

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, 2011, 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.
Firm's registration number: 301003E
Chartered Accountants

per Manoj Gupta
Partner
Membership No.: 83906

Place: Gurgaon
Date: May 10, 2011

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

a) Company's Philosophy

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

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

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

b) Board of Directors

The Board of Directors consists of ten directors including a Managing Director and nine Non-Executive Directors. M/s. H. S. Bawa, R. N. Bansal and Marco Wadia, Directors of the Company are retiring by rotation at the forthcoming Annual General Meeting. M/s. R. N. Bansal and Marco Wadia, are eligible for re-appointment. Mr. H.S. Bawa has expressed his unwillingness for re-appointment. The brief particulars of all the Directors are given below:

(i) Mr. Saroj Kumar Poddar

Mr. S. K. Poddar, Chairman, a gold medalist in B. Com (Hons) from Calcutta University, is the Chairman of Adventz group. 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 Ltd. (joint venture with the Gillette Company of U.S.A.) and Hettich India Private Limited (a joint venture with the Hettich Group of Germany). Mr. Poddar is the Chairman of these Joint Ventures.

Besides above, Mr. Poddar is the Chairman of Zuari Industries Ltd., Chambal Infrastructure Ventures Ltd., Simon India Ltd., Texmaco Ltd., Texmaco Rail & Engineering Ltd., Zuari Cement Ltd. (a Unit of Ciments Francais), Adventz Investments and Holdings Ltd. and Lionel India Ltd. He is also on the Advisory Board of one of the most reputed investment brokers - M/s. N M Rothschild & Sons (India) Private Ltd.

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

Having served as President of Federation of Indian Chambers of Commerce and Industry (FICCI) and International Chamber of Commerce in India, the Government of India has appointed Mr. Poddar on Board of Trade – the highest body on trade and also

a member of the Court, on the Indian Institute of Science, Bangalore. He is the Chairman of India-Saudi Arabia Joint Business Council and a member of the Indo- French CEO Forum. Mr. Poddar has also served for a decade as a member of the Board of Governors of the Indian Institute of Technology, Kharagpur and local Board of the Reserve Bank of India.

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

S. No.	Name of the Company	S. No.	Name of the Company
1.	Adventz Investments and Holdings Limited	6.	Simon India Limited
2.	Chambal Infrastructure Ventures Limited	7.	Texmaco Limited [§]
3.	Gillette India Limited*	8.	Texmaco Rail & Engineering Limited
4.	Indian Furniture Products Limited	9.	Zuari Cement Limited*
5.	Lionel India Limited	10.	Zuari Industries Limited

*Also Chairman/Member of Audit Committee

§Also Chairman of Investors/ Shareholders Grievance Committee

(ii) Mr. Shyam Sunder Bhartia

Mr. S. S. Bhartia is the Chairman and Managing Director of M/s. Jubilant Life Sciences Ltd. 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 a Member of the Executive Committee of Federation of Indian Chamber of Commerce and Industry (FICCI), Confederation of Indian Industry (CII) and Task Force on Chemicals appointed by the Government of India.

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

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

S. No.	Name of the Company	S. No.	Name of the Company
1.	Geo-Enpro Petroleum Limited	7.	Jubilant Innovation (India) Limited
2.	Jubilant Chemsys Limited	8.	Jubilant Life Sciences Limited
3.	Jubilant Clinsys Limited*	9.	Lionel India Limited
4.	Jubilant First Trust Healthcare Limited	10.	VAM Holdings Limited
5.	Jubilant Foodworks Limited	11.	Zuari Industries Limited
6.	Jubilant Infrastructure Limited		

*Also Chairman of Audit Committee

(iii) Mr. Anil Kapoor

Mr. Anil Kapoor is a B.Tech from Indian Institute of Technology, New Delhi, one of the world's premier technological institutes and holds M. S. in Chemical Engineering from State University of New York, USA. He has over 31 years of rich and varied 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	4.	Indian Furniture Products Limited
2.	Chambal Energy (Orissa) Limited	5.	Zuari Seeds Limited
3.	Chambal Infrastructure Ventures Limited		

(iv) Mr. Ram Nath Bansal

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

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

S. No.	Name of the Company	S. No.	Name of the Company
1.	Bell Ceramics Limited*	6.	Orient Ceramics & Industries Limited*
2.	Essar Logistics Limited	7.	Pushpsons Industries Limited*
3.	Essar Oil Field Services India Limited	8.	The Hindoostan Spinning & Weaving Mills Limited *
4.	Essar Shipping Ports & Logistics Limited*	9.	Vadinar Oil Terminal Limited*
5.	Gobind Sugar Mills Limited*		

*Also Chairman/Member of Audit Committee

(v) Mr. Dipankar Basu

Mr. Dipankar Basu is an M.A. (Economics). He is the Non-Executive Chairman of Securities Trading Corporation of India Ltd., STCI Primary Dealer Ltd., Peerless General Finance & Investment Co. Ltd. and Peerless Securities Ltd. He is currently a member

of the Investment Advisory Committee of the Army Group Insurance Fund and Empowered Committee of Reserve Bank of India for External Commercial Borrowings.

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

Names of other Indian Public Ltd. 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 Fertilisers & Petrochemicals Corp. Ltd ⁵	6.	Securities Trading Corporation of India Limited*
3.	Peerless General Finance & Investment Co. Limited	7.	STCI Primary Dealer Limited
4.	Peerless Securities Limited		

*Also Member/Chairman of Audit Committee

⁵Also Chairman of Shareholders Grievance Committee

(vi) Mr. Kashi Nath Memani

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

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

Names of other Indian Public Ltd. Companies in which Mr. K. N. Memani is Director or the member of Committee(s):

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

*Also Chairman/Member of Audit Committee

⁵Also Member of Shareholders Grievance Committee

(vii) Mr. Chandra Shekhar Nopany

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

Names of other Indian Public Ltd. 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.	SIL Investments Limited*
2.	Gobind Sugar Mills Limited*	8.	The Oudh Sugar Mills Limited
3.	Hargaon Investment & Trading Co. Limited	9.	Upper Ganges Sugar & Industries Limited*
4.	Modern DiaGen Services Limited	10.	Uttar Pradesh Trading Co. Limited
5.	New India Retailing & Investment Limited	11.	Yashovardhan Investment & Trading Co. Limited
6.	Sutlej Textiles and Industries Limited*		

*Also Chairman/ Member of Investors' Grievance Committee

(viii) Ms. Radha Singh

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

In her long public career, she has held high level policy and managerial positions in the Government of India. These included Secretary, Department of Animal husbandry, Dairying and Fisheries; Additional Secretary in the Ministry of Water Resources and positions in the Economic Affairs Department. She was associated with the World Bank in Washington, U.S.A. as an Institutional Specialist and in other capacities for six years (1993-1998). Presently, Ms. Singh is Agriculture Advisor to FICCI, Chairperson of the Madhavpura Mercantile Co-operative Bank Limited, Ahmedabad and Trustee and Secretary of Rajendra Bhawan Trust, New Delhi, a charitable organization in memory the first President of the Country. She is Independent director on the Board of YES Bank Ltd. and L.T. Foods Ltd. She is also a member of Shareholders Grievance Committee of L.T. Foods Limited.

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

Mr. Marco 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., Solicitors and Advocates, Mumbai since 2001. He is on the Boards of various Companies.

Names of other Indian Public Ltd. Companies in which Mr. Wadia is Director or the member of Committee(s):

S. No.	Name of the Company	S. No.	Name of the Company
1.	Adventz Infroworld India Limited	6.	Simon India Limited*
2.	GMAC Financial Services India Limited*	7.	Stovec Industries Limited*
3.	Johnson & Johnson Limited*	8.	Zuari Industries Limited * [§]
4.	Jost's Engineering Company Limited [§]	9.	Zuari Maroc Phosphates Limited
5.	Paradeep Phosphates Limited		

*Also Chairman/Member of Audit Committee

[§]Also Member of Shareholders'/Investors Grievance Committee

c) **Meetings and Attendance**

During the year under review, six Board Meetings were held on May 8, 2010, July 16, 2010, October 30, 2010, December 8, 2010, January 22, 2011 and March 15, 2011.

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 Directorships	Membership of Committee of other Boards	
					Chairman	Member
Mr. S. K. Poddar	No	5	NED/PG	10	2	1
Mr. S. S. Bhartia	No	5	NED/PG	11	1	NIL
Mr. H. S. Bawa	No	6	NED	12	NIL	2
Mr. Anil Kapoor	Yes	6	MD	5	NIL	NIL
Mr. R. N. Bansal	No	4	ID	9	4	3
Mr. D. Basu	No	3	ID	7	2	1
Mr. K.N. Memani	No	6	ID	11	5	4
Mr. C.S Nopany	No	5	NED/PG	11	2	2
Ms. Radha Singh	No	5	ID	3	NIL	1
Mr. Marco Ph. A. Wadia	Yes	6	ID	9	2	5

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

Notes:

- Directorship excludes Indian Private Ltd. companies, Foreign Companies and companies registered under section 25 of the companies Act, 1956.
- Committees mean Audit Committee and Shareholders/ Investors Grievance Committee.

d) **Board Agenda**

The Board meetings are scheduled well in time and Board members are usually given a notice of more than a month 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 eight Committees of the Board of Directors, which have been delegated adequate powers to discharge urgent business of the Company. These Committees are - (i) Audit Committee; (ii) Investors Grievance Committee; (iii) Remuneration Committee; (iv) Banking and Finance Committee; (v) Compensation Committee; (vi) Quarterly Results Review Committee; (vii) Project Monitoring Committee; and (viii) Restructuring Committee. The Committees meet as often as required.

The details of these Committees are as follows:

(i) **Audit Committee**

• **Terms of reference:**

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

- 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. 75 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.

• **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	No. of Meetings attended
Mr. Marco Wadia	Chairman	Independent	7
Mr. R. N. Bansal	Member	Independent	5
Mr. H. S. Bawa	Member	Non-executive	6
Mr. K.N Memani	Member	Independent	6

(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 enough powers to few executives to deal with various matters including transfer of shares across the counter, transmission of securities, etc.

• **Composition:**

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

Name of the Member	Status	Category	No. of Meetings attended
Mr. R. N. Bansal	Chairman	Independent	2
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.

• **Investors' Grievances received and resolved during the year:**

The Company has 1,93,569 investors as on March 31, 2011. During the year under review, the status of requests and complaints was as follows:

Particulars	Opening Balance	Received	Total Resolved	Closing Balance
Requests	23	16,978	16,943	58*
Complaints	NIL	152	152	NIL

*Since resolved

(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 twice during the year and the attendance of members at the meetings was as follows:

Name of the Member	Status	Category	No. of Meetings attended
Mr. R. N. Bansal	Chairman	Independent	1
Mr. C. S. Nopany	Member	Non-executive	2
Mr. Marco Wadia	Member	Independent	2

(iv) **Banking and Finance Committee**

• **Terms of reference:**

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

• **Composition:**

The Committee comprises of four Directors. No meeting of the committee was held during the Financial Year 2010-11. The composition of the Committee is as follows:

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

(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. No meeting of the committee was held during the Financial Year 2010-11. The composition of the Committee is as follows:

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

(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. No meeting of the Committee was held during the financial year 2010-11. The composition of the Committee is as follows:

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

(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 meeting was as follows:

Name of the Member	Status	Category	Number of Meetings Attended
Mr. C. S. Nopany	Chairman	Non-executive	3
Mr. H. S. Bawa	Member	Non-executive	3
Mr. R. N. Bansal	Member	Independent	2
Mr. Marco Wadia	Member	Independent	3
Mr. K. N. Memani*	Member	Independent	2

*Appointed as member w.e.f. May 8, 2010

(viii) **Restructuring Committee**

• **Terms of reference:**

The Committee was formed to explore various options to restructure the shipping business of the Company, recommend to the Board suitable option(s) for restructuring of the shipping business and do all other acts, deeds and things as may be necessary in this regard.

• **Composition:**

The Committee comprises of four Directors. The Committee met 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. C. S. Nopany	Chairman	Non-executive	1
Mr. D. Basu	Member	Independent	1
Mr. K. N. Memani	Member	Independent	1
Mr. Marco Wadia	Member	Independent	1

f) Details of remuneration paid to directors for the year 2010-11

(i) **Executive Director**

Amount (in Rs.)

Managing Director	Salary	Performance Bonus	Perquisites	Retirement Benefits
Mr. Anil Kapoor	84,49,833	16,00,000	7,50,046	11,50,200

- 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.
- No sitting fee is payable to Managing Director.

The Company has issued 150,000 stock options to the Managing Director during the Financial year 2010-11. Each option is convertible into one equity share of Rs. 10 of the Company. The stock options were granted at the market price i.e. the latest available closing price on the stock exchanges where the shares of the Company are listed, prior to the date of the meeting of the Compensation Committee in which the options were granted. The stock options shall vest over a period of 5 years from the date of grant as per the details given below:

Date of Vesting	Eligibility	
	No. of Options	% of total options
16.09.2011	22,500	15
16.09.2012	22,500	15
16.09.2013	30,000	20
16.09.2014	37,500	25
16.09.2015	37,500	25

The stock options can be exercised within 5 years from the respective dates of vesting.

(ii) **Non - Executive Directors**

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. Apart from the sitting fee, the shareholders of the Company at its Annual General Meeting held on August 27, 2010 had approved payment of commission upto Rs. 4,00,000 per annum to each of the Independent Directors of the Company for a period of 5 years starting from the Financial Year 2010-11. The details of sitting fee paid and the commission payable for the year 2010-11 are as follows:

S. No.	Name of the Director	Sitting Fee Paid (Rs.)	Commission to be Paid (Rs.)
1.	Mr. S. K. Poddar	1,00,000	NIL
2.	Mr. S. S. Bhartiya	1,00,000	NIL
3.	Mr. C. S. Nopany	1,45,000	NIL
4.	Mr. H. S. Bawa	2,10,000	NIL
5.	Mr. R. N. Bansal	1,55,000	4,00,000
6.	Mr. D. Basu	67,500	4,00,000
7.	Mr. K.N. Memani	1,87,500	4,00,000
8.	Ms. Radha Singh	1,00,000	4,00,000
9.	Mr. Marco Wadia	2,17,500	4,00,000

Further, the Board of Directors at its meeting held on May 10, 2011 has recommended payment of commission upto Rs. 4,00,000 per annum to each of the remaining non-executive directors of the Company for a period of 4 years with effect from the Financial Year 2011-12, subject to the approval of the shareholders of the Company at its ensuing Annual General Meeting.

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, 2011

Name	No. of Shares held	Name	No. of Shares held
Mr. S. K. Poddar	1,55,352	Mr. R. N. Bansal	NIL
Mr. S. S. Bhartia	110	Mr. D. Basu	NIL
Mr. C. S. Nopany	3,25,775	Mr. K.N. Memani	NIL
Mr. H. S. Bawa	1,50,000	Ms. Radha Singh	NIL
Mr. Anil Kapoor	NIL	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
2009-2010	27.08.2010	1030 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan
2008-2009	20.08.2009	1030 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan
2007-2008	10.09.2008	1030 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan

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

Date of Annual General Meeting	Nature of Approval
September 10, 2008	Create, offer, issue and grant/allot stock options under Employees Stock Option Scheme(s)
August 27, 2010	i) Payment of commission to Independent Directors. ii) Create, offer, issue and grant/allot stock options under Employees Stock Option Scheme 2010

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

j) Disclosures

- i) There are no materially significant transactions with the related parties viz. promoters, directors, relatives, the management, subsidiaries, etc. that may have a potential conflict with the interest of the Company at large.
- ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority in any matter related to capital markets, for non-compliance by the Company.
- iii) Your Company is fully compliant with the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges and quarterly compliance report in the requisite format signed by the Compliance Officer, has been submitted to the stock exchanges where the Company's equity shares are listed.
- iv) The Risk Management Policy framework is in place. The policy is reviewed on half yearly basis and the changes along with the revised policy are informed to the Board.
- v) The Company has adopted the following non-mandatory requirements relating to:
 - 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.

However, considering the availability of the half yearly results on the website of the Company and the stock exchanges and in the interest of environment protection, the Board of Directors have decided to discontinue providing half-yearly un-audited financial results of the Company to each household of the shareholders from the Financial Year 2011-12 onwards. The Company shall provide copy of the half yearly results to the shareholders on request.

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

- a) Certificate of Independence from Independent Directors;
- b) Remuneration Committee;
- c) Audit Committee;
- d) Risk Management Policy;

- e) Review of internal control system;
- f) Appointment of auditors and their certificate of independence

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

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.
- (ii) Information relating to shareholding pattern, quarterly corporate governance report, financial results, etc. was also posted on Corporate Filing and Dissemination System (CFDS) website.
- (iii) The results are simultaneously posted on the website of the Company at www.chambalfertilisers.in. The investors can also find on this website the Annual Reports, details of various services being provided to investors, guidance and procedure to be followed by the investors for transfer, transmission and transposition of the securities, dematerialization, rematerialisation of shares, etc.
- (iv) The Company 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) 26th Annual General Meeting

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

Time: 1000 hours

Day & Date: Friday, September 16, 2011

(ii) Financial Year : April to March

(iii) Tentative Financial Calendar

Event	Date
Audited Annual Results (2010-11)	May 10, 2011
Mailing of Annual Report	Mid August 2011
First Quarter Results	End July 2011
Half Yearly Results	End October 2011
Third Quarter Results	End January 2012
Audited Annual Results (2011-12)	May 2012

(iv) Book Closure

The register of members and share transfer books of the Company shall remain closed from Wednesday, August 24, 2011 to Thursday, August 25, 2011 (both days inclusive).

(v) Dividend Payment Date: September 21, 2011

(vi) Listing on Stock Exchanges and Stock codes

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

S. No	Name of the Stock Exchange	Stock Code
1.	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

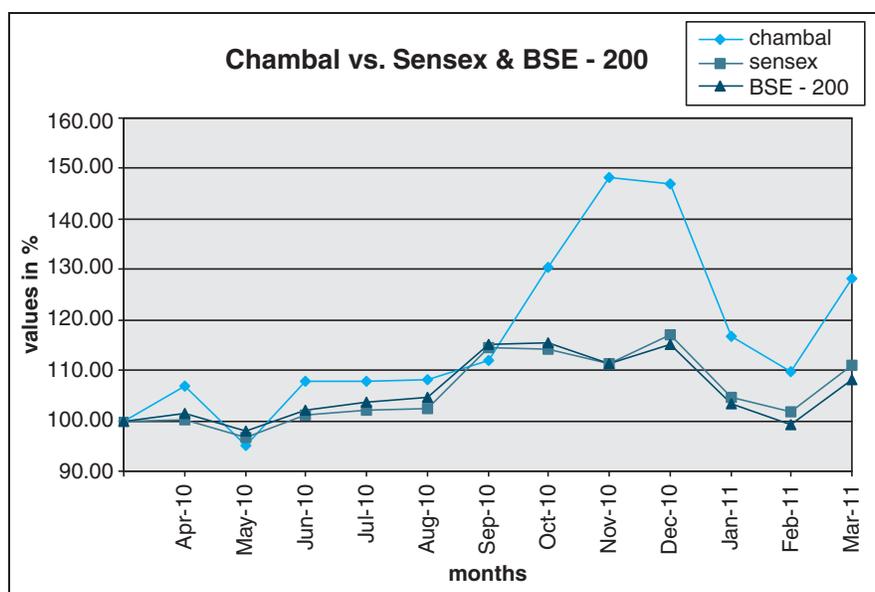
The Company has paid annual listing fees for the year 2011-12 to BSE and NSE.

(vii) Market price data

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

Month	BSE		NSE	
	High	Low	High	Low
April 2010	67.10	59.90	67.05	53.20
May 2010	65.95	52.95	65.85	52.70
June 2010	66.60	58.35	66.70	58.60
July 2010	69.50	64.50	70.00	64.80
August 2010	74.00	65.30	73.95	65.30
September 2010	77.00	66.80	77.00	66.70
October 2010	95.65	69.05	95.70	67.50
November 2010	104.80	81.50	104.80	81.65
December 2010	98.20	72.05	98.20	71.50
January 2011	92.95	69.25	92.80	69.00
February 2011	77.15	65.90	77.15	65.60
March 2011	79.20	66.15	80.10	66.15

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



The base of 100 is taken to be the closing price of shares and values of indices as on March 31, 2010

(ix) Registrar and Transfer Agents & Share Transfer System

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

M/s. Zuari Investments Ltd., Share Transfer Agents
Corporate One, First Floor, 5, Commercial Centre, Jasola
New Delhi – 110 025
Tel: 011 - 41697900, 46581300
Fax: 011 - 40638679
E-mail: isc@chambal.in

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

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

(x) **Address for Correspondence:**

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

Chambal Fertilisers and Chemicals Ltd.

Investor Service Centre

"Corporate One", First Floor, 5, Commercial Centre, Jasola

New Delhi – 110 025

Telephone: 011 - 41697900, 46581300

Fax : 011 - 40638679

E-mail: rajeshkumar.jain@chambal.in or rajveer.singh@chambal.in

Website: www.chambalfertilisers.in

(xi) **Dematerialization of Shares and Liquidity**

The Equity Shares of the Company are compulsorily traded in dematerialised form and the Company has signed agreements with both the Depositories i.e. National Securities Depositories Limited and Central Depository Services (India) Limited. As on March 31, 2011, about 91.36% of the share capital of the Company was held in dematerialised form.

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

(xii) **Distribution of Shareholding**

The distribution of shareholding as on March 31, 2011 was as follows:

S. No	No. of Equity Shares held	No. of Shareholders	Percentage of total Shareholders	No. of Shares held	Percentage of total shares
1.	1 to 500	168319	86.96	29904476	7.18
2.	501 to 1000	15204	7.85	13339150	3.20
3.	1001 to 5000	8477	4.38	18557469	4.46
4.	5001 to 10000	800	0.41	6030014	1.45
5.	10001 to 100000	595	0.31	16276209	3.91
6.	100001 to 500000	97	0.05	23080982	5.55
7.	500001 & above	77	0.04	309019552	74.25
	Total	193569	100.00	416207852	100.00

Details of Shareholding as on March 31, 2011 was as under:

S. No	Category	No. of shares held	Shareholding (%)
1.	Promoters	229345514	55.10
2.	Financial Institutions, Banks & Mutual funds	50013804	12.02
3.	NRIs, Foreign Nationals, OCBs and FII	44715137	10.74
4.	Indian Public	92133397	22.14
	Total	416207852	100.00

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

(xiv) 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 2010-11.

Place: New Delhi
Date: May 10, 2011

Anil Kapoor
Managing Director