

Annexure 'E' to Directors' Report

REPORT ON CORPORATE GOVERNANCE**a) Company's Philosophy**

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

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

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

b) Board of Directors

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

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

The brief particulars of all the Directors are given below:

(i) Dr. K. K. Birla

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

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

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

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

(ii) Mr. S. K. Poddar

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



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

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

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

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

* Also Chairman/ Member of Audit Committee

\$ Chairman of Shareholders Grievance Committee

(iii) Mr. H. S. Bawa

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

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

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

* Also Chairman/ Member of Audit Committee

(iv) Mr. R. N. Bansal

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

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

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

* Also Chairman/ Member of Audit Committee Committee

(v) Mr. Dipankar Basu

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

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

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

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

* Member/ Chairman of Audit Committee

\$ Chairman of Shareholders Grievance Committee

(vi) Mr. S. S. Bhartia

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

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

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

* Also Chairman of Audit Committee

(vii) Mr. Anil Kapoor

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

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

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

* Also member of Audit Committee

(viii) Mr. M. D. Locke

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



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

He is also on the Board of Zuari Industries Limited.

(ix) Mr. Chandra Shekhar Nopany

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

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

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

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

\$ Also Chairman/ Member of Shareholders Grievance Committee

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

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

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

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

(xi) Mr. Marco Ph. A. Wadia

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

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

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

* Also Member of Audit Committee

\$ Also Member of Shareholders Grievance Committee

c) Meetings and Attendance

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

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

Name of Director	Whether Attended Last AGM	No. of Board Meetings attended	Category of Director	Other Director Ships*	Membership of Committee of other Boards	
					Chairman	Member
Dr. K. K. Birla	NO	4	NED/PG	9	NIL	NIL
Mr. R. N. Bansal	YES	5	ID	8	3	4
Mr. D. Basu	NO	2	ID	9	3	1
Mr. H. S. Bawa	NO	6	NED	12	1	1
Mr. S. S. Bhartia	NO	6	NED/PG	14	2	NIL
Mr. Anil Kapoor	YES	6	MD	7	NIL	2
Mr. M. D. Locke	NO	1	ID	1	NIL	NIL
Mr. C. S. Nopany (alternate director)	NO	4	NED/PG	14	2	2
Mr. S. K. Poddar	NO	5	NED/PG	12	3	2
Mr. A. J. A. Tauro	YES	4	ID	1	1	NIL
Mr. Marco Wadia	NO	6	ID	8	NIL	5

*excludes Indian Private Limited Companies and Foreign Companies

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

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

d) Board Agenda

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

e) Committees of the Board

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

The details of these Committees are as follows:

(i) Audit Committee

● Terms of reference:

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

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

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

● Composition:

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



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

(ii) Investors Grievance Committee

● **Terms of reference:**

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

● **Composition:**

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

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

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

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

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

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

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

(iii) Remuneration Committee

● **Terms of reference:**

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

● **Composition:**

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

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

(iv) Banking and Finance Committee

● **Terms of reference:**

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

- **Composition:**

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

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

(v) **Project Monitoring Committee**

- **Terms of reference:**

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

- **Composition:**

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

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

(vi) **Quarterly Results Review Committee**

- **Terms of reference:**

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

- **Composition:**

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

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

During the year, no Committee meeting was held.

(vii) **Compensation Committee**

- **Terms of reference:**

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

- **Composition:**

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

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

f) Details of remuneration paid to directors for the year 2007-08
(i) Executive Director

(Amount in Rs.)

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

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

(ii) Non - Executive Directors

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

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

g) Remuneration Policy

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

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

h) Shareholding of Directors as on March 31, 2008

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

i) General Body Meetings

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

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

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

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

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

j) Disclosures

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

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

k) Means of Communication

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

l) Code of Conduct & Ethics

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

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

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

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

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

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

n) General Shareholders' Information

(i) 23rd Annual General Meeting

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

Time : 1030 hours

Day & Date : Wednesday, September 10, 2008



(ii) Tentative Financial Calendar

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

(iii) Book Closure

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

(iv) Dividend Payment Date: September 15, 2008

(v) Listing on Stock Exchanges and Stock codes

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

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

The Company has paid annual listing fees for the year 2008-09 to NSE and BSE.

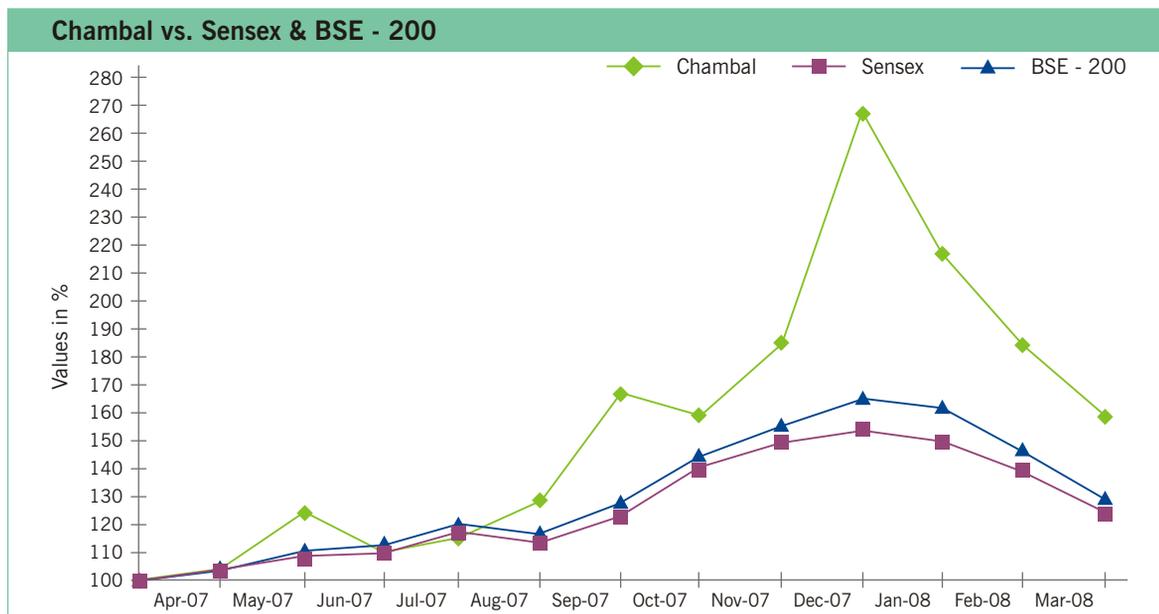
(vi) Market price data

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

(Amount in Rs.)

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

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



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

(viii) Registrar and Transfer Agents & Share Transfer System

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

M/s. Zuari Investments Limited

Share Transfer Agents, 'F' Block, 2nd Floor,

International Trade Tower, Nehru Place, New Delhi - 110 019.

Tel : 011 - 41697900, 46581300

Fax : 011 - 26465218, 26480639, 26413391

E-mail : isc@chambal.in

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

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

(ix) Address for Correspondence:

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

Chambal Fertilisers and Chemicals Limited

Investor Service Centre

"International Trade Tower"

'F' Block , 2nd Floor, Nehru Place, New Delhi - 110 019

Tel : 011 - 41697900, 46581300

Fax : 011 - 26465218, 26480639, 26413391

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

Website : www.chambalfertilisers.in

(x) Dematerialisation of Shares and Liquidity

The Equity Shares of the Company are compulsorily traded in dematerialised form and the Company has signed agreements with both the Depositories i.e. National Securities Depositories Limited and Central Depository Services (India) Limited. As on March 31, 2008, about 90.01% of the share capital of the Company was held in dematerialised form.

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

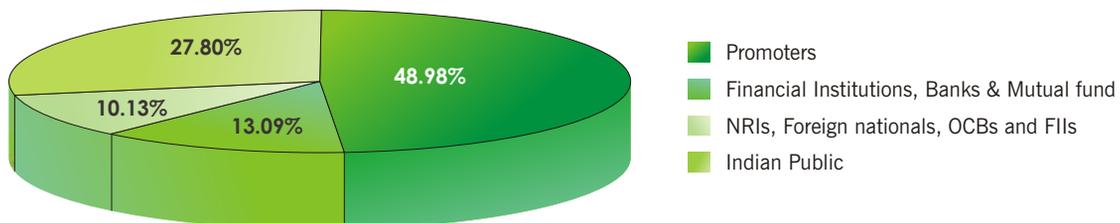


(xi) Distribution of Shareholding

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

Sr. No.	No. of Equity shares held	No. of share Holders	Percentage of total shareholders	No. of shares held	Percentage of total shares
1)	1 to 500	1,74,450	85.76	3,32,49,034	7.99
2)	501 to 1000	17,347	8.53	1,53,61,372	3.69
3)	1001 to 5000	9,777	4.81	2,18,75,482	5.25
4)	5001 to 10000	956	0.47	73,23,198	1.76
5)	10001 to 100000	734	0.36	1,95,88,504	4.71
6)	100001 to 500000	71	0.03	1,68,61,297	4.05
7)	500001 & above	79	0.04	30,19,48,965	72.55
Total		203414	100.00	41,62,07,852	100.00

Details of Shareholding as on March 31, 2008



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

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

NIL

(xiii) a) Location of the Plants

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

b) India Steamship - Shipping Division

44, Park Street, Kolkata - 700017

o) Non-Mandatory Requirements

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

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

Annexure 'F' to Directors' Report

DECLARATION OF MANAGING DIRECTOR

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, Anil Kapoor, Managing Director of Chambal Fertilisers and Chemicals Limited, declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the year 2007-08.

New Delhi
May 15, 2008

Anil Kapoor
Managing Director