

34<sup>th</sup> ANNUAL REPORT  
2011-2012



**Rashtriya Chemicals and Fertilizers Limited**

*Let us grow together*

(A Government of India Undertaking)



**Rashtriya Chemicals and Fertilizers Limited**

*Let us grow together*



#### MOU Excellence Award

Shri. R.G.Rajan, CMD, RCF, receiving "MOU Excellence Award" for the year 2009-10 at the hands of Hon'ble Prime Minister of India, Dr. Manmohan Singh in the presence of Shri. Praful Patel, Minister of Heavy Industries & Public Enterprises and other dignitaries.

#### Cost Management Award

Shri Gautam Sen, Director (Finance) RCF and Shri. R.H. Kulkarni, Executive Director (Finance) receiving "National Award for Excellence in Cost Management" at the hands of Hon'ble Union Minister for Corporate Affairs, Dr. M. Veerappa Moily in the presence of other dignitaries. This award is instituted by the Institute of Cost Accountants of India.



### VISION STATEMENT

"To be a world class corporate in the field of fertilizers and chemicals with prominent position in Indian market, ensuring optimal utilisation of resources, taking due care of environment and maximising value of stakeholders".



## Board of Directors



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



**Shri Gautam Sen**  
Director (Finance)



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



**Shri C. M. T. Britto**  
Director (Technical)  
(from 11.04.2012)



**Shri Sham Lal Goyal, IAS**  
Jt. Secretary,  
Department of Fertilizers,  
New Delhi



**Shri Manoj Priya**  
Director (Technical)  
(upto 30.9.2011)

### MISSION OF THE COMPANY

“Exponential growth through business excellence with focus on maximising stakeholder value by manufacturing and selling fertilizers and chemicals in a reliable, ethical and socially responsible manner”.

### VALUE STATEMENT

“RCF Shall deal in all aspects of business with integrity, honesty, transparency and with utmost respect to the stakeholders, by honouring our commitments, providing results and striving for the highest quality.



**Rashtriya Chemicals and Fertilizers Limited**

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### RCF Pays Dividend to the Government of India



Hon'ble Union Minister for Chemicals & Fertilizers (C&F) Shri. M. K. Alagiri receiving the dividend cheque of ₹ 56.14 Crore for the year 2010-11 from Shri. R. G. Rajan, CMD, RCF, in the presence of Shri. Satish Chandra, IAS, Joint Secretary, DoF, Shri. S. C. Gupta, IAS, Joint Secretary, DoF, Government of India and Shri. Gautam Sen, Director (Finance), RCF.

### Golden Peacock Award



Shri. C.M.T. Britto, Director (Technical), RCF receiving Golden Peacock Environment Management Award 2012 at the hands of Dr. Karan Singh, Member of Parliament and President, Indian Council for Cultural Relations.



## FINANCIAL HIGHLIGHTS AT A GLANCE

in crore

Sr. No.	PARTICULARS	2011-12 As per Revised Schedule VI	2010-11 As per Revised Schedule VI	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
1	<b>Turnover</b> (Sales + Subsidy + Other Income)	6662.36	5671.60	5826.25	8538.43	5325.06	3644.60	3187.80	2895.90	2396.64	2135.98
2	<b>Profit before Interest, Depreciation and Tax (EBIDTA)</b>	531.24	476.74	439.70	487.22	384.31	363.66	284.39	303.99	233.38	12.10
3	Depreciation	142.44	112.62	75.60	86.58	86.96	75.42	68.53	96.71	69.17	68.25
4	Interest [Net]	12.75	9.65	19.87	74.93	59.32	46.93	0.80	(3.98)	(91.59)	40.54
5	Prior year Adj. - Expenses / (Income)	1.59	(0.22)	0.02	0.01	(4.04)	0.07	(0.61)	(0.41)	(0.85)	(2.97)
6	<b>Profit / ( Loss ) Before Tax</b>	374.46	354.69	344.21	325.70	242.07	241.24	215.67	211.67	256.65	(93.72)
7	Tax Provision ( Net of Adj.)	125.22	109.57	109.34	114.12	83.92	92.50	67.71	70.71	88.86	(45.65)
8	<b>Profit / ( Loss ) After Tax</b>	249.24	245.12	234.87	211.58	158.15	148.74	147.96	140.96	167.79	(48.07)
9	<u>Dividend</u>										
	<b>Rate %</b>	14.00	11.00	11.00	12.00	10.00	10.00	10.00	17.00	17.00	0.00
	<b>Amount including Dividend</b>	89.77	70.53	70.77	77.45	64.55	64.55	62.91	107.02	105.81	0.00
	<b>Distribution Tax:</b>										
	<b>Dividend Payout Ratio %</b>	36.02	28.77	30.13	36.61	40.82	43.39	42.52	75.92	63.06	0.00
10	Working Capital	1116.04	1036.33	1933.66	1896.01	1418.44	1434.06	884.39	849.81	734.48	983.56
11	Capital Employed	3433.26	2550.52	3176.37	2973.17	2472.58	2449.97	1756.80	1738.87	1609.53	1901.93
12	Net Worth	2171.20	2011.73	1837.14	1672.42	1537.38	1447.30	1361.50	1271.42	1234.08	1169.51
13	<b>RATIOS</b>										
	Current Ratio [CA : 1]	1.40	1.85	2.25	1.93	2.63	3.28	2.29	2.78	2.86	4.54
	Debt Equity Ratio [Debits : 1]	0.13	0.08	0.72	0.85	0.81	0.66	0.32	0.29	0.17	0.53
	EBIDTA to capital employed %	15.47	18.69	13.84	16.39	15.54	14.84	16.19	17.48	14.50	0.64
	PBT to Capital Employed %	10.91	13.91	10.84	10.95	9.79	9.85	12.28	12.17	15.95	(4.93)
	PAT to Capital Employed %	7.26	9.61	7.39	7.12	6.40	6.07	8.42	8.11	10.42	(2.53)
	PBT to Net Worth %	17.25	17.63	18.74	19.47	15.75	16.67	15.84	16.65	20.80	(8.01)
	PAT to Net Worth %	11.48	12.18	12.78	12.65	10.29	10.28	10.87	11.09	13.60	(4.11)
	PAT to Equity %	45.18	44.43	42.57	38.35	28.67	26.96	26.82	25.55	30.41	(8.71)
	PBT to Turnover %	5.62	6.25	5.91	3.81	4.55	6.62	6.77	7.31	10.71	(4.39)
	PAT to Turnover %	3.78	4.37	4.07	2.50	3.00	4.12	4.69	4.92	7.07	(2.27)
	Earning per share Before Tax ( ` )	6.79	6.43	6.24	5.90	4.39	4.37	3.91	3.84	4.65	(1.70)
	Earning per share After Tax ( ` )	4.52	4.44	4.26	3.84	2.87	2.70	2.68	2.56	3.04	(0.87)
	EBIDTA to Sales Turnover %	8.05	8.49	7.55	5.71	7.22	9.98	8.92	10.50	9.74	0.57



## SENIOR MANAGERS

1) <b>Shri Rajesh Kundan, I.A.S.</b> Chief Vigilance Officer	9) <b>Shri A.Banerjee</b> Executive Director (O&M)	17) <b>Shri A.M.Swamy</b> General Manager (C)
2) <b>Shri P M C Nair</b> Executive Director [Trombay]	10) <b>Shri Sudhir Parkhi</b> Chief General Manager (Admn)	18) <b>Shri R.K.Barve</b> General Manager (IA)
3) <b>Shri R.H.Kulkarni</b> Executive Director (Fin)	11) <b>Shri Ashok Ghasghase</b> Chief General Manager [IPD]	19) <b>Shri M.Thyagarajan</b> General Manager (P&PD)
4) <b>Shri Mukund M. Patil</b> Executive Director [HR/ Marketing]	12) <b>Shri V.G. Londhe</b> Chief General Manager [CF/ IT]	20) <b>Shri M.P.Wankar</b> General Manager (HR) Corp.
5) <b>Shri K.C.Prakash</b> Company Secretary	13) <b>Shri R.B. Patil</b> Chief General Manager [Finance]	21) <b>Shri R.P.Srivastava</b> General Manager (GBP)
6) <b>Shri P.B.Asai</b> Executive Director [M]	14) <b>Shri Bhaskar Das</b> Chief General Manager [Projects], Thal	22) <b>Shri U.V.Dhatrak</b> General Manager (Tech) Thal
7) <b>Shri R.K.Jain</b> Executive Director [Thal]	15) <b>Shri A.Kundu</b> Chief General Manager (Commercial)	23) <b>Mr. R.P. Jawale</b> General Manager (Thal)
8) <b>Shri P.G.Deshpande</b> Executive Director (HR-Corp)	16) <b>Shri P.Karthikeyan</b> Chief General Manager (Marketing)	24) <b>Dr. G.T.Patil</b> General Manager (CMHS)
		25) <b>Shri H.C.L.Das</b> General Manager ( O)

<b>Company Secretary</b>	:	Shri K.C.Prakash
<b>Email address</b>	:	investorcommunications@rcfltd.com
<b>Website address</b>	:	www.rcfltd.com
<b>Telephone</b>	:	(022) 25523114/ 3118
<b>Registered Office</b>	:	“Priyadarshini” Eastern Express Highway Sion, Mumbai 400 022.
<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>Bankers</b>	:	State Bank of India Swastik Chamber Chembur, Mumbai - 400 071.
<b>Statutory Auditors</b>	:	M/s. JCR & Co., Mumbai M/s. M. M. Nissim & Co., Mumbai
<b>Cost Auditors</b>	:	M/s. Rohit Vora & Co., Mumbai M/s. C. R. Musib & Associates, Mumbai



## Rashtriya Chemicals and Fertilizers Limited

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

### Annual Report 2011-12

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**Rashtriya Chemicals and Fertilizers Limited**

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## **RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED**

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

### **NOTICE**

#### **THIRTY FOURTH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the THIRTY FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED will be held at "Sivaswamy Auditorium" The Fine Arts Society, Fine Arts Chowk, RC Marg, Chembur, Mumbai 400 071 on Friday, the 31st day of August 2012 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 31<sup>st</sup> March, 2012 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 Dr. V. Rajagopalan, Director who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Gautam Sen, Director who retires by rotation and being eligible, offers himself for reappointment.

#### **SPECIAL BUSINESS:**

6. To appoint Shri C.M. T. Britto, 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 C.M.T Britto, 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

**K.C. Prakash**  
Company Secretary

Date: 30th May 2012

Place: Mumbai

#### **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 22nd August 2012 to 31st August, 2012 [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@rcfltd.com](mailto:investorcommunications@rcfltd.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. Limited, 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.

#### **THE FOLLOWING EXPLANATORY STATEMENT SETS OUT THE MATERIAL FACTS REFERRED TO IN ITEM No. 6 OF THE NOTICE CONVENING THE 34<sup>th</sup> ANNUAL GENERAL MEETING.**

Shri C.M.T Britto, who has been appointed by President of India as Director (Technical) on the Board of the Company w.e.f. 11.4.2012, 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 34<sup>th</sup> 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 C.M.T Britto for the office of Director of the Company.

Shri Britto holds a degree in Chemical Engineering and graduated from NITK formerly known as Karnataka Regional Engineering College, Surathkal. He joined RCF in 1980 as Management Trainee. Prior to taking the office of Director (Technical), he was Executive Director (P&BD) in your Company.

During his career, spanning for more than 30 years, he has worked in various plants and departments at RCF. He took active role in commissioning of Ammonia I Revamp project in Trombay in 1990. Following successful commissioning of Ammonia I revamp, he worked in Technical Service department looking after complex fertilizers, Phos. Acid, Sulphuric Acid and Concentrated Nitric Acid group of plants. He has implemented many improvement schemes during his stint in Sulphuric Acid plant. He was involved in the development stage of Oman project through which he got wide exposure to international bidding and contracts.

Shri Britto has conceptualized and developed Methanol Revamp, Thal revamp and clean development projects which are now in operation giving the desired outputs. Concurrently he developed interest in environmental aspects and took keen interest in final aspects of environmental related issues that enabled the company to easily obtain environmental clearance for the projects.

None of the directors, other than Shri C.M.T Britto is interested in the resolution.

By order of the Board of Directors

**K.C. Prakash**  
Company Secretary

Date: 30th May 2012

Place: Mumbai





## DIRECTORS' REPORT

To the Members,  
Rashtriya Chemicals and Fertilizers Ltd,  
Mumbai

The Directors of your Company have pleasure in presenting this 34<sup>th</sup> Annual Report on the working of your Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2012.

### 1.0.0 FINANCIAL PERFORMANCE: Summary of financial performance:

₹ Crore

Particulars	2011-2012	2010-2011
Sales including Subsidy	6499.22	5574.10
Other Income	129.42	103.15
<b>Total Income</b>	<b>6628.64</b>	5677.25
<b>Cost of Sales</b>	<b>6099.01</b>	5200.25
<b>Operational Profit</b>	<b>529.63</b>	477.00
Depreciation	142.44	112.66
Interest (Net)	12.74	9.65
<b>Profit/ (Loss) before tax</b>	<b>374.45</b>	354.69
Provision for Tax (including deferred Tax liability/ Asset)	125.22	109.57
<b>Net Profit / (loss)</b>	<b>249.23</b>	245.12
Appropriations:		
Dividend	77.24	60.69
Tax and Educational cess on Dividend	12.53	9.84
Balance Transferred to General Reserve	159.46	174.59

#### 1.1.0 Highlights for the year 2011-2012:

Your Company achieved a turnover of ₹ 6499.22 crore compared to ₹ 5574.10 crore in the previous year. The turnover was higher by ₹ 925.12 crore during the year compared to previous year. The total income from operations was ₹ 6628.64 crore as against ₹ 5677.25 crore during the previous year. Your Company achieved a gross profit of ₹ 529.63 crore as against ₹ 477 crore in the previous year. The net Profit before Tax at ₹ 374.45 crore as against ₹ 354.69 crore registered an increase of 5.57%. The Net Profit after Tax during the year was higher at ₹ 249.23 crore as against ₹ 245.12 crore in the previous year registering an increase of 1.68% over previous year. Performance for the year 2011-12 was better as compared to previous year which was due to higher realizations, as well as increased volume of manufactured Complex fertilizers and Industrial products like Ammonia. This increase is despite having a net foreign exchange variance loss of ₹ 14.84 crore, higher operating and repairs & maintenance expenditure.

Your Company received 'MOU Excellent' rating for 2010-2011 and is likely to get the same for 2011-12 from Ministry of Heavy Industries and Public Enterprises.

#### 1.2.0 Dividend:

Although your Company has lined up a number of capex programmes which will entail substantial expenditure, considering the consistent profits being made by the Company, your Directors propose to pay higher dividend at ₹ 1.40 per each equity share of ₹ 10/-, as against ₹ 1.10 paid in the previous year. The total out go works out to ₹ 89.77 crore (₹ 70.53 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 ₹ 249.23 crore (₹ 245.12 crore in the previous year). The dividend pay out along with Tax/cess is ₹ 89.77 crore (₹ 70.53 crore in the previous year). The balance amount of ₹ 159.46 crore (₹ 174.59 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 27.59 lakh MT of fertilizers (21.09 lakh MT of Urea, 4.58 lakh MT of Suphala 15:15:15 and 1.92 lakh MT of Suphala 20:20:0) during the year as against 27.29 lakh MT (21.24 lakh MT of Urea, 4.47 lakh MT of Suphala 15:15:15 and 1.58 lakh MT of Suphala 20:20:0) produced in the previous year and achieved overall installed capacity utilisation of 101.16% as against 100.08 % during the previous year. The capacity utilisation of the Urea plants was to the extent of 103.52%. As regards complex fertilizers, Suphala [15:15:15] plant produced to the extent of 109.12% and Suphala 20:20:0 (ANP) produced 70.95% as the plant got stabilised in second half of the year. In terms of nutrients, your Company produced 10.77 lakh MT of Nitrogen (N), 1.07 lakh MT of Phosphate (P<sub>2</sub>O<sub>5</sub>) and 0.69 lakh MT of Potassium (K<sub>2</sub>O) during the year as compared to 10.76 lakh MT of N, 0.99 lakh MT of P<sub>2</sub>O<sub>5</sub> and 0.67 lakh MT of K<sub>2</sub>O during the previous year.

The performance of the units are given below:

##### 2.1.2.1 Thal Unit:

Thal unit produced 17.73 lakh MT of Urea during the year compared to 17.83 lakh MT produced in the previous year. The unit achieved a capacity utilisation of 103.85 % as compared to 104.49% during the previous year. The unit produced 11.21 lakh MT of Ammonia compared to 11.35 lakh MT during previous year. The energy consumption of Urea was 6.36 Gcal/ MT (6.37 Gcal MT in the previous year). In terms of nutrients in the fertilisers, the unit produced 8.15 lakh MT of N during the year, compared to



## Rashtriya Chemicals and Fertilizers Limited

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8.20 lakh MT in previous year. The production was slightly lower on account of prolonged phased shutdown of Thal units for revamp hook up.

Thal unit of your Company was bestowed with 6<sup>th</sup> State level Award, on 13<sup>th</sup> March 2012, for Excellence in Energy Conservation and Management by Maharashtra Energy Development Agency (MEDA). The Unit received this award for the fifth consecutive year.

### 2.1.2.2 Trombay Unit:

The Trombay Unit produced 3.36 lakh MT of Urea, 4.58 lakh MT of Suphala 15:15:15 and 1.92 lakh MT of Suphala 20:20:0 during the year under report compared to 3.41 lakh MT of Urea, 4.47 lakh MT of Suphala 15:15:15 and 1.58 lakh MT of Suphala 20:20:0 produced during the previous year. The unit achieved an overall capacity utilization of 96.65 % compared to 92.75% during the previous year. In terms of Nutrient values, the unit produced 2.62 lakh MT of N, 1.07 lakh MT of P<sub>2</sub>O<sub>5</sub> and 0.69 lakh MT of K<sub>2</sub>O during the year compared to 2.56 lakh MT, 0.99 lakh MT and 0.67 lakh MT respectively in the previous year.

The unit was bestowed with the following awards:

- Best Overall Performance of Phosphoric Acid Plant from Fertilizer Association of India for Year 2010-11
- Golden Environment Excellence Award-2011, by Greentech Foundation, for outstanding performance in environment management in Gold category.
- First prize in National Energy Conservation Award (NECA-2011) in Fertilizer Sector for various efforts taken in the direction of energy conservation.

### 2.1.3 Industrial Products:

Your Company produces industrial chemicals at its two units. During the year, your Company produced 1.67 lakh MT of various major industrial chemical products compared to 1.51 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 40.80 lakh MT during 2011-12 as compared to 40.54 lakh MT in the previous year. Your Company sold 31.45 lakh MT of Urea, 4.40 lakh MT of Suphala 15:15:15, 1.77 lakh MT of Suphala 20:20 and 3.18 lakh MT of other bought out products such as DAP, MOP, SSP, Rajphos, NPK etc. compared to 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 respectively during

the previous year. The total sale of manufactured fertilizers during 2011-12 was 26.69 lakh MT as against 27.56 lakh MT in 2010-11. The total sales value, excluding subsidy, of manufactured fertilizers during the period 2011-12 was ` 1748.40 crore compared to ` 1503.33 crore in the previous year.

Though, the sale of own manufactured fertilizers was lower by 0.87 lakh MT, since the total sale of bought out fertilizers during 2011-12 was 14.11 lakh MT as against 12.58 lakh MT in 2010-11, the total sale during the year was marginally higher by 0.26 lakh MT.

Your Company introduced two new products in the market viz Boronated Suphala and Neem Coated urea which will improve the agricultural yield and also give benefit to the Company.

#### 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 ` 865.61 Crore as against ` 726.25 Crore during the previous year. Ammonium Nitrate (Melt), Methanol, Methylamines, conc. Nitric Acid, Ammonia, etc contributed significantly to the turnover.

#### 2.2.3 Exports:

During the year under report, your Company exported 552 MT of Suphala 15:15:15 worth ` 1.65 crore as against 384 MT worth ` 0.74 crore during the previous year. Considering the nature of 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 set itself an ambitious target of achieving a total turnover of ` 7200 crore in the year (including Industrial Chemicals). It plans to add substantial volume through marketing Single Super Phosphate (SSP) through tie-ups. As NBS facilitates production and sale of customized/fortified fertilizers, your company is planning to go in for developing soil specific grades. Your company also intends to import and market complex fertilizers, water soluble fertilizers, SOP, Ammonium Sulphate, Zinc Sulphate and develop customised/fortified fertilizers like Boronated Urea and Zincated urea.

#### 2.3.0 The Fertilizer Industry:

Financial year 2011-12 was the second year of implementation of NBS. There was virtually no import of MOP during Kharif season due to high prices. However, import of complexes went up substantially leading to surplus availability in the market. Further, due to heavy arrivals in the latter half of the year under report, a glut like situation was created during February-March 2012.



Government of India intends to move towards the system of paying subsidy directly to beneficiary viz. the farmers. A Task Force has been set up by Government to study the modalities for the same. Under this scheme, the first stage would be to ensure visibility of information up to retail level through mobile based Fertiliser Monitoring System (mFMS). The supply chain and transaction from manufacturer/ importer to retailer is likely to be visible in public domain. The subsidy to the Company will be linked to acknowledgement of receipt from retailer. The Government is likely to announce a policy for new investment to address all the concerns that existed in the old policy to pave way for much needed investment in the urea sector.

#### 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 Farmer's 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 equipments 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. A regular upkeep, maintenance and up-gradation of the plants has ensured that production is not affected. 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 your Company.

##### 2.4.3 Opportunities:

Due to your Company's good reputation, several opportunities exist, abroad, for Collaborations / Diversification in the field of manufacturing and mining of raw materials and fertilisers and thus affords opportunity for marketing of varieties of products. The increased demand-supply gap in the Country provides for opportunity to expand its Urea base 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 turnover of your Company. Clean Development Mechanism (CDM) activities enable realization of Carbon Credits (CER). Experienced and Skilled Manpower of

your Company has been in demand for rendering O&M service in India and abroad. In view of your Company's Training facilities, as well as the available skilled Engineers and Technicians, your Company is in position to impart training to many foreign and Indian Companies.

##### 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 the company. In the recent years, there has been high volatility in the prices of raw material resulting in creation of scarcity, impeding production and marketing plans. The profitability is susceptible to the input costs of major raw materials, such as Rock Phosphate, Sulphur, DAP, MOP, MAP etc. The chemicals business is exposed to cut throat global market competition besides, being affected by high input cost of natural gas and its limited availability.

##### 2.5.0 Risk Management:

Risk Management System, developed with the objective of having a balanced approach towards business plan and mitigating the associated risks is in place. The system identifies better management practices to ensure greater degree of confidence amongst various stakeholders and facilitates good Corporate Governance practice. All risks associated with operations, Environment, Finance, Human Resource, legal, Information security etc. are continuously monitored. The degree of impact of the perceived risks financially, their likely effect on the assets, facilities and third parties are assessed regularly. In order to mitigate losses arising out of such perceived risks, appropriate procedures are being adopted to contain the risks. 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 your Company.

##### 2.6.0 MAJOR EXPANSION AND DIVERSIFICATIONS:

Your Company has taken up several projects, for growth, involving large capital outlay. Besides, your Company has also taken up other projects for enhancing energy efficiency, increasing production, adopting sustainable development and improving reliability in the existing plants. The ongoing projects and those under active consideration are listed below:

##### 2.6.1 Revamp of Thal Plants:

Thal Ammonia Revamp Project has been 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 one of the urea streams capacity 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 entire revamped ammonia plant has been commissioned in April 2012 and is giving enhanced production of Urea around 6000 MT per day. Urea revamp will be commissioned in December 2012.

#### **2.6.2 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 3850 MTPD at the existing site. The selection process for Lumpsum Turnkey Contractors (LSTK) for main plants has been completed. Further process for tie up of feedstock, financial closure and award of contracts, following PIB/CCEA clearance, as well as action for obtaining Environmental clearance are under way. The announcement of the New Investment Policy by the Government which will facilitate this investment is being eagerly awaited.

#### **2.6.3 Single Super Phosphate (SSP) project at Thal**

Your Company is planning to set up a plant for manufacturing 5.0 lakh MT per annum at Thal. LSTK bids for Sulphuric Acid plant, as part of the project, have been received based on which, a Detailed Feasibility Report will be prepared. The Project is expected to be completed in 24 months from zero date. This will aid the Company to broaden its production portfolio besides supplying quality SSP.

#### **2.6.4 Coal Based Fertilizer Plant at Talcher:**

Your Company, along with Coal India Limited (CIL) and Fertilizer Corporation of India Ltd (FCIL), is contemplating to set up a fertilizer complex, comprising of 2700 MTPD Ammonia plant, 3850 MTPD Urea plant, 800 MTPD Nitric Acid plant and 1000 MTPD Ammonium Nitrate plant at Talcher, Odisha through coal gasification route as feed stock. Coal will be made available by CIL from nearby coalfields of its subsidiary, Mahanadi Coal Fields. The Coal Gasification facility will be set up, by an expert gasification consortium, on Build Own Operate (BOO) basis.

The Ammonia Synthesis, Urea, Nitric Acid and Ammonium Nitrate plants will be built, by the proposed JVC, on lumpsum turnkey basis for which prequalification bids have been invited and are being processed. Project capital cost involved is expected to be approx. ₹ 6000 Crore (excluding Coal Gasification). A MOU amongst the proposed promoters has been signed. Apart from being a project for feedstock diversification, it will also aid much needed urea production capacity for the eastern part of the Country.

#### **2.6.5 Gas based urea plant in Ghana:**

Based on the discovery of oil and gas in its offshore Jubilee Fields, Ghana Government intends to set up a fertilizer plant. Governments of Ghana and India have signed a Memorandum of Understanding 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. It is proposed to setup an ammonia plant of 2200 MTPD capacity and a Urea plant of 3850 MTPD capacity. The pre-feasibility report submitted to the respective Governments is under consideration. Discussions are being held to finalise pricing and quantity of gas to be supplied to the project. Contract for Topography survey and Geotechnical study has been awarded.

#### **2.6.6 Coal Based Fertilizer Plant in Indonesia:**

Pursuant to the Memorandum of Understanding signed between Governments of India and Indonesia, your Company, nominated from Indian side, has signed MOU with the agency nominated by Indonesian government for conducting a feasibility study for setting up of a coal based fertilizer plant in Indonesia. A pre-feasibility report has been prepared and further work on the project is contemplated.

#### **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 RCF 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 JV has obtained BMTPC Certification for the wallpanels. The plant has been mechanically completed and commissioned on 1<sup>st</sup> June, 2012.

##### **2.7.2 Urvarak Videsh Limited**

The JV Company, formed by your Company with National Fertilizers Ltd and KRIBHCO, with equal equity participation, is exploring various opportunities abroad in the field of fertilizers. 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.

##### **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. The promoters could not go ahead as the project was found to be unviable. As an alternative, the promoters have decided to examine setting up SSP plant near RSMML's phosphate mines in Jhamarkotra, Rajasthan. PDIL has submitted draft TEFR for the same which is being examined.

#### 2.7.4 RCFHM 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. The Company did not make much progress. Your Company is, therefore, contemplating to wind up the JVC. Considering the nature of products and technical skills available, your Company is confident of marketing, by itself, the products by entering into MOUs/ long term supply contracts with the builders/developers.

#### 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 Development of Microla for Bihar State:

Your Company has developed an unique formulation of state specific liquid micronutrients fertilizer (MICROLA) for Bihar State as per guidelines of State Agriculture Department. The formulation is highly stable and passes all FCO norms. This grade of micronutrients would be beneficial for farming community of Bihar and at the same time, enhance sales volume.

##### 2.8.2 Development of Liquid Bio-Fertilizer:

Your Company has successfully developed Liquid bio-fertilizers (Biola) for Nitrogen fixation in soil. This liquid Biola supplies Nitrogen fixing bacteria in the soil. Besides helping in maintenance of soil health, its application has shown increase in yield by 15%. Savings upto 10-15% has been observed in comparison to conventional Nitrogen fertilizers. This new product would be commercialised in the year 2012-13.

##### 2.8.3 Development of Soil Conditioner:

Soil conditioners of different grades have been developed from phospho-gypsum, a by-product of Phosphoric Acid Plant. The product can be used for improving the soil health. A part of the phospho-gypsum produced in the

Phosphoric Acid plant will be used for production of the soil conditioner. The product has a good market potential and your Company has already started marketing.

##### 2.8.4 100% Water Soluble MAP Pilot Plant:

A plant to produce 100% Water Soluble MAP has been commissioned during the year at a cost of ₹ 9 crore. The MAP produced is being used by your Company for production of Sujala 19:19:19. This is an experimental pilot plant to produce 100% W.S. MAP required for production of Sujala 19:19:19 which is otherwise being imported. The process parameters have been established and necessary improvements are being carried out for enhancing the capacity.

##### 2.8.5 Fortified Fertilizers:

###### 2.8.5.1 Zincated Suphala

Process for production of Zinc Fortified Suphala has been successfully developed in R&D Laboratory. Zincated Suphala will be useful for soils having deficiency in zinc. Its use will facilitate easy and uniform application of Zinc micronutrient along with NPK. The product will fetch additional subsidy of ₹ 500/MT as per new NBS policy.

###### 2.8.5.2 Boronated Suphala:

Your Company has developed a process for producing Boronated Suphala, a fortified NPK Fertilizer and has successfully produced and marketed the same. The product has undergone field trials on certain crops at Agriculture Universities at MPKV, Rahuri and Dr. PDKV, Akola and the results are encouraging. The product will give value addition to the existing NPK Fertilizer and will be beneficial especially in the boron deficient region.

###### 2.8.5.3 Fortified Urea:

The work for development of process for production of Zincated Urea and Boronated Urea has been taken up by your Company in its R&D laboratory and is expected to be completed by December 2012. Fortified Urea will be useful for soils having deficiency in Zinc or Boron and will also facilitate easy and uniform application of micronutrients.

##### 2.8.6 Collaboration for research and development:

Memorandum of Understanding ("MOU") has been signed between RCF and Institute of Chemical Technology (ICT), Matunga, a premier institute of Chemical Engineering and Technology to carry out collaborative research for improvements in areas of your Company's operations.

Your Company has also instituted an endowment of ₹ 4.0 crore for creating a 'Chair for RCF Professor' in the Chemical Engineering Department of ICT and has signed MOU in this respect.

RCF Chair professor would undertake research in areas such as energy optimization, effluent treatment,



environmental engineering and quality improvement in the field of fertilizers technology that would benefit your Company.

### **2.9.0 CONSERVATION OF ENERGY:**

In order to save and conserve energy, your Company undertook several modifications in the plants that have resulted in significant reduction in the energy consumption. A few of the measures undertaken during the year are as follows:

In Thal unit, several measures such as Replacement of combustion preheater, modifications to Natural Gas preheater coils, replacement of burner nozzles, modification of Boiler Feed water header etc. have been carried out in ammonia plants. In urea plant, CO<sub>2</sub> compressor /Turbine modifications and other modifications were carried out. All these modifications have resulted in considerable saving in energy.

In Trombay unit, with replacement of Primary Reformer catalyst tubes, change in MOC from IN-519 with improved HP micro Alloy / Manurite 36X along with M/s. Haldor Topsoe catalyst, has enabled revamped Methanol plant to reduce energy consumption. High efficiency tray in Urea V has improved conservation leading to energy reduction. Apart from this, several other measures such as installation of vapour absorption machine in Ammonia I, replacement of gland packings in Ammonia II, 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 etc have been undertaken which resulted in saving of energy.

Bureau of Energy Efficiency (BEE) has fixed the 'Perform, Achieve and Trade' (PAT) targets. As per the same, specific energy for Trombay Urea plant is to be reduced by 0.1 Gcal/MT (i.e. from 7.5 Gcal/MT to 7.4 Gcal/MT of urea) and that for Thal Urea it is to be reduced by 0.25 Gcal/MT (i.e. from 6.44 Gcal/MT to 6.19 Gcal/MT). The targets are to be achieved by 2014-15. Appropriate steps have been taken to ensure that the targets are met.

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 sustaining 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 Unit is fully protected. Your Company's Sewage treatment plant is highly acclaimed by all.. Your Company is contemplating to install another plant. Various schemes are implanted to reduce wastages 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 5<sup>th</sup> 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 & continuous monitoring of emission & ambient air quality & by adoption of reduce, recycle & reuse methodology. A scheme is under implementation, to recover Ammonia from the condensate and further improve quality of emission.

To check the effectiveness of the environmental management system and ensure compliance with emission regulations, monitoring network has been incorporated. Apart from Stack monitors, which continuously monitor the emissions, four fixed ambient air quality monitoring stations are in place to monitor ammonia, NO<sub>x</sub>, SO<sub>2</sub>, Particulate matter (PM<sub>10</sub> & PM<sub>2.5</sub>) & 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.

Your Company has taken up the exercise of Greenhouse Gas (GHG) Accounting, which is the process of estimating the Company's total GHG emissions in terms of equivalent tonnes of Carbon di oxide. This is popularly known as Carbon Foot printing. Carbon Foot printing is typically regarded as a primary step for undertaking structured approach to managing company's carbon risks. Total GHG emission in Trombay unit has reduced by 7.1% during the year under report, over the emission during previous year. The reduction was mainly due to reduction in specific consumption of energy in urea and reduction in N2O emission from nitric acid plant. Total GHG emission at Thal unit reduced by 1.3% during the year over that during previous year, mainly due to the steps taken to reduce energy consumption of urea. The specific energy reduced from 6.366 to 6.359 Gcal/MT of urea.

For increasing awareness regarding environment, public awareness campaign programmes are arranged by Trombay unit.

#### 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.rcfltd.com](http://www.rcfltd.com) in this respect.

#### 5.0.0 CSR Activities:

**5.1.0** In line with the CSR philosophy adopted, your Company undertook several activities, aimed for the benefit of needy and for general good of the society, during the financial year 2011-12. Your Company carried out many activities under CSR policy, and spent/committed about ` 12.48 crore, which are briefly stated as under:

#### 5.1.1 Education:

##### 5.1.1.1 Schools:

Your Company attaches utmost importance to Education of children and to this end, supports schools, both at its Thal and Trombay units, to cater to students from Nursery to 10<sup>th</sup> Standard. The schools admit children from communities nearer to its two operating units. Instructions are imparted in Marathi, Hindi and English medium. Your Company has provided school buildings 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. Your Company also supports the cause of education in the marketing areas. During the year your Company spent an amount of ` 3.14 crore under this activity.

##### 5.1.1.2 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 ` 30 lakh.

##### 5.1.1.3 Supply of Mid-Day Meal:

Your Company, through 'ISCKON Food Relief Foundation' provided nutritious mid-day meals to about 5000 children, studying in seven unaided schools imparting education to the poor children, in Trombay area at a cost of ` 80 lakh and proposes to cater to more students in financial year 2012-13.

##### 5.1.1.4 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.

##### 5.1.2 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 and spent ` 64 lakh on this account during the year.

##### 5.1.3 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 Expenditure of ` 10 lakh is spent on the training imparted for improving their skills during the financial year. Your Company sponsored games and sports such as Kabaddi, Kho Kho etc.

##### 5.1.4 Chembur Green Project:

Your Company continued to support the Chembur Green project, launched to establish greenery in the eastern suburb of Mumbai. Your Company's efforts since more than 30 years has brought back the green forestry amidst concrete jungle in the area. 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.

#### **5.1.5. Service to Farmers:**

##### **5.1.5.1 Advice on Soil nutrients:**

The services of your Company in respect of rendering Soil diagnostics, as a means of advising farmers about use of proper dosage of fertilizers in order to optimize soil productivity, are well recognised. During the year, more than 70,000 soil samples were analyzed and recommendations given through the five static and six mobile soil testing laboratories. Your Company is taking steps to supplement the service by adding six additional static and six mobile testing laboratories to its existing infrastructure as a service to the nation.

##### **5.1.6 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 Service 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:**

Your Company has constructed a mini sports stadium along with accessories and facilities in Jaleshwar, Balasore district to encourage sports and culture of the area.

#### **6.0.0 Sustainable Development**

Your Company has taken up several Sustainable development activities including the following:

- [i] Improvement of Road infrastructure- construction and repairs.
- [ii] Building of Check Dams.
- [iii] Prevention of soil erosion and watershed management.

The Rapidwall project, which has been implemented, is an example of Company's faith in sustainable development wherein a waste product generated from Phosphoric Acid Plant is converted into useful building material by adopting a novel technology.

Your Company is also considering several major activities connected with Green House Gas, sustainable electricity distribution based on solar energy etc. Your Company has signed an agreement of Financial Aid for rehabilitation of the existing Bio-gas plant in Shatabdi hospital which is being coordinated through Rotary Club Chembur. Your Company is targeting to take up many more sustainable development activities in the near future.

In order to give more thrust to sustainable development, a Committee of the Board has been formed to approve Sustainable Development plans and to oversee Sustainable Development performance.

Your Company is planning to put up a new Sewage Treatment Plant of similar capacity as that existing at Trombay unit as a part of sustainable development plan to enable Mumbai city to have additional potable water for its citizens as your Company would be recycling the sewage water supplied by BMC and would be using that water for its use.

#### **7.0.0 Vigilance**

Vigilance Department is headed by a full time Chief Vigilance Officer (CVO) deputed, from the All India Service, by Government of India. The position of CVO is at par with the functional directors. CVO is assisted by a team of senior officers drawn from various functional departments. Vigilance Department is engaged in Vigilance activities at Corporate Office, Trombay Unit, Thal Unit and also at the Marketing Offices situated through out the country. The thrust of vigilance in your Company is to bring out greater transparency, integrity and efficiency in the functioning of various departments. Vigilance Department emphasises on Preventive and Participative Vigilance. Careful watch is kept on various activities through regular and surprise inspections. System improvements and corrective action are taken wherever necessary. All officials of the organization are considered to be part of vigilance set up and their alertness and support are taken in the management of vigilance. One of the prime functions of vigilance is to spread awareness with reference to vigilance issues and solicit information/complaints regarding any malpractice/corruption.

During the year, the department had actively contributed in adoption of Fraud Prevention Policy, Integrity Pact, and revision of manuals relating to marketing, procurement and works contracts. As a result of vigorous follow up, good progress has been achieved by your company in E-governance by implementing E-tendering, E-reverse auction, E-Payments and E-Receipts.





### 8.0.0 HUMAN RESOURCES:

#### 8.1.0 Training and Development:

One of the strengths of your Company is its skilled and professional man-power. This could be achieved by adopting good HR policies and undertaking training and development of all employees. Training imparted includes enhancing General Management skills of the employees in various functions viz. Marketing, Finance, Commercial and Health Services disciplines.

Quality Management Systems, Environment Management Systems, Occupational Health and Safety Systems and 5 S Systems are given focused attention. The work culture of your Company has been enhanced by introducing the Six Sigma and Lean Quality Circles. System of Mentorship for newly recruited Management Trainees has been instituted.

Training and Development programmes were conducted, in-house for the employees of your Company at various levels. Besides this, comprehensive Safety Management Programmes were carried out for officers in Technical disciplines.

Your Company has been awarded, by World HRD Congress, with Global HR Excellence Award, for “Excellence in Training”. Your Company has also been accorded the award for “Best HR Strategic Plan” and “Outstanding Contribution of HR to Organisation Development” in the Indian Human Capital Summit 2011.

#### 8.2.0 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 4104 employees comprising of 1517 officers and 2587 workmen as on 31<sup>st</sup> March, 2012 compared to 4238 employees (1541 officers and 2697 workmen) as on the corresponding date of the previous year.

#### 8.3.0 Welfare and Sports

Your Company undertakes several welfare schemes like education, medical, transport, housing etc., according to the needs of the employees. In regard to sports, your company is a prominent patron and sponsored various sports events. Your company's Football, Cricket, Hockey, Kabbaddi 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.

#### 8.4.0 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 572 Scheduled Caste (SC), 259 Scheduled Tribe (ST) and 341 OBC employees on its rolls.

During the year, your Company recruited 40 persons, including 2 persons with physical disability, on regular employment. 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 6<sup>th</sup> December, on the occasion of 'Mahaparinirvan Day'. Financial assistance for making arrangement for medical camp and for medicines along with the vehicles and Doctors are made available by your Company.

Your Company's Thal Unit provides 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. The facility continued during the year. Scholarships were given to meritorious students of SC/ST community in the nearby villages of Thal.

Large number of SC/ST farmers have been trained in the programmes conducted at the Company's Farmers' Training Centres at Nagpur and Thal.

### 9.0.0 PARTICULARS OF EMPLOYEES:

A statement providing the information as required under section 217 (2A) of the Companies Act, 1956 is attached to this report as Annexure II.

### 10.0.0 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 2011-12



#### **11.0.0 INTERNAL CONTROL SYSTEM:**

Your Company has a well defined Internal Control System i.e. 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 the committee is regularly monitored by the Board of Directors.

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

#### **12.0.0 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 31<sup>st</sup> March, 2012 are being audited by M/s Rohit Vora & Co. and M/s C.R.Musib & Associates, firms of Cost Auditors. The Cost Auditors are likely to complete the audit by 31<sup>st</sup> July, 2012. The Cost Audit Reports for 2010-11 were filed with the Ministry of Company Affairs on 29<sup>th</sup> September, 2011 for Trombay Urea and on 27<sup>th</sup> September, 2011 in respect of Sulphuric acid and Thal Urea as against the due date of 30<sup>th</sup> September, 2011.

#### **13.0.0 DIRECTORS' RESPONSIBILITY STATEMENT:**

In terms of section 217 (2AA) of the Companies Act, 1956, 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 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 a going concern basis.

#### **14.0.0 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.

#### **15.0.0 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 effective 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.

#### **16.0.0 DIRECTORS:**

Shri Manoj Priya demitted his Office as Director (Technical) on 30.09.2011 on attaining the age of superannuation. The contribution of Shri Manoj Priya 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 Manoj Priya to your Company. President of India appointed Shri C.M.T.Britto as Director (Technical) , who assumed the office on 11.04.2012. Notice under section 257 of the Companies Act has been received proposing the candidature of Shri C.M.T.Britto as Director of your Company.

As per Section 256 of the Companies Act, Dr V. Rajagopalan and Shri Gautam Sen, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

#### **17.0.0 AUDITORS:**

The Comptroller and Auditor General of India (CAG) has appointed, M/s. JCR & Company and M/s Nissim & Co, as Joint Statutory Auditors of your Company for the Financial Year 2011-12. The Auditors would be retiring at the conclusion of the Thirty fourth Annual General Meeting.

The Statutory Auditors for the Financial Year 2012-13 will be appointed by the CAG. However, their remuneration is to be fixed at the AGM by the members.

**18.0.0 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, DPE, 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

**R.G.Rajan**

Chairman and Managing Director.

Place: Mumbai

Date : 30th May 2012



**ANNEXURE I TO THE DIRECTORS' REPORT 2011-12**  
**FORM A**

**A. PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY**

Sr No.	Power and Fuel Consumption [Units]	2011-12			2010-11		
		Qty	Rate/unit	Amount (₹ crore)	Qty	Rate/unit	Amount (₹ crore)
1	Electricity						
	(i) Purchased (million KWH)	249.28	6.15	153.45	275.22	5.70	157.00
	(ii) Own Generation(million KWH)	294.18	2.32	68.50	245.28	2.66	65.34
2	Associated Gas ('000 SM3) (Feed & Fuel)	2082634.64	9649.14	2009.56	2059643.00	8370.64	1724.05

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Sr No.	Product	2011-12		2010-11	
		Production MT	Power MWH/MT	Production MT	Power MWH/MT
1	Ammonia Trombay I	120,050	0.498	97,800	0.563
2	Ammonia Trombay V	282,985	0.138	3,20,330	0.129
3	Ammonia Thal	1,134,510	0.047	1,121,250	0.050
4	Urea Trombay V	336,005	0.055	3,41,090	0.058
5	Urea Thal	1,783,450	0.052	1,772,500	0.052
6	Suphala 20:20	191,570	0.141	157,935	0.114
7	Suphala 15:15:15	426,786	0.069	447,000	0.080
8	Methanol	78,317	0.522	68,700	0.472



## Form B

### Disclosure 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   | ` 535.06 lakh   |
| (b) Recurring   | ` 646.00 lakh   |
| (c) Total   | ` 1181.06 lakh  |
| (d) Total R &D expenditure as a percentage of total turn-over | 0.18%   |

#### 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	Ammonia-V Revamp (HTAS, Denmark)	2006	Yes	Not applicable
2	Argon Plant at Thal (Air products, UK)	2008	Yes	Not applicable
3	Wall Panels and other Building materials from Phospho-gypsum (RBS Technology, Australia)	2008	Yes	Not applicable
4	Methanol Plant (HTAS, Denmark)	2009	Yes	Not applicable
5	ANP Granulation (Incro, Spain)	2009	Yes	Not applicable
6	Ammonia Revamp at Thal (HTAS, Denmark)	2012	Yes	Not applicable
7	Urea Revamp at Thal (Saipem, Italy)	2012	In Progress	Project expected to be commissioned in December 2012

#### 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  | ` 1018.65 crore                                     |
| 3. Total foreign exchange earned  | ` 1.82 crore  |



**Statement showing the Employees of the Company who have received the remuneration u/s 217 (2A) of the Companies Act.**

Sr. No	Name of Employee	Designation	Qualification	Age [in years]	Experience [in years]	Date of commencement of employment in RCF [including training period]	Remuneration [ ]	Previous employment and designation
1	Manoj Priya	Director [Tech]	B.Sc. Engg. (Mech), MBA (ICPE)	60	37 years & 2 months	21.12.1974	4,067,937.74	Jr Exe Traininee, Coal Mines Authority Ltd
2	Vivek Moharil	Sr. Vig. Officer	ITI, Advance Course (Mech Tech)	60	39 years & 4 months	10.09.1971	2,437,876.42	--
3	Bhaskar Ramekte	DY G.M.(BAG.& MH)	BE (Mech)	60	37 years & 4 months	15.02.1974	2,767,540.01	--
4	Pratap Patare	C.G.M. (Mktg.Co.ordin.)	B.Sc. (Agr), MA (Eco.)	60	36 years & 6 months	06.11.1974	2,771,437.23	--
5	Kumar Gupta	E.D. (THAL)	B.E. (Elec0)	60	37 years & 7 months	04.12.1974	3,198,137.05	Appr.Engineer, Dharampur Sugar Mills
6	Dhruvakumar Shrivastava	DY G.M.(UTILITIES)	B.E. (Mech)	60	36 years & 11 months	09.12.1975	2,819,204.78	Inspector (CE) B.G. Orgn.
7	Dilip Ranade	G.M.(VIG)	B.Sc. MSW/DLW/DALLB	60	33 years & 10 months	07.12.1977	2,756,509.68	--
8	Bhausheeb Kadam	C.E.(CIVIL)	B.E. (Civil)	60	35 years & 7 months	20.04.1979	2,597,226.84	Sub.Engineer, Binny & Partners Ind.Ltd.
9	Prakash Vibhute	DY G.M.(FIN)	B.Com., C.A.	60	34 years	03.09.1979	3,414,588.42	Accountant, Kulkarni Black & Decker Ltd.
10	Prabir Lahiri	E.D. (IA)	B.Sc., ICWA	60	36 years & 4 months	21.03.1980	4,592,996.89	Accountant, Mangnese Ore (India) Ltd.,
11	Balasaheb Chavan	G.M.(HR)THAL	B.Sc., B.E. (Inst)	60	33 years & 7 months	19.04.1982	2,723,565.60	APE (I), HFCL
12	Navnath Rajguru	ADDL C.E.	B.E. (Elec0)	51	27 years	26.05.1984	2,701,297.65	Trainee Appr., Standard Batteries Ltd.

Note : All the employees listed above, were in employment during part of the year and all of them were on regular employment.



## 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, your 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 [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, your 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 different Industries.

### 2.0.0 Board of Directors:

#### 2.1.0 Composition of the Board:

Board comprises of the following members:

Sl.No.	Name	Category
1	Shri R.G. Rajan	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.	Non-Executive Director Govt. Nominee.
4	Shri Gautam Sen	Whole-time Director [Finance]
5	Shri C.M.T. Britto [w.e.f. 11.4.2012]	Whole-time Director [Technical]
6	Shri Manoj Priya [upto 30.9.2011]	Whole-time Director [Technical]

### 2.2.0 Appointment / Reappointment of Directors

**2.2.1** Shri C.M.T. Britto, has been appointed by President of India as Director [Technical] w.e.f. 11.4.2012 and assumed the charge of Director (Technical) on 11<sup>th</sup> April, 2012. Prior to becoming Director (Technical), he was Executive Director (Planning and Project Development) and was responsible for development of various projects.

Shri Britto holds a degree in Chemical Engineering and graduated from NITK formerly known as Karnataka Regional Engineering College, Surathkal. He joined your Company in 1980 as Management Trainee.

During his career, spanning for more than 30 years, he has worked in various plants and departments of your Company. He took active role in commissioning of Ammonia I Revamp project in Trombay in 1990. Following successful commissioning of Ammonia I revamp, he worked in Technical Service department looking after complex fertilizers, Phos. Acid, Sulphuric Acid and Concentrated Nitric Acid group of plants. He has implemented many improvement schemes during his stint in Sulphuric Acid plant. He was involved in the development stage of Oman project through which he got wide exposure to international bidding and contracts.

Shri Britto has conceptualized and developed Methanol Revamp, Thal revamp and clean development projects which are now in operation giving the desired outputs. Concurrently he developed interest in environmental aspects and took keen interest in final aspects of environmental related issues that enabled your Company to easily obtain environmental clearance for the projects.

As a part of his job, Shri Britto has travelled to many countries and interacted with many agencies and published several technical papers.

**2.2.2** Dr. V. Rajagoplan, Director and Shri Gautam Sen, Director, retire by rotation and, being eligible, have offered themselves for reappointment.

**2.2.3.** Dr. V. Rajagopalan, is an Indian Administrative



Service [IAS] Officer and presently is Special Secretary and Financial Advisor to Government of India, Ministry of Chemicals and Fertilizers, Department of Fertilizers. Dr. V. Rajagopalan, has varied and rich experience not only as an IAS Officer but also being on the boards of several Companies, such as The Fertilizers and Chemicals Travancore Limited [FACT], Hindustan Organic Chemicals Limited [HOCL], Madras Fertilizers Limited [MFL], Hindustan Aeronautics Limited [HAL] and Bengal Chemicals and Pharmaceuticals Limited [BCPL]. He is the Chairman of the Audit Committee of your Company as well as many others.

2.2.4 Shri Gautam Sen, is a Chartered Accountant and a Cost Accountant. Shri Sen has vast experience in Finance and Accounts discipline in private and public Sector Organisations. Prior to his joining your Company, he was working with M/s Bharat Earth Movers Limited [BEM], Bangalore as Executive Director [Finance]. Prior to that Shri Sen had worked for a period for 12 years with M/s GSFC Limited, Baroda, where he worked as Executive Director [Finance] during the last 3 years.

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 operating performance, progress of projects, Industrial relations, statutory compliance, 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, 15 [fifteen] meetings were held by the Board viz. on 11.4.2011, 10.5.2011, 9.6.2011, 20.6.2011, 7.7.2011, 20.7.2011, 27.8.2011, 22.9.2011, 28.9.2011, 21.10.2011, 25.11.2011, 23.12.2011, 18.1.2012, 2.2.2012 and 29.2.2012 The number of meetings attended by the Directors during the year are as under:

**2.3.0 Board procedure:**

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]	15	15	Yes	3	1	1	-
Dr. V. Rajagopalan, IAS	15	15	Yes	-	5	3	-
Shri Sham Lal Goyal, IAS	15	15	No	4	1	2	1
Shri Gautam Sen, [Executive]	15	15	Yes	-	3	-	1
Shri C.M.T. Britto [Executive] (from 11.4.2012)	0	0	NA	-	1	-	-
Shri Manoj Priya, [Executive] (upto 30.9.2011)	9	9	Yes	-	3	-	2

2.3.2 The Board has constituted the following Committees

*[i] Audit Committee:*

The Audit Committee comprises of Dr. V. Rajagopalan, (Non-independent director) as Chairman, and Shri Sham Lal Goyal, Director, Shri C.M.T. Britto, Director [Technical] [from 9.5.2012] as members. Shri Manoj Priya, Director (Technical) was member, till 30.9.2011 and Shri Gautam Sen, Director [Finance] till 9.5.2012. The Company Secretary is the

Secretary of the Committee. Director (Finance), Chief Vigilance Officer and General Manager (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 constitution of the Audit Committee is not in accordance with Clause-49 of the Listing Agreement, which specifies that at least 2/3<sup>rd</sup> of members should be independent directors.





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 2011-12, 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 4 [four] times on 9.5.2011, 20.7.2011, 21.10.2011 and 2.2.2012 and the attendance was as under:

Name of Director	Number of meetings held	Number of meetings attended.
Dr. V. Rajagopalan	4	4
Shri Sham Lal Goyal	4	3
Shri Gautam Sen	4*	4
Shri Manoj Priya	2	2

\*Including 3 meetings as invitee.

**[ii] Share holders' Grievance Committee:**

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 18 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 as member. 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. For the year 2011-12 there was no Remuneration Committee.

**[v] Committee on Sustainable Development.**

Your Board constituted Committee on Sustainable Development comprising of Shri Sham Lal Goyal as Chairman, Shri Gautam Sen, Director [Finance] and Shri C.M.T. Britto, Director [Technical] as members to approve Sustainable Development plan and to oversee Sustainable Development performance.

**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 financial year 2011-12 is as under:

[Amount ` ]

Name	Total
Shri R.G. Rajan	26,25,176
Shri Gautam Sen	27,33,275
Shri Manoj Priya	40,67,938



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 2011-12, as there were no independent directors, Company has not paid sitting fee to the Directors.

**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:

The Board of Directors

Rashtriya Chemicals and Fertilizers Limited  
Mumbai

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 2011-12

**R.G. Rajan**

**Chairman and Managing Director**

Date: 29.5.2012

Place: Mumbai

**4. 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  
Mumbai

**CEO/ CFO CERTIFICATION FOR THE FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2012.**

This is to certify that:-

- a] We have reviewed the Company's Balance sheet as at 31<sup>st</sup> March, 2012, 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 2011-12.
  - 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**

Director [Finance]

Place: Mumbai

Date: 29.5.2012

**R.G. Rajan**

Chairman and Managing Director

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

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

Financial Year	Time and Date	Venue
2010-11	3 pm on 23.09.11	“Yogi Sabhagruh”, Dadar (E), Mumbai 400014
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



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

## 6.0 Disclosures:

### 6.1 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.

### 6.2 Your Company has complied with all the provisions of the Companies Act, Listing Agreement with Stock Exchanges, SEBI guidelines, and other authorities on any matter related to capital markets during last 3 years.

### 6.3 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.

### 6.4 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

### 6.5 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 house hold of shareholders. The information is also made available on Company's website (www.rcfltd.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 centres 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 the range of a maximum of ` 90.90 [on 28.4.2011] and minimum of ` 42.15 [on 20.12.2011]. The monthly highest and lowest price of the shares are given below:

Sl 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 11	19135.96	9070.29	90.90	79.80	1.16	76224	100.70	5749.50	90.80	79.80	2.55	220.44
2	May 11	18503.28	8582.38	86.50	76.65	0.49	40125	39.96	5560.15	86.90	741.40	1.03	84.28
3	June 11	18845.87	8542.74	84.25	70.90	0.63	49131	50.29	5647.40	83.80	70.20	1.32	106.47
4	July 11	18197.20	8307.52	82.10	72.18	0.52	39823	41.05	5482.00	81.70	72.20	1.06	83.01
5	Aug 11	16676.75	7615.62	91.30	72.10	1.52	123830	123.54	5001.00	91.45	63.00	3.13	254.57
6	Sept 11	16453.76	7403.82	85.45	70.00	0.56	48648	44.11	4943.25	85.40	70.25	1.26	99.39
7	Oct 11	17705.01	7555.08	77.80	68.50	0.31	29304	23.48	5326.60	80.05	69.05	0.64	47.37
8	Nov 11	16123.46	6858.57	74.65	54.25	0.30	34544	19.55	4832.05	74.85	54.30	0.74	47.80
9	Dec 11	15454.92	6364.89	58.60	42.15	0.31	32758	15.46	4624.30	58.50	42.05	0.67	33.04
10	Jan 12	17193.55	7356.68	71.80	45.40	1.71	131006	108.49	5199.25	72.00	45.40	3.66	233.49
11	Feb 12	17752.68	7764.04	73.45	61.15	1.19	88540	81.97	5385.20	73.40	61.80	2.32	159.54
12	Mar 12	17404.20	7311.47	69.90	55.00	0.64	59102	42.06	5295.55	69.80	54.85	1.27	83.34



## Rashtriya Chemicals and Fertilizers Limited

*Let us grow together*

9.3 Out of the total 55,16,88,100 of equity shares, 55,08,91,761 shares, i.e 99.85 %, are in demated segment and only 0.15% are in physical form.

9.4 Your Company's financial year is 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012.

The Share holding pattern as on 31<sup>st</sup> March 2012 is as under:

Category	No. of Shares	% of Holding
Promoters (GOI)	51,03,14,900	92.50
<b>Institutions</b>		
Mutual Funds and UTI	27,00,119	0.49
Financial institutions, Banks etc	77,20,312	1.40
FII's	40,102	0.01
<b>Sub Total</b>	<b>1,04,60,533</b>	<b>1.90</b>
<b>Others</b>		
Private Corporate Bodies	69,73,051	1.26
Indian Public	2,29,00,003	4.15
NRIs/OCBs	10,39,613	0.19
<b>Sub Total</b>	<b>3,09,12,667</b>	<b>5.60</b>
<b>Grand Total</b>	<b>55,16,88,100</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 31<sup>st</sup> March, 2005 which remain unclaimed on 25<sup>th</sup> July, 2012 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:

SI No	Financial Year	Date of declaration of dividend	Last date for claiming unpaid dividend
1	31.03.2005	26 <sup>th</sup> July, 2005	25 <sup>th</sup> July, 2012
2	31.3.2006	18 <sup>th</sup> August, 2006	17 <sup>th</sup> August, 2013
3	31.3.2007	6 <sup>th</sup> July, 2007	5 <sup>th</sup> July, 2014

SI No	Financial Year	Date of declaration of dividend	Last date for claiming unpaid dividend
4	31.3.2008	24 <sup>th</sup> September, 2008	23 <sup>rd</sup> September, 2015
5	31.3.2009	25 <sup>th</sup> September, 2009	24 <sup>th</sup> September, 2016
6	31.3.2010	28 <sup>th</sup> September, 2010	27 <sup>th</sup> September, 2017
7	31.3.2011	23 <sup>rd</sup> September, 2011	22 <sup>nd</sup> September, 2018

### 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.

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", 10<sup>th</sup> floor,  
Sion,  
Mumbai 400 022.  
India.  
Tel. 022 25523114  
e-mail: [investorcommunications@rcfltd.com](mailto:investorcommunications@rcfltd.com)

### 10.0 Calendar of events:

	Event	Likely date
(i)	Announcement of I Quarterly (unaudited) financial result for FY 2012-2013	31 <sup>st</sup> July 2012
(ii)	Book Closure for the purpose of Dividend and AGM.	22.08.2012 to 31.08.2012 (both days inclusive)
(iii)	AGM for 2011-12 Venue: `Sivaswamy Auditorium', The Fine Arts Cultural Centre, Chembur, Mumbai - 400 071.	31 <sup>st</sup> August, 2012
(iv)	Announcement of unaudited half yearly result for FY 2012-13	31 <sup>st</sup> October, 2012
(v)	Announcement of III quarterly (unaudited) financial result for FY 2012-13	31 <sup>st</sup> January, 2013
(vi)	Announcement of Audited results for FY 2012-13	30 <sup>th</sup> May, 2013



### 11. Listing of Shares on Stock Exchanges:

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

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

**11.1.1** 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 31<sup>st</sup> March 2012 is as under:

Sl No	No. of Shares held	No. of share holders	% of total	Share amount [ ₹ lakh]	% of total
1	up to 500	64579	89.17	907.76	1.65
2	501-1000	4427	6.11	370.09	0.67
3	1001-2000	1824	2.52	285.03	0.52
4	2001-3000	523	0.72	135.34	0.24

Sl No	No. of Shares held	No. of share holders	% of total	Share amount [ ₹ lakh]	% of total
5	3001-4000	253	0.35	91.60	0.16
6	4001-5000	268	0.37	128.14	0.23
7	5001-10000	298	0.41	223.65	0.41
8	10001-and above	250	0.35	53027.20	96.12
	<b>Total</b>	<b>72422</b>	<b>100.00</b>	<b>55168.81</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 2011	19135.96	5826.05	9070.29	86.25
March 2012	17404.20	5295.55	7311.47	56.65
Increase/ (decrease)	(1731.76)	(530.50)	(1758.82)	(29.60)
% of Increase / (decrease)	(9.05)	(9.11)	(19.39)	(34.32)

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

To the Members of Rashtriya Chemicals and Fertilizers Limited

1. We have examined the compliance of the conditions of Corporate Governance by Rashtriya Chemicals and Fertilizers Limited for the year ended 31<sup>st</sup> March 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.
2. 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.
3. 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.
4. (a) The Board of Directors, as on 31st March 2012 comprised of Four Directors, two non-executive official Directors and two executive Directors. The two non-executive Directors are non-independent. The Audit committee comprised 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).  
(b) 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, 29<sup>th</sup> May, 2012.



## Auditor's Report

### TO THE MEMBERS OF

### RASHTRIYA CHEMICALS & FERTILIZERS LIMITED

1. We have audited the attached Balance Sheet of Rashtriya Chemicals & Fertilizers Limited ('the Company'), as at 31st March 2012, and also the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. 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 the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act') we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Without qualifying our report, we draw attention to:
  - a. Note No. 10 (6) regarding non disclosure of cost and depreciation of assets leased to certain Public Sector Undertakings and others.
  - b. Note No. 31 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.
  - c. Note No. 33 to the accounts regarding the claim of subsidy accounted on estimated basis, pending final settlement of such claims.
  - d. Note No. 49 regarding change in accounting policy relating to exchange differences on long term foreign currency monetary items for acquisition of fixed assets.
5. Further to our comments in the Annexure referred to above,

we report that:

- a. 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;
- 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 those books;
- c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss 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;
- e. 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.
- f. 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, 2012;
  - ii. in the case of the Statement of Profit and Loss, 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.**  
Chartered Accountants  
Firm Regn. No. 105270W

**Saiprabha. R**  
Partner  
Mem. No. 034716

Mumbai, May 30, 2012

**For M. M. NISSIM AND CO.**  
Chartered Accountants  
Firm Regn. No. 107122W

**Dhiren Mehta**  
Partner  
Mem. No.: 109883



## Annexure to the Auditor's Report

Annexure referred to in paragraph 3 of our report of even date  
Re: Rashtriya Chemicals & Fertilizers Limited ('the Company')

- |  |   |
|--|---|
| <p>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.</p> <p>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.</p> <p>c) During the year, the Company has not disposed of a substantial part of its fixed assets.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> | <p>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.</p> <p>v) According to the information and explanations given to us, there are no transactions that need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 by the Company. Accordingly clause 4 (v) b of the Order is not applicable.</p> <p>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 there under. Hence, clause 4(vi) of the Order is not applicable.</p> <p>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.</p> <p>viii) We have broadly reviewed the books of account maintained by the Company in respect of its products 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.</p> <p>ix) (a) <i>In our opinion, the procedure followed as per Note No 51 to the accounts in respect of deduction and payment of income tax results into delays in certain cases. The exact delays are not ascertained.</i> Except the above, 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 other undisputed statutory dues have been regularly deposited with the appropriate authorities.</p> <p>According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding, at the year end, for a period of more than six months from the date they became payable.</p> |
|--|---|



## Rashtriya Chemicals and Fertilizers Limited

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- 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 Crore)	Years to which the amount relates	Forum where dispute is pending
Customs Act 1962	Demand of Customs duty and penalty (Trombay Unit)	16.35	2004-05	Central Excise, Service Tax Appellate Tribunal
Customs Act, 1962	Demand of Differential Customs Duty on import of Urea, MOP & DAP	80.77	2009-10	Assistant Commissioner of Customs, Dharamtar, Alibaug
Income Tax Act, 1961	Disallowance of certain expenditure & certain additions at the time of assessment	0.52	A.Y. 2009-10	Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Demand of Central Excise duty & Penalty in respect of Naphtha procured at concessional rates used for products which are not exempted (Thal Unit)	14.33	1996-2001	Appeal to Supreme Court being filed
		3.54	2005-2006	Appeal to Central Excise, Service Tax Appellate Tribunal
		17.88	July 2007 to August 2009	Disputed by the company before Commissioner of Central Excise
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)	18.00	Prior to 1997 to March 2006	Central Excise, Service Tax Appellate Tribunal
		2.90	August 1986 to February 2000	Commissioner of Central Excise (Appeals)

Name of the statute	Nature of dues	Amount (Rs in Crore)	Years to which the amount relates	Forum where dispute is pending
Uttarakhand Value Added Tax, 2005	Additional duty imposed due to wrong identification of product ingredient	0.32	2006-07	Asst Commissioner Commercial Tax - Uttarakhand
Service Tax	Demand of Service Tax on Handling by Transporter Service	0.01	2006-07 & 2007-08	Superintendent, (S. T. Special Cell), Aurangabad
Service Tax	Service Tax on rent on BTAL Wagons	0.14	2008-09 to June, 2011	Additional Commissioner, Central Excise & Service Tax, Mumbai

- 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 Order 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 Order 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 during the year.

- 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.**  
Chartered Accountants  
Firm Regn. No. 105270W

**For M. M. NISSIM AND CO.**  
Chartered Accountants  
Firm Regn. No. 107122W

**Saiprabha. R**  
Partner  
Mem. No. 034716

**Dhiren Mehta**  
Partner  
Mem. No.: 109883

Mumbai, May 30, 2012



**Rashtriya Chemicals and Fertilizers Limited**

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**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<sup>ST</sup> MARCH, 2012.**

The preparation of financial statements of Rashtriya Chemicals and Fertilizers Limited for the year ended 31 March 2012 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 277 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standard 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 30 May 2012.

I on 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 2012. 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 Auditors' report under section 619(4) of the Companies Act, 1956.

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

**DHIREN MATHUR**  
Principal Director of Commercial Audit and  
Ex-Officio Member, Audit Board-I, Mumbai

Place: Mumbai

Dated: 26 July 2012



# FINANCIAL STATEMENTS



## BALANCE SHEET AS AT 31st MARCH 2012

in Crore

PARTICULARS	Note No.	AS AT 31.03.2012	AS AT 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. SHAREHOLDERS' FUNDS :</b>			
a) Share Capital	1	551.69	551.69
b) Reserves and Surplus	2	1619.51	1460.04
<b>TOTAL</b>		<b>2171.20</b>	<b>2011.73</b>
<b>2. NON-CURRENT LIABILITIES</b>			
a) Long term Borrowings	3	275.26	167.66
b) Deferred Tax Liabilities(Net)	4	214.11	155.51
c) Other Long term liabilities	5	72.45	85.36
d) Long Term Provisions	6	127.06	108.42
		<b>688.88</b>	<b>516.95</b>
<b>3. CURRENT LIABILITIES</b>			
a) Short term Borrowings	7	909.95	254.21
b) Trade Payables	8	1196.96	508.65
c) Other Current Liabilities	9	488.18	311.86
d) Short term Provisions	6	163.21	145.46
		<b>2758.30</b>	<b>1220.18</b>
<b>TOTAL</b>		<b>5618.38</b>	<b>3748.86</b>
<b>II. ASSETS</b>			
<b>1. NON CURRENT ASSETS :</b>			
(a) FIXED ASSETS :	10		
(i) Tangible Fixed Assets		1394.38	1281.20
(ii) Intangible Assets		2.77	1.23
(iii) Capital Work in Progress		177.31	82.28
(b) Non-Current Investments	11	18.04	15.32
(c) Long Term Loans and advances	12	135.50	98.47
(d) Other non-current assets	13	16.04	13.85
		<b>1744.04</b>	<b>1492.35</b>



## BALANCE SHEET AS AT 31st MARCH 2012

` in Crore

PARTICULARS	Note No.	AS AT 31.03.2012	AS AT 31.03.2011
<b>2. CURRENT ASSETS :</b>			
(a) Inventory	14	1177.71	534.75
(b) Trade Receivables	15	1978.24	856.85
(c) Cash and Bank Balances	16	592.28	419.25
(d) Short term loans and advances	12	85.04	88.42
(e) Other current assets	13	41.07	357.24
		3874.34	2256.51
<b>TOTAL</b>		<b>5618.38</b>	<b>3748.86</b>
Statement of Significant Accounting Policies	A		
Notes on Financial Statements	26 - 53		

As per our report of even date attached

For **JCR & Co.**  
Chartered Accountants

For **M. M. NISSIM AND CO.**  
Chartered Accountants

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

**Saiprabha. R**  
Partner

**Dhiren Mehta**  
Partner

**Gautam Sen**  
Director ( Finance )

Dated : 30.05.2012  
Place: Mumbai

**K. C. Prakash**  
Company Secretary

Dated : 30.05.2012  
Place: Mumbai



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2012

₹ in Crore

PARTICULARS	Note No.	Year Ended March 2012	Year Ended March 2011
I Revenue from Operations	17	6433.71	5524.43
II Other Income	18	166.72	136.63
<b>III Total Revenue(I+II)</b>		<b>6600.43</b>	<b>5661.06</b>
<b>IV Expenses:</b>			
Cost of Materials Consumed	19	2161.09	1711.79
Purchases of Stock in Trade	20	1911.42	1307.27
Changes in Inventories of Finished Goods/Work in Progress and Stock in Trade	21	(459.21)	21.71
Employee benefits expense	22	402.00	377.35
Finance Costs	23	49.33	69.46
Depreciation and amortization	10	142.44	112.62
Other Expenses	24	2018.90	1706.17
<b>Total Expenses</b>		<b>6225.97</b>	<b>5306.37</b>
<b>V Profit before tax (III-IV)</b>		<b>374.46</b>	<b>354.69</b>
<b>VI Tax Expense</b>			
(1) Current tax		84.50	122.50
(2) Deferred tax		58.60	(8.23)
(3) Taxation adjustment of earlier years Excess(-)/Short(+)		(17.88)	(4.70)
<b>VII Profit for the year</b>		<b>249.24</b>	<b>245.12</b>
<b>VIII Earnings per equity share</b>			
<b>Basic and Diluted Earnings per share</b>	39	4.52	4.44



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2012

in Crore

PARTICULARS	Note No.	AS AT 31.03.2012	AS AT 31.03.2011
Statement of Significant Accounting Policies	A		
Notes on Financial Statements	26 - 53		

As per our report of even date attached

For **JCR & Co.**  
Chartered Accountants

For **M. M. NISSIM AND CO.**  
Chartered Accountants

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

**Saiprabha. R**  
Partner

**Dhiren Mehta**  
Partner

**Gautam Sen**  
Director ( Finance )

Dated : 30.05.2012  
Place: Mumbai

**K. C. Prakash**  
Company Secretary

Dated : 30.05.2012  
Place: Mumbai



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

` in Crore

PARTICULARS	Year Ended March 2012	Year Ended March 2011
<b>A Cash Flow From Operating Activities</b>		
Net Profit before tax	374.46	354.69
Adjustments for :		
Depreciation/Loss on impairment of Assets	143.11	112.85
Profit(-) / Loss on sale of Assets	1.55	1.61
Profit(-) / Loss on Sale/MTM of Government Bonds and Equity Investments	8.17	0.94
Interest Income	(36.58)	(56.45)
Dividend income	(6.05)	(0.65)
Interest and Finance Charges	49.33	38.33
Provision for Bad/Doubtful debts	2.20	13.85
Unrealised Foreign Exchange (Gain) /Loss	(11.02)	(2.94)
	150.71	107.54
Operating Profit before Working Capital Changes	525.17	462.23
Adjustments for :		
Trade and Other Receivables	(1162.23)	(69.64)
Government Bonds	327.33	285.26
Inventory	(642.96)	(125.16)
Trade Payables and Other Liabilities	872.39	165.96
	(605.47)	256.42
Cash Generated from Operations	(80.30)	718.65
Direct Taxes Paid	(75.23)	(60.36)
<b>Net Cash from Operating Activities ----- A</b>	<b>(155.53)</b>	<b>658.29</b>
<b>B Cash Flow from Investing Activities</b>		
Additions to Fixed Assets (Net of trade credit)	(336.59)	(118.26)
Sale of Fixed Assets	0.70	0.30
Purchase of Investments -Joint Ventures and Subsidiary	(2.72)	(0.10)
Interest Received	40.62	62.86
Dividend Received	6.05	0.65
Fixed Deposit Maturity more than 3 months	(495.00)	-
	(786.94)	(54.55)
<b>Net Cash from Investing Activities ----- B</b>	<b>(786.94)</b>	<b>(54.55)</b>





## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

` in Crore

PARTICULARS	Year Ended March 2012	Year Ended March 2011
<b>C Cash Flow from Financing Activities</b>		
Net Proceeds /(Repayment) of Working capital facilities and short term loans	642.14	(794.34)
Proceeds from Term loans	184.60	10.00
Repayments of Term Loans	(90.83)	(41.43)
Interest paid	(44.83)	(72.69)
Dividend paid (including Dividend Distribution tax)	(70.58)	(70.68)
	620.50	(969.14)
<b>Net Cash from Financing Activities ----- C</b>	<b>620.50</b>	<b>(969.14)</b>
Net Increase/Decrease(-) in Cash and Cash Equivalent (A+B+C)	-321.97	-365.40
Cash and Cash Equivalents as at 1st April (Opening Balance)	419.14	784.54
Cash and Cash Equivalents as at 31st March (Closing Balance)	97.17	419.14
Components of Cash and Cash Equivalents (Refer Note No.40 )		
Cash on hand	0.03	0.05
Cheques in hand	4.08	1.40
Balance With Scheduled Banks		
in Current and Cash Credit Accounts	57.62	97.20
in Term Deposits	35.00	320.00
in Unpaid Dividend Account *	0.44	0.49
	97.17	419.14
* 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".

As per our report of even date attached

For **JCR & Co.**  
Chartered Accountants

For **M. M. NISSIM AND CO.**  
Chartered Accountants

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

**Saiprabha. R**  
Partner

**Dhiren Mehta**  
Partner

**Gautam Sen**  
Director ( Finance )

Dated : 30.05.2012  
Place: Mumbai

**K. C. Prakash**  
Company Secretary

Dated : 30.05.2012  
Place: Mumbai



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012**

₹ in Crore

Note No.1	"SHARE CAPITAL"	AS AT 31.03.2012	AS AT 31.03.2011
	<b>Authorised</b>		
	80,00,00,000 Equity Shares of ₹ .10/- each.	800.00	800.00
	<b>Issued, Subscribed and Paid Up</b>		
	55,16,88,100 Equity shares of ₹ .10/- each fully paid up.	551.69	551.69
	<b>TOTAL</b>	<b>551.69</b>	<b>551.69</b>

**RECONCILIATION OF SHARES OUTSTANDING AT THE BEGINNING AND END OF THE REPORTING PERIOD**

	31.03.2012		31.03.2011	
	No.	₹ in Crore	No.	₹ in Crore
<b>EQUITY SHARES</b>				
At the beginning of the year	551688100	551.69	551688100	551.69
Issued during the year	-	-	-	-
Outstanding at the end of the year	551688100	551.69	551688100	551.69

Terms/Rights Attached to Equity shares

The Company has only one class of equity shares having par value of ₹ .10 per share. Each share holder is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY**

	31.03.2012		31.03.2011	
	No.	%age of Share holding	No.	%age of Share holding
Government of India	510314900	92.50%	510314900	92.50%



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

₹ in Crore

Note No.2	"RESERVE AND SURPLUS"	AS AT 31.03.2012	AS AT 31.03.2011
<b>General Reserve</b>			
	Balance as per last Balance Sheet.	1459.88	1285.29
	Add : Transferred from Statement of Profit and Loss	159.47	174.59
	Closing Balance	1619.35	1459.88
<b>RCF - EEC Asset Management Reserve</b>			
	Balance as per last Balance Sheet.	0.16	0.16
	Additions during the year	-	-
	Closing Balance	0.16	0.16
<b>Surplus in the Statement of Profit and Loss</b>			
<b>Profit for the year</b>			
	Less: Appropriations	249.24	245.12
	Proposed Dividend	77.24	60.69
	Tax on Dividend	12.53	9.84
	Transfer to General Reserve	159.47	174.59
	<b>Total Appropriations</b>	249.24	245.12
	<b>Net Surplus in the Statement of profit and Loss</b>	-	-
	<b>TOTAL</b>	<b>1619.51</b>	<b>1460.04</b>

Note No.3	"LONG TERM BORROWINGS"	NON CURRENT		CURRENT MATURITIES	
		AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
<b>SECURED</b>					
<b>Term Loan from Banks</b>					
<b>1</b>	<b>Rupee Loan from Banks</b>				
	<b>a. State Bank of Bikaner and Jaipur (SBBJ)</b>	40.44	60.41	19.96	15.96
	A Loan facility aggregating to ₹ .106.41 crore sanctioned by SBBJ available by the Company are secured by hypothecation with first charge on project assets of Con.Nitric Acid Plant at Trombay & Argon recovery Plant at Thal and pari passu first charge basis on the project assets of Rapidwall Plant at Trombay.				



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012**

₹ in Crore

	NON CURRENT		CURRENT MATURITIES	
	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
<b>b. Syndicate Bank</b>	-	35.00	-	17.50
<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. The said loan has been fully prepaid during the year.</p>				
<b>c. New India Cooperative Bank Limited</b>	8.00	13.34	5.33	5.33
<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>				
<b>d. Kotak Mahindra Bank</b>	37.50	56.25	18.75	18.75
<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>				
	85.94	165.00	44.04	57.54
<b>2 Foreign Currency Loan/ External Commercial Borrowings</b>				
<b>a. Calyon Credit Agricole CIB Singapore (Calyon)</b>	1.02	2.66	2.05	1.47
<p>A 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 Unit.</p>				
<b>b. HSBC Mauritius</b>	127.89	-	-	-
<p>A loan of USD 25 Million availed by the Company from Hongkong Shanghai Banking Corporation, under RBI Loan Registration No.2011561, is secured by first pari passu charge by way of hypothecation on all current and future plant and machinery of the revamped Ammonia and Urea Plants situated at Thal.</p>				



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

₹ in Crore

	NON CURRENT		CURRENT MATURITIES	
	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
<b>c. Capital Expenditure Buyers credit from HSBC Mauritius</b>	22.86	-	-	-
Capex Buyers credit of amounting to USD 4469125 availed from Hongkong Shanghai Banking Corporation for purchase of plant and machinery from abroad , with bullet repayment after 3 years , secured by first pari passu charge by way of hypothecation on all movable properties forming part of existing Ammonia and Urea plants at Thal Unit with a minimum security cover of 1.25 times of the amount borrowed under this arrangement.				
<b>d. HSBC -FCNR(B)Loan</b>	37.55	-	12.00	-
A loan of ₹.48.00 crore availed in Euro amounting to EUR 725000 under the FCNR(B) arrangement availed from Hongkong Shanghai Banking Corporation is secured by hypothecation of movable properties of its Ammonium Nitrophosphate plant at Trombay.				
	189.32	2.66	14.05	1.47
Amount disclosed under the head "OTHER CURRENT LIABILITIES" (Refer Note No. 9)			(58.09)	(59.01)
<b>TOTAL</b>	<b>275.26</b>	<b>167.66</b>	<b>-</b>	<b>-</b>

₹ in Crore

<b>Note No.4 "DEFERRED TAX LIABILITIES (NET)"</b>	AS AT 31.03.2012	AS AT 31.03.2011
<b>A) Deferred Tax Liability:</b>		
Depreciation	274.84	225.24
Total	274.84	225.24
<b>B) Deferred Tax Asset:</b>		
Provision for doubtful debts/claims	2.02	8.25
Provision for contingent liability	0.17	0.17
Provision for obsolescence of stores	0.91	2.66
Expenditure allowable on payment basis	57.34	56.16
Others	0.29	2.49
Total	60.73	69.73
<b>Net Deferred Tax Liability</b>	<b>214.11</b>	<b>155.51</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012**

in Crore

Note No. 5 "OTHER LONG TERM LIABILITIES"	AS AT 31.03.2012	AS AT 31.03.2011
<b>A) Trade Payables</b>	1.02	0.89
<b>B) Others</b>		
Creditors on Capital account	-	1.48
Security Deposit from Vendors	0.99	4.77
Standing Deposit from Customers	17.44	11.67
Deposit from Employees	0.46	0.02
Other Liabilities	52.54	66.53
<b>TOTAL</b>	<b>72.45</b>	<b>85.36</b>

in Crore

Note No. 6 "PROVISIONS"	LONG TERM		SHORT TERM	
	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
<b>A) Provision for Employee Benefits</b>				
Leave Salary Encashment	99.67	84.97	53.70	56.06
Post Retirement Medical Benefits	27.39	23.45	2.51	1.84
Others (Refer Note . No.38 )	-	-	0.53	7.11
	127.06	108.42	56.74	65.01
<b>B) Other Provisions</b>				
Proposed Dividend	-	-	77.24	60.69
Tax on Dividend	-	-	12.53	9.84
Provision for Taxation less Advance tax	-	-	16.70	9.92
	-	-	106.47	80.45
<b>TOTAL</b>	<b>127.06</b>	<b>108.42</b>	<b>163.21</b>	<b>145.46</b>

in Crore

Note No. 7 "SHORT TERM BORROWINGS"	AS AT 31.03.2012	AS AT 31.03.2011
<b>SECURED:</b>		
<b>A. Working Capital facilities from Bank</b>		
Cash Credit from banks	19.07	24.30
Working Capital Demand Loan	-	100.00
Total Secured	19.07	124.30
<b>UNSECURED:</b>		
Short Term Foreign currency loans from banks-Buyers Credit	890.88	129.91
Total Unsecured	890.88	129.91
<b>TOTAL</b>	<b>909.95</b>	<b>254.21</b>

Cash Credit and Working capital Demand loan from banks is secured by hypothecation of entire stocks of raw materials and finished goods, stock in transit, book debts and consumable stores and spares,



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

` in Crore

Note No. 8 "TRADE PAYABLES"	AS AT 31.03.2012	AS AT 31.03.2011
Trade Payables (Refer Note No. 34)	1196.96	508.65
<b>TOTAL</b>	<b>1196.96</b>	<b>508.65</b>

` in Crore

Note No. 9 "OTHER CURRENT LIABILITIES"	AS AT 31.03.2012	AS AT 31.03.2011
Current maturities of long term borrowings (Refer Note No.3)	58.09	59.01
Interest accrued but not due on borrowings	5.78	0.54
Interest accrued but due on borrowings	-	0.74
Income received in advance	33.26	45.19
Unclaimed dividend (*)	0.44	0.49
Sub Total	97.57	105.97
<b>Other Payables</b>		
Creditors on Capital Account	28.45	22.83
Trade Deposit from Customers	44.44	29.77
Earnest Money Deposit & Security Deposit from Vendors	36.41	36.15
Subsidy on unsold stock	147.25	10.38
Foreign Currency Payable	-	2.36
<b>Statutory Dues:</b>		
Excise Duty on closing stock	3.79	2.39
Withholding taxes	2.19	1.93
VAT/ Sales tax	4.28	4.41
Other taxes	0.01	0.74
<b>Other Liabilities:</b>		
Ex-gratia & employee benefits	84.20	79.59
Overdrawn balances in Current Account	3.28	1.13
Others (Refer Note No. 34)	36.31	14.21
Sub Total	390.61	205.89
<b>TOTAL</b>	<b>488.18</b>	<b>311.86</b>

\* No amounts are due & payable to Investor Education & Protection Fund



## NOTES TO BALANCE SHEET

in Crore

Note No. 10 FIXED ASSETS											
FIXED ASSETS	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION					NET BLOCK	
	AS.AT 01.04.2011	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS.AT 31.03.2012	UPTO 31.03.2011	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2012	Impairment Loss	AS.AT 31.03.2012	AS.AT 31.03.2011
<b>Tangible Assets:</b>											
Land ( Freehold )	8.76	2.03	-	<b>10.79</b>	-	-	-	-	-	<b>10.79</b>	8.76
Land Leasehold)	14.11	-	-	<b>14.11</b>	1.61	0.47	-	<b>2.08</b>	-	<b>12.03</b>	12.50
Roads & Culverts	11.08	-	-	<b>11.08</b>	3.67	0.17	-	<b>3.84</b>	-	<b>7.24</b>	7.41
Buildings	160.50	1.35	0.01	<b>161.84</b>	102.66	4.57	0.01	<b>107.22</b>	-	<b>54.62</b>	57.84
Railway sidings	50.22	-	-	<b>50.22</b>	38.09	0.75	-	<b>38.84</b>	-	<b>11.38</b>	12.13
Plant & Machinery	2846.24	242.95	10.24	<b>3078.95</b>	1713.75	108.18	8.29	<b>1813.64</b>	21.28	<b>1244.03</b>	1131.65
Water System, Sewerage & Drainage	21.80	0.81	-	<b>22.61</b>	18.93	0.27	0.00	<b>19.20</b>	-	<b>3.41</b>	2.87
Miscellaneous	74.08	5.71	0.04	<b>79.75</b>	48.58	2.54	0.02	<b>51.10</b>	-	<b>28.65</b>	25.50
Equipments											
Furniture, Fixtures & Office Appliances	44.70	4.43	2.25	<b>46.88</b>	25.11	4.29	1.98	<b>27.42</b>	-	<b>19.46</b>	19.59
Transport Vehicles	5.00	0.09	0.12	<b>4.97</b>	2.70	0.33	0.11	<b>2.92</b>	-	<b>2.05</b>	2.30
<b>Intangible Assets</b>											
Computer Software	8.11	2.65	-	<b>10.76</b>	6.88	1.11	-	<b>7.99</b>	-	<b>2.77</b>	1.23
<b>Assets held for disposal</b>	0.65	0.07	-	<b>0.72</b>	-	-	-	-	-	<b>0.72</b>	0.65
<b>TOTAL</b>	<b>3245.25</b>	<b>260.09</b>	<b>12.66</b>	<b>3492.68</b>	<b>1961.98</b>	<b>122.68</b>	<b>10.41</b>	<b>2074.25</b>	<b>21.28</b>	<b>1397.15</b>	<b>1282.43</b>
Previous Year Figures	3110.69	154.48	19.92	3245.25	1867.14	112.85	18.01	1961.98	0.84	1282.43	

### Notes

- Depreciation on tangible assets provided during the year  
Amortisation on intangible assets during the year
- Charged to Statement of Profit & Loss:  
Depreciation Provided During the year in Statement of Profit and Loss  
Under Research and Development  
As Net adjustment relating to Prior Years  
Sub total  
Impairment Provision made during the year in  
Statement of Profit and Loss  
Total
- Land at Thal included in Gross Block (at cost) at ₹. 2.33 crores is subject to final price.
- Leasehold land includes land taken on lease for a period of 30 years at Vizag ₹. 7.64 crore and at Tuticorin ₹. 4.21 crore.

	Year Ended March 2012	Year Ended March 2011
	121.57	112.44
	1.11	0.41
	<b>122.68</b>	<b>112.85</b>
	122.01	112.62
	0.04	0.04
	0.63	0.19
	<b>122.68</b>	<b>112.85</b>
	20.43	-
	<b>143.11</b>	<b>112.85</b>





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

5	Additions/Adjustments include the following	Item of Asset	Year Ended March 2012	Year Ended March 2011
	Exchange Differences	Plant &	2.57	-
	Borrowing Costs	Machinery	3.99	-
			<u>6.56</u>	<u>-</u>
6	The Company is charging rent to certain Public Sector Undertakings & other parties for utilising part of its Land & Buildings. It is not feasible to segregate Cost & Depreciation amount in respect of Fixed Asset so utilised & hence has not been disclosed separately			

		` in Crore	
<b>Note No. 11 "NON-CURRENT INVESTMENTS "</b>		<b>AS AT 31.03.2012</b>	<b>AS AT 31.03.2011</b>
<b>Unquoted Trade Investments (Fully paid up):</b>			
<b>a Subsidiary</b>			
	Rajasthan Rashtriya Chemicals and Fertilizers Ltd. ( 25500 equity shares of ` 10 each ) Less:- Provision for Diminution in the value of investment	0.03 (0.03)	0.03 (0.03)
		-	-
<b>b Joint Ventures</b>			
	FACT-RCF Building Products Ltd. ( 176,90,000 equity shares(P.Y.150,00,000) of ` .10 each ) ( 26,90,000 equity shares allotted during the year ) (Under lock in period upto 31st March 2018)	17.69	15.00
	Urvarak Videsh Ltd. (1,80,000 equity shares(P.Y.1,50,000) of ` .10 each ) ( 30,000 equity shares allotted during the year)	0.18	0.15
	RCF HM Construction Solutions Pvt.Ltd. (50,000 equity shares of ` 10 each ) (Under lock in period upto 5th April 2014) Less:- Provision for Diminution in the value of investment	0.05 (0.05)	0.05 (0.05)
		-	-
<b>c Others</b>		0.17	0.17
	Indian Potash Limited (3,36,600 equity shares of ` 10 each)		
	<b>TOTAL</b>	<b>18.04</b>	<b>15.32</b>
	Aggregate Provision for diminution in the value of investments Refer Note No. 41	0.08	0.08



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012**

in Crore

Note No. 12 "LOANS AND ADVANCES"	NON CURRENT		CURRENT	
	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
Capital Advances -Unsecured Considered good	8.62	8.56	-	-
Considered Doubtful	1.15	1.15	-	-
Less: Provision	(1.15)	(1.15)	-	-
	8.62	8.56	-	-
Security Deposits-Unsecured Good (Refer Note No. 26.8)	16.95	18.71	1.43	1.52
	16.95	18.71	1.43	1.52
<b>Loans and Advances to related Parties</b>				
Unsecured -Considered Good	0.81	0.33		
Considered Doubtful	0.02	0.02		
Less: Provision	(0.02)	(0.02)		
	0.81	0.33		
<b>Loans:</b>				
<b>-Employees</b>				
Secured Considered Good (Incl accrued interest C.Y Rs 9.98 crore, P.Y.Rs 11.75 crore)	9.82	5.15	1.31	8.49
Unsecured Considered Good	-	0.10	-	-
	9.82	5.25	1.31	8.49
<b>ADVANCES RECOVERABLE IN CASH OR IN KIND UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED</b>				
Contractors	-	-	60.14	52.57
Employees	0.02	0.01	0.19	0.21
VAT Receivables	62.21	44.56	-	-
Others	0.08	0.05	19.59	7.86
	62.31	44.62	79.92	60.64
Considered Doubtful	2.67	6.09		
Less:Provision for doubtful advances	(2.67)	(6.09)		
	-	-	-	-
Advance Income Tax (Net of Provision)	35.06	19.67	-	-
Deposits with Customs, Port Trust etc.	0.84	0.91	2.31	17.52
Prepaid expenses	1.09	0.42	0.07	0.25
<b>TOTAL</b>	<b>135.50</b>	<b>98.47</b>	<b>85.04</b>	<b>88.42</b>
Advances to employees include Dues from Directors towards Business travel	-	-	0.02	0.04



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

` in Crore

Note No. 13 "OTHER ASSETS"	NON CURRENT		CURRENT	
	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
<b>UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED</b>				
Unamortized Premium on Forward contracts			9.44	1.86
Government Bonds			-	348.72
Less: MTM Provision on Bonds			-	(42.78)
Sub Total			-	305.94
Compensation Receivable from GOI (on sale of Fertilizer Bonds)			-	21.39
Foreign Currency receivable			7.52	-
Interest Accrued			2.49	6.53
Receivables	10.86	12.72	21.62	21.52
Other Receivables - Considered Doubtful	0.28	0.25	-	-
Less: Provision for doubtful Receivables	(0.28)	(0.25)	-	-
Advance against Equity Pending allocation	5.69	1.64		
Less: Provision towards dimunition in value (Refer Note No. 36)	(0.51)	(0.51)		
	5.18	1.13	-	-
<b>TOTAL</b>	<b>16.04</b>	<b>13.85</b>	<b>41.07</b>	<b>357.24</b>

` in Crore

Note No. 14 "INVENTORY"	NON CURRENT		CURRENT	
	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
Raw materials			309.17	165.01
Finished Goods			180.07	52.91
Stock in Trade/Bought out Products			334.21	2.91
Intermediary Products			18.26	18.55
By products			11.63	8.20
Stores & Spares, packing materials and Petroleum products			326.90	295.10
Less: Provision for Obsolescence/Loss under Investigation			2.81	8.21
			324.09	286.89
Certified Emission Reduction Credits (No. of Units C.Y.152013, P.Y.152013)			0.28	0.28
<b>TOTAL</b>			<b>1177.71</b>	<b>534.75</b>
<b>Inventory Includes:</b>				
i) In Transit				
Raw Materials			49.99	48.34
Finished Goods			29.07	18.33
ii) Stores and Spares				
a) Under inspection			4.97	9.01
b) Platium & Rhodium stolen in earlier year and under investigation which is not available for verification			0.21	0.21
c) With fabricators			15.29	2.99



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012**

in Crore

Note No. 15 "TRADE RECEIVABLES"	NON CURRENT		CURRENT	
	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
<b>Overdue for a period exceeding six months Secured-considered good.</b>				
Debtors	-	-	0.03	0.17
Claims	-	-	-	-
	-	-	0.03	0.17
<b>Unsecured-considered good.</b>				
Debtors	-	-	0.13	0.91
Claims	-	-	254.77	212.03
	-	-	254.90	212.94
<b>Other Debts</b>				
<b>Secured-considered good</b>				
Debtors			72.15	28.15
Claims			-	-
			72.15	28.15
<b>Unsecured-considered good.</b>				
Debtors			209.42	25.16
Claims			1441.74	590.43
			1651.16	615.59
Debtors Unsecured Considered Doubtful	0.05	3.39		
Debtors Unsecured Considered Bad	0.04	0.07		
Less: Provision for doubtful debts	(0.05)	(3.39)		
Less: Provision for bad debts	(0.04)	(0.07)		
	-	-		
Claims - Considered Doubtful	1.99	14.46		
Less: Provision for doubtful	(1.99)	(14.46)		
	-	-		
Sub Total - Sundry Debtors	-	-	281.73	54.39
Sub Total - Claims	-	-	1696.51	802.46
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>1978.24</b>	<b>856.85</b>

in Crore

Note No. 16 "CASH AND BANK BALANCES"	NON CURRENT		CURRENT	
	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
<b>Cash and Cash Equivalents</b>				
Cash on hand			0.03	0.05
Cheques in hand			4.08	1.40
Deposits with original maturity less than 3 months			35.00	320.00
In Current and Cash Credit accounts			57.62	97.20
In unpaid Dividend Account			0.44	0.49
			97.17	419.14
<b>Other Bank Balances</b>				
Deposits with original maturity more than 3 months but less than 12 months			495.00	-
Margin money deposit			0.11	0.11
			495.11	0.11
<b>TOTAL</b>			<b>592.28</b>	<b>419.25</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

` in Crore

<b>Note No. 17 "REVENUE FROM OPERATIONS"</b>		<b>Year Ended March 2012</b>	<b>Year Ended March 2011</b>
<b>1. Sales</b>			
<b>(A).Manufactured Products</b>	17A		
Fertilizers		1748.40	1503.33
Industrial Products		865.61	726.25
		2614.01	2229.58
Less: Excise duty		(98.51)	(66.99)
		2515.50	2162.59
<b>(B).Bought-out Products</b>	17A		
Fertilizers		957.17	709.22
Net Sales		3472.67	2871.81
<b>2. Other Operating Revenues</b>			
Subsidy on Urea & Complex Fertilizers	17B	2928.04	2635.30
Sale of Scrap		22.56	5.49
Management Fees -For Services rendered		10.44	11.83
<b>TOTAL</b>		2961.04	2652.62
<b>Revenue from Operations (Net)</b>		6433.71	5524.43

### SALES - PRODUCT WISE BREAK UP

` in Crore

<b>Note No. 17A</b>	<b>Year Ended March 2012</b>	<b>Year Ended March 2012</b>	<b>Year Ended March 2011</b>	<b>Year Ended March 2011</b>
	<b>Quantity (M.T.)</b>	<b>Value</b>	<b>Quantity (M.T.)</b>	<b>Value</b>
<b>1 Manufactured</b>				
<b>A. Fertilizers</b>				
Urea	1,974,854	1023.17	2,154,461	1104.73
Suphala 15 : 15 : 15	410,009	401.90	450,320	259.89
Suphala 20 : 20 : 0 (Ammonium Nitrate Phosphate )	176,932	200.77	151,507	91.79
Neem coated Urea	76,801	41.86	-	-
Boronated Suphala	30,263	35.83	-	-
Others	-	44.87	-	46.92
	2,668,860	1748.40	2,756,288	1503.33
<b>B. Industrial Products</b>				
Methanol	50,669	109.46	41,264	71.14
Ammonia	88,215	266.47	103,947	181.18
Dilute Nitric Acid	12,598	23.20	25,376	43.06
Concentrated Sulphuric Acid	-	-	28	0.01
Concentrated Nitric Acid	36,633	63.15	32,797	54.43
Technical Grade Urea	-	-	-	-
Ammonium Bi-carbonate	26,757	34.48	25,535	34.41



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012**

**SALES - PRODUCT WISE BREAK UP**

in Crore

Note No. 17A	Year Ended March 2012	Year Ended March 2012	Year Ended March 2011	Year Ended March 2011
	Quantity (M.T.)	Value	Quantity (M.T.)	Value
Sodium Nitrate	1,620	5.06	1,595	4.29
Sodium Nitrite	3,337	11.75	3,485	11.25
Methylamines	13,250	86.79	13,887	79.35
Ammonium Nitrate Melt	79,627	172.42	99,213	171.34
Dimethyl Formamide	3,364	21.19	2,969	16.18
Dimethyl Acetamide	3,154	23.27	1,673	11.98
Argon Gas / Liquid Argon	8,768	16.37	11,960	16.91
Carbon dioxide	-	-	-	-
Formic Acid	5,208	22.38	4,138	18.78
Others	-	9.62	-	11.94
		<b>865.61</b>		<b>726.25</b>
<b>2. Bought-out Products</b>				
<b>A Fertilizers</b>				
Imported Di Ammonium Phosphate	46,796	89.50	99,202	95.97
Imported Muriate of Potash	218,354	240.19	277,805	134.87
Imported Urea	1,093,067	565.79	831,970	426.44
Single Super Phosphate	21,211	9.65	16,409	15.27
Imported NPK 12:32:16	-	-	29,723	23.67
Imported NPK 20:20:0	8,639	11.71	-	-
Imported DAP Lite	20,823	25.46	-	-
Ammonium Sulphate	1,277	1.05	2,616	2.13
Others	-	13.82	-	10.87
		<b>957.17</b>		<b>709.22</b>
<b>TOTAL</b>		<b>3571.18</b>		<b>2938.80</b>

in Crore

Note No. 17B "SUBSIDY"	Year Ended March 2012	Year Ended March 2011
Manufactured Fertilizers		
Price	1742.06	1542.30
Freight	285.81	237.78
	<b>2027.87</b>	<b>1780.08</b>
Bought-out Fertilizers		
Price	749.54	732.88
Freight	150.63	122.34
	<b>900.17</b>	<b>855.22</b>
<b>TOTAL</b>	<b>2928.04</b>	<b>2635.30</b>

Refer Note No. 33



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

` in Crore

<b>Note No. 18 "OTHER INCOME"</b>	<b>Year Ended March 2012</b>	<b>Year Ended March 2011</b>
<b>Interest Income</b>		
On Loans to Employees	0.09	0.15
On Deposits with Bank and Others	28.16	3.11
From Customers	0.55	0.45
On Income Tax Refunds	-	5.63
On Government Bonds	7.74	47.09
From Others	0.04	0.02
<b>TOTAL</b>	<b>36.58</b>	<b>56.45</b>
<b>Other Income</b>		
Rental from ammonia wagons	-	0.43
Lease rent for railway wagons	0.71	0.71
Dividend from Trade Investment	0.08	0.07
Dividend from Other than Trade Investment	5.97	0.58
Profit on sale of fixed assets (Net)	0.56	0.06
Bad debts recovered	6.19	1.82
Provisions for Doubtful debts/advances/obsolescence no longer required	27.76	15.31
Liabilities/Provisions for expenses of earlier years no longer required	10.80	4.42
Rent received, recovery of electricity etc.	21.95	23.09
Compensation on sale of fertilizers bonds (net) *	19.20	21.03
Lease compensation of railway siding	9.07	-
Miscellaneous Income	27.86	12.67
	<b>130.15</b>	<b>80.19</b>
Less: Transfer to Research and Development from Other Miscellaneous Income (Refer Note No. 24C)	(0.01)	(0.01)
	<b>166.72</b>	<b>136.63</b>

\* Refer Note No. 43

` in Crore

<b>Note No. 19 "COST OF MATERIALS CONSUMED"</b>	<b>Year Ended March 2012</b>	<b>Year Ended March 2011</b>
Raw Materials * 19A	2044.80	1608.51
Packing Materials	116.29	103.28
<b>TOTAL</b>	<b>2161.09</b>	<b>1711.79</b>
* Consumption is net of transfer to CWIP / Asset capitalised	-	0.15



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012**

in Crore

<b>Note No. 19A</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>
<b>ITEMWISE BREAKUP OF MATERIALS CONSUMED</b>	<b>March 2012</b>	<b>March 2012</b>	<b>March 2011</b>	<b>March 2011</b>
	<b>Quantity</b>	<b>Value</b>	<b>Quantity</b>	<b>Value</b>
	<b>(M.T.)</b>		<b>(M.T.)</b>	
<b>RAW MATERIALS</b>				
Rock Phosphate	246,943	240.11	231,137	173.20
Di-Ammonium Phosphate	13,397	41.48	22,730	62.65
Mono-Ammonium Phosphate	67,730	198.49	45,028	87.37
Muriate of Potash	117,228	272.58	114,249	215.10
Sulphur	28,059	31.49	25,965	23.44
Soda Ash	2,887	5.05	198	0.33
Sulphuric Acid	-	2.28	-	0.00
Associated Gas (Quantity in '000 M3) (APM)	84,915	55.26	115,392	72.10
Natural Gas (Quantity in '000 M3) (PMT/RIL)	910,879	983.74	917,056	942.57
Natural Gas (Quantity in '000 M3) (RLNG-spot)	51,484	158.38	-	-
Others	-	55.94	-	31.90
<b>TOTAL</b>		<b>2044.80</b>		<b>1608.66</b>
Less : Transferred to CWIP / Asset capitalised		-		(0.15)
		<b>2044.80</b>		<b>1608.51</b>

in Crore

<b>Note No. 20</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>
<b>PURCHASES OF BOUGHT OUT PRODUCTS</b>	<b>March 2012</b>	<b>March 2012</b>	<b>March 2011</b>	<b>March 2011</b>
	<b>Quantity</b>	<b>Value</b>	<b>Quantity</b>	<b>Value</b>
	<b>(M.T.)</b>		<b>(M.T.)</b>	
Imported Urea	1,116,575	760.48	819,171	484.42
Imported Di Ammonium Phosphate	72,555	275.49	99,672	244.28
Imported Muriate of Potash	273,704	712.92	278,344	490.45
Imported Sulphur	2,530	3.94	-	-
Imported Di Ammonium Phosphate (lite) 16:42 bulk	26,252	58.96	-	-
Single Super Phosphate	15,606	6.50	47,307	13.92
Imported S : 20:20:0	29,882	68.58	-	0.00
Imported NPK 12:32:16	-	-	29,845	64.35
Ammonium Sulphate	1,277	1.02	2,616	2.08
Imported Suphala 19:19:19	1,600	8.91	-	-
Imported SOP Bulk	3,750	12.70	-	-
Others	-	1.92	-	7.77
<b>TOTAL</b>		<b>1911.42</b>		<b>1307.27</b>





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

` in Crore

Note No. 21 "CHANGES IN INVENTORY"		Year Ended March 2012	Year Ended March 2011
<b>Opening Stock</b>			
Finished Goods	21A	52.91	61.23
Intermediary Products		18.55	22.29
By-Products		8.20	6.45
Stock in trade	21A	2.91	12.38
Carbon Credits		0.28	-
<b>Sub-Total</b>		<b>82.85</b>	<b>102.35</b>
<b>Closing stock</b>			
Finished Goods	21B	180.07	52.91
Intermediary Products		18.26	18.55
By-Products		11.63	8.20
Stock in trade	21B	334.21	2.91
Carbon Credits		0.28	0.28
<b>Sub-Total</b>		<b>544.45</b>	<b>82.85</b>
<b>Changes in Inventory</b>		<b>(461.60)</b>	<b>19.50</b>
Differential Excise duty on stocks of Finished goods		2.39	2.21
<b>TOTAL</b>		<b>(459.21)</b>	<b>21.71</b>

` in Crore

Note No. 21A OPENING STOCK - PRODUCT WISE BREAK-UP	Year Ended March 2012	Year Ended March 2012	Year Ended March 2011	Year Ended March 2011
	Quantity (M.T.)	Value	Quantity (M.T.)	Value
<b>Finished Goods</b>				
<b>1. Manufactured</b>				
<b>A. Fertilizers</b>				
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>B. Industrial Products</b>				
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	.55
Ammonium Nitrate Melt	43	0.06	43	0.04
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>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012**

in Crore

<b>Note No. 21A</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>
<b>OPENING STOCK - PRODUCT WISE BREAK-UP</b>	<b>March 2012</b>	<b>March 2012</b>	<b>March 2011</b>	<b>March 2011</b>
	<b>Quantity (M.T.)</b>	<b>Value</b>	<b>Quantity (M.T.)</b>	<b>Value</b>
<b>2. Bought-out Products</b>				
<b>Fertilizers</b>				
Imported Di Ammonium Phosphate *	127	0.33	73	0.12
Imported Muriate of Potash	-	-	64	0.15
Imported Urea	4,004	2.06	21,582	12.00
Imported NPK 12:32:16 *	1	0.00	-	-
Others	-	0.52	-	0.11
		2.91		12.38
<b>TOTAL</b>		<b>55.82</b>		<b>73.61</b>

in Crore

<b>Note No. 21B</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>
<b>CLOSING STOCK - PRODUCT WISE BREAK-UP</b>	<b>March 2012</b>	<b>March 2012</b>	<b>March 2011</b>	<b>March 2011</b>
	<b>Quantity (M.T.)</b>	<b>Value</b>	<b>Quantity (M.T.)</b>	<b>Value</b>
<b>Finished Goods</b>				
<b>1. Manufactured</b>				
<b>A. Fertilizers</b>				
Urea (Trombay)	15,650	17.33	7,350	7.32
Urea (Thal)	64,708	61.09	17,223	14.24
Complex Fertilizers	42,505	80.79	9,961	15.90
Others	-	12.68	-	10.35
<b>B. Industrial Products</b>				
Methanol	1,788	3.61	1,221	2.18
Concentrated Nitric Acid	149	0.20	275	0.34
Ammonium Bi-carbonate	66	0.06	42	0.04
Sodium Nitrate	31	0.11	15	0.04
Sodium Nitrite	43	0.16	8	0.03
Methylamines	292	1.33	106	0.53
Ammonium Nitrate Melt	43	0.07	43	0.06
Dimethyl Formamide	93	0.54	27	0.15
Dimethyl Acetamide	25	0.16	60	0.35
Argon Gas / Liquid	78	0.13	47	0.06
Formic Acid	309	1.14	144	0.55
Others	-	0.67	-	0.77
		180.07		52.91
<b>2. Bought-out Products</b>				
<b>Fertilizers</b>				
Imported Di Ammonium Phosphate	25,552	101.76	127	0.33
Imported Muriate of Potash	52,065	138.66	-	-
Imported Urea	22,593	18.68	4,007	2.06
Single Super Phosphate	9,555	7.41	-	-
Water Soluble Fertilizers	1,600	9.24	-	-
Imported NPK 12:32:16 *	-	-	1	-
Imported NPK 20:20:0	21,172	50.68	-	-
Sulphate of Potash	1,438	5.01	-	-
Others	-	2.77	-	0.52
		334.21		2.91
<b>TOTAL</b>		<b>514.28</b>		<b>55.82</b>

\* C.Y. NIL P.Y. 1977



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

` in Crore

<b>Note No. 22 "EMPLOYEE BENEFITS EXPENSE"</b>	<b>Year Ended March 2012</b>	<b>Year Ended March 2011</b>
Salaries, Wages and Bonus *	345.10	331.25
Contribution to Provident Fund and other funds	28.49	24.52
Contribution to Gratuity Fund	13.40	13.24
Workmen and Staff Welfare Expenses	36.85	31.20
	<b>423.84</b>	<b>400.21</b>
Less : Salaries, Wages, Bonus and contribution to Provident Fund & Other funds		
<u>Included in :</u>		
Research and Development ( Refer Note No. 24C)	(2.07)	(2.08)
Receivables from Thal Ammonia Extension	(19.77)	(20.78)
	<b>(21.84)</b>	<b>(22.86)</b>
<b>TOTAL</b>	<b>402.00</b>	<b>377.35</b>

\* Refer Note No. 48

` in Crore

<b>Note No. 23 "FINANCE COSTS"</b>	<b>Year Ended March 2012</b>	<b>Year Ended March 2011</b>
On Term Loans-From Banks	20.58	21.14
On Working capital from Banks	8.02	29.60
On other loans and deposits	2.93	2.96
Exchange differences to the extent considered as adjustment to borrowing costs	14.06	12.40
Others	3.74	3.36
<b>TOTAL</b>	<b>49.33</b>	<b>69.46</b>

` in Crore

<b>Note No. 24 "OTHER EXPENSES"</b>	<b>Year Ended March 2012</b>	<b>Year Ended March 2011</b>
Stores and Spares	39.71	20.23
Power and fuel	970.57	871.85
Water Charges	40.51	53.56
Repairs and Maintenance	141.02	94.27
Freight and Handling Charges	609.48	524.88
Rent	6.23	4.73
Rates and Taxes	8.47	4.54
Insurance	8.01	8.33
Discounts and Rebates on sales	75.63	73.58
Miscellaneous Expenses	119.28	50.25
	<b>2018.90</b>	<b>1706.17</b>
Less: Transferred to Research & Development (Refer Note No. 24C)	(0.01)	(0.05)
	<b>2018.89</b>	<b>1706.12</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

₹ in Crore

Note No. 24A "REPAIRS AND MAINTENANCE"	Year Ended March 2012	Year Ended March 2011
Plant and Machinery	99.76	63.15
Buildings	34.35	17.13
Other Assets	7.03	14.01
	141.14	94.29
Less: Transferred to Research & Development (Refer Note No. 24C)	(0.12)	(0.02)
<b>TOTAL</b>	<b>141.02</b>	<b>94.27</b>

₹ in Crore

Note No. 24B "MISCELLANEOUS EXPENSES"	Year Ended March 2012	Year Ended March 2011
Security expenses-Factory and Others	20.87	16.58
Electricity Charges-Township and Offices	4.03	4.67
Advertisement	6.51	4.47
Bank Charges	3.20	3.11
Promotion and Publicity	2.95	3.51
Hire Charges for vehicles	3.36	2.09
Travelling expenses	6.09	4.50
Miscellaneous expenses *	30.92	27.81
Entertainment Expenses	0.14	0.09
Donations	-	0.05
Lease Rent for Railway wagons	-	0.04
Research and Development expenses 24C	6.46	2.25
Loss on Fixed Assets Sold /Discarded	2.11	1.67
Losses and write off	1.11	-
Foreign exchange Loss/(Gain)	14.83	(37.83)
Loss on sale/ Mark To Market valuation of Government Bonds and Equity Investment	8.17	0.94
Provision for Doubtful Debts/ Claims/ Advances	2.20	13.85
Provision for obsolescence of stores	0.94	0.39
Bad debts written off	19.31	14.99
Prior period Items -Debit(+)/Credit(-) 24D	1.59	(0.22)
Adj. for Transfer Credits (Refer Note No. 25)	(15.51)	(12.71)
<b>TOTAL</b>	<b>119.28</b>	<b>50.25</b>

\* Includes Directors' sitting Fees C.Y.Nil, P.Y. ₹ .130000



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

` in Crore

Note No. 24C "RESEARCH & DEVELOPMENT EXPENSES"	Year Ended March 2012	Year Ended March 2011
Salaries and Staff Welfare Expenses	2.07	2.08
Repairs and Maintenance	0.12	0.02
Depreciation	0.04	0.04
Other Expenses	4.24	0.10
Handling charges	-	0.01
Materials Consumed	-	0.01
<b>Sub Total</b>	<b>6.47</b>	<b>2.26</b>
Less: Other Miscellaneous Income	(0.01)	(0.01)
<b>TOTAL</b>	<b>6.46</b>	<b>2.25</b>

` in Crore

Note No. 24D "PRIOR PERIOD ITEMS"	Year Ended March 2012	Year Ended March 2011
<b>Debits / Credits (-)</b>		
Interest	-	-
Materials Consumed	-	0.04
Sales	-	-
Subsidy	-	-
Repairs and Maintenance	-	(0.22)
Depreciation	0.63	0.19
Others	0.96	(0.23)
<b>TOTAL</b>	<b>1.59</b>	<b>(0.22)</b>

` in Crore

Note No. 25 "TRANSFER CREDITS"	Year Ended March 2012	Year Ended March 2011
Utilities, Synthesis gas and share of other common expenses transferred to Thal Ammonia Extension and Technology Demonstration Plant, Trombay	15.46	12.71
Transfer credit Others	0.05	-
<b>TOTAL</b>	<b>15.51</b>	<b>12.71</b>



**A. Statement of Significant Accounting Policies and Notes on Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2012.**

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

**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 except for the change in accounting policy explained in 2 below.

**Presentation and disclosure of financial statements**

During the year ended 31 March 2012, the revised Schedule VI notified under the Act has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements.

All assets and liabilities have been classified as current or non-current as per criteria set out in the revised Schedule VI notified under the Act which are as under:

Based on the nature of products and the time taken between the acquisition of assets or processing and their realization in cash and cash equivalents, company has ascertained its operating cycle. The Normal operating cycle as determined by the Company is 6 months.

The threshold for classification as current or non-current assets is determined either by the realization of such assets within the normal operating cycle or if such asset is expected to be realized within twelve months after the reporting date. Thus classification of an asset either current or non-current has been made applying the criteria of realization of such assets within a period of 12 months after the reporting date.

Where assets have been fully provided for as doubtful, the same are classified as non-current.

Similarly in case of liabilities the same is classified as current where it is expected to be settled within 12 months after reporting date and where the company does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date.

**2. Change in Accounting Policy**

Adjustment of exchange variance on translation

/settlement of long term monetary items

Government of India has issued an amendment to Accounting Standard -11 (Revised) giving an option to Companies which had earlier not exercised the option to adjust the exchange differences to the cost of asset in respect of long term foreign currency items for transactions commencing from 01-4-2011. Consequently, company has exercised the option of adjusting such exchange variances to the cost of the asset. The impact of the same is given separately in Note no. 49 to the Financial Statements.

**3. 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.

**4. Fixed Assets**

4.1 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. Cost for this purpose includes all costs attributable for bringing the asset to its present location and condition. Assets held for disposal, are stated at lower of net book value and net estimated realizable value.

4.2 The Government/Institutional grants of capital nature are adjusted to the gross block of relevant Fixed Assets.

4.3 From accounting periods commencing on after 01-4-2011, the Company adjusts exchange differences on translation / settlement of long term monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

**5. Depreciation/Amortization**

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.

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.

Leasehold land is amortized equally over the lease period pro-rata from the month the asset is available to the Company.

Depreciation on Catalyst capitalized upon commissioning is provided on the estimated useful life as technically assessed.

Depreciation on railway wagons purchased is provided on its estimated useful life.

#### **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.

#### **6. 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.

#### **7. 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. All other borrowing costs are charged to statement of Profit and Loss.

Exchange variation on foreign currency borrowing to the

extent they are considered as borrowing costs are capitalized up to the date when such assets are ready for their intended use.

#### **8. Foreign Currency Transactions**

Transactions in Foreign currency are recorded in the reporting currency by applying the currency rate as at the date of transaction.

Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange prevalent on the Balance Sheet date.

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 Statement of Profit and Loss over the period of the contract.

Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign currency monetary items as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its obligation.

All other exchange differences (gains or losses) are recognized in the Statement of Profit & Loss in the period in which they arise.

#### **9. Investments**

Current Investments are valued at lower of cost and fair value. Long term investments are stated at cost and provision is made for any diminution in such value, which is other than temporary in nature.

#### **10. Inventory**

##### **10.1 Assessment of Inventory**

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.

##### **10.2 Mode of Valuation**

Inventory is valued at lower of cost and net realizable value except in case of by-products, which are valued at, net realizable value. Gases and slurries, if any, in pipelines at different stages of process are not valued as the same is not



practicable.

### **10.3 Basis of Cost:**

- 10.3.1 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.
- 10.3.2 Cost of raw materials, petroleum products, packing materials, stores and spares, and loose tools is determined on weighted average cost basis.
- 10.3.3 Used loose tools are treated as consumed and hence not valued.
- 10.3.4 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.
- 10.3.5 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.

### **10.4 Measurement of Cost / Realisable Value**

#### **10.4.1 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.

#### **10.4.2 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.

#### **10.4.3 Cost of Traded Fertilizers**

It comprises of Cost of Purchases as defined under 10.4.1 plus bagging, handling and transportation costs incurred to bring the material in its present location and condition.

#### **10.4.4 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 excluding subsidy.

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 excluding subsidy.

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.

- 11.** Trade receivables, other debts, loans and advances are provided for as doubtful upon review on case to case basis.





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

## 12. 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.

## 13. 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 reasonable certainty that the assets will be adjusted in future and for unabsorbed depreciation or carry forward of losses where there is a virtual certainty of their adjustment in future.

## 14. 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.

## 15. Employee Benefits

15.1 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 Statement of Profit and Loss.

15.2 Company's defined Contribution made to its Super-annuation scheme is charged off to Statement of Profit and Loss on accrual basis.

15.3 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.

15.4 Actuarial gains and losses are recognized in full in the Statement of Profit and Loss 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.

## 16. Earnings per Share (EPS)

Basic earnings 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.

## 17. Research and Development Expenditure

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

## 18. Revenue Recognition

18.1 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.

18.2 Gross Sales (net of returns) include excise duty, wherever applicable.

18.3 Subsidy income is accounted on the quantity sold during the year.

18.4 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.

18.5 Other Income is recognized on an accrual basis.



- 18.6 Dividend income is recognized when right to receive dividend is established.
- 18.7 Interest Income is recognized when no significant uncertainty as to its realization exists and is accounted on time proportion basis at contracted rates.
- 18.8 Scrap, salvaged/waste materials and sweepings are accounted for on realization.
- 18.9 Insurance and other miscellaneous claims are recognized on receipt/acceptance of claim. Contractual pass through incentives, benefits, etc. are recognized on receipt basis.
- 18.10 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".
- 18.11 Prepaid Expenses  
Individual expense up to Rs.25,000 is not considered in classifying prepaid expenses.

## **19. 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.



## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

### 26. CONTINGENT LIABILITIES NOT PROVIDED FOR:

- 26.1 Claims against the Company not acknowledged as debts to the extent ascertainable (Interest can not be estimated reliably) aggregates to ` .23.81 crore (Previous year ` .26.56 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. ` .0.21 crore.
- c) Claims before arbitrators/courts, are ` .13.79 crore (previous year ` .16.64 crore).
- 26.2 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).
- 26.3 aggregating to ` .4.09 crore (Previous year ` .3.98 crore), disputed by the company.
- 26.4 Demand raised by Excise Authorities (other than as mentioned in Para 26.3) and other authorities aggregating to ` .20.90 crore (Previous year ` .20.35 crore), disputed by the company.
- 26.5 a) Demands raised by Income Tax Authorities, disputed by the company aggregating to ` .316.85 crore (Previous year ` .5.61 crore), against which the amount of ` .4.05 crore has been deposited with Tax authorities.
- b) Demands raised by Sales Tax Authority, disputed by the company aggregating to ` .3.57 crore (previous year ` .3.57 crore)
- c) Demands raised by Service Tax Authority, disputed by the company aggregating to ` .0.15 crore (previous year ` .nil crore)
- d) Demand raised by Custom Authorities (other than as mentioned in Para 26.9) disputed by the company aggregating to ` .80.77 crore.
- 26.6 The amount of claims in respect of legal cases filed against the Company for labour matters and not acknowledged as debts is not ascertainable.
- 26.7 In case of use of Naphtha purchased by the company at concessional rate of excise duty for the

purposes other than mentioned in the exemption notification for the period from November 96 to Feb.2005, the Commissioner of Excise has passed an order for payment of excise duty of ` .9.66 crore and penalty of ` .9.66 crore plus interest at appropriate rate. The Company filed an appeal in CESTAT. CESTAT passed order No.A/270-271/12/EB/C-11 Dated 27.03.2012 and confirmed the Demand of ` .9.66 crore & penalty of ` .4.67 crore. The company is in the process of filing an appeal against this order with appropriate adjudicating authority.

For the period from March 2005 to Oct. 2005, show cause notice is served for ` .1 77 crore for the same reason. Commissioner of excise passed an order for payment of excise duty of ` .1 77 crore & penalty of ` 1 77 crore plus interest at appropriate rate, The Company has filed an appeal in CESTAT & stay has been granted

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.

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.

- 26.8 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 Honorable 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



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

- 26.9 The Company had entered into a lumpsum turn key 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. Company has paid ₹.9.27 crore against provisional assessment including Countervailing Duty (CVD) & Cenvat credit amounting to ₹.4.49 crore has been availed on the CVD paid.

The Order has been challenged before CESTAT / High Court and by an Order dated 20<sup>th</sup> 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 and the Appeal before bench of CESTAT is expected to be heard. Company has been advised by their solicitors and advocates that the demand is not sustainable and no provision is considered necessary.

27. Estimated amount of contracts remaining to be executed on capital account and not provided for aggregates to ₹.96.70 crore (Previous year ₹.294.16 crore) net of advances.

28. The Company has acquired entire wagons (416 wagons) originally under lease from SBI Leasing Group. Lease rent paid during the year ₹. Nil. (previous year ₹.0.04 crore) The future minimum lease payments in respect of non-cancellable operating lease as at the balance sheet date are summarized below: ₹. crore

	Year ended 31-3-2012	Year ended 31-3-2011
Not Later than one year	-	-
Later than one year but not later than 5 years	-	-
Later than 5 years-	-	-
<b>Total</b>	-	-
Lease rent recognized in Statement of Profit & Loss	-	0.04

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

₹.5.65 crore (Previous year ₹.6.35 crore). Period wise classification of which is as below.

	Year ended 31-3-2012	Year ended 31-3-2011
Not Later than one year	0.71	0.71
Later than one year but not later than 5 years	2.82	2.82
Later than 5 years	2.12	2.82
<b>Total</b>	<b>5.65</b>	<b>6.35</b>
Lease rent (Income) recognized in Statement of Profit & Loss	0.71	0.71

29. Formalities relating to transfer of certain immovable and other properties from Fertilizers 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 465340 sq. mts (P.Y.1659352) are yet to be transferred in the name of the Company.
30. 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.
31. Some of the balances of Trade Receivable, Trade Payable, 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.
32. Inventory includes stores and spares costing ₹.5.37 crore (previous year ₹.9.92 crore) declared as surplus. The amount includes stores/spares valued at ₹.2.76 crore (Previous year ₹.8.44 crore) identified as disposable surplus and which on disposal may not fetch full book value and accordingly, provision of ₹.2.60 crore (previous year ₹.7.99 crore) has been made on account of estimated loss on disposal thereof.
33. 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.

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:-**

Particulars	2011-12			2010-11		
	Urea	P & K Fertilizers	Imported Urea	Urea	P & K Fertilizers	Imported Urea
For the Year	183.80	(39.29)	3.11	(28.02)	NIL	2.73
<b>Total</b>	<b>183.80</b>	<b>(39.29)</b>	<b>3.11</b>	<b>(28.02)</b>	<b>NIL</b>	<b>2.73</b>

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



34. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act 2006 is as under:-

\ . crore

Sr. No.	Particulars	2011-12	2010-11
1	Principal amount remaining unpaid as on 31 <sup>st</sup> March	0.09	NIL
2	Interest due thereon 31 <sup>st</sup> March	NIL	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	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	NIL
5	Interest accrued and remaining unpaid as 31 <sup>st</sup> March.	NIL	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	NIL

Dues to Micro and small enterprises have been determined to the extent such parties have been identified on the basis of information given by such parties/available with the company. This has been relied upon by the auditors.

35. 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 as follows:
36. **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. (FRBL)

B) Urvarak Videsh Ltd. (UVL)

C) RCF-HM Construction Solutions Pvt. Ltd. (RCF-HM)

#### 2) Key Management Personnel

Whole time Directors:-

(i) Shri..R.G.Rajan, Chairman & Managing Director

(ii) Shri.Gautam Sen Director (Finance)

(iii) Shri. Manoj Priya, Director (Technical) upto 30<sup>th</sup> September, 2011

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

Remuneration: - \ .crore

Particulars	2011-12	2010-11
Shri. R.G.Rajan	0.26	0.09
Shri.Gautam Sen	0.27	0.27
Shri. Manoj Priya	0.31	0.36
Shri.U.S.Jha	-	0.27
Shri. J.Kohareswaran	-	0.32
<b>Total</b>	<b>0.84</b>	<b>1.31</b>

The above amount includes salaries & allowance, Leave encashment, & contribution to Provident fund and exclude 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.

The details of loans and advances at the year end of such parties is as under:-

\ . crore

Particulars	2011-12	2010-11
Shri. R.G.Rajan	0.01	0.01
Shri.Gautam Sen	0.01	0.02
Shri. Manoj Priya	-	0.02
<b>Total</b>	<b>0.02</b>	<b>0.05</b>



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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

Sr. No.	Particulars	2011-12		2010-11	
		Subsidiary	Joint Ventures	Subsidiary	Joint Ventures
1	Contribution Towards Share Capital	Nil	1.59 FRBL-1.59	Nil	0.10 UVL-0.10
2	Paid as Share Application Money	Nil	5.18 FRBL-5.18	Nil	1.18 FRBL- 1.10 RCF-HM 0.05 UVL- 0.03
3	Remuneration to Employees on deputation	Nil	0.17 FRBL-0.17	Nil	0.15 FRBL-0.15
4	Sales	Nil	Nil	Nil	0.35 RCF-HM 0.35
5	Advances Given	0.00*	0.31 FRBL-0.31	0.00*	Nil

\*C.Y. ` Nil, P.Y. ` .1660/-

##### Balances outstanding

Sr. No.	Particulars	2011-12		2010-11	
		Subsidiary	Joint Ventures	Subsidiary	Joint Ventures
1	Guarantees Given	Nil	17.50	Nil	17.50
2	Receivables	Nil	0.81	Nil	0.41

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.

37. As per requirements of Accounting Standard -28 Company has carried out impairment testing of its Cash Generating Units/Fixed Assets at the year end. Such a test of impairment is carried out considering an estimated useful life of 10 Years for arriving at the value in use. Accordingly, a provision for impairment has been made towards the Rapidwall plant at Trombay unit since the expected value in use as arrived at, is lower than its carrying amount. A provision of ` .13.80 crore net of deferred tax asset of ` 6.63 crore has been made towards impairment.

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

Sr. No.	Particulars	2011-12		2010-11
		Chikton	Rapidwall Plant	Chikton
1	Provision for Impairment made during the year	-	20.43	0.84
2	Reversal of Provision during the year	-	-	-
3	Balance in Provision A/C	0.84	20.43	0.84

38. Disclosure as per Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets" as on 31<sup>st</sup> March 2012.

`.crore

Particulars	Balance as on 1.4.2011	Addition	Utilization	Reversal	Balance as on 31.3.2012
Disputes and Claims, Legal Matters (*)	0.53 (0.53)	-	-	-	0.53 (0.53)
Handling charges	6.58 (1.50)	- (5.08)	6.58	-	- 6.58

Figures in brackets are in respect of previous year

- (\*) Disputes, Claims and Others represent estimates made mainly for probable claims arising out of litigations / disputes pending with authorities /Trade Payable. Deferred Tax Benefit of ` .0.17 crore (Previous year ` .2.31 crore) has been recognized on above. The timing and probability of outflow with regard to these matters depends on the ultimate settlement /conclusions with relevant authorities.

##### 39. Earnings Per Share

	31.3.2012	31.3.2011
Net profit after tax as per Statement of Profit and loss (`. in crore) (A)	249.24	245.12
Weighted Average Numbers of Equity Shares for calculating basic EPS (B)	55,16,88,100	55,16,88,100
Basic earnings per Share (in Rupees) (Face Value of ` .10/- per share) (A)/(B)	4.52	4.44

##### 40. Cash & cash equivalents:

`.crore

Particulars	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
Cash on hand	0.03	0.05
Cheques in hand	4.08	1.40
<b>Balance with Scheduled Banks</b>		
in Current and Cash Credit Accounts	57.62	97.20
In Term Deposits (maturity less than 3 months)	35.00	320.00
In Unpaid Dividend Account *	0.44	0.49
<b>Sub Total</b>	<b>97.17</b>	<b>419.14</b>
Add: In Term Deposits (maturity greater than 3 months)	495.00	-
Add: Deposit with bank held as Margin Money	0.11	0.11
<b>Total</b>	<b>592.28</b>	419.25



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

41. 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	
		31-3-2012	31-3-2011
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 Fertilizer 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 financials received from these joint ventures are as follows:-

₹.crore

Sr. No.	Particulars	31/3/2012 (Unaudited)	31/03/2011 (Audited)
1	Non Current Assets	61.02	54.32
2	Current Assets	0.75	0.84
3	Non Current Liabilities	30.97	33.31
4	Current Liabilities	11.18	6.80
5	Income	-	-
6	Expenditure	0.41	0.41
7	Contingent Liability	0.96	0.78
8	Capital Commitments	2.14	2.50

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.

₹.crore

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

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

₹.crore

Sr. No.	Particulars	2011-12	2010-11
1	Audit fees for the year (incl. service tax)	0.17	0.15
2	Audit fees of Previous year paid during the year (incl. service tax)	-	0.04
3	Audit fees for Consolidated Financial Statement (incl. service tax)	0.01	0.01
4	For Certificate and other expenses	0.10	0.09
5	For travelling and out of pocket expenses	0.03	0.03

43. Consequent upon communication received from Government of India for the buyback of Fertilizer bonds, the company has disposed off the balance 50% of the value of bonds amounting to ₹.348.72 crore during the year. An additional loss of ₹.8.17 crore on such disposal during the year has been recognized. During the year, Government of India has settled the compensation of loss on buy back of such bonds including bonds sold under the scheme in the previous year. An amount of ₹.19.20 crore has been recognized as net income consequent to full and final settlement of loss on buyback during the year.

44. The position of (Net) Certified Emission Reductions (CER's) or Carbon Credits allotted and held by the company is as under:-

	2011-12	2010-11
No. of CER's Allotted	-	152013
No. of CER's held at year end	152013	152013

Pending disposal, the said carbon credits are valued (at cost) as inventory.



45. During the year company has handed over possession of land measuring 47477 sq.mtrs adjacent to the company's township at Chembur, Mumbai, to MMRDA (Mumbai Metropolitan Region Development Authority) (a statutory body under Government of Maharashtra) for the construction of public road. However formalities pertaining to transfer of ownership & consideration for exchange of land are yet to be completed. Pending which company has classified the same as assets held for disposal under Note No.10 to financial statements.

46. **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.

47. **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 21<sup>st</sup> 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 interest payable to employees. During the year an amount of `25.60 crore has been charged of to statement of Profit & loss towards contribution by the Company.

The total plan liabilities under the RCF Ltd. Employees Provident Fund Trust as at 31<sup>st</sup> March 2012 as per the unaudited financial statement for the year then ended is `637.97 crore (P.Y. `584.43 crore) as against total plan assets of `637.97Crore (P.Y.`584.43 crore). The funds of the trust have been invested under various securities as prescribed under the rules of the trust.

**2) Gratuity:-**

The Company operates gratuity plan wherein every employee is 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.

The liability for the leave encashment on retirement as at 31<sup>st</sup> March 2012 is `153.37 crore (P.Y. `141.02 crore)

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

Employees of the company upon retirement/separation under Voluntary Retirement Scheme 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.

**General Description of Defined Contribution Plan**

**Contributory Superannuation Scheme: -**

Company has introduced during the year a pension scheme in accordance with Govt. of India guideline. The scheme is a defined contribution scheme. Employees are required to exercise their option to be a part of the scheme & make a contribution equivalent to the amount contributed by the company to the fund, upon becoming the member of the scheme. Under the scheme the employee shall be eligible for pension provided they have put in at least 15 years of service in the company & superannuate from the company which is as per Govt. of India guideline. During the year company has provided an amount of `2.84 crore as contribution towards the said scheme.





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 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	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	6.45	4.14	5.07	3.40
Interest Cost	13.09	2.00	11.83	2.00
Expected Return on Plan Assets	(12.69)	-	(12.13)	-
Actuarial (gain)/Loss	6.52	0.61	8.47	1.39
<b>Net expense/(gain) recognized in the statement of Profit and Loss</b>	<b>13.37</b>	<b>6.75</b>	<b>13.24</b>	<b>6.79</b>
<b>2) Changes in Benefit Obligations</b>				
<b>Present value of Obligation at year beginning</b>	<b>158.63</b>	<b>25.29</b>	<b>144.34</b>	<b>20.13</b>
Service Cost	6.45	4.14	5.07	3.40
Interest Cost	13.09	2.00	11.83	2.00
Actuarial(gain)/Loss	8.31	0.61	9.31	1.39
Benefits paid	(13.37)	(2.14)	(11.92)	(1.63)
<b>Present value of Obligation at year end</b>	<b>173.11</b>	<b>29.90</b>	<b>158.63</b>	<b>25.29</b>
<b>3) Changes in Plan Assets</b>				
Fair value of Plan Assets , at year beginning	158.63	-	144.34	-
Expected return on Plan Assets	12.69	-	12.13	-
Employer's contributions	13.37	2.14	13.24	1.63
Benefit Paid	(13.37)	(2.14)	(11.92)	(1.63)
Actuarial gain/(Loss)	1.79	0.61	0.84	-
Fair value of Plan Assets at period end	173.11	-	158.63	-
Excess Obligation over plan assets	-	-	-	-
<b>Category of Plan Assets</b>				
GOI securities	3.66%	-	4.04%	-
PSU/ State Government Securities	3.98%	-	7.57%	-
SBI Life Insurance Company Ltd.	43.77%	-	43.67%	-
Life Insurance Corporation of India	45.06%	-	42.55%	-
HDFC SL	3.49%	-	0.00%	-
Others	0.04%	-	2.17%	-
<b>Total</b>	<b>100.00%</b>		<b>100.00%</b>	
<b>Actuarial Assumptions</b>				
Discount Rate( per annum)	8.50%	8.50%	8.25%	8.25%
Expected Rate of Return on Assets(per annum)	8.60%	-	8.00%	-
Salary Escalation/Annual increase in health care cost	4.00%	4.00%	4.00%	4.00%



**Gratuity:-**

(` .crore)

Year	Present Value of Obligation	Fair Value of Plan Assets
2008-09	124.55	124.55
2009-10	144.34	144.34
2010-11	158.63	158.63
2011-12	173.11	173.11

Experience adjustments on Plan Liabilities - Not available \*

Experience adjustments on Plan Assets - Not available \*

\* The Management has relied on the overall actuarial valuation conducted by the actuary. However experience adjustments on Plan liabilities and assets are not readily available and hence not disclosed.

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

48. Employee Benefits Expense includes `11.91 crore (Previous Year Nil) being tax borne by the Company on deemed perquisite value of accommodation provided to employees for the period from 1.4.2007 to 31.3.2012 which is allowed under Section 10(10CC) of Income Tax Act 1961. The Company has been advised that bearing of tax liability of such nature does not contravene provisions of Section 200 of the Act.

**49. Change in Accounting Policy**

Exchange differences:

Monetary assets and liabilities in foreign currency, which were out standing as at the year end were translated at the year end at the closing exchange rate and the resultant exchange differences were recognized in the statement of profit & loss upto 31<sup>st</sup> March, 2011. Pursuant to paragraph 46A of AS 11: The Effects of Changes in Foreign Exchange Rates, inserted vide Notification No.GSR 914 (E) dated December 29, 2011 the company has, during the year, exercised the option of adding or deducting such exchange difference to the cost of asset in respect of long term foreign currency monetary items.

As a result, exchange differences aggregating to `11.46 crore relating to the acquisition of depreciable capital asset have been adjusted with the cost of such asset and would be depreciated over the balance life of the asset.

50. The position of Foreign currency exposures are as under:-

(` . crore)

Item	31-3-2012	31-3-2011
Forward Contract	751.39	188.11
Unhedged Foreign currency exposures	1228.18	213.56

51. 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.

**52. 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 material, spare parts and components during the year, earnings in foreign exchange, etc. is as follows:

<b>A. QUANTITATIVE INFORMATION IN RESPECT OF EACH CLASS OF GOODS MANUFACTURED DURING 2011-2012</b>			
		Metric Tonnes	
SR. NO	PRODUCTS	ANNUAL PRODUCTION Without Adjustment for Shortages/Excesses	
		2011-2012	2010-2011
1	Ammonia	120,050	97,800
2	Ammonia (Trombay-V)	282,985	320,330
3	Ammonia (Thal)	1,121,250	1,134,510
4	Urea (Trombay-V)	336,005	341,090
5	Urea (Thal)	1,772,500	1,783,450
6	Suphala 15:15:15 Complex Fertilizer	458,304	447,000
7	Suphala 20:20:0 Ammonium Nitro phosphate	191,570	157,935
8	Methanol	78,317	68,700
9	Ammonium Bicarbonate	26,782	25,509
10	Argon (million NM3)	1.6	2.0
11	Argon (million NM3) Thal	3.3	4.4
12	Nitric Acid (100%)-(HPNA)	113,285	108,235
13	Nitric acid (100%)(MPNA)	234,405	254,120
14	Sulphuric Acid (98%)	84,772	77,842
15	Phosphoric Acid	28,322	27,170
16	Dilute Sulphuric Acid	97,998	90,749
17	Sodium Nitrate/Nitrite	5,007	5,045
18	Concentrated Nitric Acid	27,257	25,610
19	Methylamines - (Trombay)	4,353	5,244
20	Methylamines - (Thal)	13,122	11,579
21	Ammonium Nitrate (100%)	77,692	91,591
22	Dimethyl formamide	3,430	2,958
23	Di Methyl Acetamide	3,118	1,715
24	Carbon Monoxide Plant (million NM3)	4.1	3.5
25	Biola (Bio Fertilizer)	183	282
26	Microla (Ltrs)	210,100	157,801
27	Formic Acid	5,374	4,268
28	Sujala 19:19:19	3,967	3,963



<b>B. VALUE OF IMPORTS CALCULATED ON COST, INSURANCE, FREIGHT BASIS</b>			
in crore			
Particulars		2011-2012	2010-2011
i)	Raw materials *	751.22	337.46
ii)	Components & Spare parts	18.97	32.09
iii)	Capital Goods	79.75	14.29
* Includes in transit as at year end ` 49.34 crore (Previous year ` 51.03 crore) and excludes imports through Indian agencies ` 22.20 crore (Previous year ` 199.25 crore)			
<b>C. EXPENDITURE IN FOREIGN CURRENCY</b>			
Particulars		2011-2012	2010-2011
I)	On account of Purchase of Traded goods, Royalty, know-how, professional consultancy fees, interest, licence fees and other matters	1017.71	654.62
ii)	Expenditure on foreign tours	0.87	0.52
iii)	Subscription to journals	0.07	0.05
<b>D. EARNINGS IN FOREIGN EXCHANGE</b>			
Particulars		2011-2012	2010-2011
i)	Export of Goods calculated on FOB basis	1.65	0.74
ii)	Freight & Insurance recovered	-	-
iii)	Technical manpower fees	0.06	-
iv)	Sale of VER	0.11	-

<b>E. CONSUMPTION OF RAW MATERIALS, SPARES AND COMPONENTS</b>				
in crore				
Particulars	2011-2012		2010-2011	
	Value Estimated	Total Consumption %	Value Estimated	Total Consumption %
<b>A. Raw Materials</b>				
Imported	784.15	38.35	561.76	34.92
Indigenous	1260.64	61.65	1046.75	65.08
<b>Total</b>	<b>2044.79</b>	<b>100.00</b>	1608.51	100.00
<b>B. Spares and Components</b>				
Imported	15.77	12.88	10.20	16.78
Indigenous	106.64	87.12	50.57	83.22
<b>Total</b>	<b>122.41</b>	<b>100.00</b>	60.77	100.00

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

As per our report of even date attached

For and Behalf of  
**RASHTRIYA CHEMICALS  
AND FERTILIZERS LTD.**

For **JCR & Co.**  
Chartered Accountants

For **M. M. NISSIM AND CO.**  
Chartered Accountants

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

**Saiprabha.R**  
Partner

**Dhiren Mehta**  
Partner

**Gautam Sen**  
Director ( Finance )

Dated : 30.05.2012  
Place: Mumbai

**K. C. Prakash**  
Company Secretary

Dated : 30.05.2012  
Place: Mumbai



**SEGMENTWISE REVENUE & RESULTS FOR THE YEAR ENDED 31.03.2012**

in Crore

Sr. No	Particulars	TROMBAY			THAL			TRADING			TOTAL		
		Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total
<b>SEGMENT REVENUE</b>													
i.	Sales (Incl. Subsidy wherever applicable)	1,918.92	447.55	2,366.47	1,857.28	342.12	2,199.40	1,857.40	-	1,857.40	5,633.60	789.67	6,433.71
ii.	Inter Segement Revenue	-	-	-	-	-	-	-	-	-	-	-	-
	Total Revenue	1,918.92	447.55	<b>2,366.47</b>	1,857.28	342.12	<b>2,199.40</b>	1,857.40	-	<b>1,857.40</b>	5,633.60	789.67	<b>6,433.71</b>
<b>SEGMENT RESULT</b>													
i.	Segment Results	179.07	85.92	264.99	100.52	70.23	170.75	(7.18)	-	(7.18)	272.41	156.15	<b>428.56</b>
ii.	Less: Other Unallocable Expenditure (Net of Unallocable Income)												42.94
iii.	Interest Expense												49.33
iv.	Interest Income												36.58
v.	<b>Operating Profit</b>												372.87
vi.	Prior Period Expenses / ( Income )												(1.59)
vii.	<b>Profit before Tax</b>												<b>374.46</b>
viii.	Tax - Current												84.50
ix.	Deferred Tax Liability / ( Asset )												58.60
x.	Excess Provision of Tax written Back												17.88
xi.	<b>Net Profit</b>												<b>249.24</b>
<b>SEGMENTWISE REVENUE &amp; RESULTS FOR THE YEAR ENDED 31.03.2011</b>													
<b>SEGMENT REVENUE</b>													
i.	Sales (Incl. Subsidy wherever applicable)	1,559.10	403.01	1,962.11	1,728.92	257.11	1,986.03	1,564.46	-	1,564.46	4,852.48	660.12	<b>5,524.43</b>
ii.	Inter Segement Revenue	-	-	-	-	-	-	-	-	-	-	-	-
	Total Revenue	1,559.10	403.01	<b>1,962.11</b>	1,728.92	257.11	<b>1,986.03</b>	1,564.46	-	<b>1,564.46</b>	4,852.48	660.12	<b>5,524.43</b>
<b>SEGMENT RESULT</b>													
i.	Segment Results	128.69	58.88	187.57	124.42	3.06	127.48	23.96	-	23.96	277.07	61.94	<b>339.01</b>
ii.	Less: Other Unallocable Expenditure (Net of Unallocable Income)												(28.47)
iii.	Interest Expense												69.46
iv.	Interest Income												56.45
v.	<b>Operating Profit</b>												354.47
vi.	Prior Period Expenses / ( Income )												(0.22)
vii.	<b>Profit before Tax</b>												<b>354.69</b>
viii.	Tax - Current												122.50
ix.	Deferred Tax Liability / ( Asset )												(8.23)
x.	Excess Provision of Tax written Back												4.70
xi.	<b>Net Profit</b>												<b>245.12</b>



**SEGMENTWISE OTHER INFORMATION FOR THE YEAR ENDED 31.03.2012**

in Crore

Sr. No	Particulars	TROMBAY			THAL			TRADING			TOTAL		
		Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total
<b>OTHER INFORMATION</b>													
i.	Segment Assets	1834.44	233.59	2068.03	1497.45	166.05	1663.50	1275.20	0.00	1275.20	4607.09	399.64	5006.73
ii.	Unallocated Corporate Assets												609.69
iii.	<b>Total Assets</b>	<b>1834.44</b>	<b>233.59</b>	<b>2068.03</b>	<b>1497.45</b>	<b>166.05</b>	<b>1663.50</b>	<b>1275.20</b>	<b>0.00</b>	<b>1275.20</b>	<b>4607.09</b>	<b>399.64</b>	<b>5616.42</b>
iv.	Segment Liabilities	674.98	45.88	720.86	299.77	19.15	318.92	724.69	0.00	724.69	1699.44	65.03	1764.47
v.	Unallocated Corporate Liabilities												281.34
vi.	<b>Total Liabilities</b>	<b>674.98</b>	<b>45.88</b>	<b>720.86</b>	<b>299.77</b>	<b>19.15</b>	<b>318.92</b>	<b>724.69</b>	<b>0.00</b>	<b>724.69</b>	<b>1699.44</b>	<b>65.03</b>	<b>2045.81</b>
vii.	<b>Capital Employed</b>	<b>1159.46</b>	<b>187.71</b>	<b>1347.17</b>	<b>1197.69</b>	<b>146.90</b>	<b>1344.59</b>	<b>550.51</b>	<b>0.00</b>	<b>550.51</b>	<b>2907.65</b>	<b>334.61</b>	<b>3570.61</b>
viii.	Capital Expenditure			52.11			293.14	5.65		5.65	4.24		355.15
ix.	Depreciation			92.00			46.00	0.00		0.00	4.44		142.44
x.	Other Non Cash Expenses			12.03			8.05	3.36		3.36	8.29		31.73
<b>OTHER INFORMATION</b>													
i.	Segment Assets	1370.00	233.59	1603.59	827.79	156.45	984.24	222.41	0.00	222.41	2420.20	390.04	2810.24
ii.	Unallocated Corporate Assets												938.63
iii.	<b>Total Assets</b>	<b>1370.00</b>	<b>233.59</b>	<b>1603.59</b>	<b>827.79</b>	<b>156.45</b>	<b>984.24</b>	<b>222.41</b>	<b>0.00</b>	<b>222.41</b>	<b>2420.20</b>	<b>390.04</b>	<b>3748.86</b>
iv.	Segment Liabilities	394.48	45.88	440.36	225.71	11.81	237.52	112.87	0.00	112.87	733.06	57.69	790.75
v.	Unallocated Corporate Liabilities												369.00
vi.	<b>Total Liabilities</b>	<b>394.48</b>	<b>45.88</b>	<b>440.36</b>	<b>225.71</b>	<b>11.81</b>	<b>237.52</b>	<b>112.87</b>	<b>0.00</b>	<b>112.87</b>	<b>733.06</b>	<b>57.69</b>	<b>1159.75</b>
vii.	<b>Capital Employed</b>	<b>975.52</b>	<b>187.71</b>	<b>1163.23</b>	<b>602.08</b>	<b>144.64</b>	<b>746.72</b>	<b>109.54</b>	<b>0.00</b>	<b>109.54</b>	<b>1687.14</b>	<b>332.35</b>	<b>2589.11</b>
viii.	Capital Expenditure			44.23			54.93	0.83		0.83	5.29		105.28
ix.	Depreciation			68.73			40.72	0.00		0.00	3.17		112.62
x.	Other Non Cash Expenses			16.97			9.23	3.00		3.00	0.00		29.20



## Auditor's Report

**TO  
THE BOARD OF DIRECTORS OF  
RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED**

1. We have audited the attached Consolidated Balance Sheet of RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED ("the Company") and jointly controlled entities (the Company and jointly controlled entities constitute "the Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of joint venture companies, namely FACT RCF Building Products Ltd. and Urvarak Videsh Ltd., whose financial statements reflect the Group's share of total assets (net) of Rs.61.93 Crores as at March 31, 2012, total revenues of Rs.0.01 Crores and net cash outflows amounting to Rs.0.07 Crores for the year then ended, and are incorporated in the Consolidated Financial Statements based on management's estimates and are not audited by their auditors.
4. (a) Rajasthan Rashtriya Chemicals & Fertilizers Limited, a subsidiary company, wherein the company holds 51% of ownership, has not been considered for the purpose of preparation of consolidated financial statements. (Refer Note 1.2 in Note A)  
(b) Proportionate consolidation in respect of investments in RCF HM Construction Solutions Private Limited, a joint venture company, has not been considered in the consolidated Financial Statements (Refer Note 1.3 in Note A)
5. We report that except for the matters detailed in para 3 & 4 above, the effect of which on the consolidated financial statements is not material, the consolidated financial statements have been prepared by the company's management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial

Statements and AS -27 – Financial Reporting of Interest in Joint Ventures, notified pursuant to the Companies (Accounting Standards) Rules, 2006.

6. Without Qualifying our opinion we draw attention to;
  - (a) Note No. 10 (6) regarding non disclosure of cost and depreciation of assets leased to certain Public Sector Undertakings and others.
  - (b) Note No. A (4.2) regarding change in accounting policy relating to exchange differences on long term foreign currency monetary items for acquisition of fixed assets.
  - (c) Note No. A (9) which states that some of the Trade Debtors, Trade Creditors, Other current liabilities and loans and advances are subject to confirmation, reconciliation and consequential adjustments, if any, and
  - (d) Note No. A (10) regarding the claim of subsidy accounted on estimated basis, pending final settlement of such claims,
7. Based on our audit and on consideration of the unaudited financial information of the joint venture companies and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements read with significant accounting policies and the notes forming part of accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
  - (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

**For M. M. NISSIM AND CO.**  
Chartered Accountants  
Firm Regn. No. 107122W

**Saiprabha. R**  
Partner  
Mem. No. 034716

**Dhiren Mehta**  
Partner  
Mem. No.: 109883

Mumbai, May 30, 2012



## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2012

` in Crore

PARTICULARS	Note No.	AS AT 31.03.2012	AS AT 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. SHAREHOLDERS' FUNDS :</b>			
a) Share Capital	1	551.69	551.69
b) Reserves and Surplus	2	1617.86	1458.80
<b>TOTAL</b>		<b>2169.55</b>	<b>2010.49</b>
<b>2. NON-CURRENT LIABILITIES</b>			
a) Long term Borrowings	3	305.48	198.96
b) Deferred Tax Liabilities(Net)	4	214.11	155.51
c) Other Long term liabilities	5	73.20	87.37
d) Long Term Provisions	6	127.06	108.42
		<b>719.85</b>	<b>550.26</b>
<b>3. CURRENT LIABILITIES</b>			
a) Short term Borrowings	7	909.95	254.21
b) Trade Payables	8	1196.96	508.65
c) Other Current Liabilities	9	499.36	318.66
d) Short term Provisions	6	163.21	145.46
		<b>2769.48</b>	<b>1226.98</b>
<b>TOTAL</b>		<b>5658.88</b>	<b>3787.73</b>
<b>II. ASSETS</b>			
<b>1. ASSETS NON-CURRENT ASSETS</b>			
<b>1.(a) FIXED ASSETS :</b>			
(i) Tangible Fixed Assets	10	1401.71	1287.93
(ii) Intangible Assets		2.77	1.23
(iii) Capital Work in Progress		227.49	126.48
(b) Non-Current Investments	11	0.17	0.17
(c) Long Term Loans and advances	12	138.05	101.40
(d) Other non-current assets	13	11.01	12.87
		<b>1781.20</b>	<b>1530.08</b>
<b>2. CURRENT ASSETS :</b>			
(a) Inventory	14	1178.25	535.33
(b) Trade Receivables	15	1978.24	856.85
(c) Cash and cash equivalents	16	592.47	419.51



**Rashtriya Chemicals and Fertilizers Limited**

*Let us grow together*

## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2012

in Crore

PARTICULARS	Note No.	AS AT 31.03.2012	AS AT 31.03.2011
(d) Short term loans and advances	12	87.65	88.72
(e) Other current assets	13	41.07	357.24
		3877.68	2257.65
<b>TOTAL</b>		<b>5658.88</b>	<b>3787.73</b>

**Statement of Significant Accounting Policies and  
Notes on Financial Statements**

A

As per our report of even date attached

For **JCR & Co.**  
Chartered Accountants

For **M. M. NISSIM AND CO.**  
Chartered Accountants

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

**Saiprabha. R**  
Partner

**Dhiren Mehta**  
Partner

**Gautam Sen**  
Director ( Finance )

Dated : 30.05.2012  
Place: Mumbai

**K. C. Prakash**  
Company Secretary

Dated : 30.05.2012  
Place: Mumbai





## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2012

` in Crore

PARTICULARS	Note No.	Year Ended March 2012	Year Ended March 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>I</b> Revenue from Operations	17	6433.71	5524.43
<b>II</b> Other Income	18	166.73	136.63
<b>III Total Revenue(I+II)</b>		<b>6600.44</b>	<b>5661.06</b>
<b>IV Expenses:</b>			
Cost of Materials Consumed	19	2161.09	1711.79
Purchases of Stock in Trade	20	1911.42	1307.27
Changes in Inventories of Finished Goods/Work in Progress and Stock in Trade	21	(459.21)	21.71
Employee benefits expense	22	402.00	377.35
Finance Costs	23	49.33	69.46
Depreciation and Amortization	10	142.84	112.97
Other Expenses	24	2018.91	1706.23
<b>Total Expenses</b>		<b>6226.38</b>	<b>5306.78</b>
<b>V Profit before and tax (III-IV)</b>		<b>374.05</b>	<b>354.28</b>
<b>VI Tax Expense</b>			
(1) Current tax		84.50	122.50
(2) Deferred tax		58.60	(8.23)
(3) Adj of tax provision of earlier years Excess(-)/Short(+)		(17.88)	(4.70)
<b>VII Profit/(Loss) for the year (V-VI)</b>		<b>248.83</b>	<b>244.71</b>
<b>VIII Earnings per equity share</b>			
<b>Basic and Diluted Earnings per share</b>		4.51	4.44
<b>Statement of Significant Accounting Policies</b>	A		
<b>Notes on Financial Statements</b>			

As per our report of even date attached

For **JCR & Co.**  
Chartered AccountantsFor **M. M. NISSIM AND CO.**  
Chartered Accountants**R. G. Rajan**  
Chairman and Managing Director**Saiprabha. R**  
Partner**Dhiren Mehta**  
Partner**Gautam Sen**  
Director ( Finance )Dated : 30.05.2012  
Place: Mumbai**K. C. Prakash )**  
Company SecretaryDated : 30.05.2012  
Place: Mumbai



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST March 2012**

in Crore

PARTICULARS	Year Ended March 2012	Year Ended March 2011
<b>A Cash Flow From Operating Activities</b>		
Net Profit before tax	374.05	354.28
Adjustments for :		
Depreciation/Loss on impairment of Assets	143.51	113.20
Profit(-) / Loss on sale of Assets	1.55	1.61
Profit(-) / Loss on Sale/MTM of Government Bonds	8.17	0.94
Interest Income	(36.58)	(56.45)
Dividend income	(6.05)	(0.65)
Interest on Borrowings	49.33	38.33
Provision for Bad/Doubtful debts	2.20	13.85
Unrealised Foreign Exchange (Gain) /Loss	(11.02)	(2.94)
<b>SUB TOTAL</b>	<b>151.12</b>	<b>107.89</b>
Operating Profit before Working Capital Changes	525.17	462.17
Adjustments for :		
Trade and Other Receivables	(1160.33)	(69.57)
Government Bonds	327.33	285.26
Inventories	(642.96)	(125.16)
Trade Payables and Other Liabilities	875.77	163.74
<b>SUB TOTAL</b>	<b>(600.19)</b>	<b>254.27</b>
Cash Generated from Operations	(75.03)	716.44
Direct Taxes Paid	(75.23)	(60.36)
Cash Flow before Extraordinary Items	<b>(150.26)</b>	<b>656.08</b>
<b>Net Cash from Operating Activities ----- A</b>	<b>(150.26)</b>	<b>656.08</b>
<b>B Cash Flow from Investing Activities</b>		
Additions to Fixed Assets(Net of trade credit)	(343.58)	(127.91)
Sale of Fixed Assets	0.70	0.30
Interest Received	40.62	62.86
Dividend Received	6.05	0.65
Fixed Deposit Maturity more than 3 months	(495.00)	-
<b>SUB TOTAL</b>	<b>(791.21)</b>	<b>(64.10)</b>
<b>Net Cash from in Investing Activities ----- B</b>	<b>(791.21)</b>	<b>(64.10)</b>



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST March 2012

in Crore

PARTICULARS	Year Ended March 2012	Year Ended March 2011
<b>C Cash Flow from Financing Activities</b>		
Net proceeds/(Repayment) of Working capital facilities and short term loans	642.14	(794.34)
Proceeds from Borrowings	184.60	21.93
Repayments of Borrowings	(91.91)	(41.43)
Interest paid	(44.83)	(72.69)
Dividend paid (including Dividend Distribution Tax)	(70.58)	(70.68)
<b>SUB TOTAL</b>	<b>619.42</b>	<b>(957.21)</b>
<b>Net Cash from Financing Activities ----- C</b>	<b>619.42</b>	<b>(957.21)</b>
Net Increase/Decrease(-) in Cash and Cash Equivalent (A+B+C)	(322.04)	(365.23)
Cash and Cash Equivalents as at 1st April 2011 (Opening Balance)	419.39	784.62
Cash and Cash Equivalents as at 31st March 2012 ( Closing Balance)	<b>97.35</b>	<b>419.39</b>
<b>Components of Cash and Cash equivalents</b> (Refer Note no. A.20)		
Cash on hand	0.03	0.05
Cheques in hand	4.08	1.40
<b>Balances with Banks</b>		
Deposits with original maturity less than 3 months	35.00	320.00
In Current and Cash Credit accounts	57.80	97.45
In unpaid Dividend Account	0.44	0.49
	<b>97.35</b>	<b>419.39</b>

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

As per our report of even date attached

For **JCR & Co.**  
Chartered Accountants

For **M. M. NISSIM AND CO.**  
Chartered Accountants

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

**Saiprabha. R**  
Partner

**Dhiren Mehta**  
Partner

**Gautam Sen**  
Director ( Finance )

Dated : 30.05.2012  
Place: Mumbai

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

Dated : 30.05.2012  
Place: Mumbai



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2012**

₹ in Crore

Note No.1	"SHARE CAPITAL"	AS AT 31.03.2012	AS AT 31.03.2011
<b>Authorised</b>			
	80,00,00,000(Previous Year 80,00,00,000) Equity Shares of ₹ .10/- each.	800.00	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)	551.69	551.69
	<b>TOTAL</b>	<b>551.69</b>	<b>551.69</b>

**RECONCILIATION OF SHARES OUTSTANDING AT THE BEGINNING AND END OF THE REPORTING YEAR**

	31.03.2012		31.03.2011	
	No.	₹ in Crore	No.	₹ in Crore
<b>EQUITY SHARES</b>				
At the beginning of the year	551688100	551.69	551688100	551.69
Issued during the year	-	-	-	-
Outstanding at the end of the year	551688100	551.69	551688100	551.69
Terms/Rights Attached to Equity shares				

The Group has only one class of equity shares having a per value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.

**DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY**

	31.03.2012		31.03.2011	
	No.	%age of Share holding	No.	%age of Share holding
Equity Shares of ₹ .10 each fully paid up Promoters(Government of India)	510314900	92.50%	510314900	92.50%



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2012

` in Crore

Note No.2	"RESERVES AND SURPLUS"	AS AT 31.03.2012	AS AT 31.03.2011
<b>General Reserve</b>			
	Balance as per last Balance Sheet.	1458.64	1284.46
	Add : Transferred from Statement of Profit and Loss	159.06	174.18
	Closing Balance	1617.70	1458.64
<b>RCF - EEC Asset Management Reserve</b>			
	Balance as per last Balance Sheet.	0.16	0.16
	Additions during the year	-	-
	Closing Balance	0.16	0.16
<b>Surplus in the Statement of Profit and Loss</b>			
	-	-	-
<b>Profit for the year</b>			
		248.83	244.71
Less: Appropriations			
	Proposed Dividend	77.24	60.69
	Tax on Dividend	12.53	9.84
	Transfer to General Reserve	159.06	174.18
<b>Total Appropriations</b>			
		248.83	244.71
<b>Net Surplus in the statement of profit and Loss</b>			
		-	-
<b>TOTAL</b>			
		<b>1617.86</b>	<b>1458.80</b>

` in Crore

Note No.3	"LONG TERM BORROWINGS"	NON CURRENT		CURRENT MATURITIES	
		AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
<b>SECURED</b>					
<b>Term Loan from Banks</b>					
<b>1</b>	<b>Rupee Loan from Banks</b>				
	<b>a. State Bank of Bikaner and Jaipur (SBBJ)</b>	40.44	60.41	19.96	15.96
	A 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 of Rapidwall Plant at Trombay.Plant at Thal and pari passu first charge basis on the project asset Trombay and Argon Recovery plant at Thal and pari passue first charge basis on the project asset of Rapidwall plant at Trombay				



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2012**

₹ in Crore

	NON CURRENT		CURRENT MATURITIES	
	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
<b>b. Syndicate Bank</b>	-	35.00	-	17.50
<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. The said loan has been fully prepaid during the year.</p>				
<b>c. New India Cooperative Bank Limited</b>	8.00	13.34	5.33	5.33
<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>				
<b>d.Kotak Mahindra Bank</b>	37.50	56.25	18.75	18.75
<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>				
<b>e.(i) State Bank of India(SBI) *</b>	4.26	5.24	2.70*	1.31
<p>(Amount sanctioned ₹. 20.05 crore)</p>				
<b>e.(ii) Dena Bank</b>	16.92	17.02	4.23	-
<p>(Amount sanctioned ₹. 44.00 crore)</p>				
<b>e.(iii) New India Co-operative Bank</b>	9.04	9.04	2.26	2.26
<p>(Amount sanctioned ₹. 24 crore)</p>				
<p>The above loans by SBI, Dena Bank and New India Co-operative Bank are secured by</p> <p>a)First charge on all movable and immovable asset present and future leasehold land of Joint Venture entity ranking pari passu with other term lenders.</p> <p>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</p> <p>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.</p> <p>(* includes ₹. 1.31 crore payable from 01-4-2011 in four quarterly installments ,defaulted)</p>				



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2012

₹ in Crore

	NON CURRENT		CURRENT MATURITIES	
	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
d) Further the loan in e(i) above is also secured by way of Corporate Guarantee given by Promoter Companies.				
<b>SUB TOTAL</b> i)	<b>116.16</b>	<b>196.30</b>	<b>53.23</b>	<b>61.11</b>
<b>SECURED</b>				
<b>2 Foreign Currency Loan / External Commercial Borrowings</b>				
a. <b>Loan from Calyon Credit Agricole CIB Singapore (Calyon)</b>	1.02	2.66	2.05	1.47
A 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 Unit.				
b. <b>Loan from HSBC Mauritius</b>	127.89	-	-	-
A loan of USD 25 Million availed by the Company from Hongkong Shanghai Banking Corporation, under RBI Loan Registration No.2011561, is secured by first pari passu charge by way of hypothecation on all current and future plant and machinery of the revamped Ammonia and Urea Plants situated at Thal.				
c. <b>Capital Expenditure Buyers credit from HSBC Mauritius</b>	22.86	-	-	-
Capex Buyers credit of amounting to USD 4469125 availed from Hongkong Shanghai Banking Corporation for purchase of plant and machinery from abroad, with bullet repayment after 3 years, secured by first pari passu charge by way of hypothecation on all movable properties forming part of existing Ammonia and Urea plants at Thal Unit with a minimum security cover of 1.25 times of the amount borrowed under this arrangement.				
d. <b>Loan from HSBC -FCNR(B)Loan</b>	37.55	-	12.00	-
A loan of ₹.48.00 crore availed in Euro amounting to EUR 725000 under the FCNR(B) arrangement availed from Hongkong Shanghai Banking Corporation is secured by hypothecation of movable properties of its Ammonium Nitrophosphate plant at Trombay.				
<b>SUB TOTAL</b> ii)	<b>189.32</b>	<b>2.66</b>	<b>14.05</b>	<b>1.47</b>
Amount disclosed under the head "OTHER CURRENT LIABILITIES" (Refer Note No. 9)			(67.28)	(62.58)
<b>TOTAL (i+ii)</b>	<b>305.48</b>	<b>198.96</b>		



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2012**

₹ in Crore

<b>Note No.4 "DEFERRED TAX LIABILITIES (NET)"</b>	<b>AS AT 31.03.2012</b>	<b>AS AT 31.03.2011</b>
<b>A) Deferred Tax Liability:</b>		
Depreciation	274.84	225.24
<b>Total</b>	<b>274.84</b>	<b>225.24</b>
<b>B) Deferred Tax Asset:</b>		
Provision for doubtful debts/claims	2.02	8.25
Provision for contingent liability	0.17	0.17
Provision for obsolescence of stores	0.91	2.66
Expenditure allowed on payment basis	57.34	56.16
Others	0.29	2.49
<b>Total</b>	<b>60.73</b>	<b>69.73</b>
<b>Net Deferred Tax Liability</b>	<b>214.11</b>	<b>155.51</b>

₹ in Crore

<b>Note No. 5 "OTHER LONG TERM LIABILITIES"</b>	<b>AS AT 31.03.2012</b>	<b>AS AT 31.03.2011</b>
<b>A) Trade Payables</b>	1.77	2.90
<b>B) Others</b>		
Creditors on Capital account	-	1.48
Security Deposit from Vendors	0.99	4.77
Standing Deposit from Customers	17.44	11.67
Deposit from Employees	0.46	0.02
Other Liabilities	52.54	66.53
<b>TOTAL</b>	<b>73.20</b>	<b>87.37</b>

₹ in Crore

<b>Note No. 6 "PROVISIONS"</b>	<b>LONG TERM</b>		<b>SHORT TERM</b>	
	<b>AS AT 31.03.2012</b>	<b>AS AT 31.03.2011</b>	<b>AS AT 31.03.2012</b>	<b>AS AT 31.03.2011</b>
<b>A) Provision for Employee Benefits</b>				
Provision for EL Encashment	99.67	84.97	53.70	56.06
Provision for Post Retirement Medical Benefits	27.39	23.45	2.51	1.84
Others(Refer Note No.A.16)	-	-	0.53	7.11
	<b>127.06</b>	<b>108.42</b>	<b>56.74</b>	<b>65.01</b>
<b>B) Other Provisions</b>				
Proposed Dividend	-	-	77.24	60.69
Tax on Dividend	-	-	12.53	9.84
Provision for Taxation less Advance Tax	-	-	16.70	9.92
	<b>-</b>	<b>-</b>	<b>106.47</b>	<b>80.45</b>
	<b>127.06</b>	<b>108.42</b>	<b>163.21</b>	<b>145.46</b>





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2012

` in Crore

Note No. 7 "SHORT TERM BORROWINGS"	AS AT 31.03.2012	AS AT 31.03.2011
<b>SECURED:</b>		
<b>A. Working Capital facilities from Bank</b>		
Cash Credit from banks	19.07	24.30
Working Capital Demand Loan	-	100.00
Short Term Rupee loans from banks	-	-
Total Secured	19.07	124.30
<b>UNSECURED:</b>		
Short Term Foreign currency loans from banks-Buyers Credit	890.88	129.91
Total Unsecured	890.88	129.91
<b>TOTAL</b>	<b>909.95</b>	<b>254.21</b>

Cash Credit and Working capital Demand loan from banks is secured by hypothecation of entire stocks of raw materials and finished goods, stock in transit, book debts and consumable stores and spares,

` in Crore

Note No. 8 "TRADE PAYABLES"	AS AT 31.03.2012	AS AT 31.03.2011
Trade Payables	1196.96	508.65
(Refer Note No. A 17)		
<b>TOTAL</b>	<b>1196.96</b>	<b>508.65</b>

` in Crore

Note No. 9 "OTHER CURRENT LIABILITIES"	AS AT 31.03.2012	AS AT 31.03.2011
Current maturities of long term debt (Refer Note No.3)	67.28	62.58
Interest accrued but not due on borrowings	5.78	0.91
Interest accrued but due on borrowings *	0.79	2.14
Income received in advance	33.26	45.19
Unclaimed dividend (**)	0.44	0.49
Sub Total	107.55	111.31
<b>Other Payables</b>		
Creditors on Capital Account	28.45	22.83
Deposit from Customers	44.44	29.77
EMD & Security Deposit from Vendors	36.41	36.15
Subsidy on unsold stock	147.25	10.38
Foreign Currency Payable	-	2.36
<b>Statutory Dues:-</b>		
Excise Duty on closing stock	3.79	2.39
Withholding Taxes	2.25	1.98
VAT/Sales Tax	4.28	4.41
Other taxes	0.01	0.74



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2012**

₹ in Crore

<b>Note No. 9 "OTHER CURRENT LIABILITIES"</b>	<b>AS AT 31.03.2012</b>	<b>AS AT 31.03.2011</b>
<b>Other Liabilities:</b>		
Ex-gratia & employee benefits	84.20	4.62
Others (Refer Note no.A.17)	37.45	90.59
Overdrawn balances in Current Account	3.28	1.13
<b>Sub Total</b>	<b>391.81</b>	<b>207.35</b>
	<b>499.36</b>	<b>318.66</b>

\* includes ₹ 0.25 crore due upto Jan 2012, defaulted since paid on 30-4-2012

\*\* No amounts are due and payable to Investor Education and Protection Fund



## NOTES TO BALANCE SHEET

` in Crore

<b>Note No. 10 FIXED ASSETS</b>											
Description	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION					NET BLOCK	
	AS.AT 01.04.2011	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS.AT 31.03.2012	UPTO 31.03.2011	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2012	Impairment Loss	AS.AT 31.03.2012	AS.AT 31.03.2011
Land ( Freehold )	8.76	2.03	-	10.79	0.00	-	-	-	-	10.79	8.76
Land ( Leasehold )	20.15	0.00	-	20.15	2.19	0.73	-	2.92	-	17.23	16.92
Roads & Culverts	11.08	0.00	-	11.08	3.67	0.17	-	3.84	-	7.24	7.41
Buildings	161.07	1.35	0.01	162.41	102.73	4.64	0.01	107.36	-	55.04	59.38
Railway sidings	50.22	0.00	-	50.22	38.09	0.75	-	38.84	-	11.39	12.13
Plant & Machinery	2847.00	243.95	10.24	3080.71	1713.78	108.25	8.29	1813.74	21.28	1245.69	1132.38
Water System, Sewerage & Drainage	21.80	0.81	-	22.61	18.93	0.27	-	19.20	-	3.41	2.87
Miscellaneous Equipments	74.08	5.71	0.04	79.75	48.58	2.54	0.02	51.10	-	28.65	25.50
Furniture, Fixtures & Office Appliances	44.75	4.43	2.25	46.93	25.11	4.29	1.98	27.43	-	19.50	19.63
Transport Vehicles	5.00	0.09	0.12	4.97	2.70	0.33	0.11	2.92	-	2.05	2.30
Assets held for disposal	0.65	0.07	-	0.72	-	-	-	-	-	0.72	0.65
<b>Intangible Assets</b>											
Computer Software	8.11	2.65	-	10.76	6.88	1.11	-	7.99	-	2.77	1.23
<b>TOTAL</b>	3252.66	261.09	12.66	3501.09	1962.66	123.08	10.41	2075.34	21.28	1404.48	1289.16
<b>Previous year figures</b>	3115.70	156.88	19.92	3252.66	1867.48	113.20	18.01	1962.66	0.84	1289.16	
Share of Joint Venture Assets included in above	7.41					0.40		1.09			

### Notes

- 1 Depreciation on tangible assets provided during the year  
Amortisation of Intangible assets during the year

	Year Ended March 2012	Year Ended March 2011
	121.97	112.79
	1.11	0.41
	123.08	113.20
	122.41	112.97
	0.04	0.04
	0.63	0.19
	123.08	113.20
	20.43	-
	143.51	113.20

- 2 Charged to Statement of Profit and Loss  
Depreciation provided during the year in  
Statement of Profit and Loss  
Under Research and Development  
As Net Adjustment relating to Prior years  
Sub Total  
Impairment provision made during the year in Statement of Profit and Loss  
Total
- 3 Land at Thal included in Gross Block (at cost) at ` .233 crores is subject to final price.
- 4 Leasehold land includes land taken on lease for a period of 30 years at  
Vizag ` .7.64 crore, at Tuticorin ` .4.21 crore and ` .6.04 Share of Joint Venture  
entity at Kochi.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2012**

5	Additions/Adjustments include the following	Item of Asset	Year Ended March 2012	Year Ended March 2011
	Exchange Differences	Plant &	2.57	-
	Borrowing Costs	Machinery	3.99	-
			<u>6.56</u>	<u>-</u>
6	The Company is charging rent to certain Public Sector Undertakings & other parties for utilising part of its Land & Buildings. It is not feasible to segregate Cost & Depreciation amount in respect of Fixed Asset so utilised & hence has not been disclosed separately			

		` in Crore	
Note No. 11 "NON-CURRENT INVESTMENTS "		AS AT 31.03.2012	AS AT 31.03.2011
<b>Unquoted Trade Investments (Fully paid up):</b>			
<b>a Subsidiary</b>			
	Rajasthan Rashtriya Chemicals and Fertilizers Ltd. (25500 equity shares of ` .10 each )	0.03	0.03
	Less:- Provision for Diminution in the value of investment	(0.03)	(0.03)
		-	-
<b>b Joint Ventures</b>			
	RCF HM Construction Solutions Pvt.Ltd. (50000 equity shares of ` .10 each) (Under lock in period upto 5th April 2014)	0.05	0.05
	Less:- Provision for Diminution in the value of investment	(0.05)	(0.05)
		-	-
<b>Unquoted Investments</b>			
	<b>Investments -Others</b> (336600 equity shares of ` .10 each of Indian Potash Ltd.)	0.17	0.17
		<u>0.17</u>	<u>0.17</u>
	Aggregate Provision for diminution in the value of investments	0.08	0.08



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2012

in Crore

Note No. 12 "LOANS AND ADVANCES"	NON CURRENT		CURRENT	
	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
Capital Advances -Unsecured Considered good	8.62	8.56	-	-
Considered Doubtful	1.15	1.15	-	-
Less: Provision	(1.15)	(1.15)	-	-
	8.62	8.56	-	-
Security Deposits-Unsecured Good	16.95	18.71	1.43	1.52
Considered Doubtful	0.00	0.00	-	-
Less : Provision	0.00	0.00	-	-
	16.95	18.71	1.43	1.52
<b>Loans and Advances to related Parties</b>				
Unsecured -Considered Good	-	-	-	-
Considered Doubtful	0.02	0.02	-	-
Less: Provision	(0.02)	(0.02)	-	-
	-	-	-	-
<b>Loans:</b>				
<b>-Employees</b>				
Secured Considered Good (Including accrued interest C.Y. ` . 9.98 crore, P.Y. ` . 11.75 crore)	9.82	5.15	1.31	8.49
Unsecured Considered Good	-	0.10	-	-
	9.86	5.29	1.31	8.49
<b>ADVANCES RECOVERABLE IN CASH OR IN KIND UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED</b>				
Contractors	-	-	62.73	52.87
Employees	0.02	0.01	0.19	0.21
VAT Receivables	62.21	44.56	-	-
Others	3.44	3.31	19.59	7.86
	65.67	47.88	82.51	60.94
Considered Doubtful	2.67	6.09	-	-
Less: Provision for doubtful advances	(2.67)	(6.09)	-	-
	-	-	-	-
Advance Income Tax (Net of Provision)	35.06	19.67	-	-
Deposits with Customs, Port Trust etc.	0.84	0.91	2.31	17.52
Prepaid expenses	1.09	0.42	0.09	0.25
<b>TOTAL</b>	<b>138.09</b>	<b>101.44</b>	<b>87.65</b>	<b>88.72</b>
Advances to employees include Dues from Directors towards Business travel	-	-	0.02	0.04



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2012**

in Crore

Note No. 13	"OTHER ASSETS"	NON CURRENT		CURRENT	
		AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
<b>UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED</b>					
	Unamortized Premium on Forward contracts			9.44	1.86
	Government Bonds			-	348.72
	Less: MTM Provision on Bonds			-	(42.78)
	Sub Total			-	305.94
	Compensation Receivable from GOI (on sale of Fertilizer Bonds)			-	21.39
	Foreign Currency receivable			7.52	-
	Interest Accrued			2.49	6.53
	Receivables	11.01	12.87	21.62	21.52
	Other Receivables - Considered Doubtful	0.28	0.25	-	-
	Less: Provision for doubtful Receivables	(0.28)	(0.25)	-	-
	Advance against Equity Pending allocation	0.51	0.51		
	Less: Provision towards dimunition in value	(0.51)	(0.51)		
		-	-	-	-
	<b>TOTAL</b>	<b>11.01</b>	<b>12.87</b>	<b>41.07</b>	<b>357.24</b>

in Crore

Note No. 14	"INVENTORY"	NON CURRENT		CURRENT	
		AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
	Raw materials			309.17	165.59
	Finished Goods			180.07	52.91
	Stock in Trade/Bought out Products			334.21	2.91
	Intermediary Products			18.26	18.55
	By products			11.63	8.20
	Stores & Spares, packing materials and Petroleum products			326.90	295.10
	Less: Provision for Obsolescence/Loss under Investigation			2.81	8.21
				324.09	286.89
	Certified Emission Reduction Credits (No. of Units C.Y.152013, P.Y.152013)			0.28	0.28
	<b>TOTAL</b>			<b>1178.25</b>	<b>535.33</b>
	<b>Inventory Includes:</b>				
	i) In Transit				
	Raw Materials			49.99	48.34
	Finished Goods			29.07	18.33
	ii) Stores and Spares				
	a) Under inspection			4.97	9.01
	b) Platium & Rhodium stolen in earlier year and under investigation which is not available for verification			0.21	0.21
	c) With fabricators			15.29	15.29



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2012

in Crore

Note No. 15 "TRADE RECEIVABLES"	NON CURRENT		CURRENT	
	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
<b>Overdue for a period exceeding six months Secured-considered good.</b>				
Debtors			0.03	0.17
Claims			-	-
			<u>0.03</u>	<u>0.17</u>
<b>Unsecured-considered good.</b>				
Debtors			0.13	0.91
Claims			254.77	212.03
			<u>254.90</u>	<u>212.94</u>
<b>Other Debts</b>				
<b>Secured-considered good</b>				
Debtors			72.15	28.15
Claims			-	-
			<u>72.15</u>	<u>28.15</u>
<b>Unsecured-considered good.</b>				
Debtors			209.42	25.16
Claims			1441.74	590.43
			<u>1651.16</u>	<u>615.59</u>
Debtors Unsecured Considered Doubtful	0.05	3.39	-	-
Debtors Unsecured Considered Bad	0.04	0.07	-	-
Less: Provision for doubtful debts	(0.05)	(3.39)	-	-
Less: Provision for bad debts	(0.04)	(0.07)	-	-
	<u>-</u>	<u>-</u>	-	-
Claims - Considered Doubtful	1.99	14.46	-	-
Less: Provision for doubtful	(1.99)	(14.46)	-	-
	<u>-</u>	<u>-</u>	-	-
Sub Total - Trade Receivables	-	-	<u>281.73</u>	<u>54.39</u>
Sub Total - Claims	-	-	<u>1696.51</u>	<u>802.46</u>
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b><u>1978.24</u></b>	<b><u>856.85</u></b>

in Crore

Note No. 16 "CASH AND BANK BALANCES"	NON CURRENT		CURRENT	
	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
<b>Cash and Cash Equivalents</b>				
Cash on hand			0.03	0.05
Cheques in hand			4.08	1.40
<b>Balances with Banks</b>				
Deposits with original maturity less than 3 months			35.00	320.00
In Current and Cash Credit accounts			57.62	97.20
In unpaid Dividend Account			0.44	0.49
			<u>97.35</u>	<u>419.39</u>
<b>Other Bank Balances</b>				
Deposits with original maturity more than 3 months but less than 12 months			495.00	-
Deposits with original maturity more than 12 months			0.01	0.01
Margin money deposit			0.11	0.11
			<u>495.12</u>	<u>0.12</u>
<b>TOTAL</b>			<b><u>592.47</u></b>	<b><u>419.51</u></b>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2012**

in Crore

<b>Note No. 17 "REVENUE FROM OPERATIONS"</b>		<b>AS AT 31.03.2012</b>	<b>AS AT 31.03.2011</b>
<b>1. Sales</b>			
<b>(A).Manufactured Products</b>			
Fertilizers		1748.40	1503.33
Industrial Products		865.61	726.25
		2614.01	2229.58
Less: Excise duty		(98.51)	(66.99)
		2515.50	2162.59
<b>(B).Bought-out Products</b>			
Fertilizers		957.17	709.22
Net Sales		3472.67	2871.81
<b>2. Other Operating Revenues</b>			
Subsidy on Urea & Complex Fertilizers (Refer Note below)	18	2928.04	2635.30
Sale of Scrap		22.56	5.49
Management Fees -For Services rendered		10.44	11.83
<b>TOTAL</b>		2961.04	2652.62
<b>Revenue from Operations (Net)</b>		6433.71	5524.43

in Crore

<b>Note No. 18 "SUBSIDY"</b>		<b>AS AT 31.03.2012</b>	<b>AS AT 31.03.2011</b>
<b>Manufactured Fertilizers</b>			
Price		1742.06	1542.30
Freight		285.81	237.75
		2027.87	1780.05
<b>Bought-out Fertilizers</b>			
Price		749.54	732.88
Freight		150.63	122.34
		900.17	855.22
<b>TOTAL</b>		2928.04	2635.27

Refer Note No. A.10





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2012

` in Crore

Note No. 19 "OTHER INCOME"	Year Ended March 2012	Year Ended March 2011
<b>Interest Income</b>		
On Loans to Employees	0.09	0.15
On Deposits with Bank and Others	28.17	3.11
From Customers	0.55	0.45
On Income Tax Refunds	-	5.63
On Government Bonds	7.74	47.09
From Others	0.04	0.02
<b>TOTAL</b>	<b>36.59</b>	<b>56.45</b>
<b>Other Income</b>		
Rental from ammonia wagons	-	0.43
Lease rent for railway wagons	0.71	0.71
Dividend from Trade Investment	0.08	0.07
Dividend from Other than Trade Investment	5.97	0.58
Profit on sale of fixed assets (Net)	0.56	0.06
Bad debts recovered	6.19	1.82
Provisions for Doubtful debts/advances/obsolescence no longer required	27.76	15.31
Liabilities/Provisions for expenses of earlier years no longer required	10.80	4.42
Rent received, recovery of electricity etc.	21.95	23.09
Compensation on sale of fertilizers bonds (net) *	19.20	21.03
Lease compensation of railway siding	9.07	-
Miscellaneous Income	27.86	12.67
	<b>130.15</b>	<b>80.19</b>
Less: Transfer to Research and Development from Other Miscellaneous Income (Refer Note No. 24C)	(0.01)	(0.01)
	<b>166.73</b>	<b>136.63</b>

\* Refer Note No. A 11

` in Crore

Note No. 20 "COST OF MATERIALS CONSUMED"	Year Ended March 2012	Year Ended March 2011
Raw Materials *	2044.80	1608.21
Packing Materials	116.29	103.28
<b>TOTAL</b>	<b>2161.09</b>	<b>1711.49</b>
* Consumption is net of transfer to CWIP / Asset capitalised	-	0.15



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2012**

in Crore

<b>Note No. 21 "CHANGES IN INVENTORY"</b>	<b>Year Ended March 2012</b>	<b>Year Ended March 2011</b>
<b>Opening Stock</b>		
Finished Goods	52.91	61.23
Intermediary Products	18.55	22.29
By-Products	8.20	6.45
Stock in trade	2.91	12.38
Carbon Credits	0.28	-
<b>Sub-Total</b>	<b>82.85</b>	<b>102.35</b>
<b>Closing stock</b>		
Finished Goods	180.07	52.91
Intermediary Products	18.26	18.55
By-Products	11.63	8.20
Stock in trade	334.21	2.91
Carbon Credits	0.28	0.28
<b>Sub-Total</b>	<b>544.45</b>	<b>82.85</b>
<b>Changes in Inventory</b>	<b>(461.60)</b>	<b>19.50</b>
Differential Excise duty on stocks of Finished goods	2.39	2.21
<b>TOTAL</b>	<b>(459.21)</b>	<b>21.71</b>

in Crore

<b>Note No. 22 "EMPLOYEE BENEFITS EXPENSE"</b>	<b>Year Ended March 2012</b>	<b>Year Ended March 2011</b>
Salaries, Wages and Bonus *	333.19	331.25
Contribution to Provident Fund and other funds	28.49	24.52
Contribution to Gratuity Fund	13.40	13.24
Workmen and Staff Welfare Expenses	48.76	31.20
	<b>423.84</b>	<b>400.21</b>
Less : Salaries, Wages, Bonus and contribution to Provident Fund & Other funds		
<u>Included in :</u>		
Research and Development ( Refer Note No. 24C)	(2.07)	(2.08)
Receivables from Thal Ammonia Extension	(19.77)	(20.78)
	<b>(21.84)</b>	<b>(22.86)</b>
<b>TOTAL</b>	<b>402.00</b>	<b>377.35</b>

\* Refer Note No. A 18



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2012

` in Crore

<b>Note No. 23 "FINANCE COSTS"</b>	<b>Year Ended March 2012</b>	<b>Year Ended March 2011</b>
On Term Loans-From Banks	20.58	21.14
On Working capital from Banks	8.02	29.60
On other loans and deposits	2.93	2.96
Exchange differences to the extent considered as adjustment to borrowing costs	14.06	12.40
Others	3.74	3.36
<b>TOTAL</b>	<b>49.33</b>	<b>69.46</b>

` in Crore

<b>Note No. 24 "OTHER EXPENSES"</b>	<b>Year Ended March 2012</b>	<b>Year Ended March 2011</b>
Stores and Spares	39.71	20.23
Power and fuel	970.57	871.85
Water Charges	40.51	53.56
Repairs and Maintenance 24A	141.02	94.27
Freight and Handling Charges	609.48	524.88
Rent	6.23	4.73
Rates and Taxes	8.47	4.54
Insurance	8.01	8.33
Discounts and Rebates on sales	75.63	73.58
Miscellaneous Expenses 24B	119.29	50.31
Less: Transferred to Research & Development (Refer Note No. 24C)	(0.01)	(0.05)
	<b>2018.91</b>	<b>1706.23</b>

` in Crore

<b>Note No. 24A "REPAIRS AND MAINTENANCE"</b>	<b>Year Ended March 2012</b>	<b>Year Ended March 2011</b>
Plant and Machinery	99.76	63.15
Buildings	34.35	17.13
Other Assets	7.03	14.01
	141.14	94.29
Less: Transferred to Research & Development (Refer Note No. 24C)	(0.12)	(0.02)
<b>TOTAL</b>	<b>141.02</b>	<b>94.27</b>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2012**

₹ in Crore

<b>Note No. 24B</b>	<b>"MISCELLANEOUS EXPENSES"</b>	<b>Year Ended March 2012</b>	<b>Year Ended March 2011</b>
	Security expenses-Factory and Others	20.87	16.58
	Electricity Charges-Township and Offices	4.03	4.67
	Advertisement	6.51	4.47
	Bank Charges	3.20	3.11
	Promotion and Publicity	2.95	3.51
	Hire Charges of Vehicles	3.36	2.09
	Travelling expenses	6.09	4.50
	Miscellaneous expenses *	30.93	27.87
	Entertainment Expenses	0.14	0.09
	Donations	-	0.05
	Lease Rent for Railway wagons	-	0.04
	Research and Development expenses	6.46	2.25
	Loss on Fixed Assets Sold /Discarded	2.11	1.67
	Losses and write off	1.11	-
	Foreign exchange Loss/(Gain)	14.83	(37.83)
	Loss on sale/ Mark To Market valuation of Government Bonds and Equity Investment	8.17	0.94
	Provision for Doubtful Debts/ Claims/ Advances	2.20	13.85
	Provision for obsolescence of stores	0.94	0.39
	Bad debts written off	19.31	14.99
	Prior period Items -Debit(+)/Credit(-)	1.59	(0.22)
	Adj. for Transfer Credits (Refer Note No. 25)	(15.51)	(12.71)
	<b>SUB TOTAL</b>	<b>119.29</b>	<b>50.31</b>

\* Includes Directors' sitting Fees C.Y.Nil, P.Y. ₹ .130000

₹ in Crore

<b>Note No. 24C</b>	<b>"RESEARCH &amp; DEVELOPMENT EXPENSES"</b>	<b>Year Ended March 2012</b>	<b>Year Ended March 2011</b>
	Salaries and Staff Welfare Expenses	2.07	2.08
	Repairs and Maintenance	0.12	0.02
	Depreciation	0.04	0.04
	Other Expenses	4.24	0.10
	Handling charges	-	0.01
	Materials Consumed	-	0.01
	<b>Sub Total</b>	<b>6.47</b>	<b>2.26</b>
	Less: Other Miscellaneous Income	(0.01)	(0.01)
	<b>TOTAL</b>	<b>6.46</b>	<b>2.25</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2012

` in Crore

Note No. 24D "PRIOR PERIOD ITEMS"	Year Ended March 2012	Year Ended March 2011
<b>Debits / Credits (-)</b>		
Interest	-	-
Materials Consumed	-	0.04
Sales	-	-
Subsidy	-	-
Repairs and Maintenance	-	(0.22)
Depreciation	0.63	0.19
Others	0.96	(0.23)
<b>TOTAL</b>	<b>1.59</b>	<b>(0.22)</b>

` in Crore

Note No. 25 "TRANSFER CREDITS"	Year Ended March 2012	Year Ended March 2011
Utilities, Synthesis gas and share of other common expenses transferred to Thal Ammonia Extension and Technology Demonstration Plant, Trombay	15.46	12.71
Transfer credit Others	0.05	-
<b>TOTAL</b>	<b>15.51</b>	<b>12.71</b>



## A. Statement of Significant Accounting Policies and Notes on Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2012.

### 1. Basis of Consolidation

1.1. The Consolidated Financial Statements relate to the Company (Rashtriya Chemicals & Fertilizers Ltd.) and Joint Venture entities (hereinafter referred as the "Group"), other than a subsidiary and a Joint venture entity referred to in (1.2) & (1.3) below.

1.2. Rajasthan Rashtriya Chemicals and Fertilizers Limited, is a subsidiary of the Company, with proportionate ownership interest of 51% as at 31st March 2012. The subsidiary was incorporated on 28th July 2007 with authorized share capital of ` .5 Crore. The Company has subscribed towards equity share capital of 25500 shares of Rs.10/- each amounting to ` .03 Crore and has further paid an amount of ` .049 Crore towards equity share capital which is pending allotment as at the year end.

The company has made full provision for diminution in value of investment including amount paid as advance against equity capital, pending allotment.

1.3. RCF HM Construction Solutions Private Limited is a Joint Venture entity of the Company, with proportionate share of interest of 50% as at 31st March 2012. The joint venture was incorporated on 5th June 2009 with authorized share capital of ` .5 Crore. The Company has subscribed towards equity share capital of 50000 shares of Rs.10/- each amounting to ` .05 Crore.

The company has made full provision for diminution in value of investment in view of its intended closure.

1.4. The audited financial statements of the aforesaid subsidiary / joint venture entity for the year ended 31st March 2012 are not available and in lieu of what is stated in para (1.2) & (1.3) above, the accounts have not been considered for consolidation / proportionate consolidation during the year in accordance with Accounting Standard 21 'Consolidated Financial Statements'. The aforesaid subsidiary / joint venture entity not included in the Consolidated Financial Statements are individually and collectively not material to the Groups activity.

### 2. Basis of Accounting

2.1 The financial statements of the Group 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 of the Group have been prepared under the historical cost convention, on an accrual basis. The accounting policies have been consistently applied by

the Group and are consistent with those used in the previous year.

2.2 The financial statements of the Joint venture entities used in the consolidation are drawn up to the same reporting date as of the Company i.e. for the year ended 31<sup>st</sup> March 2012.

### 3. Principles of Consolidation

3.1. 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".

3.2. 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.

3.3. The following Joint venture entities are considered in the Consolidated Financial statements.

Name of the Company	Country of Incorporation	Relation	Proportion of Ownership Interest as on 31 <sup>st</sup> March 2012	Date of the entity becoming Joint Venture
FACT RCF Building Products Ltd.	India	Joint Venture	50%	02-May-2008
Urvarak Videsh Ltd.	India	Joint Venture	33.33%	18-July-2008

### 4. Accounting Policies

4.1. The accounting policies of the parent Company are presented in Note no. A forming part of its standalone financial statements. Differences in accounting policies followed by joint venture entities consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not material.

#### 4.2. Change in Accounting Policy

##### Adjustment of exchange variance on translation/settlement of long term monetary items

Government of India has issued an amendment to Accounting Standard -11 (Revised) giving an option to Companies which had earlier not exercised the option to adjust the exchange differences to the cost of asset in respect of long term foreign currency items for transactions commencing from 01-April-2011.



Consequently, company has exercised the option of adjusting such exchange variances to the cost of the asset. The impact of the same is given separately under note no.19 to financial statements.

5. The Notes to these consolidated financial statements are disclosed to the extent necessary for presenting a true and fair view of the consolidated financial statements.
6. Estimated amount of contracts remaining to be executed on capital account and not provided for aggregates to ` .98.84 Crore (Previous year ` .296.66 Crore) net of advances.
7. Contingent Liabilities;
  - 7.1. Claims against the Company not acknowledged as debts to the extent ascertainable (interest cannot be estimated reliably) aggregates to ` .24.77 crore, (P.Y. ` .27.34 crore).
  - 7.2. Other Contingent liabilities are same as disclosed in the Standalone Financial statements of the Company.

#### 8. Earning Per Share

	31.3.2012	31.3.2011
Net profit after tax as Statement of Profit and Loss ( ` . in crore) (A)	248.83	244.71
Weighted Average Numbers of Equity Shares for calculating basic EPS(B)	55,16,88,100	55,16,88,100
Basic earnings per Share (in Rupees) (Face Value of ` .10/- per share) (A)/(B)	4.51	4.44

9. Some of the balances of Trade Receivable, Trade Payable, 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.
10. 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.

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	2011-12			2010-11		
	Urea	P&K Fertilizers *	Imported Urea	Urea *	P&K Fertilizers	Imported Urea
For the Year	183.80	(39.29)	3.11	(28.02)	NIL	2.73
Total	183.80	(39.29)	3.11	(28.02)	NIL	2.73

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

11. Consequent upon communication received from Government of India for the buyback of Fertilizer bonds, the company has disposed off the balance 50% of the value of bonds amounting to ` .348.72 crore during the year. An additional loss of ` .8.17 crore on such disposal during the year has been recognized. During the year, Government of India has settled the compensation of loss on buy back of such bonds including bonds sold under the scheme in the previous year. An amount of ` .19.20 crore has been recognized as net income consequent to full and final settlement of loss on buyback during the year.
12. As per requirements of Accounting Standard -28, the Company has carried out impairment testing of its Cash Generating Units / Fixed Assets at the year end. Such a test of impairment is carried out considering an estimated useful life of 10 Years for arriving at the value in use. Accordingly, a provision for impairment has been made towards the Rapidwall plant at Trombay unit since the expected value in use as arrived at, is lower than its carrying amount. A provision of ` .13.80 crore net of deferred tax asset of ` .6.63 crore has been made towards impairment.
13. The status of provision made towards impairment is as under:-

`. Crore

Sr. No.	Particulars	2011-12		2010-11
		Chikton	Rapidwall Plant	Chikton
1	Provision for Impairment made during the year	-	20.43	0.84
2	Reversal of Provision during the year	-	-	-
3	Balance in Provision Account	0.84	20.43	0.84

14. The position of Foreign currency exposures are as under:-

`. Crore

Item	31-3-2012	31-3-2011
Forward Contract	751.39	188.11
Unhedged Foreign currency exposures	1228.18	213.56

15. Consolidated Employee benefit disclosures, segment disclosures, related party transactions, Lease disclosures, and deferred tax liability (Net), are not materially different from those disclosed in the standalone financial statements of the Company.
16. Disclosure as per Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets" as on 31st March 2012.



## Rashtriya Chemicals and Fertilizers Limited

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₹. crore

Particulars	Balance as on 31.3.2011	Addition	Utilization	Reversal	Balance as on 31.3.2012
Disputes and Claims, Legal Matters (Refer Note below)	0.53 (0.53)	-	-	-	0.53 (0.53)
Handling charges	6.58 (1.50)	- (5.08)	6.58	-	- 6.58

Figures in brackets are in respect of previous year

Note: Disputes, Claims and Others represent estimates made mainly for probable claims arising out of litigations / disputes pending with authorities /Trade Payable. Deferred Tax Benefit of ₹.0.17 Crore (Previous year ₹.2.31 Crore) has been recognized on above. The timing and probability of outflow with regard to these matters depends on the ultimate settlement /conclusions with relevant authorities.

17. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act 2006 is as under:-

₹. crore

Sr. No.	Particulars	2011-12	2010-11
1	Principal amount remaining unpaid as on 31st March	0.09	NIL
2	Interest due thereon 31st March	NIL	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	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	NIL
5	Interest accrued and remaining unpaid as 31st March.	NIL	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	NIL

Dues to Micro and small enterprises have been determined to the extent such parties have been identified on the basis of information given by such parties/available with the company. This has been relied upon by the auditors.

18. Employee Benefits Expense includes ₹.11.91 crore ( Previous Year Nil) being tax borne by the Company on deemed perquisite value of accommodation provided to employees for the period from 1.4.2007 to 31.3.2012 which is allowed under Section 10(10CC) of Income Tax Act 1961. The Company has been advised that bearing of tax liability of such nature does not contravene provisions of Section 200 of the Act.

### 19. Change in Accounting Policy

#### Exchange differences:

Monetary assets and liabilities in foreign currency, which were outstanding as at the year-end were translated at the year end at the closing exchange rate and the resultant exchange differences were recognized in the statement of profit & loss upto 31st March,2011. Pursuant to paragraph 46A of AS 11: The Effects of Changes in Foreign Exchange Rates, inserted vide Notification No.GSR 914 (E) dated December 29, 2011 the company has, during the year, exercised the option of adding or deducting such exchange difference to the cost of asset in respect of long term foreign currency monetary items.

As a result, exchange differences aggregating to ₹.11.46 crore relating to the acquisition of depreciable capital asset have been adjusted with the cost of such asset and would be depreciated over the balance life of the asset.

### 20. Cash and Cash Equivalents

₹.crore

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Cash on hand	0.03	0.05
Cheques in hand	4.08	1.40
<b>Balance with Scheduled Banks</b>		
in Current and Cash Credit Accounts	57.80	97.45
In Term Deposits (maturity less than 3 months)	35.00	320.00
In Unpaid Dividend Account *	0.44	0.49
<b>Sub Total</b>	<b>97.35</b>	<b>419.39</b>
<b>Add: In Term Deposits (maturity greater than 3 months)</b>	495.00	0.00
<b>Add: In Deposits with original maturity more than 12 months</b>	0.01	0.01
Add: Deposit with bank held as Margin Money	0.11	0.11
<b>Total</b>	<b>592.47</b>	<b>419.51</b>

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





21. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Group, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for

preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

As per our report of even date attached

For and behalf of  
**RASHTRIYA CHEMICALS  
AND FERTILIZERS LTD.**

For **JCR & Co.**  
Chartered Accountants

For **M. M. NISSIM AND CO.**  
Chartered Accountants

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

**Saiprabha. R**  
Partner

**Dhiren Mehta**  
Partner

**Gautam Sen**  
Director ( Finance )

Dated : 30.05.2012  
Place: Mumbai

**K. C. Prakash**  
Company Secretary

Dated : 30.05.2012

Place: Mumbai



**Rashtriya Chemicals and Fertilizers Limited**

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

<b>Name of Subsidiary Companies</b>	<b>Rajasthan Rashtriya Chemicals and Fertilizers Limited</b>
The financial year of the Subsidiary Company ended on	March 31, 2012
Number of shares in the Subsidiary Company held by Rashtriya Chemicals and Fertilizers Limited at the above date.	25,500 shares of ` 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, 2012	-
(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, 2012	-
(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 Rashtriya Chemicals and Financial year	
(a) change in Rashtriya Chemicals and Fertilizers Limited' 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	-

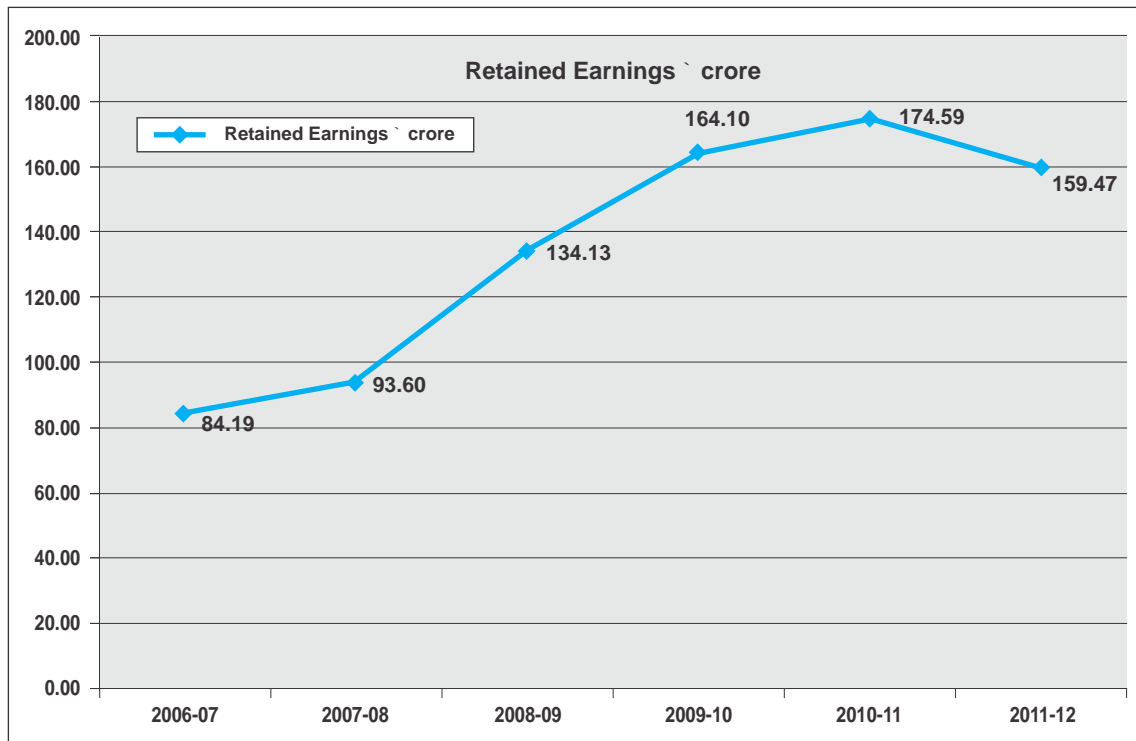
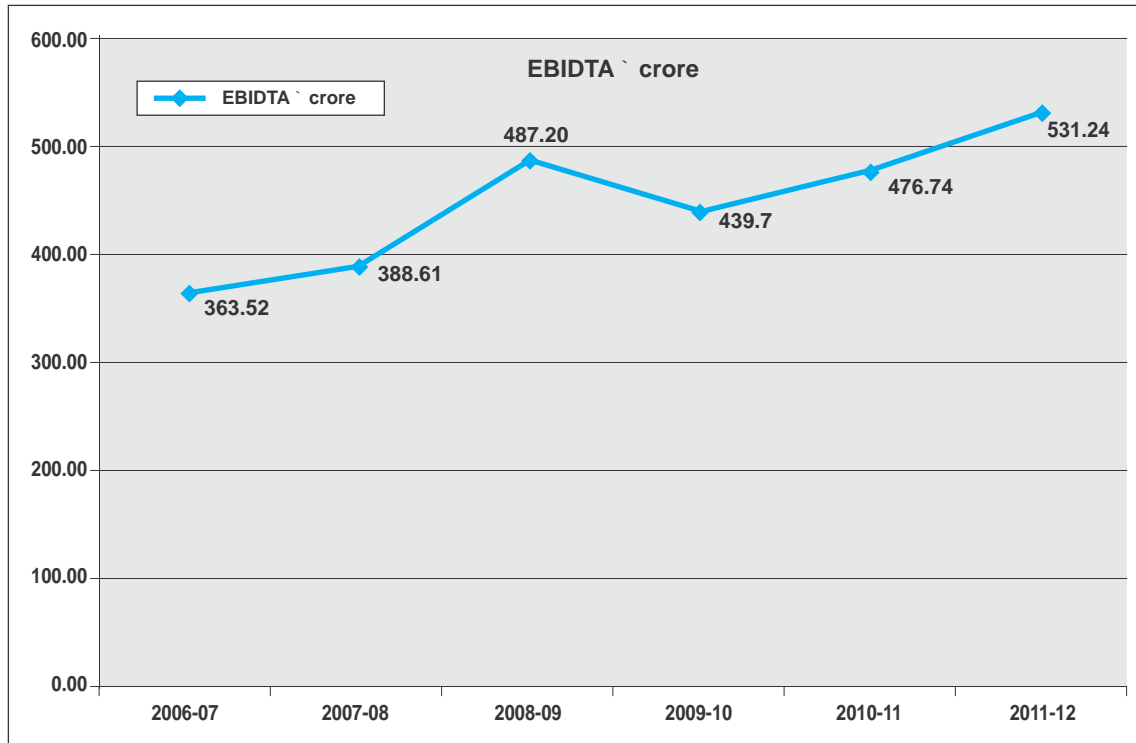
For and on behalf of the Board

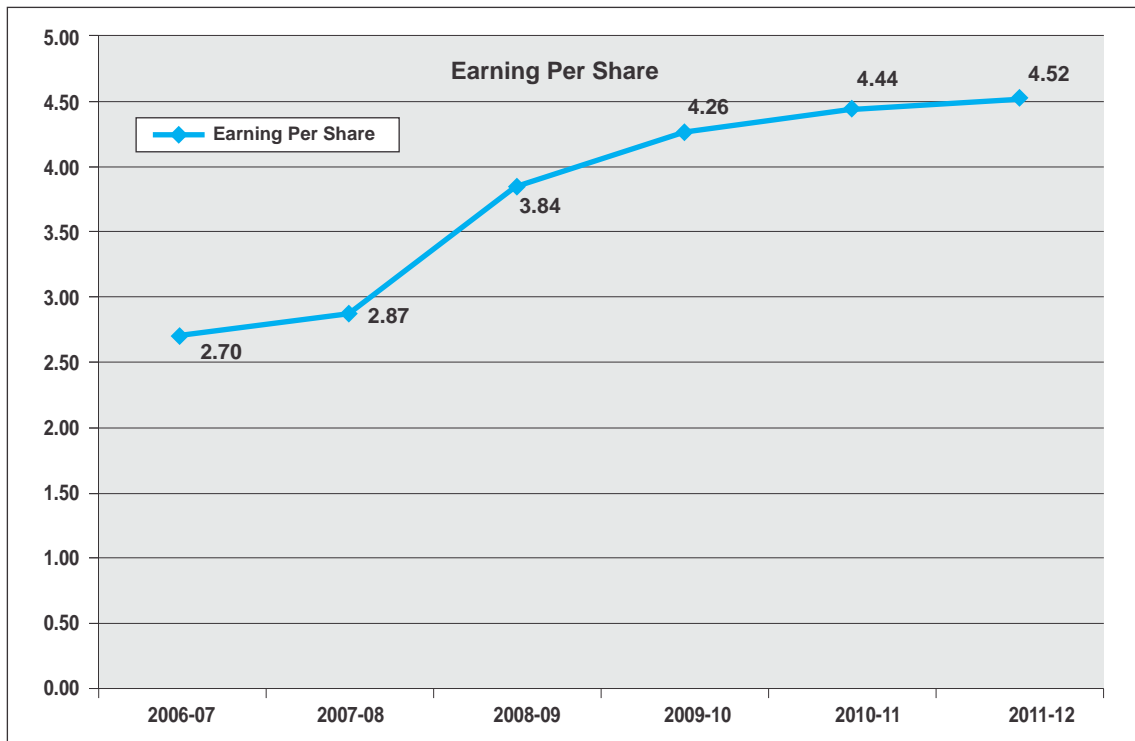
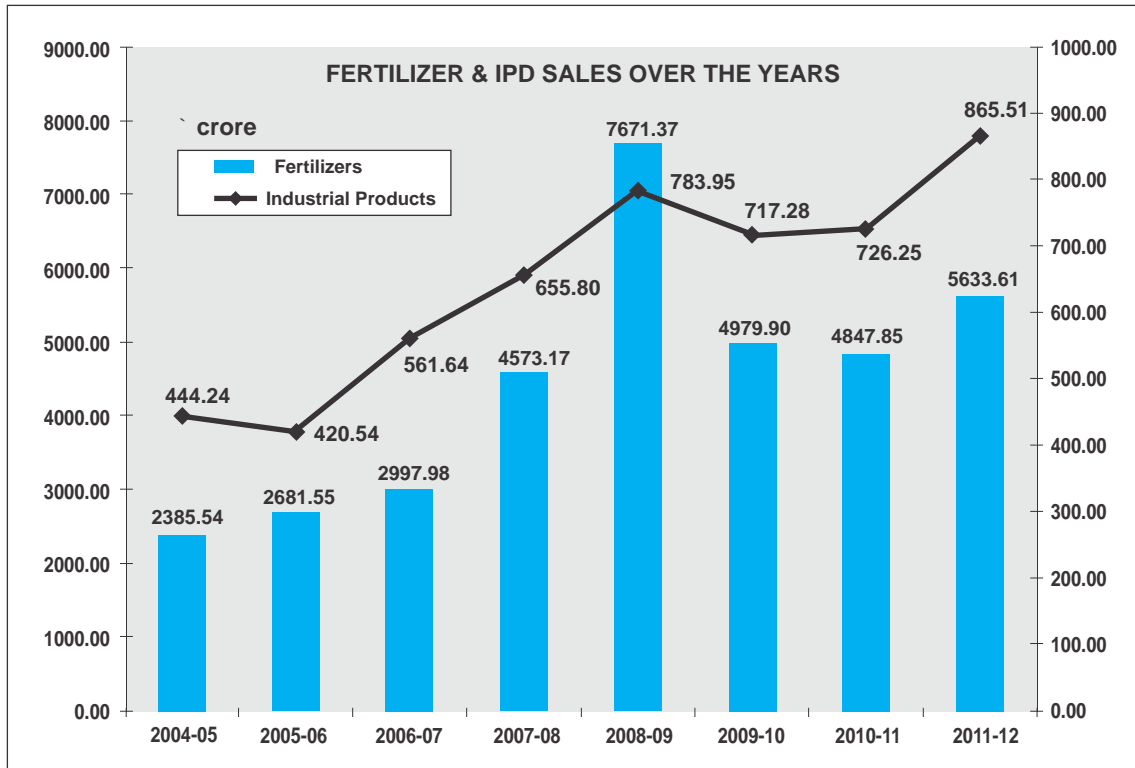
**R. G. Rajan**  
Chairman and Managing Director

**Gautam Sen**  
Director

**K. C. Prakash**  
Company Secretary

Place : Mumbai  
Date : 29.05.2012







# RAJASTHAN RASHTRIYA CHEMICALS & FERTILIZERS LIMITED

## Directors' Report

To the members:

Rajasthan Rashtriya Chemicals and Fertilizers Ltd  
Jaipur.

The Directors of your Company have pleasure in presenting this 5<sup>th</sup> Annual Report on the working of your Company together with the Audited Accounts for the period ended 31st March, 2012.

**1. Operations:**

Your Company has not started any activity during the year. The promoters, RCF and RSMML have engaged PDIL to undertake detailed feasibility of setting up a SSP Plant at Jhamarkotra. The DFR has been received from the consultant and is under examinations, after which final decision would be taken.

**2. Financial Performance:**

The audited Accounts, i.e. the profit and loss account for the year ended 31<sup>st</sup> March, 2012 and the Balance Sheet as at 31<sup>st</sup> March 2012 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 ` 1,04,741.00 The net debit balance in the profit and loss account as on 31<sup>st</sup> March, 2012 is ` 71,84,326.45. Your Company has not raised equity capital or 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] have appointed M/s L.D. Sharma & Company, Jaipur, as the Auditors of your Company for the year 2011-12. The auditor would be retiring at the conclusion of the 5<sup>th</sup> Annual General Meeting. The Statutory Auditor for the Financial Year 2012-13 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: 31st July 2012



## Auditor's 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, 31<sup>st</sup> 2012 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 Statements 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 (Auditors' 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 31<sup>st</sup> March, 2012 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 information 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, Profit & Loss Account and cash flow statement 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 given the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

(j) In the case of Balance Sheet, of the state of affairs of the Company as on 31<sup>st</sup> March, 2012 and;

(ii) In the case of the Statement of Profit & Loss A/c of the Company for the year ended on that date.

For **L.D. Sharma & Co.**  
Chartered Accountants

**L.D.Sharma**  
Partner  
M.No.075381

Place: Jaipur  
Dated: 31st July 2012

## ANNEXURE TO THE AUDITOR'S REPORT

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

- |   |   |
|---|---|
| <p>(i) (a) The company does not have any fixed assets during the period. Therefore clause 4(i) of the Companies (Auditor's report) Order 2003 is not applicable.</p> <p>(ii) (a) The company has no inventory during the period, therefore clause 4(ii) (a) (b) (c) of the Companies (Auditor's Report) Order 2003 is applicable.</p> <p>(iii) (a) The company has not granted any loan to parties covered in the register maintained u/s 301 of the Act 1956.</p> <p>(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.</p> <p>(iv) The company have neither fixed assets nor made purchase during the year. Therefore clause 4(vi) of the companies (Auditors Report) Order 2003 is not applicable.</p> <p>(iv) (a) Based in 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.</p> <p>(b) In our opinion and according to the information and explanation 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 price at the relevant time.</p> <p>(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.</p> <p>(vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.</p> <p>(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.</p> <p>(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.</p> <p>(b) There are no disputed outstanding statutory dues.</p> <p>(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&amp;L a/c balance sheet represents pre-operative &amp; preliminary exp.</p> | <p>(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.</p> <p>(xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>(xiii) In our opinion, the company is not a Nidhi/Mutual Benefit Fund /Society. Hence provisions are not applicable.</p> <p>(xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments.</p> <p>(xv) According to the record of the company and the information &amp; explanation provided by the management, the company has not given guarantee to any one.</p> <p>(xvi) The company has not obtained any term loans therefore whether terms loans were applied for the purpose for which the loans were obtained, does not arise.</p> <p>(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 no been used for loan term investments. No long terms funds have been used to finance short term assets except permanent working capital.</p> <p>(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.</p> <p>(xix) The company has not issued any debentures during the year and hence no securities have been created.</p> <p>(xx) During the year the company has not raised any money by public issue.</p> <p>(xxi) During the course of our examination of the books and record of the Company, carried out in accordance with the generally accepted audition practice in India, and according to the information and explanation give us, we have neither come across any instance of fraud on or by the Company, notice or reported during the year nor have we been informed of any such case by the Management.</p> |
|---|---|

For **L.D. Sharma & Co.**  
Chartered Accountants

**L.D. Sharma**  
Partner  
M.No.075381

Place : Jaipur  
Dated : 31st July 2012





**RAJASTHAN RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED**  
**BALANCE SHEET AS AT 31st MARCH 2012**

Amount in `

PARTICULARS	Note No.	AS AT 31.03.2012	AS AT 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. SHAREHOLDERS' FUNDS :</b>			
a) Share Capital		500000.00	500000.00
b) Reserves and Surplus (Accumulated Losses as per P & L account)		-7684326.45	-7579585.45
c) Money received against share warrants		0.00	0.00
		-7184326.45	-7079585.45
<b>2. SHARE APPLICATION MONEY PENDING ALLOTMENT</b>			
		9097719.00	9097719.00
		9097719.00	9097719.00
<b>3. NON-CURRENT LIABILITIES</b>			
a) Long term Borrowings		0.00	0.00
b) Deferred Tax Liabilities (Net)		0.00	0.00
c) Other Long term liabilities		0.00	0.00
d) Long Term Provisions		0.00	0.00
<b>Sub total</b>		0.00	0.00
<b>3. CURRENT LIABILITIES</b>			
a) Short term Borrowings		0.00	0.00
b) Trade Payables		0.00	0.00
c) Other Current Liabilities		0.00	0.00
d) Short term Provisions		57833.00	22060.00
Sub Total		57833.00	22060.00
<b>TOTAL</b>		<b>1971225.55</b>	<b>2040193.55</b>
<b>II. ASSETS NON-CURRENT ASSETS</b>			
<b>1.(a) FIXED ASSETS :</b>			
(i) Tangible Fixed Assets			
(ii) Intangible Assets			

**RAJASTHAN RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED**  
**BALANCE SHEET AS AT 31st MARCH 2012**

Amount in `

PARTICULARS	Note No.	AS AT 31.03.2012	AS AT 31.03.2011
(iii) Capital Work in Progress			
(iv) Intangible Assets under development			
(b) Non-Current Investments			
(c) Long Term Loans and advances			
(d) Other non-current assets			
<b>Sub total NON CURRENT ASSETS</b>		0.00	0.00
<b>2. CURRENT ASSETS :</b>			
(a) Current Investments			
(b) Inventories			
(c) Trade Receivables			
(d) Cash and cash equivalents		1971225.55	2040193.55
(e) Short term loans and advances			
(f) Other current assets			
<b>Sub total CURRENT ASSETS</b>		<u>1971225.55</u>	<u>2040193.55</u>

**Ajitabh Sharma**  
(Director)

**For L.D.Sharma & Company**  
Chartered Accountants

**Gautam Sen**  
(Director)

(Partner)

**R.G. Rajan**  
(Chairman)

Place : Jaipur  
Dated : 31st July 2012



**RAJASTHAN RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED**  
**PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2012**

Amount in `

PARTICULARS	Note No.	AS AT 31.03.2012	AS AT 31.03.2011
I	Revenue from Operations		
II	Other Income		
<b>III</b>	<b>Total Revenue (I+II)</b>	<b>0.00</b>	<b>0.00</b>
<b>IV</b>	<b>Expenses:</b>		
	Trial run stock	0.00	0.00
	Cost of Materials Consumed (Net of transfer to CWIP / Asset capitalised)	0.00	0.00
	Purchases of Bought out Products		
	Changes in Inventories of Finished Goods/WIP and Stock in Trade		
	Employee benefits expense		0.00
	Finance Costs		
	Depreciation		
	Other Expenses	104741.00	308865.00
	Less: Transfer Credits		
	<b>Total Expenses</b>	<b>104741.00</b>	<b>308865.00</b>
<b>V</b>	<b>Profit before exceptional and extraordinary items (III-IV)</b>	<b>-104741.00</b>	<b>-308865.00</b>
VI	Exceptional Items		
<b>VII</b>	<b>Profit before extraordinary items and tax (V-VI)</b>	<b>-104741.00</b>	<b>-308865.00</b>
VIII	Extraordinary Items		
<b>IX</b>	<b>Profit before and tax (V-VI)</b>	<b>-104741.00</b>	<b>-308865.00</b>
X	Tax Expense		
	(1) Current tax	0.00	0.00
	(2) Deferred tax	0.00	0.00
	(3) Adj of tax provision of earlier years Excess(-)/Short(+)	0.00	0.00
<b>XI</b>	<b>Profit/(Loss) for the period from continuing operations(IX-X-XIV)</b>	<b>-104741.00</b>	<b>-308865.00</b>
XII	Profit/(Loss) for the period from discontinuing operations	0.00	0.00
XIII	Tax Expense of discontinuing operations	0.00	0.00
<b>XIV</b>	<b>Profit/(Loss) from discontinuing operations(after tax)(XII-XIII)</b>	<b>0.00</b>	<b>0.00</b>
<b>XV</b>	<b>Profit/(Loss) for the period (XI+XIV)</b>	<b>-104741.00</b>	<b>-308865.00</b>
XVI	Earnings per equity share		
	(1)Basic		
	(2)Diluted		

**Ajitabh Sharma**  
(Director)

**Gautam Sen**  
(Director)

**R.G. Rajan**  
(Chairman)

Place : Jaipur  
Dated : 31st July 2012

**For L.D.Sharma & Company**  
Chartered Accountants

(Partner)

**RAJASTHAN RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012**

Amount in `

	Rs.
<b>A Cash Flow From Operating Activities</b>	
<b>Net Profit before tax</b>	<b>(104,741.00)</b>
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	
<b>SUB TOTAL</b>	
Operating Profit before Working Capital Changes	
Adjustments for :	
Trade and Other Receivables	
Govt . Bonds	
Inventories	
<b>Trade Payables and Other Liabilities</b>	<b>35,773.00</b>
<b>Miscellaneous Expenses not written off</b>	
<b>SUB TOTAL</b>	
Cash Generated from Operations	
Direct Taxes Paid	
Cash Flow before Extraordinary Items	
<b>Net Cash from Operating Activities ----- A</b>	<b>(68,968.00)</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	
<b>SUB TOTAL</b>	



**RAJASTHAN RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012**

Amount in `

	Rs.
Net Cash Used in Investing Activities ----- B	-
<b>C</b> Cash Flow from Financing Activities	
Proceeds from Borrowings	
Repayments of Borrowings	
Issue of Share Capital	-
Interest paid	
Dividend paid (Includes interim dividend)	
Tax on Dividend	
<b>SUB TOTAL</b>	
Net Cash from Financing Activities ----- C	-
Net Increase/Decrease(-) in Cash and Cash Equivalent (A+B+C)	(68,968.00)
<b>Cash and Cash Equivalents as at 1st April (Opening Balance)</b>	<b>2,040,193.55</b>
<b>Cash and Cash Equivalents as at 31st March (Closing Balance)</b>	<b>1,971,225.55</b>

**Ajitabh Sharma**  
(Director)

**For L. D. Sharma & Company**  
Chartered Accountants

**Gautam Sen**  
(Director)

(Partner)

**R. G. Rajan**  
(Chairman)

Place : Jaipur  
Dated : 31st July 2012

**Significant accounting policies and notes on accounts (2011-2012)**

**Annexure-A**

- 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 recognize 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 incorporation 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 31.03.2012.
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 thereof.
6. The auditor's remuneration includes:-
- |  | Current Year | Previous Year |
|--|--------------|---------------|
| a) For audit service as Statutory Auditors | 22060        | 27500         |
7. Previous year figures has been regrouped /rearranged wherever is necessary.
8. Figures are rounded off of the nearest Rupees.

**AUDITOR'S REPORT**

**As per our separate report of even date Annexed.**

**For L. D. Sharma & Co.**  
**Chartered Accountants**

**L. D. Sharma**  
**Partner**  
**M.No.075381**

Place : Jaipur  
Dated : 31st July 2012

**For Rajasthan Rashtriya Chemicals & Fertilizers Ltd.**

**Ajitabh Sharma**  
**Director**

**Gautam Sen**  
**Director**

**R. G. Rajan**  
**Chairman**











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  
ms/us on my/our behalf at the 34th Annual General Meeting of the Company to be held at 3.00 p.m. on Friday, the 31st  
day of August, 2012 and at any adjournment there of,

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

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

Affix  
30 Paise  
Revenue  
Stamp

- Notes : 1. The Proxy form to be valid should be deposited at "Sivaswamy Auditorium" The Fine Arts Society,  
Fine Arts Chowk, RC Marg, Chembur, Mumbai 400 071
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 "SIVASWAMY  
AUDITORIUM" THE FINE ARTS SOCIETY, FINE ARTS CHOWK, RC MARG, CHEMBUR, MUMBAI 400 071.

NAME OF THE MEMBER :

FOLIO No. : / DPID NO :

I hereby record my presence at the 34th ANNUAL GENERAL MEETING being held at "Sivaswamy Auditorium"  
The Fine Arts Society, Fine Arts Chowk, RC Marg, Chembur, Mumbai 400 071 on Friday, the 31st day of August 2012  
at 3.00 p.m.

SIGNATURE OF THE MEMBER OR PROXY





### National Energy Conservation Award

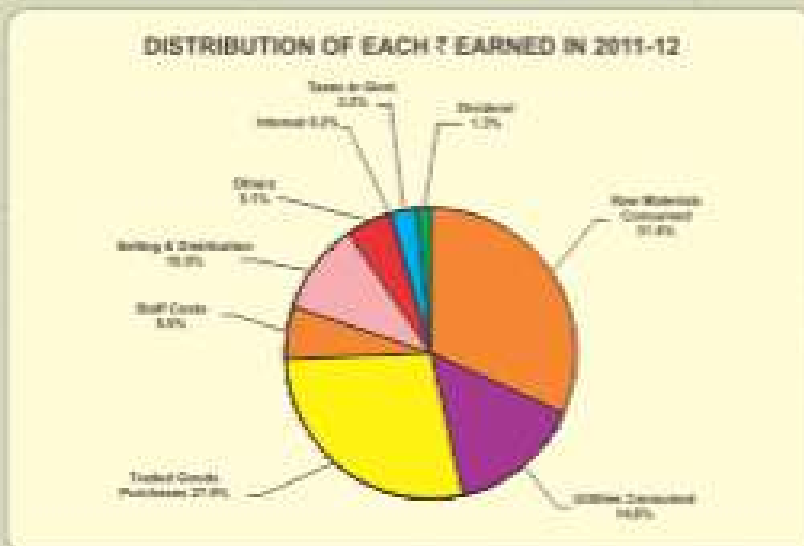


Hon'ble Union Minister for Power Shri Sushil Kumar Shinde giving away the National Energy Conservation Award to Shri R. G. Rajan, CMD, RCF, in the presence of other dignitaries.

### Best PSU Award



Shri. R. G. Rajan, CMD, RCF, receiving Dun & Bradstreet's Award for best PSU in the field of Chemicals and Fertilizers, from Hon'ble Union Minister for Corporate Affairs, Dr. M. Veerappa Moily in a glittering ceremony.





Performance Excellence Award 2011



Shri. Gautam Sen, Director (Finance), RCF, receiving "Performance Excellence Award 2011" for Organisation in Gold Category for year 2010-11 at the hands of Shri. Balakrishnan, former Chairman, HPCL, during the IIIE's 16<sup>th</sup> CEOs conference held at Udaipur in presence of Shri. R. G. Rajan, CMD, RCF. The award is instituted by The Indian Institution of Industrial Engineering (IIIE).

PSE Excellence Award



Shri. R.G.Rajan, CMD, RCF receiving "Public Sector Enterprise (PSE) Excellence Award" for Corporate Social Responsibility at the hands of Shri Bhaskar Chatterjee, IAS, Secretary, DPE. The award is instituted by Department of Public Enterprises, Government of India and Indian Chamber of Commerce.

# RCF



**Rashtriya Chemicals and Fertilizers Limited**

(A Govt. of India Undertaking)  
Let us grow together

## 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.



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Mumbai 400 078. Tel.: 022 - 2596 3838