs.257.05 Lacs) respectively, and that of Building includes Rs.1211.02 Lacs and Rs.1150.47 Lacs (Previous Year Rs.1211.02 Lacs and Rs.1150.47 Lacs) respectively, towards capital expenditure represented by assets not owned by the Company, but which are being used by the Company for its business purpose.
- Capital Work-in-Progress includes Capital Advances of Rs 1721.77 Lacs (Previous Year Rs.8170.26 Lacs).
- Additions includes preoperative expenses amounting Rs.2462.79 Lacs (Previous Year Rs.10732.11 Lacs) and capital work in progress includes preoperative expenses amounting Rs.Nil (Previous Year Rs.1594.79 Lacs) . Also refer Note no. 10 of Schedule 26C.
- Addition due to acquisition of subsidiary includes assets of FFS Inc. Rs 7198.97 Lacs.
- Additions to capital work in progress includes preoperative expenses of subsidiaries amounting Rs.339.94 Lacs (Previous Year Rs.233.39 Lacs) . (Refer Note No. 10 of Schedule 26 C)

SCHEDULE 7 : INTANGIBLE ASSETS

S.No	Particulars	Gross Block				Amortisation				(Rs. in Lacs)	
		As at April 1, 2009	Additions during the year	Deletion due to disposal of subsidiary	Forex Translation Adjustment On Opening Block	As At March 31, 2010	For the year ending 2010	Adjustments during the year	Forex Translation Adjustment On Current Year Opening Block	As at March 31, 2010	As at March 31, 2009
1.	Patents & Trade Marks	92.60	-	-	(3.88)	88.72	18.85	-	1.85	62.02	45.86
2.	Intellectual Property Rights	2215.12	-	-	(182.34)	2032.78	-	-	(182.34)	2032.78	-
3.	Software	6244.61	56.89	13.70	(459.18)	6906.24	1285.39	-	(32.60)	4184.03	3146.83
4.	Goodwill	5793.62	-	(391.52)	948.66	14833.04	1714.70	391.52	(50.59)	1284.14	13548.90
5.	Goodwill on consolidation	12184.17	11322.67	(428.75)	2003.08	16598.89	-	-	-	-	16598.89
	Total	26530.12	11379.56	(820.27)	2306.34	40459.67	56.42	391.52	(81.34)	7562.97	32896.70
	Previous Year	24033.07	426.98	(799.57)	964.58	26530.12	30.18	(856.62)	737.19	5359.64	21170.48

Notes:

- Refer Note No. 1(iii) and 18(b) of Schedule 26 C for Goodwill of Rs. 8482.28 Lacs arising due to merger of Dynatek Inc.
- For Goodwill on Consolidation Refer Note No. 15 of Schedule 26 C.
- Addition due to acquisition of Subsidiary includes Goodwill on consolidation arises of Richmond Group of entities and Fiserv Group of entities
- During the year the group has disposed off its "Cocamar Business" resulting in write off of Goodwill USD 8.16 Lacs (Rs.391.52 Lacs).

(Rs. in Lacs)

Particulars	As at March 31, 2010	As at March 31, 2009
Schedule 8: Investments		
Long Term Investments (At Cost):		
A. Trade (Unquoted)		
- 6,240,962 (Previous Year 12,481,924) Equity shares of Rs.10/- each fully paid up in Zuari Investments Ltd.	624.10	1248.19
Add: Share in accumulated profits upto previous year	313.72	323.25
Share in profit for current year upto the date of sale	2.27	145.71
Less: Share in accumulated profits due to sale of 6,240,962 equity shares up to the date of sale	(157.98)	(155.24)
B. Other than trade		
Unquoted		
- 20,000 (Previous Year Nil) Equity shares of Rs.10/- each fully paid up in Shivalik Solid Waste Management Ltd.	2.00	-
Government Securities		
- 6 Year National Savings Certificates VIII Issue (lodged with Govt. Authorities.)	0.09	0.09
- Indira Vikas Patra	0.20	0.20
Bonds		
- 2 Bonds (Previous Year 2), 7.60% Konkan Railway Corporation Bonds of Rs.1,000,000/- each fully paid up	20.32	20.32
Debentures		
- 218 (Previous Year 218) 5% Non Convertible Debentures of Woodlands Hospital and Medical Research Centre Ltd. of Rs.100/- each fully paid up	0.22	0.22
- 14 Non-Convertible Debentures (Previous year 14), 8% of Indian Chamber of Commerce of Rs.12.50/- each fully paid up	0.01	0.01
C. Current Investment (At lower of cost and market value)		
Unquoted		
- 16,357,452 (Previous year Nil) Units in Kotak Liquid (Institutional Premium) - Daily Dividend Plan of Rs.12.23/- each fully paid (16,357,452 units of Rs.2000.20 Lacs purchased during the year.)	2000.20	-
- 19,963,809 (Previous year Nil) Units in Birla Sun Life Cash Plus - Instl. Prem. - Daily Dividend Reinvestment of Rs.10.02/- each fully paid (19,963,809 units of Rs.2000.27 Lacs purchased during the year.)	2000.27	-
- 12,236,707 (Previous year Nil) Units in HDFC Liquid Fund Premium Plan - Dividend -Daily Reinvest Plan of Rs.12.26/- each fully paid (12,236,707 units of Rs.1500.20 Lacs purchased during the year.)	1500.20	-
- Nil (Previous year 509,979) Units in Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan of Rs.1001.13 each fully paid (509,979 units of Rs.5,105.59/- Lacs sold during the year.)	-	5105.59
- Nil (Previous year 50,969,316) Units in Birla Sun Life Savings Fund - Instl.- Daily Dividend - Reinvestment Plan of Rs.10.01/- each fully paid (50,969,316 units of Rs.5100.40 Lacs sold during the year.)	-	5100.40
- Nil (Previous year 48,060,139) Units in ICICI Prudential - Flexible Income Plan Premium Daily Dividend Plan of Rs.10.57/- each fully paid (48,060,139 units of Rs.5081.64 Lacs sold during the year.)	-	5081.64
- Nil (Previous year 49,781,474) Units in Kotak Floater Long Term - Daily Dividend Plan of Rs.10.08 each fully paid (49,781,474 units of Rs.5017.87 Lacs sold during the year.)	-	5017.87
- Nil (Previous year 50,219,716) Units in Franklin Templeton India Ultra short Bond Fund Super Institutional Plan - Daily Dividend Reinvestment Plan of Rs.10.01 each fully paid (50,219,716 units of Rs.5027.80 Lacs sold during the year.)	-	5027.80
- Nil (Previous year 25,046,922) Units in Fortis Money Plus Institutional Plan Daily Dividend Plan of Rs.10.00/- each fully paid (25,046,922 units of Rs.2505.47 Lacs sold during the year.)	-	2505.47
- Nil (Previous Year 25,032,343) Units of SBI - SHF-Ultra Short term Fund-Institutional Plan-Daily Dividend Plan of Rs.10.01/- each fully paid (25,032,343 units of Rs.2504.49 Lacs sold during the year.)	-	2504.49
Total	6305.62	31926.01
Aggregate amount of unquoted investments	6305.62	31926.01

(For investments purchased and squared off during the year, refer Note No.9 of Schedule 26 (C) of financial statements)

Particulars	(Rs. in Lacs)	
	As at March 31, 2010	As at March 31, 2009
SCHEDULE 9: INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)		
Stores and spares	5828.29	6889.55
Catalysts in use	1323.49	1265.50
Naphtha	1005.07	1584.87
Raw materials {Including in transit Rs.404.22 Lacs (Previous Year Rs 80.68 Lacs)}	5033.79	3825.09
Loose tools	5.96	9.17
Packing materials	315.61	368.87
Waste	31.90	12.65
Work-in-process	1910.09	2159.31
Finished goods {Including in transit Rs.1426.51 Lacs (Previous Year Rs.1793.93 Lacs)}	8659.93	10235.51
Traded goods {Including in transit Rs.Nil (Previous Year Rs.3446.88 Lacs)}	3750.23	11556.71
	<u>27864.36</u>	<u>37907.23</u>
SCHEDULE 10: SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Secured, considered good	5.65	4.15
Unsecured, considered good {Including subsidy receivable from Government of India Rs.13756.10 Lacs, (Previous Year Rs.3560.19 Lacs)}	14758.24	3959.69
Unsecured, considered doubtful	642.75	428.96
Other debts		
Secured, considered good	1040.15	1201.81
Unsecured, considered good {Including subsidy receivable from Government of India Rs.32749.99 Lacs, (Previous Year Rs.45901.72 Lacs)}	49341.87	63630.07
Unsecured, considered doubtful	244.58	-
	<u>66033.24</u>	<u>69224.68</u>
Less: Provision for doubtful debts	<u>887.33</u>	<u>428.96</u>
	<u>65145.91</u>	<u>68795.72</u>
SCHEDULE 11: CASH AND BANK BALANCES		
Cash on hand	10.00	5.74
Cheques/drafts in hand	64.79	23.76
Balances with scheduled banks:		
On unpaid dividend/debenture/fixed deposit accounts	778.10	754.21
On current accounts	3363.40	4408.56
On cash credit accounts	5.53	8.26
On saving accounts	0.39	0.39
On fixed deposit accounts	8036.15	26934.37
Balances with overseas banks (Refer Note No.7 of Schedule 26 C)	4315.22	462.37
Balances in escrow account (Refer Note No.7 of Schedule 26 C)	3614.27	10610.59
	<u>20187.85</u>	<u>43208.25</u>
SCHEDULE 12: OTHER CURRENT ASSETS		
(Unsecured, considered good except to the extent stated)		
Interest receivable on loans, deposits and others	930.65	1112.16
Interest accrued on investments	1.14	0.88
Export benefits receivable	407.04	172.39
Insurance and other claims receivable	334.28	230.51
{Considered doubtful Rs.119.79 Lacs (Previous Year Rs.Nil)}		
Unamortised premium on forward contracts	193.88	681.66
Fertilisers Companies Govt. of India bonds (at lower of cost and market value)	32505.40	33905.40
Assets held for disposal	20.00	20.00
Unbilled Revenue	666.72	710.72
	<u>35059.11</u>	<u>36833.72</u>
Less: Provision for doubtful receivables	<u>119.79</u>	<u>-</u>
	<u>34939.32</u>	<u>36833.72</u>

Particulars	(Rs. in Lacs)	
	As at March 31, 2010	As at March 31, 2009
SCHEDULE 13: LOANS AND ADVANCES		
(Unsecured, considered good except to the extent stated)		
Advances recoverable in cash or in kind or for value to be received (Considered doubtful Rs.77.10 Lacs, Previous Year Rs.90.90 Lacs)	13666.92	10262.60
Balances with customs, excise, etc.	965.12	928.03
Loans to employees	552.76	589.62
Deposits - others (Considered doubtful Rs.Nil, Previous Year Rs.14.12 Lacs)	1328.77	947.98
Inter - corporate deposits	2000.00	1160.00
VAT Receivable	820.06	10211.00
Advance fringe benefit tax (Net of provision for fringe benefit tax)	3.70	3.70
	<u>19337.33</u>	<u>24102.93</u>
Less: Provision for doubtful deposits & advances	77.10	105.02
	<u>19260.23</u>	<u>23997.91</u>
Included in Loans and Advances are:		
i. Dues from Directors of the Company {Maximum amount outstanding during the year Rs.21.43 Lacs (Previous Year Rs.25.61 Lacs)}	17.03	21.43
ii. Dues from Officers of the Company {Maximum amount outstanding during the year Rs.6.85 Lacs (Previous Year Rs.8.29 Lacs)}	5.34	6.85
SCHEDULE 14: CURRENT LIABILITIES		
Sundry creditors		
- Total outstanding dues to Micro and Small Enterprises	6.02	17.57
- Total outstanding dues to creditors other than Micro and Small Enterprises	31309.30	135288.79
Advances from customers	5966.59	6405.01
Earnest money/security deposits	2951.21	2742.17
Unclaimed statutory liabilities (as referred in Section 205C of the Companies Act, 1956):*		
- Unpaid dividend	775.40	722.23
- Unpaid matured deposit	15.13	15.04
- Unpaid matured debentures	-	24.38
- Unpaid interest on above	1.19	3.01
Escrow Liability**	3614.27	10610.59
Other liabilities	2343.37	953.89
Book overdraft	6.37	4.14
Interest accrued but not due on loans	585.47	798.43
Purchase consideration payable	319.79	257.14
	<u>47894.11</u>	<u>157842.39</u>
* Amount payable to Investor Education and Protection Fund is Rs.Nil.		
** Escrow Liability represents gross amount received from lenders, pending disbursements to borrowers.		
SCHEDULE 15: PROVISIONS		
Provision for taxation (net of advance tax payments)	4267.60	1979.26
Provision for Wealth tax	12.57	11.55
Provision for leave encashment	1214.17	1130.18
Provision for gratuity (Refer Note No. 12(a) of Schedule 26 C)	853.15	993.33
Provision for loss on derivative contract	2117.18	712.11
Proposed dividend on equity shares	7907.95	7491.74
Tax on proposed dividend	1313.44	1273.22
	<u>17686.06</u>	<u>13591.39</u>
SCHEDULE 16: MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
Deferred revenue expenditure		
- Opening balance	59.28	23.13
- Add: Additions during the year	-	113.63
- Less: Written-off during the year	59.28	77.48
- Closing balance	-	59.28
Amalgamation adjustment account		
- Opening balance	113.29	113.29
- Less: Transfer to Tonnage Tax Reserve Account	113.29	-
- Closing balance	-	113.29
	<u>-</u>	<u>172.57</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Particulars	(Rs. in Lacs)	
	Year Ended March 31, 2010	Year Ended March 31, 2009
SCHEDULE 17: TURNOVER (GROSS)		
Sales of own manufactured products (including subsidy on Fertilisers)	289692.23	341124.76
Sales of Traded Products (including subsidy on Fertilisers)	76108.89	153473.17
Income from operations of Shipping business	29703.62	48504.59
{Including Rs.7273.11 Lacs from charter in ship (Previous Year Rs.26117.18 Lacs)}		
Software development, KPO and BPO Services	13673.40	11739.45
Software licence fees	746.18	943.64
Software maintenance	2999.80	4099.38
	<u>412924.12</u>	<u>559884.99</u>
SCHEDULE 18: OTHER INCOME		
Interest on		
- Long term investments - Non Trade (Gross)	1.52	1.56
{Tax deducted at source Rs.Nil (Previous Year Rs.0.35 Lacs)}		
- Fertilisers Bond	2460.43	2678.94
- Employees loans	26.23	26.67
- Income Tax refund	57.63	368.40
- Deposit (Gross)	704.05	1060.40
{Tax deducted at source Rs.80.92 Lacs (Previous Year Rs.155.28 Lacs)}		
- Delayed payment by customers	281.76	390.52
{Tax deducted at source Rs.10.71 Lacs (Previous Year Rs.24.70 Lacs)}		
Dividend income on non trade current investments	439.37	489.31
Rent received	199.01	146.91
Insurance claims received	386.74	76.06
Liabilities no longer required written back	600.31	869.60
Export benefits	621.52	677.51
Profit on sale of asset (Net)	114.59	-
Sale of scrap	258.18	88.97
Miscellaneous income	604.23	507.83
	<u>6755.57</u>	<u>7382.68</u>
SCHEDULE 19: RAW MATERIAL CONSUMED		
Opening inventories	3825.09	3515.21
Add: Purchases	124749.25	159803.52
Less: Closing inventories	5033.79	3825.09
	<u>123540.55</u>	<u>159493.64</u>
SCHEDULE 20: PERSONNEL EXPENSES		
Salaries, wages and bonus*	17820.84	16816.30
Contribution to provident and other funds	1020.41	1209.52
Gratuity expenses (refer Note No. 12(a) of Schedule 26 C)	120.60	321.58
Workmen and staff welfare expenses*	946.63	992.14
* Refer Note No. 10 of Schedule 26 C	<u>19908.48</u>	<u>19339.54</u>
SCHEDULE 21: DECREASE/(INCREASE) IN INVENTORIES		
Closing inventories		
- Work-in-process	1910.09	2159.31
- Finished goods	8659.93	10235.51
- Traded goods	3750.23	11556.71
- Waste	31.90	12.65
	<u>14352.15</u>	<u>23964.18</u>
Opening inventories		
- Work-in-process	2159.31	1135.91
- Finished goods	10235.51	12165.41
- Traded goods	11556.71	2037.84
- Waste	12.65	19.82
	<u>23964.18</u>	<u>15358.98</u>
	<u>9612.03</u>	<u>(8605.20)</u>

Particulars	(Rs. in Lacs)	
	Year Ended March 31, 2010	Year Ended March 31, 2009
SCHEDULE 22: OPERATING AND OTHER EXPENSES		
Consumption of stores and spares*	3975.38	3736.79
Consumption of packing materials	6792.45	6813.47
Sub contracting expenses	3362.23	2421.50
Power and fuel*	56970.34	81232.57
Catalyst charges written off	182.96	109.28
Rent	2880.84	2825.29
Rates and taxes	343.03	95.56
Insurance*	1870.20	1817.89
Repairs and maintenance:		
- Plant & Machinery	1578.61	1633.93
- Ships	402.57	357.79
- Buildings	448.99	312.15
- Others	767.57	644.01
Ships bunker cost	2846.03	6069.01
Ships port dues	1102.55	760.27
Ships special survey expenses	1383.63	115.54
Directors' sitting fees	8.98	11.23
Travelling and conveyance*	2340.39	2493.37
Communication costs	1026.95	930.68
Printing and stationery	115.10	205.96
Legal and professional fees*	1620.86	1694.71
Equipment hire charges	820.45	735.66
Auditor's remuneration (including Branch Auditors')		
As auditor:		
- Audit fee	151.66	99.79
- Tax audit fee	7.50	7.62
- Limited review fee	21.84	22.24
- Out of pocket expenses	3.27	2.15
In other manner:		
- Certification and other services	33.10	11.08
Freight and forwarding charges	22877.57	19675.07
Selling and marketing expenses	722.61	752.46
Cash rebate to customers	218.76	250.12
Commission and brokerage to other than sole selling agents	1120.51	1136.34
Donations and contribution to		
- Corporate Electoral Trust (Political purpose)	150.10	-
- Charitable institutions	14.38	46.00
Depletion of loose tools	8.66	6.84
Green belt development/horticulture expenses	262.25	300.60
Diminution in the value of Fertiliser bonds	1400.00	2810.00
Provision for doubtful advances and debts	404.80	96.29
Foreign Exchange Variation (Net)	43.82	7630.81
Premium on forward contracts amortised	1081.03	758.94
Provision for loss on derivative transaction	1405.07	712.11
Loss on sale of fixed assets (Net)	-	77.47
Doubtful debts and advances written off	40.32	325.51
Inventory written off	77.86	138.77
Loss on sale of long term investments	-	2.45
Assets written off	119.52	423.52
Agronomy management fees	5.87	-
Miscellaneous expenses *	2251.05	1751.25
	<u>123261.66</u>	<u>152054.09</u>

* Refer Note No. 10 of Schedule 26 C

Particulars	(Rs. in Lacs)	
	Year Ended March 31, 2010	Year Ended March 31, 2009
SCHEDULE 23: FINANCIAL EXPENSES		
Interest:		
- On term loans*	6242.65	8466.84
- On debentures and commercial papers	1623.02	2010.78
- On cash credit facilities	210.44	660.00
- Others	805.02	1399.60
Bank charges and guarantee commission*	734.53	1049.62
Other financial charges	96.17	274.27
	<u>9711.83</u>	<u>13861.11</u>

* Refer Note No. 10 of Schedule 26 C

SCHEDULE 24: EXCEPTIONAL ITEMS

Profit on sale of mining lease rights	-	526.67
Profit on sale of associates (Refer Note no. 14 in Schedule 26 C)	278.87	281.62
Profit on sale of subsidiary	-	8.60
	<u>278.87</u>	<u>816.89</u>

SCHEDULE 25: EARNING PER SHARE (EPS)

Net profit as per profit and loss account	21722.88	22558.81
Calculation of weighted average number of equity share of Rs.10/- each		
- Number of share at the beginning of the year	416207852	416207852
- Total equity shares outstanding at the end of the year	416207852	416207852
- Weighted average number of equity shares outstanding during the year	<u>416207852</u>	<u>416207852</u>
Basic and Diluted Earning Per Share (in Rs.)	5.22	5.42
Nominal Value of Equity Shares (in Rs.)	10.00	10.00

Schedule 26: Consolidated Notes to Accounts

A. Nature of Operations

The Group is the largest manufacturer of Urea in private sector in India it also has a Joint Venture for manufacturing of Phosphoric Acid in Morocco. Apart from that the Group is also engaged in manufacturing of Synthetic and Cotton Yarn, Shipping business and Software business.

B. Statement of Significant Accounting Policies

1) Basis of Preparation

The Consolidated Financial Statements (CFS) have been prepared to comply in all material respects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

The CFS relates to Chambal Fertilisers and Chemicals Ltd. (hereinafter referred as the "Company") and its Subsidiaries (hereinafter referred as the "Group").

2) Principles of Consolidation

In the preparation of these Consolidated Financial Statements, investment in Subsidiaries, Associate and Joint Venture have been accounted for in accordance with Accounting Standards (AS) 21, Consolidated Financial Statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures. The Consolidated Financial Statements have been prepared on the following basis;

- Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealised profits or losses, except where cost can not be recovered.
- Interests in the assets, liabilities, income and expenses of the joint venture are consolidated using proportionate consolidation method. Intra-group balances, transactions and unrealised profits/losses are eliminated to the extent of Company's proportionate share.
- The difference of the cost to the Company of its investment in subsidiaries and joint venture over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.
- Minorities' interest in net profit of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented

in the Consolidated Balance Sheet, separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding company.

- (v) Investment in entities in which the Group has significant influence but not the controlling interest, are reported according to the equity method i.e. the investment is initially recorded in at cost. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the Company's share of net assets of the associates. The consolidated Profit and Loss Account includes the Company's share of the result of the operations of the associate.
- (vi) As far as possible, the CFS have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's stand alone financial statements. Differences in accounting policies have been disclosed separately.
- (vii) The difference between the proceeds from disposal of investment in subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated statement of Profit & Loss Account as the profit or loss on disposal of investment in subsidiary.

The accounts of all the Group Companies are drawn up to the same reporting date as the parent entity (i.e. financial year ended March 31, 2010) except for the following entities in which case the accounts drawn up as at December 31, 2009.

S.No.	Name of entity	Relationship
1	Indo Maroc Phosphore S.A.	Joint Venture Entity
2	CFCL Technologies Ltd. and its Subsidiaries	Step Subsidiaries

Adjustments have been done for the period subsequent to that date for significant transactions, if any.

3) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates is recognized in the period in which the results are known/materialised.

4) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

In respect of accounting periods commencing on or after December 7, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

5) Depreciation

Depreciation is provided on fixed assets using Straight Line Method over the useful lives of the assets estimated by the management, which are equivalent to the rates prescribed in Schedule XIV to the Companies Act, 1956, except as mentioned in para (i) to (vi) below:

Sl.No	Assets	Useful Life/Rates
(i)	Second hand fixed assets at Textile division	On technically assessed remaining useful lives of such assets ranging from 3 to 7 years.
(ii)	Leasehold Land Leasehold Improvement Assets under finance lease	Amortised over 99 Years Range from 4 to 12 Years Range from 3 to 9 Years These assets are amortised over the period of respective leases or useful life of assets, whichever is lower.
(iii)	Insurance/Machinery Spares	Over the remaining useful lives of mother assets range from 1 to 18 years
(iv)	Assets not owned by the Company	Written off over five years from the date of capitalization.
(v)	Ships of Shipping division	On technical evaluation of remaining useful life in case of old ships, which is 10 years, and as per Companies Act, 1956 in case of new ships.
(vi)	Fixed assets of Shipping division other than ships	On written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

Assets costing below Rs. 5,000 are depreciated in the year of purchase.

In case of foreign subsidiaries and joint venture, comprised within the Group, depreciation has been provided on a straight line basis at the rates required/permissible as per their local laws so as to write off the assets over their estimated useful lives, which range from 3 to 20 years. These rates are not lower than Schedule XIV rates.

6) Impairment

- (i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- (ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

7) Intangible Assets

- (i) Research costs are expensed as incurred. Development expenditure can only be capitalised if specific conditions are fulfilled. Development expenditure incurred on software implementation is carried forward when its future economic benefits can reasonably be regarded as assured. The expenditure carried forward is amortised over a period of three to five years on straight line basis.
The carrying value of development costs is reviewed for impairment annually when the asset is not in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.
Purchased software packages are amortised over a period of three to five years.
- (ii) In respect of a joint venture entity, intangible assets consists of Patents, Rights and Trademarks etc. for which consideration was paid to an outside party are amortised over a period of six years based on technical assessment.
- (iii) In case of an overseas subsidiaries, cost relating to intellectual property rights, which are acquired, are capitalised and amortised over a period of one to three years.
Costs incurred in conjunction with software development are charged to software development expenses in the period the costs are incurred until technological feasibility is established. Thereafter, all software development costs are capitalised and reported at the lower of unamortised cost and net realizable value. Capitalised software costs are amortised over the estimated useful life of the software (generally over three years). Software development costs are presented on the balance sheet net of applicable amortisation. The estimates of remaining useful life of the software are subject to risks inherent in the software industry, such as changes in technology and customer perceptions. Management regularly reviews these estimates and makes adjustments as appropriate.
- (iv) Goodwill arises as per Accounting Standard 10 "Accounting for fixed assets" is not amortised but is tested for impairment at least annually or as circumstances warrant at reporting unit level. If impairment is indicated, a written down to fair value (normally measured by discounting estimated future cash flows) is recorded.
- (v) Goodwill arises as per Accounting Standard 14 "Accounting for Amalgamation", is amortised using the straight-line method over a period of five years.

8) Goodwill on Consolidation

Goodwill represents the difference between the Group's share in the net worth of the investee companies and the cost of acquisition at each point of time of making the investment. For this purpose, the Groups' share of equity in the investee companies are determined on the basis of the latest financial statements of the respective companies available as on the date of acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

9) Leases

Where the Company is the Lessee

Finance leases, which effectively transfer to the Company substantially all the risk and benefits incidental to the ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability, based on the implicit rate of return. Finance charges are expensed. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessors effectively retains substantially all the risk and benefits of ownership of the leased terms, are classified as operating lease. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Where the Company is the Lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Cost, including depreciation is recognised as an expense in the Profit and Loss Account. Lease income by sub-lease of office premises is recognized in the profit and loss account on a straight-line basis over the lease term. Initial direct costs such as legal costs, brokerage costs are recognised immediately in the Profit and Loss Account.

10) Government Grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is netted off from the respective expense necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

11) Investments

Investments that are readily realisable and intended to be held for not more than a year, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in the value is made to recognise a decline other than temporary in the value of the investments.

12) Inventories

Inventories are valued as follows:

Naphtha, Raw materials, Packing materials, Stores and spares	Lower of cost and net realisable value. However, materials and other items held for use in the production of finished goods are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
Catalyst in Use	At depreciated cost on the basis of amortisation over their estimated useful lives ranging from five to fifteen years as technically assessed.
Loose Tools	At depreciated cost arrived at on the basis of amortisation over a period of three years.
Work in Process and Finished Goods	Lower of cost and net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.
Traded products	Lower of cost and net realisable value. Cost is determined on weighted average basis.
Bunkers remaining on board	Lower of cost and net realisable value. Cost is determined on weighted average basis.
Deck, Engine Stores & Spares and Victualling	Lower of cost and net realisable value. Cost is determined on First in First out basis.
Stock of insurance spares in Shipping Division	At net value arrived at on the basis of proportionate amortisation over the remaining useful lives of such ships.
Waste	At net realisable value.

Net Realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

13) Borrowing Costs

Borrowing costs directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

14) Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of Goods

Revenue, including subsidy, in respect of sale of products is recognised when the significant risks and rewards of ownership of the goods is passed to the buyer. Excise Duty deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year. Sale is net of trade discounts and sales tax.

Subsidy on Urea is recognised based on concession rate, including freight, as notified under the New Pricing Scheme, further adjusted for input price escalation/de-escalation as estimated by the management based on the prescribed norms.

Subsidy on Traded products is recognised based on monthly concession rates, including freight, as notified by the Government of India. Where such rates have not been notified, the same are accounted as estimated by the management based on the known policy parameters.

(ii) Income from operations of Shipping business

In respect of voyage charter, revenue is recognised on proportionate number of days of respective voyage. In case of time charter (including cost plus charter), revenue is recognised on time proportion basis.

Revenue earnings and direct operating expenses are recognised in respect of all voyages irrespective of completion of voyages.

(iii) Income from operations of Software business

In respect of subsidiaries engaged in software development and business process outsourcing services, revenue is recognised as under:

Revenue derived from professional services under the time and material contract is recognised as the related services are performed. Operating revenues from Title operations are recognised at the time of settlement of real estate transaction.

Revenue from transaction services and other service contracts is recognised based on transactions processed.

Software license fees is recognised when persuasive evidence of an arrangement exists, delivery of the product has occurred at the customer's location, the fees is fixed or determinable and collection is probable.

Revenue from post-contract services, such as software maintenance is recognised on a straight-line basis over the term of the support period. The majority of the software maintenance agreements provide technical support as well as unspecified software products upgrades and releases when and if made available during the term of the support period.

Recovery of out-of pocket expenses is added to respective revenue.

(iv) Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(v) **Dividend**

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

(vi) **Insurance Claims**

Claims receivable on account of insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

(vii) **Export benefits**

Export benefits under Duty Exemption Advance License Scheme, Duty Exemption Pass Book Scheme and Duty Draw Back Scheme are accounted for in the year of export of goods.

15) Advance from customers

Software Business

Advance received from customers consists of unearned portion of maintenance services provided to customers based on maintenance agreements, deferred license and subscription fees and professional services revenue generated from arrangements that are invoiced in accordance with the terms and conditions of the arrangement but do not meet all the criteria of the Group's revenue recognition policies, and are, therefore, deferred until all revenue recognition criteria are met.

16) Foreign Currency Translation

(i) **Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) **Exchange differences**

Exchange differences, in respect of accounting periods commencing on or after December 7, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortised over the balance period of such long-term asset/liability but not beyond accounting period ending on or before 31st March, 2011

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(iv) **Forward exchange contracts not intended for trading or speculation purposes**

The premium or discounts arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange difference on such contracts is recognised in the statement of profit and loss in the year in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or expenses for the year.

(v) **Translation of non-integral foreign operation**

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at average exchange rates prevailing during the year; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

17) Retirement and other employee benefits

- (i) Retirement benefit in the form of Provident Fund is a defined benefit obligation in case of Fertiliser division of the Company and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. Shortfall in the funds, if any, is adequately provided for by the Company.

In respect of Textile and Shipping division of the Company and Indian Subsidiaries of CFCL Technologies Ltd., Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

- (ii) Superannuation Fund is a defined contribution scheme. Liability in respect of Superannuation Fund to the concerned employees of Fertiliser division is accounted for as per the Company's Scheme and contributed to Life Insurance Corporation of India (LIC)/ICICI Prudential Life Insurance Company Ltd. (ICICI) every year. The contributions to the funds are charged to the Profit and Loss Account of the year. The Company does not have any other obligation to the fund other than the contribution payable to LIC/ICICI.
- (iii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. However, in respect of Fertiliser division, Shipping division and one of its subsidiary, the Group has taken a policy with LIC to cover the gratuity liability of the employees and contribution paid to the LIC is charged to Profit & Loss Account. The difference between the actuarial valuation of the gratuity of employees at the year-end and the balance of funds with LIC is provided for as liability in the books.
- (iv) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for on the basis of actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.
- (v) Actuarial gains/losses are immediately taken to Profit & Loss Account and are not deferred.
- (vi) Payments made under the Voluntary Retirement Scheme are amortised over two years but not beyond accounting period ending March 31, 2010.
- (vii) In respect of retirement benefits of overseas subsidiaries, employee benefits are in the nature of contribution made in accordance with the applicable laws and charged to the Profit and Loss Account of the year when the contribution are due.

18) Income Taxes

Tax expense comprises of current, deferred and tonnage tax. Current income tax and tonnage tax is measured at the amount expected to be paid to the tax authorities in accordance with local tax laws applicable in the respective countries. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

The Shipping division of the Company is covered under "Tonnage Tax Scheme" under Section 115V of the Income Tax Act, 1961, India, therefore the items of income/expense for Shipping division has not been considered for the purpose of deferred tax calculations.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situation where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Company does not have a legal right to do so.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

19) Segment Reporting Policies

Identification of segments

The Group's operating businesses are organized and managed separately according to the nature of products manufactured and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the locations of customers.

Allocation of common costs

Common allocable costs are allocated to each segment in proportion to the relative sales of each segment.

Unallocated items

All the common income, expenses, assets and liabilities, which are not possible to be allocated to different segments, are treated as unallocated items.

Segment policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting financial statements of the Company as a whole.

20) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of the equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

21) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

22) Cash and Cash equivalents

Cash and Cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

23) Derivative Instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under Accounting Standard 11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the Profit & Loss Account. Net gains are ignored.

24) Employee stock compensation costs

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The fair value of the options is measured on the basis of an independent valuation performed and recognized in a graded manner on the basis of weighted period of services over the vesting period.

C. Notes to accounts

1. The Group comprises of the following entities:

Name of the Group Company	Country of Incorporation	Percentage of Ownership as at 31.03.10	Percentage of Ownership as at 31.03.09
Subsidiaries			
Chambal Infrastructure Ventures Ltd.	India	100.00%	100.00%
CFCL Overseas Ltd. (Including its Subsidiaries)	Cayman Islands	100.00%	100.00%
India Steamship Pte. Ltd.	Singapore	100.00%	100.00%
Step-down Subsidiaries			
Chambal Energy (Orissa) Ltd.	India	100.00%	100.00%
Chambal Energy (Chhattisgarh) Ltd.	India	100.00%	100.00%
CFCL Technologies Ltd. (refer Note No. (i))	Cayman Islands	79.51%	100.00%
CFCL Ventures Ltd. (100% Subsidiary of CFCL Technologies Ltd.)	Cayman Islands	100.00%	100.00%
ISGN Corporation (99.99% Subsidiary of CFCL Technologies Ltd.)	USA	99.99%	99.99%
ISGN Solutions Inc. (100% Subsidiary of ISGN Corporation)	USA	100.00%	100.00%
Richmond Investors LLC	USA	100.00%	100.00%
Richmond Title Genepar LLC	USA	100.00%	100.00%
Richmond Title Services LP	USA	100.00%	100.00%
Flex Agents Signing Team LLC	USA	100.00%	100.00%
Richmond Title Services LLC	USA	100.00%	100.00%
Fiserv Fulfillment Services, Inc.(FFS) (Refer Note No. (i) below)	USA	100.00%	-
Fiserv Fulfillment Services, Inc. (Refer Note No. (i) below)	USA	100.00%	-
Fiserv Fulfillment Services South, Inc. (Refer Note No. (i) below)	USA	100.00%	-
Fiserv Fulfillment Services of Alabama, LLC (Refer Note No. (i) below)	USA	100.00%	-
Fiserv Fulfillment Services of Maryland, Inc. (Refer Note No. (i) below)	USA	100.00%	-
ILS Services, LLC (Refer Note No. (i) below)	USA	100.00%	-
Fiserv Fulfillment Agency, LLC (Refer Note No. (i) below)	USA	100.00%	-
Fiserv Fulfillment Agency of Alabama, LLC (Refer Note No. (i) below)	USA	100.00%	-
NovaSoft Information Technology Corporation GmbH (100% Subsidiary of ISGN Corporation)	Germany	99.99%	99.99%
ISG Novasoft Technologies Ltd. (100% Subsidiary of CFCL Ventures Ltd.)	India	100.00%	100.00%
ISGN Solutions Ltd. (81.05% Subsidiary of ISG Novasoft Technologies Ltd.)(Refer Note (ii) below)	Ireland	-	81.05%
Dynatek Inc. (100% Subsidiary of ISGN Corporation, USA)(Refer Note No. (iii) below)	USA	-	100.00%
Inuva Info Management Private Ltd. (71% Subsidiary of ISG Novasoft Technologies Ltd., India)	India	71.00%	71.00%
Joint Ventures			
Indo Maroc Phosphore S.A.	Morocco	33.33%	33.33%
Associates			
Zuari Investments Ltd. (Refer Note (iv) below)	India	16.67%	33.33%

Notes:

- (i) Pursuant to agreement entered into between CFCL Technologies Ltd. (CFCLT) and Fiserv, Inc. in relation to FFS acquisition, CFCLT had issued the following Ordinary Shares for consideration other than cash based on the covenants agreed as per the Share purchase agreement dated September 28, 2009 entered with Fiserv.

Name of the Investor	Par Value per share (in US\$)	Issue Price per share (in US\$)	No. of Shares issued	Share Capital	Share premium	Total Value
Fiserv Inc.	0.0001	6.8843	755,646	\$ 76 (Rs. 0.04 Lacs)	\$ 5,202,037 (Rs. 2421.29 Lacs)	\$ 5,202,113 (Rs. 2421.33 Lacs)

After the issuance of above Ordinary Shares, the stake of CFCL Overseas Ltd. in CFCL Technologies Ltd. has diluted from 100% to 79.51%.

- (ii) During the year, ISGN Solution Ltd., Ireland has been liquidated.
- (iii) Pursuant to the provisions of the laws of the states of Delaware and Michigan, Dynatek Inc. has been merged with ISGN Corporation, USA with effect from April 1, 2009, as confirmed by Secretary of State, State of Delaware. Consequent upon the merger, all the estate, property and rights, privileges, powers and franchises of Dynatek are vested in and held and enjoyed by ISGN Corporation as fully and entirely and without change or diminution as the same were before held and enjoyed by Dynatek in its name and ISGN Corporation has assumed all of the obligations of Dynatek merged with ISGN corporation. Accordingly goodwill of \$ 18,392,896 (Rs.8560.97 Lacs) which was hitherto considered as "Goodwill on consolidation" has now been treated as an acquired goodwill shown as part of Intangible assets. In accordance with Accounting Standard 14 "Accounting for amalgamation" acquired goodwill is amortised over an estimated life of 5 years and a corresponding charge of \$ 2,758,934 (Rs.1323.18 Lacs) has been made in these financials.
- (iv) During the year, the Company has reduced its share in investment in Zuari Investments Ltd. which resulted cessation of associate relationship.

2A Contingent liabilities (not provided for) in respect of Parent Company:

		(Rs. in Lacs)	
S. No.	Particulars	2009-10	2008-09
a)	Demand raised by Customs, Sales-Tax and Income Tax authorities being disputed by the Company	5835.84*	6871.01*
b)	Differential amount of custom duty in respect of machinery imported under EPCG Scheme including interest thereon.	-	796.16
c)	Various labour cases	Amount not ascertainable	Amount not ascertainable
d)	Other claims against the Company not acknowledged as debts.	4.24	4.24
e)	Claim against Nihat Shipping Company Ltd. in legal suits/notices, in which the Company has been made a party, is being contested, since the Company acted as Agents/Technical & Operational managers.	222.04	222.04

*Brief Description of liabilities as per (b) above:

		(Rs. in Lacs)	
S. No.	Particulars	2009-10	2008-09
1.	Income Tax:		
	- Demand raised by IT authorities on account of various disallowances for A.Y. 2002-03 including penalties.	838.92	1290.62
	- Demand raised by IT authorities on account of various disallowances for A.Y. 2003-04 including penalties.	4674.78	4673.35
	- Demand raised by IT authorities on account of various disallowances for A.Y. 2004-05 including penalties.	135.21	-
	- Demand raised by IT authorities on account of various disallowances for A.Y. 2006-07.	28.93	560.84
2.	Sales Tax:		
	- Disallowance of VAT credit on raw materials used in the manufacturing of finished goods and lying in stock on April 1, 2006	22.18	22.18
	- Miscellaneous RST & CST demand	38.90	39.01
3.	Land Tax:		
	- Demand raised by Registrar for usage of land other than specified purposes.	92.33	140.08
4.	Service Tax/Excise Duty/Custom Duty:		
	- Service tax demand raised by authorities on non-payment of service-tax on services received from non-residents.	-	18.33
	- Show cause notice received on services under intellectual property rights from foreign parties received by the Company.	-	126.60
	- Show cause notice received on services from foreign parties in respect to service-tax not paid on Tax Deducted at Services (TDS) portion.	4.59	-
	Total	5835.84	6871.01

Based on favourable decisions in similar cases, legal opinion taken by the Company, discussions with the solicitors, etc., the Company believes that there is fair chance of decisions in its favour in respect of all the items listed in (a), (c), (d) and (e) above and hence no provision is considered necessary against the same.

2B Contingent liabilities (not provided for) in respect of Subsidiaries:

- a) Dynatek Inc.,
Breach of warranties on product licenses sold - \$74,950 (Rs.34.88 Lacs).
 - b) ISGN Solutions Ltd.
 - Breach of certain clauses in the escrow agreement - \$850000 (Rs.395.63 Lacs).
 - The erstwhile promoters of Richmond Title Services (Sellers) have not agreed to earn-out computation made by ISGN Solutions Inc., with respect to the membership interest purchase agreement entered on August 16, 2008. In the opinion of the Management, there is no need to provide for any additional pay-outs. Based on this, ISGN Solutions Inc., has not provided for approximately \$500000 (Rs.232.72 Lacs). being the difference between the amount claimed by the Sellers and amount provided by ISGN Solutions Inc., in its books.
 - c) Richmond Title Services
 - National class action that involves many national underwriters including RTS regarding Truth and Lending Act violations – amount not quantifiable
 - General case on closing fraud perpetuated – against all entities involved in closing – amount not quantifiable
 - Over charging on settlement services – covered under E&O with a deductible of \$25000(Rs.11.64 Lacs)
 - Failure of pay off or take a title exception – amount not quantifiable
 - Error in recording property/delay in recording/excess fee charged on its various services – amount not quantifiable
 - d) ISGN Corporation
 - Counter claim by a customer against CFCL Technologies Ltd. for a claim made by ISGN Corporation to recover licensing fee on use of products of CFCL Technologies Ltd. and post maintenance services - \$87162 (Rs.40.56 Lacs)
 - Bankruptcy court matter on an alleged “preference” payment made to Fair Isaac
 - e) Fiserv Fulfillment Services, Inc.
 - Shortages in closing - \$13430 (Rs.6.25 Lacs)
 - Absence of proper disbursement of funds/lien or security in property – amount not quantifiable
 - Erroneous and incorrect preparation of purchase deed and Deed of trust - \$50000 (Rs.23.27 Lacs)
 - Failure to pay all taxes on a lien on premises – amount not quantifiable
 - Sale of title insurance in State of California without valid license - \$25000 (Rs.11.63 Lacs)
 - Hiring non – attorney to conduct title examination - \$440000 (Rs.204.80 Lacs) (submitted to E&O)
 - Negligent and fraudulent mortgage execution and lack of supervision on notary - \$159922 (Rs.74.44 Lac) (E&O covered)
 - Failure to record appropriate mortgage - \$267000 (Rs.124.28 Lacs) (E&O claim submitted)
 - Customers not receiving Reissue rate or Refinance Rate benefits on Title Insurance Products - \$147886 (Rs.68.83 Lacs)
 - Lack of accurate recording of deed of trust and consequent inability of mortgage holder to collect on mortgage - \$854600 (Rs.397.77 Lacs) (E&O submitted)
 - f) Inuva Info Management Private Ltd.
 - Disputed sales tax and purchase tax matters under West Bengal Sales Tax Act - \$670 (Rs. 0.31 Lacs)
3. The Company had received a demand of Rs.352.34 Lacs from Sales Tax Department, Kota in an earlier year towards use of natural gas for ammonia fuel, power and steam generation for the period of April, 1996 to May, 2001. The Company has obtained a stay from Hon’ble High Court of Rajasthan, Jodhpur on 11th July, 2001. However, in the event of the Company having to pay the above, it is reimbursable by FICC/Government of India under Subsidy Scheme.
 4. The Company as well as other users of natural gas under HBJ Gas Pipeline had in earlier years received letters from GAIL (India) Ltd. (erstwhile Gas Authority of India Ltd), informing about the possibility of levy of excise duty on natural gas (presently not levied) with retrospective effect. The amount of such levy is not ascertainable. However, in the event of its levy, it is reimbursable by Fertilisers Industry Coordination Committee (FICC) of Ministry of Fertilisers, the Government of India under Subsidy Scheme.
 5. The Company as well as other users of Natural Gas under HBJ Gas Pipeline had received a letter in an earlier year from GAIL (India) Ltd. (erstwhile Gas Authority of India Ltd), informing about the possibility of levy of Central Sales Tax. The Company has been taking the delivery of Gas in the State of Rajasthan and has been accordingly paying Rajasthan Sales Tax on the supply. Therefore, the Company feels that no Central Sales Tax is payable by it. Further, the amount of such levy is not ascertainable. However, in the event of its levy, it is reimbursable by Fertilisers Industry Coordination Committee (FICC) of Ministry of Fertilisers, the Government of India under Subsidy Scheme.
 6. Under the Jute Packaging Material (Compulsory use of Packing Commodities) Act, 1987, a specified percentage of fertilisers dispatched were required to be supplied in Jute bags up to 31.8.2001. The provisions of the said Act were challenged in the Supreme Court, which upheld the constitutional validity of this Act in its judgment in 1996. In spite of making conscious

efforts to step up use of jute packaging material, the Company had been unable to adhere to the specified percentage, due to strong customer resistance to use of jute bags. The Company had received show cause notice from the Office of the Jute Commissioner, Kolkata, for levying a penalty of Rs.7380.36 Lacs for non compliance of the provisions of the said Act. The Company has obtained a stay order from Delhi High Court against the above show cause notice and has been advised that the said levy is not tenable in law and accordingly no provision has been considered.

7. Details of balance with overseas banks and maximum balance outstanding are as follows:

(Rs. in Lacs)					
S. No.	Bank Name	Balance as on		Maximum balance	
A	Balance in Bank with Overseas Account	31.3.2010	31.03.2009	31.3.2010	31.03.2009
1.	PNC Bank, USA	203.79	389.34	916.24	1024.97
2.	Bank Of America	0.20	-	0.20	62.31
3.	PNC Money Market Savings Account	1305.60	1.89	2026.45	583.28
4.	Dresdner Bank	5.85	5.85	5.85	5.85
5.	SBI, Nassau , Cayman Islands	4.65	3.83	5549.30	1019.00
6.	Bank Of America, USA	6.25	4.19	6.25	104.52
7.	PNC Bank	142.07	40.72	508.50	248.31
8.	Bank Of Ireland	-	3.75	-	3.75
9.	Wenster Bank Account	51.67	-	645.15	-
10.	Suntrust Bank	2.78	-	2.78	-
11.	M & T Bank	8.30	-	120.69	-
12.	Concentration	2471.07	-	2887.85	-
13.	PNC Lock Box	25.38	-	1203.87	-
14.	North Star Title	1.71	-	1.97	-
15.	TNT Texas	46.68	-	46.68	-
16.	SBI London	39.22	12.80	40.88	46.96
	Total	4315.22	462.37	-	-
B	Balance with bank in Escrow Account	3614.27	10610.59	15628.90	10610.59

(Rs. in Lacs)

8.	Particulars	2009-10	2008-09
	Estimated amount of contracts remaining to be executed on capital account (net of advances)	5120.94	28114.23

9. Detail of investments purchased and sold during the year are given below:

S. No.	Description	No. of units purchased	Purchase value (Rs. in Lacs)	No. of units sold	Sale value (Rs. in Lacs)
1.	Reliance Money Manager Fund - Institutional Option - Daily Dividend Option	307225.89	3000.23	307225.89	3075.75
2.	Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	71843337.41	10980.22	71843337.41	10982.83
3.	Reliance Liquidity Fund - Daily Dividend Reinvestment Option	84480463.96	8450.00	84480463.96	8450.67
4.	Birla Sun Life Cash Plus - Instl. Prem. - Daily Dividend Reinvestment	36625715.77	3668.59	36625715.77	3669.71
5.	Birla Sun Life Saving Fund - Instl. - Daily Dividend Reinvestment	22679246.84	2200.18	22679246.84	2269.47
6.	Birla Sun Life Cash Manager – IP – Daily Dividend Reinvestment	21995233.48	2200.00	21995233.48	2200.18
7.	Fortis Money Plus Institutional Plan Daily Dividend	40720020.23	4000.41	40720020.23	4073.26
8.	Fortis Overnight Institutional Plan – Daily Dividend	116772551.43	11677.14	116772551.43	11680.76
9.	HDFC Liquid Fund Premium Plan – Dividend – Daily Reinvest*, Option: Reinvest	71827113.70	8804.06	71827113.70	8805.86
10.	HDFC Cash Management Fund – Treasury Advantage Plan – Wholesale – Daily Dividend*, Option: Reinvest	43902354.47	4400.47	43902354.47	4404.06
11.	JP Morgan India Liquid Fund – Super Inst. Daily Dividend Plan – Reinvest	111213828.15	11127.82	111213828.15	11130.17
12.	JP Morgan India Treasury Fund – Super Inst. Daily Dividend Plan – Reinvest	34251181.02	3400.42	34251181.02	3428.17

S. No.	Description	No. of units purchased	Purchase value (Rs. in Lacs)	No. of units sold	Sale value (Rs. in Lacs)
13.	Principal Cash Management Fund – Liquid Option Instl. Prem. Plan – Dividend Reinvestment Daily	70325783.33	7031.96	70325783.33	7033.07
14.	Principal Floating Rate Fund FMP – Instl. Option – Dividend Reinvestment Daily	50257779.97	5000.51	50257779.97	5031.96
15.	Tata Liquid Super High Investment Fund – Daily Dividend	224338.46	2500.00	224338.46	2500.30
16.	Tata Floater Fund – Daily Dividend	25101906.38	2500.29	25101906.38	2519.13
	Total	802528080.49	90942.30	802528080.49	91255.35

10. Pre-operative expenditure (pending for allocation)

The Group has incurred some expenditure related to construction of fixed assets (including new ships in Shipping Division) and capitalised the same to the gross value of assets to which they pertain. The break up of expenditures is as follows:

	(Rs in Lacs)	
Particulars	2009-10	2008-09
Opening balance	1828.18	8498.27
Add: Expenditure during the period		
Salaries, wages and bonus	202.87	89.06
Workmen and staff welfare expenses	-	3.27
Consumption of stores and spares	42.96	189.93
Travelling and conveyance	40.77	121.94
Insurance	1.17	3.44
Power and Fuel	248.92	172.28
Legal and professional fees	102.65	262.70
Miscellaneous expenses	29.62	171.77
Interest expenses	305.48	2878.86
Bank charges	0.11	168.77
Total	2802.73	12560.29
Less: Capitalised	2462.79	10732.11
Net pre-operative expenditure (pending for allocation)	339.94	1828.18

11. Segment Information

Primary Segment: Business Segment

The Group's operating businesses are organised and managed separately according to the nature of products manufactured and services provided. The five identified reportable segments are Own Manufactured Fertilisers, Own Manufactured Phosphoric Acid, Trading, Textile and Shipping.

The "Own Manufactured Fertilisers Segment" includes manufacture and marketing of Urea for which price is fully controlled by Government of India (GOI) and distribution is partly controlled.

The "Own Manufactured Phosphoric Acid" (P_2O_5) includes manufacturing and marketing of Phosphoric Acid.

The "Trading Segment" includes the purchase and sale of Fertilisers and Agricultural Inputs and this activity, though different in risk perception from own manufactured Urea, is carried out mainly with an objective of providing Fertilisers/Agricultural Inputs under one roof.

The "Shipping Segment" includes transportation of crude oil and liquid products through vessels owned and/or hired by the Shipping division.

The "Textile Segment" includes manufacturing and sales of synthetic and cotton yarn.

The 'Others' segment includes software business activities of the Company.

Secondary Segment: Geographical Segment

The analysis of geographical segment is based on the geographical location i.e., within India and outside India, of the customers.

Segment Information

The following table presents segment revenues, results, assets & liabilities in accordance with AS-17 as on 31.3.2010.

(Rs. in Lacs)

Particulars	Own Manufactured Fertilisers		P ₂ O ₅		Trading		Shipping		Textile		Others		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Revenue														
External Sales	224078.07	238054.87	35821.50	76058.52	76108.89	153473.17	29703.62	48504.59	29602.88	26864.72	17419.39	16782.46	412734.35	559738.33
Inter Segment Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Sales	224078.07	238054.87	35821.50	76058.52	76108.89	153473.17	29703.62	48504.59	29602.88	26864.72	17419.39	16782.46	412734.35	559738.33
Results														
Segment Result	36724.73	33431.69	1325.59	6189.33	2207.04	(4532.40)	4122.22	13143.51	1242.43	(858.41)	(4410.40)	(2442.31)	41211.61	44931.41
Unallocated Expenses (net)	-	-	-	-	-	-	-	-	-	-	-	-	4432.76	5525.50
Operating Profit before Exceptional Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exceptional Items	-	-	-	-	-	-	-	-	-	-	-	-	36778.85	39405.91
Interest Expenses	-	-	-	-	-	-	-	-	-	-	-	-	278.87	816.89
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	8881.13	12537.22
Dividend Income	-	-	-	-	-	-	-	-	-	-	-	-	3531.62	4526.49
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	439.37	489.31
Net Profit after Exceptional Items	-	-	-	-	-	-	-	-	-	-	-	-	11417.16	10270.11
Share in Profit of Associates	-	-	-	-	-	-	-	-	-	-	-	-	20730.42	22431.27
Share of Minority Interest in Losses	-	-	-	-	-	-	-	-	-	-	-	-	2.27	145.71
Interest in Losses	-	-	-	-	-	-	-	-	-	-	-	-	990.19	(18.17)
Net Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	21722.88	22558.81
Other Information														
Segment Assets	189302.17	196160.89	21658.66	30774.65	13716.78	34010.27	155403.08	163361.63	25587.22	25521.18	53021.09	21236.34	458689.00	471064.96
Unallocated Assets	-	-	-	-	-	-	-	-	-	-	-	-	53929.10	111968.99
Total Assets	-	-	-	-	-	-	-	-	-	-	-	-	512618.10	583033.95
Segment Liabilities	15073.51	15730.54	8739.25	25207.61	2216.34	94078.11	3837.22	3508.36	1792.24	1325.58	15971.65	16378.31	47630.21	156228.51
Unallocated Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	316620.29	298351.47
Total Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	364250.50	454579.98
Capital Expenditure (Including FEV impact)	9443.58	31979.36	263.01	243.19	-	-	21144.47	71254.76	292.18	843.23	14277.34	2197.68	45420.58	106518.22
Depreciation	16305.19	13336.34	2832.18	3063.56	-	-	7470.72	7150.49	1892.68	2138.42	3297.86	2389.23	31798.63	28078.04
Unallocated Depreciation/Amortisation	-	-	-	-	-	-	-	-	-	-	-	-	93.51	89.11
Non-cash expenses other than Depreciation & Amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	23.13	-	-	-	-	59.28	54.35	-	-	-	-	59.28	77.48

Secondary Segment Reporting (by Geographical Segments)

The following is the distribution of the Group's consolidated revenue by geographical markets, regardless of where the goods were produced.

(Rs. in Lacs)		
Particulars	2009-10	2008-09
Revenue from within India	331874.82	430763.50
Revenue from outside India	80859.53	128974.83
Total	412734.35	559738.33

Geographical segment wise receivables:

(Rs. in Lacs)		
Particulars	2009-10	2008-09
Receivables from within India	54001.74	63581.82
Receivables from outside India	11144.17	5213.90
Total	65145.91	68795.72

The Group has common assets for producing goods for within India market and outside India markets. Hence, separate figures for assets/additions to fixed assets cannot be furnished.

12. Gratuity and Other Post Employment Benefit Plans:

(a) Gratuity

The group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is funded with an insurance company in the form of a qualifying insurance policy in respect of Fertiliser, Shipping division and one of the subsidiary of the Company.

The following tables summaries the components of net benefit expense recognised in the Profit and Loss Account and the funded status and amounts recognised in the balance sheet for the respective plans.

Profit and Loss Account

Net employee benefit expense (recognised in Employee Cost)

(Rs. in Lacs)		
Particulars	Gratuity	
	2009-10	2008-09
Current service cost	125.43	112.15
Interest cost on benefit obligation	81.28	62.52
Expected return on plan assets	(5.18)	(9.04)
Net actuarial (gain)/loss recognised in the year	(80.93)	155.95
Net benefit expense	120.60	321.58
Actual return on plan assets	1.57	17.36

Balance Sheet

Details of Provision for Gratuity

Particulars	Gratuity	
	2009-10	2008-09
Defined benefit obligation	1111.04	1089.00
Fair value of plan assets	257.89	95.67
Plan asset/(liability)	(853.15)	(993.33)

Changes in the present value of the defined benefit obligation are as follows:

Particulars	Gratuity	
	2009-10	2008-09
Opening defined benefit obligation	1089.00	905.87
Interest cost	81.28	62.52
Current service cost	125.43	112.15
Benefits paid out of funds	(46.47)	(114.50)
Benefits paid by Company	(53.37)	(40.70)
Actuarial (gains)/losses on obligation	(84.53)	163.66
Effect of exchange rate changes	(0.30)	-
Closing defined benefit obligation	1111.04	1089.00

Changes in the fair value of plan assets are as follows:

(Rs. in Lacs)

Particulars	Gratuity	
	2009-10	2008-09
Opening fair value of plan assets	95.67	114.03
Expected return	5.18	9.04
Contribution by Employer	207.11	79.39
Benefits paid	(46.47)	(114.50)
Actuarial gains/(losses) on obligation	(3.60)	7.71
Effect of exchange rate changes	-	-
Closing fair value of plan assets	257.89	95.67

The Company expects to contribute Rs. 103.76 Lacs (approx.) to gratuity in 2010-11.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity (%)	
	2009-10	2008-09
Investments with insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity for the Group's plans are shown below:

Particulars	2009-10	2008-09
	%	%
Discount Rate	7.75-8.00	7.00-8.00
Expected rate of return on assets	9.00-9.30	9.00
Employee turnover rate	1 to 20	1 to 15

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous four periods in respect of gratuity are as follows:

(Rs. in Lacs)

Particulars	Gratuity				
	2009-10	2008-09	2007-08	2006-07	2005-06
Defined benefit obligation	1111.04	1089.00	905.87	897.31	866.39
Plan assets	257.89	95.67	114.03	163.96	182.09
Surplus/(Deficit)	(853.15)	(993.33)	(791.84)	(733.35)	(684.30)
Experience adjustment on plan assets – gain/(loss)	1.92	(1.69)	-	-	-
Experience adjustment on plan liabilities – (loss)/gain	(0.68)	(105.47)	-	-	-

Provident and other funds

Contribution to Defined Contribution Plans:

(Rs. in Lacs)

Particulars	2009-10	2008-09
Provident Fund/Pension Fund*	718.53	921.73
Superannuation Funds	80.07	102.83

* Excluding provident fund in respect of Fertiliser Division of the Group.

(b) Provident Fund

The Group has set up provident fund trust, which is managed by the Group in respect of Fertiliser division of the Group and as per the Guidance Note on implementing AS-15, Employee Benefits (revised 2005) issued by the Accounting Standard Board (ASB), provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. Pending the issuance of the Guidance Note from the Actuarial Society of India, the group's actuary has expressed his inability to reliably measure the provident fund liability. However, the group has ascertained that at the year end there is no shortfall in the Provident Fund Trust.

13. Related Party Disclosures

During the year, the Company entered into transactions with the related parties. Those transactions along with related balances as at March 31, 2010 and for the year then ended are presented in the following table.

List of related parties along with nature and volume of transactions is given below:

(a) **Joint Ventures**

Indo Maroc Phosphore S.A., Morocco,

(Rs. In Lacs)

Nature of Transactions	2009-10		2008-09	
Reimbursement of Expenses		42.83		41.34
	42.83		41.34	
Outstanding balances as at the year end		34.29		40.99
Advances Receivables	34.29		40.99	

(b) **Associate**

Zuari Investments Ltd. (ceased w.e.f May 2009)

Nature of Transactions	2009-10		2008-09	
Services expenses		1.31		67.47
-Zuari Investments Ltd.	1.31		67.47	
Rent income		2.53		29.50
-Zuari Investments Ltd.	2.53		29.50	
Reimbursement of Expenses		0.43		33.49
-Zuari Investments Ltd.	0.43		33.49	
Receivables		6.40		-
-Zuari Investments Ltd.	6.40		-	

Note: Transactions and outstanding balance are furnished till the date Zuari Investments Ltd. was Company's associate.

(c) **Key Management Personnel and their relatives**

Mr. Anil Kapoor

Mrs. Deepali Kapoor (Spouse)

Mr. Hemant Kapoor (Son)

Ms. Priyanka Kapoor (Daughter)

Nature of Transactions	2009-10		2008-09	
Dividend Paid				0.02
-Mrs. Deepali Kapoor	-	-	0.02	
Interest Paid				0.69
- Mr. Anil Kapoor	-	-	0.10	
- Mr. Hemant Kapoor	-	-	0.22	
- Ms. Priyanka Kapoor	-	-	0.37	
Remuneration paid to Managing Director		105.56		93.51
- Mr. Anil Kapoor	105.56		93.51	
Outstanding Balances as at the year end				21.43
Loan Receivable		17.03		
- Mr. Anil Kapoor	17.03		21.43	

14. The Company has reduced its share of investment i.e. 6,240,962 equity shares of Associate, Zuari Investments Ltd. at a total consideration of Rs.1060.96 Lacs in the current year. After adjusting the net assets of the above associate, a net gain of Rs. 278.87 Lacs has been accounted for in the current year.

Pursuant to the above reduction in investment, Zuari Investments Ltd. ceased to be an associate. Therefore, share of profit have been considered till the date of cessation of associate relationship.

The cash inflows on sale of one-half equity shares of Zuari Investments Ltd. are derived below:

(Rs. in Lacs)

S.No.	Particulars	Current Year
1.	Total sale consideration received	1060.96
2.	Less 1/2 value of Investment as on March 31, 2009	(780.96)
3.	Less: Profit upto May, 2009	(1.13)
4.	Gain on sale of investment	278.87

15. Goodwill in the Balance Sheet as per the details given below represents goodwill of ISGN Corporation, ISGN Solutions, CFCL Technologies Ltd., Richmond Group of entities and Fiserv Group of entities. Such goodwill has been tested for impairment using the cash flow projections that are based on most recent financials budgets/forecasts approved by management.

(Rs. In Lacs)

Particulars	2009-10	2008-09
ISGN Corporation	2395.88	1994.52
ISGN Solutions	2368.57	1971.78
Inuva Info Management Private Ltd.	-	356.92
CFCL Technologies Ltd.	358.72	358.72
Dynatek Inc	-	7126.81
Richmond Group of entities	1353.02	375.42
Fiserv Group of entities (Refer Note No. 18a)	10122.70	-
Total	16598.89	12184.17

16. Government grants and subsidies

- a) Nitrogenous Fertilisers are under the Concession Scheme as per New Pricing Scheme implemented w.e.f. 1st April, 2003. The concession price and freight has been accounted for on the basis of notified prices, further adjusted for input price escalation/de-escalation as per known policy parameters. The Government of India has provisionally notified the concession price of Urea under the NPS - Stage III effective from October 1, 2006. Accordingly, the impact of revised concession price has been accounted for.
- Contribution from sale of surplus Ammonia has been accounted for in accordance with the known policy parameters. The current year subsidy income is inclusive of Rs.3734.27 Lacs (Previous Year Rs.5470.17 Lacs) being the subsidy income pertaining to earlier years, determined during the year.
- b) Subsidy on Traded Products has been accounted based on monthly concession rate as notified by the Government of India. Pending notification of the final concession price applicable for the period July 2009 to March 2010, the same has been accounted for on an estimated basis in line with the known policy parameters.
- c) The Textile division of the Company is eligible for interest concession under the TUFS (Technology Upgradation Fund Scheme) of the Government of India. Accordingly, the Company has availed interest concession of Rs.455.66 Lacs (Previous Year Rs.475.21 Lacs) during the year and reduced the same from interest expenses.

17. Leases

- (a) The Group has taken certain fixed assets on finance lease of Rs.577.03 Lacs (Previous year Rs.18.01 Lacs) on finance lease. The lease payment made during the year amounts to Rs. 284.72 Lacs (Previous year Rs.173.36 Lacs), out of which Rs.243.17 Lacs (Previous year Rs.144.08 Lacs) has been adjusted against Principal and Rs.41.55 Lacs (Previous year Rs.29.28 Lacs) has been shown as Finance Lease charges. The interest rate for various leases varies from 10% to 13%. There is no renewal and escalation clause as well as restriction imposed in the lease agreement. There are no subleases. The break up of minimum lease payment outstanding as at March 31, 2010 is as follows:

(Rs. in Lacs)

Period	2009-10			2008-09		
	Minimum Lease Payment	Principal	Finance Lease charges	Minimum Lease Payment	Principal	Finance Lease charges
Payable within one year	275.04	202.34	72.70	255.07	237.10	17.97
Payable after one year but before 5 years	523.67	308.26	215.41	140.94	131.15	9.79
Payable after 5 years	221.20	191.52	29.68	-	-	-

- (b) The Group has entered into Operating Lease Agreements for the premises which are non- cancelable. The lease payments recognised in the statement of Profit and Loss Account during the period amounts to Rs.1777.08 Lacs (Previous year Rs.121.27 Lacs). The renewal of lease will be as per mutual understanding of Lessee and Lessor and there is no escalation clause. There are no restrictions imposed by lease arrangements and there are no subleases. The break up of minimum lease payment outstanding as at March 31, 2010 is as follows:

(Rs in Lacs)

Period	Minimum Lease Payments	
	2009-10	2008-09
Payable within one year	3329.89	1379.38
Payable after one year but within 5 years	7798.19	2522.14
Payable after 5 years	2889.75	1268.77

- (c) The lease payments, other than cases covered in point no. (b) above i.e. non - cancelable leases, recognised in the statement of Profit and Loss Account during the period amounts to Rs.1103.76 Lacs (Previous year Rs. 2704.02 Lacs). The renewal of lease will be as per mutual understanding of Lessee and Lessor and there is no escalation clause. There are no restrictions imposed by lease arrangements.
- (d) Sub lease income amounting to Rs.199.01 Lacs (Previous Year Rs. 29.50 Lacs) has been recognized in the statement of Profit & Loss Account.

18. Acquisition

- a. Based on the Share purchase agreement entered on September 29, 2009 between the Company's subsidiary ISGN Solutions Inc., and Fiserv Inc., effective December 12, 2009, ISGN Solutions Inc., acquired 100% of outstanding paid up capital of FFS from Fiserv Inc.. The purchase consideration payable to Fiserv Inc., comprises of
- US\$ 12 million (Rs 5585.40 Lacs) immediate cash payment
 - US\$ 10 million (Rs 4654.50 Lacs) Note pre-payable within 120 days of the acquisition. This has since been re-negotiated and the pre-payment option is extended upto December 15, 2010 with interest to be computed @ LIBOR plus 400 points on the \$10 million (Rs 4654.50 Lacs) Note value. In the event of failure to avail the pre-payment option, the value of the Note will get enhanced to \$25million (Rs. 11636.25 Lacs) to be repayable on or before December 11, 2013.
 - 6% equity of CFCLT at the closing date equivalent to 755646 ordinary shares having value of US\$ 5,202,113. (Rs. 2421.32 Lacs) This value is based upon an valuation report received from an independent valuation firm.
- The final allocation of purchase price is as follows:

Purchase consideration	In US\$	In Rs. Lacs
Cash payment	12000000	5585.40
Notes payable (refer note below)	10000000	4654.50
Value of 6% equity	5202113	2421.32
Working capital adjustments	60194	28.02
Pre-acquisition cost	2928734	1363.18
Total consideration	30191041	14052.42
Net Assets taken over:		
Net Fixed Assets	2806810	1306.42
Current Assets	18088542	8419.31
Current Liabilities	(12452505)	(5796.01)
Total Net assets	8442847	3929.72
Goodwill on consolidation	21748194	10122.70

Note: For the above purpose, ISGN Solutions Inc., has accounted the Note liability at \$10million (Rs 4654.50 Lacs) assuming that it would avail of the pre-payment facility on or before December 15, 2010.

- b. Effective August 16, 2008 ISGN Solutions Inc.(MH),entered into membership interest purchase agreement with the sellers for the purchase of 100% membership interest of Richmond Title Genpar LLC and Richmond Investors LLC. As a consequence MH acquires the entire membership interest in Richmond Title Genpar LLC, Richmond Investors LLC, Richmond Title Services LP, Flex Agents Signing Team LLC and Richmond Title Services LLC.

The consideration for purchase of membership interest consists of the liability assumption payment upto a maximum of US \$1060000, (Rs. 493.38 Lacs) a profit participation payment and payment based on incremental EBITDA, subject to the fulfillment of the conditions and provisions stipulated in the agreement. The CFCL Technologies Ltd. has determined the earn-out and paid \$ 587,000 (Rs. 273.22 Lacs) However, the above additional earn-out computation have been disputed by the erstwhile owners of Richmond Title Services LP, Further the company needs to recover an amount of \$ 1273,360 (Rs. 592.69 Lacs) being the amount paid on behalf of the erstwhile owners of Richmond Title Services LP, with respect to liabilities owed by them.

Pending finalization of dispute, the CFCL Technologies Ltd. has determined the maximum additional earn-out liability to be \$1273360 (Rs. 592.69 Lacs) and the same is booked as additional goodwill with respect to the acquisition of business of Richmond Title Services LP. Any additional pay-out beyond the amount stated above, if any, will be accounted in the year in which dispute gets resolved.

Also the group has reclassified the pre acquisition cost for the above acquisition for \$ 169064 (Rs. 78.69 Lacs) to Goodwill on consolidation.

19. Employee Stock Option Plan

The Board of Directors of the subsidiary has approved 2007 Share Option Plan ('Plan') administered in USA for granting stock options to its employees and employees of its subsidiary Companies. A Committee has been constituted to administer the plan along-with the Board and to determine fair value which would be the exercise price for such options.

The following scheme is in operation.

Particulars	2009-10	2008-09
Date of grant	July 7,2009, November 3,2009	June 4, 2008 & September 28, 2008
Date of Board Approval	16th July 2009,November 3,2009	June 4 2008
Date of Shareholder's approval	-	-
Number of options granted	696,009	1,023,815
Options forfeited during the period	72,877	-
Method of Settlement (Cash/Equity)	Equity	Equity
Vesting Period	48 months	48 months
Exercise Period	Exercisable on vesting	Exercisable on vesting
Vesting Conditions	Service conditions	Service conditions

Note: The options are exercisable from the vesting date upto a maximum period of 10 years from the date of grant. The details of activity under the plan have been summarized below:

Particulars	2009-10		2008-09	
	Number of options	Weighted Average Exercise Price (US \$)	Number of options	Weighted Average Exercise Price (US \$)
Outstanding at the beginning of the year	1023815	1.58	Nil	-
Granted during the year	696009	2.93	1023815	1.58
Forfeited during the year	72877	1.58	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1646947	2.15	1023815	1.58
Exercisable at the end of the year	752424	2.15	489182	1.58
Weighted average fair value of options granted on the date of grant	US \$ 0.9157	-	US \$ 0.5975	1.58

The details of exercise price for stock options outstanding at the year end is as follows:

Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
US \$ 1.58 to 3.91	1,646,947	8.49	US\$2.15

The weighted average fair value of stock options granted during the year was \$ 0.9157 (Previous year \$ 0.5975). The Black scholes option pricing model has been used for computing the weighted average fair value considering the following inputs.

Particulars	2009-10				2008-09
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	
Weighted average share price in US\$	\$2.09	\$2.09	\$2.09	\$3.91	\$ 1.58
Exercise price	\$2.09	\$2.09	\$2.09	\$3.91	\$ 1.58
Expected volatility	0.6538	0.6405	0.6202	0.5984	0.3955
Historical volatility	-	-	-	-	-
Life of options granted (Vesting and exercise period) in years	Note 2	Note 2	Note 2	Note 2	Note 2
Expected dividend	Nil	Nil	Nil	Nil	Nil
Average risk-free interest rate	1.65%	1.73%	1.89%	2.09%	3.14 %
Expected dividend rate	-	-	-	-	-

Notes: Vesting period is 4 years and exercise period is 10 years from the grant date

- The historical volatility has been calculated based on the share of the comparable companies over the previous 3/3.17/3.50/3.92/4 years.
- Risk free rate of return has been calculated using 3/3.17/3.50/3.92/4 years US Treasury bond yield as on the date of respective grant.

Effect of the employee share-based payment plans on the Profit and Loss Account and on its financial position:

(Rs. in Lacs)

Particulars	2009-10	2008-09
Total Employee Compensation Cost pertaining to share-based payment plans	701.84	326.04
Compensation Cost pertaining to equity-settled employee share-based payment plan included above for previous year	238.87	238.87
Compensation Cost pertaining to equity-settled employee share-based payment plan included above for current year	3.62	-
Liability for employee stock options outstanding as at year end	-	-
Deferred Compensation Cost	459.35	87.17

The estimated weighted average fair value of options granted is \$0.9157 (Previous year \$ 0.5975) per share. This was calculated by applying the Black-Scholes option pricing model with the following inputs:

Particulars	2009-10				2008-09
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	
Fair value per share	\$2.09	\$2.09	\$2.09	\$3.91	\$ 1.58
Exercise price	\$2.09	\$2.09	\$2.09	\$3.91	\$ 1.58
Average risk-free interest rate	1.65%	1.73%	1.89%	2.09%	3.14 %
Expected volatility of share price	0.6538	0.6405	0.6202	0.5984	0.3955
Expected life of options granted (in years)	3	3.17	3.50	3.92	4
Expected dividend yield	Nil	Nil	Nil	Nil	Nil
Value of the options	\$0.926	\$0.934	\$0.955	\$1.834	0.56

Expenses arising from the Plan	US\$ 50,014 (Rs.23.99 Lacs), (Previous Year US \$ 470,956(Rs.238.87 Lacs))
Closing balance of liability for the Plan	US\$ 520,970 (Rs.242.49 Lacs) (Previous Year US \$ 470,956 (Rs.238.87 Lacs))

The following table provides details in respect of range of exercise price and weighted average remaining contractual life (in months) for the options outstanding at the year end.

Range of exercise price	Shares*	Weighted average remaining life
\$ 1.58 to \$ 3.91	1,646,947	8.49 years

* (includes 486,009 options granted to Directors and Non-Executive Director (Previous year 400,000))

20 Preference shares

- a) Pursuant to a share purchase agreement dated 8th December 2009, entered into between CFCL Technologies Ltd., NEA FDI Inc., and NEA – IndoUS Ventures, LLC and CFCL Overseas Ltd., the Board of Directors of CFCL Technologies Ltd. issued the following Preference Shares. The table outlines Preference Shares issued during the period:

Name of the Investor	Par Value per share (in US\$)	Issue Price per share (in US\$)	No. of Shares issued	Share Capital (US \$)	Share premium (US \$)	Total Value (in US\$)
NEA FDI Inc.	0.0001	12.7083	438,547	44 (Rs 0.02 Lacs)	5573144 (Rs 2594.02 Lacs)	5573188 (Rs 2594.04 Lacs)
NEA IndoUS Ventures, LLC	0.0001	12.7083	109,636	11 (Rs 0.005 Lacs)	1393276 (Rs 648.50 Lacs)	1393287 (Rs 648.505 Lacs)
Total				55 (Rs. 0.025 Lacs)	6966420 (Rs. 3242.52 Lacs)	6966475 (Rs. 3242.545 Lacs)

- b) Preference shares issued by CFCL Technologies Ltd. (CFCLT) are convertible into Ordinary shares in the ratio of 1:1 subject to adjustments set forth in the Articles of Association of CFCLT. Preference shareholders may generally elect to convert into ordinary shares at any time. Preference Shares will automatically convert under the following two circumstances:
- immediately prior to Qualified IPO (as defined in the Articles of Association of the Company) or;
 - if the holders of a majority of the then-outstanding Preference shares elect, in writing or by vote, to convert their Preference shares into Ordinary shares.

Preference Shareholders carry voting rights and have representation in the board of CFCLT as per the terms of the agreement. Further preference shareholders carry preferential dividend rights over ordinary shares if declared by the board of directors and priority over ordinary shares in the event of any liquidation, dissolution or winding up of the affairs of CFCL Technologies Ltd.

At any time after May 18, 2011, the members holding not less than a majority of the then outstanding preference shares voting together as a single class and on an as converted bases, have an option to redeem the preference shares for cash at the greater of original purchase price per share or the fair market value of such preference shares as of the redemption date as determined by independent third-party investment bank or similar such third party service provider as mutually agreed.

21. Excise duty on sales amounting to Rs.189.77 Lacs (Previous year Rs.146.66 Lacs) has been reduced from sales in Profit & Loss Account.

22. Unsecured Loans of Software Subsidiaries

- a) Effective April 1, 2007, NovaSoft Information Technology Corporation (NITC) acquired 100% of controlling interest in Dynatek Inc., for a total consideration of US\$20 Million (Rs 9309 Lacs). The consideration was discharged by payment in cash of US\$ 11 Million (Rs 5119.95 Lacs) and by way of issue of Convertible Promissory Notes (CPNs) of US\$ 9 Million (Rs. 4186.37 Lacs) carrying an interest rate of 2.5% per annum.

Pursuant to the terms and conditions of the share purchase agreement the consideration payable has been reduced by an amount of US \$ 746120 (Rs 347.28 Lacs). Consequently the face value of the CPNs stands reduced to US \$ 8253,880 (Rs 3841.77 Lacs)

In accordance with the terms of the CPNs

- Principal and accrued interest shall become due and payable on May 21, 2010.
- Before the maturity date, the lenders have the sole option to convert the entire amount of principal and accrued interest into Ordinary shares of CFCLT.
- On the maturity date, unless earlier converted into shares, CFCLT at its sole option shall discharge the obligation by payment of cash or by converting into Ordinary shares of itself.

In the event the conversion option is exercised, the outstanding amount will be converted into 302,640 Ordinary shares at a conversion price of US \$ 27.2727 (Rs. 1269.41) per Ordinary share. The lender, Group and CFCL Technologies Ltd. have also entered into an agreement wherein, in the event of conversion of CPNs into Ordinary shares, at the option of either CFCLT or the lender, CFCLT shall be obligated to purchase and the seller to sell, the Ordinary shares at a price to be determined by an investment banker. However, the maximum amount payable to the lender shall not exceed the principal amount of the CPNs and the minimum amount payable to the lender shall be at least 50% of the original principal amount of CPNs (US\$ 4500,000) (Rs. 2094.53 Lacs).

- b) CFCL Technologies Ltd. has issued Convertible Promissory Notes (CPNs) amounting to US\$ 3145,000 (Rs. 1463.84 Lacs) [Previous year US\$3145000 (Rs. 1595.14 Lacs)] for the acquisition of balance 20% minority stake in MH and settlement of the contingent consideration agreed at the time of initial acquisition of 80% stake of MH and net assets of Praxis Technology Group LLC during the year ended March 31, 2006. The CPNs do not carry any interest. The CPNs are convertible into ordinary equity shares of CFCLT at a conversion price of US\$ 9.25 (Rs. 430.54) per share.

In accordance with the terms of CPNs

- The CPNs shall be due for repayment on May 7, 2011.
- Before the maturity date, the lenders have the sole option to convert the entire amount of principal into Ordinary shares of CFCL Technologies Ltd.
- On the maturity date, unless earlier converted into shares, CFCL Technologies Ltd. at its sole option discharge the same by payment of cash or by converting into Ordinary shares of itself as per the terms of the agreement.

In the event the conversion option is exercised, the CPNs are convertible into 340,000 Ordinary shares at a conversion price of US\$ 9.25 (Rs. 430.54) per Ordinary share.

- c) The CFCL Technologies Ltd. has issued to Fiserv Inc., a Non-convertible Promissory Note for \$10 million (Rs.4654.50 Lacs) towards settlement of part purchase consideration with respect to the acquisition of 100% interest in FFS. The Company has the option to pre-pay the Note within 120 days from the FFS acquisition date (i.e 11th December 2009). The Company has since got the terms re-negotiated with Fiserv Inc., to extend the prepayment period upto December 15, 2010. In the event of pre-payment on or before December 15, 2010, the Company needs to pay Fiserv an interest computed @ LIBOR plus 400 Basis points from April 11, 2010 computed on the Note value of \$10 Million. In the event of non-payment of the Note on or before December 15, 2010, the note value will get enhanced to \$ 25 Million (Rs. 11636.25 Lacs) and this needs to be repaid on or before December 11, 2013 along with interest @ LIBOR plus four percentage, effective April 11, 2010. The interest needs to get computed on the increased Note value of \$25 Million (Rs. 11636.25 Lacs).

23. Derivative Instruments:

A. Derivative outstanding as on March 31, 2010

S. No.	Details of Derivatives	Currency/Pair of Currency	Amount in foreign currency	Amount (Rs. in Lacs)	Purpose
I	Forward Contracts				
	Buy	INR-USD	USD 58816261 (210109922)	26408.50 (103808.31)	To hedge the import creditors/short term foreign currency loans from bank.
	Buy	INR-USD	USD 20000000 (-)	8980.00 (-)	To hedge future Import commitments
	Buy	USD-JPY	JPY - (108360000)	- (507.50)	To hedge the principal and interest of liabilities under deferred payments.
	Buy	INR-USD	USD 2156716.86 (-)	968.37 (-)	To hedge the principal and interest of Liabilities under deferred payments
	Buy	INR-USD	EURO 543150 (-)	347.40 (-)	To hedge future Import commitments
II	Sell	INR-USD	USD 2000000 (4600000)	898.80 2333.12	To hedge the charter hire receivables
	Sell	USD-EURO	EURO - (671074)	- (453.44)	To hedge the export receivables
	Options				
III	Buy	INR-USD	USD - (3000000)	- (1474.50)	To hedge the import creditors
III	Swap				
	Buy	INR-USD	USD - (1291096)	- (655.23)	To hedge the Principal and interest of a rupee term loan.
IV	Interest Swap				
			USD 158263333 (45000000)		To hedge the interest expense on foreign currency loan

B. Details of foreign currency exposures that are not hedged by a derivative Instrument or otherwise.

S. No.	Exposure in Foreign currency	Nature of exposure and amount		
		Sundry creditors & other payables	Loans/Liabilities under deferred payments	Sundry Debtors & other receivables
1.	USD	3848170 (14914645)	318038613 (300501132)	6685138 (9954483)
2.	SGD	57145 (63364)	-	33355 (17004)
3.	JPY	3144201 (4572258)	- (1085805000)	- (-)
4.	GBP	14532 (257)	- (-)	311 (2800)
5.	EURO	178980 (318127)	- (-)	734 (250700)
6.	AED	54638 (-)	- (-)	- (-)
7.	MAD	- (-)	- (-)	- (-)
8.	KW	11053318 (-)	- (-)	- (-)
	Exposure – (Rs. in Lacs)	1923.15 (7827.04)	142799.11 (158061.47)	3012.98 (5224.35)

Notes:

- 1) Unhedged Loan/Liabilities under deferred payments of Rs.127607.55 Lacs (Previous Year Rs. 138281.62 Lacs) are not payable within next one year.
- 2) The hedging of Foreign Currency outflows is decided after considering the extent of natural hedge available from foreign currency inflows from export of goods and shipping activities.
- 3) In case of hedged transactions mentioned in (A) above, all losses, wherever applicable, as of March 31, 2010 have been provided for.
- 4) Previous year figures have been given in bracket.

24 Details of loans and advances to Firms/Companies in which directors are interested and Investments by the loanee in the shares of the Company (as required by Clause 32 of Listing Agreement).

(Rs. in Lacs)

Particulars	Outstanding amount as at *		Maximum amount outstanding during financial year	
	31.03.10	31.03.09	2009-10	2008-09
Loans and advances to Firms/Companies in which Directors are interested				
- The Oudh Sugar and Industries Ltd.	1000.00	-	1000.00	1000.00
- Upper Ganges Sugar and Industries Ltd.	1000.00	-	1000.00	1000.00
- Gobind Sugar Mills Ltd.	-	1000.00	1000.00	1000.00
Investments by the above mentioned loanees in the shares of the Company				
- Upper Ganges Sugar and Industries Ltd.	70.42	70.42	70.42	70.42
- Gobind Sugar Mills Ltd.	0.19	0.19	0.19	0.19

* Repayable within in one year

25. Details of the Company's share in Joint Ventures included in the Consolidated Financial Statement are as follows:

(Rs. in Lacs)

Particulars	2009-10	2008-09
SOURCES OF FUNDS		
Shareholders Fund	-	-
Reserves & Surplus (Post Acquisition)	10413.57	14855.84
Loan Funds		
Secured Loans	17.32	-
Unsecured Loans	-	152.26
Total	10430.89	15008.10

(Rs. in Lacs)

Particulars	2009-10	2008-09
APPLICATION OF ASSETS		
Fixed Assets		
Gross Block	39539.59	41030.19
Less: Accumulated Depreciation	33369.26	31949.97
Net block	6170.33	9080.22
Capital Work in Progress (including capital advance)	143.90	123.00
Intangible Assets	26.69	45.86
Current Assets, Loans & Advances		
Inventories	3533.23	6091.88
Sundry Debtors	2226.56	39.57
Cash & Bank Balances	6600.27	16565.06
Loans & Advances	8999.61	14377.08
Less: Current liabilities & Provisions		
Current Liabilities	8739.25	25228.12
Net Current Assets	12620.42	11845.47
Total	18961.34	21094.55
INCOME		
Income from Operations	35821.50	76058.52
Other Income	188.24	2088.67
EXPENDITURE		
Raw Material Consumed	20453.45	65291.45
Personnel Expenses	847.71	891.42
Manufacturing/Operating & Other Expenses	8279.46	6127.52
Depreciation	2832.18	3063.56
Financial Charges	106.97	227.02
(Increase)/Decrease in stocks	2006.70	(3753.65)
(Loss)/Profit Before Tax	1483.27	6299.87
Provision for Tax :		
Current Tax	240.29	1079.14
Deferred Tax		
Net (Loss)/Profit After Tax	1242.98	5220.73
Capital Commitment	250.17	165.47

26. Figures pertaining to the Subsidiaries, Joint Venture and Associate have been reclassified wherever considered necessary to bring them in line with the Company's financial statements.
27. Previous Year's figures have been regrouped and/or rearranged wherever necessary to conform to this year's classifications.
28. The current period figures of CFCL Technologies Ltd. are not comparable with those of previous year. The current period figures are for the nine months and hence the current period is not comparable with that of the previous year which was for a period of twelve months.

As per our report of even date

For and on behalf of the Board of Directors of
Chambal Fertilisers and Chemicals Limited

For S.R. BATLIBOI & Co.
Firm's Registration No. 301003E
Chartered Accountants

Anil Kapoor
Managing Director

H.S. Bawa
Vice Chairman

S.K. Poddar
Chairman

per Manoj Gupta
Partner
Membership No - 83906

Abhay Baijal
Vice President - Finance

M.S. Rathore
Vice President - Legal,
Corporate Communication & Secretary

Place: Gurgaon
Date : May 08, 2010

Place: New Delhi
Date : May 08, 2010



CHAMBAL FERTILISERS AND CHEMICALS LIMITED

Regd. Office : Gadepan, Distt. Kota, Rajasthan, PIN - 325 208

PROXY FORM

I/Weofin the district ofbeing a member/ members of the above named Company, hereby appoint Mr./Mrs.....of in the district ofor failing him/her Mr./Mrs.ofin the district ofas my/our proxy to attend and vote for me/us and on my/our behalf at the Twenty Fifth Annual General Meeting of the Company to be held at 1030 hours on Friday, the 27th day of August, 2010 at its Regd. Office at Gadepan, Distt. Kota (Rajasthan), PIN - 325 208 and any adjournment thereof. Signed thisday of2010.

Signature

Affix a
Revenue
Stamp

Ledger Folio / Client ID No.DP ID No.

No. of Shares held

Note : The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the scheduled time for holding the meeting.



CHAMBAL FERTILISERS AND CHEMICALS LIMITED

Regd. Office : Gadepan, Distt. Kota, Rajasthan, PIN - 325 208

ATTENDANCE SLIP

(Please complete the Attendance Slip and hand it over at the entrance of the Meeting Hall).

I hereby record my attendance at the Twenty Fifth Annual General Meeting of the Company being held on August 27, 2010.

Member's/Proxy's name (In Block Letters)

Signature of Shareholder/Proxy

Ledger Folio / Client ID No.DP ID No.

No. of Shares held

ECS MANDATE FORM

1. Shareholder's name (in Block Letters) : _____
: (First holder) _____
: (Joint holder) _____
2. Folio Number (for Physical shares) : _____
3. Number of Shares : _____
4. Bank Name : _____
5. Branch Name & Address : _____
6. Status of Investor : Resident ☐ Non-Resident ☐
(Mark "√" in the appropriate box)
7. Account Type : SB A/C-10 ☐ Current A/C-11 ☐
(Mark "√" in the appropriate box)
Other ☐ ☐
8. Account Number : _____
9. Ledger Folio No. of the A/C
(if appearing on Cheque Book) : _____
10. Nine digit code number of Bank
and Branch appearing on the Cheque :

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I/We hereby declare that the particulars given above are correct and complete. If credit is not effected for reasons of incomplete or incorrect information, I/We would not hold the Company responsible.

Dated: _____

Signature of the First holder
(as appearing in the Company's records)

Note: In case, shares are held in electronic form, kindly submit ECS particulars to your Depository Participants.

If undelivered, please return to:

"Investor Service Centre"

Chambal Fertilisers and Chemicals Ltd.

"Corporate One" 1st Floor,

5, Commercial Centre, Jasola,

New Delhi-110 025

