CHAMBAL FERTILISERS AND CHEMICALS LIMITED

Enriching Land
Transforming Lives

Annual Report 2011–12

CONTENTS

DIRECTORS

S.K. Poddar
Chairman

Shyam S. Bhartia
Co-Chairman

Anil Kapoor
Managing Director

R.N. Bansal

Dipankar Basu

K.N. Memani

C.S. Nopany

Radha Singh

Marco Wadia

SENIOR EXECUTIVES

Abhay Baijal
Vice President - Finance

A.K. Bhargava
Vice President - Operations

D.L. Birla
Executive President - BTM

V.K. Gupta
Vice President - Marketing

Vinod Mehra
President-Operations

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

K. Satishchandra
Executive President-India Steamship

AUDITORS

S.R. Batliboi & Co.
Chartered Accountants

BRANCH AUDITORS
Singhi & Co.
Chartered Accountants

COST AUDITORS
K.G. Goyal & Associates

Registered Office: Gadepan, Distt. Kota, Rajasthan, PIN - 325 208
Corporate Office: "Corporate One" First Floor, 5, Commercial Centre, Jasola, New Delhi-110 025
Website : www.chambalfertilisers.com
Tel : 011-46581300, 41697900 • Fax : 011- -40638679

Notice

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the members of the Company will be held at 1030 hours on Friday, September 14, 2012 at the Registered Office of the Company at Gadepan, District Kota, Rajasthan, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012, Statement of Profit and Loss for the year ended on that date and reports of Directors and Auditors.
2. To consider declaration of dividend on Equity Shares.
3. To appoint a director in place of Mr. Dipankar Basu, who retires by rotation and is eligible for re-appointment.
4. To appoint a director in place of Mr. Chandra Shekhar Nopany, who retires by rotation and is eligible for re-appointment.
5. To appoint M/s. S. R. Batliboi & Co., Chartered Accountants, as Statutory Auditors of the Company and fix their remuneration.
6. To appoint M/s. Singhi & Co., Chartered Accountants, as Branch Auditors for Shipping Business of the Company and fix their remuneration.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

   "**RESOLVED THAT** Ms. Radha Singh be and is hereby appointed as Director of the Company liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 310 and 311 and other applicable provisions of the Companies Act, 1956, the Company hereby approves the revision in the remuneration payable to Mr. Anil Kapoor, Managing Director with effect from February 16, 2012, as follows:

   i) Basic Salary: Rs. 6,00,000 per month (further increased to Rs. 7,60,000 per month with effect from April 1, 2012) in the basic salary range of Rs. 6,00,000 to Rs. 12,00,000 per month.

   ii) All other benefits like Provident Fund, Superannuation, HRA, etc. which are linked to basic salary stand revised accordingly.

   RESOLVED FURTHER THAT all other terms of re-appointment of Mr. Anil Kapoor shall remain unchanged.

   RESOLVED FURTHER THAT the Board of Directors of the Company (which expression shall also include a committee thereof) be and is hereby authorised to determine such increments payable to Mr. Anil Kapoor as it may deem fit and proper within the approved basic salary range from time to time, along with the performance bonus, if any, and to do all such acts, deeds, matters and things as may be necessary and incidental to give effect to the aforesaid resolution."

By order of the Board

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

New Delhi
June 8, 2012

Notes:

1. Proxy

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

2. Explanatory Statement

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

3. Directors proposed to be re-appointed

   M/s. Dipankar Basu and Chandra Shekhar Nopany, directors are retiring by rotation and eligible for re-appointment. Members may kindly refer "Report on Corporate Governance" (Annexure 'E' to Directors Report) for further details of these directors.

4. Book Closure

   The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, August 21, 2012 to Thursday, August 23, 2012 (both days inclusive).

5. Certificate from Auditors

   The Company has obtained a certificate from the auditors of the Company certifying that 'CFCL Employees Stock Option Scheme 2010' is implemented in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, and in accordance with the resolution passed by the members in the general meeting. The certificate will be available at the venue of Annual General Meeting for inspection by the members.

6. Payment of Dividend

   The Dividend on Equity Shares for the year ended March 31, 2012, will be paid after declaration by the members:

   (i) in respect of shares held in physical form, to those members whose names appear on the Register of Members of the Company on August 23, 2012, after giving effect to all valid share transfer documents lodged with the Company on or before Monday, August 20, 2012.

   (ii) in respect of shares held in electronic form, to those beneficial owners whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at the end of business on Monday, August 20, 2012.

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

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

Dividend Year	Date of Declaration of dividend	Due date for Transfer to IEP Fund
2004-05	20.10.2005	25.11.2012
2005-06	25.08.2006	27.09.2013
2006-07	24.08.2007	24.09.2014
2007-08	10.09.2008	10.10.2015
2008-09	20.08.2009	20.09.2016
2009-10	27.08.2010	01.10.2017
2010-11	16.09.2011	18.10.2018

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

In view of the above, the shareholders are advised to send their requests for payment of unpaid dividend pertaining to the years 2004-05 through 2010-11 to our Share Transfer Agent at New Delhi for issue of cheques / demand drafts before the due dates for transfer to the IEP Fund.

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

7. Dispatch of documents through electronic mode
In pursuance of circulars issued by the Ministry of Corporate Affairs, Government of India, the Company proposes to send documents like notice of general meeting, annual report, etc. to the shareholders through electronic mode. We request you to participate in the Green initiative of the Ministry of Corporate Affairs by registering your email ID with your depository participant (where the shares are held in dematerialized form) or the Company by submitting the E-Mail Registration Form attached with the Annual Report.

8. Company on the Net
The website of your Company is www.chambalfertilisers.com where you can find more information about the Company, various services being provided to the investors, guidance and procedure to be followed by the investors in respect of transfer, transmission and transposition of shares, dematerialisation and rematerialisation of shares, quarterly and annual results, Annual Report, etc.

9. Share Transfer Agent
M/s. Zuari Investments Limited is Share Transfer Agent of the Company. All investor related communication may be addressed to:
M/s. Zuari Investments Limited,
Share Transfer Agents
Corporate One, First Floor, 5, Commercial Centre, Jasola,
New Delhi – 110 025
Tel : 011 – 46581300, 41697900
Fax : 011 – 40638679
E-mail : isc@chambal.in

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

11. Pick-up Coach Facility
For the convenience of members intending to attend the Company's Annual General Meeting (AGM) scheduled to be held at 1030 hours on September 14, 2012, the Company will provide transport from Kota to Gadepan and back. The pick-up coach will leave from "Sahyog Bhavan" No. 1, Aerodrome Circle, Kota, Rajasthan at 0900 hours on the date of AGM to reach Gadepan (venue of the AGM) in time for the meeting and will leave for Kota after the meeting.

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

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

Item No. 7

The Board of Directors, at its meeting held on October 21, 2009, had appointed Ms. Radha Singh as Director of the Company with immediate effect to fill the casual vacancy caused by the resignation of Mr. A. J. A. Tauro. Pursuant to Section 262 of the Companies Act, 1956 read with Article 119 of the Articles of Association of the Company, Ms. Radha Singh holds the office until the forthcoming Annual General meeting of the Company. A notice has been received from a member under section 257 of the Companies Act, 1956 proposing her candidature for the office of Director.

Ms. Radha Singh has retired from Indian Administrative Service. Prior to retirement, she was holding the position of Secretary, Agriculture and Cooperation, Government of India. She has 40 years' experience in public service including in the areas relating to rural and agricultural development, water resources, public finance and institution building. In her capacity as Agriculture and Cooperation Secretary, she also headed various national and international organizations as Board Member/ Chairperson.

Presently, Ms. Singh is Agriculture Advisor to FICCI, Chairperson of the Madhavpura Mercantile Co-operative Bank Limited, Ahmedabad and Trustee and Secretary of Rajendra Bhawan Trust, New Delhi, a charitable organization in the memory of the first President of the Country.

Ms. Radha Singh is not holding any shares of the Company as on May 31, 2012. Other details of Ms. Radha Singh in terms of Clause 49 of the Listing Agreement are provided in the "Report on Corporate Governance" (Annexure 'E' to Directors Report).

None of the Directors except Ms. Radha Singh, is concerned or interested in the Resolution.

The Board commends the appointment of Ms. Radha Singh as Director of the Company.

Item No. 8

The Board of Directors at their meeting held on July 19, 2011 had re-appointed Mr. Anil Kapoor as Managing Director of the Company for a period of three years w.e.f. February 16, 2012 at the basic salary of Rs. 4,50,000 per month (in the range of Rs. 4,50,000 to Rs. 10,00,000 p.m.) alongwith other perquisites. The re-appointment was subsequently approved by the shareholders on September 16, 2011.

The Board of Directors at its meeting held on January 17, 2012 had revised the basic salary of Mr. Anil Kapoor from Rs. 4,50,000 to Rs. 6,00,000 per month in the revised Basic Salary range of Rs. 6,00,000 to Rs. 12,00,000 per month, subject to approval of the shareholders.

The Remuneration Committee of the Board of Directors at its meeting held on May 11, 2012 had granted increment of Rs. 1,60,000 thus increasing the basic salary of Mr. Anil Kapoor from Rs. 6,00,000 to Rs. 7,60,000 per month with effect from April 1, 2012. All other benefits like Provident Fund, Superannuation, HRA, etc. which are linked to basic salary stand revised accordingly. All other terms of re-appointment of Mr. Anil Kapoor shall remain unchanged.

The contract containing enhanced salary of Mr. Anil Kapoor shall be available for inspection by the members at the Registered Office of the Company between 1000 hours to 1200 hours on any working day prior to the date of the meeting.

None of the directors except Mr. Anil Kapoor is concerned or interested in the resolution.

The Board commends the resolution for your approval.

By order of the Board

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

New Delhi
June 8, 2012

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 27th Annual Report on the business and operations of the Company together with audited accounts for the financial year ended March 31, 2012.

1. **Financial Results and Appropriations**

(Rs. in crore)

Particulars	2011-12	2010-11
(a) Turnover (excluding excise duty)	6455.13	4647.43
(b) Gross Profit after Finance Cost but before Exceptional Items, Depreciation and Tax	821.71	704.38
(c) Depreciation / Amortization	262.08	267.95
(d) Profit before Exceptional Items and Tax	559.63	436.43
(e) Exceptional items	-	4.37
(f) Profit before Tax	559.63	440.80
(g) Provision for Current Tax	127.48	159.93
(h) Provision for Deferred Tax	184.86	(44.31)
(i) Profit after Tax	247.29	325.18
(j) Balance of Profit Brought Forward	960.54	759.65
(k) Transferred from Debenture Redemption Reserve	-	3.12
(l) Profit available for Appropriation	1207.83	1087.95
(m) Appropriations:		
• Tonnage Tax Reserve	-	0.50
• General Reserve	50.00	35.00
• Proposed Dividend on Equity Shares	79.08	79.08
• Tax on Dividend	12.83	12.83
(n) Balance Carried Forward to Balance Sheet	1065.92	960.54

2. **Operations:**

The financial year under review was a year of opportunities coupled with challenges. The performance of the Fertiliser Division of the Company was commendable both in terms of profitability and revenue. However, the Shipping and Textile Divisions have suffered due to overall dismal market scenario.

The Company has achieved highest ever production and sales of Urea. Similar uptrend was observed in volumes and profitability from the trading activity. The Company has expanded its market reach by setting up its marketing office at Aurangabad which will cater to Maharashtra market.

The Shipping Business has seen one of the worst years with bunker rates increasing sharply and asset and freight rates falling substantially. The time charter activity has also remained sluggish due to downturn in the market. This has severely impacted the performance of the Shipping business. The Company has six vessels (5 double hull and one single hull aframax tankers). The Company plans to dispose off the single hull vessel which is more than 23 year old.

During the year, the Shipping Division of the Company has opted out of Tonnage Tax Scheme under the Income Tax Act, 1961 and will be assessed under the normal tax regime w.e.f. April 01, 2011. Consequently, the Company has ascertained deferred tax liability on the difference between the written down value of the fixed assets pertaining to the Shipping Division as per books of accounts and the Income Tax Act, 1961 as on April 1, 2011 amounting to Rs.184.21crore which has been accounted for during the year. This non cash accounting charge has impacted the net profit of the Company during the Financial Year 2011-12

The Textile Division has faced high volatility in prices of raw material and yarn, movement of both the prices not being in tandem. The export markets have also remained sluggish during the year under review. All these factors have affected the performance of the Textile Division adversely.

The detailed information on all the three business segments of the Company and the respective industries are given in the Management Discussion and Analysis Report attached as Annexure "G" to this report.

3. **Dividend**

The Board recommends dividend @ Rs. 1.90 per equity share of Rs. 10 each (Previous Year – Rs. 1.90 per equity share). The total outgo on this account will be Rs. 91.91 crore including dividend distribution tax.

4. **'Corporate Governance Report' and Code of Conduct**

Your Directors confirm their ongoing commitment for adhering good corporate governance practices. Corporate Governance Report is attached as Annexure "E". Auditors' Certificate confirming compliance with the conditions of Corporate Governance is enclosed as Annexure "D" and Declaration of the Managing Director confirming compliance with the 'Code of Conduct and Ethics' is enclosed as Annexure "F".

5. **Joint Venture**

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

IMACID is a joint-venture of your Company established in Morocco. The Company has a 33.33% shareholding, together with two other equal partners - Tata Chemicals Limited and OCP, Morocco. IMACID is engaged in the manufacture of phosphoric acid (P_2O_5) which it exports to India primarily to Tata Chemicals Ltd and Zuari Industries Ltd for manufacture of granulated DAP and NPK fertilizers.

During 2011, the Company witnessed the highest ever production of 429,622 MT of P_2O_5 against a design capacity of 430,000 MT P_2O_5 . Sales during the year 2011 were 4,12,950 MT of P_2O_5 against the previous year sales of 355,977 MT. During the year 2011, IMACID achieved revenue of MAD 3325 million (Rs. 2096.33 crore) against revenue of MAD 2284.07 million (Rs. 1246.69crore) achieved during the year 2010. IMACID earned profit after tax of MAD 366.49million (Rs. 231.06 Crore) during the year 2011 as against MAD 181.86 million (Rs. 99.26 crore) in the year 2010.

Strong financial performance and cash reserves facilitated payout of MAD 450 million (Rs.277.70 crore) as a special Dividend to its shareholders in March 2012 apart from dividend of MAD 62 million (Rs. 38.26 crore) paid during the Year 2011.

However, the plant has been shutdown from January 2012 onwards (except operations for some period in February 2012) due to adverse market conditions for its product. This opportunity was utilized to carry out crucial repairs to plant and equipment. The plant operations continue to remain suspended and shall start once the market conditions improve.

6. Subsidiaries

(i) **Chambal Infrastructure Ventures Limited and its Subsidiaries**

Chambal Infrastructure Ventures Limited ("CIVL") was incorporated by your Company to venture into Power business. CIVL had established two down stream wholly owned subsidiaries viz. Chambal Energy (Chhattisgarh) Limited and Chambal Energy (Orissa) Limited for setting up power projects in the states of Chhattisgarh and Odisha, respectively. CIVL is in the process of identifying suitable land parcels for its project in Odisha and matter is being pursued with the concerned authorities. There was not much progress in its power project endeavors in the state of Chhattisgarh.

(ii) **CFCL Overseas Limited, Cayman Islands and its Subsidiaries**

CFCL Overseas Limited is a wholly owned subsidiary of your Company and a holding entity for software business. CFCL Technologies Limited, a main entity which controls the entire software business, is a subsidiary of CFCL Overseas Limited. CFCL Technologies controls its software business through down stream subsidiaries mainly in USA and India.

The year 2011 was a year of consolidation for software business in achieving a significant stabilization of the operating margin and profitability. Software business made significant interventions and has successfully contained losses in the business from first three quarters of the year 2011. Revenue of Software business dropped from USD 128.65 million in 2010 to USD 92.85 million in 2011, primarily attributed to the decision to consciously terminate pure onshore accounts that had significantly depressed operating margins. The Software Business continued to make significant strides with continued focus on operational efficiency, cost cutting, organization building and consolidation which have enabled the Company to turn EBITDA positive from July – September quarter of 2011 onwards.

CFCL Technologies and its subsidiaries follow the January to December Financial Year. The software business as a whole incurred a net loss of USD 19.98 million during the year 2011 as against net loss of USD 26.28 million incurred in the year 2010.

(iii) **India Steamship Pte. Limited, Singapore and its Subsidiary**

India Steamship, Singapore does not own any vessel and operates through in-chartered vessels. During the year, the international shipping markets remained subdued forcing India Steamship, Singapore to contain its operations. The company operated an in-chartered vessel during first few months of the year 2011-12 and did not hire any vessel thereafter. India Steamship International FZE, UAE was incorporated during the year as a 100% subsidiary of India Steamship, Singapore at Hamriyah, Sharjah, UAE where tax regulation is liberal. The new entity has not yet commenced its operation.

During the year 2011-12, India Steamship, Singapore have earned a revenue of USD 2.89 million and incurred a loss (after tax) of USD 0.24 million.

(iv) **India Steamship Limited, India (ISL)**

ISL has been incorporated on April 01, 2011 as subsidiary of your Company. During the year, there was not much activity in ISL.

Exemption: The Government of India vide its circular dated February 08, 2011 granted general exemption to the companies from attaching with Annual Report, the copies of the Balance Sheet, Profit and Loss Account, Board of Directors' Report and Auditor's Report of its subsidiaries. The Consolidated Financial Statements presented by the Company include the financial information of its subsidiaries, as applicable. The Company will make available the Annual Accounts of its subsidiaries along with relative detailed information upon request by investors of the Company or its subsidiaries. The Annual Accounts of the subsidiaries will be available for inspection by any shareholder at the corporate office of your Company and respective subsidiaries.

7. Health, Safety and Environmental Protection

Health, Safety and Environmental protection has been given utmost priority since inception of your Company. With the objective of maintaining the highest Health, Safety, Environmental & Quality (HSEQ) standards, your Company has established and is maintaining an Integrated Management System (for Occupational HSEQ) based on OHSAS-18001:2007, ISO-14001:2004, ISO-9001:2008 and Process Safety Management system. The year 2011-12 was an accident free year. Your Company has achieved 9.03 million man hours (654 days) accident free working.

(a) Health & Hygiene

Your Company accords highest priority to health & hygiene of its employees and associates. Health assessment and occupational disease monitoring of employees and associates is done through periodic medical examinations. The Company's medical officer who is additionally trained in Occupational Health conducts a survey to properly assess the needs and appropriate proactive actions are taken.

A well equipped medical centre in the campus at Gadepan works round the clock to provide Health Services to employees, associated contractor work force, their families and villagers in the vicinity of the plants. New equipment and services are added to continuously upgrade the health care. The plant and processes are continuously upgraded to improve work place and health standards.

Necessary training was imparted to the employees and workers to enhance their awareness towards health related matters. Some of our employees are certified first-aiders. Many officers of the Company have been imparted fast track emergency response training on first aid and occupational health.

(b) **Safety Management**

A strong occupational-health and safety management system OHSAS-18001:2007 is in place in your Company to ensure safety of employees, contractor workforce as well as equipment and machinery. The township at Gadepan is also OHSAS-18001:2007 certified. Your Company has implemented Process Safety Management System (PSM) developed by Occupational Safety & Health Administration, USA (OSHA) in its operation for proactive identification, assessment & control of hazards. PSM is not mandatory but was adopted by your Company to fulfill its quest for highest safety standards in its operations. Process incidents were reviewed as per PSM guidelines and trainings and audits were conducted for overall improvement.

In order to keep its safety system agile and updated, extensive trainings were conducted by internal & external expert faculties on rescue, fire fighting & emergency handling, electrical safety, material handling, road safety, etc.

The scheme of "Near- Miss" & "Make-to-Good" reporting is in place in your Company which not only creates awareness among the workforce but also gives an opportunity to identify and correct possible safety concerns. The safety reward system has been reviewed and widened during the year to further strengthen the safety culture in the Company. To improve safety work culture and bring reduction in injuries more and more workers of associated contractors were involved in safety promotional activities & trainings.

As a special drive, a safety improvement project has been undertaken by your Company for bagging plant in association with a consultant. The concept of Behavior Based Safety (BBS) has been introduced and is working satisfactorily through selected BBS Champions. During shutdown maintenance, extensive safety trainings and supervisions were conducted by associating experts. Personal Protective Equipments (handgloves, dust mask, ear plugs, etc) were provided free to all contract workers.

Various initiatives were taken by your Company towards overall safety improvement, such as adding new safety & emergency handling equipments, additional safety procedures, visitors' safety film, screening of Environment, Health and Safety (EHS) documentary for township residents, pictorial booklet depicting dos & don't for bagging plant, fire alarm system upgradation, etc.

Your Company has a well-defined "Onsite Disaster Management Plan". The flip chart defining roles & responsibilities of key personnel was reviewed, revised & updated during the year. Regular mock drills & fire drills were conducted to check the emergency preparedness. The Company executives regularly visit near-by companies and consultations are held with them to share information and learn from each other's experience and improve.

(c) Environment Management

Environment protection is a top priority for the Company management. The urea & ammonia production activities and the township at Gadepan is ISO-14001:2004 certified. Extensive environmental monitoring is carried out to ensure effective environment management. The endeavors of the Company for environment protection are as under:

(i) Sustainable Development – Your Company is totally committed to sustainable development and has completed various environment related programmes like Rain Water Harvesting, Ground Water Recharging, Energy Conservation measures, Pollution Control, Use of Solar Energy, etc.

(ii) Waste Management – Your Company continues to follow the 3R concept (Reduce, Re-use and Re-cycle) for waste management. Almost 100% condensates are recycled back to system. Treated waste water is used for maintaining green belt through a 65 kilometer long irrigation network spread all over the complex.

Your Company has adopted best practices to manage solid/ hazardous waste disposal after proper categorization. Segregation of waste is ensured at source and separate bins have been created for collection of various categories of waste. Horticulture & domestic waste is converted to manure & used in the green belt. Recyclable waste is disposed to recyclers and all saleable items are sold to approved recyclers. Use of polythene bags is strictly prohibited in the Gadepan campus for many years.

(iii) Green belt– The area surrounding Gadepan complex is experiencing a positive change in Ecology due to development of a dense green belt / forest inclusive of around 2.0 lac trees in an area of about 212 hectares. This has provided habitat to more than 100 species of birds which includes more than 700 peacocks.

(iv) Water conservation–Your Company continuously works on various water optimization measures as our area is water scarce. Water audits and studies have been conducted through experts to explore more avenues of water conservation. Special efforts have been made in optimization of cooling water, fire water network, drinking water & de-mineralised water. The trend of consumption shows a continual improvement with the specific consumption of water at 4.82 cubic meters per MT of urea this year, as against 4.92 cubic meters per MT of urea during 2010-11, which is one of the best in the fertiliser industry. Water consumption norms for fertiliser industry is 8.0 cubic meters per MT of urea.

(d) Quality Management

Your Company is ISO 9001:2008 certified and adequate attention is accorded by your Company to maintain quality of end product and processes. Stringent monitoring of defined parameters of quality is ensured.

(e) Health, Safety, Environment & Quality (HSEQ) Audits

Teams of trained internal auditors regularly conduct HSEQ audits with special emphasis on health & hygiene, house keeping, safety, environment and quality. HSEQ systems are periodically audited by various external agencies of repute in line with your management approach of continual improvement. Surprise visits are conducted to plant and canteen to ensure highest standard of housekeeping & hygiene. Ammonia Storage safety systems have been upgraded based on review by the designer and Risk based Inspection is under progress. To extend and improve safety culture among our marketing team, all our Regional Marketing Offices have been audited during the year and staff has been trained on safety.

(f) Achievements

Your Company regularly participates in awards and national & international benchmarking surveys for independent assessment which in turn provides an opportunity for improvement. Your Company has received following prestigious awards during the year under review:

- "Environment Protection award" for the year 2010-11 and 2009-10 from Fertiliser Association of India (FAI).
- "National Award for Excellence in Water Management 2011" from Confederation of Indian Industries (CII) under the category "Beyond the Fence".
- "National Award for Excellence in Energy Management"-2011 from CII.
- Rajasthan Energy Conservation Award 2011.
- Special commendation, Golden Peacock Award for Sustainability-2011.

8. Corporate Social Responsibility (CSR)

Your Company is committed towards the development of neighboring areas for improving the quality of life. To initiate and sustain meaningful actions in this regard, your Company has formed **KK Birla Memorial Society** to consolidate all Corporate Social Responsibility (CSR) activities. The Company has taken number of initiatives for the community development in consultation with local administration at the village, block and district levels.

The Company's CSR program is designed as per participatory planning process to involve stakeholders for sustainable development of the area. The focus of the Program is on formation and livelihood trainings of SHGs (Self Help Groups), Health & Hygiene, Human Health Care, Sanitation, Farmers education on Agriculture & animal husbandry, Livestock vaccination & breed improvement etc. Your Company has taken following initiative under the program:

(a) Sanitation

Your Company has initiated a project to improve sanitary practices through awareness campaigns and construction of toilets. Your Company has constructed 313 individual toilets for Below the Poverty Line families last year and another 402 toilets were constructed this year. Your Company has also constructed 10 girls' toilets in 10 Government schools.

(b) Community Health Care

The Company operates a mobile Health Care Unit manned by a doctor and nursing assistant in 14 surrounding villages. Ambulance facilities are also provided to community round the clock for taking patients to Kota hospitals in emergency situations. During this year, 222 such cases were attended through ambulance facility.

During the year, 34,741 people were treated for different diseases. The Medical Center in Gadepan campus provides free service to people from surrounding areas. The Company regularly organizes free medical camps by inviting specialists for attending various ailments and 2862 patients benefited during the year under this program.

(c) Education

The Company is extending quality education to children from contiguous villages through Chambal Fertilisers DAV School (CFDAV). Over 47% students in this school are from such villages. During the year, CFDAV was upgraded to class 10th standard and got affiliated with Central Board of Secondary Education (CBSE).

Your Company has recently adopted 24 primary & upper primary government schools of nearby 22 villages under Public Private Partnership Scheme of Government of Rajasthan. This initiative shall extend quality education to more children and shall endeavour to check drop out rates especially among girls.

Your Company adopted Government Industrial Training Institutes (ITI) at Sangod during 2010-11. The Management of the ITI is run by the Company and nearly 100 students were placed with the corporates after completion of their ITI course. The company is upgrading the infrastructure of the ITI and it is planning to start 4 new courses from the academic year 2012-13.

(d) Rural Infrastructure

The Company has developed rural infrastructure by constructing pavement roads, drains, school boundary walls, community centers, crematoriums in Karadia, Simliya, Ballabhpura Gadepan, Ballabhpura, Bambhori and Kalarewa villages.

(e) Reporting on triple bottom line performance

With the aim to assess its Corporate Sustainability performance and initiatives, the Company had commenced reporting, annually, on its triple bottom line performance from Financial Year 2009-10. The Company has published A+ sustainability report for the financial year 2010-11 in accordance with Global Reporting Initiative (GRI) guidelines. The sustainability report is externally assured by Ernst & Young Private Limited. The report gives a bird's eye view on Sustainability performance of the Company and also offers an opportunity to assess and improve its sustainability initiatives.

9. Disclosure of Particulars

Your Company believes that improvement is a journey with new milestones to be achieved on continuous basis. The Company makes continuous efforts to make the plants as energy efficient as possible and reviews various schemes to conserve energy on regular basis. The requisite information with regard to conservation of energy, technology absorption and foreign exchange earnings and outgo in terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out in Annexure "A" attached hereto.

Information required to be furnished in Form A is not applicable to shipping industry. However, it is ensured that every measure is taken to save and conserve energy at all stages of operation of the vessels as well as in shore office. The Company has 6 Aframax Tankers out of which 5 are double hull and these ships are more energy efficient as compared to the old vessels. The Shipping Division has no information to furnish in Form B regarding technology absorption.

10. Investor Service Centre

The In-house Investor Service Centre of your Company located at New Delhi, continues to provide prompt investor service through quick resolution of investor grievances. The motto of 'high investor satisfaction' is being pursued through pro-active actions like reaching out to investors regularly, timely reminders to investors about new corporate benefits, undelivered shares, unclaimed benefits, etc.

The equity shares of your Company are listed at National Stock

Exchange of India Limited and BSE Limited. The Company has paid annual listing fees to these Stock Exchanges for the year 2012-13.

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

11. Fixed Deposits

Your Company has discontinued accepting new deposits with effect from July 1, 2008. As on March 31, 2012, your Company had 21 depositors with fixed deposits of Rs. 5.73 lac, who have not claimed their Fixed Deposit amount despite being reminded regularly.

12. Employee Stock Option Scheme

The members of the Company had approved Employee Stock Option Scheme 2010 ("ESOS 2010") on August 27, 2010 for issue and allotment of options exercisable into not more than 41,62,000 equity shares of face value of Rs. 10/- each to eligible employees and Managing Director of the Company. Each option when exercised would be converted into one fully paid up equity share of Rs. 10 of the Company. The ESOS 2010 is administered by the Compensation Committee of the Board of Directors of the Company. Disclosure pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is given in Annexure - "B".

13. Personnel

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

14. Directors

The Board has eight non-executive directors and a Managing Director. Two directors namely M/s. Dipankar Basu and C.S. Nopany are due for retirement by rotation at the forthcoming Annual General Meeting. M/s. Dipankar Basu and C.S. Nopany are eligible and have offered themselves for re-appointment. Ms. Radha Singh is also retiring at the forthcoming Annual General Meeting of the Company. These directors are not related to any other directors of the Company.

The Company has received a notice in writing together with requisite deposit from a member proposing the appointment of Ms. Radha Singh as a Director of the Company, liable to retire by rotation.

Other information on the directors is provided in Corporate Governance Report annexed to this Report as Annexure "E".

15. Auditors

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

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

The Board of Directors of the Company appointed M/s. K.G. Goyal & Associates, Cost Accountants for conducting audit of cost accounts of the Fertiliser Division of the Company for the financial year 2010-11 and 2011-12. The Company has filed the Cost Audit Report for the financial year 2010-11 with the Ministry of Corporate Affairs, Government of India on September 1, 2011 as against the last date of filing on September 27, 2011.

16. Directors Responsibility Statement

Your Directors hereby report:

a) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relative to material departures;

b) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the year ended March 31, 2012;

c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) that the Directors have prepared the annual accounts on a going concern basis; and

e) that the Company has adequate internal systems and controls in place to ensure compliance of laws applicable to the Company.

17. Consolidated Financial Statements

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

18. Acknowledgements

Your Directors wish to place on record their appreciation of the assistance and co-operation received from the Department of Fertilisers, Government of India, State Governments, domestic and International Financial Institutions & Banks and other stakeholders, whose continued support and co-operation has been instrumental in enabling the Company to achieve its goals. Your Directors also wish to place on record their sincere appreciation of the unstinted devotion, hard work and commitment of every employee of the Company.

By order of the Board

Place : New Delhi
Date : May 12, 2012

S. K. Poddar
Chairman

Annexure "A" to Directors' Report

I. Disclosure of Particulars with respect to Conservation of Energy:

a) Energy conservation measures taken

The following measures were taken during the Financial Year 2011-12

(i) Fertiliser Division

- Complete overhauling of air compressor along with replacement of High pressure & low pressure rotor in Ammonia-II plant.
- Part replacement of natural gas line with higher size line to reduce the pressure drop in Ammonia-II plant.
- Replacement of Ammonia Refrigerant Condenser in Ammonia-II plant.
- Replacement of Secondary Reformer Catalyst with new catalyst in Ammonia-II plant.
- Up-gradation of CO_2 Absorber tower packing in CO_2 removal section of Ammonia-II plant.
- Replacement of CO_2 stripper top trays with improved design trays in CO_2 removal section of Ammonia-II plant.

(ii) Textile Division

- 29 new power saving pumps installed in Unit 1 & 1A.
- New Variable Frequency Drive (VFD) installed in main pump of 5 dying machines.
- New VFD installed in 13 Supply Air Fans in Humidification Plant.
- Replacement of 3 smaller size compressors with a New air compressor in Synthetic Unit.

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

The following energy saving measures are proposed to be implemented during the Financial Year 2012-13

(i) Fertiliser Division

- Installation of VFD in Ammonia feed pumps in both the units of Urea-I plant.
- Installation of additional cooling tower cell for Urea-II plant.
- Complete overhauling of Gas Turbine-II along with the replacement of rotor (upgraded) and 1st & 2nd stage buckets.
- Increase in size of Methanator outlet spool piece to reduce pressure drop in Ammonia-I plant.
- Replacement of catalyst of KRES, Methanator & Low temperature shift converter in Ammonia-I plant.

(ii) Textile Division

- Installation of VFD in closed loop in 11 suction motors of Orion-L Autoconer machine.
- Installation of VFD and suction switch to control main suction motors of cards of Waste Collection System.
- Installation of VFD to control Induced Draft and Forced Draft fan motors of boiler.

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

The energy conservation measures in Fertiliser Division mentioned at (a) above have resulted in a saving of 0.4% of energy consumption per MT of urea in the year 2011-12 and those listed at (b) above are expected to result in a saving of 0.15% energy consumption per MT of Urea after implementation.

The energy conservation measures in Textile Division mentioned at (a) & (b) above will result in saving of around 1.20 lac units of electricity per month (approximately Rs. 5.25 lac per month)

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

As per Form 'A' given below:

Form A

Particulars	Unit	2011-12 Current Year	2010-11 Previous Year
A POWER AND FUEL CONSUMPTION			
1. Electricity			
(a) Purchased			
Unit	MWH	84,050.73	87,784.43
Total Amount	Rs. Lac	3755.96	3434.67
Rate/Unit	Rs./ KWH	4.47	3.91
(b) Own generation			
(i) Through diesel generator			
Unit	MWH	885.09	3,304.30
Units per KL of furnace oil	KWH	4.05	4.04
Units per KL of HSD	KWH	3.71	3.72
Cost /Unit	Rs./KWH	9.06	8.18
(ii) Through steam turbine/generator			
Quantity	MWH	171,243.78	163,728.21
Unit per SM^3 of Gas	Rs. Lac.	2.50	2.48
Cost/Unit	Rs. / KWH	5.37	4.40

Particulars	Unit	2011-12 Current Year	2010-11 Previous Year
2. Coal (specify quality and where used)			
(a) Charcoal (for Steam Generation for Dye House)			
Quantity	KG	5,105.00	5,040.00
Total cost	Rs. Lac	0.87	0.83
Average rate/Unit	Rs./KG	17.12	16.38
(b) Steamcoal (For Steam generation for Dye House)			
Quantity		-	-
Total Cost		-	-
Average Rate/Unit			
(c) Rice Husk (For Steam generation for Dye House)			
Quantity	MT	3,410.35	3,381.00
Total Cost	Rs. Lac	152.64	128.43
Average Rate/Unit	Rs./MT	4.48	3.80
(d) Petcoke (For Steam generation for Dye House)			
Quantity	KG	57,281.00	95,381.00
Total Cost	Rs.Lac	5.77	8.27
Average Rate/Unit	Rs./KG	10.08	8.67
3. Furnace oil			
Quantity	KL	97.33	489.66
Total amount	Rs.Lac	41.51	152.17
Average rate	Rs./KL	42,652.36	31,076.21
4. Others/internal generation			
a) Natural Gas (Ammonia-Fuel, Power & Steam)			
Quantity	$1000SM^3$	534,818.07	531,967.94
Total Cost	Rs.Lac	75,344.77	61,973.61
Average rate/Unit	$Rs./1000SM^3$	14,087.92	11,649.88
b) Naphtha (Ammonia-Fuel, Power & Steam)			
Quantity	MT	130.34	278.52
Total Cost	Rs. Lac.	31.62	67.59
Average rate/Unit	Rs./MT	24,255.75	24,266.28
c) HSD			
Quantity	KL	132.52	383.86
Total Cost	Rs. Lac	52.76	128.42
Average Rate/Unit	Rs./KL	39,811.15	33,454.82
B CONSUMPTION PER MT OF UREA PRODUCTION			
Electricity (Incl. Internal Consumption)	KWH/MT	83.12	81.16
Natural Gas (Ammonia-Fuel, Power & Steam)	SM^3/MT	249.20	253.30
Naphtha (Ammonia-Fuel, Power & Steam)	KG/MT	0.06	0.13
C CONSUMPTION PER MT OF YARN PRODUCTION			
Electricity (Incl. Internal Consumption)	KWH/MT	3,842.25	4,238.88
Furnace oil	KL/MT	0.00	0.02
HSD	KL/MT	0.01	0.02

II. Technology Absorption

Efforts made in technology absorption as per Form B.

Form B

(Disclosure of particulars with respect to Technology Absorption)

Research and Development (R&D)

i The Company is a manufacturing organization and is not engaged in any major Research and Development activity. However, continuous efforts are made to improve the quality and efficiency and to develop new product /product mix.

ii Expenditure on R&D (Textile Division)

a) Capital – Rs.8.33 Lac

b) Recurring –Rs.19.08 Lac

c) Total - Rs.27.41 Lac

d) Total R&D Expenditure as a Percentage of total turnover : 0.10%

Technology Absorption, Adaptation and Innovation

i. Efforts in brief, made towards technology absorption, adaptation and innovation.

a) **Fertiliser Division**

- Up-gradation of CO^2 Absorber tower packing in CO^2 removal section of Ammonia-II plant.
- Replacement of CO^2 stripper top trays with improved design trays in Ammonia-II plant.
- Replacement of top four trays with better metallurgy in both the trains of Urea-II Reactor.

b) **Textile Division**

- Installation of new sample dying machine
- Installation of new knitting machine
- Installation of new Pilling Tester

ii. Benefits derived as a result of the above efforts

a) **Fertiliser Division**

- Energy Efficiency improvements
- Improvement in the reliability
- Operational flexibility
- Reduction in greenhouse gas emissions i.e. Methane, Carbon dioxide.

b) **Textile Division**

- Sample dying machine helps in right analysis of lot performance which helps in achieving improvement of yarn quality
- Knitting machine helps in increasing inspection and testing of wider ranges of yarn count.
- Pilling Tester is an instrument by which we can estimate the pilling resistant grade of fabric made from yarn.

iii. Information related to technology imported (imported during the last 5 years reckoned from the beginning of the financial year):

a) **Technology Imported**: Low energy process from M/s Kellogg Brown and Root of USA for Ammonia -I.

b) **Year of import**: 2006-07

c) **Has technology been fully absorbed**: Yes

III. Foreign Exchange Earnings and Outgo

Foreign Exchange used : Rs. 127149.88 lac

Foreign Exchange earned : Rs. 35636.87 lac

Annexure "B" to the Directors' Report

Disclosure pursuant to Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as at March 31, 2012.

I)	Options Granted	Date of Grant	Options Granted
		16.09.2010	28,50,000
		22.01.2011	3,00,000
		10.05.2011	2,20,000
		17.10.2011	1,00,000
		Total Options Granted	**34,70,000**
II)	Pricing Formula	The latest available closing price on the stock exchange on which the Shares of the Company are listed, prior to the date of the meeting of the Board/ Committee in which Options are granted.	
III)	Options Vested		4,59,000
IV)	Options Exercised		1,88,800

V)	Total no. of shares arising as a result of exercise of options	1,88,800			
VI)	Options Lapsed	2,85,000			
VII)	Variation of terms of options	None			
VIII)	Money realised by exercise of options (Rs.)	1,38,83,835			
IX)	Total no. of options in force	29,96,200			
X)	Employee wise details of Options Granted to:				
	a) Senior Managerial personnel	Name	No. of options		
		Mr. Anil Kapoor	1,50,000		
		Mr. Abhay Baijal	1,00,000		
		Mr. A.K. Bhargava	1,00,000		
		Mr. V.K. Gupta	1,00,000		
		Mr. Vinod Mehra	1,00,000		
		Mr. M.S. Rathore	1,00,000		
	b) Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year	Alpana Juneja	60,000		
		Deepak Pathak	40,000		
		Shobha Tandon	40,000		
		Vijay Kohli	40,000		
		A.P. Singh	40,000		
		Jagjeet Singh Dadiala	50,000		
		R.K. Khunteta	40,000		
	c) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil			
XI)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard 20 'Earning Per Share'	Not applicable			
XII)	a) Method of calculation of employee compensation cost	The Company has calculated the employee compensation cost using the intrinsic value of stock options.			
	b) The difference between the employee compensation cost so computed at XII(a) above and the employee compensation cost that shall have been recognized if it had used the fair value of the options.	If the employee compensation cost was calculated using fair value of options based on Black Scholes methodology, read with Guidance note on "Accounting for Employee Share based payment" issued by Institute of Chartered Accountants of India, total cost to be recognised in the financial statements for the financial year 2011-12 would be Rs.291.74 lacs.			
	c) The impact of this difference on profits and on Earning Per Share of the Company.	The effect on the profits and earning per share, had the fair value method been adopted, is presented below: **Profit after Tax** — Rs. in Lac **As reported** — 24728.69 Add: Intrinsic value compensation cost — 0.00 Less: Fair value compensation cost — 291.74 **Adjusted Profit** — 24436.95 **Earnings per share** (Basic & Diluted) — (Rs.) As reported — 5.94 As Adjusted — 5.87			
XIII)	Weighted-average Exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	(i) Where exercise price equals the market price of the stock options: - Weighted average of exercise prices of options: Rs. 75.18 - Weighted average of fair values of options: Rs. 28.16 (ii) Where exercise price exceeds the market price of the stock options: Not applicable (iii) Where exercise price is less than the market price of the stock options: Not applicable			
XIV)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	The fair value has been calculated using the Black Scholes Option Pricing Model.			
	a) Date of Grant	Sept., 16, 2010	January 22, 2011	May 10, 2011	Oct., 17, 2011
	b) Risk-free interest rate	7.79%	8.05%	8.21%	8.29%
	c) Expected life	4.80 years	4.80 years	5.80 years	5.80 years
	d) Expected volatility	63.06%	63.94%	63.76%	62.18%
	e) Expected dividend yield	7.02%	7.02%	5.77%	5.77%
	f) The price of the underlying share in market at the time of option grant	Rs. 73.50	Rs. 76.85	Rs. 82.90	Rs. 101.10

Annexure "C" to Directors' Report

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

Sr. No.	Name	Designation / Nature of Duties	Qualifications	Age (Years)	Experience (years)	Date of Commencement of Employment	Remunaration Received (Rs.)	Last Employment	
								Employer's Name	Post Held
A. Employees who were employed throughout the year and were in receipt of remuneration in aggregate of not less than Rs. 60,00,000 for 12 months:									
1.	Kapoor, A.	Managing Director	B.Tech., M.S.	58	32	11.12.2000	20,117,737	Cabot India Limited	Vice President-Technical
2.	Baijal, A.	Vice President-Finance	B.E.,P.G.D.M.	51	27	01.11.2003	6,396,888	Birla Home Finance Limited	Vice President-Operations
3.	Mehra, V.	President-Operations	B.Tech.(Hons.)	60	38	01.01.1991	6,541,205	Zuari Industries Limited	Process Manager
B. Employees who were employed for a part of the year and were in receipt of remuneration in aggregate of not less than Rs. 5,00,000 per month:									
1.	Ahmed, M.F.	Master	Master - F.G.	46	24	18.06.11	3,165,000	World Tanker	Master
2.	Biswas, G	Chief Engineer	MEO-Class-I-(M)	39	15	Note 1	1,605,000	Mitsubushi Company	Second Engineer
3.	Bhatia, U.K.	Master	Master - F.G.	34	11	Note 1	870,362	Seaarland	Chief Officer
4.	Chandramauli, S.	Second Engineer	MEO-Class-II-(M)	30	7	26.01.12	569,251	Executive Ship Management	Third Engineer
5.	Choudhuri, S.S.	Chief Engineer	MEO-Class-I-(M)	41	12	Note 1	3,330,000	Varun Shipping Co. Ltd.	Third ENgineer
6.	Dhakarwal, S.K.	Master	Master - F.G.	56	32	Note 1	2,496,855	Hatef Shipping Co. Ltd.	Master
7.	Jha, P.K.	Master	Master - F.G.	35	8	25.02.12	590,000	Thome Ship Management	Master
8.	Kumar, P.	Chief Engineer	Meo-Class-I-(M)	41	11	Note 1	1,995,600	Prativa Shipping Co. Ltd.	Chief Engineer
9.	Lamba, S.	Chief Officer	First Mate - F.G.	26	4	Note 1	748,151	SVS Marine Service Pvt. Ltd.	Chief Officer
10.	Mahesh, A.	Second Engineer	MEO-Class-II-(M)	30	5	Note 1	1,758,125	Prativa Shipping Co. Ltd.	Second Engineer
11.	Maiti, P.	Chief Engineer	MEO-Class-I-(M)	39	16	Note 1	2,290,000	American Eagle Tankers	Chief Engineer
12.	Malik, P.	Chief Officer	Chief Mate	29	5	14.11.11	890,677	Prativa Shipping Co. Ltd.	Chief Officer
13.	Malkar, S.R.	Master	Master - F.G.	36	10	Note 1	4,252,066	BSM India	Chief Officer
14.	Mazumder, P.	Chief Engineer	MEO-Class-I-(M)	41	17	Note 1	2,923,770	Fleet Ship Management Ltd.- Hongkong	Chief Engineer
15.	Nawaz, K	Master	Master - F.G.	35	21	01.04.11	2,140,000	Shipping Corporation of India Ltd.	Master
16.	Ogale, A.S.	Chief Engineer	MEO-Class-I-(M)	35	9	Note 1	3,856,291	The Great Eastern Shipping Co Ltd..	Chief Engineer
17.	Patel, N.D.	Electrical Officer	Electrical Engineer	43	4	Note 1	645,795	Prativa Shipping Co. Ltd.	Electrical Officer
18.	Paul, S.K.	Chief Engineer	MEO-Class-I-(M)	36	10	01.05.11	1,040,261	Prativa Shipping Co. Ltd.	Chief Engineer
19.	Ramasami, S.	Master	Master - F.G.	37	12	Note 1	3,662,513	Wallem Shipmanagement, Hong Kong	Master
20.	Rao, M.V.J.	Chief Engineer	MEO-Class-I-(M)	40	14	Note 1	2,895,887	Executive Ship Management	Second Engineer
21.	Sandhu, A.S.	Master	Master - F.G.	39	11	30.12.11	2,598,844	Dymacom Tanker Management Ltd.	Master
22.	Satishchandra, K.	Executive President - India Steamship	BE (Mechanical), FICS (London), FICA (Delhi)	56	34	20.10.11	4,137,593	Blue Lines Shipping	Head of Commercial
23.	Saudai, S.	Chief Engineer	MEO-Class-I-(M)	41	16	Note 1	1,728,173	National Iranian Tanker Company	Chief Engineer
24.	Sharma, A.	Executive President - India Steamship	F.I. Mare	64	42	18.03.06	2,030,462	G.E. Shipping Co. Ltd.	President
25.	Sharma, S.C.	Master	Master - F.G.	50	25	Note 1	3,043,016	V. S. Ships Ltd.	Master
26.	Singh, P.P.	Master	Master - F.G.	49	30	29.08.11	4,106,226	1st Employment	Not Applicable
27.	Singh, Y.	Master	Master - F.G.	37	13	Note 1	3,959,113	The Great Eastern Shipping Co Ltd..	Chief Officer
28.	Sinha, R.K.	Chief Engineer	MEO-Class-I-(M)	55	28	Note 1	2,267,282	Torm Shipping	Chief Engineer
29.	Sud, S.	Master	Master - F.G.	37	13	27.04.11	3,929,245	Sovereign Ship Management	Master
30.	Vijay Shankar, V.	Vice President-Strategic Planning	I.C.W.A., F.C.A.	55	30	09.04.07	3,290,151	Zuari Industries Limited	Vice President-Finance

NOTES:

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

Annexure "D" to Directors' Report
AUDITORS' CERTIFICATE

To

The Members of Chambal Fertilisers and Chemicals Limited

We have examined the compliance of conditions of corporate governance by Chambal Fertilisers and Chemicals Limited, for the year ended of March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

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

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

For S.R. BATLIBOI & CO.
Firm's registration number: 301003E
Chartered Accountants

per Anil Gupta
Partner
Membership No. 87921

Place : Gurgaon
Date : May 12, 2012

Annexure "E" to Directors' Report
REPORT ON CORPORATE GOVERNANCE

a) **Company's Philosophy**

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

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

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

b) **Board of Directors**

The Board of Directors consists of nine directors including a Managing Director. Out of eight Non-Executive Directors, five directors are independent directors. M/s. Dipankar Basu and C. S. Nopany, Directors of the Company are retiring by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

The Board of Directors had appointed Ms. Radha Singh as a Director w.e.f. October 21, 2009 to fill the casual vacancy caused by resignation of Mr. A.J.A. Tauro. Ms. Radha Singh will hold office until the forthcoming Annual General Meeting of the Company. The Company has received a notice in writing together with requisite deposit from a member proposing the appointment of Ms. Radha Singh as a Director of the Company, liable to retire by rotation.

The Brief particulars of all the Directors are given below:

(i) **Mr. Saroj Kumar Poddar**

Mr. S. K. Poddar, Chairman of the Company, a gold medalist in B. Com (Hons) from Calcutta University, is the Chairman of Adventz group. Under Mr. Poddar, the USD 3 billion group has promoted various projects including joint ventures with leading international corporations. The most notable of these ventures are Gillette India Ltd. (a joint venture with the Gillette Company of U.S.A.), Hettich India Private Limited (a joint venture with the Hettich Group of Germany) and Texmaco UGL Rail Private Ltd (a joint venture with the United Group of Australia). Mr. Poddar is the Chairman of these Joint Ventures. He is also on the Advisory Board of one of the most reputed investment brokers - M/s. N M Rothschild & Sons (India) Private Ltd.

A recipient of Rashtriya Samman from the Central Board of Direct Taxes, Mr. Poddar is involved with art, culture and sports. A keen collector of contemporary Indian Art, Mr. Poddar promotes young cricketers to go abroad for training and practice. He is currently involved in setting up of a museum in Delhi with the theme 'India through the ages.' The museum will be named as 'K.K. Birla Academy' after former Chairman of the Company - late Dr. K.K. Birla. The academy will be fully funded by the family and is to be commissioned in the coming years.

Having served as President of Federation of Indian Chambers of Commerce and Industry (FICCI) and International Chamber of Commerce in India, the Government of India has appointed Mr. Poddar on Board of Trade – the highest body on trade and also a member of the Court, the Indian Institute of Science, Bangalore. He is the Chairman of India-Saudi Arabia Joint Business Council and a member of the Indo- French CEO Forum. Mr. Poddar has also served for a decade as a member of the Board of Governors of the Indian Institute of Technology, Kharagpur and local Board of the Reserve Bank of India.

Names of other Indian public limited companies in which Mr. S. K. Poddar is Director or Chairman / member of Committee(s):

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1.	Adventz Investments and Holdings Limited	7.	Texmaco Infrastructure & Holdings Limited$
2.	Chambal Infrastructure Ventures Limited	8.	Texmaco Rail & Engineering Limited
3.	Gillette India Limited*	9.	Zuari Cement Limited*
4.	Gulbarga Cement Limited	10.	Zuari Fertilisers & Chemicals Limited.
5.	Lionel India Limited	11.	Zuari Holdings Limited
6.	Simon India Limited	12.	Zuari Industries Limited

* Also Chairman/ Member of Audit Committee

$ Also Chairman of Investors/ Shareholders Grievance Committee

(ii) **Mr. Shyam Sunder Bhartia**

Mr. Shyam S. Bhartia is the Chairman and Managing Director of M/s. Jubilant Life Sciences Ltd. He is Commerce graduate and a fellow member of the Institute of Cost Accountants of India. A leading industrialist of India, he has rich industrial experience in the Pharmaceuticals, Speciality Chemicals, Food, Oil and Gas (Exploration & Production), Aerospace and Information Technology sectors. He is a director on the boards of numerous companies both in India and overseas.

He is a Member of the Executive Committee of Federation of Indian Chamber of Commerce and Industry (FICCI), Confederation of Indian Industry (CII) and Task Force on Chemicals appointed by the Government of India.

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

Names of other Indian public limited companies in which Mr. Shyam S. Bhartia is Director or Chairman / member of Committee(s):

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1.	Geo-Enpro Petroleum Limited	4.	VAM Holdings Limited
2.	Jubilant Foodworks Limited	5.	Zuari Industries Limited
3.	Jubilant Life Sciences Limited		

He is not a member of Audit Committee or Shareholders Grievance Committee of any of the aforesaid Companies.

(iii) **Mr. Anil Kapoor**

Mr. Anil Kapoor is a B. Tech from Indian Institute of Technology, New Delhi, one of the world's premier technological institutes and holds M.S. in Chemical Engineering from State University of New York, USA. In his illustrious career spanning more than 3 decades, he has been associated with reputed Indian and multinational organizations. He has rich and diverse experience in areas of production, logistics and purchase. He is also on the Boards of M/s. CFCL Technologies Limited and M/s. Indo Maroc Phosphore, S.A.

Names of other Indian public limited companies in which Mr. Anil Kapoor is a Director :

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1.	Chambal Energy (Chhattisgarh) Limited	3.	Chambal Infrastructure Ventures Limited
2.	Chambal Energy (Orissa) Limited	4.	India Steamship Limited

He is not a member of any Committee of any of the aforesaid Companies.

(iv) **Mr. Ram Nath Bansal**

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

Names of other Indian public limited companies in which Mr. R. N. Bansal is Director or Chairman/ member of Committee(s):

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1.	Essar Logistics Limited	5.	Orient Bell Limited*
2.	Essar Oil Field Services India Limited	6.	Pushpsons Industries Limited*
3.	Essar Ports Limited*$	7.	The Hindoostan Mills Limited *
4.	Essar Shipping Limited*	8.	Vadinar Oil Terminal Limited*

* Also Chairman/ Member of Audit Committee

$ Also Member of Shareholders Grievance Committee

(v) Mr. Dipankar Basu

Mr. Dipankar Basu is an M.A. (Economics). He is the Non-Executive Chairman of STCI Finance Limited, STCI Primary Dealer Ltd., Peerless General Finance & Investment Co. Ltd. and Peerless Securities Ltd. He is currently a member of the Investment Advisory Committee of the Army Group Insurance Fund and Empowered Committee of Reserve Bank of India for External Commercial Borrowings.

Mr. Basu is a former Chairman of State Bank of India. Between 1996 and 1999, he served as a member of the Disinvestment Commission set up by the Government of India. During 1997-98, Mr. Basu was also a member of the Narasimham Committee on Banking Sector Reforms.

Names of other Indian public limited companies in which Mr. Dipankar Basu is Director or Chairman / member of Committee(s):

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1.	Asian Paints Limited *	5.	STCI Finance Limited *
2.	Deepak Fertilisers & Petrochemicals Corp. Limited $	6.	STCI Primary Dealer Limited
3.	Peerless General Finance & Investment Co. Limited	7.	RAIN CII Carbon (Vizag) Limited*
4.	Peerless Securities Limited	8.	RAIN Commodities Limited*

* Also Member/ Chairman of Audit Committee

$ Also Chairman of Shareholders Grievance Committee

(vi) Mr. Kashi Nath Memani

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

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

Names of other Indian public limited companies in which Mr. K.N. Memani is Director or Chairman/ member of Committee(s):

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1.	Aegon Religare Life Insurance Company Limited *	7.	ICICI Venture Funds Management Company Limited*
2.	DLF Limited*	8.	JK Lakshmi Cement Limited
3.	Emami Limited	9.	National Engineering Industries Limited*
4.	Great Eastern Energy Corporation Limited*$	10.	Spice Digital Limited*
5.	HEG Limited	11	Spice Mobility Limited*
6.	HT Media Limited*		

* Also Chairman/ Member of Audit Committee

$ Also Member of Shareholders Grievance Committee

(vii) Mr. Chandra Shekhar Nopany

Mr. C. S. Nopany is an industrialist having vast industrial experience in diverse fields like sugar, shipping, textiles and fertilisers. He is a Chartered Accountant and Master of Science in Industrial Administration from Carnegie Mellon University, Pittsburgh, U.S.A. Mr. Nopany is the Chairman & Managing Director of The Oudh Sugar Mills Ltd. and the Chairman of Sutlej Textiles and Industries Ltd., New India Retailing & Investment Ltd. and SIL Investments Ltd. He is also on the Board of Directors of several other companies promoted by Dr. K.K. Birla including few subsidiaries and joint venture of the Company. Having contributed significantly to organic and inorganic growth of K.K. Birla Group, he continues to lead as a new generation entrepreneur with dedication and concerted focus on efficiency and growth.

Names of other Indian public limited companies in which Mr. C. S. Nopany is Director or member of Committee(s):

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1.	Chambal Infrastructure Ventures Limited	8.	Sutlej Textiles and Industries Limited
2.	Gobind Sugar Mills Limited$	9.	SIL Investments Limited$
3.	Hargaon Investment & Trading Co. Limited	10.	The Oudh Sugar Mills Limited
4.	India Steamship Ltd.	11.	Upper Ganges Sugar and Industries Limited$
5.	Modern DiaGen Services Limited	12.	Uttar Pradesh Trading Co. Limited
6.	New India Retailing & Investment Limited	13.	Yashovardhan Investment & Trading Co. Limited
7.	Ronson Traders Ltd.		

$ Also Chairman/ Member of Investors' Grievance Committee

(viii) **Ms. Radha Singh**

Ms. Radha Singh has retired from Indian Administrative Service. Prior to retirement, she was holding the position of Secretary, Agriculture and Cooperation, Government of India. She has 40 years' experience in public service including in the areas relating to rural and agricultural development, water resources, public finance and institution building. In her capacity as Agriculture and Cooperation Secretary, she also headed various national and international organizations as Board Member/ Chairperson.

In her long public career, she has held many high level policy and managerial positions in the Government of India. These included Secretary, Department of Animal husbandry, Dairying and Fisheries; Additional/ Joint Secretary in the Ministry of Water Resources, Director General of the National Water Agency, etc. She was working with the World Bank in Washington, U.S.A. as an Institutional Specialist Consultant and in other capacities for six years (1993-1998).

Presently, Ms. Singh is Agriculture Advisor to FICCI, Chairperson of the Madhavpura Mercantile Co-operative Bank Limited, Ahmedabad and Trustee and Secretary of Rajendra Bhawan Trust, New Delhi, a charitable organization in the memory of the first President of the Country. She is Independent director on the Board of YES Bank Ltd., L.T. Foods Ltd and Syngenta Foundation for sustainable development. She is also a member of Shareholders Grievance Committee of L.T. Foods Limited.

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

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

Names of other Indian public limited companies in which Mr. Wadia is Director or Chairman/ member of Committee(s):

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1.	Adventz Infraworld India Limited	6.	Stovec Industries Limited*
2.	Johnson & Johnson Limited*	7.	Zuari Industries Limited *$
3.	Jost's Engineering Company Limited$	8.	Zuari Holdings Limited*
4.	Paradeep Phosphates Limited	9.	Zuari Maroc Phosphates Limited
5.	Simon India Limited*		

* Also Chairman/ Member of Audit Committee

$ Also Member of Shareholders'/Investors Grievance Committee

c) **Meetings and Attendance**

The Meetings of the Board are generally held at the Corporate Office of the Company at Jasola, New Delhi - 110025. During the year under review, six Board Meetings were held on May 10, 2011, May 31, 2011, June 28, 2011, July 19, 2011, October 18, 2011 and January 17, 2012.

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

Name of Director	Whether Attended Last AGM	No. of Board Meetings attended	Category of Director	Other Director-ships	Membership of Committee of other Boards	
					Chairman	Member
Mr. S. K. Poddar	No	4	NED/PG	12	2	1
Mr. S. S. Bhartia	No	6	NED/PG	6	NIL	NIL
Mr. Anil Kapoor	Yes	6	MD	4	NIL	NIL
Mr. R. N. Bansal	No	5	ID	8	4	3
Mr. D. Basu	No	4	ID	8	2	3
Mr. K.N. Memani	No	6	ID	11	5	4
Mr. C.S Nopany	No	5	NED/PG	13	1	2
Ms. Radha Singh	No	4	ID	3	NIL	1
Mr. Marco Ph. A. Wadia	Yes	6	ID	9	2	5

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

Notes:

(i) Directorship excludes Indian private limited companies, foreign companies and companies registered under section 25 of the Companies Act, 1956.

(ii) Committees mean Audit Committee and Investors Grievance Committee.

(iii) Mr. H.S. Bawa ceased to be a director w.e.f. September 16, 2011. He has attended one Board meeting of the Company during the year and did not attend last Annual General Meeting of the Company.

d) **Board Agenda**

The Board meetings are scheduled well in time and Board members are given a notice of more than a month before the meeting date except in case of emergent meeting. The Board members are provided with well structured and comprehensive agenda papers. All major agenda items are backed by in-depth background information and analysis, wherever possible, to enable the Board members to take informed decisions. Agenda papers are generally circulated a week prior to the meeting of the Board. Where it is not practicable to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda.

Depending upon the business requirements of the Company, additional or supplementary item(s) to the agenda are permitted to be taken at the Board Meeting.

e) Committees of the Board

There are eight Committees of the Board of Directors, which have been delegated adequate powers to discharge urgent business of the Company. These Committees are - (i) Audit Committee; (ii) Investors Grievance Committee; (iii) Remuneration Committee; (iv) Banking and Finance Committee; (v) Compensation Committee; (vi) Quarterly Results Review Committee; (vii) Project Monitoring Committee; and (viii) Restructuring Committee. The Committees meet as often as required.

The details of these Committees are as follows:

(i) Audit Committee

- Terms of reference:

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

  - o approve internal audit programme,
  - o review with statutory auditors their findings, observations, suggestions, internal control systems, scope of audit, other related matters and major accounting policies followed by the Company,
  - o review the contracts entered into by the Company, valuing more than Rs. 75 million and the contracts entered in the register maintained under Section 301 of the Companies Act, 1956, if any,
  - o review Internal Audit Reports.

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

- Composition:

  The Committee comprises of four Directors. The permanent invitees include Managing Director, Chief Financial Officer, representatives of statutory auditors and internal auditors. M/s. R. N. Bansal and K. N. Memani being Chartered Accountants, are financial experts. The Company Secretary is the Secretary of the Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting. The Committee met 8 times during the year on May 9, 2011, May 31, 2011, June 28, 2011, July 18, 2011, October 17, 2011, December 5, 2011, January 16, 2012 and February 20, 2012 and the attendance of the members at the meetings was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. Marco Wadia	Chairman	Independent	8
Mr. R. N. Bansal	Member	Independent	6
Mr. K.N Memani	Member	Independent	6
Ms. Radha Singh (appointment w.e.f. 16.9.2011)	Member	Independent	4

Mr. H.S. Bawa ceased to be Member w.e.f. September 16, 2011. He has attended one meeting of the Committee during the year.

(ii) Investors Grievance Committee

- Terms of reference:

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

- Composition:

  The Committee comprises of three Directors. The Committee met 4 times during the year on April 18, 2011, July 12, 2011, October 5, 2011 and February 20, 2012 and the attendance of members at the meetings was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. R. N. Bansal	Chairman	Independent	2
Mr. Anil Kapoor	Member	Managing Director	4
Ms. Radha Singh (Appointed w.e.f. 16.09.2011)	Member	Independent	2

Mr. H.S. Bawa ceased to be member w.e.f. September 16, 2011. He has attended one meeting of the Committee during the year.

Mr M. S. Rathore, Vice President – Legal, Corporate Communication & Secretary, is the Compliance Officer of the Company and can be contacted at:

Chambal Fertilisers and Chemicals Limited
"Corporate One", First Floor,
5, Commercial Centre, Jasola, New Delhi-110 025

Tel: 91 11 41697900
Fax: 91 11 40638679
E-mail: ms.rathore@chambal.in

- Investors' Grievances received and resolved during the year:

  The Company has 1,72,042 investors as on March 31, 2012. During the year under review, the status of requests and complaints received, was as follows:

Particulars	Opening Balance	Received	Total Resolved	Closing Balance
Requests	58	14281	14331	8*
Complaints	Nil	195	195	NIL

* Since redressed

(iii) Remuneration Committee

- Terms of reference:
  The Committee was formed to recommend appointment of Managing Director(s) / Whole Time Director(s) / Manager and to review and approve the remuneration including the compensation package, annual increments, incentives, additional perquisites, etc. of the Managing Director(s) / Whole Time Director(s) / Manager and Senior Executives of the Company.
- Composition:
  The Committee comprises of three Directors. The Committee met four times during the year on May 10, 2011, July 18, 2011, October 17, 2011 and January 16, 2012 and the attendance of members at the meetings was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. R. N. Bansal	Chairman	Independent	4
Mr. C. S. Nopany	Member	Non-executive	4
Mr. Marco Wadia	Member	Independent	4

(iv) Banking and Finance Committee

- Terms of reference:
  The Committee was formed to approve availment of various types of finances including working capital facilities, loan facilities, etc. and any other specific matter delegated by the Board from time to time.
- Composition:
  The Committee comprises of four Directors. The Committee met once during the year on November 7, 2011 and the attendance of members at the meeting was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. S. S. Bhartia	Chairman	Non-executive	1
Mr. D. Basu	Member	Independent	0
Mr. C. S. Nopany	Member	Non-executive	0
Mr. Anil Kapoor	Member	Managing Director	1

(v) Project Monitoring Committee

- Terms of reference:
  The Committee was formed and delegated powers to review progress of various projects of the Company and approve contracts of certain value.
- Composition:
  The Committee comprises of three Directors. The Committee met once during the year on January 17, 2012 and the attendance of members at the meeting was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. C. S. Nopany	Chairman	Non-executive	1
Mr. R. N. Bansal	Member	Independent	1
Mr. Anil Kapoor	Member	Managing Director	1

Mr. H.S. Bawa ceased to be member w.e.f. September 16, 2011.

(vi) Quarterly Results Review Committee

- Terms of reference:
  The Committee was formed to deal with all the matters pertaining to approval of the unaudited quarterly results of the Company.
- Composition:
  The Committee comprises of three directors. No meeting of the committee was held during the Financial Year 2011-12. The composition of the Committee is as follows:

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

Mr. H.S. Bawa ceased to be member w.e.f. September 16, 2011.

(vii) Compensation Committee

- Terms of reference:
  The Committee was formed to formulate Employee Stock Option Scheme and its administration.
- Composition:
  The Committee comprises of four Directors. The Committee met twice during the year on May 10, 2011 and October 17, 2011 and the attendance of members at the meetings was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. C. S. Nopany	Chairman	Non-executive	2
Mr. R. N. Bansal	Member	Independent	2
Mr. Marco Wadia	Member	Independent	2
Mr. K. N. Memani	Member	Independent	1

Mr. H.S. Bawa ceased to be member w.e.f. September 16, 2011. He has attended one meeting of the Committee during the year.

(viii) Restructuring Committee

- Terms of reference:
  The Committee was formed to explore various options to restructure the shipping business of the Company, recommend to the Board suitable option(s) for restructuring of the shipping business and do all other acts, deeds and things as may be necessary in this regard.
- Composition:
  The Committee comprises of four Directors. The Committee met twice during the year on June 28, 2011 and July 18, 2011 and the attendance of members at the meeting was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. C. S. Nopany	Chairman	Non-executive	2
Mr. D. Basu	Member	Independent	2
Mr. K. N. Memani	Member	Independent	1
Mr. Marco Wadia	Member	Independent	2

f) Details of remuneration paid to directors for the year 2011-12

(i) Executive Director (Amount in Rs.)

Managing Director	Salary	Performance Bonus	Perquisites	Retirement Benefits
Mr. Anil Kapoor	13,354,125	3,800,000	1,019,612	1,944,000

- The term of appointment of Mr. Anil Kapoor is upto February 15, 2015, which can be terminated by either party by giving three months' written notice to other party.
- No sitting fee is payable to Managing Director.

The Company has granted 150,000 stock options to the Managing Director during the Financial Year 2010-11. Each option is convertible into one equity share of Rs. 10 of the Company. The stock options were granted at the market price i.e. the latest available closing price on the stock exchanges where the shares of the Company are listed, prior to the date of the meeting of the Compensation Committee in which the options were granted. Out of 1,50,000 stock options granted to the Managing Director, 22,500 stock options vested on September 16, 2011. The remaining 1,27,500 stock options shall vest as per the details given below:

Date of Vesting	Eligibility	
	No. of Options	% of total options
16.09.2012	22,500	15
16.09.2013	30,000	20
16.09.2014	37,500	25
16.09.2015	37,500	25

The stock options can be exercised within 5 years from the respective dates of vesting. Mr. Anil Kapoor exercised 11,000 stock options during the year.

(ii) Non - Executive Directors

The Company pays sitting fee to its Non-Executive Directors @ Rs. 20,000, Rs. 15,000 and Rs. 7,500 for attending each meeting of the Board of Directors, Audit Committee and other Committees of Directors, respectively. Apart from the sitting fee, the Company pays commission to each of the Non executive directors subject to the maximum of Rs. 4,00,000 per annum. The details of sitting fee paid and the commission paid/ payable are as follows:

Sl. No.	Name of the Director	Sitting Fee Paid (Rs.)	Commission Paid for Financial Year 2010-11 (Rs.)	Commission payable for Financial Year 2011-12 (Rs.)
1.	Mr. S. K. Poddar	80,000	NIL	4,00,000
2.	Mr. S. S. Bhartia	127,500	NIL	4,00,000
3.	Mr. H. S. Bawa (Ceased to be Director)	42,500	NIL	1,85,205
4.	Mr. R. N. Bansal	235,000	400,000	4,00,000
5.	Mr. D. Basu	95,000	400,000	4,00,000

Sl. No.	Name of the Director	Sitting Fee Paid (Rs.)	Commission Paid for Financial Year 2010-11 (Rs.)	Commission payable for Financial Year 2011-12 (Rs.)
6.	Mr. K.N. Memani	202,500	400,000	4,00,000
7.	Mr. C. S. Nopany	167,500	NIL	4,00,000
8.	Ms. Radha Singh	155,000	400,000	4,00,000
9.	Mr. Marco Wadia	270,000	400,000	4,00,000

g) Remuneration Policy

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

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

h) Shareholding of Directors as on March 31, 2012

Name	Number of Shares held	Name	Number of Shares held
Mr. S. K. Poddar	1,55,352	Mr. D. Basu	NIL
Mr. S. S. Bhartia	110	Mr. K.N. Memani	NIL
Mr. C. S. Nopany	3,08,775	Ms. Radha Singh	NIL
Mr. Anil Kapoor	NIL	Mr. Marco Wadia	6,000
Mr. R. N. Bansal	NIL		

i) General Body Meetings

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

Financial year	Date	Time	Location
2010-11	16.09.2011	1000 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan
2009-10	27.08.2010	1030 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan
2008-09	20.08.2009	1030 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan

(ii) During the last three years, the Company had taken shareholders' approval by way of special resolutions as per the details given below:

Date of Annual General Meeting	Nature of approval
August 27, 2010	i) Payment of commission to Independent Directors. ii) Create, offer, issue and grant/ allot stock options under Employees Stock Option Scheme 2010.
September 16, 2011	Payment of commission to Non-executive Directors

Shareholders' approval through postal ballot was not sought for any matter last year. No special resolution is proposed to be conducted through postal ballot in the forthcoming Annual General Meeting of the Company.

j) Disclosures

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

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

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

iv) The Risk Management Policy framework is in place. The policy is reviewed on half yearly basis and the changes along with the revised policy are informed to the Board.

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

- Remuneration Committee.
- Maintenance of the office of Non-Executive Chairman at the Company's expense.

The Company has circulated Corporate Sustainability Report for the Financial Year 2010-11 by email, wherever the email addresses of the shareholders were available with the Company.

The Ministry of Corporate Affairs had issued Corporate Governance Voluntary Guidelines in December 2009. The Company has adopted the guidelines relating to following matters:

a) Certificate of Independence from Independent Directors;

b) Remuneration Committee;

c) Audit Committee;

d) Risk Management Policy;
e) Review of internal control system;
f) Appointment of auditors and their certificate of independence
g) Remuneration to Non – Executive Directors
h) Appointment of internal auditor

The Company is in the process of formulating appropriate methodology to adopt the remaining guidelines.

Secretarial Standards issued by the Institute of Company Secretaries of India

The Institute of Company Secretaries of India, one of the premier professional bodies in India, has issued Secretarial Standards on important aspects like Board Meetings, General Meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings, etc. Although these standards are recommendatory in nature, the Company in its endeavor for best Corporate Governance practices, substantially adheres to these standards.

k) **Means of Communication**

(i) The Company regularly interacts with the shareholders through multiple channels of communication such as publication of results on quarterly, half-yearly and annual basis, published in the main editions of national and vernacular dailies (such as Economic Times, Mint, Navbharat Times, Rajasthan Patrika and Dainik Bhaskar), Annual Report, e-mails and the Company's website.

(ii) Information relating to shareholding pattern, quarterly corporate governance report, financial results, etc. was also posted on Corporate Filing and Dissemination System (CFDS) website.

(iii) The results are simultaneously posted on the website of the Company at www.chambalfertilisers.com. The investors can also find on this website the Annual Reports, details of various services being provided to investors, guidance and procedure to be followed by the investors for transfer, transmission and transposition of the securities, dematerialization, rematerialisation of shares, etc.

(iv) The Company had conference calls with investor/ analysts during the financial Year 2011-12 in respect of its quarterly results transcripts whereof are uploaded on the website of the Company.

(v) Management Discussion and Analysis Report forms part of this Annual Report.

l) **Code of Conduct & Ethics**

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

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

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

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

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

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has a Code of Internal Procedures and Conduct for Trading in Securities of the Company. The Code, inter-alia, prohibits purchase/ sale of shares of the Company by Directors, Officers, designated employees and their dependents while in possession of unpublished price sensitive information in relation to the Company.

n) **General Shareholders' Information**

(i) **27th Annual General Meeting**
Venue : Registered Office at Gadepan, Distt. Kota, Rajasthan - 325208
Time : 1030 hours
Day & Date : Friday, September 14, 2012

(ii) **Financial Year :** April to March

(iii) **Tentative Financial Calendar**

Event	Date
Audited Annual Results (2011-12)	May 12, 2012
Mailing of Annual Report	Mid August 2012
First Quarter Results	Early August 2012
Half Yearly Results	End October 2012
Third Quarter Results	End January 2013
Audited Annual Results (2012-13)	May 2013

(iv) **Book Closure**

The register of members and share transfer books of the Company shall remain closed from Tuesday, August 21, 2012 to Thursday, August 23, 2012 (both days inclusive).

(v) **Dividend Payment Date: September 19, 2012**

(vi) **Listing on Stock Exchanges and Stock codes**

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

S. No	Name of the Stock Exchange	Stock Code
1.	**BSE Limited** Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai - 400001	500085
2.	**National Stock Exchange of India Limited (NSE)** Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	CHAMBLFERT

The Company has paid annual listing fees for the year 2012-13 to BSE and NSE.

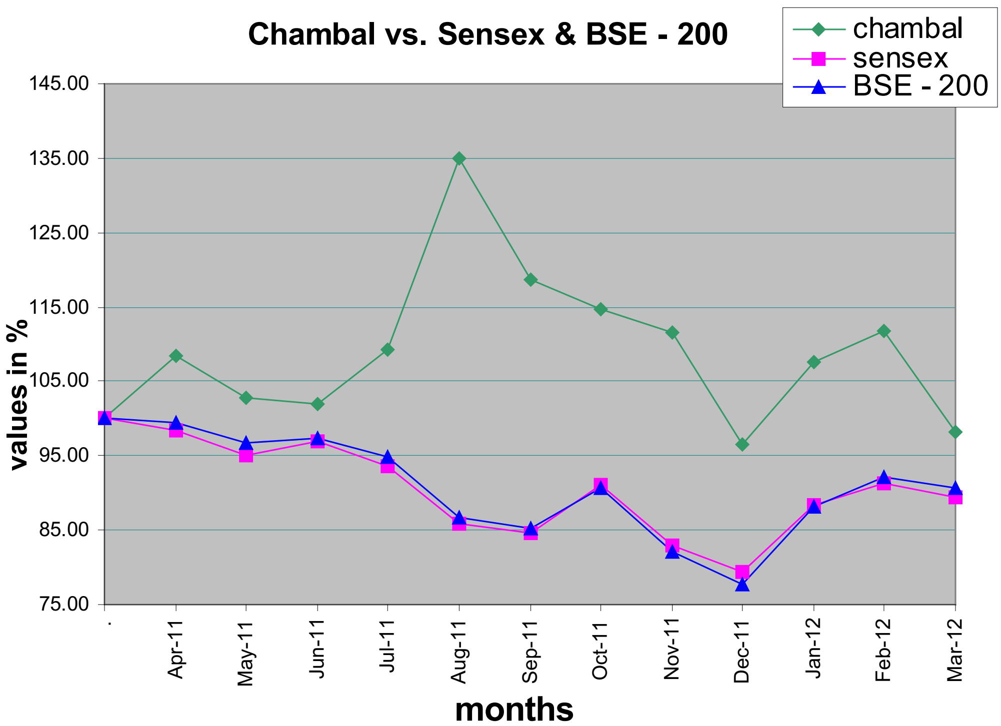
(vii) **Market Price Data**

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

(Amount in Rs.)

Month	BSE		NSE	
	High	Low	High	Low
April, 2011	90.00	80.00	90.00	79.95
May, 2011	89.00	72.35	89.00	73.35
June, 2011	82.75	70.70	82.75	69.80
July, 2011	90.90	79.00	91.00	79.05
August, 2011	108.65	86.70	107.80	86.35
September, 2011	118.50	91.20	118.45	91.15
October, 2011	103.10	84.55	103.30	84.75
November, 2011	95.75	81.50	95.70	74.40
December, 2011	94.60	73.10	94.70	72.90
January, 2012	87.50	75.05	87.50	75.10
February, 2012	94.00	84.15	94.00	84.00
March, 2012	90.50	72.80	90.40	72.60

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



The base of 100 is taken to be the closing price of shares and values of indices as on March 31, 2011

(ix) Registrar and Transfer Agents & Share Transfer System

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

M/s. Zuari Investments Limited

"Corporate One", First Floor, 5, Commercial Centre, Jasola, New Delhi-110 025

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

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

The Share Transfer Agents have an online computerised system for transfer of shares in physical form. The designated officials of the Company are authorised to approve transfer of shares after they are processed by the Share Transfer Agents including transfer of shares 'Over the Counter' upto 10,000 shares per request. Average time taken in transfer of shares is around 5 days from the date of receipt of the request. The transfer of shares across the counter takes only 5 minutes per transfer deed.

(x) Address for Correspondence:

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

Chambal Fertilisers and Chemicals Limited

Investor Service Centre

"Corporate One", First Floor, 5, Commercial Centre, Jasola, New Delhi- 110 025

Tel : 011 - 41697900, 46581300
Fax : 011 - 40638679
E-mail : rajeshkumar.jain@chambal.in or rajveer.singh@chambal.in
Website : www.chambalfertilisers.com

(xi) Dematerialization of Shares and Liquidity

The Equity Shares of the Company are compulsorily traded in dematerialised form and the Company has signed agreements with both the Depositories i.e. National Securities Depositories Limited and Central Depository Services (India) Limited. As on March 31, 2012, about 91.99% of the share capital of the Company was held in dematerialised form.

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

(xii) Transfer of shares in Unclaimed Suspense Account

Pursuant to Clause 5A (II) of the Listing Agreement, the Company has issued three reminders for the unclaimed equity shares which were issued in physical form at the time of public issue, upon conversion of Cumulative Preference Shares into equity shares and pursuant to the scheme of Arrangement and Amalgamation between the Company and erstwhile India Steamship Company Limited. The details of such unclaimed shares are as under:

Unclaimed Shares as on April 1, 2011		Shares dispatched during the Year 2011-12		Unclaimed Shares as on March 31, 2012	
No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares
2935	545136	276	94063	2659	451073

The Company is in the process of transferring the remaining unclaimed equity shares into one folio in the name of "Unclaimed Suspense Account" and dematerialization of these shares thereafter.

(xiii) Distribution of Shareholding

The distribution of shareholding as on March 31, 2012 was as follows:

Sl. No	No. of Equity Shares held	No. of Share Holders	Percentage of total Shareholders	No. of Shares held	Percentage of total shares
1.	1 to 500	150365	87.40	26406999	6.34
2.	501 to 1000	13140	7.64	11610456	2.79
3.	1001 to 5000	7221	4.20	15731867	3.78
4.	5001 to 10000	664	0.38	5042042	1.21
5.	10001 to 100000	487	0.28	12983642	3.12
6.	100001 to 500000	85	0.05	22049220	5.30
7.	500001 & above	80	0.05	322383626	77.46
	Total	172042	100	416207852	100

Details of Shareholding as on March 31, 2012 was as under:

Sl. No.	Category	No. of shares held	Shareholding (%)
1.	Promoters	229341482	55.10
2.	Financial Institutions, Banks & Mutual funds	45180198	10.86
3.	NRIs, Foreign Nationals, OCBs and FIIs	57988150	13.93
4.	Indian Public	83698022	20.11
	Total	**416207852**	**100.00**

(xiv) Top ten shareholders as on March 31, 2012

Sl. No.	Name	No. of shares	% of issued share capital
1.	Zuari Industries Limited	59015360	14.18
2.	The Hindustan Times Limited	50061715	12.03
3.	SIL Investments Limited	32153455	7.73
4.	Life Insurance Corporation of India	23810373	5.72
5.	Ms. Nandini Nopany	15284667	3.67
6.	The Birla Cotton Spinning and Weaving Mills Limited	8424515	2.02
7.	Yashovardhan Investment & Trading Co. Ltd.	7339500	1.76
8.	Uttam Commercial Ltd.	6727100	1.62
9.	Shradhanjali Investment and Trading Company Limited	6092975	1.46
10.	HTL Investment and Trading Company Limited	6007511	1.44

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

(xvi) a) Location of the Plants
Fertiliser Plants : Gadepan, Distt. Kota, Rajasthan, India, PIN – 325 208.
Birla Textile Mills: Baddi, Distt. Solan, Himachal Pradesh, India, PIN -173 205.

b) India Steamship - Shipping Division
"Birla Building", 9th Floor, 9/1, R.N. Mukherjee Road, Kolkata – 700001

Annexure "F" to Directors' Report

DECLARATION OF MANAGING DIRECTOR

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, Anil Kapoor, Managing Director of Chambal Fertilisers and Chemicals Limited, declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the year 2011-12.

Place: New Delhi
Date: May 12, 2012

Anil Kapoor
Managing Director

Annexure "G" to Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company has three business segments namely Fertiliser, Shipping and Textile. The Management Discussion and Analysis Report covering all the three business segments of the Company is as under:

FERTILISER DIVISION

I. Industry Structure and Developments

(a) Raw Material

Natural Gas is the main input for production of Urea. The Natural Gas supplies in India are through two sources – a) domestically produced Natural Gas and b) Re-gasified Liquified Natural Gas (RLNG). The international oil prices have a direct bearing on the gas prices due to a close correlation between the oil and the gas prices. There were high hopes of abundant Natural Gas supply upon commencement of supplies from KG D-6 gas fields of Reliance Industries Limited (KG– D6). However, the euphoria was cut short by dwindling Natural gas production from KG-D6. This has put more pressure on the supply side and in turn on prices of Natural Gas in the spot market in India. The increasing demand-supply gap is being met through spot RLNG which is costlier than Gas being supplied from other sources. This cost has further escalated due to weakening of Rupee against the US Dollar.

Your Company has a basket of sources of natural gas and its urea plants at Gadepan are using gas in the form of feed and fuel. Your Company has long term Gas Supply Agreements for its requirement. RLNG constitutes a major quantum of gas supplies and the prices under the contracts have been rising due to increase in the international oil prices. Your Company resorts to buying gas on a spot basis to sustain the Urea output in the event of reduction in supplies from long term sources.

(b) Demand-Supply Scenario

Urea production has been almost stagnant in India for the last 13 years whereas there has been steady increase in demand of Urea, resulting into significant gap between demand and supply. No new plant came up since 1999 except small capacity build up through de-bottlenecking projects. The country is therefore far from self-reliant both in nitrogenous and phosphatic fertilisers. India has imported around 8.0 million MT of Urea during the year 2011-12. Large imports of urea by India significantly impact the international urea prices. Urea import prices were volatile during the year and varied between USD 350 and USD 550 per MT. A positive Government policy intervention is urgently needed to encourage the new investments in Urea sector and thereby reduce the country's dependence on costly imports.

c) Developments in Government Policies

New Pricing Scheme (NPS) Stage III which was valid upto March 31, 2010, has been further extended provisionally.

The Government of India is currently working on the New Investment Policy (NIP) to create a conducive investment climate for Urea Industry. The company is actively tracking these developments and poised to make investments as and when a favourable policy is announced by the Government of India. The New Investment Policy is expected in the current fiscal.

The Government of India proposes to give fertilizer subsidy directly to the farmers as against routing it through fertilizer producers. The task force constituted under the chairmanship of Mr. Nandan Nilekani to implement the direct subsidy to farmers has suggested a three phase roadmap for this purpose. Under Phase - I, the data regarding supply of fertilizers upto to the retailer point has to be captured in the system. Phase – II envisages payment of fertilizer subsidy to the retailers and the subsidy is proposed to be paid directly to the farmers under phase – III. The phase – I is under implementation. The roll out of Phase – II was planned from 1st June 2012, but final decision is still pending.

II. Opportunities & Threats

The Company is continuously tracking the developments in the Government Policies. There is hope that new investment policy will address the concerns of the Industry and will act as a catalyst for long awaited investments in Urea sector. Your Company is gearing up to expand further in fertilizer business and has commenced several preparatory activities. However, shortage and increasing prices of Natural Gas is a major challenge to expansion plans of the Company.

Implementation of Nutrient Based Subsidy by the Government of India has given major impetus to the trading activity of the Company. The strong marketing network and brand image gives an upper hand to the Company in ramping up its sales volumes of traded products.

The Company is setting up a Single Super Phosphate (SSP) production facility at Gadepan with a capacity of 600 MT per day. The production is expected in the first quarter of the current Financial Year 2012-13. SSP is used as a substitute to Di-Ammonium Phosphate (DAP) and has very good potential in view of the high prices of DAP.

III. Risks and Concerns

The Urea segment of Fertiliser Industry operates in the Government controlled regime placing high dependence on Urea pricing policy of the Government of India. Further, in a rising interest cost environment, delays in payment of subsidy by the Government may cause serious financial burden on the industry. High volatility in foreign exchange rates and likely reduction in demand of DAP due to high market prices may impact the profitability from trading activities of the Company.

IV. Outlook

Urea is not likely to face any challenge in terms of sales volumes due to huge demand - supply gap. The positive monsoon predictions are likely to support the growth plans of the Company in traded products and proposed SSP production. Considering the huge demand - supply gap and ever increasing subsidy outgo on imported urea, it is expected that Government of India will come out with a Urea Investment policy which will attract desired investment in this sector.

V. Operational and Financial Performance

The performance of Fertiliser Division is summarized below:

Particulars	2011-12	2010-11
Urea Production (MT in lac)	21.46	21.00
Sales including Agri inputs (Rs. in crore)	5750.82	4025.52
EBITDA (Rs. in crore)	858.58	625.19

Your Company sold 21.26 lac MT of urea during the year 2011-12 as compared to the last year's sale of 20.41 lac MT. The production and sales of Urea were higher due to better plant production rate per day and higher number of stream days.

During the year, your Company expanded its marketing network by setting up a marketing office at Aurangabad, Maharashtra. The Company is planning to increase its presence in Punjab by opening a new office at Bathinda, in addition to the existing office at Chandigarh. There has been substantial increase in the volumes of Phosphatic and Complex fertilizers. The turnover of traded products increased to Rs. 2729.11 crore in the financial year 2011-12 from Rs.1608.02 crore in the previous year.

The Company sold 5.25 lac MT of Di-ammonium Phosphate - DAP (Previous Year 4.01 lac MT), 0.53 lac MT of Muriate of Potash - MOP (Previous Year 0.98 lac MT) and 2.66 lac MT of Complex and other fertilizers (Previous Year 1.23 lac MT) in the financial year 2011-12. The sales of pesticides has gone up to Rs. 243.33 Crore as against Rs. 212.39 Crore achieved last year. The turnover from sales of seeds was Rs. 55.69 Crore as against Rs. 45.62 Crore achieved during previous year.

VI. Material Developments in Human Resources/ Industrial Relations

Your Company is a merit-driven organization and endeavors to promote an engaging work environment for its employees. Human capital of your Company continues to be the most distinguished asset responsible for the Company's success and growth. The Company is running two high tech plants at Gadepan, Rajasthan which requires qualified and trained manpower. Therefore, retention of trained and experienced manpower is very critical for operations of the plants. The Company's Human Resource Strategy is aligned to business needs and seeks to ensure that appropriate talent acquisition and retention plans are in place and reviewed periodically.

As part of its talent retention strategy, your Company has come out with suitable interventions, including retention incentive and stock options for key personnel. As a result, manpower attrition has continued to remain within manageable limits in the last three years. Priority is always given to internal resources when it comes to career and growth opportunities through job rotation, job enrichment and consequently promotion. Wherever essential, talent acquisition is done externally to bridge critical gaps in knowledge and experience. Your Company continues to induct fresh and qualified professionals from prestigious Management and Engineering Colleges in the country. During the year, the Company successfully completed sourcing of manpower for the SSP Project at Gadepan.

Training and development of its people for their growth, aligned with business needs, is an on-going process. Apart from in-house training programmes, the employees were nominated for various external Management Development Programs. As on March 31, 2012, total employee strength of fertilizer division was 932. The fertiliser division continues to maintain open and cordial employee relations.

INDIA STEAMSHIP-SHIPPING DIVISION

I. Industry Structure & Developments

The dry bulk, containers and tankers are major segments of the Shipping Industry. Shipping is an international business and both positive and negative developments in the international market will have direct bearing on this business. Global Shipping Industry went through turmoil in the year 2011-12. Three sets of events namely European financial crisis, the social upheaval in the Middle East and natural disasters– a tsunami and earthquake in Japan and the 'flood of the century' in Australia, had adverse impact on Shipping Industry. While the effect of these disasters varied among segments, the overall impact was negative for world growth and hence in turn for tonnage demand.

A marked slowdown in tonnage demand added to the tanker market's supply woes during the year 2011-12 and brought average freight rates down to the lowest level since 1994. Fleet capacity, on the other hand, continued its steady increase with a 6.2 percent overall surplus. The year will also be remembered for a steep decline in ship asset values. New building prices fell by around 10 percent and second hand values also dropped across-the-board with 5-year-old vessels down by nearly 20 percent for tankers.

II. Opportunities and Threats

Indian flag ships have a 'Right of First Refusal' for any cargo of Indian Public Sector Undertakings imported into India. This enables an Indian company to ensure better utilization of its vessels in Indian trade. Further, Indian companies acquiring vessels on Bareboat Charter Cum Demise (BBCD) basis will have right of second refusal (i.e. after first right of refusal) over foreign flag vessels. This will encourage the Indian ship owners to acquire more vessels on BBCD basis.

As per most of the shipping research forecasts, year 2012 will be yet another year of high new building deliveries with more than 10 percent of the fleet on order. It is believed that 2012 will be another challenging year for shipping markets. However, one can only hope that supply - demand market mechanisms work positively and expect to have a more balanced situation from year 2013 onwards.

III. Risk and Concerns:

Shipping Industry, being global in nature, is prone to several risks and uncertainties including international competition, state of global economy, marine mishaps, natural calamities such as earthquakes, volcanic eruptions, etc. In addition, changes in Government policies, rules and regulations including new regulatory compliances, etc. also impact the shipping business. Shipping is also subjected to increase in financial costs, currency exchange rate fluctuations, amendments in tax laws, acts of terrorism, wars, piracy, shortage of qualified seafarers, global recession etc.

IV. Outlook

The outlook for the shipping industry remains bleak for the rest of this year, with no major upturn expected until April 2013 at the earliest. The current situation where ship owners facing high bunker fuel costs, lower demand for shipping, falling freight rates and falling asset values of vessels, does not bode well for year 2012-13, but this trend seems to be more cyclical than structural.

V. Financial and Operational Performance

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

Particulars	2011-12	2010-11
Sales (Rs. in crore)	390.41	284.57
EBITDA (Rs. in crore)	77.60	136.38

VI. Material Developments in Human Resources development/ Industrial Relation

The relation between the employees and the management remained cordial throughout the year. The committed shore based staff provides its prompt and efficient support and guidance to the floating staff on a continuous basis, which helps to maintain effective performance and operational efficiency at all times. The Shipping Division continues to focus & emphasize on safety, quality, environment and training, while reviewing and improving the skill sets of its employees. The Shipping Division continues to conduct training program for its marine officers which helps the division to buildup an efficient and well qualified cadre of experienced seafarers for its fleet. As on 31st March, 2012, the Shipping Division has 64 employees in its shore office and 158 floating staff.

BIRLA TEXTILE MILLS - SPINNING DIVISION

I. **Industry Structure and Developments**

The Indian Textile Industry, with the size of US$ 75 Billion has three tiered structure – sophisticated modern mill segment, small scale unorganized players and a widely dispersed handloom and power-loom segment. India accounts for 22% of the world's installed capacity of spindles, second largest spindlage after China. India is also the second largest producer of cotton and cellulosic fibres and fourth largest producer of Synthetic Fibres and Yarns. This sector is the second largest job provider (direct employment to over 35 Million people) after agriculture. It also contributes about 14% to India's industrial production, 4% to the GDP and 10% to the export earnings.

II. **Opportunities & Threats**

With the removal of quotas and similar trade barriers, new opportunities are unfolding. The India Textile & Clothing Industry has tremendous potential to scale new heights in the international market. The increase in per capita and disposable income coupled with favourable demographics of India provides huge opportunities to the Indian Textile sector. The domestic market size is expected to grow from US$ 52 Billion to US$ 140 Billion by 2020. The abundant availability of all types of rawmaterials domestically like Cotton, Viscose, Polyester, Acrylic, etc at competitive rates is a strong factor in favour of India. Competition from low cost countries like Bangladesh, Pakistan, Sri Lanka, Vietnam, etc. is potential threat.

III. **Risk & Concerns**

Indian Textile Industry is highly fragmented. Lack of economies of scale and technological development adversely affect the productivity and other activities in the value chain. Continuous quality improvement and development of new varieties is the need of hour as the demand patterns keep changing swiftly along with the fashion cycle getting short. Rising cost of inputs is a cause of concern and affects margins. Cotton, one of the major raw-materials, suffers from climatic volatility in the major cotton producing countries. Steep fluctuation in Exchange rates, Euro crisis, Tariffs and Non Tariffs barriers have adverse implications on textile exports. Unstable Government policies relating to exports of cotton is a cause of concern. Out-dated and inflexible labour regulations in India are another major concern for the industry.

IV. **Outlook**

Indian Textile Industry which showed signs of recovery in 2010, exhibited weakness in 2011. Going forward, the industry is concerned about shortage of labour, volatile input prices, fluctuating Indian currency, uncertainty of yarn prices and competition restraining pricing power. However, future of Indian Textile Industry seems bright on the back of robust domestic demand and steadily growing exports.

V. **Operational & Financial Performance**

- The summarized performance of Textile Division during the year was as under:

Particulars	2011-12	2010-11
Yarn Production (MT)	**17883.00**	19901.00
Sales (Rs. in crore)	**328.33**	340.76
EBITDA (Rs. in crore)	**5.79**	57.20

The average spindle utilization for the year 2011-12 was 86.38% against 94.94% in the year 2010-11. The sales of yarn during the year were 18054 MT against 19052 MT during the previous year.

VI. **Material Development in Human Resources/ Industrial Relations**

Being a labour intensive industry, training and development of human resources is of paramount importance. Well structured in-house training programmes conducted by experienced and competent faculty have improved the employee skill levels and their commitment. As on March 31, 2012, the manpower deployment in the Textile Division comprises of 1386 workers, 259 staff members (including subordinate staff) and 211 Trainees.

The industrial relations remained cordial during the year.

INTERNAL CONTROL SYSTEM

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

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

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

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

CAUTIONARY STATEMENT

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

Auditors' Report

To
The Members of
Chambal Fertilisers and Chemicals Limited

1. We have audited the attached Balance Sheet of Chambal Fertilisers and Chemicals Limited (the Company) as at March 31, 2012 and also the Statement of Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated financial statements of Shipping Division of the Company audited by other auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Shipping Division of the Company whose financial statements reflect the Company's share of total assets of Rs. 154232.42 lacs (Previous year Rs. 145557.39 lacs) as at March 31,2012, total revenue of Rs. 39076.30 lacs (Previous year Rs. 28482.40 lacs) and cash inflows amounting to Rs. 151.80 lacs (cash outflows in Previous year Rs. 154.45 lacs) for the year then ended. These financial statements and other information have been audited by branch auditors whose reports have been furnished to us and our opinion is based solely on the report of branch auditors.
4. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by Central Government in terms of sub-section (4A) of Section 227 of the Companies Act,1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
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 for as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from Shipping Division not visited by us. The Branch Auditor's Report of the Shipping Division have been forwarded to us and have been appropriately dealt with;
   iii. The balance sheet, statement of profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and with the audited returns from Shipping Division;
   iv. In our opinion, the balance sheet, statement of profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act. 1956;
   v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
      a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
      b) in the case of the Statement of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
      c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date;

For S.R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

per ANIL GUPTA
Partner
Membership No. 87921

Place : Gurgaon
Date : May 12, 2012

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically vertified by the management during the year based on a phased programme of verifying all the assets over a period of two years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on physical vertification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) (a) The management has conducted physical vertification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical vertification.

(iii) (a) The Company has granted loans to three companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 6000 lacs and the year end balance of loans granted to such parties is Rs. 5000 lacs.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

(c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest has been regular.

(d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

(e) Acccording to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangement and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are resonable having regard to the prevalling market prices at the relevant time.

(vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, related to the manufacture of urea, cotton yarn and synthetic yarn and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) The Company is generally regular in depositing with appropriate authorities 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 material statutory dues applicable to it.

(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 insurnace, income-tax, welath tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable, except for service tax amounting to Rs. 250.60 lacs (due on various dates) as determined during the year which has since been paid.

(c) According to the records of the Company, the dues outstanding of income-tax, sales tax, wealth-tax, service tax, custom duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of the Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Rajasthan Sales-Tax Act, 1994	Sales tax demand on usage of natural gas other than urea manufacture	352.34	1996 to 2001	Rajasthan High Court, Jodhpur
The Income Tax Act, 1961	Demand raised on short deduction of TDS	38.30	2007-08 to 2010-11	Income Tax Officer (TDS), Kota
	Demand raised on short deduction of TDS	1970.29	2007-08 and 2008-09	Commissioner of Income Tax (Appeals), Kota
	Demand raised on disallowances of expenses during Assessment and penalty thereon.	937.44	2003-04	
	Demand raised on disallowances of expenses during Assessment .	3612.11	2008-09	
	Demand raised on disallowances of expenses during Assessment .	80.58	2009-10	
Service Tax Law, Finance Act, 1994	Demand raised in respect of service tax not paid on tax deducted at source (TDS) portion on services received from foreign parties	2.43	2008-09	Commissioner (Appeals), Central Excise, Jaipur
Central Excise Act, 1944	Demand raised on account of wrong input credit of Cenvat credit taken	52.52	2008-09 to 2009-10	Commissioner (Appeals), Chandigarh

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any bank. The Company did not have any outstanding debentures and loan from financial institution during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by other from bank, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examinations of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under sections 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

per ANIL GUPTA
Partner
Membership No. 87921

Place : Gurgaon
Date : May 12, 2012

BALANCE SHEET AS AT MARCH 31, 2012

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	41620.79	41620.79
Reserves and surplus	4	136249.80	120711.98
		177870.59	162332.77
Non-Current liabilities			
Long-term borrowings	5	118460.89	129916.78
Deferred tax liabilities (Net)	6	38605.20	20119.14
Other long term liabilities	7	317.39	216.64
Long-term provisions	8	4456.62	2859.00
		161840.10	153111.56
Current liabilities			
Short-term borrowings	9	218178.93	104355.08
Trade payables	10	26849.93	14417.66
Other current liabilities	11	28662.07	25763.88
Short-term provisions	12	18643.57	21089.95
		292334.50	165626.57
Total		632045.19	481070.90
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13	263439.49	267580.06
Intangible assets	14	138.12	251.55
Capital work-in-progress		5433.18	5946.64
Non-current investments	15	49225.19	40056.01
Long term loans and advances	16	6433.63	2630.04
Other non-current assets	17	7038.93	7053.85
		331708.54	323518.15
Current assets			
Inventories	18	45830.95	33189.98
Trade receivables	19	202165.30	58514.77
Cash and bank balances	20	27353.45	26181.83
Short-term loans and advances	21	19716.28	20562.44
Other current assets	22	5270.67	19103.73
		300336.65	157552.75
Total		632045.19	481070.90
Summary of significant accounting policies	2 (a)		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

Anil Kapoor
Managing Director

S.K. Poddar
Chairman

per Anil Gupta
Partner
Membership No - 87921

Abhay Baijal
Vice President - Finance

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

Place : Gurgaon
Date : May 12, 2012

Place : New Delhi
Date : May 12, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(Rs. in Lacs)

Particulars	Note No.	Year Ended March 31, 2012	Year Ended March 31, 2011
INCOME			
Revenue from operations (Gross)		647571.79	465752.22
Less Excise Duty		1443.29	341.67
Revenue from operations (Net)	23	646128.50	465410.55
Other income	24	15520.20	8874.84
Total Revenue (I)		661648.70	474285.39
EXPENSES:			
Cost of materials consumed	25	145848.52	118462.84
Purchase of traded goods	26	250303.33	145477.21
(Increase) in inventories of finished goods, work-in-progress and traded goods	26	(12952.23)	(11362.54)
Employee benefits expense	27	13393.73	11320.76
Other expenses	28	165425.07	124986.22
Freight to charter-in ship		5433.42	3961.00
Exceptional item	29	-	(436.87)
Total Expenses (II)		567451.84	392408.62
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		94196.86	81876.77
Depreciation / Amortization expense	13 & 14	26207.99	26794.82
Finance costs	30	12025.53	11002.19
Profit before tax		55963.34	44079.76
Tax expenses			
Current tax		17207.13	15992.78
Tax related to earlier years	47	(4458.54)	-
Deferred tax charge/ (credit)		65.39	(4430.87)
Exceptional Deferred tax charge	50	18420.67	-
Total tax expense		31234.65	11561.91
Profit for the year		24728.69	32517.85
Earnings per equity share {nominal value of share Rs.10 (previous year Rs.10)}			
Basic and Diluted (in Rs.)	31	5.94	7.81
Summary of significant accounting policies	2 (a)		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Anil Gupta
Partner
Membership No - 87921

Place : Gurgaon
Date : May 12, 2012

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

Anil Kapoor
Managing Director

S.K. Poddar
Chairman

Abhay Baijal
Vice President - Finance

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

Place : New Delhi
Date : May 12, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(Rs. in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax	55963.34	44079.76
Adjustments for :		
Depreciation/ Amortisation	26207.99	26794.82
Profit on sale of Current Investments	(134.91)	-
Profit on sale of non trade long term investments	-	(436.87)
Diminution in the value of fertiliser bonds	-	100.00
Unrealised foreign exchange fluctutaion	3196.77	(37.78)
Premium on forward contracts amortised	6174.99	3747.65
Provision for loss on derivative transaction	1835.21	824.70
Loss on sale / writeoff of fixed assets (net)	917.39	282.47
Provision for doubtful advances and debts	179.93	137.25
Liabilities no longer required written back	(576.54)	(296.37)
Catalyst charges written off	310.73	272.33
Irrecoverable debts/ advances written off	63.17	79.44
Interest expense	10638.95	10219.52
Interest income	(1768.46)	(4016.30)
Dividend income on non trade current investments	(62.99)	(79.39)
Dividend income on investment in Joint Venture	(10033.23)	(1094.21)
Operating profit before working capital changes	92912.34	80577.02
Movement in working capital :		
(Increase) in trade receivables	(143650.53)	(2977.09)
(Increase) in inventories	(12923.55)	(16185.01)
Decrease in other current assets	16211.81	14871.32
(Increase) in loans and advances	(2265.54)	(956.98)
Increase / (Decrease) in trade creditors, other liabilities and provisions	10916.41	(1368.04)
Cash generated from operations	(38799.06)	73961.22
Direct taxes paid (net of refunds)	(19594.16)	(16014.07)
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES	(58393.22)	57947.15
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(8862.86)	(7202.46)
Proceeds from sale of fixed assets	349.57	615.46
Purchase of investments	(125743.46)	(122362.72)
Proceeds from sale of non trade long term investments	121434.91	124464.53
Inter Corporate deposits given- repaid	7175.00	1650.00
Inter Corporate deposits given	(8275.00)	(2650.00)
Deposits (with maturity more than three months)	(541.88)	(3046.19)
Advance given against purchase of shares of subsidiary company	-	(350.00)
Loan to subsidiaries	-	(5275.26)
Proceeds of deposits matured (with maturity more than three months)	3046.19	525.00
Interest received	2072.44	3982.68
Dividend received	10096.22	1173.60
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES	751.13	(8475.36)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	(23495.35)	(25301.70)
Availment of buyers credit	192712.02	108036.64
Repayment of buyers credit	(81382.81)	(52607.03)
Net Proceeds from short term borrowings	(9218.41)	(40465.19)
Interest paid	(8172.61)	(9318.01)
Dividend paid	(7834.39)	(7842.24)
Tax on dividend paid	(1282.87)	(1313.44)
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES	61325.58	(28810.97)
Net increase in cash and cash equivalents (A+B+C)	3683.49	20660.82
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	23137.56	2476.74
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26821.05	23137.56
COMPONENTS OF CASH AND CASH EQUIVALENTS AS AT		
Cash on hand	7.60	8.47
Balances with banks :		
- on unpaid dividend / debenture / fixed deposit accounts	918.38	841.61
- on current account	1281.24	5880.44
- on cash credit account	24533.95	16392.69
- on saving account	79.40	12.43
- on deposits account	541.88	3046.19
Cash and bank balances as per note no.20	27362.45	26181.83
Less: Fixed deposits not considered as cash equivalents	541.88	3046.19
Add: Foreign Exchange fluctuation on overseas account	0.48	1.92
Net cash and cash equivalents	26821.05	23137.56

Note: Bank balances of Rs.918.38 lacs (Previous Year Rs.841.61 lacs) is earmarked for payment of unpaid dividend/ debenture / fixed deposit accounts and will not be available for use for any other purposes

As per our report of even date

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

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

Anil Kapoor
Managing Director

S.K. Poddar
Chairman

per Anil Gupta
Partner
Membership No - 87921

Abhay Baijal
Vice President - Finance

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

Place : Gurgaon
Date : May 12, 2012

Place : New Delhi
Date : May 12, 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1. CORPORATE INFORMATION

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

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2 (a) Summary of significant Accounting Policies

(i) Changes in Accounting Policy

a) Presentation and disclosure of financial statement

During the year ended March 31, 2012, the revised schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. Except accounting for dividend on investments in subsidiary companies (see below), the adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financials statements. However, it has significant impact on presentation and disclosure made in the financial statements. The Company has also reclassified the previous year figure in accordance with the requirements applicable in the current year.

b) Dividend on investments in Subsidiary Company

Till the year ended March 31, 2011, the Company in accordance with the pre-revised Schedule VI requirement, was recognizing dividend declared by subsidiary companies after the reporting date in the current year's statement of profit and loss if such dividend pertained to the period ending on or before the reporting date. The revised Schedule VI, applicable for financial years commencing on or after April 1, 2011, does not contain this requirement. Hence, to comply with AS 9 Revenue Recognition, the Company has changed its accounting policy for recognition of dividend income from subsidiary companies. In accordance with the revised policy, the Company recognizes dividend as income only when the right to receive the same is established by the reporting date. However, there is no impact on the operating results in the current year of the Company.

ii) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

iii) Tangible Fixed Assets

Fixed assets, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed assets is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

From accounting periods commencing on or after 7 December 2006, the Company adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

iv) Depreciation on Tangible Fixed Assets

Depreciation is provided using Straight Line Method as per the useful life of the asset estimated by the management or the rates prescribed under Schedule XIV to the Companies Act, 1956 which ever is higher, except as mentioned in para (i) to (v) below. A major portion of the plant at Fertiliser division of the Company has been considered as continuous process plant.

Sl. No.	Assets	Useful life/rate
(i)	Second hand fixed assets at Textile division	On technically assessed remaining useful lives of such assets ranging from 3 to 7 years.
(ii)	- Leasehold Land - Leasehold Improvement - Assets under finance lease	Amortised over 99 Years Ranging from 4 to 15 Years Ranging from 3 to 9 Years These assets are amortised over the period of respective leases or useful life of assets, whichever is lower.
(iii)	Insurance/ Machinery Spares	Over the remaining useful lives of mother assets ranging from 1 to 18 years.
(iv)	Ships of Shipping Division	On technical evaluation of remaining useful life in case of old ships, which is 10 years, and as per Companies Act, 1956 in case of new ships.
(v)	Fixed assets of Shipping Division other than ships	On written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

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

v) Intangible Assets

Research costs are expensed as incurred. Development expenditure can only be capitalized if specific conditions are fulfilled.

Development expenditure incurred on software implementation is carried forward when its future economic benefits can reasonably be regarded as assured. The expenditure carried forward is amortized over their estimated useful life of five years on straight line basis.

The carrying value of development costs is reviewed for impairment annually when the asset is not in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS-5, "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies".

vi) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired, if any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining, net selling price, recent market transactions are taken into account, if available, if no such transactions can be identified an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

vii) Leases

Finance leases, which effectively transfer to the Company substantially, all the risk and benefits incidental to the ownership of the leased item, are capitalized at inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

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

viii) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/ subsidy will be received.

Where the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

ix) Investments

Investments, which are readily realizable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

x) Inventories

Inventories are valued as follows:

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

*included under the inventory of stores and spares.

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

xi) Borrowing Costs

Borrowing costs includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowing and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

xii) Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised:

(a) Sale of Goods

Revenue, including subsidy, in respect of sale of products is recognised when the significant risks and rewards of ownership of the goods is passed to the buyer. Excise Duty deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability accruing during the year. The Company collects Sales Tax and VAT on behalf of Government and therefore, these are not economic benefits flowing to the Company. Hence, these are excluded from the revenue.

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

Subsidy on Traded fertilizers (except Gypsum) is recognized based on Concession rates, including freight, as notified by the Government of India under Nutrient Based Subsidy Scheme and Uniform Freight Policy. Subsidy on traded fertilizer (Gypsum) is recognized based on district wise concession rates, as notified by the Government of Rajasthan.

(b) Income from operations of Shipping Division

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

(c) Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head 'other income' in the statement of profit and loss. Further, interest on delayed payment from customers are accounted on accrual basis to the extent these are measurable & ultimate collection is reasonably certain.

(d) Dividend

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

(e) Insurance Claims

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

(f) Export Benefits

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

xiii) Foreign Currency Translation

(a) Initial recognition

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

(b) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are, translated using the exchange rates that existed when such values were determined.

(c) Exchange differences

From accounting periods, commencing on or after 7 December 2006, the Company accounts for exchange differences arising on translation / settlement of foreign currency monetary items as below:

i) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the Company treats a foreign monetary item as 'long term foreign currency monetary item', if it has a term of 12 months or more at the date of its origination.

ii) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the 'Foreign Currency Monetary Item Translation Difference Account' and amortized over the remaining life of the concerned monetary item but not beyond accounting period ending on or before March 31, 2020.

iii) All other exchange differences are recognized as income or as expense in the period in which they arise.

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

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense / income over the life of the contract. Exchange differences on such contracts, except the contract which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on calculation or renewal of such forward exchange contract is also recognized as income or as expense for the period. Any gain/loss arising on forward contract which are long-term foreign currency monetary items is recognized in accordance with paragraph (c) (i) as above.

xiv) Retirement and other employee benefits

(a) Retirement benefit in the form of Provident Fund is a defined benefit obligation in case of fertiliser and Shipping Division of the Company and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year-end and the balance of own managed fund is provided for as liability in the books. Any excess of plan asset over projected benefit obligation is ignored as such surplus is distributed to the beneficiaries of the trust.

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

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

(c) Pension fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

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

(e) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

(f) The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

xv) Income Taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to tax authorities in accordance with the Income-Tax Act 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income-Tax Act 1961 enacted in India, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

xvi) Segment Reporting Policies

Identification of segments

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

Allocation of common costs

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

Unallocated items

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

Segment policies

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

xvii) Earnings per share

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

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

xviii) Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting period and adjusted to reflect the current best estimates.

xix) Cash and Cash equivalents

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

xx) Derivative Instruments

In accordance with the ICAI Announcement, derivative contracts, other than foreign currency forward contracts covered under Accounting Standard 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect on the underlying hedge item, is charged to the profit & loss account and the net gain, if any, is ignored.

xxi) Employee Stock Option Scheme

Measurement and disclosure of the employee stock option scheme is done in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

xxii) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it can not be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

xxiii) Basis of classification of Current and Non Current

Assets and Liabilities in the balance sheet have been classified as either current or non-current based upon the requirements of Revised Schedule VI notified under the Companies Act 1956.

An asset has been classified as current if (a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is expected to be realized within twelve months after the reporting date; or (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. All other assets have been classified as non-current.

A liability has been classified as current when (a) it is expected to be settled in the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is due to be settled within twelve months after the reporting date; or (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. All other liabilities have been classified as non-current.

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.

xxiv) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 3 : SHARE CAPITAL		
Authorised :		
440,000,000 (Previous year 440,000,000) Equity Shares of Rs.10/- each	44000.00	44000.00
210,000,000 (Previous year 210,000,000) Redeemable Preference Shares of Rs.10/- each	21000.00	21000.00
	65000.00	65000.00
Issued, Subscribed and Paid Up :		
416,207,852 (Previous year 416,207,852) Equity Shares of Rs.10/- each, fully paid up.	41620.79	41620.79
	41620.79	41620.79

a) **Terms / rights attached to equity shares-**
The Company has only one class of shares having a par value of Rs.10 per share fully paid up. Each holder of equity shares is entitled to one vote per share and will rank *pari passu* with each other in all respect. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing annual general meeting.

b) **Details of shareholders holding more than 5% shares in the Company**

Name	31-Mar-12		31-Mar-11	
	No. of Shares	% holding	No. of Shares	% holding
Zuari Industries Limited	59,015,360	14.18	59,015,360	14.18
The Hindustan Times Limited	50,061,715	12.03	50,061,715	12.03
SIL Investments Limited	32,153,455	7.73	32,153,455	7.73
Life Insurance Corporation of India	23,810,373	5.72	18,562,051	4.46

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 4 : RESERVES AND SURPLUS		
Capital Reserve (arising on forfeiture of shares)	20.95	20.95
Capital Redemption Reserve	25.00	25.00
Securities Premium Account	641.59	641.59
Debenture Redemption Reserve		
Balance as per last account	-	312.50
Less: Transferred to Statement of Profit and Loss	-	312.50
	-	-
General Reserve		
Balance as per last account	19695.36	16195.36
Add: Transferred from Statement of Profit and Loss	5000.00	3500.00
	24695.36	19695.36
Tonnage Tax Reserve under section 115 VT of Income Tax Act,1961		
Balance as per last account	425.00	375.00
Add: Transferred from Statement of Profit and Loss	-	50.00
	425.00	425.00
Tonnage Tax Reserve (utilised) account under section 115 VT of Income Tax Act,1961		
Balance as per last account	3850.00	3850.00
	3850.00	3850.00
Surplus in the statement of profit & loss		
Balance as per last financial statements	96054.08	75964.55
Add : Profit for the year	24728.69	32517.85
Appropriations:		
Transferred from debenture redemption reserve	-	312.50
Transfer to General Reserve	5000.00	3500.00
Transfer to Tonnage Tax Reserve	-	50.00
Proposed Equity Dividend (amount per share Rs.1.90 per share [Previous year Rs.1.90 per share])	7907.99	7907.95
Tax on Proposed Equity Dividend	1282.88	1282.87
	106591.90	96054.08
	136249.80	120711.98

(Rs. in Lacs)

Particulars	As at March 31, 2012 Non Current	Current Maturities	As at March 31, 2011 Non Current	Current Maturities
NOTE 5: LONG-TERM BORROWINGS				
Secured Loans:				
Term loans from banks				
- Rupee term loans	**5449.00**	**1517.00**	15451.00	1505.00
- Foreign currency term loans	**112754.28**	**17514.33**	114189.86	12565.07
Finance lease obligation	**257.61**	**18.31**	275.92	22.07
Unsecured Loans:				
Fixed Deposits	-	-	-	5.72
	118460.89	**19049.64**	129916.78	14097.86
Less : Current maturities shown under other current liability (Refer Note No.11)	-	**19049.64**	-	14097.86
	118460.89	-	129916.78	-

Notes:

i. Rupee term loans of Rs.6966.00 lacs (including current maturities of Rs.1517.00 lacs) carry interest rate in the range of 11.65%-13.00% p.a. Out of these, one term loan amounting to Rs.3290 lacs is repayable in 8 quarterly installments of Rs.176.25 lacs each starting from June 30, 2012 and balance in last 8 quarterly installments of Rs.235 lacs each. Another term loan amounting to Rs.3496 lacs is repayable in 8 quarterly installments of Rs.188 lacs each starting from June 30, 2012 and thereafter 7 quarterly installments of Rs. 250 lacs each and last installment of Rs.242 lacs. Another term loan amounting to Rs.180 lacs is repayable in 36 monthly installment of Rs.5.00 lacs each starting from April 30, 2012. These loans are secured by first pari-passu charge by way of mortgage, by deposit of title deeds in respect of immovable properties and hypothecation of the movable fixed assets of the Company, both present and future (save and except assets of Shipping Division), subject to prior charges created/ to be created in favour of banks on current assets and other movables for securing working capital borrowings.

ii. Foreign currency term loans of USD 657.03 lacs (Rs.33429.53 lacs including current maturities of Rs.7019.38 lacs) carry interest rate in the range of 3/6 months LIBOR plus 1.45%-4.50% p.a. Out of these, one term loan amounting to USD 250 lacs (Rs.12720.00 lacs) is repayable in 8 quarterly installments of USD 31.25 lacs (Rs.1590.00 lacs) each starting from December 09, 2012. Another term loan amounting to USD 327.03 lacs (Rs.16639.13 lacs) is repayable in 22 equal quarterly installments starting from June 20, 2012. Another term loan amounting to USD 80 lacs (Rs.4070.40 lacs) is repayable in 20 equal quarterly installments starting from May 27, 2012. These loans are secured by first pari-passu charge by way of mortgage, by deposit of title deeds in respect of immovable properties and hypothecation of the movable fixed assets of the Company, both present and future (save and except assets of Shipping Division), subject to prior charges created/ to be created in favour of banks on current assets and other movables for securing working capital borrowings.

iii. Foreign currency term loan of USD 360 lacs (Rs.18316.80 lacs including current maturities of Rs.2035.20 lacs) carry interest @ 3 months LIBOR plus 1.125% p.a. The loan is repayable in 16 quarterly installments of USD 10.00 lacs each (Rs.508.80 lacs) starting from June 08, 2012 and the last installment of USD 200.00 lacs (Rs.10176.00 lacs). The loan is secured by first priority mortgage on the Company's vessel-Ratna Puja and assignment of earnings, insurance and requisition compensation in respect of such vessel.

iv. Foreign currency term loan of USD 490 lacs (Rs.24931.20 lacs including current maturities of Rs.2035.20 lacs) carry interest @ 3 months LIBOR plus 0.875% p.a. The loan is repayable in 31 quarterly installments of USD 10.00 lacs (Rs. 508.80 lacs) each starting from June 09, 2012 and the last installment of USD 180.00 lacs (Rs. 9158.40 lacs). The loan is secured by first priority mortgage on the Company's vessel-Ratna Shalini and assignment of earnings, insurance and requisition compensation in respect of such vessel and second priority mortgage on the Company's vessel-Ratna Puja and assignment of earnings, insurance and requisition compensation in respect of such vessel.

v. Foreign currency term loans of USD 1053.28 lacs (Rs.53591.08 lacs including current maturities of Rs.6424.55 lacs) carry interest @ 3 months LIBOR plus 0.40% p.a. One tranch of the term loan of USD 330 lacs (Rs.16790.40 lacs) is repayable in 33 equal quarterly installment starting from April 22, 2012. Another tranch of the term loan of USD 330 lacs (Rs.16790.40 lacs) is repayable in 33 equal quarterly installment starting from June 03, 2012. Another tranch of the term loan of USD 393.284 lacs (Rs.20010.28 lacs) is repayable in 34 equal quarterly installments starting from April 15, 2012.These loans are secured by first priority mortgage on the Company's three vessels i.e. Ratna Shruti, Ratna Shradha and Ratna Namrata and assignment of earnings, insurance and requisition compensation in respect of such vessels.

vi. Finance lease obligation of Rs.275.92 lacs (including current maturities of Rs.18.31 lacs) is repayable in 104 monthly installments of Rs.6.77 lacs each starting from January, 2010 carries interest rate of around 28% p.a. This is secured by assets acquired under the facility

(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 6 : DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax and financial books	40089.04	21663.82
Gross Deferred Tax Liabilities	40089.04	21663.82
Deferred Tax Assets		
Effect of expenditure debited to statement of profit and loss in the current year/earlier years but allowable for tax purposes in following years	267.99	454.52
Provision for gratuity	106.47	48.46
Provision for leave encashment	475.89	304.46
Dimunition in the value of fertiliser bonds	-	699.19
Provision for Mark to Market (MTM) on derivative contract	633.49	38.05
Gross Deferred Tax Assets	1483.84	1544.68
Net Deferred Tax Liabilities	38605.20	20119.14
NOTE 7 : OTHER LONG TERM LIABILITIES		
Trade Payable (other than Micro and Small Enterprises)	316.99	215.94
Earnest money / security deposits	0.40	0.70
	317.39	216.64
NOTE 8 : LONG TERM PROVISIONS		
Provision for gratuity (Refer Note No.36)	277.64	224.12
Provision for loss on derivative contract	4178.98	2634.88
	4456.62	2859.00
NOTE 9 : SHORT-TERM BORROWINGS		
Secured Loans:		
From Banks:		
- Cash credit facilities	10046.31	525.38
Unsecured Loans:		
From Banks:		
- Rupee loans	4500.00	20000.00
- Foreign currency loans	202797.25	79785.23
- Packing credit foreign currency loan	835.37	4044.47
	218178.93	104355.08

Cash credit facilities from banks are secured by hypothecation of all the Company's current assets including all stocks and book debts and other movables, both present & future (except assets of Shipping Division). These loans are further secured/ to be secured by second charge on all the immovable properties (except assets of Shipping Division) of the Company.

Cash credit facilities, rupee loans, foreign currency loans and packing credit foreign currency loans carry interest rate in the range of 11% - 13%, 7.75% - 11%, 0.80% - 3.50% and LIBOR plus 2.50% - 2.75% respectively.

(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 10 : TRADE PAYABLES		
Trade payable (including acceptances)		
Outstanding dues to Micro and Small Enterprises (Refer Note No.43)	19.34	1.52
Outstanding dues to creditors other than Micro and Small Enterprises	26830.59	14416.14
	26849.93	14417.66
NOTE 11 : OTHER CURRENT LIABILITIES		
Current Maturity of long term Borrowings (Refer Note No.5)	19049.64	14097.86
Interest accrued but not due on loans	1717.12	655.97
Advance from customers	687.42	2017.04
Earnest money / security deposits	3954.19	3332.13
Unclaimed statutory liabilities (as referred in Section 205C of the Companies Act, 1956):*		
- Unpaid dividend	914.67	841.10
- Unpaid matured deposit	11.27	14.79
- Unpaid interest on above	3.23	0.99
Forward contract	-	2700.72
Other liabilities	522.14	1157.98
Statutory Obligation Payable	1802.39	945.30
	28662.07	25763.88

*Amount payable to Investor Education and Protection Fund is Rs.0.14 lac (previous year Rs.0.06 lac)

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 12 : SHORT-TERM PROVISIONS		
Provision for employees benefits		
Provision for Gratuity (Refer Note No.36)	148.65	51.83
Provision for leave encashment	1815.05	1302.02
Others Provisions		
Provision for taxation (net of advance tax payments)	6873.94	10223.26
Provision for wealth tax	16.95	15.02
Provision for loss on derivative contract	598.11	307.00
Proposed dividend on equity shares	7907.99	7907.95
Tax on proposed dividend	1282.88	1282.87
	18643.57	21089.95

NOTE 13 : TANGIBLE ASSETS

(Rs in lacs)

Particulars	Land-Freehold	Land-Leasehold	Buildings	Leasehold Improve-ments	Leasehold Improve-ments (on Finance Lease)	Railway Siding	Plant & Machinery	Factory Equipment	Office Equipment	Furniture & Fittings	Vehicles	Vehicles (on Finance Lease)	Ships	Total
Gross Block														
At April 1, 2010	325.59	587.28	18285.47	236.61	487.63	2205.11	299806.23	1590.91	1849.45	682.36	430.17	323.81	170526.48	497337.10
Additions	-	-	22.49	12.05	-	-	3075.19	100.26	272.78	28.75	287.26	-	137.60	3936.38
Deletions	-	-	(4.60)	-	(185.37)	-	(3841.44)	(20.26)	(130.74)	(8.94)	(63.80)	(152.15)	-	(4407.30)
Adjustment	-	-	-	-	-	-	(168.07)	-	-	-	-	-	(934.65)	(1102.72)
At March 31, 2011	**325.59**	**587.28**	**18303.36**	**248.66**	**302.26**	**2205.11**	**298871.91**	**1670.91**	**1991.49**	**702.17**	**653.63**	**171.66**	**169729.43**	**495763.46**
Additions	-	-	67.52	477.98	-	-	7119.08	114.13	199.06	42.97	198.65	-	6.51	8225.90
Deletions	-	-	(1211.02)	(75.56)	-	-	(6808.68)	(28.20)	(151.99)	(104.27)	(55.83)	(64.16)	-	(8499.71)
Adjustment	-	-	-	-	-	-	697.59	-	-	-	107.50	(107.50)	14447.82	15145.41
At March 31, 2012	**325.59**	**587.28**	**17159.86**	**651.08**	**302.26**	**2205.11**	**299879.90**	**1756.84**	**2038.56**	**640.87**	**903.95**	**-**	**184183.76**	**510635.06**
Depreciation														
At April 1, 2010	-	120.37	5166.78	197.97	17.56	1387.46	175660.70	900.52	1000.50	443.66	150.32	236.41	19271.43	204553.68
Additions	-	5.94	380.17	12.75	34.54	104.74	16825.09	74.35	159.48	44.31	52.54	50.75	8858.60	26603.26
Deletions	-	-	(1.06)	-	(6.67)	-	(2679.85)	(14.14)	(100.81)	(4.64)	(35.09)	(131.28)	-	(2973.54)
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2011	**-**	**126.31**	**5545.89**	**210.72**	**45.43**	**1492.20**	**189805.94**	**960.73**	**1059.17**	**483.33**	**167.77**	**155.88**	**28130.03**	**228183.40**
Additions	-	5.93	380.52	65.37	34.54	104.74	15236.53	79.63	193.10	35.40	170.09	-	9724.97	26030.82
Deletions	-	-	(1150.47)	(75.56)	-	-	(5471.42)	(19.70)	(127.40)	(77.32)	(37.30)	(59.48)	-	(7018.65)
Adjustment	-	-	-	-	-	-	-	-	-	-	96.40	(96.40)	-	-
At March 31, 2012	**-**	**132.24**	**4775.94**	**200.53**	**79.97**	**1596.94**	**199571.05**	**1020.66**	**1124.87**	**441.41**	**396.96**	**-**	**37855.00**	**247195.57**
Net Block														
At March 31, 2011	**325.59**	**460.97**	**12757.47**	**37.94**	**256.83**	**712.91**	**109065.97**	**710.18**	**932.32**	**218.84**	**485.86**	**15.78**	**141599.40**	**267580.06**
At March 31, 2012	**325.59**	**455.04**	**12383.92**	**450.55**	**222.29**	**608.17**	**100308.85**	**736.18**	**913.69**	**199.46**	**506.99**	**-**	**146328.76**	**263439.49**

Notes :

1. Freehold land includes Rs.0.81 lac (Previous year Rs.0.81 lac), which is yet to be registered in the Company's name.
2. Gross Block and Accumulated Depreciation of Buildings includes Rs.0.71 lac (Previous year Rs.0.71 lac) and Rs.0.56 lac (Previous year Rs.0.56 lac) respectively represent undivided share in assets jointly owned with others.
3. Adjustment to Plant & Machinery includes additions of Rs.1353.48 lacs (Previous year deletions of Rs.168.07 lacs) and adjustment to ships includes additions of Rs.14447.82 lacs (Previous year deletion of Rs.934.65 lacs) being variations in rupee liability in respect of foreign currency.
4. Adjustment to Plant & Machinery includes Cenvat Credit of Rs.655.89 lacs (Previous year nil) related to earlier years but availed during the year.
5. Capital work in progress includes preoperative expenses amounting Rs.54.72 lacs (Previous year Rs. Nil) (Refer Note No.34).

(Rs. in Lacs)

Particulars	Software	Total
NOTE 14 : INTANGIBLE ASSETS		
Gross Block		
At April 1, 2010	915.24	915.24
Addition	25.65	25.65
Deletion	-	-
Adjustment	-	-
At March 31, 2011	940.89	940.89
Addition	61.01	61.01
Deletion	-	-
Adjustment	4.57	4.57
At March 31, 2012	1006.47	1006.47
Amortisation		
At April 1, 2010	497.78	497.78
Addition	191.56	191.56
Deletion	-	-
Adjustment	-	-
At March 31, 2011	689.34	689.34
Addition	177.17	177.17
Deletion	-	-
Adjustment	1.84	1.84
At March 31, 2012	868.35	868.35
Net Block		
At March 31, 2011	251.55	251.55
At March 31, 2012	138.12	138.12

(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 15 : NON-CURRENT INVESTMENTS		
Long Term Investments (At Cost) :		
A. Investment in Equity Instruments		
Trade (Unquoted)		
Joint Venture		
- 206,667 (Previous year 206,667) shares of Moroccan Dirham 1000 each fully paid up in Indo Maroc Phosphore S.A.	8513.32	8513.32
Subsidiary Company		
- 50,000,000 (Previous year 50,000,000) ordinary shares of US$ 0.001 each fully paid up in CFCL Overseas Limited* $	21.78	21.78
- 4,900,000 (Previous year 1,400,000) equity shares of Rs.10/- each fully paid up in Chambal Infrastructure Ventures Limited*	490.00	140.00
- 1,079,962 (Previous year 1,079,962) equity shares of Singapore $ 1 each fully paid up in India Steamship Pte. Limited, Singapore	286.04	286.04
- 50,000 (Previous year Nil) equity shares of Rs.10 each fully paid up & 4,10,00,000 (Previous year Nil) Equity shares of Rs.10 each (Re.0.50 per equity share paid) in India Steamship Limited*	415.00	-
Non Trade (Unquoted)		
- 20,000 (Previous year 20,000) equity shares of Rs.10 each fully paid up in Shivalik Solid Waste Management Limited.	2.00	2.00
B. Investment in Preference Shares		
Trade (Unquoted), fully paid up		
Subsidiary Company		
- 89,129,510 (Previous year 70,441,174) non cumulative redeemable preference shares of US$ 1.00 each fully paid up in CFCL Overseas Limited* $	39396.53	31092.35
- 10,000,000 (Previous year Nil) non-cumulative redeemable preference shares of Rs.10 each (Re.1 per preference share paid) in India Steamship Limited*	100.00	-
C. Investment in Government Securities		
Non Trade (Unquoted)		
- 6 Year National Savings Certificates VIII Issue (lodged with Govt. Authorities.)	0.09	0.09
- Indira Vikas Patra	0.20	0.20
D. Investment in Bonds & Debentures		
Non Trade (Unquoted)		
- 218 (Previous year 218) 5% Non Convertible Debentures of Woodlands Hospital and Medical Research Centre Ltd of Rs.100 each fully paid up	0.22	0.22
- 14 (Previous year 14) 8% Non Convertible Debentures of Indian Chamber of Commerce of Rs.12.50 each fully paid up	0.01	0.01
	49225.19	40056.01
Aggregate amount of unquoted investments	49225.19	40056.01

* The Company has made further investment of Rs.8304.18 lacs (Previous year Rs.4480.14 lacs), and Rs.350 lacs (Previous year Nil) in its wholly owned subsidiary CFCL Overseas Limited and Chambal Infrastructure Ventures Limited respectively. The Company has invested Rs.515.00 lacs in partly paid up equity/preference & fully paid equity share capital of its wholly owned subsidiary, India Steamship Limited. India Steamship Limited has not called up so far the remaining amount of Rs.32390.00 lacs (including premium of Rs. 28495.00 lacs) on partly paid equity shares and Rs.900.00 lacs on partly paid Preference Shares.

$ The Company has investments of Rs.39418.31 lacs (Previous year Rs. 31114.13 lacs) in the Share Capital of CFCL Overseas Limited, Cayman Islands. CFCL Overseas Limited, in turn has investment in its subsidiary CFCL Technologies Limited. Further, the Company has given corporate guarantee of Rs.11193.60 lacs (Previous year Nil) to bank on account of loan given by bank to one of its step-down subsidiary. As per the latest consolidated financial statements of CFCL Technologies Limited, their accumulated losses have resulted in erosion of significant portion of the net worth of these companies. This being long-term strategic investment and also in view of projected profitable operations of these subsidiaries in near future, in the opinion of management, no provision for diminution in value of investment is required to be made as per Accounting Standard 13 "Accounting for Investment" notified by Companies (Accounting Standards) Rules, 2006 (as amended).

Further, CFCL Overseas Limited has invested in the non cumulative convertible preference shares of its subsidiary CFCL Technologies Limited (CTL). CTL has issued Series A, Series B, Series C, Series D, Series E and Series F non cumulative convertible preference shares. Series A, Series B and Series F non cumulative convertible preference shares are convertible into ordinary shares of CTL in the ratio of 1:1, while Series C, Series D and Series E non cumulative convertible preference shares are convertible into ordinary shares of CTL in the ratio of 1.27:1. This conversion is subject to adjustments set forth in the Articles of Assocaition of CTL.

(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 16 : LONG TERM LOANS AND ADVANCES		
(unsecured, except to the extent stated and considered good, except to the extent stated)		
Advances and loans to subsidiaries (Refer Note No. 37)	442.31	422.88
Capital advances	1693.39	628.87
Advances recoverable in cash or in kind or for value to be received	-	10.68
Balances with statutory/government authorities	297.95	20.09
Loans to employees		
a) Secured considered good	345.09	364.87
b) Unsecured considered good	54.57	40.28
Advance to CFCL Employees Welfare Trust (Refer Note No.45)	1610.10	677.10
Prepaid Expenses	1285.59	3.49
Deposits - others	704.63	461.78
	6433.63	2630.04
Included in Loans to employees		
i. Dues from directors of the Company	-	4.15
ii Dues from officers of the Company	6.95	-
NOTE 17 : OTHER NON-CURRENT ASSETS		
Catalysts in use (valued based on life technically assessed)	1082.02	1110.18
Stores and Spares	5947.91	5943.67
Non current bank balance (Refer Note No. 20)	9.00	-
	7038.93	7053.85
NOTE 18 : INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)		
Stores and spares {Including in transit Rs.10.74 lacs (Previous year Rs.20.40 lacs)}	3740.92	2056.98
Catalysts in use (valued based on life technically assessed)	318.40	259.71
Naphtha	905.90	937.49
Raw materials {Including in transit Rs.139.52 lacs (Previous year Rs.810.23 lacs)}	4017.04	6062.90
Loose tools	12.81	9.02
Packing materials	365.22	345.45
Waste (at net realisable value)	6.44	74.49
Work-in-process	1100.58	1103.75
Finished goods {Including in transit Rs.2688.06 lacs (Previous year Rs.2374.66 lacs)}	19386.42	15462.05
Traded goods {Including in transit Rs.6046.28 lacs (Previous year Rs.16.56 lacs)}	15977.22	6878.14
	45830.95	33189.98
NOTE 19 : TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good*	13.15	79.09
Unsecured, considered good (Including subsidy receivable from Government of India Rs. 7698.30 lacs (Previous year Rs.12721.66 lacs)	7931.28	4720.60
Unsecured, considered doubtful	28.46	47.69
Less: Provision for doubtful debts	28.46	47.69
	7944.43	4799.69
Other receivables		
Secured, considered good*	3243.40	2024.30
Unsecured, considered good [Including subsidy receivable from Government of India Rs.144645.17 lacs (Previous year Rs. 37453.49 lacs)]	190977.47	51690.78
	194220.87	53715.08
	202165.30	58514.77

*Secured trade receivables includes Rs.381.59 lacs (Previous year Rs.1036.65 lacs) secured against letter of credit.

(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 20 : CASH AND BANK BALANCE		
Cash and Cash Equivalents		
Balances with banks :		
On unpaid dividend / debenture / fixed deposit accounts	918.38	841.61
On current accounts	1281.24	5880.44
On cash credit accounts	24533.95	16392.69
On saving accounts	79.40	12.43
Cash on hand	7.60	8.47
	26820.57	23135.64
Other bank balances :		
Deposit with original maturity for more than 12 months	13.73	395.59
Deposit with original maturity for more than 3 months but less than 12 months	528.15	2650.60
	541.88	3046.19
	27362.45	26181.83
Amount disclosed under non current assets (Refer Note No.17)	(9.00)	-
	27353.45	26181.83
NOTE 21 : SHORT-TERM LOANS AND ADVANCES		
(unsecured, except to the extent stated and considered good, except to the extent stated)		
Advances and loans to subsidiaries (Refer Note No. 37)	0.60	5286.68
Advances recoverable in cash or in kind or for value to be received (Considered doubtful Rs.119.19 lacs, Previous year Rs. 77.10 lacs)	2586.14	3560.40
Balances with statutory / government authorities (Considered doubtful Rs. 275.09 lacs, Previous year Rs.137.25 lacs)	1581.91	1185.28
Loans to employees		
a) Secured, considered good	61.12	62.91
b) Unsecured, considered good	28.11	38.13
Deposits - others	59.67	127.55
Inter - corporate deposits	5000.00	3000.00
Prepaid Expenses	1013.07	880.39
Advance against purchase of shares of subsidiary company (Refer Note No. 37)	-	350.00
Advance fringe benefit tax (Net of Provision for fringe benefit tax)	3.70	4.58
Advance Income Tax (Net of Provision for taxation)	9776.24	6280.87
	20110.56	20776.79
Less: Provision for doubtful advances	394.28	214.35
	19716.28	20562.44
Included in Loans to employees		
i. Dues from directors of the Company	4.15	5.50
ii. Dues from officers of the Company	3.05	0.61
NOTE 22 : OTHER CURRENT ASSETS		
(Unsecured, except to the extent stated and considered good, except to the extent stated)		
Interest receivable on loans, deposits and others	359.10	870.30
Export benefits receivable	56.79	416.27
Insurance and other claims receivable {Considered doubtful Nil (Previous year Rs.119.79 lacs)}	670.78	397.15
Unamortised premium on forward contracts	3824.01	1317.10
Forward contract	56.08	-
Receivable from Subsidiary companies (Refer Note No. 37)	72.40	-
Fertilisers Companies Govt. of India bonds (at lower of cost and market value)	0.10	16202.70
Assets held for disposal	231.41	20.00
	5270.67	19223.52
Less: Provision for doubtful assets	-	119.79
	5270.67	19103.73

NOTES ANNEXED TO AND FORMING PART OF THE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(Rs. in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
NOTE 23 : REVENUE FROM OPERATIONS		
Sale of Products:		
Sale of own manufactured products (including subsidy on fertilisers)	335004.16	275825.27
Sale of traded products (including subsidy on fertilisers)	272910.91	160802.43
Sale of Services:		
Income from operations of shipping business {Including Rs.6339.38 lacs from charter in ship (Previous year Rs.5087.56 lacs)}	39041.21	28456.90
Other Opertating Revenues		
Export benefits	566.02	634.71
Others	49.49	32.91
Revenue from operations (gross)	647571.79	465752.22
Less : Excise duty #	1443.29	341.67
Revenue from operations (net)	646128.50	465410.55

Excise duty on sales amounting to Rs.1443.29 lacs (Previous year Rs.341.67 lacs) has been reduced from sales in statement of profit & loss and excise duty on increase in stock amounting to Rs.14.61 lacs (Previous year Rs.59.80 lacs) has been considered as expense in note 28 of the financial statements.

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Details of products sold		
Manufactured goods sold		
Urea	298802.03	238586.35
Ammonia	3369.57	3163.12
Synthetic Man-made Fibers Yarn	15235.66	17502.94
Synthetic Fiber Yarn Waste	76.18	82.77
Cotton Yarn	16512.23	15666.55
Cotton Waste	1008.49	823.54
	335004.16	275825.27
Traded products sold		
DAP	191304.86	108768.96
MOP	13725.15	19780.37
Pesticides	21976.39	19405.61
Seeds	5281.00	4389.64
SSP	4002.10	2316.03
Zinc	3419.71	2552.18
Micro Nutrient	3837.11	2813.62
Gypsum	688.46	575.81
Complex (NPK Fertilisers)	28374.33	-
Complex (Water soluble Fertilisers)	301.80	200.21
	272910.91	160802.43

(Rs. in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
NOTE 24 : OTHER INCOME		
Interest on		
- Long term investments - Non Trade (Gross)	-	0.15
- Fertilisers bonds	396.55	2470.35
- Employees loans	13.94	23.15
- Loans to subsidiaries (Refer Note No.37) {Tax deducted at source Rs.2.19 lacs (Previous year Rs 1.24 lacs)}	40.23	134.26
- Income Tax refunds	189.89	337.16
- Deposits (Gross) {Tax deducted at source Rs.82.69 lacs (Previous year Rs.56.92 lacs)}	831.44	573.76
- Delayed payment by customers {Tax deducted at source Rs.10.83 lacs (Previous year Rs.12.38 lacs)}	280.66	453.27
- Others	15.75	24.20
Dividend income		
- on non trade current investments	62.99	79.39
- on investment in Joint venture (Refer Note No.37)	10033.23	1094.21
Rent received	4.28	4.05
Foreign exchange variation (Net)	-	1654.02
Insurance claims received	279.59	753.59
Liabilities no longer required written back	576.54	296.37
Compensation of loss on sale of fertilisers bonds *	891.23	-
Profit on sale of Current Investments	134.91	-
Sale of scrap	405.22	270.28
Miscellaneous income	1363.75	706.63
	15520.20	8874.84

* In terms of the guidelines issued by the Government of India, Ministry of Chemicals & Fertilizers (MCF) dated July 25, 2011, the Company sold "Fertilizer Companies Government of India Special Bonds" partly in an earlier year and partly in the current year at price determined by Reserve Bank of India (RBI), resulting in a total loss of Rs.5737.81 lacs. Out of this, Rs.4310.00 lacs was provided for by the Company in earlier years and balance amount of Rs.1427.81 lacs was shown as recoverable in the books as the Company was hopeful of getting atleast the aforesaid amount.

In terms of the above guidelines, part of the loss incurred by the Company on sale of bonds to RBI was to be compensated by Government. In terms of office memorandum dated March13, 2012 ,the Government has agreed to reimburse 50% amount of losses incurred by the Company. However, there is a difference in the amount of losses as computed by the Company and Budget Department, Department of Economic Affairs in consultation with RBI. Pending final reconciliation, certain portion of aforesaid loss, amounting to Rs.2319.04 lacs (50% of Rs.4638.08 lacs) has been compensated to the Company. As a result, the Company has accounted for net income of Rs.891.23 lacs as 'Compensation of loss on sale of fertilisers bonds' after adjusting recoverable amount of Rs.1427.81 lacs.

NOTE 25 : COST OF MATERIALS CONSUMED		
Opening inventories	6062.90	4427.00
Add: Purchases	143802.66	120098.74
Less: Closing inventories	4017.04	6062.90
	145848.52	118462.84
Details of material consumed		
Natural Gas	121099.42	95819.84
Neem Oil	396.65	252.16
Staple fibre	15587.62	10252.21
Cotton	8764.83	12138.63
	145848.52	118462.84

(Rs. in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
NOTE 26 : (INCREASE) IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Closing inventories		
- Work-in-process	1100.58	1103.75
- Finished goods	19386.42	15462.05
- Traded goods	15977.22	6878.14
- Waste	6.44	74.49
	36470.66	23518.43
Opening inventories		
- Work-in-process	1103.75	1147.96
- Finished goods	15462.05	7225.82
- Traded goods	6878.14	3750.23
- Waste	74.49	31.88
	23518.43	12155.89
	(12952.23)	(11362.54)
Details of purchase of traded goods		
DAP	172865.43	98700.40
MOP	15048.28	19872.25
Pesticides	20274.54	17038.64
Seeds	4377.31	3755.59
SSP	3540.61	2219.85
Zinc	2927.08	2267.72
Micro Nutrient	3662.08	1342.38
Gypsum	228.68	196.92
Complex (NPK Fertilisers)	27004.11	-
Complex (Water soluble Fertilisers)	375.21	83.46
	250303.33	145477.21
Details of inventory		
Work in progress		
Ammonia	292.02	313.85
Synthetic Fiber	419.64	389.35
Synthetic Yarn	99.99	113.43
Cotton Fiber	212.03	191.52
Cotton Yarn	69.29	66.73
Other	7.61	28.87
	1100.58	1103.75
Finished goods		
Urea	16015.48	12147.10
Synthetic Yarn Man-made Fibers Yarn	2896.20	1443.16
Cotton Yarn	474.74	1871.79
	19386.42	15462.05
Traded goods		
DAP	762.03	126.87
MOP	5872.76	2804.28
Pesticides	5882.11	3253.37
Seeds	76.66	230.90
Zinc	5.25	9.35
Micro Nutrient	1690.87	423.02
Complex (NPK Fertilisers)	1539.77	-
Complex (Water soluble Fertilisers)	147.77	30.35
	15977.22	6878.14
Waste		
Synthetic Yarn Fiber Yarn Waste	0.26	0.77
Cotton Yarn Waste	6.18	73.72
	6.44	74.49

NOTE 27 : EMPLOYEE BENEFITS EXPENSE

Salaries, wages and bonus*	11599.38	9887.81
Contribution to provident and other funds	694.87	626.22
Gratuity expenses (Refer Note No.36)	502.34	300.60
Workmen and staff welfare expenses	597.14	506.13
* Refer Note No. 34	13393.73	11320.76

(Rs. in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
NOTE 28 : OTHER EXPENSES		
Consumption of stores and spares (Refer Note No. 46 (b))	4567.75	4845.74
Consumption of packing materials	9402.56	8587.24
Bagging and other services	700.40	602.85
Power and fuel*	79280.75	64251.79
Catalyst charges written off	310.73	272.33
Rent (Refer Note No.41)	1302.97	1158.43
Rates and taxes	254.79	127.58
Insurance	2136.11	1721.02
Repairs and maintenance :		
- Plant & Machinery	1245.22	1219.46
- Ships	901.32	562.15
- Buildings	524.50	348.25
- Others	771.98	692.35
Ships bunker cost	12264.21	1345.74
Ships port dues	2961.46	509.85
Ships special survey expenses	-	910.27
Directors' sitting fees	13.75	12.83
Travelling and conveyance*	1225.33	1104.08
Communication costs	160.17	194.53
Printing and stationery	64.17	99.13
Legal and professional fees*	525.20	426.28
Auditor's remuneration (including Branch Auditors')		
As auditor:		
- Audit fee	41.01	40.26
- Tax audit fee	8.02	7.50
- Limited review fee	22.34	22.34
- Out of pocket expenses	3.64	4.09
In other manner:		
- Management Services	-	16.55
- Certification and other services	30.19	22.06
Increase of excise duty on inventories	14.61	59.80
Freight and forwarding charges	31929.93	26472.83
Selling and marketing expenses	863.53	875.90
Cash rebate to customers	73.68	125.88
Commission and brokerage to other than sole selling agents	1477.24	1085.45
Donations and contribution to Charitable institutions	0.20	6.25
Depletion of loose tools	9.94	7.74
Green belt development/ horticulture expenses	251.00	282.84
Diminution in the value of fertiliser bonds	-	100.00
Provision for loss on derivative transaction	1835.21	824.70
Provision for doubtful advances and debts	179.93	137.25
Loss on foreign exchange variation (net)	318.17	-
Premium on forward contracts amortised	6174.99	3747.65
Loss on sale / write off of assets (net)	917.39	282.47
Irrecoverable debts and advances written off	63.17	79.44
Miscellaneous expenses*	2597.51	1793.32
	165425.07	124986.22

* Refer Note No. 34

NOTE 29 : EXCEPTIONAL ITEMS		
Profit on sale of non trade long term investments	-	436.87
	-	436.87

During the previous year, the Company had fully sold the stake in "Zuari Investments Limited" at a consideration of Rs.1060.96 lacs and recognized gain on sale of investment of Rs.436.87 lacs as exceptional item.

NOTE 30 : FINANCE COSTS		
Interest (Including interest on Income Tax Rs.23.02 lacs (previous year Rs.26.35 lacs))	9443.22	9724.92
Bank charges and guarantee commission*	1386.58	782.67
Net (Gains) / Loss on Foreign currency transaction and translation	1195.73	494.60
	12025.53	11002.19

* Refer Note No. 34

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
NOTE 31 : EARNINGS PER SHARE (EPS)		
Net profit as per profit and loss account (Rs. in Lacs)	24728.69	32517.85
Calculation of weighted average number of equity shares		
- Number of shares at the beginning of the year	416207852	416207852
- Total equity shares outstanding at the end of the year	416207852	416207852
- Weighted average number of equity shares outstanding during the year	416207852	416207852
Basic and Diluted Earnings Per Share (In Rs.)	5.94	7.81
Nominal Value of Equity Shares (In Rs.)	10.00	10.00

32 (a) CONTINGENT LIABILITIES (NOT PROVIDED FOR) IN RESPECT OF : (Rs. in Lacs)

Sl. No.	Particulars	2011-12	2010-11
i)	Outstanding amount against corporate guarantee given to Bank on account of loans given by such Bank to stepdown subsidiary Company. (Refer Note No.15)	11193.60	-
ii)	Bills discounted with bank and remaining outstanding as on date.	529.65	1306.93
iii)	Demand raised by Customs, Sales Tax and Income Tax (IT) authorities being disputed by the Company.	595.98	6285.91
iv)	Other claims against the Company not acknowledged as debts.	4.24	4.24
v)	Claim against Nihat Shipping Company Limited in legal suits / notices, in which the Company has been made a party, is being contested, since the Company acted as Agents / Technical & Operational Managers.	222.04	222.04
vi)	Penalty levied by FERA Board under appeal before the Calcutta High Court.	1.30	1.30
vii)	Various labour cases	Amount not ascertainable	Amount not ascertainable

* Brief description of liabilities as per (iii) above : (Rs. in Lacs)

Sl.No.	Particulars	2011-12	2010-11
1.	Income Tax :		
	Demand raised by IT authorities on account of various disallowances for AY 2002-03 including penalties.	-	70.26
	Demand raised by IT authorities on account of various disallowances for AY 2003-04 including penalties.	1.28	2808.10
	Demand raised by IT authorities on account of various disallowances for AY 2004-05 including penalties.	5.87	2320.91
	Demand raised by IT authorities on account of various disallowances for AY 2006-07 including penalties.	-	28.93
	Demand raised by IT authorities on account of various disallowances for AY 2008-09 including penalties.	9.55	481.48
	Demand raised by IT authorities on account of various disallowances for AY 2009-10.	446.99	-
	Demand raised by IT authorities on account of short deduction of TDS and interest thereon for AY 2008-09 to 2011-12	38.30	508.93
2.	Sales Tax :		
	Disallowance of VAT credit on raw materials used in the manufacturing of finished goods and lying in stock on April 1, 2006.	22.18	22.18
	Demand raised by The Asstt. Commissioner of Commercial Taxes, Patliputra Circle, Patna for FY 2006-07 & 2007-08 and pending matter before the Commercial Taxes Tribunal, Bihar, Patna	8.09	-
	Miscellaneous Rajasthan Sales Tax and Central Sales Tax demand.	38.47	38.47
3.	Service Tax / Excise Duty :		
	Service Tax demand received on services from foreign parties in respect of service tax not paid on Tax deducted at source (TDS) portion.	4.57	4.59
	Show cause notice dated 16.03.2011 related to non payment of service tax on 'Renting Income' received during FY 2009-10.	1.99	2.06
	Show cause notice dated 19.01.12 related to non payment of excise duty of Rs. 12.00 lacs on sale of scrap during FY 2009-10	12.00	-
4.	Land Tax		
	Demand raised by Sub-registrar (Digod) towards levy of land tax on land at Gadepan, Kota for F.Y 2011-12	6.69	-
	Total	595.98	6285.91

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

(b) The Company had received a demand of Rs.352.34 lacs (Previous year Rs.352.34 lacs) from Sales Tax Department, Kota in an earlier year towards use of natural gas for ammonia fuel, power and steam generation for the period April, 1996 to May, 2001. The Company has obtained a stay from Hon'ble High Court of Rajasthan, Jodhpur on 11th July, 2001. However, in the event of the Company having to pay the above, it is reimbursable by Fertiliser Industrial Coordination Committee (FICC) / Government of India under Subsidy Scheme.

(c) The Company as well as other users of natural gas under HBJ Gas Pipeline had in earlier years received letters from GAIL (India) Limited (erstwhile Gas Authority of India Ltd), informing about the possibility of levy of excise duty on natural gas (presently not levied) with retrospective effect. The amount of such levy is not ascertainable. However, in the event of its levy, it is reimbursable by Fertiliser Industry Coordination Committee (FICC) of Ministry of Chemicals and Fertilisers, the Government of India under Subsidy Scheme.

(d) The Company as well as other users of Natural Gas under HBJ Gas Pipeline had received a letter in an earlier year from GAIL (India) Limited (erstwhile Gas Authority of India Ltd), informing about the possibility of levy of Central Sales Tax. The Company has been taking the delivery of Gas in the State of Rajasthan and has been accordingly paying Rajasthan Sales Tax on the supply. Therefore, the Company feels that no Central Sales Tax is payable by it. Further, the amount of such levy is not ascertainable. However, in the event of its levy, it is reimbursable by Fertiliser Industry Coordination Committee (FICC) of Ministry of Chemicals and Fertilisers, the Government of India under Subsidy Scheme.

(e) Under the Jute Packaging Material (Compulsory use of Packing Commodities) Act, 1987, a specified percentage of fertilisers dispatched were required to be supplied in Jute bags up to 31.8.2001. The provisions of the said Act were challenged in the Supreme Court, which upheld the constitutional validity of this Act in its judgment in 1996. In spite of making conscious efforts to step up use of jute packaging material, the Company had been unable to adhere to the specified percentage, due to strong customer resistance to use of jute bags. The Company had received show cause notice from the Office of the Jute Commissioner, Kolkata, for levying a penalty of Rs.7380.36 lacs (Previous year Rs. 7380.36 lacs) for non compliance of the provisions of the said Act. The Company has obtained a stay order from Delhi High Court against the above show cause notice and has been advised that the said levy is not tenable in law and accordingly no provision has been considered.

33. CAPITAL COMMITMENT

(Rs. in Lacs)

Particulars	2011-12	2010-11
Estimated amount of contracts remaining to be executed on Capital account (net of advances)	4878.12	5177.74

34. PRE-OPERATIVE EXPENDITURE

The Company has incurred some expenditure related to construction of fixed assets and accordingly capitalized the same to the gross value of assets to which they pertain. Consequently expenses disclosed under the respective notes are net of amount capitalised by the Company. The break up of expenditure is as follows :

(Rs. in Lacs)

Particulars	2011-12	2010-11
Opening Balance	-	-
Add : Expenditure during the period		-
Salaries, wages and bonus	40.84	-
Travelling and conveyance	1.07	-
Power and fuel	9.87	-
Legal and professional fees	2.79	-
Bank charges and guarantee commission	0.13	-
Miscellaneous expenses	0.02	-
Total	54.72	-
Less : Capitalised	-	-
Net pre-operative expenditure (pending for allocation)	54.72	-

35. SEGMENT INFORMATION

Primary Segment : Business Segment

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

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

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

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

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

Secondary Segment : Geographical Segment

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

The following table presents segment revenue, results, assets & liabilities in accordance with AS-17 as on March 31, 2012

(Rs. In lacs)

Particulars	Own Manufactured Fertilisers		Trading		Shipping		Textile		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenue										
External Sales	300742.72	241415.79	272910.91	160802.43	39076.30	28482.40	33398.57	34709.93	646128.50	465410.55
Inter Segment Sales	-	-	-	-	-	-	-	-	-	-
Total Sales	300742.72	241415.79	272910.91	160802.43	39076.30	28482.40	33398.57	34709.93	646128.50	465410.55
Results										
Segment Results	50301.20	36108.75	16682.82	9306.56	(2109.94)	4660.79	(1200.78)	3885.40	63673.30	53961.50
Unallocated Expenses (net)	-	-	-	-	-	-	-	-	8935.69	5288.99
Operating Profit before Exceptional Items	-	-	-	-	-	-	-	-	54737.61	48672.51
Exceptional Item	-	-	-	-	-	-	-	-	-	436.87
Interest Expenses	-	-	-	-	-	-	-	-	10638.95	10219.52
Interest Income	-	-	-	-	-	-	-	-	1768.46	4016.30
Dividend Income	-	-	-	-	-	-	-	-	10096.22	1173.60
Income Tax	-	-	-	-	-	-	-	-	31234.65	11561.91
Net Profit after Exceptional Item	-	-	-	-	-	-	-	-	24728.69	32517.85
Other Information										
Segment Assets	231248.35	186600.50	125447.40	19017.54	153899.74	145361.61	22425.11	27176.04	533020.60	378155.69
Unallocated Assets	-	-	-	-	-	-	-	-	99024.59	102915.21
Total Assets	-	-	-	-	-	-	-	-	632045.19	481070.90
Segment Liabilites	17490.98	15524.05	9843.32	822.84	2842.62	1590.77	1925.73	2405.85	32102.65	20343.51
Unallocated Liabilities	-	-	-	-	-	-	-	-	422071.95	298394.62
Total Liabilities	-	-	-	-	-	-	-	-	454174.60	318738.13
Capital Expenditure	8434.35	5307.31	-	-	216.54	544.10	147.77	318.56	8798.66	6169.97
Unallocated Capital Expenditure	-	-	-	-	-	-	-	-	31.83	-
Depreciation	14670.25	16143.52	-	-	9799.47	8881.27	1638.15	1647.33	26107.87	26672.12
Unallocated Depreciation/ Amortisation	-	-	-	-	-	-	-	-	100.12	122.70
Non cash Expenses other than Depreciation & Amortisation	-	-	-	-	-	-	-	-	-	-

Secondary Segment Reporting (by Geographical Segments)

The following is the distribution of the Company's revenue from operation (net) by geographical markets, regardless of where the goods were produced:

(Rs. in Lacs)

Particulars	2011-12	2010-11
Revenue from Domestic Market	619676.40	434126.90
Revenue from Overseas Markets	26452.10	31283.65
Total	646128.50	465410.55

Geographical segment wise receivables : (Rs. in Lacs)

Particulars	2011-12	2010-11
Trade Receivables from Domestic Market	200133.04	56646.59
Trade Receivables from Overseas Markets	2,032.26	1,868.18
Total	202165.30	58514.77

The Company has common fixed assets in India for producing in India goods for Domestic Market and Overseas Market. Hence, separate figures for asset/additions to fixed asset connot be furnished.

36. GRATUITY AND OTHER POST EMPLOYMENT BENEFIT PLANS :

(a) Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days (15 to 30 days in case of Shipping Division) salary (last drawn salary) for each completed year of service. The Scheme is funded with insurance companies in the form of a qualifying insurance policy in respect of Fertiliser and Shipping Division of the Company.

(b) Provident Fund

The Company has set up provident fund trusts, which are managed by the Company in respect of Fertiliser and Shipping Division of the Company and as per the Guidance Note on implementing AS-15, Employee Benefits (revised 2005) issued by the Accounting Standard Board (ASB), provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. During the current financial year, actuarial valuation of Provident Fund for financial year 2011-12 was carried out in accordance with the guidance note issued by Actuary Society and provided the shortfall of Provident Fund liability in the books of accounts. There was no actuarial valuation carried out till last year pending issuance of guidance note in this regard and there was no shortfall in the provident fund liability as ascertained by the Company during the last year. In veiw of this, comparable figures for earlier years have not been given.

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

Statement of Profit and Loss (Rs. in Lacs)

Particulars	Trust Managed Provident Fund	Gratuity	
	2011-12	2011-12	2010-11
Current service cost	343.58	147.16	114.76
Interest cost on benefit obligation	-	101.58	83.67
Expected return on plan assets	-	(94.10)	(22.32)
Net actuarial (gain) / loss recognised in the year	-	304.17	33.55
Past service cost*	-	43.53	90.94
Net (benefit) / expense	343.58	502.34	300.60
Actual return on plan assets	-	71.07	47.36

* Due to enhancement of maximum gratuity limit from Rs.10 lacs to Rs.25 lacs during the year (previous year Rs.5 lacs to Rs.10 lacs).

Balance Sheet

Funding status and amount recognised in Balance Sheet

(Rs. in Lacs)

Particulars	Trust Managed Provident Fund	Gratuity	
	2011-12	2011-12	2010-11
Defined benefit obligation	5860.76	1728.27	1279.74
Fair value of plan assets	5937.41	1301.98	1003.79
Plan assets/(liability)*	76.65	(426.29)	(275.95)

* Plan assets of Rs.76.65 lacs has not been recognised in the financial statements, as the surplus of the trust, is to be distributable among the beneficiaries of the provident fund trust.

Changes in the present value of defined benefit obligation are as follows : (Rs. in Lacs)

Particulars	Trust Managed Provident Fund	Gratuity	
	2011-12	2011-12	2010-11
Opening defined benefit obligation	5723.25	1279.74	1065.09
Interest cost	486.48	101.58	83.67
Current service cost	343.58	147.16	114.76
Past service cost	-	43.53	90.94
Benefits paid out of funds	(580.32)	(92.36)	(98.74)
Benefits paid by Company	(66.60)	(32.52)	(34.57)
Actuarial (gains) / losses on obligation	(45.63)	281.14	58.59
Closing defined benefit obligation	5860.76	1728.27	1279.74

Changes in the fair value of plan assets are as follows : (Rs. in Lacs)

Particulars	Trust Managed Provident Fund	Gratuity	
	2011-12	2011-12	2010-11
Opening fair value of plan assets	5725.36	1003.79	249.33
Expected return	486.65	94.10	22.32
Contribution by employer	343.58	319.48	805.85
Benefits paid	(646.92)	(92.36)	(98.74)
Actuarial (gains) / losses on plan assets	28.74	(23.03)	25.03
Closing fair value of plan assets	5937.41	1301.98	1003.79

The Company expects to contribute Rs.110.72 lacs (approx) to gratuity trust fund in financial year 2012-13.

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

Particulars	2011-12	2010-11
Investments with insurers	100	100

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

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

(Rs. in Lacs)

Particulars	Trust Managed Provident Fund	Gratuity	
	2011-12	2011-12	2010-11
Discount rate (%)	8.50	8.00	8.00
Expected rate of return (%)	8.50	7.75 to 9.25	7.75 to 9.25
Employee turnover rate (%)	2 to 10	2 to 10	1 to 3

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

Amount for the current and previous four periods in respect of gratuity and current year in respect of trust managed provident fund are as follows.

(Rs. in Lacs)

Particulars	Trust Managed Provident Fund	Gratuity				
	2011-12	2011-12	2010-11	2009-10	2008-09	2007-08
Defined Benefit Obligation	5860.76	1728.27	1279.74	1065.09	1051.60	872.73
Plan assets	5937.41	1301.98	1003.79	249.33	87.06	107.31
Surplus / (deficit)	76.65	(426.29)	(275.95)	(815.76)	(964.54)	(765.42)
Experience adjustment on plan assets - gain / (loss)	-	(19.78)	24.13	1.92	(1.69)	-
Experience adjustment on plan liabilities - gain/ (loss)	-	(102.06)	(24.50)	(0.68)	(105.47)	-

Contribution to Defined Contribution Plans : (Rs. in Lacs)

Particulars	2011-12	2010-11
Provident Fund / Pension Fund*	126.00	116.23
Superannuation Fund	90.07	88.37

* Provident fund in respect of textile division (Previous year textile division) of the Company and Pension fund in respect of all divisions of the Company.

37. RELATED PARTY DISCLOSURES

During the year, the Company entered into transactions with the related parties. Those transactions along with related balances as at March 31, 2012 and for the year then ended are presented below.

List of related parties along with nature and volume of transactions:

(a) Subsidiaries

CFCL Overseas Limited., Cayman Islands
Chambal Infrastructure Ventures Limited, India
India Steamship Pte. Limited, Singapore
India Steamship Limited,India

Subsidiaries and step-down subsidiaries of CFCL Overseas Limited

CFCL Technologies Limited, Cayman Islands
* CFCL Ventures Limited, Cayman Islands
* ISGN Corporation, USA

Subsidiaries and step-down subsidiaries of ISGN Corporation, USA

NITC GmbH (Germany) (formerly known as NovaSoft Information Technology Corporation Gmbh,)
ISGN Solutions Inc, USA
* Richmond Investors, LLC, USA
* Richmond Title Genepar, LLC, USA
* Richmond Title Services, LP , USA
* Flex Agents Signing Team, LLC , USA dissolved w.e.f. February 14, 2012
* Richmond Title Services, LLC (Alabama) , USA dissolved w.e.f. October 28, 2011
* ISGN Fulfillment Services, Inc. (Pennsylvania, USA)
* ISGN Fulfillment Services, Inc (AZ, USA)
* ISGN Fulfillment Services, South Inc (FL, USA) dissolved w.e.f. November 02, 2011
* ISGN Fulfillment Services, of Alabama LLC (AL, USA) dissolved w.e.f. November 10, 2011
* ISGN Fulfillment Services, of Maryland Inc. (MD, USA) dissolved w.e.f. February 10, 2012
* ILS Services, LLC (DE, USA) dissolved w.e.f. November 10, 2011
* ISGN Fulfillment Agency, LLC (DE, USA)
* ISGN Fulfillment Agency, of Alabama, LLC (AL, USA)

Subsidiaries and step-down subsidiaries of CFCL Ventures Limited
ISG Novasoft Technologies Limited, India
Inuva Info Management Private Limited, India

Subsidiaries of Chambal Infrastructure Ventures Limited
Chambal Energy (Chhattisgarh) Limited
Chambal Energy (Orissa) Limited

Subsidiaries of India Steamship Pte. Limited, Singapore
India Steamship International FZE, UAE

(Rs. in Lacs)

Particulars	2011-12		2010-11	
Service Expenses		**600.68**		833.63
- Indian Steamship Pte Limited, Singapore	**600.68**		833.63	
Other Operating Revenues		**3.68**		7.79
- India Steamship Pte Limited, Singapore	**3.68**		7.79	
Interest Income		**40.23**		134.26
- ISG Novasoft Technologies Limited	**21.85**		12.39	
- CFCL Overseas Limited	**18.38**		121.87	
Investments purchased		**9169.18**		4480.14
- India Steamship Limited	**515.00**		-	
- Chambal Infrastructure Ventures Limited	**350.00**		-	
- CFCL Overseas Limited	**8304.18**		4480.14	
Advance towards share application money		-		350.00
- Chambal Infrastructure Ventures Limited	-		350.00	
Loan Given		**1000.00**		**6449.51**
- ISG Novasoft Technologies Limited	1000.00		1360.00	
- CFCL Overseas Limited	-		5089.51	
Loan Repaid		**6387.31**		**1174.25**
- CFCL Overseas Limited	4480.92		714.25	
- ISG Novasoft Technologies Limited	1906.39		460.00	
Reimbursement of expenses		**19.41**		**7.58**
- Chambal Infrastructure Ventures Limited	17.39		0.92	
- Chambal Energy (Chhattisgarh) Limited	1.01		0.50	
- Chambal Energy (Orissa) Limited	1.01		5.72	
- CFCL Overseas Limited	-		0.44	
Corporate Guarantees Outstanding		**11193.60**		-
- ISGN Corporation, USA	11193.60		-	
Guarantee Commission Income		272.00	-	
ISGN Corporation, USA	272.00		-	
Outstanding balances as at the year end				
Advances receivable		**442.91**		**5821.59**
- ISGN Corporation, USA	-		10.96	
- ISG Novasoft Technologies Limited	-		906.39	
- Chambal Infrastructure Ventures Limited	301.56		284.16	
- Chambal Energy (Chhattisgarh) Limited	115.06		114.04	
- Chambal Energy (Orissa) Limited	25.69		24.68	
- India Steamship Limited	0.16		-	
- CFCL Overseas Limited	0.44		4481.36	
Guarantee Commission receivable		**72.40**		-
-ISGN Corporation, USA	72.40		-	
Trade Receivable		**3.68**		**221.99**
- India Steamship Pte Limited, Singapore	3.68		221.99	

(b) Joint Ventures
Indo Maroc Phosphore S.A. Morocco

(Rs. in Lacs)

Particulars	2011-12		2010-11	
Dividend Income		10033.23		1094.21
	10033.23		1094.21	
Reimbursement of expenses		44.72		38.58
	44.72		38.58	
Outstanding balances as at the year end-Advances receivable		24.94		33.58
	24.94		33.58	

(c) Key Management Personnel and their relatives
Mr.Anil Kapoor
Mrs.Deepali Kapoor (Spouse)
Mr.Hemant Kapoor (Son)
Ms.Priyanka Kapoor (Daughter)

(Rs. in Lacs)

Nature of Transactions	2011-12		2010-11	
Remuneration paid to Managing Director* Mr. Anil Kapoor	201.18	201.18	119.50	119.50
Interest income on loan given to Managing Director Mr. Anil Kapoor	0.38	0.38	0.60	0.60
Outstanding balances as at the year end Loan receivable Mr. Anil Kapoor	4.15	4.15	9.65	9.65

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

38. DETAILS OF LOANS AND ADVANCES TO FIRMS / COMPANIES IN WHICH DIRECTORS ARE INTERESTED AND INVESTMENTS BY THE LOANEE IN THE SHARES OF THE COMPANY (AS REQUIRED BY CLAUSE 32 OF LISTING AGREEMENT)

(Rs. in Lacs)

Particulars	Outstanding amount as at*		Maximum amount outstanding during financial year	
	31.03.2012	31.03.2011	2011-12	2010-11
Loans and advances to firms / companies in which directors are interested				
- The Oudh Sugar Mills Limited	3000	1000	3000	1000
- Upper Ganges Sugar & Industries Limited	2000	1000	2000	1000
- Zuari Investments Limited	-	1000	1000	1000
Investment by the above mentioned loanees in the shares of the Company				
- Upper Ganges Sugar & Industries Limited	70.42	70.42	70.42	70.42
- Zuari Investments Limited	40.30	40.30	40.30	40.30

*Repayable within one year

39. INTEREST IN JOINT VENTURE

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

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

Sl.No.	Particulars	2011-12	2010-11
1	Country of Incorporation or Registration	Morocco	Morocco
2	Accounting Period ended	31.12.2011	31.12.2010
3	Assets (Rs. in Lacs)	46767.48	30118.06
4	Liabilities (Rs. in Lacs)	17875.18	11045.66
5	Income (Rs. in Lacs)	65609.61	42407.07
6	Expenses (Rs. in Lacs)	56429.15	38901.59
7	Contingent Liabilities	-	-
8	Capital Commitments	-	-

40. GOVERNMENT GRANTS AND SUBSIDIES

(a) Nitrogenous Fertilizers are under the Concession Scheme as per New Pricing Scheme (NPS-Stage III) implemented w.e.f. 1st April, 2003. The concession price and freight has been accounted for on the basis of notified prices, further adjusted for input price escalation/ de-escalation, as per known policy parameters of NPS - Stage III, applicable for the period from October 1, 2006 to March 31, 2010, extended thereafter provisionally till further orders. Accordingly, the impact of revised concession price has been accounted for.

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

Current year subsidy income is inclusive of Rs.4442.38 lacs (Previous year Rs.1138.84 lacs) being the subsidy income, pertaining to earlier years, but determined during the year.

(b) Subsidy on traded fertilisers (other than Gypsum) has been accounted based on Nutrient Based Policy as notified by the Government of India. Current year subsidy income is inclusive of Rs.0.62 lacs (Previous year Rs.167.61 lacs) being the subsidy income, pertaining to earlier years but determined during the year.

(c) Subsidy on traded fertilisers (Gypsum) has been accounted as notified by the Government of Rajasthan. Current year subsidy income is inclusive of Rs.0.31 lacs (Previous year Nil) being the subsidy income, pertaining to earlier years but, determined during the year.

(d) The Textile Division of the Company is eligible for interest concession under the TUFS (Technology Upgradation Fund Scheme) of the Government of India. Accordingly, the Company has availed interest concession of Rs.380.97 lacs (Previous year Rs.433.40 lacs) during the year and reduced the same from interest expenses.

41. LEASES

(a) The lease payment made during the year amounts to Rs.103.55 lacs (Previous year Rs.181.59 lacs), out of which Rs.22.07 lacs (Previous year Rs.69.62 lacs) has been adjusted against Principal and Rs.81.48 lacs (Previous year Rs111.97 lacs) has been shown as Interest expenses . The interest rate on finance leases is around 28%. There is no renewal and escalation clause as well as restriction imposed in the lease agreement. There are no subleases.

The break up of minimum lease payment outstanding as at March 31, 2012 is as follows:

(Rs. in Lacs)

Period	2011-12			2010-11		
	Minimum lease payments	Present value of minimum lease payments	Finance lease charges	Minimum lease payments	Present value of minimum lease payments	Finance lease charges
Payable within one year	92.23	18.31	73.92	103.55	22.07	81.48
Payable after one year but before 5 years	368.05	150.67	217.38	367.99	114.98	253.01
Payable after 5 years	130.32	106.94	23.38	222.04	160.94	61.10

(b) The Company has entered into Operating Lease Agreements for the premises which are non- cancelable. The lease payments recognized in the Statement of Profit and Loss during the year amounts to Rs.901.85 lacs (Previous year Rs. 831.01 lacs). The renewal of lease will be as per the mutual understanding of lessee and lessor and there is no escalation clause. There are no restrictions imposed in the lease agreements and there are no subleases. The break up of minimum lease payment outstanding as at March 31, 2012 is as follows:

(Rs. in Lacs)

Period	Minimum Lease Payments	
	2011-12	2010-11
Payable within one year	828.99	801.88
Payable after one year but within five years	3187.03	3111.94
Payable after five years	1474.42	2128.51

(c) The lease payments, other than cases covered in point no. (b) above i.e. non - cancelable leases, recognized in the Statement of Profit and Loss during the year amounts to Rs. 401.12 lacs (Previous year Rs. 327.42 lacs). The renewal of leases will be as per the mutual understanding of lessee and lessor and there is no escalation clause. There are no restrictions imposed by lease arrangements.

42. DURING THE YEAR, THE COMPANY HAS REVISED THE ESTIMATED USEFUL LIFE OF VEHICLES BASED ON TECHNICAL ESTIMATES MADE BY THE MANAGEMENT. ACCORDINGLY, ADDITIONAL DEPRECIATION OF RS.125.26 LACS HAS BEEN ACCOUNTED FOR IN THE FINANCIAL STATEMENTS.

Had the Company continued to use the earlier basis of providing depreciation, the charge to the Statement of Profit and Loss for the current year would have been lower by Rs.84.62 lacs (net of tax of Rs.40.64 lacs) and the net block of fixed assets would correspondingly have been higher by Rs.125.26 lacs.

43. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS PER MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT (MSMED) ACT, 2006 :

(Rs. in Lacs)

Particulars	2011-12	2010-11
The principal amount due and remaining unpaid to any supplier as at the end of each accounting year.	19.34	1.52
The interest due on unpaid principal amount remaining as at the end of each accounting year.	-	-
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year, and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductive expenditure under Section 23 of the MSMED Act, 2006.	-	-

44. DERIVATIVE INSTRUMENTS

(a) Derivative outstanding as on March 31, 2012

Sl. No.	Details of Derivatives	Currency / pair of currency	Amount in foreign currency	Amount (Rs.in lacs)	Purpose
1.	Forward Contracts Buy	INR USD	USD 398,579,497.67 (173,428,059.00)	202,797.25 (77,348.91)	To hedge foreign currency loans from bank.
			USD 15,000,000.00 (-)	7,632.00 (-)	To hedge future purchase commitment
2.	Interest Swaps Buy	INR USD	USD 131,653,333.33 (146,293,333.00)	-	To hedge the interest expenses on foreign currency loan

(b) Details of foreign currency exposure that are not hedged by a derivative instrument or otherwise

S.No.	Exposure in foreign currency	Bank Balances	Nature of exposure and amount			
			Trade and other payables	Loans and interest accrued	other receivables	Trade and Investments
1.	USD	155,805.00 (26,925.00)	16,667,211.56 (1,566,501.00)	260,331,449.39 (299,044,856.39)	8,622,232.96 (18,812,119.00)	89,179,510.00 (70,491,174.00)
2.	SGD	-	183,081.00 (114,563.00)	-	11,025.00 (-)	1,079,962.00 (1,079,962.00)
3.	JPY	-	13,625,909.00 (5,110,409.00)	-	85,527.00 (-)	-
4.	GBP	-	- (3,633.00)	-	-	-
5.	EURO	-	41,070.19 (465,486.00)	-	22,437.57 (-)	-
6.	AED	-	268,013.00 (59,080.00)	-	-	-
7.	MAD	-	-	-	-	206,667,000.00 (206,667,000.00)

S.No.	Exposure in foreign currency	Bank Balances	Nature of exposure and amount			
			Trade and other payables	Loans and interest accrued	other receivables	Trade and Investments
8.	KW	-	3,840.00 (-)	-	-	-
9.	NOK	-	15,438.00 (53,753.00)	-	-	
10.	THB	-	-	-	2,750.00 (-)	-
11.	YUAN	-	-	-	69,785.00 (-)	-
	Exposure Rs. in lacs	79.27 (12.01)	8,705.83 (1,074.50)	132,456.64 (133,235.72)	4,413.04 (8,397.05)	48,217.67 (39,913.49)

Notes :

(a) Unhedged Loans of Rs.112754.28 lacs (Previous year Rs. 114189.86 lacs) are not payable within next one year.

(b) The hedging of Foreign Currency outflows is decided after considering the extent of natural hedge available from foreign currency inflows from export of goods and shipping activities.

(c) In case of hedged transactions mentioned in (a) above, all losses, wherever applicable, as of March 31, 2012 have been provided for.

(d) Previous year figures have been given in brackets.

45. EMPLOYEE STOCK OPTION PLAN

In terms of approval of shareholders accorded at the Annual General Meeting held on 27th August, 2010 and in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, (SEBI Guidelines) the Company formulated CFCL Employees Stock Option Scheme, 2010 ("Plan") for specified categories of employees and Managing Director of the Company. The Company has constituted a Compensation Committee comprising of majority of independent directors to administer the Plan. As per the Plan, 41,62,000 Stock Options can be issued to managing director and other specified categories of employees of the Company. The options are to be granted at market price. As per SEBI Guidelines, the market price is taken as the closing price on the day preceding the date of grant of options, on the stock exchange where the trading volume is the highest. Each option, upon vesting, shall entitle the holder to acquire 1 equity share of Rs.10. Details of the scheme are as under:

Particulars	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Date of grant	16/Sep/10	22/Jan/11	10/May/11	17/Oct/11
Date of Board Approval	08/May/10	08/May/10	08/May/10	08/May/10
Date of Shareholders' approval	27/Aug/10	27/Aug/10	27/Aug/10	27/Aug/10
Number of options granted	28,50,000	3,00,000	2,20,000	1,00,000
Method of settlement (cash / equity)	Equity	Equity	Equity	Equity
Exercise period	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting
Vesting conditions	Continued employment and individual performance	Continued employment and individual performance	Continued employment and individual performance	Continued employment and individual performance

Vesting Schedule :

Vesting Date	All tranches
1 year from the date of grant	15%
2 years from the date of grant	15%
3 years from the date of grant	20%
4 years from the date of grant	25%
5 years from the date of grant	25%

Movement in option have been summarized below :

Particulars	FY 2011-12 (Qty)	FY 2010-11 (Qty)
Outstanding at the beginning of the year	3,107,500	-
Granted during the year	320,000	3,150,000
Forfeited during the year	242,500	42,500
Exercised during the year	188,800	-
Expired during the year	-	-
Outstanding at the end of the year	2,996,200	3,107,500
Exercisable at the end of the year	270,200	-
Weighted average remaining contractual life (in years)	4.89	5.80
Weighted average Exercise price (in Rs.)	75.18	73.82

The details of exercise price of stock options outstanding at the end of the year are :

Tranche	Weighted Avg. fair value of options (in Rs.)	Range of exercise price (in Rs.)	Number of options outstanding (Qty)	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (in Rs.)
1	27.12	73.50	2,418,300	4.80	73.50
2	28.84	76.85	297,900	4.80	76.85
3	34.59	82.90	180,000	5.80	82.90
4	41.48	101.10	100,000	5.80	101.10

Stock Options granted

The weighted average fair value of stock options granted till date is Rs.28.16. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs :

Particulars	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Weighted average share price (Rs.)	73.50	76.85	82.90	101.10
Exercise Price (Rs.)	73.50	76.85	82.90	101.10
Expected volatility	63.06%	63.94%	63.76%	62.18%
Life of the options granted (vesting and exercise period) in years	4.8	4.8	5.8	5.8
Average risk-free interest rate	7.79%	8.05%	8.21%	8.29%
Expected dividend yield	7.02%	7.02%	5.77%	5.77%

The expected volatility was determined based on historical volatility data. For calculating volatility, the Company has considered the daily volatility of the stock prices of the Company on National Stock Exchange over a period prior to the date of grant, corresponding with the expected life of the options.

Since the Company used the intrinsic value method, the impact on the reported net profit and earnings per share by applying the fair value based method

In March 2005 the ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan, the grant date in respect of which falls on or after April1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

(Rs. in Lacs)

Particulars	2011-12	2010-11
Profit as reported	24728.69	32517.85
Less : Employee stock compensation under fair value method	291.74	178.11
Proforma profit	24436.95	32339.74
Earning per share		
Basic and diluted		
- as reported (In Rs.)	5.94	7.81
- proforma (In Rs.)	5.87	7.77

In FY 2010-11, CFCL Employees Welfare Trust ("Trust") was constituted, inter alia, for the purpose of subscribing / acquiring equity shares of Chambal Fertilisers and Chemicals Limited from the Company / Secondary market , to hold the shares and to allocate/ transfer these shares to eligible employees of the Company from time to time on the terms and conditions specified under the Plan. The Board of Directors at its meeting held on May 8, 2010 had approved grant of financial assistance upto Rs.3000 lacs by the Company to Trust in such manner and on such terms as agreed between the trustee(s) of the Trust and Managing Director of the Company for the purpose of subscribing/acquiring shares of the Company. The outstanding loan to the trust as at March 31, 2012 is Rs.1610.10 lacs. (Previous year Rs.677.10 lacs) Trust has purchased 22,42,202 equity shares (Previous year 8,47,002 equity shares) of the Company from the open market, out of interest free loan provided by the Company till March 31, 2012.

Current value of the shares outstanding as on March 31, 2012 is Rs.1587.28 lacs based on last closing price, whereas value of shares purchased in the trust books stand to Rs.1603.53 lacs resulting into temporary diminution of Rs.16.25 lacs. However, such loss has not been accounted for in the books of accounts, as such investment by the trust has been considered as long term investment as per AS 13, "Accounting for investments" notified by the Companies (Accounting Standards) Rules, 2006.

46. a) VALUE OF IMPORTS CALCULATED ON CIF BASIS*- (Rs. in Lacs)

Particulars	2011-12	2010-11
Raw Materials	118.72	92.55
Traded Products	203095.16	112482.06
Stores and spares	437.08	815.20
Capital Goods	2008.50	3191.37
Total	205659.46	116581.18

*Represents procurement routed through Customs clearance.

b) Imported and indigenous raw materials and spare parts consumed- (Rs.in Lacs)

Particulars	2011-12		2010-11	
	Amount	%	Amount	%
Raw Materials				
Indigenous				
Natural Gas	121099.42	83.03	95819.84	80.89
Neem Oil	396.65	0.27	252.16	0.21
Staple Fiber	15468.90	10.61	10159.66	8.57
Cotton	8764.83	6.01	12138.63	10.25
Total Indigenous	145729.80	99.92	118370.29	99.92
Imported				
Staple Fiber	118.72	0.08	92.55	0.08
Total Imported	118.72	0.08	92.55	0.08
Total Raw Materials	145848.52	100.00	118462.84	100.00
Spare parts*				
Indigenous	3294.76	89.35	3675.44	89.53
Imported	392.84	10.65	429.77	10.47
Total Spare parts consumed	3687.60	100.00	4105.21	100.00

* It does not include consumption of spares pertaining to Shipping Division of the Company, which has been physically procured outside India.

c) Expenditure in foreign currency (on accrual basis) (Rs. in Lacs)

Particulars	2011-12	2010-11
Design, Engineering and Supervision fee	176.25	825.19
Travelling and conveyance	56.32	54.47
Finance cost	7766.95	6075.25
Freight paid on chartered- in ship	5113.35	3424.78
Voyage expenses	14769.08	2096.10
Salary & Other benefits	2076.97	2164.34
Repair & Maintenance	661.43	404.11
Ship special survey expenses	-	823.32
Stores & Victualling	715.45	644.40
Insurance	927.73	757.09
Others	348.50	302.23
Total	32612.03	17571.28

d) Earnings in foreign currency (on accrual basis) (Rs. in Lacs)

Particulars	2011-12	2010-11
FOB value of exports	8,449.85	11,941.66
Dispatch money *	81.31	76.91
Dividend income	10,033.23	1,094.21
Interest	18.40	121.90
Rebate on purchases related to earlier years*	400.25	465.57
Late delivery charges recovery*	155.90	-
Reimbursement of salary related expenses	44.72	38.58
Freight & Charter hire from ships	17,259.04	19,102.44
Management fees	3.68	7.79
Others *	31.41	17.71
Total	36,477.79	32,866.77

* Included in other income

e) Net dividend remitted in foreign currencies-

Particulars	2011-12	2010-11
Number of non resident shareholders	298	311
Number of Shares held by them	9115,150	12070,750
Dividend remitted (Rs. In Lacs)	173.19	229.34
Year to which dividend relates	2010-11	2009-10

47 Tax related to earlier years' represents income-tax credit amounting to Rs.5,604.94 lacs (Previous year Nil) substantially on certain benefits allowed by Income Tax Appellate Tribunal, Jaipur and reversal of excess income tax provision for earlier years and provision for income-tax pertaining to earlier years amounting to Rs.1,146.40 lacs (Previous year Nil), which has been recognized during the current year.

48 Pending receipt of appeal effect orders for the assessment years 2003-04, 2004-05 and 2008-09, where appeals have been decided in favour of the Company by the Commissioner of Income Tax (Appeals) and/ or Income Tax Appellate Tribunal, interest on income tax refund has not been recognized thereof as the amount is presently not reasonably determinable. Interest income on this refund shall be recognized in the year the appeal effect order is received from Income Tax Department.

49 Till the year ended March 31, 2011, the Company was preparing its accounts based on the Schedule VI to the Companies Act 1956, During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification.

50 During the year, the Shipping Division of the Company has opted out of Tonnage Tax Scheme under the Income Tax Act, 1961 and therefore will be assessed under the normal tax regime w.e.f. April 01, 2011. The computation of current tax and deferred tax for the year has been done accordingly. Consequent to the above, the Company has accounted for net deferred tax liability on the difference between the written down value of the fixed assets pertaining to the shipping division as per books of accounts and the Income Tax Act, 1961 as on April 1, 2011 amounting to Rs.18,420.67 lacs and the same has been disclosed as 'Exceptional Deferred tax charge' in the statement of Profit & Loss.

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Anil Gupta
Partner
Membership No - 87921

Place : Gurgaon
Date : May 12, 2012

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

Anil Kapoor
Managing Director

S.K. Poddar
Chairman

Abhay Baijal
Vice President - Finance

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

Place : New Delhi
Date : May 12, 2012

Financial Performance of Subsidiaries during the Period April 1, 2011 to March 31, 2012

(Rs.in Lacs)

	Particular	Financial year ending of the Subsidiary	Share Capital	Reserves	Total Assets	Total Liabilities	Details of Investment (Other than subsidiaries)	Turnover	Profit/ (Loss) before Taxation	Proviosion for Taxation	Profit/ (Loss) after taxation	Proposed Dividend	The Exchange rates used for conversion of figures from foreign currency to Indian rupees are as under: Balance Sheet	Profit & Loss Account
1	CFCL Overseas Limited, Cayman Islands	31.03.2012	45374.53	22.24	45397.73	45397.73	-	-	239.80	-	239.80	-	US $=Rs. 50.88	US $=Rs. 50.88
2	CFCL Technologies Limited, Cayman Islands	31.12.2011	0.79	74586.85	74986.52	74986.52	-	-	(504.96)	-	(504.96)	-	US $=Rs. 53.11	US $=Rs. 53.11
3	ISGN Corporation, USA	31.12.2011	44.40	45451.16	65834.39	65834.39	-	13530.21	(4663.37)	129.21	(4792.58)	-	US $=Rs. 53.11	US $=Rs. 53.11
4	ISGN Solutions Inc., USA	31.12.2011	38.72	28544.89	29352.67	29352.67	-	6955.64	(3132.38)	21.59	(3153.97)	-	US $=Rs. 53.11	US $=Rs. 53.11
5	NITC, GmbH (formerly known as Novasoft Information Technology Corporation GmbH, Germany)	31.12.2011	17.50	17.62	15.22	15.22	-	-	-	-	-	-	EURO=Rs.69.99	EURO=Rs.69.99
6	Richmond Investors LLC, USA	31.12.2011	1135.70	(1059.22)	75.95	75.95	-	-	(132.96)	-	(132.96)	-	US $=Rs. 53.11	US $=Rs. 53.11
7	Richmond Title Genpar LLC, USA	31.12.2011	11.47	3.67	1514.00	1514.00	-	-	(1.34)	-	(1.34)	-	US $=Rs. 53.11	US $=Rs. 53.11
8	Richmond Title Services LP, USA	31.12.2011	1147.17	(1056.08)	369.34	369.34	-	798.37	(134.06)	0.24	(134.30)	-	US $=Rs. 53.11	US $=Rs. 53.11
9	CFCL Ventures Limited, Cayman Islands	31.12.2011	26.56	4409.00	4443.70	4,443.70	-	-	(1.16)	-	(1.16)	-	US $=Rs. 53.11	US $=Rs. 53.11
10	ISG Novasoft Technologies Limited, India	31.12.2011	3623.07	(245.96)	5190.05	5190.05	-	8782.77	1404.74	491.60	913.14	-	-	-
11	Inuva Info Management Private Limited, India	31.12.2011	2.38	35.89	39.31	39.31	-	-	(6.33)	-	(6.33)	-	-	-
12	Chambal Infrastructure Ventures Limited, India	31.03.2012	490.00	(116.06)	675.49	675.49	-	-	(1.10)	-	(1.10)	-	-	-
13	Chambal Energy (Chhattisgarh) Limited, India	31.03.2012	5.00	(11.54)	257.58	257.58	-	-	(1.02)	-	(1.02)	-	-	-
14	Chambal Energy (Orissa) Limited, India	31.03.2012	5.00	(22.92)	94.24	94.24	-	-	(1.02)	-	(1.02)	-	-	-
15	India Steamship Pte. Limited, Singapore	31.03.2012	356.16	1805.40	2233.56	2233.56	-	1359.09	(116.56)	(3.98)	(112.58)	-	US $=Rs. 50.88	US $=Rs. 46.99
16	ISGN Fulfillment Services, Inc.,USA (Pennsylvania)	31.12.2011	-	15254.30	7794.65	7794.65	6.95	35744.34	(3225.94)	0.81	(3226.75)	-	US $=Rs. 53.11	US $=Rs. 53.11
17	India Steamship International FZE	31.03.2012	3.46	(12.93)	5.18	5.18	-	-	(11.94)	-	(11.94)	-	US $=Rs. 50.88	US $=Rs. 46.99
18	India Steamship Limited, India	31.03.2012	310.00	160.92	476.01	476.01	-	-	(37.39)	6.68	(44.07)	-	-	-
19	ISGN Fulfillment Services, Inc. USA (Arizona) #	31.12.2011	-	-	-	-	-	-	-	-	-	-	-	-
20	ISGN Fulfillment Agency LLC, USA #	31.12.2011	-	-	-	-	-	-	-	-	-	-	-	-
21	ISGN Fulfillment Agency of Alabama LLC, USA #	31.12.2011	-	-	-	-	-	-	-	-	-	-	-	-

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

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

We have audited the attached consolidated balance sheet of Chambal Fertilisers and Chemicals Limited ('the Company') and its subsidiaries (collectively referred to as 'the Group'), as at March 31, 2012, and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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 over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of certain subsidiaries, joint venture and shipping division whose financial statements reflect total assets of Rs. 250581.61 lacs (Previous year Rs. 242275.18 lacs) as at March 31, 2012, total revenue of Rs. 146765.13 lacs (Previous year Rs. 131611.69 lacs) and cash outflows amounting to Rs. 14703.62 lacs (Cash inflows in Previous year Rs. 18129.05 lacs) for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of other auditors.

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

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in confirmity with the accounting principles generally accepted in India:

a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2012;

b) in the case of the consolidated statement of profit and loss, of the profit of the Group for the year ended on that date; and

c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date;

For S.R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

per ANIL GUPTA
Partner
Membership No. 87921

Place : Gurgaon
Date : May 12, 2012

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	41620.79	41620.79
Reserves and surplus	4	128495.08	115974.78
		170115.87	157595.57
Preference Shares (Held by other than Group)		0.18	0.16
Minority Interest		6640.90	4534.84
Non-Current Liabilities			
Long-term borrowings	5	118601.94	130902.98
Deferred tax liabilities (Net)	6	38605.21	20119.16
Other long term liabilities	7	317.39	216.67
Long term provisions	8	4498.75	2899.94
		162023.29	154138.75
Current Liabilities			
Short-term borrowings	9	228842.59	110557.42
Trade payables	10	49202.97	30792.56
Other current liabilities	11	43083.22	45721.91
Short-term provisions	12	19520.84	21553.94
		340649.62	208625.83
Total		679429.86	524895.15
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13	270125.69	274673.84
Intangible assets	14	31725.96	29368.65
Capital work-in-progres		6034.72	6679.95
Intangible assets under development		387.48	-
Non-current investments	15	9.46	8.37
Deferred tax assets (net)	47	102.56	73.19
Long term loans and advances	16	7256.02	3459.49
Other non-current assets	17	7041.84	7053.84
		322683.73	321317.33
Current assets			
Inventories	18	52784.67	35366.22
Trade receivables	19	221871.13	68965.07
Cash and bank balances	20	47960.83	61644.62
Short-term loans and advances	21	28364.59	17708.95
Other current assets	22	5764.91	19892.96
		356746.13	203577.82
Total		679429.86	524895.15
Summary of significant accounting policies	2 (c)		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Anil Gupta
Partner
Membership No - 87921

Place : Gurgaon
Date : May 12, 2012

Anil Kapoor
Managing Director

S.K. Poddar
Chairman

Abhay Baijal
Vice President - Finance

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

Place : New Delhi
Date : May 12, 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(Rs. in Lacs)

Particulars	Note No.	Year ended March 31, 2012	Year ended March 31, 2011
INCOME			
Revenue from operations (Gross)		755260.62	568907.03
Less : Excise duty		1443.29	341.67
Revenue from operations (Net)	23	753817.33	568565.36
Other income	24	8004.56	8730.66
Total Revenue (I)		761821.89	577296.02
Expenses:			
Cost of materials consumed	25	193770.24	146186.52
Purchase of traded goods		250303.33	145477.21
(Increase) in inventories of finished goods, work-in-progress and traded goods	26	(15456.14)	(10313.46)
Employee benefits expense	27	33879.87	35543.87
Other expenses	28	203734.83	176527.74
Freight to charter-in ship		5420.91	4801.39
Exceptional item	29	-	(278.87)
Total Expenses (II)		671653.04	497944.40
Earnings before interest, tax, depreciation and amortization (EBITDA) (I)-(II)		90168.85	79351.62
Depreciation / Amortization	13 & 14	30839.47	32287.42
Finance cost	30	12977.22	12735.72
Profit before tax		46352.16	34328.48
Tax expenses:			
Current tax		19340.27	17186.10
Current tax related to earlier years	52	(4332.59)	-
Deferred tax charge/(credit)		37.71	(4504.06)
Deferred tax related to earlier years	53	18420.67	-
Total tax expenses		33466.06	12682.04
Profit for the year (before adjustment for Minority Interest)		12886.10	21646.44
Share of Minority Interest in current year losses		2944.75	2412.68
Profit for the year		15830.85	24059.12
Earnings per equity share {nominal value of share Rs.10 (Previous year Rs.10)}			
Basic and Diluted (in Rs.)	31	3.80	5.78
Summary of significant accounting policies	2 (c)		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

For S.R. Batliboi & Co.
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Place : Gurgaon
Date : May 12, 2012

Place : New Delhi
Date : May 12, 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(Rs. in Lacs)

Particulars		Year ended March 31, 2012	Year ended March 31, 2011
A	CASH FLOW FROM OPERATING ACTIVITIES :		
	Profit after exceptional items and before tax	46352.16	34328.48
	Adjustments for :		
	Depreciation/ Amortisation	30839.47	32287.42
	Loss on sale of fixed assets	917.39	307.71
	Dimunition in value of Fertilisers Bond	-	100.00
	Profit from sale of Investment	(134.91)	(278.87)
	Premium on forward contracts amortised	6174.99	3747.65
	Unrealised foreign exchange fluctutaion	3198.22	50.41
	Provision for loss on derivative transaction	1835.21	824.70
	Provision for doubtful deposits/ advances	495.06	481.93
	Liabilities no longer required written back	(579.89)	(420.26)
	Catalyst charges written off	310.73	272.33
	Irrecoverable debts/ advances written off	600.37	423.16
	Employee stock option scheme	277.40	139.92
	Inventory written off (depletion of loose tools)	9.94	7.74
	Interest expense	11488.11	11391.79
	Interest income	(2357.69)	(4296.71)
	Dividend income on non trade current investment	(62.99)	(79.39)
	Operating profit before working capital changes	99363.57	79288.01
	Movement in working capital :		
	(Increase) in trade receivables	(153506.42)	(4755.44)
	Decrease in other current assets	16500.76	14801.77
	(Increase) / Decrease in loans and advance	(8071.76)	5967.97
	(Increase) in inventories	(17710.96)	(14835.78)
	Increase / (Decrease) in trade creditors, other liabilities and provisions	26736.45	(2257.70)
	Cash generated from operations	(36688.36)	78208.83
	Direct taxes paid (net of refunds)	(21464.16)	(17241.59)
	NET CASH FLOW (USED IN) / FROM OPERATING ACTIVITIES	(58152.52)	60967.24
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets	(12418.62)	(10979.62)
	Proceed from sale of fixed assets	2608.59	738.43
	Inter Corporate deposits given - repaid	6275.00	1650.00
	Inter Corporate deposits given	(8275.00)	(2650.00)
	Deposits (with maturity more than three months)	(15654.83)	(17346.01)
	Proceed of deposits matured (with maturity more than three months)	17346.01	525.00
	Purchase of investments	(121301.09)	(117882.58)
	Proceed from sale of investments	121434.91	124458.68
	Interest received	2547.91	4395.79
	Dividend received	62.99	79.39
	NET CASH FLOW (USED IN) INVESTING ACTIVITIES	(7374.13)	(17010.92)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Repayment of long term borrowings	(26071.58)	(25555.58)
	Proceeds from issue of Shares (including share premium)	3191.72	1576.93
	Procceds from buyers credit	192712.02	108036.64
	Repayment of buyers credit	(81382.80)	(52607.03)
	Net proceeds of short term borrowings	(4757.10)	(42316.37)
	Interest paid	(9021.73)	(10780.77)
	Dividend paid	(7834.39)	(7842.24)
	Tax on dividend paid	(1282.87)	(1313.44)
	NET CASH FROM / (USED IN) FINANCING ACTIVITIES	65553.27	(30801.86)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	26.62	13154.46
	Foreign Currency Transalation difference	1487.99	1273.38
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	30476.42	16048.58
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	31991.03	30476.42
	Components of cash and cash equivalents as at		
	Cash and cheques on hand	8.60	35.01
	Balances with banks :		
	- on unpaid dividend / debenture / fixed deposit accounts	918.38	841.61
	- on current account	6166.13	13194.68
	- on cash credit account	24533.95	16392.69
	- on saving account	79.40	12.43
	- on deposits account	15939.40	17346.01
	- on escrow account	326.88	13822.19
	Cash and bank balance as per note no.20	47972.74	61644.62
	Less: Fixed deposits not considered as cash equivalents	15654.83	17346.01
	Less: Escrow account balance not considered as cash equivalents	326.88	13822.19
	Net cash and cash equivalents	31991.03	30476.42

Note: Bank balances of Rs.918.38 lacs (Previous Year Rs.841.61 lacs) is earmarked for payment of unpaid dividend/ debenture / fixed deposit accounts and will not be available for use for any other purposes

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Anil Gupta
Partner
Membership No - 87921

Place : Gurgaon
Date : May 12, 2012

For and on behalf of the Board of Directors of
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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1. CORPORATE INFORMATION

   The Group is the largest manufacturer of Urea in private sector in India and is also into the trading of fertilisers and other agri inputs. It also has a Joint venture for manufacturing of Phosphoric Acid in Morocco. Apart from that the Group is also engaged in manufacturing of Synthetic and Cotton Yarn, Shipping Business and Software business.

2. (a) BASIS OF PREPARATION

   The Consolidated Financial Statements (CFS) of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

   The accounting policies adopted in the preparation of financial statements are consistent with those of previous year; except for the change in accounting policy explained below refer section 2(c)(i).

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

   (b) Principles of Consolidation

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

   i. Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered.

   ii. Interest in the assets, liabilities, income and expenses of the joint ventures are consolidated using proportionate consolidation method. Intra group balances, transactions and unrealized profits / losses are eliminated to the extent of Company's proportionate share.

   iii. The difference of the cost to the Company of its investment in subsidiaries and joint venture over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.

   iv. Minorities' interest in net profit of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding company.

   v. As far as possible, the CFS have been prepared using uniform accounting policies like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's stand alone financial statements. Differences in accounting policies have been disclosed separately.

   vi. The difference between the proceeds from disposal of investment in subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated Statement of Profit & Loss Account as the profit or loss on disposal of investment in subsidiary.

   vii. The accounts of all the Group entities are drawn up to the same reporting date as the parent entity (i.e. financial year ended March 31, 2012) except for the following entities where the accounts were drawn up as at December 31, 2011:

Sl. No.	Name of the entity	Relationship
(i)	Indo Maroc Phosphore S.A.	Joint Venture
(ii)	CFCL Technologies Limited and its subsidiaries	Step down Subsidiaries

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

   (c) Summary of significant Accounting Policies

   (i) Changes in Accounting Policy- Presentation and disclosure of financial statement

   During the year ended March 31, 2012 the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosure made in the financial statements. The Company has also reclassified the previous year figure in accordance with the requirements applicable in the current year.

(ii) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(iii) Tangible Fixed Assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed assets is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

From accounting periods commencing on or after December 07, 2006, the company adjusts exchange differences arising on translation / settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(iv) Depreciation on Tangible Fixed Assets

Depreciation is provided using Straight Line Method as per the useful life of the asset estimated by the management or the rates prescribed under Schedule XIV to the Companies Act, 1956 which ever is higher, except as mentioned in para (i) to (v) below. For this purpose, a major portion of the plant has been considered as continuous process plant.

Sl. No.	Assets	Useful life/rate
(i)	Second hand fixed assets at Textile division	On technically assessed remaining useful lives of such assets ranging from 3 to 7 years.
(ii)	- Leasehold Land - Leasehold Improvement - Assets under finance lease	Amortised over 99 Years Ranging from 4 to 15 Years Ranging from 3 to 9 Years These assets are amortised over the period of respective leases or useful life of assets, whichever is lower.
(iii)	Insurance/ Machinery Spares	Over the remaining useful lives of mother assets ranging from 1 to 18 years.
(iv)	Ships of Shipping Division	On technical evaluation of remaining useful life in case of old ships, which is 10 years, and as per Companies Act, 1956 in case of new ships.
(v)	Fixed assets of Shipping Division other than ships	On written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

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

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

v) Intangible Assets

a) Research costs are expensed as incurred. Development expenditure can only be capitalized if specific conditions are fulfilled.

Development expenditure incurred on software implementation is carried forward when its future economic benefits can reasonably be regarded as assured. The expenditure carried forward is amortized over their estimated useful life of five years on straight line basis.

The carrying value of development costs is reviewed for impairment annually when the asset is not in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS-5, "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies".

In respect of subsidiary Company

b) Intangible assets comprise of goodwill, costs relating to intellectual property rights, software development costs and software packages held for use in business.

Goodwill is not amortized but tested for impairment atleast annually or as circumstances warrant at the reporting unit level. If impairment is indicated, a write-down to fair value (normally measured by discounting estimated future cash flows) is recorded.

Costs relating to Intellectual property rights, which are acquired, are capitalized and amortized over a period of 1 to 3 years.

c) Research and development costs are expensed as incurred. Software product development costs are expensed as incurred until technological feasibility is achieved. Thereafter, all software product development costs are capitalized and amortized over the estimated economic life of the software (generally over 3 years). Capitalized software product development costs are presented as intangible assets on the balance sheet net of applicable amortization. The estimates of net realizable value and remaining economic life of the Group's product are subject to risks inherent in the software industry, such as changes in technology and customer perceptions. Management regularly reviews these estimates and makes adjustments as appropriate.

d) Cost of software packages is amortized over a period of 3 to 5 years.

vi) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired, if any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining, net selling price, recent market transactions are taken into account, if available, if no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

vii) Goodwill on Consolidation

Goodwill represents the difference between the Group's share in the net worth of the investee companies and the cost of acquisition at each point of time of making the investment. For this purpose, the Group's share of equity in the investee companies are determined on the basis of the latest financial statements of the respective companies available as on the date of acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Goodwill is not amortized but tested for impairment almost annually, if impairment is indicated, a write-down to fair value (normally measured by discounting estimated future cash flows) is recorded.

viii) Leases

Where the Group is a lessee

Finance leases, which effectively transfer to the Company substantially, all the risk and benefits incidental to the ownership of the leased item, are capitalized at inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized leased asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV of the Companies Act, 1956.

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

Where the Company is the lessor

Lease income by sub-lease of office premises is recognized in the profit and loss account on a straight-line basis over the lease term. Costs incurred towards such properties are recognized as expense in the Statement Profit and Loss. Initial direct costs such as legal costs, brokerage costs are recognized immediately in the Statement of Profit and Loss.

ix) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/ subsidy will be received.

Where the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

x) Investments

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments made, are classified as current investments. All other investments are classified as long-term investment.

On initial recognition, all investments are measured at cost. The cost comprises of purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in the value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

xi) Inventories

Inventories are valued as follows:

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

*included under the inventory of stores and spares.

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

xii) Borrowing Costs

Borrowing costs includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowing and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

xiii) Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific criterias must also be met before revenue is recognized:

(a) Sale of Goods

Revenue, including subsidy, in respect of sale of products is recognised when the significant risks and rewards of ownership of the goods is passed to the buyer. Excise Duty deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability accruing during the year. The Company collects Sales Tax and VAT on behalf of Government and therefore, these are not economic benefits flowing to the Company. Hence, these are excluded from the revenue.

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

Subsidy on Traded fertilizers (except Gypsum) is recognized based on Concession rates, including freight, as notified by the Government of India under Nutrient Based Subsidy Scheme and Uniform Freight Policy. Subsidy on traded fertilizer (Gypsum) is recognized based on district wise concession rates, as notified by the Government of Rajasthan.

(b) Income from operations of Shipping Division

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

(c) Income from operations of Software business

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

- Revenue derived from professional services under the time and material contract is recognized as the related services are performed.
- Revenue from title and related operations are primarily transaction based and are recognized as revenue when services are performed, the fee is fixed or determinable, and collection is reasonably assured.
- Revenue from transaction services and other service contracts is recognized based on transactions processed. The Subsidiaries also generate upfront non-refundable revenues from process transition activities. Revenue and costs atttibutable to such process transition activities are deferred where such activities do not represent the culmination of a separate earnings process. Such revenue and related costs are recognized ratably over the period in which the related services are performed. Deferred costs are limited to the amount of deferred revenue and any excess costs are expensed as incurred.
- The Group derives its revenues from software services and from BPO/KPO services. Revenue is recognized when there is persuasive evidence of a contractual arrangement with customers, delivery has occurred, the sales price is fixed or determinable and collectability is probable. Software services are provided either on a fixed price, fixed time frame or on a time and material basis. Revenue with respect to time-and-material contracts are recognized as related services are performed. The Company's fixed price contracts include application maintenance and support services, on which revenue is recognized ratably over the term of maintenance. Revenue with respect to other fixed price contracts is recognized on a percentage of completion basis. The input (cost expended) method has been used because management considers this to be the best available measure of progress on these contracts as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted are recorded in the period in which such losses become probable based on the current contract estimates.
- Software license fee is recognized when persuasive evidence of an arrangement exists, delivery of the product has occurred at the customer's location, the fees is fixed or determinable and collection is probable.
- When software licenses are sold together with implementation or consulting services, license fees are recognized upon delivery provided all criterias are met, payments of the license fees is not dependent upon the performance of services, and the services do not provide significant customization or modification of the software products and are not essential to the functionality of the software that was delivered.
- Revenue from post-contract services, such as software maintenance is recognized on a straight-line basis over the term of the support period. The majority of the software maintenance agreements provide technical support as well as unspecified software product upgrades and releases when and if made available during the term of the support period.
- Recovery of out-of-pocket expenses is added to respective revenue.
- Unbilled revenue represents work executed in accordance with the terms of the agreement with customers but not billed as of the balance sheet date.

(d) Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head 'Other Income' in the statement of profit and loss. Further, interest on delayed payment from customers are accounted on accrual basis to the extent these are measurable & ultimate collection is reasonably certain.

(e) Dividend

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

(f) Insurance Claims

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

(g) Export Benefits

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

xiv) Advance from Customers – Software Business

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

xv) Foreign Currency Translation

(a) Initial recognition

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

(b) Conversion

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

(c) Exchange differences

From accounting periods, commencing on or after December 7, 2006, the Company accounts for exchange differences arising on translation / settlement of foreign currency monetary items as below:

i Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the Company treats a foreign monetary item as 'long term foreign currency monetary item', if it has a term of 12 months or more at the date of its origination.

ii Exchange differences arising on other long-term foreign currency monetary items are accumulated in the 'Foreign Currency Monetary Item Translation Difference Account' and amortized over the remaining life of the concerned monetary item but not beyond accounting period ending on or before March 31, 2020.

iii All other exchange differences are recognized as income or as expense in the period in which they occur.

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

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense / income over the life of the contract. Exchange differences on such contracts, except the contract which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period. Any gain / loss arising on forward contract which are long-term foreign currency monetary items is recognized in accordance with paragraph (a) and (b).

(e) Translation of non-integral foreign operation

In translating the financial statements of a non-integral foreign operations for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operations are translated at the closing rate, income and expense items of the non-integral foreign operations are translated at average exchange rates prevailing during the year, and all resulting exchange differences are accumulated as a 'Foreign Currency Translation Reserve' until the disposal of the net investment.

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

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

xvi) Retirement and other employee benefits

(a) Retirement benefit in the form of Provident Fund is a defined benefit obligation in case of fertiliser and shipping division of the Company and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year-end and the balance of own managed fund is provided for as liability in the books. Any excess of plan asset over projected benefit obligation is ignored as such surplus is distributed to the beneficiaries of the trust.

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

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

(c) Pension fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(d) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. However, in respect of Fertiliser Division, Company has taken policies from LIC & ICICI and for Shipping Division, and one of the step down subsidiaries of CTL the Company has taken a policy from LIC to cover the gratuity liability of the employees. The difference between the actuarial valuation of the gratuity of employees at the year-end and the balance of funds with LIC & ICICI is provided for as liability in the books.

(e) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

(f) The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains / losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

xvii) Income Taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act 1961 enacted in India, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-asseses unrecongnized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

xviii) Segment Reporting Policies

Identification of segments

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

Allocation of common costs

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

Unallocated items

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

Segment policies

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

xix) Earning per share

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

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

xx) Provisions

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

xxi) Cash and Cash equivalents

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

xxii) Derivative Instruments

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

xxiii) Employee Stock Compensation Costs

Holding Company

Measurement and disclosure of the employee stock option scheme is done in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

Subsidiary Company

Measurement and disclosure of the employee share-based payment plans is done in accordance with Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

xxiv) **Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

xxv) **Basis of classification of Current and Non Current**

Assets and Liabilities in the balance sheet have been classified as either current or non-current based upon the requirements of Revised Schedule VI notified under the Companies Act, 1956.

An asset has been classified as current if (a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is expected to be realized within twelve months after the reporting date; or (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. All other assets have been classified as non-current.

A liability has been classified as current when (a) it is expected to be settled in the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is due to be settled within twelve months after the reporting date; or (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. All other liabilities have been classified as non-current.

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.

xxvi) **Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 3 : SHARE CAPITAL		
Authorised :		
440,000,000 (Previous year 440,000,000) Equity Shares of Rs.10/- each	44000.00	44000.00
210,000,000 (Previous year 210,000,000) Redeemable Preference Shares of Rs.10/- each	21000.00	21000.00
	65000.00	65000.00
Issued, Subscribed and Paid Up :		
416,207,852 (Previous year 416,207,852) Equity Shares of Rs.10/- each, fully paid up	41620.79	41620.79
	41620.79	41620.79

a) **Terms / rights attached to equity shares-**

The Company has only one class of shares having a par value of Rs.10 per share fully paid up. Each holder of equity shares is entitled to one vote per share and will rank pari passu with each other in all respect. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing annual general meeting.

b) **Details of shareholders holding more than 5% shares in the Company**

Name	31-Mar-12		31-Mar-11	
	No. of Shares	% holding	No. of Shares	% holding
Zuari Industries Limited	59,015,360	14.18	59,015,360	14.18
The Hindustan Times Limited	50,061,715	12.03	50,061,715	12.03
SIL Investments Limited	32,153,455	7.73	32,153,455	7.73
Life Insurance Corporation of India	23,810,373	5.72	18,562,051	4.46

As per the records of the Company, including its register of shareholders/members and other declerations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 4 : RESERVES AND SURPLUS		
Capital Reserve (arising on forfeiture of shares)	20.95	20.95
Securities Premium Account		
Balance as per last account	9351.10	7774.20
Additions during the year	3191.70	3919.46
Share of Minority interest	(7362.32)	(2342.56)
	5180.48	9351.10
Capital Redemption Reserve	25.00	25.00
Foreign Currency Translation Reserve		
Balance as per last account	4358.02	6932.26
Additions/(Adjustments) during the year	6686.06	(2563.66)
Add/ (Less) : Share of Minority interest	157.50	(10.58)
	11201.58	4358.02
Debenture Redemption Reserve		
Balance as per last account	-	312.50
Less: Transferred to Profit and Loss Account	-	312.50
	-	-
Stock Options Outstanding (Refer Note No. 44 (b))	514.62	382.41
General Reserve		
Balance as per last account	20332.46	16800.25
Add: Transferred from Profit and Loss Account	5191.09	3532.21
Add: ESOP Option forfeited due to resignation of employees (Refer Note No. 45(a)(iii))	145.19	-
Less: Share of Minority interest	(6.61)	-
	25662.13	20332.46
Tonnage Tax Reserve under section 115 VT of Income Tax Act,1961		
Balance as per last account	425.00	375.00
Add: Transferred from Profit and Loss Account	-	50.00
	425.00	425.00
Tonnage Tax Reserve under section 115 VT of Income Tax Act,1961(Utilised) Account		
Balance as per last account	3850.00	3850.00
	3850.00	3850.00
Profit and Loss Account		
Balance as per last account	77229.84	65631.25
Add : Surplus for the year (profit)	15830.85	24059.12
Transferred from Debenture Redemption Reserve	-	312.50
Share of Minority Interest in opening losses	2936.59	-
Transfer to General Reserve	(5191.09)	(3532.21)
Transfer to Tonnage Tax Reserve	-	(50.00)
Proposed Dividend on Equity Shares	(7907.99)	(7907.95)
Tax on Dividend	(1282.88)	(1282.87)
	81615.32	77229.84
	128495.08	115974.78

(Rs. in Lacs)

Particulars	As at March 31, 2012 Non Current	As at March 31, 2012 Current Maturities	As at March 31, 2011 Non Current	As at March 31, 2011 Current Maturities
NOTE 5: LONG-TERM BORROWINGS				
Secured Loans:				
Term loans from banks				
- Rupee term loans	5449.00	1517.00	15451.00	1505.00
- Foreign currency term loans	112754.28	17514.33	114189.86	12565.07
Term loans from others	-	39.62	33.28	115.91
Finance lease obligation	398.66	125.44	306.26	52.69
Unsecured loans				
Fixed Deposits	-	-	-	5.72
Convertible notes interest bearing	-	597.49	922.58	2328.71
	118601.94	19793.88	130902.98	16573.10
Less : Current maturities shown under other current liability (Refer Note No. 11)	-	19793.88	-	16573.10
	118601.94	-	130902.98	-

Notes:

i Rupee term loans of Rs.6966.00 lacs (including current maturities of Rs.1517.00 lacs) carry interest rate in the range of 11.65%-13.00% p.a. Out of these, one term loan amounting to Rs.3290 lacs is repayable in 8 quarterly installments of Rs.176.25 lacs each starting from June 30, 2012 and balance in last 8 quarterly installments of Rs.235 lacs each. Another term loan amounting to Rs.3496 lacs. is repayable in 8 quarterly installments of Rs.188 lacs each starting from June 30, 2012 and thereafter 7 quarterly installments of Rs.250 lacs each and last installment of Rs.242 lacs. Another term loan amounting to Rs.180 lacs is repayable in 36 monthly installment of Rs.5.00 lacs. each starting from April 30, 2012. These loans are secured by first pari-passu charge by way of mortgage, by deposit of title deeds in respect of immovable properties and hypothecation of the movable fixed assets of the Company, both present and future (save and except assets of shipping division), subject to prior charges created/ to be created in favour of banks on current assets and other movables for securing working capital borrowings.

ii Foreign currency term loans of USD 657.03 lacs (Rs.33429.53 lacs including current maturities of Rs.7019.38 lacs) carry interest rate in the range of 3/6 months LIBOR plus 1.45%-4.50% p.a. Out of these, one term loan amounting to USD 250 lacs (Rs.12720.00 lacs) is repayable in 8 quarterly installments of USD 31.25 lacs (Rs.1590.00 lacs) each starting from December 09, 2012. Another term loan amounting to USD 327.03 lacs (Rs.16639.13 lacs) is repayable in 22 equal quarterly installments starting from June 20, 2012. Another term loan amounting to USD 80 lacs (Rs.4070.40 lacs) is repayable in 20 equal quarterly installments starting from May 27, 2012. These loans are secured by first pari-passu charge by way of mortgage, by deposit of title deeds in respect of immovable properties and hypothecation of the movable fixed assets of the Company, both present and future (save and except assets of shipping division), subject to prior charges created/ to be created in favour of banks on current assets and other movables for securing working capital borrowings.

iii Foreign currency term loan of USD 360 lacs (Rs.18316.80 lacs including current maturities of Rs.2035.20 lacs) carry interest @ 3 months LIBOR plus 1.125% p.a. The loan is repayable in 16 quarterly installments of USD 10.00 lacs each (Rs.508.80 lacs) starting from June 08, 2012 and the last installment of USD 200.00 lacs (Rs.10176.00 lacs). The loan is secured by first priority mortgage on the Company's vessel-Ratna Puja and assignment of earnings, insurance and requisition compensation in respect of such vessel.

iv Foreign currency term loan of USD 490 lacs (Rs.24931.20 lacs including current maturities of Rs.2035.20 lacs) carry interest @ 3 months LIBOR plus 0.875% p.a. The loan is repayable in 31 quarterly installments of USD 10.00 lacs (Rs. 508.80 lacs) each starting from June 09, 2012 and the last installment of USD 180.00 lacs (Rs. 9158.40 lacs). The loan is secured by first priority mortgage on the Company's vessel-Ratna Shalini and assignment of earnings, insurance and requisition compensation in respect of such vessel and second priority mortgage on the Company's vessel-Ratna Puja and assignment of earnings, insurance and requisition compensation in respect of such vessel.

v Foreign currency term loans of USD 1053.28 lacs (Rs.53591.08 lacs including current maturities of Rs.6424.55 lacs) carry interest @ 3 months LIBOR plus 0.40% p.a. One tranch of the term loan of USD 330 lacs (Rs.16790.40 lacs) is repayable in 33 equal quarterly installment starting from April 22, 2012. Another tranch of the term loan of USD 330 lacs (Rs.16790.40 lacs) is repayable in 33 equal quarterly installment starting from June 03, 2012. Another tranch of the term loan of USD 393.284 lacs (Rs.20010.28 lacs) is repayable in 34 equal quarterly installment starting from April 15, 2012.These loans are secured by first priority mortgage on the Company's three vessels i.e. Ratna Shruti, Ratna Shradha and Ratna Namrata and assignment of earnings, insurance and requisition compensation in respect of such vessels.

vi Finance lease obligation of Rs.275.92 lacs (including current maturities of Rs.18.31 lacs) is repayable in 104 monthly installments of Rs.6.77 lacs each starting from January, 2010 carries interest rate of around 28%. In the books of subsidiary there are various finance lease obligation amounting to Rs.248.18 lacs (including current maturities of Rs.107.13 lacs) repayable in 3 years repayment amount ranging from Rs.0.07 lac to Rs.2.52 lacs and rate of Interest ranging from 5.99% to 15.31%.All these assets are secured by assets acquired under the facility.

(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 6 : DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	40089.04	21663.82
Gross Deferred Tax Liabilities	40089.04	21663.82
Deferred Tax Assets		
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	267.98	454.50
Provision for gratuity	106.47	48.46
Provision for leave encashment	475.89	304.46
Provision for doubtful debts		
Provision for dimunition in the value of fertiliser bonds	-	699.19
Provision for Mark to Market (MTM) on derivative contract	633.49	38.05
Gross Deferred Tax Assets	1483.83	1544.66
Net Deferred Tax Liability	38605.21	20119.16
NOTE 7 : OTHER LONG TERM LIABILITIES		
Trade payable (other than Micro and Small Enterprises)	316.99	215.97
Earnest money / security deposits	0.40	0.70
	317.39	216.67
NOTE 8 : LONG TERM PROVISIONS		
Provision for gratuity (Refer Note No.38)	319.77	265.06
Provision for loss on derivative contract	4178.98	2634.88
	4498.75	2899.94
NOTE 9 : SHORT-TERM BORROWINGS		
Secured Loans:		
From Banks*		
- Cash credit facilities	10049.00	525.38
From Others**	10622.00	6188.24
Unsecured Loans:		
From Banks:		
- Rupee loans	4500.00	20000.00
- Foreign currency loans	202797.25	79785.23
- Packing credit foreign currency loan	835.37	4044.47
Other Financial Debts	38.97	14.10
	228842.59	110557.42

* Cash credit facilities from banks are secured by hypothecation of all the Company's current assets including all stocks and book debts and other movables, both present & future (except assets of Shipping Division). These loans are further secured/ to be secured by second charge on all the immovable properties (except assets of Shipping Division) of the Company. The cash credit facilities, rupee loans, foreign currency loans and packing credit foreign currency loans carry interest rate in range of 11% - 13%, 7.75% - 11%, 0.80% - 3.50% and LIBOR plus 2.50% - 2.75% respectively.

** The line of credit facility is secured by way of pledge and secured by collateral interest in all rights, title, interest in, (i) all accounts; (ii) all General Intangibles; (iii) all cash or cash equivalents; (iv)all Deposit Accounts with any bank or other financial institution; (v) and all accessories to, substitutions for and replacements, proceeds, insurance proceeds and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs , printouts and other computer materials and records related thereto and any general intangibles at any time evidencing or relating to any of the foregoing but excluding deposit, escrow or similar accounts of the borrowers held for the benefit of third parties in the ordinary course of business of the borrowers. Line of credit facility carries interest rate of 3.375% along with 0.50% as monthly commitment fees on the loan amount.

(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 10 : TRADE PAYABLES		
Trade payable (including acceptances)		
Outstanding dues to Micro and Small Enterprises (Refer Note No.54)	19.34	1.52
Outstanding dues to creditors other than Micro and Small Enterprises	49183.63	30791.04
	49202.97	30792.56
NOTE 11 : OTHER CURRENT LIABILITIES		
Current Maturity of long term borrowings (Refer Note No. 5)	19793.88	16573.10
Interest accrued but not due on loans	1717.12	655.96
Advance from customers	3901.58	4156.02
Earnest money / security deposits	3978.06	3348.51
Unclaimed statutory liabilities (as referred in section 205C of the Companies Act, 1956):*		
- Unpaid dividend	914.67	841.10
- Unpaid matured deposit	11.27	14.79
- Unpaid dividend	-	-
- Unpaid interest on above	3.23	0.99
Escrow liability**	323.69	13819.51
Forward contract	-	2700.72
Book overdraft	-	350.97
Other liabilities (Refer Note No.34A for Rs. 8841.21 lacs)	9627.66	1370.81
Purchase consideration payable	82.73	161.57
Statutory obligation payable	2729.33	1727.86
	43083.22	45721.91

* Amount payable to Investor Education and Protection Fund is Rs.0.14 lac (previous year Rs.0.06 lac)
** Escrow liability represents gross amount received from lenders, pending disbursements to borrowers.

NOTE 12 : SHORT-TERM PROVISIONS		
Provision for employees benefits		
Provision for gratuity (Refer Note No.38)	169.47	56.63
Provision for leave encashment	2012.69	1490.61
Others Provisions		
Provision for taxation (net of advance tax payments)	7532.75	10493.86
Provision for wealth tax	16.95	15.02
Provision for loss on derivative contract	598.11	307.00
Proposed dividend on equity shares	7907.99	7907.95
Tax on proposed dividend	1282.88	1282.87
	19520.84	21553.94

NOTE 13 : TANGIBLE ASSETS

(Rs in lacs)

Particulars	Land-Freehold	Land-Leasehold	Buildings	Leasehold Improve-ments	Leasehold Improvements (on Finance Lease)	Railway Siding	Plant & Machinery	Factory Equipment	Office Equipment	Office Equipment (on Finance Lease)	Furniture & Fittings	Vehicles	Vehicles (on Finance Lease)	Ships	Total
Gross Block															
At April 01, 2010	325.59	587.28	22267.51	1417.14	487.63	2205.11	335,118.29	1773.42	9091.19	529.42	1,766.34	518.32	323.80	170526.48	546937.52
Additions	-	-	22.49	121.90	-	-	4073.30	118.67	627.84	33.80	28.75	294.48	-	137.60	5,458.83
Deletions	-	-	(4.60)	(54.77)	(185.37)	-	(4332.44)	(23.21)	(370.25)	(0.02)	(46.77)	(63.80)	(152.14)	-	(5233.37)
Adjustment	-	-	-	-	-	-	(168.07)	-	(439.89)	439.89	-		-	(934.65)	(1102.72)
Forex Translation Adjustment	-	-	(352.62)	(44.89)	-	-	(2773.76)	(48.39)	604.09	(888.29)	(8.45)	(5.59)	-	-	(3517.90)
At March 31, 2011	**325.59**	**587.28**	**21932.78**	**1439.38**	**302.26**	**2205.11**	**331917.32**	**1820.49**	**9512.98**	**114.80**	**1739.87**	**743.41**	**171.66**	**169729.43**	**542542.36**
Additions	-	-	67.52	484.07	-	-	7575.97	114.13	305.13	174.83	43.51	214.54	-	6.51	8986.21
Deletions	-	-	(1211.02)	(75.56)	-	-	(7265.54)	(28.20)	(152.29)	-	(104.27)	(67.26)	(64.16)	-	(8968.30)
Adjustment	-	-	-	-	-	-	697.59	-	-	-	-	107.50	(107.50)	14447.82	15145.41
Forex Translation Adjustment	-	-	562.88	213.64	-	-	5,124.94	-	1371.56	24.17	183.43	13.64	-	-	7494.26
At March 31, 2012	**325.59**	**587.28**	**21352.16**	**2061.53**	**302.26**	**2205.11**	**338050.28**	**1906.42**	**11037.38**	**313.80**	**1862.54**	**1011.83**	**-**	**184183.76**	**565199.94**
Depreciation															
At April 01, 2010	-	120.37	7156.98	951.47	17.56	1387.46	206844.02	1047.12	6913.61	357.03	1290.21	210.70	236.41	19271.42	245804.36
Additions	-	5.94	563.83	211.72	34.55	104.74	17602.80	81.64	1023.97	30.83	156.54	66.43	50.75	8858.60	28792.34
Deletions	-	-	(1.06)	(38.31)	(6.68)	-	(2904.00)	(14.14)	(327.22)	-	(48.35)	(35.09)	(131.27)	-	(3506.12)
Adjustment	-	-	-	-	-	-	-	-	344.51	(344.51)	-	-	-	-	-
Forex Translation Adjustment	-	-	(177.88)	(34.14)	-	-	(2,713.58)	(31.03)	(239.88)	(7.05)	(14.14)	(4.35)	-	-	(3222.05)
At March 31, 2011	**-**	**126.31**	**7541.87**	**1090.74**	**45.43**	**1492.20**	**218829.24**	**1083.59**	**7714.99**	**36.30**	**1384.26**	**237.69**	**155.89**	**28,130.02**	**267868.53**
Additions	-	5.93	571.12	137.86	34.54	104.74	15907.26	79.63	691.59	132.06	138.71	178.95	-	9,724.97	27707.36
Deletions	-	-	(1150.47)	(75.56)	-	-	(5481.12)	(19.70)	(127.53)	-	(77.32)	(48.73)	(59.49)	-	(7039.92)
Adjustment	-	-	-	-	-	-	-	-	-	-	-	96.40	(96.40)	-	-
Forex Translation Adjustment	-	-	328.13	177.77	-	-	4,565.66	-	1,270.60	18.26	167.17	10.69	-	-	6,538.28
At March 31, 2012	**-**	**132.24**	**7,290.65**	**1,330.81**	**79.97**	**1596.94**	**233821.04**	**1143.52**	**9549.65**	**186.62**	**1612.82**	**475.00**	**-**	**37854.99**	**295074.25**
Net Block															
At March 31, 2011	**325.59**	**460.97**	**14390.91**	**348.64**	**256.83**	**712.91**	**113088.09**	**736.90**	**1797.99**	**78.50**	**355.61**	**505.72**	**15.77**	**141599.41**	**274673.84**
At March 31, 2012	**325.59**	**455.04**	**14061.51**	**730.72**	**222.29**	**608.17**	**104229.24**	**762.90**	**1487.73**	**127.18**	**249.72**	**536.83**	**-**	**146328.77**	**270125.69**

Notes :

1. Freehold land includes Rs.0.81 lac (Previous year 0.81 lac), which is yet to be registered in the Company's name.
2. Gross Block and Accumulated Depreciation of Buildings includes Rs.0.71 lac (Previous year Rs.0.71 lac) and Rs.0.56 lac (Previous year Rs.0.56 lac) respectively represent undivided share in assets jointly owned with others.
3. Adjustment to Plant & Machinery includes additions of Rs.1353.48 lacs (Previous year deletions of Rs.168.07 lacs) and adjustment to ships includes additions of Rs.14447.82 lacs (Previous year deletion of Rs.934.65 lacs) being variations in rupee liability in respect of foreign currency.
4. Adjustment to Plant & Machinery includes Cenvat Credit of Rs.655.89 lacs (Previous year nil) related to earlier years but availed during the year.
5. Capital work in progress includes preoperative expenses amounting Rs.412.16 lacs (Previous year Rs.341.14) (Refer Note No.36).

NOTE 14 : INTANGIBLE ASSETS

(Rs. in Lacs)

Particulars	Software	Software on Finance Lease	Patents & Trade Marks	Intellectual Property Rights	Goodwill	Goodwill on Consolidation	Total
At April 01, 2010	6906.24	-	88.72	2032.78	14833.04	16598.89	40459.67
Purchase during the year	1479.56	-	-	-	114.50	470.34	2064.40
Adjustment	-	-	(88.72)	-	(855.58)	-	(944.30)
Deletion	-	-	-	-	-	-	-
Forex Translation Adjustment	(260.85)	-	-	(80.13)	(568.08)	(650.86)	(1559.92)
At March 31, 2011	8124.95	-	-	1952.65	13523.88	16418.37	40019.85
Purchase during the year	1525.84	100.63	-	-	-	-	1626.47
Adjustment	4.56	-	-	-	-	-	4.56
Deletion	-	-	-	-	(875.77)	(280.11)	(1155.88)
Forex Translation Adjustment	1465.96	13.91	-	366.86	2419.76	2,978.53	7245.02
At March 31, 2012	11121.31	114.54	-	2319.51	15067.87	19,116.79	47740.02
Amortisation							
At April 01, 2011	4184.03	-	62.02	2032.78	1284.14	-	7562.97
Addition	1812.50	-	-	-	1682.58	-	3495.08
Adjustment	-	-	(62.02)	-	-	-	(62.02)
Forex Translation Adjustment	(176.19)	-	-	(80.13)	(88.51)	-	(344.83)
At March 31, 2011	5820.34	-	-	1952.65	2878.21	-	10651.20
Addition	1921.73	31.99	-	-	1178.39	-	3132.11
Adjustment	1.88	-	-	-	-	-	1.88
Forex Translation Adjustment	1153.93	4.42	-	366.86	703.66	-	2228.87
At March 31, 2012	8897.88	36.41	-	2319.51	4760.26	-	16014.06
Net Block							
At March 31, 2011	2304.61	-	-	-	10645.67	16418.37	29368.65
At March 31, 2012	2223.43	78.13	-	-	10307.61	19116.79	31725.96

Note : For Goodwill on Consolidation, refer Note No. 40.

(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 15 : NON-CURRENT INVESTMENTS		
Long Term Investments (At Cost) :		
A. Investment in Equity Instruments		
Other than trade (Unquoted)		
- 20,000 (Previous Year 20,000) equity shares of Rs.10 each fully paid up in Shivalik Solid Waste Management Limited.	2.00	2.00
B. Investment of Government Securities		
Other than Trade (Unquoted)		
- 6 Year National Savings Certificates VIII Issue (lodged with Govt. Authorities.)	0.09	0.09
- Indira Vikas Patra	0.20	0.20
C. Investment in Bonds & Debentures		
Other than Trade (Unquoted)		
- 218 (Previous year 218) 5% Non Convertible Debentures of Woodlands Hospital and Medical Research Centre Ltd of Rs.100 each fully paid up	0.22	0.22
- 14 (Previous year 14) 8% Non Convertible Debentures of Indian Chamber of Commerce of Rs.12.50 each fully paid up	0.01	0.01
D. Quoted		
- 350 (Previous Year 350) ordinary shares in StanCorp Financial Group, Inc, USA	6.94	5.85
	9.46	8.37
Aggregate amount of unquoted investments	2.52	2.52
Aggregate amount of quoted investments (Market value: Rs. 6.83 lacs) (March 31, 2011: Rs. 7.06 lacs)	6.94	5.85
NOTE 16 : LONG TERM LOANS AND ADVANCES		
(Unsecured except to the extent stated and considered good except to the extent stated)		
Capital advances	2102.01	1037.50
Advances recoverable in cash or in kind or for value to be received	4.80	10.68
Balances with statutory/ government authorities	297.95	20.09
Loans to employees		
a) Secured	345.09	364.87
b) Unsecured	320.13	40.28
Advance to CFCL Employees Welfare Trust (Refer Note No.44 (a))	1610.10	677.10
Prepaid Expenses	1285.97	3.49
Deposits - others	1289.97	1305.48
	7256.02	3459.49
Included in Loans to employees		
i. Dues from directors of the Company	-	4.15
ii. Dues from officers of the Company	6.95	-
NOTE 17 : OTHER NON-CURRENT ASSETS		
Catalysts in use (value based on life technically assessed)	1082.02	1110.18
Stores and Spares	5947.91	5943.66
Non current bank balance (Refer Note No.20)	11.91	-
	7041.84	7053.84

(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 18 : INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)		
Stores and spares {Including in transit Rs.10.74 lacs (Previous year Rs.20.40 lacs)}	4397.74	2542.47
Catalysts in use (valued based on life technically assessed)	318.40	259.71
Naphtha	905.90	937.49
Raw materials {Including in transit Rs.139.52 lacs (Previous year Rs.810.23 lacs)}	5709.39	6606.47
Loose tools	12.81	9.02
Packing materials	365.22	345.45
Waste (at net realisable value)	6.44	74.49
Work-in-process	2867.73	1980.58
Finished goods {Including in transit Rs.2688.06 lacs (Previous year Rs.2374.66 lacs)}	22223.82	15732.40
Traded goods {Including in transit Rs.6046.28 lacs (Previous year Rs.16.56 lacs)}	15977.22	6878.14
	52784.67	35366.22
NOTE 19 : TRADE RECEIVABLES		
Debts outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good*	13.15	79.09
Unsecured, considered good {Including subsidy receivable from Government of India Rs.7698.30 lacs (Previous year Rs.12721.66 lacs)	8656.89	4808.60
Unsecured, considered doubtful	1495.98	1048.38
Less: Provision for doubtful debts	1495.98	1048.38
	8670.04	4887.69
Other debts		
Secured, considered good*	3243.40	1943.61
Unsecured, considered good {Including subsidy receivable from Government of India Rs.144645.17 lacs (Previous year Rs.37453.49 lacs)}	209957.69	62133.77
Unsecured, considered doubtful	248.96	142.35
Less: Provision for doubtful debts	248.96	142.35
	213201.09	64077.38
	221871.13	68965.07

*Secured trade receivables includes Rs.381.59 lacs (Previous year Rs.1036.65 lacs) secured against letter of credit

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 20 : CASH AND BANK BALANCE		
Cash and Cash Equivalents		
Balances with banks:		
On unpaid dividend / debenture / fixed deposit accounts	918.38	841.61
On current accounts	6166.13	13194.68
On cash credit accounts	24533.95	16392.69
On saving accounts	79.40	12.43
On fixed deposit accounts	284.57	
Cash on hand	8.60	9.39
Cheques/ drafts in hand	-	25.62
	31991.03	30476.42
Other bank balances:		
On current accounts	-	-
Deposit with original maturity for more than 12 months	11.91	398.50
Deposit with original maturity for more than 3 months but less than 12 months	15642.92	16947.51
On escrow accounts	326.88	13822.19
	47972.74	61644.62
Amount disclosed under non current assets (Refer Note No.17)	(11.91)	-
	47960.83	61644.62

(Rs. in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 21 : SHORT-TERM LOANS AND ADVANCES		
(Unsecured except to the extent stated and considered good except to the extent stated)		
Advances recoverable in cash or in kind or for value to be received	7120.26	4422.03
(Considered doubtful Rs.119.19 lacs, Previous year Rs.77.10 lacs)		
Balances with statutory/ government authorities	4791.68	2432.91
(Considered doubtful Rs.275.09 lacs, Previous year Rs.137.25 lacs)		
Loans to employees	-	
a) Secured	61.12	62.91
b) Unsecured	28.11	38.13
Deposits - others	357.01	128.54
Inter - corporate deposits	5000.00	3000.00
Prepaid Expenses	1620.75	1553.33
Advance income tax (Net of provision for taxation)	9776.24	6280.87
Advance fringe benefit tax (Net of provision for fringe benefit tax)	3.70	4.58
	28758.87	17923.30
Less: Provision for doubtful loans & advances	394.28	214.35
	28364.59	17708.95
Included in Loans to employees :		
i. Dues from directors of the Company	4.15	5.50
ii. Dues from officers of the Company	3.05	0.61

NOTE 22 : OTHER CURRENT ASSETS		
(Unsecured except to the extent stated and considered good except to the extent stated)		
Interest receivable on loans, deposits and others	385.15	782.59
Export benefits receivable	56.79	416.27
Insurance and other claims receivable	670.78	400.50
{Considered doubtful Nil (Previous Year Rs.119.79 lacs)}		
Unamortised premium on forward contracts	3824.01	1317.10
Forward contract	56.08	-
Fertilisers Companies Govt. of India bonds (at lower of cost and market value)	0.10	16202.70
Assets held for disposal (at lower of cost and realisable value)	231.41	20.00
Unbilled Revenue	540.59	873.59
	5764.91	20012.75
Less: Provision for doubtful receivables	-	119.79
	5764.91	19892.96

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012

(Rs. in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
NOTE 23 : REVENUE FROM OPERATIONS		
Sales of own manufactured products (including subsidy on fertilisers)	398674.00	317756.30
Sales of traded products (including subsidy on fertilisers)	272910.91	160802.43
Income from operations of Shipping business	39739.82	30838.15
{Including Rs.7037.99 lacs from charter in ship (Previous Year Rs.7468.81 lacs)}		
Software development, KPO and BPO Services	39253.55	54412.17
Software licence fees	316.74	398.38
Software maintenance	3750.09	4031.98
Other Opertating Revenues		
Export benefits	566.02	634.71
Others	49.49	32.91
Revenue from operations (gross)	755260.62	568907.03
Less : Excise duty #	1443.29	341.67
Revenue from operations (net)	753817.33	568565.36

Excise duty on sales amounting to Rs.1443.29 lacs (Previous year Rs.341.67 lacs) has been reduced from sales in profit & loss account & excise duty on increase in stock amounting to Rs.14.61 lacs (previous year Rs.59.80 lacs) has been considered as expense in note no.28 of the financial statements.

NOTE 24 : OTHER INCOME		
Interest on		
- Long term investments - Non Trade (Gross)	-	0.15
- Fertilisers Bond	396.55	2470.35
- Employees loans	13.94	23.15
- Income Tax refunds	189.89	337.16
- Deposit (Gross)	1457.78	979.64
{Tax deducted at source Rs.84.94 lacs (Previous Year Rs.56.94 lacs)}		
- Delayed payment by customers	283.78	462.07
{Tax deducted at source Rs.10.83 lacs (Previous Year Rs.12.38 lacs)}		
- Others	15.75	24.20
Dividend income on non trade current investments	62.99	79.39
Insurance claims received	279.59	753.59
Liabilities no longer required written back	579.89	420.26
Sale of scrap	405.22	270.28
Rent received (Refer Note No. 43 (ii))	249.49	153.72
Foreign exchange variation	1523.03	2053.54
Compensation of loss on sale of fertilisers bond *	891.23	-
Profit on sale of current investment	134.91	-
Miscellaneous income	1520.52	703.16
	8004.56	8730.66

* In terms of the guidelines issued by the Government of India, Ministry of Chemicals & Fertilizers (MCF) dated July 25, 2011, the Company sold "Fertilizer Companies Government of India Special Bonds" partly in the earlier year and partly in the current year at price determined by Reserve Bank of India (RBI), resulting in a total loss of Rs.5737.81 lacs. Out of this, Rs.4310.00 lacs was provided for by the Company in earlier years and balance amount of Rs.1427.81 lacs was shown as recoverable in the books as the Company was hopeful of getting atleast the aforesaid amount.

In terms of the above guidelines, part of the loss incurred by the Company on sale of bonds to RBI was to be compensated by Government. In terms of office memorandum dated March 13, 2012, the Government has agreed to reimburse 50% amount of losses incurred by the Company. However, there is a difference in the amount of losses as computed by the Company and Budget Department, Department of Economic Affairs in consultation with RBI. Pending final reconciliation, certain portion of aforesaid loss, amounting to Rs.2319.04 lacs (50% of Rs.4638.08 lacs) has been compensated to the Company. As a result, the Company has accounted for net income of Rs. 891.23 lacs as 'Compensation of loss on sale of fertilizer bonds' after adjusting recoverable amount of Rs.1427.81 lacs.

(Rs. in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
NOTE 25 : COST OF MATERIALS CONSUMED		
Opening inventories	6606.47	5033.79
Add: Purchases	192873.16	147759.20
Less: Closing inventories	5709.39	6606.47
	193770.24	146186.52
NOTE 26 : (INCREASE) IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Closing inventories		
- Work-in-process	2867.73	1980.58
- Finished goods	22223.82	15732.40
Traded goods	15977.22	6878.14
- Waste	6.44	74.49
	41075.21	24665.61
Opening inventories		
- Work-in-process	1980.58	1910.09
- Finished goods	15732.40	8659.93
- Traded goods	6878.14	3750.23
- Waste	74.49	31.90
	24665.61	14352.15
	(16409.60)	(10313.46)
Adjustment for fluctuation in exchange rate	953.46	-
	(15456.14)	(10313.46)
NOTE 27 : EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus*	29165.29	30651.61
Contribution to provident and other funds	1936.48	2060.39
Gratuity expenses (Refer Note No. 38)	521.71	314.15
Workmen and staff welfare expenses	2062.85	2364.79
Employee Stock Option Scheme Expenses	193.54	152.93
* Refer Note No.36	33879.87	35543.87
NOTE 28 : OTHER EXPENSES		
Consumption of stores and spares	4995.07	5391.56
Consumption of packing materials	9402.56	8587.24
Sub contracting expenses	19440.89	28986.57
Power and fuel*	80732.12	65545.22
Catalyst charges written off	310.73	272.33
Rent (Refer Note No.43(b) & (c))	4344.68	4454.62
Rates and taxes	592.47	769.66
Insurance	2652.41	2283.32
Repairs and maintenance :		
- Plant & Machinery	1508.36	2401.77
- Ships	901.32	562.15
- Buildings	524.50	348.25
- Others	1359.54	1581.86
Ships bunker cost	12913.63	2648.31
Ships port dues	3133.74	836.70
Ships special survey expenses	-	910.27
Directors' sitting fees	13.75	12.83
Travelling and conveyance*	3011.98	3551.93
Communication costs	1456.43	2107.08
Printing and stationery	155.08	292.72
Legal and professional fees*	1827.27	2816.85

(Rs. in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Auditor's remuneration		
As auditor:		
- Audit fee	131.14	148.58
- Tax audit fee	8.02	7.50
- Limited review fee	22.34	22.34
- Out of pocket expenses	3.66	4.09
In other manner:		
- Management services	-	16.55
- Certification and other services	39.49	78.09
Decrease/ (increase) of excise duty on inventories	14.61	59.80
Freight and forwarding charges	37797.67	31224.48
Selling and marketing expenses	1022.24	996.05
Cash rebate to customers	73.68	125.88
Commission and brokerage to other than sole selling agents	1522.32	1188.91
Donations and contribution to charitable institutions	0.20	6.25
Depletion of loose tools	9.94	7.74
Green belt development/ horticulture expenses	251.00	282.84
Diminution in the value of fertiliser bonds	-	100.00
Provision for loss on derivative transaction	1835.21	824.70
Provision for doubtful advances and debts	495.06	481.93
Loss on foreign exchange variation	318.17	-
Premium on forward contracts amortised	6174.99	3747.65
Loss on sale/ write off of assets (Net)	917.39	307.71
Irrecoverable debts and advances written off	600.37	423.16
Miscellaneous expenses*	3220.80	2112.25
	203734.83	176527.74

* Refer Note No.36

NOTE 29 : EXCEPTIONAL ITEMS

Profit on sale of non trade long term investments	-	278.87
	-	278.87

During the previous year, the Company had fully sold the stake in "Zuari Investments Limited" at a consideration of Rs.1,060.96 lacs and recognized gain on sale of investment of Rs.278.87 lacs as exceptional item.

NOTE 30 : FINANCE COST

Interest expenses (Including interest on Income Tax Rs.23.02 lacs (previous year Rs. 26.35 lacs))	10292.34	10897.19
Bank charges and guarantee commission*	1489.11	1343.93
Net (Gains) / Loss on Foreign currency transaction and translation	1195.77	494.60
	12977.22	12735.72

* Refer Note No.36

NOTE 31 : EARNINGS PER SHARE (EPS)

Net profit after tax as per profit and loss account	15830.85	24059.12
Calculation of weighted average number of equity share of Rs.10 each		
- Number of shares at the beginning of the year	416207852	416207852
- Total equity shares outstanding at the end of the year	416207852	416207852
- Weighted average number of equity shares outstanding during the year	416207852	416207852
Basic and Diluted Earnings Per Share (in Rs.)	3.80	5.78
Nominal Value of Equity Shares (in Rs.)	10.00	10.00

C. Notes to Accounts

32. THE GROUP COMPRISES OF THE FOLLOWING ENTITIES :

Name of the Group Company	Country of Incorporation	Percentage of Ownership as at 31.03.2012	Percentage of Ownership as at 31.03.2011
Subsidiaries			
Chambal Infrastructure Ventures Limited (CIVL)	India	**100.00%**	100.00%
CFCL Overseas Limited (COL)	Cayman Islands	**100.00%**	100.00%
India Steamship Pte Limited ("ISS Pte")	Singapore	**100.00%**	100.00%
India Steamship International FZE (subsidiary of ISS Pte) (incorporated w.e.f. May 11, 2011)	UAE	**100.00%**	-
India Steamship Limited (incorporated w.e.f. April 1, 2011)	India	**100.00%**	-
Step-down Subsidiaries of CIVL			
Chambal Energy (Orissa) Limited	India	**100.00%**	100.00%
Chambal Energy (Chhattisgarh) Limited	India	**100.00%**	100.00%
Step-down Subsidiary of COL			
CFCL Technologies Limited (CTL)	Cayman Islands	**72.27%**	79.51%
Step-down Subsidiaries of CTL			
ISGN Corporation- erstwhile Novasoft Information Technology Corporation ("NITC")	U.S.A	**100.00%**	99.99%
CFCL Ventures Limited (CVL)	Cayman Islands	**100.00%**	100.00%
Step-down Subsidiaries of NITC			
ISGN Solutions, Inc ("ISGN")	U.S.A	**100.00%**	100.00%
NITC GmbH ("GNITC") - In the process of winding up	Germany	**100.00%**	100.00%
Step-down Subsidiaries of ISGN			
Richmond Title Genpar, LLC ('Genpar')	U.S.A	**100.00%**	100.00%
Richmond Investors, LLC	U.S.A	**100.00%**	100.00%
Richmond Title Services, LP ('Richmond LP')	U.S.A	**100.00%**	100.00%
ISGN Fulfillment Services, Inc. (Pennsylvania)	U.S.A	**100.00%**	100.00%
Step-down Subsidiaries of ('Richmond LP')			
Flex Agents Signing Tea, LLC ('Flex') - Subsidiary of 'Richmond LP' (Dissolved effective February 14, 2012)	U.S.A	-	100.00%
Richmond Title Services, LLC ('Richmond LLC') (Dissolved effective October 28, 2011)	U.S.A	-	100.00%
Step-down Subsidiaries of ISGN Fulfillment Services, Inc			
ISGN Fulfillment Services, Inc.	U.S.A	**100.00%**	100.00%
ISGN Fulfillment Services, South Inc. (Dissolved effective November 2, 2011)	U.S.A	-	100.00%
ISGN Fulfillment Services of Alabama, LLC. (Dissolved effective November 10, 2011)	U.S.A	-	100.00%
ISGN Fulfillment Services of Maryland Inc. (Dissolved effective February 10, 2012)	U.S.A	-	100.00%
ILS Services, LLC ('ILS') (Dissolved effective November 10, 2011)	U.S.A	-	100.00%
ISGN Fulfillment Agency, LLC	U.S.A	**100.00%**	100.00%
ISGN Fulfillment Agency of Alabama, LLC.	U.S.A	**100.00%**	100.00%
Step-down Subsidiaries of CVL			
ISG Novasoft Technologies Limited ('ISGNTL')	India	**100.00%**	100.00%
Inuva Info Management Private Limited ('INUVA') - Subsidiary of 'ISGNTL'$	India	**71.00%**	71.00%
Joint Venture			
Indo Maroc Phosphore S.A, Morocco	Morocco	**33.33%**	33.33%

$ Operation of this step down subsidiary closed w.e.f. January'10 and therefore is not considered as a going concern basis.

33. A CONTINGENT LIABILITIES (NOT PROVIDED FOR) IN RESPECT OF PARENT COMPANY:

(Rs.in lacs)

Sl.No.	Particulars	2011-12	2010-11
i)	Bills discounted with bank but not acknowledged as debtors in books	529.65	1306.93
ii)	Demand raised by Customs, Sales Tax and Income Tax (IT) authorities being disputed by the Company*	595.98	6,285.91
iii)	Other claims against the Company not acknowleged as debts.	4.24	4.24
iv)	Claim against Nihat Shipping Company Limited in legal suits / notices, in which the Company has been made a party, is being contested, since the Company acted as Agents / Technical & Operational Managers.	222.04	222.04
v)	Penalty levied by FERA Board under appeal before the Calcutta High Court.	1.30	1.30
vi)	Various labour cases	Amount not ascertainable	Amount not ascertainable

* Brief description of liabilites as per (ii) above :

(Rs.in lacs)

Sl.No.	Particulars	2011-12	2010-11
1.	Income Tax :		
	Demand raised by IT authorities on account of various disallowances for AY 2002-03 including penalties.	-	70.26
	Demand raised by IT authorities on account of various disallowances for AY 2003-04 including penalties.	1.28	2808.10
	Demand raised by IT authorities on account of various disallowances for AY 2004-05 including penalties.	5.87	2320.91
	Demand raised by IT authorities on account of various disallowances for AY 2006-07 including penalties.	-	28.93
	Demand raised by IT authorities on account of various disallowances for AY 2008-09 including penalties.	9.55	481.48
	Demand raised by IT authorities on account of various disallowances for AY 2009-10.	446.99	-
	Demand raised by IT authorities on account of short deduction of TDS and interest thereon for AY 2008-09 to 2011-12.	38.30	508.93
2.	Sales Tax :		
	Disallowance of VAT credit on raw materials used in the manufacturing of finished goods and lying in stock on April 1, 2006.	22.18	22.18
	Demand raised by The Asstt. Commissioner of Commercial Taxes, Patlipura Circle, Patna for FY 2006-07 & 2007-08 and pending matter before the Commercial Taxes Tribunal, Bihar, Patna	8.09	-
	Miscellaneous Rajasthan Sales Tax & Central Sales Tax demand.	38.47	38.47
3.	Service Tax / Excise Duty :		
	Service Tax demand received on services from foreign parties in respect to service tax not paid on Tax deducted at source (TDS) portion.	4.57	4.59
	Show cause notice dated 16.03.2011 related to non payment of service tax on 'Renting Income' received during FY 2009-10.	1.99	2.06
	Show cause notice dated 19.01.12 related to non payment of excise duty of Rs. 12 Lacs on sale of scrap during FY 2009-10.	12.00	-
4.	Land Tax		
	Demand raised by Sub-registrar (Digod) towards levy of land tax on land at Gadepan ,Kota for F.Y 2011-12	6.69	-
	Total	595.98	6285.91

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

33. B The Company had received a demand of Rs.352.34 lacs (Previous year Rs. 352.34 lacs) from Sales Tax Department, Kota in an earlier year towards use of natural gas for ammonia fuel, power and steam generation for the period of April, 1996 to May, 2001. The Company has obtained a stay from Hon'ble High Court of Rajasthan, Jodhpur on 11th July, 2001. However, in the event of the Company having to pay the above, it is reimbursable by Fertiliser Industry Coordination Committee ("FICC") / Government of India under Subsidy Scheme.

33. C The Company as well as other users of natural gas under HBJ Gas Pipeline had in earlier years received letters from GAIL (India) Limited (erstwhile Gas Authority of India Ltd), informing about the possibility of levy of excise duty on natural gas (presently not levied) with retrospective effect. The amount of such levy is not ascertainable. However, in the event of its levy, it is reimbursable by FICC of Ministry of Chemicals and Fertilisers, the Government of India under Subsidy Scheme.

33. D The Company as well as other users of Natural Gas under HBJ Gas Pipeline had received a letter in an earlier year from GAIL (India) Limited (erstwhile Gas Authority of India Ltd), informing about the possibility of levy of Central Sales Tax. The Company has been taking the delivery of Gas in the State of Rajasthan and has been accordingly paying Rajasthan Sales Tax on the supply. Therefore, the Company feels that no Central Sales Tax is payable by it. Further, the amount of such levy is not ascertainable. However, in the event of its levy, it is reimbursable by FICC of Ministry of Chemicals and Fertilisers, the Government of India under Subsidy Scheme.

33. E Under the Jute Packaging Material (Compulsory use of Packing Commodities) Act, 1987, a specified percentage of fertilisers dispatched were required to be supplied in Jute bags up to 31.8.2001. The provisions of the said Act were challenged in the Supreme Court, which upheld the constitutional validity of this Act in its judgment in 1996. In spite of making conscious efforts to step up use of jute packaging material, the Company had been unable to adhere to the specified percentage, due to strong customer resistance to use of jute bags. The Company had received show cause notice from the Office of the Jute Commissioner, Kolkata, for levying a penalty of Rs.7380.36 lacs (Previous year Rs. 7380.36 lacs) for non compliance of the provisions of the said Act. The Company has obtained a stay order from Delhi High Court against the above show cause notice and has been advised that the said levy is not tenable in law and accordingly no provision has been considered.

33. F Contingent liabilities (not provided for) in respect of Subsidiaries :

a) Richmond Title Services (RTS)
  - Claim by the insurer on RTS for faulty Title Search causing a loss to the insurer of $74,000 (Rs.39.30 lacs)- probable loss not quantifiable. The RTS expects the E&O carrier to cover the damages.
  - Claim against RTS on allegations of conflicting closing instructions and incomplete refinance package. Damages claimed $235,717 (Rs.125.19 lacs) . Causes of action are breach of fiduciary duty and professional negligence – amount of probable exposure not quantifiable.
  - Failure to close out LOC- US$ 85,000 (Rs.45.14 lacs).
  - Mistakenly sued over bankruptcy proceeding- US $ 5,000 (Rs.2.66 lacs)
  - Failure to timely record a mortgage note on refinance. Amount claimed $175,000 (Rs.92.94 lacs) which Company intends to defend aggressively - amount of exposure not quantifiable.
  - General case on closing fraud perpetuated – suit filed against all entities involved in closing, RTS has no culpability – amount not quantifiable.
  - Over charging on settlement services – allegations of predatory lending practices – plaintiff blocked by previous call action - amount of exposure not quantifiable.
  - Failure to secure release of lien – amount not quantifiable.
  - Breach of contract action. On 12/3/2006 RTS allegedly issued a title insurance policy in Plaintiff's name which failed to report a 2006 tax lien on the property which caused plaintiff to pay $9,134.34 (Rs.4.85 lacs) to extinguish the lien.

b) ISGN Corporation, USA
  - Claim to recover licensing fee on use of products of the Company and post maintenance services - US$ 87,162 (Rs.46.29 lacs).

c) ISGN Fulfillment Services, Inc.
  - Amount paid by Fiserv to get senior lien for the financier to be claimed from the borrower - US$ 13,430 (Rs.7.13 lacs) to collect.

d) ISG Novasoft Technologies Limited, India
  - Adjustments to taxable income approximating US$ 1.77 million (Rs.940.05 lacs) by the Deputy Commissioner of Income-tax for the financial year ended March 31, 2007 on account of differential transfer pricing margin, is contested before the Commissioner of Income-tax , New Delhi, India. ISGNTL management considers these additions to gross margin as not tenable against the Company, and therefore no provision for this tax contingency has been established.
  - Adjustments to taxable income approximating US$ 0.54 million (Rs.286.79 lacs) by the Deputy Commissioner of Income-tax for the financial year ended March 31, 2008 on account of differential transfer pricing margin, is contested before the Commissioner of Income-tax , New Delhi, India. ISGNTL management considers these additions to gross margin as not tenable against the Company, and therefore no provision for this tax contingency has been established.

e) Inuva Info Management Private Limited

- Disputed sales tax and purchase tax matters under West Bengal Sales Tax Act - US$ 670 (Rs.0.36 lac)

Based on favourable decisions in similar cases, legal opinion taken by the Company, discussions with the solicitors, etc., the Company believes that there is fair chance of decisions in its favour in respect of all the items listed in 33F above and hence no provision is considered necessary against the same.

34. A As the financial statements of Indo Maroc Phosphore S.A (IMACID) are drawn up to December 31, 2011, adjustments have been made for significant transactions during the period from January 01, 2012 to March 31, 2012 in accordance with Accounting Standard (AS) 21, Consolidated Financial Statements as notified by the Companies (Accounting Standards) Rules, 2006 (as amended). During this period, the Company has received dividend amounting to Rs 8841.21 lacs from IMACID. Accordingly, Company adjusted the above transactions in the books of IMACID and disclosed the same as payable in note no.11 of the consolidated financials statements.

34. B Similarly in the Previous year, the Company and its subsidiary, CFCL Overseas Limited (COL) had given loan/ inter-corporate deposits amounting Rs.2238.00 lacs to CTL and its subsidiary ISG Novasoft Technologies Limited (ISG). Accordingly, Company had adjusted the above transactions in the books of CTL and its subsidiary ISG. Thus, the balances in current accounts as shown in Note 20 of the financial statements include loan/ inter-corporate deposits given by the Company and COL to CTL and its subsidiary ISG amounting to Rs.2238.00 lacs.

35. Capital Commitment

(Rs.in lacs)

Particulars	2011-12	2010-11
Estimated amount of contracts remaining to be executed on Capital account (net of advances)	4878.12	5182.78

36. PRE-OPERATIVE EXPENDITURE

The group has incurred some expenditure related to construction of fixed assets and accordingly capitalized the same to the gross value of assets to which they pertain. Consequently expenses disclosed under the respective notes are net of amount capitalised by the Company. The break up of expenditures is as follows :

(Rs.in lacs)

Particulars	2011-12	2010-11
Opening Balance	341.14	339.94
Add : Expenditure during the year		
Salaries, wages and bonus	40.84	-
Travelling and conveyance	17.36	-
Power and fuel	9.89	-
Legal and professional fees	2.78	1.20
Bank charges	0.13	-
Miscellaneous expenses	0.02	-
Total	412.16	341.14
Less : Capitalised		-
Net pre-operative expenditure (pending for allocation)	412.16	341.14

37. SEGMENT INFORMATION

Primary Segment : Business Segment

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

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

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

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

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

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

The 'Software & Others Segment" includes software business, power & infrastructure activities of the Group

Secondary Segment : Geographical Segment

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

The following table presents segment revenue, results, assets & liabilities in accordance with AS-17 as on March 31, 2012

(Rs. In lacs)

Particulars	Own Manufactured Fertilisers		P_2O_5		Trading		Shipping		Textile		Software & others		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenue														
External Sales	300742.72	241415.80	63669.84	41931.03	272910.91	160802.43	39774.91	30838.15	33398.57	34709.93	43320.38	58868.02	753817.33	568565.36
Inter Segment Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Sales	300742.72	241415.80	63669.84	41931.03	272910.91	160802.43	39774.91	30838.15	33398.57	34709.93	43320.38	58868.02	753817.33	568565.36
Results														
Segment Results	50301.21	36108.75	8603.54	3280.20	16682.82	9306.56	(2384.16)	4412.73	(1200.78)	3885.40	(7375.27)	(10639.37)	64627.36	46354.27
Unallocated Expenses (net)	-	-	-	-	-	-	-	-	-	-	-	-	9207.77	5288.97
Operating Profit before Exceptional Items	-	-	-	-	-	-	-	-	-	-	-	-	55419.59	41065.30
Exceptional Items	-	-	-	-	-	-	-	-	-	-	-	-	-	278.87
Interest Expenses	-	-	-	-	-	-	-	-	-	-	-	-	11488.11	11391.79
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	2357.69	4296.71
Dividend Income	-	-	-	-	-	-	-	-	-	-	-	-	62.99	79.39
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	33466.06	12682.04
Net Profit after Exceptional Items	-	-	-	-	-	-	-	-	-	-	-	-	12886.10	21646.44
Share of Minority Interest in losses	-	-	-	-	-	-	-	-	-	-	-	-	2944.75	2412.68
Net Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	15830.85	24059.12
Other Information														
Segment Assets	231248.35	186600.50	33983.37	29628.14	125447.40	19017.54	154268.01	147396.46	22425.11	27176.04	46981.65	57470.24	614353.89	467288.92
Unallocated Assets	-	-	-	-	-	-	-	-	-	-	-	-	65075.97	57606.23
Total Assets	-	-	-	-	-	-	-	-	-	-	-	-	679429.86	524895.15
Segment Liabilities	17490.98	15524.05	17864.23	11034.54	9843.32	822.84	2912.86	1645.53	1925.73	2405.85	9491.45	22986.30	59528.57	54419.11
Unallocated Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	443144.34	308345.47
Total Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	502672.91	362764.58
Capital Expenditure	8434.35	5307.31	325.16	1272.04	-	-	216.54	544.10	147.77	318.56	1929.81	2505.12	11053.63	9947.13
Unallocated Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	31.83	-
Depreciation	14670.25	16143.52	877.31	978.61	-	-	9799.47	8881.27	1638.15	1647.33	3754.17	4513.98	30739.35	32164.71
Unallocated Depreciation/ Amortisation	-	-	-	-	-	-	-	-	-	-	-	-	100.12	122.71
Non cash Expenses other than Depreciation & Amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The following is the distribution of the group consolidated revenue from operation (net) by geographical markets, regardless of where the goods were produced :

(Rs.in lacs)

Particulars	2011-12	2010-11
Revenue within India	680685.25	476297.53
Revenue from outside India	73132.08	92267.83
Total	753817.33	568565.36

Geographical segment wise receivables : (Rs.in lacs)

Particulars	2011-12	2010-11
Receivables within India	209021.60	59254.48
Receivables from outside India	12849.53	9710.59
Total	221871.13	68965.07

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

38. GRATUITY AND OTHER POST EMPLOYMENT BENEFIT PLANS :

(a) Gratuity

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days (15 to 30 days in case of Shipping Division) salary (last drawn salary) for each completed year of service. The Scheme is funded with insurance companies in the form of a qualifying insurance policy in respect of Fertiliser and Shipping division of the Company. Further gratuity details below includes liability of software division of the Company.

(b) Provident Fund

The Company has set up provident fund trusts, which are managed by the Company in respect of Fertiliser and Shipping division of the Company and as per the Guidance Note on implementing AS-15, Employee Benefits (revised 2005) issued by the Accounting Standard Board (ASB), provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. During the current financial year, actuarial valuation of Provident Fund for financial year 2011-12 was carried out, in accordance with the guidance note issued by Actuary Society and provided the shortfall of Provident Fund liability in the books of accounts. There was no actuarial valuation carried out till last year pending issuance of guidance note in this regard and there was no shortfall in the provident fund liability as ascertained by the Company during the last year.In veiw of this comparable figures for earlier years have not been given.

The following tables summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

Statement of Profit and Loss

Particulars	Trust Managed Provident Fund	Gratuity	
		2011-12	2010-11
Current service cost	343.58	166.28	140.30
Interest cost on benefit obligation	-	105.14	86.72
Expected return on plan assets	-	(94.10)	(22.32)
Net actuarial (gain) / loss recognised in the year	-	300.86	18.51
Past service cost *	-	43.53	90.94
Net (benefit) / expense	343.58	521.71	314.15
Actual return on plan assets	-	71.07	47.36

* Due to enhancement of maximum gratuity limit from Rs.10 lacs to Rs.25 lacs during the year (previous year Rs.5 lacs to Rs.10 lacs), in the fertiliser and shipping division of the Company.

Balance Sheet

Funding status and amount recognised in the Balance Sheet (Rs.in lacs)

Particulars	Trust Managed Provident Fund	Gratuity	
		2011-12	2010-11
Defined benefit obligation	5860.76	1791.22	1325.49
Fair value of plan assets	5937.41	1301.98	1003.80
Plan assets / (liability)*	76.65	(489.24)	(321.69)

* Plan assets of Rs.76.65 lacs has not been recognised in the financial statements, as the surplus of the trust, is to be distributable among the beneficiaries of the provident fund trust.

Changes in the present value of defined benefit obligation are as follows : (Rs.in lacs)

Particulars	Trust Managed Provident Fund	Gratuity	
		2011-12	2010-11
Opening defined benefit obligation	5723.25	1325.49	1111.04
Interest cost	486.48	105.14	86.72
Current service cost	343.58	166.28	140.30
Past service cost	-	43.53	90.94
Benefits paid out of funds	(580.32)	(93.67)	(105.79)
Benefits paid by Company	-	(32.53)	(34.46)
Settlement / transfer in	(66.60)	-	-
Acturial (gains) / losses on obligation	(45.63)	274.88	36.54
Effect of exchange rate changes	-	2.10	0.20
Closing defined benefit obligation	5860.76	1791.22	1325.49

Changes in the fair value of defined benefit obligation are as follows : (Rs.in lacs)

Particulars	Trust Managed Provident Fund	Gratuity	
		2011-12	2010-11
Opening fair value of plan assets	5725.36	1003.80	257.89
Expected return	486.65	94.10	22.32
Contribution by employer	343.58	318.99	809.82
Plan participants / Employee Contribution	-	-	-
Benefits paid	(646.92)	(93.67)	(105.79)
Acturial (gains) / losses on obligation	28.74	(20.08)	18.03
Effect of exchange rate changes	-	(1.16)	1.53
Closing fair value of benefit obligation	5937.41	1301.98	1003.80

The Group expects to contribute Rs.110.72 lacs (approx) to gratuity trust fund in FY 2012-13.

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

Particulars	Trust Managed Provident Fund	Gratuity (%)	
		2011-12	2010-11
Investments with insurer	100	100	100

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

The principal assumptions used in determing gratuity and trust managed provident fund for the Company's plans are shown below:

Particulars	Trust Managed Provident Fund	2011-12	2010-11
Discount rate (%)	8.50	8 to 8.65	8.00
Expected rate of return (%)	8.50	7.75 to 9.25	7.75 to 9.25
Employee turnover rate (%)	2 to 10	2 to 42	1 to 30

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

Amounts for the current and previous four periods in respect of gratuity and one year in respect of Trust managed provident fund are as follows :

(Rs.in lacs)

Particulars	Trust Managed Provident Fund	Gratuity				
	2011-12	2011-12	2010-11	2009-10	2008-09	2007-08
Defined Benefit Obligation	5860.76	1791.22	1325.49	1111.04	1089.00	905.87
Plan assets	5937.41	1301.98	1003.80	257.89	95.67	114.03
Surplus / (deficit)	76.65	(489.24)	(321.69)	(853.15)	(993.33)	(791.84)
Experience adjustment on plan assets - gain / (loss)*	-	24.13	24.13	1.92	(1.69)	-
Experience adjustment on plan liabilities gain/(loss)*	-	(24.50)	(24.92)	(0.68)	(105.47)	-

* Experience adjustment on plan assets/liability dose not include details of software division in absenses of details in certificate.

Provident and other funds

Contribution to Defined Contribution Plans : (Rs.in lacs)

Particulars	2011-12	2010-11
Provident Fund / Pension Fund*	590.99	620.92
Superannuation Fund	90.07	88.37

*Provident fund in respect of textile division of the Company and Pension fund in respect of all divisions and subsidiaries of the Group.

39 RELATED PARTY DISCLOSURES

During the year, the Company entered into transactions with the related parties. Those transactions along with related balances as at March 31, 2012 and for the year then ended are presented in the following table. List of related parties along with nature and volume of transactions is given below:

(a) Joint Ventures

Indo Maroc Phosphore S.A. Morocco (Rs.in lacs)

Particulars	2011-12		2010-11	
Reimbursement of expenses		29.81		25.72
	29.81		25.72	
Outstanding balances as at the year end		16.63		22.39
Advance receivables	16.63		22.39	

(b) Key Management Personnel and their relatives

Mr. Anil Kapoor

Mrs. Deepali Kapoor (Spouse)

Mr. Hemant Kapoor (Son)

Ms. Priyanka Kapoor (Daughter)

(Rs.in lacs)

Nature of Transactions	2011-12		2010-11	
Remuneration paid to Managing Director*		201.18		119.50
Mr. Anil Kapoor	201.18		119.50	
Interest income on loan given to Managing Director		0.38		0.60
Mr. Anil Kapoor	0.38		0.60	
Outstanding balances as at the year end		4.15		9.65
Loan receivable				
Mr. Anil Kapoor	4.15		9.65	

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

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

(Rs.in lacs)

Particulars	2011-12	2010-11
ISGN Corporation	3145.64	2660.14
ISGN Solutions Inc.	2330.71	2275.19
Richmond entities	1835.96	1545.58
ISGN Fulfillment Services Inc. and its Subsidiaries	11804.48	9937.46
Total	19116.79	16418.37

41. GOVERNMENT GRANTS AND SUBSIDIES

(a) Nitrogenous Fertilizers are under the Concession Scheme as per New Pricing Scheme (NPS - Stage III) implemented w.e.f. 1st April, 2003. The concession price and freight has been accounted for on the basis of notified prices, further adjusted for input price escalation/ de-escalation, as per known policy parameters of NPS - Stage III, applicable for the period from October 1, 2006 to

March 31, 2010, extended thereafter provisionally till further orders. Accordingly, the impact of revised concession price has been accounted for.

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

Current year subsidy income is inclusive of Rs.4442.38 lacs (Previous year Rs.1138.84 lacs) being the subsidy income, pertaining to earlier years but, determined during the year.

(b) Subsidy on traded fertilisers (other than Gypsum) has been accounted based on Nutrient Based Policy as notified by the Government of India.

Current year subsidy income is inclusive of Rs.0.62 lac (Previous year Rs.167.61 lacs) being the subsidy income, pertaining to earlier years, determined during the year.

(c) Subsidy on traded fertilisers (Gypsum) has been accounted as notified by the Government of Rajasthan.

Current year subsidy income is inclusive of Rs.0.31 lac (Previous year Nil) being the subsidy income, pertaining to earlier years, determined during the year.

(d) The Textile Division of the Company is eligible for interest concession under the TUFS (Technology Upgradation Fund Scheme) of the Government of India. Accordingly, the Company has availed interest concession of Rs.380.97 lacs (Previous year Rs.433.40 lacs) during the year and reduced the same from interest expenses.

42. During the year, the Company has revised the estimated useful life of vehicles based on technical estimates made by the management. Accordingly, additional depreciation of Rs.125.26 lacs has been accounted for in the financial statements.
Had the Company continued to use the earlier basis of providing depreciation, the charge to the Statement of Profit and Loss for the current year would have been lower by Rs.84.62 lacs (net of tax of Rs.40.64 lacs) and the net block of fixed assets would correspondingly have been higher by Rs.125.26 lacs.

43. LEASES

(i) Assets taken on lease

(a) The Group has taken certain fixed assets on finance lease of Rs.275.46 lacs (Previous year Rs. 32.21 lacs) on finance lease. The lease payment made during the year amounts to Rs.247.47 lacs (Previous year Rs.317.49 lacs), out of which Rs.150.61 lacs (Previous year Rs.198.71 lacs) has been adjusted against Principal and Rs.96.86 lacs (Previous year Rs.118.78 lacs) has been shown as interest expense. The interest rate for various leases varies from 12% to 28%. There is no renewal and escalation clause as well as restriction imposed in the lease agreement. There are no subleases. The break up of minimum lease payment outstanding as at March 31, 2012 is as follows:

(Rs.in lacs)

Period	2011-12			2010-11		
	Minimum lease payments	Present value of minimum lease payments	Interest expense	Minimum lease payments	Present value of minimum lease payments	Interest expense
Payable within one year	221.84	125.45	96.39	140.95	55.67	85.28
Payable after one year but before 5 years	523.34	289.51	233.83	398.21	142.35	255.86
Payable after 5 years	130.32	106.94	23.38	222.05	160.94	61.10

(b) The Group has entered into Operating Lease Agreements for the premises which are non- cancelable. The lease payments recognized in the Statement of Profit and Loss during the year amounts to Rs.3442.18 lacs (Previous year Rs.3758.06 lacs). The renewal of lease will be as per the mutual understanding of lessee and lessor and there is no escalation clause. There are no restrictions imposed by lease arrangements and there are no subleases. The break up of minimum lease payment outstanding as at March 31, 2012 is as follows:

(Rs.in lacs)

Period	Minimum Lease Payments	
	2011-12	2010-11
Payable within one year	3357.01	3253.01
Payable after one year but within five years	7458.18	8116.46
Payable after five years	1903.64	3234.80

(c) The lease payments, other than cases covered in point no. (b) above i.e. non - cancelable leases, recognized in the Statement of Profit and Loss during the year amounts to Rs.902.50 lacs (Previous year Rs.696.56 lacs). The renewal of leases will be as per the mutual understanding of lessee and lessor and there is no escalation clause. There are no restrictions imposed in the lease agreements.

(ii) Assets given on lease

(a) The Group has sub-leased office premises under non cancellable operating leases. The lease terms range from 6 months to two years.

Rent income for such operating leases recognized in the Statement of Profit and Loss for the year is US $ 525,528 (Rs.245.21 lacs) (Previous Year US$ 327,232 (Rs.149.67 lacs)).

Future minimum lease payments are as follows: (Rs.in lacs)

Period	Minimum Lease Payments	
	2011-12	2010-11
Payable within one year	**208.30**	88.20
Payable after one year but within five years	**428.49**	144.23
Payable after five years	**95.42**	-

(b) The lease income, other than cases covered in point no.(a) above i.e. non - cancellable leases, recognised in the Statement of Profit and Loss during the period amounts to Rs.4.28 lacs (Previous year Rs.4.05 lacs). The renewal of lease will be as per mutual understanding of lessee and lessor and there is no escalation clause. There are no restrictions imposed by lease arrangements.

44. EMPLOYEE STOCK OPTION PLAN

(a) Holding Company

Employee Stock Option Plan

In terms of approval of shareholders accorded at the Annual General Meeting held on 27th August, 2010 and in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, (SEBI Guidelines) the Company formulated CFCL Employees Stock Option Scheme, 2010 ("Plan") for specified categories of employees and Managing Director of the Company. The Company has constituted a Compensation Committee comprising of majority of independent directors to administer the Plan. As per the Plan, 41,62,000 Stock Options can be issued to Managing Director and other specified categories of employees of the Company. The options are to be granted at market price. As per SEBI Guidelines, the market price is taken as the closing price on the day preceding the date of grant of options, on the stock exchange where the trading volume is the highest. Each option, upon vesting, shall entitle the holder to acquire 1 equity share of Rs.10 . Details of the scheme are as under:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Date of grant	16/Sep/10	22/Jan/11	10/May/11	17/Oct/11
Date of Board Approval	08/May/10	08/May/10	08/May/10	08/May/10
Date of Shareholder's approval	27/Aug/10	27/Aug/10	27/Aug/10	27/Aug/10
Number of options granted	28,50,000	3,00,000	2,20,000	1,00,000
Method of settlement (cash / equity)	Equity	Equity	Equity	Equity
Exercise period	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting
Vesting conditions	Continued employment and individual performance	Continued employment and individual performance	Continued employment and individual performance	Continued employment and individual performance

Vesting Schedule :

Vesting Date	All tranches	Vesting Date	All tranches
1 year from the date of grant	15%	4 year from the date of grant	25%
2 year from the date of grant	15%	5 year from the date of grant	25%
3 year from the date of grant	20%		

Movement in the option have been summarized below :

Particulars	FY 2011-12 (Qty)	FY 2010-11 (Qty)
Outstanding at the beginning of the year	**3,107,500**	-
Granted during the year	**320,000**	3,150,000
Forfeited during the year	**242,500**	42,500
Exercised during the year	**188,800**	-
Expired during the year	**-**	-
Outstanding at the end of the year	**2,996,200**	3,107,500
Exercisable at the end of the year	**270,200**	-
Weighted average remaining contractual life (in years)	**4.89**	5.80
Weighted average Exercise price (in Rs.)	**75.18**	73.82

The details of exercise price of stock options outstanding at the end of the year are :

Tranche	Weighted Avg. fair value of options (in Rs.)	Range of exercise price (in Rs.)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (in Rs.)
1	27.12	73.50	2,418,300	4.80	73.50
2	28.84	76.85	297,900	4.80	76.85
3	34.59	82.90	180,000	5.80	82.90
4	41.48	101.10	100,000	5.80	101.10

Stock Options granted

The weighted average fair value of stock options granted till date is Rs.28.16. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs :

Particulars	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Weighted average share price (in Rs.)	73.50	76.85	82.90	101.10
Exercise Price (in Rs.)	73.50	76.85	82.90	101.10
Expected volatility	63.06%	63.94%	63.76%	62.18%
Life of the options granted (vesting and exercise period) in years	4.80	4.80	5.80	5.80
Average risk-free interest rate	7.79%	8.05%	8.21%	8.29%
Expected dividend yield	7.02%	7.02%	5.77%	5.77%

The expected volatility was determined based on historical volatility data. For calculating volatility, the Company has considered the daily volatility of the stock prices of the Company on National Stock Exchange over a period prior to the date of grant, corresponding with the expected life of the options.

Since the Company used the intrinsic value method, the impact on the reported net profit and earning per share by applying the fair value based method

In March 2005, ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earning per share would be as follows:

In FY 2010-11, CFCL Employees Welfare Trust ("Trust") was constituted, inter alia, for the purpose of subscribing/ acquiring equity shares of Chambal Fertilisers and Chemicals Limited from the Company /Secondary market , to hold the shares and to allocate/ transfer these shares to eligible employees of the Company from time to time on the terms and conditions specified under the Plan. The Board of Directors at its meeting held on May 8, 2010 had approved grant of financial assistance upto Rs.3000 lacs by the Company to Trust in such manner and on such terms as agreed between the trustee(s) of the Trust and Managing Director of the Company for the purpose of subscribing/acquiring shares of the Company. The outstanding loan to the trust as at March 31, 2012 is Rs.1610.10 lacs (Previous year Rs.677.10 lacs). Trust has purchased 22,42,202 equity shares (Previous year Rs.847,002) of the Company from the open market, out of interest free loan provided by the Company till March 31, 2012.

Current value of the shares outstanding as on March 31, 2012 is Rs.1587.28 based on last closing price, whereas value of shares purchased in the trust books stand to Rs.1603.53 resulting into temporary diminution of Rs.16.25 lac. However, such loss has not been accounted for in the books of accounts, as such investment by the trust has been considered as long term investment as per AS 13, "Accounting for investments" as per accounting standard notified by the Companies (Accounting Standards) Rules, 2006.

(b) **Subsidiary Company**

The Board of Directors of CFCL Technologies Limited has approved 2007 Share Option Plan ('Plan') administered in USA for granting stock options to certain employees of its subsidiary companies. A Committee has been constituted to administer the plan alongwith the Board of the subsidiary and to determine fair value which would be the exercise price for such options. A total of 1,800,000 Ordinary Shares were reserved pursuant to 2007 Share Option plan.

The fair value of the equity shares has been determined by the management on the date of the grant for the Plan based on a valuation by an independent appraiser. As per the terms of the Plan, the exercise price equals the fair value. The subsidiary has carried out grant date option valuation based on the Black-Scholes valuation model. The fair value of the option is recognized as Deferred Compensation Costs and is being amortized over the vesting period of 48 months as per the vesting schedule, provided that the holders of the options would continue to be employees on the vesting date. The contractual life of the options granted under the Plan is 4 years from the grant date. The weighted average remaining life of options is 8.30 years (December 2010, 5.82 years).

The following scheme is in operation.

Particulars	2011	2010
Date of grant	June 14, 2011 and October 7,2011	August 5, 2010
Date of Board Approval	June 14, 2011 and October 7 2011	August 5, 2010
Date of Shareholder's approval	-	--
Number of options granted	409,500	79,500
Options forfeited during the period	235,500	190,000
Method of Settlement (Cash / Equity)	Equity	Equity
Vesting Period	48 months	48 months
Exercise Period	Excrecisable on vesting	Excrecisable on vesting
Vesting Conditions	Service conditions	Service conditions

Note : The options are exercisable from the vesting date upto a maximum period of 10 years from the date of grant.

The details of activity under the plan have been summarized below :

Particulars	2011		2010	
	Number of options	Weighted Average Exercise Price (US $)	Number of options	Weighted Average Exercise Price (US $)
Outstanding at the beginning of the year	1,536,447	2.11	1,646,947	2.15
Granted during the year	409,500	4.91	79,500	3.91
Forfeited during the year	235,500	2.38	190,000	3.18
Exercised during the year	30,000	2.09	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,680,447	2.6	1,536,447	2.11
Exercisable at the end of the year	1,244,631	1.91	1,121,960	1.89
Weighted average remaining contractual life (in year)	8.30	-	5.82	-
Weighted average fair value of options granted on the date of grant	-	1.29	-	0.8945

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

Range of exercise prices	Number of options oustanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
US $ 1.58 to 4.99	1,680,447.00	8.30	US $ 2.60

The weighted average fair value of stock options granted during the year was US $ 1.28509 (previous year US $ 0.8945). The Black Scholes option pricing model has been used for computing the weighted average fair value considering the following inputs:

Particulars	2011	2010
Weighted average share price (US $)	4.99	3.91
Exercise Price (US $)	4.99	3.91
Expected volatility	0.6468 to 0.6602	0.5984
Historical volatility	-	-
Life of options granted (vesting and exercise period)	Note (a)	Note (a)
Expected dividend	Nil	Nil
Average risk-free interest rate	0.51 % to 0.59 %	2.09%
Expected dividend rate	-	-

Notes :

(a) Vesting period is 4 years and exercise period is 10 years from the grant date.

(b) The historical volatility has been calculated based on the share of the comparable companies over the previous 3.25 to 3.75 years.

(c) Risk free rate of return has been calculated using 3.25 to 3.75 years US Treasury bond yield as on the date of respective grant.

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

(Rs.in lacs)

Particulars	2011	2010
Total Employee Compensation Cost pertaining to share-based payment plans	1146.92	614.45
Compensation Cost pertaining to equity-settled employee share-based payment plan included above for previous year	579.27	232.93
Compensation Cost pertaining to equity-settled employee share-based payment transferred to Securities Premium account	(140.51)	-
Compensation Cost pertaining to equity-settled employee share-based payment plan included above for current year	193.54	149.48
Liability for employee stock options outstanding as at year end Deferred Compensation Cost	514.62	382.41

The estimated weighted average fair value of options granted is US $ 1.28509 (Previous year US $ 0.8945) per share.

This was calculated by applying the Black-Scholes option pricing model with the following inputs:

Particulars	2011	2010
Fair value per share (US $)	4.99	3.91
Exercise price (US $)	4.99	3.91
Average risk-free interest rate	0.51%-0.59%	2.09%
Expected volatility of share price	0.6468 to 0.6602	0.5984
Expected life of options granted (in years)	3.25 to 3.75	3.00
Expected dividend yield	Nil	Nil
Value of the options (US $)	2.258 to 2.369	1.834

Expenses arising from the plan	US $ 414795 (Rs.193.54 lacs) [Previous year US $ 334,338 (Rs.149.48 lacs)]
Closing balance of liability for the plan	US $ 968,967(Rs.514.62 lacs) [Previous year US $ 855,308 (Rs.382.41 lacs)]

The following table provides details in respect of range of exercise price and weighted average remaining contractual life (in months) for the options outstanding at the year end.

Range of exercise price	Shares *	Weighted average remaining life
US $ 1.58 to $ 4.99	1680447.00	8.30 years

* (includes 486,009 options granted to directors including non-executive director (Previous year 486,009)

Since the parent of the Group is using the intrinsic value method, the impact on the reported net profit and earnings per share by applying the fair value based method

In March 2005 the ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

(Rs.in lacs)

Particulars	2011-12	2010-11
Profit as reported	15830.85	24059.12
Less : Employee stock compensation under fair value method	291.74	178.11
Proforma profit	15539.11	23881.01
Earning per share		
Basic and Diluted		
- As reported	3.80	5.78
- Proforma	3.73	5.74

45. (a) (i) During the year, CTL, in full settlement of the balance liability amounting to $ 2,444,682 (Rs.1298.37 lacs) due on acquisition of 20% stake of ISGN had issued 3,40,000 ordinary shares of par value of $ 0.0001 (Rs.0.0053 lac) each. The differential amount of $2,444,648 (Rs.1298.35 Lacs) has been credited to securities premium account.

(ii) During the year, 30,000 ESOP options have been exercised in CTL. Exercise price of $ 62,700 (Rs 33.30 lac) was received and 30,000 shares of par value of @ $0.0001(Rs.0.0053) each per share were allotted. An amount of US$ 90,465 (Rs.48.05 Lacs) has been credited to securities premium account, which includes US$ 27,768 (Rs.14.75 lacs) of ESOP option costs accounted during earlier years.

(iii) Additions to General reserve during the year also includes an amount of US$ 273,368 (Rs.145.19 lacs) relating to transfer from Employee Stock Option outstanding account, the accumulated costs of options forfeited due to resignation of the employees of CTL.

(b) Series F Preference Shares

Pursuant to a share purchase agreement dated June 9, 2011, entered into between CFCL Technologies Limited, ISGN Corporation, CFCL Ventures Limited, ISGN Solutions Inc, ISG Novasoft Technologies Limited, Inuva Info Management Private Limited and each of the investors namely NEA FDI Ltd, NEA – Indo US Ventures LLC and the Board of Directors of CTL issued the following Series F Preference Shares, as under :

Name of the investor	Par value per share (in US$)	Issue price per share (in US$)	No.of shares issued	Share Capital (US$)	Securities Premium (US$)	Total Value (in US$)
NEA FDI Inc	0.0001	10	277,966	28 (Rs.0.015 lacs)	2,779,632 (Rs.1476.26 lacs)	4,169,459 (Rs.1476.28 lacs)
NEA IndoUS Ventures, LLC	0.0001	10	69,490	7 (Rs.0.003718 lacs)	694,893 (Rs.369.057 lacs)	694,900 (Rs.369.06 lacs)
Total			347,456	35 (Rs.0.02 lacs)	3,474,525 (Rs.1845.32 lacs)	4,864,359 (Rs.2583.44 lacs)

(c) Series A, Series B, and Series F Preference shares are convertible into Ordinary shares in the ratio of 1:1. Further Series C, Series D and Series E Preference Shares are convertible into Ordinary shares in the ratio of 1.27:1. The above conversion is subject to adjustments set forth in the Articles of Association of the CTL.

(d) While the holders of preference shares may generally elect to convert into Ordinary shares at any time, all Preference Shares will automatically convert in the above ratio under the following two circumstances

(i) immediately prior to Qualified IPO (as defined in the Articles of Association of CTL) or,

(ii) with the vote or written consent of the holders of majority of the then outstanding preference shareholders voting separately to convert respective Series preference shares based on above conversion ratio.

Preference Shareholders carry voting rights and have representation in the Board of Directors as per the terms of the agreement. Further preference shareholders carry preferential dividend rights over ordinary shares if declared by the Board of directors and priority over ordinary shares in the event of any liquidation, dissolution or winding up of the affairs of CTL.

Within ninety (90) days after the receipt by the Group of a written request from Members holding not less than a majority of the then outstanding Preference Shares, voting together on an as converted basis, that all Preference Shares be redeemed (such date within such ninety (90) day period being the "Redemption Date") and concurrently with the surrender by the holders of outstanding Preference Shares of the certificates representing such Preference Shares, the Group shall, to the extent it may lawfully do so, redeem all of the then outstanding Preference Shares by paying an amount in cash per Preference Share to be redeemed equal to the greater of (i) the Original Purchase Price per share (subject to adjustment for any Recapitalizations) and (ii) the fair market value of such Preference Share as of the Redemption Date, as determined by an independent third-party investment bank or similar financial service provider agreed to by the Company and the holders of at least a majority of the Preference Shares then outstanding, voting together on an as-converted basis (the "Redemption Price").

If the funds of this Company and its subsidiaries legally available for redemption of Preference Shares on the Redemption Date are insufficient to redeem all outstanding Preference Shares on such date, those funds that are legally available will be used to redeem the maximum possible number of Preference Shares with any payment of such funds made to the holders of Preference Shares on a pro rata basis in proportion to the number of Preference Shares then held by such Members. Any Preference Shares not redeemed shall remain outstanding and shall be entitled to all the rights and preferences provided herein. At any time thereafter when additional funds of the Company are legally available for the redemption of the Preference Shares, such funds will immediately be used to redeem the balance of the Preference Shares not redeemed on the Redemption Date in the manner and in the order set forth in the preceding sentence.

46. UNSECURED LOANS OF SOFTWARE SUBSIDIARIES

(a) Effective April 1, 2007, ISGN Corporation, U.S.A.(formerly known as NovaSoft Information Technology Corporation, U.S.A. (NITC)) acquired 100% of controlling interest in Dynatek Inc.(since merged with ISGN Corporation,U.S.A.), for a total consideration of US$20 million (Rs.10622 .00 lacs). The consideration was discharged by payment in cash of US$ 11 million (Rs.5842.10 lacs) and by way of issue of Convertible Promissory Notes (CPNs) of US$ 9 million (Rs.4779.90 lacs) carrying an interest rate of 2.5% per annum.

Pursuant to the terms and conditions of the share purchase agreement the consideration payable has been reduced by an amount of US $ 746,120 (Rs.396.26 lacs),consequently the face value of the CPNs were reduced to US $ 8,253,880 (Rs.4383.64 lacs).

In accordance with the original terms of the CPNs

- Principal and accrued interest shall become due and payable on May 21, 2010.
- Before the maturity date, the holder of CPN (lenders) have the sole option to convert the entire amount of principal and accrued interest into Ordinary shares of CFCL Technologies Limited (CTL).
- On the maturity date, unless earlier converted into shares, CTL at its sole option shall discharge the obligation by payment of cash or by converting into Ordinary shares of itself.
  * During the previous year, CTL sent a Notice of conversion to the lenders and the lenders sent a Notice of repurchase to CTL. The parties negotiated a Mutual Rescission and Forbearance and restructuring agreements entered on July 21, 2010 between CTL and lenders, described below.
  * Forbearance and Restructuring agreement entered on July 21, 2010 provided the following:
- Both parties agreed that to the extent there may have been an event of default under the original CPN , it was waived
- Lender agrees that the minimum amount due after conversion and repurchase is US$ 4,500,000 (Rs.2389.95 lacs) and the existing obligation owed to lenders shall be restated as set forth in the agreement.
- Commencing June 25, 2010, simple interest of 6% is payable on the minimum amounts due. The first payment of interest will be made along with the first installment and thereafter, interest will be paid quarterly.
  • Payment dates : First payment date –August 30, 2010 before which 50% of principal amount of notes due will be converted and repurchased for US$ 2,250,000 (Rs.1194.98 lacs); Second payment date –May 21, 2011 before which 25% of principal amount of notes due will be converted and repurchased for US$ 1,125,000 (Rs 5974.88 lacs); final payment before May 21, 2012 before which the remaining 25% of principal amount of notes due will be converted and repurchased for US$ 1,125,000 (Rs.5974.88 lacs).
  • In the event of an IPO or sale of shares happening before May 21, 2012, the outstanding principal amount as on the date of the sale or IPO shall be converted into shares and repurchased for a guaranteed minimum of US$ 14.89 (Rs.790.80) per share.
  • On the first payment date, CTL shall pay the lender the interest of 6% from June 25, 2010 to that date and also a sum of US$ 40,000 (Rs.21.24 lacs) towards the attorney's fee and expenses incurred on restructuring the agreement.

Further, in the event of exercise of conversion of Notes into ordinary shares, the outstanding principal amount will continue to be convertible into Ordinary shares at a conversion price of US $ 27.2727 (Rs.0.014 lacs) per Ordinary share as per the original terms of the Note.

(b) CTL has issued convertible promissory notes (CPN's) amounting to US$ 3,145,000 (Rs.1670.30 lacs) for the acquisition of balance 20% minority stake in ISGN and settlement of the contingent consideration agreed at the time of initial acquisition of 80% stake of ISGN and net assets of Praxis Technology Group LLC during the year ended March 31, 2006. The CPNs do not carry any interest. The CPN's are convertible into Ordinary Shares of CTL at a conversion price of US$ 9.25 (Rs.0.0049 lac)per share.

In accordance with the terms of CPNs

- The CPNs shall be due for repayment on May 7, 2011.
- Before the maturity date, the lenders have the sole option to convert the entire amount of principal into Ordinary shares of CTL.
- On the maturity date, unless earlier converted into shares, CTL at its sole option discharge the same by payment of cash or by converting into Ordinary shares of itself as per the terms of the agreement.

In the event the conversion option is exercised, the CPNs are convertible into 340,000 Ordinary shares at a conversion price of US$ 9.25 (Rs.0.0049 lac) per Ordinary share.

During the year this note has been converted and 340,000 ordinary shares have been issued towards settlement of the notes payable at the fair value of USD 2,444,682 (Rs.1298.37 lacs).

47. DEFERRED TAX ASSETS

Deferred tax assets are calculated with reference to the business loss and unabsorbed depreciation as per tax and other timing differences. However, deferred tax asset has not been recognized as the management believes that there is no virtual certainty that sufficient future taxable income will be available to realize the deferred tax asset for the year ended December 31, 2011 except in case of an Indian step down subsidiary, ISGNTL. Deferred tax assets have been recognized as the Indian subsidiary has been generating profits and is expected to maintain a profitable trend in the ensuing future as well. Breakup of deferred tax assets is as follows-

(Rs.in lacs)

Particulars	2011-12	2010-11
On account of 43B items under the Income Tax Act	90.79	72.51
Depreciation	11.77	0.68
Total	102.56	73.19

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

48 Details of loans and Advances to firms/companies in which directors are interested and investments by the loanee in the shares of the Company (as required by Clause 32 of Listing Agreement)

(Rs.in lacs)

Particulars	Outstanding amount as at*		Maximum amount outstanding during financial year	
	31.03.2012	31.03.2011	2011-12	2010-11
Loans and advances to firms / Companies in which directors are interested				
- The Oudh Sugar Mills Limited	3000	1000	3000	1000
- Upper Ganges Sugar & Industries Limited	2000	1000	2000	1000
- Gobind Sugar Mills Limited		1000	1000	1000
Investment by the above mentioned loanees in the shares of the Company				
- Upper Ganges Sugar & Industries Limited	70.42	70.42	70.42	70.42
- Zuari Investments Limited	40.30	40.30	40.30	40.30

* Repayable within one year

49 INTEREST IN JOINT VENTURE OF THE GROUP:

The Group has 33.33% ownership interest in Indo Maroc Phosphore S.A. IMACID, which is engaged in manufacturing of phosphoric acid is registered in Morocco and follows Accounting period from January to December and accounts is being consolidated on the similar basis.

There is no contingent liability and capital commitment in current and previous year. (Rs.in lacs)

Particulars	2011	2010
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share capital	-	-
Reserves and surplus	21570.96	11193.23
Total	21570.96	11193.23
Non-Current Liabilities		
Long-term borrowings		
Deferred tax liabilities (Net)	-	-
Other long term liabilities	-	-
Long term provisions	-	-
Total	-	-
Current Liabilities		-
Short-term borrowings	2.69	-
Trade payables	16777.80	10144.04
Other current liabilities	9927.58	890.50
Short-term provisions	-	(29.86)
Total	26708.07	11004.68
Grand Total	48279.03	22197.90
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	5666.45	5709.20
Intangible assets	-	-
Capital work-in-progress	238.60	392.20
Intangible assets under development	-	-
Non-current investments	-	-
Deferred tax assets (net)	-	-
Long term loans and advances	-	-
Other non-current assets	-	-
Total	5905.05	6101.40
Current assets		
Inventories	6953.71	2176.25
Trade receivables	10967.22	3374.01
Cash and cash equivalents	15759.14	16571.91
Short-term loans and advances	7182.37	1404.57
Total	40862.44	23526.74
Grand Total	46767.49	29628.14

Income		
Revenue from operations (Net)	63669.84	41931.03
Other income	1939.77	867.27
Total Revenue	65609.61	42798.30
Expenses:		
Cost of materials consumed	47921.71	27723.67
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(2503.91)	1049.05
Employee benefit expense	1632.39	1290.04
Financial cost	33.00	269.53
Operating and other expenses	8468.65	7835.95
Depreciation / Amortization	877.31	978.61
Total Expenses	56429.15	39146.85
Profit after exceptional items and before tax	9180.46	3651.45
Tax expenses:		
Current tax	1658.97	803.69
Profit /(Loss) for the period from continuing operations	7521.49	2847.76

50. Figures pertaining to the Subsidiaries and Joint Venture have been reclassified wherever considered necessary to bring them in line with the Company's financial statements.

51. Pending receipt of appeal effect orders for the assessment years 2003-04, 2004-05 and 2008-09, where appeal has been decided in favour of the Company by the Commissioner of Income Tax (Appeals) and/ or Income Tax Appeallate Tribunal, interest on income tax refund has not been recognized thereof as the amount is presently not reasonably determinable. Interest income on this refund shall be recognized in the year the appeal effect order is received from Income Tax Department.

52. Tax related to earlier years' represents income-tax credit amounting to Rs.5608.92 lacs (Previous year Nil) substantially on certain benefits allowed by Income Tax Appellate Tribunal, Jaipur and reversal of excess income tax provision for earlier years and provision for income-tax pertaining to earlier years amounting to Rs.1276.33 lacs (Previous year Nil), which has been recognized during the current year.

53. During the year, the Shipping Division of the Company has opted out of Tonnage Tax Scheme under the Income Tax Act, 1961 and therefore will be assessed under the normal tax regime w.e.f. April 01, 2011. The computation of current tax and deferred tax for the year has been done accordingly. Consequent to the above, the Company has accounted for net deferred tax liability on the difference between the written down value of the fixed assets pertaining to the Shipping Division as per books of accounts and the Income Tax Act, 1961 as on April 1, 2011 amounting to Rs.18420.67 lacs and the same has been disclosed as 'Exceptional Deferred tax charge' in the consolidated statement of Profit & Loss.

54. **Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development (MSMED) Act, 2006:**

(Rs. in Lacs)

Particulars	2011-12	2010-11
The principal amount due and remaining unpaid to any supplier as at the end of each accounting year.	19.34	1.52
The interest due on unpaid principal amount remaining as at the end of each accounting year.	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year, and		-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductive expenditure under section 23 of the MSMED Act, 2006.	-	-

55. **Details of foreign currency exposure that are not hedged by a derivative instrument or otherwise**

S.No.	Exposure in foreign currency	Nature of exposure and amount			
		Bank Balances	Trade and other payables	Loans and interest accrued	Trade and other receivables
1	USD	155,805.00 (26,925.00)	16,667,211.56 (1,566,501.00)	260,331,449.39 (299,044,856.39)	8,622,232.96 (18,812,119.00)
2	SGD	-	183,081.00 (114,563.00)	-	11,025.00 (-)

S.No.	Exposure in foreign currency	Nature of exposure and amount			
		Bank Balances	Trade and other payables	Loans and interest accrued	Trade and other receivables
3	JPY	-	13,625,909.00 (5,110,409.00)	-	85,527.00 (-)
4	GBP	- -	- (3,633.00)	-	-
5	EURO	-	41,070.19 (465,486.00)	-	22,437.57 (-)
6	AED	-	268,013.00 (59,080.00)	-	-
7	MAD	-	-	-	
8	KW	-	3,840.00 (-)	-	-
9	NOK	-	15,438.00 (53,753.00)	-	-
10	THB	-	-	-	2,750.00 (-)
11	YUAN	-	-	-	69,785.00 (-)
	Exposure Rs. in lacs	79.27 (12.01)	8,705.83 (1,074.50)	132,456.64 (133,235.72)	4,413.04 (8,397.05)

Notes :

(a) Unhedged Loans of Rs.112754.28 lacs (Previous year Rs.114189.86 lacs) are not payable within next one year.

(b) The hedging of Foreign Currency outflows is decided after considering the extent of natural hedge available from foreign currency inflows from export of goods and shipping activities.

(c) In case of hedged transactions mentioned in (a) above, all losses, wherever applicable, as of March 31, 2012 have been provided for.

(d) Previous year figures have been given in brackets.

56. Till the year ended March 31, 2011, the Company was preparing its accounts based on the Schedule VI to the Companies Act 1956, During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification.

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Anil Gupta
Partner
Membership No - 87921

Place : Gurgaon
Date : May 12, 2012

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

Anil Kapoor
Managing Director

S.K. Poddar
Chairman

Abhay Baijal
Vice President - Finance

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

Place : New Delhi
Date : May 12, 2012

CHAMBAL FERTILISERS AND CHEMICALS LIMITED

Regd. Office : Gadepan, Distt. Kota, Rajasthan, PIN - 325 208

PROXY FORM

I/we.. of ....in the district of ....being a member/members of the above named Company, hereby appoint Mr./Mrs.. of..in the district of ....or failing him/her Mr. Mrs. ....of .... in the district of ....as my/our proxy to attend and vote for me/us and on my/our behalf at the Twenty Seventh Annual General Meeting of the Company to be held at 1030 hours on Friday, the 14th day of September, 2012 at its Regd. Office at Gadepan, Distt. Kota (Rajasthan), PIN - 325 208 and any adjournment thereof.

Signed this.. day of .... 2012.

Signature .... Affix a Revenue Stamp ....

Ledger Folio/Client ID No. .... DP ID No. ....

No. of Shares held ....

Note : The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the scheduled time for holding the meeting.

CHAMBAL FERTILISERS AND CHEMICALS LIMITED

Regd. Office : Gadepan, Distt. Kota, Rajasthan, PIN - 325 208

ATTENDANCE SLIP

(Please complete the Attendance Slip and hand it over of the entrance of the Meeting Hall).

I hereby record my atendance at the Twenty Seventh Annual General Meeting of the Company being held on September 14, 2012.

Member's/Proxy's name (In Block Letters) Signature of Shareholder/Proxy

Ledger Folio/Client ID No. .... DP ID No. ....

No. of Shares held ....

CHAMBAL FERTILISERS AND CHEMICALS LIMITED
E-COMMUNICATION REGISTRATION FORM

Folio No. (FOR PHYSICAL SHARES) : ______________________

Name of 1st Registered Holder : ______________________

Name(s) of Joint holder(s) : ______________________

Registered Address : ______________________

____

E-Mail ID (to be registered) : ______________________

I, shareholder of Chambal Fertilisers and Chemicals Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail in your records for sending communication through e-mail.

Date:______________ Signature______________

First holder

Notes:
1. Shareholder(s) is/are requested to keep the Company informed as and when there is any change in the e-mail address.
2. In case, shares are held in electronic form, kindly register your email particulars with your Depository Participant.

ECS MANDATE FORM

1. Shareholder's name (in Block Letter) : ______________________ (First holder)

   : ______________________ (Joint holder)

2. Folio Number (for Physical shares) : ______________________
3. Number of Shares : ______________________
4. Bank Name : ______________________
5. Branch Name & Address :
6. Status of Investor (Mark "√ " in the appropriate box) : Resident ☐ Non-Resident ☐
7. Account Type (Mark "√ " in the appropriate box) : SB A/C ☐ Current A/C ☐ Cash Credit A/C ☐ Other ☐
8. Account Number

9. Ledger Folio No. of the A/C (if appearing on Cheque Book) ______________________
10. Nine digit code number of Bank and Branch appearing on the Cheque

I/we hereby declare that the particulars given above are correct and complete. If credit is not effected for resons of incomplete or incorrect information, I/we would not hold the Company responsible.

Dated : ____________

____
Signature of the First holder
(as appearing in the Company's records)

Note : In case, shares are held in electronic form, kindly submit ECS particulars to your Depository Participants.

Book-Post

If undelivered, please return to:

Investor Service Centre,

Chambal Fertilisers and Chemicals Limited

"Corporate One" First Floor,

5, Commercial Centre, Jasola,

New Delhi-110 025