CHAMBAL FERTILISERS AND CHEMICALS LIMITED

Towards Food Security

ANNUAL REPORT 2007-08

Corporate Information

DIRECTORS

Dr. K. K. Birla
Chairman

S.K. Poddar
Co-Chairman

H.S. Bawa
Vice Chairman

Anil Kapoor
Managing Director

R.N. Bansal

Dipankar Basu

Shyam S. Bhartia

M.D. Locke
(Alternate: C.S. Nopany)

A.J.A. Tauro

Marco Wadia

SECRETARY

M.S. Rathore

SENIOR EXECUTIVES

Abhay Baijal
Vice President - Finance

D.L. Birla
Executive President - BTM

Alok Dayal
Vice President - Corporate HR

Vinod Mehra
President - Operations

Arun Sharma
Executive President - India Steamship

V. Vijayshankar
Vice President - Strategic Planning

LEGAL ADVISORS

Crawford Bayley & Co.
Mumbai

AUDITIORS
S.R. Batliboi & Co.
Chartered Accountants

BRANCH AUDITORS
Singhi & Co.
Chartered Accountants

DEBENTURE TRUSTEE
Axis Bank Limited

BANKERS
Bank of Baroda
Axis Bank Limited
Allahabad Bank
Citibank N.A.
HDFC Bank Limited
ICICI Bank Limited
ING Vysya Bank Limited
Punjab National Bank
State Bank of Hyderabad
State Bank of India
State Bank of Mysore
State Bank of Patiala

Registered Office: Gadepan, Distt. Kota, Rajasthan, PIN - 325 208
Corporate Office: International Trade Tower, 'E' Block, 14th Floor, Nehru Place, New Delhi - 110 019
Website : www.chambalfertilisers.in

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Shri. K.K. Birla

Shri. S.K. Poddar

Message from the Chairman and Co-Chairman

Dear Shareholders,

We are glad to present the annual report of Chambal Fertilisers and Chemicals Ltd. for the year 2007-08. This gives us an opportunity to share a few thoughts with you on important issues like food security, role of agriculture in our economy and the future of the fertiliser industry.

During the last 50 years, there has been an unprecedented explosion in world population. The growth in population during these years is more than that in the preceding four million years. Today the world has a population of 6000 million, which may escalate to 9000 million within a few decades. In our country, we have a population of over 1000 million. This means that every sixth person in the world is an Indian.

The impact of this dramatic growth would be alarming both for India and the world. Almost every country will bear the brunt of this increase in population. Even countries which enjoyed food security for years, will now feel the crunch. China, for instance, was a net exporter of food grains until 1994. Now it is a large importer, importing more than 20 million tonnes annually.

All over the world, grain consumption has outstripped production. From an annual growth rate of 1.2 percent, consumption has jumped to an all time high of 2.3 percent. As a result, food grain stocks are dwindling. Economists attribute this scenario to a combination of factors including rising population, emergence of high income groups and use of food grains to make biofuels.

Despite the tremendous success of the Green Revolution, which tripled the world's food supply in four decades, the world is now on the brink of food shortages.

Indian agriculture is considered a great success story. After independence, in shortest possible time, the country succeeded in building self-reliance in food. From 50 million tonnes a year, Indian food grain production exceeded 200 million tonnes by the turn of the century. A massive food deficit was transformed into self-sufficiency.

As a nation we have to meet the challenge of growing more food for the growing population. To begin with, India will have to raise food grain production to 250 million tonnes in the short term to keep pace with rising demand. With obvious limits of cultivable land and irrigation facilities, we have to depend on high tech seeds, upgradation of farm practices and increased output of fertilisers to boost food production.

The challenge calls for supreme effort. We can do it. Our positive advantage is that we have the land, the resources, the skills and the will to perform this miracle. According to renowned agronomists, we have the potential to produce 400 million tonnes of food grains in the near future. As Dr. Swaminathan puts it, India can become the bread basket of the world.

Although food grains are important, we cannot loose sight of the untold potential of other agro products in the world markets. With globlisation, new avenues are opened to merchandise vegetables, fruits and dairy products in international markets. According to reports, India has vast potential for such products. If we succeed in seizing the new opportunities, India can aspire to be 'a food superpower'.

To produce more food for more people, India needs more fertilisers. Fertiliser is a capital intensive industry. A large fertiliser plant requires an outlay of at least USD 1 billion. Small wonder that not a single new fertiliser plant has been set up in recent years. This can be contrasted with huge investments in all other sectors.

The new fertiliser policy initiated by the government recently makes a departure from the old restrictive policy environment. It is designed to encourage new investments and provide stability to the industry. However, its implementation needs fine tuning. Hopefully, India's fertiliser industry can now look forward to an era of growth and progress in the service of the country.

Your company is not just a manufacturer and marketer of fertilisers. Its vision stretches far beyond. It is an important participant in the nation's effort to achieve and maintain food security for millions of people.

K.K. Birla
Chairman

S.K. Poddar
Co-Chairman

Food for the Growing Millions

Although the production of food grains made spectacular gains during the last four decades, the engine that drove the growth seems to have lost its steam. Once again, food shortages loom large on the horizon.

India's Green Revolution was a historic success. However, food production is not in step with the rapid growth in population. The challenge ahead is to grow more food not only to meet our country's needs but also, for the world markets.

As a major manufacturer and marketer of fertilisers in the private sector, Chambal Fertilisers is fully equipped to play its role in this national endeavour.

Chambal Fertilisers is looking beyond the horizons. Its vision is to participate in the national effort to strengthen and maintain food security.

From the Lab to the Field

Our farmers have to adopt new technologies to keep ahead of the world. They have proved their mettle by putting in their best efforts during the Green Revolution. The country can rely on them to successfully harness new technologies. Chambal Fertilisers is playing the catalytic role to take the knowledge from the laboratory to the field.

Uttam Bandhan is a unique programme launched by the company. Under this project, 75,000 selected farmers are given hands-on information about modem farm practices, use of balanced fertilisers, control of pests, animal healthcare, and introduction to profitable crops.

Main features of this programme are:

- Over 250 "Uttam Krishi Sewaks" to guide the farmers.
- Agricultural Development Labs at Agra and Sriganganagar to test more than one lakh soil and irrigation water samples annually, free of cost.
- "Single Window Concept" to provide the whole package of information to the farmers.
- "Hello Uttam" helpline gives expert advice on the phone to the farmers.
- Guided tours for groups of farmers to research stations, agricultural fairs and our manufacturing facilities.

Clean Water, Green Earth

At Chambal, management of the environment is a total effort and a mainstream responsibility. Everyone, on and off the job, is responsible for environmental conservation.

Almost all the water effluent is treated and recycled. This performance has been recognized by national and international agencies.

The Gadepan complex is rated one of the most beautiful industrial landscapes in the country. Green avenues, rolling lawns, groves of indigenous and exotic species of trees contribute to the uniqueness of the landscape. The trees of Chambal shelter hundreds of species of birds and wildlife.

Rural Development Thrust

How to put more money into the hands of the farmers is an important concern of our planners. Increased purchasing power of farmers will have a multiplier effect on the economy. Chambal has initiated several programmes for rural young men and women to help them earn a living. Young men are trained in vocations as diverse as nursery management, tailoring, compressor upkeep and so on. Young women are trained to stitch clothes and run small shops.

Chambal Fertilisers also supports community's efforts to build roads, boring wells, water pipelines and primary schools. In the Gadepan region, Chambal is a member of **'The Parivar'**. An important part of the programme is healthcare. At Gadepan, a mobile van, organized and run by the wives of employees, attends to patients at their doorstep everyday. This project is considered as one of the best of its kind in the country.

Core Business and Diversification

Fertiliser and Agri Inputs Division

Located at Gadepan in Kota district of Rajasthan, our two hi-tech nitrogenous fertiliser plants produce about 2 million tonnes of urea per annum. Built with an investment of Rs. 25 billion, it is one of the largest private sector fertiliser complex in India.

Our two units in Gadepan commenced commercial production in 1994 and 1999. We adopted state-of-the-art technology including that from Haldor Topsoe (Denmark), Snamprogetti (Italy), Kellog (USA), Toyo Engineering Corporation (Japan) in our two units.

Chambal caters to the Northern, Central and Western regions of India and supplies its produce to ten states. The Company markets Urea under the brand name of 'Uttam Veer'. With ten regional offices, Chambal has a 1,300 strong dealer network and 20,000 village level outlets to assist distribution. Besides Urea, fertilisers such as DAP, MOP, SSP and other agri-inputs as zinc sulphate, pesticides and seeds are made available to the farmers under the 'single window' concept.

Shipping Division

One of the oldest shipping company of India, 'India Steamship Company Limited' was amalgamated with our company in 2004 with dual rationale of capitalising on the growth opportunity from shipping industry with our strong financials and market standing on one hand and providing meaningful business diversification on the other.

Our fleet of five Aframax Tankers - 'Ratna Urvi', 'Ratna Puja', 'Ratna Shruti', 'Ratna Shradha' and 'Ratna Namrata' have a combined capacity of over 5 lac DWT. Three out of these five Aframax Tankers of 105,000 DWT each, joined the fleet between April and July 2008. Another ship is scheduled to join in the first quarter of 2010.

Textile Division

Our textile division 'Birla Textile Mills' has a state-of-the-art spinning unit at Baddi, in Solan district of Himachal Pradesh. It produces both cotton and synthetic grey and dyed blended yarn in various counts with a capacity of over 80,000 spindles.

Known for our quality products in domestic and international markets, we supply yarn to leading manufacturers in India and also exports about 25% of our produce to various countries in Asia & Europe.

Performance at a Glance

Key Financial Highlights

(Amount in Rs. Lacs)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08
Total Income	224471	270950	275720	261366	280230
Operating Profit (PBDIT)	43025	44570	45778	47766	52070
Cash Profits	26878	37194	36208	32773	38874
Profits before Tax (PBT)	18044	28101	28153	21763	26808
Profit after Tax (PAT)	12499	22063	20312	15113	20380
Share Capital	40600	41621	41621	41621	41621
Reserves & Surplus	33769	42730	54496	60591	72206
Loan Funds	132956	117866	98125	202698	189363
Gross Block	268037	281241	282772	325981	320825
Net Current Assets	47329	47829	32102	81580	67714
Operating Profit Margin	12.92%	10.99%	10.90%	11.62%	12.34%
Net Profit Margin	5.64%	8.23%	7.41%	5.83%	7.49%
Return on Average Net Worth	13.82%	14.56%	15.38%	9.87%	11.07%
Debt Equity Ratio	1.79	1.40	1.02	1.98	1.66
Interest Coverage Ratio	2.70	3.77	5.18	3.27	3.66
Current Ratio	2.60	2.06	1.85	3.94	3.16
EPS (fully diluted)	3.08	5.35	4.88	3.63	4.90
Cash EPS (fully diluted)	6.62	9.03	8.70	7.87	9.34
Dividend per share	1.60	1.80	1.80	1.80	1.80
Dividend Rate	16%	18%	18%	18%	18%
Share Price as on 31st March	18.70	29.85	39.10	31.30	49.85
Market Capitalization	75922	124238	162737	130273	207480

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 23rd Annual Report together with audited accounts for the financial year ended March 31, 2008.

1. Financial Results and Appropriations

(Rs. in crore)

Particulars	2007-08	2006-07
(a) Turnover (excluding excise duty)	**2720.13**	2591.31
(b) Gross Profit after Interest but before Exceptional Items, Depreciation and Tax	**428.85**	385.56
(c) Depreciation	**184.94**	176.60
(d) Profit before Exceptional Items and Tax	**243.91**	208.96
(e) Exceptional items	**24.17**	8.67
(f) Profit before Tax	**268.08**	217.63
(g) Provision for Current Tax	**94.40**	92.71
(h) Provision for Deferred Tax	**(31.89)**	(27.83)
(i) Fringe Benefit Tax	**1.26**	1.23
(j) Provision for Tonnage Tax	**0.51**	0.39
(k) Profit after Tax	**203.80**	151.13
(l) Balance of Profit Brought Forward	**401.92**	399.67
(m) Transitional Provision of Accounting Standard – 15 (Revised) (Net of deferred tax)	**--**	(2.53)
(n) Transferred from Debenture Redemption Reserve	**39.82**	10.29
(o) Profit available for Appropriation	**645.54**	558.56
(p) Appropriations:		
• Debenture Redemption Reserve	**--**	34.99
• Tonnage Tax Reserve	**16.00**	9.00
• General Reserve	**25.00**	25.00
• Proposed Dividend on Equity Shares	**74.92**	74.92
• Tax on Dividend	**12.73**	12.73
(q) Balance Carried Forward to Balance Sheet	**516.89**	401.92

2. Dividend

The Board recommends dividend @18% on equity shares of Rs. 10 each (Previous Year 18%). The total outgo on this account will be Rs. 87.65 crore including dividend tax.

3. De-bottlenecking of Fertiliser Plants

Your company had initially envisaged 25% increase in the capacity of both the fertilizer plants at Gadepan through de-bottlenecking schemes. The Government has not yet announced the policy for future investments in new and de-bottlenecking projects. In view of this, the Company has decided to implement the partial de-bottlenecking of the plants which will result in energy saving and marginal Urea capacity increase. The Scheme is financially viable. The project is under implementation and expected to go on stream by April 2009.

4. Information on Business Segments

The detailed information on the 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.

The Food Processing Unit of the Company was disposed off during the year.

5. Joint Ventures and Associates

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

During the year 2007, IMACID produced 422,229 MT of Phosphoric Acid (P_2O_5) at a daily average plant rate of 1,355 MTPD. Sales during the period were 421, 653 MT of Phosphoric Acid.

IMACID earned cash profit of MAD 477.5 million (Rs. 2465.30 million) (net of tax) during the year 2007 as against MAD 295.8 million (Rs. 1551.91 million) in 2006. The Increase in cash profit for 2007 is mainly on account of higher production and sales of Phosphoric Acid and lower fixed cost. IMACID achieved higher production mainly on account of capacity increase from 365,000 MT to 430,000 MT of Phosphoric Acid. The other achievements of the Company during the year were continuous 1,311 days accident free operation, new record of continuous operation of sulphuric acid plant for 96 days against previous best of 53 days and better availability of captive power plant.

IMACID prepaid all long term debt during the year, thus becoming a debt free company.

(ii) Zuari Investments Limited

Zuari Investments Limited (a joint venture between Zuari Industries Limited and Chambal Fertilisers and Chemicals Limited) is a member of both National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) for equity as well as Futures & Options (F&O) segment. It is depository participant with National Securities Depository Limited and Central Depository Services (India) Limited. Besides being empanelled with Association of Mutual Fund of India for distribution of Mutual Fund products, the company is also a member of Over the Counter Exchange of India (OTCEI) and a Category-II Registrar and Share Transfer Agent registered with Securities and Exchange Board of India.

Zuari Investments plans to enter into Commodity Broking to complete its bouquet of Financial Services and to become a one stop shop for Stock Broking, Depository Services, Investment Advisory Services, Insurance Broking Services and Commodity Broking Services and is fully poised to reap the benefits of abuoyant capital market.

During the financial year 2007-08, the income of Zuari Investments Limited from various services was Rs.881 lac and cash profit was Rs. 256 lac.

6. Subsidiaries

(i) Chambal Infrastructure Ventures Limited

Chambal Infrastructure Ventures Limited is a Special Purpose Vehicle and a wholly owned subsidiary of your Company. This subsidiary is engaged in development and setting up of power projects. It has in turn incorporated two wholly owned subsidiaries viz. Chambal Energy (Chhattisgarh) Limited and Chambal Energy (Orissa) Limited for taking up power projects in the states of Chhattisgarh and Orissa respectively.

Chambal Infrastructure Ventures Limited has signed a Memorandum of Understanding with Government of Chhattisgarh on February 1, 2008 for setting up of 1100 MW Thermal Power Plant. Application for setting up Thermal Power Plant of 1200 MW in the State of Orissa is pending for approval.

(ii) CFCL Overseas Limited, Cayman Islands

CFCL Overseas Limited was incorporated as a Special Purpose Vehicle and wholly owned subsidiary of your Company for consolidation of its entire software business. As on date, the total investment of your Company in CFCL Overseas stands at US$ 46.375 million.

The entire software business was restructured during the year 2006-07 and the Company's stake in software business was transferred to CFCL Overseas Limited or its subsidiaries. CFCL Technologies Limited is a flagship company for software business and also a subsidiary of aforesaid Special Purpose Vehicle.

As a part of overall restructuring and business plan, main focus of software business has shifted from a general purpose IT service company to Mortgage related IT business company. The business growth was envisaged mainly through inorganic growth and by bringing in strategic investors who have expertise in this field.

As a part of this road map, the software business acquired Dynatek Inc., U.S.A. and Inuva Info Management Pvt. Limited, India during the year and brought on the board New Enterprise Associates, U.S.A. as a strategic investor. These alliances will help the business greatly in achieving its plan. The business is expected to show improved performance during the current financial year.

During the year, on consolidated basis, software business earned revenues of US$ 28.1 million and incurred EBITDA loss of US$ 2 million.

(iii) India Steamship Pte. Limited, Singapore

India Steamship Pte. Limited, a wholly owned subsidiary of your Company, was incorporated in Singapore in the year 2006-07, considering the favourable tax regime in Singapore. Certain activities of shipping business are carried out through this subsidiary. This company commenced its operations through operating tonnage and confined the operations East of Suez for lower risk profile.

Despite the extreme volatility experienced in the tanker segment and lower freight rate for most part of the year, India Steamship, Singapore has posted a reasonable performance during the year by earning a revenue of US$ 9.73 million with a net profit of US$ 63,380.

(iv) Chambal Biotech Pvt. Limited, Singapore

Chambal Biotech Pvt. Limited was a Special Purpose Vehicle of your Company for its investments in Seed Potato Business. Chambal Biotech had sold in August 2007 its entire holding in Technico Pty. Limited, Australia to M/s. Russell Credit Limited (a subsidiary of M/s. ITC Limited). As entire downstream investments were sold by Chambal Biotech, it has applied to Accounting & Corporate Regulatory Authority, Singapore to strike off its name from the register as per the provisions of the Companies Act of Singapore.

Your Company has applied for approval of the Government of India, seeking exemption under section 212(8) of the Companies Act, 1956 from attaching with its Annual Report, the copies of the Balance Sheet, Profit and Loss Account, Board of Directors' Report and Auditor's Report of its subsidiary companies. However, pursuant to Accounting Standard 21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company includes the financial information of its subsidiaries, as applicable. The Company will make available the Annual Accounts of its subsidiaries alongwith relative detailed information upon request by investors of the Company or its subsidiaries.

7. Environmental Protection, Health and Safety

(a) Environment Management

Your Company has established and maintained an Integrated Management System (for Environmental, Occupational Health & Safety and Quality) based on ISO-14001: 2004 and OHSAS-18001: 2007 and ISO-9001:2000.

i) **Sustainable Development** - Your Company is totally committed to sustainable development and has completed various environment programmes keeping the global issues in mind, viz. Rain Water Harvesting, Ground Water Recharging, Energy Conservation measures, Pollution Control, Use of Solar Energy, etc.

Educating and sensitizing the stakeholders mainly employees, contractors and customers on the importance of sustainable development is a process in continuum.

ii) **Waste Management** - Your Company is managing well designed and operated programmes / treatment facilities to control pollution. Major thrust is on 3R concept (Reduce, Re-use and Re-cycle) of the effluents being generated. As a result, more than 98% of the effluents are recycled in the processes.

Waste water is being recycled and used in maintaining a green belt through a 35 kilometer long irrigation network spread all over the complex, which in turn helps in saving fresh water. The Company's lush green campus at Gadepan has an environment which consists of fully developed green belt, gardens, lawns, shrubs and landscaping. This is considered as one of the most beautiful industrial campuses in Rajasthan.

Your Company has adopted best practices to manage Solid / Hazardous Waste disposal after proper categorization. Saleable items are sold to the approved recyclers. The use of polythene bags in the Gadepan campus is strictly prohibited.

iii) **Green belt and water consumption**- The area surrounding Gadepan complex is experiencing a positive change in Ecology due to development of a dense green belt/ forest inclusive of over 2.27 lac trees in an area of about 213 hectares under a programme named “Operation Green”. This has provided habitat to more than 100 species of birds.

Water consumption is optimized through implementation of various conservation schemes. The trend of consumption shows a continual improvement. During the year, the specific consumption of water was 5.18 cubic meter per MT of urea being one of the lowest in the Fertilizer Industry.

The Company has also taken up a project of implementation of rain water recharging of wells at different locations around the township in Gadepan in a phased manner.

(b) Safety Management

Safety is accorded the highest priority in your Company. A strong safety and occupational-health programme is in place to ensure the safety of men and machine. Your Company has completed 238 days safe operations without any reportable accidents till April 2008.

Your company has initiated action to implement Process Safety Management System based on 29 CFR 1910.119 developed by OHSA of USA in its operations. It shall help in preventing serious process related incidences which can cause loss of property and release of hazardous gases.

As a management commitment towards safety of employees, their families and contract workforce, the township at Gadepan has obtained OHSAS-18001:2007 certification.

Your Company has received '5-star rating' of British Safety Council for its Occupational Health & Safety Management System at Gadepan.

Your company has also taken following safety measures as a part of safety campaign:

- Quiz competitions, the screening of video films, slogan contests, safety exhibitions, etc., particularly during Safety Week and Fire Week every year.
- Reporting and recording of all near-miss incidents by both Company and contractors' employees to enable the Company in preventing accidents and in identifying root causes.
- Rewards for completion of every two million man hours without Loss Time Injury, Safe Turn Around and Near Miss Reporting.

i. Emergency Handling

Your Company has a well-defined Onsite Disaster Management Plan in the factory at Gadepan, which clearly defines the duties of all the employees during emergency. Regular mock drills are conducted to check the emergency preparedness inhouse as well as with local administration. A formal "Mutual Aid Scheme" with NTPC-Anta is also in place for the emergency handling.

ii. EHS Audits

Apart from periodic internal audits, external audits are also carried out as per schedule. The gaps identified in the audits are corrected through an action plan.

iii. Behaviour-based safety

Our Company has planned extensive training program on Behaviour Based Safety as it emphasizes that employees need to take an ownership for their safe as well as their unsafe behaviours.

(c) Health & Hygiene

Your Company also accords high priority to hygiene monitoring at work place and employees' health assessment. The plant and processes are continuously upgraded to improve hygiene and health standards. Necessary training is imparted to the employees and other workers to enhance their awareness towards health related matters.

A well placed medical centre at your company works round the clock to provide Health Services to employees, contractors, their families and community. Company medical officer conducts regular health awareness programs.

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

(d) Achievements

Your Company received the following awards for improvement in EHS standards:

- Sword of Honour Award from British Safety Council for the Year 2007.
- Gold Safety Award from Green Tech Foundation for Occupational Health & Safety Management System for the year 2007.

8. Corporate Social Responsibility

Your Company is committed towards the development of rural infrastructure and to help improve the quality of life in the villages in the vicinity of the plant at Gadepan. Since 1994, your Company has taken a number of initiatives in this area in consultation with local administration at the village & block levels for the community. Your company has paid special attention to providing the basic amenity of drinking water in the villages through installation of new tube wells and hand pumps and regular upkeep of the existing ones. More pebbled roads, gravel roads and culverts over nalahs were built in the surrounding villages.

The drive to provide infrastructure for elementary education in government schools continues and some more class rooms were constructed and boundary walls erected. The Company is also motivating school going children in villages by providing school uniforms, woolen clothes and scholarship to meritorious students. Free mid-day meals are being provided to students at the CFDAV School at Gadepan.

Your Company has been working closely with the District Administration to provide monitory support when the occasion demands for Cultural, Social and Sports activities.

Health Care has been an area of priority. The Health Centre in the plant area provides 24 hours OPD facilities to all nearby villagers. In addition to this, in the event of any serious accidents, ambulance facilities are also provided to villagers for shifting of the patients to District Hospitals at Kota / Anta.

A Mobile Health Care Unit has been started, whereby a Medical Team visits 2-3 villages regularly for providing medical care and to distribute free medicines to the villagers. Periodic Blood Camps, Eye Camps, General Health and Hygiene Camps and Family Planning Camps are organized for the benefit of villagers.

9. Conservation of Energy

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

There is limited scope for conservation of energy in Shipping Division in respect of the conventional types of ships owned by your Company. Information required to be furnished in Form A is not applicable to shipping industry. It has no information to furnish in Form B regarding technology absorption. Total foreign exchange earning and outgo with respect to the Shipping Division has been provided alongwith the other divisions of the Company in Form B.

10. Investor Service Centre

The In-house Investor Service Centre of your Company located at New Delhi, continues to provide prompt investor service through quick resolution of investor grievances. The motto of 'high investor satisfaction' is being pursued through pro-active actions like reminders, reaching out to investors at the earliest, etc.

The securities of your Company are listed at National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The Company has paid annual listing fees to these Stock Exchanges for the year 2008-09. Pursuant to our application for voluntary de-listing in December 2003, Calcutta Stock Exchange has granted approval for voluntary delisting of the shares of the Company vide its letter dated May 7, 2008.

The members are requested to refer to general shareholders information given in Annexure "E" relative to Corporate Governance.

11. Fixed Deposits

As on March 31, 2008, your Company had 733 depositors with fixed deposits of Rs. 217.80 lac. 96 depositors have not claimed their Fixed Deposit amount of Rs. 24.43 lac as on that date. However, 30 depositors have since claimed/ renewed their deposits of Rs. 8.98 lac. The remaining depositors are being advised at regular intervals to claim their deposits.

12. 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".

13. Directors

The Board has nine non-executive directors and a Managing Director. Three directors namely Dr. K. K. Birla, Mr. H. S. Bawa and Mr. R. N. Bansal are due for retirement by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

Other information on the directors including those retiring by rotation is provided in the Report on Corporate Governance annexed to this Report as Annexure "E".

14. Auditors

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

M/s. S. R. Batliboi & Co., Statutory Auditors and M/s. Singhi & Co., Branch Auditors of Shipping Business of the Company pursuant to Section 228 of the Companies Act, 1956, are due to retire 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.

15. Corporate Governance

Auditor's Certificate on compliance with the conditions of Corporate Governance and separate reports on Corporate Governance and Management Discussion and Analysis are enclosed as Annexure - "D" & "E" and "G" respectively.

16. Directors Responsibility Statement

Your Directors hereby report:

a) that in the preparation of 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2008 and of profit and loss account for the period ended March 31, 2008.

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.

17. Consolidated Financial Statements

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

18. Acknowledgements

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

By order of the Board

K. K. Birla
Chairman

New Delhi
May 15, 2008

Annexure "A" to Directors' Report

Disclosure of Particulars with respect to Conservation of Energy:

a) Energy conservation measures taken

- Use of washing column off gases of Urea-I Plant as Primary reformer fuel in Ammonia-I Plant.
- Installation of control valve in refrigeration compressor to avoid recycling in Ammonia-II plant.
- Installation of Lube oil accumulators in Urea-I, Urea-II & Ammonia-II Plant compressors to enhance stability/reliability.
- Installation of variable frequency drives in various motors in Gadepan-I & Gadepan-II Plants.
- Replacement of GSL (General lighting service) with CFL (Compact Fluorescent Lamp) at various locations in township.

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

Your Company has taken up a major project for energy conservation & partial de-bottlenecking for both Gadepan-I & II plants. The project is under implementation and is scheduled for commissioning by April 2009.

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

The energy conservation project will result in reduction of energy by 2 to 3%.

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

As per Form 'A' given below.

FORM A

	Particulars	Unit	Current Year	Previous Year
A	**POWER & FUEL CONSUMPTION**			
	1. Electricity			
	a) Purchased			
	Quantity	MWH	**89,393.48**	73,720.59
	Total Amount	Rs. Lac	**2832.63**	2205.91
	Rate/Unit	Rs./KWH	**3.17**	2.99
	b) Own Generation			
	i] Through diesel generator			
	Quantity	MWH	**6,290.21**	1,658.21
	Unit per KL of Furnace oil	KWH	**4.05**	3.40
	Unit per KL of HSD	KWH	**3.50**	3.60
	Cost/unit	Rs./KWH	**6.39**	8.73
	ii] Through Steam turbine / generator			
	Quantity	MWH	**160,073.44**	156,521.45
	Unit per SM^3 of Gas	KWH/SM^3	**2.57**	2.53
	Cost/unit	Rs./KWH	**2.62**	2.43
	2. Coal (specify quality and where used)			
	Quantity	KG	**N.A**	9,600.00
	Total Cost	Rs. Lac	**N.A**	1.20
	Average Rate	Rs./Kg	**N.A**	12.44
	3. Furnace oil			
	Quantity	KL	**1,292.68**	1,477.79
	Total cost	Rs. Lac	**303.92**	294.95
	Average Rate /Unit	Rs./KL	**23,510.94**	19,958.73
	4. OTHERS/INTERNAL GENERATION			
	a) Natural Gas (Ammonia-Fuel,Power & Steam)			
	Quantity	$1000SM^3$	**479,396.64**	479,396.64
	Total cost	Rs.Lac	**35013.77**	35013.77
	Average Rate /Unit	$Rs./1000SM^3$	**7,303.72**	7,303.72
	b) Naphtha (Ammonia-Fuel,Power & Steam)			
	Quantity	MT	**48,201.07**	48,475.44
	Total cost	Rs. Lac	**16862.74**	14223.35
	Average Rate /Unit	Rs./MT	**34,984.16**	29,341.35

	Particulars	Unit	Current Year	Previous Year
	c) HSD			
	Quantity	KL	**356.39**	461.62
	Total cost	Rs Lac	**101.11**	139.57
	Average Rate /Unit	Rs./KL	**28,371.70**	30,234.25
B	**CONSUMPTION PER MT OF UREA PRODUCTION:**			
	1. Electricity [Incl. Internal consumption)	KWH/MT	**83.58**	85.13
	2. Natural Gas (Ammonia-Fuel, Power & Steam)	SM^3/MT	**226.22**	248.95
	3. Naphtha (Ammonia-Fuel, Power & Steam)	KG/MT	**24.10**	25.17
C	**CONSUMPTION PER MT OF YARN PRODUCTION:**			
	1. Electricity [Incl. Internal consumption)	KWH/MT	**4,415.05**	4,614.19
	2. Furnace Oil	KL/MT	**0.07**	0.10
	3. HSD	KL/MT	**0.01**	0.10
D	**CONSUMPTION PER MT OF FROZEN VEGETABLE PRODUCTION:**			
	1. Electricity [Incl. Internal consumption)	KWH/MT	**7,513.18**	680.95
	2. HSD	KL/MT	**0.33**	0.07

Annexure "B" to Directors' Report

FORM "B"

Disclosure of particulars with respect to Technology Absorption

Research and Development (R&D)

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

Technology Absorption, Adaptation and Innovation

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

- Use of washing column off gases of Urea-I Plant as Primary reformer fuel in Ammonia-I Plant
- Installation of control valve in refrigeration compressor to avoid recycling in Ammonia-II plant.
- Installation of Lube oil accumulators in Urea-I, Urea-II & Ammonia-II Plant compressors to enhance stability/reliability.
- Installation of variable frequency drives in various motors in Gadepan-I & Gadepan-II Plants.
- Technological changes at various stages of machining like blow room material opening, card cleaning efficiency and changes in fibre recipe at Birla Textile Mills.

ii) Benefits derived as a result of the above efforts

- Energy Efficiency improvements.
- Reduction in greenhouse gas emissions.
- Improvements in Plant reliability.
- Increase in productivity of Birla Textile Mills.

Based on our continuous efforts made towards technology absorption and innovation, we could achieve smooth plant operation and high stream efficiency in fertilizer plant during the financial year 2007-08.

iii) In case of imported technology (imported during the last 5 years) reckoned from the beginning of the financial year, following information may be furnished:

Technology Imported: NIL

Foreign Exchange Earnings and Outgo

Foreign Exchange used : Rs. 704.41 crore
Foreign Exchange earned : Rs. 235.52 crore

Annexure "C" to Directors' Report

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

A. Employees who were employed throughout the year and were in receipt of remuneration in aggregate of not less than Rs. 24,00,000 for 12 months:

Sr. No.	Name	Designation	Qualification	Age (Years)	Experience (Years)	Date of Commencement of Employment	Remuneration received (Rs.)	Last Employment	
								Employer's Name	Post held
1.	Baijal, A.	Vice President - Finance	B.E., P. G. D. M.	47	23	01.11.2003	2,549,649	Birla Home Finance Ltd.	Vice President-Operations
2.	Dayal, A.	Vice President - Corporate HR	B. E.	45	23	04.10.2006	2,508,564	Sabic India Pvt. Ltd.	Vice President
3.	Kapoor, A.	Managing Director	B. Tech., M. S.	54	28	11.12.2000	7,875,728	Cabot India Limited	Vice President-Technical
4.	Malik, R. M.	Vice President	B. E.	64	41	14.11.1997	2,936,498	Duncan Industries Limited	Vice President-Projects
5.	Marwaha. V.	Technical Adviser to Executive President	F.I. Mare	57	34	12.04.2006	6,452,400	G.E. Shipping Co. Ltd.	Chief Engineer
6.	Mehra, V.	Vice President-Operations	B. Tech.(Hons.)	56	34	01.01.1991	3,330,869	Zuari Industries Limited	Process Manager
7.	Narang, H.K.	General Manager-Operations & Quality Control	Master Mariner	45	25	01.08.2006	2,815,986	Fleet Management India Pvt. Ltd.	Operations Manager
8.	Sahay, S.	Deputy General Manager-Technical Department	Graduation in Marine Engg.	43	19	01.06.2006	2,849,419	Tanker Pacific Ship Management Pte. Ltd., Singapore	Chief Engineer
9.	Sharma, A.	Executive President-India Steamship	F.I. Mare	60	38	18.03.2006	5,715,497	G.E. Shipping Co. Ltd.	President
10.	Srinivasan K.	C.E.O.-IT Business	M. Sc.	38	17	10.01.2005	5,923,238	Long Bridge Capital	Partner / C.E.O.

B. Employees who were employed for a part of the year and were in receipt of remuneration in aggregate of not less than Rs. 2,00,000 per month:

1.	Arora, R.	General Manager - Internal Audit	I. C. W. A.	39	16	17.08.2007	1,791,176	Acme Telepower Limited	General Manager - Finance
2.	Bagadi, L. R.	Chief Engineer	MEO-CLASS-I-M	36	12	07.06.2007	2,605,942	G.E. Shipping Co. Ltd.	Chief Engineer
3.	Barua, S.	Master	First Mate	35	11	01.06.2007	1,770,686	Mitsui OSK Lines	Second Officer
4.	Basu, D.	Chief Officer	First Mate	29	5	03.03.2008	257,258	Wallem Ship Management Ltd.	Second Officer
5.	Betal, K. K.	Chief Engineer	MEO-CLASS-I-M	59	30	06.02.2007	591,000	1st Employment	Not Applicable
6.	Chatto Padhyay, S.	Master	Master -F.G.	36	10	06.02.2007	1,159,950	Mitsui OSK Lines	Chief Officer
7.	Chowdhury, G.	Chief Officer	Master -F.G.	31	9	24.11.2006	840,000	Sirius Ship Management P. Ltd.	Second Officer
8.	Chowdhury, S. S.	2nd Engineer	MEO-CLASS-II-M	37	8	02.08.2007	1,575,062	Varun Shipping Co. Ltd.	Third Engineer
9.	Das, P.	Chief Engineer	MEO-CLASS-I-M	37	11	22.08.2007	2,385,275	G.E. Shipping Co. Ltd.	Chief Engineer
10.	De, D. K.	Chief Engineer	MEO-CLASS-I-M	52	13	12.05.2007	2,365,677	OMI Corporation	Chief Engineer
11.	Ghosh, A.	2nd Engineer	MEO-CLASS-I-M	33	9	16.05.2007	420,000	Sealandia Maritime Services	Second Engineer
12.	Gopalan, S.	Chief Officer	First Mate	31	7	02.08.2007	1,284,031	1st Employment	Not Applicable
13.	Halder, S.	2nd Engineer	MEO-CLASS-II-M	43	11	27.04.2007	690,000	Orient Express Ship Management Ltd.	Second Engineer

Sr. No.	Name	Designation	Qualification	Age (Years)	Experience (Years)	Date of Commencement of Employment	Remuneration received (Rs.)	Last Employment	
								Employer's Name	Post Hold
14.	Jana, S. C.	2nd Engineer	MEO-CLASS-II-M	53	11	21.06.2007	1,540,000	Nortrans PTE Ltd.	Second Engineer
15.	Krishnan, V.	Vice President - Corporate Finance	B. Com., A. C. A.	55	31	15.01.2003	755,834	ICI India Limited	Vice President-Finance
16.	Kulhari, P. B.	Master	Master - F.G.	32	11	11.05.2007	1,919,349	G.E.Shipping Co. Ltd.	Master
17.	Kumar, P.	Master	Master - F.G.	38	11	24.11.2006	1,816,933	1st Employment	Not Applicable
18.	Kumar, S.	2nd Engineer	MEO-CLASS-II-M	34	7	04.04.2007	1,050,000	Wallem Ship Management Ltd.	Third Engineer
19.	Madan, S.	Chief Operating Officer -Seed Potato	B. Com.,. A. C. A., A. C. S	49	26	01.09.2004	3,389,578	Agro Tech Foods Limited	Vice President-BEO
20.	Majumder, P.	Chief Engineer	MEO-CLASS-I-M	43	15	27.03.2007	1,134,503	G.E. Shipping Co. Ltd. Engineer	Addl. Chief
21.	Malkhare, K. V.	Master	Master - F.G.	35	13	12.05.2007	1,509,246	G.E. Shipping Co. Ltd.	Chief Officer
22.	Manayapu, L.P.	Master	Master - F.G.	30	9	24.02.2008	309,071	Seaport Shipping	Master
23.	Mandave, A.P.	Master	Master - F.G.	31	13	26.05.2007	1,839,949	Andromeda	Chief Officer
24.	Mohan, S.	Vice President - Corporate HR	B. Sc., MSW	52	27	14.05.2004	725,937	Indian Seamless Metal TubesLimited	Vice President-Group HRD
25.	Mulla, M. H.	Chief Engineer on Staff	MEO-CLASS-I-M	43	20	11.04.2007	1,911,308	NY K Ship Management Pte Ltd.	Chief Engineer
26.	Nawaz, K.	Chief Officer	Master - F.G.	31	17	05.09.2007	1,161,454	Shipping Corporation of India Ltd.	Chief Officer
27.	Patra, R. K.	Chief Engineer	MEO-CLASS-I-M	47	21	02.01.2007	2,235,032	Barbar Ship	Chief Engineer Management
28.	Patra, S. K.	Vice President - Marketing	M. Tech., M. B. A.	59	34	16.07.2001	3,176,436	National Fertilisers Limited	Director - Marketing
29.	Prasad, K.	2nd Engineer	MEO-CLASS-I-M	38	12	20.02.2007	230,000	Cenmer Martime Pvt. Ltd.	Third Engineer
30.	Ratna, P. K.	Chief Officer	First Mate	36	5	12.01.2007	630,000	F.S.S. Co. Pvt. Ltd.	Chief Officer
31.	Sarkar, D. N.	2nd Engineer	MEO-CLASS-I-M	47	14	19.01.2007	800,000	Selandia Marine Services	Second Engineer
32.	Sengupta, S.	2nd Engineer	MEO-CLASS-II-M	57	11	04.02.2008	531,034	G.E.Shipping Co. Ltd.	Second Engineer
33.	Singh, H. P.	Chief Officer	First Mate	39	10	22.11.2007	460,000	Tanker Pacific Ship Management Ltd.	Chief Officer
34.	Singh, P. P.	Master	Master - F.G.	45	26	02.09.2007	1,026,022	1st Employment	Not Applicable
35.	Singh, V. K.	Master	Master - F.G.	39	14	02.02.2007	2,224,110	Fleet Management India Pvt. Ltd.	Chief Officer
36.	Srivastava, L. R.	CIVL	B. E., PG Diploma in Oper. Mgmt.	56	33	20.06.2007	2,888,702	Tata Power Limited	Sr. General Manager
37.	Vijay Shankar, V.	Vice President - Strategic Planning	I. C. W. A., C. A.	51	26	23.04.2001	3,269,932	Nagarjuna Fertilisers and Chemicals Limited	General Manager
38.	Yadav, P.	Chief Officer	First Mate	34	12	12.01.2007	210,000	Dymacom Tanker Management Ltd.	Add Chief Officer

NOTES:

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

Annexure 'D' to Directors' Report

Auditors' Certificate

To,
The Members of
Chambal Fertilisers and Chemicals Limited

We have examined the compliance of conditions of corporate governance by Chambal Fertilisers and Chemicals Limited, for the year ended on March 31, 2008 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

For **S.R. BATLIBOI & COMPANY**
Chartered Accountants

Per Manoj Gupta
Partner
Membership No.: 83906

Place : Gurgaon
Date : May 15, 2008

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 shareholder value. The primary objective of corporate governance is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness, to develop capabilities and identify opportunities that best serve the goal of value creation. The Company believes, it must leverage its human and capital resources to translate opportunities into reality, create awareness of corporate vision and spark dynamism and entrepreneurship at all levels.

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

b) Board of Directors

The Board of Directors consists of ten directors including one Managing Director and nine non-executive directors. Besides these directors, there is one alternate director to the expatriate director.

M/s. K. K. Birla, H. S. Bawa and R. N. Bansal, Directors, are retiring by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

The brief particulars of all the Directors are given below:

(i) Dr. K. K. Birla

Dr. K. K. Birla, Chairman, aged about 90 years, is a D. Litt. (Honoris Causa). He is a renowned industrialist and possesses a rich experience of about 71 years. He is the founder Director of the Company. He is a member of the National Integration Council of which the Prime Minister is the Chairman and all the Chief Ministers of the states are members along with other renowned personalities. He was Member of Parliament between 1984 and 2002 and has also held various important positions in other forums including that of the president of the Federation of Indian Chamber of Commerce and Industry, Indian Sugar Mills Association, Member of Standing Committee on Finance, etc.

Dr. Birla is also a keen educationist. He has been the Chairman/ Chancellor of the Birla Institute of Technology and Science, which is a university under the UGC Act. Dr. Birla has established K. K. Birla Foundation, which has instituted annual awards for excellence in Indian Literature, Scientific Research, Indian Philosophy, Art & Culture and Sports. He has also established an Academy known as K. K. Birla Academy which undertakes research on scientific, Historical and Cultural subjects. The Academy is also in the process of setting up a museum on Indian heritage and sciences. He is also trustee of various Trusts including the Birla Education Trust, which runs a number of schools and educational institutions.

Names of other Indian public limited companies in which Dr. K. K. Birla is Director:

Sr.No.	Name of the Company	Sr.No.	Name of the Company
1.	HT Media Limited	6.	The Hindustan Times Ltd.
2.	Pilani Investment & Industries Corpn. Ltd.	7.	Yashovardhan Investment & Trading Co. Ltd.
3.	Ronson Traders Ltd.	8.	Uttam Commercial Ltd.
4.	Sutlej Textiles and Industries Ltd.	9.	Zuari Industries Ltd.
5.	Texmaco Limited		

(ii) Mr. S. K. Poddar

Mr. Saroj Kumar Poddar, 62 years, a gold medalist in B.Com (Hons) from Calcutta University, is the Chairman of Poddar Heritage Enterprises. Under Mr. Poddar, the group has promoted various new projects including several joint ventures with leading international corporations. The most notable of these ventures are Gillette India Ltd - a joint venture with The Gillette Company of U.S.A. and Hettich India Pvt. Limited - a joint venture with the Hettich Group of Germany.

Besides above, Mr. Poddar is the Chairman of Areva T&D India Limited, Zuari Cement Limited, Chambal Infrastructure Ventures Limited, Simon India Limited and Co-Chairman of Chambal Fertilisers and Chemicals Limited, Zuari Industries Limited and Vice Chairman of Texmaco Limited. Internationally, Mr. Poddar is on the Board of Gillette Management Inc, Boston. He is also on the Advisory Board of M/s. N M Rothschild & Sons (India) Pvt. Ltd.

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

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

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1.	AREVA T & D India Ltd.*	7.	Lionel India Ltd.
2.	Bengal Foodpark Ltd.	8.	Poddar Heritage Investments Ltd.
3.	Chambal Infrastructure Ventures Ltd.	9.	Simon India Ltd.
4.	Essar Shipping Ltd.	10.	Texmaco Ltd.*$
5.	Gillette India Ltd.*	11.	Zuari Cement Ltd.*
6.	Indian Furniture Products Ltd.	12.	Zuari Industries Ltd.

* Also Chairman/ Member of Audit Committee
$ Chairman of Shareholders Grievance Committee

(iii) Mr. H. S. Bawa

Mr. H. S. Bawa, aged about 77 years, is Managing Director of Zuari Industries Limited. After getting his Masters Degree in Petroleum Engineering from University of Tulsa, USA, Mr. Bawa had a long stint of 24 years with ESSO India where he held some key assignments both in India and ESSO affiliates abroad. Before joining Zuari Industries Limited in 1979, Mr. Bawa was General Manager of the two Refineries of Hindustan Petroleum Corporation Limited (formerly ESSO).

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

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1.	Chambal Infrastructure Ventures Ltd.	7.	Style Spa Furniture Ltd.
2.	Gulbarga Cement Ltd.	8.	Zuari Indian Oil Tanking Ltd.*
3.	Indian Potash Ltd.	9.	Zuari Industries Ltd.
4.	Lionel India Ltd.	10.	Zuari Investments Ltd.
5.	Paradeep Phosphates Ltd.	11.	Zuari Maroc Phosphates Ltd.*
6.	Simon India Ltd.	12.	Zuari Seeds Ltd.

* Also Chairman/ Member of Audit Committee

(iv) Mr. R. N. Bansal

Mr. R. N. Bansal, aged 78 years, is M.A. (Economics) and a member of the Institute of Chartered Accountant of India and the Institute of Company Secretaries of India. He is an eminent professional and is on the Boards of many renowned companies. He has also served the Department of Company Affairs in various capacities viz., Registrar of Companies, Regional Director and was a member of Company Law Board. He was Director (Investment) and Additional Controller of Capital Issues in the Ministry of Finance. He has also been 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, etc.

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

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1.	Essar Shipping Ltd.*	5.	Pushpsons Industries Ltd.*
2.	Gobind Sugar Mills Ltd.*	6.	Spice Mobiles Ltd.*
3.	Jonas Woodhead & Sons (India) Ltd.	7.	The Hindoostan Spinning & Weaving Mills Ltd.*
4.	Orient Ceramics and Industries Ltd.*	8.	Vadinar Oil Terminal Ltd.*

* Also Chairman/ Member of Audit Committee Committee

(v) Mr. Dipankar Basu

Mr. Dipankar Basu aged about 73 years, is an M.A. (Economics). Mr. D. Basu is the Non-Executive Chairman of Securities Trading Corporation of India Ltd., STCI Primary Dealer Ltd., Peerless General Finance & Investment Co. Ltd., Peerless Securities Ltd., Standard Chartered-STCI Capital Markets Ltd. (formerly UTI Securities Limited) and

Rain CII Carbon (India) Ltd. He is also on the Board of few other companies. Mr. Basu is a former Chairman of State Bank of India. Between 1996 and 1999, Mr. Basu served as a member of the Disinvestment Commission set up by the Government of India. During 1997-98, Mr. Basu was a member of the Narasimhan Committee on Banking Sector Reforms.

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

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1.	Asian Paints Ltd.*	6.	Saregama (India) Ltd.
2.	Deepak Fertilizers & Petrochemicals Corp. Ltd. $	7.	Securities Trading Corporation of India Ltd.*
3.	Peerless General Finance & Investment Co. Ltd.	8.	Standard Chartered-STCI Capital Markets Ltd.
4.	Peerless Securities Ltd.*	9.	STCI Primary Dealer Ltd.
5.	RAIN CII Carbon (India) Ltd.		

* Member/ Chairman of Audit Committee
$ Chairman of Shareholders Grievance Committee

(vi) Mr. S. S. Bhartia

Mr. S.S. Bhartia, aged about 55 years, is an eminent industrialist. He is Chairman and Managing Director of Jubilant Organosys Ltd. He is professionally qualified from the Institute of Cost and Works Accountants of India and is a fellow member of this Institute. He has substantial experience in the Indian Pharmaceuticals, chemicals, foods, infrastructure, oil and gas, retail and information technology sectors. He is a director on the boards of numerous companies both in India and overseas. Mr. Bhartia has also served as director on the board of Air India, as member of the Boards of Governors of Indian Institute of Management, Ahmedabad and Indian Institute of Technology, Mumbai. Currently, he is Member of the Executive Committee of Federation of Indian Chamber of Commerce and Industry.

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

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1.	ACME Tele Power Limited*	8.	Jubilant First Trust Healthcare Ltd.
2.	Birla Cotton Spinning & Weaving Mills Limited.	9.	Jubilant Infrastructure Ltd.
3.	Clinsys Clinical Research Ltd*	10.	Jubilant Innovation (India) Ltd.
4.	Domino's Pizza India Ltd.	11.	Jubilant Organosys Ltd.
5.	Enpro-Secan India Ltd.	12.	Lionel India Ltd.
6.	Geo-Enpro Petroleum Ltd.	13.	VAM Holdings Ltd.
7.	Jubilant Chemsys Ltd.	14.	Zuari Industries Ltd.

* Also Chairman of Audit Committee

(vii) Mr. Anil Kapoor

Mr. Anil Kapoor was appointed as Managing Director of your Company w.e.f. February 16, 2007. Mr. Anil Kapoor, aged about 55 years, is B. Tech in Chemical Engineering from IIT Delhi and M. S. in Chemical Engineering from USA with 29 years of experience in areas of projects, production, purchase, customer service, administration and in general management with Indian and multinational groups. He joined your Company in 2000 as Vice President Strategic Planning and was elevated as President - Strategic Planning. Later on he was seconded to Zuari Industries Limited as Executive President.

Names of other Indian public limited companies in which Mr. Anil Kapoor is Director or the member of Committee(s):

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1.	Chambal Energy (Chhattisgarh) Limited	5.	Indian Furniture Products Limited*
2.	Chambal Energy (Orissa) Limited	6.	Zuari Investments Limited*
3.	Chambal Infrastructure Ventures Limited	7.	Zuari SEZ Limited
4.	Gulbarga Cement Limited		

* Also member of Audit Committee

(viii) Mr. M. D. Locke

Mr. M. D. Locke, aged about 68 years is in private practice having retired at the end of 2001 as Senior Counsel - International with United States Steel Corporation. He is member of American Bar Association and International Bar Association. He has expertise in the legal fields of Private International Law, Intellectual Property Rights and Information Technology Rights, Mergers and Acquisition Activities, Joint Ventures and general corporate legal affairs. He has received the Juris Doctor degree from Brooklyn Law School. He is also a member of the Allegheny County Bar

Association. He is currently President and a principal owner of Lex Facultas LLC, a Pennsylvania company engaged in outsourcing of legal services.

He is also on the Board of Zuari Industries Limited.

(ix) Mr. Chandra Shekhar Nopany

Mr. Chandra Shekhar Nopany, aged about 42 years is a Chartered Accountant and Master of Science in Industrial Administration from Carnegie Mellon University, Pittsburgh, U.S.A. He is an eminent industrialist having vast industrial experience in diverse fields like sugar, shipping, textiles, etc. He is the former President of Indian Chamber of Commerce, Kolkata and also of Indian Sugar Mills Association.

Apart from being the Chairman & Managing Director of The Oudh Sugar Mills Limited and Vice Chairman of Sutlej Textiles & Industries Limited, he is also on the Board of several other companies.

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

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1.	Chambal Infrastructure Ventures Ltd.	8.	SCM Investment & Trading Co. Ltd.
2.	Gobind Sugar Mills Ltd.$	9.	SIL Investments Ltd.$
3.	Hargaon Investment & Trading Co. Ltd.	10.	Sutlej Textiles and Industries Ltd.$
4.	Modern DiaGen Services Ltd.	11.	The Oudh Sugar Mills Ltd.
5.	New India Retailing & Investment Ltd.	12.	Upper Ganges Sugar & Industries Ltd.$
6.	OSM Investment & Trading Co. Ltd.	13.	Uttar Pradesh Trading Co. Ltd
7.	RTM Investment & Trading Co. Ltd.	14.	Yashovardhan Investment & Trading Co. Ltd.

$ Also Chairman/ Member of Shareholders Grievance Committee

(x) Mr. A. J. A. Tauro

Mr. A.J.A. Tauro, aged about 80 years, is a B. A. (Economics). He was appointed to the Indian Audit & Accounts Service through the Combined Competitive Examination in 1951. He has held various positions under the Government of India including that of Asst. Financial Adviser, Indian Supply Mission, London, Secretary to Chairman Third Finance Commission, etc.

He took pre-mature retirement from civil services to join the industrial sector in 1972. He was Finance Director of Indian Petrochemicals Corporation Limited and Chairman & Managing Director of Madras Refineries and Indian Oil Corporation. He has also served on various Committees formed by the Government of India viz. Management Accountancy in Government, Autonomy and Accountability of Oil Companies in Public Sector, Review of Mangalore Refinery Project, etc. He was a member of the Expert Committee constituted by IDBI and ICICI to review Refinery and Chemicals project proposals during the period 1997 to 2000.

Mr. A.J.A. Tauro is also on the Board of Jindal Saw Limited and Chairman of Audit Committee of this company.

(xi) Mr. Marco Ph. A. Wadia

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

Names of other Indian public limited companies in which Mr. Marco Ph. A. Wadia is Director or the member of Committee(s):

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

* Also Member of Audit Committee
$ Also Member of Shareholders Grievance Committee

c) Meetings and Attendance

During the year under review, six Board Meetings were held on May 12, 2007, June 22, 2007, July 25, 2007, October 25, 2007, November 24, 2007 and January 16, 2008.

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
Dr. K. K. Birla	NO	4	NED/PG	9	NIL	NIL
Mr. R. N. Bansal	YES	5	ID	8	3	4
Mr. D. Basu	NO	2	ID	9	3	1
Mr. H. S. Bawa	NO	6	NED	12	1	1
Mr. S. S. Bhartia	NO	6	NED/PG	14	2	NIL
Mr. Anil Kapoor	YES	6	MD	7	NIL	2
Mr. M. D. Locke	NO	1	ID	1	NIL	NIL
Mr. C. S. Nopany (alternate director)	NO	4	NED/PG	14	2	2
Mr. S. K. Poddar	NO	5	NED/PG	12	3	2
Mr. A. J. A. Tauro	YES	4	ID	1	1	NIL
Mr. Marco Wadia	NO	6	ID	8	NIL	5

*excludes Indian Private Limited Companies and Foreign Companies
ID - Independent Director **MD** - Managing Director **NED** - Non Executive Director **PG** - Promoter Group

Mr. S.S. Bhartia and Mr. S.K. Poddar are sons-in-law of Dr. K.K. Birla and Mr. C.S. Nopany is grandson of Dr. Birla.

d) Board Agenda

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

e) Committees of the Board

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

The details of these Committees are as follows:

(i) Audit Committee

- **Terms of reference:**

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

  - approve internal audit programme,
  - review with statutory auditors their findings, observations, suggestions, internal control systems, scope of audit, other related matters and major accounting policies followed by the Company,
  - review the contracts entered into by the Company, valuing more than Rs. 30 million and the contracts entered into with the related parties, if any,
  - review Internal Audit Reports related to internal control weaknesses.

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

- **Composition:**

  The Committee comprises of three independent Non-Executive Directors and one Non-Executive Vice Chairman of the Company. The permanent invitees include Managing Director, statutory auditors, cost auditors and internal auditors. The Company Secretary is the Secretary of the Committee. The Committee met 6 times during the year and the attendance of members at the meetings was as follows:

Name of the Member	Status	Number of Meetings attended
Mr. A. J. A. Tauro	Chairman	5
Mr. H. S. Bawa	Member	5
Mr. R. N. Bansal	Member	5
Mr. Marco Wadia	Member	5

(ii) Investors Grievance Committee

- **Terms of reference:**

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

- **Composition:**

The Committee comprises of two Non-Executive Directors and Managing Director. The Committee met 3 times during the year and the attendance of members at the meetings was as follows:

Name of the Member	Status	Number of Meetings attended
Mr. R. N. Bansal	Chairman	3
Mr. H.S. Bawa	Member	2
Mr. Anil Kapoor	Member	3

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

- **Resolution of Investors' Grievances received and resolved during the year:**

The Company had about 2,04,146 investors as on March 31, 2008. During the year under review, the status of requests and complaints was as follows:

Particulars	Opening Balance	Received	Total Resolved	Closing Balance
Requests	70	40,415	40,447	38
Complaints	NIL	782	782	NIL

Out of aforesaid 38 pending requests, 37 requests (including 6 share transfer deeds covering 900 shares) were processed by May 9, 2008 and remaining one request for transfer of 400 shares is under process. It will be processed on completion of notice period.

(iii) Remuneration Committee

- **Terms of reference:**

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

- **Composition:**

The Committee comprises of three Non-Executive Independent Directors. The Committee met once during the year and the attendance of members at the meeting was as follows:

Name of the Member	Status	Number of Meeting attended
Mr. R. N. Bansal	Chairman	1
Mr. A.J.A. Tauro	Member	0
Mr. Marco Wadia	Member	1

(iv) Banking and Finance Committee

- **Terms of reference:**

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

- **Composition:**

The Committee comprises of three Non-Executive Directors and Managing Director. The Committee met twice during the year and the attendance of members at the meetings was as follows:

Name of the Member	Status	Number of Meetings attended
Mr. S.S. Bhartia	Chairman	2
Mr. D. Basu	Member	0
Mr. C.S. Nopany	Member	1
Mr. Anil Kapoor	Member	2

(v) Project Monitoring Committee

- **Terms of reference:**

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

- **Composition:**

The Committee comprises of three Non-Executive Directors and Managing Director. The Committee met twice during the year and the attendance of members at the meetings was as follows:

Name of the Member	Status	Number of Meetings attended
Mr. C.S. Nopany	Chairman	2
Mr. H.S. Bawa	Member	2
Mr. R.N. Bansal	Member	2
Mr. Anil Kapoor	Member	2

(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 Non-Executive Directors and Managing Director. The Board of Directors, at its meeting held on May 15, 2008, re-constituted the Committee as follows:

Name of the Member	Status
Mr. S. S. Bhartia	Chairman
Mr. H. S. Bawa	Member
Mr. R. N. Bansal	Member
Mr. Anil Kapoor	Member

During the year, no Committee meeting was held.

(vii) Compensation Committee

- **Terms of reference:**

The Committee was constituted on January 16, 2008. The Committee was formed to formulate Employee Stock Option Scheme and its administration.

- **Composition:**

The Committee comprises of five Non-Executive Directors. The Committee met once during the year and the attendance of members at the meeting was as follows:

Name of the Member	Status	Number of Meeting attended
Mr. C. S. Nopany	Chairman	1
Mr. H. S. Bawa	Member	1
Mr. R. N. Bansal	Member	1
Mr. A. J. A. Tauro	Member	1
Mr. Marco Wadia	Member	1

f) Details of remuneration paid to directors for the year 2007-08

(i) Executive Director

(Amount in Rs.)

Managing Director	Salary	Perquisites	Retirement Benefits
Mr. Anil Kapoor	66,80,000	3,85,728	8,10,000

- The term of appointment of Mr. Anil Kapoor is upto February 15, 2012, which can be terminated by either Party by giving three months' written notice.
- The Company has not issued any stock options.

(ii) Non - Executive Directors

The Company doesn't pay any remuneration to its Non-Executive Directors except sitting fee for attending the meetings of the Board and Committees thereof. The Company was paying sitting fee to its non-executive directors @ Rs. 10,000 and Rs. 5,000 that was revised w.e.f. November 24, 2007 to Rs. 20,000 and Rs. 7,500 for attending each meeting of the Board of Directors and Committees of Directors, respectively. The details of sitting fee paid during the year 2007-08 are as follows:

Sr. No.	Name of Director	Amount (Rs.)
1.	Dr. K. K. Birla	60,000
2.	Mr. R. N. Bansal	1,25,000
3.	Mr. D. Basu	30,000
4.	Mr. H. S. Bawa	1,35,000
5.	Mr. S. S. Bhartia	92,500
6.	Mr. M. D. Locke	10,000
7.	Mr. C. S. Nopany	85,000
8.	Mr. S. K. Poddar	70,000
9.	Mr. A. J. A. Tauro	95,000
10.	Mr. Marco Wadia	1,20,000

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

h) Shareholding of Directors as on March 31, 2008

Name	Number of Shares held
Dr. K. K. Birla	1,16,63,055
Mr. R. N. Bansal	5,000
Mr. D. Basu	NIL
Mr. H. S. Bawa	NIL
Mr. S. S. Bhartia	110
Mr. M. D. Locke	NIL
Mr. C. S. Nopany	5,65,875
Mr. Anil Kapoor	NIL
Mr. S. K. Poddar	1,55,352
Mr. A. J. A. Tauro	1,000
Mr. Marco Wadia	6,000

i) General Body Meetings

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

Financial year	Date	Time	Location
2006-2007	24.08.2007	1030 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan - 325208
2005-2006	25.08.2006	1030 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan - 325208
2004-2005	20.10.2005	1030 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan - 325208

(ii) The Company had taken shareholders' approval in June 2007 by way of special resolution through postal ballot for sale of Food Processing Division of the Company, as per the details given below. No other approval was sought from the shareholders by means of postal ballot in last 3 years.

Date of Announcement of Results	Business for which postal ballot conducted	Total Valid Votes Cast	Votes cast in favour	Votes cast against the resolution
June 29, 2007	Sale of the Food Processing Division of the Company	19,81,36,162	19,77,69,430 (99.82%)	3,66,732 (0.18%)

Mr. M. L. Patodi, advocate, Kota was appointed as scrutinizer for conducting the postal ballot for the aforesaid matter.

j) Disclosures

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

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

k) Means of Communication

(i) The Company has been disclosing corporate financial performance on quarterly, half-yearly and annual basis well within the stipulated period to the Stock Exchanges and general public after being approved by the Board. The results are normally published in the main editions of two or more national and vernacular dailies such as Economic Times, Financial Express, Business Line, Navbharat Times, Rajasthan Patrika and Dainik Bhaskar. The Company has been mailing half yearly unaudited financial results to all the shareholders. All these results, including the entire Annual Report and Accounts, were posted on SEBI's Electronic Data Information Filing and Retrieval System (EDIFAR) website.

(ii) Information relating to shareholding pattern, compliance with corporate governance norms, etc. is also posted on SEBI's EDIFAR website.

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

(iv) The Company did not make any presentation to the institutional investors or the analysts.

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

l) Code of Conduct & Ethics

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

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

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

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

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

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

n) General Shareholders' Information

(i) 23rd Annual General Meeting
Venue : Registered Office at Gadepan, Distt. Kota, Rajasthan - 325208
Time : 1030 hours
Day & Date : Wednesday, September 10, 2008

(ii) Tentative Financial Calendar

Event	Date
Audited Annual Results (2007-08)	May 15, 2008
Mailing of Annual Report	End July 2008
First Quarter Results	End July 2008
Half Yearly Results	End October 2008
Mailing of half yearly results to shareholders	Mid November 2008
Third Quarter Results	End January 2009
Audited Annual Results (2008-09)	May 2009

(iii) Book Closure

The register of members and share transfer books of the Company shall remain closed from Friday, August 1, 2008 to Wednesday, August 6, 2008 (both days inclusive).

(iv) Dividend Payment Date: September 15, 2008

(v) Listing on Stock Exchanges and Stock codes

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

Sr. No.	Name of the Stock Exchange	Stock Code
1)	Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai - 400 001.	500085
2)	The National Stock Exchange of India Ltd. (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 2008-09 to NSE and BSE.

(vi) Market price data

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

(Amount in Rs.)

Month	BSE		NSE	
	High	Low	High	Low
April 2007	35.10	30.60	34.30	30.65
May 2007	37.60	33.00	37.40	33.00
June 2007	36.80	32.85	36.95	32.70
July 2007	37.80	34.45	37.45	34.35
August 2007	51.70	32.00	54.00	32.15
September 2007	62.75	48.10	62.80	47.10
October 2007	60.90	40.00	60.85	40.00
November 2007	80.70	45.40	80.65	44.40
December 2007	94.25	63.15	94.25	62.90
January 2008	93.65	33.00	93.75	30.55
February 2008	67.80	47.00	67.75	45.50
March 2008	58.45	41.50	58.45	41.40

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

The base of 100 is taken to be the closing price of shares and values of indices as on March 31, 2007.

(viii) Registrar and Transfer Agents & Share Transfer System

M/s. Zuari Investments Limited 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
Share Transfer Agents, 'F' Block, 2nd Floor,
International Trade Tower, Nehru Place, New Delhi - 110 019.
Tel : 011 - 41697900, 46581300
Fax : 011 - 26465218, 26480639, 26413391
E-mail : isc@chambal.in

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. There is also facility of transfer of shares 'Over the Counter' upto 10,000 shares per request. Average time taken in transfer of shares across the counter is 5 minutes per share certificate and in other cases around 5 days from the date of receipt of the request.

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

(ix) Address for Correspondence:

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

Chambal Fertilisers and Chemicals Limited
Investor Service Centre
"International Trade Tower"
'F' Block , 2nd Floor, Nehru Place, New Delhi - 110 019
Tel : 011 - 41697900, 46581300
Fax : 011 - 26465218, 26480639, 26413391
E-mail : rajeshkumar.jain@chambal.in; rajveer.singh@chambal.in; ms.rathore@chambal.in
Website : www.chambalfertilisers.in

(x) Dematerialisation 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, 2008, about 90.01% 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).

(xi) Distribution of Shareholding

Details of Shareholding as on March 31, 2008 was as follows:

Sr. 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	1,74,450	85.76	3,32,49,034	7.99
2)	501 to 1000	17,347	8.53	1,53,61,372	3.69
3)	1001 to 5000	9,777	4.81	2,18,75,482	5.25
4)	5001 to 10000	956	0.47	73,23,198	1.76
5)	10001 to 100000	734	0.36	1,95,88,504	4.71
6)	100001 to 500000	71	0.03	1,68,61,297	4.05
7)	500001 & above	79	0.04	30,19,48,965	72.55
	Total	**203414**	**100.00**	**41,62,07,852**	**100.00**

Details of Shareholding as on March 31, 2008

Sr.No.	Category	No. of shares held	Shareholding (%)
1)	Promoters	20,38,66,568	48.98
2)	Financial Institutions, Banks & Mutual fund	5,44,62,612	13.09
3)	NRIs, Foreign nationals, OCBs and FIIs	4,21,72,963	10.13
4)	Indian Public	11,57,05,709	27.80
	Total	**41,62,07,852**	**100.00**

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

NIL

(xiii) a) Location of the Plants

Fertiliser Plants : Gadepan, Distt. Kota, Rajasthan, PIN -325208.
Birla Textile Mills : Baddi, Distt. Solan, Himachal Pradesh, PIN -173205.

b) India Steamship - Shipping Division

44, Park Street, Kolkata - 700017

o) Non-Mandatory Requirements

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

a) maintenance of the office of non-executive Chairman at the Company's expense,
b) providing half-yearly un-audited financial results of the Company to each household of the shareholders, and
c) Remuneration Committee.

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 2007-08.

New Delhi
May 15, 2008

Anil Kapoor
Managing Director

Annexure 'G' to Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

The Company has three business segments viz. Fertilizer, Textile and Shipping of which the Fertilizer Division is by far the largest. The urea manufacturing facility of the Company with an annual capacity of 1.73 million MT is the largest in the private sector. The aforesaid business activities are supported by an extensive marketing network.

FERTILISER DIVISION

I. Industry Structure

There has been no new capacity addition in India since 1999. India currently faces shortages of both nitrogenous and phosphatic fertilizers. There has been a growth of approximately 9% in consumption of fertilizers during the year 2007-08; however the production level for both nitrogenous and phosphatic fertilizers were marginally lower than the level achieved in the year 2006-07. This has resulted in urea imports of about 7 million MT and DAP imports of 2.7 million MT during 2007-08. The urea and DAP import prices witnessed record highs during 2007-08 and are further expected to increase. The overall availability of Natural Gas/ R-LNG is inadequate for achieving 100% of reassessed capacity utilization in the gas based fertiliser plants and shortage is met by usage of Napatha.

II. Developments in Government Policies

New Pricing Scheme (NPS) Stage III became effective from October 1, 2006 and will continue until March 31, 2010. The entire Urea Industry was divided into six groups based on feedstock used and vintage of the plants when NPS was introduced from April 1, 2003. Same classification will continue during Stage III with updation of conversion cost and changes in energy and capacity utilization norms.

While the contours of the Fertiliser Policy are explicit, the final group-wise prices are yet to be notified. During the year, on-line Fertiliser Monitoring System (FMS) was introduced to monitor the availability of fertilizers at district level and also subsidy payment on receipt of urea.

Natural Gas Scenario

The previous year saw tremendous pressure on oil & gas prices. Crude oil prices shot up and are currently hovering at about US$ 125 per barrel. Natural Gas supply markets remain tight and all incremental supplies are being priced at very high levels. Some of the recent sales for spot gas have been priced more than US$ 18-19/MMBTU. Adding to the problem is the growing demand for energy from many developing countries including India and China whose economies are growing at a very fast pace.

Your company remains dependant on gas supplies for both the fertilizer plants at Gadepan. The current total requirement is about 3.50 to 3.60 MMSCMD which is being sourced from a mix of domestic gas and R-LNG at different prices.

The Government of India is formulating a Gas Utilisation Policy for the domestically produced gas. This draft policy envisages a high priority allocation to the fertilizer players; given the Government's intentions to increase foodgrain production and have self-sufficiency in this matter. It is expected that inspite of Government's support on gas supply allocations, your company shall have to tie-up natural gas/ R-LNG from both domestic as well as international players.

III. Opportunities

In view of the supply-demand outlook for urea and discovery of new gas sources in KG Basin, there is an opportunity for your Company to grow.

Pending announcement of long term fertilizer policy by the Government of India for de-bottlenecking and new projects, the Company has initiated energy conservation projects to minimize energy consumption in both fertilizer plants at Gadepan with a marginal capacity increase.

IV. Risks and Concerns

The delayed payment of subsidy by the Government is causing serious financial burden on the Industry. During the year the Government has issued Fertiliser Bonds to the tune of around Rs. 7500 crore. This has resulted into financial hardship due to trading of these bonds at a discount. This situation is expected to further aggravate during 2008-09 due to inadequate provision of subsidy in Union Budget for the year. Steep escalation in interest rates has further compounded the problem.

V. Operational and Financial Performance

The performance of Fertilizer Division is summarized below:

		2007-08	2006-07
Urea Production	(MT in lac)	**20.00**	19.26
Sales including Agri inputs	(Rs. in crore)	**2242.28**	2223.45
EBIDTA	(Rs. in crore)	**392.28**	389.97

The Company achieved highest ever urea production of 20.00 lac MT during the year.

Your Company also sold the highest ever urea quantity of 20.05 lac MT during the year 2007-08 against the last year sale of 19.27 lac MT. During the year, all India consumption of urea has increased to 262 lac MT from 245 lac MT in the previous year. The Company also marketed other fertilizers aggregating to 1.07 lac MT against the previous year sale of 1.48 lac MT. No Di-ammonium Phosphate was imported due to adverse policy regime.

Your Company is gradually strengthening its position in other agri inputs. The sale of pesticides during the year increased to Rs. 94 crore from Rs. 74 crore in 2006-07. The Company also marketed varietal seeds of wheat and paddy worth Rs. 32.19 crore against the previous year sale of Rs. 19.23 crore. In order to maintain the soil health and balanced fertilization, the Company has sold 8,321 MT of micronutrients.

Your Company has an extensive reach of market with 1,275 dealers and 20,800 village level outlets. Your Company is also in direct touch with over 75,000 farmers under its Customer Relationship Program "Uttam Bandhan". This program helps in educating the farmers to improve yields besides building brand equity and launching of new products in the market.

VI. Material Development in Human Resources/ Industrial Relations front including number of people employed

a) Human Resource Development

(i) Training & Development

It is our endeavour to continuously update the skills of employees and also contribute to their development by offering the relevant internal and external training. Internal training programmes were conducted to cover both management and non-management employees across the various functions. The Company had conducted about 55 In-house Training Programmes to cover its employees and nominated around 33% of the employees to the relevant External Training Programmes conducted by reputed Institutes and Business Schools. The training included some Soft Skills Programmes and Functional Programmes.

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

An off-campus partnership programme was initiated with Birla Institute of Technology and Science, Pilani during the year 2005-06 leading to 3 year Bachelor of Science Degree. 45 employees have joined this programme for their professional development and career advancement. 1st batch of 15 employees is completing their course in June, 2008.

(iii) Performance Management System

Key Result Areas based appraisal system is working satisfactorily. 'Cost to the Company' based reward system with a reasonable variable / performance pay component was introduced for all management employees in April, 2006 and was effectively monitored and implemented for the year 2007-08 also.

b) Manpower Status and Recruitment

The spurt in the attrition rate of employees continues to be an area of concern all across the manufacturing sector. To respond to this appropriately, the vacant positions in the organization were filled up through internal resources and external recruitments. As a recruitment strategy, entry level engineering and management candidates from leading Engineering and Management Schools are regularly recruited either directly or through campus selection to fill the gaps wherever internal resources were not available.

As on March 31, 2008, the total manpower deployed in fertilizer division was 834. The division continues to have very cordial industrial relations.

BIRLA TEXTILE MILLS - SPINNING DIVISION

I. Industry Structure

Indian Textile and Apparel Industry is the single largest industry in India contributing about 14% of Industrial production, 15% of total export earnings, 4% of GDP. The Textile Industry employs 84 million people directly and indirectly, which includes a substantial number of people from less privileged sections of society and women. India is

also second largest producer of Cotton, Cotton Yarn, Cellulosic fibre/ yarn, Silk and fourth largest producer of Synthetic fibre/yarn, besides largest producer of Jute.

Indian Textiles and clothing industry is in a resurgent mood and is making vigorous efforts to upgrade its production technology and improve competitiveness in order to face global challenges and opportunities. Owing to increase in size of domestic as well as export market and various policy initiatives by the Government of India, acceleration in investment has been witnessed in past few years.

II. Opportunities & Threats

India's strength in the textiles industry lies in a burgeoning domestic market and rising exports. This makes the country an attractive investment destination. The end of textiles import quota regime in the industrial countries offers India a huge opportunity to expand textiles and garment exports.

It is estimated that textile exports from India can grow from present level of US$ 20 billion to US$ 60 billion by 2012. Based on 8% plus GDP growth and resultant increase in per capita fibre consumption in the country, the size of domestic market is also estimated to grow from present level of US$ 32 billion to US$ 50 billion by 2012.

III. Risk & Concerns

Unprecedented appreciation of INR against USD in 2007 contributed to recession in the Industry. High interest rates, increasing cotton and other inputs prices, poor power supply, inflexible labour laws, infrastructure bottlenecks, etc., have impaired the competitiveness of the Industry. Further, deceleration in exports and diversion of export goods to the domestic market have created a situation of over supply in India.

While the textile and apparel manufacturers are trying to regain their lost edge due to rupee appreciation, another crisis appears to be looming large – a dip in demand for textile products in the USA due to economic slow down.

Majority of India's exports of synthetic and blended yarn is to Turkey. Turkey has initiated anti-dumping proceedings against Indian exporters, thus creating an uncertainty.

IV. Outlook

Only Silver lining in this era of crisis is a reversal of trend in rupee appreciation. The US dollar has appreciated about 3.5% against rupee in the past few months.

Prime Minister has assured the Government help in addressing all the legitimate concerns of the Textile Sector. He exuded confidence that the Textile Sector has the enterprise and business acumen to deal with the challenges and improve its competitiveness.

V. Operational and Financial Performances
The summarized performance of Birla Textile Mills was as under :

	2007-08	2006-07
Yarn Production (MT)	**19,719**	13,887
Sales * (Rs. in crore)	**224.96**	171.50
EBIDTA (Rs. in crore)	**25.45**	23.13
*excluding excise duty		

The average spindle utilization for the year 2007-08 was 93.93% against 96.13% in the year 2006-07. The sales of yarn during the year were 18,391 MT against 13,228 MT during the previous year.

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

Being a labour intensive industry, training and development of human resources is of paramount importance. Well structured in-house training programmes conducted by experienced and competent faculty have improved the skill levels and employee commitment. The results of the training efforts at the shop floor level have been excellent. Presently, the manpower deployment comprises of 1664 workers, 225 staff members, 26 Subordinate staff and 341 trainees.

Industrial relations remained cordial during the year.

INDIA STEAMSHIP - SHIPPING DIVISION

I. Industry structure

Shipping business plays significant role in international trade as major portion of trade is carried out by sea. The transportation of crude and liquid gas across the international borders is dependent upon shipping industry.

Dry bulk and tanker segments are two major players in the shipping industry. Dry bulk market continues to be strong, although this market is primarily driven by China. Tanker market has been declining from the peak in 2004, yet the year 2007 was considered as a healthy year for tanker owners.

In the last three years, steel production increased by 26% whereas oil production has increased only by 2%. The tanker fleet and the bulk fleet have both grown by 20%.

II. Opportunities and threats

The energy segment, both upstream and downstream, is presenting better opportunities. In view of the demand growth, shifting of trade patterns and the 2010 phase out of single hulls, the tanker segment should continue to attract investment. Offshore segment also looks interesting but as far as present pricing is concerned, it continues to be overheated.

US economic slow down coupled with high energy prices seems to be the biggest threat. However, the impact on the international shipping will depend upon the gravity of the problem.

III. Outlook

The world ship building industry is now expanding its capacity vigorously resulting in fast growth in world fleet.

After 5 years of persistent high economic growth, year 2008 seems to be bringing a slow down mainly spurred by the US economy. Chinese government is also running a tough policy to stop the economy from overheating.

A fleet growth of 9% is expected in the year 2008, a little higher than the 8.4% recorded last year. Considering the world economy indicators, there may be a moderate decline in utilization rate and profitability for ship owners.

The aframax segment period rates have dropped to about US$ 27,500 per day in early 2008. These rates are likely to improve to the year 2006 level of US$ 29,000 per day. The asset prices are tending to hold firm but there were hardly any transactions in the year 2008.

Year 2008 will be a landmark year for shipping business of your Company. The Company had placed orders with Hyundai Heavy Industries Co. Ltd. for building of 2 double hull aframax tankers in 2005-06 and another two tankers in 2006-07. Hyundai has delivered first ship on April 25, 2008 ahead of time and two more ships will be delivered during the financial year 2008-09. With delivery of these 3 new ships, the fleet size will go up from 2 tankers to 5 tankers. Except Ratna Urvi, all ships are double hull vessels with a vintage of less than 3 years.

IV. Risks and concerns

There is a quantum jump in cost of bunkers due to high crude prices. Fortunately, most of the Company's ships are on period charters and would not be affected by the prevailing high bunker rates. The contracts for bunker requirements for ships on voyage charters will be entered into at suitable point of time. Other perceived major risk is the scarce availability of suitable and quality officers to man the ships. Our owned fleet still being small, this risk is, as of now, manageable.

The transportation of crude always has the risk of spills and environmental damage. The company does all within its resources to employ qualified and quality manpower. The company's ships are fully insured with Hull Underwriters and P&I Clubs against such risks.

Phase out of single hull vessels has been accelerated to 2010 and there is a likelihood that some countries like China and South Korea could further advance it. The Company has only one single hull tanker (M. T. Ratna Urvi) thus has a limited risk on this front.

V. Financial and operational performance

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

	2007-08	2006-07
Sales (Rs. in crore)	**239.35**	176.57
EBIDTA (Rs. in crore)	**111.02**	67.24

VI. Human resources development and industrial relations

The company recognizes the importance of its human capital. Being a growth oriented and progressive organization, it recognizes the importance of professionalism. The company has embarked on several HR initiatives to enhance the productivity of the organization. It has also undertaken training initiative to improve capabilities and prepare people to meet the future challenges effectively.

The Division has a total employee strength of 63 on shore and 83 Floating staff as on March 31, 2008.

INTERNAL CONTROL SYSTEM

The Company has an adequate system of internal controls comprising authorisation 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 being reviewed and updated on an on going basis to improve the systems and efficiency of operations.

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

The internal audit carries out audit effectively throughout the year covering all areas of operations including the follow up action. The audit approach is based on random sample selection and takes into consideration the generally accepted business practices. The internal audit reports are first discussed by the Management Committee and subsequently placed before the Audit Committee of the Board of Directors along with the direction / action plan recommended by the Management Committee. The directions are implemented by the respective divisions and wherever required Action Taken Report (ATR) 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 as at March 31, 2008 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated financial statements of shipping division of the Company audited by the other auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 , we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from Shipping Division not visited by us. The Branch Auditors' Report of the Shipping Division have been forwarded to us and have been appropriately dealt with.

   iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and audited returns form the Shipping Division;

   iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   v. On the basis of the written representations received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;

      b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

      c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **S.R. BATLIBOI & COMPANY**
Chartered Accountants

Per Manoj Gupta
Partner
Membership No.: 83906

Place : Gurgaon
Date : May 15, 2008

Annexure referred to in paragraph 3 of our report of even date
Chambal Fertilisers and Chemicals Limited (the Company)

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

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

(c) During the year, the Company has disposed off its Food Processing Division. Based on the information and explanation given by the management and on the basis of audit procedures performed by us, we are of the opinion that the sale of the said part of plant and machinery has not affected the going concern status of the Company.

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

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

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

(iii) (a) The Company has granted loan to four companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 4215 lacs and the year end balance of loans granted to such parties is Rs. 1000 lacs.

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

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

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

(e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, provisions of clauses 4(iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

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

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

(vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of Indian 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 under section 58A and 58AA.

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

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

(ix) (a) According to the information and explanations given to us and the books and records examined by us, the Company has been 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, undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Wealth-Tax, Service-Tax, Sales-Tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding at the year end for a period of more than six months from the date they became payable.

(c) According to the record of the Company, there are no dues outstanding of Income-Tax, Sales-Tax, Wealth-Tax, Service-Tax, custom duty, excise duty and cess on account of any dispute, other than the following:

Name of the Statute	Nature of the Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act, 1961	Disallowance of various expenses/deductions claimed by the Company.	864.77	AY 2002-03	CIT (Appeals), Kota
Income-Tax Act, 1961	Disallowance of various expenses/deductions claimed by the Company.	15.73	AY 2005-06	CIT (Appeals), Kota
Income-Tax Act, 1961	Disallowance of various expenses/deductions claimed by the Company.	28.24	AY 2006-07	ACIT, Kota
Rajasthan Sales-Tax Act, 1994	Disallowance of VAT credit on stock lying on 01.04.2006	22.18	FY 2006-07	Rajasthan Tax Board, Ajmer
Rajasthan Finance Act, 2006	Land Tax demand raised by Registrar (Digod)	80.04	FY 2006-07 & 2007-08	Rajasthan High Court, Jodhpur
Excise Act, 1944	Excise duty demand on shortage of Urea	30.00	FY 206-07	Commissioner, Jaipur

(x) The Company has no accumulated losses at the end of the financial yearly 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 financial institution, bank or debenture holders.

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

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

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

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

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

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

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

(xix) Based on books and records produced to us by the management, securities have been created in respect of debentures issued, wherever required.

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

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

For **S.R. BATLIBOI & COMPANY**
Chartered Accountants

Per Manoj Gupta
Partner
Membership No.: 83906

Place : Gurgaon
Date : May 15, 2008

Balance Sheet as at March 31, 2008

(Rs. in lacs)

Particulars	Schedule	As at March 31, 2008	As at March 31, 2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	**41620.79**	41620.79
Reserves and surplus	2	**72205.81**	60590.71
		113826.60	102211.50
Loan Funds			
Secured loans	3	**151526.23**	130676.42
Unsecured loans	4	**28064.60**	58680.46
		179590.83	189356.88
Deferred Payment Liabilities (Refer note 27 of Schedule 25)		**9772.25**	13640.95
Deferred Tax Liabilities (Net)	5	**28443.38**	31632.21
Total		**331633.06**	336841.54
APPLICATION OF FUNDS			
Fixed Assets	6		
Gross block		**320825.33**	325980.53
Less : Accumulated depreciation		**159302.69**	144654.66
Net block		**161522.64**	181325.87
Capital work in progress including capital advances		**70958.03**	36509.20
		232480.67	217835.07
Intangible Assets	7	**560.79**	629.91
Investments	8	**30741.04**	36598.09
Current Assets, Loans and Advances :			
Inventories	9	**30259.95**	35201.31
Sundry debtors	10	**16310.19**	52584.19
Cash and bank balances	11	**6267.08**	11084.61
Other current assets	12	**38175.14**	656.80
Loans and advances	13	**8012.94**	9783.73
		99025.30	109310.64
Less : Current Liabilities and Provisions			
Current liabilities	14	**17433.44**	13681.93
Provisions	15	**13877.72**	14048.51
		31311.16	27730.44
Net Current Assets		**67714.14**	81580.20
Miscellaneous Expenditure	16	**136.42**	198.27
(to the extent not written off or adjusted)			
Total		**331633.06**	336841.54
Notes to Accounts	25		

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

As per our report of even date

For **S.R. BATLIBOI & CO.**
Chartered Accountants

per **Manoj Gupta**
Partner
Membership No - 83906

Place : Gurgaon
Date : May 15, 2008

For and on behalf of the Board of Directors

Anil Kapoor
Managing Director

H.S. Bawa
Vice Chairman

K.K. Birla
Chairman

Abhay Baijal
Vice President - Finance

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

Place : New Delhi
Date : May 15, 2008

Profit and Loss Account for the year ended March 31, 2008

(Rs. in lacs)

Particulars	Schedule	Year ended March 31, 2008	Year ended March 31, 2007
INCOME			
Turnover (Gross)	17	272064.54	259183.36
Less : Excise duty		51.68	52.76
Turnover (Net)		272012.86	259130.60
Other income	18	8216.72	2234.93
Total		280229.58	261365.53
EXPENDITURE			
Purchase of trading goods		25434.37	26010.75
Raw material consumed	19	78169.63	96116.16
Personnel expenses	20	7245.89	6924.83
Operating and other expenses	22	101463.73	89419.06
Decrease/ (Increase) in inventories	21	7113.37	(7941.13)
Freight to charter-in ship		8351.76	2373.33
Depreciation / Amortization	6 & 7	18493.69	17659.68
Financial expenses	23	9566.56	9907.09
Total		255839.00	240469.77
Profit Before Exceptional Items and Tax		24390.58	20895.76
Exceptional items	24	2417.38	867.53
Profit After Exceptional Items and Before Tax		26807.96	21763.29
Provision for Tax			
Current tax		9439.71	9271.15
Deferred tax charge / (credit)		(3188.83)	(2783.21)
Tonnage tax in shipping business		50.82	39.17
Fringe benefit tax		126.20	123.08
Total tax expense/ (income)		6427.90	6650.19
Net profit after tax for the year		20380.06	15113.10
Transferred from Debenture Redemption Reserve		3982.50	1029.00
Balance brought forward from previous year		40191.89	39966.74
Less : Transitional provision		-	(383.26)
Add : Deferred Tax on transitional provision		-	130.27
Profit available for appropriation		64554.45	55855.85
Appropriations :			
Transfer to Debenture Redemption Reserve		-	3499.00
Transfer to General Reserve		2500.00	2500.00
Transfer to Tonnage Tax Reserve		1600.00	900.00
Proposed Dividend on Equity Shares		7491.74	7491.74
Tax on Dividend		1273.22	1273.22
Surplus carried to Balance Sheet		51689.49	40191.89
Basic and Diluted Earnings Per Share (In Rs.)		4.90	3.63
Nominal Value of Shares (In Rs.)		10.00	10.00
Notes to Accounts	25		

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

As per our report of even date

For **S.R. BATLIBOI & CO.**
Chartered Accountants

per **Manoj Gupta**
Partner
Membership No - 83906

Place : Gurgaon
Date : May 15, 2008

For and on behalf of the Board of Directors

Anil Kapoor
Managing Director

H.S. Bawa
Vice Chairman

K.K. Birla
Chairman

Abhay Baijal
Vice President - Finance

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

Place : New Delhi
Date : May 15, 2008

Cash Flow Statement for the year ended March 31, 2008

(Rs. in lacs)

	Particulars	Year ended March 31, 2008	Year ended March 31, 2007
A.	**Cash flow from operating activities :**		
	Profit after exceptional items and before tax.	**26807.96**	21763.29
	Adjustments for :		
	Depreciation/ Amortisation	**18493.69**	18269.69
	Profit on sale of fixed assets	**(2634.17)**	(2157.55)
	Profit on sale of Food Processing Division	**(126.51)**	-
	Loss on sale of investment in subsidiary	**13.25**	-
	Assets written off	**25.46**	807.72
	Diminution in the value of fertiliser bonds	**1875.00**	-
	Unrealised foreign exchange fluctutaion	**(3963.48)**	(3350.51)
	Miscellaneous expenditure written off	**61.85**	221.53
	Provision for doubtful deposits/ advances	**-**	16.60
	Liabilities no longer required written back	**(278.06)**	(239.19)
	Catalyst charges written off	**108.65**	33.81
	Doubtful debts/ advances written off	**16.93**	37.34
	Export benefit written off	**-**	49.05
	Inventory written off	**156.02**	128.37
	Interest expense	**9185.77**	9210.64
	Interest income	**(1756.24)**	(551.79)
	Dividend income	**(7.22)**	(4.07)
	Operating profit before working capital changes	**47978.90**	44234.93
	Movement in working capital :		
	Decrease / (Increase) in trade and other receivables	**570.73**	(25631.29)
	Decrease / (Increase) in inventories	**3593.22**	(10441.82)
	Decrease / (Increase) in trade and other payables	**4179.59**	(10756.75)
	Cash generated from operations	**56322.44**	(2594.93)
	Direct taxes paid (net of refunds)	**(9807.77)**	(9057.50)
	Net cash flow from operating activities	**46514.67**	(11652.43)
B.	**Cash flow from investing activities**		
	Purchase of fixed assets	**(34276.05)**	(64357.05)
	Proceeds from sale of fixed assets	**6545.11**	2660.84
	Purchase of investments in subsidiaries	**(2343.35)**	(23607.36)
	Proceeds from sale of investments in subsidiary	**8159.26**	12943.62
	Proceeds from sale of other investments	**6.90**	9.00
	Proceeds from sale of Food Processing Division	**2263.18**	-
	(Refer Note No. 17d of Schedule 25)		
	Net proceeds from loan to employees	**67.39**	187.65
	Loan to subsidiary	**(441.26)**	-
	Interest received	**803.92**	301.27
	Dividend received	**7.22**	4.07
	Deposits with other companies	**(610.00)**	(390.00)
	Net cash flow from /(used) in investing activities	**(19817.68)**	(72247.96)

(Rs. in lacs)

	Particulars	Year ended March 31, 2008	Year ended March 31, 2007
C.	**Cash flow from financing activities**		
	Proceeds from long term borrowings	**40223.83**	84484.65
	Repayment of long term borrowings	**(31060.01)**	(17081.62)
	Net proceeds of short term borrowings	**(18751.10)**	37312.76
	Interest paid	**(13160.01)**	(9030.71)
	Dividend paid	**(7515.01)**	(7492.92)
	Tax on dividend paid	**(1273.22)**	(1050.88)
	Net cash used in financing activities	**(31535.52)**	87141.28
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(4838.53)**	3240.89
	Cash and cash equivalents at the beginning of the year	**11070.74**	7829.85
	Cash and cash equivalents at the end of the year	**6232.21**	11070.74
	Components of cash and cash equivalents as at		
	Cash and cheques on hand	**8.19**	8.28
	Balances with banks :		
	- on current account	**5116.21**	10171.65
	- on unpaid dividend account	**725.48**	808.45
	- on cash credit account	**0.93**	0.25
	- on saving account	**0.36**	0.36
	- on deposits account	**409.92**	42.82
	- on overseas account	**5.99**	52.80
		6267.08	11084.61
	Less: Fixed deposit with maturity more than three months	**34.87**	13.87
	Net cash and cash equivalents	**6232.21**	11070.74

Note:
Bank balances of Rs.725.48 lacs (Previous Year Rs.808.45 lacs) is earmarked for payment of unpaid dividend and will not be available for use for any other purposes.

As per our report of even date

For **S.R. BATLIBOI & CO.**
Chartered Accountants

per **Manoj Gupta**
Partner
Membership No - 83906

Place : Gurgaon
Date : May 15, 2008

For and on behalf of the Board of Directors

Anil Kapoor
Managing Director

H.S. Bawa
Vice Chairman

K.K. Birla
Chairman

Abhay Baijal
Vice President - Finance

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

Place : New Delhi
Date : May 15, 2008

Schedules annexed to and forming part of the Balance Sheet as at March 31, 2008

(Rs. in lacs)

Particulars	As at March 31, 2008	As at March 31, 2007
Schedule 1 : Share Capital		
Authorised :		
440,000,000 (Previous Year 440,000,000) Equity Shares of Rs.10/- each	**44000.00**	44000.00
210,000,000 (Previous Year 210,000,000) Redeemable Preference Shares of Rs.10/- each	**21000.00**	21000.00
	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
Of the above 10,207,852 equity shares (Previous Year : 10,207,852) of Rs.10 each have been allotted for consideration other than cash, pursuant to the scheme of amalgamation of erstwhile India Steamship Company Limited.		
Schedule 2 : Reserves and Surplus		
Capital Reserve (arising on forfeiture of shares)	**20.95**	20.95
Securities Premium Account		
Balance as per last account	**641.59**	641.59
Capital Redemption Reserve		
Balance as per last account	**25.00**	25.00
Debenture Redemption Reserve		
Balance as per last account	**4920.00**	2450.00
Add: Transferred from Profit and Loss Account	**-**	3499.00
Less: Transferred to Profit and Loss Account	**(3982.50)**	(1029.00)
	937.50	4920.00
General Reserve		
Balance as per last account	**13377.99**	10877.99
Add: Transferred from Profit and Loss Account	**2500.00**	2500.00
	15877.99	13377.99
Tonnage Tax Reserve		
Balance as per last account	**1413.29**	513.29
Add: Transferred from Profit and Loss Account	**1600.00**	900.00
	3013.29	1413.29
Profit and Loss Account	**51689.49**	40191.89
	72205.81	60590.71

(Rs. in lacs)

Particulars	As at March 31, 2008	As at March 31, 2007
Schedule 3: Secured Loans		
Debentures		
Nil (Previous Year 6,175) 7.00% Secured Redeemable Non-convertible Debentures of Rs.100,000 each.	-	2037.75
500 (Previous Year 500) 7.90% Secured Redeemable Non-convertible Debentures of Rs.1,000,000 each.	**3750.00**	5000.00
Rupee term loans		
- From financial institutions	**15000.00**	10094.00
- From banks	**19816.36**	27932.28
- From others	**1666.67**	3333.33
Foreign currency term loans from banks	**76166.55**	59023.02
Finance lease obligation	**206.21**	236.62
Cash credit facilities from banks	**34869.54**	22929.96
Interest accrued and due	**50.90**	89.46
	151526.23	130676.42

Notes:

1. 7.90% Secured redeemable non-convertible debentures are secured by first pari passu charge by way of mortgage by deposit of title deeds in respect of immovable properties and hypothecation of the movable assets of the company, both present and future (save and except book debts and assets of shipping division) subject to prior charges created / to be created in favour of bankers on movables for securing working capital borrowings. These debentures are redeemable in four equal annual instalments starting from March 31, 2008.
2. Rupee term loan from banks and others of Rs.19928.87 lacs and foreign currency loans of Rs.27204.75 lacs from bank/financial institution are secured by first pari-passu charge by way of mortgage, by deposit of title deeds in respect of immovable properties and hypothecation of the movable assets of the company, both present and future (save and except book debts and assets of shipping division), subject to prior charges created / to be created in favour of bankers on movables for securing working capital borrowings.
3. Rupee term loan of Rs.1554.16 lacs from a bank is secured by mortgage on the company's vessel M.T. Ratna Urvi and hypothecation of movable assets of shipping division of the company.
4. Rupee term loan of Rs.15000 lacs from a financial institution is to be secured by first pari passu charge on the movable fixed assets of the company (save and except assets of shipping division of the company).
5. Foreign currency loan of Rs. 20865 lacs from a bank is secured by first priority mortgage on the company's vessel M.T.Ratna Puja and assignment of earnings, insurance and requisition compensation in respect of such vessel.
6. Foreign currency term loans of Rs. 21235.66 lacs from banks is currently secured by assignment of ship building contracts and refund guarantees in respect of three new vessels under construction.
7. Foreign Currency Loan of Rs. 6861.14 from a bank is currently secured by assignment of ship building contract and refund guarantee in respect of a new vessel under construction and second priority mortgage on the company's vessel M. T. Ratna Puja and assignment of earnings, insurance and requisition compensation in respect of the vessel M. T. Ratna Puja.
8. Cash credit loans from banks are secured by hypothecation of all the company's movable assets including movable machinery, all stocks and book debts (including subsidy support), 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.
9. Finance lease liability is secured by assets acquired under the facility.
10. Secured loans (other than cash credit loans from banks and short term rupee loans) includes Rs.14289.62 lacs (Previous Year Rs.11499.91 lacs) repayable within one year.

(Rs. in lacs)

Particulars	As at March 31, 2008	As at March 31, 2007
Schedule 4 : Unsecured Loans		
Fixed deposits {Due within one year Rs.101.13 lacs (previous year Rs.350.78 lacs)}	**193.37**	496.56
Short term foreign currency loans		
- From financial institutions	**8025.00**	5735.19
- From banks	**-**	8970.44
Short term debentures		
- 11.10% Short Term Non Convertible Debentures	**-**	7500.00
- 11.40% Short Term Non Convertible Debentures	**-**	5000.00
Short term rupee loans		
- From banks	**17500.00**	29500.00
- From others	**436.41**	-
Packing credit foreign currency loan from banks	**1825.36**	1320.67
Interest accrued and due	**84.46**	157.60
	28064.60	58680.46
Schedule 5 : Deferred Tax Liability (Net)		
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax and financial books	**29450.42**	31977.86
Effect of deferred revenue expenditure as per tax and financial books	**7.86**	46.38
Gross Deferred Tax Liabilities	**29458.28**	32024.24
Deferred Tax Assets		
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	**16.24**	13.75
Provision for gratuity	**220.50**	157.75
Provision for leave encashment	**80.25**	158.43
Provision for doubtful debts	**37.15**	40.36
Provision for dimunition in the value of fertiliser bonds	**637.31**	-
Others	**23.45**	21.74
Gross Deferred Tax Assets	**1014.90**	392.03
Net Deferred Tax Liability	**28443.38**	31632.21

Schedule 6 : Fixed Assets

(Rs. in lacs)

Sr. No	Particulars	Gross Block				Depreciation				Net Block	
		As at April 1, 2007	Additions during the year	Adjustments	**As At March 31, 2008**	As At April 1, 2007	For the year	Adjustments	**As at March, 31, 2008**	**As at March 31, 2008**	As at March 31, 2007
1.	Land - Freehold	563.41	-	(237.82)	**325.59**	-	-	-	**-**	**325.59**	563.41
2.	Land - Leasehold	587.28	-	-	**587.28**	102.56	5.94	-	**108.50**	**478.78**	484.72
3.	Buildings	17598.17	585.29	(773.98)	**17409.48**	3916.70	488.57	(98.71)	**4306.56**	**13102.92**	13681.47
4.	Leasehold Improvements	724.31	-	-	**724.31**	529.74	27.98	-	**557.72**	**166.59**	194.57
5.	Railway Siding	2205.11	-	-	**2205.11**	1073.24	104.74	-	**1177.98**	**1027.13**	1131.87
6.	Plant & Machinery	252387.90	2424.17	(887.35)	**253924.72**	131810.30	14311.97	(319.19)	**145803.08**	**108121.64**	120577.60
7.	Equipment & Appliances	3377.55	278.91	(171.63)	**3484.83**	1627.79	209.62	(127.54)	**1709.87**	**1774.96**	1749.76
8.	Furniture & Fittings	647.12	86.58	(43.76)	**689.94**	384.91	81.11	(17.68)	**448.34**	**241.60**	262.21
9.	Vehicles	430.63	21.32	(104.25)	**347.70**	160.84	43.60	(60.59)	**143.85**	**203.85**	269.79
10.	Vehicles (on Finance Lease)	388.04	112.00	(82.26)	**417.78**	128.27	93.50	(35.88)	**185.89**	**231.89**	259.77
11.	Ships	47071.01	38.02	(6400.44)	**40708.59**	4920.31	2992.90	(3052.31)	**4860.90**	**35847.69**	42150.70
	Grand Total	325980.53	3546.29	(8701.49)	**320825.33**	144654.66	18359.93	(3711.90)	**159302.69**	**161522.64**	181325.87
	Capital Work In Progress									**70958.03**	36509.20
	Previous Year	282771.58	46414.48	(3205.53)	325980.53	128332.89	18246.69	(1924.92)	144654.66	181325.87	154438.69

Notes :-

1. Freehold Land includes Rs. 0.81 Lacs (Previous Year Rs. 0.81 lacs) ,which is yet to be transferred in the Company's name.
2. Buildings of Rs. 0.71 lacs and Furniture Fittings of Rs. 1.58 lacs (Previous Year Rs. 0.71 lacs and Rs 1.58 lacs respectively) represent undivided share in assets jointly owned with others.
3. Additions to Plant & Machinery includes Rs. 494.80 lacs (Previous Year adjustments from Plant & Machinery of Rs. 340.81 lacs) and additions in ships includes Rs. Nil (Previous Year Rs. 1346.38 lacs) being variations in rupee liability in respect of foreign currency.
4. Gross Block and Accumulated Depreciation of Plant & Machinery includes Rs. 266.35 lacs (Previous Year Rs. 266.35 lacs) and Rs. 251.70 lacs (Previous Year Rs. 235.66 lacs) respectively and that of Building includes Rs. 1208.29 lacs and Rs. 1147.87 lacs (Previous Year Rs. 1208.29 lacs and Rs 1027.78 lacs) respectively towards capital expenditure represented by assets not owned by the Company, but which are being used by the Company for its business purpose.
5. Capital Work in Progress includes Capital Advances of Rs. 57214.62 lacs (Previous Year Rs. 35606.16 Lacs).
6. Additions to capital work in progress includes preoperative expenses amounting Rs. 8422.09 lacs (Previous Year Rs. 4495.01 lacs) . Also refer Note No.11 of Schedule 25.

Schedule 7 : Intangible Assets

(Rs. in lacs)

Sr. No	Particulars	Gross Block				Amortisation				Net Block	
		As at April 1, 2007	Additions during the year	Adjustments	**As At March 31, 2008**	As At April 1, 2007	For the year	Adjustments	**As at March, 31, 2008**	**As at March 31, 2008**	As at March 31, 2007
1.	Software	652.91	64.64	-	**717.55**	23.00	133.76	-	**156.76**	**560.79**	629.91
	Total	652.91	64.64	**-**	**717.55**	23.00	133.76	**-**	**156.76**	**560.79**	629.91
	Previous Year	-	652.91	-	652.91	-	23.00	-	23.00	629.91	-

(Rs. in lacs)

Particulars	As at March 31, 2008	As at March 31, 2007
Schedule 8 : Investments		
Long Term Investments (At Cost) :		
A. Trade (Unquoted)		
- 206,667(Previous Year 206,667) shares of Moroccan Dirham 1000 each fully paid up in Indo Maroc Phosphore S.A.	**8513.32**	8513.32
- 18,722,886 (Previous Year 18,722,886) equity shares of Rs.10 each fully paid up in Zuari Investments Limited.	**1872.29**	1872.29
B. Other than trade		
Unquoted		
Government Securities		
- 6 Year National Savings Certificates VIII Issue (lodged with Govt. Authorities.)	**0.09**	0.09
- 6 Year National Savings Certificates (lodged with Govt. Authorities.)	**0.30**	0.30
- Indira Vikas Patra	**0.20**	0.20
Bonds		
- Nil (Previous Year 16), 9.70% National Trading Corporation Limited Bonds of Rs.100,000 each fully paid up	**-**	18.89
- 30 Bonds (Previous Year 30), 12.50% Sardar Sarovar Narmada Nigam Limited Bonds of Rs.100,000 each fully paid up	**14.45**	23.45
- 2 Bonds (Previous Year 2), 7.60% Konkan Railway Corporation Bonds of Rs.1,000,000 each fully paid up	**20.32**	20.32
- 5.5% Government of India Loan 2000 bonds of Rs.100 each fully paid up (lodged with Govt. Authorities.)	**0.04**	0.04
Debentures		
- 5% Non Convertible Debentures of Woodlands Hospital and Medical Research Centre Ltd. of Rs.100 each fully paid up	**0.22**	0.22
- 8% Non Convertible Debentures of Indian Chamber of Commerce of Rs.12.50 each fully paid up	**0.01**	0.01
C. In Subsidiaries Companies		
Unquoted, fully paid up		
- Nil (Previous Year 29,235,341) ordinary shares of US$1 each fully paid up in Chambal Biotech Private Limited. (Refer Note No. 24 of Schedule 25)	**-**	8172.51
- 50,000,000 (Previous Year 50,000,000) equity shares of US$ 0.001 each fully paid up in CFCL Overseas Limited.	**21.78**	21.78
- 46,325,000 (Previous Year 41,200,000) redeemable preference shares of US$ 1 each fully paid up in CFCL Overseas Limited.	**19991.98**	17944.67
- 200,000 (Previous Year 100,000) equity shares of Rs.10 each fully paid up in Chambal Infrastructure Ventures Limited.	**20.00**	10.00

(Rs. in lacs)

Particulars	As at March 31, 2008	As at March 31, 2007
- 1079962 (Previous Year 2) equity shares of Singapore $ 1 each fully paid up in India Steamship Pte. Limited, Singapore	**286.04**	-
Total	**30741.04**	36598.09
Aggregate amount of unquoted investments (Also refer Note No. 25 of Schedule 25 of financial statements) (For movement in investments, refer Note No. 10 of Schedule 25 of financial statements)	**30741.04**	36598.09
Schedule 9 : Inventories (at lower of cost and net realisable value)		
Stores and spares	**6162.81**	6324.83
Catalysts in use	**337.34**	444.77
Naphtha (Including in transit Rs.889.03 lacs, Previous Year Rs. Nil)	**5422.35**	1972.62
Raw materials		
Fibre (Including in transit Rs.178.29 lacs, Previous Year Rs. 120.61 lacs)	**3187.57**	3071.63
Food processing stock	**-**	0.98
Loose tools	**9.02**	5.20
Packing materials	**231.18**	274.75
Waste	**19.82**	10.01
Work-in-process	**881.87**	1598.80
Finished goods (Including in transit Rs. 2060.19 lacs, Previous Year Rs. 541.27 lacs)	**11970.15**	14404.78
Traded goods (Including in transit Rs.Nil, Previous Year Rs. 456.68 lacs)	**2037.84**	7092.94
	30259.95	35201.31
Schedule 10 : Sundry Debtors		
Debts outstanding for a period exceeding six months		
Secured, considered good	**4.30**	-
Unsecured, considered good (Including subsidy receivable from Government of India Rs.1435.00 lacs, (Previous Year Rs.23862.28 lacs).	**2523.87**	24164.32
Unsecured, considered doubtful	**35.22**	619.65
Other debts		
Secured, considered good	**1867.43**	1153.67
Unsecured, considered good (Including subsidy receivable from Government of India Rs.3439.93 lacs, (Previous Year Rs. 22103.31 lacs).	**11914.59**	27266.20
	16345.41	53203.84
Less: Provision for doubtful debts	**35.22**	619.65
	16310.19	52584.19

(Rs. in lacs)

Particulars	As at March 31, 2008	As at March 31, 2007
Schedule 11 : Cash and Bank Balances		
Cash in hand	**8.19**	8.28
Balances with scheduled banks :		
On unpaid dividend / debenture / fixed deposit accounts	**725.48**	808.45
On current accounts	**5116.21**	10171.65
On cash credit accounts	**0.93**	0.25
On saving accounts	**0.36**	0.36
On fixed deposit accounts	**409.92**	42.82
Balances with overseas banks :		
On current account with State Bank of India, London	**5.99**	52.80
{Maximum Balance Rs. 52.80 lacs (Previous Year Rs. 53.31 lacs)}		
	6267.08	11084.61
Schedule 12 : Other Current Assets		
(Unsecured, considered good except to the extent stated)		
Interest receivable on loans, deposits and others	**1223.29**	270.96
Export benefits receivable	**191.73**	212.89
Insurance and other claims receivable	**246.72**	216.90
(Considered doubtful Rs.Nil, Previous Year Rs. 74.35 lacs)		
Fertilisers Companies Govt. of India bonds (Refer Note No.18 of Schedule 25)	**38358.00**	-
Assets held for disposal	**30.40**	30.40
	40050.14	731.15
Less: Provision for doubtful receivables	**-**	74.35
Less: Provision for diminution in the value of fertiliser bonds	**1875.00**	-
	38175.14	656.80
Schedule 13 : Loans and Advances		
(Unsecured, considered good except to the extent stated)		
Advances and loans to subsidiaries	**986.21**	283.41
Advances recoverable in cash or in kind or for value to be received	**4509.03**	7341.30
(Considered doubtful Rs.67.27 lacs, Previous Year Rs.95.64 lacs)		
Balances with customs, excise, etc.	**347.46**	426.99
Loans to employees	**613.57**	680.96
Deposits - others	**478.06**	610.83
(Considered doubtful Rs.14.12 lacs, Previous Year Rs.14.12 lacs)		
Inter - corporate deposits	**1160.00**	550.00
	8094.33	9893.49
Less: Provision for doubtful deposits & advances	**81.39**	109.76
	8012.94	9783.73
Included in Loans and Advances are:		
i. Dues from directors of the Company	**20.60**	-
{Maximum amount outstanding during the year Rs. 20.60 lacs (Previous Year Rs. Nil)}		
ii. Dues from officers of the Company	**8.29**	9.65
{Maximum amount outstanding during the year Rs.9.65 lacs (Previous Year Rs.11.06 lacs)}		

(Rs. in lacs)

Particulars	As at March 31, 2008	As at March 31, 2007
Schedule 14 : Current Liabilities		
Sundry creditors		
- Total outstanding dues to Micro, Medium and Small Enterprises	**11.90**	-
- Total outstanding dues to creditors other than Micro, Medium and Small Enterprises	**11948.70**	8238.62
Subsidiary companies	**-**	2.66
Advances from customers	**1254.47**	1102.17
Earnest money / security deposits	**2587.25**	2449.90
Unclaimed statutory liabilities (as referred in section 205C of the Companies Act, 1956):*		
- Unpaid dividend	**663.37**	686.64
- Unpaid matured deposit (including Interest)	**31.70**	27.76
- Unpaid matured debentures	**48.28**	79.94
- Unpaid interest on debentures	**9.40**	21.18
Other liabilities	**437.62**	450.45
Book overdraft	**30.31**	145.11
Interest accrued but not due on loans and debentures	**410.44**	477.50
	17433.44	13681.93
* Amount payable to Investor Education and Protection Fund is Rs. Nil		
Schedule 15 : Provisions		
Provision for taxation (net of advance tax payments)	**3441.37**	3632.41
Provision for wealth tax	**9.26**	10.01
Provision for leave encashment (Refer Note No. 13 of Schedule 25)	**896.71**	907.78
Provision for gratuity (Refer Note No. 13 of Schedule 25)	**765.42**	733.35
Proposed dividend on equity shares	**7491.74**	7491.74
Tax on proposed dividend	**1273.22**	1273.22
	13877.72	14048.51
Schedule 16 : Miscellaneous Expenditure (to the extent not written off or adjusted)		
Restructuring charges on loans		
- Opening balance	**84.98**	306.50
- Less : Written-off during the year	**61.85**	221.52
- Closing Balance	**23.13**	84.98
Amalgamation adjustment account	**113.29**	113.29
	136.42	198.27

(Rs. in lacs)

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Schedule 17 : Turnover (Gross)		
Sales of own manufactured products (including subsidy on fertilisers)	**214138.68**	219227.86
Sales of traded products (including subsidy on fertilisers)	**33990.42**	22298.21
Income from operations of shipping business	**23935.44**	17657.29
{Including Rs.12217.00 lacs from charter in ship (Previous Year Rs.2786.02 lacs)}	**272064.54**	259183.36
Schedule 18 : Other Income		
Interest on		
- Long term investments - Non Trade (Gross) (Tax deducted at source Rs.0.94 lacs, Previous Year Rs.1.29 lacs)	**4.15**	5.74
- Fertilisers bonds	**506.91**	-
- Employees loans	**30.23**	33.30
- Loans to subsidiaries (Tax deducted at source Rs. 6.08 lacs, Previous Year Rs.Nil)	**27.46**	-
- Income Tax refund	**192.65**	261.37
- Deposit (Gross) (Tax deducted at source Rs.107.03, Previous Year Rs.12.67 lacs)	**715.22**	59.26
- Others (Tax deducted at source Rs.15.05, Previous Year Rs.14.59 lacs)	**279.62**	192.12
Dividend income on non trade current investments	**7.22**	4.07
Rent received	**64.26**	62.38
Foreign exchange variation (Net)	**4734.25**	636.88
Insurance claims received	**145.78**	106.92
Liabilities no longer required written back	**278.06**	239.19
Export incentive receivable	**631.37**	293.27
Profit on sale of asset	**343.30**	-
Sale of scrap	**182.19**	232.70
Miscellaneous income	**74.05**	107.73
	8216.72	2234.93
Schedule 19 : Raw Material Consumed		
Opening inventories	**3072.61**	436.05
Add: Purchases	**78284.59**	98752.72
Less: Closing inventories	**3187.57**	3072.61
	78169.63	96116.16
Schedule 20 : Personnel Expenses		
Salaries, wages and bonus	**6124.15**	5796.45
Contribution to provident and other funds	**583.64**	600.20
Gratuity expenses (Refer Note No. 13 of Schedule 25)	**162.35**	148.77
Workmen and staff welfare expenses	**375.75**	379.41
	7245.89	6924.83
Schedule 21 : Decrease / (Increase) in inventories		
Closing inventories		
- Work-in-process	**881.87**	1598.80
- Finished goods	**11970.15**	14404.78
- Traded goods	**2037.84**	7092.94
- Waste	**19.82**	10.01
	14909.68	23106.53
Opening inventories		
- Work-in-process	**1598.80**	1883.04
- Finished goods	**14404.78**	10987.06
- Traded goods	**7092.94**	2288.35
- Waste	**10.01**	6.95
	23106.53	15165.40
Less: Finished goods inventory of Food Processing Unit on the date of sale	**(1083.48)**	-
	22023.05	15165.40
	7113.37	(7941.13)

(Rs. in lacs)

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Schedule 22 : Operating and Other Expenses		
Consumption of stores and spares	**2644.85**	2668.37
Consumption of packing materials	**6798.86**	6436.01
Bagging and other services	**410.92**	677.27
Power and fuel	**56081.69**	50598.67
Catalyst charges written off	**108.65**	33.81
Rent	**1450.58**	1226.54
Rates and taxes	**58.38**	86.01
Insurance	**1399.95**	1725.44
Repairs and maintenance :		
- Plant & Machinery and Ships	**1402.79**	1690.98
- Buildings	**158.27**	204.05
- Others	**523.31**	430.71
Ships bunker cost	**3802.85**	2217.12
Ships port dues	**1497.21**	1100.87
Ships special survey expenses	**848.82**	1031.31
Directors' sitting fees	**8.95**	6.20
Travelling and conveyance	**956.81**	760.05
Communication costs	**213.36**	221.25
Printing and stationery	**84.33**	94.13
Legal and professional fees	**926.81**	244.24
Equipment hire charges	**700.80**	678.16
Auditor's remuneration (including Branch Auditors')		
- Audit fee	**38.21**	38.21
- Tax audit fee	**7.30**	7.30
- Limited review fee	**21.58**	21.58
- Certification and other services	**18.09**	14.63
- Out of pocket expenses	**3.46**	1.90
Decrease/ (increase) of excise duty on inventories	**0.39**	2.60
Freight and forwarding charges	**16041.38**	13416.68
Selling and marketing expenses	**573.61**	644.57
Cash rebate to customers	**275.20**	304.53
Commission and brokerage to other than sole selling agents	**654.11**	418.52
Donations and contribution to charitable institutions	**53.05**	18.97
Depletion of loose tools	**4.64**	6.46
Green belt development/ horticulture expenses	**291.85**	290.27
Diminution in the value of fertiliser bonds	**1875.00**	-
Provision for doubtful advances and debts	**-**	16.60
Loss on sale of fixed assets (Net)	**-**	40.66
Doubtful debts and advances written off	**16.93**	37.34
Inventory written off	**156.02**	128.37
Export benefits receivable written off	**-**	49.05
Loss on sale of long term investments in subsidiary	**13.25**	-
Assets written off	**25.46**	87.05
Miscellaneous expenses	**1316.01**	1742.58
	101463.73	89419.06

(Rs. in lacs)

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Schedule 23 : Financial Expenses		
Interest :		
- On term loans and debentures	**8852.98**	8146.86
- On cash credit facilities	**33.54**	747.30
- Others	**299.25**	316.48
Bank charges and guarantee commission	**318.94**	474.93
Restructuring fees on loans written off	**61.85**	221.52
	9566.56	9907.09
Schedule 24 : Exceptional Items		
Loss on write off of assets	-	(720.67)
Accelerated depreciation	-	(610.01)
Profit on sale of ship	**2290.87**	2198.21
Profit on sale of Food Processing Unit	**126.51**	-
	2417.38	867.53

Schedule 25: Notes to Accounts

1. Nature of Operations

Chambal Fertilisers and Chemicals Limited was incorporated in May 1985 as a public limited company in the name of Aravali Fertilisers Limited. The name of the Company was changed to Chambal Fertilisers and Chemicals Limited in January 1989.

The Company was promoted by Zuari Industries Limited and is the largest manufacturer of Nitrogenous Fertilizers in private sector in India. The Company is also into manufacturing of Synthetic and Cotton Yarn. Shipping Division of the Company is engaged in the business of running of ships for cargo.

2. Statement of Significant Accounting Policies

a) Basis of Preparation

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

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

c) Change in Accounting Policies

The Company has adopted the Companies (Accounting Standard) Rules, 2006 with effect from April 1, 2007. As per Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates", the exchange difference on foreign currency transactions relating to fixed assets acquired from a country outside India have been adjusted to revenue as against the hitherto followed practice of adjusting the same to the carrying amount of fixed assets arising out of the transactions entered on or after April 1, 2004.

Had the Company continued to use the earlier basis of accounting for foreign exchange fluctuation, the credit to the Profit and Loss Account after taxation for the current period would have been lower by Rs.4682.63 lacs (net of tax of Rs.Nil) and the net block of fixed assets would correspondingly have been lower by Rs.4682.63 lacs.

d) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

e) Depreciation

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

(i) Second hand fixed assets at Textile division	On technically assessed remaining useful lives of such assets of 3 years, 5 years or 7 years.
(ii) Second hand fixed assets at Food Processing division	On technically assessed remaining useful lives of such assets of 6 years or useful lives based on the rates prescribed in Schedule XIV to the Companies Act, 1956, which ever is lower
(iii) Leasehold Land/ Improvements and Vehicles under finance lease	Amortized over the period of respective leases or useful lives of assets, whichever is lower
(iv) Increase/ Decrease in value of fixed assets due to foreign exchange fluctuation	Over the remaining useful lives of the assets.
(v) Insurance Spares/ Stand-by Equipments	Over the remaining useful lives of mother assets.
(vi) Capital expenditure not represented by assets	Written off over five years from the date of capitalization.
(vii) Ships of Shipping Division	On technical evaluation of remaining useful life in case of old ships and as per Companies Act, 1956 in case of new ships.
(viii) Fixed assets other than ships of Shipping Division	On written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

f) Impairment

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

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

g) Intangible Assets

Research costs are expensed as incurred. Development expenditure incurred on software implementation is carried forward when its future recoverability can reasonably be regarded as assured. The expenditure carried forward is amortized over a period of five years.

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.

h) Expenditure on New Projects and Substantial Expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion is capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalized only if they increase the value of the asset beyond its original standard of performance.

i) 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 the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability, based on the implicit rate of return. Finance charges are charged directly against income.

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

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

j) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in the value is made to recognise a decline other than temporary in the value of the investments.

k) Inventories

Inventories are valued as follows:

i) Fertiliser Division

Naphtha and Packing Materials	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories 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.
Stores and Spares	Lower of cost and net realizable value. Cost is determined on a weighted average basis.
Catalyst in Use	At depreciated cost on the basis of amortization over their estimated useful lives as technically assessed.
Loose Tools	At depreciated cost arrived at on the basis of amortization over a period of three years.
Work in Process, Finished Goods and Traded Products	Lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity.

ii) Textile Division

Raw materials and Packing Materials	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories 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.
Stores and Spares	Lower of cost and net realizable value. Cost is determined on a weighted average basis.
Work in Process and Finished Goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.
Waste	At net realisable value.

iii) Food Processing Division

Raw Materials and Packing Materials	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories 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 FIFO basis.
Stores and Spares	Lower of cost and net realizable value. Cost is determined on FIFO basis.
Work in Process and Finished Goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

iv) Shipping Division

Bunkers remaining on board	At weighted average cost.
Deck, Engine Stores & Spares and Victualling	At cost on FIFO basis.
Stock of Standing Spares	At net value arrived at on the basis of proportionate amortization over the remaining useful lives of such ships.

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.

l) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred except for borrowings for acquisition of qualifying assets which are capitalised upto the date, the asset is ready for its intended use.

m) 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.

(a) Sale of Goods

i) Fertiliser Division

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

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

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

ii) Textile Division

Revenue in respect of sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arised during the year.

iii) Food Processing Division

Revenue in respect of sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

iv) 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 basis. Dispatch money/ demurrage are considered as part of freight.

(b) Interest

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

(c) Dividend

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

(d) Insurance Claims

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

n) Deferred Revenue Expenditure

(i) Restructuring charges paid to extinguish high cost debts are written off over the tenure of fresh loans taken for refinancing such high cost debts.

(ii) Amalgamation Adjustment account is created on account of statutory reserves acquired at the time of amalgamation accounted for under Purchase Method, to be reversed on utilization/ transfer of such reserves.

o) Foreign Currency Translation

(i) Initial recognition

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

(ii) Conversion

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

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise. Exchange differences arising in respect of fixed assets acquired from outside India on or before accounting period commencing from April 1, 2004 are capitalized as a part of fixed asset.

(iv) Forward exchange contracts

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

(v) Options

Foreign Currency Options are accounted for in line with terms of contract and necessary provision for anticipated losses in respect of open options is made. Gain on such options is recognised on actual realisation.

p) Retirement and other employee benefits

(i) Retirement benefits in the form of Provident Fund/ Pension Schemes are defined contribution schemes and the contributions are charged to the Profit & 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 trusts.

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

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

(iv) Provision for long-term compensated absences is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Liability is provided for short-term compensated absences on cost to company basis, which are expected to occur within next 12 months.

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

q) Income Taxes

Tax expense comprises of current, deferred, tonnage and fringe benefit tax. Current income tax, tonnage tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. The Shipping Division of the Company is covered under "Tonnage Tax Scheme" under section 115V of the Income Tax Act, 1961, therefore the tonnage tax has not been considered for the purpose of deferred tax calculations.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

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

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

r) Segment Reporting Policies

Identification of segments

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

Allocation of common costs

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

Unallocated items

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

s) 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.

t) Provisions

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

u) Cash and Cash equivalents

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

v) Derivative Instruments

The Company uses derivative financial instruments such as forward exchange contracts and options to hedge its risks associated with foreign currency fluctuations. Accounting policy for the same is given in note "o" above.

w) Government Grants and subsidies

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

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

3. Contingent liabilities (not provided for) in respect of:

(Rs. in lacs)

Sr. No.	Particulars	2007-08	2006-07
a)	Outstanding bank guarantees	-	117.95
b)	Outstanding amount against counter guarantees given to Banks/ Financial Institutions on account of loans given by the said Banks/ Financial Institutions to Bodies Corporate.	**959.65**	4443.99
c)	Show cause/ demand/ notices by Customs, Sales Tax and Income Tax authorities being disputed by the Company	**1707.38***	1335.61*
d)	Differential amount of custom duty in respect of machinery imported under EPCG Scheme including interest thereon.	**1799.26**	2300.55
e)	Various labour cases	**Amount not ascertainable**	Amount not ascertainable
f)	Other claims against the Company not acknowledged as debts.	**4.24****	208.07**
g)	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.	**230.33**	230.33

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

(Rs. in lacs)

Sr. No.	Particulars	2007-08	2006-07
1.	**Income Tax:**		
	- Interest on TDS Refund & Interest u/s 234 C	-	0.23
	- Demand for A.Y. 2002-03 - Order u/s 220(6)	**864.77**	-
	- Demand for A.Y. 2005-06 - Order u/s 143(3)	**562.97**	-
	- Demand for Penalty for A.Y 2005-06 - Order u/s 220(6)	**0.10**	-
	- Demand for A.Y. 2006-07 - Order u/s 220(6)	**28.24**	-
	- Assessment order dated 28.12.2006 & demand Notice dated 19.03.2007	-	911.29
2.	**Sales Tax:**		
	- CST Interest Demand - Purchases of packing bags for Seeding Programme	-	0.43
	- CST Demand - Purchases of packing bags for Seeding Programme	-	282.06
	- RST Demand - Purchases of packing bags for Seeding Programme	-	47.36
	- Miscellaneous RST & CST demand	**56.51**	51.05
3.	**Land Tax:**		
	- Demand notice	**80.04**	-
4.	**Service Tax/ Excise Duty/ Custom Duty:**		
	- Show cause notice received on services received from Non-Resident.	**22.73**	22.73
	- Show cause notices received for excise duty on damaged urea/ urea shortage.	**30.00**	20.46
	- Show cause notice received for service tax on providing cable operator services to employees in Gadepan township.	**2.73**	-
	- Show cause notice regarding custom duty on Brimstone 90	**59.29**	-
	Total	**1707.38**	1335.61

** Brief description of Contingent Liabilities as per (f) above:

(Rs. in lacs)

Sr. No.	Particulars	2007-08	2006-07
1.	Demand for arrear of water charges raised by Irrigation Department towards water drawn from Kalisindh river during the period 1993-97	-	198.85
2.	Other Miscellaneous Claims.	**4.24**	9.22
	Total	**4.24**	208.07

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 (c), (e), (f) and (g) above and hence no provision is considered necessary against the same.

4. 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 judgement in 1996. In spite of making conscious efforts to step up use of jute packaging material, the Company had been unable to adhere to the specified percentage, due to strong customer resistance to use of jute bags. The Company had received show cause notice from the Office of the Jute Commissioner, Kolkata, for levying a penalty of Rs.7380.36 lacs for non compliance of the provisions of the said Act. The Company has obtained a stay order from Delhi High Court against the above show cause notice and has been advised that the said levy is not tenable in law.

5. 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 Fertlisers Industry Coordination Committee (FICC) of Ministry of Fertilisers, the Government of India under Subsidy Scheme.

6. 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 Fertlisers Industry Coordination Committee (FICC) of Ministry of Fertilisers, the Government of India under Subsidy Scheme.

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

(Rs. in lacs)

8. Particulars	2007-08	2006-07
Estimated amount of contracts remaining to be executed on capital account (net of advances)	**72282.80**	92559.11

9. Details of remuneration of Managing Director included under relevant heads of account are as follows:

(Rs. in lacs)

Particulars	2007-08	2006-07
Salary	**66.80**	39.36
Provident Fund and Superannuation Fund	**8.10**	7.82
Retirement Benefits	**-**	21.58
Other Perquisites	**3.86**	27.82
Total	**78.76**	96.58

Notes:

a. Remuneration to Managing Director is paid within the limits of Schedule XIII of Companies Act, 1956.

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

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

Sr. No.	Scheme Name	No of Scrips Purchased	No of Scrips Sold	Purchase Value (Rs./lac)	Sale Value (Rs./lac)
1.	JM Money Manager Fund Super Plan - Daily Dividend	36,500,000.00	36,500,000.00	3650.00	3650.78
2.	Tata Liquid Fund Super High Investment - Daily Dividend	796,306.93	796,306.93	8875.00	8878.36

Sr. No.	Scheme Name	No of Scrips Purchased	No of Scrips Sold	Purchase Value (Rs./lac)	Sale Value (Rs./lac)
3.	Reliance Liquidity Fund - Daily Dividend Reinvestment	59,931,421.26	59,931,421.26	5995.00	5996.49
4.	Lotus India Liquid Fund - Institutional Daily Dividend	76,994,760.43	76,994,760.43	7700.00	7701.54
5.	Birla Cash Plus –Ist Prem.- Daily Dividend Re-investment	3,243,674.83	3,243,674.83	325.00	325.05

11. Pre-operative expenditure

The Company has incurred some expenditure related to acquisition of fixed assets (including new ships in Shipping Division) and therefore accounted for the same under Capital work in progress which will be allocated to fixed assets once it is capitalized. The break up of expenditures is as follows:

(Rs. in lacs)

Particulars	2007-08	2006-07
Salaries, wages and bonus	**76.78**	34.15
Workmen and staff welfare expenses	**0.64**	-
Raw material consumption	**-**	218.09
Consumption of stores and spares	**57.53**	5.84
Travelling and conveyance	**27.85**	-
Insurance	**-**	23.01
Power and Fuel	**-**	47.02
Legal and professional fees	**13.34**	-
Interest expenses	**8238.13**	4568.20
Communication costs	**1.06**	-
Miscellaneous expenses	**6.64**	18.29
Bank charges	**0.12**	-
Total	**8422.09**	4914.60
Less: Sales	**-**	(81.36)
Less: Stocks	**-**	(209.83)
Less: Capitalised	**-**	(128.40)
Net pre-operative expenditure (pending for allocation)	**8422.09**	4495.01

12. Segment Information

Primary Segment: Business Segment

The Company's operating businesses are organized and managed separately according to the nature of products manufactured and services provided. The three identified reportable segments are Own Manufactured Fertilizers, Trading and Shipping. The "Own Manufactured Fertilizers Segment" includes manufacture and marketing of urea which is a controlled commodity, the price and distribution of which is decided by the Government of India (GOI). 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 "Shipping Segment" includes transportation of crude oil and dry/ liquid products through vessels owned and/ or hired by the Shipping Division.

The 'Others' segment includes the yarn and food processing business activities of the Company.

Secondary Segment: Geographical Segment

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

Segment Information

The following table presents segment revenues, results, assets & liabilities in accordance with AS-17 as on 31.3.2008.

(Rs. in lacs)

Particulars	Own Manufactured Fertilisers		Trading		Shipping		Others		Total	
	2007-08	2006-07	**2007-08**	2006-07	**2007-08**	2006-07	**2007-08**	2006-07	**2007-08**	2006-07
Revenue										
External Sales/ Income	**190442.80**	200391.25	**34052.03**	22336.21	**28902.92**	17796.79	**24770.26**	19642.37	**278168.01**	260166.62
Inter Segment Sales	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Total revenue	**190442.80**	200391.25	**34052.03**	22336.21	**28902.92**	17796.79	**24770.26**	19642.37	**278168.01**	260166.62
Unallocated Revenue	**-**	-	**-**	-	**-**	-	**-**	-	**2061.57**	1198.91
Total Revenue	**-**	-	**-**	-	**-**	-	**-**	-	**280229.58**	261365.53
Results										
Segment Result	**27113.97**	26992.58	**2399.61**	909.54	**7829.27**	3937.76	**(500.10)**	590.70	**36842.75**	32430.58
Unallocated Expenses (net)	**-**	-	**-**	-	**-**	-	**-**	-	**5022.64**	2875.97
Operating Profit before Exceptional Items	**-**	-	**-**	-	**-**	-	**-**	-	**31820.11**	29554.61
Exceptional Items	**-**	-	**-**	-	**-**	-	**-**	-	**2417.38**	867.53
Interest Expenses	**-**	-	**-**	-	**-**	-	**-**	-	**9185.77**	9210.64
Interest Income	**-**	-	**-**	-	**-**	-	**-**	-	**1756.24**	551.79
Income Tax	**-**	-	**-**	-	**-**	-	**-**	-	**6427.90**	6650.19
Net Profit after Exceptional Items	**-**	-	**-**	-	**-**	-	**-**	-	**20380.06**	15113.10
Other Information										
Segment Assets	**185326.22**	194622.94	**6228.37**	12776.37	**96816.86**	75941.42	**28732.04**	31417.61	**317103.49**	314758.34
Unallocated Assets	**-**	-	**-**	-	**-**	-	**-**	-	**45704.31**	49615.37
Total Assets	**-**	-	**-**	-	**-**	-	**-**	-	**362807.80**	364373.71
Segment Liabilities	**11426.69**	9389.87	**1258.65**	987.47	**1884.43**	1758.87	**1518.70**	1720.28	**16088.47**	13856.49
Unallocated Liabilities	**-**	-	**-**	-	**-**	-	**-**	-	**233029.15**	216871.78
Total Liabilities	**-**	-	**-**	-	**-**	-	**-**	-	**249117.62**	230728.27
Capital Expenditure (Including FEV impact)	**8756.62**	7432.51	**-**	-	**27113.96**	52343.68	**2189.18**	7931.37	**38059.76**	67707.56
Depreciation	**13245.67**	13956.94	**-**	-	**3034.48**	2795.50	**2090.45**	1391.57	**18370.64**	18144.01
Unallocated Depreciation/ Amortisation	**-**	-	**-**	-	**-**	-	**-**	-	**123.05**	125.68
Non-cash expenses other than Depreciation & Amortisation	**61.85**	221.52	**-**	-	**-**	-	**-**	-	**61.85**	221.52

Secondary Segment Reporting (by Geographical Segments)

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

(Rs. in lacs)

Particulars	2007-08	2006-07
Revenue from Domestic Market	**262838.12**	250739.53
Revenue from Overseas Markets	**17391.46**	10626.00
Total	**280229.58**	261365.53

(Rs. in lacs)

Particulars	2007-08	2006-07
Geographical segment wise receivables		
Receivables from Domestic Markets	**15002.34**	52329.10
Receivables from Overseas Markets	**1307.85**	255.09
Total	**16310.19**	52584.19

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

13. Gratuity, Earned Leave and Other Post Employment Benefit Plans:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is funded with an insurance company in the form of a qualifying insurance policy. The Company has also provided for long-term compensated absences which are unfunded.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

Profit and Loss Account

Net employee benefit expense (recognised in Employee Cost)

(Rs. in lacs)

Particulars	Gratuity		Leave Encashment	
	2007-08	2006-07	2007-08	2006-07
Current service cost`	**89.15**	78.60	**103.01**	100.52
Interest cost on benefit obligation	**70.07**	66.54	**71.71**	70.89
Expected return on plan assets	**(14.36)**	(13.26)	**-**	-
Net actuarial (gain)/ loss recognised in the year	**17.49**	16.89	**56.98**	21.29
Past service cost	**-**	-	**-**	-
Net benefit expense	**162.35**	148.77	**231.70**	192.70
Actual return on plan assets	**10.32**	14.33	**-**	-

Balance Sheet

Details of Provision for Gratuity and Leave Encashment

(Rs. in lacs)

Particulars	Gratuity		Leave Encashment	
	2007-08	2006-07	2007-08	2006-07
Defined benefit obligation	**872.73**	897.31	**896.71**	907.78
Fair value of plan assets	**107.31**	163.96	**-**	-
Less: Unrecognised past service Cost	**-**	-	**-**	-
Plan asset/ (liability)	**(765.42)**	(733.35)	**(896.71)**	(907.78)

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

(Rs. in lacs)

Particulars	Gratuity		Leave Encashment	
	2007-08	2006-07	**2007-08**	2006-07
Opening defined benefit obligation	**897.31**	866.39	**907.78**	917.79
Interest cost	**70.07**	66.54	**71.71**	70.89
Current service cost	**89.15**	78.60	**103.01**	100.52
Benefits paid out of funds	**(147.73)**	(138.87)	**-**	-
Benefits paid by Company	**(49.53)**	6.83	**(242.77)**	(202.71)
Actuarial (gains)/ losses on obligation	**13.46**	17.82	**56.98**	21.29
Closing defined benefit obligation	**872.73**	897.31	**896.71**	907.78

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

(Rs. in lacs)

Particulars	Gratuity	
	2007-08	2006-07
Opening fair value of plan assets	**163.96**	182.09
Expected return	**14.36**	12.24
Contribution by employer	**80.75**	107.53
Benefits paid	**(147.73)**	(138.87)
Actuarial (gains)/ losses on obligation	**(4.03)**	0.97
Closing fair value of plan assets	**107.31**	163.96

The Company expects to contribute Rs.90 lacs (approx.) to gratuity in 2008-09.

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

Particulars	Gratuity (%)	
	2007-08	2006-07
Investments with insurer	**100**	100

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

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

Particulars	**2007-08 (%)**	2006-07 (%)
Discount Rate	**8.00**	8.00
Expected rate of return on assets	**9.25**	8.30
Employee turnover rate	**1 to 3**	1 to 3

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

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

(Rs. in lacs)

Particulars	Gratuity		
	2007-08	2006-07	2005-06
Defined benefit obligation	**872.73**	897.31	866.39
Plan assets	**107.31**	163.96	182.09
Surplus/ (deficit)	**765.42**	733.35	684.30

This is the second year of adoption of Accounting Standards 15 (Revised), therefore, three years figures have been disclosed as required by para 120 (n) of AS 15.

Contribution to Defined Contribution Plans:

(Rs. in lacs)

Particulars	2007-08	2006-07
Provident Fund/ Pension Fund	**407.16**	328.29
Superannuation Fund	**176.23**	224.20

14. Related Party Disclosures

During the year, the Company entered into transactions with the related parties. Those transactions along with related balances as at 31st March 2008 and for the year then ended are presented in the following table.

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

(a) Subsidiaries

Chambal Biotech Private Limited, Singapore
CFCL Overseas Ltd., Cayman Island
Chambal Infrastructure Ventures Limited, India
India Steamship Pte. Ltd., Singapore

Subsidiaries and Step-down Subsidiaries of Chambal Biotech Private Limited, Singapore
(ceased w.e.f August 17, 2007)

* Technico Pty Limited, Australia.
* Chambal Agritech Limited, India.
* Technico Asia Holdings Pty Limited, Australia.
* Technico Horticulture (Kunming) Co. Limited, China.
* Technico Group America Inc., USA.
* Technico ISC Pty Limited, Australia.
* Technico Technologies Inc., Canada.

Subsidiaries and Step-down Subsidiaries of CFCL Overseas Limited

* CFCL Technologies Limited, Cayman Islands
* CFCL Ventures Limited, Cayman Islands
* NovaSoft Information Technology Corporation, USA
* NovaSoft Information Technology (Europe) Ltd.,UK
* Asia NovaSoft Technologies Pte Ltd, Singapore.
* NovaSoft Information Technology Corporation GMBH, Germany
* mortgagehub.com, Inc., USA
* Dynatek, USA

Subsidiaries and Step-down Subsidiaries of CFCL Ventures Limited

* ISG Novasoft Technologies Limited, India
* ISGN Solutions Limited, Ireland
* Inuva Info Management Private Limited, India

Subsidiaries of Chambal Infrastructure Ventures Limited

* Gulbarga Cement Limited (w.e.f. October 13, 2007)
* Chambal Energy (Chhattisgarh) Limited (w.e.f. December 20, 2007)
* Chambal Energy (Orissa) Limited (w.e.f. December 20, 2007)

(Rs. in lacs)

Nature of Transactions	2007-08		2006-07	
Sale of Fixed Assets/ Business		**11.67**		-
Chambal Agritech Limited., India	**5.69**		-	
ISG Novasoft Technologies Ltd., India	**5.98**			
Services Expenses		**1242.55**		112.33
ISG NovaSoft Technologies Ltd.	**27.10**		110.09	
Chambal Agritech Limited	**-**		2.24	
ISS Pte Limited, Singapore	**1215.45**			
Rent – Income		**31.98**		32.36
ISG NovaSoft Technologies Ltd.	**31.98**		32.36	
Other Income		**26.85**		66.61
Chambal Agritech Limited	**-**		0.75	
Technico Pty Ltd.	**-**	**-**	65.86	
ISS Pte Limited, Singapore	**26.85**		-	

(Rs. in lacs)

Nature of Transactions	2007-08		2006-07	
Investments purchased		**2343.35**		23593.49
Chambal Infrastructure Ventures Limited	**10.00**		10.00	
NovaSoft Information Technologies Corporation USA	**-**	**-**	4301.11	-
ISG NovaSoft Technologies Ltd.	**-**	**-**	1302.00	-
Chambal Biotech Private Limited	**-**	**-**	13.93	-
CFCL Overseas Limited	**2047.31**	**-**	17966.45	-
ISS Pte Limited, Singapore	**286.04**	**-**	-	-
Investments sold		**-**		12943.62
NovaSoft Information Technologies Corporation USA	**-**		9320.55	-
ISG NovaSoft Technologies Ltd.	**-**		3623.07	
Loan Given		**441.26**		-
ISS Pte Limited, Singapore	**441.26**		-	-
Corporate Guarantees Outstanding		**959.65**		4443.99
Chambal Agritech Limited	**-**		3707.00	-
NovaSoft Information Technology Corporation, USA	**561.75**		306.39	-
NovaSoft Information Technology (Europe) Limited	**397.90**		430.60	
Guarantee Commission Income		**3.22**		9.52
Chambal Agritech Limited	**3.22**		9.52	
Outstanding Balances as at the year end				
Receivables		**1,006.97**		283.41
NovaSoft Information Technologies Corporation USA	**13.55**		48.00	
ISG NovaSoft Technologies Ltd.	**4.30**		-	
Chambal Agritech Limited	**-**		70.12	
Technico Pty. Limited	**-**		50.33	
Chambal Infrastructure Ventures Limited	**143.48**		114.36	
Gulbarga Cement Limited	**383.33**		-	
India Steamship Pte. Ltd., Singapore	**462.03**		0.60	
CFCL Overseas Limited, Cayman Islands	**0.28**			
Payables		**16.35**		2.66
ISG Novasoft Technologies Ltd.			2.66	
India Steamship Pte. Ltd., Singapore	**16.35**			

(b) Joint Ventures

Indo Maroc Phosphore S.A., Morocco

(Rs. in lacs)

Nature of Transactions	2007-08		2006-07	
Outstanding balances as at the year end				
Receivables		**58.52**		30.10
Indo Maroc Phosphore S.A., Morocco	**58.52**		30.10	

(c) Associates

Zuari Investments Limited

(Rs. in lacs)

Nature of Transactions	2007-08		2006-07	
Services expenses		**99.34**		23.57
Zuari Investments Limited	**99.34**		23.57	
Interest and guarantee commission income		**97.58**		54.26
Zuari Investments Limited	**97.58**		54.26	
Rent income		**32.28**		25.14
Zuari Investments Limited	**32.28**		25.14	
Other income	**-**			0.65
Zuari Investments Limited			0.65	

(Rs. in lacs)

Nature of Transactions	2007-08		2006-07	
Loans/deposits granted		**3560.00**		1900.00
Zuari Investments Limited	**3560.00**		1900.00	
Loan/deposits refunded		**3950.00**		1510.00
Zuari Investments Limited	**3950.00**	**-**	1510.00	
Outstanding Loan balance at the year end	**-**			390.00
Zuari Investments Limited			390.00	
Outstanding balances as at the year end				
Receivables		**8.73**		0.81
Zuari Investments Limited	**8.73**		0.81	

(d) Key Management Personnel and their relatives

Mr. Anil Kapoor
Mrs. Deepali Kapoor (Spouse)
Mr. Hemant Kapoor (Son)
Ms. Priyanka Kapoor (Daughter)

(Rs. in lacs)

Nature of Transactions	Current Year		Previous Year	
Dividend Paid				0.22
Mr. Sunil Sethy	**-**	**-**	0.09	
Mrs. Rita Sethy	**-**	**-**	0.07	
Mrs. Deepali Kapoor	**0.02**	**0.02**	0.06	
Interest Paid				
Mrs. Deepali Kapoor	**0.28**	**0.28**		
Mr. Hemant Kapoor	**0.58**	**0.58**		
Rent Expenses				15.18
Mr. Sunil Sethy	**-**	**-**	15.18	
Remuneration paid to Managing Director		**78.76**		81.40
Mr. Anil Kapoor	**78.76**		8.38	
Mr. Sunil Sethy	**-**		73.02	
Outstanding Balances as at the year end		**20.60**		
Loan				-
Mr. Anil Kapoor	**20.60**			

Note: The transactions relating to reimbursement of actual expenses to/ from related parties have not been considered in the above.

15. Details of Loans and Advances to parties 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	
	31.03.08	31.03.07	**2007-08**	2006-07
Loans and Advances to Associates				
- Zuari Investments Limited	**-**	390.00	**1215.00**	1300.00
Loans and advances to firms/ Companies in which directors are interested				
- The Oudh Sugar and Industries Limited	**-**	-	**1000.00**	-
- Upper - Ganges Sugar and Industries Limited	**-**	-	**1000.00**	-
- Govind Sugar Mills Limited	**1000.00**	-	**1000.00**	-
Investments by the above mentioned loanees in the shares of the Company				
- Upper Ganges Sugar and Industries Limited	**70.42**	70.42	**70.42**	70.42
- Govind Sugar Mills Limited	**0.19**	0.19	**0.19**	0.19

16. Earning Per Share (EPS)

Sr. No.	Particulars	2007-08	2006-07
I	Calculation of Weighted Average Number of Equity Shares 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 Previous year	**416207852**	416207852
II	Profit for the year after tax (Rs./lacs)	**20380.06**	15113.10
	Profit available to equity shareholders (Rs./lacs)	**20380.06**	15113.10
III	Basic/Diluted earning per share (In Rs.)	**4.90**	3.63
IV	Nominal value of equity share (In Rs.)	**10.00**	10.00

17. a. During the year, the Company has made further investment of Rs.10 lacs in its wholly owned subsidiary company namely Chambal Infrastructure Ventures Limited (CIVL). CIVL in turn incorporated following subsidiaries:

Gulbarga Cement Limited.
Chambal Energy (Chhattisgarh) Limited
Chambal Energy (Orissa) Limited

b. The Company has made further investment of Rs.2047.31 lacs and Rs.286.04 lacs in its wholly owned subsidiaries CFCL Overseas Limited, Cayman Island and India Steamship Pte. Limited, Singapore respectively in the current year.

c. The Company has sold one of its division i.e. food processing unit at a total consideration of Rs.2263.18 lacs in the current year on slump sale basis. After adjusting the net assets of the above Division, a net gain of Rs.126.51 lacs has been accounted for in the current year.

d. The cash inflows on sale of Food Processing Division are derived below::

(Rs. in lacs)

Sr.No.	Particulars	Amount
1.	Net fixed assets	1053.19
2.	Net current assets	1083.48
	Net assets	2136.67
3.	Add: Profit on sale	126.51
4.	Total sale consideration received	2263.18

18. During the year, the Company has received fertilisers bonds of Rs.38358 lacs from the Ministry of Fertilisers, the Government of India against the outstanding amount of subsidy receivable. The market value of above bonds are lower than cost therefore the diminution in the value of above bonds amounting to Rs.1875 lacs has been accounted for. The aforesaid bonds have been classified as "Other Current Assets" in the financial statements.

19. Information in respect of Joint Ventures - Indo Maroc Phosphore S.A. IMACID:

(Rs. in lacs)

Sr. No.	Particulars	2007	2006
1.	Proportion of Ownership Interest (Note No. 1)	**33.33%**	33.33%
2.	Country of Incorporation or Registration	**Morocco**	Morocco
3.	Accounting Period ended	**31.12.2007**	31.12.2006
4.	Assets	**22410.07**	21760.10
5.	Liabilities	**7221.43**	11570.35
6.	Income	**33804.34**	26655.25
7.	Expenses	**27918.25**	24613.70
8.	Contingent Liabilities	**-**	-
9.	Capital Commitments	**-**	109.44

*Above figures are as per Indian GAAP

Note: The above details represent Company's 33.33% share in the Joint Ventures.

20. Disclosures in respect of movement in provision account as per the requirements of Accounting Standard 29:

(Rs. in lacs)

Nature of Provision	Balance as at 01.04.07	Additions during the year	Amounts used during the year during the year	Unused amounts reversed	Balance as at 31.03.08
Direct taxes (on account of income tax demand for various disallowances)	261.37	-	-	261.37	-

21. Nitrogenous Fertilizers are under the Concession Scheme as per New Pricing Scheme implemented w.e.f. 1st April, 2003. The concession price of Urea upto September 30, 2006 has been accounted for on the basis of notified concession price and equated freight rate for both Gadepan I and II plant under the New Pricing Scheme (NPS) Stage II further adjusted for input price escalation / de-escalation and other known policy parameters. Pending notification of concession price under the NPS - Stage III effective from October 1, 2006, the concession prices after escalation / de-escalation adjustment have been based on estimated impact of the NPS - Stage III parameters.

    Contribution from additional production and sales of urea a) upto 110% of the re-assessed capacity and b) beyond 110% of re-assessed capacity, have been accounted for in accordance with the known policy parameters.

    The current year subsidy income is inclusive of Rs.150.41 lacs (Previous Year Rs.51.02 lacs) being the subsidy income pertaining to earlier years, determined during the year.

22. Subsidy on traded products has been accounted based on quarterly concession rate as notified by the Government of India. Pending notification of the final concession price applicable for the period October 2007 to March 2008, the same has been accounted for on an estimated basis in line with the known policy parameters.

23. 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.457.04 lacs during the year and accordingly reduced from interest expenses.

24. The Company's wholly owned subsidiary Chambal Biotech Private Limited (CBPL) divested entire stake in its subsidiary Technico Pty Ltd, Australia on August 16, 2007. CBPL has also filed an application for striking off its name from the register of companies in Singapore, which is already accepted by the concerned department in Singapore. The name of the Company has also been published in official gazette of the Government of Singapore on May 6, 2008. As per the local laws, the name of the Company will be struck off from the register of companies after expiry of three months from the date of publishing the name of the Company in official gazette. In view of this, the Company has liquidated its investment against the return of capital from CBPL and loss of Rs.13.25 lacs on such transaction has been charged off to Profit & Loss Account.

25. The Company has investments of Rs.20013.76 lacs in the Share Capital of CFCL Overseas Limited, Cayman Islands. CFCL Overseas Limited, Cayman Islands in turn has investment in ISG NovaSoft Technologies Limited, India (ISGN) and NovaSoft Information Technology Corporation, USA (NovaSoft) through other step down subsidiaries. As per the latest financial statements of ISG NovaSoft Technologies Limited (ISGN) and NovaSoft Information Technology Corporation, USA, their accumulated losses have resulted in erosion of significant portion of the net worth of these companies. These being long-term strategic investments and also in view of projected profitable operations of these companies, in the opinion of management, no provisions are required to be made on this investments.

26. Leases

(a) The Fertiliser Division of the Company has taken certain fixed assets of the cost of Rs.103.85 lacs (Previous year Rs.149.43 lacs) on finance lease. The lease payment made during the year amounts to Rs.166.44 lacs (Previous year Rs.105.29 lacs), out of which Rs.134.26 lacs (Previous year Rs.81.45 lacs) has been adjusted against Principal and Rs.32.18 lacs (Previous year Rs.23.84 lacs) has been shown as Finance Lease Charges. The interest rate on various finance leases is around 10%. There is no 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, 2008 is as follows:

(Rs. in lacs)

Period	2007-08			2006-07		
	Lease Payment	**Principal**	**Finance Lease Charges**	Lease Payment	Principal	Finance Lease Charges
Payable within one year	**89.99**	**72.53**	**17.46**	95.80	77.50	18.30
Payable after one year but before 5 years	**155.93**	**133.68**	**22.25**	181.99	159.12	22.87
Payable after 5 years	**-**	**-**	**-**	-	-	-

(b) The Shipping Division of the Company has entered into Operating Lease Agreements for the premises which are non- cancelable. The lease payments recognised in the statement of Profit and Loss Account during the period amounts to Rs.116.70 lacs (Previous year Rs.95.17 lacs). 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, 2008 is as follows:

(Rs in lacs)

Period	Lease Payments 2007-08	2006-07
Payable within one year	**110.67**	101.39
Payable after one year but within five years	**53.49**	137.38
Payable after five years	**-**	-

(c) The lease payments, other than cases covered in point no. (b) above i.e. non - cancelable leases, recognised in the statement of Profit and Loss Account during the period amounts to Rs.674.99 lacs (Previous year Rs.521.20 lacs). There are no restrictions imposed by lease arrangements.

(d) Sub lease payment amounting to Rs.32.28 lacs (Previous Year Rs.30.02 lacs) has been recognized in the statement of Profit & Loss Account.

(e) The Company has leased out its building on operating lease which is cancellable. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

Particulars	Amount (Rs. in lacs) 2007-08	2006-07
Gross Block	**160.27**	599.98
Accumulated Depreciation	**28.76**	82.99
Depreciation expense for the year	**8.74**	10.54

27. Deferred payment liabilities

a. Deferred payment liabilities comprises of Deferred Sales Tax amount to Rs.199.82 lacs (Previous Year Rs.299.74 lacs) and Deferred Supplier's Credit amount to Rs.9572.43 lacs (Previous Year Rs.13341.21 lacs). Deferred Sales Tax repayable within one year is Rs.99.92 lacs (Previous Year Rs.99.92 lacs).

b. Liability under Deferred Supplier's Credit and interest accrued thereon amounting to Rs.9697.31 lacs (Previous Year Rs.13514.46 lacs), is guaranteed by Financial Institutions and Banks which, in turn, are secured by 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 book debts and assets of Shipping Division), subject to prior charges created / to be created in favour of Bankers / Financial Institutions on movables for securing working capital borrowings, ranking pari passu with the charges created / to be created in favour of Financial Institutions, Banks and others for securing various Loans/ Guarantee Assistance and in favour of trustees for Non Convertible Debentures. This includes amount payable within one year Rs.4786.21 lacs (Previous year Rs.4447.07 lacs).

28. The Board of Directors of ISS Holdings Ltd (a subsidiary of erstwhile India Steamship Company Limited) had applied on November 11, 2003 to the Registrar of Companies, West Bengal to strike off the name of the Company under Section 560 of the Companies Act, 1956 in terms of the Simplified Exit Scheme offered under General Circular No 17/78/2001 – CL. V dated 25.03.2003 issued by the Department of Company Affairs. Notification in this regard is awaited.

29. Exceptional items include:

a. Profit on Sale of a ship viz. M.T.. 'Ratna Shalini', a 1987 built single hull Aframax tanker, amounting to Rs.2290.87 lacs.

b. Gain on slump sale of Food Processing Division amounting to Rs.126.51 lacs

30. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006: (Rs. in lacs)

Particulars	2007-08
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	**11.90**
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.	**-**

Particulars	2007-08
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-
Previous year figures have not been furnished as in the previous year, the Company was in the process of identifying the vendors under the aforesaid Act.	

31. Excise duty on sales amounting to Rs.51.68 lacs has been reduced from sales in profit & loss account and excise duty on increase/decrease in stock amounting to Rs.0.39 lacs has been considered as expense in Schedule 22 of financial statements.

32. Derivative Instruments:

A. Derivative outstanding as on 31.3.2008

Sr. No.	Details of Derivatives	Currency/Pair of Currency	Amount	Amount (Rs. in lacs)	Purpose
I	**Forward Contracts**				
	Buy	INR-USD	USD 2,000,000 (5,613,254)	802.50 (2486.25)	To hedge the principal and interest of Liabilities under deferred payments
	Buy	INR-JPY	USD - (23,103,000)	- (10202.53)	To hedge the principal and interest of Liabilities under deferred payments
	Buy	USD-JPY	JPY 449,668,750 (-)	1685.05 (-)	To hedge the principal and interest of Liabilities under deferred payments
	Buy	INR-USD	USD 700,000 (-)	280.88 (-)	To hedge the principal and interest of Liabilities under deferred payments
	Sell	INR-USD	USD 1,200,000 (-)	480.14 (-)	To hedge the charter hire receivables
II	**Option**				
	Buy	USD-JPY	- JPY (300,000,000)	- (1118.66)	To hedge the principal and interest of Liabilities under deferred payments
III	**Swap**				
	Buy	INR-USD	USD 3,873,288 (6,046,000)	1554.16 (2800.39)	To hedge the Principal and interest of a rupee term loan.

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

Sr. No.	Nature of exposure and amount				
	Exposure in Foreign currency	Sundry Creditors & other Payables payment	Loans/Libilities under deferred receivables	Sundry Debtors & other	Investments
1.	USD	3,319,942 (2,427,939)	217,556,211 (152,458,368)	7,891,467 (2,158,762)	
2.	SGD	23,771 (44,767)	-	28,932 (42,097)	

Sr. No.	Nature of exposure and amount				
	Exposure in Foreign currency	Sundry Creditors & other Payables payment	Loans/Libilities under deferred receivables	Sundry Debtors & other	Investments
3.	JPY	13,462,889 (2,282,570)	2,028,217,325 (2,819,872,450)	- (-)	
4.	EURO	18,408 (26,353)	- (-)	- (-)	
5.	AED	46,478 (45,576)	- (-)	- (-)	
	Exposure – (Rs. in lacs)	1,409.70 (1,094.86)	95,064.58 (76,736.24)	3,171.77 (961.88)	28,813.12 (34,652.28)

Notes:

1) Unhedged Loan/ Liabilities under deferred payments of Rs.75717.17 lacs (Previous Year Rs.68196.66 lacs) are not payable within next one year.

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

3) Previous year figures have been given in bracket.

33. Additional information pursuant to the provisions of Part II of Schedule VI to the Companies Act, 1956:

A) Capacity:

Product	Unit	Licensed Capacity		Installed Capacity (*)	
		2007-08	2006-07	**2007-08**	2006-07
(i) Fertiliser					
Ammonia	MTPD	**2700**	2700	**2700**	2700
Urea	MTPD	**4600**	4600	**4600**	4600
(ii) Yarn Spindles	Nos.	**	**	**80208**	80208

* As certified by the management.
** Not applicable.

B) Production, Sales and Stocks:

Product	2007-08		2006-07	
	Quantity Tons	**Amount (Rs. in lacs)**	Quantity Tons	Amount (Rs. in lacs)
Production				
Ammonia	**1140704.000**	-	1098544.000	-
Urea	**2000038.000**	-	1925648.000	-
Synthetic Yarn				-
Man-made Fibers Yarn	**11661.000**	-	11720.483	
Fiber Yarn Waste	**529.338**	-	518.981	-
Cotton Yarn				-
Yarn	**8058.000**	-	2166.436	-
Fiber Waste	**2861.225**	-	827.663	-
Frozen vegetables & Fruits	**205.005**	-	7645.764	-
Opening Stock				-
Ammonia	**2655.000**	**290.47**	2281.000	197.32
Urea	**109369.741**	**9809.87**	111225.809	8120.53
Synthetic Yarn				
Man-made Fibre Yarn	**1379.056**	**1650.60**	1092.690	1229.79
Fibre Yarn Waste	**1.393**	**0.08**	2.900	0.29

Product	2007-08		2006-07	
	Quantity Tons	Amount (Rs. in lacs)	Quantity Tons	Amount (Rs. in lacs)
Cotton Yarn				
Yarn	**541.567**	**558.45**	170.170	142.58
Fiber Waste	**56.552**	**9.93**	30.380	6.66
Frozen Vegetables & Fruits	**7477.392**	**2385.86**	5344.430	1494.16
Captive Consumption				
Ammonia	**1140020.000**	**-**	1097615.000	-
Closing Stock				
Ammonia	**1889.170**	**169.15**	2655.000	290.47
Urea	**104079.803**	**8084.73**	109369.741	9809.87
Synthetic Yarn				
Man-made Fibres Yarn	**2391.000**	**2947.00**	1379.056	1650.60
Fibre Yarn Waste	**11.000**	**1.00**	1.393	0.08
Cotton Yarn				
Yarn	**854.000**	**938.42**	541.567	558.45
Fiber Waste	**69.000**	**18.82**	56.552	9.93
Frozen vegetables & Fruits	**-**	**-**	7477.392	2385.86
Sales				
Urea	**2005178.744**	**189949.46**	1927006.625	199906.74
Ammonia	**1449.830**	**334.52**	555.000	148.55
Synthetic Yarn				
Man-made Fibre Yarn	**10646.000**	**13392.68**	11432.329	14961.44
Fibre Yarn Waste	**520.000**	**86.00**	520.492	81.99
Cotton Yarn				
Yarn	**7745.000**	**8270.00**	1794.444	1968.66
Fiber Waste	**2848.000**	**753.00**	797.252	190.88
Frozen Vegetable & Fruits	**7682.397**	**1353.02**	5145.052	1969.60

Notes:

- Stock of Ammonia is included under Stock-in-Process.
- Difference in quantity tally is on account of shortages/damages etc.
- Stock of fruits and vegetables of Rs.1083.48 lacs is transferred on account of slump sale.

C) Shipping activity:

Shipping Division of the Company is engaged in the business of shipping activities. Shipping activities are not capable of being expressed in generic units. Hence quantitative details and related information required to be given under paragraphs 3 and 4C of Part II of Schedule VI of the Companies Act, 1956 are not applicable to this business. Further, the Company has applied to the Ministry of Company Affairs, Government of India, from the disclosure of quantitative details (in respect of the Shipping division for the financial year ending on 31st March, 2008) in compliance of Paragraph 4D(a), (b), (c), (e) of Part –II of Schedule VI to the Companies Act, 1956 as amended vide Notification No. GSR 494(E), Dated the 30th October, 1973.

D) Raw Material Consumed - Indigenous & Imported:

Particulars	Unit	2007-08			2006-07		
		Quantity	Value (Rs. in lacs)	% Age	Quantity	Value (Rs. in lacs)	% Age
Indigenious							
Natural Gas	'000 Sm^3	**744920.85**	**62225.20**	79.60	473601.30	34071.05	35.44
Naphtha	MT	**-**	**-**	-	172725.92	49604.63	51.60
Staple Fibre	MT	**12142.23**	**9695.18**	12.40	12119.53	9377.22	9.77
Cotton	MT	**11193.53**	**6208.29**	7.94	3143.62	1623.81	1.69
Vegetables & Fruits	MT		**40.96**	0.06	19461.76	1439.45	1.50
Total			**78169.63**	100.00		96116.16	100.00
Imported		**-**	**-**	**-**	**-**	**-**	**-**

E) Trading activity:

Product	2007-08		2006-07	
	Quantity Tons	**Amount (Rs. in lacs)**	Quantity Tons	Amount (Rs. in lacs)
Opening Stock				
DAP (in MT)	**171.204**	**8.30**	208.405	14.97
MOP (IN MT)	**34.124**	**0.88**	11280.645	1214.95
Biophos (in MT)	**96.403**	**28.54**	330.263	104.77
Pesticides (in Ltr.)	**234081.500**	**876.85**	201710.000	809.69
Pesticides (in KG)	**416769.334**		376327.500	
Seeds (in MT)	**93.960**	**77.99**	-	-
SSP (in MT)	**161.500**	**5.19**	4472.250	134.58
Zinc (in MT)	**9.150**	**2.04**	54.850	9.39
Complex Fertiliser	**20.000**	**6.62**		
Cumin	**1026.742**	**866.70**		
Mustard	**27696.190**	**5215.53**		
Frozen Vegetables & Fruits (in MT)	**6.51**	**4.30**	-	-
Purchases				
DAP (in MT)	**22340.748**	**2319.37**	50695.100	4476.13
MOP (in MT)	**33365.000**	**3848.17**	-	-
Biophos (in MT)	**1777.668**	**533.08**	2289.295	662.00
Pesticides (in Ltr.)	**1825135.700**	**8819.63**	1445690.000	7331.02
Pesticides (in Kg.)	**9620031.356**		5094352.808	
Seeds (in MT)	**20615.042**	**2837.17**	11730.428	1806.08
SSP (in MT)	**51131.700**	**1584.73**	81362.050	2309.74
Zinc (in MT)	**6141.720**	**1329.86**	7013.565	1202.05
Micro Nutrient (in MT)	**3679.852**	**572.69**	176.050	8.98
Organic Fertilisers (in MT)	**1674.000**	**33.48**	529.500	10.27
Gypsum	**22141.600**	**116.51**	11628.400	63.46
Mustard(in MT)	**14285.942**	**2446.87**	35625.724	6535.89
Cumin (in MT)	**-**	**-**	1393.446	1170.60
Cattle Feed	**15633.660**	**895.69**	7097.545	415.24
Complex Fertiliser	**199.481**	**97.12**	20.940	8.34
Frozen Vegetables & Fruits (in MT)	**-**	**-**	16.585	10.95
Sales				
DAP (in MT)	**22361.190**	**1970.03**	50713.350	4613.06
MOP (in MT)	**33249.245**	**4076.99**	11233.390	1148.42
Biophos (in MT)	**1692.981**	**691.89**	2514.000	858.95
Pesticides (in Ltr.)	**1791818.000**	**9437.56**	1411451.000	7396.46
Pesticides (in Kg)	**9179225.464**		5053910.000	
Seeds (in MT)	**20625.485**	**3218.96**	11636.468	1923.00
SSP (in MT)	**51293.200**	**1610.58**	85638.100	2523.33
Zinc (in MT)	**6150.870**	**1375.94**	7056.765	1270.47
Micro Nutrient (in MT)	**2152.025**	**645.81**	176.050	9.68
Organic Fertilisers (in MT)	**1674.000**	**37.66**	529.500	10.59
Gypsum	**22141.600**	**382.82**	11628.400	202.24
Mustard(in MT)	**41817.343**	**8496.20**	7849.541	1539.84
Cumin (in MT)	**996.768**	**1048.72**	360.057	368.87
Cattle Feed	**15628.160**	**932.75**	7098.000	424.46
Complex Fertiliser	**94.550**	**64.51**	0.040	0.69
Frozen Vegetable and fruits (in MT)	**-**	**-**	9.36	8.15
Closing Stock				
DAP (in MT)	**150.762**	**6.79**	171.204	8.30
MOP (in MT)	**31.379**	**1.81**	34.124	0.88
Biophos (in MT)	**173.480**	**52.40**	96.403	28.54
Pesticides (in Ltr.)	**267399.200**	**1508.41**	234081.500	876.85
Pesticides (in Kg)	**857394.176**		416769.334	
Seeds (in MT)	**83.517**	**54.50**	93.960	77.99

Product	2007-08		2006-07	
	Quantity Tons	**Amount (Rs. in lacs)**	Quantity Tons	Amount (Rs. in lacs)
SSP (in MT)			161.500	5.19
Zinc (in MT)			9.150	2.04
Mustard(in MT)	**49.543**	**8.62**	27696.190	5215.53
Cumin (in MT)			1026.742	866.70
Cattle Feed	**5.500**	**0.47**	-	
Complex Fertiliser	**124.931**	**56.82**	20.000	6.62
Micro Nutrient	**1527.610**	**348.03**	-	-
Frozen Vegetables & Fruits (in MT)			6.51	4.30

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

F) CIF value of imports (on cash basis)

(Rs. in lacs)

Particulars	2007-08	2006-07
Capital Goods (including production stores & spare parts)	**399.01**	1716.10
Traded Products	**3545.26**	-

G) Expenditure in foreign currency (on cash basis)

(Rs. in lacs)

Particulars	2007-08	2006-07
Design, Engineering and Supervision fee	**433.23**	2897.61
Travelling	**55.88**	89.45
Others	**669.23**	73.09

H) Earnings in foreign exchange

(Rs. in lacs)

Particulars	2007-08	2006-07
FOB value of Export	**17195.87**	10370.91
Dispatch Money (On Cash basis)	**-**	29.82
Others (On Cash basis)	**93.21**	113.25

I) Net dividend remitted in foreign currency

(Rs. in lacs)

Particulars	2007-08	2006-07
Number of non resident shareholders	**415**	435
Number of Shares held by them	**14549375**	14791046
Dividend paid (Rs. In lacs)	**261.89**	266.24
Year to which d]ividend relates	**2006-07**	2005-06

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

As per our report of even date

For **S.R. BATLIBOI & CO.**
Chartered Accountants

per **Manoj Gupta**
Partner
Membership No - 83906

Place : Gurgaon
Date : May 15, 2008

For and on behalf of the Board of Directors

Anil Kapoor
Managing Director

H.S. Bawa
Vice Chairman

K.K. Birla
Chairman

Abhay Baijal
Vice President - Finance

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

Place : New Delhi
Date : May 15, 2008

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration No.	L24124RJ1985PLC003293
State Code	17
Balance Sheet Date	31.03.2008
	(Rs. In '000)
II. Capital raised during the year	
Public Issue	NIL
Right Shares	NIL
Bonus Shares	NIL
Private Placement	0
III. Position of Mobilisation and Deployment of funds	
Total Liabilities	33163306
Total Assets	33163306
Sources of Funds	
Paid up Capital	4162079
Reserve & Surplus	7220581
Secured Loan	15152623
Unsecured Loan	2806460
Deferred Payment Liabilities	977225
Deferred Tax Liability (Net)	2844338
Application of funds	
Net Fixed Assets (including CWIP)	23248066
Investment	3074104
Net Current Assets	6771415
Misc. Expenditure	69721
IV. Performance of the Company	
Turnover (including other income)	28022958
Total Expenditure	25583900
Profit before exceptional item and tax	2439058
Exceptional Item	241738
Profit before tax	2680796
Profit after tax	2038006
Earning Per Equity Share (in Rs.)	4.90
Dividend rate percentage:	
Equity Shares	18%
Preference Shares	NIL

V. Generic Names of the Principal Products of the Company

Item Code No.	Product Description
31021000	Urea
31053000	DAP
5509-21	100% Polyster Yarn
5509-50	Polyster Viscose Yarn
52052190	Cotton Yarn
7102100	Frozen Peas
N.A	Shipping

Statement Pursuant to Section 212 of the Companies Act, 1956

Name of the Subsidiary Company	Financial year ending of the subsidiary	Number of Shares held by the Company or its Subsidiary	Extent of Holding %	For the Financial Year of the Subsidiary	
				Profit/(Loss) so far as it concerns the members of the Holding Company and not dealt with in the books of Accounts of the Holding Company (Except to the extent dealt with in Col.6)	Profit/(Loss) so far as it concerns the members of the Holding Company and dealt with in the books of Accounts of the Holding Company
(1)	(2)	(3)	(4)	(5) Rs. in Lacs	(6) Rs. in Lacs
CFCL Overseas Limited, Cayman Islands	31.03.2008	50000000 Ordinary Shares	100%	11.49	-
CFCL Technologies Limited, Cayman Islands	31.03.2008	2932947 Ordinary Shares	100%	18.04	-
NovaSoft Information Technology Corporation, USA	31.03.2008	37557785 Ordinary Shares	99.97%	(953.97)	-
NovaSoft Information Technology (Europe) Ltd, UK	31.03.2008	1170000 Ordinary Shares	99.97%	436.69	-
Asia NovaSoft Technologies Pte Ltd, Singapore	31.03.2008	410000 Ordinary Shares	99.97%	(30.68)	-
NovaSoft Information Technology Corporation, GMBH, Germany	31.03.2008	25000 Ordinary Shares	99.97%	-	-
MortgageHub.Com, Inc., USA	31.03.2008	7290195 Shares	100%	(3,471.90)	-
Dynatek, Inc., USA	31.03.2008	16000 Shares	100%	(918.75)	-
CFCL Ventures Limited, Cayman Islands	31.03.2008	50000000 Ordinary Shares	100%	(0.93)	
ISG NovaSoft Technologies Limited, India	31.03.2008	36230700 Equity Shares	100%	(657.10)	-
ISGN Solutions Limited, Ireland	31.03.2008	19250 Ordinary Shares	81%	27.73	-
Inuva Info Management Private Limited, India	31.03.2008	16900 Equity Shares	71%	(198.35)	
Chambal Infrastructure Ventures Limited, India	31.03.2008	200000 Equity Shares	100%	(52.96)	-
Chambal Energy (Chhattisgarh) Limited	31.03.2008	50000 Equity Shares	100%	(1.26)	-
Chambal Energy (Orissa) Limited	31.03.2008	50000 Equity Shares	100%	(1.26)	-
Gulbarga Cement Limited	31.03.2008	50000 Equity Shares	100%	(1.29)	-
India Steamship Pte. Limited, Singapore	31.03.2008	1079962 Ordinary Shares	100%	25.53	

Notes:

1. NovaSoft Information Technology (Europe) Ltd.,U.K., Asia NovaSoft Technologies Pte Ltd., Singapore, NovaSoft Information Technology Corporation GMBH, Germany, MortgageHub.Com, Inc, USA and Dynatek, Inc., USA are wholly owned subsidiaries of NovaSoft Information Technologies Corporation, USA in which CFCL Technologies Limited holds 99.97% shares of Common Stock.
2. Inuva Info Management Pvt. Ltd. and ISGN Solutions Limited are subsidiaries of ISG Novasoft Technologies Limited in which CFCL Ventures Limited, Cayman Islands holds 100% equity shares and CFCL Ventures Limited, Cayman Islands is a subsidiary of CFCL Technologies Limited, Cayman Islands.
3. CFCL Technologies Limited, Cayman Islands is a subsidiary of CFCL Overseas Limited, Cayman Islands which is wholly owned subsidiary of the Company.
4. Gulbarga Cement Limited, Chambal Energy (Chhattisgarh) Limited and Chambal Energy (Orissa) Limited, were incorporated in India during the year as wholly owned subsidiaries of Chambal Infrastructure Ventures Limited, India. The latter company is a wholly owned subsidiary of the Company.
5. During the year, Chambal Biotech Private Limited, Singapore has returned the investment of the Company in its capital and filed an application for striking off its name from the Register of Companies in Singapore. The name strike off is under process.

For and on behalf of the Board of Directors

Anil Kapoor
Managing Director

H.S. Bawa
Vice Chairman

K.K. Birla
Chairman

Abhay Baijal
Vice President - Finance

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

Place : New Delhi
Date : May 15, 2008

Financial Performance of Subsidiaries during the Period April 1, 2007 to March 31, 2008

(Amount in Rs.lacs)

	Share capital	Reserves	Total Assets	Total Liabili-ties	Details of Invest-ment	Turnover	Profit/(Loss) before taxation	Provision for Taxation	Profit/(Loss) after taxation	Proposed dividend	The Exchange rates used for conversion of figures from foreign currency to Indian rupees are as under	
CFCL Overseas Limited, Cayman Islands	18524.54	10.99	22.60	5.72	18518.65	-	11.49	-	11.49	-	US $=Rs.39.94510	US $=Rs.40.28572
CFCL Technologies Limited, Cayman Islands	295.41	28805.05	2846.02	1341.17	27595.61	-	18.04	-	18.04	-	US $=Rs.39.94510	US $=Rs.40.28572
NovaSoft Information Technology Corporation, USA	15.00	17358.35	14467.12	7831.94	10738.17	8103.97	(949.95)	4.31	(954.26)	-	US $=Rs.39.94510	US $=Rs.40.28572
NovaSoft Information Technology (Europe) Ltd., UK	932.43	(459.96)	531.46	58.99	-	756.45	436.82	-	436.82	-	UK Pound 1= Rs. 79.6949	UK Pound 1 = Rs.80.8681
Asia NovaSoft Technologies Pte Ltd, Singapore	118.65	(125.37)	74.84	81.61	-	248.44	(30.69)	-	(30.69)	-	S $ = Rs.28.9397	S $ = Rs.27.30633
NovaSoft Information Technology Corporation, GMBH, Germany	15.78	(15.89)	13.72	13.84	-	-	-	-	-	-	Euro 1=Rs.63.1133	Euro 1=Rs.57.05653
MortgageHub.Com, Inc., USA	121.19	(4762.15)	1385.38	6026.34	-	1207.03	(3472.94)	-	(3472.94)	-	US $=Rs.39.94510	US $=Rs.40.28572
Dynatek, Inc., USA	0.80	7018.32	8062.55	1043.42	-	2852.61	(919.03)	-	(919.03)	-	US $=Rs.39.94510	US $=Rs.40.28572
CFCL Ventures Limited, Cayman Islands	3342.19	(1.32)	2.00	1.32	3340.20	-	(0.93)	-	(0.93)	-	US $=Rs.39.94510	US $=Rs.40.28572
ISG Novasoft Technologies Limited, India	3623.07	(2790.90)	1034.48	650.52	448.21	1708.92	(635.68)	21.42	(657.10)	-		
ISGN Solutions limited, Ireland	812.73	(795.23)	239.83	6.31	-	-	35.38	1.14	34.23	-	Euro 1=Rs.63.1133	Euro 1=Rs.57.05653
Inuva Info Management Private Limited, India	2.38	22.44	324.79	299.97	-	438.85	(269.99)	9.38	(279.37)			
Chambal Infrastructure Ventures Limited, India	20.00	(52.96)	95.52	143.48	15.00	-	(52.96)	-	(52.96)			
Chambal Energy (Chhattisgarh) Limited	5.00	(1.26)	19.09	15.35	-	-	(1.26)	-	(1.26)			
Chambal Energy (Orissa) Limited	5.00	(1.26)	67.09	63.35	-	-	(1.26)	-	(1.26)			
Gulbarga Cement Limited	5.00	(1.29)	399.57	395.86	-	-	(1.29)	-	(1.29)			
India Steamship Pte. Limited, Singapore	279.62	19.45	1129.66	830.59	-	837.68	25.53	-	25.53		US $=Rs.39.94510	US $=Rs.40.28572

Note: During the year, Chambal Biotech Private Limited, Singapore, a subsidiary of the Company, has returned the investment of the Company in its capital and filed an application for striking off its name from the Register of Companies in Singapore. The name strike off is under process.

Auditors' Report

The Board of Directors
Chambal Fertilisers and Chemicals Limited

1. 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, 2008, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibilities of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit that financial statement of certain subsidiaries, joint venture and associate whose financial statements reflect the Group's share of total assets of Rs. 32588.56 lacs (Previous year Rs. 32873.40 lacs) as at March 31, 2008, total revenue of Rs. 48274.02 lacs (Previous year 34522.99 lacs) and cash inflows amounting to Rs. 5370.02 lacs (Cash Outflow in Previous years Rs. 246.43 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.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures issued by the Institute of Chartered Accounting of India.

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

   (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2008;

   (b) In the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and

   (c) In the case of the Consolidated Cash Flow Statements, of the cash flows of the Group for the year ended on that date.

For **S.R. BATLIBOI & COMPANY**
Chartered Accountants

Per Manoj Gupta
Partner
Membership No.: 83906

Place : Gurgaon
Date : May 15, 2008

Consolidated Balance Sheet as at March 31, 2008

(Rs. in lacs)

Particulars	Schedule	As at March 31, 2008	As at March 31, 2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	**41620.79**	41620.79
Share Application Money		**295.08**	
Reserves and surplus	2	**74984.22**	49665.58
		116900.09	91286.37
Loan Funds			
Secured loans	3	**151937.46**	134957.50
Unsecured loans	4	**33515.38**	66286.02
		185452.84	201243.52
Preference Shares (Held by other than Group) (Refer Note No. 31 of Schedule 25)		**0.11**	-
Minority Interest		**8.80**	449.92
Deferred Payment Liabilities (Refer Note No. 24 of Schedule 25)		**9772.25**	13640.95
Deferred Tax Liabilities (Net)	5	**28443.38**	31632.21
Total		**340577.47**	338252.97
APPLICATION OF FUNDS			
Goodwill on Consolidation		**4701.41**	7358.14
Fixed Assets	6		
Gross block		**356985.00**	364616.45
Less : Accumulated depreciation		**184044.85**	167630.71
Net block		**172940.15**	196985.74
Capital work in progress including capital advances		**71449.26**	36623.57
		244389.41	233609.31
Intangible Assets	7	**16045.80**	9809.35
Investments	8	**2231.17**	2176.24
Current Assets, Loans and Advances :			
Inventories	9	**31769.75**	38635.57
Sundry debtors	10	**22132.96**	60259.73
Cash and bank balances	11	**14486.48**	13929.70
Other current assets	12	**38488.93**	658.85
Loans and advances	13	**8611.86**	10819.31
		115489.98	124303.16
Less : Current Liabilities and Provisions			
Current liabilities	14	**28500.36**	25200.17
Provisions	15	**13916.36**	14049.86
		42416.72	39250.03
Net Current Assets		**73073.26**	85053.13
Miscellaneous Expenditure (to the extent not written off or adjusted)	16	**136.42**	246.80
Total		**340577.47**	338252.97
Notes to Accounts	25		

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

As per our report of even date

For **S.R. BATLIBOI & CO.**
Chartered Accountants

per **Manoj Gupta**
Partner
Membership No - 83906

Place : Gurgaon
Date : May 15, 2008

For and on behalf of the Board of Directors

Anil Kapoor
Managing Director

H.S. Bawa
Vice Chairman

K.K. Birla
Chairman

Abhay Baijal
Vice President - Finance

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

Place : New Delhi
Date : May 15, 2008

Consolidated Profit and Loss Account for the year ended March 31, 2008

(Rs. in lacs)

Particulars	Schedule	Year ended March 31, 2008	Year ended March 31, 2007
INCOME			
Turnover (Gross)	17	320606.65	294747.07
Less : Excise duty (Refer Note No. 29 in Schedule 25)		51.68	52.76
Turnover (Net)		320554.97	294694.31
Other income	18	7948.62	3369.46
Total		328503.59	298063.77
EXPENDITURE			
Purchase of Trading Goods		25434.37	26010.75
Raw material consumed	19	94503.28	109208.14
Personnel expenses	20	16928.32	14056.48
Operating and other expenses	22	116863.40	104859.69
Decrease/ (increase) in inventories	21	7079.47	(8219.68)
Freight to charter-in ship		9145.13	2373.33
Depreciation / Amortization	6 & 7	24576.63	21195.71
Financial expenses	23	10043.77	11191.39
Total		304574.37	280675.81
Profit Before Exceptional Items and Tax		23929.22	17387.96
Exceptional items	24	7263.23	867.53
Profit After Exceptional Items and Before Tax		31192.45	18255.49
Provision for Tax			
Current tax		10550.78	9493.62
Deferred tax charge / (credit)		(3188.83)	(2783.21)
Tonnage tax in Shipping Business		50.82	39.17
Fringe benefit tax		149.71	134.77
Total tax expense/ (income)		7562.48	6884.35
Net profit after tax for the year		23629.97	11371.14
Share in Profit / (Loss) of Associate		82.82	60.07
Share of Minority Interest in Losses		30.11	152.16
Net profit after tax (after adjustment for Minority Interest & Associate)		23742.90	11583.37
Transferred from Debenture Redemption Reserve		3982.50	1029.00
Balance brought forward from previous year		26873.24	30177.83
Less : Losses on the date of closure of subsidiary		58.77	-
Less : Transitional provision		-	(383.26)
Add : Deferred Tax on Transitional provision		-	130.26
Profit available for appropriation		54657.41	42537.20
Appropriations :			
Transfer to Debenture Redemption Reserve		-	3499.00
Transfer to General Reserve		2500.00	2500.00
Transfer to Tonnage Tax Reserve		1600.00	900.00
Proposed Dividend on Equity Shares		7491.74	7491.74
Tax on Dividend		1273.22	1273.22
Surplus carried to Balance Sheet		41792.45	26873.24
Basic and Diluted Earnings Per Share (In Rs.)		5.70	2.78
Nominal Value of Shares (In Rs.)		10.00	10.00
Notes to Accounts	25		

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

As per our report of even date

For **S.R. BATLIBOI & CO.**
Chartered Accountants

per **Manoj Gupta**
Partner
Membership No - 83906

Place : Gurgaon
Date : May 15, 2008

For and on behalf of the Board of Directors

Anil Kapoor
Managing Director

H.S. Bawa
Vice Chairman

K.K. Birla
Chairman

Abhay Baijal
Vice President - Finance

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

Place : New Delhi
Date : May 15, 2008

Consolidated Cash Flow Statement for the year ended March 31, 2008

(Rs. in lacs)

	Particulars	Year ended March 31, 2008	Year ended March 31, 2007
A.	**Cash flow from operating activities :**		
	Profit after exceptional items and before tax.	**31192.45**	18255.49
	Adjustments for:		
	Adjustment of Losses of subsidiary on the date of closure.	**58.77**	-
	Depreciation/ Amortisation	**24576.63**	21805.72
	Profit on sale of fixed assets	**(2406.13)**	(2198.21)
	Loss/(Profit) on sale of investments	**13.25**	-
	Write off/ other adjustments of fixed assets	**26.10**	809.71
	Provision for dimunition in value of Fertilisers Bond	**1875.00**	-
	Profit from Sale of subsidiary	**(4246.32)**	-
	Profit from sale of Food Processing Division	**(126.51)**	-
	Goodwill written off	**203.47**	-
	Unrealised foreign exchange fluctutaion	**(3963.48)**	-
	Miscellaneous expenditure written off	**110.38**	264.26
	Provision for doubtful deposits/ advances	**54.40**	35.02
	Liabilities no longer required written back	**(406.29)**	(239.19)
	Catalyst charges written off	**108.65**	33.81
	Doubtful debts/ advances written off	**209.94**	273.42
	Export benefit written off	**-**	49.05
	Profit on sale of Investments	**(7.44)**	
	Inventory written off	**180.30**	351.96
	Interest expense	**9601.74**	9924.57
	Interest income	**(1878.69)**	(284.91)
	Dividend income	**(7.22)**	(4.07)
	Operating profit before working capital changes	**55169.00**	49076.63
	Movement in working capital:		
	Decrease / (Increase) in trade and other receivables	**1326.64**	(28292.48)
	Decrease / (Increase) in inventories	**3734.93**	(10817.00)
	(Decrease) / Increase in trade payables	**5038.22**	(5450.16)
	Cash generated from operations	**65268.79**	4516.99
	Direct taxes paid (net of refunds)	**(10708.82)**	(9396.83)
	Net cash flow from operating activities	**54559.97**	(4879.84)
B.	**Cash flow from investing activities**		
	Purchase of fixed assets	**(47449.81)**	(80662.01)
	Sale of fixed assets	**5822.97**	3373.08
	Proceed from sale of Technico Pty Ltd.	**8382.10**	-
	Proceed from disposal of subsidiary	**603.05**	-
	Proceed from sale of Food Processing Division	**2263.18**	-
	Proceed from loan to employees	**68.46**	187.65
	Sale of investments	**1.00**	55.03
	Interest received	**922.41**	34.39
	Dividend received	**7.22**	4.07
	Deposits with Other Companies	**(610.00)**	(390.00)
	Net cash flow from /(used) in investing activities	**(29989.42)**	(77397.79)

(Rs. in lacs)

	Particulars	Year ended March 31, 2008	Year ended March 31, 2007
C.	**Cash flow from financing activities**		
	Proceeds from long term borrowings	**63452.10**	86663.54
	Repayment of long term borrowings	**(51406.35)**	(20407.94)
	Proceeds from issue of Preference Shares	**10627.98**	-
	Net proceeds of short term borrowings	**(25298.09)**	38663.89
	Proceed from Share Capital	**295.08**	
	Interest paid	**(13716.97)**	(9818.49)
	Dividend paid	**(7515.01)**	(7492.93)
	Income tax on dividend paid	**(1273.22)**	(1050.88)
	Proceeds from Minority Shareholders	**(411.01)**	-
	Net cash used in financing activities	**(25245.49)**	86557.19
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**674.94**	4279.56
	Foreign Currency Translation difference	**1210.64**	75.58
	Cash and cash equivalents at the beginning of the year	**13915.91**	9560.77
	Cash and cash equivalents at the end of the year	**14451.61**	13915.91
	Components of cash and cash equivalents as at		
	Cash and cheques on hand	**8.98**	17.41
	Balances with banks :		
	- on unpaid dividend account	**725.48**	808.45
	- on current account	**9039.56**	10974.20
	- on cash credit account	**0.93**	0.25
	- on saving account	**0.36**	0.36
	- on deposits account	**4469.68**	2076.23
	- on overseas account	**241.49**	52.80
	- on escrow account	**-**	-
		14486.48	13929.70
	Less: Fixed deposit with maturity more than three months	**34.87**	13.79
	Net cash and cash equivalents	**14451.61**	13915.91

Note:
Bank balances of Rs.725.48 lacs (Previous Year Rs.808.45 lacs) is earmarked for payment of unpaid dividend and will not be available for use for any other purposes.

As per our report of even date

For **S.R. BATLIBOI & CO.**
Chartered Accountants

per **Manoj Gupta**
Partner
Membership No - 83906

Place : Gurgaon
Date : May 15, 2008

For and on behalf of the Board of Directors

Anil Kapoor
Managing Director

H.S. Bawa
Vice Chairman

K.K. Birla
Chairman

Abhay Baijal
Vice President - Finance

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

Place : New Delhi
Date : May 15, 2008

Schedules annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2008

(Rs. in lacs)

	As at March 31, 2008	As at March 31, 2007
Schedule 1 : Share Capital		
Authorised:		
440,000,000 (Previous Year 440,000,000) Equity Shares of Rs.10/- each	**44000.00**	44000.00
210,000,000 (Previous Year 210,000,000) Redeemable Preference Shares of Rs.10/- each	**21000.00**	21000.00
	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
Of the above 10,207,852 equity shares (Previous Year : 10,207,852) of Rs.10 each have been allotted for consideration other than cash, pursuant to the scheme of amalgamation of erstwhile India Steamship Company Limited.		
Schedule 2 : Reserves and Surplus		
Capital Reserve (arising on forfeiture of shares)	**20.95**	20.95
Securities Premium Account (Refer Note No. 31 of Schedule 25)	**11269.46**	641.59
Capital Redemption Reserve		
Balance as per last account	**25.00**	25.00
Foreign Currency Translation Reserve		
Balance as per last account	**2393.52**	1559.81
Less: Adjustments during the year	**(345.94)**	833.71
	2047.58	2393.52
Debenture Redemption Reserve		
Balance as per last account	**4920.00**	2450.00
Add: Transferred from Profit and Loss Account	**-**	3499.00
Less: Transferred to Profit and Loss Account	**(3982.50)**	(1029.00)
	937.50	4920.00
General Reserve		
Balance as per last account	**13377.99**	10877.99
Add: Transferred from Profit and Loss Account	**2500.00**	2500.00
	15877.99	13377.99
Tonnage Tax Reserve		
Balance as per last account	**1413.29**	513.29
Add: Transferred from Profit and Loss Account	**1600.00**	900.00
	3013.29	1413.29
Profit and Loss Account	**41792.45**	26873.24
	74984.22	49665.58

(Rs. in lacs)

	As at March 31, 2008	As at March 31, 2007
Schedule 3: Secured Loans		
Debentures		
Nil (Previous Year 6,175) 7.00% Secured Redeemable Non-convertible Debentures of Rs.100,000 each.	-	2037.75
375 (Previous Year 500) 7.90% Secured Redeemable Non-convertible Debentures of Rs.1,000,000 each.	**3750.00**	5000.00
Rupee term loans		
- From financial institutions	**15000.00**	10094.00
- From banks	**19860.73**	29899.24
- From others	**1666.67**	3438.89
Foreign currency term loans from banks	**76166.55**	59023.02
Finance lease obligation	**206.21**	236.62
Cash credit facilities from banks	**35236.40**	25138.52
Interest accrued and due	**50.90**	89.46
	151937.46	134957.50

Notes:

1. 7.90% Secured redeemable non-convertible debentures are secured by first pari passu charge by way of mortgage by deposit of title deeds in respect of immovable properties and hypothecation of the movable assets of the company, both present and future (save and except book debts and assets of shipping division, subsidiaries and joint venture) subject to prior charges created/to be created in favour of bankers on movables for securing working capital borrowings. These debentures are redeemable in four equal instalments starting from March 31, 2008.
2. Rupee term loan from banks and others of Rs.19928.87 lacs and foreign currency loans of Rs.27204.75 lacs from bank/financial institution are secured by first pari-passu charge by way of mortgage, by deposit of title deeds in respect of immovable properties and hypothecation of movable assets of the company, both present and future (save and except book debts and assets of shipping division, subsidiaries and joint venture), subject to prior charges created / to be created in favour of bankers on movables for securing working capital borrowings.
3. Rupee term loan of Rs.1554.16 lacs from a bank is secured by mortgage on the company's vessel M.T. Ratna Urvi and hypothecation of movable assets of shipping division of the company.
4. Rupee term loan of Rs.15000 lacs from a financial institution is to be secured by first pari passu charge on the movable fixed assets of the company (save and except assets of shipping division of the company , subsidiaries and joint venture).
5. Foreign currency loan of Rs. 20865 lacs from a bank is secured by first priority mortgage on the company's vessel M.T. Ratna Puja and assignment of earnings, insurance and requisition compensation in respect of such vessel.
6. Foreign currency term loans of Rs. 21235.66 lacs from banks is currently secured by assignment of ship building contracts and refund guarantees in respect of three new vessels under construction.
7. Foreign Currency Loan of Rs 6861.14 from a bank is currently secured by assignment of ship building contract and refund guarantee in respect of a new vessel under construction and second priority mortgage on the company's vessel M. T. Ratna Puja in assignment of earnings insurances and requisition , compensation in respect of the vessel M.T. Ratna Puja.
8. Cash credit loans from banks are secured by hypothecation of all the company's movable assets including movable machinery, all stocks and book debts (including subsidy support), 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, subsidiaries and joint venture).
9. Finance lease liability is secured by assets acquired under the facility.
10. Rupee term loan from bank includes Rs. 44.37 Lacs are secured by hypothecation of assets financed by these loans.
11. Cash Credit loans from Bank includes bank overdraft of Rs. 282.90 lacs which is secured by first ranking UCC charge on outstanding book debts of the subsidiaries. And overdraft amounting to Rs. 83.96 lacs is secured by Lien over fixed deposits.
12. Secured loans (other than cash credit loans from banks and short term rupee loans) includes Rs.14302.87 lacs (Previous Year Rs.11499.91 lacs) repayable within one year.

(Rs. in lacs)

	As at March 31, 2008	As at March 31, 2007
Schedule 4 : Unsecured Loans		
Fixed deposits	**193.37**	496.56
{Due within one year Rs.101.13 lacs (previous year Rs.350.78 lacs)}		
Short term foreign currency loans		
- From financial institutions	**8025.00**	5735.19
- From banks	**-**	8970.44
Short term debentures		
- 11.10% Short Term Non Convertible Debentures	**-**	7500.00
- 11.40% Short Term Non Convertible Debentures	**-**	5000.00
Short term rupee loans		
- From banks	**17500.00**	29500.00
- From others	**436.41**	-
Convertible Notes		
- Interest bearing (Refer Note No.26 (a) of Schedule 25)	**3595.06**	-
- Non-interest bearing (Refer Note No.26 (b) of Schedule 25)	**1256.27**	-
Foreign Currency Loan from Banks		4945.63
Packing credit foreign currency loan from banks	**1825.36**	1320.67
Other Financial Debts	**551.02**	2600.20
{Due within one year Rs.121.79 lacs (previous year Rs.Nil)}		
IOWA State Government Loan	**48.43**	59.73
{Due within one year Rs.5.99 lacs (previous year Rs.5.99 lacs)}		
Interest accrued and due	**84.46**	157.60
	33515.38	66286.02
Schedule 5 : Deferred Tax Liability (Net)		
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	**29450.42**	31977.86
Effect of Deferred revenue expenditure as per tax and financial books	**7.86**	46.38
Gross Deferred Tax Liabilities	**29458.28**	32024.24
Deferred Tax Assets		
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	**16.24**	13.75
Provision for gratuity	**220.50**	157.75
Provision for leave encashment	**80.25**	158.43
Provision for doubtful debts	**37.15**	40.36
Provision for dimunition in the value of fertiliser bonds	**637.31**	
Others	**23.45**	21.74
Gross Deferred Tax Assets	**1014.90**	392.03
Net Deferred Tax Liability	**28443.38**	31632.21

Schedule 6 : Fixed Assets

(Rs. in lacs)

Sr. No.	Particulars	Gross Block							Depreciation							Net Block	
		As at April 1, 2007	Additions due to Acquisition of a Subsidiary	Additions during the year	Adjustment during the year	Deletion due to disposal of subsidiary	Forex Translation Adjustment On Opening Block	**As At March 31, 2008**	As At April 1, 2007	For the year	Adjustments during the year	Adjustments due to disposal of subsidiary	Forex Translation Adjustment On Current Year Depreciation	Forex Translation Adjustment On Opening Block	**As at March, 31, 2008**	**As at March 31, 2008**	As at March 31, 2007
1.	Land - Freehold	824.49	29.90	-	(237.82)	(256.94)	(4.14)	**355.49**	-	-	-	-	-	-	**-**	**355.49**	824.49
2.	Land - Leasehold	587.28	-	-	-	-	-	**587.28**	102.56	5.94	-	-	-	-	**108.50**	**478.78**	484.72
3.	Buildings	22158.51	-	585.29	(773.98)	(1008.28)	(139.43)	**20822.11**	5630.57	688.19	(98.71)	(412.42)	(1.33)	(126.31)	**5679.99**	**15142.12**	16527.94
4.	Leasehold Improvements	836.85	50.25	35.99	0.24	(16.29)	(7.04)	**900.00**	619.89	65.88	-	(16.29)	-	(6.04)	**663.44**	**236.56**	216.96
5.	Railway Siding	2205.11	-	-	-	-	-	**2205.11**	1073.24	104.74	-	-	-	-	**1177.98**	**1027.13**	1131.87
6.	Plant & Machinery	284516.94	-	3279.50	(1568.45)	(1335.62)	(667.89)	**284224.48**	152183.90	17040.33	(231.26)	(964.31)	(44.72)	(24.90)	**167959.04**	**116265.44**	132333.04
7.	Equipment & Appliances	4420.95	255.58	1098.27	(289.44)	(63.95)	(62.77)	**5358.64**	2075.06	573.27	(29.34)	(27.73)	(0.26)	38.39	**2629.39**	**2729.25**	2345.89
8.	Furniture & Fittings	1046.17	48.67	186.96	(121.45)	(79.50)	(89.79)	**991.06**	635.30	119.38	(21.63)	(72.01)	0.06	(63.37)	**597.73**	**393.33**	410.87
9.	Vehicles	561.10	37.06	33.25	(132.89)	(69.09)	(14.98)	**414.45**	261.61	58.08	(64.71)	(32.24)	(0.03)	(40.72)	**181.99**	**232.46**	299.49
10.	Vehicles (on Finance Lease)	388.04	-	112.01	(82.26)	-	-	**417.79**	128.27	93.50	(35.88)	-	-	-	**185.89**	**231.90**	259.77
11.	Ships	47071.01	-	38.02	(6400.44)	-	-	**40708.59**	4920.31	2992.90	(3052.31)	-	-	-	**4860.90**	**35847.69**	42150.70
	Grand Total	364616.45	421.46	5369.29	(9606.49)	(2829.67)	(986.04)	**356985.00**	167630.71	21742.21	(3533.84)	(1525.00)	(46.28)	(222.95)	**184044.85**	**172940.15**	196985.74
	Capital Work In Progress															**71449.26**	36623.57
	Previous Year	316481.44	-	49976.97	(3892.05)	-	2050.09	364616.45	147180.81	21340.08	(1916.18)	-	13.07	1012.93	167630.71	196985.74	

Notes :-

1. Free Hold Land of Rs. 0.81 Lacs (previous year Nil) is yet to be transferred in the name of the respective companies
2. Buildings of Rs. 0.71 lacs and Furniture Fittings of Rs. 1.58 lacs (Previous Year Rs. 0.71 lacs and Rs. 1.58 lacs respectively) represent undivided share in assets jointly owned with others.
3. Additions to Plant & Machinery includes Rs. 494.80 lacs (Previous Year adjustments from Plant & Machinery of Rs. 340.81 lacs) and additions in ships includes Rs.Nil (Previous Year Rs.1346.38 lacs) being variations in rupee liability in respect of foreign currency.
4. Gross Block and Accumulated Depreciation of Plant & Machinery includes Rs.266.35 lacs (Previous Year Rs.266.35 lacs) and Rs.235.66 lacs (Previous Year Rs.235.66 lacs) respectively and that of Building includes Rs. 1208.29 lacs and Rs. 1147.87 lacs (Previous Year Rs.1208.29 lacs and Rs 1027.78 lacs) respectively towards capital expenditure represented by assets not owned by the Company, but which are being used by the Company for its business purpose.
5. Capital Work in Progress includes Capital Advances of Rs.57214.62 lacs (Previous Year Rs.35606.16 Lacs).
6. Additions to capital work in progress includes preoperative expenses of shipping division amounting Rs.8422.09 lacs (Previous Year Rs.4495.01) . (Refer Note No. 9 of schedule 25)
7. During the year, Technico Group has been disposed off whose Gross Block of Rs. 2829.67 lacs and Accumulated Depreciation of Rs. 1525 lacs has been deleted from books of accounts
8. Addition due to acquisition of subsidiary includes assets of Dynatek Inc. Rs. 160.24 lacs and in Inuva Info Management Private Limited Rs. 261.22 lacs.
9. Additions to capital work in progress includes preoperative expenses of subsidiaries amounting Rs. 76.18 lacs (Previous Year Rs. Nil) . (Refer Note No. 9 of schedule 25)

Schedule 7 : Intangible Assets

(Rs. in lacs)

Sr. No	Particulars	Gross Block							Amortisation							Net Block	
		As at April 1, 2007	Additions due to Acquisition of a Subsidiary	Additions during the year	Adjustment during the year	Deletion due to disposal of subsidiary	Forex Translation Adjustment On Opening Block	**As At March 31, 2008**	As At April 1, 2007	For the year	Adjustments during the year	Adjustments due to disposal of subsidiary	Forex Translation Adjustment On Current Year Amortisation	Forex Translation Adjustment On Opening Block	**As at March, 31, 2008**	**As at March 31, 2008**	As at March 31, 2007
1	Patents & Trade Marks	1250.79	-	-	-	(1120.67)	(46.74)	**83.38**	1245.12	15.93	-	(1120.67)	(0.27)	(118.32)	**21.79**	**61.59**	5.67
2	Land Occupancy Rights	116.31	-	-	-	(111.95)	(4.36)	**-**	94.34	3.85	-	(94.69)	0.09	(3.59)	**-**	**-**	21.97
3	Intellectual Property Rights	9296.10	8381.66	497.14	(710.89)	(21.63)	(1070.03)	**16372.35**	384.86	2324.62	(118.80)	(13.79)	0.02	(86.19)	**2490.72**	**13881.63**	8911.24
4	Software	812.65	652.52	1076.03	11.47	-	286.49	**2839.16**	80.27	490.02	-	-	-	203.06	**773.35**	**2065.81**	732.38
5	Goodwill	138.09	4.39	5.34	(100.71)	-	(10.34)	**36.77**	-	-	-	-	-	-	**-**	**36.77**	138.09
	Total	11613.94	9038.57	1578.51	(800.13)	(1254.25)	(844.98)	**19331.66**	1804.59	2834.42	(118.80)	(1229.15)	(0.16)	(5.04)	**3285.86**	**16045.80**	9809.35
	Previous Year	1840.83	-	10090.58	(462.72)	-	145.25	11613.94	1615.13	465.65	(454.00)	-	(10.09)	187.90	1804.59	9809.35	-

Notes :-

1. During the year, Technico Group has been disposed off whose Gross Block of Rs. 1254.25 lacs and Accumulated Depreciation of Rs. 1229.15 lacs has been deleted from books of accounts
2. Addition due to acquisition of subsidiary relates to Dynatek Inc. Rs. 9038.57 lacs.
3. Company's subsidiary, mortgagehub.com has written off Rs. 100.71 lacs goodwill .

(Rs. in lacs)

	As at March 31, 2008	As at March 31, 2007
Schedule 8 : Investments		
Long Term Investments (At Cost) :		
A. Trade (Unquoted)		
- 18,722,886 (Previous Year 18,722,886) equity shares of Rs.10 each fully paid up in Zuari Investments Limited.	**1872.29**	1872.29
Add: Share in accumulated profits upto previous year	**240.43**	180.36
Share in profit for current year	**82.82**	60.07
B. Other than trade		
Unquoted		
Government Securities		
- 6 Year National Savings Certificates VIII Issue (lodged with Govt. Authorities.)	**0.09**	0.09
- 6 Year National Savings Certificates (lodged with Govt. Authorities.)	**0.30**	0.30
- Indira Vikas Patra	**0.20**	0.20
Bonds		
- Nil (Previous Year 16), 9.70% National Trading Corporation Limited Bonds of Rs.100,000 each fully paid up	**-**	18.89
- 30 Bonds (Previous Year 30), 12.50% Sardar Sarovar Narmada Nigam Limited Bonds of Rs.100,000 each fully paid up	**14.45**	23.45
- 2 Bonds (Previous Year 2), 7.60% Konkan Railway Corporation Bonds of Rs.1,000,000 each fully paid up	**20.32**	20.32
- 5.5% Government of India Loan 2000 bonds of Rs.100 each fully paid up (lodged with Govt. Authorities.)	**0.04**	0.04
Debentures		
- 5% Non Convertible Debentures of Woodlands Hospital and Medical Research Centre Ltd of Rs.100 each fully paid up	**0.22**	0.22
- 8% Non Convertible Debentures of Indian Chamber of Commerce of Rs.12.50 each fully paid up	**0.01**	0.01
Total	**2231.17**	2176.24
Aggregate amount of unquoted investments	**2231.17**	2176.24

Schedule 9 : Inventories (at lower of cost and net realisable value)		
Stores and spares	**6895.68**	6800.42
Catalysts in use	**337.34**	444.77
Naphtha (Including in transit Rs.889.03 lacs, Previous Year Rs. Nil)	**5422.35**	1972.62
Raw materials		
Fibre (Including in transit Rs.178.29 lacs, Previous Year Rs. 120.61 lacs)	**3187.57**	3071.63
Other Raw Materials	**327.64**	219.03
Loose tools	**9.02**	5.21
Packing materials	**231.18**	287.65
Waste	**19.82**	10.01
Work-in-process	**1135.91**	2025.38
Software Jobs in Progress		221.88
Finished goods (Including in transit Rs. 2060.19 lacs, Previous Year Rs. 541.27 lacs)	**12165.40**	16484.03
Traded goods (Including in transit Rs.Nil, Previous Year Rs. 456.68 lacs)	**2037.84**	7092.94
	31769.75	38635.57

(Rs. in lacs)

	As at March 31, 2008	As at March 31, 2007
Schedule 10 : Sundry Debtors		
Debts outstanding for a period exceeding six months		
Secured, considered good		
Unsecured, considered good (Including subsidy receivable from Government of India Rs.1435.00 lacs, (Previous Year Rs.23862.28 lacs).	**2698.51**	26249.40
Unsecured, considered doubtful	**286.40**	953.22
Other debts		
Secured, considered good	**1867.43**	1153.67
Unsecured, considered good (Including subsidy receivable from Government of India Rs.3439.93 lacs, (Previous Year Rs. 22172.71 lacs).	**17567.02**	32856.66
	22419.36	61212.95
Less: Provision for doubtful debts	**286.40**	953.22
	22132.96	60259.73
Schedule 11 : Cash and Bank Balances		
Cash in hand	**8.79**	17.41
Cheques/ drafts in hand	**0.19**	-
Balances with scheduled banks :		
On unpaid dividend / debenture / fixed deposit accounts	**725.48**	808.45
On current accounts	**9039.56**	10974.20
On cash credit accounts	**0.93**	0.25
On saving accounts	**0.36**	0.36
On fixed deposit accounts	**4469.68**	2076.23
Balances with overseas banks	**241.49**	52.80
	14486.48	13929.70
Schedule 12 : Other Current Assets		
(Unsecured, considered good except to the extent stated)		
Interest receivable on loans, deposits and others	**1223.28**	267.00
Export benefits receivable	**191.73**	212.89
Insurance and other claims receivable	**267.42**	216.90
(Considered doubtful Rs.Nil, Previous Year Rs. 74.35 lacs)		
Fertilisers Companies Govt. of India bonds (Refer Note No.16 of Schedule 25)	**38358.00**	-
Assets held for disposal	**30.40**	36.41
Unbilled Revenue	**293.10**	-
	40363.93	733.20
Less: Provision for doubtful receivables	**-**	74.35
Less: Provision for diminution in the value of fertiliser bonds	**1875.00**	-
	38488.93	658.85

(Rs. in lacs)

	As at March 31, 2008	As at March 31, 2007
Schedule 13 : Loans and Advances		
(Unsecured, considered good except to the extent stated)		
Advances recoverable in cash or in kind or for value to be received	**5219.34**	7910.15
(Considered doubtful Rs.67.27 lacs, Previous Year Rs.95.64 lacs)		
Advance Income Tax	**18.36**	241.02
Balances with customs, excise, etc.	**856.44**	857.71
Loans to employees	**613.57**	682.03
Deposits - others	**825.54**	688.16
(Considered doubtful Rs.14.12 lacs, Previous Year Rs.14.12 lacs)		
Inter - corporate deposits	**1160.00**	550.00
	8693.25	10929.07
Less: Provision for doubtful deposits & advances	**81.39**	109.76
	8611.86	10819.31
Included in Loans and Advances are:		
i. Dues from directors of the Company	**20.60**	-
{Maximum amount outstanding during the year Rs. 20.60 lacs (Previous Year Rs. Nil)}		
ii. Dues from officers of the Company	**8.29**	9.65
{Maximum amount outstanding during the year Rs.9.65 lacs (Previous Year Rs.11.06 lacs)}		
Schedule 14 : Current Liabilities		
Sundry creditors		
- Total outstanding dues to Micro, Medium and Small Enterprises	**11.90**	326.14
- Total outstanding dues to creditors other than Micro, Medium and Small Enterprises	**18785.63**	17448.18
Advances from customers	**3171.94**	1161.72
Earnest money / security deposits	**2696.41**	2527.06
Unclaimed statutory liabilities (as referred in section 205C of the Companies Act, 1956):*		
- Unpaid dividend	**663.37**	686.64
- Unpaid matured deposit (including Interest)	**31.70**	27.76
- Unpaid matured debentures	**48.28**	21.18
- Unpaid interest on debentures	**9.40**	79.94
Other liabilities	**2043.66**	2271.95
Book Overdraft	**30.31**	-
Interest accrued but not due on loans and debentures	**500.32**	649.60
Purchase Consideration Payable (Refer Note No.26 (c) & (d) of Schedule 25)	**507.44**	-
	28500.36	25200.17
*Amount payable to Investor Education and Protection Fund is Rs.Nil		
Schedule 15 : Provisions		
Provision for taxation (net of advance tax payments)	**3453.59**	3633.76
Provision for Wealth Tax	**9.26**	10.01
Provision for leave encashment	**896.71**	907.78
Provision for gratuity	**791.84**	733.35
Proposed dividend on equity shares	**7491.74**	7491.74
Tax on proposed dividend	**1273.22**	1273.22
	13916.36	14049.86
Schedule 16 : Miscellaneous Expenditure (to the extent not written off or adjusted)		
Restructuring charges on loans		
- Opening balance	**133.51**	397.77
- Less : Written-off during the year	**110.38**	264.26
- Closing Balance	**23.13**	133.51
Amalgamation adjustment account	**113.29**	113.29
	136.42	246.80

(Rs. in lacs)

	Year ended March 31, 2008	Year ended March 31, 2007
Schedule 17 : Turnover (Gross)		
Sales of own manufactured products (including subsidy on fertilisers)	**247936.16**	247867.30
Sales of traded products (including subsidy on fertilisers)	**33990.42**	22298.21
Income from operations of shipping business	**26544.78**	17657.29
{Including Rs.16059.14 lacs from charter in ship (Previous Year Rs.2786.02 lacs)}		
Software And Business Process Outsourcing Services	**12135.29**	6924.27
	320606.65	294747.07
Schedule 18 : Other Income		
Interest on		
- Long term investments - Non Trade (Gross) (Tax deducted at source Rs.0.94 lacs, Previous Year Rs.1.29 lacs)	**4.15**	5.74
- Fertilisers Bond	**506.91**	-
- Employess loans	**30.23**	33.30
- Income Tax refund	**192.65**	261.37
- Deposit (Gross) (Tax deducted at source Rs.122.08, Previous Year Rs.12.67 lacs)	**863.77**	59.26
- Others (Tax deducted at source Rs.15.05, Previous Year Rs.14.59 lacs)	**280.98**	279.17
Dividend income on non trade current investments	**7.22**	4.07
Rent received	**32.28**	30.02
Foreign exchange variation (Net)	**3642.17**	616.13
Insurance claims received	**145.78**	106.92
Liabilities no longer required written back	**406.29**	239.19
Export incentive receivable	**631.37**	293.27
Profit on sale of investment	**7.44**	-
Profit on sale of asset	**115.26**	-
Sale of scrap	**182.19**	1047.32
Miscellaneous income	**899.93**	393.70
	7948.62	3369.46

(Rs. in lacs)

	Year ended March 31, 2008	Year ended March 31, 2007
Schedule 19 : Raw Material Consumed		
Opening inventories	**3290.66**	923.82
Add: Purchases	**94727.83**	111574.98
Less: Closing inventories	**3515.21**	3290.66
	94503.28	109208.14
Schedule 20 : Personnel Expenses		
Salaries, wages and bonus	**14351.05**	11888.31
Contribution to provident and other funds	**1329.84**	1118.89
Gratuity expenses	**183.59**	148.77
Workmen and staff welfare expenses	**1063.84**	900.51
	16928.32	14056.48
Schedule 21 : Decrease / (Increase) in inventories		
Closing inventories		
- Work-in-process	**1135.91**	2025.37
- Finished goods	**12165.40**	16484.03
- Traded goods	**2037.84**	7092.94
- Waste	**19.82**	10.01
	15358.97	25612.35
Opening inventories		
- Work-in-process	**2025.37**	2232.65
- Finished goods	**16484.03**	12734.30
- Software Jobs-in-process	**-**	130.42
- Traded goods	**7092.94**	2288.35
- Waste	**10.01**	6.95
	25612.35	17392.67
Less : Finished goods inventory of Food Processing Unit on the date of sale	**(1083.48)**	-
Less : Finished goods inventory of Technico Pty Ltd. on the date of sale	**(2090.43)**	-
	22438.44	17392.67
	7079.47	(8219.68)

(Rs. in lacs)

	Year ended March 31, 2008	Year ended March 31, 2007
Schedule 22 : Operating and Other Expenses		
Consumption of stores and spares	**2833.98**	3039.14
Consumption of packing materials	**6798.86**	6534.53
Sub contracting expenses	**1837.06**	2990.79
Power and fuel	**57049.23**	51626.99
Catalyst charges written off	**108.65**	33.81
Rent	**2080.07**	1580.37
Rates and taxes	**131.23**	109.60
Insurance	**1729.33**	2049.65
Repairs and maintenance :		
- Plant & Machinery and Ships	**1402.79**	2085.66
- Buildings	**515.46**	204.05
- Others	**555.73**	663.46
Ships bunker cost	**5617.95**	2217.12
Ships port dues	**1497.21**	1,100.87
Ships special survey expenses	**848.82**	1,031.31
Directors' sitting fees	**8.95**	16.58
Travelling and conveyance	**2327.66**	1,233.71
Communication costs	**551.09**	312.40
Printing and stationery	**84.33**	94.13
Legal and professional fees	**1918.17**	1,048.19
Equipment hire charges	**700.80**	687.65
Auditor's remuneration	**142.46**	195.50
Decrease/ (increase) of excise duty on inventories	**0.39**	2.60
Freight and forwarding charges	**20850.82**	18441.50
Selling and marketing expenses	**863.85**	644.57
Cash rebate to customers	**275.20**	304.53
Commission and brokerage to other than sole selling agents	**798.67**	481.86
Donations and contribution to charitable institutions	**53.45**	18.97
Depletion of loose tools	**4.64**	6.46
Green belt development/ horticulture expenses	**291.85**	284.85
Diminution in the value of fertiliser bonds (Refer Note No. 16 in Schedule 25)	**1875.00**	-
Provision for doubtful advances and debts	**54.40**	35.02
Loss on sale of fixed assets (Net)	**-**	30.62
Doubtful debts and advances written off	**209.94**	273.42
Inventory written off	**180.30**	351.96
Export benefits receivable written off	**-**	49.05
Loss on sale of long term investments in subsidiary (Refer Note No. 2 (i) in Schedule 25)	**13.25**	-
Assets written off	**26.10**	89.04
Miscellaneous expenses	**2074.43**	3492.99
Agronomy management fees	**50.27**	147.45
Training & market development expenses written off	**245.77**	906.65
Deferred revenue expenditure written off	**-**	261.42
Contract farming charges	**51.77**	181.22
Goodwill on consolidation written off (Refer Note No. 17 in Schedule 25)	**203.47**	-
	116863.40	104859.69

(Rs. in lacs)

	Year ended March 31, 2008	Year ended March 31, 2007
Schedule 23 : Financial Expenses		
Interest :		
- On term loans and debentures	**9135.03**	8710.89
- On banks	**74.93**	747.30
- Others	**391.78**	466.38
Bank charges and guarantee commission	**331.65**	563.58
Foreign Exchange Variation (Net)	**-**	429.52
Other Financial Charges	**-**	9.46
Restructuring fees on loans written off	**110.38**	264.26
	10043.77	11191.39
Schedule 24 : Exceptional Items		
Loss on write off of assets	**-**	(720.67)
Accelerated depreciation	**-**	(610.01)
Profit on sale of ship (Refer Note No. 28 (a) in Schedule 25)	**2290.87**	2198.21
Profit on sale of Food Processing Unit (Refer Note No. 28 (b) in Schedule 25)	**126.51**	-
Profit on sale of Subsidiary (Refer Note No. 28 (c) and (d) in Schedule 25)	**4246.32**	-
Non Compete Fees received (Refer Note No. 28 (e) in Schedule 25)	**599.53**	-
	7263.23	867.53

Schedule 25: Notes to Accounts

1. Statement of Significant Accounting Policies

a) Basis of Preparation

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

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

b) Principles of Consolidation

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

(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 unrealised profits or losses, except where cost can not be recovered.

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

(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) In case of associate, where the Company directly or indirectly through subsidiaries holds more than 20% of equity, investment in associate is accounted for in accordance with Accounting Standards (AS) 23, Accounting for Investments in Associates.

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

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

The accounts of all the Group Companies are drawn up to the same reporting date as the parent entity (i.e. financial year ended March 31, 2008) except for joint venture entity, in which case the accounts drawn up as at December 31, 2007 have been used. No adjustments have been done for the period subsequent to that date, since there are no significant transactions

c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

Performance claims

Under performance claim is the claim payable by the ship owner to the charterer if the ship does not perform as per specifications in the charter agreement. The actual performance is compared with the specification and if deviations are found the owner has to compensate the charterer. In ascertaining the amount of compensation due, significant judgment is exercised in comparing the actual performance of the ship to determine the compensation claims.

d) Change in Accounting Policies

The Company has adopted the Companies (Accounting Standard) Rules, 2006 with effect from April 1, 2007. As per Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates", the exchange difference on foreign currency transactions relating to fixed assets acquired from a country outside India have been adjusted to revenue as against the hitherto followed practice of adjusting the same to the carrying amount of fixed assets arising out of the transactions entered on or after April 1, 2004.

Had the Company continued to use the earlier basis of accounting for foreign exchange fluctuation, the credit to the Profit and Loss Account after taxation for the current period would have been lower by Rs.4682.63 lacs (net of tax of Rs.Nil) and the net block of fixed assets would correspondingly have been lower by Rs.4682.63 lacs.

e) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

f) Depreciation

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

(i)	Second hand fixed assets at Textile division	On technically assessed remaining useful lives of such assets of 3 years, 5 years or 7 years.
(ii)	Second hand fixed assets at Food Processing division	On technically assessed remaining useful lives of such assets of 6 years or useful lives based on the rates prescribed in Schedule XIV to the Companies Act, 1956, which ever is lower
(iii)	Leasehold Land/ Improvements and Vehicles under finance lease	Amortized over the period of respective leases or useful lives of assets, whichever is lower

(iv)	Increase/ Decrease in value of fixed assets due to foreign exchange fluctuation	Over the remaining useful lives of the assets.
(v)	Insurance Spares/ Stand-by Equipments	Over the remaining useful lives of mother assets.
(vi)	Capital expenditure not represented by assets	Written off over five years from the date of capitalization.
(vii)	Ships of Shipping Division	On technical evaluation of remaining useful life in case of old ships and as per Companies Act, 1956 in case of new ships.
(viii)	Fixed assets other than ships of Shipping Division	On written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
(ix)	Plant and Machinery used in field operations	Over its estimated useful life of five years based on technical evaluation

In case of foreign subsidiaries, 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.

g) Impairment

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

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

h) Intangible Assets

(i) Research costs are expensed as incurred. Development expenditure incurred on software implementation is carried forward when its future recoverability can reasonably be regarded as assured. The expenditure carried forward is amortized over a period of three to five years.

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

Purchased software packages are amortised over a period of three to five years.

(ii) In respect of a joint venture of the Company, intangible assets consists of Patents, Rights and Trademarks etc. for which consideration was paid to an outside party are amortised over a period of six years based on technical assessment.

(iii) In case of an overseas subsidiary, intangible assets consisting of customer relationship, intellectual properties and TECHNITUBER® technology, are being amortised over a period of estimated useful lives.

The estimates of net realizable value and remaining economic life of the Company's intellectual property and customer relation ships are subject to risk inherent in software industry, such as changes in technology and customers perceptions. Management regularly reviews these estimates and makes adjustments as appropriate.

In case of TECHNITUBER® technology, if benefit is no longer expected to be received, the asset will be written down to its net realisable value.

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

i) Goodwill on Consolidation

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

j) Expenditure on New Projects and Substantial Expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto

is charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion is capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalized only if they increase the value of the asset beyond its original standard of performance.

k) 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 the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability, based on the implicit rate of return. Finance charges are charged directly against income.

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

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

l) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in the value is made to recognise a decline other than temporary in the value of the investments.

m) Inventories

i) Fertiliser Division

Naphtha and Packing Materials	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories 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.
Stores and Spares	Lower of cost and net realizable value. Cost is determined on a weighted average basis.
Catalyst in Use	At depreciated cost on the basis of amortization over their estimated useful lives as technically assessed.
Loose Tools	At depreciated cost arrived at on the basis of amortization over a period of three years.
Work in Process, Finished Goods and Traded Products	Lower of cost and net realizable value. Cost includes direct materials, labour, and a proportion of manufacturing overheads based on normal operating capacity.

ii) Textile Division

Raw materials and Packing Materials	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories 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.
Stores and Spares	Lower of cost and net realizable value. Cost is determined on a weighted average basis.
Work in Process and Finished Goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.
Waste	At net realisable value.

iii) Food Processing Division

Raw Materials and Packing Materials	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories 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 FIFO basis.
Stores and Spares	Lower of cost and net realizable value. Cost is determined on FIFO basis.
Work in Process and Finished Goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

iv) Shipping Division

Bunkers remaining on board	At weighted average cost.
Deck, Engine Stores & Spares and Victualling	At cost on FIFO basis.
Stock of Standing Spares	At net value arrived at on the basis of proportionate amortization over the remaining useful lives of such ships.

v) Subsidiary Companies

(i) Technico Group

Stores and Spares	At cost on FIFO basis.
Loose Tools	At depreciated value arrived at on the basis of amortisation of the cost over a period of three years.
Standing Crops, TECHNITUBER® Seeds and Field Generated Seeds	At cost or net realisable value whichever is lower. Cost for this purpose includes all direct costs incurred up to the stage of production of the respective inventories. Borrowing costs relating to generation of TECHNITUBER® seed and field seed which takes substantial period of time to be ready for sale are also included to the extent they relate to the period till such stock are ready for sale.

(ii) India Steamship Pte. Limited, Singapore

Stores and Spares	At weighted average cost basis.

(vi) Joint Venture

Raw Material	At Cost determined using the weighted average method
Stores and Spares	At weighted average cost
Finished Goods and Work in progress	At cost or net realisable value, which ever is lower. Cost for this purpose includes direct cost and an appropriate portion of overheads.

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

n) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred except for borrowings for acquisition of qualifying assets which are capitalised upto the date, the asset is ready for its intended use.

o) 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.

(a) Sale of Goods & Services

i) Fertiliser Division

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

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

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

ii) Textile Division

Revenue in respect of sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arised during the year.

iii) Food Processing Division

Revenue in respect of sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

iv) 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 basis. Dispatch money/ demurrage are considered as part of freight.

v) India Steamship Pte. Limited, Singapore

Freight income is recognized for cargoes loaded into vessels up to the balance sheet date. Demurrage income is considered as part of freight income.

vi) CFCL Technologies Limited and its subsidiaries

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

Revenues from software development and business process outsourcing services are recognized on rendering of such services in terms of the contracts with the customers.

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

Revenues from post-contract services, such as software maintenance, are recognized on a straight-line basis over the term of the contract period.

(b) Interest

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

(c) Dividend

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

(d) Insurance Claims

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

p) Deferred Revenue Expenditure

(i) Restructuring charges paid to extinguish high cost debts are written off over the tenure of fresh loans taken for refinancing such high cost debts.

(ii) Amalgamation Adjustment account is created on account of statutory reserves acquired at the time of amalgamation accounted for under Purchase Method, to be reversed on utilization/ transfer of such reserves.

q) Foreign Currency Translation

(i) Initial recognition

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

(ii) Conversion

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

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise. Exchange differences arising in respect of fixed assets acquired from outside India on or before accounting period commencing after April 1, 2004 are capitalized as a part of fixed asset.

(iv) Forward exchange contracts

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

(v) Options

Foreign Currency Options are accounted for in line with terms of contract and necessary provision for anticipated losses in respect of open options is made. Gain on such options is recognised on actual realisation.

(vi) Translation of non-integral foreign operation

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

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

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

r) Retirement and other employee benefits

(i) Retirement benefits in the form of Provident Fund/ Pension Schemes are defined contribution schemes and the contributions are charged to the Profit & 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 trusts.

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

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

(iv) Provision for long-term compensated absences is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Liability is provided for short-term compensated absences on cost to company basis, which are expected to occur within next 12 months.

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

(vi) In respect of overseas group companies, contribution made towards retirement/ employee benefits in accordance with the relevant applicable local laws are charged to the Profit and Loss Account.

s) Income Taxes

Tax expense comprises of current, deferred, tonnage and fringe benefit tax. Current income tax, tonnage tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. The shipping division of the Company is covered under "Tonnage Tax Scheme" under section 115Vof the Income Tax Act, 1961, therefore the tonnage tax has not been considered for the purpose of deferred tax calculation.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

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

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

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

t) Segment Reporting Policies

Identification of segments

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

Allocation of common costs

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

Unallocated items

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

u) 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.

v) Provisions

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

w) Cash and Cash equivalents

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

x) Derivative Instruments

The Company uses derivative financial instruments such as forward exchange contracts and options to hedge its risks associated with foreign currency fluctuations. Accounting policy for the same is given in note "q" above.

y) Government Grants and subsidies

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

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

2. The Group comprises of the following entities:

Name of the Group Company	Country of Incorporation	GAAP in which accounts are prepared	Percentage of ownership as at 31.03.08	Percentage of ownership as at 31.03.07
Subsidiaries				
Chambal Infrastructure Ventures Limited (Refer Note (i) below)	India	India	**100.00%**	100.00%
CFCL Overseas Limited (Including its Subsidiaries) (Refer note (ii) below)	Cayman Islands	India	**100.00%**	100.00%
Chambal Biotech Private Limited (Refer note (i) below)	Singapore	Singapore	-	99.99%
India Steamship Pte Limited	Singapore	Singapore	**100.00%**	100.00%
Step-down Subsidiaries				
Gulbarga Cement Limited (Refer note (ii) below)	India	India	**100.00%**	-
Chambal Energy (Orissa) Limited (Refer note (ii) below)	India	India	**100.00%**	-
Chambal Energy (Chhattisgarh) Limited (Refer note (ii) below)	India	India	**100.00%**	-
CFCL Technologies Limited	Cayman Islands	India	**100.00%**	100.00%
CFCL Ventures Limited (100% Subsidiary of CFCL Technologies Ltd.)	Cayman Islands	India	**100.00%**	100.00%
NovaSoft Information Technology Corporation (99.99% Subsidiary of CFCL Technologies Limited)	USA	India	**99.97%**	99.97%
Mortgage Hub.Com, Inc. (100% Subsidiary of NovaSoft Information Technology Corporation, USA)	USA	India	**100.00%**	80.00%
NovaSoft Information Technology (Europe) Ltd. (100% Subsidiary of NovaSoft Information Technology Corporation,USA)	UK	India	**99.97%**	99.97%
Asia NovaSoft Technologies Private Limited (100% Subsidiary of NovaSoft Information Technology Corporation, USA)	Singapore	India	**99.97%**	99.97%
NovaSoft Information Technology Corporation, GMBH (100% Subsidiary of NovaSoft Information Technology Corporation, USA)	Germany	India	**99.97%**	99.97%
Technico Pty. Limited (Till August 16, 2007) (Refer note (iii) below)	Australia	India	-	77.65%
Chambal Agritech Limited (Till August 16, 2007)	India	India	-	77.65%
Technico Asia Holdings Pty. Limited (Till August 16, 2007) (Refer note (iii) below)	Australia	India	-	77.65%

Name of the Group Company	Country of Incorporation	GAAP in which accounts are prepared	Percentage of ownership as at 31.03.08	Percentage of ownership as at 31.03.07
Technico Horticultural (Kunming) Co. Limited (Till August 16, 2007) (Refer Note No. (iii) below)	China	India	-	77.65%
Technico Group America Inc. (Till August 16, 2007) (Refer Note No. (iii) below)	USA	India	-	77.65%
Technico ISC Pty. Limited (Till August 16, 2007) (Refer Note No. (iii) below)	Australia	India	-	77.65%
Technico Technologies Inc. (Till August 16, 2007) (Refer Note No. (iii) below)	Canada	India	-	77.65%
ISG NovaSoft Technologies Limited (100% Subsidiary of CFCL Ventures Limited)	India	India	**100.00%**	100.00%
ISGN Solutions Limited (100 % Subsidiary of ISG NovaSoft Technologies Limited)	Ireland	India	**81.05%**	81.05%
Dynatek Inc. (100% Subsidiary of NovaSoft Information Technology Corporation USA) (Refer note (iv) below)	U.S.A.	India	**100.00%**	-
Inuva Info Management Private Limited (Refer note (iv) below) (71% Subsidiary of ISG NovaSoft Technologies Limited, India)	India	India	**71.00%**	-
Joint Ventures				
Indo Maroc Phosphore S.A.	Morocco	Moroccon	**33.33%**	33.33%
Associates				
Zuari Investments Limited	India	India	**50.00%**	50.00%

Notes:

(i) The Company's wholly owned subsidiary Chambal Biotech Private Limited (CBPL) divested entire stake in its subsidiary Technico Pty Ltd, Australia on August 16, 2007. CBPL has also filed an application for striking off its name from the register of companies in Singapore, which is already accepted by the concerned department in Singapore. The name of the Company has also been published in official gazette of the Government of Singapore on May 6, 2008. As per the local laws, the name of the Company will be struck off from the register of companies after expiry of three months from the date of publishing the name of the Company in official gazette. In view of this, the Company has liquidated its investment against return of capital from CBPL and loss of Rs.13.25 lacs on such transaction has been charged off to Profit & Loss Account.

(ii) During the year, the Company has made further investment of Rs.10 lacs in its wholly owned subsidiary company namely Chambal Infrastructure Ventures Limited (CIVL). Further, CIVL has incorporated three 100% subsidiaries namely Gulbarga Cement Limited, Chambal Energy (Orissa) Limited and Chambal Energy (Chhattisgarh) Limited with an initial equity contribution of Rs.5.00 lacs in each of the above subsidiaries.

(iii) Chambal Biotech Private Limited has disposed off its investment in Technico Pty Limited during the year on August 16, 2007 at a total consideration of Rs.8382. 10 lacs.

(iv) CFCL Overseas Limited has acquired 100% controlling interest in Dynatek Inc., U.S.A. and 71% interest in Inuva Info Management Private Limited, India.

3. Contingent liabilities (not provided for) in respect of:

(Rs. in lacs)

Sr. No.	Particulars	2007-08	2006-07
a)	Outstanding bank guarantees	-	117.95
b)	Outstanding amount against counter guarantees given to Banks/ Financial Institutions on account of loans given by the said Banks/ Financial Institutions to Bodies Corporate.	**959.65**	4443.99
c)	Show cause/ demand/ notices by Customs, Sales Tax and Income Tax authorities being disputed by the Company	**1707.38***	1335.61*
d)	Differential amount of custom duty in respect of machinery imported under EPCG Scheme including interest thereon.	**1799.26**	2300.55
e)	Various labour cases	**Amount not ascertainable**	Amount not ascertainable
f)	Other claims against the Company not acknowledged as debts.	**4.24****	208.07**
g)	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.	**230.33**	230.33
h)	Legal suit filed by an Ex-employee of Indian Subsidiary	**2000.00**	-

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

(Rs. in lacs)

Sr. No.	Particulars	2007-08	2006-07
1.	**Income Tax:**		
	- Interest on TDS Refund & Interest u/s 234 C	-	0.23
	- Demand for A.Y. 2002-03 - Order u/s 220(6)	**864.77**	-
	- Demand for A.Y. 2005-06 - Order u/s 143 (3)	**562.97**	-
	- Demand for Penalty for A.Y 2005-06 - Order u/s 220(6)	**0.10**	-
	- Demand for A.Y. 2006-07 - Order u/s 220(6)	**28.24**	-
	- Assessment order dated 28.12.2006 & demand Notice dated 19.03.2007	-	911.29
2.	**Sales Tax:**		
	- CST Interest Demand - Purchases of packing bags for Seeding Programme	-	0.43
	- CST Demand - Purchases of packing bags for Seeding Programme	-	282.06
	- RST Demand - Purchases of packing bags for Seeding Programme	-	47.36
	- Miscellaneous RST & CST demand	**56.51**	51.05
3.	**Land Tax:**		
	- Demand notice	**80.04**	-
4.	**Service Tax/ Excise Duty/ Custom Duty:**		
	- Show cause notice received on services received from Non-Resident.	**22.73**	22.73
	- Show cause notices received for excise duty on damaged urea/ urea shortage.	**30.00**	20.46
	- Show cause notice received for service tax on providing cable operator services to employees in Gadepan township.	**2.73**	-
	- Show cause notice regarding custom duty on Brimstone 90	**59.29**	-
	Total	**1707.38**	1335.61

** Brief description of Contingent Liabilities as per (f) above:

(Rs. in lacs)

Sr. No.	Particulars	2007-08	2006-07
1.	Demand for arrear of water charges raised by Irrigation Department towards water drawn from Kalisindh river during the period 1993-97	-	198.85
2.	Other Miscellaneous Claims.	**4.24**	9.22
	Total	**4.24**	208.07

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 (c), (e), (f) and (g) above and hence no provision is considered necessary against the same.

4. 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 judgement in 1996. In spite of making conscious efforts to step up use of jute packaging material, the Company had been unable to adhere to the specified percentage, due to strong customer resistance to use of jute bags. The Company had received show cause notice from the Office of the Jute Commissioner, Kolkata, for levying a penalty of Rs.7380.36 lacs for non compliance of the provisions of the said Act. The Company has obtained a stay order from Delhi High Court against the above show cause notice and has been advised that the said levy is not tenable in law.

5. 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 Fertlisers Industry Coordination Committee (FICC) of Ministry of Fertilisers, the Government of India under Subsidy Scheme.

6. 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 Fertlisers Industry Coordination Committee (FICC) of Ministry of Fertilisers, the Government of India under Subsidy Scheme.

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

(Rs. in lacs)

8. Particulars	2007-08	2006-07
Estimated amount of contracts remaining to be executed on capital account (net of advances)	**75682.80**	92668.55

9. Pre-operative expenditure (pending for allocation)

During the year, the Company has incurred some expenditure related to acquisition of fixed assets (including new ships in Shipping Division) and therefore accounted for the same under Capital work in progress which will be allocated to fixed assets once it is capitalized. The break up of expenditures is as follows:

(Rs. in lacs)

Particulars	2007-08	2006-07
Salaries, wages and bonus	**76.78**	34.15
Workmen and staff welfare expenses	**0.64**	-
Raw material consumption	**-**	218.09
Consumption of stores and spares	**57.53**	5.84
Travelling and conveyance	**27.85**	-
Insurance	**-**	23.01
Power and Fuel	**-**	47.02
Legal and professional fees	**13.34**	-
Interest expenses	**8238.13**	4568.20
Communication costs	**1.06**	-
Miscellaneuous expenses	**6.64**	18.29
Bank charges	**0.12**	-
Total	**8422.09**	4914.60
Less: Sales	**-**	(81.36)
Less: Stocks	**-**	(209.83)
Less: Capitalised	**-**	(128.40)
Net pre-operative expenditure (pending for allocation)	**8422.09**	4495.01

Preoperative expenditure incurred by the subsidiaries are as follows:

Particulars	2007-08 (Rs. in lacs)
Legal and professional charges	66.18
Coal linkage expenses	10.00
Total	**76.18**

10. Segment Information

Primary Segment: Business Segment

The Company's operating businesses are organized and managed separately according to the nature of products manufactured and services provided. The four identified reportable segments are Own Manufactured Fertilizers, Own Manufactured Phosphoric Acid, Trading and Shipping. The "Own Manufactured Fertilizers Segment" includes manufacture and marketing of urea which is a controlled commodity, the price and distribution of which is decided by the Government of India (GOI). The "Own Manufactured Phosphoric Acid" 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 "Shipping Segment" includes transportation of crude oil and dry/ liquid products through vessels owned and/ or hired by the Shipping Division.

The 'Others' segment includes the yarn and food processing business activities of the Company.

Secondary Segment: Geographical Segment

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

Segment Information

The following table presents segment revenues, results, assets & liabilities in accordance with AS-17 as on 31.3.2008.

(Rs. in lacs)

Particulars	Own Manufactured Fertilisers		P205		Trading		Shipping		Others		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Revenue												
External Sales/ Income	190442.80	200391.25	33715.19	26,655.25	34052.03	22336.21	32824.52	17796.79	36627.12	30047.72	327661.66	297227.22
Inter Segment Sales	-	-	-	-	-	-	-	-	-	-	(1342.09)	(378.93)
Total Sales	190442.80	200391.25	33715.19	26655.25	34052.03	22336.21	32824.52	17796.79	36627.12	30047.72	326319.57	296848.29
Unallocated Revenue	-	-	-	-	-	-	-	-	-	-	2184.02	1215.48
Total Revenue											328503.59	298063.77
Results												
Segment Result	27113.97	26992.58	5945.95	2962.32	2399.61	909.54	7886.52	3937.76	(6678.38)	(4491.31)	36667.67	30310.89
Unallocated Expenses (net)	-	-	-	-	-	-	-	-	-	-	5022.63	2973.45
Operating Profit before Exceptional Items	-	-	-	-	-	-	-	-	-	-	31645.04	27337.44
Exceptional Items	-	-	-	-	-	-	-	-	-	-	7263.23	867.53
Interest Expenses	-	-	-	-	-	-	-	-	-	-	9601.74	10518.16
Interest Income	-	-	-	-	-	-	-	-	-	-	1885.91	568.68
Income Tax	-	-	-	-	-	-	-	-	-	-	7562.48	6884.35
Net Profit after Exceptional Items	-	-	-	-	-	-	-	-	-	-	23629.97	11371.14
Share in Profit of Associates	-	-	-	-	-	-	-	-	-	-	82.82	60.07
Share of Minority Interest in Losses	-	-	-	-	-	-	-	-	-	-	30.11	152.16
Net Profit for the year	-	-	-	-	-	-	-	-	-	-	23742.90	11583.37
Other Information												
Segment Assets	185326.22	194622.94	18461.78	21760.10	6228.37	12776.37	97930.40	75941.42	20427.16	52080.77	328373.93	357181.60
Unallocated Assets	-	-	-	-	-	-	-	-	-	-	54483.84	19592.56
Total Assets	-	-	-	-	-	-	-	-	-	-	382857.77	376774.16
Segment Liabilities	11426.69	9389.87	6958.22	7191.36	1258.65	987.47	2244.17	1758.87	4377.67	5833.40	26265.40	25160.97
Unallocated Liabilities	-	-	-	-	-	-	-	-	-	-	239819.79	260123.69
Total Liabilities	-	-	-	-	-	-	-	-	-	-	266085.19	285284.66
Capital Expenditure (Including FEV impact)	8756.62	7,424.80	863.82	2,699.43	-	7.71	27114.48	52343.68	14498.60	17825.49	51233.52	80,301.11
Depreciation	13245.67	13946.55	2913.77	2794.05	-	10.40	3034.85	2795.50	5259.25	2133.53	24453.54	21680.03
Unallocated Depreciation/ Amortisation	-	-	-	-	-	-	-	-	-	-	123.09	125.69
Non-cash expenses other than Depreciation & Amortisation	61.85	221.52	-	-	-	-	-	-	48.53	42.74	110.38	264.26

Secondary Segment Reporting (by Geographical Segments)

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

(Rs. in lacs)

Particulars	2007-08	2006-07
Revenue from Domestic Market	**267006.02**	253590.71
Revenue from Overseas Markets	**61497.57**	44473.06
Total	**328503.59**	298063.77

Geographical segment wise receivables:

(Rs. in lacs)

Particulars	2007-08	2006-07
Receivables from Domestic Markets	**15197.98**	52782.70
Receivables from Overseas Markets	**6934.98**	7476.93
Total	**22132.96**	60259.63

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

11. Gratuity, Earned Leave and Other Post Employment Benefit Plans:

The group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is funded with an insurance company in the form of a qualifying insurance policy. The Company has also provided for long-term compensated absences which are unfunded.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

Profit and Loss Account

Net employee benefit expense (recognised in Employee Cost)

(Rs. in lacs)

Particulars	Gratuity		Leave Encashment	
	2007-08	2006-07	2007-08	2006-07
Current service cost	**110.91**	78.60	**103.01**	100.52
Interest cost on benefit obligation	**70.98**	66.54	**71.71**	70.89
Expected return on plan assets	**(14.85)**	(13.26)	**-**	-
Net actuarial (gain)/ loss recognized in the year	**16.55**	16.89	**56.98**	21.29
Past service cost	**-**	-	**-**	-
Net benefit expense	**183.59**	148.77	**231.70**	192.70
Actual return on plan assets	**10.32**	14.33	**-**	-

Balance Sheet

Details of Provision for Gratuity and Leave Encashment

(Rs. in lacs)

Particulars	Gratuity		Leave Encashment	
	2007-08	2006-07	2007-08	2006-07
Defined benefit obligation	**905.87**	921.34	**896.71**	907.78
Fair value of plan assets	**114.03**	163.96	**-**	-
Less: Unrecognised past service Cost	**-**	24.03	**-**	-
Plan asset/ (liability)	**(791.84)**	(733.35)	**(896.71)**	(907.78)

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

(Rs. in lacs)

Particulars	Gratuity		Leave Encashment	
	2007-08	2006-07	**2007-08**	2006-07
Opening defined benefit obligation	**921.34**	890.42	**907.78**	917.79
Interest cost	**70.98**	66.54	**71.71**	70.89
Current service cost	**110.91**	78.60	**103.01**	100.52
Benefits paid out of funds	**(167.21)**	(138.87)	**-**	-
Benefits paid by Company	**(49.53)**	6.83	**(242.77)**	(202.71)
Actuarial (gains)/ losses on obligation	**19.38**	17.82	**56.98**	21.29
Closing defined benefit obligation	**905.87**	921.34	**896.71**	907.78

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

(Rs. in lacs)

Particulars	Gratuity	
	2007-08	2006-07
Opening fair value of plan assets	**163.96**	182.09
Expected return	**14.85**	12.24
Contribution by employer	**106.46**	107.53
Benefits paid	**(167.21)**	(138.87)
Actuarial (gains)/ losses on obligation	**(4.03)**	0.97
Closing fair value of plan assets	**114.03**	163.96

The Company expects to contribute Rs.90 lacs (approx.) to gratuity in 2008-09.

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

Particulars	Gratuity (%)	
	2007-08	2006-07
Investments with insurer	**100**	100

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

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

Particulars	**2007-08 %**	2006-07 %
Discount Rate	**8.00**	8.00
Expected rate of return on assets	**9.25-9.75**	8.30
Employee turnover rate	**1 to 6**	1 to 3

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

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

(Rs. in lacs)

Particulars	Gratuity		
	2007-08	2006-07	2005-06
Defined benefit obligation	**905.87**	921.34	890.42
Plan assets	**114.03**	163.96	182.09
Less Unrecognized past service cost	**-**	24.03	-
Surplus/ (deficit)	**791.84**	733.35	708.33

This is the second year of adoption of Accounting Standards 15 (Revised), therefore, three years figures have been disclosed as required by para 120 (n) of AS 15.

Contribution to Defined Contribution Plans:

(Rs. in lacs)

Particulars	2007-08	2006-07
Provident Fund/ Pension Fund	**34.16**	769.29
Superannuation Fund	**176.23**	224.20

12. Related Party Disclosures

During the year, the Company entered into transactions with the related parties. Those transactions along with related balances as at 31st March, 2008 and for the year then ended are presented in the following table.

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

(a) Joint Ventures
Indo Maroc Phosphore S.A., Morocco,

(Rs. in lacs)

Nature of Transactions	2007-08		2006-07	
Outstanding balances as at the year end Receivables		**39.02**		20.06
Indo Maroc Phosphore S.A., Morocco	**39.02**		20.06	

(b) Associates
Zuari Investments Limited

(Rs. In lacs)

Nature of Transactions	2007-08		2006-07	
Services expenses		**49.67**		11.79
Zuari Investments Limited	**49.67**		11.79	
Interest and guarantee commission income		**48.79**		27.13
Zuari Investments Limited	**48.79**		27.13	
Rent income		**16.14**		12.57
Zuari Investments Limited	**16.14**		12.57	
Other income				0.33
Zuari Investments Limited			0.33	
Loans/deposits granted		**3560.00**		1900.00
Zuari Investments Limited	**3560.00**		1900.00	
Loan/deposits refunded		**3950.00**		1510.00
Zuari Investments Limited	**3950.00**		1510.00	
Outstanding Loan balance at the year end				390.00
Zuari Investments Limited			390.00	
Outstanding balances as at the year end Receivables		**8.73**		0.81
Zuari Investments Limited	**8.73**		0.81	

(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	Current Year		Previous Year	
Dividend Paid				0.22
Mr. Sunil Sethy			0.09	
Mrs. Rita Sethy			0.07	
Mrs. Deepali Kapoor	**0.02**	**0.02**	0.06	
Interest Paid				
Mrs. Deepali Kapoor	**0.28**	**0.28**		
Mr. Hemant Kapoor	**0.58**	**0.58**		
Rent Expenses				15.18
Mr. Anil Kapoor				
Mr. Sunil Sethy			15.18	
Remuneration paid to Managing Director		**78.76**		81.40
Mr. Anil Kapoor	**78.76**		8.38	
Mr. Sunil Sethy			73.02	
Outstanding Balances as at the year end		**20.60**		
Loan	**20.60**			
Mr. Anil Kapoor			-	

Note:

The transactions relating to reimbursement of actual expenses to/ from related parties have not been considered in the above.

13. Details of Loans and Advances to parties 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	
	31.03.08	31.03.07	**2007-08**	2006-07
Loans and Advances to Associates				
- Zuari Investments Limited	**-**	390.00	**1215.00**	1300.00
Loans and advances to firms/ Companies in which directors are interested				
- The Oudh Sugar and Industries Limited	**-**	-	**1000.00**	-
- Upper - Ganges Sugar and Industries Limited	**-**	-	**1000.00**	-
- Govind Sugar Mills Limited	**1000.00**	-	**1000.00**	-
Investments by the above mentioned loanees in the shares of the Company				
- Upper Ganges Sugar and Industries Limited	**70.42**	70.42	**70.42**	70.42
- Govind Sugar Mills Limited	**0.19**	0.19	**0.19**	0.19

14. Earning Per Share (EPS)

Sr. No.	Particulars	2007-08	2006-07
I	Calculation of Weighted Average Number of Equity Shares 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 Previous year	**416207852**	416207852
II	Profit for the year after tax (Rs./lacs)	**23742.90**	11583.37
	Profit available to equity shareholders (Rs./lacs)	**23742.90**	11583.37
III	Basic/Diluted earning per share (In Rs.)	**5.70**	2.78
IV	Nominal value of equity share (In Rs.)	**10.00**	10.00

15. a. The Company has made further investment of Rs.2047.31 lacs and Rs.286.04 lacs in its wholly owned subsidiaries CFCL Overseas Limited, Cayman Island and India Steamship Pte. Limited, Singapore respectively in the current year.

b. The Company has sold one of its division i.e. food processing unit at a total consideration of Rs.2263.18 lacs in the current year. After adjusting the net assets of the above Division, a net gain of Rs.126.51 lacs has been accounted for in the current year.

The cash inflows on sale of Food Processing Division are derived below:

(Rs. in lacs)

Sr.No.	Particulars	Current Year
1.	Net fixed assets	**1053.19**
2.	Net current assets	**1083.48**
	Net assets	**2136.67**
3.	Add: Profit on sale	**126.51**
4.	Total sale consideration received	**2263.18**

(c) The Company has sold one of its subsidiary Technico Pty Limited, Australia on August 16, 2007 at a total consideration of Rs. 8382.10 lacs in the current year. After adjusting the net assets of the above Subsidiary, a net gain of Rs. 3643.27 lacs has been accounted for in the current year.

(Rs. in lacs)

Sr.No.	Particulars	Current Year
1.	Net fixed assets	**6001.11**
2.	Net current assets	**(1262.28)**
	Net assets	**4738.83**
3.	Add: Profit on sale	**3643.27**
4.	Total sale consideration received	**8382.10**

16. During the year, the Company has received fertilizers bonds of Rs.38358 lacs from the Ministry of Fertilisers, the Government of India against the outstanding amount of subsidy receivable. The market value of above bonds are lower than cost therefore the diminution in the value of above bonds amounting to Rs.1875 lacs has been accounted for. The aforesaid bonds have been classified as "Other Current Assets" in the financial statements.

17. Goodwill in the Balance Sheet as per the details given below represents goodwill arising on acquisition of NovaSoft Information Technologies Corporation, USA and Inuva Info Management Private Limited. Such Goodwill has been tested for impairment using the cash flow projections that are based on most recent financials budgets/ forecasts approved by management and accordingly, no amortisation has been made during the year.

(Rs. in lacs)

Particulars	2007-08	2006-07
NovaSoft Information Technologies Corporation	**3984.12**	1890.52
Chambal Biotech Private Limited	**-**	5264.17
Inuva Info Management Private Limited	**358.57**	203.45
CFCL Technologies Limited	**358.72**	-
Total	**4701.41**	7358.14

The investment made by ISG Novasoft Technologies Limited (ISGN), India amounting to Rs.725.06 lacs in one of its subsidiaries ISGN Solutions Limited, Ireland has been written off in the standalone accounts of ISGN during the year due to continued losses incurred by the subsidiary. Consequently, goodwill arising out of consolidation of the above entity amounting to Rs.203.47 lacs has been written off during the year.

18. Disclosures in respect of movement in provision account as per the requirements of Accounting Standard 29:

(Rs. in lacs)

Nature of Provision	Balance as at 01.04.07	Additions during the year	Amounts used during the year	Unused amounts reversed during the year	Balance as at 31.03.08
Direct taxes (on account of income tax demand for various disallowances)	261.37	-	-	261.37	-

19. Nitrogenous Fertilizers are under the Concession Scheme as per New Pricing Scheme implemented w.e.f. 1st April, 2003. The concession price of Urea upto September 30, 2006 has been accounted for on the basis of notified concession price and equated freight rate for both Gadepan I and II plant under the New Pricing Scheme (NPS) Stage II further adjusted for input price escalation / de-escalation and other known policy parameters. Pending notification of concession price under the NPS - Stage III effective from October 1, 2006, the concession prices after escalation / de-escalation adjustment have been based on estimated impact of the NPS - Stage III parameters.

    Contribution from additional production and sales of urea a) upto 110% of the re-assessed capacity and b) beyond 110% of re-assessed capacity, have been accounted for in accordance with the known policy parameters.

    The current year subsidy income is inclusive of Rs.150.41 lacs (Previous Year Rs.51.02 lacs) being the subsidy income pertaining to earlier years, determined during the year.

20. Subsidy on traded products has been accounted based on quarterly concession rate as notified by the Government of India. Pending notification of the final concession price applicable for the period October 2007 to March 2008, the same has been accounted for on an estimated basis in line with the known policy parameters.

21. 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.457.04 lacs during the year and accordingly reduced from interest expenses

22. The Company has investments of Rs.20013.76 lacs in the Share Capital of CFCL Overseas Limited, Cayman Islands. CFCL Overseas Limited, Cayman Islands in turn has investment in ISG NovaSoft Technologies Limited, India (ISGN) and NovaSoft Information Technology Corporation, USA (NovaSoft) through other step down subsidiaries. As per the latest financial statements of ISG NovaSoft Technologies Limited (ISGN) and NovaSoft Information Technology Corporation, USA, their accumulated losses have resulted in erosion of significant portion of the net worth of these companies. These being long-term strategic investments and also in view of projected profitable operations of these companies, in the opinion of management, no provisions are required to be made on this investments.

23. Leases

(a) The Group has taken certain fixed assets of the cost of Rs.476.98 lacs (Previous year Rs.149.43 lacs) on finance lease. The lease payment made during the year amounts to Rs.251.71 lacs (Previous year Rs.105.29 lacs), out of which Rs.214.94 lacs (Previous year Rs.81.45 lacs) has been adjusted against Principal and Rs.36.77 lacs (Previous year Rs.23.84 lacs) has been shown as Finance Lease Charges. The interest rate for various lease varies from 10% to 12%. There is no 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, 2008 is as follows:

(Rs. in lacs)

Period	2007-08			2006-07		
	Lease Payment	**Principal**	**Finance Lease Charges**	Lease	Principal Payment	Finance Lease Charges
Payable within one year	**219.04**	**195.80**	**23.24**	95.80	77.50	18.30
Payable after one year but before 5 years	**326.94**	**301.83**	**25.11**	181.99	159.12	22.87
Payable after 5 years	**-**	**-**	**-**	-	-	-

(b) The Group has entered into Operating Lease Agreements for the premises which are non- cancelable. The lease payments recognised in the statement of Profit and Loss Account during the period amounts to Rs.116.70 lacs (Previous year Rs.95.17 lacs). 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, 2008 is as follows:

(Rs in lacs)

Period	Lease Payments	
	2007-08	2006-07
Payable within one year	**794.59**	439.78
Payable after one year but within five years	**2153.57**	1907.60
Payable after five years	**999.24**	-

(c) The lease payments, other than cases covered in point no. (b) above i.e. cancellable leases, recognised in the statement of Profit and Loss Account during the period amounts to Rs.1283.41 lacs (Previous year Rs.521.20 lacs). There are no restrictions imposed by lease arrangements.

(d) Sub lease payment amounting to Rs.32.28 lacs (Previous Year Rs.30.02 lacs) has been recognized in the statement of Profit & Loss Account.

(e) The Company has leased out its building on operating lease which is cancellable. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

Particulars	Amount (Rs. in lacs)	
	2007-08	2006-07
Gross Block	**160.27**	599.98
Accumulated Depreciation	**28.76**	82.99
Depreciation expense for the year	**8.74**	10.54

24. Deferred payment liabilities

a. Deferred payment liabilities comprises of Deferred Sales Tax amount to Rs.199.82 lacs (Previous Year Rs.299.74 lacs) and Deferred Supplier's Credit amount to Rs.9572.43 lacs (Previous Year Rs.13341.21 lacs). Deferred Sales Tax repayable within one year is Rs.99.92 lacs (Previous Year Rs.99.92 lacs).

b. Liability under Deferred Supplier's Credit and interest accrued thereon amounting to Rs.9697.31 lacs (Previous Year Rs.13514.46 lacs), is guaranteed by Financial Institutions and Banks which, in turn, are secured by 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 book debts and assets of Shipping Division), subject to prior charges created / to be created in favour of Bankers / Financial Institutions on movables for securing working capital borrowings, ranking pari passu with the charges created / to be created in favour of Financial Institutions, Banks and others for securing various Loans/ Guarantee Assistance and in favour of trustees for Non Convertible Debentures. This includes amount payable within one year Rs.4786.21 lacs (Previous year Rs.4447.07 lacs).

25. The Board of Directors of ISS Holdings Ltd (a subsidiary of erstwhile India Steamship Company Limited) had applied on November 11, 2003 to the Registrar of Companies, West Bengal to strike off the name of the Company under Section 560 of the Companies Act, 1956 in terms of the Simplified Exit Scheme offered under General Circular No 17/78/2001 – CL. V dated 25.03.2003 issued by the Department of Company Affairs. Notification in this regard is awaited.

26. Merger and Acquisition

(a) Effective April 1, 2007, NovaSoft Information Technology Corporation, U.S.A (NITC) acquired 100% of controlling interest in Dynatek Inc., for a total consideration of Rs.7989.02 lacs. The consideration was discharged by payment of Rs.4393.96 lacs in cash and Rs.3595.06 lacs by way of Convertible Promissory Notes (CPN's) carrying an interest rate of 2.5% per annum.

In terms of the CPN,

- Principal and accrued interest shall become due and payable on May 21, 2010.
- Before the maturity date, the lenders have the sole option to convert the entire amount of principal and accrued interest into ordinary shares of the Company.
- On the maturity date, unless earlier converted into shares, the Company at its sole option discharges the obligation by payment of cash or by converting into Ordinary shares of the Company.

In the event the conversion option is exercised, the outstanding amount will be converted into Ordinary shares at a conversion price of US$27.2727 per Ordinary share.

(b) (i) During the year, NITC has acquired the balance 20% minority stake in mortgagehub.com Inc., for Rs.111.85 lacs and thus making it as its wholly owned subsidiary.

(ii) During the year, the NITC has also issued CPNs for an amount of Rs.1256.27 lacs towards settlement of additional purchase consideration for acquisition of mortgagehub.com.

In terms of the CPN,

- 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 the Company.
- On the maturity date, unless earlier converted into shares, the Company at its sole option discharge the same by payment of cash or by converting to Ordinary shares of the Company as per the terms of the agreement.

In the event the conversion option is exercised, the CPN's are convertible into 340,000 Ordinary shares at a conversion price of US$9.25 per Ordinary share.

(c) During the year, ISGN India acquired 71% of the equity shares of Inuva Info Management Private Limited, a Company incorporated under the Indian Companies Act, effective November 1, 2007 for a total purchase consideration of Rs.448.21 lacs subject to adjustments in Net Current Assets. ISGN India has paid 40% of the total consideration and the balance payable as at March 31, 2008 amounting to Rs.268.04 lacs is included in Purchase consideration payable in Current liabilities.

(d) Effective February 1, 2008, MortgageHub entered into an Asset Purchase Agreement to acquire all assets, contractual rights and to assume certain liabilities of Cocamar, Inc, an Arizona Corporation from the owners of Cocamar Inc, for a consideration of Rs.355.91 lacs. MortgageHub has paid Rs.116.51 lacs and the balance payable as at March 31, 2008 amounting to Rs.239.40 lacs is included in Purchase consideration payable in Current Liabilities

27. The Novasoft Information Technology Corporation USA, a foreign subsidiary of the Company engaged in software operations, maintains a stock option plan ("The plan") for its employees, consultants and directors. The Plan expired during the year. No Options were exercised and consequently there is no charge to the profit and loss account on account of this. No new plan introduced this year.

28. Exceptional items include:

a. Profit on Sale of a ship viz. MT. 'Ratna Shalini', a 1987 built single hull Aframax tanker, amounting to Rs.2290.87 lacs.

b. Gain on slump sale of Food Processing Division amounting to Rs.126.51 lacs

c. Gain on disposal of Technico Pty Limited and its subsidiaries amounting to Rs.3643.27 lacs.

d. The principal activities of one of the subsidiary company i.e. NovaSoft Information Technology (Europe) Limited in United Kingdom ceased with effect from September 30, 2007 consequent to the assignment of its customer contracts, staff and lease agreements to Intelligroup Limited. The consideration received in this regard amounting to Rs.603.05 lacs has been shown as income from sale of business.

e. NovaSoft Information Technology Corporation U.S.A. and ISG NovaSoft Technologies Limited, India received Rs.599.53 lacs towards non-compete fees from Intelligroup Limited post divestment of business of the subsidiary in United Kingdom. The consideration received in this regard has been shown as Non-compete fees.

29. Excise duty on sales amounting to Rs.51.68 lacs has been reduced from sales in profit & loss account and excise duty on increase/decrease in stock amounting to Rs.0.39 lacs has been considered as expense in Schedule 22 of financial statements.

30. Derivative Instruments:

A. Derivative outstanding as on 31.3.2008

Sr. No.	Details of Derivatives	Currency/Pair of Currency	Amount	Amount (Rs. in lacs)	Purpose
I	**Forward Contracts**				
	Buy	INR-USD	USD 2,000,000 (5,613,254)	802.50 (2486.25)	To hedge the principal and interest of Liabilities under deferred payments
	Buy	INR-JPY	USD - (23,103,000)	- (10202.53)	To hedge the principal and interest of Liabilities under deferred payments
	Buy	USD-JPY	JPY 449,668,750 (-)	1685.05 (-)	To hedge the principal and interest of Liabilities under deferred payments.
	Buy	INR-USD	USD 700,000 (-)	280.88 (-)	To hedge the principal and interest of Liabilities under deferred payments
	Sell	INR-USD	USD 1,200,000 (-)	480.14 (-)	To hedge the charter hire receivables
II	**Options**				
	Buy	USD-JPY	- JPY (300,000,000)	- (1118.66)	To hedge the principal and interest of Liabilities under deferred payments
III	**Swap**				
	Buy	INR-USD	USD 3,873,288 (6,046,000)	1554.16 (2800.39)	To hedge the Principal and interest of a rupee term loan.

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

S. No.	Nature of exposure and amount				
	Exposure in Foreign currency	Sundry Creditors & other Payables payment	Loans/Libilities under deferred receivables	Sundry Debtors & other	Investments
1.	USD	3,826,064 (3,145,140)	217,556,211 (152,458,368)	17,998,083 (14,635,684)	
2.	SGD	23,771 (44,767)	-	28,932 (42,097)	
3.	JPY	13,462,889 (2,282,570)	2,028,217,325 (2,819,872,450)	- (-)	
4.	EURO	244,080 (450,880)	- (-)	- (-)	
5.	AED	46,478 (45,576)	- (-)	- (-)	
	Exposure – (Rs. in lacs)	1,409.70 (1,094.86)	95,064.58 (76,736.24)	3,171.77 (961.88)	28,813.12 (34,652.28)

Notes:

1) Unhedged Loan/ Liabilities under deferred payments of Rs.75717.17 lacs (Previous Year Rs.68196.66 lacs) are not payable within next one year.

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

3) Previous year figures have been given in bracket.

31. During the year, pursuant to a Share Purchase Agreement entered into between the CFCL Technologies Limited and NEA FDI Ltd., and NEA IndoUS Ventures, LLC, the Company had issued the following Preference Shares:

Name of the Investor	Par Value per share	Issue Price per share	No. of Shares Issued	Share Capital	Share Premium	Total Value
NEA FDI	US$ 0.0001	US$ 9.1892	2,357,963	US$ 236 (Rs.0.09 lacs)	US$ 21667558 (Rs.8655.13 lac)	US$ 21667794 (Rs.8655.22 lac)
NEA IndoUS Ventures, LLC	US$ 0.0001	US$ 9.1892	589,491	US$ 59 (Rs.0.02 lacs)	US$ 5416892 (Rs.2163.79 lac)	US$ 5416951 (Rs.2163.81 lac)
CFCL Overseas Limited	US$ 0.0001	US$ 9.1892	426,072	US$ 43 (Rs.0.02 lacs)	US$ 3915218 (Rs.1563.93 lac)	US$ 3915261 (Rs.1563.95 lac)

The above Preference shares are convertible into ordinary shares in the ratio of 1:1 subject to adjustments set forth in the Articles of Association of the Company. The preference shareholders may generally elect to convert into ordinary shares at any time. All preference shares will automatically convert under the following circumstances:

a) immediately prior to Qualified IPO (as defined in the Articles of Association of the Company) or

b) if the holders of a majority of the then-outstanding preference shares elect, in writing or by vote, to convert their Preference shares into Ordinary shares.

32. Details of the Company's share in Joint Ventures included in the Consolidated Financial Statement are as follows:

(Rs. in lacs)

Particulars	2007-08	2006-07
SOURCES OF FUNDS		
Shareholders Fund	-	-
Reserves & Surplus (Post Acquisition)	6658.41	1685.64
Loan Funds		
Secured Loans	-	-
Unsecured Loans	262.91	4409.09
Total	6921.32	6094.73
APPLICATION OF ASSETS		
Fixed Assets		
Gross Block	33922.07	34339.35
Less: Accumulated Depreciation	23679.38	20963.47
Net block	10242.69	13375.88
Capital Work in Progress (including capital advance)	6.33	-
Intangible Assets	61.59	-
Current Assets, Loans & Advances		
Inventories	1302.18	1090.05
Sundry Debtors	4096.30	5539.16
Cash & Bank Balances	5707.20	1191.08
Other Current Assets	20.70	-
Loans & Advances	973.08	563.93
Less: Current liabilities & Provisions		
Current Liabilities	6958.52	7161.26
Net Current Assets	5140.94	1222.96
Total	15451.55	14598.84
INCOME		
Income from Operations	33131.59	25535.60
Other Income	672.75	1119.65
EXPENDITURE		
Raw Material Consumed	16333.65	12691.22
Personnel Expenses	689.78	1075.45
Manufacturing/Operating & Other Expenses	6856.39	7150.06
Depreciation	2913.77	2794.05
Financial Charges	1158.55	960.08
(Increase)/decrease in stocks	(33.89)	(57.16)
(Loss)/Profit Before Tax	5886.09	2041.55
Provision for Tax :		
Current Tax	1102.88	222.47
Deferred Tax		
Net (Loss)/Profit After Tax	4783.21	1819.08

33. Figures pertaining to the Subsidiaries, Joint Venture and Associate have been reclassified wherever considered necessary to bring them in line with the Company's financial statements.

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

As per our report of even date

For **S.R. BATLIBOI & CO.**
Chartered Accountants

per **Manoj Gupta**
Partner
Membership No - 83906

Place : Gurgaon
Date : May 15, 2008

For and on behalf of the Board of Directors

Anil Kapoor
Managing Director

H.S. Bawa
Vice Chairman

K.K. Birla
Chairman

Abhay Baijal
Vice President - Finance

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

Place : New Delhi
Date : May 15, 2008

- India's largest private sector urea producer
- Two state-of-the art nitrogenous fertiliser plants at Gadepan, Kota, Rajasthan
- Investment of US$ 500 million
- Two plants have a combined production capacity of about 2 million tonnes of urea per annum

- ISO-14001:2004 certification for its Environment Management System, OHSAS 18001:1999 certification 2005 by British Safety Council
- 5-star rating for its Occupational Health & Safety Management System by British Safety Council

CHAMBAL FERTILISERS AND CHEMICALS LIMITED

Registered Office : Gadepan, Distt. Kota, Rajasthan - 325 208

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