



CHAMBAL FERTILISERS
AND CHEMICALS LIMITED



Enriching Land, Transforming Lives



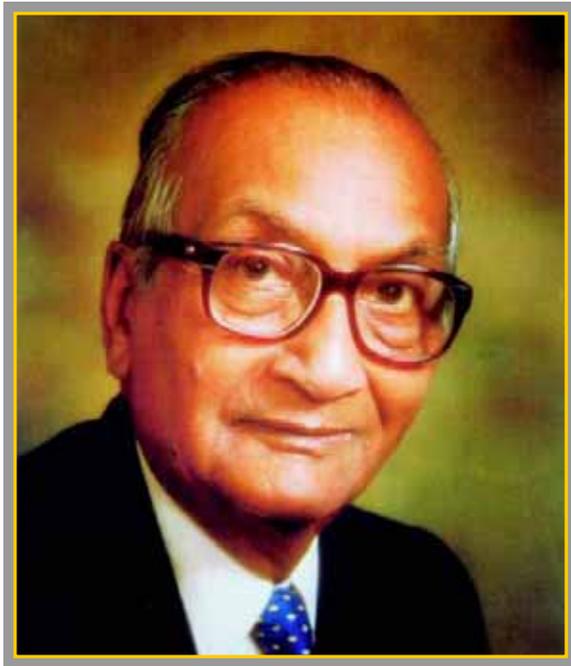
CHAMBAL FERTILISERS AND CHEMICALS LIMITED

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

A N N U A L R E P O R T 2 0 0 8 - 0 9

Contents

Dr. K.K. Birla – A Tribute	4
Chairman's Message	6
Board of Directors	8
Corporate Information	9
Corporate Profile	10
Performance at a Glance	28
Key Financial Highlights	29
Directors' Report	30
Auditors' Certificate on Corporate Governance	43
Report on Corporate Governance	44
Management Discussion and Analysis Report	59
Auditors' Report	66
Balance Sheet	70
Profit & Loss Account	71
Cash Flow Statement	72
Schedules to Financial Statements	74
General Business Profile	103
Consolidated Auditors' Report	107
Consolidated Balance Sheet	108
Consolidated Profit & Loss Account	109
Consolidated Cash Flow Statement	110
Consolidated Schedules to Financial Statements	112



Dr. Krishna Kumar Birla
1918-2008

Industry legend, nation builder, philanthropist, writer and karmayogi. Chambal's founder Chairman and inspirational leader

The founder Chairman of the K. K. Birla Group of Companies belonged to one of India's most admired business families. As contributors to India's industrial growth, generous philanthropists or as patrons of the arts, the Birla family has always been synonymous with India's prosperity. Under his able leadership, the K. K. Birla Group, of which Chambal Fertilisers is a part, grew to become one of India's most respected business houses with a presence in fertilisers, media, textiles, sugar, shipping, heavy engineering and engineering services, furniture, information technology and financial services.

Literature was his lifelong passion. Academically distinguished as a Hindi Prabhakar (Hons. in Hindi) and D.Litt (Honoris Causa), he was the author of several works and his publications enriched the field greatly. He set up the K. K. Birla Foundation and the K. K. Birla Academy, which have done commendable work in encouraging sports, literary talent, scientific research, Indian philosophy and literature.

With his eyes set firmly on the future of the nation, Dr. Birla was one of the few noted industrialists who supported the economic reforms in the nineties when most others were worried about increasing foreign competition affecting long established comfort zones. As head or board member of a number of business chambers and trade bodies and patron and past president of the Federation of Indian Chambers of Commerce and Industry (FICCI), he encouraged Indian industry and trade to embrace the future wholeheartedly. He was instrumental in changing the mind-set of the Indian business community.

An eminent parliamentarian and lifetime member of the Congress party, he was elected thrice to the Rajya Sabha and was a member of various committees appointed by the government of India, where he contributed significantly to debates and helped shape public policy.

His contribution towards education in the country has been immense. He was the Chairman of the Birla Education Trust, a position he held till 2006. He was also the chancellor of the Birla Institute of Technology and Science (BITS) and Chairman of BITS Pilani since July 1983. He initiated many changes in the functioning of the institute after taking over the reins. BITS is a deemed university. 5,000 students graduate from BITS every year, 80% of whom are engineering graduates. It is now one of the premier educational institutions in the country with a number of distinguished alumni.

These were just some of the areas where this remarkable personality left his mark. His legacy continues in the form of K. K. Birla Foundation and K. K. Birla Academy, Birla Education Trust and Chambal Fertilisers.

Chairman's Message

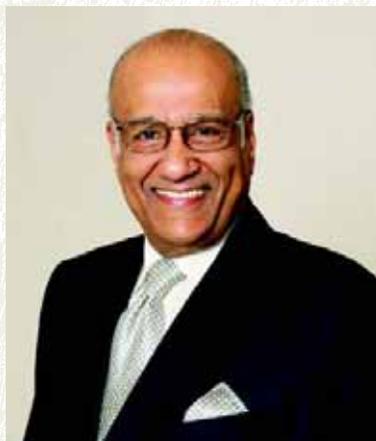
Dear Shareholder,

It is my pleasure to present the 24th Annual Report of Chambal Fertilisers and Chemicals Limited for the year 2008-09. I take this opportunity to share with you my thoughts on the overall economic scenario and the performance of your Company.

The financial year 2008-09 has seen an unprecedented slow down of the world economy. It is believed that the current economic meltdown is the worst since the depression of 1930s. We have seen some of the top Fortune 500 companies disappear from the corporate horizon and many more are struggling to survive. Fortunately, the governments across the globe have been very swift in addressing the unprecedented liquidity crisis and have put in place well structured rescue packages for the economic revival. Although the worst may seem to be behind us, the economic recovery particularly in the developed countries is going to be slow. The sustainability of the economic recovery would depend on how the economies perform after the stimulus measures and easy credit policies have run their course.

The globalization of the Indian economy has increased the significance of external trade and capital inflows and it is therefore not possible for India to insulate itself from the global economic woes. The slowdown in the consumer spending in the world's largest economy viz. the United States has hit the exports of our textiles and the contraction in the world trade has affected the shipping business. The overall impact on India's economy, however, has not been significant when compared to those of the developed countries. This essentially reflects the sound fiscal and monetary policies of our Government and the resilience of Indian economy.

In the year 2008-09, the Indian economy grew at the rate of 6.7%, a decline of 2.3% over 2007-08.



The deceleration in the growth was witnessed across most of the sectors including agriculture which saw a decline in growth from 4.9% over the preceding three years to 1.6%. The decline is attributed to the fall in production of non-cereal crops such as oil seeds, cotton, sugarcane, jute et al.

The last two years have seen unprecedented volatility in the international commodity markets. The oil prices peaked at US\$ 147 per barrel and other commodities including the fertilizer raw material and finished products saw a similar volatility. Following the economic downturn the prices have declined appreciably but they are far from stable.

India is a net importer of fertilizer raw materials and finished fertilizers. The gap between demand and the indigenous production of Urea and phosphatic fertilizers has increased significantly as no additional capacity has been created since 1999. The large imports of Urea and DAP have led to the firmness of their prices in the international market and consequent increase in the subsidy burden.

The balanced fertilization is of paramount importance to ensure that the increased farm productivity is commensurate with the increase in the fertilizer consumption. To encourage the balanced use of fertilizers, the Government is considering gradual decontrol of all fertilizers and changing the Present Product Based Subsidy to the Nutrient Based Subsidy. This will lead to fresh investment in the fertilizer sector, higher agriculture production and improved returns to the farmers. The Government has mandated that the fertilizer industry be given the highest priority in the allocation of gas. This policy directive has enabled the industry to replace part of the more expensive regassified LNG with Gas in the existing gas based plants. However, the Government now has to ensure that long term supply of gas to the fertilizer industry is guaranteed for setting up much needed indigenous capacity in the country.

The performance of our core business viz. Fertilizers has been very satisfactory in 2008-09 despite the volatility in the commodity markets and the financial crisis. The debottlenecking of both the Ammonia and Urea plants at Gadepan have been successfully completed.

Your company operates in the tanker segment of the Shipping industry. The freight rates are down across all tanker segments but are expected to improve once single hull ships phase out in the year 2010. Due to volatility in charter rates and no clarity on future outlook, charterers are showing reluctance to commit periods beyond 12 months. Fortunately for us, India Steamship has chartered all its new tankers for a period of 3 years and is thus protected from the freight market volatility over this period.

Financial year 2008-09 was one of the worst years for the Indian Textiles and Clothing industry. Weak global demand on the one hand and large capacity addition under the Technology Upgradation

Fund Scheme (TUFS) in the last few years, in anticipation of strong growth in exports and domestic demand has affected the industry adversely. The textile business is continuously striving to keep its head above the water. The optimization of our operations is a continuous effort and we have initiated several cost control steps to remain competitive in the present market. Our textile unit at Baddi is working satisfactorily despite these adverse conditions.

The drought in the current year in most parts of the country including our marketing area is a serious concern as it has severely impacted the foodgrain production in the Kharif season. However, with large inventories of foodgrains with the Government, supply of essential cereals to every Indian is ensured. Your Company has intensified its efforts in the area of 'extension services' with a view to mitigate, to the extent possible, the hardship to the farmers. The sales of your Company has not been affected because of low opening inventory of Urea in the country and good offtake in the initial phase of the monsoon.

Finally, I draw great comfort from the fact that the conduct of our business is truly guided by the highest ethical and moral standards set by our founder Chairman, Dr. K.K. Birla. We are committed to maximize returns to our shareholders through sustainable and profitable growth by following these values.

I would like to place on record my appreciation for the dedication and commitment of every employee of the Company in ensuring smooth and efficient operations across all our businesses.

With best wishes,


Saroj K. Poddar
Chairman

Board of Directors



Seated (L to R): Dipankar Basu, S.K. Poddar (Chairman), Shyam S. Bhartia (Co-Chairman), H.S. Bawa (Vice Chairman)
 Standing (L to R): Anil Kapoor (Managing Director), R.N. Bansal, C.S. Nopany, Marco Wadia

Corporate Information

Directors

S.K. Poddar
 Chairman

Shyam S. Bhartia
 Co-Chairman

H.S. Bawa
 Vice Chairman

Anil Kapoor
 Managing Director

R.N. Bansal

Dipankar Basu

C.S. Nopany

A.J.A. Tauro

Marco Wadia

Senior Executives

Abhay Bajjal
 Vice President – Finance

D.L. Birla
 Executive President – BTM

Alok Dayal
 Vice President – Corporate HR

P.K. Gandhi
 President – HR

Vinod Mehra
 President – Operations

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

Arun Sharma
 Executive President – India Steamship

V. Vijay Shankar
 Vice President – Strategic Planning

Auditors

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
 HDFC Bank Limited
 IDBI 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

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Enriching Land, Transforming Lives

Around the world, food grain consumption is outstripping its production. For India too, the challenge is to grow more food for a burgeoning population. With fragmented and small sized landholdings, low productivity, climate change and dwindling water resources, it has become imperative for this country to explore all options to increase food production.

One highly effective solution is to increase the mass of arable land by enriching nutrient-deficient soils. This solution is embedded in Chambal's vision to create a sustainable agrarian economy for delivering food security for India.

The key driver of Chambal's vision is Uttam Bandhan – a pioneering agriculture development and community welfare programme, initiated in partnership with farmers. The basic premise of the Uttam Bandhan programme is that agricultural productivity and incomes are inextricably linked to the fertility of farm land.

The main thrust of Uttam Bandhan, therefore, is re-vitalization and reclamation of cultivable land. Uttam Bandhan is one of the largest technology-based interventions for promoting and managing soil health in rural India by a private sector fertilizer company in India. The programme has positively transformed the lives of over 75,000 farmers in ten states in the northern, central and western regions of the country.

This year, Chambal's Annual Report documents its efforts in boosting land fertility, crop productivity and prosperity in rural India.

Envisioning a food-secure India



Chambal's Uttam Bandhan programme is ensuring sustainability in agriculture

A trend-setting agriculture and community development programme, Uttam Bandhan is playing a key role in protecting and renewing arable land through the practice of sustainable agriculture. Specifically, this initiative is changing mind-sets, restoring soil health, transforming farm practices and empowering farmers in Chattisgarh, Gujarat, Haryana, Jammu & Kashmir, Madhya Pradesh, Punjab, Rajasthan, Uttar Pradesh, Bihar and Uttarakhand.

Chambal is employing both new-age as well as traditional media for sharing a wealth of information, ideas and skills with farmers. Hello Uttam, a telephone help line service answers a farmer's questions in his own local language; and Chambal Ki Chitti, a newsletter addresses issues close to a farmer's heart.

Farmers are using these contact programmes to access information on scientific farming practices, learn about new, high quality agri-inputs, locate authorized dealers, ascertain prevailing market prices, get the latest local weather forecast and know about non-farm businesses.

Most significantly, it is helping them cope with problems such as nutrient-deficient soils, low water tables and indiscriminate use of fertilisers and pesticides.

The delivery touch point for Uttam Bandhan is the Uttam Krishi Sevak (UKS) – an agriculture extension worker, recruited from the local village. About 300 educated unemployed youth have been enrolled as Uttam Krishi Sevaks. The UKS works closely with the farmer at each and every stage of the crop cycle, through contact programmes such as crop and

product demonstrations, field trials, training programmes and farmer meets.

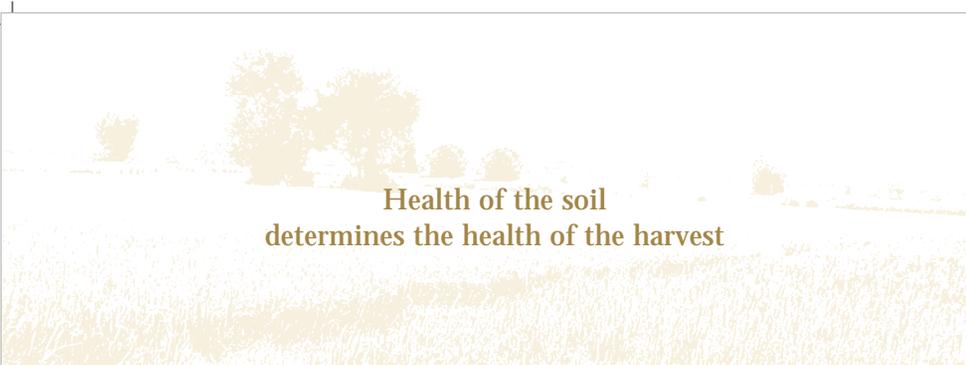
In a nutshell, the Uttam Bandhan Programme is addressing two problems in one go. On the one hand, it is popularizing the practice of sustainable agriculture. On the other, it is providing gainful employment to unemployed rural youth.



Uttam Bandhan Uttam Parivartan!

Chatter Singh Tyagi, a farmer in Garhi Gadsan, Agra who grows wheat, mustard, bajra and potato had been facing the problem of low crop yields. He got his soil tested at Chambal's Agricultural Development Laboratory; and the report helped him identify the nutrient deficiencies in the soil. On taking corrective actions, as proposed by Chambal, he saw crop yields jump up significantly. This year alone, he has made an additional profit of Rs. 5500 per acre.





Health of the soil determines the health of the harvest



Chambal's pioneering soil management initiative is restoring soil health and boosting crop productivity

The single most important factor that determines crop productivity and quality, ensures long term sustainability and promotes environment well-being is the soil. It is the one critical resource that supplies nutrients and water and provides anchorage to crop plants.

Since soil is neither inexhaustible nor self-sustaining, there is a need to test soil so that its health can be restored back. Chambal's soil management initiative is a pioneering move in this regard. Till date, Chambal had conducted over 400,000 soil tests in ten states.

Chambal collects soil and water samples from the farms and sends it for testing to its Agriculture Development Laboratory (ADL) either at Sriganaganagar or Agra.

The soil test reports are then explained to the farmers. Based on the condition and nature of the soil, the agro-climatic zone, available irrigation methods and infrastructure, crop planning is undertaken. The farmers are advised on the correct use of macro and micro nutrient inputs; crop rotation and good agricultural practices.

Chambal's Labs are providing a spectrum of services for the benefit of tens of thousands of farmers in the northern, central and western regions of the country.

The services include:

- Testing the soil with the idea of identifying the problem and suggesting solutions. The soil is tested for macro and micro nutrients, salinity, alkalinity, sulphur, etc.
- Promoting balanced and economical use of fertilisers for soil health management and better crop production.

- Preparing block and district wise soil fertility maps.
- Suggesting suitability of soil for plantation of different crops and fruits.
- Determining quality of underground water for irrigation purposes.
- Promoting efficient utilization of underground water.

To improve the quality and reach of its soil health programme, Chambal has teamed up with major domain experts such as the Agriculture Technology Management Agency (Department of Agriculture, Government of India), Agriculture Universities, Krishi Vigyan Kendras and Agriculture Research Stations.

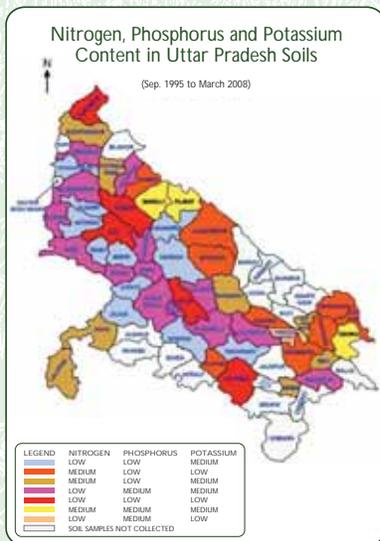
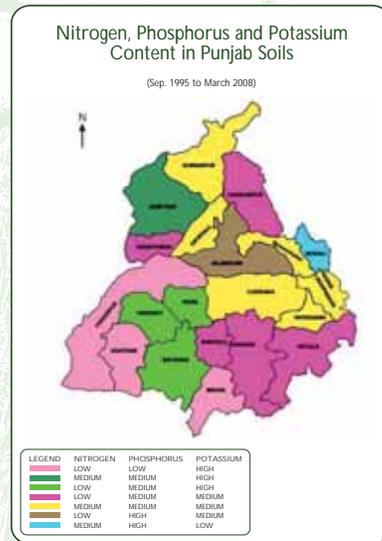


Uttam Bandhan Uttam Parivartan!

Pati Ram Tyagi, a multi-crop farmer owns a 12-acre farm at Vrithla, Agra. Testing of the soil and water at his farm helped him devise a balanced fertilization and micro-nutrient programme, which has resulted in better harvests on a sustained basis. He has been associated with the Uttam Bandhan programme for the last 4 years.



Chambal has conducted over 400,000 soil tests in ten states. Based on the test results, detailed maps highlighting the macro and micro nutrient status of the soils have been developed. This data is benefiting tens of thousands of farmers in their quest to improve the fertility of land and enhance crop quality and productivity.



Chambal is actively engaged with farmers in restoring soil health



Farmers depend on Chambal to fulfil all their agriculture related needs



Chambal's network of one-stop shops retail a range of quality agri products and services

In the last two decades, Chambal has earned the trust of farmers by making a real difference in their professional lives. For tens of thousands of farmers, Chambal is their all-weather friend, someone they can turn to, in good and bad times.

At the forefront of Chambal's transformative change initiative in rural India is Uttam Veer, its flagship urea brand and a range of other fertilisers such as neem coated urea, DAP (Di-Ammonium Phosphate), MOP (Muriate of Potash) and SSP (Single Super Phosphate).

However, Chambal's commitment to farmers goes beyond just providing world-class fertilisers.

Chambal retails products for virtually each stage of the crop cycle. Right from tilling the land and sowing seeds, to nurturing and harvesting a crop, a farmer can turn to Chambal for virtually all his agriculture related needs.

Its 15000-strong network of village level outlets (backed by 1300 dealers and 10 regional offices) caters to their needs in ten states in the northern, central and western regions of India.

Besides fertilisers, these one-stop shops retail seeds, weedicides, pesticides, insecticides, fungicides and other agri-inputs – enabling the farmer to buy all products from one source. Since most of these products are sourced from reputed suppliers and sold under the Uttam brand name, the farmer is assured of quality at reasonable prices.

But these single-window outlets are more than just shops or platforms for launching new Chambal products.

They also double up as extension arms of the Uttam Bandhan Programme.

Farmers are encouraged by the Uttam Krishi Sevaks to meet outside these retail outlets to discuss day-to-day farm-related problems, weather bulletins, market prices, latest developments in the field and new insights for improving crop quality and productivity.



Uttam Bandhan Uttam Parivartan!

Narain Lal Pushkarna, a multi-crop farmer in Kharoda, Udaipur has been associated with the Uttam Bandhan programme for three years.

According to him, his exposure to modern farm practices and agricultural inputs has led to better crop quality and yields.



Ensuring a better life for village communities



Chambal is playing a catalytic role in creating sustainable development in rural India

Many years ago, Chambal took the decision to embed sustainability goals in its business strategies. It matched its commitment to create shareholder value by a corresponding commitment to create societal value. The idea was to enlarge the company's role in improving life in rural India.

Chambal's full-spectrum CSR programme, recently branded Uttam Roshni, has been designed to realize larger societal objectives such as sustainable economic, social, educational and environmental development.

The geographical focus of the CSR programme has been the 14 villages abutting the Gadepan plant. All interventions have been designed and implemented in consultation with the local administration and with the active participation of the target beneficiaries.

Chambal has ensured long-term availability of potable water by building tube wells, water storage tanks and water huts. It has also ensured that the villages are free of water logging and remain connected with the outside world by constructing pebbled roads, culverts and drains.

Furthermore, it is securing the future of children by strengthening the school infrastructure (constructing boundary walls, classrooms and toilets), making available computers, free stationery, uniforms and encouraging sporting and extra curricular activities.

Chambal is empowering women by way of vocational training and skill enhancement programmes such as tailoring, spices processing and soap and papad manufacturing. The employability and earning capacity of young men, too, is improving as they learn new skills like motor driving, computers,

motor re-winding and two-wheeler, AC and refrigerator repairing.

Besides, Chambal is helping farmers supplement their incomes by encouraging them to explore non-agricultural businesses like poultry, fish farming, cattle and goat breeding.

Chambal is also promoting good health practices by organizing special camps on family planning, eye care, gynaecology and general hygiene. It has a round-the-clock ambulance service which provides free medical treatment and medicines in the nearby villages. Additionally, blood donation and immunization drives are undertaken.



Uttam Bandhan Uttam Parivartan!

Devi Singh Chauhan, a potato farmer at Naya Bas, Agra owns 8 acres of agriculture land. He has been associated with the Uttam Bandhan programme for the last 4 years. Following the soil analysis of his land, he was advised by Chambal to use Sulton (90% Sulphur Bentonite). As a result, potato yield shot up by 11 quintal per acre, and net profit increased by Rs. 6000 per acre, on an additional investment of just Rs. 600.



Creating an earth-friendly corporation



Chambal is committed to reducing its environmental footprint

Chambal's objective is to promote environmental sustainability through implementation of compatible technologies. It has adopted a strategy of continuous process improvements and stringent quality standards. Complementing these efforts is a comprehensive, integrated environment management system comprising ground water recharging through rain water harvesting, energy cogeneration, pollution control, green energy use and waste recycling.

The company conforms to the highest international benchmarks: ISO-14001:2004 (Environment Management System Standard), ISO-9001:2000 (Quality Management System Standard) and OHSAS-18001:2007 (Occupational Health and Safety Management Standard).

Chambal re-cycles more than 98% of the effluents. The balance waste water is used in maintaining a green belt through a 65-km long irrigation network spread across the plant complex. Solid waste including hazardous material is safely disposed to approved re-cyclers. Use of polythene bags is banned in the Gadepan campus.

Chambal has successfully created a green landscape out of a barren and rocky land. Gadepan's 213-hectre campus is now dotted with over 2.28 lakh trees and is teeming with more than 100 species of birds. This financial year, 2200 new trees were planted in and around the plant.

Efforts are underway to engage stakeholders at each stage of the production and marketing cycle with the objective of sensitizing them to key environment issues. Chambal's efforts to create an earth-friendly

corporation have earned it the recognition of some of the world's most prestigious environment organizations, some of which are:

- Environment Gold Award for the year 2006-07 from Greentech Foundation.
- Golden Peacock Eco-Innovation Award (GPEIA) for the year 2006 from World Environment Foundation.
- Golden Peacock Environment Management Award (GPEMA) for the year 2005 from World Environment Foundation.

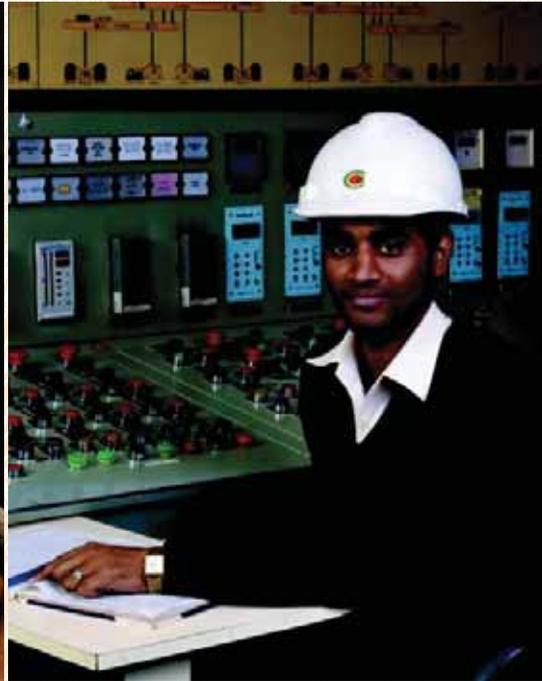
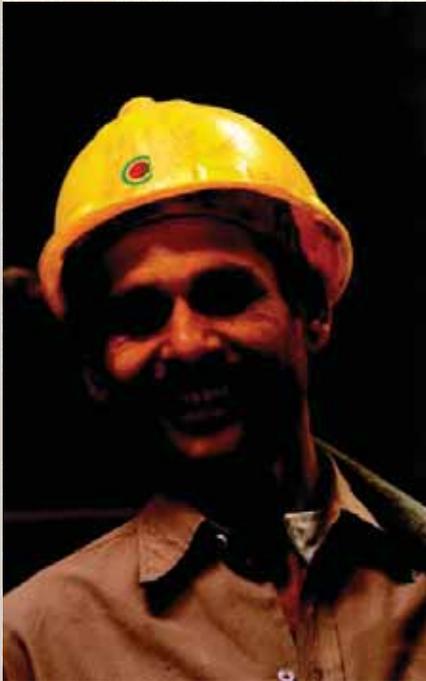


Uttam Bandhan
Uttam Parivartan!

Amba Shankar Pushkarna, a wheat farmer in Kharoda, Udaipur has been associated with the Uttam Bandhan programme for the last 4 years. Recently, he participated in Chambal's 'Wheat Productivity Improvement Programme', which involved a soil test of his farm. By implementing Chambal's recommendations (based on the soil test report), his earnings rose by Rs. 4,300 per acre.



Well-being and safety of employees is a priority



Chambal believes that a happy and healthy work-force is a productive asset

For Chambal, the safety and health of its employees and their families is a priority. Consequently, an integrated safety and occupational health programme, conforming to OHSAS 18001:2007 has been implemented. Chambal has initiated action to implement Process Safety Management System based on 29 CFR 1910.119 developed by OSHA, USA in its operations. Most importantly, it has won international accolades for its Occupational Health and Safety Management System at Gadepan, some of which are:

- British Safety Council Sword of Honour for excellence in Occupational Health & Safety Management System in 2007 and 2008.
- British Safety Council Five Star safety rating for 2006, 2007 and 2008.
- Greentech Foundation's Greentech Safety Gold Award for 2008.
- Ranked 4th for excellence in safety, health and environment in fertilizer production in 2009 by the International Fertilizer Association.

The company has a well-defined onsite disaster management plan which also involves local administration and other industries in the area. Regular mock-drills are conducted to check the emergency preparedness of the safety systems. Workshops and seminars are regularly organized to sensitize employees about safety-related issues. Audits are conducted to identify and rectify gaps in the safety management programme.

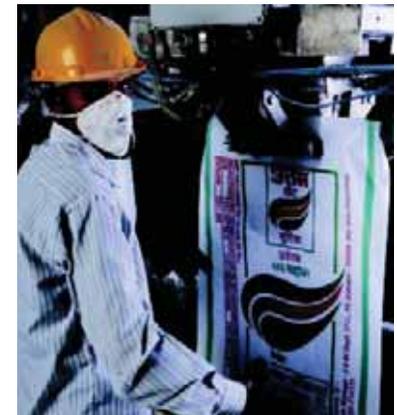
Chambal is also continuously monitoring and upgrading its processes to improve health and hygiene standards. The work environment is monitored to prevent occupational hazards. An on-site medical centre, health awareness programmes and regular health assessment of employees are critical adjuncts of the company's 'safety first' policy.

Another strategic priority for Chambal is the empowerment and professional growth of its employees and strengthening the leadership pipeline. With a view to plugging skill gaps, Chambal has introduced a technical competency assessment system for all its employees. Simultaneously, the company continues to invest in the development of leadership, managerial and technical capabilities through mentoring, on-the-job training and specialized education at premium management and engineering institutes.



Uttam Bandhan
Uttam Parivartan!

Harikant Tyagi, a multi-crop farmer owns 4 acres of arable land in Vrithla, Agra. He regularly gets his soil tested at Chambal's Agricultural Development Laboratory. According to him, soil testing has made a significant difference to crop yield and income. This year, balanced use of fertilisers and micro nutrients netted an additional income of Rs. 5300 per acre.



There is more to Chambal than just fertilizers!



Chambal's strong presence in shipping and textiles has de-risked its business model and generated additional revenue streams

India Steamship Company

Energy transportation is the backbone of international trade and an important infrastructure industry for India.



In 2004, Chambal acquired a foothold in this important industry by taking over India Steamship Company Limited, one of the country's oldest and most respected shipping companies. Today, India Steamship has a fleet capacity of over 5,00,000 DWT in the form of five Aframax tankers 'Ratna Urvi', 'Ratna Puja', 'Ratna Shruti', 'Ratna Shradha' and 'Ratna Namrata'. Three of these five Aframax tankers of about 1,00,000 DWT each joined the fleet between April and July 2008. Another ship ordered from Hyundai Heavy Industries, Korea is scheduled to join the fleet in the first quarter of 2010.

Chambal's robust financial strength and market standing has added muscle to India Steamship. To enhance its competitiveness, India Steamship is acquiring critical mass by adding tonnage by way of chartering activities through a subsidiary in Singapore. What's more, double-hull vessels are being sourced, in line with international shipping standards. Simultaneously, its corporate strategy is being re-aligned to make it more agile and customer focused in today's competitive global environment.

Birla Textile Mills

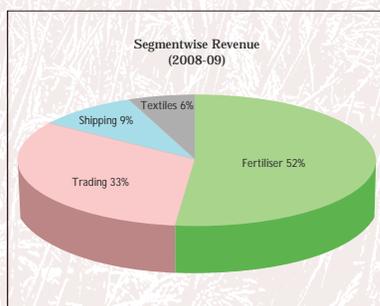
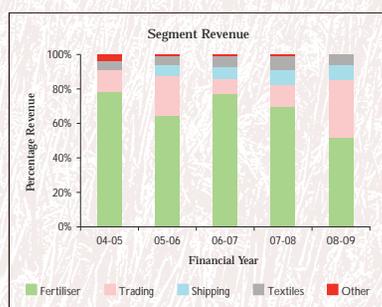
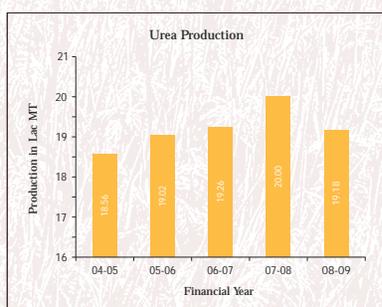
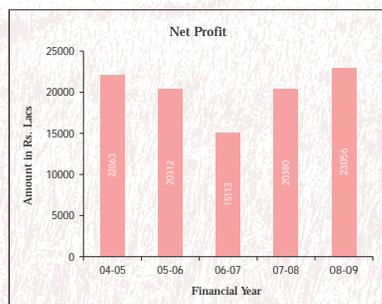
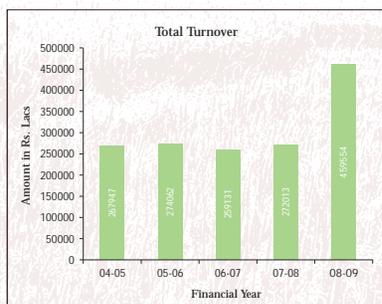
Birla Textile Mills (BTM), a division of Chambal was established in 2000. In less than a decade, BTM has emerged as leading name for textiles in India. It has a reputation for innovative products, impeccable quality and reliable service – attributes that are making it a partner of choice for demanding international customers.

BTM has set up a 83,376 spindle capacity, state-of-the-art plant at Baddi, Himachal Pradesh. The product roster includes cotton and synthetic grey and dyed blended yarns in various counts for the domestic and world markets. The plant conforms to ISO 9001:2000 standards for its quality management systems.

Presently, BTM exports around 25% of its aggregate production to countries in Europe and Asia. Looking ahead, exports will continue to be the key driver of BTM's growth strategy. Consequently, BTM is sharpening its competitive edge by adopting global manufacturing standards and management practices across the organisation.



Performance at a glance



Key Financial Highlights

(Amount in Rs. lacs)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Total Income	270950	275720	261366	280230	471498
Operating Profit (PBDIT)	44570	45778	47766	52070	65814
Cash Profits	37194	36208	32773	38874	45770
Profit Before Tax (PBT)	28101	28153	21763	26808	31810
Profit After Tax (PAT)	22063	20312	15113	20380	23056
Share Capital	41621	41621	41621	41621	41621
Reserves & Surplus	42730	54496	60591	72206	81815
Loan Funds	117866	98125	202698	189363	248170
Gross Block	281241	282772	325981	320825	466306
Net Current Assets	47829	32102	81580	67714	27769
Operating Profit Margin	16.63%	16.70%	18.43%	19.14%	14.32%
Net Profit Margin	8.23%	7.41%	5.83%	7.49%	5.02%
Return on Average Net Worth	26.41%	21.23%	14.81%	17.93%	18.70%
Debt Equity Ratio	1.40	1.02	1.98	1.66	2.01
Interest Coverage Ratio	3.77	5.18	3.27	3.66	3.52
Current Ratio	2.06	1.85	3.94	3.16	1.22
EPS (fully diluted)	5.35	4.88	3.63	4.90	5.54
Cash EPS (fully diluted)	9.03	8.70	7.87	9.34	11.00
Dividend per share	1.80	1.80	1.80	1.80	1.80
Dividend Rate	18%	18%	18%	18%	18%
Share Price as on 31st March	29.85	39.10	31.30	49.85	41.90
Market Capitalisation	124238	162737	130273	207480	174391

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 24th Annual Report together with audited accounts for the financial year ended March 31, 2009.

1. Financial Results and Appropriations

Particulars	(Rs. in crore)	
	2008-09	2007-08
(a) Turnover (excluding excise duty)	4595.54	2720.13
(b) Gross Profit after Interest but before Exceptional Items, Depreciation and Tax	535.63	428.85
(c) Depreciation / Amortisation	227.14	184.94
(d) Profit before Exceptional Items and Tax	308.49	243.91
(e) Exceptional items	9.61	24.17
(f) Profit before Tax	318.10	268.08
(g) Provision for Current Tax	104.09	94.40
(h) Provision for Deferred Tax	(18.44)	(31.89)
(i) Fringe Benefit Tax	1.12	1.26
(j) Provision for Tonnage Tax	0.77	0.51
(k) Profit after Tax	230.56	203.80
(l) Balance of Profit Brought Forward	516.89	401.92
(m) Transferred from Debenture Redemption Reserve	3.13	39.82
(n) Profit available for Appropriation	750.58	645.54
(o) Appropriations:		
• Tonnage Tax Reserve	9.50	16.00
• General Reserve	25.00	25.00
• Proposed Dividend on Equity Shares	74.92	74.92
• Tax on Dividend	12.73	12.73
(p) Balance Carried Forward to Balance Sheet	628.43	516.89

2. Dividend

The Board recommends dividend @ Rs. 1.80 per equity share of Rs. 10 each (Previous Year – Rs. 1.80 per equity share). The total outgo on this account will be Rs. 87.65 crore including dividend tax.

3. Tribute to Dr. K. K. Birla

The Board of Directors noted with deep regret the sad demise of the Company's founder Chairman, Dr. K.K. Birla on August 30, 2008. Dr. K.K. Birla was born in Pilani (Rajasthan) on November 11, 1918. Dr. K.K. Birla was a visionary,

philanthropist, educationist and noted parliamentarian apart from being a leading industrialist. Spiritual strength and moral values were part of his personal credo.

Dr. K.K. Birla was known for his dignified unassuming personality, intellect, meticulous planning, deep regard for punctuality, business acumen and dynamic leadership. He made an indelible mark in the field of industry, education, politics, art and culture. For him, achieving excellence was a journey and not a destination. The K.K. Birla Group covers a wide canvas with interest in fertilisers, media, textiles, sugar, shipping, engineering, engineering services, financial services, furniture, information technology and infrastructure sectors.

The Board places on record its gratitude of the valuable guidance provided by Dr. K.K. Birla during his association with the Company since inception.

4. Operations

The Fertiliser Business of the Company has fared well during the year under review inspite of several constraints including shortage of Gas. Your Company produced 19.18 lac MT of Urea during the year 2008-09 as against 20 lac MT achieved in the previous year. The sale of Urea during the year 2008-09 was 19.76 lac MT, marginally lower than the last year's sale of 20.05 lac MT. The production and sales of Urea were lower on account of loss of production due to stoppage of Gas supply for 5-6 days during Oil Sector Strike and hook-up shutdown of plants for de-bottlenecking. The Company also sold 2.66 lac MT of Di-ammonium Phosphate and Muriate of Potash during the year in addition to marketing of other fertilizers.

The Company has completed the partial de-bottlenecking of both its fertiliser plants situated at Gadepan. The implementation at Gadepan – I plant was completed in March 2009 and at Gadepan – II plant in April 2009. The partial de-bottlenecking will result in energy saving and marginal Urea capacity increase.

There has been substantial increase in the trade of pesticides and seeds with the revenue going up from Rs. 126.19 crore in the previous year to Rs. 175.60 crore during the year under review.

The Shipping Business added three new ships during the year and performed exceedingly well despite severe global downturn. The Textile Business achieved increase in revenues due to additional capacities but it has been impacted seriously because of recession coupled with high cotton prices.

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

5. Joint Ventures and Associates

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

IMACID declared its maiden dividend of 20% during the Year 2008. During the year 2008, IMACID produced 302,812 MT of Phosphoric Acid (P₂O₅) at daily average plant rate of 1,326 MTPD. Sales during the period were 275,854 MT of Phosphoric Acid. The prices of Phosphoric Acid were very volatile during the year 2008 which has adversely impacted IMACID during second half of the year 2008.

IMACID earned cash profit of MAD 413.9 Million (Rs. 2355.78 million) during the year 2008 as against MAD 477.5 Million (Rs. 2465.30 million) in 2007. The decrease in cash profit for 2008 is mainly on account of lower production, lower sales, lower realization of product price and reduction in value of stocks on fair valuation due to steep fall in prices. Lower production was mainly on account of constraint of Sulphur supply, limitation of product storage and stoppage of plants in November and December consequent upon low off take of Phosphoric Acid due to high volatility of Acid price.

(ii) Zuari Investments Limited

Zuari Investments is a member of both National Stock Exchange and Bombay Stock Exchange 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, Zuari Investments is also a member of Over the Counter Exchange of India and a Category-II Registrar and Share Transfer Agent registered with Securities and Exchange Board of India. Zuari Investments is also providing insurance broking through its subsidiary. It is in the process of expanding its service basket by adding commodity broking and other financial services through its subsidiaries. With these services, Zuari investments would be offering complete bouquet of financial services and shall become one stop shop for Stock Broking, Depository Participant, Investment Advisory, Insurance Broking, Share Transfer Agency and Commodity Broking Services.

Your Company has decided to divest its entire holding in Zuari Investments Limited. In the process, it has divested one third of its 50% holding in Zuari Investments to Zuari Industries Limited in March 2009. After this transaction, Zuari Investments has become a subsidiary of Zuari Industries Limited.

During the financial year 2008-09, the income of Zuari Investments Limited from various services was Rs. 908 lac and cash profit was Rs. 334 lac.

6. Subsidiaries

(i) Chambal Infrastructure Ventures Limited

Chambal Infrastructure Ventures Limited is a wholly owned subsidiary of your Company. This subsidiary is engaged in development of Power projects. It had set up 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.

During the year under review, the Project in Chhattisgarh has shown progress. The project has received in-principle approval from the Government of Chhattisgarh for land acquisition. The site is well suited for sourcing coal and water. Activities related to Land acquisition have commenced. The Government of Chhattisgarh has also approved firm water allocation from river Mahanadi for its annual requirement. The Power plant proposed to be set up will be based on the Super Critical technology which will make it more efficient and environment friendly. The coal linkage application has been recommended by Ministry of Power and is awaiting approval by the Ministry of Coal. The Ministry of Environment and Forests has approved Terms of Reference for setting up a 2X660 MW Project based on Super Critical technology on the proposed site.

Chambal Infrastructure has also signed Memorandum of Understanding with the Government of Orissa in February 2009 for setting up a 1200 MW thermal Power plant. The project has received in-principle approval for water from the State Government and the site has also been identified.

Gulbarga Cement Limited was a wholly owned subsidiary of Chambal Infrastructure which was set up to explore possibilities in cement sector. During the year, Chambal Infrastructure has disposed off its entire holding in Gulbarga Cement Limited to Zuari Industries Limited.

(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. CFCL Technologies Limited is the flagship company for software business and also a subsidiary of CFCL Overseas Limited.

The Software business operates into two segments of home mortgage vertical i.e. Products and Knowledge Process Outsourcing (KPO).

The Products business has been relatively stable during the Financial Year 2008-09 inspite of adverse market conditions. The gross margins on the products have increased steadily during the year because of the movement of the development function from USA to India. The segment has closed the year with USD 19 Million in revenues.

The KPO business made significant progress with the revenue growing from USD 2.4 million in 2007-08 to USD 17.6 Million during the Financial Year 2008-09. The KPO offshore business has grown due to increase in revenues from existing customers and acquisitions. Falling interest rates and resulting refinancing activity has resulted in higher revenues for this segment. Optimising the work force from an onsite-offshore perspective has resulted in better margin for this business. KPO Headcount increased from 414 during the first quarter of the year to 618 in the last quarter of the Year 2008-09.

The Software business as a whole earned revenues of USD 37.7 Million and EBIDTA before exceptional items of USD 2.6 Million during the year.

(iii) India Steamship Pte. Limited, Singapore

India Steamship Pte. Limited was incorporated in Singapore in the year 2006-07 as a wholly owned subsidiary of your Company, considering the favourable tax regime in Singapore. The company operated during the year through in-chartered tonnage.

India Steamship, Singapore has posted excellent performance during the year by earning a revenue of USD 25.08 million with a net profit (after tax) of USD 4.75 million.

Exemption: Your Company has received approval of the Government of India, exempting it under section 212(8) of the Companies Act, 1956 from attaching with its Annual Report, the copies of the Balance Sheet, Profit and Loss Account, Board of Directors' Report and Auditor's Report of its subsidiary companies. However, pursuant to Accounting Standard 21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company 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 regarding the importance of sustainable environmental 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. This year more than 98% of the effluents were recycled in the processes.

Rest of the waste water was used in maintaining green belt through a 65 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 (Rajasthan) 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 methods to manage Solid/ Hazardous Waste disposal after proper categorization. All 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 2.28 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. This year 2200 new trees were planted.

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 5.20 cubic meter per MT of urea. This level is one of the best in the Fertilizer Industry.

The Company is implementing a project for recharging of wells at different locations around the township in a phased manner by rain water harvesting.

(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 employees as well as equipment and machinery.

Besides establishing and maintaining Integrated Health and Safety Management System based on OHSAS 18001:2007, your company has initiated action to implement Process Safety Management System based on 29 CFR 1910.119 developed by OSHA 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.

Emergency Handling

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

EHS audits

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

(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 in the campus at Gadepan works round the clock to provide Health Services to employees, contractors, their families and community. The Company's 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 has received the following awards for improvement of EHS standards:

- British Safety Council Sword of Honour Award for 2008
- Ranked 4th for 2009 International Fertilizer Association's (IFA's) Green Leaf Trophy Award Laureate for excellence in safety, health and environment in fertilizer production.
- Runner-up of 'National Safety Award' in the category of "Manufacture of Chemicals & Chemical Products (Including Fertilizers)". This award was given for outstanding performance in Industrial Safety during the performance year 2006 based on "Accident Free Year".
- "PRASHANSA PATRA" by 'National Safety Council-India, in recognition for Developing & Implementing Effective Management System & Procedures and Achieving Good Performance in Occupational Health & Safety (OHS) for the assessment period of three years 2004-2006.
- "GOLD SAFETY AWARD-2008" from Greentech Foundation-for excellent Occupational Health & Safety Management System.

8. Corporate Social Responsibility

Your Company is committed towards the development of rural infrastructure and improvement in the quality of life in the villages in the vicinity of the plant at Gadepan. The activities include construction of Kharanja Road, School Class Rooms and Boundary walls around the Schools. Installation of Hand-pumps / Tube-wells and repairing of hand pumps for continuous supply of water.

Health Care has been an area of priority. The Health Centre in the plant area at Gadepan provides medical care to all nearby villagers. In addition to this, in the event of any serious accidents or other medical emergencies, ambulance facilities are provided to villagers for shifting such patients to District Hospitals at Kota / Anta.

The wives of employees have formed an Uttam Mahila Samiti. This samiti is providing uniforms, shoes, woolen clothes, other stationery items to the needy students and scholarship to meritorious students of the nearby villages for encouraging them to come to the School. Periodic Blood Donation Camps, Family Planning Camps, Health & Hygiene Camps are organized by Uttam Mahila Samiti for the benefit of health of the villagers. In addition to this, a unique Mobile Health Care programme has been started, wherein a Medical Team visits 2 villages everyday for providing free medical care and medicines to the villagers. Cultural, Social and Sports activities are also promoted through sponsorship round the year. Fire tender services are also provided to villagers in case of need.

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.

Your Company has inducted 3 new vessels during the year. These new double hull vessels are more energy efficient as compared to the old vessels. Information required to be furnished in Form A is not applicable to shipping industry. It has no information to furnish in Form B regarding technology absorption. Total foreign exchange earning and outgo with respect to the Shipping Division has been 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 2009-10.

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, 2009, your Company had 382 depositors with fixed deposits of Rs. 110.93 lac. 46 depositors had not claimed their Fixed Deposit amount of Rs. 10.75 lac as on that date. However, 9 depositors have since claimed/renewed their deposits of Rs. 2.30 lac. The remaining depositors are being advised at regular intervals to claim their deposits. Your Company has discontinued accepting new deposits with effect from July 1, 2008.

12. Employee Stock Option Scheme

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

13. Personnel

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

14. Directors

The Board has eight non-executive directors and a Managing Director. Three directors namely M/s. D. Basu, A. J. A. Tauro and Marco Wadia are due for retirement by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. Mr. M. D. Locke has resigned as a director w.e.f. April 21, 2009. The Board places on record its sincere appreciation of the services and guidance rendered by Mr. M.D. Locke during his long association with the Company.

The Board of Directors had appointed Mr. C. S. Nopany as Additional Director w.e.f. September 16, 2008. He holds his office upto the date of ensuing Annual General Meeting of the Company. In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company, the Company has received a notice in writing together with requisite deposit from a member proposing his appointment as director of the Company, liable to retire by rotation.

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".

15. Auditors

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

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

16. Corporate Governance

Auditors' 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.

17. Directors Responsibility Statement

Your Directors hereby report:

- a) that in the preparation of annual accounts, the applicable accounting standards have been followed along with 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, 2009 and of profit and loss account for the period ended March 31, 2009;
- 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; and
- d) that the Directors have prepared the annual accounts on a going concern basis.

18. Consolidated Financial Statements

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

19. Acknowledgements

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

By order of the Board

New Delhi
May 15, 2009

S. K. Poddar
Chairman

Annexure "A" to Directors' Report

Disclosure of Particulars with respect to Conservation of Energy:

a) Energy conservation measures taken

- Installation of Kellogg Reforming Exchanger System (KRES) & Auto Thermal Reformer (Secondary Reforming) in Ammonia-I Plant.
- Installation of additional Natural Gas Feed and Fuel preheat coil in Ammonia-I plant for reduction of flue gas temperature.
- Installation of additional Converter and Loop Boiler in Ammonia-I Plant.
- Installation of Pre-concentrator and Medium Pressure Pre-decomposer in Urea-I Plant.
- Installation of Vapour Absorption Machines for suction air chilling of Process Air Compressor in Ammonia-I Plant.
- Installation of Solar Water heaters in Hostel Building at Gadepan.

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

- Installation of additional Converter and Loop Boiler in Ammonia-II Plant.
- Installation of Vapour Absorption Machines for suction air chilling of Process Air Compressor in Ammonia - II Plant and Gas Turbine in Power Generation Plant and CO2 chilling in Urea - II Plant.
- Replacement of Bare tube bundles with Finned tube bundles in Boiler Feed Water Pre-heaters in Ammonia-II Plant.
- Installation of Low Pressure decomposer Pre-heater in Urea-II Plant.

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

The energy conservation measures mentioned at (a) and (b) above will result in reduction of energy by around 2%.

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 and Fuel Consumption			
1. Electricity			
(a) Purchased			
Unit	MWH	93,849.80	89,393.48
Total Amount	Rs.Lac	3,164.29	2,832.63
Rate/Unit	Rs./KWH	3.37	3.17
(b) Own generation			
(i) Through diesel generator			
Unit	MWH	1,593.61	6,290.21
Units per KL of Furnace oil	KWH	3.95	4.05
Units per KL of HSD	KWH	4.34	3.50
Cost /Unit	Rs./KWH	5.45	6.39

Particulars	Unit	Current Year	Previous Year
(ii) Through steam turbine/generator			
Quantity	MWH	149,267.62	160,073.44
Unit per SM ³ of Gas	KWH/SM ³	2.49	2.57
Cost/Unit	Rs./KWH	3.20	2.62
2. Coal			
(a) Charcoal (for Steam Generation for Dye House)			
Quantity	KG	4,065.00	-
Total cost	Rs. Lac	0.58	-
Average rate/Unit	Rs./Kg	14.27	-
(b) Steamcoal (For Steam generation for Dye House)			
Quantity	KG	52,150.00	-
Total Cost	Rs.Lacs	2.68	-
Average Rate/Unit	Rs./Kg	5.14	-
(c) Petcoke (For Steam generation for Dye House)			
Quantity(M.T.)	KG	27,630.00	-
Total Cost	Rs.Lacs	1.73	-
Average Rate/Unit	Rs./Kg	6.28	-
3. Furnace oil			
Quantity	KL	397.14	1,292.68
Total amount	Rs.Lac	85.21	303.92
Average rate	Rs./KL	21,456.13	23,510.94
4. Others/internal generation (please give details)			
a) Natural Gas (Ammonia-Fuel, Power & Steam)			
Quantity	1000SM ³	379,010.21	452,449.66
Total Cost	Rs.Lac	38,553.81	36,567.23
Average rate/Unit	Rs./1000SM ³	10,172.24	8,082.06
b) Naphtha (Ammonia-Fuel, Power & Steam)			
Quantity	MT	97,732.81	48,201.07
Total Cost	Rs.Lac	38,396.60	16,862.74
Average rate/Unit	Rs./MT	39,287.32	34,984.16
c) HSD			
Quantity	KL	3.97	356.39
Total Cost	Rs.Lac	1.13	101.11
Average Rate/Unit	Rs./MT	28,441.98	28,371.70
B CONSUMPTION PER MT OF UREA PRODUCTION			
Electricity (Incl. Internal Consumption)	KWH/MT	81.35	83.58
Natural Gas (Ammonia-Fuel, Power & Steam)	SM ³ /MT	197.60	226.22
Naphtha (Ammonia-Fuel, Power & Steam)	KG/MT	50.95	24.10
C CONSUMPTION PER MT OF YARN PRODUCTION			
Electricity (Incl. Internal Consumption)	KWH/MT	4,265.01	4,415.05
Furnace oil	KL/MT	0.02	0.07
HSD	KL/MT	0.00	0.01
D CONSUMPTION PER MT OF FROZEN VEGETABLE PRODUCTION			
Electricity (Incl. Internal consumption)	KWH/MT	0.00	7,513.18
HSD	KL/MT	0.00	0.33

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.

- Installation of Kellogg Reforming Exchanger System (KRES) & Auto Thermal Reforming (Secondary Reforming) in Ammonia-I Plant.
- Installation of additional Natural Gas Feed and Fuel preheat coil in Ammonia-I plant for reduction of flue gas temperature.
- Installation of additional Converter and Loop Boiler in Ammonia-I Plant.
- Installation of Pre-concentrator and Medium Pressure Pre-decomposer in Urea-I Plant.
- Installation of Vapour Absorption Machines for suction air chilling of Process Air Compressor in Ammonia-I Plant.
- Installation of Solar Water heaters in Hostel Building at Gadepan.
- 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.
- Marginal increase in capacity.
- Increase in productivity of Birla Textile Mills.

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:

- a) Technology Imported: Low energy process from M/s. Kellogg Brown and Root of USA for Ammonia – I.
- b) Year of Import: 2006-07
- c) Has technology been fully absorbed: Yes, technology has been fully absorbed during the Financial Year 2008-09.

Foreign Exchange Earnings and Outgo

Foreign Exchange used : Rs. 380.12 crore
Foreign Exchange earned : Rs. 348.69 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.

Sl. No.	Name	Designation	Qualifications	Age (Years)	Experience (Years)	Date of Commencement of employment	Remuneration received (Rs.)	Last Employment	
								Employer's Name	Post held
A. Employees who were employed throughout the year and were in receipt of remuneration in aggregate of not less than Rs. 24,00,000/- for 12 months :									
1.	Bajjal, A.	Vice President - Finance	B.E., P. G. D. M.	48	24	01.11.2003	3,572,474	Birla Home Finance Ltd.	Vice President-Operations
2.	Dayal, A.	Vice President - Corporate HR	B. E.	46	24	04.10.2006	3,158,091	Sabic India Pvt. Ltd.	Vice President
3.	Kapoor, A.	Managing Director	B. Tech., M. S.	55	29	11.12.2000	9,351,646	Cabot India Limited	Vice President - Technical
4.	Malik, R. M.	Vice President	B. E.	65	42	14.11.1997	4,113,789	Duncan Industries Limited	Vice President - Projects
5.	Marwaha, V.	Technical Adviser to Executive President	F.I. Mare	58	35	12.04.2006	6,357,358	G.E. Shipping Co. Ltd.	Chief Engineer
6.	Mehra, V.	President - Operations	B. Tech.(Hons.)	57	35	01.01.1991	4,102,765	Zuari Industries Limited	Process Manager
7.	Narang, H. K.	General Manager - Operations & Quality Control	Master Mariner	46	26	01.08.2006	3,280,509	Fleet Management India Pvt. Ltd.	Operations Manager
8.	Rathore, M. S.	Vice President - Legal, Corporate Communication & Secretary	M.A., L.L.B., F.C.S.	54	36	28.09.1992	3,311,669	Rajasthan State Seeds Corporation Limited	Company Secretary
9.	Sharma, A.	Executive President - India Steamship	F.I. Mare	61	39	18.03.2006	6,464,084	G.E. Shipping Co. Ltd.	President
10.	Vijay Shankar, V.	Vice President - Strategic Planning	I. C. W. A., F. C. A.	52	27	09.04.2007	4,136,141	Zuari Industries Limited	Vice President - Finance
B. Employees who were employed for a part of the year and were in receipt of remuneration in aggregate of not less than Rs. 2,00,000 per month:									
1.	Agarwal, V.	Chief Engineer	MEO-CLASS-I-(M)	34	10	31.01.2009	857,050	Sealand Marine	Chief Engineer
2.	Bagadi, L. R.	Chief Engineer	MEO-CLASS-I-(M)	36	12	18.04.2008	2,612,998	G. E. Shipping Co. Ltd.	Chief Engineer
3.	Barua, S.	Master	Master - F.G.	36	12	13.05.2008	2,471,398	Mitsui OSK Lines	Second Officer
4.	Basu, D.	Chief Officer	First Mate	30	6	03.03.2008	505,645	Wallem Ship Management Ltd.	2nd Officer
5.	Basu, K.	Chief Officer	First Mate	33	9	15.05.2008	1,700,000	1st Employment	Not Applicable
6.	Biswas, A. K.	Assistant	SF	53	21	01.09.1987	1,764,571	1st Employment	Not Applicable
7.	Bommiseti, R.R.	Chief Engineer	MEO-CLASS-I-(M)	42	10	30.10.2008	1,753,017	B P Shipping	2nd Engineer
8.	Chatterjee, K.	Assistant	B.Sc.	53	31	01.02.1977	2,187,820	1st Employment	Not Applicable
9.	Chattopadhyay, A.	2nd Engineer	MEO-CLASS-II-(M)	45	17	21.08.2008	560,000	Anglo Eastern Ship Management Ltd.	3rd Engineer
10.	Chowdhury, S. R.	2nd Engineer	MEO-CLASS-II-(M)	36	10	17.06.2008	869,300	World Tanker Ship Management	2nd Engineer
11.	Chowdhury, S. S.	Chief Engineer	MEO-CLASS-I-(M)	38	9	09.09.2008	2,238,301	Varun Shipping Co. Ltd.	3rd Engineer
12.	Das, N. K.	Driver		53	20	01.09.1988	1,169,892	1st Employment	Not Applicable
13.	Das, P.	Chief Engineer	MEO-CLASS-I-(M)	38	12	26.02.2008	2,592,183	G.E. Shipping Co. Ltd.	Chief Engineer
14.	Datta, B. K.	Assistant	SF	55	36	01.02.1972	1,972,670	1st Employment	Not Applicable
15.	Datta, S. K.	Assistant	B.Com	44	18	08.08.1990	1,690,005	1st Employment	Not Applicable
16.	Dhar, S.	Chief Engineer	MEO-CLASS-I-(M)	33	10	22.09.2008	1,412,612	Damico Ships (I) Pvt. Ltd.	2nd Engineer
17.	Dsilva, R. L.	Chief Engineer	MEO-CLASS-I-(M)	53	30	08.09.2008	1,151,346	Eastern Jagson Fabrication Pte. Ltd.	Chief Engineer
18.	Gandhi, P. K.	President - HR	B. Com., M.B.A.	54	31	16.02.2009	533,381	Punj Lloyd Limited	President - HR
19.	Gill, A.	Master	Master - F.G.	35	13	29.10.2008	1,594,375	Dymacom Tanker Management Ltd.	Master

Annual Report 2008-2009

Sl. No.	Name	Designation	Qualifications	Age (Years)	Experience (Years)	Date of Commencement of employment	Remuneration received (Rs.)	Last Employment	
								Employer's Name	Post held
20.	Giri, G.	2nd Engineer	MEO-CLASS-II-(M)	42	16	24.04.2008	2,141,875	Five Star Shipping Co. Pvt. Ltd.	2nd Engineer
21.	Gomes, D.	Master	Master - F.G.	47	21	27.11.2008	1,666,200	Shipping Corporation of India Ltd.	Master
22.	Gopalan, S.	Chief Officer	First Mate	32	8	04.02.2008	500,000	1st Employment	Not Applicable
23.	Gope, P. K.	Chief Officer	First Mate	36	5	15.08.2008	1,383,235	Teekay Shipping	2nd Officer
24.	Cupta, N.	Chief Officer	First Mate	32	5	17.11.2008	1,115,806	Teekay Shipping	2nd Officer
25.	Halder, A.	Additional Chief Engineer	MEO-CLASS-I-(M)	43	11	07.12.2008	1,218,065	G. E. Shipping Co. Ltd.	2nd Engineer
26.	Islam, N.	Driver		48	13	01.04.1995	1,143,696	1st Employment	Not Applicable
27.	Jana, S. C.	2nd Engineer	MEO-CLASS-II-(M)	54	26	15.03.2008	2,391,096	Nortrans Pte. Ltd.	2nd Engineer
28.	Joshi, P. M.	Chief Engineer	MEO-CLASS-I-(M)	43	15	03.12.2008	1,693,602	P B Maritime - Singapore	Chief Engineer
29.	Kishor, K.	Chief Engineer	MEO-CLASS-I-(M)	33	10	01.10.2008	1,979,846	B P Shipping	2nd Engineer
30.	Kulhari, P. K.	Master	Master - F.G.	33	12	04.03.2008	433,448	G.E. Shipping Co. Ltd.	Master
31.	Kumar, K.	Chief Engineer	MEO-CLASS-I-(M)	36	10	16.06.2008	1,140,000	G.E. Shipping Co. Ltd.	Chief Engineer
32.	Kumar, P.	Master	Master - F.G.	39	12	23.06.2008	2,340,000	1st Employment	Not Applicable
33.	Kumar, R.	2nd Engineer	MEO-CLASS-II-(M)	35	7	06.04.2008	2,663,718	Wallem Ship Management Ltd.	2nd Engineer
34.	Kumar, S.	Chief Officer	First Mate	28	4	23.12.2008	912,000	Seacoast Shipping	2nd Officer
35.	Kumar, S.	2nd Officer	Second Mate	34	10	05.04.2008	400,000	1st Employment	Not Applicable
36.	Kumar, S.	2nd Engineer	MEO-CLASS-II-(M)	35	8	28.05.2008	1,847,978	Wallem Ship Management Ltd.	3rd Engineer
37.	Kuttappan Rajappan, A.	Chief Engineer	MEO-CLASS-I-(M)	62	40	12.04.2008	571,666	1st Employment	Not Applicable
38.	Majumder, P. K.	Master	Master - F.G.	47	22	26.09.2008	2,460,008	Tanker Pacific Ship Management Ltd.	Master
39.	Mandve, A. P.	Master	Master - F.G.	32	14	22.12.2008	2,143,165	International Andromeda Shipping	Chief Officer
40.	Manyapu, L. P.	Master	Master - F.G.	31	10	24.02.2008	2,466,574	Seaport Shipping Pvt. Ltd.	Master
41.	Mondal, A. S.	Chief Engineer	MEO-CLASS-I-(M)	33	11	15.03.2009	233,065	Univan Ship Management Ltd.	Chief Engineer
42.	Mookharjee, S.	Assistant Manager	B.Com	56	18	01.06.1990	1,960,471	Orissa Synthetic Ltd	Secy to G.M (Finance)
43.	Mukherjee, A.	Assistant/ Telooperator	H.S	52	23	01.07.1985	1,649,292	1st Employment	Not Applicable
44.	Nawaz, K.	Master	Master - F.G.	32	18	30.04.2008	2,243,918	Shipping Corporation of India Ltd.	Chief Officer
45.	Nijhawan, K.	Chief Officer	First Mate	29	6	27.11.2008	957,142	B P Shipping	2nd Officer
46.	Patra, R. K.	Chief Engineer	MEO-CLASS-I-(M)	48	22	21.11.2007	240,000	Barber Ship Management Ltd.	Chief Engineer
47.	Prasad, R. S.	Chief Officer	First Mate	26	4	03.12.2008	1,238,145	Nortrans Pte. Ltd.	3rd Officer
48.	Rao, M. V. J.	Chief Engineer	MEO-CLASS-I-(M)	37	12	03.06.2008	1,997,162	Executive Ship Management Pte. Ltd.	2nd Engineer
49.	Rao, V. B.	Chief Officer	Master - F.G.	34	9	18.06.2008	1,710,000	Mediterranean Shipping Company S. A.	2nd Officer
50.	Ratna, P. K.	Chief Officer	First Mate	37	6	30.10.2008	1,200,000	Fleet Management India Pvt. Ltd.	Chief Officer
51.	Sakruddin, M. D.	Driver		58	23	01.07.1985	652,343	1st Employment	Not Applicable
52.	Shah, A.	Chief Officer	First Mate	29	6	05.06.2008	1,833,248	Anglo Eastern Ship Management Ltd.	2nd Officer
53.	Shastri, V.	2nd Engineer	MEO-CLASS-II-(M)	42	13	21.03.2008	900,000	IMS Ship Management Pvt. Ltd.	2nd Engineer
54.	Singh, H. P.	Chief Officer	First Mate	40	11	15.03.2008	1,100,024	Tanker Pacific Ship Management Ltd.	Chief Officer

Sl. No.	Name	Designation	Qualifications	Age (Years)	Experience (Years)	Date of Commencement of employment	Remuneration received (Rs.)	Last Employment	
								Employer's Name	Post held
55.	Singh, J.	General Manager - Corporate Communications	B.A., LL. B.	59	35	01.04.2000	22,99,922	DCM Shriram Consolidated Ltd.	Vice President - Corporate Affairs
56.	Singh, P. P.	Master	Master - F.G.	46	27	17.05.2008	2,557,290	1st Employment	Not Applicable
57.	Singh, V. K.	Master	Master - F.G.	40	15	29.04.2008	2,282,453	Fleet Management India Pvt. Ltd.	Chief Officer
58.	Singh, Y.	Master	Master - F.G.	34	10	11.06.2008	2,174,624	G.E. Shipping Co. Ltd.	Chief Officer
59.	Sinha, T.	2nd Engineer	MEO-CLASS-II-(M)	45	15	03.12.2008	1,197,419	Barber Ship Management Ltd.	3rd Engineer
60.	Srinivas, J.	Chief Engineer	MEO-CLASS-I-(M)	40	12	29.04.2008	1,788,633	Fleet Management India Pvt. Ltd.	Chief Engineer
61.	Vazarkar, A. R.	2nd Engineer	MEO-CLASS-II-(M)	32	8	13.07.2008	1,661,935	V Ships Management	3rd Engineer

NOTES:

1. In accordance with the clarification given by Ministry of Corporate Affairs, the remuneration has been computed on the basis of the actual expenditure incurred by the Company.
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, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

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

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

For S.R. BATLIBOI & CO.
Chartered Accountants
per MANOJ GUPTA
Partner
Membership No. 83906

Place : Gurgaon
Date : May 15, 2009

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 nine directors including one Managing Director and eight Non-Executive Directors. Dr. K. K. Birla, former Chairman of the Company expired on August 30, 2008. Mr. S.K. Poddar and Mr. S.S. Bhartia were appointed as Chairman and Co-chairman respectively. Mr. C. S. Nopany was appointed as additional director w.e.f. September 16, 2008. Mr. M. D. Locke resigned as a director of the Company w.e.f. April 21, 2009.

M/s. Marco Wadia, D. Basu and A. J. A. Tauro, 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) Mr. S. K. Poddar

Mr. Saroj Kumar Poddar, Chairman, 63 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 projects including joint ventures with leading international corporations. The most notable of these ventures are Gillette India Limited - a joint venture between The Gillette Company of U.S.A. and Hettich India Private Limited - a joint venture with the Hettich Group of Germany.

Besides above, Mr. Poddar is the Chairman of Areva T&D India Limited, Gillette India Limited, Chambal Infrastructure Ventures Limited, Simon India Limited, Texmaco Limited, Zuari Cement Limited and Zuari Industries 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. Limited.

Mr. Poddar is the Past President of International Chamber of Commerce-India, Federation of Indian Chambers of Commerce and Industry (FICCI), 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):

S. No.	Name of the Company	S. No.	Name of the Company
1.	AREVA T & D India Limited*	6.	Simon India Limited
2.	Chambal Infrastructure Ventures Limited	7.	Texmaco Limited [§]
3.	Gillette India Limited*	8.	Lionel India Limited
4.	Indian Furniture Products Limited	9.	Zuari Cement Limited*
5.	Poddar Heritage Investments Limited	10.	Zuari Industries Limited

* Also Chairman/ Member of Audit Committee

§ Also Chairman of Shareholders Grievance Committee

(ii) Mr. S. S. Bhartia

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

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

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

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

*Also Chairman of Audit Committee

(iii) Mr. H. S. Bawa

Mr. H. S. Bawa, aged about 78 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):

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

* Also Member of Audit Committee

(iv) Mr. Anil Kapoor

Mr. Anil Kapoor, aged about 56 years, is a B. Tech from Indian Institute of Technology, New Delhi, one of world's premier technological institutes and holds M. S. in Chemical Engineering from State University of New York, USA. He has over 30 years of experience in areas of production, logistics, purchase, administration, customer service and in general management with reputed Indian and Multinational groups.

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

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

(v) Mr. R. N. Bansal

Mr. R. N. Bansal, aged 79 years, is M. A. (Economics) and a Fellow member of the Institute of Chartered Accountants of India since 1954 and an Associate member of the Institute of Company Secretaries of India. He is an eminent professional and is on the Boards of many renowned companies. He has also served the Department of Company Affairs in various capacities viz., Registrar of Companies, Regional Director and retired as Member, Company Law Board. He was Director (Investment) and Additional Controller of Capital Issues in the Ministry of Finance. He was also a nominee of the Central Government on the Central Council of Institute of Chartered Accountants of India, Institute of Company Secretaries of India and the Governing 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):

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

* Also Chairman/ Member of Audit Committee

(vi) Mr. Dipankar Basu

Mr. Dipankar Basu, aged about 74 years, is an M.A. (Economics). Mr. D. Basu is the Non-Executive Chairman of Securities Trading Corporation of India Limited, STCI Primary Dealer Limited, Peerless General Finance & Investment Co. Limited, Peerless Securities Limited and Rain CII Carbon (India) Limited. He is also on the Boards 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 Narasimham 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):

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

* Also Member/ Chairman of Audit Committee

§ Also Chairman of Shareholders Grievance Committee

(vii) Mr. Chandra Shekhar Nopany

Mr. Chandra Shekhar Nopany, aged about 43 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 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):

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

§ Also Chairman/ Member of Investors' Grievance Committee

(viii) Mr. A. J. A. Tauro

Mr. A.J.A. Tauro, aged about 81 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.

(ix) Mr. Marco Ph. A. Wadia

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

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

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

* Also Chairman/ Member of Audit Committee

\$ Also Member of Shareholders' Grievance Committee

c) Meetings and Attendance

During the year under review, five Board Meetings were held on May 15, 2008, August 26, 2008, September 16, 2008, October 18, 2008 and January 28, 2009.

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	1	NED/PG	NIL	NIL	NIL
Mr. R. N. Bansal	YES	5	ID	8	4	3
Mr. D. Basu	NO	2	ID	8	3	2
Mr. H. S. Bawa	NO	5	NED	11	NIL	2

Name of Director	Whether Attended Last AGM	No. of Board Meetings attended	Category of Director	Other Director Ships*	Membership of Committee of other Boards Chairman	Member
Mr. S. S. Bhartia	NO	4	NED/PG	12	2	NIL
Mr. Anil Kapoor	YES	4	MD	7	NIL	NIL
Mr. M. D. Locke [§]	NO	2	ID	1	NIL	NIL
Mr. C. S. Nopany	NO	5	NED/PG	11	2	2
Mr. S. K. Poddar	NO	5	NED/PG	10	3	2
Mr. A. J. A. Tauro	NO	4	ID	1	1	NIL
Mr. Marco Wadia	YES	5	ID	8	NIL	5

* excludes Indian Private Limited Companies and Foreign Companies. \$ expired on August 30, 2008.

resigned w.e.f. April 21, 2009.

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

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 parties included in the register maintained under section 301 of the Companies Act, 1956, if any,
- review Internal Audit Reports related to internal control weaknesses.

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

Annual Report 2008-2009

- Composition:

The Committee comprises of four Directors. The permanent invitees include Managing Director, chief financial officer, statutory auditors and internal auditors. The Company Secretary is the Secretary of the Committee. The Committee met 7 times during the year and the attendance of members at the meetings was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. A. J. A. Tauro	Chairman	Independent	6
Mr. H. S. Bawa	Member	Non-executive	6
Mr. R. N. Bansal	Member	Independent	6
Mr. Marco Wadia	Member	Independent	7

- (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 including transfer of shares across the counter, transmission of securities, etc.

- Composition:

The Committee comprises of three Directors. The Committee met 3 times during the year and the attendance of members at the meetings was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. R. N. Bansal	Chairman	Independent	3
Mr. H. S. Bawa	Member	Non-executive	3
Mr. Anil Kapoor	Member	Managing Director	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 has about 2,17,324 investors as on March 31, 2009. During the year under review, the status of requests and complaints was as follows:

Particulars	Opening Balance	Received	Total Resolved	Closing Balance
Requests	38	18,072	18,109	1*
Complaints	NIL	117	117	NIL

* Since attended

- (iii) Remuneration Committee

- Terms of reference:

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

- Composition:

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

Name of the Member	Status	Category	Number of Meetings attended
Mr. R. N. Bansal	Chairman	Independent	1
Mr. A. J. A. Tauro	Member	Independent	1
Mr. Marco Wadia	Member	Independent	1

- (iv) Banking and Finance Committee

- Terms of reference:

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

- Composition:

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

Name of the Member	Status	Category	Number of Meetings attended
Mr. S. S. Bhartiya	Chairman	Non-executive	2
Mr. D. Basu	Member	Independent	0
Mr. C. S. Nopany	Member	Non-executive	1
Mr. Anil Kapoor	Member	Managing Director	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 four Directors. The Committee met twice during the year and the attendance of members at the meetings was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. C. S. Nopany	Chairman	Non-executive	2
Mr. H. S. Bawa	Member	Non-executive	2
Mr. R. N. Bansal	Member	Independent	2
Mr. Anil Kapoor	Member	Managing Director	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 four Directors. The Committee met once during the year and the attendance of members at the meeting was as follows:

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

(vii) Compensation Committee

• Terms of reference:

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

• Composition:

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

Name of the Member	Status	Category	Number of Meetings attended
Mr. C. S. Nopany	Chairman	Non-executive	2
Mr. H. S. Bawa	Member	Non-executive	3
Mr. R. N. Bansal	Member	Independent	3
Mr. A. J. A. Tauro	Member	Independent	1
Mr. Marco Wadia	Member	Independent	3

f) Details of remuneration paid to directors for the year 2008-09

(i) Executive Directors

Managing Director	Salary	Perquisites	Amount (in Rs.) Retirement Benefits
Mr. Anil Kapoor	76,96,000	7,48,446	9,07,200

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

(ii) Non - Executive Directors

The Company doesn't pay any remuneration to its Non-Executive Directors except sitting fee for attending the meetings of the Board and the Committees thereof. The Company pays sitting fee to its Non-Executive Directors @ Rs. 20,000 and Rs. 7,500 for attending each meeting of the Board of Directors and Committees of Directors, respectively. The details of sitting fee paid during the year 2008-09 are as follows:

Name of the Director	Amount (in Rs.)
Dr. K. K. Birla	20,000
Mr. R. N. Bansal	2,20,000
Mr. D. Basu	40,000
Mr. H. S. Bawa	2,12,500
Mr. S. S. Bhartia	1,02,500
Mr. M. D. Locke	40,000
Mr. C. S. Nopany	1,17,500
Mr. S. K. Poddar	1,00,000
Mr. A. J. A. Tauro	1,40,000
Mr. Marco Wadia	1,82,500

g) Remuneration Policy

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

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

h) Shareholding of Directors as on March 31, 2009

Name of the Director	Number of Shares held
Mr. R. N. Bansal	NIL
Mr. D. Basu	NIL
Mr. H. S. Bawa	83,000
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

Annual Report 2008-2009

i) General Body Meetings

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

Financial year	Date	Time	Location
2007-2008	10.09.2008	1030 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan
2006-2007	24.08.2007	1030 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan
2005-2006	25.08.2006	1030 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan

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

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.

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

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

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

k) Means of Communication

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

(ii) Information relating to shareholding pattern, compliance with corporate governance norms, etc. 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, Officers, designated employees and their dependents while in possession of unpublished price sensitive information in relation to the Company.

n) General Shareholders' Information

(i) 24th Annual General Meeting

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

Time: 1030 hours

Day & Date: Thursday, August 20, 2009

(ii) Tentative Financial Calendar

Event	Date
Audited Annual Results (2008-09)	May 15, 2009
Mailing of Annual Report	Mid July 2009
First Quarter Results	End July 2009
Half Yearly Results	End October 2009
Mailing of half yearly results to shareholders	Mid November 2009
Third Quarter Results	End January 2010
Audited Annual Results (2009-10)	May 2010

(iii) Book Closure

The register of members and share transfer books of the Company shall remain closed from Tuesday, August 4, 2009 to Thursday, August 6, 2009 (both days inclusive).

Annual Report 2008-2009

(iv) Dividend Payment Date: August 25, 2009

(v) Listing on Stock Exchanges and Stock codes

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

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

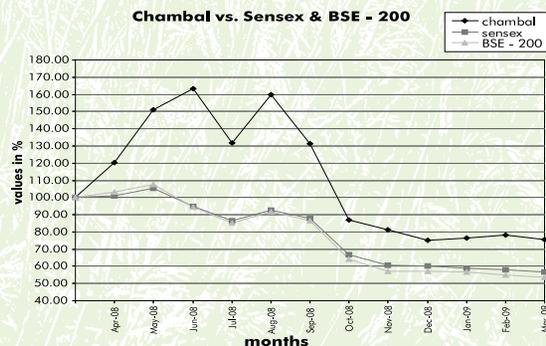
The Company has paid annual listing fees for the year 2009-10 to BSE and NSE.

(vi) Market price data

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

Month	(Amount in Rs.)			
	BSE		NSE	
	High	Low	High	Low
April 2008	75.90	47.55	76.00	47.60
May 2008	92.75	61.70	92.75	60.55
June 2008	96.40	66.50	96.50	66.70
July 2008	77.60	52.55	77.55	52.55
August 2008	87.50	68.85	87.45	68.80
September 2008	76.95	47.60	77.10	47.20
October 2008	56.85	32.05	56.95	31.70
November 2008	54.25	29.50	53.30	29.35
December 2008	42.95	32.05	43.00	32.00
January 2009	42.85	32.00	42.85	33.30
February 2009	43.00	35.30	43.25	35.30
March 2009	43.35	33.90	43.45	33.85

(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, 2008.

(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

Fa : 011 - 26465218, 26480639, 26413391

E-mail : isc@chambal.in

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

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

(ix) Address for Correspondence:

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

Chambal Fertilisers and Chemicals 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 or rajveer.singh@chambal.in or ms.rathore@chambal.in

Website : www.chambalfertilisers.in

(x) Dematerialization of Shares and Liquidity

The Equity Shares of the Company are compulsorily traded in 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, 2009, about 90.50% 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

The distribution of shareholding as on March 31, 2009 was as follows:

S.No	No. of Equity Shares held	No. of Share Holders	Percentage of total	No. of Shares held	Percentage of total shares Shareholders
1.	1 to 500	1,88,164	86.58	3,39,95,888	8.17
2.	501 to 1000	17,427	8.02	1,53,12,073	3.68
3.	1001 to 5000	9,857	4.54	2,17,23,254	5.22
4.	5001 to 10000	958	0.44	72,49,970	1.74
5.	10001 to 100000	744	0.34	2,04,37,966	4.91
6.	100001 to 500000	96	0.04	2,51,08,839	6.03
7.	500001 & above	78	0.04	29,23,79,862	70.25
	Total	2,17,324	100.00	41,62,07,852	100.00

Details of Shareholding as on March 31, 2009 was as under:

S.No	Category	No. of shares held	Shareholding (%)
1.	Promoters	20,65,15,663	49.62
2.	Financial Institutions, Banks & Mutual fund	5,46,87,939	13.14
3.	NRIs, Foreign Nationals, OCBs and FII	3,66,32,857	8.80
4.	Indian Public	11,83,71,393	28.44
	Total	41,62,07,852	100.00

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

NIL

(xiii) a) Location of the Plants

- Fertiliser Plants : Gadepan, Distt. Kota, Rajasthan, India, PIN – 325 208.
 Birla Textile Mills : Baddi, Distt. Solan, Himachal Pradesh, India, PIN -173 205.
 b) India Steamship - Shipping Division : 44, Park Street, Kolkata, West Bengal, India, PIN – 700 017

Annexure “F” to Directors’ Report
DECLARATION OF MANAGING DIRECTOR

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, Anil Kapoor, Managing Director of Chambal Fertilisers and Chemicals 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 2008-09.

Place : New Delhi
 Date : May 15, 2009

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 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.

FERTILISER DIVISION

I. Industry Structure

Urea production capacity in India has been stagnant for last 10 years as there has been no capacity addition since 1999. The country is therefore far from self reliance both in nitrogenous and phosphatic fertilisers. The gap is made up by import of these fertilisers. India imported 5.7 million MT of Urea during 2008-09. Urea import prices witnessed very high volatility ranging between USD 815 per MT in August 2008 to USD 240 per MT in December 2008. There has been a growth of around 11% in consumption of fertilizers during the year 2008-09. Although a few fertilizer companies implemented de-bottlenecking projects to add to their existing capacity during the year, the production for both nitrogenous and phosphatic fertilizers were marginally lower than those achieved in the year 2007-08 mainly due to limitation in gas supply. Further growth in capacity through Greenfield or Brownfield investments will depend upon assured Gas supply on a long term basis at a fair price. The requirement of Natural Gas in the year 2009-10 for both current and new capacities coming on stream will be supplemented by supply of gas from the Krishna Godavari oil and gas fields of Reliance Industries Limited.

II. Developments in Government Policies

New Pricing Scheme (NPS) Stage III which commenced on October 1, 2006, will end on 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.

The Government notified new Fertilizer Investment Policy during the year. The main feature of the new policy is the shift from ‘cost plus’ approach to ‘Import Parity Price’ basis for the new investments i.e. Revamp, Brownfield, Greenfield or Revival. For determining the import parity, the floor and ceiling prices have been fixed at US\$ 250 per MT and US\$ 425 per MT, respectively. The additional urea from the Revamp of existing units, Expansion projects and Brownfield projects will be recognized at 85%, 90% and 95% respectively of the Import Parity Price.

The Government of India has also announced an Ammonia Policy for the Urea Industry, which is also linked to Import Parity Price of Ammonia. The policy recognizes the production of surplus Ammonia due to constraints including the quality of gas, plant design, etc. Under the policy, 35% of the net gain on sale of surplus ammonia is passed on to the Government of India, provided the units have first produced Urea upto their assessed capacities.

Natural Gas Scenario

The prices of oil and gas remained volatile in the international markets due to the slowdown of the world economies. The year saw the oil prices dipping from US\$ 145 per barrel to almost US\$ 35 per barrel. The current prices are range bound and hovering around US\$ 50 per barrel. These prices have a direct impact on the gas prices due to a close correlation between the oil and the gas prices.

Annual Report 2008-2009

The Gas Utilisation Policy was firm up by the Government of India during the year. The Policy gives highest priority to the existing fertilizer units to meet their shortfall for natural gas from domestic gas production. The Policy was aimed at allocating the gas produced from the New Exploration and Licensing Policy (NELP) fields, notably the KG-basin (D-6) fields of Reliance Industries Ltd. Accordingly, the Government of India allocated about 15 MMSCMD of KG-basin (D-6) gas to fertilizer units at Government approved prices. With the domestic gas production increasing, the demand-supply gap will reduce and this will ease pressure on gas prices in the domestic markets. Your Company has signed an agreement for purchase of 1.15 MMSCMD of natural gas from Reliance Industries Limited and Niko (Neco) Limited. This supply will be in addition to the current supplies from a mix of domestic sources and RLNG. The total gas requirement is about 3.90 MMSCMD after de-bottlenecking of the plants.

III. Opportunities

In view of the supply-demand outlook for urea, new fertilizer investment policy of the Government of India and commencement of supply of gas from KG Basin, there is an opportunity for your Company to expand further in fertilizer business.

The Company initiated energy conservation projects to minimize energy consumption in both fertilizer plants at Gadepan with a marginal capacity increase. Gadepan-I and II revamp projects were completed in March and April 2009 respectively.

IV. Risks and Concerns

During the year, the Government has issued Fertiliser Bonds to the tune of around Rs. 20,000 crore to the industry. Most of the time these Bonds have traded at a discount to their face value, forcing the companies to liquidate them at a loss. Your company is carrying a significant amount of Bonds received against payment for subsidy during the Financial Year, and has been hit on this account by the reduction in carrying value of these bonds. Your Company has made a provision of Rs. 28.10 Crore in respect of Fertiliser Bonds on mark to market basis during the Financial Year 2008-09. The Industry has made several representations to the Government of India on this matter. This situation is likely to continue during 2009-10 due to inadequate provision of subsidy by the Government of India.

V. Operational and Financial Performance

The performance of Fertilizer Division is summarized below:

Particulars	2008-09	2007-08
Urea Production (MT in lac)	19.18	20.00
Sales including Agri inputs (Rs. in crore)	3915.28	2242.28
EBIDTA (Rs. in crore)	466.79	392.28

Your Company sold 19.76 lac MT of urea during the year 2008-09 which was marginally lower than the last year's sale of 20.05 lac MT. The production and sales of Urea were lower on account of loss of production due to stoppage of Gas supply for 5-6 days during Oil Sector Strike and hook-up shutdown of plants for de-bottlenecking. The Company has sold 2.21 lac MT of Di-ammonium Phosphate and 0.45 lac MT of Muriate of Phosphate during the Financial Year 2008-09. The Company also marketed other fertilizers aggregating to 0.52 lac MT against the previous year sale of 0.75 lac MT.

Your Company's impetus on trading of other agri inputs is bearing fruits as there was substantial increase in the sale of Pesticides and Seeds. The sale of pesticides during the year increased to Rs. 132.72 crore from Rs. 94.00 crore in 2007-08. The Company also marketed varietal seeds of wheat and paddy worth Rs. 42.88 crore against the previous year sale of Rs. 32.19 crore. In order to maintain the soil health and balanced fertilization, the Company has sold 12,956 MT of micronutrients.

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

a) Human Resource Development

(i) Training & Development

Your Company recognizes the need of continuous training and development of its human capital and strives to create growth opportunities for its people. The Company had conducted 29 In-house Training Programmes during the year. Apart from these training programmes, employees were sponsored for external training programmes conducted by reputed Institutes and Business Schools. The Company has devised a policy to give financial support to management employees for acquiring additional qualification for enhancement of their skills and competencies. The policy is well received by the employees as it is helping them in fulfilling their career development goals.

(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. First batch of 15 employees had completed the course in June 2008 and second batch will complete the course in June 2009.

b) Manpower Status and Recruitment

The fertiliser division experienced lower attrition in 2008-09 compared to the previous year. As a recruitment strategy, qualified and experienced Diploma holders were given preference and Engineers/ MBAs were recruited from reputed institutions to fill the gaps wherever internal resources were not available.

As on March 31, 2009, the total manpower deployed in fertilizer division was 861. The division continues to have very cordial industrial relations.

INDIA STEAMSHIP - SHIPPING DIVISION

I. Industry structure

Shipping Industry is the backbone of international trade. The shipping industry comprises of two major segments, viz. drybulk and tanker. The mainstay of tanker segment is transportation of crude and liquid gas.

Tanker industry is feeling the impact of weak oil demand following the general global slowdown. Freight rates are down across all tanker segments. The situation is expected to improve once single hull tankers begin to phase out in the next few months pursuant to the IMO regulations.

Annual Report 2008-2009

The Time Charter and Spot rates fell continuously during the first quarter of 2009 and are currently at 2002 levels. The sentiment for 2009-10 is also negative. Most charterers are reluctant to commit to charter periods beyond 12 months. The preference is to fix on the basis of a lower floor rate with a profit share element or on a market related basis.

The asset prices in tanker segment are also correcting downwards significantly since the beginning of this year though the number of deals were very few.

II. Opportunities and threats

In the shipping markets, reduction in the output by OPEC and likely switch of dry bulk orders to tankers pose a real threat to the tanker segment.

Due to the economic turmoil, the shipyards are expecting the shipping companies to either delay the deliveries or cancel the orders. About 50% of bulk carrier and 20% of tanker deliveries are likely to be affected.

The asset prices in secondhand dry bulk and tankers market have corrected and it will have adverse impact on new building market. However, it is expected that market will provide acquisition opportunities in the later part of 2009 and the year 2010.

III. Outlook

There is steep fall in capesize spot earnings and other segments. The demand in general in USA and Europe has come down and consequently the manufacturing in the East and China has been impacted negatively leading to much lower transportation activity.

The year 2008 was a good year for tanker earnings and it was an all time record for both new building and secondhand values. The year 2009 promises to be a tough year as the world copes with a severe financial crisis and an uncomfortable unwinding of global imbalances. The tanker segment is facing the confluence of falling oil demand and an OPEC response that involves cutting over 4 million barrels from production in an attempt to prop up prices. The tanker segment is also facing an oversupply of tonnage.

Weaker earnings and secondhand values will certainly undermine new building prices of tankers in the year 2009. However, the freight rates and asset prices should start inching up once the crude prices stabilize at realistic levels and world economy starts pulling back.

IV. Risks and concerns

The lower demand coupled with new deliveries is leading to over capacity. There is a drop in both freight rates and asset prices. However, the Company is hedged through period charters. The declining asset prices are a cause of concern.

All of the Company's existing revenues are from first class clients and as a policy, the Company continues to engage in charters with strong counter parties. This has enabled the Company to largely mitigate its counter party risk in the volatile markets.

The Company has sound environmental policy in place and is certified by Det Norske Veritas. The Company also recruits able and competent officers to run the ships. The ships are fully insured with Hull Underwriters and P&I Clubs against risks of spillage and environmental damage.

The phase out of single hull vessels has been advanced to 2010. However, India and few other countries are going to allow operation of single hulls beyond 2010. In view of the above and the Company having only one single hull tanker (Ratna Urvi), the risk on this front is very limited.

The capital investment in Shipping Division is funded through foreign currency loans and operational costs of the division are mainly in US dollars. The earnings of the Shipping Division are mainly in foreign currency which provides natural hedge against the foreign exchange risk.

The Revenues of shipping companies are exposed to the volatility and cyclical nature of the industry. Since only crude tankers account for Company's fleet, a significant portion of the Company's revenues are generated from the transportation of crude oil. In the medium term, the Company does not envisage decline in its earning capacity particularly as most of the vessels are booked on a long term charters with profit sharing arrangement.

V. Financial and operational performance

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

Particulars	2008-09	2007-08
Sales (Rs. in crore)	411.61	239.35
EBIDTA (Rs. in crore)	176.87	111.02

VI. Human resources development and industrial relations

India Steamship being a growth oriented and progressive organization, recognizes the importance of its human capital. During the Financial Year, the Company has made substantial addition to human resources by recruiting a number of floating staffs in different categories to meet the manning requirement for three new ships added to its fleet. The company has embarked on several HR initiatives to enhance the productivity of its people. It has also undertaken several training initiatives to improve capabilities and competence of its people.

The Division has total employee strength of 59 on shore and 153 Floating staff as on March 31, 2009.

BIRLA TEXTILE MILLS - SPINNING DIVISION

I. Industry Structure

The textile industry is a vital for Indian Economy and is the second largest employment provider after agriculture. Textile industry provides one of the most fundamental necessities of the people.

India is one of the few countries that encompass the entire supply chain in close proximity. It is capable of delivering packaged products to customers comprising a variety of fibres, diverse count range, cloth of different weight and weave and panopoly finishes. This permits the supply chain to mix and match variety in different segments to deliver new products and applications. This advantage is further enhanced by diverse traditions in textiles. The textile industry is undergoing a substantial re-orientation towards segments other than clothing (commonly called as technical textiles).

The total size of Indian Textile industry now exceeds US\$ 52 billion (domestic US \$32 billion and exports \$20 billion), up from US \$37 billion (domestic US\$ 25 billion and exports US\$ 12 billion) in 2003. Thus, the industry has experienced exponential growth with the abolition of quotas in 2005.

II. Opportunities & Threats

Indian Textiles and clothing industry is making vigorous efforts to upgrade its production technology and improve competitiveness in order to face global challenges.

Annual Report 2008-2009

During Financial Year 2008-09, Rupee depreciated by 26% against USD. However, the industry could not reap benefit of the same as the overseas buyers were dictating the rates due to global demand recession coupled with supply pressure.

III. Risk & Concerns

The biggest concern for the industry is the global demand recession on one hand and large capacity addition under Technology Upgradation Fund Scheme since 2002-03 in anticipation of strong growth in exports as well as in domestic demand on the other hand. Consequently, there is glut in the market, exerting extreme pressure on sale rates and sometimes bringing them down even below variable cost. The Textile and Clothing sector is facing build up of inventories as well as longer receivables periods. The high inventory period exposed the sector to high price fluctuations during the holding period, resulting in heavy losses in stocks of finished goods, process stocks, raw materials etc.

The textile mills in India were hit hard due to 40% hike in Minimum Support Price of cotton, inordinate delay in disbursement of claims under Technology Upgradation Fund Scheme, Terminal Excise Duty, etc. The export and other incentives introduced by our competing countries for their Textile and Clothing section are adding to our woes.

IV. Outlook

2008-09 was one of the worst years for the Textile and Clothing industry. Things can only improve from here onwards. Governments world over have announced stimulus packages. This should revive demand for textile products in international market. Coming monsoon is expected to be normal as per early indications and this will boost domestic demand. In view of these factors, it is estimated that year 2009-10 should be better than 2008-09 for the textile sector.

V. Operational and Financial Performances

The summarized performance of Birla Textile Mills was as under:

Particulars	2008-09	2007-08
Yarn Production (MT)	20,417	19,719
Sales* (Rs. in crore)	268.65	224.96
EBIDTA (Rs. in crore)	14.47	25.45

* excluding excise duty

The average spindle utilization for the year 2008-09 was 95.04% against 93.93% in the year 2007-08. The sales of yarn during the year were 21404 MT against 18391 MT during the corresponding period of 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 the employee commitment. The results of the training efforts at the shop floor level have been excellent. Presently, the manpower deployments comprises of 1736 workers, 255 staff members (including subordinate staff) and 202 trainees.

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 reviewed and updated on an on going basis to improve the systems and efficiency of operations.

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

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

CAUTIONARY STATEMENT

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

Auditor's Report

To

The Members of

Chambal Fertilisers and Chemicals Limited

1. We have audited the attached Balance Sheet of Chambal Fertilisers and Chemicals Limited (the Company) as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated financial statements of Shipping Division of the Company audited by other auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit has been received from Shipping Division not visited by us. The Branch Auditors' Report of the Shipping Division have been forwarded to us and have been appropriately dealt with;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and audited returns from the Shipping Division;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 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, 2009;
 - b) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For S.R. BATLIBOI & CO.
Chartered Accountants
per MANOJ GUPTA
Partner
Membership No.: 83906

Place : Gurgaon
Date : May 15, 2009

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Fixed assets have been physically verified by the management during the year based on a phased programme of verifying all the assets over a period of two years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on physical verification.
 - (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted loans to three companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.3000 lacs and the year end balance of loans granted to such parties is Rs.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 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) (a) 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.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size 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 regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state 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 records of the Company, there are no dues outstanding of income-tax, sales tax, wealth-tax, service tax, custom duty, excise duty and cess on account of any dispute, other than the following:

Name of the Statute	Nature of the Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Rajasthan Sales-Tax Act, 1994	Disallowance of VAT credit on stock lying on 01.04.2006	22.18	2006-07	Rajasthan Tax Board, Ajmer
Rajasthan Sales-Tax Act, 1994	Sales tax demand on usage of natural gas other than urea manufacture.	352.34	1996 to 2001	Rajasthan High Court, Jodhpur
Service Tax	Service tax demand on intellectual property rights services	126.60	2006-07	Commissioner (Excise and Customs)
Service Tax	Service tax demand on services received from non residents	18.33	2002-03 to 2005-06	Commissioner Excise (Appeals)

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

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

For S.R. BATLIBOI & CO.
Chartered Accountants

per MANOJ GUPTA
Partner
Membership No.: 83906

Place : Gurgaon
Date : May 15, 2009

Balance Sheet as at March 31, 2009

(Rs. in Lacs)

Particulars	Schedule	As at	
		March 31, 2009	March 31, 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	41620.79	41620.79
Reserves and surplus	2	81814.51	72205.81
		<u>123435.30</u>	<u>113826.60</u>
Loan Funds			
Secured loans	3	206969.88	151526.23
Unsecured loans	4	34988.09	28064.60
		<u>241957.97</u>	<u>179590.83</u>
Deferred Payment Liabilities (Refer Note No. 26 of Schedule 25)		6211.65	9772.25
Deferred Tax Liabilities (Net)	5	26599.44	28443.38
Total		<u>398204.36</u>	<u>331633.06</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	6	466306.48	320825.33
Less : Accumulated depreciation		179830.03	159302.69
Net block		286476.45	161522.64
Capital work in progress including capital advances		22108.70	70958.03
		<u>308585.15</u>	<u>232480.67</u>
Intangible Assets	7	587.85	560.79
Investments	8	61089.35	30741.04
Current Assets, Loans and Advances :			
Inventories	9	31682.41	30259.95
Sundry debtors	10	66010.31	16310.19
Cash and bank balances	11	12752.01	6267.08
Other current assets	12	36122.51	38175.14
Loans and advances	13	10060.78	8012.94
		<u>156628.02</u>	<u>99025.30</u>
Less : Current Liabilities and Provisions			
Current liabilities	14	116208.08	17433.44
Provisions	15	12650.51	13877.72
		<u>128858.59</u>	<u>31311.16</u>
Net Current Assets		27769.43	67714.14
Miscellaneous Expenditure (to the extent not written off or adjusted)	16	172.58	136.42
Total		<u>398204.36</u>	<u>331633.06</u>
Notes to Accounts	25		

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

As per our report of even date

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

For S.R. BATLIBOI & COMPANY
Chartered Accountants
Per Manoj Gupta
Partner
Membership No - 83906

Anil Kapoor
Managing Director
S.K. Poddar
Chairman
Abhay Bajjal
Vice President - Finance
H.S. Bawa
Vice Chairman

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

Place : Gurgaon
Date : May 15, 2009

Place : New Delhi
Date : May 15, 2009

Profit & Loss Account for the year ended March 31, 2009

(Rs. in Lacs)

Particulars	Schedule	Year ended	
		March 31, 2009	March 31, 2008
INCOME			
Turnover (Gross)	17	459700.27	272064.54
Less : Excise duty		146.66	51.68
Turnover (Net)		459553.61	272012.86
Other income	18	11943.94	8216.72
Total		<u>471497.55</u>	<u>280229.58</u>
EXPENDITURE			
Purchase of trading goods		156418.00	25584.90
Raw material consumed	19	94202.17	78169.63
Personnel expenses	20	9059.96	7245.89
Operating and other expenses	22	136554.68	101313.20
Decrease/(increase) in inventories	21	(4851.56)	7113.37
Freight to charter-in ship		13241.55	8351.76
Depreciation/Amortization	6 & 7	22713.93	18493.69
Financial expenses	23	13232.42	9504.71
Deferred revenue expenditure written off	16	77.47	61.85
Total		<u>440648.62</u>	<u>255839.00</u>
Profit Before Exceptional Items and Tax		30848.93	24390.58
Exceptional items	24	961.09	2417.38
Profit After Exceptional Items and Before Tax		<u>31810.02</u>	<u>26807.96</u>
Provision for Tax			
Current tax		10408.78	9439.71
Deferred tax charge/(credit)		(1843.94)	(3188.83)
Tonnage tax in shipping business		76.46	50.82
Fringe benefit tax		112.43	126.20
Total tax expense/(income)		8753.73	6427.90
Net profit after tax for the year		23056.29	20380.06
Transferred from Debenture Redemption Reserve		312.50	3982.50
Balance brought forward from previous year		51689.49	40191.89
Profit available for appropriation		<u>75058.28</u>	<u>64554.45</u>
Appropriations :			
Transfer to General Reserve		2500.00	2500.00
Transfer to Tonnage Tax Reserve		950.00	1600.00
Proposed Dividend on Equity Shares		7491.74	7491.74
Tax on Dividend		1273.22	1273.22
Surplus carried to Balance Sheet		<u>62843.32</u>	<u>51689.49</u>
Basic and Diluted Earning Per Share (In Rs.)		5.54	4.90
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 & Loss Account.

As per our report of even date

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

For S.R. BATLIBOI & COMPANY
Chartered Accountants
Per Manoj Gupta
Partner
Membership No - 83906

Anil Kapoor
Managing Director
S.K. Poddar
Chairman
Abhay Bajjal
Vice President - Finance
H.S. Bawa
Vice Chairman

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

Place : Gurgaon
Date : May 15, 2009

Place : New Delhi
Date : May 15, 2009

Cash flow statement for the year ended March 31, 2009

(Rs. in Lacs)

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit after exceptional items and before tax.	31810.02	26807.96
Adjustments for :		
Depreciation/Amortisation	22713.93	18493.69
Profit on sale of fixed assets	-	(2634.17)
Profit on sale of mining lease rights	(526.67)	-
Profit on sale of Food Processing Division	-	(126.51)
Profit on disposal of non trade long term investments	(434.42)	-
Loss on sale of investment in subsidiary	-	13.25
Assets written off	421.87	25.46
Diminution in the value of fertiliser bonds	2810.00	1875.00
Unrealised foreign exchange fluctuation	11977.96	(3963.03)
Premium on forward contracts amortised	758.94	-
Miscellaneous expenditure written off	77.47	61.85
Loss on sale of fixed assets	70.15	-
Provision for doubtful advances and debts	32.55	-
Liabilities no longer required written back	(733.39)	(278.06)
Catalyst charges written off	109.28	108.65
Doubtful debts/ advances written off	75.18	16.93
Export benefit written off	-	-
Inventory written off	104.46	156.02
Interest expense	12250.88	9185.77
Interest income	(4198.47)	(1756.24)
Dividend income on non trade current investments	(489.31)	(7.22)
Dividend income on trade long term investments	(5009.30)	-
Operating profit before working capital changes	71821.13	47979.35
Movement in working capital :		
Decrease / (Increase) in sundry debtors	(49725.19)	36257.06
Decrease / (Increase) in inventories	(1636.19)	3593.22
Decrease / (Increase) in other current assets	(767.78)	(38441.01)
Decrease / (Increase) in loans and advances	384.81	2754.67
Increase / (Decrease) in current liabilities and provisions	89996.80	4179.59
Decrease / (Increase) in miscellaneous expenditure	(113.64)	-
Cash generated from operations	109959.94	56322.88
Direct taxes paid (net of refunds)	(12263.46)	(9807.77)
NET CASH FLOW FROM OPERATING ACTIVITIES	97696.48	46515.11
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(104077.36)	(34276.05)
Proceeds from sale of fixed assets	67.64	6545.11
Purchase of investments	(30987.19)	(2343.35)
Proceeds from sale of investments in subsidiary	-	8159.26
Proceeds from sale of non trade long term investments	1073.30	6.90
Proceeds from sale of Food Processing Division	-	2263.18
Proceeds from sale of mining lease rights	526.67	-
Net proceeds from loan to employees	23.94	67.39
Deposits (with maturity more than three months)	(10500.00)	(34.87)
Proceeds of deposits matured (with maturity more than three months)	34.87	-
Loan to subsidiary	-	(441.26)
Interest received	4307.32	803.92
Dividend received	2936.86	7.22
Deposits with other companies	-	(610.00)
NET CASH FLOW FROM / (USED) IN INVESTING ACTIVITIES	(136593.95)	(19852.55)

(Rs. in Lacs)

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	62679.78	40223.83
Repayment of long term borrowings	(6966.54)	(31060.01)
Net proceeds of short term borrowings	122.38	(18716.22)
Interest paid	(12211.61)	(13160.01)
Dividend paid	(7432.89)	(7515.01)
Tax on dividend paid	(1273.22)	(1273.22)
NET CASH USED IN FINANCING ACTIVITIES	34917.90	(31500.64)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(3979.57)	(4838.08)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6232.66	11070.74
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2253.09	6232.66
COMPONENTS OF CASH AND CASH EQUIVALENTS AS AT		
Cash and cheques on hand	29.21	8.19
Balances with banks :		
- on current account	815.45	5116.21
- on unpaid dividend account	754.21	725.48
- on cash credit account	8.26	0.93
- on saving account	0.39	0.36
- on deposits account	11131.69	409.92
- on overseas account	12.80	5.99
	12752.01	6267.08
Less: Fixed deposits not considered as cash equivalents	10500.00	34.87
Add: Foreign Exchange fluctuation on overseas account	1.08	0.45
Net cash and cash equivalents	2253.09	6232.66

Note:

Bank balances of Rs. 754.21 lacs (Previous Year Rs. 725.48 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 & COMPANY
Chartered Accountants
Per Manoj Gupta
Partner
Membership No - 83906

Place : Gurgaon
Date : May 15, 2009

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

Anil Kapoor
Managing Director
Chairman
Abhay Bajjal
Vice President - Finance
H.S. Bawa
Vice Chairman

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

Place : New Delhi
Date : May 15, 2009

Schedules Annexed to and forming part of the balance sheet as at March 31, 2009

Particulars	(Rs. in Lacs)	
	As at March 31, 2009	As at March 31, 2008
SCHEDULE 1 : SHARE CAPITAL		
Authorised :		
440,000,000 (Previous Year 440,000,000) Equity Shares of Rs. 10/- each	44000.00	44000.00
210,000,000 (Previous Year 210,000,000) Redeemable Preference Shares of Rs. 10/- each	21000.00	21000.00
	<u>65000.00</u>	<u>65000.00</u>
Issued, Subscribed and Paid Up :		
416,207,852 (Previous Year 416,207,852) Equity Shares of Rs. 10/- each, fully paid up	41620.79	41620.79
	<u>41620.79</u>	<u>41620.79</u>
Of the above 10,207,852 (Previous Year : 10,207,852) equity shares of Rs. 10/- each have been allotted for consideration other than cash, pursuant to the scheme of amalgamation of erstwhile India Steamship Company Limited.		
SCHEDULE 2 : RESERVES & SURPLUS		
Capital Reserve (arising on forfeiture of shares)	20.95	20.95
Securities Premium Account	641.59	641.59
Capital Redemption Reserve	25.00	25.00
Debenture Redemption Reserve		
Balance as per last account	937.50	4920.00
Less: Transferred to Profit and Loss Account	312.50	3982.50
	<u>625.00</u>	<u>937.50</u>
General Reserve		
Balance as per last account	15877.99	13377.99
Add: Transferred from Profit and Loss Account	2500.00	2500.00
Less: Exchange differences of earlier year capitalised to fixed assets (Net of depreciation Rs. 151.90 lacs and net of tax Rs. Nil, refer Note No. 2c of Schedule 25)	4682.63	-
	<u>13695.36</u>	<u>15877.99</u>
Tonnage Tax Reserve		
Balance as per last account	3013.29	1413.29
Add: Transferred from Profit and Loss Account	950.00	1600.00
	<u>3963.29</u>	<u>3013.29</u>
Profit and Loss Account	62843.32	51689.49
	<u>81814.51</u>	<u>72205.81</u>

Particulars	(Rs. in Lacs)	
	As at March 31, 2009	As at March 31, 2008
SCHEDULE 3: SECURED LOANS		
Debentures		
500 (Previous Year 500) 7.90% Secured Redeemable Non-convertible Debentures of Rs. 1,000,000 each.	2500.00	3750.00
Rupee term loans		
- From financial institutions	-	15000.00
- From banks	25726.83	19816.36
- From others	-	1666.67
Foreign currency term loans from banks	150549.33	76166.55
Finance lease obligation	147.73	206.21
Cash credit facilities from banks	28003.01	34869.54
Interest accrued and due	42.98	50.90
	<u>206969.88</u>	<u>151526.23</u>

Notes:

- 7.90% Secured redeemable non-convertible debentures are secured by first pari passu charge by way of mortgage by deposit of title deeds in respect of immovable properties and hypothecation of the movable assets of the Company, both present and future (save and except 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.
- Rupee term loan from banks of Rs. 25161.33 lacs and foreign currency term loans of Rs. 44832.83 lacs from banks are secured/to be secured by first pari-passu charge by way of mortgage, by deposit of title deeds in respect of immovable properties and hypothecation of the movable 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.
- Rupee term loan of Rs. 565.50 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.
- Foreign currency term loans of Rs. 97038.55 lacs from banks is secured by first priority mortgage on the Company's four vessels i.e. M.T. Ratna Shruti, M.T. Ratna Shradha, M.T. Ratna Puja and M.T. Ratna Namrata and assignment of earnings, insurance and requisition compensation in respect of such vessels.
- Foreign Currency Loan of Rs. 8677.95 lacs 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.
- 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.
- Finance lease liability is secured by assets acquired under the facility.
- Secured loans (other than cash credit loans from banks and short term rupee loans) includes Rs. 17481.87 lacs (Previous Year Rs. 14289.62 lacs) repayable within one year.

Annual Report 2008-2009



(Rs. in Lacs)

Particulars	As at	As at
	March 31, 2009	March 31, 2008
SCHEDULE 4 : UNSECURED LOANS		
Fixed deposits	100.48	193.37
{Due within one year Rs. 61.56 lacs (previous year Rs. 101.13 lacs)}		
Short term foreign currency loans		
- From financial institutions	-	8025.00
- From banks	25084.08	-
Short term rupee loans		
- From banks	8500.00	17500.00
- From others	-	436.41
Short term packing credit foreign currency loan from banks	1298.90	1825.36
Interest accrued and due	4.63	84.46
	34988.09	28064.60

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	27947.65	29450.42
Effect of deferred revenue expenditure as per tax and financial books	-	7.86
Gross Deferred Tax Liabilities	27947.65	29458.28
Deferred Tax Assets		
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	29.56	16.24
Provision for gratuity	289.71	220.50
Provision for leave encashment	33.64	80.25
Provision for doubtful debts	40.18	37.15
Provision for diminution in the value of fertiliser bonds	955.12	637.31
Others	-	23.45
Gross Deferred Tax Assets	1348.21	1014.90
Net Deferred Tax Liability	26599.44	28443.38

SCHEDULE 6 : FIXED ASSETS

(Rs. in Lacs)

S. No. Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As At April 1, 2008	Additions during the year	Adjustments	As at March 31, 2009	As at April 1, 2008	For the year	Adjustments	As at March 31, 2009	As at March 31, 2008
1. Land - Freehold	325.59	-	-	325.59	-	-	-	325.59	325.59
2. Land - Leasehold	587.28	-	-	587.28	108.50	5.93	-	114.43	472.85
3. Buildings	17409.48	254.49	(29.60)	17634.37	4306.56	367.05	(6.99)	4666.62	12967.75
4. Leasehold Improvements	724.31	-	-	724.31	557.72	28.08	-	585.80	138.51
5. Railway Siding	2205.11	-	-	2205.11	1177.98	104.74	-	1282.72	922.39
6. Plant & Machinery	253924.72	34596.85	(2045.03)	286476.54	145803.08	14530.78	(1646.94)	159686.92	127789.62
7. Equipment & Appliances	3484.83	138.78	(176.28)	3447.33	1709.87	227.65	(98.53)	1838.99	1608.34
8. Furniture & Fittings	689.94	60.08	(38.20)	711.82	448.34	55.84	(20.59)	483.59	228.23
9. Vehicles	347.70	63.18	(57.87)	353.01	143.85	35.51	(32.97)	146.39	206.62
10. Vehicles (on Finance Lease)	417.78	19.80	(80.04)	357.54	185.89	81.30	(71.74)	195.45	162.09
11. Ships	40708.59	117609.52	(48345.53)	153483.58	4860.90	7120.12	(151.90)	11829.12	141654.46
Grand Total	320825.33	152742.70	(7261.55)	466306.48	159302.69	22557.00	(2029.66)	179803.03	286476.45
Previous Year	325980.53	3546.29	(8701.49)	320825.33	144654.66	18359.93	(3711.90)	159302.69	161522.64
Capital Work In Progress	-	-	-	-	-	-	-	22108.70	70958.03

NOTES:

- Freehold Land includes Rs. 0.81 lacs (Previous Year Rs. 0.81 lacs), which is yet to be transferred in the Company's name.
- Buildings of Rs. 0.71 lacs and Furniture Fittings of Rs. Nil (Previous Year Rs. 0.71 lacs and Rs. 1.58 lacs respectively) represent undivided share in assets jointly owned with others.
- Additions to Plant & Machinery include Rs. 2711.86 lacs (Previous Year Rs. 494.80 lacs), additions to ships include Rs. 26727.44 lacs (Previous Year Rs. Nil) and Capital Work in progress include Rs. 2043.66 lacs (Previous Year Rs. Nil) being variations in rupee liability in respect of foreign currency.
- Gross Block and Accumulated Depreciation of Plant & Machinery includes Rs. 266.35 lacs (Previous Year Rs. 266.35 lacs) and Rs. 257.05 lacs (Previous Year Rs. 251.70 lacs) respectively and that of Building includes Rs. 1211.02 lacs and Rs. 1150.47 lacs (Previous Year Rs. 1208.29 lacs and Rs. 1147.87 lacs) respectively towards assets not owned by the Company, but which are being used by the Company for its business purpose.
- Capital Work in Progress includes Capital Advances of Rs. 3170.26 lacs (Previous Year Rs. 57214.62 Lacs).
- Additions include preoperative expenses amounting Rs. 10732.11 lacs (Previous Year Rs. Nil) and capital work in progress includes preoperative expenses amounting Rs. 1594.79 lacs (Previous Year Rs. 8422.09 lacs). (Refer Note No.11 of Schedule 25).
- Adjustments to ship represents Rs. 4834.53 lacs being foreign exchange fluctuation gain pertaining to previous year and depreciation of Rs. 151.90 lacs thereon, adjusted during the year from the general reserves, being transitional provision of Companies (Accounting Standard) Amendment Rules, 2009. (Refer note no.2(c) of schedule 25).

SCHEDULE 7 : INTANGIBLE ASSETS

(Rs. In Lacs)

S. No. Particulars	GROSS BLOCK			AMORTISATION			NET BLOCK		
	As At April 1, 2008	Additions during the year	Adjustments	As at March 31, 2009	As at April 1, 2008	For the year	Adjustments	As at March 31, 2009	As at March 31, 2008
1 Software	717.55	183.99	-	901.54	156.76	156.93	-	313.69	887.85
Total	717.55	183.99	-	901.54	156.76	156.93	-	313.69	887.85
Previous Year	652.91	64.64	-	717.55	23.00	133.76	-	156.76	560.79

(Rs. in Lacs)

Particulars	As at	As at
	March 31, 2009	March 31, 2008
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 Phosphate S.A.	8513.32	8513.32
- 12,481,924 (Previous Year 18,722,886) equity shares of Rs. 10 each fully paid up in Zuari Investments Limited (6,240,962 equity shares of Rs. 624.10 lacs sold during the year.)	1248.19	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
- (6 Year National Savings Certificates of Rs. 0.30 lacs sold during the year.)	-	-
- Indira Vikas Patra	0.20	0.20
Bonds		
- Nil Bonds (Previous Year 30), 12.50% Sardar Sarovar Narmada Nigam Limited Bonds of Rs. 100,000 each fully paid up (30 Bonds amounting to Rs. 14.45 lacs sold during the year.)	-	14.45
- 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
- (5.5% Government of India Loan 2000 bonds amounting to Rs. 0.04 lacs sold during the year.)	-	-
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		
Trade (Unquoted), fully paid up		
- 50,000,000 (Previous Year 50,000,000) equity shares of US\$ 0.001 each fully paid up in CFCL Overseas Limited.*	21.78	21.78
- 47,636,000 (Previous Year 46,325,000) redeemable preference shares of US\$ 1 each fully paid up in CFCL Overseas Limited.*	20515.92	19991.98
- 1,400,000 (Previous Year 200,000) equity shares of Rs. 10 each fully paid up in Chambal Infrastructure Ventures Limited.	140.00	20.00
- (1,200,000 equity shares of Rs. 120 lacs purchased during the year)	-	-
- 1,079,952 (Previous Year 1,079,952) equity shares of Singapore \$ 1 each fully paid up in India Steamship Pte. Limited, Singapore	286.04	286.04
Current Investment (At lower of cost and market value)		
Non Trade (Unquoted), fully paid up		
- 509,979 (Previous year Nil) Units in Reliance Mutual Fund of Rs. 1001.13 each fully paid (509,979 units of Rs. 5,105.59 lacs purchased during the year)	5105.59	-
- 50,969,316 (Previous year Nil) Units in Birla Sun Life Mutual Fund of Rs. 10.01 each fully paid (50,969,316 units of Rs. 5,100.40 lacs purchased during the year)	5100.40	-
- 48,060,139 (Previous year Nil) Units in ICICI Prudential Mutual Fund of Rs. 10.57 each fully paid (48,060,139 units of Rs. 5,081.64 lacs purchased during the year)	5081.64	-
- 49,781,474 (Previous year Nil) Units in Kotak Mutual Fund of Rs. 10.08 each fully paid (49,781,474 units of Rs. 5,017.87 lacs purchased during the year)	5017.87	-
- 50,219,716 (Previous year Nil) Units in Franklin Templeton Mutual Fund of Rs. 10.01 each fully paid (50,219,716 units of Rs. 5,027.80 lacs purchased during the year)	5027.80	-
- 25,046,922 (Previous year Nil) Units in Fortis Mutual Fund of Rs. 10.00 each fully paid (25,046,922 units of Rs. 2,505.47 lacs purchased during the year)	2505.47	-
- 25,032,343 (Previous Year Nil) Units of SBI Mutual Fund of Rs. 10.01 each fully paid (25,032,343 units of Rs. 2,504.49 lacs purchased during the year)	2504.49	-
Total	61089.35	30741.04
Aggregate amount of unquoted investments	61089.35	30741.04
* Also refer note no. 24 of Schedule 25 (For investments purchased and squared off during the year, refer Note No.10 of Schedule 25)		

(Rs. in Lacs)

Particulars	As at	
	March 31, 2009	March 31, 2008
SCHEDULE 9 : INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)		
Stores and spares	6096.60	6162.81
Catalysts in use	1265.50	337.34
Naphtha (Including in transit Rs. Nil, Previous Year Rs. 889.03 lacs)	1584.87	5422.35
Raw materials		
- Fibre (Including in transit Rs. 80.68 lacs, Previous Year Rs. 178.29 lacs)	2596.16	3187.57
Loose tools	9.17	9.02
Packing materials	368.87	231.18
Waste	12.65	19.82
Work-in-process	891.39	881.87
Finished goods (Including in transit Rs. 1793.93 lacs, Previous Year Rs. 2060.19 lacs)	7300.49	11970.15
Traded goods (Including in transit Rs. 3446.88 lacs, Previous Year Rs. Nil)	11556.71	2037.84
	<u>31682.41</u>	<u>30259.95</u>
SCHEDULE 10 : SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Secured, considered good	4.15	4.30
Unsecured, considered good [Including subsidy receivable from Government of India Rs. 3560.19 lacs, (Previous Year Rs. 1435.00 lacs)]	3734.26	2523.87
Unsecured, considered doubtful	44.14	35.22
Other debts		
Secured, considered good	1201.81	1867.43
Unsecured, considered good (Including subsidy receivable from Government of India Rs. 45901.72 lacs, (Previous Year Rs. 3439.93 lacs))	61070.09	11914.59
	<u>66054.45</u>	<u>16345.41</u>
Less: Provision for doubtful debts	44.14	35.22
	<u>66010.31</u>	<u>16310.19</u>
SCHEDULE 11 : CASH AND BANK BALANCES		
Cash on hand	5.45	8.19
Cheques/drafts in hand	23.76	-
Balances with scheduled banks :		
On unpaid dividend/debenture/fix deposit accounts	754.21	725.48
On current accounts	815.45	5116.21
On cash credit accounts	8.26	0.93
On saving accounts	0.39	0.36
On fixed deposit accounts	11131.69	409.92
Balances with overseas banks :		
On current account with State Bank of India, London (Maximum Balance Rs. 46.96 lacs (Previous Year Rs. 52.80 lacs))	12.80	5.99
	<u>12752.01</u>	<u>6267.08</u>
SCHEDULE 12 : OTHER CURRENT ASSETS (Unsecured, considered good except to the extent stated)		
Interest accrued on investments	0.88	2.76
Interest receivable on loans, deposits and others	1111.67	1220.53
Export benefits receivable	172.39	191.73
Insurance and other claims receivable	230.51	246.72
Unamortised premium on forward contracts	681.66	-
Fertilisers Companies Govt. of India bonds (refer Note No. 19 of Schedule 25)	36715.40	38358.00
Assets held for disposal	20.00	30.40
	<u>38932.51</u>	<u>40050.14</u>
Less: Provision for diminution in the value of fertiliser bonds	2810.00	1875.00
	<u>36122.51</u>	<u>38175.14</u>

(Rs. in Lacs)

Particulars	As at	
	March 31, 2009	March 31, 2008
SCHEDULE 13 : LOANS AND ADVANCES (Unsecured, considered good except to the extent stated)		
Advances and loans to subsidiaries	442.66	1006.97
Advances recoverable in cash or in kind or for value to be received (Considered doubtful Rs. 90.90 lacs, Previous Year Rs. 67.27 lacs)	6553.68	4488.27
Balances with customs, excise, etc.	928.03	347.46
Loans to employees	589.62	613.57
Deposits - others (Considered doubtful Rs. 14.12 lacs, Previous Year Rs. 14.12 lacs)	488.11	478.06
Inter-corporate deposits	1160.00	1160.00
Advance fringe benefit tax (Net of Provision for fringe benefit tax)	3.70	-
	<u>10165.80</u>	<u>8094.33</u>
Less: Provision for doubtful deposits & advances	105.02	81.39
	<u>10060.78</u>	<u>8012.94</u>
Included in Loans and Advances are:		
i. Dues from directors of the Company (Maximum amount outstanding during the year Rs. 25.61 lacs (Previous Year Rs. 20.60))	21.43	20.60
ii. Dues from officers of the Company (Maximum amount outstanding during the year Rs. 8.29 lacs (Previous Year Rs. 9.65 lacs))	6.85	8.29
SCHEDULE 14 : CURRENT LIABILITIES		
Sundry creditors		
- Total outstanding dues to Micro and Small Enterprises	17.57	11.90
- Total outstanding dues to creditors other than Micro and Small Enterprises	110057.97	11948.70
Advances from customers	1248.72	1254.47
Earnest money / security deposits	2713.14	2587.25
Unclaimed statutory liabilities (as referred in section 205C of the Companies Act, 1956):*		
- Unpaid dividend	722.23	663.37
- Unpaid matured deposit	15.04	29.45
- Unpaid matured debentures	24.38	48.28
- Unpaid interest on above	3.01	11.65
Other liabilities	859.93	437.62
Book overdraft	-	30.31
Interest accrued but not due on loans	546.09	410.44
	<u>116208.08</u>	<u>17433.44</u>
* Amount payable to Investor Education and Protection Fund is Nil		
SCHEDULE 15 : PROVISIONS		
Provision for taxation (net of advance tax payments)	1779.28	3441.37
Provision for wealth tax	11.55	9.26
Provision for leave encashment	1130.18	896.71
Provision for gratuity (refer Note No. 13 of Schedule 25)	964.54	765.42
Proposed dividend on equity shares	7491.74	7491.74
Tax on proposed dividend	1273.22	1273.22
	<u>12650.51</u>	<u>13877.72</u>
SCHEDULE 16 : MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
Deferred revenue expenditure		
- Opening balance	23.13	84.98
- Add : Additions	113.63	-
- Less : Written-off during the year	77.47	61.85
- Closing Balance	59.29	23.13
Amalgamation adjustment account	113.29	113.29
	<u>172.58</u>	<u>136.42</u>

Schedules Annexed to and forming part of the profit and loss account for the year ended March 31, 2009

Particulars	(Rs. in Lacs)	
	Year ended March 31, 2009	Year ended March 31, 2008
SCHEDULE 17 : TURNOVER (GROSS)		
Sales of own manufactured products (Including subsidy on fertilisers)	265066.24	214138.68
Sales of traded products (Including subsidy on fertilisers)	153473.17	33990.42
Income from operations of shipping business (Including Rs. 18773.45 lacs from charter in ship (Previous Year Rs. 12217.00 lacs))	41160.86	23935.44
	<u>459700.27</u>	<u>272064.54</u>
SCHEDULE 18 : OTHER INCOME		
Interest on		
- Long term investments - Non Trade (Gross) (Tax deducted at source Rs. 0.35 lacs, Previous Year Rs. 0.94 lacs)	1.56	4.15
- Fertilisers bonds	2678.94	506.91
- Employees loans	26.67	30.23
- Loans to subsidiaries (Tax deducted at source Rs. 2.01 lacs, Previous Year Rs. 6.08 lacs)	35.10	27.46
- Income Tax refund	368.40	192.65
- Deposit (Gross) (Tax deducted at source Rs. 155.23 lacs, Previous Year Rs. 107.03 lacs)	700.00	715.22
- Delayed payment by customers (Tax deducted at source Rs. 24.70 lacs , Previous Year Rs. 15.05 lacs)	387.80	279.62
Dividend income on non trade current investments	489.31	7.22
Dividend income on trade long term investments	5009.30	-
Rent received	52.27	64.26
Foreign exchange variation (Net)	-	4734.25
Insurance claims received	76.06	145.78
Liabilities no longer required written back	733.39	278.06
Export benefits	677.51	631.37
Profit on sale of asset	-	343.30
Sale of scrap	88.97	182.19
Miscellaneous income	618.66	74.05
	<u>11943.94</u>	<u>8216.72</u>
SCHEDULE 19 : RAW MATERIAL CONSUMED		
Opening inventories	3187.57	3072.61
Add: Purchases	93610.76	78284.59
Less: Closing inventories	2596.16	3187.57
	<u>94202.17</u>	<u>78169.63</u>
SCHEDULE 20 : PERSONNEL EXPENSES		
Salaries, wages and bonus*	7761.71	6124.15
Contribution to provident and other funds	565.34	583.64
Gratuity expenses (refer Note No.13 of Schedule 25)	316.46	162.35
Workmen and staff welfare expenses*	416.45	375.75
	<u>9059.96</u>	<u>7245.89</u>
* Refer Note No. 11 of schedule 25		
SCHEDULE 21 : DECREASE/(INCREASE) IN INVENTORIES		
Closing inventories		
- Work-in-process	891.39	881.87
- Finished goods	7300.49	11970.15
- Traded goods	11556.71	2037.84
- Waste	12.65	19.82
	<u>19761.24</u>	<u>14909.68</u>
Opening 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
	<u>14909.68</u>	<u>23106.53</u>
Less : Finished goods inventory of Food Processing Unit on the date of sale	-	(1083.48)
	<u>14909.68</u>	<u>22023.05</u>
	<u>(4851.56)</u>	<u>7113.37</u>

Particulars	(Rs. in Lacs)	
	Year ended March 31, 2009	Year ended March 31, 2008
SCHEDULE 22 : OPERATING AND OTHER EXPENSES		
Consumption of stores and spares*	3344.05	2644.85
Consumption of packing materials	6813.47	6798.86
Bagging and other services	457.97	410.92
Power and fuel*	80227.32	56081.69
Catalyst charges written off	109.28	108.65
Rent	1127.60	1450.58
Rates and taxes	55.56	58.38
Insurance*	1499.37	1399.95
Repairs and maintenance :		
- Plant & Machinery	936.05	1050.21
- Ships	357.79	352.58
- Buildings	312.15	158.27
- Others	525.95	590.06
Ships bunker cost	2636.15	3802.85
Ships port dues	760.27	1497.21
Ships special survey expenses	115.54	848.82
Directors' sitting fees	11.23	8.95
Travelling and conveyance*	990.20	890.06
Communication costs*	208.38	213.36
Printing and stationery	131.04	84.33
Legal and professional fees*	655.04	926.81
Equipment hire charges	735.66	700.80
Auditor's remuneration (including Branch Auditors*)		
As auditor:		
- Audit fee	38.61	38.21
- Tax audit fee	7.62	7.30
- Limited review fee	22.24	21.58
- Out of pocket expenses	2.15	3.46
In other manner:		
- Certification and other services	10.23	18.09
Decrease/ (increase) of excise duty on inventories	-	0.39
Freight and forwarding charges	16213.44	15890.85
Selling and marketing expenses	567.16	573.61
Cash rebate to customers	250.12	275.20
Commission and brokerage to other than sole selling agents	1136.34	654.11
Donations and contribution to charitable institutions	46.00	53.05
Depletion of loose tools	6.84	4.64
Green belt development/ horticulture expenses	300.60	291.85
Diminution in the value of fertiliser bonds	2810.00	1875.00
Provision for doubtful advances and debts	32.55	-
Foreign exchange variation (Net)	10316.28	-
Premium on forward contracts amortised	758.94	-
Loss on sale of fixed assets (Net)	70.15	-
Doubtful debts and advances written off	75.18	16.93
Inventory written off	104.46	156.02
Loss on sale of long term investments in subsidiary	-	13.25
Assets written off	421.87	25.46
Miscellaneous expenses*	1353.83	1316.01
	<u>136554.68</u>	<u>101313.20</u>
* Refer Note No. 11 of schedule 25		
SCHEDULE 23 : FINANCIAL EXPENSES		
Interest :		
- On term loans and debentures*	10473.71	8216.89
- On cash credit facilities	644.01	669.63
- Others	1133.16	299.25
Bank charges and guarantee commission*	981.54	318.94
	<u>13232.42</u>	<u>9504.71</u>
* Refer Note No. 11 of schedule 25		

Particulars	(Rs. in Lacs)	
	Year ended March 31, 2009	Year ended March 31, 2008
SCHEDULE 24 : EXCEPTIONAL ITEMS		
Profit on sale of long term trade investments	434.42	-
Profit on sale of mining lease rights	526.67	-
Profit on sale of ship	-	2290.87
Profit on sale of Food Processing Unit	-	126.51
	<u>961.09</u>	<u>2417.38</u>

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 Fertilisers 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 end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

c) Change in Accounting Policies

Exchange Differences on Long Term Foreign Currency Monetary Items

Upto March 31, 2008, the Company was charging off exchange differences arising on foreign currency monetary assets and liabilities to profit and loss account. Pursuant to Companies (Accounting Standards) Amendments Rules, 2009, the Company has exercised the option of deferring the charge to the Profit and Loss Account arising on exchange differences, in respect of accounting periods commencing on or after December 7, 2006, on long-term foreign currency monetary items (i.e. monetary assets or liabilities expressed in foreign currency and having a term of 12 months or more at the date of origination). As a result, such exchange differences so far as they relate to the acquisition of a depreciable capital asset have been adjusted with the cost of such asset and would be depreciated over the balance life of the asset.

In current year, such exchange differences, pertaining to accounting periods commencing on April 1, 2007 and ending on March 31, 2008 are transferred from General Reserve, to the extent they related to acquisition of depreciable capital assets are adjusted with the cost of such assets Rs. 4682.63 lacs (net of depreciation Rs. 151.90 lacs and net of tax Rs. Nil).

Had the Company continued to use the earlier basis of accounting for exchange differences arising on long-term foreign currency monetary items, the profit after tax for the current year would have been lower by Rs. 28425.51 lacs, general reserve would have been higher by Rs. 4682.63 lacs, the net block of fixed assets would have been lower by Rs. 22226.81 lacs, and capital work-in-progress would have been lower by Rs. 2043.66 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.

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

e) Depreciation

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

(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)	Leasehold Land/ Improvements and Vehicles under finance lease	Amortized over the period of respective leases or useful lives of assets, whichever is lower
(iii)	Insurance/ Machinery Spares	Over the remaining useful lives of mother assets.
(iv)	Assets not owned by the Company	Written off over five years from the date of capitalization.
(v)	Ships of Shipping Division	On technical evaluation of remaining useful life in case of old ships and as per Companies Act, 1956 in case of new ships.
(vi)	Fixed assets of Shipping Division other than ships	On written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

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

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) 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. Lease management fees, legal charges and other initial direct costs are capitalised.

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

Lease where the lessor 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.

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

i) Government Grants and subsidies

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

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

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

ii) Textile Division

Raw materials, Packing Materials, Stores and spares	Lower of cost and net realizable value. However, materials and other items held for use in the production of finished goods are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
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) Shipping Division

Bunkers remaining on board	Lower of cost and net realizable value. Cost is determined on weighted average basis.
Deck, Engine Stores & Spares and Victualling	Lower of cost and net realizable value. Cost is determined on first in first out basis.
Stock of insurance 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 arising during the year. Sale is net of trade discounts and sales tax.

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 monthly 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 arising during the year. Sale is net of trade discount and sales tax.

iii) 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.

(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.

(e) Export Benefits

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

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

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

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

The premium or discounts arising at the inception of forward exchange contracts is 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.

- p) Retirement and other employee benefits
- (i) Retirement benefit in the form of Provident Fund is a defined benefit obligation in case of Fertiliser division and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. Shortfall in the funds, if any, is adequately provided for by the Company. In respect of Textile and Shipping division of the Company, Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.
- (ii) Superannuation Fund is a defined contribution scheme. Liability in respect of Superannuation Fund to the 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 contributions to the funds are charged to the Profit and Loss Account of the year. The Company does not have any other obligation to the fund other than the contribution payable to 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.
- (vi) Payments made under the Voluntary Retirement Scheme are amortised over two years but not beyond accounting period ending on or before March 31, 2010.

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 items of income/expenses of shipping division has not been considered for the purpose of deferred tax calculation.

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

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

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

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 estimates. Provision for expenditure relating to voluntary retirement is made when the employee accepts the offer of early retirement.

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

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

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

(Rs. in lacs)

S. No.	Particulars	2008-09	2007-08
a)	Outstanding amount against counter guarantees given to Banks/ Financial Institutions on account of loans given by the said Banks/Financial Institutions to Bodies Corporate.	690.35	959.65
b)	Demand raised by Customs, Sales Tax and Income Tax authorities being disputed by the Company	6871.01*	1707.38*
c)	Differential amount of custom duty in respect of machinery imported under EPCG Scheme including interest thereon.	796.16	1799.26
d)	Various labour cases	Amount not ascertainable	Amount not ascertainable
e)	Other claims against the Company not acknowledged as debts.	4.24	4.24
f)	Claim against Nihat Shipping Company Limited in legal suits/notices, in which the Company has been made a party, is being contested, since the Company acted as Agents/ Technical & Operational managers.	222.04	230.33

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

(Rs. in lacs)

S. No.	Particulars	2008-09	2007-08
1.	Income Tax:		
	- Demand raised by IT authorities on account of various disallowances for A.Y. 2002-03 including penalties.	1290.62	864.77
	- Demand raised by IT authorities on account of various disallowances for A.Y. 2003-04 including penalties.	4673.35	-
	- Demand raised by IT authorities on account of various disallowances for A.Y. 2005-06 including penalties.	-	563.07
	- Demand raised by IT authorities on account of various disallowances for A.Y. 2006-07 including penalties.	560.84	28.24
2.	Sales Tax:		
	- Disallowance of VAT credit on raw materials used in the manufacturing of finished goods and lying in stock on April 1, 2006	22.18	22.18
	- Miscellaneous RST & CST demand	39.01	34.33

(Rs. in lacs)			
S. No.	Particulars	2008-09	2007-08
3.	Land Tax: - Demand raised by Registrar for usage of land other than specified purposes.	140.08	80.04
4.	Service Tax/Excise Duty/Custom Duty: - Service tax demand raised by authorities on non payment of service tax on services received from non-residents. - Show cause notice received on services under intellectual property rights from foreign parties received by the Company. - Show cause notices received for excise duty on damaged urea/ urea shortage. - Show cause notice received for service tax on providing cable operator services to employees in Gadepan township. - Show cause notice regarding payment of custom duty on import of Brimstone 90.	18.33 126.60 - - -	22.73 - 30.00 2.73 59.29
	Total	6871.01	1707.38

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

- 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 FICCI/ Government of India under Subsidy Scheme.
- 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 Fertilisers Industry Coordination Committee (FICC) of Ministry of Fertilisers, the Government of India under Subsidy Scheme.
- 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 Fertilisers Industry Coordination Committee (FICC) of Ministry of Fertilisers, the Government of India under Subsidy Scheme.
- 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 and accordingly no provision has been considered.

(Rs. in lacs)		
Particulars	2008-09	2007-08
8. Estimated amount of contracts remaining to be executed on capital account (net of advances)	27846.35	72282.80

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

(Rs. in lacs)		
Particulars	2008-09	2007-08
Salary	76.96	66.80
Contribution to Provident Fund	4.03	3.60
Contribution to Superannuation Fund	5.04	4.50
Other Perquisites	7.48	3.86
Total	93.51	78.76

Notes:

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

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

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

S.No.	Scheme Name	Number of Units Purchased	Number of Units Sold	Purchase value (Rs./Lacs)	Sale value (Rs./Lacs)
1.	Lotus India Liquid Fund Super Institutional	59448288.35	59448288.35	5945.00	5946.79
2.	Reliance Liquid Fund – Daily Dividend	89989280.93	89989280.93	9000.00	9001.72
3.	Reliance Liquidity Fund – Treasury Plan	32788554.69	32788554.69	5000.00	5000.00
4.	Birla Sun Cash Plus Institutional Premium Plan	50062079.67	50062079.67	5000.00	5000.00
5.	ICICI Prudential Institutional Liquid Plan	50048598.92	50048598.92	5000.00	5000.00
6.	SBI – SHF Ultra Short Term Fund	50453761.55	50453761.55	5000.00	5047.90
7.	HDFC Liquid Fund – Premium Plan	40912296.91	40912296.91	5000.00	5015.77
8.	JP Morgan India Liquid Fund	25051350.22	25051350.22	2500.00	2507.11
9.	JM High Liquidity Fund	36254197.50	36254197.50	3625.00	3631.40
10.	JM Money Manager Super Plus Fund	50491703.96	50491703.96	5006.40	5051.85
11.	Tata Liquid Super High Investment Fund	450411.97	450411.97	5000.00	5019.91

- Pre-operative expenditure

The Company has incurred some expenditure related to construction 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	2008-09	2007-08
Salaries, wages and bonus	165.84	76.78
Workmen and staff welfare expenses	3.91	0.64
Consumption of stores and spares	247.46	57.53
Travelling and conveyance	149.79	27.85
Insurance	3.44	-
Power and Fuel	172.28	-
Legal and professional fees	128.58	13.34
Communication costs	1.06	1.06
Miscellaneous expenses	168.66	6.64
Interest expenses	11116.99	8238.13
Bank charges	168.89	0.12
Total	12326.90	8422.09
Less: Capitalised	10732.11	-
Net pre-operative expenditure (pending for allocation)	1594.79	8422.09

- 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 Fertilisers, Trading, Textile and Shipping. The "Own Manufactured Fertilisers 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 Fertilisers and Agricultural Inputs and this activity, though different in risk perception from own manufactured urea, is carried out mainly with an objective of providing Fertilisers/Agricultural Inputs under one roof. The "Textile Segment" includes manufacturing and sale of synthetic and cotton yarn. The "Shipping Segment" includes transportation of crude oil and liquid products through vessels owned and/ or hired by the Shipping Division.

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 31.3.2009.

Particulars	Own Manufactured		Trading Fertilisers		Shipping		Textile		Others		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Revenue	238054.87	190237.98	153473.17	33990.42	41160.85	23935.44	26864.72	22496.00	-	1353.02	459553.61	272012.86
External Sales	238054.87	190237.98	153473.17	33990.42	41160.85	23935.44	26864.72	22496.00	-	1353.02	459553.61	272012.86
Inter Segment Sales	-	-	-	-	-	-	-	-	-	-	-	-
Total sales	238054.87	190237.98	153473.17	33990.42	41160.85	23935.44	26864.72	22496.00	-	1353.02	459553.61	272012.86
Results	33431.69	27113.97	(4532.40)	2399.61	10527.79	7829.27	(858.41)	375.67	(875.77)	-	38568.67	36842.75
Segment Result	33431.69	27113.97	(4532.40)	2399.61	10527.79	7829.27	(858.41)	375.67	(875.77)	-	38568.67	36842.75
Unallocated Expenses (net)	-	-	-	-	-	-	-	-	-	-	5165.94	5029.86
Operating Profit before	-	-	-	-	-	-	-	-	-	-	33402.73	31812.89
Exceptional Items	-	-	-	-	-	-	-	-	-	-	961.09	2417.38
Exceptional Items	-	-	-	-	-	-	-	-	-	-	12250.88	9185.77
Interest Expenses	-	-	-	-	-	-	-	-	-	-	4198.47	1756.24
Interest Income	-	-	-	-	-	-	-	-	-	-	5498.61	7.22
Dividend Income	-	-	-	-	-	-	-	-	-	-	8753.73	6427.90
Income Tax	-	-	-	-	-	-	-	-	-	-	23056.29	20380.06
Net Profit after Exceptional Items	196160.89	148426.22	34010.27	4770.37	160064.22	96816.86	25521.18	28732.04	-	-	415756.56	278745.49
Other Information	-	-	-	-	-	-	-	-	-	-	111306.39	84198.73
Segment Assets	-	-	-	-	-	-	-	-	-	-	527062.95	362944.22
Unallocated Assets	-	-	-	-	-	-	-	-	-	-	114172.74	16088.48
Total Assets	15730.54	11426.70	94078.11	1258.65	3038.51	1884.43	1325.58	1518.70	-	-	289454.91	233029.14
Segment Liabilities	-	-	-	-	-	-	-	-	-	-	403627.65	249117.62
Unallocated Liabilities	-	-	-	-	-	-	-	-	-	-	104077.36	38059.76
Total Liabilities	31979.37	8756.62	-	-	71254.76	27113.96	843.23	2180.48	8.70	71.48	22624.82	18370.64
Capital Expenditure	13336.34	13245.71	-	-	7150.06	3034.48	2138.42	2018.97	-	-	-	-
(Including FEV impact)	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Depreciation/	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation	-	-	-	-	-	-	-	-	-	-	-	-
Non-cash expenses other than	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortisation	23.13	61.85	-	-	54.34	-	-	-	-	-	89.11	123.05
	-	-	-	-	-	-	-	-	-	-	77.47	61.85

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.

Particulars	(Rs. in lacs)	
	2008-09	2007-08
Revenue from Domestic Market	430763.50	254621.40
Revenue from Overseas Markets	28790.11	17391.46
Total	459553.61	272012.86

Particulars	(Rs. in lacs)	
	2008-09	2007-08
Receivables from Domestic Markets	63549.29	15002.34
Receivables from Overseas Markets	2461.02	1307.85
Total	66010.31	16310.19

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 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 in respect of Fertiliser and Shipping division of the Company.

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

Profit and Loss Account

Net employee benefit expense (recognised in Employee Cost)

Particulars	(Rs. in lacs)	
	2008-09	2007-08
Current service cost	102.43	89.15
Interest cost on benefit obligation	60.20	70.07
Expected return on plan assets	(8.43)	(14.36)
Net actuarial (gain)/ loss recognised in the year	162.26	17.49
Past service cost	-	-
Net (benefit)/ expense	316.46	162.35
Actual return on plan assets	16.75	10.32

Balance Sheet

Details of Provision for Gratuity

Particulars	(Rs. in lacs)	
	2008-09	2007-08
Defined benefit obligation	1051.60	872.73
Fair value of plan assets	87.06	107.31
Less: Unrecognised past service cost	-	-
Plan asset/(liability)	(964.54)	(765.42)

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

Particulars	(Rs. in lacs)	
	2008-09	2007-08
Opening defined benefit obligation	872.73	897.31
Interest cost	60.20	70.07
Current service cost	102.43	89.15
Benefits paid out of funds	(113.65)	(147.73)
Benefits paid by Company	(40.69)	(49.53)
Actuarial (gains)/ losses on obligation	170.58	13.46
Closing defined benefit obligation	1051.60	872.73

Annual Report 2008-2009

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

(Rs. in lacs)

Particulars	Gratuity	
	2008-09	2007-08
Opening fair value of plan assets	107.31	163.96
Expected return	8.43	14.36
Contribution by employer	76.65	80.75
Benefits paid	(113.65)	(147.73)
Actuarial gains/ (losses) on obligation	8.32	(4.03)
Closing fair value of plan assets	87.06	107.31

The Company expects to contribute Rs. 83 lacs (approx.) to gratuity in 2009-10.

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

Particulars	Gratuity (%)	
	2008-09	2007-08
Investments with insurer	100	100

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

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

Particulars	2008-09	2007-08
	%	%
Discount Rate	7.00	8.00
Expected rate of return on assets	9.00	9.25
Employee turnover rate	1 to 3	1 to 3

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

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

(Rs. in Lacs)

Particulars	Gratuity			
	2008-09	2007-08	2006-07	2005-06
Defined benefit obligation	1051.60	872.73	897.31	866.39
Plan assets	87.06	107.31	163.96	182.09
Surplus/ (deficit)	(964.54)	(765.42)	(733.35)	(684.30)
Experience adjustment on plan assets	(1.69)	-	-	-
Experience adjustment on plan liabilities	(105.47)	-	-	-

Contribution to Defined Contribution Plans:

(Rs. in Lacs)

Particulars	2008-09	2007-08
Provident Fund/ Pension Fund*	277.55	230.93
Superannuation Fund	102.83	176.23

* Provident fund in respect of textile and shipping division of the Company and Pension fund in respect of all the divisions of the Company.

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

15. Related Party Disclosures

During the year, the Company entered into transactions with the related parties. Those transactions along with related balances as at March 31, 2009 and for the year then ended are presented in the following table.

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

(a) Subsidiaries

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

Subsidiaries and Step-down Subsidiaries of CFCL Overseas Limited

* CFCL Technologies Limited, Cayman Islands
* CFCL Ventures Limited, Cayman Islands
* ISGN Corporation, USA (formerly known as NovaSoft Information Technology Corporation)

Subsidiaries and Step-down Subsidiaries of ISGN Corporation, USA

* NovaSoft Information Technology (Europe) Ltd., UK (ceased w.e.f March 24, 2009)
* Asia NovaSoft Technologies Pte Ltd, Singapore. (ceased w.e.f October 31, 2008)
* NovaSoft Information Technology Corporation GMBH, Germany

* Dynatek Inc., USA
* Richmond Investors, LLC
* Richmond Title Genpar, LLC
* Richmond Title Services, LP
* Flex Agents Signing Team, LLC
* Richmond Title Services, LLC (Alabama)

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 (ceased w.e.f. December 30, 2008)
* Chambal Energy (Chhattisgarh) Limited
* Chambal Energy (Orissa) Limited

(Rs. in lacs)

Nature of Transactions	2008-09	2007-08
Sale of Fixed Assets/ Business	-	11.67
- Chambal Agritech Limited, India (ceased w.e.f August 17, 2007)	-	5.69
- ISG Novasoft Technologies Ltd., India	-	5.98
Services Expenses	4154.91	1242.55
- ISG NovaSoft Technologies Ltd.	-	27.10
- India Steamship Pte Limited, Singapore	4154.91	1215.45
Rent - Income	21.66	31.98
- ISG NovaSoft Technologies Ltd.	21.66	31.98
Other Income	706.58	26.85
- India Steamship Pte Limited, Singapore	179.91	26.85
- Gulbarga Cement Limited	526.67	-
Investments purchased	643.94	2343.35
- Chambal Infrastructure Ventures Limited	120.00	10.00
- CFCL Overseas Limited	523.94	2047.31
- India Steamship Pte Limited, Singapore	-	286.04
Loan Given	239.85	441.26
- India Steamship Pte Limited, Singapore	239.85	441.26
Corporate Guarantees Outstanding	690.35	959.65
- ISGN Corporation, USA	355.25	561.75
- Nova soft Information Technology (Europe) Limited	335.10	397.90
Guarantee Commission Income	-	3.22
- Chambal Agritech Limited (ceased w.e.f August 17, 2007)	-	3.22

(Rs. in lacs)

Nature of Transactions	2008-09		2007-08	
	Reimbursement of expenses		483.63	
-Chambal Infrastructure Ventures Limited	72.21		12.26	
-Chambal Energy (Chhattisgarh) Limited	22.79		-	
-Gulbarga Cement Limited	384.99		383.33	
-CFCL Overseas Limited, Cayman Islands	0.27		0.28	
-ISGN Solutions Limited, Ireland	3.37		-	
-Technico Pty Limited, Australia (ceased w.e.f August 17, 2007)	-		44.47	
-Chambal Agritech Limited	-		12.13	
-ISGN Corporation, USA	-		48.00	
-ISG Novasoft Technologies Limited	-		11.99	
Outstanding Balances as at the year end				
Advances receivables		442.66		1006.97
-ISGN Corporation, USA	10.96		13.55	
-ISG Novasoft Technologies Ltd.	14.14		4.30	
-Chambal Infrastructure Ventures Limited	215.69		143.48	
-Gulbarga Cement Limited	-		383.33	
-Chambal Energy (Chhattisgarh) Limited	22.79		-	
-India Steamship Pte. Ltd., Singapore	178.52		462.03	
-CFCL Overseas Limited, Cayman Islands	0.56		0.28	
Amount payables		-		16.35
-India Steamship Pte Ltd., Singapore	-		16.35	

(b) Joint Ventures

Indo Maroc Phosphore S.A., Morocco,

(Rs. in lacs)

Nature of Transactions	2008-09		2007-08	
	Dividend income	5009.30	5009.30	-
Reimbursement of expenses	62.02	62.02		120.79
Outstanding balances as at the year end			120.79	
Advances receivables		2623.24		58.52
	2623.24		58.52	

(c) Associates

Zuari Investments Limited

(Rs. in lacs)

Nature of Transactions	2008-09		2007-08	
	Services expenses		67.47	
-Zuari Investments Limited	67.47		99.34	
Interest income		-		97.58
-Zuari Investments Limited	-		97.58	
Rent income		29.50		32.28
-Zuari Investments Limited	29.50		32.28	
Reimbursement of expenses		33.49		3.87
-Zuari Investments Limited	33.49		3.87	
Loans/deposits granted		-		3560.00
-Zuari Investments Limited	-		3560.00	
Loan/deposits refunded		-		3950.00
-Zuari Investments Limited	-		3950.00	
Outstanding balances as at the year end				
Advances receivables		-		8.73
-Zuari Investments Limited	-		8.73	

(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	2008-09		2007-08	
	Dividend Paid		0.02	
-Mrs. Deepali Kapoor	0.02		0.02	
Interest Paid		0.69		0.86
- Mr. Anil Kapoor	0.10		-	
- Mrs. Deepali Kapoor	-		0.28	
- Mr. Hemant Kapoor	0.22		0.58	
- Ms. Priyanka Kapoor	0.37		-	
Remuneration paid to Managing Director		93.51		78.76
- Mr. Anil Kapoor	93.51		78.76	
Outstanding Balances as at the year end		21.43		20.60
Loan receivable				
- Mr. Anil Kapoor	21.43		20.60	

16. Details of loans and advances to associates, 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	
	2008-09	2007-08	2008-09	2007-08
Loans and Advances to Associates				
- Zuari Investments Limited	-	-	-	1215.00
Loans and advances to firms/ Companies in which directors are interested				
- The Oudh Sugar and Industries Limited	-	-	1000.00	1000.00
- Upper Ganges Sugar and Industries Limited	-	-	1000.00	1000.00
- Gobind Sugar Mills Limited	1000.00	1000.00	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
- Gobind Sugar Mills Limited	0.19	0.19	0.19	0.19

17. Earning Per Share (EPS)

S. No.	Particulars	2008-09	2007-08
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)	23056.29	20380.06
	Profit available to equity shareholders (Rs./lacs)	23056.29	20380.06
III	Basic/Diluted earning per share (In Rs.)	5.54	4.90
IV	Nominal value of equity share (In Rs.)	10.00	10.00

- 18 a. During the year, the Company has made further investment of Rs. 120 lacs in its wholly owned subsidiary company namely Chambal Infrastructure Ventures Limited (CIVL).
- b. The Company has made further investment of Rs. 523.94 lacs in its wholly owned subsidiary CFCL Overseas Limited, Cayman Island.
- c. During the year, the Company has sold one of its sub subsidiary "Gulbarga Cement Limited" to "Zuari Industries Limited" at a total consideration of Rs. 5 lacs.
- d. During the year, the Company has sold partial stake in its associate "Zuari Investments Limited" at a consideration of Rs. 1060.96 lacs and recognized gain on sale of investment of Rs. 436.87 lacs.

Annual Report 2008-2009

19. During the year, the Company has received fertilizers bonds of Rs. 49715 lacs from the Ministry of Fertilisers, the Government of India against the outstanding amount of subsidy receivable, out of which bonds amounting to Rs. 36715.40 lacs are outstanding at the year end. The market value of above bonds are lower than book value therefore the diminution in the value of above bonds amounting to Rs. 2810 lacs has been accounted for. The aforesaid bonds have been classified as "Other Current Assets" in the financial statements.

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

(Rs. In Lacs)

S. No.	Particulars	2008-09	2007-08
1.	Proportion of Ownership Interest (Refer Note)	33.33%	33.33%
2.	Country of Incorporation or Registration	Morocco	Morocco
3.	Accounting Period ended	31.12.2008	31.12.2007
4.	Assets	46322.67	22410.07
5.	Liabilities	27974.59	7221.43
6.	Income	78147.19	33804.34
7.	Expenses	71847.32	27918.25
8.	Contingent Liabilities	-	-
9.	Capital Commitments	165.47	-

Note:

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

21. Nitrogenous Fertilizers are under the Concession Scheme as per New Pricing Scheme implemented w.e.f. 1st April, 2003. The concession price and equated freight has been accounted for on the basis of notified prices, further adjusted for input price escalation/ de-escalation as per 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 sale of surplus ammonia has been accounted for in accordance with the known policy parameters.

The current year subsidy income is inclusive of Rs. 5470.17 lacs (Previous Year Rs. 150.41 lacs) being the subsidy income pertaining to earlier years, determined during the year.

22. Subsidy on traded products has been accounted based on monthly concession rate as notified by the Government of India. Pending notification of the final concession price applicable for the month of February 2009 and March 2009, 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. 475.21 lacs during the year and reduced the same from interest expenses.
24. The Company has investments of Rs. 20537.70 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 near future, in the opinion of management, no provision for diminution in value of investment is required to be made as per Accounting Standard 13 notified by Companies (Accounting Standards) Rules, 2006.

25. Leases

- (a) The Fertiliser Division of the Company has taken certain fixed assets during the year on finance lease of Rs. 18.01 lacs (Previous year Rs. 103.85 lacs). The lease payment made during the year amounts to Rs. 97.85 lacs (Previous year Rs. 166.44 lacs), out of which Rs. 76.49 lacs (Previous year Rs. 134.26 lacs) has been adjusted against Principal and Rs. 21.36 lacs (Previous year Rs. 32.18 lacs) has been shown as Finance Lease Charges. The interest rate on various finance leases is around 10%. There is no renewal and escalation clause as well as restriction imposed in the lease agreement. There are no subleases. The break up of minimum lease payment outstanding as at March 31, 2009 is as follows:

(Rs. in lacs)

Period	2008-09			2007-08		
	Minimum lease payments	Principal	Finance lease charges	Minimum lease payments	Principal	Finance lease charges
Payable within one year	88.27	74.22	14.05	89.99	72.53	17.46
Payable after one year but before 5 years	82.12	73.51	8.61	155.93	133.68	22.25
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. 121.27 lacs (Previous year Rs. 116.70 lacs). The renewal of lease will be as per the mutual understanding of lessee and lessor and there is no escalation clause. There are no restrictions imposed by lease arrangements and there are no subleases. The break up of minimum lease payment outstanding as at March 31, 2009 is as follows:

(Rs. in lacs)

Period	Minimum Lease Payments	
	2008-09	2007-08
Payable within one year	88.95	110.67
Payable after one year but within five years	48.22	53.49
Payable after five year	-	-

- (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. 1006.33 lacs (Previous year Rs. 1333.88 lacs). The renewal of leases will be as per the mutual understanding of lessee and lessor and there is no escalation clause. There are no restrictions imposed by lease arrangements.

- (d) Sub lease income amounting to Rs. 29.50 lacs (Previous Year Rs. 32.28 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.

(Rs. in lacs)

Particulars	2008-09	2007-08
Gross Block	130.67	130.67
Accumulated Depreciation	18.43	16.30
Depreciation expense for the year	2.13	2.13

26. Deferred payment liabilities

- a. Deferred payment liabilities include:

(i) Deferred Sales Tax amounting to Rs. 99.91 lacs (Previous Year Rs. 199.82 lacs) This includes amount repayable within one year is Rs. 99.91 lacs (Previous Year Rs. 99.91 lacs).

(ii) Deferred Supplier's Credit amount to Rs. 6111.74 lacs (Previous Year Rs. 9572.43 lacs). This includes amount repayable within one year Rs. 6111.74 lacs (Previous Year Rs. 4786.21 lacs).

- b. Liability under Deferred Supplier's Credit amounting to Rs. 6111.74 lacs (Previous Year Rs. 9572.43 lacs) and interest accrued thereon, is guaranteed by Banks and Financial Institutions 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 Banks / Financial Institutions on movables for securing working capital borrowings, ranking pari passu with the charges created / to be created in favour of Banks and Financial Institutions for securing various Loans/ Guarantee Assistance and in favour of trustees for Non Convertible Debentures.

27. The Board of Directors of erstwhile ISS Holdings Ltd (a subsidiary of erstwhile India Steamship Company Limited, acquired by the Company in 2003) had applied on November 11, 2003 to the Registrar of Companies, West Bengal to strike off the name of the erstwhile ISS Holdings Ltd. 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.

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

(Rs. in lacs)

Particulars	2008-09	2007-08
The principal amount due and remaining unpaid to any supplier as at the end of each accounting year.	17.57	11.90
The interest due on unpaid principal amount remaining as at the end of each accounting year.	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year: and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

29. Excise duty on sales amounting to Rs. 146.66 lacs has been reduced from sales in profit & loss account and excise duty on increase/decrease in stock amounting to Rs. Nil lacs has been considered as expense in Schedule 22 of financial statements.

30. Derivative Instruments:

A. Derivative outstanding as on 31.3.2009

S. No.	Details of Derivatives	Currency/Pair of Currency	Amount	Amount (Rs. in lacs)	Purpose	
I	Forward Contracts Buy	INR-USD	USD	-	To hedge the principal and interest of Liabilities under deferred payments	
			(2,000,000)	(802.50)		
	Buy	INR-USD	USD	210,109,922	10380831	To hedge the import creditors/ short term foreign currency loans from bank.
			(-)	(-)		
	Buy	USD-JPY	JPY	108,360,000	507.50	To hedge the principal and interest of liabilities under deferred payments.
			(449,668,750)	(1685.05)		
Buy	INR-USD	USD	-	-	To hedge the principal and interest of Liabilities under deferred payments	
		(700,000)	(280.88)			
Sell	INR-USD	USD	4,600,000	2333.12	To hedge the charter hire receivables	
		(1,200,000)	(480.14)			
Sell	USD-EURO	EURO	671,074	453.44	To hedge the export receivables	
		(-)	(-)			
II	Options Buy	INR-USD	USD	3,000,000	To hedge the import creditors	
			(-)	(-)		
III	Swap Buy	INR-USD	USD	1,291,096	To hedge the Principal and interest of a rupee term loan.	
			(3,873,288)	(1554.16)		
IV	Interest Swap		USD	45,000,000	To hedge the interest expense on foreign currency loan	
			(-)	(-)		

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

S. No.	Exposure in Foreign currency	Nature of exposure and amount			
		Sundry creditors & other payables	Loans/ Liabilities under deferred payments	Sundry Debtors & other receivables	Investments
1.	USD	14,914,645 (3,319,942)	300501132 (217556211)	9,954483 (7891467)	47686000 (47375000)
2.	SGD	63,364 (23,771)	-	17004 (28932)	1079962 (1079962)
3.	JPY	4,572,258 (13,462,889)	1085805000 (2028217325)	-	-
4.	GBP	257 (-)	-	2800 (-)	-
5.	EURO	318,127 (18,408)	-	250700 (-)	-
6.	AED	- (46,478)	-	-	(-)
7.	MAD	- (-)	-	-	206667000 (206667000)
	Exposure - (Rs. in lacs)	7,827.04 (1409.70)	158061.47 (95064.58)	5224.35 (3171.77)	29337.06 (28813.12)

Notes:

- Unhedged Loan/Liabilities under deferred payments of Rs. 138281.62 lacs (Previous Year Rs. 75717.17 lacs) are not payable within next one year.
- 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.
- In case of hedged transactions mentioned in (A) above, all losses, wherever applicable, as of March 31, 2009 have been provided for.
- Previous year figures have been given in bracket.

31. 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 (*)	
		2008-09	2007-08	2008-09	2007-08
(i) Fertiliser					
Ammonia	MTPD	2700	2700	2700	2700
Urea	MTPD	4600	4600	4600	4600
(ii) Yarn Spindles	Nos.	**	**	83520	80208

* As certified by the management.

** Not applicable.

B) Production, Sales and Stocks:

Product	2008-09		2007-08	
	Quantity Tons	Amount (Rs. in lacs)	Quantity Tons	Amount (Rs. in lacs)
Production				
Ammonia	1098552.000	-	1140704.000	-
Urea	1918094.000	-	2000038.000	-
Synthetic Yarn				
Man-made Fibres Yarn	11794.000	-	11661.000	-
Fiber Yarn Waste	472.000	-	529.338	-
Cotton Yarn				
Yarn	8623.000	-	8058.000	-
Fiber Waste	2287.000	-	2861.225	-
Frozen vegetables & Fruits	-	-	205.005	-
Opening Stock				
Ammonia	1889.170	169.15	2655.000	290.47
Urea	104079.803	8084.73	109369.741	9809.87
Synthetic Yarn				
Man-made Fibre 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
Captive Consumption				
Ammonia	1093403.000	-	1140020.000	-
Closing Stock				
Ammonia	1824.99	213.99	1889.170	169.15
Urea	45574.857	4752.41	104079.803	8084.73
Synthetic Yarn				
Man-made Fibres Yarn	1550.000	1702.04	2391.000	2947.00
Fibre Yarn Waste	12.000	0.65	11.000	1.00

Product	2008-09		2007-08	
	Quantity Tons	Amount (Rs. in lacs)	Quantity Tons	Amount (Rs. in lacs)
Cotton Yarn				
Yarn	758.000	846.04	854.000	938.42
Fiber Waste	62.000	12.00	69.000	18.82
Sales				
Urea	1976279.412	237009.19	2005178.744	189949.46
Ammonia	5213.180	1188.19	1449.830	334.52
Synthetic Yarn				
Man-made Fibre Yarn	12696.000	15796.47	10646.000	13392.68
Fibre Yarn Waste	405.000	73.24	520.000	86.00
Cotton Yarn				
Yarn	8708.000	10308.81	7745.000	8270.00
Fiber Waste	2294.000	690.34	2848.000	753.00
Frozen Vegetable & Fruits	-	-	7682.397	1353.02

Notes:

- Stock of Ammonia is included under Stock-in-Process.
- Difference in quantity tally is on account of shortages/excess/ damages etc.

C) Shipping activity:

Shipping Division of the Company is engaged in the business of shipping activities. Shipping activities are not capable of being expressed in generic units. Hence quantitative details and related information required to be given under paragraphs 3 and 4C of Part II of Schedule VI of the Companies Act, 1956 are not applicable to this business. Further, the Company has been granted exemption vide notification no. 46/116/2009-CL-111 dated May 8, 2009 of 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, 2009) 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	2008-09			2007-08		
		Quantity	Value (Rs. in lacs)	% Age	Quantity	Value (Rs. in lacs)	% Age
Indigenous							
Natural Gas	'000	722336.99	77127.53	81.87	744920.85	62225.20	79.60
	SM ³						
Staple Fibre	MT	12425.63	9652.17	10.25	12142.23	9695.18	12.40
Cotton	MT	10862.09	7422.47	7.88	11193.53	6208.29	7.94
Vegetables & Fruits	MT	-	-	-	-	40.96	0.06
Total			94202.17	100.00		78169.63	100.00
Imported							

E) Trading activity:

Products	2008-09		2007-08	
	Quantity	Value (Rs./lacs)	Quantity	Value (Rs./lacs)
Opening 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
SSP (in MT)	-	-	161.500	5.19
Zinc (in MT)	-	-	9.150	2.04
Complex Fertiliser	124.931	56.82	20.000	6.62
Micro Nutrient	1527.610	348.02	-	-
Cumin (in MT)	-	-	1026.742	866.70
Mustard (in MT)	49.543	8.62	27696.190	5215.53
Cattle feed (in MT)	5.500	0.47	-	-
Frozen Vegetables & Fruits (in MT)	-	-	6.51	4.30
		2037.84		7092.94
Purchases				
DAP (in MT)	226243.106	117195.06	22340.748	2319.37
MOP (in MT)	67893.000	18598.60	33365.000	3995.50
Biophos (in MT)	-	-	1777.668	533.08
Pesticides (in Ltr.)	1658134.050	11826.21	1825135.700	8819.63
Pesticides (in Kg.)	13536544.53	-	9620031.356	-
Seeds (in MT)	36025.761	3774.37	20615.042	2837.17
SSP (in MT)	26875.400	1112.03	51131.700	1584.73
Zinc (in MT)	6029.961	1557.88	6141.720	1329.86
Micro Nutrient (in MT)	5205.400	1542.40	3679.852	575.89
Organic Fertilisers (in MT)	1600.050	32.03	1674.000	33.48
Gypsum	24594.800	134.10	22141.600	116.51
Mustard (in MT)	-	-	14285.942	2446.87
Cattle Feed	9196.510	575.93	15633.660	895.69
Complex Fertiliser	91.994	69.39	199.481	97.12
		156418.00		25584.90
Sales				
DAP (in MT)	220973.076	115819.58	22361.190	1970.03
MOP (in MT)	45356.263	14414.72	33249.245	4076.99
Biophos (in MT)	147.995	52.37	1692.981	691.89
Pesticides (in Ltr.)	1502432.250	12690.28	1791818.000	9437.56
Pesticides (in Kg.)	11827046.30	-	9179225.464	-
Seeds (in MT)	31085.878	4028.43	20625.485	3218.96
SSP (in MT)	26875.400	1242.59	51293.200	1610.58
Zinc (in MT)	6006.236	1635.12	6150.870	1375.94
Micro Nutrient (in MT)	5189.340	2423.47	2152.025	645.81
Organic Fertilisers (in MT)	1600.050	38.41	1674.000	37.66
Gypsum	24594.800	412.65	22141.600	382.82
Mustard (in MT)	43.693	1.74	41817.343	8496.20
Cumin (in MT)	-	-	996.768	1048.72
Cattle Feed	9196.510	593.99	15628.160	932.75
Complex Fertiliser	160.781	119.82	94.550	64.51
		153473.17		33990.42
Closing Stock				
DAP (in MT)	5420.792	1161.68	150.762	6.79
MOP (in MT)	22568.116	7450.32	31.379	1.81
Biophos (in MT)	-	-	173.480	52.40
Pesticides (in Ltr.)	2566753.100	2566.18	267399.200	1508.41
Pesticides (in Kg.)	420616.750	-	857394.176	-
Seeds (in MT)	5023.400	39.95	83.517	54.50
Zinc (in MT)	23.725	5.56	-	-
Mustard (in MT)	-	-	49.543	8.62
Cattle Feed	5.500	0.51	5.500	0.47
Complex Fertiliser	56.147	35.79	124.931	56.82
Micro Nutrient	1543.528	296.72	1527.610	348.02
		11556.71		2037.84

Note:

Difference in quantity tally represents shortages/ damages etc.

F) Stores and spares consumed - indigenous & imported:

Particulars	2008-09		2007-08	
	Amount (Rs. In lacs)	%age	Amount (Rs. In lacs)	%age
Indigenous	2646.35	96.30	2172.73	95.19
Imported	101.45	3.70	109.67	4.81
Total	2747.80	100.00	2282.40	100.00

Note: The stores and spares consumption excludes consumption of spares amounting to Rs. 596.25 lacs (Previous Year Rs. 362.45 lacs) pertaining to Shipping Division of the Company, which has been granted exemption from Registrar of Companies for furnishing information required under paragraphs 3 and 4C of Part II of Schedule VI of the Companies Act, 1956.

G) CIF value of imports (Rs. in lacs)

Particulars	2008-09	2007-08
Capital Goods	7700.86	259.74
Stores and spares	593.81	139.27
Traded Products	127925.26	3545.26
Total	136219.93	3944.27

H) Expenditure in foreign currency (on cash basis) (Rs. in lacs)

Particulars	2008-09	2007-08
Design, Engineering and Supervision fee	77.95	433.23
Travelling	65.07	55.88
Interest	592.42	-
Others	137.42	669.23
Total	872.86	1158.34

I) Earning in foreign exchange (Rs. in lacs)

Particulars	2008-09	2007-08
FOB value of exports	28790.10	17195.87
Dispatch money (On Cash basis)	120.34	-
Dividend income	5009.30	-
Interest (On Cash basis)	61.49	93.21
Total	33981.23	17289.08

J) Net dividend remitted in foreign currency (Rs. in lacs)

Particulars	2008-09	2007-08
Number of non resident shareholders	388	415
Number of Shares held by them	12517585	14549375
Dividend paid (Rs. In lacs)	225.32	261.89
Year to which dividend relates	2007-08	2006-07

32. 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 & COMPANY
Chartered Accountants
Per Manoj Gupta
Partner
Membership No - 83906

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

Anil Kapoor
Managing Director
S.K. Poddar
Chairman
Abhay Bajjal
H.S. Bawa
Vice President - Finance
Vice Chairman

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

Place : New Delhi
Date : May15, 2009

Place : Gurgaon
Date : May 15, 2009

Balance Sheet Abstract and Company's General Business Profile

i) Registration No. L24124RJ1985PLC003293
State Code. 17
Balance Sheet Date 31.03.2009
(Rs in ' 000)

ii) Capital raised during the year
Public Issue NIL
Right Shares NIL
Bonus Shares NIL
Private Placement NIL

iii) Position of Mobilisation and Deployment of Funds
Total Liabilities 39820436
Total Assets 39820436
Sources of Funds
Paid up Capital 4162079
Reserve and surplus 8181451
Secured Loan 20696988
Unsecured Loan 3498809
Deferred Payment Liabilities 621165
Deferred Tax Liabilities (Net) 2659944
Application of Funds
Net Fixed Assets (including CWIP) 30858515
Investment 6108935
Net Current Assets 2776943
Misc. Expenditure 76043

iv) Performance of the Company
Turnover (including other Income) 47149755
Total Expenditure 44064862
Profit before exceptional item and tax 3084893
Exceptional Item 96109
Profit before tax 3181002
Profit after tax 2305629
Earning Per Equity Share (in Rs.) 5.54
Dividend rate Percentage:
Equity Shares 18%
Preference Shares NIL

v) Generic Items of the Principal Products of the Company

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

Annual Report 2008-2009

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	
(1)	(2)	(3)	(4)	(5)	(6)
				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
				Rs. in Lacs	Rs. in Lacs
CFCL Overseas Limited, Cayman Islands	31.03.2009	50000000 Equity Shares	100%	(3.53)	-
CFCL Technologies Limited, Cayman Islands	31.03.2009	2932947 Ordinary Shares	100%	(232.55)	-
ISGN Corporation, USA (formerly Novasoft Technology Corporation, USA)	31.03.2009	391866538 Ordinary Shares	99.99%	(609.63)	-
Dynatek Inc., USA	31.03.2009	16000 Ordinary Shares	100%	(1,025.85)	-
ISGN Solutions Inc. USA (formerly Mortgage Hub. Com Inc., USA)	31.03.2009	7290196 Ordinary Shares	100%	(3,213.16)	-
Novasoft Information Technology Corporation GMBH, Germany	31.03.2009	25000 Ordinary Shares	99.99%	-	-
Flex Agents Signing Team, LLC, USA	31.03.2009	-	100% **	21.29	-
Richmond Investors, LLC, USA	31.03.2009	-	100% **	(2.42)	-
Richmond Title Genpar, LLC, USA	31.03.2009	-	100% **	0.02	-
Richmond Title Services, LP, USA	31.03.2009	-	100% **	(2.45)	-
Richmond Title Services, LLC, USA	31.03.2009	-	100% **	-	-
CFCL Ventures Limited, Cayman Islands	31.03.2009	50000000 Ordinary Shares	100%	(2.88)	-
ISG Novasoft Technologies Limited, India	31.03.2009	36230700 Equity Shares	100%	700.23	-
Inuva Info Management Private Limited, India	31.03.2009	16900 Equity Shares	71%	45.48	-
Chambal Infrastructure Ventures Limited, India	31.03.2009	1400000 Equity Shares	100%	(55.16)	-
Chambal Energy (Chhattisgarh) Limited, India	31.03.2009	50000 Equity Sharas	100%	(3.96)	-

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	
(1)	(2)	(3)	(4)	(5)	(6)
				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
				Rs. in Lacs	Rs. in Lacs
Chambal Energy (Orissa) Limited, India	31.03.2009	50000 Equity Sharas	100%	(6.10)	-
India Steamship Pte. Limited, Singapore	31.03.2009	700001 Ordinary Shares	100%	2,180.41	-

Notes:

- ISGN Solution Inc., USA, Dynatek Inc., USA and Novasoft Information Technology Corporation GMBH, Germany are wholly owned subsidiaries of ISGN Corporation, USA in which CFCL Technologies Limited holds 99.99% shares of common stock.
 - Inuva Info Management Pvt. Ltd. is subsidiary of ISGN Novasoft Technologies Ltd., India in which CFCL Ventures Limited, Cayman Islands holds 100% equity shares and CFCL Ventures Limited, Cayman Islands is a wholly owned subsidiary of CFCL Technologies Limited, Cayman Islands.
 - CFCL Technologies Limited, Cayman Islands is a subsidiary of CFCL Overseas Limited, Cayman Islands which is a wholly owned subsidiary of the Company.
 - Gulbarga Cement Limited was disposed off during the year.
 - ISGN Solutions Limited, Ireland has filed application with the Companies Registration Office, Ireland on 11.02.2009 for striking off the name from the register.
- ** Flex Agents Signing Team LLC, Richmond Investors LLC, Richmond Title Genpar LLC, Richmond Title Services LP and Richmond Title Services LLC were acquired during the year 2008-09.

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

Anil Kapoor
Managing Director
Abhay Bajjal
Vice President - Finance
M.S. Rathore
Vice President - Legal,
Corporate Communication & Secretary

S.K. Poddar
Chairman
H.S. Bawa
Vice Chairman

Place : New Delhi
Date : May15, 2009