

# 33<sup>rd</sup> ANNUAL REPORT 2010-2011



**Rashtriya Chemicals and Fertilizers Limited**

(A Government of India Undertaking)



## MOU Excellence Award

Mr. R. G. Rajan, C&MD, RCF receiving MOU Excellence Award at the hands of Hon'ble Prime Minister of India Dr. Manmohan Singh in presence of other dignitaries.

## Best Technology Innovation Award

Hon'ble Union Minister of Chemicals and Fertilizers Mr. M.K. Alagiri and Hon'ble Union Minister of States for Chemicals and Fertilizers Mr. S. K. Jena giving Best Technology Innovation Award to RCF being received by Mr. Manoj Priya, Director (Technical) in presence of Mr. Sutanu Behuria, IAS, Secretary, DOF, Mr. R. G. Rajan, C&MD, RCF and other dignitaries.



## RCF'S VISION

RCF shall be a well respected world class corporate with progressive growth in core and non-core areas achieving highest standards in efficiency, profitability, environment protection and Corporate Social Responsibility through operational excellence and ethical business culture. It will strive to provide world class services to its customers and continually enhance shareholder values.



## Board of Directors



**Shri R. G. Rajan**  
Chairman and Managing Director



**Shri Gautam Sen**  
Director (Finance)



**Shri U.S. Jha**  
Chairman and Managing Director  
(Upto 30.06.2010)



**Shri Manoj Priya**  
Director (Technical)



**Shri J. Kohareswaran**  
Chairman and Managing Director  
and Director (Marketing)  
(Upto 31.10.2010)



**Dr. V. Rajagopalan, IAS**  
Addl. Secretary and Financial  
Advisor, Department of Fertilizers,  
New Delhi



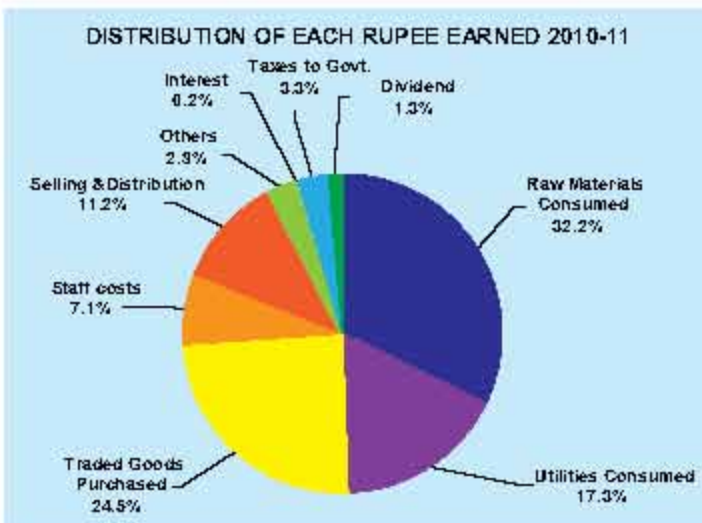
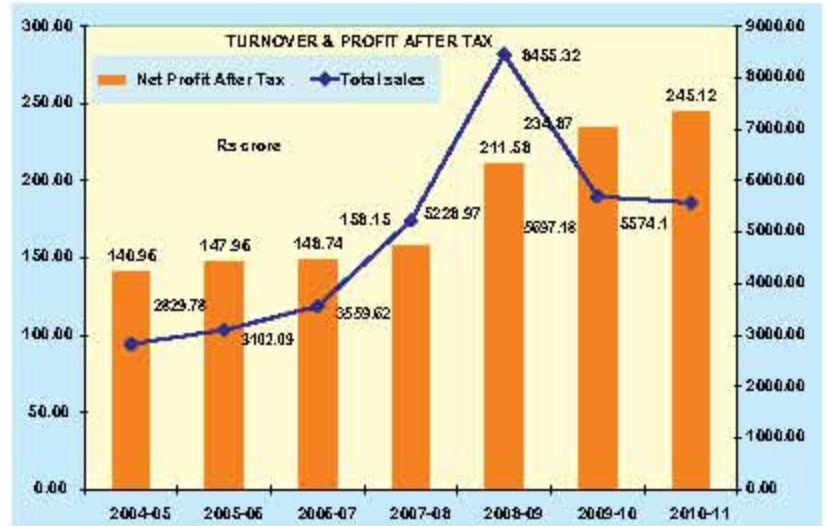
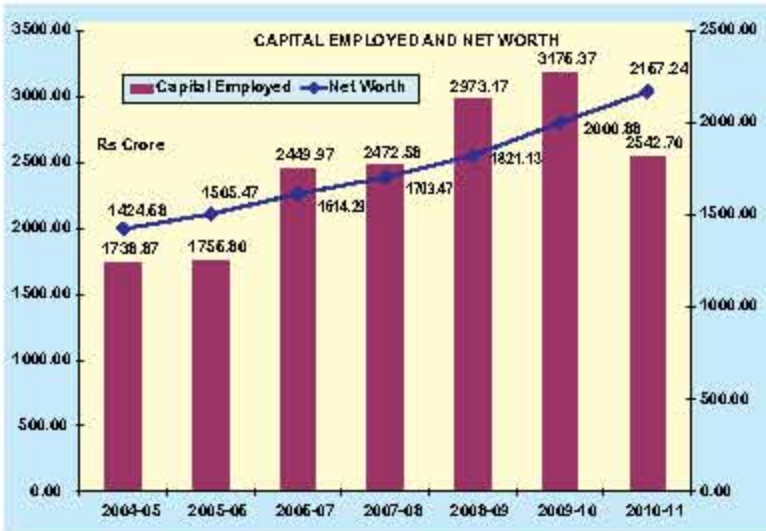
**Shri Deepak Singhal, IAS**  
Jt. Secretary, Department of  
Fertilizers, New Delhi  
(Upto 12.11.2010)



**Shri Sham Lal Goyal, IAS**  
Jt. Secretary,  
Department of Fertilizers,  
New Delhi [From 12.11.2010]

### MISSION OF THE COMPANY

RCF's mission is to achieve continuous improvement in existing operations and strive for all round growth through expansion, diversification, innovation and productive research and development. We shall imbibe exemplary work culture and shall have highest degree of commitment to customers and stakeholders.



## FINANCIAL HIGHLIGHTS AT A GLANCE

Sr. No.	PARTICULARS	(₹ in Crores)										
		2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
1	<b>Turnover</b> (Sales + Subsidy + Other Income)	5677.25	5826.25	8538.43	5325.06	3644.60	3187.80	2895.90	2396.64	2135.98	2099.45	2137.93
2	<b>Profit before Interest, Depreciation and Tax (EBIDTA)</b>	476.74	439.70	487.22	384.31	363.66	284.39	303.99	233.38	12.10	169.46	197.20
3	Depreciation	112.62	75.60	86.58	86.96	75.42	68.53	96.71	69.17	68.25	76.88	59.10
4	Interest [Net]	9.65	19.87	74.93	59.32	46.93	0.80	(3.98)	(91.59)	40.54	58.37	72.57
5	Prior year Adj. - Expenses / (Income)	(0.22)	0.02	0.01	(4.04)	0.07	(0.61)	(0.41)	(0.85)	(2.97)	(18.40)	(3.63)
6	<b>Profit / (Loss) Before Tax</b>	354.69	344.21	325.70	242.07	241.24	215.67	211.67	256.65	(93.72)	52.61	69.16
7	Tax Provision (Net of Adj.)	109.57	109.34	114.12	83.92	92.50	67.71	70.71	88.86	(45.65)	28.40	4.19
8	<b>Profit / (Loss) After Tax</b>	245.12	234.87	211.58	158.15	148.74	147.96	140.96	167.79	(48.07)	24.21	64.97
9	<u>Dividend</u>											
	<b>Rate %</b>	11.00	11.00	12.00	10.00	10.00	10.00	17.00	17.00	0.00	2.00	4.00
	<b>Amount :</b>	70.53	70.77	77.45	64.55	64.55	62.91	107.02	105.81	0.00	11.03	24.33
	<b>Dividend Payout Ratio %</b>	<b>28.77</b>	<b>30.13</b>	<b>36.61</b>	<b>40.82</b>	<b>43.39</b>	<b>42.52</b>	<b>75.92</b>	<b>63.06</b>	<b>0.00</b>	<b>45.58</b>	<b>37.45</b>
10	Working Capital	1260.27	1933.66	1896.01	1418.44	1434.06	884.39	849.81	734.48	983.56	953.99	980.62
11	Capital Employed	2542.70	3176.37	2973.17	2472.58	2449.97	1756.80	1738.87	1609.53	1901.93	1888.89	1867.28
12	Net Worth	2167.24	2000.88	1821.13	1703.47	1614.29	1505.47	1424.68	1413.21	1297.80	1389.40	1366.77
13	<b>RATIOS</b>											
	Current Ratio [CA : 1]	2.16	2.25	1.93	2.63	3.28	2.29	2.78	2.86	4.54	3.90	3.80
	Debt Equity Ratio [Debits : 1]	0.22	0.67	0.78	0.73	0.59	0.29	0.26	0.15	0.47	0.38	0.44
	EBIDTA to capital employed %	18.75	13.84	16.39	15.54	14.84	16.19	17.48	14.50	0.64	8.97	10.56
	PBT to Capital Employed %	13.95	10.84	10.95	9.79	9.85	12.28	12.17	15.95	(4.93)	2.79	3.70
	PAT to Capital Employed %	9.64	7.39	7.12	6.40	6.07	8.42	8.11	10.42	(2.53)	1.28	3.48
	PBT to Net Worth %	16.37	17.20	17.88	14.21	14.94	14.33	14.86	18.16	(7.22)	3.79	5.06
	PAT to Net Worth %	11.31	11.74	11.62	9.28	9.21	9.83	9.89	11.87	(3.70)	1.74	4.75
	PAT to Equity %	44.43	42.57	38.35	28.67	26.96	26.82	25.55	30.41	(8.71)	4.39	11.78
	PBT to Turnover %	6.25	5.91	3.81	4.55	6.62	6.77	7.31	10.71	(4.39)	2.51	3.23
	PAT to Turnover %	4.32	4.03	2.48	2.97	4.08	4.64	4.87	7.00	(2.25)	1.15	3.04
	Earning per share Before Tax (₹)	6.43	6.24	5.90	4.39	4.37	3.91	3.84	4.65	(1.70)	0.95	1.25
	Earning per share After Tax (₹)	4.44	4.26	3.84	2.87	2.70	2.68	2.56	3.04	(0.87)	0.44	1.18



## Senior Managers

<b>Shri Rajesh Kundan, I.R.S.</b> Chief Vigilance Officer	<b>Shri P.K. Lahiri</b> Executive Director (IA)	<b>Shri Bhunesh Mathur</b> Executive Director (HES)
<b>Shri P M C Nair</b> Executive Director (Trombay)	<b>Shri R.H. Kulkarni</b> Executive Director (Fin)	<b>Shri Mukund M. Patil</b> Executive Director (HR/ Marketing)
<b>Shri K.C. Prakash</b> Company Secretary	<b>Shri P.B. Asai</b> Executive Director (Marketing)	<b>Shri Sudhir Parkhi</b> Chief General Manager (Admn)
<b>Shri R.K. Jain,</b> Chief General Manager (Thal)	<b>Shri A.B. Ghasghase</b> General Manager (IPD)	<b>Shri C. M.T. Britto</b> General Manager (Coordn)
<b>Shri V.G. Londhe</b> General Manager (CF/ IT)	<b>Shri R.B. Patil</b> General Manager (Finance)	<b>Shri Dilip Ranade</b> General Manager (Vig)
<b>Shri Bhaskar Das</b> General Manager (Projects), Thal	<b>Shri P.G. Deshpande</b> General Manager (Operations)	<b>Shri A. Kundu</b> General Manager (Commercial)
<b>Shri A. Banerjee</b> General Manager (Complex)	<b>Shri P. Karthikeyan</b> General Manager (Marketing)	<b>Shri R.K. Nagraj</b> General Manager (HWP/CGP)
<b>Shri A. M. Swamy</b> General Manager (N)	<b>Shri R.K. Bharve</b> General Manager (IA)	<b>Shri M.Thyagarajan</b> General Manager (Coordn)

<b>Company Secretary</b>	: Shri K. C. Prakash
<b>Bankers</b>	: State Bank of India Swastik Chamber, Chembur, Mumbai 400 071.
<b>Statutory Auditors</b>	: M/s. JCR & Co., Mumbai M/s G.D. Apte & Co., Mumbai
<b>Share Transfer Agent</b>	: M/s. Link Intime India (Pvt) Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai - 400 078. (022) 25963838
<b>Registered Office</b>	: "Priyadarshini", Eastern Express Highway, Sion, Mumbai - 400 022.
<b>Email address</b>	: investorcommunications@rcfltd.com
<b>Website</b>	: www.rcfltd.com
<b>Telephone</b>	: 022-25522000



# Rashtriya Chemicals and Fertilizers Limited

(A Government of India Undertaking)

“Priyadarshini”, Eastern Express Highway, Sion, Mumbai - 400 022.

## Annual Report 2010-11

### CONTENTS

	Page Nos.
1. Notice .....	02
2. Directors' Report .....	03
3. Note on Corporate Governance .....	15
4. Auditors' Report.....	22
5. Balance Sheet as at 31st March, 2011 .....	28
6. Profit & Loss Account for the year ended 31st March, 2011.....	30
7. Cash Flow Statement.....	32
8. Schedules to the Balance Sheet .....	34
9. Schedules to the Profit & Loss Account .....	42
10. Consolidated Balance Sheet as at 31st March, 2011 .....	67
11. Consolidated Profit & Loss Account for the year ended 31st March, 2011.....	69
12. Consolidated Cash Flow Statement.....	71
13. Consolidated Schedules to the Balance Sheet .....	73
14. 4 <sup>th</sup> Annual Report of RRCFL.....	87



# RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

Registered Office, "Priyadarshini", Eastern Express Highway, Sion, Mumbai 400 022.

## NOTICE THIRTY THIRD ANNUAL GENERAL MEETING

**NOTICE is hereby given that the THIRTY THIRD ANNUAL GENERAL MEETING OF THE MEMBERS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED will be held at Yogi Sabhagruh, Behind Swaminarayan Mandir, Dadar (E), Mumbai-400 014 on Friday the 23rd day of September, 2011 at 3 PM to transact the following business:**

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2011 and Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To declare dividend.
3. To fix remuneration of Auditors.
4. To appoint a Director in place of Shri Manoj Priya who retires by rotation and being eligible, offers himself for reappointment.

### SPECIAL BUSINESS :

5. To appoint Shri Sham Lal Goyal, IAS, as Director of the Company and to consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 255, 257 and other applicable provisions of the Companies Act, 1956, if any, Shri Sham Lal Goyal, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation".

By order of the Board of Directors

Date: 10.05.2011  
Place: Mumbai

**K. C. Prakash**  
*Company Secretary*

### Notes :

1. A Member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself and that the said proxy need not be a Member of the Company. The instrument appointing the proxy shall be deposited at the Registered Office of the Company not later than forty-eight hours before the time fixed for holding the meeting.
2. Register of Members and Share Transfer books will be closed from 15.09. 2011 to 23.09. 2011 [both days inclusive].
3. Members are requested to notify immediately any changes in their address to the Company or its Transfer Agents: M/s. Link Intime India Pvt. Ltd, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078.

4. Any clarifications needed by the members of the Company may be addressed to the Company Secretary at the Registered Office of the Company or through e-mail: investorcommunications@rcfld.com at least seven days prior to the date of Annual General Meeting.
5. Pursuant to the provisions of Section 205 A (5) of the Companies Act, 1956, dividend which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Members who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company or to the Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd., immediately. Members are requested to note that no claims shall lie against the Company or the said Fund, in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment, after the amount is transferred to the said Fund.

**The following Explanatory Statement sets out the material facts referred to in Item No. 5 of the Notice convening the 33rd Annual General Meeting:**

### Item No. 5

Shri Sham Lal Goyal, IAS, who has been appointed by President of India as additional Director on the Board of the Company w.e.f. 12.11.2010, pursuant to Section 260 of the Companies Act, 1956 and Article 81(5) of Articles of Association of the Company, will hold the office till the date of 33rd Annual General Meeting.

Notice under Section 257 of the Companies Act, 1956 has been received by the Company, from a shareholder signifying his intention to propose the candidature of Shri Sham Lal Goyal, IAS for the office of Director of the Company.

Shri Sham Lal Goyal, IAS, was nominated by President of India in place of Shri Deepak Singhal, IAS. Shri Goyal is an IAS officer and is presently Jt. Secretary (P&P), Department of Fertilizers, Ministry of Chemicals and Fertilizers, New Delhi. Shri Goyal is Chairman and Managing Director in FACT Limited, FCI Limited, HFC Limited and Director in Madras Fertilizers Limited. He has varied and rich experience in Government, under different positions and has great managerial capabilities.

None of the Directors, other than Shri Sham Lal Goyal, is interested in the above Resolution.

By order of the Board of Directors

Date: 10.05.11  
Place: Mumbai

**K. C. Prakash**  
*Company Secretary*



## DIRECTORS' REPORT

To the members

Rashtriya Chemicals and Fertilizers Ltd,  
Mumbai

The Directors of your Company have pleasure in presenting this 33rd Annual Report on the working of your Company together with the Audited Accounts for the year ended 31st March, 2011.

### 1.0.0 FINANCIAL PERFORMANCE:

#### Summary of financial performance :

₹ Crore

Particulars	2010-2011	2009-2010
Sales including Subsidy	5574.10	5697.18
Other Income	103.15	129.07
<b>Total Income</b>	<b>5677.25</b>	5826.25
<b>Cost of Sales</b>	<b>5200.51</b>	5386.55
<b>Operational Profit</b>	<b>476.74</b>	439.70
Depreciation	112.62	75.60
Interest (Net)	9.65	19.87
Prior year adjustment	0.22	(0.02)
<b>Profit/(Loss) before tax</b>	<b>354.69</b>	344.21
Provision for Tax (including deferred Tax liability/Asset)	109.57	109.34
<b>Net Profit/(loss)</b>	<b>245.12</b>	234.87
Appropriations:		
Dividend	<b>60.69</b>	60.69
Tax and Educational cess on Dividend	<b>9.84</b>	10.08
Balance Transferred to General Reserve	<b>174.59</b>	164.10

### 1.1.0 Highlights for the year 2010-2011:

Your Company achieved a turnover of ₹5574.10 crore compared to ₹5697.18 crore in the previous year. The turnover is lower by ₹ 123.08 crore during the year compared to previous year mainly due to lower subsidy received from Government of India. The total income from operations was ₹ 5677.25 crore as against ₹5826.25 crore during the previous year. Your Company achieved a gross profit of ₹476.74 crore as against ₹439.70 crore. The net Profit before Tax at ₹354.69 crore as against ₹344.21 crore registered an increase of 3.04%. The Net Profit after Tax during the current year, is higher at ₹245.12 crore as against ₹234.87 crore in the previous year registering an increase of 4.36% over previous year. The net Interest cost during the year has been ₹9.65 crore compared to ₹19.87 crore during the previous year due to good treasury and foreign currency management. Your Company received 'MOU Excellent' rating for 2009-2010 and is likely to get the same for 2010-11 from Ministry of Heavy Industries and Public Enterprises.

### 1.2.0 Dividend:

Your Company has lined up a number of capex programmes which will entail substantial expenditure and, in order to fund these programmes, it is necessary to plough back its profits. In view of this, your Directors propose to pay dividend at ₹1.10 per each equity share of ₹10/-, same as that in the previous year. The total out go works out to ₹ 70.53 crore (₹ 70.77 crore in the previous year) including dividend distribution tax and education cess.

### 1.3.0 Appropriation to General Reserves:

Your Company earned a net Profit after Tax of ₹ 245.12 crore (₹ 234.87 crore in the previous year). The dividend pay out along with Tax/cess is ₹ 70.53 crore (₹ 70.77 crore in the previous year). The balance amount of ₹ 174.59 crore (₹164.10 crore in the previous year) is transferred to General Reserves.

### 2.0.0 MANAGEMENT DISCUSSION AND ANALYSIS:

#### 2.1.0 OPERATIONAL RESULTS:

##### 2.1.1 PRODUCTION:

##### 2.1.2 Fertilizers:

Your Company produced 27.29 lakh MT of fertilizers (21.24 lakh MT of Urea, 4.47 lakh MT of Suphala 15:15:15 and 1.58 lakh MT of Suphala 20:20) during the year as against 25.96 lakh MT (20.89 lakh MT of Urea, 4.90 lakh MT of Suphala 15:15:15 and 0.17 lakh MT of Suphala 20:20) produced in the previous year and achieved overall installed capacity utilisation of 100.08% as against 96.23% during the previous year. The capacity utilisation of the Urea plants was to the extent of 104.28%. As regards complex fertilizers, Suphala [15:15:15] plant produced to the extent of 106.43% and Suphala 20:20 (ANP) produced 58.52% as the plant got stabilised in second half of the year. In terms of nutrients, your Company produced 10.76 lakh MT of Nitrogen (N), 0.99 lakh MT of Phosphate (P<sub>2</sub>O<sub>5</sub>) and 0.67 lakh MT of Potash (K<sub>2</sub>O) during the year as compared to 10.38 lakh MT of N, 0.77 lakh MT of P<sub>2</sub>O<sub>5</sub> and 0.74 lakh MT of K<sub>2</sub>O during the previous year.

The details of performances of the units are given below:

##### 2.1.2.1 Thal Unit:

Thal unit produced 17.83 lakh MT of Urea during the year compared to 17.82 lakh MT produced in the previous year. The unit achieved a capacity utilisation of 104.49% as compared to 104.41% during the previous year. The unit produced 11.35 lakh MT of Ammonia compared to 11.28



lakh MT during previous year. The energy consumption per MT of Urea was 6.37 Gcal/ MT (6.30 Gcal MT in the previous year). In terms of nutrients in the fertilizers, the unit produced 8.20 lakh MT of N during the year, same as in previous year.

That unit of your Company was bestowed with following awards during the year:

- i. Certificate of Merit for Excellence in Energy Conservation and Management from Indian Chemical Council for 2009.
- ii. "Runner up Award" for "Best Technical Innovation" from Fertilizers Association of India for the year 2009-10.
- iii. "Green Tech Environment Excellence Award in Gold Category" for the year 2010.

#### 2.1.2.2 Trombay Unit:

The Trombay Unit produced 3.41 lakh MT of Urea, 4.47 lakh MT of Suphala 15:15:15 and 1.58 lakh MT of ANP during the year under report compared to 3.07 lakh MT of Urea, 4.90 lakh MT of Suphala 15:15:15 and 0.17 lakh MT of ANP produced during the previous year.

The unit achieved an overall capacity utilization of 92.75% compared to 82.14% during the previous year. In terms of Nutrient values, the unit produced 2.56 lakh MT of N, 0.99 lakh MT of  $P_2O_5$  and 0.67 lakh MT of  $K_2O$  during the year compared to 2.18 lakh MT, 0.77 lakh MT and 0.74 lakh MT respectively in the previous year.

The unit was bestowed with the following awards:

- i. Green Tech Environment Excellence Award for "Environmental Excellence in Fertilizer Sector" for 2009-10
- ii. Second best "National Energy Conservation Award" in Fertilizer Sector for Energy Conservation.

#### 2.1.3 Industrial Products:

Your Company is one of the prime chemicals manufacturers in the country producing several Industrial Chemicals at its two units. During the year, your Company produced 1.51 lakh MT of various major Industrial Chemical products compared to 1.19 lakh MT during the previous year. Your Company produces, amongst others, Methanol, Methylamines and derivatives, Ammonium Nitrate, Sodium Nitrate/Nitrite, Ammonium Bi-Carbonate, Formic Acid etc.

#### 2.2.0 MARKETING PERFORMANCE:

##### 2.2.1 Fertilizer Division:

Your Company achieved sales volume of 40.14 lakh MT during 2010-11 as compared to 40.73 lakh MT in

the previous year. Your Company sold 29.86 lakh MT of Urea, 4.50 lakh MT of Suphala 15:15:15, 1.52 lakh MT of Suphala 20:20 and 4.26 lakh MT of other bought out products such as DAP, MOP, etc. compared to 28.62 lakh MT of Urea, 4.87 lakh MT of Suphala 15:15:15, and 0.16 lakh MT of Suphala 20:20 and 7.08 lakh MT of other bought out products respectively during the previous year. The total sale of manufactured fertilizers during 2010-11 was 27.56 lakh MT as against 25.99 lakh MT in 2009-10 registering a nominal increase of 6.07%. The total sales value, excluding subsidy, of manufactured fertilizers during the period 2010-11 was ₹1503.33 crore compared to ₹1267.71 crore in the previous year.

Though, the sale of own manufactured fertilizers was higher by 1.58 lakh MT, since the total sale of bought out fertilizers during 2010-11 was 12.58 lakh MT as against 14.74 lakh MT in 2009-10, the total sale during the year was marginally lower by 0.59 lakh MT.

##### 2.2.2 Industrial Products Division:

Despite various constraints due to global recession during the second half of the financial year, Industrial Products Division achieved turnover of ₹ 726.25 Crore as against the sales turnover of ₹ 717.28 Crore during the previous year. Ammonium Nitrate (Melt), Methanol, Methylamines and Conc. Nitric Acid, etc contributed significantly to the turnover.

##### 2.2.3 Exports :

During the year under report, your Company exported 384 MT of Suphala 15:15:15 worth ₹ 0.74 crore as against 1220 MT of ₹ 2.58 crore during the previous year. Considering the products manufactured by your Company, scope for exporting and earning foreign exchange is very limited.

##### 2.2.4 FUTURE PLANS OF FERTILIZER MARKETING:

Your Company has plans to increase the sales of all fertilizers from 40.14 lakh MT in 2010-11 to about 45 lakh MT in 2011-12. Your Company is tying up with SSP Units for manufacturing and marketing 6 lakh MT of SSP to increase turnover and profitability. Your Company also intends to import and market complex fertilizers, water soluble fertilizers, SOP, Aluminium Sulphate, Zinc Sulphate and develop customised/fortified fertilizers like Boronated Suphala and Zincated urea.

##### 2.3.0 The Fertilizer Industry:

The Nutrient Based Subsidy (NBS) scheme for decontrolled phosphatic and potassic fertilizers has come into effect from 1.4.2010 as was informed in the previous report. The scheme has been revised w.e.f 1.4.2011. The main features of the NBS scheme are as under:

- i. Revised NBS would be applicable for DAP, DAP-lite, MOP, MAP, TSP, AS, 15 grades of complex fertilizers and SSP.
- ii. Inclusion of 'S' as a nutrient.
- iii. Fixed subsidy per kg for each nutrient for the year.
- iv. Any variant of fertilizer specified above, with secondary and micro nutrients would also be covered under NBS. Secondary and micro nutrients would be eligible for separate subsidy.
- v. Fortified fertilizers with Boron will be eligible for ₹ 300/MT additional subsidy and fertilizers with fortified zinc would be eligible for ₹ 500/MT.
- vi. MRP can be fixed by the Company.
- vii. 20% of the price decontrolled fertilizers produced/imported will be under movement control under ECA. DOF will regulate the movements to bridge gaps in supply to underserved areas.
- viii. All subsidised fertilizers, except Urea, are brought under Open General Licence.
- ix. Freight reimbursement for fertilizers under NBS is limited to rail freight at actuals and road freight at normated levels for direct despatches from plant/ports to districts upto a maximum lead of 700 km. In case of SSP, a lumpsum reimbursement of ₹ 200/MT will be paid.

Your Company welcomes the policy and the modifications made as it affords a challenge to improve the market share and enables your Company to market the products in a dynamic scenario.

#### 2.4.0 Strength and Weakness:

##### 2.4.1 Strengths:

Your Company's strength lies in its skilled manpower, high Brand Equity for the Products manufactured such as Ujjwala, Suphala, Microla, Biola, and Sujala. The wide spread marketing network ensures that your Company reaches the products to all parts of the country. The Farmers' Training Institute and R&D Centre ensure that quality services are provided to the farmers/ dealers by educating them and providing inputs for better crop realisation. Your Company has a wide portfolio of chemical products and can withstand difficult economic situations by adopting optimal mix of production. The well maintained plants and equipment ensure uninterrupted production and distribution of goods.

##### 2.4.2 Weaknesses:

The Plants have been in operation for a very long time, some of them since 1965 by carrying out regular upkeep, maintenance and up-gradation. The complex fertilizers

are based on imported raw materials which can face severe volatility in raw material prices and foreign currency exchange rate affecting the profitability of the company.

##### 2.4.3 Opportunities:

Due to your Company's good reputation, several opportunities exist, abroad, for Collaborations / Diversification in manufacturing and, mining of raw materials and marketing of varieties of products. The increased availability of feedstock gas would permit for undertaking major expansion at Thal. Alternate feedstock like Coal gasification gives an opportunity for undertaking Fertilizer Projects in other parts of the country. All these opportunities would lead to substantial increase in the turnover of your Company by marketing varieties of fertilizers. Clean Development Mechanism (CDM) activities enable realization of Carbon Credits. Experienced and Skilled Manpower of your Company has been in demand for rendering O&M service in India and abroad.

##### 2.4.4 Threats:

Manufacturing and marketing of Fertilizers is the core business of your Company. Agro-climatic conditions have a large effect on the performance of your Company. In the recent years, there has been high volatility in the prices of raw material and creation of scarcity impeding production and marketing plans. The chemicals business is highly susceptible to cut throat global market competition.

##### 2.5.0 Risk Management:

Your Company has put in place Risk Management System, with the objective of having a balanced approach towards business plan and to mitigate the associated risks through better management practices, resulting in greater degree of confidence amongst various stakeholders. Risks associated with operations, Environment, Finance, Human Resource, legal, Information security etc and the degree of impact financially, its likely effect on the assets, facilities and third parties are assessed regularly. In order to mitigate losses arising out of perceived risks, the procedures being adopted to contain the risks, as also the practices adopted during emergencies, including the communication system and mode of disseminating information are periodically reviewed and updated to minimise the impact on the Company.

The profitability is susceptible to the input costs of major raw materials, such as Rock Phosphate, Sulphur, DAP, MOP, MAP etc. and hence your Company has been developing alternate source of raw materials to reduce the risk of dependency. To safeguard against major breakdown at the data centre, your Company has installed another server at a separate site, which replicates the data on production server and can be available to ERP users.



## 2.6.0 MAJOR EXPANSION AND DIVERSIFICATIONS:

In line with its Mission, your Company has taken up several ambitious projects for growth. Besides these large capital outlay projects, your Company has also taken up projects for enhancing energy efficiency, increasing production and improving reliability in its existing plants. The projects which have been implemented, being implemented and are under active considerations are listed below:

### 2.6.1 Projects implemented:

#### 2.6.1.1 Revamp of Methanol Plant:

The existing Methanol plant was revamped for increasing the capacity from 180 MTPD to 242 MTPD and to bring down the energy consumption from 9.094 to 7.9632 Gcal /MT of Methanol at a cost of ₹ 137 Crore. The plant is running on sustained basis and has been achieving desired results.

#### 2.6.1.2. Ammonium Nitro Phosphate (ANP) Granulation Project:

Your Company has taken up ANP Granulation Project of 900 MTPD capacity at a cost of ₹ 80.49 crore by using the slurry prepared in the wet section (front end) of ANP. Subsequent to trial production, and after overcoming initial problems, plant was stabilized and is running on consistent load. It is envisaged to revamp wet section of the plant to improve nutrient & and energy efficiency.

#### 2.6.1.3 Clean Development Mechanism (CDM):

Your Company has successfully implemented Nitrous Oxide abatement project, which is a green house gas, in its HP and MP Nitric Acid Plants leading to generation of Carbons Credits. This project has been registered with UNFCCC and your Company has received the first tranche of 1,55,115 CERs (Certified Emission Reduction) for MP Nitric Acid plant in January 2011 after due verification of the project.

#### 2.6.1.4 Rapidwall Project at Trombay:

Rapidwall Project has been set up at a cost of ₹ 81.10 crore, to utilize Phospho Gypsum produced as by-product in Trombay, with Australian technology from M/s. Rapidwall Building Systems Pty. Ltd. Australia (RBS). Rapidwall is a revolutionary and environmental friendly, load-bearing, prefabricated glass fiber reinforced walling system with broad construction applications. More than 500 wall panels have been manufactured at Trombay. As required, sample panels have been successfully tested at IIT Madras and the product has also received 'in principle' approval from Building Material Technology Promotion Council (BMTPC) under the Ministry of Housing and Urban Poverty Alleviation. Apart from Wall panels, the plant also manufactures Plaster which is being marketed vigorously. Your Company is taking various steps for

marketing of all products by entering into Memorandum of Intent with large project developers and also gaining foothold in retail market. This has given the company, confidence regarding sustained demand in near future.

### 2.6.2 On going Projects:

#### 2.6.2.1 De-bottlenecking of Thal Plants:

Thal Ammonia Revamp Project is being implemented to enhance capacity of existing Thal Ammonia Plants from 2 x 1500 MTPD to 2 x 1750 MTPD and reduce specific energy consumption to 8.15 Gcal/MT of ammonia. Simultaneously Thal urea plant is also being revamped, wherein the capacity of one of the urea streams will be increased to 2300 MTPD so as to convert the entire ammonia into urea and achieve urea production of 6015 MTPD. The total project cost is ₹ 488.75 Crore. The revamped ammonia plant will be commissioned by December 2011 and the Urea plant by 2012.

### 2.6.3 Projects on the Anvil:

#### 2.6.3.1 Additional Ammonia Urea project at Thal

Your Company has plans to expand the capacity of urea at Thal by setting up one single stream ammonia plant of capacity 2200 MTPD and one single stream urea plant of capacity 3500 MTPD at the existing site, at an estimated project cost of ₹ 4400 crore. The selection process for lumpsum turnkey contractors (LSTK) for main plants has been started and your Company has received four bids from international parties/consortium for the project. Draft EIA report has been prepared and further action is being undertaken for obtaining environment clearance. Other pre-project activities, including preparation of detailed feasibility report, are underway. The project when commissioned will be a significant step towards bridging the increasing demand supply gap of urea in the country.

#### 2.6.3.2 Single Super Phosphate project at Thal

Your Company has envisaged to set up Single Super Phosphate (SSP) plant at Thal to manufacture 5 lakh MT/ year SSP. The project cost would be ₹ 278 crore. Feasibility of the project is being examined and the project is likely to take 24 months to complete from the zero date.

#### 2.6.3.3 Coal Based Fertilizer Plant at Talcher:

Under the scheme of revival of sick Fertilizer Units, your Company has been nominated by the government to be the lead partner to revive FCI Unit at Talcher, Orissa through Coal Gasification route as the feedstock.

Your Company, along with Coal India Limited (CIL) and GAIL is contemplating to set up a fertilizer complex, comprising of 2500 MTPD ammonia plant, 3500 MTPD Urea plant, 800 MTPD Nitric Acid and 1000 MTPD

ammonium nitrate plant. Coal for this will be made available by CIL through its subsidiary Mahanadi Coal Fields which is located nearby. The front end Coal Gasification will be set up on “Build, Own, Operate” (BOO) basis. The ammonia synthesis, urea, nitric acid and ammonium nitrate plants will be built on lumpsum turnkey basis for which prequalification bids have been invited. Project capital cost involved is approx. ₹ 8000 Crore.

#### 2.6.3.4 Gas based urea plant in Ghana:

Ghana has recently discovered oil and gas in its offshore Jubilee Fields. Ghana Government intends to go for value addition to this natural resource through setting up of downstream processing facilities including a fertilizer plant. Governments of Ghana and India have signed a Memorandum of Understanding (MoU) for setting up the fertilizer project to produce about 1 million metric tons of Urea fertilizer.

Your Company has been nominated by Government of India to take a lead role for development of the fertilizer project. The proposed grass-root project would consist of an ammonia plant of 2000 MTPD capacity and a Urea plant of 3500 MTPD capacity. The site for the project has been identified and pre-feasibility report has been submitted for consideration by the respective governments. The project is likely to be commissioned in 2016-17. Discussions are being held to finalise pricing and quantity of gas to be supplied to the project.

#### 2.6.3.5 Phosphatic Fertilizer Project in Saudi Arabia

Your Company is exploring the opportunity of participating in Phosphatic Fertilizers project in Saudi Arabia, being undertaken by Ma'aden at Al Khabra mines at a project cost of US\$3.0 billion. Ma'aden is willing to offer equity shares upto 30% to Indian Companies. If the project fructifies it would help in tying up for Phosphatic supply, apart from the benefit of being a shareholder of the venture.

#### 2.6.3.6 Coal Based Fertilizer Plant in Indonesia:

As per the Memorandum of Understanding signed between governments of India and Indonesia a study is to be conducted for setting up a coal based fertilizer plant in Indonesia. Your Company has been nominated to conduct the study from Indian side and action has been initiated in this direction.

Apart from the above, your Company is working on development of several other projects including development of Port based infrastructure.

### 2.7 Subsidiary and other Joint Venture Companies:

#### 2.7.1 FACT-RCF Building Products Ltd., Kochi

Your Company has formed a Joint Venture Company with

Fertilizers and Chemicals Travancore Limited (FACT) by incorporating FACT-RCF Building Products Ltd to set up a Rapidwall project at Kochi. Both your Company and FACT have 50:50 equity holding in the Company. The plant will use gypsum available with FACT to produce load bearing wall panels, wall plaster and wall putty through Rapidwall technology. The plant has been mechanically completed and will be soon commissioned in the current financial year.

#### 2.7.2 Urvarak Videsh Limited

The JV Company is exploring the possibility of revival of old unit of HFCL at Barauni and has engaged PDIL for consultancy work for EIA and technology selection. The JV Company would decide further course of action based on feasibility of the project. The Company has been incorporated with an authorised capital of ₹ 5 crore and has a paid up capital of ₹15 lakh of which your Company's contribution is ₹ 5 lakh. If the promoters do not find that the objectives for which the Company was incorporated can not be achieved, action would be taken to wind up the Company.

#### 2.7.3 Rajasthan Rashtriya Chemicals & Fertilizers Ltd, Jaipur

The Joint Venture Company incorporated to undertake the project for manufacturing 850 MTPD of DAP has not been functional as the promoters are yet to take decision on investment in the project. As it is unlikely that the promoters would go ahead with the project, the promoters are likely to take steps to wind up the JVC.

#### 2.7.4 RCF HM Construction Solutions Pvt Ltd.

Your Company has incorporated a 50:50 Joint Venture Company with First Future Properties Pvt. Ltd for marketing the Rapidwall products with an authorised capital of ₹ 5 crore and paid up capital of ₹ 10 lakh. Considering the nature of products and technical skills available, your Company is confident of marketing the products by entering into MOUs/long term supply contracts with the builders/developers. Your Company is therefore contemplating to wind up the JVC.

#### 2.7.5 Consolidated Statement

Consolidated financial statement of your company with subsidiary company and other Joint venture companies and statement under section 212 in respect of the subsidiary company are attached to the accounts.

#### 2.8.0. RESEARCH AND DEVELOPMENT:

Your Company has taken up several Research and Development projects, some of which taken up for commercial scale design and engineering, are as under:



## 2.8.1 CHEMICAL DIVISION

### 2.8.1.1 Study to recover Process water from present R.O. reject water in Sewage Treatment Plant (STP).

R&D division of your Company carried out experiment to recover process water from R.O. reject water of STP and has successfully recovered usable process water. The scheme suggested by R&D is in the process of implementation and your Company would recover about 3000 m<sup>3</sup>/day of Process water from RO reject water.

### 2.8.1.2. Fortified fertiliser NPK 15:15:15 with Boron (0.2%)

Boronated Suphala (NPKB 15:15:15:0.2), a new range of NPK Fortified Fertilizer, has been successfully developed on laboratory scale. Field Trials on certain crops are being carried out at Agriculture Universities such as Mahatma Phule Krishi Vidyapeeth, Rahuri & Dr. Punjabrao Deshmukh Krishi Vidyapeeth, Akola.

This product will give value addition to the existing NPK fertilizer and it will be beneficial, especially, in the boron deficient regions. Production on commercial scale is being undertaken shortly in the existing Suphala production plant to produce (15:15:15:0.2) Boronated Suphala.

### 2.8.1.3. Study undertaken to find cost effective substitute for proprietary anti-precipitating agent "Kemfert" in Sujala 19:19:19.

Anti-precipitating agent is being used in Sujala 19:19:19 (drip grade) to overcome clogging of drippers during drip application. R&D division of your Company has undertaken a study to find suitable cheaper substitute for the anti-precipitating agent. Mono Sodium salt of Hydroxy Ethelene Di-phosphonic Acid (HEDP) which is readily available in market, is found to be suitable, cheaper and is giving having satisfactory performance.

## 2.8.2 AGRICULTURE DIVISION

### 2.8.2.1 Customized fertilizers

Your Company is developing certain Customised Fertilizer grades for usage in Satara, Sangli, Pune, Solapur and Kolhapur Districts of Maharashtra. These formulations are crop and region specific customized formulations, developed in two formats viz. 100% water soluble fertilizer for drip and foliar application and Granular product for soil application. The agronomic efficacy studies on these grades are in progress at Mahatma Phule Krishi Vidyapeeth, Rahuri Agriculture University.

### 2.8.2.2. Liquid Bio-fertilizer

Liquid Bio-fertilizers (phosphate solubilizers) are formulations, without any carrier, with increased shelf life. The liquid bio-fertilizer has several advantages, over

carrier (lignite) based product, such as application through seed, soil, drip irrigation, flood irrigation, sprinklers, spray against only seed and soil application for lignite based biofertilizers.

The product has shelf life of 2 years in lab conditions (1.5 yrs in field condition), in comparison to 6 months of lignite based bio-fertilizer.

Laboratory studies as well as field trials have been successfully completed and this product will soon be commercialised.

## 2.9.0 CONSERVATION OF ENERGY:

Your Company undertook several steps for conserving energy. These included several modifications in the plants which have resulted in significant reduction in the energy consumption. Some of the measures undertaken are as follows:

In Thal unit several measures undertaken such as Replacement of Synthesis gas compressor turbine rotor for Ammonia Line I, Relocation of HP section pressure control valve outlet gas to Medium Pressure decomposer, conversion of existing radar type level transmitter to purge type for Hydrolyser, conversion of unit -11 & 31 condenser cooling water side from double pass to single pass, installation of gas cooler, resulted in considerable saving in energy.

In Trombay unit, Methanol plant has been revamped to reduce energy consumption. Apart from this, several other measures such as installation of vapour absorption machine in Ammonia I, replacement of old motors with energy efficient LT motors, installation of variable frequency Drives for slurry pumps, installation of high capacity reject water pumps in ETP and several other measures have been undertaken which resulted in saving of energy.

The particulars with regard to Conservation of Energy, Technology Absorption, Foreign Exchange outgo as required under Section 217 (i) (e) of the Companies Act, 1956 are enclosed as **Annexure I**.

## 3.0.0 ENVIRONMENT MANAGEMENT AND POLLUTION CONTROL:

Your Company is dedicated to improve environmental performance through continual improvement and is going beyond satisfying all stipulated requirements laid down by the statutory authorities for environment management and pollution control.

With an aim to sustain the operations in an environment friendly manner, your Company established ISO 14001 compliant Environment Management System

(EMS) at its two manufacturing units. The Systems are constantly upgraded and the three separate systems, namely Quality Management System (ISO 9001:2000), Environment Management System (ISO 14001:2004) & Occupational Health and Safety Assessment Series (OHSAS 18001:2007), are all brought under Integrated Management System. Regular internal audits and Management Reviews are being carried out to ensure compliance and continually improve the system.

Measures taken to conserve water have yielded not only savings but also have further improved the environmental management. The state of art Effluent Treatment plants and the Sewage Treatment plants at Trombay have ensured that the environment in and around the Units is fully protected. Various schemes are implemented to reduce wastage of the scarce natural resources. The waste streams from the plants are recycled/reused for useful purpose. Sludge generated in Effluent Treatment Plant, Sulphur Sludge Generated in Sulphuric Acid plant, waste streams of effluents from complex fertilizer plants are recycled back in the processes. The integrated Effluent Treatment Plant ensures that whatever effluent is discharged from the factory meets the statutory requirements laid down by the Pollution Control Board.

In Trombay Unit of your Company, New granulation technology is adopted in Ammonium Nitro phosphate plant to reduce dust emission. Capacity of Sewage treatment plant is increased with installation of 5th RO. Your Company has adopted the most effective system of environmental management at its Trombay complex by process up-gradation, adoption of cleaner technologies in new plants, suitable treatment of effluent and continuous monitoring of emission & ambient air quality.

To check the effectiveness and compliance to emission regulations, monitoring network has been incorporated. Apart from Stack monitors, which continuously monitor the emissions, four fixed ambient air quality monitoring stations monitor ammonia, NOx, SO2, Particulate matter (PM10 & PM2.5) & metrological parameters.

During the process of converting raw materials into finished products, certain residual chemicals are formed, which are either recycled or converted into harmless chemicals as far as possible, before discharging them into the atmosphere, giving due importance to cleaner environment.

#### 4.0.0 PRINCIPLES OF GLOBAL COMPACT:

Your Company is a member of United Nations Global Compact and fully supports the Ten Principles in the areas of human rights, labour and environment which are derived from the earlier declarations by United Nations,

ILO and other international organisations. Your Company has posted a detailed write-up on its website [www.rcfild.com](http://www.rcfild.com) in this respect.

#### 5.0.0 CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES:

**5.1.1** Being a conscientious corporate citizen, your Company has developed its corporate philosophy imbuing self regulating mechanism to ensure that its operations benefit all stake holders. Public Interest is a deliberate inclusion honouring Triple bottom line approach - people, planet and profit.

As stated in para 4.0.0, your Company is a member of United Nations Global Compact and supports the ten Principles of human rights, labour and environment.

As a responsibility to the society around its business areas, your Company undertakes several activities aimed for the benefit of needy and also for general good. During the financial year 2010-11, your Company carried out the following activities under CSR policy and spent about ₹ 7 crore:

#### 5.1.2 Education:

##### 5.1.2.1 Running of Schools:

Your Company runs schools, both at its Thal and Trombay units to impart quality education from Nursery to 10th Standard. The schools admit children from nearby community. Instructions are imparted in Marathi, Hindi and English medium. Your Company has provided school building in the Company's residential colonies at Thal and Trombay and undertakes its upkeep, maintenance and bears the deficit expenditure incurred by the schools. The schools are entrusted to reputed Educational Institutions. During the year, your Company spent about ₹ 307 lakh on this activity.

##### 5.1.2.2 Scholarship to meritorious students:

Your Company encourages students from SC/ ST/ OBC communities by offering them scholarship for pursuing higher studies. During the year your Company spent ₹ 2.30 lakh towards scholarship.

##### 5.1.2.3 Farmers' Education:

Your Company imparts farming education to increase productivity through intensive and integrated extension activities in the field of Agriculture, recommending balanced use of fertilizers and simultaneously to extend the services as promoter, activator and organiser of various socio-economic and educational activities to improve the quality of life of various rural masses particularly small, marginal and SC/ST families.



### 5.1.3 Supply of drinking water to the villages:

Your Company has been providing drinking water since more than 20 years to seven villages around Thal unit through pipelines laid down from the water reservoir in the unit. During the year your Company spent about ₹ 78 lakh towards the same.

### 5.1.4 Village Adoption:

Your Company provides support to needy people by providing tools, tackles and training to enable them learn self sustaining vocations and improve their economic capabilities. An amount of ₹ 10 lakh is spent, on imparting training for improving their skills, during the financial year. Your Company sponsored games and sports such as Kabaddi, Kho Kho etc by spending an amount of ₹ 37 lakh.

### 5.1.5 Chembur Green Project:

Launched to establish greenery in the eastern suburb of Mumbai, your Company has grown and brought back the green forestry amidst concrete jungle. The development of traffic islands, kitchen gardens, exhibitions, Rose shows and other activities in schools and colleges have increased the environment consciousness among the citizens. Your Company continues distribution of free saplings and rendering advice to various co-op. societies and also to individuals. Your Company also introduced organic manure from urban waste in the year so as to protect environmental degradation of soil.

### 5.1.6 Service to Farmers:

#### 5.1.6.1 Advice on Soil nutrients:

Your Company attaches special importance to undertaking Soil diagnostics to advise farmers about use of proper dosage of fertilizers in order to optimize soil productivity. Over 70,000 soil samples were analyzed and recommendations given through the five static and six mobile soil testing laboratories.

### 5.1.7 Farm practices:

Your Company continues to have grass root contact with farmers to disseminate knowledge of proper farm practices to enhance their farm income. In this regard, your Company undertook crop specific development programs depending on the State/area. Your Company has established several Farmers' Services Centres for providing services such as soil sample collection, arranging farmers meeting, film shows, and exhibitions and for providing general guidance in the fields of farming. Several farmers'/dealers' training programmes were conducted during the year at the Company's two Farmers Training Institutes.

### 5.1.7 Other activities:

5.1.7.1 Your Company is constructing at a cost of ₹ 93 lakh a mini sports stadium, alongwith accessories and facilities, in Jaleshwar, Balasore district to encourage sports and culture of the area. The construction would be completed by December 2011. The total amount spent during the year is ₹ 61.70 lakh.

5.1.7.2 Your Company has also undertaken construction of 15 Number of Bus shelters, at Madurai city and 30 Nos. in Madurai Rural Area at a cost of ₹152.40 lakh for the benefit of general public.

## 6.0.0 HUMAN RESOURCES:

### 6.1.0 Training and Development:

Human Resource Development has always been the cornerstone of your Company and this year's activities have also been special and focussed.

Exclusive Training & Development initiatives were successfully carried out to enhance General Management Skills of the employees in Marketing, Finance, Commercial and Health Services disciplines. Besides this, comprehensive Safety Management Programmes were carried out for officers in Technical disciplines.

Activities were also focused on strengthening and effective implementation of Quality Management Systems, Environment Management Systems, Occupational Health & Safety Systems and 5-S systems.

Training & Development programmes were conducted, in-house, for the employees of your Company at various levels.

The Training department contributed to the development of other Organisations by accepting special assignments to train employees/students of industrial and academic institutions. HRD has been contributing in selection and grooming of young talents, imparting domain knowledge, developing skills and mind set towards achieving professional excellence.

### 6.2.0 Industrial Relations:

Your Company maintained cordial Industrial Relations with all its employees. All the issues are settled through regular discussions, meetings and dialogues with the employees. Your Company has 4238 employees comprising of 1541 officers and 2697 workmen as on 31st March, 2011 compared to 4334 employees (1589 officers and 2745 workmen) as on the corresponding date of the previous year.

### 6.2.1 Welfare and Sports

Your Company undertakes several welfare schemes like



education, medical, transport, housing etc., according to the needs of the employees. In regards to sports, your Company is a prominent patron and sponsored various sports events. Your Company's Football, Cricket, Hockey, Kabaddi and other teams continue to show excellent performance at District, State and National levels and have brought laurels to your Company by winning several prizes.

#### 6.2.2. Welfare / Employment opportunity to weaker section:

The guidelines in respect of reservation in recruitment and promotion of SC/ST, OBC, Ex-servicemen and Persons with Disabilities are followed by your Company. Your Company has 593 Scheduled Caste (SC), 261 Scheduled Tribe (ST) and 339 OBC employees on its rolls.

During the year, your Company recruited 70 persons, including 2 persons with physical disability, on regular employment. Your Company also recruited 4 Operator Trainees, 9 Steno Trainees and 16 Technical Trainees. Due representation to SC/ST/OBC was given in recruitments.

Your Company is committed to the welfare of the backward classes in general and SC/ST employees in particular. Regular meetings are held with SC/ST Employees Welfare Association to address grievances, if any, and providing guidance for development.

Medical Camp is organized every year at Chaitya Bhoomi, Dadar on 6th December, on the occasion of 'Mahaparinirvan Day'. Financial assistance for making arrangement for medical camp and for medicines along with the vehicles and Doctors was made available by the Company.

Your Company's Thal Unit continued to provide various amenities like water, road for the nearby villages e.g. Thal, Navgaon, Boris, Gunjis etc. where the majority of the population belongs to the SC/ST categories. Scholarships were given to meritorious students of SC/ST community in the nearby village of Thal.

The following activities were also taken up by your Company:-

- a) Training programmes were conducted for farmers at Company's Institute at Nagpur and Thal. Large number of SC/ST farmers have undergone training in these programmes.
- b) Your Company's Marketing Department gives special consideration in enrolment of dealers belonging to SC/ST category. A large number of dealers belonging to SC/ST have already been appointed.

#### 7.0.0 OFFICIAL LANGUAGE POLICY:

Your Company has fully endeavoured to implement the provisions of Official Language Act 1963 and the policy of the Government. Publicity material and literature for employees and farmers is made available in Hindi and other regional languages.

Your Company was awarded the First prize by Mumbai Town Official Language implementation Committee for excellence in implementation of Official Language Policy. Your Company's House Magazine, "Darpan" was also awarded first Prize in House Magazine competition organised by Mumbai Town Official Language Implementation Committee for the year 2010-11.

#### 9.0.0 INTERNAL CONTROL SYSTEM:

Your Company has a well defined Internal Control System, adequate and commensurate with the size and nature of its business, comprising of an in-house Audit Department, which conducts internal audit of various operational and financial matters on on-going basis. Internal Audit group consists of adequate number of financial and technical personnel. The recommendations and observations of the Internal Audit Department are reviewed regularly by the Audit Committee constituted by the Board of Directors. The performance of your Company is regularly monitored by the Board of Directors.

Your Company has an effective budgetary control mechanism in place both in respect of capex and revex to take care of the detailed capex and operational budget. Appropriate monitoring mechanism to compare the actual performance with the budget ensures that necessary review is periodically undertaken.

#### 10.0.0 COST AUDIT

As per the Government's directive, your Company's Cost Records in respect of manufacture of Fertilizers and Sulphuric Acid for the year ended 31st March, 2011 are being audited by Rohit Vora & Co. and C.R. Musib & Associates, firms of Cost Auditors. The Cost Auditors are likely to complete the audit by 31st July, 2011.

#### 11.0.0 DIRECTORS' RESPONSIBILITY STATEMENT:

The Companies Act, 1956 requires the Board of Directors of your Company to prepare accounts for each financial year giving a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

Your Directors state that:

- i] in preparing the annual accounts, the applicable accounting standards have been followed,
- ii] the accounting policies adopted have been consistently



applied and wherever necessary, made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of the Company for the year,

- iii] proper and sufficient care has been taken for maintaining adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- iv] the annual accounts have been prepared on going concern basis.

#### **12.0.0 CORPORATE GOVERNANCE:**

As per Clause 49 of the listing Agreement with the Stock Exchanges, a separate section on Corporate Governance along with a certificate of Compliance is annexed and forms part of this report.

#### **13.0.0 CAUTIONARY STATEMENT:**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' and actual results may or may not be in accordance therewith. Your Company's performance is dependent on several external factors such as downtrend in the agriculture, below normal monsoon, significant changes in economic environment, Government Policies, fluctuations in prices of raw material and finished products and also their availability etc. which could adversely affect the operations of your Company.

#### **14.0.0 DIRECTORS:**

Government of India appointed Shri Sham Lal Goyal, IAS, Joint Secretary Department of Fertilizers, Ministry of Chemicals and Fertilizers as additional Director in place of Shri Deepak Singhal. The contribution of Shri Deepak Singhal to your Company has been immense. His guidance, suggestions and advice has greatly benefited the Company. Your Directors place on record their appreciation of the contribution of Shri Deepak Singhal to your Company. Notice under Section 257 of the Companies Act has been received proposing the candidature of Shri Sham Lal Goyal as

Director of the Company.

As per Section 256 of the Companies Act, Shri Manoj Priya, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

#### **15.0.0 AUDITORS:**

The Comptroller and Auditor General of India (CAG) has appointed, M/s. JCR & Company and M/s GD Apte & Co., as Joint Statutory Auditors of your Company for the Financial Year 2010-11. The Auditors would be retiring at the conclusion of the Thirty third Annual General Meeting.

The Statutory Auditors for the Financial Year 2011-12 will be appointed by the CAG. However, their remuneration is to be fixed at the AGM by the members.

#### **16.0.0 ACKNOWLEDGMENT:**

Your Directors wish to gratefully acknowledge the valuable guidance and continued support extended by Government of India and in particular, the Department of Fertilizers and the Office of Fertilizer Industry Co-ordination Committee (FICC), Railways, members of MOU Task force, and other Central Government departments and Agencies.

The Board also wishes to acknowledge with sincere gratitude, the help and unstinted support from the State Governments, MSEB, MIDC, various media, Municipal authorities, Maharashtra Pollution Control Board, Bankers to your Company, Financial Institutions, Dealers and Customers.

The Board also wishes to place on record the positive suggestions and guidance provided by the Statutory Auditors, Cost Auditors and the Office of the Principal Director of Commercial Audit.

Last but not the least, your Directors take pleasure in placing on record their deep appreciation of the excellent contribution made by the employees of your Company at all levels, without which your Company would not have achieved such good performance.

By order of the Board of Directors

Place: Mumbai  
Date : 10.05.2011

**R.G. Rajan**  
*Chairman and Managing Director*

## ANNEXURE I TO THE DIRECTORS' REPORT 2010-11

## FORM A

## A. PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY

Sr. No.	Power and Fuel Consumption [Units]	2010-11			2009-10		
		Qty	Rate/unit (₹)	Amount (₹ Lakh)	Qty	Rate/unit (₹)	Amount (₹ Lakh)
1	Electricity						
	(i) Purchased (million KWH)	275.22	5.70	15700.36	225.38	5.23	11774.01
	(ii) Own Generation (million KWH)	245.28	2.66	6533.88	256.72	2.15	5523.39
2	Naphtha used (MT) (Feed & Fuel)	0	0.00	0	40774	26326.53	10734.62
3	Associated Gas ('000 SM3) (Feed & Fuel)	2059643	8370.64	172405.25	1987835	6505.00	129300.00

## B. CONSUMPTION PER UNIT OF PRODUCTION

Sr. No.	Product	2010-11		2009-10	
		Production MT	Power MWH/MT	Production MT	Power MWH/MT
1	Ammonia Trombay I	97,800	0.563	87,856	0.552
2	Ammonia Trombay V	3,20,330	0.129	330,235	0.134
3	Ammonia Thal	1,134,510	0.047	1,128,320	0.041
4	Urea Trombay V	3,41,090	0.058	306,905	0.065
5	Urea Thal	1,783,450	0.052	1,790,700	0.051
6	Suphala 20:20	1,57,935	0.114	17,070	0.551
7	Suphala 15:15:15	4,47,000	0.080	490,000	0.065
8	Methanol	68,700	0.472	44,103	0.530



## Form B

### Disclosure of particulars with respect to Technology absorption, Research & Development:

#### I Research & Development

- |   |   |
|---|---|
| 1. Specific areas in which R & D carried out by the Company   | Included in item No. 2.8.0 of the Directors' Report                 |
| 2. Benefits derived as a result of the above R&D              | Improvement in the quality of products manufactured by the Company. |
| 3. Future plan of action                                      | Setting up production units for the products developed by R&D.      |
| 4. Expenditure on R & D                                       |   |
| (a) Capital   | ₹ 232.24 lakh   |
| (b) Recurring   | ₹ 223.85 lakh   |
| (c) Total   | ₹ 456.10 lakh   |
| (d) Total R &D expenditure as a percentage of total turn-over | 0.08%   |

#### II Technology absorption, adaption and innovation

- |  |  |
|--|--|
| 1. Efforts, in brief, made towards technology, absorption, adaption and innovation   | Included in item No.2.6.0 of the Directors' report                   |
| 2. Benefits derived as a result of efforts e.g. product improvement, product development, import substitution etc.   | Production improvement, Energy savings and optimum use of resources. |
| 3. In case of imported technology imported during the last 5 years reckoned from the beginning of the financial years, following information may be furnished: |  |

Sr. No.	Technology Imported during last five years	Year of import	Has technology been fully absorbed	If not, area where this has not taken place, reasons thereof and future plan of action
1	Upgradation of Concentrated Nitric Acid Plant (QVF, U.K.)	2005	Yes	Not applicable
2	Ammonia-V Revamp - HRAS	2006	Yes	Not applicable
3	Argon Plant and Thal Air products	2008	Yes	Not applicable
4	Wall Panels and other Building materials from Phospho-gypsum (RBS Technology, Australia)	2008	Yes	Not applicable
5	Methanol Plant - HTAS	2009	Yes	Not applicable
6	ANP Granulation - Incro, Spain	2009	Yes	Not applicable

#### FORM C

##### FOREIGN EXCHANGE EARNINGS AND OUTGO

- |   |   |
|---|---|
| 1. Activities relating to exports initiatives taken to increase exports, developments of new export markets for products and services and export plans. | Included in item No.2.2.3 of the Directors' report. |
| 2. Total foreign exchange used  | ₹ 655.19 crore                                      |
| 2. Total foreign exchange earned  | ₹ 0.74 crore  |

## Note on Corporate Governance

### 1.1.0 Company's Philosophy:

Your Company believes that sound corporate governance is fundamental to the enhancement of the value of the Company and its long term growth. Based on the core principles of fairness, transparency and accountability, the Company strives to maintain a high standard of corporate governance through the establishment of a comprehensive and efficient framework of policies, procedures and systems and the promotion of a responsible corporate culture.

### 1.1.1 Compliance with Clause 49 of the Listing Agreement:

Your Company being a Public Sector Undertaking, the Directors are appointed/nominated by President of India. The Board presently consist of 5[five] Directors comprising of two non executive official Directors and three Executive Directors including Chairman and Managing Director. The two non executive directors are non-independent and hence the composition of the Board is not as per the requirement of Cl.49 of the Listing Agreement with the Stock Exchanges. Except for this, the Company has complied with all the requirements of Cl.49 of the Listing Agreement. Your Company has been continuously following up with the Government for appointment of independent directors and it is given to understand that the Government is likely to appoint soon, requisite Independent directors. The present non-executive directors have been on the Board of other Companies and have rich experience in managing the business. The whole-time functional Directors are professionals in their respective fields having long and varied experience in varied Industries.

### 2.0.0 Board of Directors:

#### 2.1.0 Composition of the Board:

Board comprises of the following members:

SI No	Name	Category
1.	Shri R.G. Rajan [From 3.11.2010]	Whole-time Chairman and Managing Director (Chief Executive Officer)
2.	Dr. V. Rajagopalan, IAS	Non-Executive Director – Govt. Nominee.
3.	Shri Sham Lal Goyal, IAS [From 12.11.2010]	Non-Executive Director – Govt. Nominee.
4.	Shri Gautam Sen	Whole-time Director [Finance] (CFO)
5.	Shri Manoj Priya	Whole-time Director [Technical]

SI No	Name	Category
6.	Shri U.S.Jha [upto 30.6.2010]	Whole-time Chairman and Managing Director
7	Shri J.Kohareshwaran [Upto 31.10.2010]	Whole-time Chairman and Managing Director and Whole-time Director [Marketing]
8	Shri Deepak Singhal [Upto 12.11.2010]	Non-Executive Director – Govt. Nominee.

### 2.2.0 Appointment / Reappointment of Directors

**2.2.1** Shri Sham Lal Goyal, IAS, was nominated by President of India in place of Shri Deepak Singhal, IAS. Shri Sham Lal Goyal, was appointed as additional director w.e.f. 12.11.2010. Shri Goyal is an IAS officer and is presently Jt. Secretary (P&P), Department of Fertilizers, Ministry of Chemicals and Fertilizers, New Delhi. Shri Goyal is Chairman and Managing Director of FACT Limited, FCI Limited, HFC Limited and Director in Madras Fertilizers Limited. He has varied and rich experience in Government, in different positions, and has great managerial capabilities.

**2.2.2** Shri Manoj Priya Director retires by rotation and being eligible has offered himself for reappointment.

**2.2.3** Shri Manoj Priya, was appointed by Government as Whole Time Director [Tech] of your Company w.e.f. 30.12.2008. Shri Manoj Priya is a graduate in Mechanical Engineering from BIT Sindri and MBA from University of Lyublijana. Shri Manoj Priya has rich experience of about 36 years in Fertilizer Industry. He has worked in various projects of the Company including the grassroot projects at Thal from construction to commissioning stage. In addition to operation and maintenance of plants, he has a wide experience of commercial activities, joint ventures, international contracts, etc.

### 2.3.0 Board procedure:

**2.3.1** As per the policy of your Company, apart from the matters which are required to be statutorily decided by the Board, all other major decisions involving investments and capital expenditure, mobilization of resources, Employee's Compensation etc. and major issues such as monthly performance, progress of projects, Industrial relations, market scenarios, budgets and plans etc are discussed in the meetings as regular agenda items by the Board. All items which are obligatory as per the Corporate Governance code to be brought in the Board meetings are regularly discussed. Detailed agenda notes are circulated generally about a week in advance of the Board meetings. During the year under review, 17 [seventeen] meetings were held by the Board viz. on



1.4.10, 6.5.10, 21.5.10, 9.6.10, 28.6.10, 14.7.10, 10.8.10, 30.8.10, 10.9.10, 22.10.10, 12.11.10, 10.12.10, 24.12.10, 11.1.11, 9.2.11, 18.2.11 and 14.3.11. The number of meetings attended by the Directors during the year are

as under:

Name of Directors	Number of meetings required to attend	Number of meetings attended.	Whether attended last AGM	Directorship in other companies		Membership in Board's Committees (including this Company)	
				As Chairman	As Member	As Chairman	As Member
Shri R.G. Rajan [Executive] [from 3.11.2010]	7	7	NA	4	-	1	-
Dr. V. Rajagopalan [from 3.5.2010]	16	15	Yes	-	3	2	-
Shri Sham Lal Goyal [from 12.11.10]	7	7	NA	3	1	1	1
Shri Gautam Sen, [Executive]	17	17	Yes	-	3	-	1
Shri Manoj Priya, [Executive]	17	17	Yes	-	3	-	2
Shri U.S.Jha (Executive) [upto 30.6.10]	5	5	Yes	3	2	1	-
Shri J. Kohareswaran (Executive) [upto 31.10.10]	10	8	Yes	3	-	1	-
Shri Deepak Singhal (Non Executive) [upto 12.11.10]	10	6	No	2	2	1	-
Dr. Ashok Misra (Non Executive) (Independent Director) [upto 6.5.10]	2	1	NA	-	1	1	-
Shri Anil Agrawal (Non Executive) (Independent Director) [upto 6.5.10]	2	2	NA	-	1	2	2
Shri I.C. Srivastava, (Non Executive) (Independent Director) [upto 6.5.10]	2	2	NA	-	-	1	2

**2.3.2** The Board has constituted the following Committees

[i] Audit Committee:

Till 6.5.2010, the Audit Committee comprised of Shri Anil Agrawal, [independend director] as Chairman and Shri I.C. Srivastava, Director and Shri Manoj Priya, Director [Technical] as members and thereafter, Dr. V. Rajagopalan, (Non-independent director) as Chairman, Shri Sham Lal Goyal, Director, and Shri Manoj Priya, Director (Technical) as Members and Company Secretary as the Secretary of the Committee. The constitution of the Audit Committee is not in accordance with Clause-49 of the Listing Agreement, which specifies that at least 2/3rd of members should be independent directors. Director (Finance), Director (Marketing), Chief Vigilance Officer and Executive Director (Internal Audit) are permanent invitees. The Statutory Auditors (after being appointed by CAG) and Cost Auditors are also invited for the meetings. Other Senior

Executives are invited as and when required. The terms of reference to the Committee is in accordance with the requirement of Clause 49 of the Listing Agreement and include, inter-alia, (i) overseeing of the Company's financial reporting process and disclosure of information (ii) recommending the remuneration of Statutory Auditors (iii) reviewing the adequacy of internal control systems, compliance with accounting standards, guidelines and statutes (iv) reviewing the financial statements and performance of the Company. The Committee is entrusted with power to seek information from any employee, to investigate, with the assistance of Internal Auditors, any activities/functions and to seek any external assistance if required.

During the year 2010-11, the Committee reviewed the audits conducted by Internal Audit Department, gave directions and sought further investigations and examinations wherever necessary. The Committee

also reviewed the financial statements before submitting to the Board and gave importance to the internal Control Systems. All the recommendations of the Audit Committee were accepted and implemented.

During the year, the Audit Committee met 6 times on 1.4.10, 6.5.10, 10.8.10, 10.9.10, 28.10.10 and 8.2.11 and the attendance was as under:

Name of Director	No. of meetings required to attend	Number of meetings attended
Shri Anil Agrawal	2	2
Shri I.C. Srivastava	2	2
Dr. V. Rajagopalan	4	4
Shri Sham Lal Goyal	1	0
Shri Manoj Priya	6	6

[ii] Shareholders' grievance committee comprises:

The shareholders' grievance committee comprises of Shri Sham Lal Goyal, Chairman and Shri Gautam Sen, Director [Finance] as members and Company Secretary as Secretary. There have been no serious complaints made by any shareholder, during the year. A few routine letters received in connection with non-receipt of share certificates, dividend warrants have been attended to promptly and no complaint is pending with your Company. During the year, 39 complaints were received and all have been attended to. Regular reports have been sent to SEBI and Stock Exchanges in this respect.

[iii] Share Transfer Committee:

The Share Transfer Committee comprises of Shri R.G. Rajan, CMD and Shri K.C. Prakash, Company Secretary. This committee regularly met to effect transfer of shares, and there are no pending cases for transfer.

[iv] Remuneration Committee:

Your Company is a Public Sector Undertaking and its remuneration policies need to be in accordance with the directions and guidelines issued by the Government of India from time to time. The remuneration Committee constituted as per government directive No.2 [70] 08 DPE [EC]-66-VI/08 dated 26.11.08 comprised of Shri I.C. Srivastava, Shri Gautam Sen, Shri J. Kohareswaran and Shri Manoj Priya till 6.5.2010. Consequent to the vacation of their office by Independent directors, this committee has not been re-constituted and all decisions that are to be taken by the remuneration committee are being made by the Board.

[v] Board's Management Committee:

The Board has constituted a Management Committee which has been entrusted with taking decisions regularly of the operations of your Company's business including that of issuing of Contracts and placement of orders. Till the retirement of Independent Directors, the Committee comprised of Prof. Ashok Misra as Chairman, Shri Anil Agrawal, Shri J. Kohareswaran, Shri Gautam Sen and Shri Manoj Priya as members. During the year, the committee had 2 meetings and the attendance has been as under:

Name of Director	Number of meetings held	Number of meetings attended
Prof. Ashok Misra	2	0
Shri Anil Agrawal	2	2
Shri J. Kohareswaran	2	2
Shri Gautam Sen	2	1
Shri Manoj Priya	2	2

Consequent to the vacation of their office by independent directors, this committee has not been reconstituted and all the decisions that are to be taken by Management Committee are being made by the Board.

[vi] Project Review Committee:

Board has constituted the Project Review Committee comprising of Dr. V. Rajagopalan, as Chairman and Shri Manoj Priya, Director [Tech] as members to study all the ongoing as well as the future projects and to advise the Board, from time to time. There was no meeting of this committee during the year.

### 2.3.3 Remuneration / Sitting fee :

Functional (Executive) Directors are appointed by President of India in accordance with Article 81(1) of the Articles of Association of your Company and their remuneration and other terms and conditions are governed by the terms of appointment as decided by the Government. While the Chairman and Managing Director is appointed in Schedule 'A' scale i.e. ₹.80,000-1,25,000/, the other functional Directors are in Schedule 'B' Scale i.e. ₹. 75,000-1,00,000/-. All the other terms and conditions of appointment such as accommodation, provision of car etc are same for all and are specified in their respective appointment orders and any other terms not specified in the said order are in accordance with the rules applicable to the employees of your Company. Remuneration paid to the Directors during the year is as under:

(Amount ₹)

Name	Total
Shri R.G. Rajan	8,69,785
Shri Gautam Sen	27,07,165
Shri Manoj Priya	35,61,973



Name	Total
Shri U. S. Jha	27,28,692
Shri J. Kohareswaran	42,33,984

The non-Executive independent directors are not paid any remuneration. They are paid sitting fee for attending the Board Meetings/Committee meetings as decided and approved by the Board.

The non-executive government Directors are not paid any sitting fee for attending the meetings.

During the year 2010-11, the sitting fee paid to the Directors was as under:

Sl. No.	Name of the Directors	Amount (₹)		
		Board meetings	Committee meetings.	Total
1.	Shri I. C. Srivastava	20000	40000	60000
2.	Shri Anil Agrawal	20000	40000	60000
3.	Prof. Ashok Misra	10000	0	10000

**3.0 Code of Conduct for Directors and Senior Management Personnel:**

All Directors and Senior Management Personnel have complied with the code and the compliance of the same and has been affirmed by them to that effect. A declaration signed by Chairman and Managing Director is given below:

This is to certify that in line with the requirement of Clause 49 of the Listing Agreement, all the Directors of the Board and Sr. Management personnel have affirmed that to the best of their knowledge and belief, they have complied with the provisions of the 'Code of Conduct for the Directors and Senior Management' during the financial year 2010-11.

Place : Mumbai **R.G. Rajan**  
Date : 10.05.11 *Chairman and Managing Director*

**4.0 CEO/ CFO Certification:**

Chairman & Managing Director [CEO] and Director [Finance] [CFO] have certified to the Board of Directors, after reviewing the financial statements and cash flow statements, as under :-

The Board of Directors  
Rashtriya Chemicals and Fertilizers Limited  
Priyadarshini  
Eastern Express Highway  
Sion  
Mumbai- 400 022

**CEO/CFO CERTIFICATION FOR THE FINANCIAL YEAR ENDING ON 31ST MARCH 2011.**

This is to certify that :

- a] We have reviewed the Company's Balance sheet as at 31st March, 2011, the Profit and Loss Account [Financial Statements] and the Cash Flow Statement as on that date and that to the best of our knowledge and belief:-
  - i] these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
  - ii] these documents together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations;
- b] there are to the best of our knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c] we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to Financial Reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operations of such internal control, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- d] We have indicated to the Auditors and the Audit Committee:-
  - i] Significant changes in Internal Control for Financial Reporting during the Financial Year 2010-11.
  - ii] Significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the Financial Statements, and
- e] There have been no instances of significant fraud of which we have become aware of or any involvement therein, of the management or any employee having significant role in the Company's internal control system over Financial Reporting.

**Gautam Sen** **R.G.Rajan**  
*Director [Finance]* *Chairman and Managing Director*

Place : Mumbai  
Date : 10.05.2011

**5.0 Annual General Meeting [AGM]:**

The details of the last three AGMs held are as under:

Financial Year	Time and Date	Venue
2009-10	3 pm on 28.06.10	"Yogi Sabhagruh", Dadar (E), Mumbai 400014
2008-09	3 pm on 25.09.09	"Yogi Sabhagruh", Dadar (E), Mumbai 400014
2007-08	3 p.m. on 24.09.08	"Yogi Sabhagruh", Dadar (E), Mumbai 400014



No special resolution was passed in the last three meetings. Your Company has also not put through any resolutions by postal ballot during the year.

## 6.0 Disclosures:

### 6.1.1 Materially significant related party transactions:

There are no related party transactions entered into by your Company with the promoters, Directors or Management and their subsidiaries or relatives etc. that may have a potential conflict in the interest of your Company.

### 6.1.2 Your Company has complied with all the provisions of the Companies Act, Listing Agreement with Stock Exchanges, SEBI guidelines, and other authorities except to the extent else where reported herein.

### 6.1.3 Whistle blower policy:

Your Company has instituted procedures for the receipt, retention and dealing with complaints. No person has been denied access to the audit committee.

### 6.1.4 Your Company has complied with all mandatory requirements of Cl. 49 of the Listing Agreement, except to the extent of composition of Board and Audit Committee, due to non appointment of independent directors on the Board, as stated in para 1.1.1.

### 6.1.5 Trading in your Company's shares by Directors and designated Employees:

None of the Directors hold shares in your Company.

## 7.0 Means of Communication:

The un-audited quarterly, first half yearly (as reviewed

by Chartered Accountants) as well as the audited annual financial results of your Company were published in prominent newspapers on all India basis, as per the requirements of the Stock Exchanges/SEBI, though none of these were specifically sent to each household of shareholders. The information is also made available on Company's website ([www.rcftd.com](http://www.rcftd.com)). Notices required as per Companies Act and the listing Agreements were also published in accordance with the requirements. During the year your Company has not made any presentation to institutional investors or Financial Analysts.

## 8.0 Management Discussion & Analysis Report

Management discussion & Analysis Report forms part of the Directors' Report.

## 9.0 General Shareholder information:

9.1 Your Company has appointed M/s Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mill Compound, Bhandup, Mumbai 400 078, as the Registrar and Transfer agents. The Share Transfer Agents have service centers at Delhi, Kolkata, and Chennai where also the transfer deeds and other correspondence are accepted. All requests received for transfer through the investors' Depository Participants (DP) are processed through NSDL/CDSL and downloaded periodically by the Registrars and records updated. Requests for transfer in physical form received are effected within a fortnight.

9.2 During the year, your Company's shares were actively traded on BSE and NSE. The shares were traded in

Sr. No.	Month	Stock Exchange, Mumbai							National Stock Exchange				
		Sensex	BSE PSU	RCF-High (₹)	RCF-Low (₹)	Shares [cr]	Trades	Value [₹ cr]	Nifty	RCF High (₹)	RCF Low (₹)	Shares [cr]	Value [₹ cr]
1	April 10	17558.71	9113.05	87.20	76.80	1.25	77392	103.66	5278.00	87.20	76.60	2.13	176.66
2	May 10	16944.63	9133.94	85.60	70.00	1.39	66124	112.42	5086.30	85.60	71.30	2.46	200.02
3	June 10	17700.90	9508.65	86.45	76.85	1.34	89702	110.41	5312.50	86.50	77.50	2.36	194.39
4	July 10	17868.29	9576.60	102.90	81.00	1.85	111083	165.65	5367.60	93.90	81.85	3.39	303.19
5	Aug 10	17971.12	9641.33	88.35	79.00	1.18	74747	100.19	5402.40	88.20	79.10	2.14	181.65
6	Sept 10	20069.12	10279.56	88.10	79.80	0.77	50592	65.98	6029.95	88.25	79.75	1.45	123.67
7	Oct 10	20032.34	10139.97	112.50	81.00	3.01	181536	303.13	6017.70	112.45	80.00	5.72	578.35
8	Nov 10	19521.25	9291.00	132.25	81.00	4.62	339064	541.01	5862.70	132.40	95.00	10.04	1174.85
9	Dec 10	20509.09	9460.63	115.90	84.15	4.32	291331	432.79	6134.50	115.85	86.30	8.52	849.94
10	Jan 11	18327.76	8706.88	106.60	76.50	1.74	126197	160.53	5505.90	106.60	80.20	3.69	340.22
11	Feb 11	17823.40	8380.61	89.35	73.60	2.04	138409	171.21	5333.25	88.50	73.40	3.93	329.83
12	Mar 11	19445.22	8960.08	83.95	75.30	0.87	64477	69.70	5833.75	83.00	75.25	1.88	150.37



the range of a maximum of ₹ 132.40 [on 15.11.10] and minimum of ₹ 70.00 [on 26.05.10]. The monthly highest and lowest price of the shares are as per the table.

- 9.3** Out of the disinvested portion of 4,13,73,200 shares, 99.48% of the shares [i.e. 4,11,56,661 shares] are in demated segment.
- 9.4** Your Company's financial year is 1st April 2010 to 31st March 2011.

The Shareholding pattern as on 31st March 2011 is as under:

Category	No. of Shares	% of Holding
Promoters (GOI)	510314900	92.50
<b>Institutions</b>		
Mutual Funds and UTI	1037145	0.19
Financial institutions, Banks etc	7862921	1.43
FII's	356147	0.06
<b>Sub Total</b>	<b>9256213</b>	<b>1.68</b>
<b>Others</b>		
Private Corporate Bodies	8070537	1.46
Indian Public	23010817	4.17
NRI's/OCBs	1035633	0.19
<b>Sub Total</b>	<b>32116987</b>	<b>5.82</b>
<b>Grand Total</b>	<b>551688100</b>	<b>100.00</b>

- 9.5** Your Company has not issued any GDRs/ADRs/Warrants or any convertible instruments so far.

**9.6 Unclaimed Dividend**

In case of non-receipt of dividend, shareholders may write to the Company Secretary or to M/s. Link Intime India Pvt. Limited [R&T Agent] furnishing the particulars of the dividend not received, quoting the folio number/client ID particulars in case of dematerialized shares. On verification of the records, if the dividend warrants remain unpaid in the records of the Company after expiry of the validity period, duplicate dividend warrants will be issued.

Pursuant to the provisions of Section 205-[A] of the Companies Act, 1956, dividend for the financial year ended 31st March, 2004 which remain unclaimed on 28th July, 2011 will be transferred by the Company to the Investor Education and Protection Fund [IEPF] established by the Central Government. The information in respect of unclaimed and unpaid dividend declared for the past seven years is given below:

Sl No	Financial Year	Date of declaration of dividend	Last date for claiming unpaid dividend
1	31.03.2004	29th July, 2004	28th July, 2011
2	31.03.2005 (Interim)	18th February, 2005	17th February, 2012

Sl No	Financial Year	Date of declaration of dividend	Last date for claiming unpaid dividend
3	31.03.2005	26th July, 2005	25th July, 2012
4	31.3.2006	18th August, 2006	17th August, 2013
5	31.3.2007	6th July, 2007	5th July, 2014
6	31.3.2008	24th September, 2008	23rd September, 2015
7	31.3.2009	25th September, 2009	24th September, 2016
8	31.3.2010	28th June, 2010	27th June, 2017

**9.7 Payment of dividend through National Electronic Clearing Service [NECS] facility:**

In order to expedite the receipt of dividend payment, your Company transfers funds to the bank accounts of the members who have opted for NECS facility. However, some members are yet to furnish the details of their bankers. Investors holding shares in physical form may send their NECS mandate form, duly filled, to the Company or its R&TA. However if the shares are held in dematerialised form NECS mandate has to be sent to the concerned DP directly, in the format prescribed by DP.

- 9.8** The Registered and Corporate office of your Company is at "Priyadarshini", Eastern Express Highway, Sion, Mumbai 400 022. Your Company has two manufacturing complexes located at Mahul Road, Trombay, Mumbai-400 071 and at Alibag, Thal, Raigad District, Maharashtra. Your Company markets its products through various marketing offices located throughout the Country.

**9.9 Registered Office/Address for Correspondence:**

The Company Secretary  
Rashtriya Chemicals and Fertilizers Limited  
"Priyadarshini", 10th floor,  
Sion, Mumbai 400 022, Maharashtra.  
India.  
e-mail: investorcommunications@rcfld.com  
Tel.: 022-25522000

**10.0 Calendar of events:**

	Event	Likely date
(i)	Announcement of 1st Quarterly (unaudited) financial result for FY 2011-2012	20th July, 2011
(ii)	Book Closure for the purpose of Dividend and AGM.	15th September 2011 to 23rd September 2011 (both days inclusive)
(iii)	AGM for 2010-11 Venue : Yogi Sabhagruh Behind Swaminarayan Mandir, Dadar (East), Mumbai-400014	23.09.2011 at 3 p.m.
(iv)	Announcement of (unaudited) half yearly result for FY 2011-12	31st October, 2011
(v)	Announcement of (unaudited) 3rd quarterly financial result for FY 2011-12	31st January, 2012
(vi)	Announcement of Audited results for FY 2011-12	30th May, 2012

## 11. Listing of Shares on Stock Exchanges:

Your Company's shares are presently listed on the following Stock Exchanges:

- The Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 [Stock code 524230]
- National Stock Exchange of India Limited, (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra [E], Mumbai 400 051.[Stock code RCF]

**11.1** Your Company has paid listing fee for the Financial Year 2011-12 to both BSE and NSE where the securities are listed. There has been no default in the payment of listing Agreement fee. Your Company has also paid Annual Custody fee to NSDL and CDSL and there is no default in payment to the depositories.

### 11.2 Distribution of shareholding:

The shareholding distribution of equity shares of nominal value of ₹ 10/- each as on 31st March 2011 is as under:

SI No	No. of Shares held	No. of share holders	% of total	Share amount [ ₹ ]	% of total
1	upto 500	65632	89.58	9138959	1.66
2	501-1000	4315	5.89	3640935	0.66
3	1001-2000	1720	2.35	2693194	0.49
4	2001-3000	539	0.74	1406228	0.25
5	3001-4000	230	0.31	845132	0.15

SI No	No. of Shares held	No. of share holders	% of total	Share amount [ ₹ ]	% of total
6	4001-5000	264	0.36	1273622	0.23
7	5001-10000	309	0.42	2306210	0.42
8	10001-and above	260	0.35	530383820	96.14
	<b>Total</b>	<b>73269</b>	<b>100.00</b>	<b>551688100</b>	<b>100.00</b>

### 11.3 Dividend policy:

Your Company has been paying dividend from its inception except in the years 1993-94 and 2002-03. Your Company endeavours to pay dividend ensuring generally that the payout is about 30% of its net profit after tax.

### 11.4 Performance in comparison to broad-based indices.

The relative performance of the shares with that of indices is as under:

	Sensex	Nifty	BSE-PSU Index	RCF Price ₹ (BSE)
April 2010	17555.04	5249.20	9076.01	80.10
March 2011	19445.22	5833.75	8960.08	79.50
Increase/ (decrease)	1890.18	584.55	(115.93)	(0.60)
% of Increase (decrease)	10.77	11.14	(1.28)	(0.75)

## CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT (S)

To the Members of Rashtriya Chemicals and Fertilizers Limited

- We have examined the compliance of the conditions of Corporate Governance by Rashtriya Chemicals and Fertilizers Limited for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.
- The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.
- The Board of Directors comprises of Five Directors, two non-executive official Directors, and three executive Directors. The two non-executive Directors are non-independent. The Audit committee comprises of three Directors who are not independent as defined in Clause 49 of the Listing Agreement(s). The composition of the Board and Audit committee is not in accordance with the requirement of clause 49 of the Listing Agreement(s).
  - Subject to 4(a) above, in our opinion and to the best of our information and according to the explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) have been complied with by the Company.

For **Bhandari & Associates**

Company Secretaries

**S. N. Bhandari**

Proprietor

C. P. 366

Mumbai, 10 May, 2011.



## Auditors' Report

**The Members,  
Rashtriya Chemicals and Fertilizers Limited  
Mumbai**

1. We have audited the attached Balance Sheet of Rashtriya Chemicals & Fertilizers Limited ('the Company') as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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 of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our report, we draw attention to:
  - a. Note No. 8 of Schedule XVI to the accounts regarding the claim of subsidy accounted on estimated basis, pending final settlement of such claims.
  - b. Note No. 19 of Schedule XVI to the accounts regarding the classification of Fertilizer Bonds with the carrying amount of Rs. 305.94 Crores as current assets instead of Investments as per schedule VI of the Companies Act, 1956.
  - c. Note No. 6 of Schedule XVI to the accounts which states that some of the Sundry Debtors, Sundry Creditors,

Other Current Liabilities and Loans and Advances are subject to confirmation, reconciliation and consequential adjustments, if any.

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

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;

In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- a. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- b. 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 Act;
- c. Central government has directed vide notification number G.S.R. 829(E) dated 21st October, 2003 of clause (g) of sub-section (1) of Section 274 of the Act is not applicable to a government company;
- d. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and the notes forming part of accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
  - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For JCR & Co.**

Firm Registration Number 105 270W  
Chartered Accountants

**Saiprabha. R**

Partner  
Membership No. 34716

Mumbai  
Date : May 10, 2011

**For G. D. Apte & Co.**

Firm Registration Number 100 515W  
Chartered Accountants

**U. S. Abhyankar**

Partner  
Membership No. 113053

Mumbai  
Date : May 10, 2011

## Annexure to the Auditors' Report

Annexure referred to in paragraph 3 of our report of even date  
RE: Rashtriya Chemicals and Fertilizers Limited ('The Company')

- |          |   |          |   |
|----------|---|----------|---|
| (i) (a)  | The Company has maintained proper records showing particulars including quantitative details and situation of fixed assets with original cost and depreciation written off in respect of identifiable units of assets and where such information for identifiable units of assets is not available, the records show the cost and depreciation written off in respect thereof as a group or class. The items of assets in respect of which quantitative details are not linked with the cost or book value are of small value acquired prior to April 1978 and are fully depreciated particularly in respect of movable items acquired from Fertilizers Corporation of India Limited. | (iv)     | In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventories and fixed assets and for the sale of goods. In our opinion and according to the information and explanations given to us during the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.   |
| (b)      | As informed to us, the fixed assets have been physically verified by the management with the help of an independent outside agency at reasonable intervals. We have been informed that discrepancies noticed on physical verification of fixed assets as compared to the book records were not material.  | (v)      | According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered into register in pursuance of Section 301 of the Companies Act, 1956.   |
| (c)      | During the year, the Company has not disposed of a substantial part of its fixed assets.  | (vi)     | According to the information and explanations given to us, the Company has not accepted any deposit during the year from public within the meaning of the provisions of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed thereunder. Hence, clause 4(vi) of the Order is not applicable.  |
| (ii) (a) | Physical verification of finished goods, packing materials and raw materials inside factory premises has been carried out by the management at reasonable intervals and the stocks of stores and spare parts has been conducted by them with the help of an independent outside agency in a phased programme so as to complete the verification of all items over a period. Finished goods and other inventory stored outside the factory premises are taken as per warehousing certificates and third party confirmation respectively.   | (vii)    | The Company has its own internal audit department which conducts the internal audit and in our opinion, the present internal audit system is commensurate with the size and the nature of its business.   |
| (b)      | In our opinion and according to the information and explanations given to us, the procedures for the 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.   | (viii)   | We have broadly reviewed the books of account maintained by the Company in respect of its product i.e. Methanol, Sulphuric Acid and Fertilizers pursuant to the order of Central Government for maintenance of cost records prescribed 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. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for other products of the Company. |
| (c)      | The Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.   | (ix) (a) | <i>In our opinion, the procedure followed as per Note No 24 of Schedule XVI to the accounts in respect of deduction and payment of income tax results into delays in some cases. The exact delays are not ascertained. Delays have also been observed in depositing the tax with local authorities in case of Thal unit. Except this, the 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</i>   |
| (iii)    | As per the information furnished, the Company has not granted or taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence reporting under clause iii (a) to (f) of the Order is not applicable to the Company.   |          |   |



other undisputed statutory dues have generally been regularly deposited with the appropriate authorities.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Act, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

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.

- (b) According to the information and explanations given to us, the dues of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute and the forum where the dispute is pending are as follows:

Name of the Statute	Nature of dues	Amount (Rs in lacs)	Years to which the amount relates	Forum where dispute is pending
Customs Act 1962	Demand of Customs duty and penalty (Trombay Unit)	1,635.00	2004-05	Central Excise, Service Tax Appellate Tribunal
Income Tax Act, 1961	Disallowance of certain expenditure & certain additions at the time of assessment	49.05	A.Y. 2008-09	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Tax Deducted at Source on Salaries	77.94 0.44 10.96	A.Y. 2006-07 A.Y. 2008-09 A.Y. 2009-10	Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Demand of Central Excise duty in respect of Naphtha procured at concessional rates used for products which are not exempted (Thal Unit)	1,298.36	November 1996 to March 2001 and March 2005 to October 2005	Central Excise, Service Tax Appellate Tribunal
		998.72	April 2001 to February 2005	Appeal to Central Excise, Service Tax Appellate Tribunal is being filed
		1,788.55	July 2007 to August 2009	Disputed by the company before Commissioner of Central Excise

Name of the Statute	Nature of dues	Amount (Rs in lacs)	Years to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Demand of Central Excise duty in respect of Low Sulphur High Stock/Furnace Oil procured at concessional rates used for other than fertilizer products (Trombay Unit)	1,744.66	Prior to 1997 to March 2006	Central Excise, Service Tax Appellate Tribunal
	Demand of Central Excise duty in respect of Low Sulphur High Stock/Furnace Oil procured at concessional rates used for other than fertilizer products (Trombay Unit)	290.34	August 1986 to February 2000	Commissioner of Central Excise (Appeals)
Uttarakhand Value Added Tax, 2005	Additional duty imposed due to wrong identification of product ingredient	32.16	2006-07	Asst Commissioner Commercial Tax-Uttarakhand

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred 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 bank. The company has not issued any debentures and has not obtained any loan from Financial Institution.
- (xii) Based on our examination of documents and records and as per information and explanations given, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.



- (xv) According to the information and explanations given to us, the Company has given a corporate guarantee for loan from bank taken by its joint venture company viz. FACT RCF Building Products Ltd., the terms and conditions whereof in our opinion, are not prima-facie prejudicial to the interests of the Company.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained other than funds temporarily invested pending utilization for the intended use.
- (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 allotment of shares during the year.
- (xix) The Company has not issued any debentures.
- (xx) The Company has not raised any money by 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 JCR & Co.**

Firm Registration Number 105 270W  
Chartered Accountants

**Saiprabha. R**

Partner  
Membership No. 34716

Mumbai  
Date : May 10, 2011

**For G. D. Apte & Co.**

Firm Registration Number 100 515W  
Chartered Accountants

**U. S. Abhyankar**

Partner  
Membership No. 113053

Mumbai  
Date : May 10, 2011



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4)  
OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF RASHTRIYA CHEMICALS AND FERTILIZERS  
LIMITED FOR THE YEAR ENDED 31 MARCH, 2011.**

The preparation of financial statements of Rashtriya Chemicals and Fertilizers Limited for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 10 May, 2011.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Rashtriya Chemicals and Fertilizers Limited for the year ended 31 March 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under section 619 (4) of the Companies Act, 1956.

For and on the behalf of the  
Comptroller and Auditor General of India

Place : Mumbai  
Date : 06.07.2011

**ALKA R. BHARDWAJ**  
Principal Director of Commercial Audit and  
EX-Officio Member, Audit Board-I, Mumbai.





# FINANCIAL STATEMENTS



**BALANCE SHEET AS AT 31ST MARCH 2011**

₹ in Crore

	SCHEDULE	AS AT 31.03.2011	AS AT 31.03.2010
<b>I. SOURCES OF FUNDS</b>			
<b>1. SHAREHOLDERS' FUNDS :</b>			
a) Share Capital	A	551.69	551.69
b) Reserves and Surplus	B	1460.04	1285.45
		<b>2011.73</b>	1837.14
<b>2. LOAN FUNDS :</b>			
a) Secured Loans	C	351.71	258.10
b) Unsecured Loans	D	129.91	1072.74
		<b>481.62</b>	1330.84
<b>3. DEFERRED TAX LIABILITY ( NET)</b>			
		155.51	163.74
		<b>155.51</b>	163.74
<b>TOTAL</b>		<b>2648.86</b>	3331.72
<b>II. APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS :</b>			
a) Gross Block	E	3245.25	3110.69
b) Less : Depreciation / Amortisation		1961.98	1867.14
c) Less : Loss on Impairment of Assets *		0.84	0.84
d) Net Block		1282.43	1242.71
e) Capital work-in-progress (CWIP) including Capital advances (Capital Advances C.Y. ₹ 8.56 crore; P.Y. ₹ 12.01 crore) (Net of provision ₹ 1.15 crore P.Y.NIL)		90.84	140.05
		<b>1373.27</b>	1382.76
<b>2. INVESTMENTS</b>			
	F	15.32	15.30
<b>3. CURRENT ASSETS, LOANS AND ADVANCES :</b>			
<b>Current Assets</b>			
a) Inventories	G	534.75	409.59
b) Sundry Debtors	H	891.17	858.98
c) Cash and Bank Balances	I	419.25	784.65
d) Other Current Assets	J	334.93	625.94
e) Loans and Advances	K	170.25	202.20
		<b>2350.35</b>	2881.36

\* Refer note no 12 to Schedule XVI to accounts

## BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)

₹ in Crore

	SCHEDULE	AS AT 31.03.2011	AS AT 31.03.2010
<b>4. CURRENT LIABILITIES AND PROVISIONS :</b>	L		
a) Current Liabilities		846.92	723.36
b) Provisions		243.16	224.34
		<b>1090.08</b>	947.70
Net Current Assets (3-4)		<b>1260.27</b>	1933.66
<b>5. MISCELLANEOUS EXPENDITURE</b> (To the extent not written off)	M	-	-
<b>TOTAL</b>		<b>2648.86</b>	3331.72
Statement of Significant Accounting Policies	XV		
Notes on Accounts	XVI		

As per our report of even date attached

**For JCR & Co.**

Chartered Accountants

Firm Registration No.105270W

**For G. D. Apte & Co.**

Chartered Accountants

Firm Registration No.100515W

**R. G. RAJAN**

Chairman and Managing Director

**Sai Prabha R**

Partner

M. No. 034716

**U.S. Abhyankar**

Partner

M. N. 113053

Dated : 10.05.2011

Place : Mumbai

**Gautam Sen**

Director (Finance)

**K. C. Prakash**

Company Secretary

Dated : 10.05.2011

Place : Mumbai



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

₹ in Crore

	SCHEDULE	Year ended March 2011	Year ended March 2010
<b>INCOME FROM OPERATIONS</b>			
Sales	I	2938.80	2765.17
Less : Excise on Sales		66.99	55.07
Net Sales		2871.81	2710.10
Subsidy on Fertilizers	II	2635.30	2932.01
Interest	III	56.45	50.68
Other Income	IV	103.15	129.07
<b>TOTAL</b>		<b>5666.71</b>	<b>5821.86</b>
<b>COST OF OPERATIONS</b>			
Purchases of Bought out Products	V	1307.27	1846.09
Materials Consumed (Net of transfer to CWIP / Asset capitalised)	VI	1732.02	1712.44
Salaries, Wages, Bonus and Benefits to Employees	VII	377.35	358.65
Power and Fuel (Net of transfer to CWIP / Asset capitalised)		871.85	552.12
Freight and Handling charges *		524.88	529.13
Excise Duty (Net)		2.21	0.18
Repairs and Maintenance	VIII	94.27	73.36
Other Expenses (Net of transfer to CWIP / Asset capitalised)	IX	185.40	105.78
Interest	X	66.10	70.55
(Accretion) / Decretion to stocks	XI	19.50	92.43
Research and Development	XII	2.25	2.33
Depreciation/Amortisation (Refer note 1& 2 of Schedule 'E')		112.62	105.56
Provision / (Reversal) of Impairment of Assets (Net) **		-	(29.96)
Provision for Doubtful Debts/Claims /Advances		13.85	5.21
Provision for Bad Debts / Claims /Loans / Irrecoverable Amounts written off		-	0.01
Provision for obsolescence of Stores and Spares		0.39	1.36
Bad Debts written off		14.99	61.75
		5324.95	5486.99
Less:Transfer Credits	XIII	12.71	9.36
<b>TOTAL</b>		<b>5312.24</b>	<b>5477.63</b>
<b>Operating profit</b>		<b>354.47</b>	<b>344.23</b>
Add : Adjustments relating to prior years Debit (-) / Credit (Net)	XIV	0.22	(0.02)
<b>Profit before tax</b>		<b>354.69</b>	<b>344.21</b>
Less : Provision for Current Taxation		122.50	96.70
Less : Deferred Tax Expenses / (Savings)		(8.23)	15.03
Add : Excess/Short (-) Provision of earlier years		4.70	2.39
<b>Profit for the year after tax</b>		<b>245.12</b>	<b>234.87</b>

\* Refer note no 20 to Schedule XVI to accounts

\*\* Refer note no 12 to Schedule XVI to accounts

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

		₹ in Crore	
	SCHEDULE	Year ended March 2011	Year ended March 2010
<b>Surplus available for Appropriation</b>		<b>245.12</b>	234.87
<b>APPROPRIATIONS</b>			
Dividend Proposed		<b>60.69</b>	60.69
Tax on Dividend Proposed		<b>9.84</b>	10.08
Transferred to General Reserve		<b>174.59</b>	164.10
		<b>245.12</b>	234.87
Statement of Significant Accounting Policies	XV		
Notes on Accounts	XVI		
Earnings Per Share (Basic & Diluted) ₹ (Refer Note No.14 of Schedule XVI to Accounts)		<b>4.44</b>	4.26

As per our report of even date attached

**For JCR & Co.**

Chartered Accountants

Firm Registration No.105270W

**For G. D. Apte & Co.**

Chartered Accountants

Firm Registration No.100515W

**R. G. RAJAN**

Chairman and Managing Director

**Sai Prabha R**

Partner

M. No. 034716

**U.S. Abhyankar**

Partner

M. N. 113053

Dated : 10.05.2011

Place : Mumbai

**Gautam Sen**

Director (Finance)

**K. C. Prakash**

Company Secretary

Dated : 10.05.2011

Place : Mumbai



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

₹ in Crore

Particulars	Year Ended March 2011		Year Ended March 2010	
<b>A Cash Flow From Operating Activities</b>				
Net Profit before tax		354.69		344.21
Adjustments for :				
Depreciation/Loss on impairment of Assets	112.85		75.79	
Profit(-) / Loss on sale of Assets	1.61		(0.15)	
Profit(-) / Loss on Sale/MTM of Government Bonds and Equity Investments	0.35		21.98	
Provision for Diminution in value of Investment	0.59		0.00	
Interest Income	(56.45)		(50.68)	
Dividend income	(0.65)		(0.73)	
Interest and Finance Charges	34.97		(26.16)	
Provision for Bad/Doubtful debts	13.85		5.22	
Unrealised Foreign Exchange (Gain) /Loss	(2.94)		(1.57)	
Miscellaneous Expenses written off	0.00	104.18	0.62	24.32
Operating Profit before Working Capital Changes		458.87		368.53
Adjustments for :				
Trade and Other Receivables	(73.05)		992.78	
Government Bonds	285.26		0.00	
Inventories	(125.16)		283.10	
Trade Payables and Other Liabilities	165.11	252.16	(919.03)	356.85
Cash Generated from Operations		711.03		725.38
Direct Taxes Paid	(60.36)	(60.36)	(87.66)	(87.66)
Cash Flow before Extraordinary Items		650.67		637.72
<b>Net Cash from Operating Activities ————— A</b>		<b>650.67</b>		<b>637.72</b>
<b>B Cash Flow from Investing Activities</b>				
Additions to Fixed Assets (Net of trade credit)	(114.00)		(144.20)	
Sale of Fixed Assets	0.30		0.28	
Purchase of Investments -Joint Ventures and Subsidiary	(0.10)		(0.05)	
Sale of Investments	0.00		20.00	
Interest Received	62.86		50.81	
Dividend Received	0.65		0.73	
Fixed Deposit (5 years)	0.00	(50.29)	(0.11)	(72.54)
<b>Net Cash from Investing Activities ————— B</b>		<b>(50.29)</b>		<b>(72.54)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

₹ in Crore

Particulars	Year Ended March 2011	Year Ended March 2010
<b>C Cash Flow from Financing Activities</b>		
Proceeds from Borrowings	1322.03	2809.17
Repayments of Borrowings (Includes Exchange Variation C.Y.₹ 24.19 Crore, P.Y.₹ 57.75 Crore)	(2147.06)	(2844.81)
Interest paid	(70.07)	(79.36)
Dividend paid (including Dividend Distribution paid)	(70.68)	(77.44)
	(965.78)	(192.44)
<b>Net Cash from Financing Activities ————— C</b>	<b>(965.78)</b>	<b>(192.44)</b>
Net Increase/Decrease(-) in Cash and Cash Equivalent (A+B+C)	-365.40	372.74
Cash and Cash Equivalents as at 1st April (Opening Balance)	784.54	411.80
Cash and Cash Equivalents as at 31st March (Closing Balance)	419.14	784.54
Components of Cash and Cash Equivalents		
Cash on hand	0.05	0.06
Cheques in hand	1.40	2.68
Balance With Scheduled Banks		
in Current and Cash Credit Accounts	97.20	81.39
in Term Deposits (maturity less than 3 months)	320.00	700.00
in Unpaid Dividend Account *	0.49	0.41
	419.14	784.54

\* These balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

Cash Flow Statement has been prepared based on Indirect Method prescribed under Accounting Standard - 3 (Revised) "Cash Flow Statements".

Refer Note no. 15 Schedule XVI to Accounts

As per our report of even date attached

**For JCR & Co.**  
Chartered Accountants  
Firm Registration No.105270W

**For G. D. Apte & Co.**  
Chartered Accountants  
Firm Registration No.100515W

**R. G. RAJAN**  
Chairman and Managing Director

**Sai Prabha R**  
Partner  
M. No. 034716

**U.S. Abhyankar**  
Partner  
M. N. 113053

Dated : 10.05.2011  
Place : Mumbai

**Gautam Sen**  
Director (Finance)

**K. C. Prakash**  
Company Secretary

Dated : 10.05.2011  
Place : Mumbai



**SCHEDULES FORMING PART OF BALANCE SHEET**

	₹ in Crore	
	AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE "A" SHARE CAPITAL</b>		
<b>Authorised</b>		
80,00,00,000 (Previous Year 80,00,00,000) Equity Shares of ₹10/- each.	<b>800.00</b>	800.00
<b>Issued, Subscribed and Paid Up</b>		
55,16,88,100 (Previous Year 55,16,88,100) Equity Shares of ₹ 10/- each fully paid up. (of the above, 11,25,28,100 shares were allotted as fully Paid-up pursuant to a contract without payment being received in cash)	<b>551.69</b>	551.69
<b>TOTAL</b>	<b>551.69</b>	551.69
<b>SCHEDULE "B" RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
Balance as per last Balance Sheet.	<b>1285.29</b>	1121.19
Add : Transferred from Profit & Loss Account	<b>174.59</b>	164.10
	<b>1459.88</b>	1285.29
Closing Balance	<b>1459.88</b>	1285.29
<b>RCF - EEC Asset Management Reserve</b>		
Balance as per last Balance Sheet	<b>0.16</b>	0.16
Additions during the year	-	-
Closing Balance	<b>0.16</b>	0.16
<b>TOTAL</b>	<b>1460.04</b>	1285.45



## SCHEDULES FORMING PART OF BALANCE SHEET

	AS AT 31.03.2011	AS AT 31.03.2010
₹ in Crore		
<b>SCHEDULE "C" SECURED LOANS</b>		
<b>A. Term Loan from Banks</b>		
<b>1. Rupee Loan from Banks</b>		
a. Loan from State Bank of Bikaner and Jaipur (SBBJ)	<b>76.37</b>	93.10
<p>A term Loan facility aggregating to ₹ 106.41 crore sanctioned by SBBJ availed by the Company are secured by hypothecation with first charge on project assets of Con. Nitric Acid Plant at Trombay and Argon Recovery Plant at Thal and pari passu first charge basis on the project asset of Rapidwall Plant at Trombay.</p> <p>(Amount repayable within one year ₹ 15.96 crore P.Y. ₹ 16.73 crore)</p>		
b. Loan from Syndicate Bank	<b>52.50</b>	70.00
<p>A loan of ₹ 70 crore sanctioned by and availed from Syndicate Bank is secured by hypothecation of Plant and Machinery pertaining to manufacture of granulated Ammonium Nitrophosphate Plant at Trombay.</p> <p>(Amount repayable within one year ₹ 17.50 crore P.Y. ₹ 17.50 crore)</p>		
c. Loan from New India Cooperative Bank Limited	<b>18.67</b>	24.00
<p>A loan of ₹ 24 crore sanctioned by and availed from New India Cooperative Bank is secured by first pari passu charge by way of hypothecation on all movable fixed assets of the Methanol Plant with a minimum security cover of 1.25 times of the amount borrowed from this Bank</p> <p>(Amount repayable within one year ₹ 5.33 crore P.Y. ₹ 5.33 crore)</p>		
d. Loan from Kotak Mahindra Bank	<b>75.00</b>	65.00
<p>A loan of ₹ 75 crore sanctioned by and availed from Kotak Mahindra Bank is secured by first pari passu charge by way of hypothecation on all movable fixed assets of the Methanol Plant with a minimum security cover of 1.25 times of the amount borrowed from this Bank</p> <p>(Amount repayable within one year ₹ 18.75 crore P.Y. NIL)</p>		
i)	<b>222.54</b>	252.10
<b>2. Foreign Currency Loan / External Commercial Borrowings</b>		
a. Loan from ICICI Bank Ltd. (ADB)	-	1.24
<p>A term loan of USD 5.50 million availed by the company during 2004-05 was secured by hypothecation of all tangible movable Machinery and Plant required for upgradation of High Pressure Nitric Acid Plant at Trombay (both present &amp; future), whether installed or not and whether lying loose or in case at site or in transit or which may at any time hereafter during the continuance of this security be installed or lying loose or in case or being in or upon or about the borrower's premises and godown at Trombay or wherever else the same may be or be held by any party anywhere to the order and disposition of the Company or in course of transit to the Company</p> <p>(Amount repayable within one year NIL P.Y. ₹ 1.24 crore)</p>		
b. Loan from Calyon Credit Agricole CIB Singapore (Calyon)	<b>4.13</b>	4.76
<p>Term Loan of JPY 109,176,141 availed by the Company from Calyon, is secured by hypothecation on pari passu first charge basis on the project assets of Rapidwall Plant at Trombay</p> <p>(Amount repayable within one year ₹ 1.47 crore P.Y. ₹ 1.06 crore)</p>		
ii)	<b>4.13</b>	6.00
Total (i to ii)	<b>226.67</b>	258.10



**SCHEDULES FORMING PART OF BALANCE SHEET**

₹ in Crore

	AS AT 31.03.2011	AS AT 31.03.2010
<b>B. Working Capital Loans</b>		
a. Cash Credit Account	24.30	0.00
b. Working Capital Demand Loan	100.74	0.00
(Cash Credit Account and Working Capital Demand Loan is secured by hypothecation of entire stocks of raw materials and finished goods, consumable stores and spares, stock in transit, book debts)		
	iii) 125.04	0.00
<b>TOTAL</b>	<b>351.71</b>	<b>258.10</b>
<b>SCHEDULE "D" UNSECURED LOANS</b>		
Short Term Loans from Banks	129.91	1072.74
<b>TOTAL</b>	<b>129.91</b>	<b>1072.74</b>

**SCHEDULE "E" FIXED ASSETS**

₹ in Crore

Description	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				Impairment Loss ***	NET BLOCK	
	AS.AT 31.03.2010	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS.AT 31.03.2011	UPTO 31.03.2010	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2011		AS.AT 31.03.2011	AS.AT 31.03.2010
Land (Freehold)	8.76	0.00	0.00	8.76	0.00	0.00	0.00	0.00	0.00	8.76	8.76
Land (Leasehold)	13.94	0.17	0.00	14.11	1.13	0.48	0.00	1.61	0.00	12.50	12.81
Roads & Culverts	8.66	2.42	0.00	11.08	3.51	0.16	0.00	3.67	0.00	7.41	5.15
Buildings	153.53	6.97	0.00	160.50	98.12	4.54	0.00	102.66	0.00	57.84	55.41
Railway sidings	49.14	1.09	0.01	50.22	37.41	0.69	0.01	38.09	0.00	12.13	11.73
Plant & Machinery	2725.00	126.00	4.76	2846.24	1617.85	99.80	3.90	1713.75	0.84	1131.65	1106.31
Water System, Sewerage & Drainage	21.25	0.55	0.00	21.80	18.65	0.28	0.00	18.93	0.00	2.87	2.60
Miscellaneous Equipments	68.83	5.39	0.14	74.08	46.29	2.41	0.12	48.58	0.00	25.50	22.54
Furniture, Fixtures & Office Appliances	49.68	9.46	14.44	44.70	34.94	3.76	13.59	25.11	0.00	19.59	14.74
Transport Vehicles	4.51	1.06	0.57	5.00	2.77	0.32	0.39	2.70	0.00	2.30	1.74
Assets held for disposal	0.65	0.00	0.00	0.65	0.00	0.00	0.00	0.00	0.00	0.65	0.65
<b>Intangible Assets</b>											
Computer Software	6.74	1.37	0.00	8.11	6.47	0.41	0.00	6.88	0.00	1.23	0.27
<b>TOTAL</b>	<b>3110.69</b>	<b>154.48</b>	<b>19.92</b>	<b>3245.25</b>	<b>1867.14</b>	<b>112.85</b>	<b>18.01</b>	<b>1961.98</b>	<b>0.84</b>	<b>1282.43</b>	<b>1242.71</b>
Previous Year Figures	2870.16	241.48	0.95	3110.69	1762.20	105.75	0.81	1867.14	0.84	1242.71	

**Notes :**

- Depreciation Provided During the year  
Amortisation during the year
- Depreciation Provided During the year as per Profit & Loss Account  
Research and Development  
Net adjustment relating to Prior Years

	Year Ended March 2011	Year Ended March 2010
	112.44	105.34
	0.41	0.41
	<b>112.85</b>	105.75
	112.62	105.56
	0.04	0.03
	0.19	0.16
	<b>112.85</b>	105.75

- Land at Thal included in Gross Block (at cost) at ₹.2.33 crores is subject to final price.
- No depreciation is provided for on assets impaired fully or retired from the active use/service.
- Leasehold land includes lands taken on lease for a period of 30 years at Vizag ₹.7.64 crore and at Tuticorin ₹.4.21 crore.
- Assets held for disposal are carried at lower of cost or net realisable value.

\*\*\* Refer note no 12 to Schedule XVI to Accounts.

## SCHEDULES FORMING PART OF BALANCE SHEET

₹ in Crore

	AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE "F" INVESTMENTS</b>		
<b>A. Long Term Investments</b>		
<b>Trade Investments</b>		
a Investment in Subsidiary (Unquoted) Rajasthan Rashtriya Chemicals and Fertilizers Ltd. (25500 shares of ₹10 each)	0.03	0.03
b Investment in Joint Ventures (Unquoted) FACT-RCF Building Products Ltd. (150,00,000 equity shares of ₹ 10 each) (Under lock in period upto 31st March 2018)	15.00	15.00
Urvarak Videsh Ltd. (1,50,000 equity shares (P.Y.50,0000) of ₹ 10 each) (Under lock in period upto 18th July 2011)	0.15	0.05
RCF HM Construction Solutions Pvt.Ltd. (50,000 equity shares of ₹ 10 each) (Under lock in period upto 5th April 2014)	0.05	0.05
c Investments (Unquoted ) (336600 fully paid equity shares of ₹10 each of Indian Potash Ltd.)	0.17	0.17
Less : Provision for Diminution in the value of investment *	0.08	-
<b>TOTAL</b>	<b>15.32</b>	<b>15.30</b>

	Aggregate (₹)		Aggregate (₹)	
	Book Value 31.03.2011	Book Value 31.03.2010	Market Value 31.03.2011	Market Value 31.03.2010
Quoted	0	0	0	0
Unquoted	153938000	152938000	-	-

\* Refer note no 17 to Schedule XVI to accounts



## SCHEDULES FORMING PART OF BALANCE SHEET

	₹ in Crore	
	AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE "G" INVENTORIES</b>		
(As taken, valued and certified by Management)		
At Cost or Net Realisable Value whichever is lower		
Stores, spares, packing materials and Petroleum Products	<b>295.10</b>	244.44
Less : Provision for obsolescence/loss under investigation	<b>8.21</b>	7.90
	<b>286.89</b>	236.54
Raw Materials	<b>165.01</b>	70.70
Finished Goods / Bought out products (Included exise duty C.Y.₹ 0.73 crore,P.Y.₹ 0.22 crore)	<b>55.82</b>	73.61
Intermediary Products	<b>18.55</b>	22.29
By-Products	<b>8.20</b>	6.45
Certified Emission Reduction Credits (No of units 152013 P.Y.NIL)	<b>0.28</b>	-
<b>TOTAL</b>	<b>534.75</b>	409.59
Inventories includes :		
i) In transit		
Store & Spares	<b>7.17</b>	2.11
Raw Materials	<b>48.34</b>	0.07
Finished Goods	<b>18.33</b>	27.29
ii) Stores & Spares		
(a) Under inspection	<b>9.01</b>	1.98
(b) Platinum & Rhodium stolen in an earlier year and under investigation which is not available for verification	<b>0.21</b>	0.21
(c) With fabricators	<b>2.99</b>	11.82

## SCHEDULES FORMING PART OF BALANCE SHEET

		₹ in Crore	
		AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE "H" SUNDRY DEBTORS</b>			
Debts outstanding for a period exceeding six months :			
Secured-considered good			
Debtors		0.19	0.09
	i)	0.19	0.09
Unsecured-considered good			
Debtors		16.15	29.66
Claims		212.03	411.71
	ii)	228.18	441.37
Unsecured Considered doubtful			
Debtors		3.63	4.56
Claims		14.46	18.79
	iii)	18.09	23.35
Unsecured Considered Bad			
Debtors		0.07	0.36
	iv)	0.07	0.36
	Total (i to iv)	246.53	465.17
Other Debts :			
Secured-considered good			
Debtors		35.03	20.09
	v)	35.03	20.09
Unsecured-considered good			
Debtors		37.34	26.69
Claims		590.43	370.74
	vi)	627.77	397.43
	Total (v to vi)	662.80	417.52
	Total ( i to vi)	909.33	882.69
Less:			
Provision for doubtful Debts		3.63	4.56
Provision for doubtful claims		14.46	18.79
Provision for Bad debts		0.07	0.36
		18.16	23.71
<b>TOTAL</b>		<b>891.17</b>	<b>858.98</b>
<b>SCHEDULE "I" CASH AND BANK BALANCES</b>			
Cash on hand		0.05	0.06
Cheques in hand		1.40	2.68
Balance With Scheduled Banks			
in Current & Cash Credit Accounts		97.20	81.39
in Term Deposits		320.11	700.11
in Unpaid Divident Account		0.49	0.41
<b>TOTAL</b>		<b>419.25</b>	<b>784.65</b>



**SCHEDULES FORMING PART OF BALANCE SHEET**

	₹ in Crore	
	AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE " J " OTHER CURRENT ASSETS</b>		
Government Bonds (Net of Provision) *	305.94	612.59
Compensation Receivable from GOI (on sale of Fertilizer Bonds)	21.39	0.00
Interest Accrued (on Government Bonds and Term Deposits with Banks)	6.47	12.89
Advance against Equity Allotment pending (Net of Provision of Diminution in value C.Y. ₹ 0.51 crore P.Y. ₹ NIL)	1.13	0.46
<b>TOTAL</b>	<b>334.93</b>	<b>625.94</b>
* Refer Note No 19 to Schedule XVI to Accounts		
<b>SCHEDULE "K" LOANS AND ADVANCES</b>		
<b>A. LOANS</b>		
Secured-Considered good		
Employees **	13.65	16.74
(** Includes accrued interest C.Y. ₹ 11.75 crore ,P.Y. ₹ 13.46 crore.)	13.65	16.74
Unsecured-Considered good		
Employees	0.10	0.14
	0.10	0.14
Total A	13.75	16.88
<b>B. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED :</b>		
Unsecured-Considered good		
Contractors /Suppliers*	64.63	47.22
Employees	0.23	0.27
VAT Receivable	45.23	35.59
Others	15.65	16.63
(Includes Recoverable from Subsidiary C.Y. ₹ 1660, P.Y. ₹ NIL)	125.74	99.71
Considered doubtful	6.12	4.04
Less : Provision for doubtful advances	6.12	4.04
	0.00	0.00
Total B	125.74	99.71
<b>C. Advance Income Tax</b> (Net of Provision C.Y. ₹ 356.79 crore P.Y. ₹ 321.93 crore)	9.75	67.19
<b>D. Interest accrued on Deposits</b>	0.06	0.05
<b>E. Deposits with Customs, Port Trust etc.</b>	1.15	1.46
<b>F. Prepaid Expenses</b>	19.80	16.91
<b>TOTAL</b>	<b>170.25</b>	<b>202.20</b>
* Refer Note no.1.7 of Schedule XVI to Accounts		
	AS AT 31.03.2011	AS AT 31.03.2010
	(₹)	(₹)
Loans includes Loans and Advances (Secured C.Y. ₹ NIL, P.Y. ₹ NIL) due from Directors / Officers of the Company or any of them severally or jointly with any other person		
Directors	430176	311015
Officers	-	-
Maximum amount due from Directors / Officers of the Company at any time during the year		
Directors	1352810	1181849

## SCHEDULES FORMING PART OF BALANCE SHEET

	₹ in Crore	
	AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE "L" CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
Sundry Creditors on Capital Account		
Micro, Small and Medium enterprises *	-	-
Others	23.67	32.40
Sundry Creditors on Other Account		
Micro, Small and Medium enterprises *	-	-
Others	510.18	366.77
Trade Deposits, advances against sale orders and others	78.48	68.27
Security and earnest money deposits received from contractors and others	50.08	47.70
"Investor Education and Protection Fund shall be credited by the following amount namely":		
- Unclaimed Dividend	0.49	0.41
Balances in Current Accounts (Bank OD)	1.13	3.87
Interest accrued but not due	0.54	4.51
Subsidy on unsold stock	10.38	16.05
Foreign Currency (Forward Cover) Payable	2.36	13.28
Other Liabilities	169.61	170.10
	<b>846.92</b>	<b>723.36</b>
<b>B. PROVISIONS</b>		
Leave salary encashment	141.02	131.74
Post retirement medical benefits	24.50	19.81
Others	7.11	2.03
Proposed Dividend (Including tax on dividend) (C.Y ₹. 9.84 crore, P.Y. ₹.10.08 crore )	70.53	70.76
	<b>243.16</b>	<b>224.34</b>
<b>TOTAL</b>	<b>1090.08</b>	<b>947.70</b>
* Refer Note no.9 of Schedule XVI to Accounts		
<b>SCHEDULE "M" MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off)		
<b>Voluntary Retirement Scheme</b>		
Balance as per last Balance Sheet	-	0.62
Less : Charged to Profit & Loss Account (Schedule VII)	-	0.62
<b>Closing Balance</b>	<b>-</b>	<b>0.00</b>



## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	₹ in Crore	
	Year Ended March 2011	Year Ended March 2010
<b>SCHEDULE "I" SALES</b>		
<b>1. Manufactured Products</b>		
A. Fertilizers	1503.33	1267.71
B. Industrial Products	726.25	717.28
<b>2. Bought-out Products</b>		
A. Fertilizers	709.22	780.18
<b>TOTAL</b>	<b>2938.80</b>	<b>2765.17</b>

	₹ in Crore			
	Year Ended March 2011	Year Ended March 2011	Year Ended March 2010	Year Ended March 2010
	QUANTITY (M.T.)	VALUE	QUANTITY (M.T.)	VALUE
<b>SCHEDULE "I - A"</b>				
<b>SALES - PRODUCT WISE BREAK-UP</b>				
<b>1 Manufactured</b>				
<b>A. Fertilizers</b>				
Urea	2,154,461	1104.73	2,095,124	973.73
Suphala 15 : 15 : 15	450,320	259.89	487,290	240.24
Suphala 20 : 20 : 0 (Ammonium Nitrate Phosphate)	151,507	91.79	16,202	8.21
Others	-	46.92	-	45.53
	<b>2,756,288</b>	<b>1503.33</b>	<b>2,598,616</b>	<b>1267.71</b>
<b>B. Industrial Products</b>				
Methanol	41,264	71.14	19,746	31.10
Ammonia	103,947	181.18	96,698	147.12
Dilute Nitric Acid	25,376	43.06	38,555	59.00
Concentrated Sulphuric Acid	28	0.01	-	0.00
Concentrated Nitric Acid	32,797	54.43	16,560	27.03
Technical Grade Urea	-	-	8,529	14.88
Ammonium Bi-carbonate	25,535	34.41	24,700	29.89
Sodium Nitrate	1,595	4.29	1,526	4.06
Sodium Nitrite	3,485	11.25	3,782	11.76
Methylamines	13,887	79.35	14,082	72.61
Ammonium Nitrate Melt	99,213	171.34	165,202	245.40
Dimethyl Formamide	2,969	16.18	3,239	16.72
Dimethyl Acetamide	1,673	11.98	1,757	12.21
Argon Gas / Liquid Argon	11,960	16.91	11,001	14.51
Carbon dioxide	-	-	8,258	0.72
Formic Acid	4,138	18.78	5,327	23.50
Others	-	11.94	-	6.77
		<b>726.25</b>		<b>717.28</b>



## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

₹ in Crore				
	Year Ended March 2011 QUANTITY (M.T.)	Year Ended March 2011 VALUE	Year Ended March 2010 QUANTITY (M.T.)	Year Ended March 2010 VALUE
<b>2. Bought-out Products</b>				
<b>A Fertilizers</b>				
Imported Di Ammonium Phosphate	99,202	95.97	230,923	209.56
Imported Muriate of Potash	277,805	134.87	436,460	185.71
Imported Urea	831,970	426.44	766,872	356.39
Single Super Phosphate (Granulated)	16,409	15.27	32,098	14.78
Imported NPK 12:32:16	29,723	23.67	-	-
Ammonium Sulphate	2,616	2.13	7,940	7.04
Others	-	10.87	-	6.70
		<b>709.22</b>		<b>780.18</b>
<b>TOTAL</b>		<b>2,938.80</b>		<b>2,765.17</b>

₹ in Crore		
	Year Ended March 2011	Year Ended March 2010
<b>SCHEDULE "II" SUBSIDY ON FERTILIZERS</b>		
<b>Manufactured Fertilizers</b>		
Price	1542.30	1268.73
Freight	237.78	264.67
	i) <b>1780.08</b>	1533.40
<b>Bought-out Fertilizers</b>		
Price	732.88	1251.45
Freight	122.34	147.16
	ii) <b>855.22</b>	1398.61
<b>TOTAL</b>	Total (i to ii) <b>2635.30</b>	2932.01

₹ in Crore		
	Year Ended March 2011	Year Ended March 2010
<b>SCHEDULE "III" INTEREST INCOME (GROSS)</b>		
On House Building	0.15	0.30
On Deposits with Bank and Others (Tax deducted at source C.Y. ₹.0.32 crore; P.Y. ₹. 0.22 crore.)	3.11	1.07
From Customers	0.45	0.43
On Income Tax Refunds	5.63	0.94
On Government Bonds	47.09	47.80
From Others (Tax deducted at source C.Y. NIL; P.Y. ₹ 0.02 crore.)	0.02	0.14
	<b>56.45</b>	<b>50.68</b>
Less: Transfer to Research and Development (Schedule XII) (C.Y. ₹ 18681, P.Y. ₹ 21887)	<b>0.00</b>	0.00
<b>TOTAL</b>	<b>56.45</b>	<b>50.68</b>



## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	₹ in Crore	
	Year Ended March 2011	Year Ended March 2010
<b>SCHEDULE "IV" OTHER INCOME</b>		
Rent, Electricity, Water & Maintenance charges (Tax deducted at source C.Y. ₹ 1.78 crore; P.Y. ₹ 2.00 crore.)	28.74	20.56
For services rendered (Tax deducted at source C.Y. ₹ 1.14 crore; P.Y. ₹ 1.06 crore.)	11.83	10.65
Rental from Ammonia Tank Wagons (Tax deducted at source C.Y. ₹ 0.03 crore; P.Y. ₹ 0.02 crore.)	0.43	0.58
Lease rent for railway wagons	0.71	2.48
Liabilities/Provisions of earlier years no longer required	4.42	5.85
Sale of scrap	5.49	4.08
Dividend from investment (On Long Term Trade Investment C.Y. ₹ 0.07 crore, P.Y. ₹ 0.07 crore) (On Current Non Trade Investment C.Y. ₹ 0.58 crore, P.Y. ₹ 0.66 crore)	0.65	0.73
Profit on sale of fixed assets	0.06	0.22
Miscellaneous Income	12.67	9.44
Compensation on sale of Fertilizer Bonds (Net)	21.03	-
Bad debts recovered	0.89	0.30
Provision for Doubtful debts/advances/obsolescence no longer required	16.24	74.21
<b>TOTAL</b>	<b>103.16</b>	<b>129.10</b>
Less : Transferred to Research & Development (Schedule XII)	0.01	0.03
<b>TOTAL</b>	<b>103.15</b>	<b>129.07</b>

	₹ in Crore			
	Year Ended March 2011	Year Ended March 2011	Year Ended March 2010	Year Ended March 2010
<b>SCHEDULE "V"</b>	<b>QUANTITY (M.T.)</b>	<b>VALUE</b>	<b>QUANTITY (M.T.)</b>	<b>VALUE</b>
<b>PURCHASE OF BOUGHT OUT PRODUCTS</b>				
Imported Urea	819,171	484.42	750,488	400.70
Imported Di Ammonium Phosphate	99,672	244.28	231,403	393.73
Imported Muriate of Potash	278,344	490.45	421,716	1026.93
Single Super Phosphate (Granulated)	47,307	13.92	32,098	14.31
Imported NPK 12:32:16	29,845	64.35	-	-
Ammonium Sulphate	2,616	2.08	7,940	6.88
Others	-	7.77	-	3.54
<b>TOTAL</b>		<b>1,307.27</b>		<b>1,846.09</b>

	₹ in Crore	
	Year Ended March 2011	Year Ended March 2010
<b>SCHEDULE "VI" MATERIALS CONSUMED</b>		
Raw Materials *	1608.51	1600.82
Packing Materials	103.28	96.54
Stores and Spares	20.23	15.08
<b>TOTAL</b>	<b>1732.02</b>	<b>1712.44</b>

\* Consumption is net of transfer to CWIP / Asset capitalised

## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

₹ in Crore				
	Year Ended March 2011	Year Ended March 2011	Year Ended March 2010	Year Ended March 2010
<b>SCHEDULE "VI - A"</b>	<b>QUANTITY (M.T.)</b>	<b>VALUE</b>	<b>QUANTITY (M.T.)</b>	<b>VALUE</b>
<b>ITEMWISE BREAKUP OF MATERIALS CONSUMED</b>				
<b>RAW MATERIALS</b>				
Rock Phosphate	231,137	173.20	173,757	131.27
Di-Ammonium Phosphate	22,730	62.65	-	-
Mono-Ammonium Phosphate	45,028	87.37	59,108	104.77
Muriate of Potash	114,249	215.10	129,263	358.32
Sulphur	25,965	23.44	20,115	8.62
Soda Ash	198	0.33	1,728	2.72
Associated Gas (Quantity in '000 M3) (APM)	115,392	72.10	184,397	57.38
Natural Gas (Quantity in '000 M3) (PMT/RIL)	917,056	942.57	786,135	833.81
Naphtha	-	-	25,271	68.40
Others	-	31.90	-	35.54
		<b>1608.66</b>		<b>1600.83</b>
Less : Transferred to Expenditure During Construction period pending Allocation, capital expenses and others		(0.15)		(0.01)
Less : Transferred to Research and Development (Schedule XII)		-		-
<b>TOTAL</b>		<b>1608.51</b>		<b>1600.82</b>

₹ in Crore		
	Year Ended March 2011	Year Ended March 2010
<b>SCHEDULE "VII" SALARIES, WAGES, BONUS AND BENEFITS TO EMPLOYEES</b>		
Salaries, Wages and Bonus	331.25	322.80
Contribution to Provident Fund and other funds	24.52	20.18
Contribution to Gratuity Fund	13.24	14.60
Workmen and Staff Welfare Expenses	31.20	24.89
Voluntary Retirement Scheme Amortization	-	0.62
	<b>400.21</b>	<b>383.09</b>
Less : Salaries, Wages, Bonus and contribution to Provident Fund & Other funds		
Included in :		
Research and Development (Schedule XII)	2.08	2.18
Receivables from Thal Ammonia Extension	20.78	22.26
	<b>22.86</b>	<b>24.44</b>
<b>TOTAL</b>	<b>377.35</b>	<b>358.65</b>



**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

₹ in crore

	Year Ended March 2011	Year Ended March 2010
<b>SCHEDULE "VIII" REPAIRS AND MAINTENANCE</b>		
Plant and Machinery	63.15	55.65
Buildings	17.13	11.65
Other Assets	14.01	6.14
	94.29	73.44
Less : Transferred to Research & Development (Schedule XII)	0.02	0.08
<b>TOTAL</b>	<b>94.27</b>	<b>73.36</b>
<b>SCHEDULE "IX" OTHER EXPENSES</b>		
Rent	6.51	7.65
Rates and Taxes	4.94	5.08
Insurance	8.33	4.91
Water Charges (Net of transfer to CWIP / Asset capitalised)	54.05	23.30
Miscellaneous Expenses *	73.08	72.85
Entertainment Expenses	0.09	0.08
Commission and Rebate on sales	73.58	69.26
Loss Mark To Market valuation of Government Bonds and Equity Investment	0.94	21.98
Lease Rent for railway wagons	0.04	2.50
Donations	0.05	0.02
Loss on Fixed Assets Sold / Discarded	1.67	0.07
Losses and write off	0.00	4.20
Foreign Exchange Loss / (Gain)	(37.83)	(106.09)
	185.45	105.81
Less : Transferred to Research and Development (Schedule XII)	0.05	0.03
<b>TOTAL</b>	<b>185.40</b>	<b>105.78</b>
* Includes Directors' sitting Fees C.Y. ₹ 130000 P.Y. ₹ 680000		
<b>SCHEDULE "X" INTEREST (EXPENDITURE)</b>		
<b>On Term Loans:</b>		
Banks	21.85	12.36
	21.85	12.36
<b>On Other Loans :</b>		
Cash Credit / Overdraft from Banks	42.00	60.74
Others	2.96	1.59
	44.96	62.33
Less : Transferred to Expenditure During Construction period pending Allocation, capital expenses and others	0.71	4.14
<b>TOTAL</b>	<b>66.10</b>	<b>70.55</b>
<b>SCHEDULE "XI" (ACCRETION) / DECRETION TO STOCK</b>		
<b>Opening Stock</b>		
Finished Goods	73.61	175.07
Intermediary Products	22.29	13.54
By-Products	6.45	6.17
Carbon Credits	-	-
<b>TOTAL</b>	<b>102.35</b>	<b>194.78</b>
<b>Closing stock</b>		
Finished Goods	55.82	73.61
Intermediary Products	18.55	22.29
By-Products	8.20	6.45
Carbon Credits	0.28	-
<b>TOTAL</b>	<b>82.85</b>	<b>102.35</b>
<b>Stock (Accretion) / Decretion</b>	<b>19.50</b>	<b>92.43</b>

## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

₹ in Crore				
	Year Ended March 2011	Year Ended March 2011	Year Ended March 2010	Year Ended March 2010
<b>SCHEDULE "XI - A"</b>	<b>QUANTITY (M.T.)</b>	<b>VALUE</b>	<b>QUANTITY (M.T.)</b>	<b>VALUE</b>
<b>OPENING STOCK - PRODUCT WISE BREAK-UP</b>				
<b>Finished Goods</b>				
<b>1. Manufactured</b>				
A. <u>Fertilizers</u>				
Urea (Trombay)	12,450	8.55	-	-
Urea (Thal)	43,409	30.23	62,374	82.81
Complex Fertilizers	7,898	13.15	4,201	7.53
Others	-	6.93	-	4.09
B. <u>Industrial Products</u>				
Methanol	250	0.44	820	1.08
Concentrated Nitric Acid	127	0.15	28	0.02
Ammonium Bi-carbonate	68	0.05	45	0.03
Sodium Nitrate	36	0.09	2	0.01
Sodium Nitrite	21	0.07	3	0.01
Methylamines	126	0.55	219	0.93
Ammonium Nitrate Melt	43	0.04	112	0.16
Dimethyl Formamide	37	0.20	116	0.64
Dimethyl Acetamide	18	0.09	132	0.88
Argon Gas / Liquid	216	0.22	347	0.43
Formic Acid	14	0.06	2	0.01
Others	-	0.41	-	0.50
		<b>61.23</b>		<b>99.13</b>
<b>2. Bought-out Products</b>				
Fertilizers				
Imported Di Ammonium Phosphate *	73	0.12	9	0.00
Imported Muriate of Potash	64	0.15	15,808	44.89
Imported Urea	21,582	12.00	39,657	29.03
Others	-	0.11	-	2.02
		<b>12.38</b>		<b>75.94</b>
<b>TOTAL</b>		<b>73.61</b>		<b>175.07</b>

\* P.Y. ₹ 24347

₹ in Crore				
	QUANTITY (M.T.)	VALUE	QUANTITY (M.T.)	VALUE
<b>SCHEDULE "XI - B"</b>				
<b>CLOSING STOCK - PRODUCT WISE BREAK-UP</b>				
<b>Finished Goods</b>				
<b>1. Manufactured</b>				
A. <u>Fertilizers</u>				
Urea (Trombay)	7,350	7.32	12,450	8.55
Urea (Thal)	17,223	14.24	43,409	30.23
Complex Fertilizers	9,961	15.90	7,898	13.15
Others	-	10.35	-	6.93
B. <u>Industrial Products</u>				
Methanol	1,221	2.18	250	0.44
Concentrated Nitric Acid	275	0.34	127	0.15
Ammonium Bi-carbonate	42	0.04	68	0.05
Sodium Nitrate	15	0.04	36	0.09
Sodium Nitrite	8	0.03	21	0.07
Methylamines	106	0.53	126	0.55
Ammonium Nitrate Melt	43	0.06	43	0.04



**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

₹ in Crore

	Year Ended March 2011	Year Ended March 2011	Year Ended March 2010	Year Ended March 2010
	QUANTITY (M.T.)	VALUE	QUANTITY (M.T.)	VALUE
Dimethyl Formamide	27	0.15	37	0.20
Dimethyl Acetamide	60	0.35	18	0.09
Argon Gas / Liquid	47	0.06	216	0.22
Formic Acid	144	0.55	14	0.06
Others	-	0.77	-	0.41
		<b>52.91</b>		<b>61.23</b>
<b>2. Bought-out Products</b>				
Fertilizers				
Imported Di Ammonium Phosphate	127	0.33	73	0.12
Imported Muriate of Potash	-	-	64	0.15
Imported Urea	4,007	2.06	21,582	12.00
Imported NPK 12:32:16 *	1	0.00	-	-
Others	-	0.52	-	0.11
		<b>2.91</b>		<b>12.38</b>
<b>TOTAL</b>		<b>55.82</b>		<b>73.61</b>

\* C.Y.₹ 1977 P.Y.NIL

₹ in Crore

	Year Ended March 2011	Year Ended March 2010
<b>SCHEDULE "XII" RESEARCH AND DEVELOPMENT</b>		
Cost of Material	0.01	0.01
Salaries, Wages and Staff Welfare Expenses	2.08	2.18
Handling charges (P.Y.₹.31042)	0.01	0.00
Repairs and Maintenance	0.02	0.08
Other Expenses (Transferred from Schedule IX C.Y.₹.0.05 crore, P.Y.₹.0.03 crore)	0.10	0.06
Depreciation	0.04	0.03
<b>TOTAL</b>	<b>2.26</b>	<b>2.36</b>
Less :		
Interest Income (C.Y.₹18681,P.Y.₹.21887)	0.00	0.00
Other Income	0.01	0.03
<b>TOTAL</b>	<b>2.25</b>	<b>2.33</b>

**SCHEDULE "XIII" TRANSFER CREDITS**

Cost of intermediary products and utilities allocated to capital jobs / projects (C.Y. Nil, P.Y. ₹.48563)	-	0.00
Utilities, Synthesis gas and share of other common expenses transferred to Thal Ammonia Extension	12.71	9.24
Transfer credit Others	-	0.12
<b>TOTAL</b>	<b>12.71</b>	<b>9.36</b>

**SCHEDULE. "XIV" ADJUSTMENTS RELATING TO PRIOR YEARS (NET)**

Debits (-) / Credits		
Materials Consumed	(0.04)	-
Repairs and Maintenance	0.22	0.03
Depreciation	(0.19)	(0.16)
Others	0.23	0.11
<b>TOTAL</b>	<b>0.22</b>	<b>(0.02)</b>

## Schedule “XV”

### Statement of Significant Accounting Policies forming part of Accounts for the year ended 31st March 2011.

#### 1. Basis of Preparation of Financial Statements:

##### 1.1 Accounting Convention:

The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards (AS) under Companies (Accounting Standard) Rules 2006 and the relevant provisions of the Companies Act 1956 (“the Act”). The financial statements have been prepared under the historical cost convention, on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

##### 1.2 Use of Estimates:

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively when revised, in current and future periods.

#### 2. Fixed Assets

- 2.1 Fixed assets comprise of tangible assets and intangible assets, and are stated at their original cost of acquisition (net of Cenvat and VAT) less accumulated depreciation/amortization and impairment loss except in case of assets held for disposal, where cost is replaced by the lower of Written Down Value or estimated realizable value. Cost for this purpose includes all costs attributable for bringing the asset to its present location and condition.
- 2.2 The Government/Institutional grants of capital nature are adjusted to the gross block of relevant Fixed Assets.
- 2.3 **Depreciation/Amortization**
- 2.3.1 Depreciation on Fixed Assets other than on intangible assets (software applications) is provided for under STRAIGHT LINE METHOD (SLM) at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on additions/deductions to Gross Block is calculated on pro-rata basis from the date of such additions/and up to the date of such deductions.

No depreciation is provided on assets held for disposal/retired from active use.

- 2.3.2 Intangible assets (software applications) are amortized over their respective individual estimated useful lives on a STRAIGHT-LINE BASIS, pro-rata from the date the asset is available to the Company for its use. Management estimates the useful life of software applications identified as intangible assets as three years. Any expenses incurred on intangible assets upto Rs.1 lakh in each case are being charged off in the year of incurrence.
- 2.3.3 Leasehold land is amortized equally over the lease period pro-rata from the month the asset is available to the Company.
- 2.3.4 Depreciation on Catalyst capitalized upon commissioning is provided on the estimated useful life as technically assessed.
- 2.3.5 Depreciation on railway wagons purchased is provided on its estimated useful life.

##### 2.4 Impairment of Assets:

The carrying amounts of assets are reviewed at each Balance Sheet date for identifying an impairment based on internal/external factors. Loss on impairment is provided to the extent the carrying amount of assets exceeds its recoverable amount. Recoverable amount is the higher of an asset’s net selling price and its value in use. After recognition of impairment loss, the revised carrying amount less residual value of the impaired asset would be depreciated on systematic basis over its remaining useful life. A previously recognized loss on impairment is increased or reversed depending on the change in the circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

#### 3. Expenditure During Construction (EDC)

All pre-operative costs (net of income) incidental to new projects undertaken are accumulated as EDC and apportioned appropriately among the various plants/facilities during the year of capitalization.

#### 4. Borrowing Costs:

Interest and other costs in connection with the borrowing of the funds to the extent related/attribution to the acquisition/construction of qualifying assets are accumulated and capitalized up to the date when such assets are ready for their intended use and other borrowing costs are charged to Profit and Loss Account.



Exchange variation on foreign currency borrowing to the extent they are considered as borrowing costs are also treated in a similar way.

## 5. Foreign Currency Transactions

- 5.1 Transactions in Foreign currency are recorded in the reporting currency by applying the currency rate as at the date of transaction.
- 5.2 Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange prevalent on the Balance Sheet date.
- 5.3 In respect of transactions covered by forward exchange contracts the difference between the contract rate and the spot rate on the date of the contract is recognized in the Profit & Loss Account over the period of the contract.
- 5.4 All other exchange differences (gains or losses) are treated as revenue and are recognized in the Profit and Loss Account.

## 6. Investments

Current Investments are valued at lower of cost or fair value. Long Term investments are stated at cost and provision is made for any diminution in such value, which is not temporary in nature.

## 7. Inventories

### 7.1 Assessment of Inventory

7.1.1 Raw Materials, Intermediary Products, By-Products and Finished Products inside factory premises are assessed by survey method on a date as close as possible to the Balance Sheet date and the shortages /excesses in the quantities as compared to book stocks are adjusted in the books. Finished goods and other inventory stored outside the factory premises are taken as per warehousing certificates and third party confirmation respectively.

### 7.2 Mode of Valuation

7.2.1 Inventories are valued at lower of cost and estimated net realizable value except in case of by-products, which are valued at, estimated net realizable value. Stocks in process at the close of the year are not valued as the same is not practicable.

#### 7.2.2 Basis of Cost:

- The cost of manufactured finished goods, bought out products and intermediary products are arrived at based on weighted average cost. Bifurcation of cost of joint products is made on technical estimates.
- Cost of raw materials, petroleum products, packing materials, stores and spares, and loose

tools is determined on weighted average cost basis.

7.2.3 Used loose tools are treated as consumed and hence not valued.

7.2.4 Project surplus stores and spares of old plants not in use are brought in the books at nominal estimated value/technical estimate or carried in memorandum records.

7.2.5 Provision is made in respect of raw materials, packing materials, stores and spares and petroleum products, wherever appropriate, based on technical estimates, to reflect the impact of obsolescence, damage or other diminution in value.

## 7.3 Measurement of Cost / Realisable Value

### 7.3.1 Cost of Purchases

Cost of purchase includes duties, taxes (net of those recoverable) freight and other expenses net of trade discounts, rebates and price adjustments.

### 7.3.2 Cost of Manufactured goods

Cost of Manufactured Goods comprises of direct cost, variable production overheads and fixed production overheads on absorption costing method. Catalysts issued are charged off over their estimated useful lives as technically assessed. Variable production overheads are allocated based on actual production. Variable overheads related to movement of finished products are allocated based on actual dispatches. Fixed overheads are allocated based on higher of the actual production level or normal production level. Average freight incurred is included in valuing stocks in field warehouses and in transit.

### 7.3.3 Cost of Traded Fertilizers

It comprises of Cost of Purchases as defined under 7.3.1 plus bagging, handling and transportation costs incurred to bring the material in its present location and condition.

### 7.3.4 Net Realizable Value

Price of urea is administered by the Government of India by which selling price is fixed for the buyer. The net realizable value for manufactured urea is taken at retention price (selling price net of dealers' margin plus subsidy from Government of India) net of variable selling and distribution cost. Net realizable value of off-spec urea is taken at 40% of MRP excluding subsidy.

The net realizable value of phosphatic and potassic fertilizers is taken at the applicable



selling prices expected to be realized, net of dealers' margin and variable selling and distribution costs plus the concession as fixed/ to be fixed by Government. Net realizable value of off-spec phosphatic and potassic fertilizers is taken at selling price net of dealers' margin and estimated cost of re-processing including transportation cost to factory. The net realizable value of off spec bought out fertilizers is at 30% of MRP.

The Net realizable value of imported Urea is the selling price and other entitled compensation as contracted with the Government net of variable selling and distribution cost.

The net realizable value of off-spec imported Urea is taken at 40% of MRP.

Average freight incurred on despatches from silo/ factory/ port to godown is reduced for arriving at the net realizable value in respect of stocks of fertilizers in silo/factory/port.

The net realizable value of non-fertilizer products is taken at the year-end lowest selling prices net of variable selling and distribution cost.

## 8. Sundry Debtors

Debts, receivables, loans and advances are provided for upon review on case to case basis.

Subsidy receivable from Government overdue over 3 years are provided for.

## 9. Operating Leases

Assets acquired on leases wherein a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Lease rentals paid for such leases are recognized as an expense as per the lease terms which is more representative of the time pattern of the benefit.

Rental income on leases is accounted for an accrual basis in accordance with the terms of the contract. This is more representative of the time pattern in which benefit derived from the use of the leased asset is diminished.

## 10. Taxation

Provision for Current Income Tax is made in accordance with the Income Tax Act 1961.

Deferred Tax resulting from "timing difference" between book profit and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a certainty that the assets will be adjusted in future.

## 11. Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement

comprises of cash in hand, cash at bank and short term investments with an original maturity of three months or less.

## 12. Employee Benefits

12.1.1 Contribution to Provident Fund is accounted for on accrual basis. The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous' Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. Such shortfall on account of interest, if any, is recognized in the Profit and Loss account.

12.1.2 Company's defined Contribution made to Pension Fund of Government is charged off to Profit and Loss account on accrual basis.

12.1.3 Employee benefits under Defined Benefit plans comprising of gratuity, leave encashment on retirement, Post retirement medical benefits and long term service award are recognized based on the present value of Defined Benefit Obligation based on actuarial valuation carried out as on the date of the Balance Sheet. The actuarial valuation is done as per Projected Unit Method.

12.1.4 Actuarial gains and losses are recognized in full in the Profit and Loss account for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value scheme of assets, wherever applicable.

## 13. Earnings per Share (EPS)

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

For the purpose of calculating diluted EPS, net profit or loss after tax for the year attributable to equity shareholders are divided by the weighted average number of equity shares outstanding during the year and are adjusted for the effects of all dilutive potential equity shares.

## 14. Research and Development Expenditure

Revenue Expenditure on Research and Development activity is recognized separately and charged to Profit and Loss Account.

## 15. Revenue Recognition

15.1 Sales are recognized on an accrual basis when all significant risks and rewards of ownership are transferred to the buyer and the Company retains no effective control of the goods transferred.



- 15.2 Gross Sales (net of returns) include excise duty, wherever applicable.
- 15.3 Subsidy income is accounted on the quantity sold during the year.
- 15.4 Recognition of Subsidy is generally made on the basis of in principle recognition/approval/settlement of claims from Government of India/Fertilizer Industry Co-ordination Committee.
- 15.5 Other Income is recognized on an accrual basis.
- 15.6 Dividend income is recognized when right to receive dividend is established.
- 15.7 Interest Income is recognized when no significant uncertainty as to its realization exists.
- 15.8 Scrap, salvaged/waste materials and sweepings are accounted for on realization.
- 15.9 Insurance and other miscellaneous claims are recognized on receipt/acceptance of claim. Contractual pass through incentives, benefits, etc. are recognized on receipt basis.
- 15.10 Debits/Credits Relating to Prior period**  
Income and expenditure pertaining to earlier period

and upto Rs.1,00,000/- in each case, are not being classified as relating to "prior period".

**15.11 Prepaid Expenses**

Individual expense up to Rs.25,000 is not considered in classifying prepaid expenses.

**16. Contingent Liabilities and Provisions**

Claims against the Company not acknowledged as debts relating to normal business transactions and show cause notices and demands disputed by the Company are treated as Contingent Liabilities after careful evaluation of facts. Provision in respect of contingent liabilities if any, is made when it is probable that a liability may be incurred and the amount can be reasonably estimated.

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that 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 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 estimate.

## Schedule XVI

### Notes forming part of Accounts for the year ended 31st March 2011

#### 1. CONTINGENT LIABILITIES NOT PROVIDED FOR:

- 1.1 Claims against the Company not acknowledged as debts to the extent ascertainable (Interest cannot be estimated reliably) aggregates to ₹.26.56 crore (Previous Year ₹.23.81 crore) which include the following:
- a) Claims preferred by local Authorities amounting to ₹ 8.34 crore (net of payment made/liability provided of ₹.3.95 crore). The Capitalization of land at Kurul Township and factory at Thal Unit has been made subject to Arbitration awards/Court decisions in this behalf.
  - b) SCADA charges claimed by M/s GAIL(I) Ltd. ₹.1.47 crore & water charges claimed by Municipal Corporation of Greater Mumbai ₹.0.11 crore.
  - c) Claims before arbitrators/courts, are ₹.16.64 crore (Previous Year ₹.17.44 crore).
- 1.2 Guarantees issued by Bank in favour of Excise authorities, Customs authorities etc. aggregates to ₹.170.57 crore (Previous Year ₹.190.96 crore). This is secured by extension of charge over inventories and book debts.
- Corporate Guarantee executed by the Company on behalf of its Joint Venture Company, FACT-RCF Building Products Ltd aggregates to ₹.17.50 crore (Previous Year ₹.17.50 crore).
- Letter of credit issued by banks in favour of suppliers etc. aggregates to ₹ 90.02 crore (Previous Year ₹ 205.33 crore)
- 1.3 Show cause notices issued by Excise Authorities aggregates to ₹.3.98 crore (Previous Year ₹.0.79 crore).
- 1.4 A) Demands raised by Income Tax Authorities, disputed by the company aggregating to ₹.5.61 crore (Previous Year ₹.4.43 crore), against which the amount of ₹4.46 crore has been deposited with Tax authorities.
- B) Demands raised by Excise (other than as mentioned in Para 1.6) and other authorities, disputed by the Company aggregating to ₹.20.35 crore (Previous Year ₹.19.85 crore).
- C) Demands raised by Sales Tax Authority, disputed by the company aggregating to ₹.3.57 crore (Previous Year ₹.3.66 crore).
- 1.5 The amount of claims in respect of legal cases filed against the Company for labour matters and not acknowledged as debts is not ascertainable.
- 1.6 In case of Naphtha purchased by the Company at concessional rates of excise duty and used for the purpose other than mentioned in the exemption notification for the period from November 1996 to March 2001 & March-2005 to October 2005, the Commissioner of Excise (Adj.) has passed an order for payment of excise duty of ₹.6.44 crore (P.Y.₹ 6.44 crore) and penalty of ₹.6.54 crore (P.Y.₹ 6.54 crore) plus interest at appropriate rate. The Company has filed an appeal in CESTAT. For the period from April 2001 to February 2005, show cause notice is served for ₹.4.99 crore (P.Y.₹.4.99 crore) for the same reason. Commissioner of Excise passed an order for payment of excise duty of ₹.4.99 crore (P.Y.₹.4.99 crore) and penalty of ₹.4.99 crore (P.Y.₹.4.99 crore) plus interest at appropriate rate. Company has filed an appeal in CESTAT and stay has been granted. However, the company is yet to receive an order.
- In case of Naphtha purchased by the Company at concessional rate of excise duty & used for the purpose other than mentioned in the exemption notification for the period July 2007 to March 2008 the Commissioner of Excise (Adj.) has issued show cause notice demanding payment of excise duty of ₹.6.11 crore (P.Y.₹.6.11 crore). Company replied to the show cause and a personal hearing was held on 14-10-2010. Order is still awaited on this issue.
- For the period April 2008 to August 2009 show cause notice is served for ₹.11.77 crore (P.Y.₹.11.77 crore) for the same reason. Company replied to the show cause and a personal hearing was held on 14-10-2010. Order is still awaited on this issue.
- 1.7 Demand of ₹.33.48 crore raised by Municipal Corporation of Greater Mumbai (BMC) towards additional sewerage charges levied from 5-4-1987 are disputed by the Company in a Writ Petition filed in Bombay High Court. The Honourable High Court vide its interim Order dated 10-11-92 has granted stay on recovery of the demand for the period up to the date of the Order and directed the Company to pay sewerage charges from the date of the order which is being paid by the Company. The matter has been disposed off by the High Court, and is now resting in Supreme Court, with stay granted to continue. As a part of an agreement entered into with BMC for obtaining raw sewerage, the Company has paid an interest free deposit of ₹.16 crore to BMC (included in Schedule K) representing approximately 50% of the disputed demand which would be adjustable against the disputed demand in



case the Court rules in favour of BMC. No provision is considered necessary for the disputed demand of ₹.33.48 crore as the claim of BMC is not tenable.

- 1.8 The Company had entered into a lumpsum turnkey contract with M/s Uhde India Ltd (UDL) for revamp of its Old Nitric Acid plant at Trombay Unit. During 2004-05, Commissioner of Customs (Imports) Mumbai had allowed clearance of the Air Compressor package consignment under provisional assessment after payment of applicable custom duties, furnishing of Bank guarantees towards demand and a revenue deposit of ₹.5.75 crore.

Thereafter Commissioner of Customs passed an Order for payment of Custom Duty and penalty aggregating to ₹.25.62 crore against the above matter. Out of this ₹.9.27 crore has been paid by the Company against provisional assessment of which Cenvat credit of ₹.4.49 crore has been availed.

The Order has been challenged before CESTAT / High Court and by an Order dated 20th June 2007, Bombay High Court stayed the order passed by the Commissioner of Customs and also against invoking the bank guarantees. The Company has renewed the Bank guarantees. Bombay High Court, has now ordered CESTAT to hear the Appeal filed by RCF, which was earlier dismissed for want of permission from Committee on Disputes. Necessary action to bring the Appeal before appropriate bench of CESTAT is being taken by the Solicitors. Company has been advised by their solicitors and advocates that the demand is not sustainable and no provision is considered necessary.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for aggregates to ₹. 294.16 crore (Previous Year ₹. 55.19 crore) net of advances.
3. During the year, Company has purchased 166 wagons at an amount of ₹ 0.34 crore (Previous Year 250 wagons at ₹ 0.53 crore) from SBI Leasing Group which was originally held on lease by the company. During the year company incurred a lease rent of ₹ 0.04 crore.

The future minimum lease payments in respect of non-cancellable operating lease as at the balance sheet date are summarized below:

Rs. crore

	Year ended 31-3-2011	Year ended 31-3-2010
Not Later than one year	-	0.10
Later than one year but not later than 5 years	-	0.32
Later than 5 years	-	0.41
Total	-	0.83
Lease rent recognized in P & L A/c	<b>0.04</b>	2.50

Further, under the "Own Your Wagons Scheme" of Indian Railways, these wagons have been sub-leased to Indian Railways. The estimated future revenue on this account is ₹ 6.35 crore (Previous Year ₹ 7.07 crore). Period wise classification of which is as below:

₹ crore

	Year ended 31-3-2011	Year ended 31-3-2010
Not Later than one year	<b>0.71</b>	0.71
Later than one year but not later than 5 years	<b>2.82</b>	2.83
Later than 5 years	<b>2.82</b>	3.53
<b>Total</b>	<b>6.35</b>	<b>7.07</b>
Lease rent (Income) recognized in P & L A/c	<b>0.71</b>	2.48

4. Formalities relating to transfer of certain immovable and other properties from Fertilizer Corporation of India Limited to the Company on reorganization of the former in 1978 are not yet completed. Out of property cards for a total area of 3095022 sq. mts, property cards for 1659352 sq. mts are yet to be transferred in the name of the Company.
5. The capitalization of Freehold land at Thal Unit includes land at Kihim having carrying Cost of ₹.0.02 crore, pending execution of documents and transfer of title deeds in the name of Company due to dispute.
6. Some of the balances of Debtors, Creditors, Current Liability and Loans and advances are subject to confirmation, reconciliation and consequential adjustments if any. In the opinion of the management, such adjustments would not be material.
7. Inventory includes stores and spares costing ₹.9.92 crore (Previous Year ₹.9.77 crore) declared as surplus. The amount includes stores/spares valued at ₹.8.44 crore (Previous Year ₹.8.09 crore) identified as disposable surplus and which on disposal may not fetch full book value and accordingly, provision of ₹.7.99 crore (Previous Year ₹.7.68 crore) has been made on account of estimated loss on disposal thereof.
8. The Company is eligible to receive subsidy from Fertilizer Industry Co-Ordination Committee (FICC) / Department of Fertilizers (DOF) on Urea, Phosphatic & Potassic (P&K) Fertilizers at the rates notified from time to time. Consequent to the implementation of Nutrient Based Subsidy for P & K fertilizers from 1/04/2010 subsidy rates for the same are fixed and thus no escalation or de-escalation in the cost of inputs etc. is considered.

For the rates yet to be notified, due to escalations/de-escalations in the cost of inputs and other costs, subsidy has been accounted on estimated basis.

**The details of subsidy accounted on estimated basis are as under:-**

₹ Crore

Particulars	2010-11			2009-10		
	Urea	P&K Fertilizers	Imported Urea	Urea	P&K * Fertilizers	Imported Urea
For the Year	(28.02)	NIL	2.73	(71.06)	(160.02)	1.02
Total	(28.02)	NIL	2.73	(71.06)	(160.02)	1.02

\*(Debit) (Subsidy refundable)/Credit (Subsidy receivable).

9. In order to comply with the requirement of the Micro, Small and Medium Enterprises Development Act 2006, company has sought confirmation from the vendors whether they are falling in the category of Micro, Small/Medium Enterprises. Based on the information available, the required disclosures are given below:-

₹ Crore

Sr.No.	Particulars	2010-11
1	Principal amount remaining unpaid as on 31st March	NIL *
2	Interest due thereon 31st March	NIL*
3	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	NIL*
4	Interest due and payable for the period of delay 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 Enterprises Development Act, 2006.	NIL*
5	Interest accrued and remaining unpaid as 31st March.	NIL*
6	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 Enterprises Development Act, 2006.	NIL*

\* As the Company has not received any memorandum (as required by to be filed by the suppliers with the notified authority under Micro, Small and Medium Enterprises Development Act 2006) claiming their status as micro, small or medium enterprises the information as required to be given above is considered to be NIL.

10. Company has recognized its factory at Trombay, factory at Thal and Trading, as geographical segments (primary segments) and its activities of manufacture and sale of fertilizers, and manufacture and sale of industrial products as business segments (secondary segments) in accordance with Accounting Standard –17 on Segment reporting prescribed under the Companies (Accounting Standard) Rules, 2006. The segment wise revenue, expenses and capital employed are enclosed in **Annexure-I**.

11. **Information as per Accounting Standard (AS-18) on Related Party Disclosures is given below:-**

Names of Related Parties and Description of relationships (Excluding with State Controlled Entities) Company is under the administrative control of Ministry of Chemicals & Fertilizers, Government of India and is within the meaning of state controlled enterprise of para 9 of Accounting Standard-18.

**1) Relationship**

**SUBSIDIARY:-**

- A) Rajasthan Rashtriya Chemicals & Fertilizers Ltd.

**JOINT VENTURES:-**

- A) FACT-RCF Building Products Ltd.  
B) Urvarak Videsh Ltd.  
C) RCF-HM Construction Solutions Pvt. Ltd.

**2) Key Management Personnel**

Whole time Directors:-

- (i) Shri. R.G. Rajan, Chairman & Managing Director w.e.f 3rd Nov 2010.  
(ii) Shri. J. Kohareswaran, Chairman & Managing Director from 1st July 2010 to 31st Oct 2010. Director (Marketing) (From 1st April, 2010 to 30th June, 2010).  
(iii) Shri. U.S. Jha Chairman & Managing Director upto 30th June 2010.  
(iv) Shri. Gautam Sen Director (Finance).  
(v) Shri. Manoj Priya, Director (Technical).

**3) Details relating to parties referred to in (2) above.**

Remuneration:-

₹. Crore

Particulars	2010-11	2009-10
Salaries and Allowances	0.93	1.45
Leave Encashment	0.29	0.01
Provident Fund Contribution	0.09	0.13
<b>Total</b>	<b>1.31</b>	<b>1.59</b>

Excluding contributions to the Gratuity Fund since the same are on actuarial valuation for the group of employees and medical expenses as they are covered under Group Medclaim Policy taken by the company for all the employees and their eligible dependents.

- (i) Loans and advances receivable: Refer Schedule-K

**The following transactions were carried out with the related parties in the ordinary course of business:-**



4) Details of Transactions/Balances with Subsidiary and Joint Ventures

Transactions During the year ₹. crore

No	Particulars	2010-11		2009-10	
		Subsidiary	Joint Ventures	Subsidiary	Joint Ventures
1	Contribution towards Share Capital	Nil	0.10	Nil	0.05
2	Paid as Share Application Money	Nil	1.18	Nil	Nil
3	Remuneration to Employees on deputation	Nil	0.15	Nil	0.18
4	Sales	Nil	0.35	Nil	Nil
5	Advances Given	0.00*	Nil	Nil	0.02

\*C.Y. ₹1660/-P.Y. Nil

Balances outstanding

₹ crore

Sr. No	Particulars	2010-11		2009-10	
		Subsidiary	Joint Ventures	Subsidiary	Joint Ventures
1	Guarantees Given	Nil	17.50	Nil	17.50
2	Receivables	Nil	0.41	Nil	0.20
3	Payables	Nil	Nil	Nil	Nil

The company has made a full provision for diminution in value of investment including amount paid as advance against equity pending allotment, in respect of its subsidiary M/s. Rajasthan Rashtriya Chemicals & Fertilizers Ltd. and Joint Venture Company M/s. RCF-HM Construction Solutions Pvt. Ltd., amounting to ₹ 0.49 crore and ₹ 0.10 crore respectively due to its intention of closure

12. Chikton Plant at Thal impaired during the previous year continues to stand impaired at a provision of 95% of its carrying value. As at 31st March 2011 there is no change in the condition of the Asset. (Amount of provision made during the year ₹ Nil, P.Y. ₹ 0.84 crore)

The status of provision made towards impairment is as under:-

₹ crore

Sr. No.	Particulars	2010-11		2009-10	
		Chikton	Urea	Formic Acid	Chikton
1	Provision for Impairment made during the year	-	-	-	0.84
2	Reversal of Provision during the year	-	7.52	23.38	-
3	Balance in Provision A/C	0.84	-	-	0.84

13. Disclosure as per Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets" as on 31st March 2011.

Particulars	Balance as on 31.3.2010	Addition	Utilization	Reversal	Balance as on 31.3.2011
Disputes and Claims, Legal Matters (Refer Note 1)	0.53	-	-	-	0.53
Handling charges	1.50	5.08	-	-	6.58

Note 1. Disputes, Claims and Others represent estimates made mainly for probable claims arising out of litigations / disputes pending with authorities / creditors. Deferred Tax Benefit of ₹.2.31 crore (Previous Year ₹.0.18 crore) has been recognized on above

14. Earning Per Share:

	31.3.2011	31.3.2010
Net profit after tax as per profit & loss account ( ₹ in crore) (A)	245.12	234.87
Weighted Average Numbers of Equity Shares for calculating basic EPS(B)	55,16,88,100	55,16,88,100
Weighted Average Numbers of Equity Shares for calculating diluted EPS (C)	55,16,88,100	55,16,88,100
Basic earning per Share (in Rupees) (Face Value of ₹10/- per share) (A)/(B)	4.44	4.26
Diluted earning per share (in Rupees.) (Face Value of ₹ 10/- per share) (A)/(C)	4.44	4.26

There are no potential equity shares as on 31.3.2011 as also 31.3.2010 and accordingly the diluted Earning per Share is the same as Basic Earning per Share for both the years

15. Cash & cash equivalents:

₹ Crore

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
Cash on hand	0.05	0.06
Cheques in hand	1.40	2.68
<b>Balance with Scheduled Banks</b>		
in Current and Cash Credit Accounts	97.20	81.39
In Term Deposits (maturity less than 3 months)	320.00	700.00
In Unpaid Dividend Account *	0.49	0.41
<b>Sub Total</b>	<b>419.14</b>	<b>784.54</b>
Add: In Term Deposits (maturity greater than 3 months)	0.11	0.11
<b>Total</b>	<b>419.25</b>	<b>784.65</b>

\* These balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

16. Disclosure of Deferred Tax Liability as per "Accounting Standard 22" is as under:-

₹ Crore

	Particulars	Balance 31.3.2011	Balance 31.3.2010
<b>A)</b>	<b>Deferred Tax Liability</b>		
	Difference between SLM & WDV	225.24	219.95
	<b>Total (A)</b>	<b>225.24</b>	<b>219.95</b>
<b>B)</b>	<b>Deferred Tax Asset</b>		
	Provision for doubtful debts/claims	8.25	9.22
	Provision for Obsolescence of Stores	2.66	2.62
	Provision for Leave Encashment & Others U/s 43B of Income Tax Act.	56.16	43.84
	Provision for Impairment of assets	0.28	0.28
	Others	2.38	0.25
	<b>Total (B)</b>	<b>69.73</b>	<b>56.21</b>
	<b>Net Deferred Tax (Asset)/ Liability</b>	<b>155.51</b>	<b>163.74</b>

17. In compliance with Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures", the required information is as under:-

#### JOINT CONTROLLED ENTITIES

Name of the Company	Country of Incorporation	Percentage of ownership interest as on	
		31-3-2011	31-3-2010
1) FACT-RCF BUILDING PRODUCTS LTD.	India	50.00	50.00
2) URVARAK VIDESH LTD.	India	33.33	33.33
3) RCF-HM CONSTRUCTIONS SOLUTIONS LTD.	India	50.00	50.00

- A) **FACT-RCF BUILDING PRODUCTS LTD.:-** A Joint venture Company with Fertilizers & Chemicals Travancore Ltd. (FACT) for manufacture of rapid building materials from Gypsum at Kochi.
- B) **URVARAK VIDESH LTD.:-** A joint venture with National Fertilizers Ltd. and KRIBHCO for revival of closed Fertilizers Units of FCI/HFC group of companies has been formed.
- C) **RCF-HM CONSTRUCTION SOLUTIONS PVT. LTD.:-** A Joint venture with First Future Properties Pvt. Ltd. (a consortium of M/s. Mahimtura Consultants Pvt. Ltd. and M/s. Hiranandani Constructions Ltd.) for marketing of rapid wall manufactured by RCF and its nominees.

The Company's share in assets, liabilities, income, expenditure, contingent liabilities and capital commitments compiled on the basis of audited/un-audited financial received from these joint ventures are as follows:-

₹. Crore

Sr. No.	Particulars	31-3-2011 (UnAudited)	31.03.2010 (Audited)
1	<b>Assets</b>		
	Long Term Assets	51.27	42.36
	Current Assets	2.68	2.31
2	Current Liabilities & Provisions	2.88	6.11
3	Other Liabilities-Long Term	36.64	24.33
4	Income	0.19	0.00
5	Expenditure	0.36	0.51
6	Contingent Liability	0.51	0.51
7	Capital Commitments	2.60	7.46

The company has made a full provision for diminution in value of investment in respect of its subsidiary (Rajasthan Rashtriya Chemicals & Fertilizers Ltd.) & Joint Venture Company RCF-HM Construction Solutions Pvt. Ltd. as under:

Particulars	Rajasthan Rashtriya Chemicals & Fertilizers Ltd	RCF-HM Construction Solutions Pvt. Ltd.
Investment in Equity	0.03	0.05
Advance Against Equity pending allotment	0.46	0.05

18. Miscellaneous expenses include auditors' remuneration as per details given below:-

₹. Crore

Sr. No.	Particulars	2010-11	2009-10
1	Audit fees for the year (incl. service tax)	0.15	0.11
2	Audit fees of Previous year paid during the year (incl. service tax)	0.04	0.01
3	Audit fees for Consolidated Financial Statement (incl. service tax)	0.01	0.01
4	For Certificate and other expenses	0.09	0.06
5	For travelling and out of pocket expenses	0.03	0.03

19. The Company holds ₹.348.72 crore (Previous Year ₹.697.43 crore) Fertilizer bonds received in lieu of subsidy on fertilizers in cash. The same are classified under the head "Other Current Assets" and have been valued at Lower of Cost or market price as at the Balance Sheet date. The details of these bonds and their Market value are as under:-



₹ Crore

Sr. No.	Particulars	Face Value 31-3-2011	Loss on Mark to Market 31-3-2011	Net Market Value As on 31-3-2011	Face Value 31-3-2010	Loss on Mark to Market 31-3-2010	Net Market Value As on 31-3-2010
1	6.65% Fertilizer Companies GOI Special Bonds 2023	96.02	14.87	81.15	192.04	26.69	165.35
2	6.20% Fertilizer Companies GOI Special Bonds 2022	21.47	3.42	18.05	42.93	7.46	35.47
3	7.00% Fertilizer Companies GOI Special Bonds 2022	231.23	24.49	206.74	462.46	50.69	411.77
	<b>TOTAL</b>	<b>348.72</b>	<b>42.78</b>	<b>305.94</b>	<b>697.43</b>	<b>84.84</b>	<b>612.59</b>

Consequent upon communication received from Government of India for the buy back of Fertilizer bonds, the company has disposed off 50% of the value of bonds amounting to ₹348.72 crore at a loss of ₹.42.78 crore. As per the buy back arrangement, Company is entitled to a compensation of at least 50% of the loss incurred on the transaction with Government of India. Conservatively company has recognized an amount of ₹.21.39 crore being 50% of the loss incurred upon the sale of 1st tranche as compensation of sale of Fertilizer Bonds under Schedule IV "Other Income" of profit and loss account. The company is in the process of filing the claim with Government of India.

**The details of Purchases and Sales of Investments in Mutual Funds are as under:-**

S. No.	Particulars	Quantity (Units) Purchased	Purchase Value (Rs. Crore)	Quantity (Units) Sold	Sale Value (Rs. Crore)	Quantity (Units) Purchased	Purchase Value (Rs. Crore)	Quantity (Units) Sold	Sale Value (Rs. Crore)
		<b>2010-11</b>				<b>2009-10</b>			
1	Unit Trust of India	1375134.80	140.19	1375134.80	140.19	2455129	250.29	2553243	260.29
2	State Bank of India	307095905.60	514.39	307095905.60	514.39	296336555	496.37	302307638	506.37

20. Freight and Handling Charges include payment of disputed dues for the period from November 2001 to February 2010 consequent to order passed by Bombay High Court (C.Y. Nil, P.Y. ₹10.75 crore).

21. Under the project of Clean Development Mechanism (CDM) registered with UNFCCC Company has been allotted 152013 (Net) Certified Emission Reductions (CER'S) or Carbon Credits. Company is in the process of disposing off the same. Pending disposal, the said carbon credits are valued (at cost) as inventory.

**22. Disclosure under Clause 32 of Listing Agreement**

Since the company has not given any loans and advances in the nature of loans to its subsidiary and the subsidiary has not acquired any shares of the company, no disclosures under clause 32 of the Listing Agreement are required.

**23. Employee Benefits:-**

The required disclosure under the Revised Accounting Standard 15 is given below.

**General Description of defined Benefit Plan**

**1) Provident Fund:-**

The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than Statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 shortfall if any, shall be made good by the RCF Employees Provident

Fund Trust out of the reserve created by the Trust, as per circular C.Ex. /Misc./Comp./Audit/2009/43789 dated 21st Oct 2010 issued by EPFO. During the current year, as at the Balance Sheet date, the income earned by the Trust and reserves are sufficient to cover shortfall of interest payable to employees and thus no shortfall on account of the same is charged to Profit & Loss Account during the current year.

**2) Gratuity:-**

The Company operates gratuity plan wherein every employee are entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service depending upon the date of joining. The same is payable on death, separation from service, or retirement, whichever is earlier. The benefit vests after five years of continuous service.

**3) Leave Encashment:-**

The company has been accounting for provision on account of leave encashment on retirement based on actuarial valuation carried out as at the Balance date.

**4) Post Retirement Medical Benefits:-**

Employees of the company upon retirement/separation under VRS are entitled to medical benefits as per the scheme in force.

**5) Long Term Service Award**

As a part of cordial relation and appreciation of long dedicated service, Company is honouring its



employees with a memento on completion of 25 years of service.

The following table shows the impact of actuarial

valuation as recognized in the financial statements in respect of Gratuity and Post retirement medical benefits.

(₹ Crore)

	As at 31st March 2011		As at 31st March 2010	
	Gratuity (Funded)	Post Retirement Medical Benefits (Non Funded)	Gratuity (Funded)	Post Retirement Medical Benefits (Non Funded)
<b>1) Components of Employer expenses</b>				
Service Cost	5.07	3.40	4.94	2.40
Interest Cost	11.83	2.00	8.76	1.00
Expected Return on Plan Assets	(12.13)	0.00	(10.78)	0.00
Actuarial (gain)/Loss	8.47	1.39	11.68	4.23
Net expense/(gain) recognized in the Profit and Loss account	13.24	6.79	14.60	7.63
<b>2) Changes in Benefit Obligations</b>				
<b>Present value of Obligation at period beginning</b>	144.34	20.13	124.55	13.74
Service Cost	5.07	3.40	4.94	2.40
Interest Cost	11.83	2.00	8.76	1.00
Actuarial (gain)/Loss	9.31	1.39	14.75	4.23
Benefits paid	(11.92)	(1.63)	(8.66)	(1.24)
<b>Present value of Obligation at period end</b>	158.63	25.29	144.34	20.13
<b>3) Changes in Plan Assets</b>				
Fair value of Plan Assets, at period beginning	144.34	0.00	124.55	0.00
Expected return on Plan Assets	12.13	0.00	10.78	0.00
Employer's contributions	13.24	1.63	14.60	1.24
Benefit Paid	(11.92)	(1.63)	(8.66)	(1.24)
Actuarial (gain)/Loss	0.84	0.00	3.07	4.23
Fair value of Plan Assets at period end	158.63	0.00	144.34	0.00
Excess Obligation over plan assets	0.00	0.00	0.00	0.00
<b>Category of Plan Assets</b>				
GOI securities	4.04%	0.00	7.20%	0.00
Special Deposit	0.00%	0.00	12.40%	0.00
PSU/State Government Securities	7.57%	0.00	12.63%	0.00
SBI Life Insurance Company Ltd.	43.67%	0.00	42.77%	0.00
Life Insurance Corporation of India	42.55%	0.00	24.27%	0.00
Others	2.17%	0.00	0.73%	0.00
<b>Total</b>	<b>100.00%</b>		<b>100.00%</b>	
<b>Actuarial Assumptions</b>				
Discount Rate (per annum)	8.25%	8.25%	8.25%	8.00%
Expected Rate of Return on Assets (per annum)	8.00%	0.00%	8.00%	0.00%
Salary Escalation/Annual increase in health care cost	4.00%	4.00%	4.00%	4.00%

24. Since implementation of SAP, creation of liability for expenses takes place in two stages and Income tax is deducted at the second stage. According to the legal opinion obtained by the Company and as per the practice followed by other companies using SAP the process of deduction and remittance of Tax at source is correctly followed.

**Additional Information:**

Additional information in respect of goods manufactured,

value of imports calculated on CIF basis, expenditure in foreign currency during the year on account of royalty, know-how etc., consumption of raw materials, spares parts and components during the year, earnings in foreign exchange, etc. is as per Annexure-II.

25. Previous year figures have been re-arranged and regrouped wherever necessary and/or practicable to make them comparable with those of the current year.



**SEGMENTWISE REVENUE & RESULTS FOR THE YEAR ENDED 31.03.2011**

(₹. in Lacs)

Sr. No.	Particulars	TROMBAY		THAL		TRADING		TOTAL						
		Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Unallocated				
<b>SEGMENT REVENUE</b>														
i.	Sales (Incl. Subsidy wherever applicable)	155689	40307	195996	187938	10333	198271	156444	0	156444	500071	50640	0	550711
ii.	Inter Segment Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total Revenue	155689	40307	195996	187938	10333	198271	156444	0	156444	500071	50640	0	550711
<b>SEGMENT RESULT</b>														
i.	Segment Results	12869	5888	18757	13464	(1052)	12412	2396	0	2396	28729	4836	0	33565
ii.	Loss on Impairment of Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
iii.	Less: Other Unallocable Expenditure (Net of Unallocable Income)													(2847)
iv.	Interest Expense													6610
v.	Interest Income													5645
vi.	<b>Operating Profit</b>													<b>35447</b>
vii.	Prior Period Expenses / (Income)													(22)
viii.	<b>Profit before Tax</b>													<b>35469</b>
ix.	Tax - Current													12250
x.	Deferred Tax Liability / (Asset)													(823)
xi.	Excess Provision of Tax written Back													470
xii.	<b>Net Profit</b>													<b>24512</b>

**SEGMENTWISE REVENUE & RESULTS FOR THE YEAR ENDED 31.03.2010**

<b>SEGMENT REVENUE</b>														
i.	Sales (Incl. Subsidy wherever applicable)	113259	43990	157249	179247	9836	189083	217879	0	217879	510385	53826	0	564211
ii.	Inter Segment Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total Revenue	113259	43990	157249	179247	9836	189083	217879	0	217879	510385	53826	0	564211
<b>SEGMENT RESULT</b>														
i.	Segment Results	(4643)	11409	6766	20956	(921)	20035	3643	0	3643	19956	10488		30444
ii.	Loss on Impairment of Assets (Reversal)	(753)		(753)		(2243)	(2243)				(753)	(2243)		(2996)
iii.	Less: Other Unallocable Expenditure (Net of Unallocable Income)													(2970)
iv.	Interest Expense													7055
v.	Interest Income													5068
vi.	<b>Operating Profit</b>													<b>34423</b>
vii.	Prior Period Expenses / (Income)													<b>2</b>
viii.	<b>Profit before Tax</b>													<b>34421</b>
ix.	Tax - Current													9670
x.	Deferred Tax Liability / (Asset)													1503
xi.	Excess Provision of Tax written Back													<b>239</b>
xii.	<b>Net Profit</b>													<b>23487</b>

## SEGMENTWISE OTHER INFORMATION FOR THE YEAR ENDED 31.03.2011

(₹. in Lacs)

Sr. No.	Particulars	TROMBAY			THAL			TRADING			TOTAL		
		Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total
i.	Segment Assets	137000	23359	160359	82779	15645	98424	22241	0	22241	242020	39004	281024
ii.	Unallocated Corporate Assets											92870	92870
iii.	<b>Total Assets</b>	<b>137000</b>	<b>23359</b>	<b>160359</b>	<b>82779</b>	<b>15645</b>	<b>98424</b>	<b>22241</b>	<b>0</b>	<b>22241</b>	<b>242020</b>	<b>39004</b>	<b>373894</b>
iv.	Segment Liabilities	39448	4588	44036	22571	1181	23752	11287	0	11287	73306	5769	79075
v.	Unallocated Corporate Liabilities											29932	29932
vi.	<b>Total Liabilities</b>	<b>39448</b>	<b>4588</b>	<b>44036</b>	<b>22571</b>	<b>1181</b>	<b>23752</b>	<b>11287</b>	<b>0</b>	<b>11287</b>	<b>73306</b>	<b>5769</b>	<b>109007</b>
vii.	<b>Capital Employed</b>	<b>97552</b>	<b>18771</b>	<b>116323</b>	<b>60208</b>	<b>14464</b>	<b>74672</b>	<b>10954</b>	<b>0</b>	<b>10954</b>	<b>168714</b>	<b>33235</b>	<b>264887</b>
viii.	Capital Expenditure			4423			5493			83		529	10528
ix.	Depreciation			6873			4072			0		317	11262
x.	Loss on Impairment of Assets (Reversal)			0			0			0		0	0
xi.	Other Non Cash Expenses			1697			923			300		0	2920

## SEGMENTWISE OTHER INFORMATION FOR THE YEAR ENDED 31.03.2010

i.	Segment Assets	109038	30877	139915	80984	15430	96414	30288	0	30288	220310	46307	266617
ii.	Unallocated Corporate Assets											223106	223106
iii.	<b>Total Assets</b>	<b>109038</b>	<b>30877</b>	<b>139915</b>	<b>80984</b>	<b>15430</b>	<b>96414</b>	<b>30288</b>	<b>0</b>	<b>30288</b>	<b>220310</b>	<b>46307</b>	<b>489723</b>
iv.	Segment Liabilities	30445	4184	34629	20351	1449	21800	20047	0	20047	70843	5633	76476
v.	Unallocated Corporate Liabilities											80075	80075
vi.	<b>Total Liabilities</b>	<b>30445</b>	<b>4184</b>	<b>34629</b>	<b>20351</b>	<b>1449</b>	<b>21800</b>	<b>20047</b>	<b>0</b>	<b>20047</b>	<b>70843</b>	<b>5633</b>	<b>156551</b>
vii.	<b>Capital Employed</b>	<b>78593</b>	<b>26693</b>	<b>105286</b>	<b>60633</b>	<b>13981</b>	<b>74614</b>	<b>10241</b>	<b>0</b>	<b>10241</b>	<b>149466</b>	<b>40674</b>	<b>333172</b>
viii.	Capital Expenditure			11087			3341			192		(124)	14496
ix.	Depreciation			5561			4730			0		265	10556
x.	Loss on Impairment of Assets (Reversal)			(753)			(2243)			0		0	(2996)
xi.	Other Non Cash Expenses			705			1021			831		4276	6833



**ADDITIONAL INFORMATION**

**ANNEXURE II**

**A. QUANTITATIVE INFORMATION IN RESPECT OF EACH CLASS OF GOODS MANUFACTURED DURING 2010-2011**

SR. NO	PRODUCTS	Metric Tonnes			
		LICENSED CAPACITY	INSTALLED * CAPACITY (As certified by the Management)	"ANNUAL PRODUCTION Without Adjustment for Shortages/ Excesses"	
		2010-2011 & 2009-2010	2010-2011 & 2009-2010	2010-2011	2009-2010
1	Ammonia	116,000	115,500	97,800	87,856
2	Ammonia (Trombay-V)	297,000	297,000	320,330	330,235
3	Ammonia (Thal)	N.A.	990,000	1,134,510	1,128,320
4	Urea (Trombay-V)	427,500	330,000	341,090	306,905
5	Urea (Thal)	N.A.	1,706,800	1,783,450	1,782,171
6	Suphala 15:15:15 (Complex Fertilizers)	300,000	420,000	447,000	490,000
7	Suphala 20:20:0 (Ammonium Nitrate Phosphate)	361,000	270,000	157,935	17,070
8	Methanol	37,500	72,600	68,700	44,103
9	Ammonium Bicarbonate	N.A.	23,000	25,509	24,722
10	Argon (million NM3)	N.A.	3	2.0	1.9
11	Argon (million NM3) Thal	N.A.	8	4.4	4.2
12	Nitric Acid (100%)-(HPNA)	101,600	105,600	108,235	99,710
13	Nitric acid (100%)(MPNA)	255,000	247,500	254,120	263,105
14	Sulphuric Acid (98%)	99,000	99,000	77,842	59,753
15	Phosphoric Acid	32,000	30,000	27,170	17,040
16	Dilute Sulphuric Acid	N.A.	0	90,749	64,194
17	Sodium Nitrate/Nitrite	4,000	5,400	5,045	5,360
18	Concentrated Nitric Acid	N.A.	33,000	25,610	18,051
19	Methylamines - (Trombay)	4,000	5,940	5,244	5,887
20	Methylamines - (Thal)	N.A.	11,400	11,579	11,056
21	Ammonium Nitrate (100%)	54,000	90,000	91,591	164,288
22	Dimethyl formamide	N.A.	2,500	2,958	3,161
23	N-15 (Grams)	N.A.	800	0	0
24	T.G.Urea (Thal)	N.A.	0	0	8,529
25	Di Methyl Acetamide	N.A.	5000	1,715	1,642
26	Carbon Monoxide Plant (million NM3)	N.A.	9.5	3.5	4.5
27	Biola (Bio Fertilizer)	150	300	282	310
28	Microla (Ltrs)	100,000	300000	157801	183250
29	Formic Acid	N.A.	10000	4268	5341
30	Sujala 19:19:19	N.A.	4000	3963	4010
31	Rapid Wall (lakh sq.mtr.)	N.A.	14.52	0	0

N.A Not Applicable

\* Relied upon by Auditors without verification, this being a technical matter.

₹ in crore

**B. VALUE OF IMPORTS CALCULATED ON COST, INSURANCE, FREIGHT BASIS**

Particulars	2010-2011	2009-2010
i) Raw materials*	337.46	199.86
ii) Components & Spare parts	32.09	15.07
iii) Capital Goods	14.29	4.64

\*Includes in transit as at year end ₹ 48.34 crore  
(Previous Year ₹ Nil crore) and excludes imports through Indian agencies  
₹ 199.24 crore (Previous Year ₹.199.22 crore)

**C. EXPENDITURE IN FOREIGN CURRENCY**

Particulars	2010-2011	2009-2010
i) On account of Purchase of Traded goods, Royalty, know-how, professional consultancy fees, interest, licence fees and other matters	654.62	1363.14
ii) Expenditure on foreign tours	0.52	0.56
iii) Subscription to journals	0.05	0.04

**D. EARNINGS IN FOREIGN EXCHANGE**

Particulars	2010-2011	2009-2010
i) Export of Goods calculated on FOB basis	0.74	2.58
ii) Freight & Insurance recovered	0.00	0.00
iii) Technical manpower fees	0.00	0.02

**E. CONSUMPTION OF RAW MATERIALS, SPARES AND COMPONENTS**

Particulars	2010-2011		2009-2010	
	Value Estimated	Total Consumption %	Value Estimated	Total Consumption %
<b>A. Raw Materials</b>				
Imported	561.76	34.92	607.24	37.93
Indigenous	1046.75	65.08	993.58	62.07
<b>Total</b>	<b>1608.51</b>	<b>100.00</b>	<b>1600.82</b>	<b>100.00</b>
<b>B. Spares and Components</b>				
Imported	10.20	16.78	11.11	21.96
Indigenous	50.57	83.22	39.48	78.04
<b>Total</b>	<b>60.77</b>	<b>100.00</b>	<b>50.59</b>	<b>100.00</b>



**Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956.**

**I. Registration Details :**

Registration No.	011-20185
State Code	11
Balance Sheet Date	31st March, 2011

**II. Capital raised during the year :**

(Amount in Rs. Thousands)

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

**III. Position of Mobilisation and Deployment of Funds :**

Total Liabilities	37,389,400
Total Assets	37,389,400

**Sources of Funds**

Paid-up Capital	5,516,900
Reserves & Surplus	14,600,400
Secured Loans	3,517,100
Unsecured Loans	1,299,100
Deferred Tax Liability	1,555,100

**Application of Funds**

Net Fixed Assets	13,732,700
Investments	153,200
Net Current Assets	12,602,700
Miscellaneous Expenditure	0
Accumulated Losses	NIL

**IV. Performance of Company :**

Turnover (Sales & Other Income)	56,667,100
Total Expenditure	53,120,200
Profit / Loss (-) before Tax	3,546,900
Profit / Loss (-) after Tax	2,451,200
Earnings per share (Rupees)	4.44
Dividend Rate (%)	11.00%

**V. Generic Name of Three Principal Products / Services of Company (as per monetary terms) :**

Item Code No. (ITC Code)	3102.10
Product Description	Urea
Item Code No. (ITC Code)	3105.20
Product Description	Complex Fertilizers
Item Code No. (ITC Code)	2814.10
Product Description	Ammonia

**R.G. RAJAN**

Chairman and Managing Director

**Gautam Sen**

Director (Finance)

**K. C. Prakash**

Company Secretary

Dated : 10.05.2011

Place : Mumbai

## Auditors report to the Board of Directors of Rashtriya Chemicals and Fertilizers Limited on Consolidated Financial Statements

1. We JCR & Co. and G.D. Apte & Co. have jointly audited the attached consolidated balance sheet of Rashtriya Chemicals and Fertilizers Limited ('the company'), its subsidiary and joint ventures (collectively hereinafter referred to as the Rashtriya Chemicals and Fertilizers Group) as at March 31, 2011 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These financial statements are the 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. Without qualifying our report, we draw attention to:
  - a. Note No. 8 of Schedule XVI to the accounts regarding the claim of subsidy accounted on estimated basis, pending final settlement of such claims.
  - b. Note No. 19 of Schedule XVI to the accounts regarding the classification of Fertilizer Bonds with the carrying amount of Rs. 305.94 Crores as current assets instead of Investments as per schedule VI of the Companies Act, 1956.
  - c. Note No. 6 of Schedule XVI to the accounts which states that some of the Sundry Debtors, Sundry Creditors, Other Current Liabilities and Loans and Advances are subject to confirmation, reconciliation and consequential adjustments, if any.
4. In respect of the subsidiary viz. Rajasthan Rashtriya Chemicals and Fertilizers Limited and the joint ventures viz. FACT RCF Building Products Limited, Urvarak Videsh Limited and RCF HM Construction Solutions Private Limited, the financial statements have not been audited by their auditors and are incorporated in consolidated financial statements as certified by the management.
5. The details of assets, revenue and net cash flows in respect of this subsidiary to the extent to which they are reflected in the consolidated financial statements are given below:
 

Particulars	Amount (₹ in Lakhs)
Assets	20.44
Revenues	Nil
Net Cash inflows/(outflows)	16.81
6. The details of assets, revenue and net cash flows in respect of these joint ventures, to the extent to which they are reflected in the consolidated financial statements are given below:
 

Particulars	Amount (₹ in Lakhs)
Assets	5,483.12
Revenues	19.02
Net Cash inflows/(outflows)	13.69
7. Subject to the matter referred to in paragraph 4 above:
  - i. We report that, the consolidated financial statements have been prepared by the company in accordance with the requirements of the Accounting Standards (AS) 21, "Consolidated Financial Statements" and (AS) 27, "Financial Reporting of Interests in Joint Ventures" as notified by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Rashtriya Chemicals and Fertilizers Ltd included in the consolidated financial statements.
  - ii. Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the said consolidated financial statements, read together with significant accounting policies in Schedule I and notes appearing thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) In the case of the consolidated balance sheet, of the state of affairs of the Rashtriya Chemicals and Fertilizers Group as at March 31, 2011;
    - b) In the case of the consolidated profit and loss account of the consolidated profit of the



Rashtriya Chemicals and Fertilizers Group for  
the year ended on that date; and

c) In the case of the consolidated cash flow  
statement, of the consolidated cash flow of the  
Rashtriya Chemicals and Fertilizers Group for  
the year ended on that date.

**For JCR & Co.**

Firm Registration Number 105 270W  
*Chartered Accountants*

**Sai Prabha R.**

*Partner*  
Membership No. 34716

Mumbai  
Date : May 10, 2011

**For G. D. Apte & Co.**

Firm Registration Number 100 515W  
*Chartered Accountants*

**U.S. Abhyankar**

*Partner*  
Membership No. 113053

Mumbai  
Date : May 10, 2011



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

₹ in Crore

	SCHEDULE	AS AT 31.03.2011	AS AT 31.03.2010
<b>I. SOURCES OF FUNDS</b>			
<b>1. SHAREHOLDERS' FUNDS :</b>			
a) Share Capital		551.69	551.69
b) Reserves and Surplus	A	1458.72	1283.86
		<b>2010.41</b>	<b>1835.55</b>
<b>2. MINORITY INTEREST*</b>			
Refer Note No.5 Schedule K to Accounts			
<b>3. LOAN FUNDS :</b>			
a) Secured Loans	B	388.35	282.43
b) Unsecured Loans		129.91	1072.74
		<b>518.26</b>	<b>1355.17</b>
<b>4. DEFERRED TAX LIABILITY (NET)</b>			
		155.51	163.74
		<b>155.51</b>	<b>163.74</b>
<b>TOTAL</b>		<b>2684.18</b>	<b>3354.46</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS :</b>			
a) Gross Block	C	3250.27	3115.70
b) Less : Depreciation / Amortisation		1962.57	1867.48
c) Less : Loss on Impairment of Assets*		0.84	0.84
d) Net Block		1286.86	1247.38
e) Capital work-in-progress (CWIP) including Capital advances (Capital advances C.Y. ₹8.56 crore , P.Y. ₹12.01 crore) (includes share of Joint venture entity ₹46.84 crore , P.Y. ₹37.68 crore)		137.67	177.73
		<b>1424.53</b>	<b>1425.11</b>
<b>2. INVESTMENTS</b>			
	D	0.17	0.17
<b>3. CURRENT ASSETS, LOANS AND ADVANCES :</b>			
a) Inventories		534.75	409.59
b) Sundry Debtors	E	891.15	858.98
c) Cash and Bank Balances	F	419.72	784.82
d) Other Current Assets	G	333.80	625.48
e) Loans and Advances	H	173.47	204.48
		<b>2352.89</b>	<b>2883.35</b>

\* Refer note no. 13 of Schedule K to accounts



**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)**

₹ in Crore

	SCHEDULE	AS AT 31.03.2011	AS AT 31.03.2010
<b>4. CURRENT LIABILITIES AND PROVISIONS :</b>			
a) Current Liabilities	I	850.25	729.83
b) Provisions		243.16	224.34
		1093.41	954.17
Net Current Assets (3-4)		1259.48	1929.18
<b>5. MISCELLANEOUS EXPENDITURE</b> (To the extent not written off)		0.00	0.00
<b>TOTAL</b>		<b>2684.18</b>	<b>3354.46</b>
Statement of Significant Accounting Policies	J		
Notes to Accounts	K		

As per our report of even date attached

**For JCR & Co.**  
Chartered Accountants  
Firm Regn No.105270W

**For G. D. Apte & Co.**  
Chartered Accountants  
Firm Regn No.100515W

**R.G. Rajan**  
Chairman and Managing Director

**Saiprabha R**  
Partner  
M.No.034716

**U.S. Abhyankar**  
Partner  
M.No.113053

Dated : 10.05.2011  
Place : Mumbai

**Gautam Sen**  
Director (Finance)

**K. C. Prakash**  
Company Secretary

Dated : 10.05.2011  
Place : Mumbai

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

₹ in Crore

	Year Ended March 2011	Year Ended March, 2010
<b>INCOME FROM OPERATIONS</b>		
Sales	2938.64	2765.17
Less : Excise on Sales	66.99	55.07
Net Sales	2871.65	2710.10
Subsidy on Fertilizers	2635.30	2932.01
Interest	56.45	50.68
Other Income	103.15	129.07
<b>TOTAL</b>	<b>5666.55</b>	<b>5821.86</b>
<b>COST OF OPERATIONS</b>		
Purchases of Finished Products/Bought out Products	1307.27	1846.09
Materials Consumed (Net of transfer to CWIP / Asset capitalised)	1732.02	1712.44
Salaries, Wages, Bonus and Benefits to Employees	377.43	358.67
Power and Fuel (Net of transfer to CWIP / Asset capitalised)	871.85	552.12
Freight and Handling charges *	524.88	529.13
Excise Duty (Net)	2.21	0.18
Repairs and Maintenance	94.27	73.36
Other Expenses (Net of transfer to CWIP / Asset capitalised)	185.28	105.83
Interest	66.10	70.55
(Accretion) / Decretion to stocks	19.50	92.43
Research and Development	2.25	2.33
Depreciation/Amortisation	112.87	105.81
Provision/(Reversal) of impairment of Assets (Net)**	0.00	(29.96)
Provision for Doubtful Debts/Claims/Advances	13.85	5.21
Provision for Bad Debts/Claims/Loans/Irrecoverable Amounts Written Off	0.00	0.01
Provision for obsolescence of Stores and Spares	0.39	1.36
Bad Debts written off	14.40	61.75
Preliminary expenses written Off	0.00	0.20
	<b>5324.57</b>	<b>5487.51</b>
Less: Transfer Credits	12.71	9.36
<b>TOTAL</b>	<b>5311.86</b>	<b>5478.15</b>
<b>Operating profit</b>	<b>354.69</b>	<b>343.71</b>
Add : Adjustments relating to prior years Debit (-) / Credit (Net)	0.27	(0.05)
<b>Profit before tax</b>	<b>354.96</b>	<b>343.66</b>
Less : Provision for Current Taxation	122.50	96.70
Less : Deferred Tax Expenses / (Savings)	(8.23)	15.03
Add : Excess/Short(-) Provision of earlier years	4.70	2.39
Profit for the year after tax	245.39	234.32
<b>Adj. for :Share of Minority Interest (Restricted to Equity Share Capital) ***</b>	<b>0.00</b>	<b>0.00</b>
<b>Transferred to Balance Sheet</b>	<b>245.39</b>	<b>234.32</b>
*(Refer Note No.11 of Schedule K to Accounts)		
**(Refer Note No.13 of Schedule K to Accounts)		
*** (Refer Note No.4 of Schedule K to Accounts)		



**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)**

	₹ in Crore	
	Year Ended March 2011	Year Ended March, 2010
<b>Surplus available for Appropriation</b>	<b>245.39</b>	234.32
<b>APPROPRIATIONS</b>		
Dividend Proposed	<b>60.69</b>	60.69
Tax on Dividend Proposed	<b>9.84</b>	10.08
Transferred to General Reserve	<b>174.86</b>	163.55
	<b>245.39</b>	234.32
Statement of Significant Accounting Policies	J	
Notes on Accounts	K	
<b>Earnings Per Share (Basic &amp; Diluted) Rupees</b>	<b>4.45</b>	4.25

As per our report of even date attached

**For JCR & Co.**  
Chartered Accountants  
Firm Regn No.105270W

**For G. D. Apte & Co.**  
Chartered Accountants  
Firm Regn No.100515W

**R.G. Rajan**  
Chairman and Managing Director

**Saiprabha R**  
Partner  
M.No.034716

**U.S. Abhyankar**  
Partner  
M.No.113053

Dated : 10.05.2011  
Place : Mumbai

**Gautam Sen**  
Director (Finance)

**K. C. Prakash**  
Company Secretary

Dated : 10.05.2011  
Place : Mumbai

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

₹ in Crore

Particulars	Year Ended March 2011	Year Ended March 2010
<b>A Cash Flow From Operating Activities</b>		
Net Profit before tax	354.96	343.66
Adjustments for :		
Depreciation/Loss on impairment of Assets	113.10	76.05
Profit(-) / Loss on sale of Assets	1.61	-0.15
Profit(-) / Loss on Sale/MTM of Government Bonds	0.35	21.98
Interest Income	(56.45)	(50.68)
Dividend income	(0.65)	(0.73)
Interest on Borrowings	34.97	(26.16)
Provision for Bad/Doubtful debts	13.85	5.22
Unrealised Foreign Exchange (Gain) /Loss	(2.94)	(1.57)
Miscellaneous Expenses written off	0.00	0.62
	103.84	24.58
Operating Profit before Working Capital Changes	458.80	368.24
Adjustments for :		
Trade and Other Receivables	(73.10)	991.24
Government Bonds	285.26	0.00
Inventories	(125.16)	283.10
Trade Payables and Other Liabilities	162.28	(915.34)
	249.28	359.00
Cash Generated from Operations	708.08	727.24
Direct Taxes Paid	(60.36)	(87.66)
Cash Flow before Extraordinary Items	647.72	639.58
<b>Net Cash from Operating Activities ----- A</b>	<b>647.72</b>	<b>639.58</b>
<b>B Cash Flow from Investing Activities</b>		
Additions to Fixed Assets (Net of trade credit)	(123.17)	(170.55)
Sale of Fixed Assets	0.30	0.28
Purchase of Investments	0.00	0.00
Sale of Investments	0.00	20.00
Interest Received	62.86	50.81
Dividend Received	0.65	0.73
<b>Fixed Deposit (5 years)</b>	0.00	(0.11)
	(59.36)	(98.84)
<b>Net Cash from Investing Activities ----- B</b>	<b>(59.36)</b>	<b>(98.84)</b>



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

₹ in Crore

Particulars	Year Ended March 2011	Year Ended March 2010
<b>C Cash Flow from Financing Activities</b>		
Proceeds from Borrowings	1334.35	2833.16
Repayments of Borrowings	(2147.06)	(2844.81)
Interest paid	(70.07)	(79.36)
Dividend paid (including Dividend Distribution Tax)	(70.68)	(77.44)
	(953.46)	(168.45)
<b>Net Cash from Financing Activities ----- C</b>	<b>(953.46)</b>	<b>(168.45)</b>
Net Increase/Decrease(-) in Cash and Cash Equivalent (A+B+C)	(365.10)	372.29
Cash and Cash Equivalents as at 1st April 2010 (Opening Balance)	784.71	412.42
Cash and Cash Equivalents as at 31st March 2011 (Closing Balance)	419.61	784.71
Components of Cash and Cash equivalents		
Cash on hand	0.05	0.06
Cheques in hand	1.40	2.68
Balances with Scheduled banks in Current and Cash Credit Accounts	97.67	81.56
in Term Deposits (maturity less than 3 months)	320.00	700.00
in Unpaid Dividend Account *	0.49	0.41
	419.61	784.71

Cash Flow Statement has been prepared based on Indirect Method prescribed under Accounting Standard - 3 (Revised) "Cash Flow Statements". Refer Note no. 7 of Schedule K to Accounts

As per our report of even date attached

**For JCR & Co.**  
Chartered Accountants  
Firm Regn No.105270W

**For G. D. Apte & Co.**  
Chartered Accountants  
Firm Regn No.100515W

**R.G. Rajan**  
Chairman and Managing Director

**Saiprabha. R**  
Partner  
M.No.034716

**U.S. Abhyankar**  
Partner  
M.No.113053

**Gautam Sen**  
Director (Finance)

Dated : 10.05.2011  
Place : Mumbai

**K. C. Prakash**  
Company Secretary

Dated : 10.05.2011  
Place : Mumbai

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

₹. in Crore		
	AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE A RESERVES &amp; SURPLUS</b>		
<b>General Reserve</b>		
Opening Balance	1283.70	1120.15
<b>Add: Transfer from Profit &amp; Loss Account</b>	<b>174.86</b>	163.55
Closing Balance	1458.56	1283.70
<b>RCF-EEC Asset Management Reserve</b>		
Opening Balance	0.16	0.16
<b>Additions during the year</b>	<b>0.00</b>	0.00
Closing Balance	0.16	0.16
<b>TOTAL</b>	<b>1458.72</b>	1283.86
<b>SCHEDULE B SECURED LOANS</b>		
<b>A. Term Loan from Banks</b>		
<b>1. Rupee Loan from Banks</b>		
a. Loan from State Bank of Bikaner and Jaipur (SBBJ)	76.37	93.10
A term Loan facility aggregating to ₹106.41 crore sanctioned by SBBJ availed by the Company are secured by hypothecation with first charge on project assets of Con.Nitric Acid Plant at Trombay and Argon Recovery Plant at Thal and pari passu first charge basis on the project asset of Rapidwall Plant at Trombay.		
(Amount repayable within one year ₹15.96 crore P.Y. ₹16.73 crore)		
b. Loan from Syndicate Bank	52.50	70.00
The Loan of ₹ 70 crore sanctioned by and availed from Syndicate Bank is secured by hypothecation of Plant and Machinery pertaining to manufacture of granulated Ammonium Nitrophosphate Plant at Trombay.		
(Amount repayable within one year ₹17.50 crore P.Y. ₹17.50 crore )		
c. Loan from New India Co-operative Bank Ltd.	18.67	24.00
The loan of ₹ 24 crore sanctioned by and availed from New India Co-operative Bank is secured by first pari passu charge by way of hypothecation of all movable fixed assets of the Methanol plant with a minimum security cover of 1.25 times of the amount borrowed from this bank.		
(Amount repayable within one year ₹ 5.33 crore P.Y. ₹ 5.33 crore)		
d. Loan from Kotak Mahindra Bank	75.00	65.00
A loan of ₹75 crore sanctioned by and availed from Kotak Mahindra Bank is secured by first pari passu charge by way of hypothecation on all movable fixed assets of the Methanol Plant with a minimum security cover of 1.25 times of the amount borrowed from this Bank.		
(Amount repayable within one year ₹18.75 crore P.Y. NIL)		
e. (i) Loan from State Bank of India (SBI) *	6.62	5.88
(Amount sanctioned ₹ 35 crore)		
(ii) Loan from Dena Bank *	17.38	9.73
(Amount sanctioned ₹ 34 crore)		
(iii) Loan from New India Co-operative Bank *	12.64	8.72
(Amount sanctioned ₹ 24 crore)		



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

	₹. in Crore	
	AS AT 31.03.2011	AS AT 31.03.2010
The above loans by SBI, Dena Bank and New India Co-operative Bank are secured by		
a) First charge on all movable and immovable asset present and future including leasehold land of Joint Venture entity ranking pari passu with other term lenders		
b) A first pari passu charge on all the bank accounts of the project including without limitation the Project Revenue Accounts/Default Escrow account/DSRA/TRA as applicable to be established by the joint venture Company.		
c) First pari passu charge/assignment/security interest on the Company's rights under the Project documents, contracts and all licences, permits, approvals, contents and insurance policies in respect of the Project		
d) Further the loan in e(i) above is also secured by way of Corporate Guarantees given by Promoter Companies		
(Amount repayable within one year for Loans under e(i), e(ii) & e(iii) is NIL, P.Y. NIL) The loans referred to in e(i) to e(iii) are inclusive of interest on term loans		
	<b>259.18</b>	276.43
*Note :(Includes ₹ 36.64 crore share of jointly controlled entity , P.Y. ₹ 24.33 crore )		
<b>2. Foreign Currency Loan/External Commercial Borrowings</b>		
a. Loan from ICICI Bank Ltd. (ADB)	<b>0.00</b>	1.24
A term loan of USD 5.50 million availed by the company during 2004-05 was secured by hypothecation of all tangible movable Machinery and Plant required for upgradation of High Pressure Nitric Acid Plant at Trombay (both present & future), whether installed or not and whether lying loose or in case at site or in transit or which may at any time hereafter during the continuance of this security be installed or lying loose or in case or being in or upon or about the borrower's premises and godown at Trombay or wherever else the same may be or be held by any party anywhere to the order and disposition of the Company or in course of transit to the Company (Amount repayable within one year ₹ Nil crore, P.Y. ₹ 1.24 crore )		
b. Loan from Calyon Credit Agricole CIB Singapore (Calyon)	<b>4.13</b>	4.76
Term Loan of JPY 109,176,141 availed by the Company from Calyon, is secured by hypothecation on pari passu first charge basis on the project assets of Rapidwall Plant at Trombay (Amount repayable within one year ₹ 1.47 crore, P.Y. ₹ 1.06 crore)		
	<b>4.13</b>	6.00
	<b>263.31</b>	282.43
<b>B. Working Capital Loans</b>		
a) Cash Credit Account	<b>24.30</b>	0.00
b) Working capital demand loan	<b>100.74</b>	0.00
(Cash Credit Account is secured by hypothecation of entire stocks of raw materials and finished goods, consumable stores and spares, stock in transit, book debts)		
<b>TOTAL</b>	<b>388.35</b>	282.43



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

### SCHEDULE C FIXED ASSETS

₹ in Crore

Description	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				Impairment Loss****	NET BLOCK	
	AS.AT 31.03.2010	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS.AT 31.03.2011	UPTO 31.03.2010	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2011		AS.AT 31.03.2011	AS.AT 31.03.2010
Land (Freehold)	8.76	0.00	0.00	8.76	0.00	0.00	0.00	0.00	0.00	8.76	8.76
Land (Leasehold)	18.94	0.17	0.00	19.11	1.46	0.73	0.00	2.19	0.00	16.92	17.47
Roads & Culverts	8.66	2.42	0.00	11.08	3.51	0.16	0.00	3.67	0.00	7.41	5.15
Buildings	153.53	6.97	0.00	160.50	98.12	4.54	0.00	102.66	0.00	57.84	55.41
Railway sidings	49.14	1.09	0.01	50.22	37.41	0.69	0.01	38.09	0.00	12.13	11.73
Plant & Machinery	2725.00	126.00	4.76	2846.24	1617.85	99.80	3.90	1713.75	0.84	1131.65	1106.31
Water System, Sewerage & Drainage	21.25	0.55	0.00	21.80	18.65	0.28	0.00	18.93	0.00	2.87	2.60
Miscellaneous Equipments	68.83	5.39	0.14	74.08	46.29	2.41	0.12	48.58	0.00	25.50	22.55
Furniture, Fixtures & Office Appliances	49.69	9.47	14.44	44.72	34.94	3.76	13.59	25.12	0.00	19.60	14.74
Transport Vehicles	4.51	1.06	0.57	5.00	2.77	0.32	0.39	2.70	0.00	2.30	1.74
Assets held for disposal	0.65	0.00	0.00	0.65	0.00	0.00	0.00	0.00	0.00	0.65	0.65
Intangible Assets											
Computer Software	6.74	1.37	0.00	8.11	6.47	0.41	0.00	6.88	0.00	1.23	0.27
<b>TOTAL</b>	<b>3115.70</b>	<b>154.49</b>	<b>19.92</b>	<b>3250.27</b>	<b>1867.48</b>	<b>113.10</b>	<b>18.01</b>	<b>1962.57</b>	<b>0.84</b>	<b>1286.86</b>	<b>1247.38</b>
Previous year figures	2875.17	241.48	0.95	3115.70	1762.28	106.01	0.81	1867.48	0.84	1247.38	
Share of Joint Venture Assets included in above	5.02					0.59				4.43	

- a Land at Thal included in Gross Block (at cost) at ₹2.33 crores is subject to final price.  
b No depreciation is provided for on assets impaired or retired from the active use/service.  
c Leasehold land includes lands taken on lease for a period of 30 years at Vizag ₹7.64 crore, at Tuticorin ₹ 4.21 crore and ₹ 5.02 Share of Joint Venture entity at Kochi.  
d Assets held for disposal are carried at lower of cost or net realisable value.  
\*\*\*\* Refer note no.13 to SCHEDULE " K" to accounts.

₹ in Crore

	AS AT 31.03.2011		AS AT 31.03.2010	
<b>SCHEDULE D INVESTMENTS</b>				
<b>A. Long Term Investments</b>				
<b>Trade Investments</b>				
Investments (Unquoted)				
336600 fully paid equity shares of ₹ 10 each of Indian Potash Ltd.				
<b>TOTAL</b>		<b>0.17</b>	<b>0.17</b>	<b>0.17</b>
		<b>Aggregate (₹)</b>		
	<b>Book Value 31.03.2011</b>	Book Value 31.03.2010	<b>Market Value 31.03.2011</b>	Market Value 31.03.2011
Quoted	0	0	—	—
Unquoted	<b>1683000</b>	1683000	—	—



	₹ in Crore	
	AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE E SUNDRY DEBTORS</b>		
Debts outstanding for a period exceeding six months :		
Secured-considered good		
Debtors	0.19	0.09
	(i) 0.19	0.09
Unsecured-considered good		
Debtors	16.15	29.66
Claims	212.03	411.71
	(ii) 228.18	441.37
Considered doubtful		
Debtors	3.63	4.56
Claims	14.46	18.79
	(iii) 18.09	23.35
Considered Bad		
Debtors	0.07	0.36
	(iv) 0.07	0.36
	Total (i to iv) 246.53	465.17
Other Debts :		
Secured-considered good		
Debtors	35.01	20.09
	(v) 35.01	20.09
Unsecured-considered good		
Debtors	37.34	26.69
Claims	590.43	370.74
	(vi) 627.77	397.43
	Total (v to vi) 662.78	417.52
	Total (i to vi) 909.31	882.69
Less:		
Provision for doubtful Debts	3.63	4.56
Provision for doubtful claims	14.46	18.79
Provision for Bad debts	0.07	0.36
	18.16	23.71
<b>TOTAL</b>	<b>891.15</b>	<b>858.98</b>

**SCHEDULE F CASH AND BANK BALANCES**

Cash on hand	0.05	0.06
Cheques in hand	1.40	2.68
Remittances in transit	0.00	0.00
Balance With Scheduled Banks		
in Current & Cash Credit Accounts *	97.67	81.56
in Term Deposits	320.11	700.11
in Unpaid Dividend Account	0.49	0.41
<b>TOTAL</b>	<b>419.72</b>	<b>784.82</b>

\*Note : (Includes Rs.0.26 crore share of jointly controlled entity P.Y. Rs.0.13 crore)

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

₹. in Crore		
	AS AT 31.03.2011	AS AT 31.03.2010
<b>SCHEDULE G OTHER CURRENT ASSETS</b>		
Government Bonds	305.94	612.59
Compensation receivable from Govt. of India (on sale of Fertilizer Bonds)	21.39	0.00
Interest Accrued (on Government Bonds and Term deposit with banks)	6.47	12.89
	333.80	625.48
<b>SCHEDULE H LOANS AND ADVANCES</b>		
<b>A. LOANS</b>		
Secured-Considered good		
Employees **	13.65	16.74
Others-Materials given on loan	-	-
(** Includes accrued interest C.Y. ₹11.75 crore, P.Y. ₹ 13.46 crore )		
Unsecured-Considered good		
Employees	0.10	0.14
<b>Total A</b>	13.75	16.88
<b>B. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED :</b>		
Unsecured-Considered good		
Contractors /Suppliers *	64.59	47.22
Employees	0.23	0.27
VAT Receivable	45.23	35.59
Others*	18.92	18.90
	128.96	101.98
Considered doubtful	6.12	4.04
Less : Provision for doubtful advances	6.12	4.04
<b>Total B</b>	128.96	101.98
<b>C. Advance Income Tax</b> (Net of Provision C.Y. ₹356.79 crore, P.Y. ₹ 321.93 crore)	9.75	67.19
<b>D. Interest accrued on Deposits</b>	0.06	0.05
<b>E. Deposits with Customs, Port Trust etc.</b>	1.15	1.46
<b>F. Prepaid Expenses*</b>	19.80	16.92
<b>TOTAL</b>	173.47	204.48
*Note : (Includes ₹ 3.27 crore share of jointly controlled entity P.Y. ₹ 2.28 crore)		
	AS AT 31.03.2011 (₹)	AS AT 31.03.2010 (₹)
Loans includes Loans and Advances (Secured C.Y. ₹ NIL, P.Y. ₹ NIL) due from Directors / Officers of the Company or any of them severally or jointly with any other person		
<b>Directors</b>	430176	311015
Maximum amount due from Directors / Officers of the Company at any time during the year		
<b>Directors</b>	1352810	1181849



**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET**

<b>SCHEDULE I CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
Sundry Creditors on Capital Account		
Dues to Micro, Small and Medium enterprises	-	-
Others	<b>23.67</b>	32.40
Sundry Creditors on Other Account		
Dues to Micro, Small and Medium enterprises	-	-
Others*	<b>512.76</b>	366.77
Trade Deposits, advances against sale orders and others	<b>78.48</b>	68.27
Security and earnest money deposits received from contractors and others	<b>50.08</b>	47.70
"Investor Education and Protection Fund shall be credited by the following amount namely"		
- Unclaimed Dividend	<b>0.49</b>	0.41
Balances in Current Accounts (Bank OD)	<b>1.13</b>	3.87
Interest accrued but not due	<b>0.54</b>	4.51
Subsidy on unsold stock	<b>10.38</b>	16.05
Foreign Currency (Forward cover) Payable	<b>2.36</b>	13.28
Other Liabilities*	<b>170.36</b>	176.57
<b>TOTAL A</b>	<b>850.25</b>	729.83
* Note : (Includes ₹ 2.88 crore share of jointly controlled entity, P.Y. ₹ 6.11 crore)		
<b>B. PROVISIONS</b>		
Leave salary encashment	<b>141.02</b>	131.74
Post retirement medical benefits	<b>24.50</b>	19.81
Others	<b>7.11</b>	2.03
Proposed Dividend (Including tax on dividend, C.Y. ₹ 9.84 crore, P.Y. ₹ 10.08 crore )	<b>70.53</b>	70.76
<b>TOTAL B</b>	<b>243.16</b>	224.34
<b>TOTAL A+B</b>	<b>1093.41</b>	954.17

## CONSOLIDATED FINANCIAL STATEMENTS

### Significant Accounting Policies-Schedule – J

#### A. Principles of Consolidation

The Consolidated Financial Statements relate to the Company (Rashtriya Chemicals & Fertilizers Ltd.) its subsidiary and Joint Venture entities. The company, its subsidiary and Joint venture companies constitutes the “Group”. The Consolidated Financial Statements are prepared on the following basis:-

1. The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits and losses in accordance with Accounting Standard (AS)-21 –“Consolidated Financial Statements”.
2. The financial statements of Joint Venture entities are combined by applying proportionate consolidation method on a line by line basis on items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27-“Financial Reporting of Interests in Joint Ventures”.
3. The Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s separate Financial Statements except as otherwise stated in Notes to Accounts.
4. Minority Interest’s share of Net Profit/Loss of Consolidated Subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the Net Income attributable to the shareholders of the Company.
5. Minority Interest’s share of Net Assets of Consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and the equity of the Company’s shareholders.

#### B. Other Significant Accounting Policies:

##### 1. Accounting Convention:

The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards (AS) under Companies (Accounting Standard) Rules 2006 and the relevant provisions of the Companies Act, 1956 (“the Act”). The financial statements have been prepared under the historical cost convention, on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

##### 2. Use of Estimates :

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively when revised, in current and future periods.

3. The Other Accounting Policies as applicable to Standalone Financial Statements of the Company are applied for preparing Consolidated Financial Statements.



## NOTES TO ACCOUNTS - CONSOLIDATED FINANCIAL STATEMENTS

### Schedule - K

1. The Consolidated Financial Statements represent consolidation of accounts of the company (RASHTRIYA CHEMICALS & FERTILIZERS LTD.), its subsidiary and joint venture entities as detailed below:-

Name of the Company	Country of Incorporation	Relation	Proportion of Ownership Interest as on 31st March 2011	Date of the entity becoming Subsidiary /Joint Venture
Rajasthan Rashtriya Chemicals & Fertilizers Ltd.	India	Subsidiary	51%	28-07-2007
FACT-RCF Building Products Ltd.	India	Joint Venture	50%	02-05-2008
Urvarak Videsh Ltd.	India	Joint Venture	33.33%	18-07-2008
RCF-HM Construction Solutions Pvt. Ltd.	India	Joint Venture	50%	05-06-2009

2. The Consolidated Financial Statements are prepared based on the Consolidation of the audited/unaudited accounts of its subsidiary and Joint ventures the details of which are as under:-

Name of the Company	Accounting Year Ended	Period for Consolidation	Status of Accounts
Rajasthan Rashtriya Chemicals & Fertilizers Ltd.	31st March 2011	1-4-2010 to 31-3-2011	Unaudited
FACT-RCF Building Products Ltd.	31st March 2011	1-4-2010 to 31-3-2011	Unaudited
Urvarak Videsh Ltd.	31st March 2011	1-4-2010 to 31-3-2011	Unaudited
RCF HM Construction Solutions Pvt. Ltd.	31st March 2011	1-4-2010 to 31-3-2011	Unaudited

3. Notes modified as applicable to Consolidated Financial Statements are produced as under :

- Registration of Leasehold land given on lease to FACT-RCF Building Products Ltd. (Joint Venture Company) by Fertilizers and Chemicals Travancore Ltd (Joint Venture Partner) is in process.
- Estimated amount of contracts remaining to be executed on capital account and not provided for aggregates to

₹ 296.76 crore (Previous year ₹ 62.65 crore) (includes 2.60 crore share of jointly controlled entity current year, ₹ 7.46 crore previous year) net of advances.

- Claims against the Company not acknowledged as debts to the extent ascertainable (interest cannot be estimated reliably) aggregates to ₹ 27.07 crore (P.Y. ₹ 24.32 crore), (includes ₹ 0.51 crore of joint controlled entity) (P.Y. ₹ 0.51 crore). Of this, claims before arbitrators courts, are ₹ 16.64 crore (P.Y. ₹ 17.44 crore).

4. In view of different sets of environment in which subsidiaries/ joint ventures are operating, the accounting policies followed by the subsidiaries/joint ventures are different from the accounting policies of the Company. Such different accounting policies have been adopted in respect of the following:-

Particulars	Name of Joint Venture	Accounting Policies	
		Rashtriya Chemicals & Fertilizers Ltd.	Joint Venture
Depreciation on Assets	RCF-HM Constructions Solutions Pvt. Ltd.	Straight Line Method	Written Down Value Method

The Gross Block of such assets is ₹ 38,000.00 with provision for depreciation thereon at ₹. 15,200.00 with 50% of the same being RCF's proportionate share.

5. The Share of Minority Interest (Rajasthan State Minerals & Mines Ltd. (RSMML) in the Subsidiary Company Rajasthan Rashtriya Chemicals & Fertilizers Ltd. (RRCF) is as under:-

	2010-11		2009-10	
1) Contribution to equity share capital		2,45,000		2,45,000
2) Loss for the year of RRCF for the year	3,08,865		1,21,824	
3) Share of Loss of Minority Interest				
4) Share of Loss restricted to equity share capital of Minority Interest		2,45,000		2,45,000
5) Balance in Share Capital account representing Minority Interest		0.00		0.00
6) Balance off losses adjusted against majority Interest as on 31st March		34,68,997		33,17,653

#### 6) Earning Per Share

Basic earning per share has been reported as per Accounting Standard-20 relating to "Earning per share" which has been computed by dividing net profit after tax by the weighted average number of shares outstanding for the period as under.

	31.3.2011	31.3.2010
Net profit after tax as per profit & loss account (₹. in crores) (A)	245.39	234.32
Weighted Average Numbers of Equity Shares for calculating basic EPS(B)	55,16,88,100	55,16,88,100
Weighted Average Numbers of Equity Shares for calculating diluted EPS ( C )	55,16,88,100	55,16,88,100
Basic earning per Share (in Rupees) (Face Value of ₹.10/- per share) (A)/(B)	4.45	4.25
Diluted earning per share (in Rupees.) (Face Value of ₹.10/- per share) (A)/( C )	4.45	4.25

There are no potential equity shares as on 31.3.2011 and accordingly the diluted Earning per Share is the same as Basic Earning per Share.

#### 7) Cash & cash equivalents

₹. Crore

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
Cash in hand	0.05	0.06
Cheques in hand	1.40	2.68
Balances with Scheduled banks		
In current and cash credit accounts	97.67	81.56
In Term deposits (maturity less than 3 months)	320.00	700.00
In unpaid Dividend Account*	0.49	0.41
Sub Total	419.61	784.71
Add: In term deposits (maturity greater than 3 months)	0.11	0.11
Total	419.72	784.82

\*These balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

8. Some of Sundry Debtors, Sundry Creditors, Other Current Liabilities and Loans and advances are subject to confirmation, reconciliation and consequential adjustments if any. In the opinion of the management, such adjustments would not be material.
9. The Company is eligible to receive subsidy from Fertilizer Industry Co-Ordination Committee (FICC) / Department of Fertilizers (DOF) on Urea, Phosphatic & Potassic (P&K) Fertilizers at the rates notified from time to time. Consequent to the implementation of Nutrient Based Subsidy for P & K fertilizers from 1/04/2010 subsidy rates for the same are fixed and thus no escalation or de-escalation in the cost of inputs etc. is considered.

For the rates yet to be notified, due to escalations/de-escalations in the cost of inputs and other costs, subsidy has been accounted on estimated basis.

The Details of subsidy accounted on estimated basis are as under:-

₹. Crore

PARTICULARS	2010-11			2009-10		
	Urea	P&K Fertilizers	Imported Urea	Urea	P&K * Fertilizers	Imported Urea
For the Year	(28.02)	NIL	2.73	(71.06)	(160.02)	1.02
Total	(28.02)	NIL	2.73	(71.06)	(160.02)	1.02

\*(Debit) (Subsidy refundable)/Credit (Subsidy receivable).

10. The Company holds ₹ 348.72 crore (Previous Year Rs..697.43 crore) Fertilizer bonds received in lieu of subsidy on fertilizers in cash. The same are classified under the head "Other Current Assets" and have been valued at Lower of Cost or market price as at the Balance Sheet date. The details of these bonds and their Market value are as under:-



₹ crore

S. No.	Particulars	Face Value 31-3-2011	Loss on Mark to Market 31-3-2011	Net Market Value As on 31-3-2011	Face Value 31-3-2010	Loss on Mark to Market 31-3-2010	Net Market Value As on 31-3-2010
1	6.65% Fertilizer Companies GOI Special Bonds 2023	96.02	14.87	81.15	192.04	26.69	165.35
2	6.20% Fertilizer Companies GOI Special Bonds 2022	21.47	3.42	18.05	42.93	7.46	35.47
3	7.00% Fertilizer Companies GOI Special Bonds 2022	231.23	24.49	206.74	462.46	50.69	411.77
	<b>TOTAL</b>	<b>348.72</b>	<b>42.78</b>	<b>305.94</b>	<b>697.43</b>	<b>84.84</b>	<b>612.59</b>

Consequent upon communication received from Government of India for the buy back of Fertilizer bonds, the company has disposed off 50% of the value of bonds amounting to ₹.348.72 crore at a loss of ₹.42.78 crore. As per the buy back arrangement, Company is entitled to a compensation of at least 50% of the loss incurred on the transaction with Government of India. Conservatively company has

recognized an amount of ₹. 21.39 crore being 50% of the loss incurred upon the sale of 1st tranche as Miscellaneous Income under Schedule IV. The company is in the process of filing the claim with Government of India.

**The details of Purchases and Sales of Investments in Mutual Funds are as under:-**

Sr. No.	Particulars	Quantity (Units) Purchased	Purchase Value (₹ Crore)	Quantity (Units) Sold	Sale Value (₹ Crore)	Quantity (Units) Purchased	Purchase Value (₹ Crore)	Quantity (Units) Sold	Sale Value (₹ Crore)
		2010-11				2009-10			
1	Unit Trust of India	1375134.80	140.19	1375134.80	140.19	2455129	250.29	2553243	260.29
2	State Bank of India	307095905.60	514.39	307095905.60	514.39	296336555	496.37	302307638	506.37

- Freight and Handling Charges include payment of disputed dues for the period from November 2001 to February 2010 consequent to order passed by Bombay High Court. (C.Y. NIL, P.Y. ₹.10.75 crore).
- Under the project of Clean Development Mechanism (CDM) registered with UNFCCC Company has been allotted 152013 (Net) Certified Emission Reductions (CER'S) or Carbon Credits. Company is in the process of disposing off the same. Pending disposal, the said carbon credits are valued (at cost) as inventory.
- Chikton Plant at Thal impaired during the previous year continues to stand impaired at a provision of 95% of its carrying value. As at 31st March 2011 there is no change in the condition of the Asset. (Amount of provision made during the year Rs.Nil, P.Y. ₹. 0.84 crore).
- The Other Notes to Accounts as applicable to Standalone Financial Statements are applicable to the Consolidated Financial Statements as there is no change in its position even upon Consolidation.
- Previous year figures have been regrouped/rearranged wherever required and also restated upon consolidation, based on audited standalone financial statements of Joint ventures for the year 2009-10.
- Schedules to Balance Sheet and Profit and Loss account which are changed upon consolidation are only annexed with. All other schedules as prepared with Stand Alone Financial Statements are applicable to Consolidated Financial Statements.

The status of provision made towards impairment is as under:-

S.No.	Particulars	2010-11				2009-10			
		Chikton	Urea	Formic Acid	Chikton	Chikton	Urea	Formic Acid	Chikton
1	Provision for Impairment made during the year	-	-	-	0.84	-	-	-	-
2	Reversal of Provision during the year	-	7.52	23.38	-	-	-	-	-
3	Balance in Provision A/C	0.84	-	-	0.84	-	-	-	-



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANY (Rajasthan Rashtriya Chemicals and Fertilizers Limited )**

Name of Subsidiary Companies	Rajasthan Rashtriya Chemicals and Fertilizers Limited
The financial year of the Subsidiary Company ended on	March 31, 2011
Number of shares in the Subsidiary Company held by Rashtriya Chemicals and Fertilizers Limited at the above date.	25,500 shares of Rs. 10 each
Holding Company's interest in percentage	51.00%
The net aggregate of profits of the Subsidiary Company so far as these concern the member of Rashtriya Chemicals and Fertilizers Limited at the above date.	
(I) dealt with in the accounts of Rashtriya Chemicals and Fertilizers Limited	
(a) for subsidiaries' financial year ended on March 31, 2011	—
(b) for previous financial years of the subsidiary since these became subsidiary of Rashtriya Chemicals and Fertilizers Limited	—
(II) not dealt with in the accounts of Rashtriya Chemicals and Fertilizers Limited amounted to:	
(a) for subsidiaries' financial year ended on March 31, 2011	—
(b) for previous financial years of the subsidiary since these became subsidiary of Rashtriya Chemicals and Fertilizers Limited.	—
(III) information when the financial year of the subsidiary is not matching with the financial year of Rashtriya Chemicals and Fertilizers Limited.	
(a) change in Rashtriya Chemicals and Fertilizer Limited's interest in the subsidiary company between the end of financial year or of the last financial year of the subsidiary company and the end of the Rashtriya chemicals and Fertilizers Limited's financial year	—
(b) details of material changes which have occurred between the end of financial year or of last of the financial years of the subsidiary and the end of Rashtriya Chemicals and Fertilizers Limited in respect of -	
(i) the subsidiary's fixed assets	—
(ii) its investments	—
(iii) the money lent by it	—
(iv) the moneys borrowed by it for any purpose other than that of meeting current liabilities	—

For and on behalf of the Board

R.G. Rajan

Chairman and Managing Director

Gautam Sen

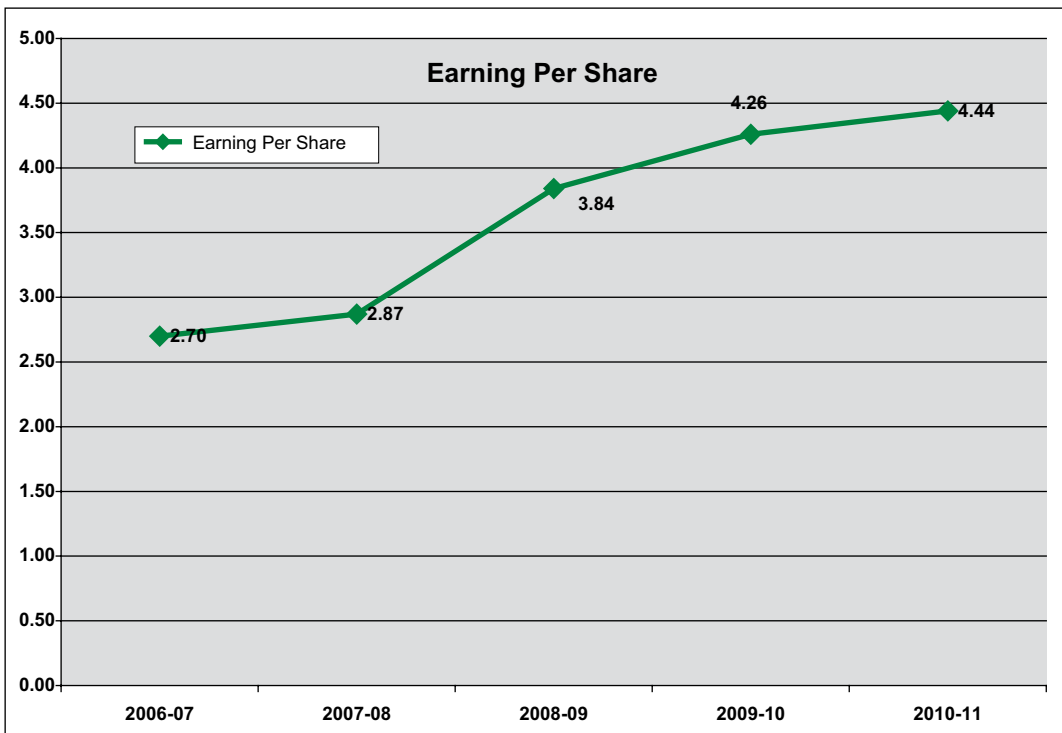
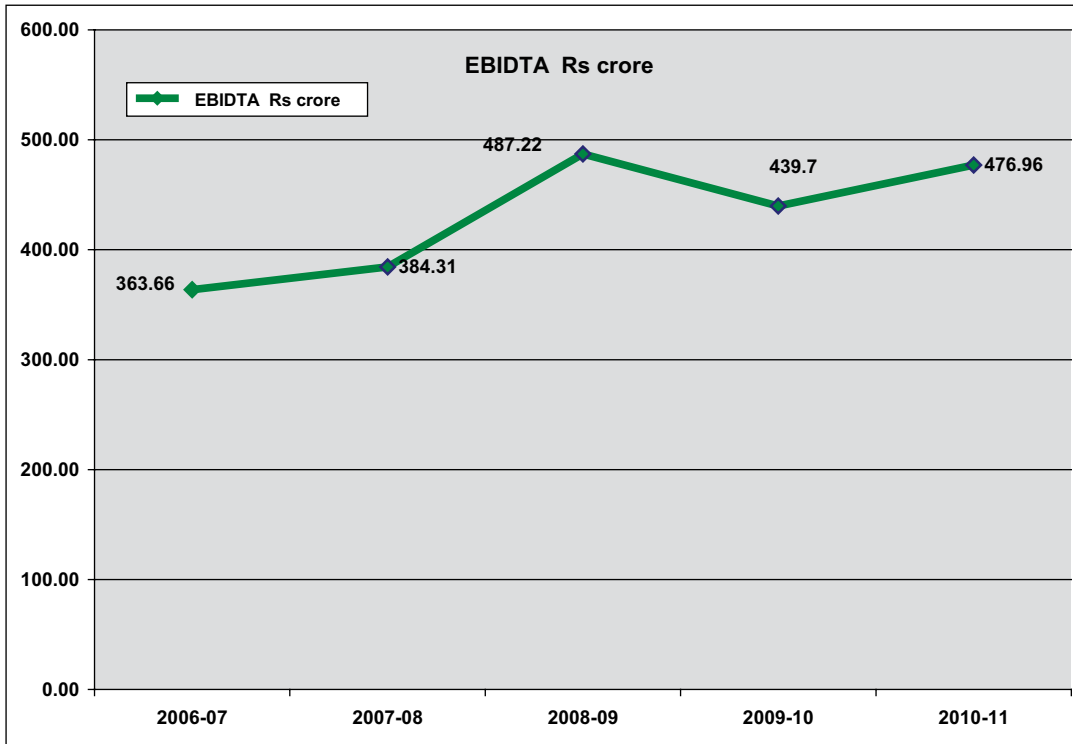
Director (F)

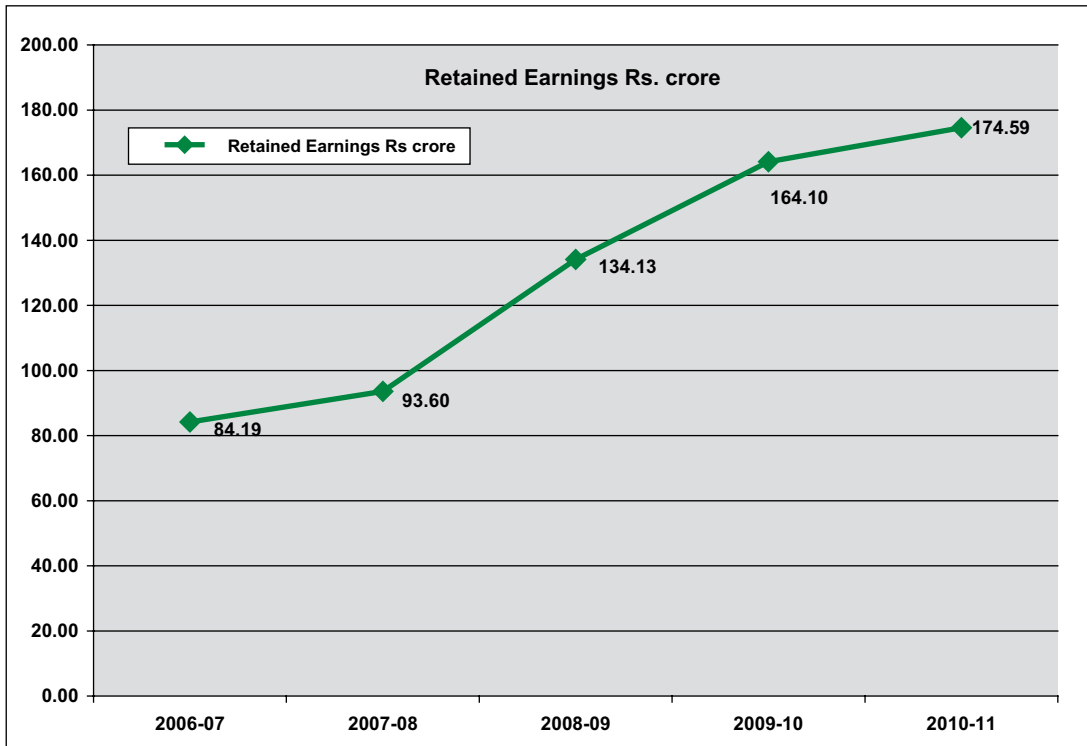
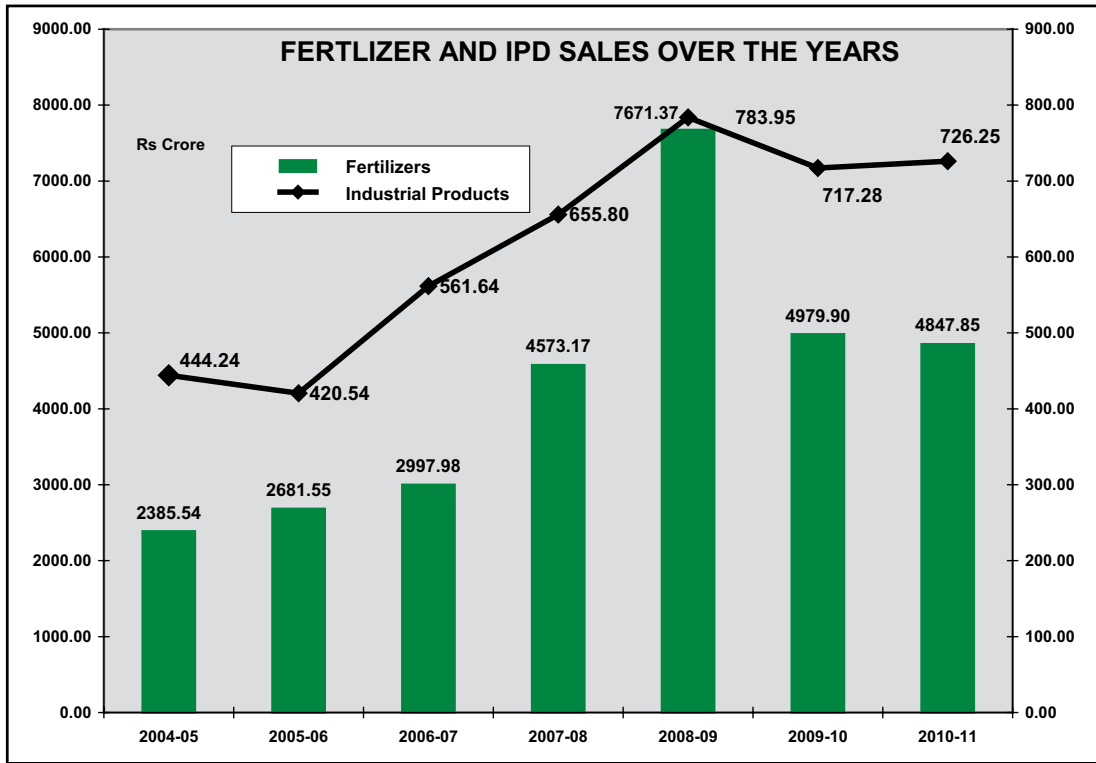
K.C.Prakash

Company Secretary

Place: Mumbai

Date: 10.05.2011





**RAJASTHAN RASHTRIYA CHEMICALS  
&  
FERTILIZERS LTD.**

## Directors' Report

To the members:

Rajasthan Rashtriya Chemicals and Fertilizers Ltd  
Jaipur

The Directors of your Company have pleasure in presenting this 4th Annual Report on the working of your Company together with the Audited Accounts for the period ended 31st March, 2011.

### 1. Operations:

Your Company has not started any activity during the year. The promoters, RCF and RSMML have now decided not to pursue with the project and are contemplating to wind up the Company. Your Company has not acquired any properties.

### 2. Financial Performance:

The audited Accounts, i.e. the profit and loss account for the year ended 31st March, 2011 and the Balance Sheet as at 31st March 2011 along with the Auditor's Report are appended herewith. Comments, if any, from the CAG shall be part of this report. During the year, your Company incurred an expenditure of ₹ 308865/-. The net debit balance in the profit and loss account as on 31st March, 2011 is ₹ 7579585.45. As the future of the Company was not clear, expenditure incurred was classified as revenue and not considered as preoperative expense. Your Company has not borrowed any monies during the year under report.

### 3. Directors' Responsibility Statement:

The Companies Act, 1956 requires the Board of Directors of your Company to prepare accounts for each financial year giving a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

The Directors state that:

- i] in preparing the annual accounts, the applicable accounting standards have been followed.
- ii] the accounting policies adopted have been consistently applied and wherever necessary, made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of the Company for the year.
- iii] proper and sufficient care has been taken for maintaining adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- iv] the annual accounts have been prepared on going concern basis.

### 4. General:

The Company has no employees on its rolls and hence section 217(2)(A) is not applicable. As the Company has not taken up any activities, schedule in respect of conservation of energy, disclosure of particulars with respect to Technology absorption, R&D, and foreign exchange earnings and out go, are not being annexed to the Directors' Report.

### 5. Auditors:

Comptroller and Auditor General of India [CAG] has appointed M/s Gupta Garg & Company, Jaipur, as the Auditors of your Company for the year 2010-11. The auditor would be retiring at the conclusion of the 4th Annual General Meeting. The Statutory Auditor for the Financial Year 2011-12 will be appointed by the CAG. However, their remuneration is to be fixed at the AGM by the members.

### 6. Acknowledgment:

Your Directors wish to gratefully acknowledge the valuable guidance and support extended by the, Department of Fertilizers, Government of India, Rajasthan State Government, Bankers, Financial Institutions, PDIL and the promoters.

By order of the Board of Directors

R.G. Rajan  
Chairman

Place: Jaipur

Date: 05.08.2011

## Auditors' Report

### The Members,

### RAJASTHAN RASHTRIYA CHEMICALS & FERTILIZERS LTD., JAIPUR

We have audited the attached Balance sheet of the **RAJASTHAN RASHTRIYA CHEMICALS & FERTILIZERS LTD., JAIPUR** as at March 31st 2011 and the statement of Profit & Loss Account for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statement based on our audit.

1. 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 amount 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.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 of India and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. **Further subject to our comments that the company has prepared Profit & Loss Account for the year ended 31st March 2011 without start of business and manufacturing**

**operations** and the matters referred to in the Annexure in paragraph (2) above, / we report that :-

- (a) We have obtained all the informations and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account, as required by law have been kept by the Company so far as it appears from our examination of the books.
- (c) The Company's Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of Account.
- (d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in u/s 211(3C) of the Companies Act, 1956 .
- (e) Being government company, pursuant to notification no GSR829(E) dated 17-07-2003 issued by Govt. of India read provision of clause (g) of sub section (1) of section 274 of Companies Act, 1956, are not applicable to the company.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the Notes thereon and the document annexed thereto give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
  - (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2011 and;
  - (ii) In the case of the Statement of Profit & Loss A/c of the Company for the year ended on that date.

For **GUPTA GARG & COMPANY**  
Chartered Accountants

**SATISH KUMAR GUPTA**  
*Partner*  
Membership No. 072990

Place : Jaipur  
Date : 05.08.2011

## Annexure to the Auditors' Report

(Referred to in paragraph 2 of our report of even date)

- (i) (a) The company does not have any fixed assets during the period. Therefore clause 4(i) of the Companies (Auditors Report) Order 2003 is not applicable.
- (ii) (a) The company has no inventory during the period, therefore clause 4(ii) (a) (b) (c) of the Companies (Auditors Report) Order 2003 is applicable.
- (iii) (a) The company has not granted any loan to parties covered in the registered maintained u/s 301 of the Act 1956.
- (b) The company has not taken interest free loan from the parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) The company have neither fixed assets nor made purchases during the year. Therefore clause 4(vi) of the Companies (Auditor Report) Order 2003 is not applicable.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations given to us by the management, we are of the opinion that the transactions need to be entered into the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupee five lakhs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) During the year the company has not accepted any deposit from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any products of the Company.
- (ix) (a) The company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax Custom Duty, Excise Duty, Cess and other Statutory dues with the appropriate authority. There is no arrears of outstanding statutory dues as at the last date of financial year for a period of more than 6 months from the date they become payable.
- (b) There are no disputed outstanding statutory dues.
- (x) The accumulated losses at the end of the financial year are NIL. During the year the company has not incurred any cash losses and also in the immediately proceeding financial year. In our opinion, P&L a/c in balance sheet represents pre-operative & preliminary exp.
- (xi) In our opinion and according to information and explanation given to us the company has not defaulted in repayment in dues to Banks. The company does not have any borrowing from financial institutions or by way of debentures.
- (xii) 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 Nidhi/Mutual Benefit Fund/ Society. Hence provisions are not applicable.
- (xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments
- (xv) According to the record of the company and the information & explanations provided by the management, the company has not given guarantee to any one.
- (xvi) The company has not obtained any term loans therefore whether term loans were applied for the purpose for which the loans were obtained, does not arise.
- (xvii) According to the information and explanation given to us and on overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis, have not been used for long term investments. No long terms funds have been used to finance short term assets except permanent working capital.
- (xviii) The company has not made any preferential allotment of shares to parties and Companies covered in the register maintained u/s 301 of the Act.
- (xix) The company has not issued any debentures during the year and hence no securities have been created.
- (xx) During the year the company has not raised any money by public issue.
- (xxi) During the course of our examination of the books and record of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of any such case by the Management.

For **GUPTA GARG & COMPANY**  
Chartered Accountants

**SATISH KUMAR GUPTA**  
Partner

Membership No. 072990

Place : Jaipur  
Date : 05.08.2011

## BALANCE SHEET AS AT 31ST MARCH 2011

FIGURE FOR PREVIOUS YEAR 31/3/2010 (IN ₹)	LIABILITIES	SCHEDULE	FIGURE FOR CURRENT YEAR 31/3/2011 (IN ₹)	FIGURE FOR PREVIOUS YEAR 31/3/2010 (IN ₹)	ASSETS	SCHEDULE	FIGURE FOR CURRENT YEAR 31/3/2011 (IN ₹)
50,000,000.00	SHARE CAPITAL AUTHORISED SHARE CAPITAL 5000000 Equity Shares @ ₹ 10 per Share		50,000,000.00		- FIXED ASSETS		-
					- INVESTMENT		-
500,000.00	ISSUED & SUBSCRIBED PAID UP CAPITAL 50000 Equity Shares @ ₹ 10 per Share		500,000.00	359,558.55	CURRENT ASSETS LOANS & ADVANCES		
					Balance at Bank		2,040,193.55
				7,270,720.45	Profit & Loss Account Op. Balance	7,270,720.45	
6,963,913.00	SHARE APPLICATION MONEY RECEIVED (Pending for allotment) Received in Cash/ Cheque	8,963,913.00			Add : Current Year Loss	308,865.00	7,579,585.45
133,806.00	Received against Expenses Incurred	133,806.00					
	RESERVE & SURPLUS						
	SECURED LOANS						
	UNSECURED LOANS						
	CURRENT LIABILITIES, PROVISIONS & ADVANCES						
22,060.00	Audit Fees Payable Period ending 31.03.2011	22,060.00					
—	Feasibility Exp. Payable- PDIL	—					
10,500.00	Other Exp. Payable	—					
—	Legal Exp. Payable	—					
<b>7,630,279.00</b>		<b>9,619,779.00</b>		<b>7,630,279.00</b>			<b>9,619,779.00</b>

Notes on Accounts - (A)

As per our report of even date attached herewith

For GUPTA GARG & COMPANY  
CHARTERED ACCOUNTANTS

For RAJASTHAN RASHTRIYA CHEMICALS &amp; FERTILIZERS LTD.

Partner

Aparna Arora  
DirectorGautam Sen  
DirectorR.G. Rajan  
ChairmanPlace : Jaipur  
Dated : 05.08.2011



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

FIGURE FOR PREVIOUS PERIOD 1/4/2009 To 31/3/2010 (IN ₹)	PARTICULARS	FIGURE FOR CURRENT PERIOD 1/4/2010 To 31/3/2011 (IN ₹)	FIGURE FOR PREVIOUS PERIOD 1/4/2009 To 31/3/2010 (IN ₹)	PARTICULARS	FIGURE FOR CURRENT PERIOD 1/4/2010 To 31/3/2011 (IN ₹)
—	To Consultancy & Feasibility Exp.	272,993.00	8,817.00	By Excess Provision of Feasibility Exp. Payable-PDIL W/off	—
—	To Advertisement Exp.	—			
12,416.00	To Misc. Exp.	13,812.00			
22,060.00	To Audit Fees	22,060.00	118,238.00	By Deficit before tax	308,865.00
48,699.00	To Misc. Exp. related to previous year	—			
16,480.00	To Legal Exp. Related to previous year	—			
9,000.00	To Printing & Stationery	—			
18,400.00	To Printing & Stationery related to previous year	—			
<b>127,055.00</b>		<b>308,865.00</b>	<b>127,055.00</b>		<b>308,865.00</b>
118,238.00	To Deficit before tax	308,865.00		By Deficit for the Year carried over to Balance Sheet	308,865.00
3,586.00	To Income tax (Previous Year)	—	121,824.00		308,865.00
<b>121,824.00</b>		<b>308,865.00</b>	<b>121,824.00</b>		<b>308,865.00</b>

As per our report of even date attached

**For GUPTA GARG & COMPANY**  
**CHARTERED ACCOUNTANTS**

**For RAJASTHAN RASHTRIYA CHEMICALS & FERTILIZERS LTD.**

Partner

Aparna Arora  
Director

Gautam Sen  
Director

R.G. Rajan  
Chairman

Place : Jaipur  
Dated : 05.08.2011

CASH FLOW STATEMENT AS AT 31ST MARCH 2011

₹

<b>A Cash Flow From Operating Activities</b>	
Net Profit before tax	(308,865.00)
Adjustments for :	
Excess Provision of Tax Written Back	
Depreciation/Loss on impairment of Assets	
Profit(-) / Loss on sale of Assets	
Profit(-) / Loss on Sale/Revaluation of Investments	
Provision for dimunition in value of investment	
Interest Income	
Dividend income	
Interest on Borrowings	
Provision for Bad/Doubtful debts	
Unrealised Foreign Exchange (Gain) /Loss	
Miscellaneous Expenses written off	
SUB TOTAL	
Operating Profit before Working Capital Changes	
Adjustments for :	
Trade and Other Receivables	
Govt . Bonds	
Inventories	
Trade Payables and Other Liabilities	(10,500.00)
Miscellaneous Expenses not written off	
SUB TOTAL	
Cash Generated from Operations	
Direct Taxes Paid	
Cash Flow before Extraordinary Items	
<b>Net Cash from Operating Activities ----- A</b>	<b>(319,365.00)</b>
<b>B Cash Flow from Investing Activities</b>	
Additions to Fixed Assets	
Sale of Fixed Assets	
Purchase of Investments	
Sale of Investments	
Intercorporate Deposits	
Interest Received	
Dividend Received	
Fixed deposit(5 years)	
Suppliers credit for Capital goods	
SUB TOTAL	
<b>Net Cash Used in Investing Activities ----- B</b>	<b>-</b>

**C Cash Flow from Financing Activities**

Proceeds from Borrowings	
Repayments of Borrowings	
Issue of Share Capital	2,000,000.00
Interest paid	
Dividend paid (Includes interim dividend)	
Tax on Dividend	
SUB TOTAL	
Net Cash from Financing Activities ----- C	2,000,000.00
Net Increase/Decrease(-) in Cash and	
<b>Cash Equivalent (A+B+C)</b>	1,680,635.00
Cash and Cash Equivalents as at 1st April (Opening Balance)	359,558.55
Cash and Cash Equivalents as at 31st March ( Closing Balance)	2,040,193.55

For GUPTA GARG & COMPANY  
CHARTERED ACCOUNTANTS

Partner

Place : Jaipur  
Dated : 05.08.2011

For RAJASTHAN RASHTRIYA CHEMICALS & FERTILIZERS LTD.

Aparna Arora  
Director

Gautam Sen  
Director

R.G. Rajan  
Chairman

## Significant accounting policies and notes on accounts (2010-2011)

### 1. General

- a) The annual accounts have been prepared on the historical cost basis and general accounting practice prevailing in the country.
- b) The company follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

### 2. Contingent Liabilities

The Company does not have any liability in respect of contingent nature.

3. The company has reduced the cost of expenses incurred before in corporation by ₹11,75,000/- which is the share application money invested by M/s. Hindustan Zinc Ltd. as a 25% partner of Joint Venture. The company thereby deducted ₹ 11, 75,000/- out of expenses incurred before its incorporation. M/s. Hindustan Zinc Ltd. has withdrawn from Joint Venture w.e.f. 30-06-2003. However amount of 25% till withdrawn from joint venture cannot be worked and amount received as been forfeited. However as per management letter dated 25/03/2009 there was no claim from HZL in respect of 11.75 lacs and the above said amount was almost

matching their contribution, therefore the management has not calculated any liability on this account of RRCF Ltd. as on 31.03.2011.

4. Shares against Share Application money received in cash or received against expenses incurred has not been allotted till date.
5. Balances under the head current liabilities & provisions have been stated at the book balance there of.
6. The auditor's remuneration includes:-
- |  | Current Year | Previous Year |
|--|--------------|---------------|
| a) For Audit service as Statutory Auditors | 22060.00     | 22060.00      |
8. Previous year figures has been regrouped/rearranged wherever is necessary.
9. Figures are rounded off to the nearest Rupees.

### AUDITOR'S REPORT

As per our separate report of even date Annexed.

For GUPTA GARG & COMPANY  
CHARTERED ACCOUNTANTS

For RAJASTHAN RASHTRIYA CHEMICAL & FERTILIZERS LTD.

Satish Kumar Gupta  
Partner  
M. No. 072990

Aparna Arora  
Director

Gautam Sen  
Director

R.C. Rajan  
Chairman

Place : Jaipur  
Dated : 05.08.2011

Members are Requested to Quote Their Folio Number Here: Folio No. \_\_\_\_\_

**RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED, MUMBAI**

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ being a member(s) of the above named  
company hereby appoint Mr./Ms. \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ as my/our proxy and the vote for  
me/us on my/our behalf at the 33rd Annual General Meeting of the Company to be held at 3.00 p.m. on Friday,  
the 23rd day of September, 2011 and at any adjournment there of.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Full Name(s) \_\_\_\_\_  
\_\_\_\_\_

Affix  
30 Paise  
Revenue  
Stamp

- Notes: 1. The proxy form to be valid should be deposited at the Registered Office of the Company at  
"Priyadarshini", Eastern Express Highway, Sion, Mumbai 400 022 at least 48 hours before the Schedule  
time of the meeting.
2. The proxy form should be executed on 30 paise Revenue Stamp.

**RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED**

**Registered Office: "Priyadarshini", Eastern Express Highway,  
Sion, Mumbai 400 022.**

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF YOGI SABHAGRUH,  
BEHIND SWAMINARAYAN MANDIR, DADAR (EAST), MUMBAI 40014

NAME OF THE MEMBER :

FOLIO No. : / DPID NO :

I hereby record my presence at the 33rd ANNUAL GENERAL MEETING being held at **Yogi Sabhagruh,  
Behind Swaminarayan Mandir, Dadar (East), Mumbai - 400 014** on **Friday, the 23rd day of September 2011,**  
**at 3.00 p.m.**

SIGNATURE OF THE MEMBER OR PROXY









# AWARDS & ACHIEVEMENTS

## National Energy Conservation Award



Hon'ble Union Minister of Power Mr. Sushil Kumar Shinde giving National Energy Conservation Award to RCF , being received by Mr. R.G. Rajan, C&MD ,RCF and Mr. Gautam Sen, Director (Finance), RCF.

## TOLIC Award for Official Language Implementation



TOLIC Award for Official Language Implementation to RCF, being received by Mr. R.G. Rajan, C&MD, RCF, and Mr. Mukund Patil, E.D (HR & Mktg) for Official Language implementation activities.



## Dividend for the year 2009-10



Dividend for the year 2009-10 being received by Hon'ble Union Minister of Chemicals and Fertilizers Mr. M. K. Alagiri and Hon'ble Union Minister of States for Chemicals and Fertilizers Mr. S. K. Jena in presence of other dignitaries.

## RCF signs MOU with Government of India



Mr. Sutanu Behuria, IAS, Secretary, DOF and Mr. R. G. Rajan, C&MD, RCF signed MOU for the year 2011-12 for various performance parameters in production, project, marketing, CSR, Corporate Governance and other activities of RCF.

## ICWAI National Award



Mr. Gautam Sen, Director (Finance) along with Mr. R.H. Kulkarni, E.D. (Finance) receiving ICWAI National Award at the hands of the then Union Minister of State for Corporate Affairs, Mr. Salman Kurshid.

## Environment Excellence Gold Award



Mr. R. K. Jain, Chief General Manager, receiving the Environment Excellence Gold Award for the year 2010 in Fertilizer sector from Greentech Foundation for outstanding achievements in Environment Management.

# RCF



## Moulding INDIA's Agrarian destiny

*R*ashtriya Chemicals and Fertilizers Ltd. understands the true philosophy by reaching out to millions of farmers and peasants in as many as 15 states.

*It commits to produce and market fertilizers and Industrial Chemicals of Excellent Quality by using modern and eco-friendly technology to meet the requirements of customers.*

*RCF also endeavours to fulfill its obligations to society at large by continuous improvement and growth.*

*RCF has been accorded the 'Mini Ratna' status by the Government of India.*



**Rashtriya Chemicals and Fertilizers Limited.**

(A Govt. of India Undertaking)

Dedicated to the growth of Agriculture in India.



**BOOK – POST**

To,

***If undelivered, please return to:***  
**M/s. Link Intime India (Pvt). Ltd., (Unit RCF Ltd. ),**  
**C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W),**  
**Mumbai 400 078. Tel.: 022 - 2596 3838**