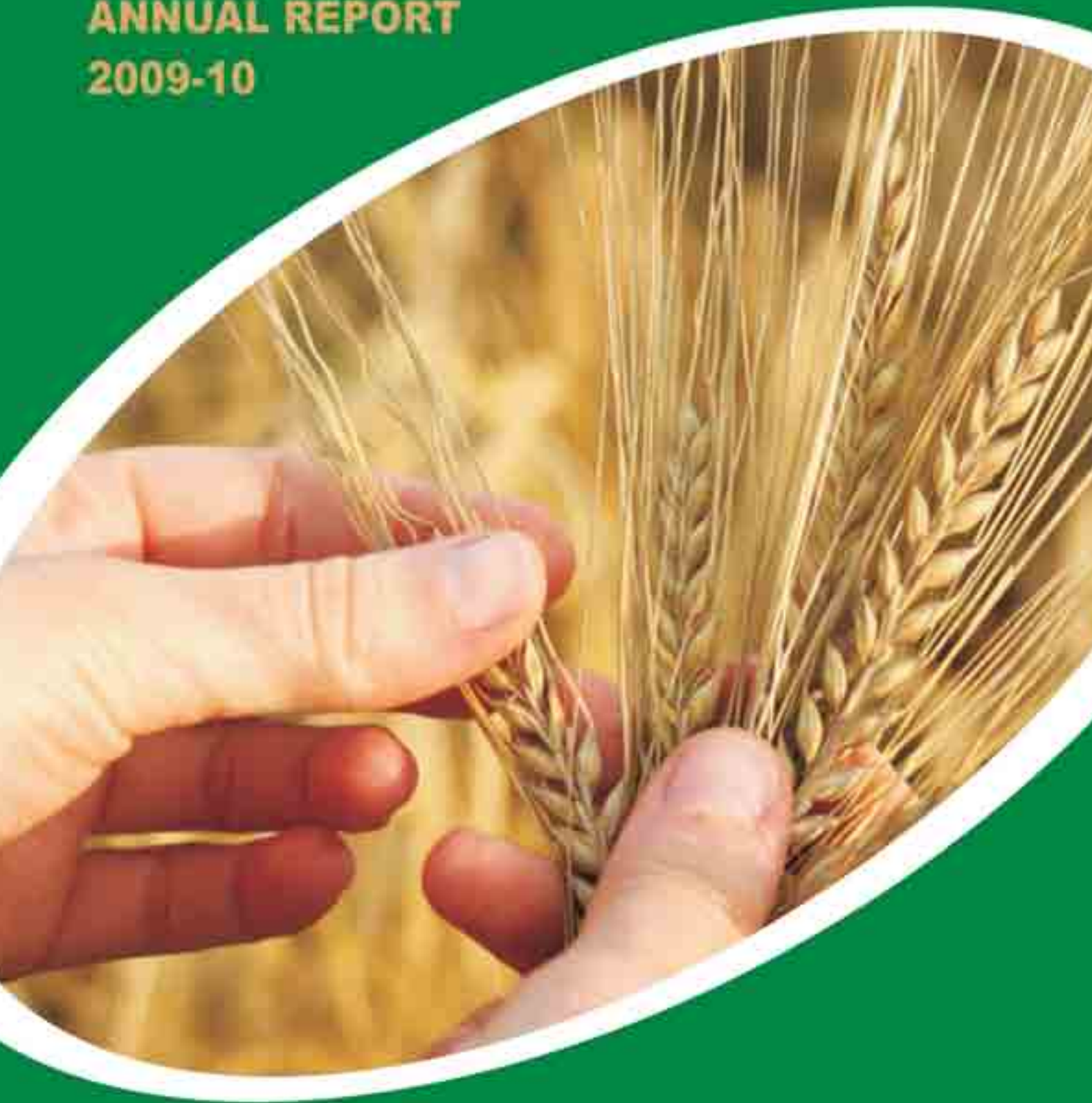


32nd

ANNUAL REPORT

2009-10



Rashtriya Chemicals and Fertilizers Limited

(A Government of India Undertaking)

FINANCIAL HIGHLIGHTS AT A GLANCE

S. No.	PARTICULARS	2009-10	2008-09	2007-08	2006-07	2005-06	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
1	Turnover (Sales + Subsidy + Other Income)	5826.25	8538.43	5325.06	3644.60	3187.80	2895.90	2396.64	2135.98	2099.45	2137.93
2	Profit before Interest, Depreciation and Tax (EBIDTA)	439.70	487.22	384.31	363.66	284.39	303.99	233.38	12.10	169.46	197.20
3	Depreciation	75.60	86.58	86.96	75.42	68.53	96.71	69.17	68.25	76.88	59.10
4	Interest [Net.]	19.87	74.93	59.32	46.93	0.80	(3.98)	(91.59)	40.54	58.37	72.57
5	Prior year Adj. - Expenses / (Income)	0.02	0.01	(4.04)	0.07	(0.61)	(0.41)	(0.85)	(2.97)	(18.40)	(3.63)
6	Profit / (Loss) Before Tax	344.21	325.70	242.07	241.24	215.67	211.67	256.65	(93.72)	52.61	69.16
7	Tax Provision (Net of Adj.)	109.34	114.12	83.92	92.50	67.71	70.71	88.86	(45.65)	28.40	4.19
8	Profit / (Loss) After Tax	234.87	211.58	158.15	148.74	147.96	140.96	167.79	(48.07)	24.21	64.97
9	<u>Dividend</u>										
	Rate %	11.00	12.00	10.00	10.00	10.00	17.00	17.00	0.00	2.00	4.00
	Amount :	70.77	77.45	64.55	64.55	62.91	107.02	105.81	0.00	11.03	24.33
	Dividend Payout Ratio %	30.13	36.61	40.82	43.39	42.52	75.92	63.06	0.00	45.58	37.45
10	Working Capital	1933.66	1896.01	1418.44	1434.06	884.39	849.81	734.48	983.56	953.99	980.62
11	Capital Employed	3176.37	2973.17	2472.58	2449.97	1756.80	1738.87	1609.53	1901.93	1888.89	1867.28
12	Net Worth	2000.88	1821.13	1703.47	1614.29	1505.47	1424.68	1413.21	1297.80	1389.40	1366.77
13	RATIOS										
	Current Ratio [CA : 1]	2.25	1.93	2.63	3.28	2.29	2.78	2.86	4.54	3.90	3.80
	Debt Equity Ratio [Debts : 1]	0.67	0.78	0.73	0.59	0.29	0.26	0.15	0.47	0.38	0.44
	EBIDTA to capital employed %	13.84	16.39	15.54	14.84	16.19	17.48	14.50	0.64	8.97	10.56
	PBT to Capital Employed %	10.84	10.95	9.79	9.85	12.28	12.17	15.95	(4.93)	2.79	3.70
	PAT to Capital Employed %	7.39	7.12	6.40	6.07	8.42	8.11	10.42	(2.53)	1.28	3.48
	PBT to Net Worth %	17.20	17.88	14.21	14.94	14.33	14.86	18.16	(7.22)	3.79	5.06
	PAT to Net Worth %	11.74	11.62	9.28	9.21	9.83	9.89	11.87	(3.70)	1.74	4.75
	PAT to Equity %	42.57	38.35	28.67	26.96	26.82	25.55	30.41	(8.71)	4.39	11.78
	PBT to Turnover %	5.91	3.81	4.55	6.62	6.77	7.31	10.71	(4.39)	2.51	3.23
	PAT to Turnover %	4.03	2.48	2.97	4.08	4.64	4.87	7.00	(2.25)	1.15	3.04
	Earning per share Before Tax (Rs.)	6.24	5.90	4.39	4.37	3.91	3.84	4.65	(1.70)	0.95	1.25
	Earning per share After Tax (Rs.)	4.26	3.84	2.87	2.70	2.68	2.56	3.04	(0.87)	0.44	1.18

(Rs. in Crores)



Senior Managers

Shri Ajoy Kumar, I.A.S. Chief Vigilance Officer	Shri K. K. Phadnis Executive Director (HR)	Shri P. K. Lahiri Executive Director (IA)
Shri Bhunesh Mathur Executive Director (M)	Sri Rajesh Aggarwal Executive Director (Thal)	Shri P. M. C. Nair Executive Director (Trombay)
Shri Kumar Gupta Chief General Manager (Projects)	Shri V. B. Gandhalikar Chief General Manager (Tech) Tr.	Shri R. H. Kulkarni Chief General Manager (Fin)
Shri Mukund M. Patil Chief General Manager [HR-Admn]	Shri B. B. Prasad Chief General Manager (Tech) Thal	Shri Sudhir Parkhi Chief General Manager (HR) Corporate
Shri P. B. Asai Chief General Manager (R & D)	Shri Vikas D.Bhat Chief General Manager (C)	Shri P. S. Patare Chief General Manager (Fert. Mktg)
Shri K. C. Prakash Company Secretary	Shri B. Nagraj Chief General Manager (R&D)	Shri R. K. Jain, General Manager [Operations- Thal]
Shri A. B. Ghasghase General Manager [IPD]	Shri C. M.T. Britto General Manager [Coordn]	Shri V. G. Londhe General Manager [Fin. & IT]
Shri R. B. Patil General Manager [Fin.Tr.]	Shri Dilip Ranade General Manager [Vig]	Shri Bhaskar Das General Manager [Project] Thal

Company Secretary	: Shri K. C. Prakash
Bankers	: State Bank of India Swastik Chamber,Chembur, Mumbai 400 071.
Statutory Auditors	: M/s. JCR & Co., M/s G.D. Apte & Co.
Share Transfer Agent	: M/s. Link Intime India (Pvt) Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai 400 078. (022) 25963838
Registered Office	: “Priyadarshini”, Eastern Express Highway, Sion, Mumbai 400 022.
Email address	: investorcommunications@rcfltd.com
Website	: www.rcfltd.com
Telephone	: 022-25522000



Rashtriya Chemicals and Fertilizers Limited

(A Government of India Undertaking)

“Priyadarshini”, Eastern Express Highway, Sion, Mumbai - 400 022.

Annual Report 2009-10

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RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

Registered Office, "Priyadarshini", Eastern Express Highway, Sion, Mumbai 400 022.

NOTICE THIRTY SECOND ANNUAL GENERAL MEETING

NOTICE is hereby given that the THIRTY SECOND ANNUAL GENERAL MEETING OF THE MEMBERS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED will be held at Yogi Sabhagruh, Behind Swaminarayan Mandir, Dadar (E), Mumbai-400 014 on Monday, the 28th day of June 2010 at 3 PM. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2010 and Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To declare dividend.
3. To fix remuneration of Auditors.
4. To appoint a Director in place of Shri Deepak Singhal who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Shri Gautam Sen, Director, who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS :

6. To appoint Dr. V. Rajagopalan, as Director of the Company and to consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 255, 257 and other applicable provisions of the Companies Act, 1956, if any, Dr. V. Rajagopalan, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation".

By order of the Board of Directors

Date: 06.05.2010

Place: Mumbai

K. C. Prakash

Company Secretary

Notes :

1. A Member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself and that the said proxy need not be a Member of the Company. The instrument appointing the proxy shall be deposited at the Registered Office of the Company not later than forty-eight hours before the time fixed for holding the meeting.
2. Register of Members and Share Transfer books will be closed from 16.6.2010 to 28.6.2010 [both days inclusive].
3. Members are requested to notify immediately any changes in their address to the Company or its Transfer Agents: M/s. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (W), Mumbai 400 078

4. Any clarifications needed by the members of the Company may be addressed to the Company Secretary at the Registered Office of the Company or through e-mail investorcommunications@rcfltd.com at least seven days prior to the date of Annual General Meeting.
5. Pursuant to the provisions of Section 205 A (5) of the Companies Act, 1956, dividend which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Members who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company or to the Registrar and Transfer Agents, M/s. Link Intime India Pvt. Limited, immediately. Members are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any claims.

The following Explanatory Statement sets out the material facts referred to in Item No. 6 of the Notice convening the 32nd Annual General Meeting:

Item No. 6

Dr. V. Rajagopalan, IAS, who has been appointed by President of India as Director on the Board of the Company w.e.f. 03.05.2010, pursuant to Section 260 of the Companies Act, 1956 and Article 81(5) of Articles of Association of the Company, will hold the office till the date of 32 nd Annual General Meeting.

Notice under Section 257 of the Companies Act, 1956 has been received by the Company, from a shareholder signifying his intention to propose the candidature of Dr. V. Rajagopalan, IAS., for the office of Director of the Company.

Dr. V. Rajagopalan is from Indian Administrative Service (IAS) and is presently, Addl. Secretary and Financial Adviser to Government of India, Ministry of Chemicals & Fertilizers, Department of Fertilizers. Dr. V. Rajagopalan, has varied and rich experience not only as an IAS Officer but also being on the Board of several companies. Presently, he is director on the Boards of Hindustan Organic Chemicals Ltd., KRIBHCO, Madras Fertilizers Ltd.

None of the Directors, other than Dr. V. Rajagopalan, is interested in the above Resolution.

By order of the Board of Directors

Date: 06.05.2010

Place: Mumbai

K. C. Prakash

Company Secretary

DIRECTORS' REPORT

To the members

Rashtriya Chemicals and Fertilizers Ltd,
Mumbai

The Directors of your Company have pleasure in presenting this 32nd Annual Report on the working of your Company together with the Audited Accounts for the year ended 31st March, 2010.

1.0.0 FINANCIAL PERFORMANCE:

Summary of financial performance :

Rs. Crore

Particulars	2009-2010	2008-2009
Sales including Subsidy	5697.18	8455.32
Other Income	129.07	83.11
Total Income	5826.25	8538.43
Cost of Sales	5386.57	8051.23
Operational Profit	439.66	487.20
Depreciation	75.60	86.58
Interest (Net)	19.87	74.93
Prior year adjustment	(0.02)	(0.01)
Profit/ (Loss) before tax	344.21	325.70
Provision for Tax (including deferred Tax liability/ Asset)	109.34	114.12
Net Profit / (loss)	234.87	211.58
Appropriations:		
Dividend	60.69	66.20
Tax and Educational cess on Dividend	10.08	11.25
Balance Transferred to General Reserve	164.10	134.13

1.1.0 Highlights for the year 2009-2010:

Your Company achieved a turn over of Rs.5697.18 crore compared to Rs.8455.32 Crore in the previous year. The turnover is lower by Rs 2758.14 crore during the year compared to previous year mainly due to lower imports of urea by Government of India and discontinuance of costly feed stock of Naptha leading to less subsidy realisation. The total income from operations was Rs. 5826.25 crore as against Rs. 8538.43 crore during the previous year. Your Company achieved a gross profit of Rs.439.66 crore as against Rs. 487.20 crore. The net Profit before Tax at Rs. 344.21 crore as against Rs. 325.70 crore registered an increase of 5.68 % despite lower gross profit mainly due to substantial reduction in the net interest. The Net Profit after Tax during the current year, is higher at Rs.234.87 crore as against Rs.211.58 crore in the previous year registering an increase of 11% over previous year. The net Interest cost during the year has been Rs. 19.87 crore compared to Rs.74.93 crore during the previous year due to good treasury and foreign currency management

which ensured reduction in interest cost and gain in foreign exchange transactions. Your Company received 'MOU Excellent' rating for 2008-2009 and is likely to get the same for 2009-10 from Ministry of Heavy Industries and Public Enterprises.

1.2.0 Dividend :

Your Company has lined up a number of capex programmes which will entail substantial expenditure and, in order to fund these programmes, it is necessary to plough back its profits. In view of this, your Directors propose to pay dividend at Re.1.10 per each equity share of Rs.10/-, compared to previous year dividend of Re.1.20 per each share. The dividend for the current year works out to 11% compared to 12% last year. The total out go works out to Rs.70.77 crore (Rs77.45crore in the previous year) including dividend distribution tax and education cess. This amounts to 30.13% of the net profit

1.3.0 Appropriation to General Reserves:

Your Company earned a net Profit after Tax of Rs 234.87 crore(Rs 211.58 crore in the previous year). The dividend pay out along with Tax/cess is Rs 70.77 crore (Rs.77.45 crore in the previous year). The balance amount of Rs. 164.09 crore (Rs.134.13 crore in the previous year) is transferred to General Reserves.

2.0.0 MANAGEMENT DISCUSSION AND ANALYSIS :

2.1.0 OPERATIONAL RESULTS :

2.1.1 PRODUCTION :

2.1.2 Fertilizers :

Your Company produced 25.96 lakh MT of fertilizers (Urea-20.89 lakh MT, Suphala15:15:15- 4.90 lakh MT and Suphala 20:20-0.17 lakh MT) during the year as against 23.75 lakh MT (Urea -19.04 lakh MT and Suphala15:15:15- 4.71 lakh MT) produced in the previous year and achieved overall capacity utilisation of 96.23 % as against 88.030% during the previous year. The capacity utilisation of the Urea plants was to the extent of 102.56%. As regards complex fertilizers, Suphala [15:15:15] plant produced to the extent of 163.33% and Suphala 20:20 (ANP) produced 4.73%. In terms of nutrients, your Company produced 10.38 lakh MT of Nitrogen (N), 0.77 lakh MT of Phosphate (P₂O₅) and 0.74 lakh MT of Potassium (K₂O) during the year as compared to 9.46 lakh MT of N, 0.71 lakh MT of P₂O₅ and 0.71 lakh MT of K₂O during the previous year.

The performances of the units are given below:

2.1.2.1 Thal Unit:

Thal unit produced 17.82 lakh MT of Urea during the year compared to 19.04 lakh MT produced in the previous year.



The unit achieved a capacity utilisation of 104.41 % as compared to 111.55% during the previous year. The unit produced 11.28 lakh MT of Ammonia compared to 10.97 lakh MT during previous year. The Thal unit of the company was using naphtha as an alternative feedstock to overcome the gas shortage. With the availability of Reliance gas, your Company has stopped the usage of naphtha. Naphtha is a rich source of Carbon dioxide whereas gas does not provide the same level of Carbon dioxide required for converting entire ammonia produced into urea and hence the decline in urea production at Thal. The energy consumption per MT of Urea was 6.297 Gcal/ MT (6.472 Gcal in the previous year). In terms of nutrients in the fertilisers, the unit produced 8.20 lakh MT of N during the year compared to 8.76 lakh MT during the previous year.

Thal unit of your Company bagged following awards during the year:

1. National Energy Conservation award in appreciation of achievements in Energy conservation in Fertilizer Sector for the year 2009 was awarded by Government of India, Ministry of Power (2nd Prize).
2. State Level award for excellence in Energy consumption and management for the year 2007-08 awarded on 5th July, 2009.
3. Green Tech Environment Excellence Award in Gold Category for the year 2009.

The unit, continued to be certified for ISO-9001, ISO-14001 and ISO18001 under Integrated Management System.

2.1.2.2 Trombay Unit:

The Trombay Unit produced 3.07 lakh MT of Urea, 4.90 lakh MT of Suphala 15:15:15 and 0.17 lakh MT of ANP during the year under report compared to 4.71 lakh MT of Suphala 15:15:15 produced during the previous year. During the year company started receiving gas from KG Basin from April /May 2009. Government of India also declared a special dispensation for the Trombay Urea plant under the NPS III. As a result of this, your company could restart its Urea plant at Trombay after a gap of 6 years and it is very gratifying to note that the plant after initial problems has stabilized and running very efficiently.

ANP plant also started its operation and produced 17070 MT. The unit achieved an overall capacity utilization of 82.14 % compared to 47.53% during the previous year. In terms of Nutrient values, the unit produced 2.18 lakh MT of N during the year (previous year 0.71 lakh

MT), and produced 0.77 lakh MT P₂O₅ (previous year 0.71 lakh MT) and 0.74 lakh MT K₂O (previous year 0.71 lakh MT).

The unit was bestowed with GREENTECH environment excellence award for “Environment Excellence In Fertilizer Sector” for the year 2008-09.

2.1.3 Industrial Products:

Your Company is one of the prime chemicals manufacturers in the country producing several Industrial Chemicals at its two units. During the year, your Company produced 1.19 lakh MT of various major Industrial Chemical products compared to 1.30 lakh MT during the previous year. Your Company produces, amongst others, Methanol, Methylamines and derivatives, Ammonium Nitrate, Sodium Nitrate/ Nitrite, Ammonium Bi-Carbonate, Formic Acid etc.

2.2.0 MARKETING PERFORMANCE:

2.2.1 Fertilizer Division:

Your Company achieved sales volume of 40.73 lakh MT during 2009-10 as compared to 48.33 lakh MT in the previous year. Your Company sold 28.62 lakh MT of Urea, 4.87 lakh MT of Suphala 15:15:15, and 0.16 lakh MT of Suphala 20:20 and 7.08 lakh MT of other bought out products such as DAP, MOP, etc. compared to 36.64 lakh MT of Urea, 5.03 lakh MT of Suphala 15:15:15, and 6.66 lakh MT of other bought out products respectively during the previous year. Your Company achieved highest sales in Biofertilizers (Biola), Micronutrients (Microla) and 100% water soluble fertilizer (Sujala), all produced by your Company. The total sale of manufactured fertilizers during 2009-10 was 25.99 lakh MT as against 25.17 lakh MT in 2008-09 registering a nominal increase of 3%. The total sales value of manufactured fertilizers during the period 2009-10 was Rs.1267.71 crore compared to Rs.1231.98 crore in the previous year.

The total sale during the year was lower by 7.60 lakh MT, i.e. 36% mainly due to lower imports of urea by the Government of India. This was partly off-set by higher sales of Own-manufactured products. The total sales value of bought out fertilizers during the period 2009-10 was lower at Rs.780.19 crore compared to the previous year figure of Rs.1129.05 crore.

The Marketing division of your Company received the FAI's prestigious “Excellence in Crop productivity improvement” for having achieved 50% increase in yield of Wheat at Narullaganj, Sehore, Madhya Pradesh.



2.2.2 Industrial Products Division:

Despite various constraints due to global recession during the second half of the financial year, Industrial Products Division achieved turnover of Rs. 717.28 Crore as against the sales turnover of Rs. 783.95 Crore during the previous year. Ammonium Nitrate (Melt), Methanol, Methylamines and conc. Nitric Acid contributed significantly to the turnover.

2.2.3 Exports :

During the year under report, your Company exported 1220 MT of Suphala 15:15:15 worth Rs 2.58 crore. Considering the products line of your Company, scope for exporting and earning foreign exchange is very limited.

2.2.4 FUTURE PLANS OF FERTILIZER MARKETING:

Your Company has plans to increase the sales of all fertilizers about 55 lakh MT in 2010-11. Your Company is also exploring the possibility of increasing its presence in SSP market to increase turnover and profitability. Your Company also intends to import and market complex fertilizers and develop customised/ fortified fertilizers like Boronated Suphala and Zincated urea, opportunity provided in Nutrient based subsidy.

2.3.0 The Fertilizer Industry:

Government of India has introduced a Nutrient Based Subsidy (NBS) in place of product wise subsidy effective from 1.4.2010. NBS implies that subsidy amount payable to the Company will be fixed annually for each nutrient of the products sold based on the nutrient content. The nutrient based subsidy so decided would be converted into subsidy per tonne for each subsidized fertilizer. In the initial phase only DAP, MOP, MAP, TSP, 12 grades of complex fertilizers, Ammonium Sulphate (Caprolactum Grade) and SSP are proposed to be covered. Urea is not part of NBS now. Any variant of these fertilizers with secondary and micro-nutrients as provided under FCO would also be eligible for subsidy.

The other major features of NBS are as follows:

The distribution and movement of these fertilizers would continue to be monitored through Fertilizer Monitoring System (FMS) like at present 20% of these fertilizers produced would be under movement control under the Essential Commodities Act 1955. The imports of these fertilizers are placed under OGL and subsidy would be admissible on all products as mentioned above except Ammonium Sulphate. Rail freight would be reimbursed on actuals whereas the primary road freight would be restricted to equivalent rail freight. Secondary road freight is not proposed to be reimbursed as a sum of Rs. 300

per MT is already built into the NBS. The NBS would be initially paid through the industry.

Your Company Welcomes the move which is a step in the direction of decontrol. As per the scheme, a unit is aware before hand of its concession even before the year commences and will enable the unit to draw-up its production strategy. The Companies can negotiate with the suppliers of raw materials for better prices by offering long term contracts and by bringing P&K fertilizers under Open General Licence (OGL), it is ensured that there would be healthy competition. Your Company can import fertilizers whenever it's cost of production is not viable compared to the realization and thereby maintain its presence in the market. NBS will also encourage units to develop customized fertilizers.

Your Company feels that there is an opportunity in this challenge.

2.4.0 Strength and Weakness:

2.4.1 Strengths:

Your Company's strength lies in its skilled manpower, high Brand Equity for the Products manufactured such as Ujjwala, Suphala, Microla, Biola, and Sujala. The wide spread marketing network ensures that your company reaches the products to all parts of the country. The Farmer's Training Institute and R&D Centre ensure that quality services are provided to the farmers/ dealers by educating them and providing inputs for better crop realisation. Your Company has a wide portfolio of chemical products and can withstand difficult economic situations by adopting optimal mix of production. The well maintained plants and equipment ensure uninterrupted production and distribution of goods.

2.4.2 Weaknesses:

The Plants have been in operation for a very long time, some of them since 1965 by carrying out regular upkeep, maintenance and up-gradation. The complex fertilizers are based on imported raw materials which can face severe volatility in raw material prices and foreign currency exchange rate affecting the profitability of the company.

2.4.3 Opportunities:

Due to your company's good reputation, several opportunities exist for Collaborations / Diversification in manufacturing, mining and marketing of varieties of products. The increased availability of feed stock gas would permit for undertaking major expansion at Thal. Alternate feedstock like Coal gasification gives an opportunity for undertaking Fertilizer Projects in other parts of the country. CDM activities enable realization of Carbon Credits (CER). Experienced & Skilled Manpower



of your company has been in demand for rendering O&M service in India and abroad.

2.4.4 Threats:

Manufacturing and marketing of Fertilizers is the core business of your company. Agro-climatic conditions have a large effect on the performance of your company. The chemicals business is highly susceptible to cut throat global market competition.

The bringing of P&K fertilizers under the OGL may lead to greater imports. This is a real threat since your Company is totally dependent on imports for its "K" requirements and about 90% of its "P" requirement. In case if the gas prices in the country are revised upwards such escalation needs to be borne by the company itself. The foreign raw material suppliers may benchmark their prices on the NBS rates. The other cost provided in the landed price of Urea, DAP and MOP have been retained at 2005-06 level. This may prove to be inadequate in the long run.

2.5.0 Risk Management:

Your Company has put in place Risk Management System with the objective of having a balanced approach towards business plan and to mitigate the associated risks through better management practices, resulting in greater degree of confidence amongst various stakeholders and adhering to good Corporate Governance practice. Risks associated with operations, Environment, finance, Human Resource, legal, Information security etc and the degree of impact financially, its likely effect on the assets, facilities and third parties are assessed regularly. In order to mitigate losses arising out of perceived risks, the procedures being adopted to contain the risks, as also the practices adopted during emergencies, including the communication system and mode of disseminating information are periodically reviewed and updated to minimise the impact on your Company.

The profitability is susceptible to the input costs of major raw materials, such as Rock Phosphate, Sulphur, DAP, MOP, MAP etc. and hence has been developing alternate source of raw materials to reduce the risk of dependency and to safeguard against major breakdown at the data centre, if any, your Company has installed another server at a separate site, which replicates the data on production server and can be available to ERP users.

2.6.0 MAJOR EXPANSION AND DIVERSIFICATIONS:

Your Company has taken up several projects of importance to improve energy efficiency, increase production and reduce cost. The projects are constantly reviewed and monitored to ensure timely completion. Projects which have been implemented, being implemented and under active consideration are listed below:

2.6.1. On going Projects.

The following projects are in progress/completed during the year:

2.6.1.1. Re-vamp of Methanol Plant:

Phase-I Methanol plant has been revamped to achieve a production of 220 MTPD from the existing 172 MTPD and to reduce energy consumption from 9.094 to 7.9632 MKCal/MT. The project has been completed at a cost of Rs 117.04 crore and is giving desired result. The phase-II of the re-vamp is scheduled to complete by end of second quarter of this year. The production after re-vamp phase-II would be 240 MTPD.

2.6.1.2. Rapidwall Plant:

This Project has been set up at an estimated cost of Rs 75 crore for utilizing phospho-gypsum produced as by-product in Trombay for manufacturing. environmental friendly, load-bearing, low cost pre-Fabricated and glass-fibre reinforced building walls and other products with wide construction applications. M/s. Rapidwall Building Systems Pty. Ltd. Australia has supplied technology for setting up manufacturing facility at Trombay. The plant will produce 1.40 million Sq meters of wall panels, 40,000 MT of wall plaster and 6,000 MT of wall putty. Trial runs have been carried out and about 400 wall panels have been manufactured which are being tested/certified for its quality/acceptance/positioning in the market. The process is expected to stabilise and full scale production is likely to start during first half of financial year 2010-11.

2.6.1.3. Ammonium Nitro Phosphate Granulation Project-Trombay

Your company has installed a Ammonium Nitrophosphate granulation plant of 900 MT per day capacity by using the slurry prepared in the wet section (Front end). The plant has been commissioned at a cost of Rs.75.08 crore to manufacture complex fertilizer Suphala 20:20. It is also proposed to revamp wet part section to improve nutrient and energy efficiency.

2.6.1.4. De-bottlenecking of Thal Plants:

Your Company has envisaged de-bottlenecking of Thal Ammonia Plant and Urea Plants in order to produce 2 X 1750 MTPD of ammonia and 3 X 2030 MTPD of urea. The estimated cost for the scheme is Rs.488.75 crore. Project work has been started and is likely to be commissioned in March 2011. On commissioning, the capacity of Urea plant is likely to go upto 20 lakh MT per annum, apart from being more energy efficient.

2.6.2 New Projects :

2.6.2.1. Additional Ammonia Urea Project:

Considering the growing demand of nitrogenous fertilizers, a proposal for setting up an additional ammonia



urea complex at Thal is under the consideration of the Department of Fertilizers (DOF). The Project comprises setting up 1 x 2200 MTPD ammonia plant and 1 x 3500 MTPD Urea plant along with power generation, offsite, utilities and product handling facilities.

Draft techno-economic feasibility report (TEFR) has been prepared by PDIL. Further, pre-project activities are in hand. The estimated cost of the project is Rs. 4400 crore.

2.6.2.2 Other Major Projects

Your Company has taken up CDM Nitric Acid Project for implementation and has registered the project with UNFCCC, the registering authority for CDM projects.

Your Company is also working on several projects to add new products, augment production, increase efficiencies, reduce environment emissions and reduce cost. Some of the projects conceived are Coal based chemicals, Port based logistic system etc.

Your Company has been actively pursuing an opportunity to set up Joint Venture Companies in some Countries with abundance of raw materials like rock phosphate, phosphoric acid, ammonia etc.

A coal gasification based Fertilizer project is proposed at Talcher in Orissa wherein a consortium of GAIL, Coal India Ltd and your company would execute the project. The project is in a preliminary stage of development.

2.7 Subsidiary and other Joint Venture Companies:

2.7.1 Rajasthan Rashtriya Chemicals & Fertilizers Ltd, Jaipur

The Joint Venture Company incorporated to undertake the project for manufacturing 850 MTPD of DAP has not been functional as the partners are yet to take decision on investment in the project.

2.7.2 FACT-RCF Building Products Ltd., Kochi

Your Company has formed a Joint Venture Company with Fertilizers and Chemicals Travancore Limited (FACT) by incorporating FACT-RCF Building Products Ltd to set up a Rapidwall project at Kochi. Both RCF and FACT have 50:50 equity holding in the Company. The plant will use gypsum available with FACT to produce load bearing wall panels, wall plaster and wall putty through Rapidwall technology. The project is actively progressing. Civil jobs are in the final stages and mechanical erection of the plant is in advanced stage. The plant is expected to be commissioned in the first half of the current financial year.

2.7.3 Urvarak Videsh Limited

The JV Company is exploring the possibility of revival of old unit of HFCL at Barauni and has engaged PDIL for consultancy work for EIA and technology selection.

The JV Company would decide further course of action based on feasibility of the project. The Company has been incorporated with an authorised capital of Rs 5 crore and has a paid up capital of Rs15 lakh of which your Company's contribution is Rs 5 lakh.

2.7.4 RCF HM Construction Solutions Pvt Ltd.

Your Company has incorporated a 50:50 Joint Venture Company with First Future Properties Pvt. Ltd for marketing the Rapidwall products with an authorised capital of Rs 5 crore and paid up capital of Rs 10 lakh which will be suitably increased as per business requirement. The Company has started the initial activity of seeding the market with the Rapidwall products manufactured by your Company.

2.7.5 Consolidated Statement

Consolidated financial statement of your company with subsidiary company and other Joint venture companies and statement under section 212 in respect of the subsidiary company are attached to the accounts.

2.8.0. RESEARCH AND DEVELOPMENT:

Your Company has taken up several Research and Development projects, some of which taken up for commercial scale design and engineering, are as under:

2.8.1 Study to recover Process water from present R.O. reject water in Sewage Treatment Plant. (STP)

R&D has installed Bench scale unit in STP to study the recovery of process water from R.O. reject water. Around 7000m³/day of R.O. reject water is being generated, majority of it is being discharged to the creek.

Experimental results indicates that it is possible to recover approx. 50% of the R.O. reject water as Process water.

The scheme is under consideration for implementation.

2.8.2 Development of Boronated Suphala, Fortified Grade (15:15:15: 0.2):

Studies have been conducted at Lab scale for Value addition to Complex fertilizer Suphala 15:15:15 by using micronutrient Boron to the extent of 0.15- 0.20 %. The study involves laboratory preparation of Suphala 15:15:15 with addition of different Boron sources. Addition of Boron to Suphala will facilitate easy and uniform application of micronutrient Boron along with NPK. Most of the Indian soils lack micronutrient Boron.

2.8.3 Production of 100 % Water soluble Mono Ammonium Phosphate: (10 MTPD)

A technology demonstration pilot plant is being set up by in the phosphoric acid plant to produce 100 % Water soluble Mono Ammonium phosphate from fertilizer grade phosphoric acid, at a cost of Rs 12 crore. The MAP produced will be used as raw material in production of Sujala 19:19:19.



2.9.0 CONSERVATION OF ENERGY:

Your Company undertook several steps for conserving energy. These include several modifications in the plants which have resulted in significant reduction in the energy consumption. Some of the measures undertaken are as follows:

In Thal unit several measures undertaken such as Replacement of Synthesis gas compressor turbine rotor has enabled saving 18.47 MT/Hr HP Steam corresponding to 0.11 MKcal/MT of Ammonia. Zirconium coating of primary Reformer line II and Super heater II furnaces, re-routing of off-gas generated in urea plant to steam generation plant as fuel, providing sparger to recover ammonia loss through vent stack, replacement of conventional spacer in cooling water tower fan with light weight carbon composite fibre spacer, are some of the measures under taken in Thal unit which resulted in considerable saving in energy. In Trombay unit also several such measures as: provision of capacitor banks on 11 KV system fed from Ammonia-I, high capacity C.W pump for Methyl Ammine Plant, installation of new surface condenser for Ammonium Nitrate in ANP plant, replacing 3 no. of 37 KW motors with energy efficient motors in Water Treatment Plant and several other measures resulted in energy saving.

The particulars with regard to Conservation of Energy, Technology Absorption, Foreign Exchange outgo as required under Section 217 (i) (e) of the Companies Act, 1956 are enclosed as Annexure I.

3.0.0 HEALTH, SAFETY, ENVIRONMENT MANAGEMENT AND POLLUTION CONTROL:

Your Company has strong Health, Safety and Environmental policies. The policies ensure that the plants are operated with utmost care and no hazards or mishaps take place and are carried out complying with applicable Laws and Rules. Your Company is going beyond satisfying all stipulated requirements laid down by the statutory authorities for environment management and pollution control. The Environment Management Systems at both the units have been re certified under ISO14001. Internal Audits and management reviews are undertaken regularly to identify if any improvements are required to be undertaken. Measures taken to conserve water have yielded not only in savings but also have further improved the environmental management. The state of art Effluent Treatment plants and the Sewage Treatment plants at Trombay have ensured that the environment in and around the Units is fully protected. Various schemes are implanted to reduce wastages of the scarce natural resources. The waste streams from the plants are recycled/ reused for useful purpose. Sludge generated in Effluent Treatment Plant, Sulphur Sludge Generated in Sulphuric

Acid plant, waste streams of effluents from complex fertilizer plants are recycled back in the processes. The integrated Effluent Treatment Plant ensures that whatever effluent is discharged from the factory meets the statutory requirements laid down by the Pollution Control Board.

4.0.0 PRINCIPLES OF GLOBAL COMPACT :

Your Company is a member of United Nations Global Compact and fully supports the Ten Principles in the areas of human rights, labour and environment which are derived from the earlier declarations by United Nations, ILO and other international organisations. Your Company has posted a detailed write-up on its website www.rcfltd.com in this respect.

5.0.0 CSR Activities:

5.1.1 Recognising the responsibilities to the Society, your company undertakes several activities directly and indirectly helping the community in bettering the life and environs in which they live. Some of the activities undertaken are as follows:

5.1.2 Chembur Green Project:

Launched to establish greenery in the eastern suburb, over a period of 29 years, your company has grown and brought back the green forestry amidst concrete jungle. The development of traffic islands, kitchen gardens, exhibitions, Rose shows and other activities in schools and colleges have increased the environment consciousness among the citizens. Your Company continues distribution of free saplings and rendering advice to various co-op. societies and also to individuals. Your Company also introduced organic manure from urban waste in the year so as to protect environmental degradation of soil.

5.1.3 Advise on Soil nutrients:

Your Company continued to give special importance to Soil diagnostics as a means of advising farmers about use of proper dosage of fertilizers in order to optimize soil productivity. Over 70,000 soil samples were analyzed and recommendations given through the five static and five mobile soil testing laboratories. Soil samples are also collected through using the facilities of ITC's e-choupal. Micronutrient analysis of soil had also been undertaken where sought- around 1500 samples were analyzed during the year.

5.1.4 Farmers' Education:

Your Company's Marketing Strategy includes the fertilizer promotion, farmers' education and rural development programmes. Its aim is to increase productivity through intensive and integrated extension activities in the field of Agriculture, recommending balanced use of fertilizers and simultaneously to extend the services as promoter, activator and organiser of various socio- economic and



educational activities to improve the quality of life of various rural masses particularly small, marginal and SC/ST families.

5.1.5 Practical training to Agricultural students:

Your Company initiated a novel programme called “Earn-while-you-learn” to impart practical training to students from agricultural colleges and enable them to earn during their graduation. This was implemented successfully in Maharashtra particularly while promoting the use of solid soluble fertilizers.

5.1.6 Farm practices:

Your Company continues to have grass root contract with farmers, disseminate knowledge of proper farm practices to enhance their farm income. In this regard, your Company undertook crop specific development programs depending on the State/area. Your Company has established several Farmers’ Services Centres for providing services such as soil sample collection, arranging farmers meeting, film shows, and exhibitions and for providing general guidance in the fields of farming. Several farmers’ / dealers’ training programmes were conducted during the year at the Company’s two Farmers Training Institutes.

5.1.7 Dealers’ training

More than 1600 dealers/farmers were trained during the year. Your Company has 2 well equipped Farmer Training Institutes at Thal and Nagpur where programmes are conducted year round for the benefit of farmers/dealers. Faculty is drawn from within the Company and also from agricultural universities, State/Central Government institutions. Special hi-tech programmes were also organized in collaboration with Agro-Won.

5.1.8 Other activities:

Your Company undertakes several activities related to the weaker section of society, which are enumerated separately in para 6.2.2. Company’s publicity programme focuses on bringing your Company’s theme message to the masses in easily understandable manner and also for enhancing brand image. Press, TV and Radio were extensively used to spread your Company’s messages to its customers. Your Company has also undertaken field publicity like wall paintings; Village Indication Boards etc. were extensively used. Calendars in different regional languages were published, which had wide appeal to the customers. Your Company also participated in different State level exhibitions during the year. Literature and posters, appropriate to the themes, were distributed at different Krishimelas/crop seminars organised by your Company.

6.0.0 HUMAN RESOURCES:

6.1.0 Training and Development:

Human Resource Development has always been the corner stone of your company and this year’s activities have also been special and focussed.

Exclusive Training & Development initiatives were successfully carried out to enhance General Management Skills of the employees in Marketing, Finance, Commercial and Health Services Disciplines. Besides this comprehensive Safety Management Programmes were carried out for officers in Technical Disciplines.

Activities were also focused on strengthening and effective implementation of Quality Management Systems, Environment Management Systems, Occupational Health & Safety Systems and 5-S systems.

Over 300 Training & Development programmes were conducted in-house for the employees of your company at various levels.

The Training department contributed to the development of other Organisations by accepting special assignments to train employees/students of industrial and academic institutions. HRD has been contributing in selection and grooming of young talents, imparting domain knowledge, developing skills and mind set towards achieving professional excellence.

6.2.0 Industrial Relations:

Your company maintained cordial Industrial Relations with all its employees. All the issues are settled through regular discussions, meetings and dialogues with the employees. Your company has 4334 employees comprising of 1589 officers and 2745 workmen as on 31st March, 2010 compared to 4278 employees (1563 officers and 2715 workmen) as on the corresponding date of the previous year. The increase in the strength is essentially on account of recruitment in Technical areas during the year.

6.2.1. Welfare and Sports

Your company undertakes several welfare schemes like education, medical, transport, housing etc., according to the needs of the employees. In regards to sports, your company is a prominent patron and sponsored various sports events. Your company’s Football, Cricket, Hockey, Kabbaddi and other teams continue to show excellent performance at District, State and National levels and have brought laurels to your company by winning several prizes.

6.2.2. Welfare / Employment opportunity to weaker section:

The guidelines in respect of reservation in recruitment and



promotion of SC/ST, OBC, Ex-servicemen and Persons with Disabilities are followed by your company. Your company has 605 Scheduled Caste (SC), 263 Scheduled Tribe (ST) and 324 OBC employees on its rolls.

During the year your Company has recruited 177 persons on regular employment. 9 Management Trainees and 56 Operator Trainees were also recruited. Due representation to SC/ST/OBC was given in recruitments.

Your Company is committed to the welfare of the backward classes in general and SC/ST employees in particular. Regular meetings are held with SC/ST Employees Welfare Association to address grievances, if any, and providing guidance for development.

Medical Camp is organized every year at Chaitya Bhoomi, Dadar on 6th December, on the occasion of 'Mahaparinirvan Day'. Financial assistance for making arrangement for medical camp and for medicines along with the vehicles and Doctors was made available by your Company.

Your Company provides financial assistance every year to Dr Babasaheb Ambedkar Samaj Kalyan Mandal for celebration of Dr. Babasaheb Ambedkar Jayanti. The same was provided this year also.

Your Company's Thal Unit provides various amenities like water, road for the nearby villages e.g. Thal, Navgaon, Boris, Gunjis etc. where the majority of the population belongs to the SC/ST categories. The facility continued during the year. Scholarships were given to meritorious students of SC/ST community in the nearby village of Thal.

The following activities were also taken up by your company:-

- a) Training programmes were conducted for farmers at Company's Institute at Nagpur and Thal. Large number of SC/ST farmers have undergone training in these programmes.
- b) Your Company's Marketing Department also gives special consideration in enrolment of dealers belonging to SC/ST category. A large number of dealers belonging to SC/ST have already been appointed.

7.0.0 PARTICULARS OF EMPLOYEES:

List of employees of your Company who received remuneration in excess of reportable amount as laid down under section 217[2] [A] of the Companies Act is attached as Annexure to this Report.

8.0.0 OFFICIAL LANGUAGE POLICY:

Your Company has fully endeavored to implement the provisions of Official Language Act 1963 and the policy of the Government. Publicity material and literature for employees and farmers is made available in Hindi and

other regional languages.

Your Company was awarded the First prize for the year 2009-10 by Mumbai Town Official Language implementation Committee for excellence in implementation of Official Language Policy. Your Company's House Magazine, "Darpan" was also awarded first Prize in House Magazine competition organised by Mumbai Town Official Language implementation Committee for the year 2009-10. Your Company carried out a special drive for training in Hindi Stenography, wherein Sr. Officers of Rajbhasha Vibhag were invited for guidance and training. During the year, 7 employees passed the Hindi Stenography examination. Senior officers of Ministry of Home Affairs, connected with implementation of Hindi Language Policy visited your Company and appreciated the efforts taken in the regard.

9.0.0 INTERNAL CONTROL SYSTEM:

Your Company has a well defined Internal Control System i.e. adequate and commensurate with the size and nature of its business comprising of an in-house Audit Department, which conducts internal audit of various operational and financial matters on on-going basis. Internal Audit group consists of adequate number of financial and technical personnel. The present internal Audit system is commensurate with the size and the nature of business. However, your Company desires to extend the coverage at Corporate Office to certain new areas, including on the aspect of deduction and payment of Income Tax. The recommendation and observations of the Internal Audit Department are reviewed regularly by the Audit Committee constituted by the Board of Directors. The performance of the corporation is regularly monitored by the Board of Directors.

Your Company has an effective budgetary control mechanism in place to take care of the detailed capex and operational budget. Appropriate monitoring mechanism to compare the actual performance with the budget ensures that necessary review is periodically undertaken.

10.0.0 COST AUDIT

As per the Government's directive, your Company's Cost Records in respect of manufacture of Fertilizers and Sulphuric Acid for the year ended 31st March, 2010 are being audited by the Cost Auditors by Rohit Vora & Co. and C.R. Musib & Associates.

11.0.0 DIRECTORS' RESPONSIBILITY STATEMENT:

The Companies Act, 1956 requires the Board of Directors of your Company to prepare accounts for each financial year giving a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.



The Directors state that:

- i] in preparing the annual accounts, the applicable accounting standards have been followed.
- ii] the accounting policies adopted have been consistently applied and wherever necessary, made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of the Company for the year.
- iii] proper and sufficient care has been taken for maintaining adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- iv] the annual accounts have been prepared on going concern basis.

12.0.0 CORPORATE GOVERNANCE:

As per Clause 49 of the listing Agreement with the Stock Exchanges, a separate section on Corporate Governance along with a certificate of Compliance is annexed and forms part of this report.

13.0.0 CAUTIONARY STATEMENT :

Statements in the Management Discussion and Analysis describing your Company's objectives, projections, estimates and expectations may be 'forward looking statements' and actual results may or may not be in accordance therewith. Your Company's performance is dependent on several external factors such as downtrend in the agriculture, below/normal monsoon, significant changes in economic environment, Government Policies etc which could adversely affect the operations of your Company.

14.0.0 DIRECTORS:

Government of India appointed Dr. V. Rajagopalan, Additional Secretary & Financial Advisor, Department of Fertilizers, Ministry of Chemicals and Fertilizers as additional Director in place of Shri Mathew C. Kunnumkal w.e.f. 03.05.2010. The term of office of Prof. Ashok Misra, Shri I. C. Srivastava and Shri Anil Agrawal, Independent Directors has also concluded on 06.05.2010, and Government is yet to nominate Directors in their place. The contribution of all the four Directors to your Company have been immense. Their guidance, suggestions and advices has greatly benefited the Company. Your Directors place on record their appreciation of the contribution of the Directors to your Company. Notice under section

257 of the Companies Act has been received proposing the candidature of Shri V.Rajagopalan as Director of the Company.

As per Section 256 of the Companies Act, Shri Deepak Singhal and Shri Gautam Sen Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

15.0.0 AUDITORS:

The Comptroller and Auditor General of India (CAG) has appointed, M/S JCR & Company and M/s G D Apte & Co., as Joint Statutory Auditors of your Company for the Financial Year 2009-10. The Auditors would be retiring at the conclusion of the Thirty second Annual General Meeting.

The Statutory Auditors for the Financial Year 2010-11 will be appointed by the CAG. However, their remuneration is to be fixed at the AGM by the members.

16.0.0 ACKNOWLEDGMENT:

Your Directors wish to gratefully acknowledge the valuable guidance and continued support extended by the Government of India and in particular, the Department of Fertilizers and the Office of Fertilizer Industry Co-ordination Committee (FICC), Railways etc.

The Board also wishes to acknowledge with sincere gratitude, the help and unstinted support from the State Governments, MSEB, MIDC, various media, Municipal authorities, Director-Industrial Health and Safety, and other Statutory authorities, Maharashtra Pollution Control Board, Bankers to your Company, Financial Institutions, Dealers and Customers.

The Board also wishes to place on record the positive suggestions and guidance provided by the Statutory Auditors, Cost Auditors and the Office of the Principal Director of Commercial Audit.

Last but not the least, your Directors take pleasure in placing on record their deep appreciation of the excellent contribution made by the employees of your Company at all levels, without which your Company would not have achieved such good performance.

Place: Mumbai
Date : 06.05.2010

By order of the Board of Directors
U.S.Jha
Chairman and Managing Director



ANNEXURE I TO THE DIRECTORS' REPORT 2009-10

FORM A

A. PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY

Sr. No.	Power and Fuel Consumption [Unis]	2009-10			2008-09		
		Qty	Rate/unit (Rs)	Amount (Rs Lakh)	Qty	Rate/unit (Rs)	Amount (Rs Lakh)
1	Electricity						
	(i) Purchased (million KWH)	225.38	5.23	11774.04	193.01	6.23	12022.12
	(ii) Own Generation (million KWH)	256.72	2.15	5523.39	233.11	9.67	22540.37
2	Naphtha used (MT) (Feed & Fuel)	40774	26326.53	10734.62	572725	33590.76	192382.60
3	Associated Gas ('000 SM3) (Feed & Fuel)	1987835	6505.00	129300.00	1158679	3305.45	38299.58

B. CONSUMPTION PER UNIT OF PRODUCTION

Sr. No.	Product	2009-10		2008-09	
		Production MT	Power MWH/MT	Production MT	Power MWH/MT
1	Ammonia Trombay I	87856	0.552	6430	1.055
2	Ammonia Trombay V	330235	0.134	280008	0.200
3	Ammonia Thal	1,128,320	0.041	1,096,850	0.049
4	Urea Trombay V	306905	0.065	0	0
5	Urea Thal	1782171	0.051	1903521	0.049
6	Suphala 20:20	17070	0.551	0	0
7	Suphala 15:15:15	490000	0.065	471303	0.144
8	Methanol	44103	0.530	54094	0.483



Form B

Disclosure particulars with respect to Technology absorption, Research & Development:

I Research & Development

- | | |
|--|---|
| 1. Specific areas in which R & D carried out by the Company | Included in item No. 2.8.0 of the Directors' Report |
| 2. Benefits derived as a result of the above R&D | Improvement in the quality of products manufactured by the Company. |
| 3. Future plan of action | Setting up production units for the products developed by R&D. |
| 4. Expenditure on R & D | |
| (a) Capital | Rs. 12.14 lakh |
| (b) Recurring | Rs. 200.80 lakh |
| (c) Total | Rs. 212.94 lakh |
| (d) Total R & D expenditure as a percentage of total turn-over | 0.04% |

II Technology absorption, adaption and innovation

- | | |
|--|--|
| 1. Efforts in brief made towards technology, absorption, adaption and innovation | Included in item No.2.6.0 of the Directors' report |
| 2. Benefits derived as a result of efforts e.g. product improvement, product development, import substitution etc. | Production improvement, Energy savings and optimum use of resources. |
| 3. In case of imported technology imported during the last 5 years reckoned from the beginning of the financial years, following information may be furnished: | |

Sr. No.	Technology Imported	Year of import	Has technology been fully absorbed	If not, area where this has not taken place, reasons thereof and future plan of action/
1	Upgradation of Concentrated Nitric Acid Plant (QVF, U.K)	2005	Yes	Not applicable
2	Ammonia-V Revamp - HRAS	2006	Yes	Not applicable
3	Argon Plant and Thal Air products	2008	Yes	No applicable
4	Wall Panels and other Building materials from Phospho-gypsum (RBS Technology, Australia)	2008	Yes	Not applicable
5	Methanol Plant - HTAS	2009	Yes	Not applicable
6	ANP Granulation - Incro, Spain	2009	Yes	Not applicable

FORM C

FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|---|---|
| 1. Activities relating to exports initiatives taken to increase exports, developments of new export markets for products and services and export plans. | Included in item No.2.2.3 of the Directors' report. |
| 2. Total foreign exchange used | Rs. 1363.74 crore |
| 2. Total foreign exchange earned | Rs. 2.60 crore |



**STATEMENT SHOWING THE EMPLOYEES OF THE COMPANY WHO HAVE RECEIVED
THE REMUNARATION U/S 217-2 (A) OF THE COMPANIES ACT.**

SI No.	Name	Designation	Remune-ration	Nature of Employment	Qualifi-cations	Experience in RCF (in years)	Date of commencement of Employment in RCF incl. training period	Age as on 31.03.2010 (in years)	Last Employment (employment immediate before RCF)
1	Babu Ram	CGM(IPD)	3796109.15	Regular	BSc(Phys), MSc(Phys)	36	15.02.1974	60	Tech Supervisor Gr III, Inspectorate of Armament, Ministry of Defence, Pune
2	Bansh Bahadur Prasad	GM [Tech]Thal	2894391.28	Regular	ME (Elect.)	34	10.12.1975	59	-
3	Bhaskar Ramteke	Dy GM (Complex)	2512502.17	Regular	BE(Mech)	36	15.02.1974	58	-
4	Bhunesh Mathur	ED (Mktg.)	2520497.64	Regular	BE(Mech)	34	11.12.1975	58	Asstt. Foreman, BEAS, Govt of India
5	Gautam Sen	D[F]	2893400.70	Regular	B Com., M. Com, ACA, AICWA	1	14.07.2008	56	Executive Director (Finance), Bharat Earth Movers Ltd.
6	Kasturi Bhatia	CGM [Complex & Acid]	4061550.73	Regular	ME(Mech.)	35	22.10.1974	60	Asstt. Engineer, Hindalco
7	Kiran Phadnis	ED [HR]	2784910.17	Regular	BE(Elect.), PG Dip in IE	34	02.06.1975	59	-
8	Kohareswaran J	D[M]	4654116.65	Regular	B. Com, AICWA, Inter CS	23	16.10.1986	59	Dy Manager (Finance & Accounts), Elcot Commn. Divn.
9	Manoj Priya	D[T]	3112973.16	Regular	BSc Engg. (Mech), MBA(ICPE)	35	21.12.1974	58	Jr Executive Trainee, Coal Mines Authority
10	Markandey Singh	ED(Thal)	3806779.60	Regular	B.Sc Engg. (Chem), MSc Engg.(Chem)	34	14.07.1975	60	-
11	Narendra Kalaspurkar	Dy GM (B&MH)	2453597.07	Regular	B.Tech(Chem), MBA(Materials Management)	34	28.11.1975	59	Engineer, Blok 7 ISEE
12	P M C Nair	ED [Trombay]	2607884.02	Regular	BSc Engg. (Chem)	34	10.12.1975	57	-
13	Prabir Lahiri	ED (IA)	2455871.00	Regular	Bsc, FICWA	30	21.03.1980	58	Accountant, Manganese Ore (India) Ltd.
14	Prakash Desai	GM (A&CC)	3291943.06	Regular	BE (Chem)	34	11.12.1975	58	-
15	Prithpal Bhatia	CGM (Nitrogen)	3808511.00	Regular	BE(Mech)	35	06.12.1974	60	-

**STATEMENT SHOWING THE EMPLOYEES OF THE COMPANY WHO HAVE RECEIVED
THE REMUNARATION U/S 217-2 (A) OF THE COMPANIES ACT.**

SI No.	Name	Designation	Remuneration	Nature of Employment	Qualifications	Experience in RCF (in years)	Date of commencement of Employment in RCF incl. training period	Age as on 31.03.2010 (in years)	Last Employment (employment immediate before RCF)
16	Rajesh Aggarwal	ED (Thal)	2480311.00	Regular	Bsc Engg(Chem)	34	10.12.1975	56	-
17	Rakesh Lal	Dy GM (Project) Tr.	4012527.55	Regular	B. Tech (Chem)	35	12.11.1974	60	Chemical Engg., Jayshree Chemical
18	Ranganath Kulkarni	CGM (Finance)	2441637.00	Regular	B.Com, CA-Final	23	02.11.1986	54	Asst Manager Accounts, The Mysore Kirloskar Ltd., Harihar
19	Ravi Jain	GM (Operations) Thal	2436657.13	Regular	B.Tech (Mech)	30	10.05.1979	54	Asst. Designer Engg. ,Hindalco
20	Ravinder Jain	ED(Trombay)	3367341.21	Regular	B Tech (Chem)	35	26.12.1974	59	OSD, Shriram Chemical Ind.
21	Ravindra Jawale	Dy GM(HWP & Project)Thal	2500335.57	Regular	BE (Mech)	28	07.08.1981	50	-
22	Rudrapatna Nagraj	Dy GM(U)	2445466.54	Regular	BE(Elect)	35	05.12.1974	58	-
23	Sarkar N K	GM [IT]	3906541.05	Regular	BSc Chem Engg., Dip in Business Management	37	09.06.1972	60	-
24	Sudhakar Dekate	Chief Engineer	2514056.44	Regular	BE(Mech)	36	13.02.1974	60	-
25	Sudhir Ganu	CGM (Commercial)	3205695.37	Regular	BE(Elect), Member of IICE	37	10.06.1972	60	-
26	Sudhir Parkhi	CGM(HR) Corp.	2545049.36	Regular	BE (Mech), BGL-A (Gen-Law), DMS	34	22.01.1976	56	-
27	Uday Shankar Jha	CMD	5242745.18	Regular	MSc, IRTS	11	06.03.1999	59	Executive Director, Traffic, Railway Board
28	Vasant Gandhalikar	CGM [Tech] Trombay	2623208.04	Regular	B Chem Engg.	34	11.12.1975	59	Jr Engineer, HPCL
29	Vikas Bhat	CGM (Commercial)	2537582.65	Regular	DME, BE(Mech)	30	15.05.1979	59	Sr. Engineer, M/s. Garlic Eng.
30	Vikramsingh Shekhawat	Dy GM (NE)	2401820.17	Regular	BA, MA (History), NIS (Coaching Dip)	37	07.09.1972	59	-



Note on Corporate Governance

1.1.0 Company's Philosophy.

Your Company believes that to be an effective business entity the organisation has to recognise its responsibilities to the stakeholders and should be guided by the principles of just and efficient governance for mutual benefit. Your company's corporate philosophy imbibes the ideal of this principle and accordingly has endeavoured to carry out all its operations in a transparent and fair manner.

1.1.1 Compliance with Clause 49 of the Listing Agreement:

Your Company being a Public Sector Undertaking, the Directors are appointed/nominated by President of India. The Board, as on 31.03.2010 had 9 [nine] Directors comprising of two non executive official Directors, three independent directors and four Executive Directors. The two non executive directors are non-independent and hence the composition of the Board is not as per the requirement of Cl.49 of the Listing Agreement with the Stock Exchanges. Except for this, the Company has complied with all the requirements of Cl.49 of the Listing Agreement. Your Company has been continuously following up with the Government for appointment of independent directors and it is given to understand that the Government is likely to appoint requisite Independent directors. The independent Directors and the non- executive directors have been on the Board of other Companies and have rich experience in managing the business. The whole-time functional Directors are professionals in their respective fields having rich experience in varied Industries.

2.0.0 Board of Directors:

2.1.0 Composition of the Board:

Board comprises of the following members:

Sl No	Name	Category
1.	Shri U.S.Jha	Whole-time Chairman and Managing Director (Chief Executive Officer)
2.	Dr. V. Rajagopalan, IAS, (From 03.05.2010)	Non-Executive Director – Govt. Nominee.
3.	Shri Deepak Singhal, IAS,	Non-Executive Director – Govt. Nominee.
4.	Shri J.Kohareswaran	Whole-time Director [Marketing]
5.	Shri Gautam Sen	Whole-time Director [Finance]
6.	Shri Manoj Priya	Whole-time Director [Technical]
7	Shri Mathew C.Kunnumkal, IAS, [Up to 3.5.2010]	Non-Executive Director – Govt. Nominee
8	Dr. Ashok Misra (Upto 06.05.2010)	Independent Director
9	Shri I.C.Srivastava (Upto 06.05.2010)	Independent Director
10	Shri Anil Agrawal (Upto 06.05.2010)	Independent Director

2.2.0 Appointment / Reappointment of Directors

2.2.1 Dr. V. Rajagopalan, was nominated by Government as Director in place of Shri Mathew C. Kunnumkal and was appointed as additional Director w.e.f. 3.5.2010. Dr. V. Rajagopalan, is an Indian Administrative Service [IAS] officer and presently Addl. Secretary and Financial Advisor to Government of India, Ministry of Chemicals and Fertilizers, Department of Fertilizers. Dr. V. Rajagopalan, has varied and rich experience not only as an IAS Officer but also being on the Boards of Hindustan Organic Chemicals Limited [HOCL], KRIBHCO, Madras Fertilizers Ltd.

2.2.2 Shri Deepak Singhal and Shri Gautam Sen, Directors retire by rotation and being eligible have offered themselves for reappointment.

2.2.3 Shri Deepak Singhal is from Indian Administrative Service [IAS] and is presently Jt. Secretary to Government of India, Ministry of Chemicals and Fertilizers, Department of Fertilizers. Shri Deepak Singhal has varied and rich experience not only as an IAS officer but also being on the Board of several companies. Presently he is Chairman and Managing Director of HFC and FCI and director on the Boards of KRIBHCO. Shri Deepak Singhal by being on the Board of Companies contributed significantly to the performance of the Companies through his business acumen. Shri Deepak Singhal has travelled abroad extensively on business and is having in-depth experience not only as IAS officer but also in running business.

2.2.4 Shri Gautam Sen, was appointed by the Government as Whole Time Director [Finance] of your Company w.e.f. 14.7.2008. Shri Sen is M. Com., Chartered Accountant and Cost Accountant. Shri Sen has vast experience in Finance and Accounts discipline in private and public sector organisations. Prior to his joining the Company, he was working with M/s Bharat Earth Movers Limited [BEM], Bangalore, as Executive Director [finance]. Before joining BEM, Shri Sen had worked for a period of 12 years with M/s GSFC Limited, Baroda, where he worked as Executive Director [Finance] for the last 3 years.

2.3.0 Board procedure:

2.3.1 As per the policy of your Company, apart from the matters which are required to be statutorily decided by the Board, all other major decisions involving investments and capital expenditure, mobilization of resources, Employee's Compensation etc. and major issues such as monthly performance, progress of projects, Industrial relations, market scenarios, budgets and plans etc are discussed in the meetings as regular agenda items by the Board. All items which are obligatory as per the Corporate Governance code

to be brought in the Board meetings are regularly discussed. Detailed agenda notes are circulated generally about a week in advance of the Board meetings. During the year under review, 8 [eight] meetings were held by the Board viz.

on 15.4.09, 16.6.09, 27.7.09, 8.9.09, 30.10.09, 27.11.09, 29.1.10 and 9.3.10. The number of meetings attended by the Directors during the year are as under:

Name of Directors	Number of meetings held	Number of meetings attended.	Whether attended last AGM	Directorship in other companies		Membership in Board's Committees (including this Company)	
				As Chairman	As Member	As Chairman	As Member
Shri U.S.Jha (Executive)	8	8	Yes	3	2	1	-
Shri Mathew C. Kunnumkal (Non Executive)	8	6	No	-	5	-	-
Shri Deepak Singhal (Non Executive)	8	7	No	2	2	1	-
Dr. Ashok Misra (Independent Director)	8	3	Yes	-	1	1	0
Shri Anil Agrawal (Independent Director)	8	8	Yes	-	1	1	3
Shri I.C. Srivastava, (Independent Director)	8	8	Yes	-	-	2	1
Shri J.Kohareswaran, (Executive)	8	8	Yes	-	2	-	2
Shri Gautam Sen (Executive)	8	8	Yes	-	1	-	3
Shri Manoj Priya (Executive)	8	7	Yes	-	1		3

2.3.2 The Board has constituted the following Committees to take decisions, review policies and systematise management process.

[i] Audit Committee:

The Audit Committee comprise of Shri I.C.Srivastava (independent director) as Chairman, Shri Anil Agrawal (Independent Director) and Shri Manoj Priya, Director (Technical) as Members and Company Secretary as the Secretary of the Committee. Director (Finance), Director (Marketing), Chief Vigilance Officer and Executive Director (Internal Audit) are permanent invitees. The Statutory Auditors (after being appointed by CAG) and Cost Auditors are also invited for the meetings. Other Senior Executives are invited as and when required. The terms of reference to the Committee is in accordance with the requirement of Clause 49 of the Listing Agreement and include inter-alia, (i) overseeing of the Company's financial reporting process and disclosure of information (ii) recommending the remuneration of Statutory Auditors (iii) reviewing with management, external Auditors and

Internal Auditors of the adequacy of internal control systems, compliance with accounting standards, guidelines and statutes (iv) reviewing the financial statements and performance of the Company. The Committee is entrusted with power to seek information from any employee, to investigate, with the assistance of Internal Auditors, any activities/ functions and to seek any external assistance if required.

During the year 2009-10, the Committee reviewed the audits conducted by Internal Audit Department gave directions and sought further investigations and examinations wherever necessary. The Committee also reviewed the financial statements before submitting to the Board and gave importance to the internal Control Systems. All the recommendations of the Audit Committee were accepted and implemented.

During the year, 6 meetings of the Audit Committee were held on 25.4.09, 15.06.09, 27.07.09, 29.10.09, 22.12.09 and 29.01.10 and the attendance was as under:



Name of Director	Number of meetings held	Number of meetings attended.
Shri I.C.Srivastava (Chairman)	6	6
Shri Anil Agrawal	6	6
Shri Manoj Priya	6	6

[ii] Share holders' Grievance Committee:

The shareholders' grievance committee comprises of Shri Anil Agarwal as Chairman, Shri I.C.Srivastava, Shri J.Kohareswaran, Director (Marketing) and Shri Gautam Sen, Director (Finance) as members and Company Secretary as Secretary. The Compliance Officer of the Company is Shri K.C. Prakash, Company Secretary. The committee met on 27.7.09, 25.9.09 and 8.3.10 when all the members were present. There have been no serious complaints made by any shareholder, during the year. A few routine letters received in connection with non-receipt of share certificates, dividend warrants have been attended to promptly and no complaint is pending with your Company. During the year 37 complaints were received and all have been attended to. Regular reports have been sent to SEBI and Stock Exchanges in this respect.

[iii] Share Transfer Committee:

The Share Transfer Committee comprises of Shri U.S.Jha, CMD and Shri K.C.Prakash, Company Secretary as the member. This committee regularly met to effect the transfer of shares, and there are no pending cases for transfer.

[iv] Remuneration Committee:

While your Company is a Public Sector Undertaking and its remuneration policies need to be and are in accordance with the directions and guidelines issued by the Government of India from time to time, Board has constituted a Remuneration Committee as required by the Government directive No.2[70]08-DPE[WC]-66-VI/08 dated 26.11.2008 for deciding/ making Payment of Performance Related Pay, consisting of Shri I.C. Srivastava, Chairman and Shri J. Kohareswaran and Shri Gautam Sen as Members. During the year 2009-10, the committee had 5 meetings, viz. on 9.9.09, 25.09.09, 6.10.09, 17.11.09 and 13.01.10 when all the members attended the meetings.

[v] Board's Management Committee:

The Board has constituted a Management Committee

consisting of Prof. Ashok Misra as Chairman, Shri Anil Agrawal, Shri J.Kohareswaran, Shri Gautam Sen and Shri Manoj Priya as members. The committee has been entrusted with taking decisions regularly of the operations of your Company's business including that of issuing of Contracts and placement of orders. During the year, the committee had 20 meetings and the attendance has been as under:

Name of Director	Number of meetings held	Number of meetings attended.
Dr. Ashok Misra	20	4
Shri Anil Agrawal	20	20
Shri J.Kohareswaran	20	17
Shri Gautam Sen	20	19
Shri Manoj Priya	20	20

[vi] Project Review Committee:

Project Investment Committee has been renamed as Project Review Committee. Board has constituted the Project Review Committee comprising of Shri Deepak Singhal, Chairman and Shri Anil Agrawal and Shri Manoj Priya, Director [Tech] as members to study all the ongoing as well as the future projects and to advise the Board, from time to time. There was no meeting of this committee during the year.

2.3.3. Remuneration / Sitting fee :

Functional (Executive) Directors are appointed by President of India in accordance with Article 81(1) of the Articles of Association of your Company and their remuneration and other terms and conditions are governed by the terms of appointment as decided by the Government. While the Chairman and Managing Director is appointed in Schedule 'A' scale i.e. Rs.80,000-1,25,000/-, the other functional Directors are in Schedule 'B' Scale i.e. Rs. 75,000-1,00,000/-. All the other terms and conditions of appointment such as accommodation, provision of car etc are same for all and are specified in their respective appointment orders and any other terms not specified in the said order are in accordance with the rules applicable to the employees of your Company. Remuneration paid to the Directors during the year is as under:

Amount Rupees

Name	Salary	PF contribution	Medical expenses	Leave encashment / LTC	Gratuity	Total
Shri U.S.Jha	4863594	379151	0	0	0	5242745
Shri J.Kohareswaran	4183835	382691	0	87590	0	4654116
Shri Gautam Sen	2608036	285365	0	0	0	2893401
Shri Manoj Priya	2835032	2779941	0	0	0	3112973

The non-Executive independent directors are not paid any remuneration. They are paid sitting fee for attending the Board Meetings/ Committee meetings as decided and approved by the Board.

The non-executive government Directors are not paid any sitting fee for attending the meetings.

During the year 2009-10, the sitting fee paid to the Directors was as under:

Sl. No.	Name of the Directors	Amount (Rs.)		
		Board meetings	Committee meetings.	Total
1.	Shri I. C. Srivastava	80000	160000	240000
2.	Shri Anil Agrawal	80000	290000	370000
3.	Prof. Ashok Misra	30000	30000	60000

3.0 Code of Conduct for Directors and Senior Management Personnel:

All Directors and Senior Management Personnel have complied with the code and the compliance of the same has been affirmed by them. A declaration signed by Chairman and Managing Director is given below:

This is to certify that in line with the requirement of Clause 49 of the Listing Agreement, all the Directors of the Board and Sr. Management personnel have affirmed that to the best of their knowledge and belief, have complied with the provisions of the 'Code of Conduct for the Directors and Senior Management' during the financial year 2009-10

Place : Mumbai **U.S.Jha**
Date : 06.05.2010 *Chairman and Managing Director*

4. CEO/ CFO Certification:

Chairman & Managing Director [CEO] and Director [Finance] [CFO] have certified to the Board of Directors, after reviewing the financial statements and cash flow statements, as under :-

The Board of Directors
Rashtriya Chemicals and Fertilizers Limited
Priyadarshini
Eastern Express Highway
Sion
Mumbai- 400 022

CEO/CFO CERTIFICATION FOR THE FINANCIAL YEAR ENDING ON 31ST MARCH 2010.

This is to certify that :

- a) We have reviewed the Company's Balance sheet as at 31st March, 2010, the Profit and Loss Account [Financial Statements] and the Cash Flow Statement as on that date and that to the best of our knowledge and belief:-

- i) these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
- ii) these documents together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations;

- b) there are to the best of our knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal or violative of the Company's Code of Conduct.

- c) we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to Financial Reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operations of such internal control, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.

- d) We have indicated to the Auditors and the Audit Committee:-

- i) Significant changes in Internal Control for Financial Reporting during the Financial Year 2009-10.
- ii) significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the Financial Statements, and

- e) There have been no instances of significant fraud of which we have become aware of or any involvement therein, of the management or any employee having significant role in the Company's internal control system over Financial Reporting.

Gautam Sen
Director [Finance]

U.S.Jha
Chairman and Managing Director

Place : Mumbai

Date : 06.05.2010

5.0 Annual General Meeting [AGM]:

The details of the last three AGMs held are as under:

Financial Year	Time and Date	Venue
2008-09	3 pm on 25.09.09	"Yogi Sabhagruh", Dadar (E), Mumbai 400014
2007-08	3 pm on 24.9.08	"Yogi Sabhagruh", Dadar (E), Mumbai 400014
2006-07	3 p.m. on 6.7.07	"Yogi Sabhagruh", Dadar (E), Mumbai 400014



No special resolution was passed in the last three meetings. The company has also not put through any resolutions by postal ballot during the year.

6. Disclosures:

6.1.1 Materially significant related party transactions:

There are no related party transactions entered into by your Company with the promoters, Directors or Management and their subsidiaries or relatives etc. that may have a potential conflict in the interest of your Company.

6.1.2 Your Company has complied with all the provisions of the Companies Act, Listing Agreement with Stock Exchanges, SEBI guidelines, and other authorities on any matter related to capital markets during last 3 years.

6.1.3 Whistle blower policy:

The Company has instituted procedures for the receipt, retention and dealing with complaints. No person has been denied access to the audit committee.

6.1.4 The Company has complied with all mandatory requirements of Cl. 49 of the Listing Agreement, except to the extent of the representation of Independent Directors on the Board, as stated in para 1.1.1

6.1.5 Trading in your Company's shares by Directors and designated Employees:

Shri U.S.Jha holds 100 shares of your Company on behalf of President of India, and does not hold shares in personal capacity. None of the other Directors hold shares in your Company.

7.0 Means of Communication

The un-audited quarterly, first half yearly (as reviewed by Chartered Accountants) as well as the audited

annual financial results of your Company were published in prominent news papers on all India basis, as per the requirements of the Stock Exchanges/SEBI, though none of these were specifically sent to each house hold of shareholders. The information is also made available on Company's website (www.rcfld.com). Notices required as per Companies Act and the listing Agreements were also published in accordance with the requirements. During the year your Company has not made any presentation to institutional investors or Financial Analysts.

8.0 Management Discussion & Analysis Report

Management discussion & Analysis Report forms part of the Directors' Report.

9.0 General Shareholder information:

9.1 Your Company has appointed M/s Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mill Compound, Bhandup, Mumbai 400 078, as the Registrar and Transfer agents. The Share Transfer Agents have service centers at Delhi, Kolkata, and Chennai where also the transfer deeds and other correspondence are accepted. All requests received for transfer through the investors' Depository Participants (DP) are processed through NSDL/CDSL and downloaded periodically by the Registrars and records updated. Requests for transfer in physical form received are effected within a fortnight.

9.2 During the year, your Company's shares were actively traded on BSE and NSE. The shares were traded in the range of a maximum of Rs.117.90[on 20.01.10] and minimum of Rs.44.00 [on 14.05.09]. The monthly highest and lowest price of the shares are given below:

Sl No	Month	Stock Exchange, Mumbai							National Stock Exchange				
		Sensex	BSE PSU	RCF-High (Rs)	RCF-Low (Rs)	Shares [cr]	Trades	Value [Rs cr]	Nifty	RCF High (Rs)	RCF Low (Rs)	Shares [cr]	Value [Rs cr]
1	April 09	11403.25	5863.56	52.75	36.95	1.61	70984	74.31	3473.95	53.30	36.80	1.70	77.97
2	May 09	14625.25	8427.44	77.35	44.00	1.64	86356	100.28	4448.95	77.40	44.45	1.96	122.01
3	June 09	14493.84	7922.57	90.00	68.00	2.84	166313	229.01	4291.10	89.65	67.75	3.66	294.33
4	July 09	15670.31	8365.69	83.30	52.65	1.75	106935	120.61	4711.40	83.25	52.65	2.29	156.81
5	Aug 09	15666.64	8362.38	71.00	58.00	0.85	52498	56.32	4662.10	71.00	58.00	1.18	77.45
6	Sept 09	17126.84	8909.15	73.30	63.90	1.31	66331	90.31	5083.95	73.40	63.55	1.82	124.21
7	Oct 09	15896.28	8400.20	81.00	59.60	1.16	58282	82.42	4711.70	78.90	59.05	1.57	110.97
8	Nov 09	16926.22	9139.38	80.20	57.10	2.54	127282	189.25	5032.70	80.35	57.00	4.32	320.94
9	Dec 09	17464.81	9531.73	78.60	70.60	1.13	65031	83.86	5201.05	78.70	70.20	1.71	126.69
10	Jan 10	16357.96	9473.93	117.90	74.00	11.63	541848	1191.62	4882.05	117.95	73.90	23.52	2420.14
11	Feb 10	16429.55	9214.28	110.90	89.05	7.27	406749	751.43	4922.30	110.90	89.10	15.47	1598.16
12	Mar 10	17527.77	9038.27	93.50	76.50	2.21	135442	190.35	5249.10	93.90	77.55	4.27	366.82

9.3 Out of the disinvested portion of 4,13,73,200 shares, 99.45% [i.e. 41145011 shares] are in demated segment.

9.4 Your Company's financial year is 1st April 2009 to 31st March 2010.

The Share holding pattern as on 31st March 2010 is as under:

Category	No. of Shares	% of Holding
Promoters (GOI)	510314900	92.50
Institutions		
Mutual Funds and UTI	141400	0.03
Financial institutions, Banks etc.	7866913	1.43
FII's	82036	0.01
Sub Total	8090349	1.47
Others		
Private Corporate Bodies	6765377	1.23
Indian Public	25504140	4.62
NRIs/OCBs	1013334	0.18
Sub Total	33282851	6.03
Grand Total	551688100	100.00

9.5 Your Company has not issued any GDRs/ADRs/Warrants or any convertible instruments so far.

9.6 Unclaimed Dividend

In case of non-receipt of dividend, shareholders may write to the Company Secretary or to M/s. Link Intime India Pvt. Limited [R&T Agent] furnishing the particulars of the dividend not received and quoting the folio number/client ID particulars in case of dematerialized shares. On verification of the records, if the dividend warrants remain unpaid in the records of the Company after expiry of the validity period, duplicate dividend warrant will be issued.

Pursuant to the provisions of Section 205-[A] of the Companies Act, 1956, dividend for the financial year ended 31st March, 2003 which remain unclaimed on 30th July, 2010 will be transferred by the Company to the Investor Education and Protection Fund [IEPF] established by the Central Government. The information in respect of unclaimed and unpaid dividend declared for the past seven years is given below:

Sl. No.	Financial Year	Date of declaration of dividend	Last date for claiming unpaid dividend
1	31.03.2003	31st July, 2003	30th July, 2010
2	31.03.2004	29th July, 2004	28th July, 2011
3	31.03.2005 (Interim)	18th February, 2005	17th February, 2012
4	31.03.2005	26th July, 2005	25th July, 2012
5	31.3.2006	18th August, 2006	17th August, 2013
6	31.3.2007	6th July, 2007	5th July, 2014
7	31.3.2008	24th September, 2008	23rd September, 2015
8	31.3.2009	25th September, 2009	24th September, 2016

9.7 Payment of dividend through National Electronic Clearing Service [NECS] facility:

In order to expedite the receipt of dividend payment, your Company transfers funds to the bank accounts of the members who have opted for NECS facility. However, some members are yet to furnish the details of their bankers. Investors holding shares in physical form may send their NECS mandate form duly filed in to the Company or its R&T Agent. However, if the shares are held in dematerialized form, NECS mandate has to be sent to the concerned Depository Participant [DP] directly, in the format prescribed by the DP.

9.8 The Registered and Corporate office of your Company is at "Priyadarshini", Eastern Express Highway, Sion, Mumbai 400 022. Your Company has two manufacturing complexes located at Mahul Road, Trombay, Mumbai-400 071 and at Alibag, Thal, Raigad District, Maharashtra. Your company markets its products through various marketing offices located throughout the Country.

9.9 Registered Office/Address for Correspondence:

The Company Secretary
Rashtriya Chemicals and Fertilizers Limited
"Priyadarshini", 10th floor,
Sion, Mumbai 400 022.
India.
e-mail: investorcommunications@rcfild.com
Tel.: 022-25522000

10.0 Calendar of events:

	Event	Likely date
(i)	Announcement of Ist Quarterly (unaudited) financial result for FY 2010-2011	31st July, 2010
(ii)	Book Closure for the purpose of Dividend and AGM.	16th June, 2010 to 28th June, 2010 (both days inclusive)
(iii)	AGM for 2009-10 Venue : Yogi Sabhagruh Behind Swaminarayan Mandir Dadar (East), Mumbai-400014	28th June, 2010 at 3 p.m.
(iv)	Announcement of unaudited half yearly result for FY 2010-11	31st October, 2010
(v)	Announcement of Illrd quarterly (unaudited) financial result for FY 2010-11	31st January, 2010
(vi)	Announcement of Audited results for FY 2010-11	30th May, 2011

11. Listing of Shares on Stock Exchanges:

Your Company's shares are presently listed on the following Stock Exchanges:



- (i) The Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 [Stock code 524230]
- (ii) National Stock Exchange of India Limited, (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra [E], Mumbai 400 051.[Stock code RCF]

11.1 Your Company has paid listing fee for the Financial Year 2009-10 to both BSE and NSE where the securities are listed. There has been no default in the payment of listing Agreement fee. Your Company has also paid Annual Custody fee to NSDL and CDSL and there is no default in payment to the depositories.

11.2 Distribution of shareholding:

The shareholding distribution of equity shares of nominal value of Rs.10/- each as on 31st March 2010 is as under:

SI No	No. of Shares held	No. of share holders	% of total	Share amount [Rs]	% of total
1	upto 500	65835	88.76	9590719	1.74
2	501-1000	4744	6.40	4033531	0.73
3	1001 –2000	1795	2.42	2849122	0.52
4	2001-3000	572	0.77	1494622	0.27
5	3001-4000	257	0.35	935126	0.17
6	4001-5000	287	0.38	1386080	1.25

SI No	No. of Shares held	No. of share holders	% of total	Share amount [Rs]	% of total
7	5001-10000	376	0.51	2802407	0.51
8	10001-and above	306	0.41	528596493	95.81
	Total	60316	100.00	551688100	100.00

11.3 Dividend policy.

Your Company has been paying dividend from its inception except in the years 1993-94 and 2002-03. Your Company endeavours to pay dividend ensuring generally that the pay out is about 30% of its net profit after tax.

11.4 Performance in comparison to broad –based indices.

The relative performance of the shares with that of indices is as under:

	Sensex	Nifty	BSE-PSU Index	RCF Price (Rs.) (BSE)
April 2009	11403.25	3473.95	5230.17	44.85
March 2010	17527.77	5249.10	9038.27	79.50
Increase/ (decrease)	6124.52	1775.15	3808.10	34.65
% of Increase / (decrease)	53.71	51.10	72.81	77.26

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT (S)

To the Members of Rashtriya Chemicals and Fertilizers Limited

- We have examined the compliance of the conditions of Corporate Governance by Rashtriya Chemicals and Fertilizers Limited for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.
- 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 compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.
- The Board of Directors comprises of nine directors, two non –executive official Directors, three independent and four Executive Directors. The two non-executive directors are non-independent, thus the composition of the Board is not in accordance with the requirement of clause 49 of the Listing Agreement(s).
 - Subject to 4(a) above, in our opinion and to the best of our information and according to the explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) have been complied with by the Company.

For **Bhandari & Associates**

Company Secretaries

S. N. Bhandari

Proprietor

C. P. 366

Mumbai, 06.05.2010



Auditors' Report

**The Members,
Rashtriya Chemicals and Fertilizers Limited
Mumbai**

1. We have audited the attached Balance Sheet of Rashtriya Chemicals & Fertilizers Limited ('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. 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 of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our report, we draw attention to:
 - a. Note No. 8 of Schedule XVI to the accounts regarding the claim of subsidy accounted on estimated basis, pending final settlement of such claims.
 - b. Note No. 19 of Schedule XVI to the accounts regarding the classification of Fertilizer Bonds with the carrying amount of Rs. 612.59 Crores as current assets instead of Investments as per schedule VI of the Companies Act, 1956
 - c. Note No. 6 of Schedule XVI to the accounts which states

that some of the Sundry Debtors, Sundry Creditors Other Current Liabilities and Loans and Advances are subject to confirmation, reconciliation and consequential adjustments, if any.

5. 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 it appears from our examination of those books;
 - 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;
 - 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 Act.
 - v. Central government has directed vide notification number G.S.R. 829(E) dated 21st October, 2003 of clause (g) of sub-section (1) of section 274 of the Act is not applicable to a government company.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and the notes forming part of accounts give the information required by the Act, 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 for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For JCR & Co.

Firm Registration Number 105 270W
Chartered Accountants

A.M. Vyavaharkar

Partner

Membership No. 16731

Mumbai

Date : 06.05.2010

For G. D. Apte & Co.

Firm Registration Number 100 515W
Chartered Accountants

C. M. Dixit

Partner

Membership No. 17532

Mumbai

Date : 06.05.2010



Annexure to the Auditors' Report

Annexure referred to in paragraph 3 of our report of even date
RE: Rashtriya Chemicals and Fertilizers Limited ('The Company')

- (i) (a) The Company has maintained proper records showing particulars including quantitative details and situation of fixed assets with original cost and depreciation written off in respect of identifiable units of assets and where such information for identifiable units of assets is not available, the records show the cost and depreciation written off in respect thereof as a group or class. The items of assets in respect of which quantitative details are not linked with the cost or book value are of small value acquired prior to April 1978 and are fully depreciated particularly in respect of movable items acquired from Fertilizers Corporation of India Limited.
- (b) As informed to us, the fixed assets have been physically verified by the management with the help of an independent outside agency at reasonable intervals. We have been informed that discrepancies noticed on physical verification of fixed assets as compared to the book records were not material.
- (c) During the year, the Company has not disposed of a substantial part of its fixed assets.
- (ii) (a) Physical verification of finished goods, packing materials and raw materials inside factory premises has been carried out by the management at reasonable intervals and the stocks of stores and spare parts has been conducted by them with the help of an independent outside agency in a phased programme so as to complete the verification of all items over a period. Finished goods and other inventory stored outside the factory premises are taken as per warehousing certificates and third party confirmation respectively.
- (b) In our opinion and according to the information and explanations given to us, the procedures for the 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. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) As per the information furnished, the Company has not granted or taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence reporting under clause iii (b)/(c)/ (d) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventories and fixed assets and for the sale of goods. In our opinion and according to the information and explanations given to us, during the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations given to us, transactions that need to be entered into register in pursuance of Section 301 of the Companies Act, 1956 have been entered into by the Company.
- (b) In our opinion, the aforesaid transactions have been made at prices which are reasonable having regard to the market prices prevailing at the relevant time by the Company.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposit during the year from public within the meaning of the provisions of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed there under. Hence, clause 4(vi) of the Order is not applicable.
- (vii) The Company has its own internal audit department which conducts the internal audit and in our opinion, the present internal audit system is commensurate with the size and the nature of its business. *However, in our opinion, the coverage at Corporate Office needs to be extended to certain areas.*
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of its product i.e. Methanol, Sulphuric Acid and Fertilizers pursuant to the order of Central Government for maintenance of cost records prescribed 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. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for other products of the Company.
- (ix) (a) *In our opinion, the procedure followed as per Note No 25 of Schedule XVI to the accounts in respect of deduction and payment of income tax results into delays in some cases. The exact delays are not ascertained. Except this, the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax,*

service tax, customs duty, excise duty, cess and other undisputed statutory dues 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 Act, 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, cess 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 information and explanations given to us, the dues of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute and the forum where the dispute is pending are as follows:

Name of the Statute	Nature of dues	Amount (Rs in lacs)	Years to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Demand of Central Excise duty in respect of Naphtha procured at concessional rates used for products which are not exempted (Thal Unit)	1,298.36	November 1996 to March 2001 and March 2005 to October 2005	Central Excise, Service Tax Appellate Tribunal
		998.72	April 2001 to February 2005	Appeal to Central Excise, Service Tax Appellate Tribunal is being filed
		1,788.55	July 2007 to August 2009	Disputed by the company before Commissioner of Central Excise
Central Excise Act, 1944	Demand of Central Excise duty in respect of Low Sulphur High Stock/ Furnace Oil procured at concessional rates used for other than fertilizer products (Trombay Unit)	1,689.52	Prior to 1997 to March 2006	Central Excise, Service Tax Appellate Tribunal

Name of the Statute	Nature of dues	Amount (Rs in lacs)	Years to which the amount relates	Forum where dispute is pending
	Demand of Central Excise duty in respect of Low Sulphur High Stock/ Furnace Oil procured at concessional rates used for other than fertilizer products (Trombay Unit)	290.34	August 1986 to February 2000	Commissioner of Central Excise (Appeals)
Uttarakhand Value Added Tax, 2005	Additional duty imposed due to wrong identification of product ingredient	32.16	2006-07	Asst Commissioner Commercial Tax- Uttarakhand
Bihar Value added Tax, 2005	Difference between original return and revised return not agreed.	8.42	2007-08	Dy Commissioner of Commercial Tax-Patna

The Company has no accumulated losses at the end of the financial year and it has not incurred 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 bank. The company has not issued any debentures and has not obtained any loan from Financial Institution.
- (xii) Based on our examination of documents and records and as per information and explanations given, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given a corporate guarantee for loan from bank taken by its joint venture company viz. FACT RCF Building Products Ltd., the terms and conditions whereof in our opinion, are not prima-facie prejudicial to the interests of the Company.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, applied by the Company



during the year for the purposes for which the loans were obtained other than funds temporarily invested pending utilization for the intended use.

(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 allotment of shares during the year.

For JCR & Co.

Firm Registration Number 105 270W

Chartered Accountants

A.M. Vyavaharkar

Partner

Membership No. 16731

Mumbai

Date : 06.05.2010

(xix) The Company has not issued any debentures.

(xx) The Company has not raised any money by 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 G. D. Apte & Co.

Firm Registration Number 100 515W

Chartered Accountants

C. M. Dixit

Partner

Membership No. 17532

Mumbai

Date : 06.05.2010



FINANCIAL STATEMENTS



BALANCE SHEET AS AT 31ST MARCH 2010

Rupees in Crore

	SCHEDULE	AS AT 31.3.2010	AS AT 31.03.2009
I. SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS :			
a) Share Capital	A	551.69	551.69
b) Reserves and Surplus	B	1285.45	1121.35
		1837.14	1673.04
2. LOAN FUNDS :			
a) Secured Loans	C	258.10	136.01
b) Unsecured Loans	D	1072.74	1288.22
		1330.84	1424.23
3. DEFERRED TAX LIABILITY (NET)		163.74	148.71
		163.74	148.71
TOTAL		3331.72	3245.98
II. APPLICATION OF FUNDS			
1. FIXED ASSETS :			
a) Gross Block	E	3110.69	2870.16
b) Less : Depreciation / Amortisation		1867.14	1762.20
c) Less : Loss on Impairment of Assets *		0.84	30.80
d) Net Block		1242.71	1077.16
e) Capital work-in-progress (CWIP) including Capital advances (Capital Advances C.Y. Rs.12.01 crore; P.Y. Rs.12.71 crore)		140.05	236.58
		1382.76	1313.74
2. INVESTMENTS	F	15.30	35.25
3. CURRENT ASSETS, LOANS AND ADVANCES :			
a) Inventories **	G	409.59	692.69
b) Sundry Debtors	H	858.98	1788.17
c) Cash and Bank Balances	I	784.65	411.80
d) Other Current Assets	J	1224.56	647.75
e) Loans and Advances	K	202.20	277.96
		3479.98	3818.37

* Refer note no 12 to Schedule XVI to accounts

** Refer note no 20 to Schedule XVI to accounts



BALANCE SHEET AS AT 31 ST MARCH, 2010 (Contd.)

Rupees in Crore

	SCHEDULE	AS AT 31.3.2010	AS AT 31.03.2009
4. CURRENT LIABILITIES AND PROVISIONS :	L		
a) Current Liabilities		1323.48	1647.61
b) Provisions		222.84	274.39
		1546.32	1922.00
Net Current Assets (3-4)		1933.66	1896.37
5. MISCELLANEOUS EXPENDITURE	M	-	0.62
(To the extent not written off)			
TOTAL		3331.72	3245.98
Statement of Significant Accounting Policies	XV		
Notes on Accounts	XVI		

As per our report of even date attached

For JCR & Co.
Chartered Accountants

For G. D. Apte & Co.
Chartered Accountants

U. S. Jha
Chairman and Managing Director

A. M. Vyavaharkar
Partner
M. No. 016731

C. M. Dixit
Partner
M. N. 017532

Dated : 06.05.2010
Place : Mumbai

Gautam Sen
Director (Finance)

K. C. Prakash
Company Secretary

Dated : 06.05.2010
Place : Mumbai



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

Rupees in Crore			
	SCHEDULE	Year ended March 2010	Year ended March 2009
INCOME FROM OPERATIONS			
Sales	I	2765.17	3144.98
Less : Excise on Sales		55.07	89.34
Net Sales		2710.10	3055.64
Subsidy on Fertilizers	II	2932.01	5310.34
Interest	III	50.68	35.79
Other Income	IV	129.07	83.11
TOTAL		5821.86	8484.88
COST OF OPERATIONS			
Purchases of Bought out Products	V	1846.09	2740.41
Materials Consumed (Net of transfer to CWIP / Asset capitalised)	VI	1712.44	1973.86
Salaries,Wages,Bonus and Benefits to Employees	VII	358.65	382.21
Power and Fuel (Net of transfer to CWIP / Asset capitalised)		552.12	1369.03
Freight and Handling charges *		529.13	573.40
Excise Duty (Net)		0.18	(0.41)
Repairs and Maintenance	VIII	73.36	69.88
Other Expenses (Net of transfer to CWIP / Asset capitalised)	IX	105.78	480.48
Interest	X	70.55	110.72
(Accretion) / Decretion to stocks	XI	92.43	384.75
Research and Development	XII	2.33	1.67
Depreciation/Amortisation (Refer note 1 & 2 of Schedule `E')		105.56	86.63
Provision / (Reversal) of Impairment of Assets (Net) **		(29.96)	(0.05)
Provision for Doubtful Debts/Claims /Advances		5.21	0.98
Provision for Bad Debts / Claims /Loans / Irrecoverable Amounts written off		0.01	8.01
Provision for obsolescence of Stores and Spares		1.36	1.65
Bad Debts written off		61.75	0.54
		5486.99	8183.76
Less:Transfer Credits	XIII	9.36	24.59
TOTAL		5477.63	8159.17
Operating profit		344.23	325.71
Add : Adjustments relating to prior years Debit (-) / Credit (Net)	XIV	(0.02)	(0.01)
Profit before tax		344.21	325.70
Less : Provision for Current Taxation		96.70	128.70
Less : Provision for FBT		—	2.80
Less : Deferred Tax Expenses / (Savings)		15.03	(17.38)
Add :Excess Provision of earlier years written back		2.39	—
Profit for the year after tax		234.87	211.58

* Refer note no 21 to Schedule XVI to accounts

** Refer note no 12 to Schedule XVI to accounts



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

Rupees in Crore

	SCHEDULE	Year ended March 2010	Year ended March 2009
Surplus available for Appropriation		234.87	211.58
APPROPRIATIONS			
Dividend Proposed		60.69	66.20
Tax on Dividend Proposed		10.08	11.25
Transferred to General Reserve		164.10	134.13
		234.87	211.58
Statement of Significant Accounting Policies	XV		
Notes on Accounts	XVI		
Earnings Per Share (Basic & Diluted) Rupees (Refer Note No.14 of Schedule XVI to Accounts)		4.26	3.84

As per our report of even date attached

For JCR & Co.
Chartered Accountants

For G. D. Apte & Co.
Chartered Accountants

U. S. Jha
Chairman and Managing Director

A. M. Vyavaharkar
Partner
M. No. 016731

C. M. Dixit
Partner
M. N. 017532

Dated : 06.05.2010
Place : Mumbai

Gautam Sen
Director (Finance)

K. C. Prakash
Company Secretary

Dated : 06.05.2010
Place : Mumbai



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

Rupees in crore

Particulars	Year Ended March 2010	Year Ended March 2009
A Cash Flow From Operating Activities		
Net Profit before tax	344.21	325.70
Adjustments for :		
Excess Provision of Tax Written Back	2.39	—
Depreciation/Loss on impairment of Assets	75.79	86.38
Profit(-) / Loss on sale of Assets	(0.15)	1.97
Profit(-) / Loss on Sale/MTM of Government Bonds	21.98	62.13
Interest Income	(50.68)	(35.79)
Dividend income	(0.73)	(1.00)
Interest on Borrowings	70.55	110.72
Provision for Bad/Doubtful debts	5.22	8.99
Unrealised Foreign Exchange (Gain) /Loss	(1.57)	128.83
Miscellaneous Expenses written off	0.62	0.91
Operating Profit before Working Capital Changes	467.63	688.84
Adjustments for :		
Trade and Other Receivables (including Government Bonds)	394.16	(1416.70)
Inventories	283.10	172.83
Trade Payables and Other Liabilities	(360.70)	1032.65
Cash Generated from Operations	784.19	477.62
Direct Taxes Paid	(90.05)	(209.96)
Cash Flow before Extraordinary Items	694.14	267.66
Net Cash from Operating Activities ————— A	694.14	267.66
B Cash Flow from Investing Activities		
Additions to Fixed Assets (Net of trade credit)	(144.20)	(222.53)
Sale of Fixed Assets	0.28	0.83
Purchase of Investments -Joint Ventures and Subsidiary	(0.05)	(35.08)
Sale of Investments	20.00	360.25
Interest Received	50.81	26.25
Dividend Received	0.73	1.00
Net Cash from Investing Activities ————— B	(72.43)	130.72



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)

Rupees in crore

Particulars	Year Ended March 2010	Year Ended March 2009
C Cash Flow from Financing Activities		
Proceeds from Borrowings	159.50	1128.49
Repayments of Borrowings	(251.56)	(1001.56)
Interest paid	(79.36)	(98.32)
Dividend paid	(66.19)	(55.12)
Tax on Dividend	(11.25)	(9.38)
	(248.86)	(35.89)
Net Cash from Financing Activities ————— C	(248.86)	(35.89)
Net Increase/Decrease(-) in Cash and		
Cash Equivalent (A+B+C)	372.85	362.49
Cash and Cash Equivalents as at 1st April (Opening Balance)	411.80	49.31
Cash and Cash Equivalents as at 31st March (Closing Balance)	784.65	411.80

Cash Flow Statement has been prepared based on Indirect Method prescribed under Accounting Standard - 3 (Revised) "Cash Flow Statements".

Refer Note no. 15 Schedule XVI to Accounts

As per our report of even date attached

For JCR & Co.
Chartered Accountants

For G. D. Apte & Co.
Chartered Accountants

U. S. Jha
Chairman and Managing Director

A. M. Vyavaharkar
Partner
M. No. 016731

C. M. Dixit
Partner
M. N. 017532

Dated : 06.05.2010
Place : Mumbai

Gautam Sen
Director (Finance)

K. C. Prakash
Company Secretary

Dated : 06.05.2010
Place : Mumbai



SCHEDULES FORMING PART OF BALANCE SHEET

Rupees in Crore

	AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE "A" SHARE CAPITAL		
Authorised		
80,00,00,000(Previous Year 80,00,00,000) Equity Shares of Rs.10/- each.	800.00	800.00
Issued, Subscribed and Paid Up	551.69	551.69
55,16,88,100 (Previous Year 55,16,88,100) Equity shares of Rs 10/- each fully paid up. (Of the above, 11,25,28,100 shares were allotted as fully Paid-up pursuant to a contract without payment being received in cash)		
TOTAL	551.69	551.69
SCHEDULE "B" RESERVES AND SURPLUS		
General Reserve		
Balance as per last Balance Sheet.	1121.19	987.06
Add : Transferred from Profit & Loss Account	164.10	134.13
	1285.29	1121.19
Closing Balance	1285.29	1121.19
RCF - EEC Asset Management Reserve		
Balance as per last Balance Sheet.	0.16	0.16
Additions during the year	—	—
Closing Balance	0.16	0.16
TOTAL	1285.45	1121.35



SCHEDULES FORMING PART OF BALANCE SHEET

		Rupees in Crore	
		AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE "C" SECURED LOANS			
A. Term Loan from Banks			
1. Rupee Loan from Banks			
a.	Loan from State Bank of Hyderabad (SBH) A term loan facility of Rs.100 crore sanctioned by SBH availed by the Company is secured by hypothecation with first pari passu charge on Ammonia V plant at Trombay for a value Rs.100 crore. (Amount repayable within one year NIL P.Y.Rs.28.57 crore)	—	28.57
b.	Loan from State Bank of Bikaner and Jaipur (SBBJ) A term Loan facility aggregating to Rs.106.41 crore sanctioned by SBBJ availed by the Company are secured by hypothecation with first charge on project assets of Con.Nitric Acid Plant at Trombay and Argon Recovery Plant at Thal and pari passu first charge basis on the project asset of Rapidwall Plant at Trombay. (Amount repayable within one year Rs.16.73 crore P.Y.Rs.9.5 crore)	93.10	92.60
c.	Loan from Syndicate Bank A loan of Rs.70 crore sanctioned by and availed from Syndicate Bank is secured by hypothecation of Plant and Machinery pertaining to manufacture of granulated Ammonium Nitrophosphate Plant at Trombay. (Amount repayable within one year Rs.17.50 crore P.Y.NIL)	70.00	—
d.	Loan from New India Cooperative Bank Limited A loan of Rs.24 crore sanctioned by and availed from New India Cooperative Bank is secured by first pari passu charge by way of hypothecation on all movable fixed assets of the Methanol Plant with a minimum security cover of 1.25 times of the amount borrowed from this Bank (Amount repayable within one year Rs.5.33 crore P.Y.NIL)	24.00	—
e.	Loan from Kotak Mahindra Bank An amount of Rs.65 crore borrowed as of 31st March 2010 out of Rs.75 crore sanctioned by Kotak Mahindra Bank is secured by first pari passu charge by way of hypothecation on all movable fixed assets of the Methanol Plant with a minimum security cover of 1.25 times of the amount borrowed from this Bank (Amount repayable within one year Rs.NIL P.Y.NIL)	65.00	—
	i)	252.10	121.17
2. Foreign Currency Loan / External Commercial Borrowings			
a.	Loan from ICICI Bank Ltd. (ADB) A term loan of USD 5.50 million availed by the company during 2004-05 was secured by hypothecation of all tangible movable Machinery and Plant required for upgradation of High Pressure Nitric Acid Plant at Trombay (both present & future), whether installed or not and whether lying loose or in case at site or in transit or which may at any time hereafter during the continuance of this security be installed or lying loose or in case or being in or upon or about the borrower's premises and godown at Trombay or wherever else the same may be or be held by any party anywhere to the order and disposition of the Company or in course of transit to the Company (Amount repayable within one year Rs. 1.24 crore P.Y. Rs 5.60 crore)	1.24	7.01
b.	Loan from Calyon Credit Agricole CIB Singapore (Calyon) Term Loan of JPY 109,176,141 availed by the Company from Calyon, is secured by hypothecation on pari passu first charge basis on the project assets of Rapidwall Plant at Trombay (Amount repayable within one year Rs. 1.06 crore P.Y. Rs.0.57 crore)	4.76	5.66
	ii)	6.00	12.67
	Total (i to ii)	258.10	133.84



SCHEDULES FORMING PART OF BALANCE SHEET

Rupees in Crore

	AS AT 31.03.2010	AS AT 31.03.2009
B. Working Capital Loans		
Cash Credit Account iii) (Cash Credit Account is secured by hypothecation of entire stocks of raw materials and finished goods, consumable stores and spares, stock in transit, book debts)	—	1.46
C. Interest accrued and due iv)	—	0.71
Total (iii to iv)	—	2.17
TOTAL	258.10	136.01
SCHEDULE "D" UNSECURED LOANS		
Short Term Loans from Banks	1072.74	1287.46
Interest accrued and due	—	0.76
TOTAL	1072.74	1288.22

SCHEDULE "E" FIXED ASSETS

Rupees in Crore

Description	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				Impairment Loss ***	NET BLOCK	
	AS AT 31.03.2009	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS AT 31.03.2010	UPTO 31.03.2009	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2010		AS. AT 31.03.2010	AS. AT 31.03.2009
Land (Freehold)	8.76	0.00	0.00	8.76	0.00	0.00	0.00	0.00	0.00	8.76	8.76
Land (Leasehold)	12.51	1.43	0.00	13.94	0.59	0.54	0.00	1.13	0.00	12.81	11.92
Roads & Culverts	8.66	0.00	0.00	8.66	3.38	0.13	0.00	3.51	0.00	5.15	5.28
Buildings	152.07	1.46	0.00	153.53	93.12	5.00	0.00	98.12	0.00	55.41	57.96
Railway sidings	46.59	2.56	0.01	49.14	36.85	0.57	0.01	37.41	0.00	11.73	9.74
Plant & Machinery	2495.58	229.77	0.35	2725.00	1525.08	93.10	0.33	1617.85	0.84	1106.31	940.69
Water System, Sewerage & Drainage	20.87	0.38	0.00	21.25	18.36	0.29	0.00	18.65	0.00	2.60	2.51
Miscellaneous Equipments	66.77	2.09	0.03	68.83	43.78	2.53	0.02	46.29	0.00	22.54	22.99
Furniture, Fixtures & Office Appliances	47.26	2.88	0.46	49.68	32.42	2.90	0.38	34.94	0.00	14.74	14.84
Transport Vehicles	3.82	0.79	0.10	4.51	2.56	0.28	0.07	2.77	0.00	1.74	1.26
Assets held for disposal	0.65	0.00	0.00	0.65	0.00	0.00	0.00	0.00	0.00	0.65	0.65
Intangible Assets											
Computer Software	6.62	0.12	0.00	6.74	6.06	0.41	0.00	6.47	0.00	0.27	0.56
TOTAL	2870.16	241.48	0.95	3110.69	1762.20	105.75	0.81	1867.14	0.84	1242.71	1077.16
Previous Year Figures	2778.26	112.20	20.30	2870.16	1693.27	86.43	17.50	1762.20	30.80	1077.16	

Notes :

- Depreciation Provided During the year
Amortisation during the year
- Depreciation Provided During the year as per Profit & Loss Account
Research and Development
Net adjustment relating to Prior Years

Year Ended March 2010	Year Ended March 2009
105.34	84.70
0.41	1.73
105.75	86.43
105.56	86.63
0.03	0.02
0.16	(0.22)
105.75	86.43

- Land at Thal included in Gross Block (at cost) at Rs.2.33 crores is subject to final price.
- No depreciation is provided for on assets impaired or retired from the active use/service.
- Leasehold land includes lands taken on lease for a period of 30 years at Vizag Rs.7.64 crore and at Tuticorin Rs.4.21 crore.
- Assets held for disposal are carried at lower of cost or net realisable value.

*** Refer note no 12 to Schedule XVI to Accounts.



SCHEDULES FORMING PART OF BALANCE SHEET

Rupees in Crore

	AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE "F" INVESTMENTS		
A. Long Term Investments		
Trade Investments		
a. Investment in Subsidiary (Unquoted) Rajasthan Rashtriya Chemicals and Fertilizers Ltd. (25500 shares of Rs 10 each)	0.03	0.03
b. Investment in Joint Ventures (Unquoted) FACT-RCF Building Products Ltd. (150,00,000 equity shares of Rs 10 each) Urvarak Videsh Ltd. (50,000 equity shares of Rs 10 each) RCF HM Construction Solutions Pvt.Ltd. (50,000 equity shares of Rs 10 each)	15.00 0.05 0.05	15.00 0.05 -
c. Investments (Unquoted) (336600 fully paid equity shares of Rs.10 each of Indian Potash Ltd.)	0.17	0.17
i)	15.30	15.25
B Current Investments		
a Other than Trade Investments Investment in Mutual Funds (Quoted) UTI Liquid Cash Plan (IP) (C.Y.NIL P.Y. 98113.93 units of Rs.1000 each) SBI MICF -DDR (C.Y. NIL P.Y. 5971083.0564 units of Rs.10 each)	- -	10.00 10.00
ii)	0.00	20.00
TOTAL	15.30	35.25
Total (i to ii)	15.30	35.25

	Aggregate (Rupees)		Aggregate (Rupees)	
	Book Value 31.03.2010	Book Value 31.03.2009	Market Value 31.03.2010	Market Value 31.03.2009
Quoted	0	200000000	0	200000000
Unquoted	152938000	152438020	-	-



SCHEDULES FORMING PART OF BALANCE SHEET

Rupees in Crore

	AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE "G" INVENTORIES		
At Cost or Net Realisable Value whichever is lower		
Stores,spares, packing materials and Petroleum Products *	244.44	236.20
Less : Provision for obsolescence/loss under investigation	7.90	7.99
	236.54	228.21
Raw Materials	70.70	269.70
Finished Goods / Bought out products	73.61	175.07
Intermediary Products	22.29	13.54
By-Products	6.45	6.17
TOTAL	409.59	692.69
Inventories includes :		
i) In transit		
Store & Spares	2.11	1.10
Raw Materials	0.07	200.54
Finished Goods	27.29	25.52
ii) Stores & Spares		
(a) Under inspection	1.98	1.58
(b) Platinum & Rhodium stolen in an earlier year and under investigation which is not available for verification	0.21	0.21
(c) With fabricators	11.82	2.83

* Refer note no 20 to Schedule XVI to accounts

SCHEDULES FORMING PART OF BALANCE SHEET

Rupees in Crore

		AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE "H" SUNDRY DEBTORS			
Debts outstanding for a period exceeding six months :			
Secured-considered good			
Debtors	i)	0.09	0.08
	i)	0.09	0.08
Unsecured-considered good			
Debtors		29.66	
Claims		411.71	33.03
	ii)	441.37	48.00
Considered doubtful			
Debtors		4.56	27.01
Claims		18.79	17.64
	iii)	23.35	44.65
Considered Bad			
Debtors		0.36	8.98
	iv)	0.36	8.98
	Total (i to iv)	465.17	101.71
Other Debts :			
Secured-considered good			
Debtors		20.09	18.02
		-	-
	v)	20.09	18.02
Unsecured-considered good			
Debtors		26.69	59.76
Claims		370.74	1662.31
	vi)	397.43	1722.07
	Total (v to vi)	417.52	1740.09
	Total(i to vi)	882.69	1841.80
Less:			
Provision for doubtful Debts		4.56	27.01
Provision for doubtful claims		18.79	17.64
Provision for Bad debts		0.36	8.98
		23.71	53.63
TOTAL		858.98	1788.17
SCHEDULE "I" CASH AND BANK BALANCES			
Cash on hand		0.06	0.03
Cheques in hand		2.68	1.01
Balance With Scheduled Banks			
in Current & Cash Credit Accounts		81.80	45.76
in Term Deposits		700.11	365.00
TOTAL		784.65	411.80



SCHEDULES FORMING PART OF BALANCE SHEET

Rupees in Crore

	AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE “ J “ OTHER CURRENT ASSETS		
Government Bonds	612.60	634.57
Foreign Currency (Forward Cover) Receivable	598.62	-
Interest Accrued	12.89	12.82
Advance against Equity Allotment pending	0.46	0.36
TOTAL	1224.56	647.75
SCHEDULE “K” LOANS AND ADVANCES		
A. LOANS		
Secured-Considered good		
Employees **	16.74	19.94
(** Includes accrued interest Rs.15.21 crore ,P.Y.Rs 16.47 crore.)	16.74	19.94
Unsecured-Considered good		
Employees	0.14	0.19
Unsecured - Considered bad	0.14	0.19
Inter Corporate Loans		
Opening Balance	-	41.37
	-	41.37
Less : Provision for bad loans	-	41.37
	-	0.00
Total A	16.88	20.13
B. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED :		
Unsecured-Considered good		
Contractors /Suppliers*	47.22	77.65
Employees	0.27	0.23
VAT Refund	35.59	79.76
Others	16.63	14.38
	99.71	172.02
Considered doubtful	4.04	2.07
Less : Provision for doubtful advances	4.04	2.07
	0.00	0.00
Total B	99.71	172.02
C. Advance Income Tax	67.19	73.84
D. Interest accrued on Loans/Advances	0.05	0.25
E. Deposits with Customs, Port Trust etc.	1.46	1.39
F. Prepaid Expenses	16.91	10.33
TOTAL	202.20	277.96
 * Refer Note no.1.8 of Schedule XVI to Accounts	AS AT 31.03.2010 (Rupees)	AS AT 31.03.2009 (Rupees)
Loans includes Loans and Advances(Secured C.Y.NIL ,P.Y.NIL) due from Directors / Officers of the Company or any of them severally or jointly with any other person		
Directors	311015	809164
Maximum amount due from Directors / Officers of the Company at any time		
Directors	1181849	1693871

SCHEDULES FORMING PART OF BALANCE SHEET

Rupees in Crore

	AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE "L" CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors on Capital Account		
Dues to Micro ,Small and Medium enterprises *	—	—
Others	32.40	31.65
Sundry Creditors on Other Account		
Dues to Micro ,Small and Medium enterprises *	—	—
Others	368.27	1187.45
Trade Deposits, advances against sale orders and others	68.27	58.63
Security and earnest money deposits received from contractors and others	47.70	45.70
"Investor Education and Protection Fund shall be credited by the following amount namely":	0.41	0.40
- Unclaimed Dividend		
Balances in Current Accounts (Bank OD)	3.87	7.30
Interest accrued but not due	4.51	13.32
Subsidy on unsold stock	16.05	53.68
Foreign Currency (Forward Cover) Payable	611.90	—
Other Liabilities	170.10	249.48
	1323.48	1647.61
B. PROVISIONS		
Leave salary encashment	131.74	107.06
Post retirement medical benefits	19.81	13.11
Others	0.53	76.77
Proposed Dividend (Including tax on dividend)	70.76	77.45
(C.Y Rs 10.08 crore, P.Y. Rs.11.25 crore)		
	222.84	274.39
TOTAL	1546.32	1922.00
* Refer Note no.9 of Schedule XVI to Accounts		
SCHEDULE "M" MISCELLANEOUS EXPENDITURE		
(To the extent not written off)		
Voluntary Retirement Scheme		
Balance as per last Balance Sheet	0.62	1.53
Less : Charged to Profit & Loss Account (ScheduleVII)	0.62	0.91
Closing Balance	0.00	0.62



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

Rupees in Crore

	Year Ended March 2010	Year Ended March 2009
SCHEDULE "I" SALES		
1. Manufactured Products		
A. Fertilizers	1267.71	1231.98
B. Industrial Products	717.28	783.95
2. Bought-out Products		
A. Fertilizers	780.18	1129.05
TOTAL	2765.17	3144.98

Rupees in crore

	Year Ended March 2010 QUANTITY (M.T)	Year Ended March 2010 VALUE	Year Ended March 2009 QUANTITY (M.T)	Year Ended March 2009 VALUE
SCHEDULE "I - A"				
SALES - PRODUCT WISE BREAK-UP				
1 Manufactured				
A. Fertilizers				
Urea	2,095,124	973.73	2,013,789	936.03
Suphala 15 : 15 : 15	487,290	240.24	503,044	270.14
Suphala 20 : 20 : 0 (Ammonium Nitrate Phosphate)	16,202	8.21	–	0.00
Others	–	45.53	–	25.81
	2,598,615	1267.71	2,516,833	1231.98
B. Industrial Products				
Methanol	19,746	31.10	29,210	58.29
Ammonia	96,698	147.12	65,834	142.61
Dilute Nitric Acid	38,555	59.00	28,911	41.36
Concentrated Nitric Acid	16,560	27.03	19,840	33.14
Technical Grade Urea	8,529	14.88	29,479	61.92
Ammonium Bi-carbonate	24,700	29.89	24,192	28.01
Sodium Nitrate	1,526	4.06	1,402	4.30
Sodium Nitrite	3,782	11.76	3,070	12.71
Methylamines	14,082	72.61	13,890	81.06
Ammonium Nitrate Melt	165,202	245.40	163,113	260.02
Dimethyl Formamide	3,239	16.72	2,962	18.51
Dimethyl Acetamide	1,757	12.21	1,708	13.80
Argon Gas / Liquid Argon	11,001	14.51	3,547	6.97
Carbon dioxide	8,258	0.72	20,971	1.92
Formic Acid	5,327	23.50	3,680	16.48
Others	–	6.77	–	2.85
		717.28		783.95

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

Rupees in crore				
	Year Ended March 2010 QUANTITY (M.T)	Year Ended March 2010 VALUE	Year Ended March 2009 QUANTITY (M.T)	Year Ended March 2009 VALUE
2. Bought-out Products				
A Fertilizers				
Imported Di Ammonium Phosphate	230,923	209.56	119,241	108.23
Imported Muriate of Potash	436,460	185.71	478,857	203.75
Imported Urea	766,872	356.39	1,651,475	767.63
Single Super Phosphate (Granulated)	32,098	14.78	49,329	18.46
Ammonium Sulphate	7,940	7.04	17,237	18.06
Others	-	6.70	-	12.92
		780.18		1,129.05
TOTAL		2,765.17		3,144.98

			Rupees in Crore	
			Year Ended March 2010	Year Ended March 2009
SCHEDULE "II" SUBSIDY ON FERTILIZERS				
Manufactured Fertilizers				
Price			1268.73	2745.94
Freight			264.67	220.25
		i)	1533.40	2966.19
Bought-out Fertilizers				
Price			1251.45	2143.02
Freight			147.16	201.13
		ii)	1398.61	2344.15
TOTAL		Total (i to ii)	2932.01	5310.34
SCHEDULE "III" INTEREST INCOME (GROSS)				
On House Building /Conveyance Loans			0.30	0.33
On Other loans and deposits (Tax deducted at source C.Y. Rs.0.22 crore; P.Y. Rs. 0.31 crore.)			1.07	1.48
From Customers (Tax deducted at source C.Y. Rs.NIL; P.Y. Rs.0.01 crore.)			0.43	1.07
On Income Tax Refunds			0.94	0.05
On Government Bonds			47.80	32.71
From Others (Tax deducted at source C.Y. Rs.0.02 crore; P.Y. Rs. 0.02 crore.)			0.08	0.01
			50.68	35.79
Less: Transfer to Research and Development (Schedule XII) (C.Y.Rs.21887, P.Y.Rs.28541)			0.00	0.00
TOTAL			50.68	35.79



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	Rupees in Crore	
	Year Ended March 2010	Year Ended March 2009
SCHEDULE "IV" OTHER INCOME		
Rent, Electricity, Water & Maintenance charges (Tax deducted at source C.Y. Rs.2.00 crore; P.Y. Rs. 2.72 crore)	20.56	20.46
For services rendered (Tax deducted at source C.Y. Rs.1.06 crore; P.Y. Rs.0.92 crore)	10.65	8.12
Rental from Ammonia Tank Wagons (Tax deducted at source C.Y.Rs.0.02 crore , P.Y.Rs. 0.17crore)	0.58	0.29
Lease rent for railway wagons	2.48	9.30
Liabilities/Provisions of earlier years no longer required	5.85	4.17
Sale of scrap	4.08	3.73
Dividend from investment (On Long Term Trade Investment C.Y.Rs.0.07 crore,P.Y.Rs.0.06 crore) (On Current Non Trade Investment C.Y.Rs.0.66 crore,P.Y.Rs. 0.94 crore)	0.73	1.00
Profit on sale of fixed assets	0.22	0.04
Miscellaneous Income (Tax deducted at source C.Y.Rs.NIL P.Y.Rs.0.01 crore)	9.44	31.80
Bad debts recovered	0.30	0.28
Provision for Doubtful debts/advances/obsolescence no longer required	74.21	3.22
Profit on sale of investments	—	0.73
	129.10	83.14
Less : Transferred to Research & Development (Schedule XII)	0.03	0.03
TOTAL	129.07	83.11

	Rupees in Crore			
	Year Ended March 2010	Year Ended March 2010	Year Ended March 2009	Year Ended March 2009
SCHEDULE "V " PURCHASE OF BOUGHT OUT PRODUCTS	QUANTITY (M.T)	VALUE	QUANTITY (M.T)	VALUE
Imported Urea	750,488	400.70	1,368,519	811.91
Imported Di Ammonium Phosphate	231,403	393.73	131,130	558.56
Imported Muriate of Potash	421,716	1026.93	438,381	1321.03
Single Super Phosphate (Granulated)	32,098	14.31	53,652	18.12
Ammonium Sulphate	7,940	6.88	17,237	17.56
Others	—	3.54	—	13.23
TOTAL		1,846.09		2,740.41

	Rupees in Crore	
	Year Ended March 2010	Year Ended March 2009
SCHEDULE "VI" MATERIALS CONSUMED		
Raw Materials *	1600.82	1836.96
Packing Materials	96.54	113.66
Stores and Spares	15.08	23.24
TOTAL	1712.44	1973.86

* Consumption is net of transfer to CWIP / Assets capitalise

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

Rupees in Crore

	Year Ended March 2010	Year Ended March 2010	Year Ended March 2009	Year Ended March 2009
SCHEDULE "VI - A"	QUANTITY (M.T)	VALUE	QUANTITY (M.T)	VALUE
ITEMWISE BREAKUP OF MATERIALS CONSUMED				
RAW MATERIALS				
Rock Phosphate	173,757	131.27	198,093	219.00
Di-Ammonium Phosphate	—	—	17,889	71.88
Mono-Ammonium Phosphate	59,108	104.77	21,334	88.78
Muriate of Potash	129,263	358.32	126,246	250.95
Sulphur	20,115	8.62	24,408	48.54
Soda Ash	1,728	2.72	3,429	7.26
Associated Gas (Quantity in '000 M3)	184,397	57.38	596,604	196.42
Natural Gas (Quantity in '000 M3)	786,135	833.81	10,899	13.80
Naptha	25,271	68.40	259,407	856.77
Others	—	35.54	—	83.56
		1600.83		1836.96
Less : Transferred to Expenditure During Construction period pending Allocation, capital expenses and others		(0.01)		—
TOTAL		1600.82		1836.96

Rupees in Crore

	Year Ended March 2010	Year Ended March 2009
SCHEDULE "VII" SALARIES, WAGES, BONUS AND BENEFITS TO EMPLOYEES		
Salaries, Wages and Bonus	322.80	328.33
Contribution to Provident Fund and other funds	20.18	15.23
Contribution to Gratuity Fund	14.60	28.23
Workmen and Staff Welfare Expenses	24.89	22.50
Voluntary Retirement Scheme Amortization	0.62	0.91
	383.09	395.20
Less : Salaries, Wages, Bonus and contribution to Provident Fund & Other funds Included in :		
Research and Development (Schedule XII)	2.18	1.43
Receivables from Thal Ammonia Extension	22.26	11.56
	24.44	12.99
TOTAL	358.65	382.21



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	Year Ended March 2010	Year Ended March 2009
Rupees in crore		
SCHEDULE "VIII" REPAIRS AND MAINTENANCE		
Plant and Machinery	55.65	51.30
Buildings	11.65	9.87
Other Assets	6.14	8.78
	73.44	69.95
Less : Transferred to Research & Development (Schedule XII)	0.08	0.07
TOTAL	73.36	69.88
SCHEDULE "IX" OTHER EXPENSES		
Rent	7.65	16.31
Rates and Taxes.	5.08	4.83
Insurance	4.91	4.65
Water Charges (Net of transfer to CWIP / Asset capitalised)	23.30	63.44
Miscellaneous Expenses *	72.85	67.83
Entertainment Expenses	0.08	0.04
Commission and Rebate on sales	69.26	58.95
Loss on Sale/Mark To Market valuation of Government Bonds	21.98	62.86
Lease Rent for railway wagons	2.50	10.65
Donations	0.02	-
Loss on Fixed Assets Sold / Discarded	0.07	2.01
Losses and write off	4.20	1.22
Foreign Exchange Loss / (Gain)	(106.09)	187.74
	105.81	480.53
Less : Transferred to Research and Development (Schedule XII)	0.03	0.05
TOTAL	105.78	480.48
SCHEDULE "X" INTEREST (EXPENDITURE)		
On Term Loans:		
Banks	12.36	11.34
	12.36	11.34
On Other Loans :		
Cash Credit / Overdraft from Banks	60.74	101.13
Others	1.59	2.86
	62.33	103.99
Less : Transferred to Expenditure During Construction period pending Allocation , capital expenses and others	4.14	4.61
TOTAL	70.55	110.72
SCHEDULE "XI" (ACCRETION) / DECRETION TO STOCK		
Opening Stock		
Finished Goods	175.07	549.27
Intermediary Products	13.54	25.79
By-Products	6.17	4.47
TOTAL	194.78	579.53
Closing stock		
Finished Goods	73.61	175.07
Intermediary Products	22.29	13.54
By-Products	6.45	6.17
TOTAL	102.35	194.78
Stock (Accretion) / Decretion	92.43	384.75

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

Rupees in Crore				
	Year Ended March 2010	Year Ended March 2010	Year Ended March 2009	Year Ended March 2009
SCHEDULE "XI - A"	QUANTITY (M.T)	VALUE	QUANTITY (M.T)	VALUE
OPENING STOCK - PRODUCT WISE BREAK-UP				
Finished Goods				
1. <u>Manufactured</u>				
A. <u>Fertilizers</u>				
Urea (Thal)	62,374	82.81	172,893	214.76
Complex Fertilizers	4,201	7.53	35,998	40.58
Others	—	4.09	—	3.60
B. <u>Industrial Products</u>				
Methanol	820	1.08	966	1.21
Concentrated Nitric Acid	28	0.02	12	0.01
Ammonium Bi-carbonate	45	0.03	36	0.02
Sodium Nitrate	2	0.01	9	0.02
Sodium Nitrite	3	0.01	5	0.01
Methylamines	219	0.93	206	0.93
Ammonium Nitrate Melt	112	0.16	112	0.17
Dimethyl Formamide	116	0.64	15	0.09
Dimethyl Acetamide	132	0.88	64	0.47
Argon Gas / Liquid	347	0.43	-	0.00
Formic Acid	2	0.01	11	0.04
Others	-	0.50	-	0.51
		99.13		262.42
2. <u>Bought-out Products</u>				
Fertilizers				
Imported Di Ammonium Phosphate **	9	0.00	51	0.04
Imported Muriate of Potash	15,808	44.89	59,622	64.46
Imported Urea	39,657	29.03	330,433	222.30
Others	-	2.02	-	0.05
		75.94		286.85
TOTAL		175.07		549.27

** C. Y. Rs. 24347

Rupees in Crore				
	QUANTITY (M.T)	VALUE	QUANTITY (M.T)	VALUE
SCHEDULE "XI - B"				
CLOSING STOCK - PRODUCT WISE BREAK-UP				
Finished Goods				
1. <u>Manufactured</u>				
A. <u>Fertilizers</u>				
Urea (Trombay)	12,450	8.55	-	0.00
Urea (Thal)	43,409	30.23	62,374	82.81
Complex Fertilizers	7,898	13.15	4,201	7.53
Others	—	6.93	—	4.09
B. <u>Industrial Products</u>				
Methanol	250	0.44	820	1.08
Concentrated Nitric Acid	127	0.15	28	0.02
Ammonium Bi-carbonate	68	0.05	45	0.03
Sodium Nitrate	36	0.09	2	0.01
Sodium Nitrite	21	0.07	3	0.01
Methylamines	126	0.55	219	0.93
Ammonium Nitrate Melt	43	0.04	112	0.16



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	Rupees in Crore			
	Year Ended March 2010	Year Ended March 2010	Year Ended March 2009	Year Ended March 2009
Dimethyl Formamide	37	0.20	116	0.64
Dimethyl Acetamide	18	0.09	132	0.88
Argon Gas / Liquid	216	0.22	347	0.43
Formic Acid	14	0.06	2	0.01
Others	–	0.41	–	0.50
		61.23		99.13
2. Bought-out Products				
Fertilizers				
Imported Di Ammonium Phosphate **	73	0.12	9	0.00
Imported Muriate of Potash	64	0.15	15,808	44.89
Imported Urea	21,582	12.00	39,657	29.03
Others	–	0.11	–	2.02
		12.38		75.94
TOTAL		73.61		175.07

** P.Y.Rs 24347

	Rupees in Crore	
	Year Ended March 2010	Year Ended March 2009
SCHEDULE “XII” RESEARCH AND DEVELOPMENT		
Cost of Material	0.01	–
Salaries, Wages and Staff Welfare Expenses	2.18	1.43
Handling charges (C.Y.Rs.31042)	0.00	0.02
Repairs and Maintenance	0.08	0.07
Other Expenses (Transferred from schedule IX C.Y.Rs.0.03 crore, P.Y.Rs.0.05 crore)	0.06	0.16
Depreciation	0.03	0.02
TOTAL	2.36	1.70
Less :		
Interest Income (C.Y.Rs.21887P.Y.Rs.28541)	0.00	0.00
Other Income	0.03	0.03
TOTAL	2.33	1.67

SCHEDULE “XIII” TRANSFER CREDITS		
Cost of intermediary products and utilities allocated to capital jobs / projects (C.Y.Rs.48563)	0.00	10.67
Utilities, Synthesis gas and share of other common expenses transferred to Thal Ammonia Extension	9.24	13.92
Transfer credit Others	0.12	–
TOTAL	9.36	24.59

SCHEDULE. “XIV” ADJUSTMENTS RELATING TO PRIOR YEARS (NET)		
Debits (-) / Credits		
Repairs and Maintenance	0.03	(0.42)
Depreciation	(0.16)	0.22
Others	0.11	0.19
TOTAL	(0.02)	(0.01)

Schedule “XV”

Statement of Significant Accounting Policies forming part of Accounts for the year ended 31st March 2010.

1. Basis of Preparation of Financial Statements:

1.1 Accounting Convention:

The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards(AS) under Companies Accounting Standard Rules 2006, the relevant provisions of the Companies Act 1956(“the Act”). The financial statements have been prepared under the historical cost convention, on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

1.2 Use of Estimates:

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively when revised, in current and future periods.

2. Fixed Assets

2.1 Fixed assets comprise of tangible assets and intangible assets, and are stated at their original cost of acquisition (net of Cenvat and VAT) less accumulated depreciation/ amortization and impairment loss except in case of assets held for disposal, where cost is replaced by the lower of Written Down Value or estimated realizable value. Cost for this purpose includes all costs attributable for bringing the asset to its present location and condition.

2.2 The Government/Institutional grants of capital nature are adjusted to the gross block of relevant Fixed Assets.

2.3 Depreciation/Amortization

2.3.1 Depreciation on Fixed Assets other than on intangible assets (software applications) is provided for under STRAIGHT LINE METHOD (SLM) at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on additions/deductions to Gross Block is calculated

on pro-rata basis from the date of such additions/ and up to the date of such deductions. No depreciation is provided on assets held for disposal/retired from active use.

2.3.2 Intangible assets (software applications) are amortized over their respective individual estimated useful lives on a STRAIGHT-LINE BASIS, pro-rata from the date the asset is available to the Company of its use. Management estimates the useful life of software applications identified as intangible assets as three years. Any expenses incurred on intangible assets upto Rs.1 lakh in each case are being charged off in the year of incurrence.

2.3.3 Leasehold land is amortized equally over the lease period pro-rata from the month the asset is available to the Company.

2.3.4 Depreciation on Catalyst capitalized upon commissioning is provided on the estimated useful life as technically assessed.

2.3.5 Depreciation on railway wagons purchased is provided on its estimated useful life.

2.4 Impairment of Assets :

The carrying amounts of assets are reviewed at each Balance Sheet date for identifying an impairment based on internal/external factors. Loss on impairment is provided to the extent the carrying amount of assets exceeds its recoverable amount. Recoverable amount is the higher of an assets net selling price or its value in use. A previously recognized loss on impairment is increased or reversed depending on the change in the circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

3. Expenditure During Construction (EDC)

All pre-operative costs (net of income) incidental to new projects undertaken are accumulated as EDC and apportioned appropriately among the various plants/facilities during the year of capitalization.

4. Borrowing Costs:

Interest and other costs in connection with the borrowing of the funds to the extent related/attributed to the acquisition/ construction of qualifying assets are accumulated and capitalized upto the date when such assets are ready for their intended use and other borrowing costs are charged to Profit and Loss Account.



Exchange variation on foreign currency borrowing to the extent they are considered as borrowing costs are also treated in a similar way.

5. Foreign Currency Transactions

- 5.1 Transactions in Foreign currency are recorded in the reporting currency by applying the currency rate as at the date of transaction.
- 5.2 Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange prevalent on the Balance Sheet date.
- 5.3 Exchange difference on contractual liabilities incurred, including arising out of forward exchange contracts for all fixed assets acquired prior to 1.4.2004 are adjusted in the carrying cost of such fixed assets.
- 5.4 In respect of transactions covered by forward exchange contracts the difference between the contract rate and the spot rate on the date of the contract is recognized in the Profit & Loss Account over the period of the contract.
- 5.5 All other exchange differences (gains or losses) are treated as revenue and are recognized in the Profit and Loss Account.

6. Investments

Investments are valued at lower of market value or cost. Long Term investments are stated at cost and provision is made for any diminution in such value, which is not temporary in nature.

7. Inventories

7.1 Assessment of Inventory

- 7.1.1 Raw Materials, Intermediary Products, By-Products and Finished Products inside factory premises are assessed by survey method on a date as close as possible to the Balance Sheet date and the shortages /excesses in the quantities as compared to book stocks are adjusted in the books. Finished goods and other inventory stored outside the factory premises are taken as per warehousing certificates and third party confirmation respectively.

7.2 Mode of Valuation

- 7.2.1 Inventories are valued at lower of cost and estimated net realizable value except in case of by-products, which are valued at, estimated net realizable value. Stocks in process at the close of the year are not valued as the same is not practicable.

7.2.2 Basis of Cost :

- The cost of manufactured finished goods, bought out products and intermediary products are arrived

at based on weighted average cost. Bifurcation of cost of joint products is made on technical estimates.

- Cost of raw materials, petroleum products, packing materials, stores and spares, and loose tools is determined on weighted average cost basis.

7.2.3 Used loose tools are treated as consumed and hence not valued.

7.2.4 Project surplus stores and spares of old plants not in use are brought in the books at nominal estimated value/technical estimate or carried in memorandum records.

7.2.5 Provision is made in respect of raw materials, packing materials, stores and spares and petroleum products, wherever appropriate, based on technical estimates, to reflect the impact of obsolescence, damage or other diminution in value.

7.3 Measurement of Cost / Realisable Value

7.3.1 Cost of Purchases

Cost of purchase includes duties, taxes (net of those recoverable) freight and other expenses net of trade discounts, rebates and price adjustments.

7.3.2 Cost of Manufactured goods

Cost of Manufactured Goods comprises of direct cost, variable production overheads and fixed production overheads on absorption costing method. Catalysts issued are charged off over their estimated useful lives as technically assessed. Variable production overheads are allocated based on actual production. Variable overheads related to movement of finished products are allocated based on actual dispatches. Fixed overheads are allocated based on higher of the actual production level or normal production level. Average freight incurred is included in valuing stocks in field warehouses and in transit.

7.3.3 Cost of Traded Fertilizers

It comprises of Cost of Purchases as defined under 7.3.1 plus bagging, handling and transportation costs incurred to bring the material in its present location and condition.

7.3.4 Net Realizable Value

Price of urea is administered by the Government of India by which selling price is fixed for the buyer. The net realizable value for manufactured urea is taken at retention price (selling price net

of dealers' margin plus subsidy from Government of India) net of variable selling and distribution cost. Net realizable value of off-spec urea is taken at 40% of MRP excluding subsidy.

The net realizable value of phosphatic and potassic fertilizers is taken at the applicable selling prices expected to be realized, net of dealers' margin and variable selling and distribution costs plus the concession as fixed/to be fixed by Government. Net realizable value of off-spec phosphatic and potassic fertilizers is taken at selling price net of dealers' margin and estimated cost of re-processing including transportation cost to factory. The net realizable value of off spec bought out fertilizers is at 30% of MRP.

The Net realizable value of imported Urea is the selling price and other entitled compensation as contracted with the Government net of variable selling and distribution cost.

The net realizable value of off-spec imported Urea is taken at 40% of MRP.

Average freight incurred on despatches from silo/factory/ port to godown is reduced for arriving at the net realizable value in respect of stocks of fertilizers in silo/factory/port.

The net realizable value of non-fertilizer products is taken at the year-end lowest selling prices net of variable selling and distribution cost.

8. Sundry Debtors

Debts, receivables, loans and advances are provided for upon review on case to case basis.

Subsidy receivable from Government overdue over 3 years are provided for.

9. Operating Leases

Assets acquired on leases wherein a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Lease rentals paid for such leases are recognized as an expense on straight line basis over the term of lease.

Rental income on sub-leases are accounted on straight line basis.

10. Taxation

Provision for Current Income Tax is made in accordance with the Income Tax Act 1961.

Deferred Tax resulting from "timing difference" between book profit and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a certainty that the assets will be adjusted in future.

11. Cash flow Statements

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

12. Employee Benefits

12.1.1 Contribution to Provident Fund is accounted for on accrual basis. The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. Such shortfall on account of interest, if any, is recognized in the Profit and Loss account.

12.1.2 Company's defined Contribution made to Pension Fund of Government is charged off to Profit and Loss account on accrual basis.

12.1.3 Employee benefits under Defined Benefit plans comprising of gratuity, leave encashment on retirement, Post retirement medical benefits and long term service award are recognized based on the present value of Defined Benefit Obligation based on actuarial valuation carried out as on the date of the Balance Sheet. The actuarial valuation is done as per Projected Unit Method.

12.1.4 Actuarial gains and losses are recognized in full in the Profit and Loss account for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value scheme of assets, wherever applicable.

12.1.5 Voluntary retirement scheme expenses incurred upto 31.3.07 are amortized equally over a period of five years.

13. Research and Development Expenditure

Revenue Expenditure on Research and Development activity is recognized separately and charged to Profit and Loss Account.

14. Revenue Recognition

14.1 Sales are recognized on an accrual basis when all significant risks and rewards of ownership are transferred to the buyer and the Company retains no effective control of the goods transferred.



- 14.2 Gross Sales (net of returns) include excise duty, wherever applicable.
- 14.3 Subsidy income is accounted on the quantity sold during the year.
- 14.4 Recognition of Subsidy is generally made on the basis of in principle recognition/approval/settlement of claims from Government of India /Fertilizer Industry Co-ordination Committee.
- 14.5 Other Income is recognized on an accrual basis.
- 14.6 Dividend income is recognized when right to receive dividend is established.
- 14.7 Interest Income is recognized when no significant uncertainty as to its realization exists.
- 14.8 Scrap, salvaged/waste materials and sweepings are accounted for on realization.
- 14.9 Insurance and other miscellaneous claims are recognized on receipt/acceptance of claim. Contractual pass through incentives, benefits, etc. are recognized on receipt basis.
- 14.10 Debits/Credits Relating to Prior period**
Income and expenditure pertaining to earlier period

and upto Rs.1,00,000/- in each case, are not being classified as relating to “prior period”.

14.11 Prepaid Expenses

Individual expense up to Rs.25,000 is not considered in classifying prepaid expenses.

15. Contingent Liabilities and Provisions

Claims against the Company not acknowledged as debts relating to normal business transactions and show cause notices and demands disputed by the Company are treated as Contingent Liabilities after careful evaluation of facts. Provision in respect of contingent liabilities if any, is made when it is probable that a liability may be incurred and the amount can be reasonably estimated.

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that 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 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 estimate.

Schedule XVI

Notes forming part of Accounts for the year ended 31st March 2010.

1. CONTINGENT LIABILITIES NOT PROVIDED FOR:

1.1 Claims against the Company not acknowledged as debts to the extent ascertainable (interest can not be estimated reliably) aggregates to Rs.23.81 crore (Previous year Rs.17.47 crore). Of this, claims before arbitrators/courts, are Rs.17.44 crore (previous year Rs.15.93 crore).

1.2 Guarantees issued by Bank in favour of Excise authorities, Customs authorities etc. aggregates to Rs.190.96 crore (Previous year Rs.127.61 crore). This is secured by extension of charge over inventories and book debts.

Corporate Guarantee executed by the Company on behalf of its Joint Venture Company, FACT-RCF Building Products Ltd aggregates to Rs.17.50 crore (Previous year Rs.17.50 crore).

1.3 Show cause notices issued by Excise Authorities aggregates to Rs.0.79 crore (Previous year Rs.0.75 crore).

1.4 A) Demands raised by Income Tax Authorities, disputed by the company aggregating to Rs.4.43 crore (Previous year Rs.4.06 crore), against which the entire amount has been deposited with Tax Authorities.

B) Demands raised by Excise (other than as mentioned in para 1.7) and other authorities, disputed by the company aggregating to Rs. 19.85crore (Previous year Rs.19.42 crore).

C) Demands raised by Sales Tax Authority, disputed by the company aggregating to Rs. 3.66 crore (Previous year Rs.4.31 crore).

1.5 The amount of claims in respect of legal cases filed against the Company for labour matters and not acknowledged as debts is not ascertainable.

1.6 In case of use of Naphtha purchased by the Company at concessional rates of excise duty for the purpose other than mentioned in the exemption notification for the period from November 1996 to March 2001, the Commissioner of Excise (Adj.) has passed an order for payment of excise duty of Rs.4.67 crore and penalty of Rs.4.77 crore plus interest at appropriate rate. The Company has filed an appeal in CESTAT and for the period April 2001 to February 2005 the Commissioner of Excise has passed an order for payment of excise duty of Rs.4.99 crore and penalty of Rs.4.99 crore plus interest at appropriate rate. The company is in the

process of filing an appeal before CESTAT.

For the period from March 2005 to October 2005, show cause notice is served for Rs.1.77crore for the same reason. Commissioner of Excise passed an order for payment of excise duty of Rs 1.77 crore and penalty of Rs.1.77crore plus interest at appropriate rate. Company has filed an appeal in CESTAT and stay has been granted. However, the company is yet to receive an order.

In case of use of Naphtha purchased by the Company at concessional rate of excise duty for the purpose other than mentioned in the exemption notification for the period July 2007 to March 2008 the Commissioner of Excise (Adj.) has issued show cause notice demanding payment of excise duty of Rs.6.11 crore and for the period April to September 2008 show cause notice is served for Rs.6.89 crore, & also for the period October 08 to August 09 for Rs.4.88 crore. Aforesaid cases are pending before Commissioner of Excise.

1.7 The Capitalization of land at Kurul Township and factory at Thal Unit has been made subject to Arbitration awards/Court decisions in respect of claims of Rs.8.33 crore (net of payment made/ liability provided of Rs.3.95 crore) preferred by local authorities.

1.8 Demand of Rs.33.48 crore raised by Municipal Corporation of Greater Mumbai (BMC) towards additional sewerage charges levied from 5-4-1987 are disputed by the Company in a Writ Petition filed in Bombay High Court. The Honorable High Court vide its interim Order dated 10-11-92 has granted stay on recovery of the demand for the period up to the date of the Order and directed the Company to pay sewerage charges from the date of the order which is being paid by the Company. The matter has been disposed off by the High Court, and is now resting in Supreme Court, with stay granted to continue. As a part of an agreement entered into with BMC for obtaining raw sewerage, the Company has paid an interest free deposit of Rs.16 crore to BMC(included in Schedule K) representing approximately 50% of the disputed demand which would be adjustable against the disputed demand in case the Court rules in favor of BMC. In the opinion of the Company no provision is considered necessary for the disputed demand of Rs.33.48 crore as the claim of BMC is not tenable.

1.9 The Company had entered into a turn key contract with M/s Uhde India Ltd (UDL) for revamp of its Old Nitric Acid plant at Trombay Unit. During 2004-05, Commissioner



of Customs (Imports) Mumbai had allowed clearance of the Air Compressor package consignment under provisional assessment after payment of applicable custom duties, furnishing of Bank guarantees towards demand and a revenue deposit of Rs.5.75 crore.

Thereafter Commissioner of Customs passed an Order for payment of Custom Duty and penalty aggregating to Rs.25.05 crore against the above matter. Out of this Rs.9.33 crore has been paid by the Company against provisional assessment of which Cenvat credit of Rs.4.49 crore has been availed.

The Order has been challenged before CESTAT / High Court and by an Order dated 20th June 2007, Bombay High Court stayed the order passed by the Commissioner of Customs and also against invoking the bank guarantees. The Company has renewed the Bank guarantees. There is no change in the case as on date. As per the opinion obtained, the demand is not sustainable and no provision is considered necessary.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for aggregates to Rs.55.19 crore (Previous year Rs.112.70 crore) net of advances.
3. The Company has taken 416 Nos. of BCNA Railway Wagons (previous Year 416Nos) on operating lease from SBI Capital Markets Ltd. and SBI Leasing Group. In case of some of the wagons primary lease period of 10 years is over. During the year, out of 416 wagons, the company has purchased 250 wagons for an amount of Rs.0.53 crore.

In case of the remaining 166 wagons the primary period of lease is almost over. The future estimated liability for unexpired lease rent for primary lease period/secondary lease period aggregates to Rs.0.83 crore (Previous Year Rs.3.33 crore) periodic classification of which is as given below.

The future minimum lease payments in respect of non-cancelable operating lease as at the balance sheet date are summarized below:

Rs. crore

	Year ended 31-3-2010	Year ended 31-3-2009
Not Later than one year	0.10	2.50
Later than one year but not later than 5 years	0.32	0.34
Later than 5 years	0.41	0.49
Total	0.83	3.33
Lease rent recognized in P & L A/c	2.50	10.65

Further, under the "Own Your Wagons Scheme" of Indian Railways, these wagons have been sub-leased to Indian Railways. The estimated future revenue on this account is Rs.7.07 crore (Previous year Rs. 9.54 crore). Periodic classification of which is as below.

Rs. crore

	Year ended 31-3-2010	Year ended 31-3-2009
Not Later than one year	0.71	2.48
Later than one year but not later than 5 years	2.83	2.82
Later than 5 years	3.53	4.24
Total	7.07	9.54
Lease rent (Income) recognized in P & L A/c	2.48	9.30

4. Formalities relating to transfer of certain immovable and other properties from Fertilizers Corporation of India Limited to the Company on reorganization of the former in the year 1978 are not yet completed. Out of property cards for a total area of 3095022 sq. mts, property cards for 1659352 sq. mts are yet to be transferred in the name of the Company.
5. The capitalization of Freehold land at Thal Unit includes land at Kihim having carrying Cost of Rs.0.02 crore pending execution of documents and transfer of title deeds in the name of Company due to dispute.
6. Some of Sundry Debtors, Sundry Creditors, Other Current Liabilities and Loans and advances are subject to confirmation, reconciliation and consequential adjustments if any. In the opinion of the management, such adjustments would not be material.
7. Inventory includes stores and spares costing Rs.9.77 crore (previous year Rs.11.07 crore) declared as surplus. The amount includes stores/spares valued at Rs.8.09 crore (Previous year Rs.8.18 crore) identified as disposable surplus and which on disposal may not fetch full book value and accordingly, provision of Rs.7.68 crore (previous year Rs.7.99 crore) has been made on account of estimated loss on disposal thereof.
8. The Company is eligible to receive subsidy from Fertilizer Industry Co-Ordination Committee (FICC) / Department of Fertilizers (DOF) on Urea, Phosphatic and Potassic Fertilizers (P&K Fertilizers) at the rates notified from time to time.

For the rates yet to be notified, due to escalations/de-escalations in the cost of inputs and other costs, subsidy has been accounted on estimated basis.

The details of subsidy accounted on estimated basis are as under:-

Rs. crore

PARTICULARS	2009-10			2008-09		
	Urea	P&K Fertilizers	Imported Urea	Urea	P&K Fertilizers	Imported Urea
For the Year	(71.06)	(160.02)	1.02	344.20	(5.51)	2.83
For earlier Periods	Nil	Nil	Nil	Nil	Nil	Nil
Total	(71.06)	(160.02)	1.02	344.20	(5.51)	2.83

(Debit)(Subsidy refundable)/ Credit(Subsidy receivable)

9. In order to comply with the requirement of the Micro, Small and Medium Enterprises Development Act 2006, company has sought confirmation from the vendors whether they are falling in the category of Micro, Small/Medium Enterprises. Based on the information available, the required disclosures are given below:-

Rs. crore

Sr.No.	Particulars	2009-10
1	Principal amount remaining unpaid as on 31st March	NIL *
2	Interest due thereon 31st March	NIL *
3	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	NIL *
4	Interest due and payable for the period of delay 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 Enterprises Development Act, 2006.	NIL *
5	Interest accrued and remaining unpaid as 31st March.	NIL *
6	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 Enterprises Development Act, 2006.	NIL *

* As the Company has not received any memorandum (as required by to be filed by the suppliers with the notified authority under Micro, Small and Medium Enterprises Development Act 2006) claiming their status as micro, small or medium enterprises the information as required to be given above is considered to be NIL.

10. The Company has recognized its factory at Trombay, factory at Thal and Trading, as geographical segments (primary segments) and its activities of manufacture and sale of fertilizers, and manufacture and sale of industrial products as business segments (secondary segments) in accordance with Accounting Standard –17 on Segment reporting of the Accounting Standards notified under Companies Accounting Standards Rules, 2006 (herein after referred to as Accounting Standards). The segment wise revenue, expenses and capital employed are enclosed in **Annexure-I**.

11. Information as per Accounting Standard (AS-18) on Related Party Disclosures is given below:-

Names of Related Parties and Description of relationships (Excluding with State Controlled Entities) Company is under the administrative control of Ministry of Chemicals & Fertilizers, Government of India and is within the meaning of state controlled enterprise of para 9 of Accounting Standard-18.

**1) Relationship
SUBSIDIARY:-**

A) Rajasthan Rashtriya Chemicals & Fertilizers Ltd.

JOINT VENTURES:-

A) FACT-RCF Building Products Ltd.

B) Urvarak Videsh Ltd.

C) RCF-HM Construction Solutions Pvt. Ltd.

2) Key Management Personnel

Whole time directors :

- (i) Shri. U. S. Jha, Chairman & Managing Director
- (ii) Shri J. Kohareswaran, Director (Marketing)
- (iii) Shri. Gautam Sen Director (Finance)
- (iv) Shri. Manoj Priya, Director (Technical)

3) Details relating to parties referred to in (2) above.

Remuneration:-

Rs. Crore

Particulars	2009-10	2008-09
Salaries and Allowances	1.45	0.42
Leave Encashment	0.01	0.15
Provident Fund Contribution	0.13	0.07
Total	1.59	0.64

Excluding contributions to the Gratuity Fund since the same are on actuarial valuation for the group of employees and medical expenses as they are covered under Group Medclaim Policy taken by the company for all the employees and their eligible dependents

- (i) Loans and advances receivable: Refer Schedule- K.

The following transactions were carried out with the related parties in the ordinary course of business:-

4) Details of Transactions with Subsidiary and Joint Ventures

Rs. crore

Sr. No.	Particulars	Subsidiary 2009-10	Joint Ventures 2009-10	Subsidiary 2008-09	Joint Ventures 2008-09
1	Contribution towards Share Capital	0.03	15.20*	0.03	15.05
2	Advance against Share application money pending allotment	0.36	0.10	0.36	Nil
3	Guarantees Given	Nil	17.50	Nil	17.50
4	Remuneration to Employees on Deputation	Nil	0.18	Nil	0.03
5	Receivables	Nil	0.02	Nil	0.08
6	Payables	Nil	Nil	Nil	Nil

* Investment in RCF-HM Construction Solutions Pvt. Ltd. Joint Venture of Rs 0.05 crore.

12. Consequent to the availability of Reliance Gas from KG Basin the Company has restarted the operations of the Urea V plant of its Trombay Unit. The said plant was tested for impairment and as its expected value in use is higher than the carrying amount the company has reversed the impairment



loss provided in earlier years. Similarly, the Formic Acid plant at Thal was tested for impairment and as its expected value in use is higher than its carrying amount the company has reversed the impairment loss provided in earlier years.

The impact of reversal of impairment loss is as under:-

Rs. crore

	Urea V	Formic Acid	Total
Impairment Loss reversed	7.52	23.28	30.80
Depreciation provided due to reversal for impairment	3.58	10.42	14.00
Net Credit to Profit & Loss a/c	3.94	12.86	16.80
Deferred Tax Asset reversed	2.56	7.91	10.47

During the year the Company has commissioned and capitalized its Chikton plant at Thal amounting to Rs.0.88 crore. The said plant has been tested for impairment and as such 95% of the carrying value amounting to Rs.0.84 crore has been charged to Profit & Loss a/c as provision for impairment loss. Deferred Tax Asset on the same amounting to Rs.0.28 crore is recognized.

13. Disclosure as per Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets" as on 31st March 2010.

Rs. crore

Particulars	Balance as on 31.3.2009	Addition	Utilization	Reversal	Balance as on 31.3.2010
Disputes and Claims, Legal Matters (Refer Note 1)	0.53				0.53
Provisions against contractual liabilities (Refer Note 2)	73.92	20.05	93.97		0.00

Note1. Disputes, Claims and Others represent estimates made mainly for probable claims arising out of litigations / disputes pending with authorities / creditors. Deferred Tax Benefit of Rs.0.18 crore (Previous year Rs 0.18 crore) has been recognized on above.

Note 2. Company has made provision on estimated basis in respect of certain liabilities expected out of renewal of contract, post their expiry during the year. This provision has been made based on past practice followed by the company.

14. Earning Per Share

Basic earning per share has been reported as per Accounting Standard-20 relating to "Earning per share"

which has been computed by dividing net profit after tax by the weighted average number of shares outstanding for the period as under.

	31.3.2010	31.3.2009
Net profit after tax as per profit & loss account (Rs. in crore) (A)	234.87	211.58
Weighted Average Numbers of Equity Shares for calculating basic EPS (B)	55,16,88,100	55,16,88,100
Weighted Average Numbers of Equity Shares for calculating diluted EPS (C)	55,16,88,100	55,16,88,100
Basic earning per Share (in Rupees) (Face Value of Rs.10/- per share) (A)/(B)	4.26	3.84
Diluted earning per share (in Rupees.) (Face Value of Rs.10/- per share) (A)/(C)	4.26	3.84

There are no potential equity shares as on 31.3.2010 as also 31.3.2009 and accordingly the diluted Earning per Share is the same as Basic Earning per Share for both the years.

15. Cash & cash equivalents:

Rs. crore

Particulars	Year ended 31st March 2010	Year ended 31st March 2009
Cash & Bank Balance	784.65	411.80
Less:- Term Deposit with banks having original maturity more than 3months	0.11	Nil
Cash & Cash equivalents as at 31st March 2010	784.54	411.80

16. Disclosure of Deferred Tax Liability as per Accounting Standard 22 of The Institute of Chartered Accountants of India. :

Rs. crore

	Particulars	Balance 31.3.2010	Balance 31.3.2009
A)	Deferred Tax Liability		
	Difference between SLM & WDV	219.95	220.15
	Total (A)	219.95	220.15
B)	Deferred Tax Asset		
	Provision for doubtful debts/claims	9.22	18.93
	Provision for Obsolescence of Stores	2.62	2.72
	Provision for Leave Encashment	43.84	39.14
	Provision for Impairment of assets	0.28	10.47
	Others	0.25	0.18
	Total (B)	56.21	71.44
	Net Deferred Tax (Asset)/ Liability	163.74	148.71

17. In compliance with Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures", the required information is as under:-

JOINT CONTROLLED ENTITIES

Name of the Company	Country of Incorporation	Percentage of ownership interest as on	
		31-3-2010	31-3-2009
1) FACT-RCF BUILDING PRODUCTS LTD.	India	50.00	50.00
2) URVARAK VIDESH LTD.	India	33.33	33.33
3) RCF-HM CONSTRUCTIONS SOLUTIONS LTD.	India	50.00	-

A) **FACT-RCF BUILDING PRODUCTS LTD:-** A Joint venture Company with Fertilizers & Chemicals Travancore Ltd. (FACT) for manufacture of rapid building materials from Gypsum at Kochi.

B) **URVARAK VIDESH LTD:-** A joint venture with National Fertilizers Ltd. and KRIBHCO for revival of closed Fertilizers Units of FCI/HFC group of companies has been formed.

C) **RCF-HM CONSTRUCTION SOLUTIONS PVT. LTD:-** A Joint venture with First Future Properties Pvt. Ltd. (a consortium of M/s.Mahimtura Consultants Pvt. Ltd. and M/s. Hiranandani Constructions Ltd.) for marketing of rapid wall manufactured by RCF and its nominees.

The Company's share in assets, liabilities, income, expenditure, contingent liabilities and capital commitments compiled on the basis of audited/un-audited financial statements received from these joint ventures are as follows:-

Rs. crore

Sr.No.		31.03.2010	31.03.2009
1	Assets		
	Long Term Assets	41.77	16.26
	Current Assets	2.22	1.20
2	Current Liabilities & Provisions	5.33	2.40
	Other Liabilities-Long Term	24.33	0.34
3	Income	NA	NA
4	Expenditure	0.42	0.34
5	Contingent Liability	0.51	Nil
6	Capital Commitments	3.37	16.85

18. Miscellaneous expenses include auditors' remuneration as per details given below:-

Rs. Crore

Sr.No.	Particulars	2009-10	2008-09
1	Audit fees (including service tax)	0.11	0.11
2	Consolidated of Financial statements For 2009-10	0.01	0.00
3	Consolidated of Financial statements For 2008-09	0.01	0.00
4	For certificate and other services	0.06	0.06
5	For traveling and out of pocket Expenses.	0.03	0.03

19. The Company holds Rs.697.43 crore (Previous Year Rs.697.43 crore) Fertilizer bonds received in lieu of subsidy on fertilizers in cash. The same are classified under the head "Other Current Assets" and have been valued at Lower of Cost or market price as at the Balance Sheet date. The details of these bonds and their Market value are as under:-

Rs. crore

S. No.	Particulars	Face Value 31-3-2010	Loss on Mark to Market 31-3-2010	Market Value As on 31-3-2010	Face Value 31-3-2009	Loss on Mark to Market 31-3-2009	Market Value As on 31-3-2009
1	6.65% Fertilizer Companies GOI Special Bonds 2023	192.04	26.69	165.35	192.04	21.12	170.92
2	6.20% Fertilizer Companies GOI Special Bonds 2022	42.93	7.46	35.47	42.93	6.13	36.80
3	7.00% Fertilizer Companies GOI Special Bonds 2022	462.46	50.69	411.77	462.46	35.61	426.85
	TOTAL	697.43	84.84	612.59	697.43	62.86	634.57



The details of Purchases and Sales of Investments in Mutual Funds are as under :

S. No.	Particulars	Quantity (Units) Purchased	Purchase Value (Rs. Crore)	Quantity (Units) Sold	Sale Value (Rs. Crore)	Quantity (Units) Purchased	Purchase Value (Rs. Crore)	Quantity (Units) Sold	Sale Value (Rs. Crore)
		2009-10				2008-09			
1	Unit Trust of India	2455129	250.29	2553243	260.29	1291446	131.00	1193332	121.00
2	State Bank of India	296336555	496.37	302307638	506.37	556707428	828.00	550736345	818.00

20. Change in Accounting Policy:-

Up to 31st March 2009, the Company was charging off the entire cost of catalyst replaced during the year to Profit and Loss a/c. As per expert opinion received from the Expert Advisory Committee of the Institute of Chartered Accountants of India, the Company during the year has switched over to the method of charging off the same on systematic basis, based on its useful life as technically assessed. As a result of this change, the value of inventories (manufactured goods) is lower by Rs.0.06 crore and profit before tax for the year has increased by Rs.5.10 crore.

21. Freight and Handling charges include payment of disputed dues for the period from November 2001 to February 2010 aggregating to Rs.10.75 crore consequent to order passed by Bombay High Court during the year.

22. The dividend paid / proposed by the company is not subject to deduction of Income Tax at source as per Income Tax Act 1961.

23. Disclosure under Clause 32 of Listing Agreement:

Since the company has not given any loans and advances in the nature of loans to its subsidiary and the subsidiary has not acquired any shares of the Company, no disclosures under clause 32 of the Listing Agreement are required.

24. Employee Benefits:-

The required disclosure under the Revised Accounting Standard 15 is given below.

General Description of defined Benefit Plan

1) Provident Fund :

The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than Statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous provisions Act ,1952 and shortfall, if any, shall be made good by the company. Pending

determination of liability in view of issues in making reasonable actuarial assumptions, effect in this respect has not been ascertained. Accordingly, other related disclosures in this report have not been made and Rs. 20.11 crore is charged to Profit and Loss Account in the current year. During the current year, as at the Balance Sheet date, the investments/income earned by the Trust are sufficient to cover shortfall of interest payable to employees and thus no shortfall on account of the same is provided during the year.

2) Gratuity :

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service depending upon the date of joining. The same is payable on death, separation from service, or retirement, whichever is earlier. The benefit vests after five years of continuous service.

3) Leave Encashment :

The company has been accounting for provision on account of leave encashment on retirement based on actuarial valuation carried out as at the Balance date.

4) Post Retirement Medical Benefits :

Employees of the company upon retirement/separation under VRS are entitled to medical benefits as per the scheme in force.

5) Long Term Service Awards :

As a part of cordial relation and appreciation of long dedicated service, Company is honouring its employees with a memento on completion of 25 years of service.

The following table shows the impact of actuarial valuation as recognized in the financial statements in respect of Gratuity and Post retirement medical benefits.

(Rs. crore)

	As at 31st March 2010		As at 31st March 2009	
	Gratuity (Funded)	Post Retirement Medical Benefits (Non Funded)	Gratuity (Funded)	Post Retirement Medical Benefits (Non Funded)
1) Components of Employer expenses				
Service Cost	4.94	2.40	3.70	1.20
Interest Cost	8.76	1.00	7.42	1.00
Expected Return on Plan Assets	(10.78)	0.00	(9.39)	0.00
Actuarial (gain)/Loss	11.68	4.23	26.50	4.00
Net expense/(gain) recognized in the Profit and Loss account	14.60	7.63	28.23	6.20
2) Changes in Benefit Obligations				
Present value of Obligation at period beginning	124.55	13.74	89.56	8.20
Service Cost	4.94	2.40	3.70	1.20
Interest Cost	8.76	1.00	7.42	1.00
Actuarial(gain)/Loss	14.75	4.23	24.80	4.00
Benefits paid	(8.66)	(1.24)	(0.93)	(0.66)
Present value of Obligation at period end	144.34	20.13	124.55	13.74
3) Changes in Plan Assets				
Fair value of Plan Assets, at period beginning	124.55	0.00	89.56	0.00
Expected return on Plan Assets	10.78	0.00	9.39	0.00
Employer's contributions	14.60	1.24	28.23	0.66
Benefit Paid	(8.66)	(1.24)	(0.93)	(0.66)
Actuarial(gain)/Loss	3.07	4.23	(1.70)	4.00
Fair value of Plan Assets at period end	144.34	0.00	124.55	0.00
Excess Obligation over plan assets	0.00	0.00	0.00	0.00
Category of Plan Assets				
GOI securities	7.20%	0.00	9.04%	0.00
Special Deposit	12.40%	0.00	14.46%	0.00
PSU/ State Government Securities	12.63%	0.00	16.61%	0.00
SBI Life Insurance Company Ltd.	42.77%	0.00	49.74%	0.00
Life Insurance Corporation of India	24.27%		9.29%	
Others	0.73%	0.00	0.86%	0.00
Total	100.00%		100.00%	
Actuarial Assumptions				
Discount Rate (per annum)	8.25%	8.00%	8.00%	8.00%
Expected Rate of Return on Assets (per annum)	8.00%	0.00%	8.00%	0.00%
Salary Escalation/Annual increase in health care cost	4.00%	4.00%	4.00%	4.00%

25. Since implementation of SAP, creation of liability for expenses takes place in two stages and Income Tax is deducted at the second stage. According to the legal opinion obtained by the Company and as per the practice followed by other companies using SAP the process of deduction and remittance of Tax at source is correctly followed.
26. **Additional Information:**
Additional information in respect of goods manufactured, value of imports calculated on CIF basis, expenditure in foreign currency during the year on account of royalty, know-how etc., consumption of raw materials, spares parts and components during the year, earnings in foreign exchange, etc. is as per Annexure-II.
27. Previous year figures have been re-arranged and regrouped wherever necessary and/or practicable to make them comparable with those of the current year.



SEGMENTWISE REVENUE & RESULTS FOR THE YEAR ENDED 31.03.2010

Sr. No	Particulars	TROMBAY			THAL			TRADING			TOTAL		
		Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total
	SEGMENT REVENUE												
i.	Sales (Incl. Subsidy wherever applicable)	113259	43990	157249	179247	9836	189083	217879	0	217879	510385	53826	564211
ii.	Inter Segement Revenue	0	0	0	0	0	0	0	0	0	0	0	0
	Total Revenue	113259	43990	157249	179247	9836	189083	217879	0	217879	510385	53826	564211
	SEGMENT RESULT												
i.	Segment Results	(4643)	11409	6766	20956	(921)	20035	3643	0	3643	19956	10488	30444
ii.	Loss on Impairment of Assets	(753)		(753)		(2243)	(2243)				(753)	(2243)	(2996)
iii.	Less: Other Unallocable Expenditure (Net of Unallocable Income)												(2970)
iv.	Interest Expense												7055
v.	Interest Income												5068
vi.	Operating Profit												34423
vii.	Prior Period Expenses / (Income)												2
viii.	Profit before Tax												34421
ix.	Tax - Current												9670
x.	Deferred Tax Liability / (Asset)												1503
xi.	Excess Provision of Tax written Back												239
xii.	Net Profit												23487

SEGMENTWISE REVENUE & RESULTS FOR THE YEAR ENDED 31.03.2009

	SEGMENT REVENUE												
i.	Sales (Incl. Subsidy wherever applicable)	125945	55727	181672	299405	8199	307604	347322	0	347322	772672	63926	836598
ii.	Inter Segement Revenue	0	0	0	0	0	0	0	0	0	0	0	0
	Total Revenue	125945	55727	181672	299405	8199	307604	347322	0	347322	772672	63926	836598
	SEGMENT RESULT												
i.	Segment Results	14917	13128	28045	17376	(3316)	14060	6640	0	6640	38933	9812	48745
ii.	Loss on Impairment of Assets	24		24		(29)	(29)				24	(29)	(5)
iii.	Less: Other Unallocable Expenditure (Net of Unallocable Income)												8685
iv.	Interest Expense												11072
v.	Interest Income												3579
vi.	Operating Profit												32572
vii.	Prior Period Expenses / (Income)												2
viii.	Profit before Tax												32570
ix.	Tax - Current												13150
x.	Deferred Tax Liability / (Asset)												(1738)
xi.	Excess Provision of Tax written Back												0
xii.	Net Profit												21158

SEGMENTWISE OTHER INFORMATION FOR THE YEAR ENDED 31.03.2010

(Rs. in Lacs)													
Sr. No	Particulars	TROMBAY			THAL			TRADING			TOTAL		
		Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total
OTHER INFORMATION													
i.	Segment Assets	109038	30877	139915	80984	15430	96414	30288	0	30288	220310	46307	266617
ii.	Unallocated Corporate Assets										223106		223106
iii.	Total Assets	109038	30877	139915	80984	15430	96414	30288	0	30288	220310	46307	489723
iv.	Segment Liabilities	30445	4184	34629	20351	1449	21800	20047	0	20047	70843	5633	76476
v.	Unallocated Corporate Liabilities												
vi.	Total Liabilities	30445	4184	34629	20351	1449	21800	20047	0	20047	70843	5633	80075
vii.	Capital Employed	78593	26693	105286	60633	13981	74614	10241	0	10241	149466	40674	156551
viii.	Capital Expenditure			11087			3341			192			14496
ix.	Depreciation			5561			4730			0			10556
x.	Loss on Impairment of Assets (Reversal)	(753)		(753)		(2243)	(2243)			0			(2996)
xi.	Other Non Cash Expenses			705			1021			831		4276	6833
SEGMENTWISE OTHER INFORMATION FOR THE YEAR ENDED 31.03.2009													
OTHER INFORMATION													
i.	Segment Assets	132233	20072	152305	112919	14418	127337	103704	0	103704	348856	34490	383346
ii.	Unallocated Corporate Assets												145812
iii.	Total Assets	132233	20072	152305	112919	14418	127337	103704	0	103704	348856	34490	529158
iv.	Segment Liabilities	51277	4755	56032	26436	979	27415	89676	0	89676	167389	5733	173123
v.	Unallocated Corporate Liabilities												
vi.	Total Liabilities	51277	4755	56032	26436	979	27415	89676	0	89676	167389	5733	31497
vii.	Capital Employed	80955	15317	96273	86483	13440	99923	14028	0	14028	181466	28757	204620
viii.	Capital Expenditure			18293			4257			112			324538
ix.	Depreciation			4887		(29)	3413			0			23413
x.	Loss on Impairment of Assets (Reversal)	24		24			(29)			0			8663
xi.	Other Non Cash Expenses			264			867			78		0	(5)
													1209



ADDITIONAL INFORMATION

ANNEXURE II

A. QUANTITATIVE INFORMATION IN RESPECT OF EACH CLASS OF GOODS MANUFACTURED DURING 2009-2010

SR. NO	PRODUCTS	LICENSED CAPACITY	INSTALLED * CAPACITY (As certified by the Management)	Metric Tonnes	
				2009-2010	2008-2009
1	Ammonia	116,000	115,500	87,856	6,430
2	Ammonia (Trombay-V)	297,000	297,000	330,235	280,010
3	Ammonia (Thal)	N.A	990,000	1,128,320	1,096,850
4	Urea (Trombay-V)	427,500	330,000	306,905	0
5	Urea (Thal)	N.A	1,706,800	1,782,171	1,903,521
6	Suphala 15:15:15 (Complex Fertilizers)	300,000	300,000	490,000	471,000
7	Suphala 20:20:0 (Ammonium Nitrate Phosphate)	361,000	361,000	17,070	0
8	Methanol	37,500	49,500	44,103	54,093
9	Ammonium Bicarbonate	N.A.	4,000	24,722	24,201
10	Argon (million NM3)	N.A	3	1.9	1.6
11	Argon (million NM3) Thal	N.A	8	4.2	0.6
12	Nitric Acid (100%)	101,600	105,600	99,710	111,080
13	Nitric acid (100%)(Trombay IV)	255,000	247,500	263,105	231,965
14	Sulphuric Acid (98%)	99,000	99,000	59,753	73,294
15	Phosphoric Acid	32,000	30,000	17,040	21,058
16	Dilute Sulphuric Acid	N.A	0	64,194	74,375
17	Sodium Nitrate/Nitrite	4,000	4,000	5,360	4,462
18	Concentrated Nitric Acid	N.A.	20,000	18,051	22,098
19	Methylamines - (Trombay)	4,000	4,000	5,887	6,740
20	Methylamines - (Thal)	N.A.	11,400	11056	10308
21	Ammonium Nitrate (100%)	54,000	54,000	164,288	163,113
22	Dimethyl formamide	N.A.	2,500	3,161	3,062
23	N-15 (Grams)	N.A.	800	0	0
24	T.G.Urea(Thal)	N.A.	0	8529	29479
25	Di Methyl Acetamide	N.A.	5000	1642	1775
26	Carbon Monoxide Plant (million NM3)	N.A.	9.5	4.5	3.4
27	Biola (Bio Fertilizer)	150	150	310	204
28	Microla (Ltrs)	100,000	100000	183250	122345
29	Formic Acid	N.A.	10000	5341	3671
30	Sujala 19:19:19	N.A.	150	4010	2002

N.A Not Applicable

* Relied upon by Auditors without verification, this being a technical matter.

Rupees in crore

B. VALUE OF IMPORTS CALCULATED ON COST, INSURANCE, FREIGHT BASIS

Particulars	2009-2010	2008-2009
i) Raw materials*	199.86	747.09
ii) Components & Spare parts	15.07	11.56
iii) Capital Goods	4.64	20.72

*Includes in transit as at year end Rs Nil crore
(Previous year Rs 200.68 crore) and excludes imports through Indian agencies
Rs 199.22 crore (Previous year Rs.140.50 crore)

C. EXPENDITURE IN FOREIGN CURRENCY

Particulars	2009-2010	2008-2009
i) On account of Purchase of Traded goods, Royalty, know- how, professional consultancy fees, interest, licence fees and other matters	1363.14	1139.39
ii) Expenditure on foreign tours	0.56	0.60
iii) Subscription to journals	0.04	0.05

D. EARNINGS IN FOREIGN EXCHANGE

Particulars	2009-2010	2008-2009
i) Export of Goods calculated on FOB basis	2.58	2.23
ii) Freight & Insurance recovered	0.00	0.00
iii) Technical manpower fees	0.02	0.00

E. CONSUMPTION OF RAW MATERIALS, SPARES AND COMPONENTS

Particulars	2009-2010		2008-2009	
	Value Estimated	Total Consumption %	Value Estimated	Total Consumption %
A. Raw Materials				
Imported	607.24	37.93	701.97	38.21
Indigenous	993.58	62.07	1134.99	61.79
Total	1600.82	100.00	1836.96	100.00
B. Spares and Components				
Imported	11.11	21.96	5.34	7.16
Indigenous	39.48	78.04	69.26	92.84
Total	50.59	100.00	74.60	100.00



Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956.

I. Registration Details :

Registration No.	011-20185
State Code	11
Balance Sheet Date	31 st March, 2010

II. Capital raised during the year :

(Amount in Rs. Thousands)

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds :

Total Liabilities	48,780,400
Total Assets	48,780,400
Sources of Funds	
Paid - up Capital	5,516,900
Reserves & Surplus	12,854,500
Secured Loans	2,581,000
Unsecured Loans	10,727,400
Deferred Tax Liability	1,637,400
Application of Funds	
Net Fixed Assets	13,827,600
Investments	153,000
Net Current Assets	19,336,600
Miscellaneous Expenditure	0
Accumulated Losses	NIL

IV. Performance of Company :

Turnover (Sales & Other Income)	58,218,600
Total Expenditure	54,776,500
Profit / Loss (-) before Tax	3,442,100
Profit / Loss (-) after Tax	2,348,700
Earnings per share (Rupees)	4.26
Dividend Rate (%)	11.00%

V. Generic Name of Three Principal Products / Services of Company (as per monetary terms) :

Item Code No. (ITC Code)	3102.10
Product Description	Urea
Item Code No. (ITC Code)	3105.20
Product Description	Complex Fertilizers
Item Code No. (ITC Code)	2814.10
Product Description	Ammonia

U. S. Jha

Chairman and Managing Director

Gautam Sen

Director (Finance)

K. C. Prakash

Company Secretary

Dated : 06.05.2010

Place : Mumbai

Auditors report to the Board of Directors of Rashtriya Chemicals and Fertilizers Limited on Consolidated Financial Statements

1. We have audited the attached consolidated balance sheet of Rashtriya Chemicals and Fertilizers Limited and its subsidiary and joint ventures (the Rashtriya Chemicals and Fertilizers Group) as at March 31st 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. 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. In respect of the subsidiary viz. Rajasthan Rashtriya Chemicals and Fertilizers Ltd. we did not carry out the audit. The financial statements have been audited by other auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiary, are based solely on the report of the other auditors. The details of assets, revenue and net cash flows in respect of this subsidiary to the extent to which they are reflected in the consolidated financial statements are given below:

Particulars	Amount (Rupees in Lakhs)
Assets	3.60
Revenues	Nil
Net Cash inflows/(outflows)	(3.85)

4. In respect of the joint ventures viz. FACT RCF Building Products Ltd, Urvarak Videsh Limited and RCF HM Construction Solutions Limited, the financial statements were not audited. These financial statements have been certified by the management and have been furnished to us, and in our opinion, in so far as they relate to the amounts included in respect of these joint ventures, are based solely on these certified financial statements. Since the said financial statements for the financial year ended 31st March 2010, which were compiled by management of these companies, were not audited, any adjustments to their balances could have consequential effects on the attached

consolidated financial statements. However, the size of these joint ventures in the consolidated position is not significant in relative terms. The details of assets, revenue and net cash flows in respect of these joint ventures, to the extent to which they are reflected in the consolidated financial statements are given below:

Particulars	Amount (Rupees in Lakhs)
Assets	4,409.60
Revenues	0.24
Net Cash inflows/ (outflows)	(40.89)

5. We report that, the consolidated financial statements have been prepared by the company in accordance with the requirements of the Accounting Standards (AS) 21, "Consolidated Financial Statements" and (AS) 27, "Financial Reporting of Interests in Joint Ventures" notified by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Rashtriya Chemicals and Fertilizers Ltd included in the consolidated financial statements.

6. Without qualifying our report, we draw attention to:

- Note No. 12 of Schedule J to the accounts regarding the claim of subsidy accounted on estimated basis, pending final settlement of such claims.
- Note No. 13 of Schedule J to the accounts regarding the classification of Fertilizer Bonds with the carrying amount of Rs. 612.59 Crores as current assets instead of Investments as per schedule VI of the Companies Act, 1956
- Note No. 11 of Schedule J to the accounts which states that some of the Sundry Debtors, Sundry Creditors Other Current Liabilities and Loans and Advances are subject to confirmation, reconciliation and consequential adjustments, if any.

7. We report that on the basis of the information and according to the explanations given to us, and on the consideration of the separate audit report on individual audited financial statements of the Rashtriya Chemicals and Fertilizers and its subsidiary viz. Rajasthan Rashtriya Chemicals and Fertilizers Ltd.; and certification of management in respect of unaudited accounts of its joint ventures, we are of the opinion that the said consolidated financial statements, read together with significant accounting policies in Schedule I and notes appearing thereon, 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 Rashtriya Chemicals and Fertilizers Group as at March 31, 2010;
- b) In the case of the consolidated profit and loss account of the consolidated profit of the Rashtriya Chemicals and

Fertilizers Group for the year ended on that date; and

- c) In the case of the consolidated cash flow statement, of the consolidated cash flow of the Rashtriya Chemicals and Fertilizers Group for the year ended on the that date.

For JCR & Co.

Firm Registration Number 105 270W
Chartered Accountants

A.M. Vyavaharkar

Partner
Membership No. 16731

Mumbai

Date : 06.05.2010

For G. D. Apte & Co.

Firm Registration Number 100 515W
Chartered Accountants

C. M. Dixit

Partner
Membership No. 17532

Mumbai

Date : 06.05.2010

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

Rupees in Crore

	SCHEDULE	AS AT 31.03.2010	AS AT 31.03.2009
I. SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS :			
a) Share Capital		551.69	551.69
b) Reserves and Surplus	A	1283.98	1120.31
		1835.67	1672.00
2. MINORITY INTEREST*		—	—
Refer Note No.5 Schedule I to Accounts			
3. LOAN FUNDS :			
a) Secured Loans	B	282.43	136.35
b) Unsecured Loans		1072.74	1288.22
		1355.17	1424.57
4. DEFERRED TAX LIABILITY (NET)		163.74	148.71
		163.74	148.71
TOTAL		3354.58	3245.28
II. APPLICATION OF FUNDS			
1. FIXED ASSETS :			
a) Gross Block	C	3115.70	2875.17
b) Less : Depreciation / Amortisation		1867.48	1762.28
c) Less : Loss on Impairment of Assets*		0.84	30.80
d) Net Block		1247.38	1082.09
e) Capital work-in-progress(CWIP) including Capital advances (Capital advances C.Y. Rs.12.01 crore , P.Y.Rs.12.71 crore) (includes share of Joint venture entity Rs.37.10 crore ,P.Y.Rs.11.33 crore)		177.15	247.91
		1424.53	1330.00
2. INVESTMENTS	D	0.17	20.17
3. CURRENT ASSETS, LOANS AND ADVANCES :			
a) Inventories **		409.59	692.69
b) Sundry Debtors		858.98	1788.17
c) Cash and Bank Balances	E	784.83	412.42
d) Other Current Assets	F	1224.10	647.39
e) Loans and Advances	G	204.38	278.60
		3481.88	3819.27

* Refer note no. 9 to Schedule J to accounts

** Refer note no. 7 to Schedule J to accounts



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010 (Contd.)

		Rupees in Crore	
	SCHEDULE	AS AT 31.03.2010	AS AT 31.03.2009
4. CURRENT LIABILITIES AND PROVISIONS :			
a) Current Liabilities	H	1329.16	1650.39
b) Provisions		222.84	274.39
		1552.00	1924.78
Net Current Assets (3-4)		1929.88	1894.49
5. MISCELLANEOUS EXPENDITURE		0.00	0.62
(To the extent not written off)			
TOTAL		3354.58	3245.28
Statement of Significant Accounting Policies	I		
Notes on Accounts	J		

As per our report of even date attached

For JCR & Co.
Chartered Accountants

For G. D. Apte & Co.
Chartered Accountants

U. S. Jha
Chairman and Managing Director

A. M. Vyavaharkar
Partner
M. No. 016731

C. M. Dixit
Partner
M. N. 017532

Dated : 06.05.2010
Place : Mumbai

Gautam Sen
Director (Finance)

K. C. Prakash
Company Secretary

Dated : 06.05.2010
Place : Mumbai

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

Rupees in Crore

	Year Ended March 2010	Year Ended March, 2009
INCOME FROM OPERATIONS		
Sales	2765.17	3144.98
Less : Excise on Sales	55.07	89.34
Net Sales	2710.10	3055.64
Subsidy on Fertilizers	2932.01	5310.34
Interest	50.68	35.79
Other Income	129.07	83.11
TOTAL	5821.86	8484.88
COST OF OPERATIONS		
Purchases of Finished Products/ Bought out Products	1846.09	2740.41
Materials Consumed (Net of transfer to CWIP / Asset capitalised)	1712.44	1973.86
Salaries,Wages,Bonus and Benefits to Employees	358.67	382.21
Power and Fuel (Net of transfer to CWIP / Asset capitalised)	552.12	1369.03
Freight and Handling charges *	529.13	573.40
Excise Duty (Net)	0.18	(0.41)
Repairs and Maintenance	73.36	69.88
Other Expenses (Net of transfer to CWIP / Asset capitalised)	105.83	480.51
Interest	70.55	110.72
(Accretion) / Decretion to stocks	92.43	384.75
Research and Development	2.33	1.67
Depreciation/Amortisation	105.81	86.71
Provision/(Reversal) of impairment of Assets (Net) **	(29.96)	(0.05)
Provision for Doubtful Debts/Claims /Advances	5.21	0.98
Provision for Bad Debts / Claims /Loans / Irrecoverable Amounts Written Off	0.01	8.01
Provision for obsolescence of Stores and Spares	1.36	1.65
Bad Debts written off	61.75	0.54
Preliminary expenses written Off	0.11	0.95
	5487.42	8184.82
Less:Transfer Credits	9.36	24.59
TOTAL	5478.06	8160.23
Operating profit	343.80	324.65
Add : Adjustments relating to prior years Debit (-) / Credit (Net)	(0.02)	(0.01)
Profit before tax	343.78	324.64
Less : Provision for Current Taxation	96.70	128.70
Less : Provision for FBT	0.00	2.80
Less : Deferred Tax Expenses / (Savings)	15.03	(17.38)
Add :Excess/Short(-) Provision of earlier years	2.39	0.00
Profit for the year after tax	234.44	210.52
Adj. for :Share of Minority Interest (Restricted to Equity Share Capital)	—	0.02
Transferred to Balance Sheet	234.44	210.54
*(Refer Note No.8 of Schedule J to Accounts)		
**(Refer Note No.9 of Schedule J to Accounts)		



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)

Rupees in Crore

	Year Ended March 2010	Year Ended March, 2009
Surplus available for Appropriation	234.44	210.54
APPROPRIATIONS		
Dividend Proposed	60.69	66.20
Tax on Dividend Proposed	10.08	11.25
Transferred to General Reserve	163.67	133.09
	234.44	210.54
Statement of Significant Accounting Policies	I	
Notes on Accounts	J	
Earnings Per Share (Basic) Rupees	4.25	3.82

As per our report of even date attached

For JCR & Co.
Chartered Accountants

For G. D. Apte & Co.
Chartered Accountants

U. S. Jha
Chairman and Managing Director

A. M. Vyavaharkar
Partner
M. No. 016731

C. M. Dixit
Partner
M. N. 017532

Dated : 06.05.2010
Place : Mumbai

Gautam Sen
Director (Finance)

K. C. Prakash
Company Secretary

Dated : 06.05.2010
Place : Mumbai

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

Rupees in crore

Particulars	Year Ended March 2010	Year Ended March 2009
A Cash Flow From Operating Activities		
Net Profit before tax	343.78	324.64
Adjustments for :		
Excess Provision of Tax Written Back	2.39	0.00
Depreciation/Loss on impairment of Assets	76.04	86.46
Profit(-) / Loss on sale of Assets	(0.15)	1.97
Profit(-) / Loss on Sale/MTM of Government Bonds	21.98	62.13
Interest Income	(50.68)	(35.79)
Dividend income	(0.73)	(1.00)
Interest on Borrowings	70.55	110.72
Provision for Bad/Doubtful debts	5.22	8.99
Unrealised Foreign Exchange (Gain) /Loss	(1.57)	128.83
Miscellaneous Expenses written off	0.62	0.91
Operating Profit before Working Capital Changes	467.45	687.86
Adjustments for :		
Trade and Other Receivables(including Government Bonds)	392.72	(1417.34)
Inventories	283.10	172.83
Trade Payables and Other Liabilities	(357.80)	1035.37
Cash Generated from Operations	785.47	478.72
Direct Taxes Paid	(90.05)	(209.96)
Cash Flow before Extraordinary Items	695.42	268.76
Net Cash from Operating Activities ————— A	695.42	268.76
B Cash Flow from Investing Activities		
Additions to Fixed Assets(Net of trade credit)	(169.97)	(238.88)
Sale of Fixed Assets	0.28	0.83
Purchase of Investments	0.00	(19.64)
Sale of Investments	20.00	360.25
Interest Received	50.81	26.25
Dividend Received	0.73	1.00
Net Cash from Investing Activities ————— B	(98.15)	129.81
C Cash Flow from Financing Activities		
Proceeds from Borrowings	183.50	1128.83
Repayments of Borrowings	(251.56)	(1001.56)
Interest paid	(79.36)	(98.32)
Dividend paid	(66.19)	(55.12)
Tax on Dividend	(11.25)	(9.38)
Net Cash from Financing Activities ————— C	(224.86)	(35.55)



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

Rupees in crore

Particulars	Year Ended March 2010	Year Ended March 2009
Net Increase/Decrease(-) in Cash and		
Cash Equivalent (A+B+C)	372.41	363.02
Cash and Cash Equivalents as at 1st April 2009 (Opening Balance)	412.42	49.40
Cash and Cash Equivalents as at 31st March 2010 (Closing Balance)	784.83	412.42

Cash Flow Statement has been prepared based on Indirect Method prescribed under Accounting Standard - 3 (Revised) "Cash Flow Statements". Refer Note no. 10 Schedule J to Accounts

As per our report of even date attached

For JCR & Co.
Chartered Accountants

For G. D. Apte & Co.
Chartered Accountants

U. S. Jha
Chairman and Managing Director

A. M. Vyavaharkar
Partner
M. No. 016731

C. M. Dixit
Partner
M. N. 017532

Dated : 06.05.2010
Place : Mumbai

Gautam Sen
Director (Finance)

K. C. Prakash
Company Secretary

Dated : 06.05.2010
Place : Mumbai

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

Rupees in crore

	AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE A RESERVES & SURPLUS		
General Reserve		
Opening Balance	1120.15	987.06
Add: Transfer from Profit & Loss Account	163.67	133.09
Closing Balance	1283.82	1120.15
RCF-EEC Asset Management Reserve		
Opening Balance	0.16	0.16
Additions during the year	0.00	0.00
Closing Balance	0.16	0.16
TOTAL	1283.98	1120.31
SCHEDULE B SECURED LOANS		
A. Term Loan from Banks		
1. Rupee Loan from Banks		
a. Loan from State Bank of Hyderabad (SBH)	-	28.57
A term loan facility of Rs.100 crore sanctioned by SBH availed by the Company is secured by hypothecation with first pari passu charge on Ammonia V plant at Trombay for a value Rs.100 crore. (Amount repayable within one year NIL ,P.Y. Rs.28.57 crore)		
b. Loan from State Bank of Bikaner and Jaipur (SBBJ)	93.10	92.60
Term Loan facility aggregating to Rs.106.41 crore sanctioned by SBBJ are secured by hypothecation with first charge on project assets of Con.Nitric Acid Plant at Trombay and Argon Recovery Plant at Thal and pari passu first charge basis on the project assets of Rapidwall Plant at Trombay. (Amount repayable within one year Rs. 16.73 crore P.Y. Rs. 9.5 crore)		
c. Loan from Syndicate Bank	70.00	-
The Loan of Rs. 70 crore sanctioned by and availed from Syndicate Bank is secured by hypothecation of Plant and Machinery pertaining to manufacture of granulated Ammonium Nitrophosphate Plant at Trombay (Amount repayable within one year Rs.17.50 crore P.Y. Rs. NIL)		
d. Loan from New India Co-operative Bank Ltd.	24.00	0.00
The loan of Rs.24 crore sanctioned by and availed from New India Co-operative Bank is secured by first pari passu charge by way of hypothecation of all movable fixed assets of the Methanol plant with a minimum security cover of 1.25 times of the amount borrowed from this bank (Amount repayable within one year Rs. 5.33 crore P.Y. Rs. NIL)		
e. Loan from Kotak Mahindra Bank	65.00	-
The amount of Rs.65 crore borrowed as of 31st March 2010 out of Rs. 75 crore sanctioned by Kotak Mahindra Bank is secured by first pari passu charge by way of hypothecation on all movable fixed assets of the Methanol Plant with a minimum security cover of 1.25 times of the amount borrowed from this bank (Amount repayable within one year Rs.NIL , P.Y.NIL)		



SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

Rupees in crore		
	AS AT 31.03.2010	AS AT 31.03.2009
f. (i) Loan from State Bank of India(SBI) *	5.88	0.34
(Amount sanctioned Rs.35 crore)		
f. (ii) Loan from Dena Bank *	9.73	-
(Amount sanctioned Rs.34 crore)		
The above loans by SBI and Dena Bank are secured by		
a) First charge on all movable and immovable asset present and future including leasehold land of Joint Venture entity ranking pari passu with other term lenders		
b) A first pari passu charge on all the bank accounts of the project including without limitation the Project Revenue Accounts /Default Escrow account /DSRA/TRA as applicable to be established by the Company.		
c) First pari passu charge /assignment/security interest on the Company's rights under the Project documents , contracts and all licences, permits approvals, contents and insurance policies in respect of the Project		
d) Further the loan in f(i) above is also secured by way of Corporate Guarantees given by Promoter Companies		
f. (iii) Loan from New India Co-operative Bank *	8.72	-
(Amount sanctioned Rs.24 crore) As per multi Banking loan agreement , secured by way of pari passu charge on the assets of the company.The documentation for creation of security is under process) (Amount repayable within one year for Loans under f(i),f(ii)&f(iii) is NIL ,P.Y. NIL) The loans referred to in f(i) to f(iii) are inclusive of interest on term loans		
	276.43	121.51
*Note :(Includes Rs.24.33 crore share of jointly controlled entity , P.Y.0.34 crore)		
2. Foreign Currency Loan / External Commercial Borrowings		
a. Loan from ICICI Bank Ltd. (ADB)	1.24	7.01
A term loan of USD 5.50 million availed by the company during 2004-05 was secured by hypothecation of all tangible movable Machinery and Plant required for upgradation of High Pressure Nitric Acid Plant at Trombay (both present & future),whether installed or not and whether lying loose or in case at site or in transit or which may at any time hereafter during the continuance of this security be installed or lying loose or in case or being in or upon or about the borrower's premises and godown at Trombay or wherever elsethe same may be or be held by any party anywhere to the order and disposition of the Company or in course of transit to the Company		
(Amount repayable within one year Rs. 1.24 crore ,P.Y.Rs.5.60 crore)		
b. Loan from Calyon Credit Agricole CIB Singapore (Calyon)	4.76	5.66
Term Loan of JPY 109,176,141 availed by the Company from Calyon, is secured by hypothecation on pari passu first charge basis on the project assets of Rapidwall Plant at Trombay (Amount repayable within one year Rs. 1.06 crore, P.Y.0.57 crore)		
	6.00	12.67
	282.43	134.18

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

Rupees in crore

	AS AT 31.03.2010	AS AT 31.03.2009
B. Working Capital Loans		
Cash Credit Account	0.00	1.46
(Cash Credit Account is secured by hypothecation of entire stocks of raw materials and finished goods, consumable stores and spares, stock in transit, book debts)		
C. Interest accrued and due	0.00	0.71
TOTAL	282.43	136.35

SCHEDULE C FIXED ASSETS

Rupees in crore

Description	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				Impairment Loss	NET BLOCK	
	AS.AT 31.03.2009	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS.AT 31.03.2010	UPTO 31.03.2009	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2010		AS.AT 31.03.2010	AS.AT 31.03.2009
Land (Freehold)	8.76	0.00	0.00	8.76	0.00	0.00	0.00	0.00	0.00	8.76	8.76
Land (Leasehold)	17.51	1.43	0.00	18.94	0.67	0.80	0.00	1.47	0.00	17.47	16.84
Roads & Culverts	8.66	0.00	0.00	8.66	3.38	0.13	0.00	3.51	0.00	5.15	5.28
Buildings	152.07	1.46	0.00	153.53	93.12	5.00	0.00	98.12	0.00	55.41	57.96
Railway sidings	46.59	2.56	0.01	49.14	36.85	0.57	0.01	37.41	0.00	11.73	9.74
Plant & Machinery	2495.58	229.77	0.35	2725.00	1525.08	93.10	0.33	1617.85	0.84	1106.31	940.69
Water System, Sewerage & Drainage	20.87	0.38	0.00	21.25	18.36	0.29	0.00	18.65	0.00	2.60	2.51
Miscellaneous Equipments	66.78	2.09	0.03	68.84	43.78	2.53	0.02	46.29	0.00	22.55	23.00
Furniture, Fixtures & Office Appliances	47.26	2.88	0.46	49.68	32.42	2.90	0.38	34.94	0.00	14.74	14.84
Transport Vehicles	3.82	0.79	0.10	4.51	2.56	0.28	0.07	2.77	0.00	1.74	1.26
Assets held for disposal	0.65	0.00	0.00	0.65	0.00	0.00	0.00	0.00	0.00	0.65	0.65
Intangible Assets											
Computer Software	6.62	0.12	0.00	6.74	6.06	0.41	0.00	6.47	0.00	0.27	0.56
TOTAL	2875.17	241.48	0.95	3115.70	1762.28	106.01	0.81	1867.48	0.84	1247.38	1082.09
Previous year figures	2778.26	117.21	20.30	2875.17	1693.27	86.51	17.50	1762.28	30.80	1082.09	
Share of Joint Venture Assets included in above	5.01					0.001					

a Land at Thal included in Gross Block (at cost) at Rs.2.33 crores is subject to final price.

b No depreciation is provided for on assets impaired or retired from the active use/service.

c Leasehold land includes lands taken on lease for a period of 30 years at Vizag Rs.7.64 crore, at Tuticorin Rs.4.21 crore and Rs.5.01 Share of Joint Venture entity at Kochi.

d Assets held for disposal are carried at lower of cost or net realisable value.

**** Refer note no.9 to SCHEDULE "J" to accounts



	Rupees in crore	
	AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE D INVESTMENTS		
A. Long Term Investments		
Trade Investments		
Investments (Unquoted)		
336600 fully paid equity shares of Rupees 10 each of Indian Potash Ltd.	0.17	0.17
B. Current Investments		
a. Other than Trade Investments		
Investment in Mutual Funds (Quoted)		
UTI Liquid Cash Plan (IP)	0.00	10.00
(C.Y. NIL , P.Y. 98113.93 units of Rs.1000 each)		
SBI MICF -DDR	0.00	10.00
(C.Y. NIL , P.Y. 5971083.0564 units of Rs.10 each)		
TOTAL	0.17	20.17

Aggregate (Rupees)

	Book Value 31.03.2010	Book Value 31.03.2009
Quoted	0	200000000
Unquoted	1683000	1683000

Aggregate (Rupees)

	Market Value 31.03.2010	Market Value 31.03.2009
Quoted	0	200000000
Unquoted	—	—

	Rupees in crore	
	AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE E CASH AND BANK BALANCES		
Cash on hand	0.06	0.03
Cheques in hand	2.68	1.01
Remittances in transit	0.00	0.00
Balance With Scheduled Banks		
in Current & Cash Credit Accounts *	81.98	46.38
in Term Deposits	700.11	365.00
TOTAL	784.83	412.42

*Note :(Includes Rs.0.14 crore share of jointly controlled entity P.Y. Rs.0.56 crore)

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

	Rupees in crore	
	AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE F OTHER CURRENT ASSETS		
Government Bonds	612.59	634.57
Foreign Currency(Forward Cover) Receivable	598.62	---
Interest Accrued	12.89	12.82
	1224.10	647.39
SCHEDULE G LOANS AND ADVANCES		
A. LOANS		
Secured-Considered good		
Employees **	16.74	19.94
Others-Materials given on loan	—	—
(** Includes accrued interest C.Y.Rs.13.46 crore, P.Y. 15.21 crore)		
Unsecured-Considered good		
Employees	0.14	0.19
Unsecured - Considered bad		
Inter Corporate Loans	0.00	41.37
Less : Provision for bad loans	0.00	41.37
Total A	16.88	20.13
B. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED. :		
Unsecured-Considered good		
Contractors /Suppliers	47.22	77.65
Employees	0.27	0.23
VAT Receivable	35.59	79.76
Others*	18.80	15.02
	101.88	172.66
Considered doubtful	4.04	2.07
Less : Provision for doubtful advances	4.04	2.07
Total B	101.88	172.66
C. Advance Income Tax (Net of Provision)	67.19	73.84
D. Interest accrued on Deposits	0.05	0.25
E. Deposits with Customs, Port Trust etc.	1.46	1.39
F. Prepaid Expenses*	16.92	10.33
TOTAL	204.38	278.60
*Note : (Includes Rs.2.18 crore share of jointly controlled entity P.Y. Rs.0.64 crore)		



SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

	Rupees in crore	
	AS AT 31.03.2010	AS AT 31.03.2009
Loans includes Loans and Advances (Secured C.Y.Rs.NIL) due form Directors/Offi cers of the Company or any of them severally or jointly with any other person		
Directors	311015	809164
Maximum amount due from Directors / Offi cers of the Company at any time during the year		
Directors	1181849	1693871
	Rupees in crore	
	AS AT 31.03.2010	AS AT 31.03.2009
SCHEDULE H CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors on Capital Account		
Dues to Micro ,Small and Medium enterprises		
Others	32.40	31.65
Sundry Creditors on Other Account		
Dues to Micro, Small and Medium enterprises		
Others*	372.78	1189.73
Trade Deposits, advances against sale orders and others	68.27	58.63
Security and earnest money deposits received from contractors and others	47.70	45.70
“Investor Education and Protection Fund shall be credited by the following amount namely”		
- Unclaimed Dividend	0.41	0.40
Balances in Current Accounts (Bank OD)	3.87	7.30
Interest accrued but not due	4.51	13.32
Subsidy on unsold stock	16.05	53.68
Foreign Currency (Forward cover) Payable	611.90	-
Other Liabilities*	171.27	249.98
TOTAL A	1329.16	1650.39
* Note :(Includes Rs.5.33 crore share of jointly controlled entity , P.Y. 2.40 crore)		
B. PROVISIONS		
Leave salary encashment	131.74	107.06
Post retirement medical benefi ts	19.81	13.11
Current Tax	0.00	0.00
Others	0.53	76.77
Fringe Benefi t Tax	0.00	0.00
C.Y.Rs.10.08 crore, P.Y. Rs. 11.25 crore)	70.76	77.45
TOTAL B	222.84	274.39
TOTAL A+B	1552.00	1924.78

CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policies-Schedule – I

A. Principles of Consolidation

The Consolidated Financial Statements relate to the Company (Rashtriya Chemicals & Fertilizers Ltd.) its subsidiary and Joint Venture entities. The Consolidated Financial Statements are prepared on the following basis:-

1. The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits and losses in accordance with Accounting Standard (AS)-21 –“Consolidated Financial Statements”.
2. The financial statements of Joint Venture entities are combined by applying proportionate consolidation method on a line by line basis on items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27-“Financial Reporting of Interests in Joint Ventures”.
3. The Consolidated financial statements are 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 separate Financial Statements except as otherwise stated in Notes to Accounts.
4. Minority Interest's share of Net Profit/Loss of Consolidated Subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the Net Income attributable to the shareholders of the Company.
5. Minority Interest's share of Net Assets of Consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and the equity of the Company's shareholders.

B. Other Significant Accounting Policies :

1. Accounting Convention:

The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards(AS) under Companies Accounting Standard Rules 2006 and the relevant provisions of the Companies Act, 1956(“the Act”).The financial statements have been prepared under the historical cost convention, on an accrual basis. 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 the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively when revised, in current and future periods.

3. The Other Accounting Policies as applicable to Standalone Financial Statements of the Company are applied for preparing Consolidated Financial Statements.



NOTE TO ACCOUNTS - CONSOLIDATED FINANCIAL STATEMENTS

Schedule-J

1. The Consolidated Financial Statements represent consolidation of accounts of the company (RASHTRIYA CHEMICALS & FERTILIZERS LTD.), its subsidiary and joint venture entities as detailed below:-

Name of the Company	Country of Incorporation	Relation	Proportion of Ownership Interest as on 31st March 2010	Date of the entity becoming Subsidiary /Joint Venture
Rajasthan Rashtriya Chemicals & Fertilizers Ltd.	India	Subsidiary	51%	28-7-2007
FACT –RCF Building Products Ltd.	India	Joint Venture	50%	02-05-2008
Urvarak Videsh Ltd.	India	Joint Venture	33.33%	18-7-2008
RCF-HM Construction Solutions Pvt. Ltd.	India	Joint Venture	50%	05-06-2009

2. The Consolidated Financial Statements are prepared based on the Consolidation of the audited/unaudited accounts of its subsidiary and Joint ventures the details of which are as under:-

Name of the Company	Accounting Year Ended	Period for Consolidation	Status of Accounts
Rajasthan Rashtriya Chemicals & Fertilizers Ltd.	31st March 2010	1-4-2009 to 31-3-2010	Audited
FACT –RCF Building Products Ltd.	31st March 2010	1-4-2009 to 31-3-2010	Unaudited
Urvarak Videsh Ltd.	31st March 2010	1-4-2009 to 31-3-2010	Unaudited
RCF HM Construction Solutions Pvt. Ltd.	31st March 2010	5-6-2009 to 31-3-2010	Unaudited

3. Notes modified as applicable to Consolidated Financial Statements are produced as under :

- Registration of Leasehold land given on lease to FACT-RCF Building Products Ltd. (Joint Venture Company) by Fertilizers and Chemicals Travancore Ltd (Joint Venture Partner) is in process.
- Estimated amount of contracts remaining to be executed on capital account and not provided for

aggregates to Rs.58.56 crore(Previous year Rs.146.48 crore)(includes 3.37 crore share of jointly controlled entity current year , Rs.16.89 crore previous year) net of advances.

- Claims against the Company not acknowledged as debts to the extent ascertainable (interest can not be estimated reliably) aggregates to Rs.24.32 crore (includes Rs.0.51 crore of joint controlled entity) (Previous year Rs.17.47 crore). Of this, claims before arbitrators/courts, are Rs.17.44 crore (previous year Rs.15.93 crore).

4. In view of different sets of environment in which subsidiaries/ joint ventures are operating, the accounting policies followed by the subsidiaries/joint ventures are different from the accounting policies of the Company. Such different accounting policies have been adopted in respect of the following:-

Particulars	Name of Joint Venture	Accounting Policies	
		Rashtriya Chemicals & Fertilizers Ltd.	Joint Venture
Depreciation on Assets	FACT –RCF Building Products Ltd.	Straight Line Method	Written Down Value Method

The Gross Block of such assets is Rs.0.02 crore with provision for depreciation thereon at Rs.0.003 crore with 50% of the same being RCF's proportionate share.

5. The Share of Minority Interest(Rajasthan State Minerals & Mines Ltd.(RSMML)in the Subsidiary Company Rajasthan Rashtriya Chemicals & Fertilizers Ltd.(RRCF) is as under:-

Rs. crore

	2009-10		2008-09	
1) Contribution to equity share capital		0.00		0.02
2) Loss for the year of RRCF for the year 2008-09	0.01		0.72	
3) Share of Loss of Minority Interest	0.005		0.35	
4) Share of Loss restricted to equity share capital of Minority Interest		0.00		0.02
5) Balance in Share Capital account representing Minority Interest		0.00		0.00

6) Earning Per Share

Basic earning per share has been reported as per Accounting Standard-20 relating to "Earning per share" which has been computed by dividing net profit after tax by the weighted average number of shares outstanding for the period as under.

	31.3.2010	31.3.2009
Net profit after tax as per profit & loss account (Rs. in crores) (A)	234.44	210.54
Weighted Average Numbers of Equity Shares for calculating basic EPS(B)	55,16,88,100	55,16,88,100
Weighted Average Numbers of Equity Shares for calculating diluted EPS (C)	55,16,88,100	55,16,88,100
Basic earning per Share (in Rupees) (Face Value of Rs.10/- per share) (A)/(B)	4.25	3.82
Diluted earning per share (in Rupees.) (Face Value of Rs.10/- per share) (A)/(C)	4.25	3.82

There are no potential equity shares as on 31.3.2010 and accordingly the diluted Earning per Share is the same as Basic Earning per Share.

7. Change in Accounting Policy:-

Upto 31st March 2009, the Company was charging off the entire cost of catalyst replaced during the year to Profit and Loss a/c. As per expert opinion received from the Expert Advisory Committee of the Institute of Chartered Accountants of India, the Company during the year has switched over to the method of charging off the same on systematic basis, based on its useful life as technically assessed. As a result of this change, the value of inventories (manufactured goods) is lower by Rs.0.06 crore and profit before tax for the year has increased by Rs.5.10 crore.

8. Freight and Handling charges include payment of disputed dues for the period from November 2001 to February 2010 aggregating to Rs.10.75 crore consequent to order passed by Bombay High Court during the year.
9. Consequent to the availability of Reliance Gas from KG Basin the Company has restarted the operations of the Urea V plant of its Trombay Unit. The said plant was tested for impairment and as its expected value in use is higher than the carrying amount the company has reversed the impairment loss provided in earlier years. Similarly, the Formic Acid plant at Thal was tested for impairment and as its expected value in use is higher than its carrying amount, the company has reversed the impairment loss provided in earlier years.

The impact of reversal of impairment loss is as under:-

Rs. crore

	Urea V	Formic Acid	Total
Impairment Loss reversed	7.52	23.28	30.80
Depreciation provided due to reversal for impairment	3.58	10.42	14.00
Net Credit to Profit & Loss a/c	3.94	12.86	16.80
Deferred Tax Asset reversed	2.56	7.91	10.47

During the year the Company has commissioned and capitalized its Chikton plant at Thal amounting to Rs.0.88 crore. The said plant has been tested for impairment and as such 95% of the carrying value amounting to Rs.0.84 crore has been charged to Profit & Loss a/c as provision for impairment loss. Deferred Tax Asset on the same amounting to Rs.0.28 crore is recognized.

10. Cash & cash equivalents:

Rs. crore

Particulars	Year ended 31st March 2010	Year ended 31st March 2009
Cash & Bank Balance	784.83	412.42
Less:- Term Deposit with banks having original maturity more than 3 months	0.11	Nil
Cash & Cash equivalents as at 31st March 2010	784.72	412.42

11. Some of Sundry Debtors, Sundry Creditors, Other Current Liabilities and Loans and advances are subject to confirmation, reconciliation and consequential adjustments if any. In the opinion of the management, such adjustments would not be material.
12. The Company is eligible to receive subsidy from Fertilizer Industry Co-Ordination Committee (FICC) / Department of Fertilizers (DOF) on Urea, Phosphatic and Potassic Fertilizers (P&K Fertilizers) at the rates notified from time to time.

For the rates yet to be notified, due to escalations/de-escalations in the cost of inputs and other costs, subsidy has been accounted on estimated basis.



The details of subsidy accounted on estimated basis are as under:-

Rs. crore

Particulars	2009-10			2008-09		
	Urea	P&K Fertilizers	Imported Urea	Urea	P&K Fertilizers	Imported Urea
For the Year	(71.06)	(160.02)	1.02	344.20	(5.51)	2.83
For earlier Periods	Nil	Nil	Nil	Nil	Nil	Nil
Total	(71.06)	(160.02)	1.02	344.20	(5.51)	2.83

(Debit)(Subsidy refundable)/Credit(Subsidy receivable).

13. The Company holds Rs.697.43 crore (Previous Year Rs. 697.43 crore) Fertilizer bonds received in lieu of subsidy on fertilizers in cash. The same are classified under the head "Other Current Assets" and have been valued at Lower of Cost or market price as at the Balance Sheet date. The details of these bonds and their Market value are as under:-

Rs. crore

S. No.	Particulars	Face Value 31-3-2010	Loss on Mark to Market 31-3-2010	Market Value As on 31-3-2010	Face Value 31-3-2009	Loss on Mark to Market 31-3-2009	Market Value As on 31-3-2009
1	6.65% Fertilizer Companies GOI Special Bonds 2023	192.04	26.69	165.35	192.04	21.12	170.92
2	6.20% Fertilizer Companies GOI Special Bonds 2022	42.93	7.46	35.47	42.93	6.13	36.80
3	7.00% Fertilizer Companies GOI Special Bonds 2022	462.46	50.69	411.77	462.46	35.61	426.85
	TOTAL	697.43	84.84	612.59	697.43	62.86	634.57

The details of Purchases and Sales of Investments in Mutual Funds are as under :

S.No.	Particulars	Quantity (Units) Purchased	Purchase Value (Rs. Crore)	Quantity (Units) Sold	Sale Value (Rs. Crore)	Quantity (Units) Purchased	Purchase Value (Rs. Crore)	Quantity (Units) Sold	Sale Value (Rs. Crore)
		2009-10				2008-09			
1	Unit Trust of India	2455129	250.29	2553243	260.29	1291446	131.00	1193332	121.00
2	State Bank of India	296336555	496.37	302307638	506.37	556707428	828.00	550736345	818.00

14. The Other Notes to Accounts as applicable to Standalone Financial Statements are applicable to the Consolidated Financial Statements as there is no change in its position even upon Consolidation.
15. Previous year figures have been regrouped/rearranged wherever required.
16. Schedules to Balance Sheet and Profit and Loss account which are changed upon consolidation are only annexed with. All other schedules as prepared with Stand Alone Financial Statements are applicable to Consolidated Financial Statements.



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANY (Rajasthan Rashtriya Chemicals and Fertilizers Limited)

Name of Subsidiary Companies	Rajasthan Rashtriya Chemicals and Fertilizers Limited
The financial year of the Subsidiary Company ended on	March 31, 2010
Number of shares in the Subsidiary Company held by Rashtriya Chemicals and Fertilizers Limited at the above date.	25,500 shares of Rs. 10 each
Holding Company's interest in percentage	51.00%
The net aggregate of profits of the Subsidiary Company so far as these concern the member of Rashtriya Chemicals and Fertilizers Limited at the above date.	
(I) dealt with in the accounts of Rashtriya Chemicals and Fertilizers Limited	
(a) for subsidiaries' financial year ended on March 31, 2010	—
(b) for previous financial years of the subsidiary since these became subsidiary of Rashtriya Chemicals and Fertilizers Limited	—
(II) not dealt with in the accounts of Rashtriya Chemicals and Fertilizers Limited amounted to:	
(a) for subsidiaries' financial year ended on March 31, 2010	—
(b) for previous financial years of the subsidiary since these became subsidiary of Rashtriya Chemicals and Fertilizers Limited.	—
(III) information when the financial year of the subsidiary is not matching with Rashtriya Chemicals and Financial year	
(a) change in Rashtriya Chemicals and Fertilizer Limited's interest in the subsidiary company between the end of financial year or of the last financial year of the subsidiary company and the end of the Rashtriya chemicals and Fertilizers Limited's financial year	—
(b) details of material changes which have occurred between the end of financial year or of last of the financial years of the subsidiary and the end of Rashtriya Chemicals and Fertilizers Limited in respect of -	
(i) the subsidiary's fixed assets	—
(ii) its investments	—
(iii) the money lent by it	—
(iv) the moneys borrowed by it for any purpose other than that of meeting current liabilities	—

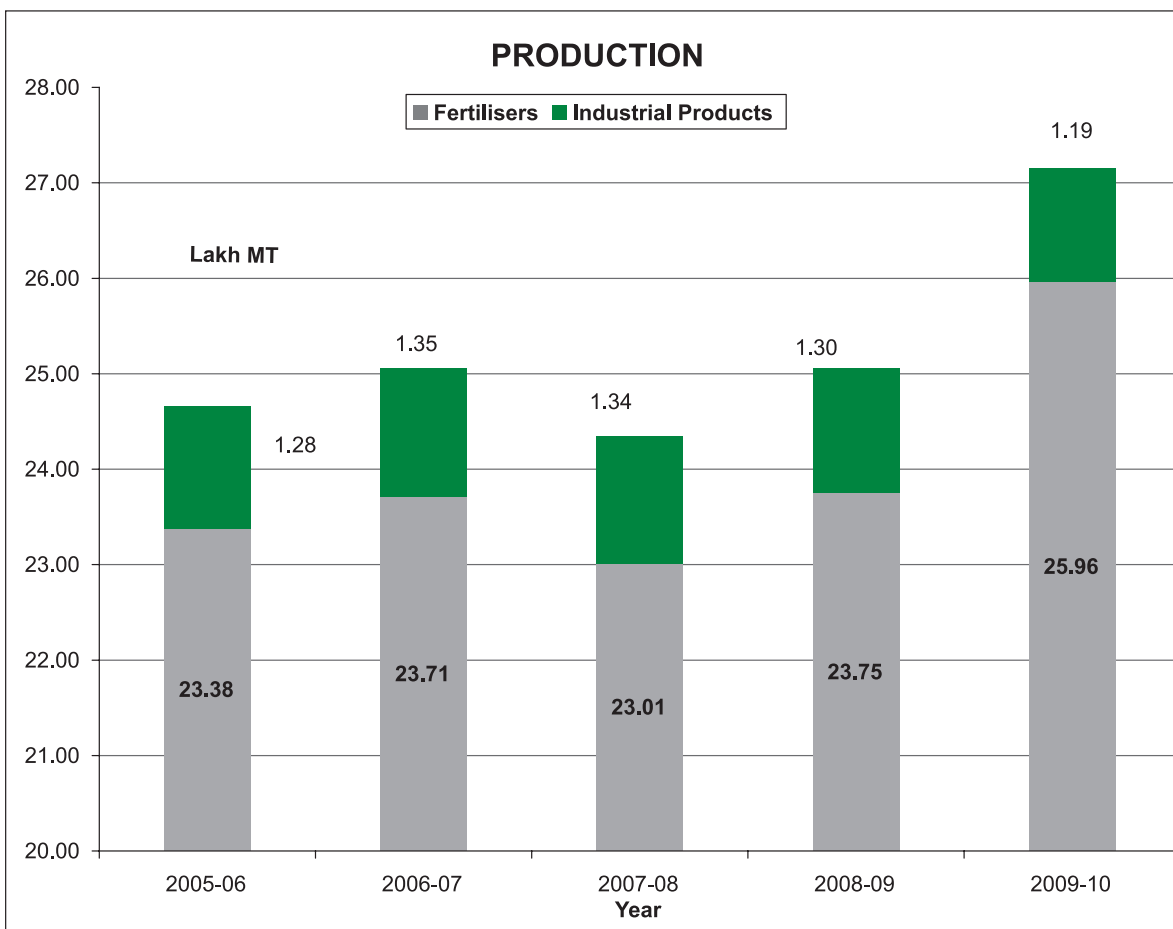
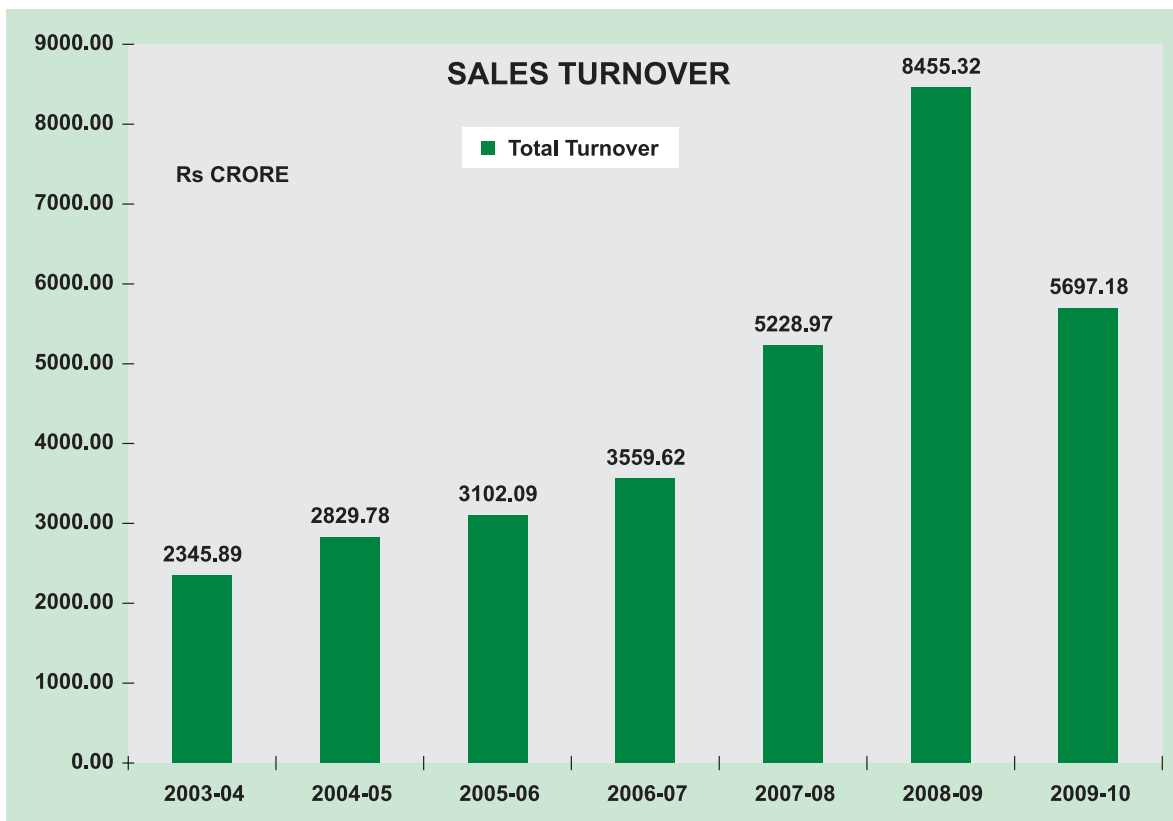
For and on behalf of the Board

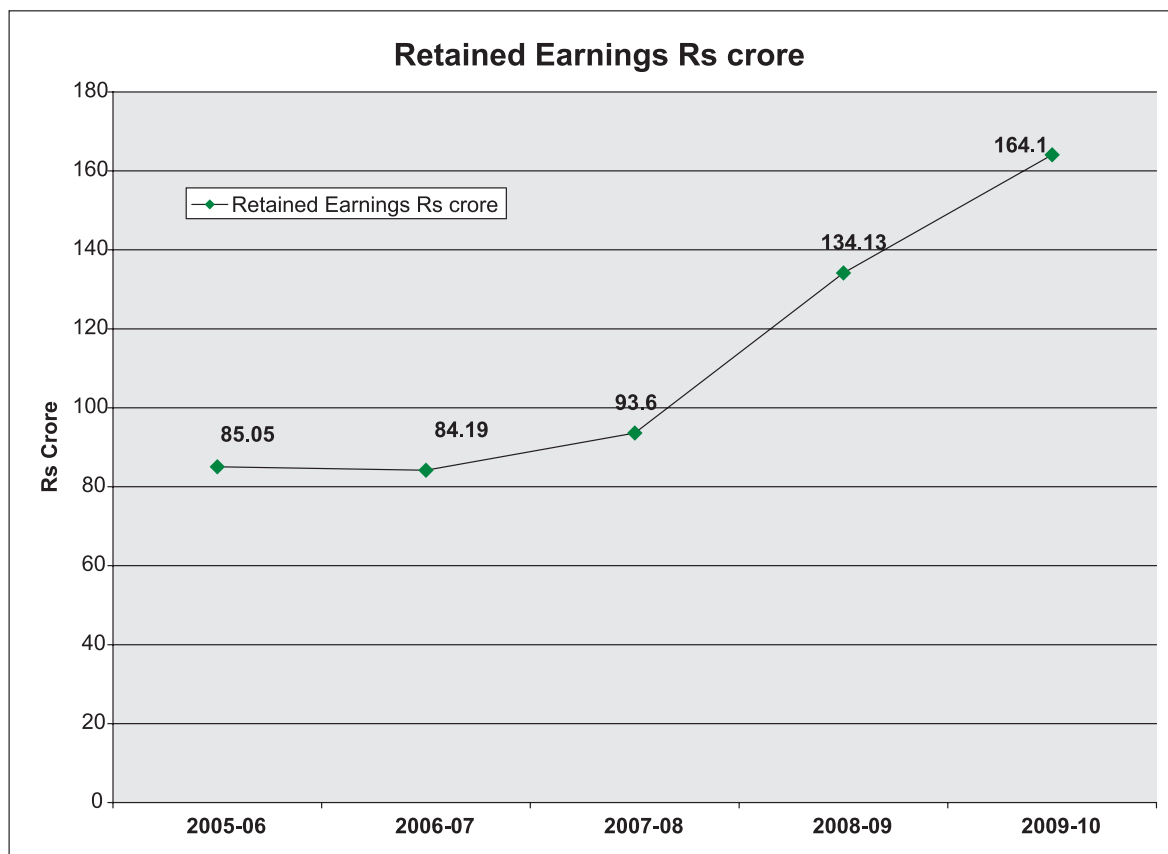
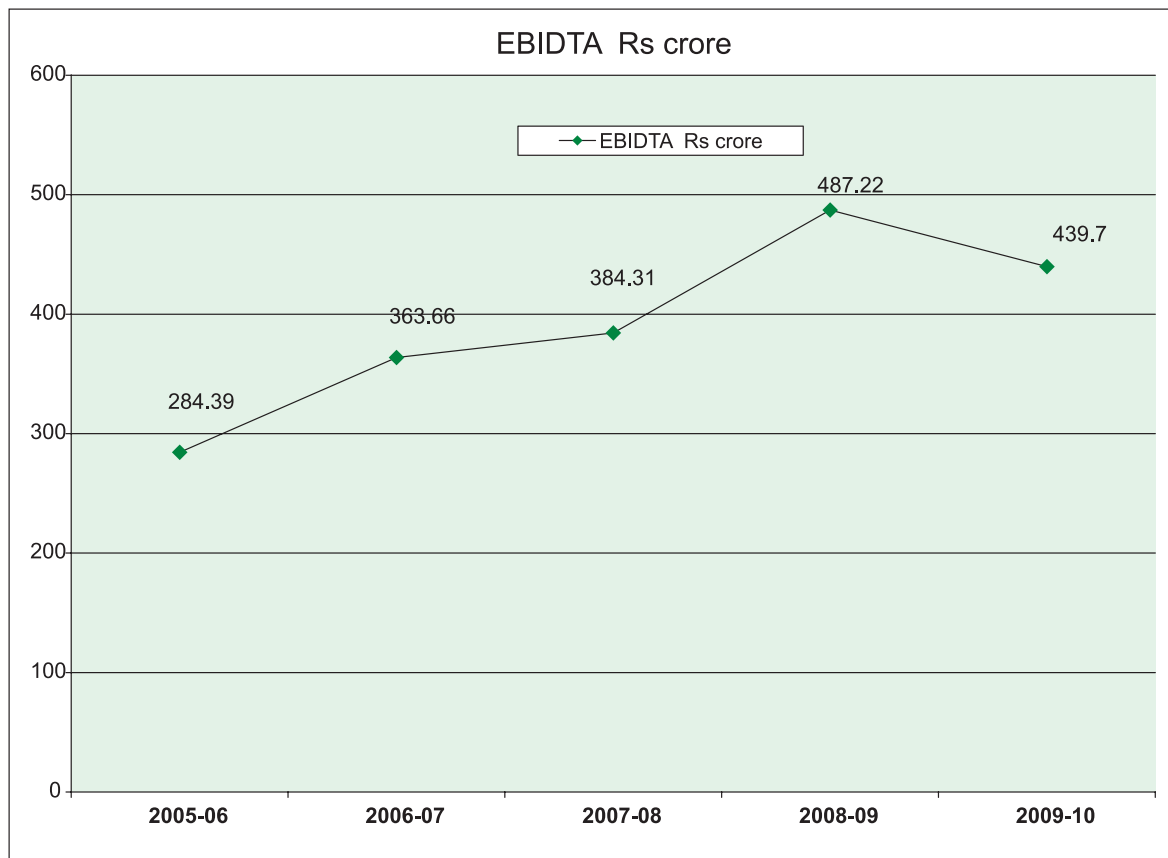
U.S.Jha
Chairman and Managing

Gautam Sen
Director Director (F)

K.C.Prakash
Company Secretary

Place: Mumbai
Date: 06.05.2010





RAJASTHAN RASHTRIYA CHEMICALS & FERTILIZERS LTD.

Directors' Report

To the members:

Rajasthan Rashtriya Chemicals and Fertilizers Ltd
Jaipur

The Directors of your Company have pleasure in presenting this 3rd Annual Report on the working of your Company together with the Audited Accounts for the period ended 31st March, 2010.

1. Operations:

Your Company has not started any activity during the year. The promoters, RCF and RSMML are yet to take decision in respect of investment in your Company. Consequently your Company has not acquired any properties or started any Project work and have not started any other operations.

2. Financial Performance:

The audited Accounts, i.e. the profit and loss account for the year ended 31st March, 2010 and the Balance Sheet as at 31st March 2010 along with the Auditor's Report are appended herewith. Comments, if any, from the CAG shall be part of this report. Your Company incurred an expenditure of Rs 1,27,055 towards preliminary/ miscellaneous expenses and after adjusting an amount of Rs 8,817 being provision no longer required and the Income Tax of Rs 3586/- pertaining to previous year, the net balance of Miscellaneous expenditure yet to be written off increased during the year under report by Rs 1,21,824 to Rs 72,70,720.45

3. Directors' Responsibility Statement:

The Companies Act, 1956 requires the Board of Directors of your Company to prepare accounts for each financial year giving a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

The Directors state that:

- i. in preparing the annual accounts, the applicable accounting standards have been followed.
- ii. the accounting policies adopted have been consistently applied and wherever necessary, made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of the Company for the year.
- iii. proper and sufficient care has been taken for maintaining adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- iv. the annual accounts have been prepared on going concern basis.

4. General:

Your Company has no employees on its rolls and hence section 217(2)(A) is not applicable. As your Company has not taken up any activities, schedule in respect of conservation of energy, disclosure of particulars with respect to Technology absorption, R&D, and foreign exchange earnings and out go, are not being annexed to the Directors' Report.

5. Directors:

As per Section 256 of the Companies Act, Shri J. Kohareswaran, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

6. Auditors:

Comptroller and Auditor General of India [CAG] has appointed M/s Gupta Garg & Company, Jaipur, as the Auditors of your Company for the year 2009-10. The auditor would be retiring at the conclusion of the 3rd Annual General Meeting. The Statutory Auditor for the Financial Year 2010-11 will be appointed by the CAG. However, their remuneration is to be fixed at the AGM by the members.

7. Acknowledgment:

Your Directors wish to gratefully acknowledge the valuable guidance and support extended by the Department of Fertilizers, Government of India, Rajasthan State Government, Bankers, Financial Institutions, PDIL and the promoters.

By order of the Board of Directors

U.S.Jha
Chairman

Place: Mumbai
Date: 28.04.2010

Auditors' Report

The Members,

RAJASTHAN RASHTRIYA CHEMICALS & FERTILIZERS LTD., JAIPUR

We have audited the attached Balance sheet of the **RAJASTHAN RASHTRIYA CHEMICALS & FERTILIZERS LTD., JAIPUR** as at March 31st 2010 and the statement of Profit & Loss Account for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statement based on our audit.

1. 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 amount 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.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 of India and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. **Further subject to our comments that the company has prepared Profit & Loss Account for the year ended 31st March 2010 without start of business and manufacturing**

operations and the matters referred to in the Annexure in paragraph (2) above, / we report that :-

- (a) We have obtained all the informations and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account, as required by law have been kept by the Company so far as it appears from our examination of the books.
- (c) The Company's Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of Account.
- (d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in u/s 211(3C) of the Companies Act, 1956 .
- (e) Being government company, pursuant to notification no GSR829(E) dated 17-07-2003 issued by Govt. of India read provision of clause (g) of sub section (1) of section 274 of Companies Act, 1956, are not applicable to the company.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the Notes thereon and the document annexed thereto give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2010 and;
 - (ii) In the case of the Statement of Profit & Loss A/c of the Company for the year ended on that date.

For **GUPTA GARG & COMPANY**
Chartered Accountants

SATISH KUMAR GUPTA
Partner
Membership No. 072990

Place : Jaipur
Date : 28.04.2010

Annexure to the Auditors' Report

(Referred to in paragraph 2 of our report of even date)

- | | |
|--|---|
| <p>(i) (a) The company does not have any fixed assets during the period. Therefore clause 4(i) of the Companies (Auditors Report) Order 2003 is not applicable.</p> <p>(ii) (a) The company has no inventory during the period, therefore clause 4(ii) (a) (b) (c) of the Companies (Auditors Report) Order 2003 is applicable.</p> <p>(iii) (a) The company has not granted any loan to parties covered in the registered maintained u/s 301 of the Act 1956.</p> <p style="padding-left: 20px;">(b) The company has not taken interest free loan from the parties covered in the register maintained under section 301 of the Companies Act, 1956.</p> <p>(iv) The company have neither fixed assets nor made purchases during the year. Therefore clause 4(vi) of the Companies (Auditor Report) Order 2003 is not applicable.</p> <p>(v) (a) Based on the audit procedures applied by us and according to the information and explanations given to us by the management, we are of the opinion that the transactions need to be entered into the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been so entered.</p> <p style="padding-left: 20px;">(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupee five lakhs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market prices at the relevant time.</p> <p>(vi) During the year the company has not accepted any deposit from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under.</p> <p>(vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.</p> <p>(viii) The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any products of the Company.</p> <p>(ix) (a) The company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax Custom Duty, Excise Duty, Cess and other Statutory dues with the appropriate authority. There is no arrears of outstanding statutory dues as at the last date of financial year for a period of more than 6 months from the date they become payable.</p> | <p style="padding-left: 20px;">(b) There are no disputed outstanding statutory dues.</p> <p>(x) The accumulated losses at the end of the financial year are NIL. During the year the company has not incurred any cash losses and also in the immediately proceeding financial year. In our opinion, P&L a/c in balance sheet represents pre-operative & preliminary exp.</p> <p>(xi) In our opinion and according to information and explanation given to us the company has not defaulted in repayment in dues to Banks. The company does not have any borrowing from financial institutions or by way of debentures.</p> <p>(xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>(xiii) In our opinion, the Company is not a Nidhi/Mutual Benefit Fund/ Society. Hence provisions are not applicable.</p> <p>(xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments</p> <p>(xv) According to the record of the company and the information & explanations provided by the management, the company has not given guarantee to any one.</p> <p>(xvi) The company has not obtained any term loans therefore whether term loans were applied for the purpose for which the loans were obtained, does not arise.</p> <p>(xvii) According to the information and explanation given to us and on overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis, have not been used for long term investments. No long terms funds have been used to finance short term assets except permanent working capital.</p> <p>(xviii) The company has not made any preferential allotment of shares to parties and Companies covered in the register maintained u/s 301 of the Act.</p> <p>(xix) The company has not issued any debentures during the year and hence no securities have been created.</p> <p>(xx) During the year the company has not raised any money by public issue.</p> <p>(xxi) During the course of our examination of the books and record of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of any such case by the Management.</p> |
|--|---|

For **GUPTA GARG & COMPANY**
Chartered Accountants

SATISH KUMAR GUPTA
Partner
Membership No. 072990

Place : Jaipur
Date : 28.04. 2010

BALANCE SHEET AS AT 31ST MARCH 2010

FIGURE FOR PREVIOUS YEAR 31/3/2009 (IN RS.)	LIABILITIES	SCHEDULE	FIGURE FOR CURRENT YEAR 31/3/2010 (IN RS.)	FIGURE FOR PREVIOUS YEAR 31/3/2009 (IN RS.)	ASSETS	SCHEDULE	FIGURE FOR CURRENT YEAR 31/3/2010 (IN RS.)
50,000,000.00	SHARE CAPITAL AUTHORISED SHARE CAPITAL 5000000 Equity Shares @ Rs.10 per Share		50,000,000.00		– FIXED ASSETS		–
					– INVESTMENT		–
	ISSUED & SUBSCRIBED PAID UP CAPITAL				CURRENT ASSETS LOANS & ADVANCES		
500,000.00	50000 Equity Shares @ Rs. 10 per Share		500,000.00	744,815.55	Balance at Bank		359,558.55
	SHARE APPLICATION MONEY RECEIVED (Pending for allotment)			7,148,896.45	Profit & Loss Account Op. Balance	7,148,896.45	
6,525,000.00	Received in Cash/ Cheque	6,963,913.00			Add : Current Year Loss	121,824.00	7,270,720.45
85,107.00	Received against Expenses Incurred	133,806.00					
	RESERVE & SURPLUS						
	SECURED LOANS						
	UNSECURED LOANS						
	CURRENT LIABILITIES, PROVISIONS & ADVANCES						
27,575.00	Audit Fees Payable Period ending 30.06.2008						
22,060.00	Audit Fees Payable Period ending 31.03.2009						
	Audit Fees Payable Period ending 31.03.2010	22,060.00					
555,204.00	Feasibility Exp. Payable- PDIL	—					
18,766.00	Other Exp.	10,500.00					
160,000.00	Legal Exp. Payable	—					
7,893,712.00		7,630,279.00		7,893,712.00			7,630,279.00

Notes on Accounts - (A)

As per our report of even date attached herewith

For GUPTA GARG & COMPANY
CHARTERED ACCOUNTANTS

For RAJASTHAN RASHTRIYA CHEMICALS & FERTILIZERS LTD.

Partner

Sanjay Malhotra
DirectorJ. Kohareswaran
DirectorU. S. Jha
ChairmanPlace : Mumbai
Dated : 28.04.2010

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

FIGURE FOR PREVIOUS PERIOD 1/7/2008 To 31/3/2009	PARTICULARS	FIGURE FOR CURRENT PERIOD 1/4/2009 To 31/3/2010	FIGURE FOR PREVIOUS PERIOD 1/7/2008 To 31/3/2009	PARTICULARS	FIGURE FOR CURRENT PERIOD 1/4/2009 To 31/3/2010
74,303.00	To Consultancy & Feasibility Exp.	-	-	By Excess Provision of Feasibility Exp.	
179,670.45	To Advertisement Exp.	-		Payable-PDIL W/off	8,817.00
18,766.00	To Misc. Exp.	12,416.00			
22,060.00	To Audit Fees	22,060.00	294,799.45	By Deficit before tax	118,238.00
	To Misc. Exp. related to previous year	48,699.00			
	To Legal Exp. Related to previous year	16,480.00			
	To Printing & Stationery	9,000.00			
	To Printing & Stationery related to previous year	18,400.00			
294,799.45		127,055.00	294,799.45		127,055.00
294,799.45	To Deficit before tax	118,238.00		By Deficit for the Year carried over to Balance	
-	To Income tax (Previous Year)	3,586.00	294,799.45	Sheet	121,824.00
294,799.45		121,824.00	294,799.45		121,824.00

As per our report of even date attached

For GUPTA GARG & COMPANY
CHARTERED ACCOUNTANTS

For RAJASTHAN RASHTRIYA CHEMICALS & FERTILIZERS LTD.

Partner

Sanjay Malhotra
Director

J. Kohareswaran
Director

U. S. Jha
Chairman

Place : Mumbai
Dated : 28.04.2010

Significant accounting policies and notes on accounts (2009-2010)

1. General

- a) The annual accounts have been prepared on the historical cost basis and general accounting practice prevailing in the country.
- b) The company follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- c) The company has taken all expenses prior to incorporation as pre-operative expenses in accordance with board resolution.

2. Contingent Liabilities

The Company does not have any liability in respect of contingent nature.

- 3. The company has reduced the cost of expenses incurred before incorporation by Rs.11,75,000/- which is the share application money invested by M/s. Hindustan Zinc Ltd. as a 25% partner of Joint Venture. The company thereby deducted Rs.11, 75,000/-out of expenses incurred before its incorporation. M/s. Hindustan Zinc Ltd. has withdrawn from Joint Venture w.e.f.30-06-2003. However amount of 25% till withdrawn from joint venture cannot be worked and amount received as been forfeited. However as per management letter dated 25/03/2009 there was no claim from HZL in respect of 11.75 lacs and the above said amount was almost

matching their contribution, therefore the management has not calculated any liability on this account of RRCF Ltd. as on 31.03.2010.

- 4. Shares against Share Application money received in cash or received against expenses incurred has not been allotted till date.
- 5. A sum of Rs. 83,579/- shown in P&L a/c is related to previous year.
- 6. Balances under the head current liabilities & provisions have been stated at the book balance there of.
- 7. The auditor's remuneration includes:-

	Current Year	Previous Year
a) For Audit service as Statutory Auditors	22060.00	22060.00

- 8. Previous year figures has been regrouped/ rearranged wherever is necessary.
- 9. Figures are rounded off to the nearest Rupees.

AUDITOR'S REPORT

As per our separate report of even date Annexed.

**For GUPTA GARG & COMPANY
CHARTERED ACCOUNTANTS**

For RAJASTHAN RASHTRIYA CHEMICAL & FERTILIZERS LTD.

**Satish Kumar Gupta
Partner
M. No. 072990**

**Sanjay Malhotra
Director**

**J. Kohareswaran
Director**

**U. S. Jha
Chairman**

Place : Jaipur
Dated : 28.04.2010

Members are Requested to Quote Their Folio Number Here: Folio No. _____

RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED, MUMBAI

PROXY FORM

I/We _____ of _____
in the district of _____ being a member(s) of the above named
company hereby appoint Mr./Ms. _____ of _____
in the district of _____ as my/our proxy and the vote for
me/us on my/our behalf at the 32nd Annual General Meeting of the Company to be held at 3.00 p.m. on Monday,
the 28th day of June, 2010 and at any adjournment there of.

Signed this _____ day of _____ 2010

Full Name(s) _____

Affix
30 Paise
Revenue
Stamp

- Notes: 1. The proxy form to be valid should be deposited at the Registered Office of the Company at
"Priyadarshini", Eastern Express Highway, Sion, Mumbai 400 022 at least 48 hours before the Schedule
time of the meeting.
2. The proxy form should be executed on 30 paise Revenue Stamp.

RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

Registered Office: "Priyadarshini", Eastern Express Highway,
Sion, Mumbai 400 022.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF YOGI SABHAGRUH,
BEHIND SWAMINARAYAN MANDIR, DADAR (EAST), MUMBAI 40014

NAME OF THE MEMBER :

FOLIO No. : / DPID NO :

I hereby record my presence at the 32nd ANNUAL GENERAL MEETING being held at **Yogi Sabhagruh,
Behind Swaminarayan Mandir, Dadar (East), Mumbai 400 014** on **Monday, the 28th day of June, 2010, at
3.00 p.m.**

SIGNATURE OF THE MEMBER OR PROXY

