


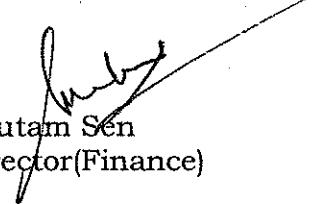
1


FORM A  
COVERING LETTER OF ANNUAL AUDIT REPORT

1	Name of the Company	RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED.	
2	Annual Financial Statements for the year ended	31 <sup>st</sup> March, 2013	
3	Type of Audit Observations	MATTER OF EMPHASIS	
4	Frequency of Observation	Point No. in Matter of Emphasis Para of Audit report attached herewith	Time Period
		Point No. a)	Since 31 <sup>st</sup> March, 2012
		Point No. b)	Since 31 <sup>st</sup> March, 2010
		Point No. c)	Since 31 <sup>st</sup> March, 2004
		Point No. d)	Appeared for the first time

For Rashtriya Chemicals and Fertilizers Ltd.


  
R.G. Rajan  
Chairman & Managing Director


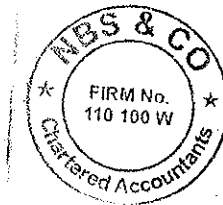
  
Gautam Sen  
Director (Finance)

  
Sham Lal Goyal  
Chairman Audit Committee


For and behalf of Statutory auditors

For M. M. NISSIM & CO.  
Chartered Accountants

  
Dhiren Mehta  
Partner

For NBS & Co  
Chartered Accountants

  
Devdas Bhat  
Partner

Date 5/8/2013

Place : Mumbai

# 35<sup>th</sup>

## Annual Report 2012-2013



**Rashtriya Chemicals and Fertilizers Limited**

(A Government of India Undertaking)

*Let us grow together*



### FAI Award

Shri Srikant Kumar Jena, Hon'ble Union Minister for Chemicals & Fertilizers and Minister for Statistics and Programme Implementation (Independent Charge) handing over Fertilizer Association of India (FAI) Award for 'Production, Promotion and Marketing of Bio-fertilizer' for the year 2011-12 to Shri Abir Banerjee, Executive Director (Tr.) in presence of Shri R. G. Rajan, Chairman & Managing Director, RCF

### India Distinguished Fellowship Award

Shri. R. G. Rajan, CMD, RCF receiving "India Distinguished Fellowship Award -2013, instituted by Institute of Directors (IOD) at the hands of Hon'ble Dr. M. Veerappa Moily, Union Minister for Petroleum and Natural Gas, in presence of Justice (Dr.) Arijit Pasayat, Former Judge, Supreme Court of India, Mr. Atul Chaturvedi, IAS, Chairman, PESB & Lt. Gen. J. S. Ahluwalia, PVSM (Retd.), President, Institute of Directors, 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".**





Let us grow together

## Board of Directors



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



**Shri Gautam Sen**  
*Director (Finance)*



**Shri Sham Lal Goyal, IAS**  
*Joint Secretary*  
Deptt. of Fertilizers, New Delhi



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



**Shri S.C. Gupta, IAS**  
*Joint Secretary*  
Deptt. of Fertilizers, New Delhi (from 4.4.2013)



**Shri Ashok Ghasghase**  
*Director (Marketing)*



**Dr. V. Rajagopalan, IAS**  
*Special Secretary and Financial Advisor*  
Deptt. of Fertilizers, New Delhi (upto 4.4.2013)

### *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.”

## Letter from Chairman



**Dear Shareowners,**

*I am pleased to present the Annual Report for the year 2012-13 and hope to see you at the Annual General Meeting on 30th August, 2013.*

*I am glad to inform you that your Company continues to perform on a sustained basis. Your Company earned revenue of ₹ 6987.48 crore during 2012-13 compared to ₹ 6600.43 crore in the previous year and earned net profit after tax of ₹ 280.90 crore, compared to ₹ 249.24 crore in the previous year, despite severe drought in many states including the primary markets viz. Maharashtra and Karnataka.*

*Your company achieved several recognitions and awards, such as 'National Award for Excellence in Cost Management' from the Institute of Cost Accounts of India, 'PSE Excellence Award' for Sustainable Development, 'Golden Peacock Award' for Environment Management, etc. Your Company has been achieving, for the past several years, 'MOU Excellent Rating' from Ministry of Heavy Industries and Public Enterprises. These awards are testimonies for the sincerity and commitment being exhibited by RCFians at all levels. As a Corporate Policy, utmost importance is accorded for continual upgradation and therefore, impetus is given to this capital for achieving higher efficiency.*

*Your company has been consistently rewarding shareholders with dividend and for the year 2012-13, your directors have proposed for a higher dividend at ₹ 1.50 per share, despite planning for heavy capital expenditure.*

*Year 2013-14 has already brought in good cheer. Above normal monsoon has given a huge boost to Kharif sowing. As on 12th July, sowing crossed 517.7 lakh Hectares of Kharif crops compared to 341.5 lakh Hectares as on that date last year.*

*The weakening of Rupee vis-à-vis US dollar is a worry. The input costs are adversely affected as major raw materials are imported.*

*Your Company has revamped the Thal Plants and has enhanced the capacity of Urea Plant to 20 lakh MT per annum from 17 lakh MT. The PIB/CCEA approval for brown field Thal III project, is expected soon. The project when completed will produce additional 12.70 lakh MT of Urea.*

*Your company is looking at several options for investments in manufacturing facilities, both in India and abroad, and for long term off take agreements for procurement of fertilizers, to ensure sustained growth. I am confident that with the support of Government and all Stake holders, your Company would march ahead successfully from strength to strength.*

*On behalf of all RCFians and on my personal behalf, I thank you all for your continued support.*

With warm regards,

A handwritten signature in black ink, appearing to read 'R.G. Rajan'.

**R.G. Rajan**

Chairman and Managing Director

15.7.2013

## FINANCIAL HIGHLIGHTS AT A GLANCE

₹ in Crore

Sl. No.	PARTICULARS	2012-13 As per revised Schedule VI	2011-12 As per revised Schedule VI	2010-11 As per revised Schedule VI	2009-10	2008-09	2007-08	2006-07	2005-06	2004-2005	2003-2004	2002-2003
1.	<b>Turnover</b> (Sales + Subsidy + Other Income)	7102.49	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>	612.72	531.24	476.74	439.70	487.22	384.31	363.66	284.39	303.99	233.38	12.10
3.	Depreciation	173.15	142.44	112.62	75.60	86.58	86.96	75.42	68.53	96.71	69.17	68.25
4.	Interest [Net ]	59.09	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)	0.36	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>	380.12	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.)	99.22	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>	280.90	249.24	245.12	234.87	211.58	158.15	148.74	147.96	140.96	167.79	(48.07)
9.	Dividend											
	<b>Rate %</b>	15.00	14.00	11.00	11.00	12.00	10.00	10.00	10.00	17.00	17.00	–
	<b>Amount :</b>	96.81	89.77	70.53	70.77	77.45	64.55	64.55	62.91	107.02	105.81	–
10.	<b>Dividend Payout Ratio %</b>	34.46	36.02	28.77	30.13	36.61	40.82	43.39	42.52	75.92	63.06	–
	Working Capital	1199.67	1116.04	1036.33	1933.66	1896.01	1418.44	1434.06	884.39	849.81	734.48	983.56
11.	Capital Employed	4132.74	3433.26	2550.52	3176.37	2973.17	2472.58	2449.97	1756.80	1738.87	1609.53	1901.93
12.	Net Worth	2355.29	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 ]	1.42	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]	0.09	0.13	0.08	0.72	0.85	0.81	0.66	0.32	0.29	0.17	0.53
	EBIDTA to capital employed %	14.83	15.47	18.69	13.84	16.39	15.54	14.84	16.19	17.48	14.50	0.64
	PBT to Capital Employed %	9.20	10.91	13.91	10.84	10.95	9.79	9.85	12.28	12.17	15.95	(4.93)
	PAT to Capital Employed %	6.80	7.26	9.61	7.39	7.12	6.40	6.07	8.42	8.11	10.42	(2.53)
	PBT to Net Worth %	16.14	17.25	17.63	18.74	19.47	15.75	16.67	15.84	16.65	20.80	(8.01)
	PAT to Net Worth %	11.93	11.48	12.18	12.78	12.65	10.29	10.28	10.87	11.09	13.60	(4.11)
	PAT to Equity %	50.92	45.18	44.43	42.57	38.35	28.67	26.96	26.82	25.55	30.41	(8.71)
	PBT to Turnover %	5.35	5.62	6.25	5.91	3.81	4.55	6.62	6.77	7.31	10.71	(4.39)
	PAT to Turnover %	3.99	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 (₹)	6.89	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 (₹)	5.09	4.52	4.44	4.26	3.84	2.87	2.70	2.68	2.56	3.04	(0.87)
	EBIDTA to Sales Turnover %	8.71	8.05	8.49	7.55	5.71	7.22	9.98	8.92	10.50	9.74	0.57

## SENIOR MANAGERS

Sl. No.	Name	Designation
1.	Shri Kundan Rajesh, IRS.	Chief Vigilance Officer
2.	Shri Kulkarni Ranganath H	Executive Director (Finance)
3.	Shri Prakash K.C.	Company Secretary
4.	Shri Asai Prakash B.	Executive Director (Mktg)
5.	Shri Jain Ravi Kumar	Executive Director (Thal)
6.	Shri Banerjee Abir R.	Executive Director (TR)
7.	Shri Deshpande P.G.	Executive Director (HR)
8.	Shri Bhaskar Das	Executive Director (Projects), Thal
9.	Shri Parkhi Sudhir	Executive Director (Admn)
10.	Shri Patil Rajendra B.	Executive Director (Fin) & Chief Sustainability Officer
11.	Shri Karthikeyan P.	Executive Director (Mktg.)
12.	Shri Kundu A.	E.D. (P&PD)
13.	Shri Londhe Vishwas G.	Chief Gen. Mgr. (Finance / IT)
14.	Shri Swami Anand M.	Chief Gen. Mgr. (Commercial)
15.	Shri Thyagarajan M.	Chief Gen. Mgr. (Planning & Projects Dev.)

Sl. No.	Name	Designation
16.	Shri Wankar Mohan P.	Chief Gen. Mgr. (HR) Corp.
17.	Shri Srivastava R.P.	Chief Gen. Mgr. (IPD)
18.	Shri Dhatrak Umesh V.	Gen. Mgr. (Technical) Thal
19.	Shri Jawale Ravindra P.	Gen. Mgr. (Operations) Thal
20.	Shri Patil Dr Ganpat T.	Gen. Mgr. (CMHS)
21.	Shri Das Harishchandra L.	Gen. Mgr. (Operations)
22.	Shri Kashikar Ajit S.	Gen. Mgr. (Maintenance)
23.	Shri Khare Ajai B.	Gen. Mgr. (Projects), Thal
24.	Shri Kamat Narahari R.	Gen. Mgr. (Technical)
25.	Shri Patil Vishnu A.	Gen. Mgr. (HR), Thal
26.	Shri Bhogle Shirish G.	Gen. Mgr. (Mktg.)
27.	Shri Warior Suresh	Gen. Mgr. (Corp. Fin)
28.	Shri Shende Arvind N.	Gen. Mgr. (HSE)
29.	Shri Basudeb Das	Gen. Mgr. (ACIDS)
30.	Shri Verma Narendra Kumar	Gen. Mgr. (IT)
31.	Shri Parthasarathy S.	Gen. Mgr. (IA)

<b>Company Secretary</b>	: Shri K.C.Prakash
<b>Email address</b>	: investorcommunications@rcfld.com
<b>Website address</b>	: www.rcfld.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 Tel. : (022) 25963838
<b>Bankers</b>	: State Bank of India Swastik Chamber Chembur, Mumbai
<b>Statutory Auditors</b>	: M/s. M. Nissim & Co., Mumbai M/s. N B S & Co., Mumbai
<b>Cost Auditors</b>	: M/s. Rohit Vora & Co., Mumbai M/s. V. J. Talati & Company, Mumbai
<b>Solicitor</b>	: M/s. M.S. Bodhanwala & Co., Mumbai



# Rashtriya Chemicals and Fertilizers Limited

(A Government of India Undertaking)

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

## Annual Report 2012-13

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## RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

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

### NOTICE

#### THIRTY FIFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the THIRTY FIFTH 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, RCF Marg, Chembur, Mumbai - 400 071, on Friday, the 30<sup>th</sup> day of August 2013 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, 2013 and Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To declare dividend.
3. To fix remuneration of Auditors.
4. To appoint a Director in place of Shri Sham Lal Goyal, Director who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri C.M.T. Britto, Director who retires by rotation and being eligible, offers himself for reappointment.

#### SPECIAL BUSINESS:

6. To appoint Shri S.C. Gupta, 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, if any, of the Companies Act, 1956, Shri S.C. Gupta, 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 : 15.07.2013

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 fortyeight hours before the time fixed for holding the meeting.
2. Register of Members and Share Transfer books will be closed from 21<sup>st</sup> August, 2013 to 30th August, 2013 [both days inclusive].
3. Members are requested to notify immediately any change 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 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 remains unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

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

#### THE FOLLOWING EXPLANATORY STATEMENT SETS OUT THE MATERIAL FACTS REFERRED TO IN ITEM No. 6 OF THE NOTICE CONVENING THE 35<sup>th</sup> ANNUAL GENERAL MEETING.

Shri S.C. Gupta, who has been appointed by President of India as Director on the Board of the Company w.e.f. 4.4.2013, 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 35th 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 S.C. Gupta for the office of Director of the Company.

Shri S.C. Gupta, IAS, was nominated by President of India in place of Dr. V. Rajagopalan, IAS. Shri Gupta is an IAS officer and is presently Jt. Secretary, Department of Fertilizers, Ministry of Chemicals and Fertilizers, New Delhi. His experience during his earlier two stints in the Central Government relates to food security policy [in the Union Ministry of Food and Public Distribution] and social welfare and development related issues [in the Ministry of Women and Child Development]. In his early years in the civil service, he worked in Sikkim, he worked with communities as District Development Officer and later as the Collector [the Chief Civilian Officer] in two Districts. He also worked in Finance, Planning and Food Departments in the State Administration in various capacities.

Shri Gupta has also worked for development and Financial Institutions like IDBI, LIC, PNB and UTI for about four years. Shri Gupta has been a Lee Kuan Yew Fellow at the National University of Singapore and Kennedy School of Government at Harvard University for his Master's Degree in Public Management. He also holds a Master of Commerce degree in Economic Administration and a Bachelor of Law, both from Rajasthan University and a Master's Diploma in Public Administration from Indian Institute of Public Administration, New Delhi.

Shri Gupta is Director in M/s National Fertilizers Limited, M/s Fertilizers & Chemicals Travancore Ltd. and M/s Krishak Bharati Cooperative Ltd. He has varied and rich experience in Government, under different positions and has great managerial capabilities.

None of the directors, other than Shri S.C. Gupta is interested in the resolution.

By order of the Board of Directors

**K.C. Prakash**  
Company Secretary

Date : 15.07.2013

Place : Mumbai

## DIRECTORS' REPORT

To the members,  
Rashtriya Chemicals and Fertilizers Ltd.,  
Mumbai

The Directors of your Company have pleasure in presenting this 35<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, 2013.

### 1.0.0 FINANCIAL PERFORMANCE:

#### Summary of financial performance:

₹ Crore

Particulars	2012-2013	2011-2012
<b>Total Income</b>	<b>6987.48</b>	<b>6600.43</b>
<b>Cost of Sales</b>	<b>6345.96</b>	<b>6034.20</b>
<b>Operational Profit</b>	<b>641.52</b>	<b>566.23</b>
Depreciation / Impairment	173.15	142.44
Finance Cost	88.25	49.33
Profit/ (Loss) before tax	380.12	374.46
Provision for Tax (including deferred Tax liability/ Asset)	99.22	125.22
<b>Net Profit / (loss)</b>	<b>280.90</b>	<b>249.24</b>
<b>Appropriations:</b>		
<b>Dividend</b>	<b>82.75</b>	<b>77.24</b>
<b>Tax and Educational cess on Dividend</b>	<b>14.06</b>	<b>12.53</b>
<b>Balance Transferred to General Reserve</b>	<b>184.09</b>	<b>159.47</b>

### 1.1.0 Highlights for the year 2012-2013:

Your Company achieved a total income of ₹ 6987.48 crore as against ₹ 6600.43 crore during the previous year. Your Company achieved a gross profit of ₹ 641.52 crore as against ₹ 566.23 crore. The net Profit before Tax was ₹ 380.12 crore as against ₹ 374.46 crore in the previous year. The Net Profit after Tax during the year was higher at ₹ 280.90 crore as against ₹ 249.24 crore in the previous year registering an increase of 12.70% over previous year. Performance for the year 2012-13 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.

As in the past several years, your Company received 'MOU Excellent' rating 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 dividend at ₹ 1.50 per each equity share of ₹ 10, as against ₹ 1.40 paid in the previous year. The total out go works out to ₹ 96.81 crore (₹ 89.77 crore in the previous year) including dividend distribution tax and education cess.

### 1.3.0 Appropriation to General Reserves:

Your Company earned a net Profit after Tax of ₹ 280.90 crore (₹ 249.24 crore in the previous year). The dividend payout along with Tax/cess is ₹ 96.81 crore (₹ 89.77 crore in the previous year). The balance amount of ₹ 184.09 crore (₹ 159.47 crore in the previous year) is transferred to General Reserves.

### 1.4.0 Awards Won:

Your company achieved many awards during the year 2012-13 as under:

- National award for Excellence in Cost Management awarded by the Institute of Cost Accountants of India.
- 'PSE Excellence Award' from the Indian Chamber of Commerce for Environment Excellence and Sustainable Development under Miniratna Category.
- Golden Peacock award for excellence in Environmental Management 2012 by the Institute of Directors.
- The Aqua Excellence award 2011 (PSU category) from Aqua Foundation for outstanding contribution towards cause of water.
- Best HR Strategy award 2011 and outstanding contribution of HR for organizational development by Indian Human Capital Summit 2011.

Apart from the above awards, the two units of your company received awards for their individual performance as under:

The Trombay unit was bestowed with the following awards:

- Fertilizer Association of India (FAI) Award for 'Production, Promotion and Marketing of Bio-fertilizers' for the year 2011-12.

- Annual Environment Excellence Award 2011 by Greentech Foundation for outstanding performance in environment management in Gold category.

Thal unit of your Company was bestowed with 'Gold Award in Fertilizer Sector' by Greentech Foundation, New Delhi for outstanding achievements in Safety Management for the year 2012.

## 2.0.0 MANAGEMENT DISCUSSION AND ANALYSIS:

### 2.1.0 OPERATIONAL RESULTS:

#### 2.1.1 PRODUCTION:

##### 2.1.2 Fertilizers:

Your Company produced 29.45 lakh MT of fertilizers (23.35 lakh MT of Urea, 4.75 lakh MT of Suphala 15:15:15 and 1.35 lakh MT of Suphala 20:20:0) during the year as against 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) produced in the previous year. In terms of nutrients, your Company produced 11.70 lakh MT of Nitrogen (N), 0.96 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 10.77 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 previous year.

The performance of the two units was as under:

##### 2.1.2.1 Thal Unit:

Consequent to revamp of Ammonia plant at Thal, production of Thal Urea has increased and the same has crossed the qualifying production level of 18.77 LMT during the year for entitlement of subsidy based on IPP as per New Investment Policy for Urea 2008. Thal unit produced 19.51 lakh MT of Urea during the year compared to 17.73 lakh MT produced in the previous year. The unit produced 12.05 lakh MT of Ammonia compared to 11.21 lakh MT during previous year. The energy consumption of Urea was 6.22 Gcal / MT (6.36 Gcal in the previous year). In terms of nutrients in the fertilisers, the unit produced 8.98 lakh MT of N during the year, compared to 8.15 lakh MT in previous year. The production was higher consequent to the revamp of Thal plants.

##### 2.1.2.2 Trombay Unit:

The Trombay Unit produced 3.84 lakh MT of Urea, 4.74 lakh MT of Suphala 15:15:15 and 1.35 lakh

MT of Suphala 20:20:0 during the year under report compared to 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 produced during the previous year. The energy consumption of Urea was 7.096 GCal/MT compared to 7.09 GCal/MT in the previous year. In terms of Nutrient values, the unit produced 2.73 lakh MT of N, 0.96 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 2.62 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 respectively in the previous year.

The Unit has completed 50 years of operations partly under FCI and, since 1978, as part of your Company.

##### 2.1.3 Industrial Products:

Your Company produces industrial chemicals at its two units. During the year, your Company produced 1.64 lakh MT of various major industrial chemical products compared to 1.67 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 32.44 lakh MT during 2012-13 as compared to 40.80 lakh MT in the previous year. Your Company sold 22.87 lakh MT of Urea, 4.62 lakh MT of Suphala 15:15:15, 1.35 lakh MT of Suphala 20:20:0 and 3.60 lakh MT of other bought out products such as DAP, MOP, SSP, Rajphos, NPK etc. compared to 31.45 lakh MT of Urea, 4.40 lakh MT of Suphala 15:15:15, 1.77 lakh MT of Suphala 20:20:0 and 3.18 lakh MT of other bought out products such as DAP, MOP, SSP, Rajphos, NPK etc. during the previous year. The total sale of manufactured fertilizers during 2012-13 was 28.84 lakh MT as against 26.69 lakh MT in 2011-12. The total sales value, excluding subsidy, of manufactured fertilizers during the period 2012-13 was ₹ 2114.69 crore compared to ₹ 1748.40 crore in the previous year.

Though, the sale of own manufactured fertilizers was higher by 2.15 lakh MT, since your Company could not import Urea, the sale of bought out fertilizers during 2012-13 was lower by 9.98 lakh MT compared to that in the previous year which resulted in overall reduction in sales by 8.36 lakh MT.



There was drought in many states including in the Primary markets viz. Maharashtra and Karnataka. Similar conditions prevailed in other important states such as Gujarat, and also in parts of Tamil Nadu and Rajasthan. Due to adverse agro-climatic conditions, there was depressed demand for specialty fertilizers as well, across your Company's markets.

The thrust of your Company has been to be a one-stop supplier for fertilizer inputs. Consequently, apart from marketing Fertilizers produced at your Company's Units, your company imported and traded products such as DAP, MOP, etc. Your Company also marketed other bought out products such as Single Super Phosphate (SSP), Ammonium Sulphate (AS) and Bentonite Sulphur, Urea etc.

### 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 ₹ 1139.38 Crore as against ₹ 865.61 Crore during the previous year. Ammonia, Ammonium Nitrate (Melt), Methanol, Methylamines, conc. Nitric Acid, Formic acid, etc. contributed significantly to the turnover.

### 2.2.3 Exports:

Considering the nature of products manufactured by your Company, the scope for exporting and earning foreign exchange is very limited. During the year under report, no exports were made.

### 2.2.4 FUTURE PLANS OF FERTILIZER MARKETING:

Your Company has set itself an ambitious target of achieving a total turnover of ₹ 7485 crore in the year (including Industrial Chemicals). Your Company also intends to import and market complex fertilizers, water soluble fertilizers, SOP, Ammonium Sulphate, Zinc Sulphate, city compost, etc. Your company is also planning to go in for developing soil specific grades, like Boronated Urea and Zincated urea, as NBS facilitates production and sale of customized/fortified fertilizers.

### 2.3.0 The Fertilizer Industry:

Financial year 2012-13 was the third year since implementation of the nutrient based subsidy scheme for P & K fertilizers. Government has announced the NBS rates for P&K fertilisers for the year 2013-14. Subsidy on DAP has been reduced by 14% to ₹ 12,350 PMT (₹ 14,350PMT in the previous year), MoP by 22% to ₹ 11,300PMT (₹ 14,400 PMT in the previous year). These rates have been reduced by

Government in line with the decline in global prices of DAP and potash.

The subsidy rates for Complex fertilizers have been reduced based on the nutrients. Subsidy on "N" is revised from ₹ 24.0/kg to ₹ 20.9/kg, "P" is reduced from ₹ 21.8/kg to ₹ 18.7/kg and on "K" from ₹ 24.0/kg to ₹ 18.8/kg.

With the reduction in subsidy, the subsidy out go to government would reduce. As the prices of inputs in the global markets are showing downward trend, it is expected that there would be reduction in farm gate prices. With reduction in farm gate prices, demand is likely to get a boost and the working capital requirement is likely to reduce. As the subsidy outgo to government would be lower, there would be lesser budget constraint for making subsidy payments to the manufacturers.

The Task Force setup under the chairmanship of Shri Nandan Nilekani, to study the modalities of making payment of subsidies directly to the beneficiary farmers, has completed the first stage of the process. Under this, information has been made available upto retail level by way of a mobile based Fertilizer Monitoring System (mFMS). The supply chain and the transactions from manufacturer/importer to retailer is now visible in public domain. Payment of part of the subsidy to the companies is linked to acknowledgement of receipts from retailers w.e.f 1.11.2012. As the retailers are not directly under the control of the Company, getting acknowledgements from them, in time, is challenging.

### 2.4.0 Strength and Weakness:

#### 2.4.1 Strengths:

Your Company's strength lies in its skilled manpower, high Brand Equity for its manufactured products 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 equipment ensure uninterrupted production.

#### 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. As the ultimate customers are the farmers, Agro-climatic conditions have a large effect on the performance of your Company. The complex fertilizers are based on imported raw materials which are subject to global severe volatility in raw material prices and foreign currency exchange rate, affecting the profitability of the company.

#### 2.4.3 Opportunities:

Due to your company's good reputation, several opportunities exist overseas, 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 closer to coal mines. All these opportunities would lead to substantial increase in turnover of your Company. 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. 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 the 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 Completed projects:

###### 2.6.1.1 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 has also been revamped, wherein one of the urea streams capacity is increased to 2300 MTPD so as to convert the entire ammonia into urea and achieve Urea production of 6060 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 above 6000 MT per day. Urea revamp has also been commissioned in the first quarter of the current financial year.

##### 2.6.2 Projects under consideration:

###### 2.6.2.1 Additional Ammonia Urea project at Thal

Your Company has plans to expand the capacity of Urea at Thal by setting up one single stream ammonia plant of capacity 2200 MTPD and one single stream urea plant of capacity 3850 MTPD at the existing site at approx. cost of ₹ 4200 crore. The selection process for lumpsum turnkey contractors (LSTK) for main plants has been completed. Approval of PIB/CCEA is expected soon. Financial closure and award of contracts will follow the PIB/CCEA clearance. Environmental clearance for undertaking the project has been obtained.

### 2.6.2.2 Single Super Phosphate (SSP) project at Thal

Considering the favourable domestic policy for SSP, your Company is contemplating setting up SSP manufacturing facility of 1,700 TPD at Thal based on imported sulphur and rock phosphate. The project cost is estimated at ₹ 298 Crore. Presently lumpsum turnkey tender for Sulphuric Acid has been issued and bids have been received and are under evaluation. Environment Impact Assessment (EIA) study has been completed and draft of EIA report has been submitted to the Maharashtra State Pollution Control Board for conducting public hearing.

### 2.6.2.3 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, 850 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. Land and certain facilities needed for the project will be provided by FCIL. 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 under evaluation. Project capital cost is estimated 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.

Tender for Coal Gasification has been issued and pre-qualification of downstream plants has been finalized.

### 2.6.2.4 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 at a cost of ₹ 6000 crore. 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.

The proposed fertilizer project shall be set up at Nyankrom Industrial Zone, in Shama district of Ghana. The land for this project has been acquired by Ghana government. Pre-feasibility report for the project has been prepared by M/s PDIL. Pre-project site related activities such as Topographical survey and Geotechnical study have commenced. Other pre-project activities are planned and shall be taken up in due course of time.

### 2.6.2.5 Sewage Treatment Plant (STP) at Trombay:

Water is becoming scarce day by day. Ensuring water availability has become critical for the smooth functioning of the Trombay unit given the competing demand for water in the city. Recognising this, your company intends to set up a new Sewage Treatment Plant (STP) adjacent to the existing STP plant of same 5 MGD capacity. Project cost for the same is estimated at approximately ₹ 160 Crore. Bids have been invited and are under evaluation.

## 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 has been commissioned during the year and is in operation. The Company is building up its customer base and is in the process of stabilising its operations.

### 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. Your Company has contributed ₹ 18 lakh towards the equity. The Company has not started any business so far.

### 2.7.3 Other Companies:

Your company is initiating steps to wind up the subsidiary Company, Rajasthan Rashtriya Chemicals and Fertilizers Ltd. and also the Joint Venture RCF-

HM Construction Solutions Pvt. Ltd. as the two companies are non-operational and there is no scope for starting business for which they were formed.

#### 2.7.4 Consolidated Statement

Your Company has made full provision in value of investments made in respect of the Subsidiary, Rajasthan Rashtriya Chemicals and Fertilizers Ltd. and JVC RCF-HM Construction Solutions Pvt. Ltd. As there have been no transactions, consolidated financial statements have been prepared excluding the two Companies. Statement pursuant to section 212 of the Act is 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 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 has been completed in December 2012. Steps are being taken to commercialise production. Fortified Urea will be useful for soils having deficiency in Zinc or Boron and will also facilitate easy and uniform application of micronutrients.

##### 2.8.2 Development of Sulphur Oxidizing Bacteria as Bio-fertilizers:

In view of utility of sulphur oxidizers in agriculture, R&D department has taken up of the work of development of Sulphur Oxidizing Bacteria as Biofertilizers. The microorganisms involved in oxidation of sulphur (elemental, non available form) were obtained from cultivated and non cultivated lands of Konkan region, Districts from Tamil Nadu and hot springs of Vajreshawari in Maharashtra state. The cultures were standardized with standard culture of Thiobacillus thio-oxidans. The pot trial experiments have revealed that the synergistic effect of Sulphur Oxidizing Bacteria, Phosphorus Solubilizing Bacteria and Azotobacter is significant in increasing usable sulphate in sulphur deficient soils and also increasing the yield considerably. Further activities are being undertaken to develop and commercialize in future.

##### 2.8.3 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 is undertaking 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 steps during the year 2012-13. Several modifications in the plants have resulted in significant reduction in the energy consumption. A few of the measures undertaken are as follows:

At Thal unit, several measures have been taken to improve efficiency in energy consumption. In Ammonia line I, CO<sub>2</sub> removal system has been revamped to 2 stage GV systems, additional S-50 converter and loop Boiler have been installed to enhance conversion of ammonia and steam production, and MP Condensate stripper has been provided in place of LP stripper. These measures have resulted in saving of 1,54,730 Gcal of energy per year and a recurring saving of ₹ 16.78 crore per annum against an investment of ₹ 93.51 crores. In Ammonia line II, MP Condensate stripper has been replaced at an investment of ₹ 1.59 crore which resulted in energy savings of 40,420 Gcal/Year and a recurring saving of ₹ 4.23 crore per annum. Other measures undertaken at an investment of ₹ 102.38 lakh has resulted in energy saving of 8320 Gcal/Yr amounting to ₹ 92.32 lakh/Year. Thus, with all the measures Thal unit has achieved a total recurring saving of ₹ 21.92 crore with investment of ₹ 96.12 Crore.

In Trombay unit, one cooling tower pump and motor in ammonia-I, replacement of 7 hollow metallic shaft of cooling tower fan with composite fibre shaft, conversion of gland packing to mechanical seal in DM water/chilled water/cooling water pump in ammonia V, modification of partial bypassing PRC 17V1 gas line to MP decomposer in Urea V, replacement of ammonia evaporator, installation of evaporative cooling pad in MPNA and HPNA plants, etc resulted in substantial saving in 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 9001:2008), 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.

After successful study by R&D department to recover approx. 50% of the present R.O. reject water of Sewage Treatment Plant as process water, the

project has been completed to recover approx. 3000 m<sup>3</sup>/day of process water. Apart from savings, water is being conserved every day to that extent.

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.

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.

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.

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 N<sub>2</sub>O 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.

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.rcftd.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 2012-13. Your Company carried out many activities under CSR policy and spent/committed about ₹ 12.86 crore which are briefly stated as under:

#### 5.1.1 Education:

##### 5.1.1.1 Schools:

Education is fundamental to Society. Your Company supports schools, at the two units, which impart education in Marathi, Hindi and English mediums to students from Nursery to 10th Standard. Schools are located in the Company's residential colonies at the Units. Your Company undertakes their upkeep, maintenance and bears the deficit expenditure incurred by the schools which are run by reputed Educational Institutions. During the year your Company spent an amount of ₹ 2.11 crore under this activity. About 2000 students attend the schools.

##### 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. Your company's scholarship project for sending every year, 10 students to 6th Standard in Shivaji Military school and Raigadh Military school and supporting the earlier batches in their march to higher standards thereafter has received goodwill from all. Your Company spent ₹ 16 lakh for this purpose.

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

Your Company started Mid Day Meal Scheme for providing nutritious food to children studying in seven unaided schools, providing education to poor children, in and around Trombay area. The scheme is operated through a NGO, 'ISKCON Food Relief Foundation' which supplies good and healthy meal to the children on behalf of RCF. In all 6000 students are availing the benefit of this nutritious meal and your Company has spent about ₹ 1 crore against this scheme over a year.

#### 5.1.1.4 Programme for underprivileged Children

Your Company has adopted the "Khel Khel Main" programme of WOCKHARDT Foundation for under privileged children of age group of 5 to 7 years. Your Company has setup six centres of education with parallel learning in slums of Vashi Naka area. 1200 children in the age group of 5 to 10 years participate in the programme.

The Programme provide the children with fun and educational toys like blocks, puzzles, clay, cars, story books, colouring books, drawing books, stationery etc. Children are taught social interactions, sharing, caring and child bonding. Prominent speakers in the field are invited to give talk to the children on any civic topic like environment, nature, hygiene, good manners, social conduct etc. which will help them in future.

#### 5.1.1.5 Farmers' Education:

The adoption of Agricultural technology for increasing crop yield and land productivity is greatly facilitated by training and adequate dissemination of knowledge. RCF sought to bridge the gap between Research Scientist and the farmer by setting up its State of the Art Farmers' Training Centre (FTC) in 1988 at Nagpur and in 1998 at Thal. These early steps have paid rich dividend since then. More than 30000 farmers have attended & benefitted from these training programmes conducted at the two Farmers Training Centre in the last half decade and have used the knowledge to upgrade their farm practices and have succeeded in reducing their overheads and increase their wealth.

The Training Centres are equipped with the latest audio-visual aids, classrooms and also hostels providing residential accommodation to the farmers. The Company's dedicated training facilities are manned by in-house professionally qualified faculty, eminent Research Scientists from agricultural institutions, Agro experts, progressive farmers & senior agriculture departmental officials are invited on regular interval as visiting faculty members.

The curriculum covers aspects of farm management and specifies of farm technology, with special reference to regional needs. The programmes are designed to cover both general aspects as well as region specific aspects of farming technology. These are supplemented by training with regard to moonlighting in subsidiary occupations and the lucrative, futuristic option of food processing. The regional agricultural universities take an active part

in the farmers' training process and case studies with regard to geological situations, cropping pattern, socio-economic problems etc. are discussed regularly. Field visits to research centres, agricultural institutes and subsidiary occupation centres are also organized.

Special programmes designed for women farmers and the scheduled caste and scheduled tribes are also organized on a regular basis so that they too join the bandwagon of the country's agricultural renaissance. This is a unique way to disseminate information and educate farmers as regards the various services available to them to enhance their crop yield and soil fertility.

Approximately 3000 farmers are trained every year at both the institutes and total annual expenditure is about ₹ 40 lakh.

#### 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 ₹ 84 lakh on this account during the year. 15758 residents of the villages got benefit of the scheme.

#### 5.1.3 Village Adoption:

As a part of IRDP activities, 5 to 10 tribal and backward villages are adopted each year from different states. These programmes are carried out in association with Agricultural department, Zilla Parishads, District Rural Development Financial Institutions and NGOs.

The major activities conducted include, providing basic needs of the community like construction of community hall, drinking water facility, lift irrigation facility, shelter for small and marginal farmers, water shed development programmes, financial help to self help groups, conducting Medical camps, veterinary camps, vaccination camps, providing appropriate sanitation facilities, encouragement of use of Bio-gas etc.

Agricultural Need Development Programmes are also conducted to support the farmers to increase their productivity by providing them the latest development in agriculture. If necessary inputs like quality hybrid seeds, fertilizers, agricultural implements etc. are also provided. In addition to this fertilizer/crop demonstrations are conducted to show the effectiveness of scientific practices to the farmers.

Training and support is given to the farmers to develop subsidiary occupation to augment their income. Some of the areas where training has been imparted are Weaving, Bee keeping, Tailoring, Dairy, Poultry, Goat keeping, etc.

Along with economic development, your company encourages organization of social / cultural activities in the adopted villages.

Your company spent about ₹ 28 lakh on this account.

During last five years your company has adopted 27 villages in the states of Maharashtra, Karnataka & Andhra Pradesh.

#### 5.1.4 Advice on Soil nutrients:

Your Company's efforts in rendering advisory services to farmers by conducting Soil diagnostics to optimize soil productivity, are well appreciated.

Soil testing helps diagnose soil health and evolve soil specific and crop specific solutions. It helps to identify problematic soils, their nutritional status, texture and structure. Based on the analysis, farmers are advised on soil fertility management through rational use of manure, fertilizers and other inputs to make agriculture more productive and sustainable. During the year, more than 95,000 soil samples were analyzed and recommendations given through the twelve static and six mobile soil testing laboratories.

#### 5.1.5 Community Medical Facility

In the baseline survey undertaken, for your company, by Tata Institute of Social Science (TISS) in Thal area, it was highlighted that major problem in the that area is lack of primary health facility for common ailments like cough, cold and most of times villagers have to travel long distance to get the treatment for such minor ailments. Keeping this in view, your company has engaged Wockhardt Foundation and administered free primary health care to more than 7.50 lakh patients till date over a period of about 5 years. On an average 25 Villages are covered in weekly cycles and around 25000 patients are benefitted from free medical services including supply of medicines. Through this facility ailments like Blood pressure, Hemoglobin Levels, Oxygen saturation, Malaria hepatitis, Dengue, Typhoid and Diabetes, etc are treated on regular basis, through qualified Doctors.

During the year 2012-13, your company extended the service in Chembur as well covering the need

in the slum areas. Your company spent about ₹ 54 Lakhs.

#### 5.1.6 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 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.

Your Company joined hands with Chembur Citizens' Forum a NGO to develop, beautify and maintain Diamond Garden, at Chembur for a period of 5 years at a cost of ₹ 75 lakh. The park attracts about 2000 people every day and about 4000 people during the week ends.

#### 6.0 Micro, Small and Medium Enterprises.

Government of India, Ministry of Micro, Small and Medium Enterprises, vide order dated 23rd March, 2012, notified the public procurement policy in respect of procurement of goods and services produced and provided by Micro, Small and Medium Enterprises. As per the directives, every Central Ministry or Department or Public Sector Undertakings shall set an annual goal of procurement from Micro, Small and Medium Enterprises from the Financial Year 2012-13 and onwards with the objective of achieving an overall procurement of minimum of 20% of total annual purchases of products produced and services rendered by Micro, Small and Medium Enterprises in a period of three years. There are about 358 items/services stated in the directive. After a period of three years, i.e. from 1<sup>st</sup> April, 2015, overall procurement goal of minimum 20% shall be made mandatory. The directive also provides that the goals set with respect to procurement to be met from Micro, Small and Medium Enterprises and achievement made thereto be incorporated in their respective Annual Reports. To comply with the directive, your Company, for the year 2012-13, has set a goal of 4% and has achieved the same.

#### 7.0.0 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.

As already stated, Your Company is planning to put up a new Sewage treatment plant of similar capacity as that of the existing one 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.

In its bid towards India's vision of achieving ecologically sustainable growth, RCF plans to venture into setting up Solar based power generation facilities. RCF has plans for setting up 2 MW Solar Power generation facility at its Trombay Unit. In addition to above, RCF is setting up to the tune 30 KW rooftop solar power generation facilities atop its various offices in Maharashtra.

Your Company is also considering several major activities connected with Green House Gas, sustainable electricity distribution based on solar energy etc. Your Company is targeting to take up many more sustainable development activities in the near future.

#### Sustainability Report status for Annual Report:

RCF is in process of preparing its maiden Sustainability Report for the year 2012-13 based on Global Reporting Initiative (GRI) guidelines and National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business' issued by Ministry of Corporate Affairs, Govt. of India.

This report shall provide company's economic, environmental, and social performance. Sustainability reporting is about organizations progress against performance goals, not only for economic achievements, but for environmental protection and social wellbeing. This is also termed as 'Triple Bottom Line' approach.



RCF's Sustainability Report is likely to be ready and published by mid of August 2013.

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.

### 8.0.0 Vigilance

Vigilance department is headed by a full time Chief Vigilance Officer (CVO), deputed from the All India Services by the Government of India. The position of CVO is at par with the Functional Directors. CVO is assisted by a team of Officers drawn from various functional departments. The activities of Vigilance department cover Corporate office, Trombay unit, Thal unit and all the marketing offices situated throughout the country. In line with the CVC guidelines, the thrust of the vigilance in your company is to bring greater transparency, integrity and efficiency. The focus of Vigilance department is on Preventive and Participative Vigilance.

This is done by keeping careful watch on various activities through regular inspections and surprise checks. System improvements and corrective actions are taken wherever necessary. The theme that "All Officers are Vigilance Officers" is implemented in your company and alertness and support of all officers is taken in the management of Vigilance. Vigilance has focused on spreading awareness on rules / regulations, procedures and solicited information / complaints from all regarding malpractices / corruption.

During the year, Vigilance department has actively contributed towards implementing e-governance in RCF, in making the tender documents more transparent and relevant, enhanced transparency in the existing system of dealing with our dealers/vendors and accrued savings to your company by implementing systems for reduction in wastages in handling bulk raw material. With consistent efforts from Vigilance department, your company is in the final stages of implementing e-procurement for ensuring more transparency in procurements.

## 9.0.0 HUMAN RESOURCES:

### 9.1.0 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.

### 9.2.0 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 had 4048 employees comprising of 1548 Officers and 2500 workmen, as on 31<sup>st</sup> March, 2013 compared to 4104 employees (1517 officers and 2587 workmen) as on the corresponding date of the previous year.

### 9.3.0 Welfare and Sports

Your Company undertakes several welfare schemes like education, medical, transport, housing etc., according to the needs of the employees. In regards 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.

### 9.4.0 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 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 for 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 the 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.

#### 10.0.0 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.

#### 11.0.0 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.

#### 12.0.0 INTERNAL CONTROL SYSTEM:

The 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 recommendation and observations of the Internal Audit Department are reviewed regularly by the Audit Committee constituted by the Board of Directors. The performance of the corporation is regularly monitored by the Board of Directors.

The 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.

#### 13.0.0 COST AUDIT

Your Company has appointed the following Cost Auditors for conducting Audit of the Cost Records for the financial year 2012-13:

1. Shri S.D. Shenoy, for conducting the cost audit of Trombay Unit, Compliance Reporting, Consolidation, Report filing.
2. M/s V.J. Talati & Co., for conducting the Cost audit of all the products of Thal unit and Training activities.

The Cost Audit Reports for 2011-12 were filed in XBRL form, within due date, with the Ministry of Cooperate Affairs on 22.1.2013 and even for 2012-13 also, the Report will be filed within the due date.

#### 14.0.0 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 safeguarding 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.

#### 15.0.0 CORPORATE GOVERNANCE:

**15.0.1** 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.

#### 15.0.2 COMPLIANCE OF CORPORATE GOVERNANCE GUIDELINES ISSUED BY DEPARTMENT OF PUBLIC ENTERPRISES

Government of India, Department of Public Enterprises, has laid down certain parameters for the purpose of grading of Central Public Sector Enterprises on the basis of their compliance of

guidelines on Corporate Governance and this report needs to be submitted to the Government on quarterly / annual basis. Your Company has been complying with the Guidelines on Corporate Governance for Central Public Sector Enterprises laid down by DPE and regularly submits reports to the Government.

#### 16.0.0 OFFER FOR SALE OF SHARES [OFS].

Government of India, Department of Disinvestment, has disinvested 6,89,61,012 equity shares of your Company [12.5%], through OFS to the public on 8th March, 2013 at a price of ₹ 45 per share. With this, Government has totally disinvested (i.e. 11,03,34,212 equity shares) 20% of the paid up capital. Your Company has complied with the provisions of Listing Agreements with Stock Exchanges in respect of minimum shareholding by public.

#### 17.0.0 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. The Company's performance is dependent on several external factors such as performance of 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.

#### 18.0.0 AUDITORS:

The Comptroller and Auditor General of India (CAG) has appointed, M/s. Nissim & Co, and M/s. N.B.S & Co as Joint Statutory Auditors of your Company for the Financial Year 2012-13. The Auditors would be retiring at the conclusion of the Thirty fifth Annual General Meeting.

The Statutory Auditors for the Financial Year 2013-14 will be appointed by the CAG. However, their remuneration is to be fixed at the AGM by the members.

#### 19.0.0 DIRECTORS:

President of India appointed Shri S.C. Gupta I.A.S. as Director of your Company w.e.f. 4<sup>th</sup> April, 2013 in place of Dr. V. Rajagopalan, IAS. The contribution of Dr. V. Rajagopalan to your Company has been immense. His guidance, suggestions and

advice has greatly benefitted the Company. Your Directors place on record their appreciation of the contribution of Dr. V. Rajagopalan to your Company. Notice under section 257 of the Companies Act has been received proposing the candidature of Shri S.C. Gupta, as Director of the Company.

As per Section 256 of the Companies Act, Shri Sham Lal Goyal and Shri C.M.T. Britto, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

#### 20.0.0 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.

Your Board wishes to acknowledge gratefully, the confidence posed, unstinted support and suggestions made to the Board by the esteemed share owners of the Company.

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 : 30.05.2013

## ANNEXURE I TO THE DIRECTORS' REPORT 2012-13

### FORM A

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

Sr. No.	Power and Fuel Consumption [Unis]	2012-13			2011-12		
		Qty	Rate/unit (₹)	Amount (₹ crore)	Qty	Rate/unit (₹)	Amount (₹ crore)
1	Electricity						
	(i) Purchased (million KWH)	290.61	6.84	198.86	249.28	6.15	153.45
	(ii) Own Generation (million KWH)	289.06	4.67	134.97	294.18	2.32	68.50
2	Associated Gas ('000 SM3) (Feed & Fuel)	2203726.44	11391.65	2510.41	2082634.64	9649.14	2009.56

#### B. CONSUMPTION PER UNIT OF PRODUCTION

Sr. No.	Product	2012-13		2011-12	
		Production MT	Power MWH/MT	Production MT	Power MWH/MT
1	Ammonia Trombay I	117,470	0.511	120,050	0.498
2	Ammonia Trombay V	353,735	0.131	282,985	0.138
3	Ammonia Thal	1,205,350	0.067	1,134,510	0.050
4	Urea Trombay V	384,110	0.057	336,005	0.055
5	Urea Thal	1,951,200	0.050	1,783,450	0.052
6	Suphala 20:20:0	135,329	0.145	191,570	0.141
7	Suphala 15:15:15	474,685	0.071	426,786	0.069
8	Methanol	76,830	0.517	78,317	0.522

## 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   | : ₹ 31.15 lakh  |
| (b) Recurring   | : ₹ 309.39 lakh   |
| (c) Total   | : ₹ 340.54 lakh   |
| (d) Total R &D expenditure as a percentage of total turn-over | : 0.05%   |

#### 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. Technology imported during the last 5 years reckoned from the beginning of the financial years:                 |  |

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	Air products, USA for Argon Plant, Thal	2008	Yes	Not applicable
2	RBS Technology, Australia for manufacturing Wall Panels and other Building materials from Phospho-gypsum	2008	Yes	Not applicable
3	HTAS, Denmark for Methanol Plant, Trombay	2009	Yes	Not applicable
4	Incro, Spain for ANP Granulation Plant, Trombay	2009	Yes	Not applicable
5	HTAS, Denmark for Ammonia Revamp Thal	2012	Yes	Not applicable

## FORM C

### FOREIGN EXCHANGE EARNINGS AND OUTGO

- |   |  |
|---|--|
| 1. Activities relating to exports initiatives taken to increase exports, developments of new export markets for products and services and export plans. | : As stated in item No.2.2.3 of the Directors' report. |
| 2. Total foreign exchange used  | : ₹ 822.65 crore                                       |
| 3. Total foreign exchange earned  | : ₹ 1.68 crore   |



## Statement Showing The Employees of the Company Who Have Received The Remuneration U/S 217(2A) Of The Companies Act

Sl. No.	Name of Employee	Designation	Qualification	Age (in years)	Total Experience in years	Date of commencement of employment in RCF (including training period)	Remuneration incl. PF & Pension (₹)	Immediate Previous Employment and Designation
1	2	3	4	5	6	7	8	9
1.	Dr. Suresh Chaudhari	Dy General Manager	MBBS, DCH	60	26	30/12/1986	3,836,615.90	Paediatrician, Prarthana Samaj, Bombay
2.	Pramod Ahershinghe	Dy Chief Engineer (INST)	SSC, NCTVT, 5 PPT	60	41	18/9/1974	1,710,073.77	Trade Apprentice, Inst Mech, Central Railway
3.	Ratnakar Gawade	Sr. Operator (SG II)	SSC, NCVT	60	40	3/3/1971	1,472,066.11	Nil
4.	Shirishkumar Patil	Chief Manager (CC LAB)	B.Sc., M.Sc., Ph D	60	30	10/5/1984	2,841,128.11	Lecturer, M.J. College
5.	Utam Surwade	Sr. Operator (SG II)	SSC, Advance Course	60	42	16/5/1970	2,641,764.64	Nil
6.	Dagadu Shinde	Manager (CC LAB)	B.Sc.	60	36	5/2/1976	2,558,720.42	Nil
7.	Subhash Gharat	OPTR GR I	VIII TH Standard	60	31	1/9/1980	1,189,082.91	Nil
8.	Nitin Nachane	SR. EXE. OPERATOR	SSC, Advance Course	60	42	29/4/1970	2,325,073.11	Nil
9.	Chandrakant Mahale	Dy Chief Engineer (INST)	SSC, ITI, NCTVT, DEE	60	38	1/2/1975	2,273,576.12	Instrument Mechanic, Tata Oil Mills
10.	Ramesh Rao	Shift Manager	B.Sc.	60	38	18/1/1974	2,003,310.96	Nil
11.	Gorkhanath Suryawanshi	Sr. Chemist Cum OPTR. (SG-2)	B.Sc. & 2 <sup>nd</sup> Class Boiler Certificate	60	38	13/01/1976	1,999,303.56	Apprentice Chemist, Gandhi Parekh Investment Corp.
12.	Venancia Pereira	Sr. Executive Secretary	BA	60	39	17/5/1976	1,984,213.81	Secretary, Linguaphone Institute
13.	Himmatrao Patil	Dy Manager (ADMIN)	B.Sc.	60	36	01/06/976	1,970,664.87	Nil
14.	Dnyandeo Jadhav	Junior Engineer (CHEM)	B.Sc.	60	36	10/1/1976	1,967,466.76	Nil
15.	Eknath Jadhav	Sr. Despatcher	VII	60	41	3/6/1971	973,388.09	Nil
16.	Chandrabhas Mahajan	Senior Assistant Officer	B.Sc.	60	38	11/1/1974	1,943,373.20	Nil
17.	Rajaram Sawant	Sr. Operator (SG II)	B.Sc. (HONS.)	59	36	4/5/1977	962,937.33	Science Teacher, B.P.E.S. High School
18.	Ghanshyam Bendale	Junior Engineer (CHEM)	B.Sc.	60	38	12/1/1974	1,916,699.33	Nil
19.	Vijaykumar Mehta	Dy General Manager	B E (INST)	60	38	30/6/1978	3,768,778.44	Asstt Engr., Calico Polyester Fabrics Plant
20.	Prakash Mane	Sr. Operator (SG II)	B.Sc. (HONS.)	60	35	5/10/1977	1,876,691.24	Nil

## Statement Showing The Employees of the Company Who Have Received The Remuneration U/S 217(2A) Of The Companies Act

Sl. No.	Name of Employee	Designation	Qualification	Age (in years)	Total Experience in years	Date of commencement of employment in RCF (including training period)	Remuneration incl. PF & Pension (₹)	Immediate Previous Employment and Designation
1	2	3	4	5	6	7	8	9
21.	Ramnath Avhad	Sr. Operator (SG II)	B.Sc. (HONS.)	60	36	4/9/1979	1,830,873.64	Supervisor Cum Chemist, Creek Insulation Chem.
22.	Hanumant Ghadge	Sr. Technician (Elect) SG-2	SSC, NCTVT, Elect. Supervisory Licence & 5 PPT	60	38	14/09/1970	1,787,669.65	Nil
23.	Bhimrao Ughade	Asstt. Accounts Officer	B.Sc.	60	33	30/8/1978	1,783,088.85	Nil
24.	Vasudeo Dhekane	Sr. Operator (SG II)	B.Sc. (Hons.)	60	33	11/9/1979	1,769,052.79	Nil
25.	Manohar Sawant	Sr. Operator	B.Sc.	52	27	12/8/1985	1,754,743.30	Nil
26.	Mukund Patil	Executive Director	M.Sc (AGRI), MST OF INDL RELA & PERS MGT	60	35	5/12/1977	3,283,013.29	Technical Asstt., Small Farmers Devt. Agency
27.	Sunil Ambre	Sr. Operator (SG II)	B.Sc. (Hons.)	60	34	21/8/1978	1,614,599.21	Nil
28.	Prasanta Bhowmick	Chief Engineer (Chem)	SSC, Advance Course AMIE, Computer Dip	60	42	30/4/1970	3,073,773.07	Nil
29.	Vijay Rajpal	Chief Engineer (Chem)	M Chem Engg	52	27	15/1/1986	2,300,685.77	Nil
30.	Vijay Dhurandhar	Sr. Exe. Field Demonstrator	SSC	60	38	27/11/1973	2,298,956.95	Nil
31.	Udhav Parhar	Asstt. Finance Manager	M.com.	60	37	24/12/1975	2,284,769.33	Clerk, Leather Industries Development Corporation
32.	Dattatray Rokade	Executive Secretary	B. Pharmacy + Mktg & Sales Mgmt.	60	28	25/8/1984	1,509,483.97	Nil
33.	Jotiram Kamble	Sr. Operator	SSC	60	33	30/5/1979	1,496,948.78	Nil
34.	Suresh Birari	Dy Chief Engineer (Chem)	B.Sc., Supervisory CERT (CTI)	60	38	2/7/1974	2,192,089.98	Nil
35.	Ashok Kambale	Driver GR. I	VIII th Standard	60	42	23/11/1982	1,457,493.88	Security Cum Driver, CISF
36.	Rekha Sherbet	Chief Medical Officer	MBBS, MD, TD, AFIH	55	35	25/3/1986	2,867,205.63	Lecturer, Sir Willam Wanless
37.	V Sasidharan	Senior Assistant Officer	SSC, 5 PPT	60	38	27/3/1975	2,144,766.54	Steno Typist, Ahmedabad Eagle Engineering
38.	Prabhakar Nagarajan	Dy General Manager	B E (Elect)	60	37	10/12/1975	2,824,118.42	Nil
39.	Harishchandra Sood	Technician GR. I (MH) (SG1)	II	60	41	17/04/1976	1,368,066.06	Dr Club Attendant, FCI
40.	Bhaurao Sorte	Dy Chief Engineer (Chem)	B.Sc.	60	39	2/2/1976	2,031,785.93	Supply Inspector, Director of Civil Supplies

## Statement Showing The Employees of the Company Who Have Received The Remuneration U/S 217(2A) Of The Companies Act

Sl. No.	Name of Employee	Designation	Qualification	Age (in years)	Total Experience in years	Date of commencement of employment in RCF (including training period)	Remuneration incl. PF & Pension (₹)	Immediate Previous Employment and Designation
1	2	3	4	5	6	7	8	9
41.	P Mohana Nair	Executive Director	B.Sc. Engg (Chem)	60	37	10/12/1975	4,716,489.22	Nil
42.	Harishchandra Patil	Sr. Plant Attendant	V th Standard	60	27	2/6/1985	645,519.74	Nil
43.	Baban Sonawale	Driver GR.I	VIII	60	37	7/4/1975	1,284,509.72	Nil
44.	Tukaram Gawade	Sr. Plant Attendant (SG-2)	Nil	60	40	29/06/1978	1,251,726.01	Dr Mazdoor, FCI
45.	Dhanpatkumar Mehra	Sr. Operator (SG II)	SSC, NCVT	60	37	4/9/1972	1,838,516.64	Nil
46.	Ramkrishna Kashid	Sr. Operator (SG II)	B.Sc. (Hons.)	60	36	6/5/1977	2,399,723.65	Asstt. Science Teacher, Rayat Shikshan Sanstha
47.	Sanjay Pathak	Technician Gr. I (Mech.)	IX Std.	60	35	10/5/1977	1,177,850.84	Dr Mazdoor, FCI
48.	Surendranath Masurkar	Sr. Boiler Operator (SG-2)	SSC & First Class Boiler Certificate	60	36	13/04/1981	1,722,360.18	Boiler Attendant, Bedrock Type & Rubber Co.
49.	Vinod Limaye	Sr. Operator (SG II)	SSC, Advance Course	60	42	30/4/1970	2,292,118.85	Nil
50.	Rajaram Kamble	Senior Engineer (Mech)	SSC, NCTVT, 5 PPT	60	35	14/9/1973	2,213,554.17	Nil
51.	Balkrishna Nandgirikar	Sr. Exe. Operator	B.Sc. (Hons.)	60	38	1/7/1974	2,209,703.22	Nil
52.	Ravisekar R	Dy. Manager (Finance)	M.Com	60	35	27/1/1978	2,197,497.86	Jr. Accountant, T.N.H.F.T.C. Limited
53.	Ravindra Barve	General Manager	B Com, CA	60	35	22/9/1979	4,332,734.19	Accts Officer, B.S.E.S. Ltd.
54.	Dr. Satishkumar Vāsawani	Addl. Chief Medical Offic	MBBS, FCPS	60	23	1/3/1990	2,678,375.05	Resident Registrar, Bombay Hospital
55.	Shridher Dhole	Shuntman - III Scale	VIII th Standard	60	28	8/8/1984	1,053,915.13	Nil
56.	Ashok Kawale	Technician Gr. I (INST)	IX Th Standard	60	31	1/1/1981	1,049,407.14	Nil
57.	Harishchandra Maurya	Sr. Operator (SG II)	B.Sc. (Hons.)	60	34	25/4/1978	2,084,673.31	Nil
58.	Aziz Qureshi	Sr. Technician (MH) (SG1)	SSC	60	38	17/05/1976	1,545,870.05	Turner, Crystal Engineering
59.	Maruti Gole	Sr. LOCO Opttr.	SSC	60	34	9/4/1976	2,041,178.61	Nil
60.	Urmila Takkar	Public Relations Manager	MA, PG Dip Journalism	60	38	1/10/1974	2,527,824.29	Typist, LIC

## NOTE ON CORPORATE GOVERNANCE

### 1.1.0 Company's Philosophy:

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

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

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

### 2.0.0 Board of Directors:

#### 2.1.0 Composition of the Board:

Board comprises of the following members:

Sr. No.	Name	Category
1.	Shri R.G. Rajan	Whole-time Chairman and Managing Director (Chief Executive Officer)
2.	Shri Sham Lal Goyal, IAS.	Non-Executive Director – Govt. Nominee.
3.	Shri S.C. Gupta, IAS, [from 4.4.2013]	Non-Executive Director – Govt. Nominee.
4.	Shri Gautam Sen	Whole-time Director [Finance]
5.	Shri C.M.T. Britto	Whole-time Director [Technical]
6.	Shri Ashok B. Ghasghase	Whole-time Director [Marketing]
7.	Dr. V. Rajagopalan, IAS. [Up to 4.4.2013]	Non-Executive Director – Govt. Nominee.

### 2.2.0 Appointment / Reappointment of Directors

#### 2.2.1

Shri S.C. Gupta, IAS, was nominated by President of India in place of Dr. V. Rajagopalan, IAS. Shri S.C. Gupta was appointed as additional director w.e.f. 04.04.2013. Shri Gupta is an IAS officer and is presently Jt. Secretary, Department of Fertilizers, Ministry of Chemicals and Fertilizers, New Delhi. Shri S.C. Gupta is Director in other fertilizer companies viz. National Fertilizers Ltd, Fertilizers and Chemicals Travancore Ltd and Krishak Bharati Cooperative Ltd. He has varied and rich experience in Government, in various capacities and has widely travelled abroad in connection with business.

#### 2.2.2

Shri Sham Lal Goyal, and Shri C.M.T. Britto, Directors, retire by rotation and being eligible have offered themselves for reappointment.

#### 2.2.3

Shri Sham Lal Goyal, IAS, was appointed as director w.e.f. 12.11.2010. Shri Goyal is an IAS officer and is presently Jt. Secretary (P&P), Department of Fertilizers, Ministry of Chemicals and Fertilizers, New Delhi. Shri Goyal has been on the Boards of several Fertilizer PSUs. He has varied and rich experience in Government, under different positions and has great managerial capabilities.

#### 2.2.4

Shri C.M.T. Britto, was appointed as Director [Technical] w.e.f. 11.4.2012. Shri Britto holds a Chemical Engineering degree from National Institute of Technology Karnataka, Surathkal. He joined the Company in 1980 as Management Trainee. In his long career spanning more than 33 years, he has worked in various capacities in Technical Services department and several manufacturing plants such as Ammonia, Sulphuric Acid, Concentrated Nitric Acid and in development of Projects for the Company. He has authored various technical articles in magazines of repute. 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 given 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.



### 2.3.0 Board procedure:

**2.3.1** As per the policy of your Company, apart from the matters which are required to be statutorily decided by the Board, all other major decisions involving investments and capital expenditure, mobilization of resources, Employee's Compensation etc. and major issues such as monthly performance, progress of projects, Industrial relations, market scenarios, budgets and plans etc. are discussed in the meetings as regular agenda items by the Board. All items which are

obligatory as per the Corporate Governance code to be brought in the Board meetings are regularly discussed. Detailed agenda notes are circulated generally about a week in advance of the Board meetings. During the year under review, 13 [thirteen] meetings were held by the Board viz. on 09.04.12, 09.05.12, 30.05.12, 06.07.12, 09.08.12, 27.08.12, 10.09.12, 29.09.12, 29.10.12, 13.12.12, 04.01.13, 04.02.13 and 23.02.13. The number of meetings attended by the Directors during the year is as under:

Name	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]	13	13	Yes	5	1	1	–
Dr. V. Rajagopalan	13	09	Yes	–	5	1	–
Shri Sham Lal Goyal	13	13	No	4	1	3	0
Shri Gautam Sen, [Executive]	13	13	Yes	–	3	–	2
Shri C.M.T. Britto [Executive]	12	12	Yes	–	1	–	2
Shri Ashok B. Ghasghase, [Executive]	09	09	Yes	–	–	–	1
Shri S.C. Gupta	NA						

### 2.3.2 The Board has constituted the following Committees

#### [i] Audit Committee:

The Audit Committee comprises of Shri Sham Lal Goyal as Chairman with Shri C.M.T. Britto, Director [Technical] and Shri Ashok Ghasghase, Director (Marketing) as other members. Director [Finance], Chief Vigilance Officer (CVO) and Chief of Internal Audit are the permanent invitees. The Company Secretary is the Secretary of the Committee. The constitution of the Audit Committee is not in accordance with Clause-49 of the Listing Agreement, which specifies that at least 2/3rd of members should be independent directors. The Statutory Auditors (after being appointed by CAG) and Cost Auditors are also invited for the meetings. Other Senior Executives are invited as and when required. The terms of reference to the Committee is in accordance with the requirement of Clause 49 of the Listing Agreement and include, inter-alia, (i) overseeing of the Company's financial reporting process and disclosure of information (ii) recommending the remuneration of Statutory Auditors (iii) reviewing the adequacy of internal control systems, compliance with accounting standards, guidelines and statutes (iv) reviewing

the financial statements and performance of the Company. The Committee is entrusted with power to seek information from any employee, to investigate, with the assistance of Internal Auditors, any activities/ functions and to seek any external assistance if required.

During the year 2012-13, 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 30.05.12, 09.08.12, 29.10.12 and 04.02.12 and the attendance was as under:

Name of Director	Number of meetings held	Number of meetings attended
Dr. V. Rajagopalan	3	2
Shri Sham Lal Goyal	4	4
Shri Gautam Sen	4	4
Shri C M T Britto	4	4
Shri Ashok Ghasghase	1	1

**[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 45 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 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 2012-13 there was no Remuneration Committee.

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

Your Board constituted a committee of 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 year is as under:

[Amount ₹]

Name	Total
Shri R.G. Rajan	41,67,809.26
Shri Gautam Sen	36,73,971.96
Shri C.M.T. Britto	47,56,293.00
Shri Ashok. B. Ghasghase	33,68,607.23

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 2012-13, 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 have been affirmed by them to that effect. A declaration signed by Chairman and Managing Director is given below:

This is to certify that in line with the requirement of Clause 49 of the Listing Agreement, all the Directors of the Board and Sr. Management personnel have affirmed that to the best of their knowledge and belief, they have complied with the provisions of the 'Code of Conduct for the Directors and Senior Management' during the financial year 2012-13.

**R.G. Rajan**Chairman and Managing Director  
13.05.2013**4.0 CEO / CFO Certification:**

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

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

**CEO / CFO CERTIFICATION FOR THE FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH, 2013.**

This is to certify that:-

- a] We have reviewed the Company's Balance sheet as at 31<sup>st</sup> March, 2013, 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 2012-13.
  - 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]

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

Place : Mumbai

Date : 13.5.2013

**5.0 OFFER FOR SALE OF SHARES [OFS].**

Government of India, Department of Disinvestment, has disinvested 6,89,61,012 equity shares of your Company [12.5%], through OFS to the public on 8th March, 2013 and realised ₹ 310.15 crore. Government had fixed the minimum floor price of the share as ₹ 45 per share. The OFS was over subscribed by 30%. With this disinvestment, the total disinvested shares of your Company as on 31<sup>st</sup> March, 2013 is 11,03,34,212 equity shares, i.e. 20% of the paid up capital, hence your Company has also complied with the provisions of Listing Agreement in respect of minimum shareholding by public in the listed Companies.

**6.0 COMPLIANCE OF CORPORATE GOVERNANCE GUIDELINES ISSUED BY DEPARTMENT OF PUBLIC ENTERPRISES.**

Government of India, Department of Public Enterprises, has laid down certain parameters for the purpose of grading of Central Public Sector Enterprises on the basis of their compliance of guidelines on Corporate Governance and this report needs to be submitted to the Government on quarterly/annual basis. Your Company regularly submits this report to the Government as per the guidelines hence complies with these guidelines.

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

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

Financial Year	Time and Date	Venue
2011-12	3 pm on 31.08.12	"Sivaswamy Auditorium", Fine Arts Society, Mumbai - 400 071
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

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.

**8.0 Disclosures:****8.1.1** Materially significant related party transactions:

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

**8.1.2** 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.

**8.1.3 Whistle blower policy:**

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

**8.1.4** The 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

**8.1.5** Trading in your Company's shares by Directors and designated Employees:

None of the Directors hold shares in your Company.

**9.0 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.rcf ltd.com](http://www.rcf ltd.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.

**10.0 Management Discussion & Analysis Report**

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

**11.0 General Shareholder information:**

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

**11.2** 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 ₹ 66.95 [on 06.07.2012] and minimum of ₹ 35.25 [on 28.03.2013] at BSE. The monthly highest and lowest price of the shares is 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 12	17318.81	7248.96	63.40	55.55	0.49	45062	29.55	5248.15	63.40	58.50	1.03	61.66
2.	May 12	16218.53	6760.30	61.70	53.10	0.70	64112	39.79	4950.75	61.65	53.00	1.46	83.07
3.	June 12	17429.98	7258.21	61.20	53.90	0.57	49134	33.26	5278.90	61.20	53.70	1.28	74.76
4.	July 12	17236.18	7014.99	66.95	50.40	0.58	47275	34.49	5199.80	63.20	50.75	1.29	76.24
5.	Aug. 12	17429.56	6939.38	58.20	47.65	0.45	36754	24.53	5258.80	58.20	47.50	1.08	58.87
6.	Sept. 12	18762.74	7415.81	64.40	50.65	0.98	65219	56.43	5703.30	64.50	50.60	2.17	124.05
7.	Oct. 12	18505.38	7104.67	61.85	51.00	0.62	43271	35.87	5919.70	53.00	61.80	1.48	84.37
8.	Nov. 12	19339.90	7177.65	55.65	50.30	0.21	17028	11.12	5879.85	55.05	50.00	0.50	26.78
9.	Dec. 12	19426.71	7877.72	59.75	53.25	0.64	43264	36.17	5905.10	59.80	53.30	1.35	76.55
10.	Jan. 13	19894.98	6863.38	57.20	52.30	0.23	19067	12.91	6034.75	57.20	52.40	0.59	32.57
11.	Feb. 13	18861.97	5344.96	55.10	47.00	0.22	22580	11.44	5693.05	54.95	46.80	0.53	27.71
12.	Mar. 13	18835.77	5733.74	47.85	35.25	0.43	31147	18.24	5682.55	47.90	32.50	1.21	52.28



**11.3** Out of the total 55,16,88,100 of equity shares, 55,07,06,359 shares, i.e 99.82% of the shares are in demated segment and only 9,81,741 shares are in physical form.

**11.4** Your Company's financial year is 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013.

The Share holding pattern as on 31<sup>st</sup> March, 2013 is as under:

Category	No. of Shares	% of Holding
Promoters (GOI)	44,13,53,888	80.00
<b>Institutions</b>		
Mutual Funds and UTI	2,20,450	0.04
Financial institutions, Banks etc.	6,75,32,965	12.25
FII's	1,35,411	0.02
<b>Sub Total</b>	<b>6,78,88,826</b>	<b>12.31</b>
<b>Others</b>		
Private Corporate Bodies	91,45,189	1.66
Indian Public	3,26,78,682	5.92
NRI's/OCBs	6,05,215	0.10
<b>Sub Total</b>	<b>4,24,45,386</b>	<b>7.69</b>
<b>Grand Total</b>	<b>55,16,88,100</b>	<b>100.00</b>

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

#### 11.6 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, 2006 which remain unclaimed on 17<sup>th</sup> August, 2013 will be transferred by the Company to the Investor Education and Protection Fund [IEPF] established by the Central Government. The information in respect of unclaimed and unpaid dividend declared for the past seven years is given below:

Sl. No.	Financial Year	Date of declaration of dividend	Last date for claiming unpaid dividend
1	31.3.2006	18 <sup>th</sup> August, 2006	17 <sup>th</sup> August, 2013
2	31.3.2007	6 <sup>th</sup> July, 2007	5 <sup>th</sup> July, 2014
3	31.3.2008	24 <sup>th</sup> September, 2008	23 <sup>rd</sup> September, 2015
4	31.3.2009	25 <sup>th</sup> September, 2009	24 <sup>th</sup> September, 2016
5	31.3.2010	28 <sup>th</sup> September, 2010	27 <sup>th</sup> September, 2017
6	31.3.2011	23 <sup>rd</sup> September, 2011	22 <sup>nd</sup> September, 2018
7	31.3.2012	31 <sup>st</sup> August, 2012	30 <sup>th</sup> August, 2019

#### 11.7 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&T agent.

**11.8** 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.

#### 11.9 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@rcfild.com

#### 12.0 Calendar of events:

	Event	Likely date
(i)	Announcement of I Quarterly (unaudited) financial result for FY 2013-2014	12 <sup>th</sup> August, 2013
(ii)	Book Closure for the purpose of Dividend and AGM.	21 <sup>st</sup> August, 2013 to 30 <sup>th</sup> August, 2013 (both days inclusive)
(iii)	AGM for 2012-13 Venue: Sivaswamy Auditorium, The Fine Arts Cultural Centre, Chembur, Mumbai - 400 071	30 <sup>th</sup> August, 2013 at 3 p.m.
(iv)	Announcement of unaudited half yearly result for FY 2013-14	31 <sup>st</sup> October, 2013
(v)	Announcement of III <sup>rd</sup> quarterly (unaudited) financial result for FY 2013-14	31 <sup>st</sup> January, 2014
(vi)	Announcement of Audited results for FY 2013-14	15 <sup>th</sup> May, 2014

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

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

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

**13.1.1** Your Company has paid listing fee for the Financial Year 2012-13 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.

**13.2 Distribution of shareholding:**

The shareholding distribution of equity shares of nominal value of ₹ 10/- each as on 31<sup>st</sup> March, 2013 is as under:-

Sl. No.	No. of Shares held	No. of shareholders	% of total	Share amount [₹]	% of total
1	1 - 500	67769	87.34	99969430	1.81
2	501 - 1000	5439	7.01	45252360	0.82
3	1001 - 2000	2279	2.94	35476400	0.64
4	2001 - 3000	696	0.90	17983630	0.33
5	3001 - 4000	324	0.42	11820410	0.21
6	4001 - 5000	328	0.42	15699050	0.28
7	5001 - 10000	401	0.52	29816060	0.54
8	10001 - and above	352	0.45	5260863660	95.37
	<b>Total</b>	<b>77588</b>	<b>100</b>	<b>5516881000</b>	<b>100</b>

**13.3 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.

**13.4 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 2012	17318.81	5248.15	7248.96	60.45
March 2013	18835.77	5682.55	6481.16	36.60
Increase/ (decrease)	1516.96	434.40	(767.80)	(23.85)
% of Increase/ (decrease)	8.76	8.28	(10.59)	(39.45)

**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

- 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, 2013, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.
- The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.
- (a) The Board of Directors, as on 31<sup>st</sup> March, 2013 comprised of Four Executive Directors and two non-executive official 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

Place : Mumbai,

Date : 10<sup>th</sup> May, 2013

## Independent Auditor's Report

### TO THE MEMBERS OF RASHTRIYA CHEMICAL AND FERTILIZERS LIMITED

#### Report on the Financial Statements

We have audited the accompanying Financial Statements of Rashtriya Chemical and Fertilizer Limited ('the company') which comprise the Balance Sheet as at March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and the Explanatory Information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- In the case of Statement of Profit and Loss, of the Profit for the year ended on that date; and

- In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Emphasis of Matter

We draw attention to:

- Note No. 10(5) to the accounts regarding non-disclosure of cost and depreciation of assets leased to certain Public Sector Undertaking and others.
- Note No. 30 to the accounts which states that some of the Balances of Trade Receivables, Trade Payables, Current Liabilities and Loans and Advances are subject to confirmation, reconciliation and consequential adjustments, if any.
- Note No. 32 to the accounts regarding the claim of subsidy accounted on estimated basis, pending final settlement of such claims.
- Note No. 51 to the accounts regarding adjustment to sales made on the stocks held by dealers/retailers expected to be sold at reduced MRP to farmers consequent to Department of Fertilizer's notification No. 23011/5/2013-MRP dated 3rd May, 2013 and further directives received from Government of India

Our opinion is not qualified in respect of these matters.

#### Report on Other Legal and Regulatory Requirements

- 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.
- As required by Section 227(3) of the Act, we report that:
  - 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;
  - In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
  - The Balance Sheet, Statement of Profit & Loss and Cash Flow statement dealt with by this report are in agreement with the books of account;
  - In our opinion, the Balance Sheet, Statement of Profit & 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;
  - Central Government has directed vide notification number G.S.R. 829(E) dated 21<sup>st</sup> October, 2003 of Clause (g); of sub section (1) of Section 274 of the Act is not applicable to a Government Company.

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

**Dhiren Mehta**  
Partner  
Mem. No.: 109883  
Mumbai, May 13<sup>th</sup>, 2013

For **NBS & Co.**  
Chartered Accountants  
Firm Regn. No. 110100W

**Devdas Bhat**  
Partner  
Mem. No. 048094

## Annexure to the Auditor's Report

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

- i) a) The Company has maintained proper records showing particulars including quantitative details and situation of fixed assets with original cost and depreciation written off in respect of identifiable units of assets and where such information for identifiable units of assets is not available, the records show the cost and depreciation written off in respect thereof as a group or class. The items of assets in respect of which quantitative details are not linked with the cost or book value are of small value acquired prior to April 1978 and are fully depreciated particularly in respect of movable items acquired from Fertilizers Corporation of India Limited.
- 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.
- c) During the year, the Company has not disposed of a substantial part of its fixed assets.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.



- ix) (a) *In our opinion, the procedure followed as per Note No 49 to the accounts in respect of deduction and payment of income tax results into delays in certain cases. The exact delays are not ascertained. 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.*

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.

- (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 (₹ 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 (Marketing)	80.77	2009-10	Assistant Commissioner of Customs, Dharamtar, Alibaug
Customs Act, 1962	Demand of differential custom duty on import of Potash (Marketing)	1.56	2012-13	Commissioner of Customs, Mangalore
Income Tax Act, 1961	Disallowance of Provision for revised salary and wages	17.43	A.Y. 2007-08	Commissioner of Income Tax (LTU), Mumbai
Income Tax Act, 1961	Demand of Tax for Short Deduction/non deduction of TDS	0.09	A. Y. 2008-09 & 2009-10	Commissioner of Income Tax (Appeals)

Name of the statute	Nature of dues	Amount (₹ in Crore)	Years to which the amount relates	Forum where dispute is pending
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)	2.67	1996-2001	Supreme Court
		3.54	March, 2005 to October, 2005	Central Excise, Service Tax Appellate Tribunal
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)	18.76	Prior to 1997 to March 2006	Central Excise, Service Tax Appellate Tribunal
	Demand of Central Excise duty in respect of Low Sulphur High Stock/ Furnace Oil procured at concessional rates used for other than fertilizer products (Trombay Unit)	2.90	August 1986 to February 2000	Commissioner of Central Excise (Appeals)
Service Tax	Demand of Service Tax on supply of wagons to Central Railway	1.54	April, 2008 to December, 2011	Commissioner of Central Excise, Customs, & Service Tax
		0.09	January, 2012 to December, 2012	Assistant Commissioner, Central Excise, Customs & Service Tax
Service Tax	Demand of Service Tax on Handling by Transporter Service	0.01	2006-07 & 2007-08	Superintendent, (S. T. Special Cell), Aurangabad

Name of the statute	Nature of dues	Amount (₹ in Crore)	Years to which the amount relates	Forum where dispute is pending
Service Tax	Demand of Service Tax on fees received for Operation & maintenance of HWP (Thal Unit)	13.43	October, 2006 to June, 2012	
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 **M. M. NISSIM AND CO.**  
Chartered Accountants  
Firm Regn. No. 107122W

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

Mumbai, May 13<sup>th</sup>, 2013

For **NBS & Co.**  
Chartered Accountants  
Firm Regn. No. 110100W

**Devdas Bhat**  
Partner  
Mem. No. 048094

## 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, 2013

The preparation of financial statements of Rashtriya Chemicals and Fertilizers Limited for the year ended 31<sup>st</sup> March, 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 13<sup>th</sup> May, 2013.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Rashtriya Chemicals and Fertilizers Limited for the year ended 31<sup>st</sup> March, 2013. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to the 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

**Y.N. THAKARE**

Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board-I, Mumbai

Place : Mumbai

Date : 27<sup>th</sup> June, 2013

# FINANCIAL STATEMENTS



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013

₹ in Crore

PARTICULARS	Note No.	AS AT 31.03.2013	AS AT 31.03.2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. SHAREHOLDERS' FUNDS :</b>			
a) Share Capital	1	551.69	551.69
b) Reserves and Surplus	2	1803.60	1619.51
		2355.29	2171.20
<b>2. NON-CURRENT LIABILITIES</b>			
a) Long term Borrowings	3	216.37	275.26
b) Deferred Tax Liabilities (Net)	4	243.05	214.11
c) Other Long term liabilities	5	43.84	19.90
d) Long Term Provisions	6	103.85	127.06
		607.11	636.33
<b>3. CURRENT LIABILITIES</b>			
a) Short term Borrowings	7	1456.84	909.95
b) Trade Payables	8	738.07	1264.13
c) Other Current Liabilities	9	475.57	473.56
d) Short term Provisions	6	191.47	146.51
		2861.95	2794.15
<b>TOTAL</b>		<b>5824.35</b>	<b>5601.68</b>
<b>II. ASSETS</b>			
<b>1. NON CURRENT ASSETS :</b>			
(a) FIXED ASSETS :	10		
(i) Tangible Fixed Assets		1415.04	1394.38
(ii) Intangible Assets		1.67	2.77
(iii) Capital Work in Progress		184.25	177.31
(b) Non-Current Investments	11	18.04	18.04
(c) Long Term Loans and advances	12	124.77	118.80
(d) Other non-current assets	13	18.96	16.04
		1762.73	1727.34

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013

₹ in Crore

PARTICULARS	Note No.	AS AT 31.03.2013	AS AT 31.03.2012
<b>2. CURRENT ASSETS :</b>			
(a) Inventories	14	1205.06	1177.71
(b) Trade Receivables	15	2579.21	1978.24
(c) Cash and Bank Balances	16	175.74	592.28
(d) Short term loans and advances	12	71.36	85.04
(e) Other current assets	13	30.25	41.07
		4061.62	3874.34
<b>TOTAL</b>		<b>5824.35</b>	<b>5601.68</b>
Statement of Significant Accounting Policies	A		
Explanatory Information on Financial Statements	25 - 53		

As per our report of even date attached

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

For **NBS & Co.**  
Chartered Accountants

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

**Dhiren Mehta**  
Partner

**Devdas Bhat**  
Partner

Dated : 13.05.2013  
Place : Mumbai

**Gautam Sen**  
Director Finance

**K.C. Prakash**  
Company Secretary

Dated : 13.05.2013  
Place : Mumbai

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

PARTICULARS	Note No.	Year Ended March 2013	Year Ended March 2012
<b>I</b> Revenue from Operations	17	6894.49	6433.71
<b>II</b> Other Income	18	92.99	166.72
<b>III Total Revenue (I+II)</b>		<b>6987.48</b>	<b>6600.43</b>
<b>IV Expenses:</b>			
Cost of Materials Consumed	19	2599.87	2161.09
Purchases of Stock in Trade	20	900.37	1911.42
Changes in Inventories of Finished Goods / Work in Progress and Stock in Trade	21	(7.02)	(459.21)
Employee Benefits Expense	22	449.40	402.00
Finance Costs	23	88.25	49.33
Depreciation/Impairment	10	173.15	142.44
Other Expenses	24	2403.34	2018.90
<b>Total Expenses</b>		<b>6607.36</b>	<b>6225.97</b>
<b>V Profit before tax (III-IV)</b>		<b>380.12</b>	<b>374.46</b>
<b>VI Tax Expense</b>			
(1) Current tax		104.75	84.50
(2) Deferred tax		28.94	58.60
(3) Taxation adjustment of earlier years Excess (-) / Short (+)		(34.47)	(17.88)
<b>VII Profit for the year</b>		<b>280.90</b>	<b>249.24</b>

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

PARTICULARS	Note No.	Year Ended March 2013	Year Ended March 2012
VIII Earnings per equity share			
<b>Basic and Diluted Earnings per share</b>	39	5.09	4.52
<b>Statement of Significant Accounting Policies</b>	A		
<b>Explanatory Information on Financial Statements</b>	25 - 53		

As per our report of even date attached

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

For **NBS & Co.**  
Chartered Accountants

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

**Dhiren Mehta**  
Partner

**Devdas Bhat**  
Partner

**Gautam Sen**  
Director (Finance)

Dated : 13.05.2013  
Place : Mumbai

**K.C. Prakash**  
Company Secretary

Dated : 13.05.2013  
Place : Mumbai



## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

PARTICULARS	Year Ended March 2013	Year Ended March 2012
<b>A Cash Flow From Operating Activities</b>		
Net Profit before tax	380.12	374.46
Adjustments for :		
Depreciation/Loss on impairment of Assets	173.57	143.11
Profit(-) / Loss on sale of Assets	0.04	1.55
Profit(-) / Loss on Sale/MTM of Government Bonds and Equity Investments	–	8.17
Interest Income	(29.16)	(36.58)
Dividend Income	(5.26)	(6.05)
Interest and Finance Charges	88.25	49.33
Provision for Bad/Doubtful debts	14.60	2.20
Unrealised Foreign Exchange (Gain) /Loss	(18.09)	(11.02)
	223.95	150.71
Operating Profit before Working Capital Changes	604.07	525.17
Adjustments for :		
Trade and Other Receivables	(589.51)	(1162.17)
Government Bonds	–	327.33
Inventories	(27.35)	(642.96)
Trade Payables and Other Liabilities	(497.42)	872.39
	(1114.28)	(605.41)
Cash Generated from Operations	(510.21)	(80.24)
Direct Taxes Paid	(77.47)	(75.23)
Cash Flow before Extraordinary Items	(587.68)	(155.47)
<b>Net Cash from Operating Activities ----- A</b>	<b>(587.68)</b>	<b>(155.47)</b>
<b>B Cash Flow from Investing Activities</b>		
Additions to Fixed Assets (Net of trade credit)	(172.81)	(336.65)
Sale of Fixed Assets	0.14	0.70
Purchase of Investments -Joint Ventures and Subsidiary	–	(2.72)
Interest Received	31.48	40.62
Dividend Received	5.26	6.05
Fixed Deposit more than 3 months maturity	365.00	(495.00)
	229.07	(787.00)
<b>Net Cash from Investing Activities ----- B</b>	<b>229.07</b>	<b>(787.00)</b>

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

PARTICULARS	Year Ended March 2013	Year Ended March 2012
<b>C Cash Flow from Financing Activities</b>		
Net Proceeds /Repayment of Working capital facilities and short term loans	557.12	642.14
Proceeds from Term loans	36.00	184.60
Repayments of Term loans	(109.71)	(90.83)
Interest paid	(86.56)	(44.83)
Dividend paid (including Dividend Distribution tax)	(89.78)	(70.58)
	307.07	620.50
<b>Net Cash from Financing Activities ----- C</b>	<b>307.07</b>	<b>620.50</b>
Net Increase/Decrease(-) in Cash and Cash Equivalent (A+B+C)	-51.54	-321.97
Cash and Cash Equivalents as at 1 <sup>st</sup> April (Opening Balance)	97.17	419.14
Cash and Cash Equivalents as at 31 <sup>st</sup> March (Closing Balance)	45.63	97.17
Components of Cash and Cash Equivalents		
Cash on hand	0.03	0.03
Cheques in hand	-	4.08
Balance With Scheduled Banks		
in Current and Cash Credit Accounts	45.17	57.62
in Term Deposits	-	35.00
in Unpaid Dividend Account *	0.43	0.44
	45.63	97.17

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

For **NBS & Co.**  
Chartered Accountants

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

**Dhiren Mehta**  
Partner

**Devdas Bhat**  
Partner

**Gautam Sen**  
Director (Finance)

Dated : 13.05.2013  
Place : Mumbai

**K.C. Prakash**  
Company Secretary

Dated : 13.05.2013  
Place : Mumbai

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

NOTE NO. 1	“SHARE CAPITAL”	AS AT 31.03.2013	AS AT 31.03.2012
	<b>Authorised</b>		
	80,00,00,000 Equity Shares of ₹ 10/- each.	<b>800.00</b>	<b>800.00</b>
	<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

	31.03.2013		31.03.2012	
	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

	31.03.2013		31.03.2012	
	No.	% age of share holding	No.	% age of share holding
<b>EQUITY SHARES</b>				
Government of India	441353888	80.00%	510314900	92.50%
Life Insurance Corporation of India	35566427	6.45%	4808577	0.87%

During the year, Government of India has disinvested 12.5% of its shareholding amounting to 68961012 shares through the Offer for Sale route in the Bombay Stock Exchange on 8th March, 2013.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

NOTE NO. 2	“RESERVES AND SURPLUS”	AS AT	AS AT
		31.03.2013	31.03.2012
<b>General Reserve</b>			
Balance as per last Balance Sheet.		1619.35	1459.88
Add : Transferred from Statement of Profit and Loss		184.09	159.47
		1803.44	1619.35
Closing Balance		1803.44	1619.35
<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>		280.90	249.24
Less : Appropriations			
Proposed Dividend		82.75	77.24
Tax on Dividend		14.06	12.53
Transfer to General Reserve		184.09	159.47
<b>Total Appropriations</b>		280.90	249.24
<b>Net Surplus in the Statement of profit and Loss</b>		–	–
<b>TOTAL</b>		<b>1803.60</b>	<b>1619.51</b>

₹ in Crore

NOTE NO. 3	“LONG TERM BORROWINGS”	NON CURRENT		CURRENT MATURITIES	
		AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2012
<b>SECURED</b>					
<b>Term Loan from Banks</b>					
<b>1 Rupee Loan from Banks</b>					
<b>a. State Bank of Bikaner and Jaipur (SBBJ)</b>					
<p>A term Loan facility aggregating to ₹ 106.41 crore sanctioned by SBBJ availed by the Company are secured by hypothecation with first charge on project assets of Con.Nitric Acid Plant at Trombay &amp; Argon recovery Plant at Thal and pari passu first charge basis on the project assets of Rapidwall Plant at Trombay. The rate of interest is the Bank's base rate plus 0.25% margin per annum and during the year the rate remained at around 10.5%. Repayment of the balance term loan would fall due for ₹ 21.10 crore in F. Y. 2013-14, ₹ 9.10 crore in F.Y. 2014-15 and ₹ 10.24 crore in F.Y. 2015-16.</p>		19.34	40.44	21.10	19.96



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

NOTE NO. 3	“LONG TERM BORROWINGS”	NON CURRENT		CURRENT MATURITIES	
		AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2012
<b>b. New India Cooperative Bank Limited</b>		–	8.00	–	5.33
	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. The loan carries a fixed interest rate @ 8.75% per annum for the first three years from the year of disbursal, after which the rate would be reset by the bank. The said loan has been fully prepaid during the year.				
<b>c. Kotak Mahindra Bank</b>		18.75	37.50	18.75	18.75
	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. The loan carries a floating rate of interest benchmarked to the Bank's PLR with a discount of 6.85% per annum and during the year the rate of interest varied around 11.65% per annum. Repayment of the balance term loan would fall due for ₹ 18.75 crore in F.Y. 2013-14 and ₹ 18.75 crore in F.Y. 2014-15.				
<b>d. Hongkong and Shanghai Banking Corporation (HSBC)</b>		18.00	–	12.00	–
	A loan of ₹ 36 crore availed from Hongkong Shanghai Banking Corporation consequent to the conversion of a portion of loan availed in Euro under FCNR(B) arrangement with the said Bank in the previous year. The said loan is secured by first pari passu charge by way of hypothecation on all movable fixed assets of Ammonium Nitrophosphate Plant at Trombay. The rate of interest is 10% per annum. The repayment of the term loan would be ₹ 12 crore in F.Y. 2013-14, ₹ 12 crore in F.Y. 2014-15 and ₹ 6 crore in F.Y. 2015-16.				
		56.09	85.94	51.85	44.04
<b>2 Foreign Currency Loan / External Commercial Borrowings</b>					
<b>a. Calyon Credit Agricole CIB Singapore (Calyon)</b>		–	1.02	0.95	2.05
	Term Loan of JPY 109,176,141 availed by the Company from Calyon, is secured by hypothecation on pari passu first charge basis on the project assets of Rapidwall Plant at Trombay Unit. The rate of interest on the loan is 6 months JPY LIBOR plus margin of 0.65% per annum. Repayment of the same is ₹ 0.95 crore in F.Y. 2013-14.				

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

NOTE NO. 3	“LONG TERM BORROWINGS”	NON CURRENT		CURRENT MATURITIES	
		AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2012
<b>b. HSBC Bank (Mauritius) Limited</b>		135.97	127.89	–	–
	Term loan of USD 25 Million availed by the Company from HSBC Bank (Mauritius) Limited, 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. The rate of interest is 6 months USD LIBOR plus margin of 2.50% per annum. Repayment of the said loan would fall due for ₹ 7.61 crore in F.Y. 2014-15, ₹ 21.21 crore in F.Y. 2015-16, ₹ 48.41 crore in F.Y. 2016-17 and ₹ 58.74 crore in F.Y. 2017-18.				
<b>c. Capital Expenditure Buyers credit from HSBC Mauritius</b>		24.31	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 outstanding amount under this arrangement. The buyer’s credit arrangement carries an interest at USD LIBOR plus margin of 1.30% per annum. The repayment of buyer’s credit would fall due for ₹ 24.31 crore in F.Y. 2015-16.”				
<b>d. HSBC – FCNR (B) Loan</b>		–	37.55	–	12.00
	A Term 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. The rate of interest is 7.11% per annum. As per agreement, the said loan has been converted into Rupee Term Loan during the year.				
		160.28	189.32	0.95	14.05
	Amount disclosed under the head “OTHER CURRENT LIABILITIES” (Refer Note No. 9)			-52.80	-58.09
	<b>TOTAL</b>	<b>216.37</b>	<b>275.26</b>	<b>–</b>	<b>–</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

<b>NOTE NO. 4 “DEFERRED TAX LIABILITIES (NET)”</b>		<b>AS AT 31.03.2013</b>	<b>AS AT 31.03.2012</b>
<b>A) Deferred Tax Liability:</b>			
Depreciation		316.75	274.84
	<b>TOTAL</b>	<b>316.75</b>	<b>274.84</b>
<b>B) Deferred Tax Asset:</b>			
Provision for doubtful debts/claims		6.79	2.02
Provision for contingent liability		0.86	0.17
Provision for obsolescence of stores		1.42	0.91
Expenditure allowable on payment basis		62.14	57.34
Others		2.49	0.29
	<b>TOTAL</b>	<b>73.70</b>	<b>60.73</b>
<b>Net Deferred Tax Liability</b>		<b>243.05</b>	<b>214.11</b>

₹ in Crore

<b>NOTE NO. 5 “OTHER LONG TERM LIABILITIES”</b>		<b>AS AT 31.03.2013</b>	<b>AS AT 31.03.2012</b>
<b>A) Trade Payables -Non current</b>			
		1.18	1.01
<b>B) Others</b>			
Security Deposit from Vendors		6.42	0.99
Standing Deposit from Customers		34.99	17.44
Deposit from Employees		1.25	0.46
	<b>TOTAL</b>	<b>43.84</b>	<b>19.90</b>

₹ in Crore

<b>NOTE NO. 6 “PROVISIONS”</b>		<b>LONG TERM</b>		<b>SHORT TERM</b>	
		<b>AS AT 31.03.2013</b>	<b>AS AT 31.03.2012</b>	<b>AS AT 31.03.2013</b>	<b>AS AT 31.03.2012</b>
<b>A) Provision for Employee Benefits</b>					
Leave Salary Encashment		70.65	99.67	89.43	53.70
Post Retirement Medical Benefits		33.20	27.39	2.70	2.51
Others (Refer Note. No. 38)		–	–	2.53	0.53
		<b>103.85</b>	<b>127.06</b>	<b>94.66</b>	<b>56.74</b>
<b>B) Other Provisions</b>					
Proposed Dividend		–	–	82.75	77.24
Tax on Dividend		–	–	14.06	12.53
		–	–	96.81	89.77
	<b>TOTAL</b>	<b>103.85</b>	<b>127.06</b>	<b>191.47</b>	<b>146.51</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

NOTE NO. 7	“SHORT TERM BORROWINGS”	AS AT 31.03.2013	AS AT 31.03.2012
<b>SECURED:</b>			
<b>A. Working Capital facilities from Bank</b>			
	Cash Credit from banks	3.98	19.07
	Working Capital Demand Loan (includes an amount of ₹ 127.52 crores under a special banking arrangement secured by hypothecation of specific subsidy claims to be settled by DOF/FICC)	817.52	–
	Total Secured	821.50	19.07
<b>UNSECURED:</b>			
	Foreign currency loans from banks-Buyers Credit	515.34	890.88
	Rupee loans from banks	120.00	–
	Total Unsecured	635.34	890.88
	<b>TOTAL</b>	<b>1456.84</b>	<b>909.95</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, and book debts and consumable stores and spares. The said arrangement carries a rate of interest which varied between 9% to 10% per annum during the year.

₹ in Crore

NOTE NO. 8	“TRADE PAYABLES”	AS AT 31.03.2013	AS AT 31.03.2012
	Trade Payables (Refer Note No. 34)	738.07	1264.13
	<b>TOTAL</b>	<b>738.07</b>	<b>1264.13</b>

₹ in Crore

NOTE NO. 9	“OTHER CURRENT LIABILITIES”	AS AT 31.03.2013	AS AT 31.03.2012
	Current maturities of long term borrowings (Refer Note No. 3)	52.80	58.09
	Interest accrued but not due on borrowings	7.47	5.78
	Income received in advance	31.66	33.26
	Unclaimed dividend (*)	0.43	0.44
	Sub Total	92.36	97.57
<b>Other Payables</b>			
	Creditors on Capital Account	51.96	28.45
	Trade Deposit from Customers	47.72	44.44
	Earnest Money Deposit & Security Deposit from Vendors	37.34	36.41
	Subsidy on unsold stock	189.12	147.25
<b>Statutory Dues:</b>			
	Withholding taxes	5.53	2.19
	VAT / Sales tax	5.25	4.28
	Other taxes	3.28	3.80
<b>Other Liabilities:</b>			
	Ex-gratia & employee benefits	27.67	84.20
	Overdrawn balances in Current Account	1.57	3.28
	Others (Refer Note No. 34)	13.77	21.69
	Sub Total	383.21	375.99
	<b>TOTAL</b>	<b>475.57</b>	<b>473.56</b>

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

NOTE No. 10											
FIXED ASSETS											
Description	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION					NET BLOCK	
	AS AT 31.03.2012	Of Additions/ Adjust- ments	Of Deductions/ Adjust- ments	AS AT 31.03.2013	UPTO 31.03.2012	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2013	Impair- ment Loss ***	AS AT 31.03.2013	AS AT 31.03.2012
<b>Tangible Assets:</b>											
Land (Freehold)	10.79	–	–	10.79	–	–	–	–	–	10.79	10.79
Land (Leasehold)	14.11	–	–	14.11	2.08	0.47	–	2.55	–	11.56	12.03
Roads & Culverts	11.08	3.07	–	14.15	3.84	0.20	–	4.04	–	10.11	7.24
Buildings	161.84	8.88	0.03	170.69	107.22	4.65	0.03	111.84	–	58.85	54.62
Railway sidings	50.22	–	–	50.22	38.84	0.75	–	39.59	–	10.63	11.38
Plant & Machinery	3078.95	163.01	0.12	3241.84	1813.64	117.52	0.09	1931.07	61.95	1248.82	1244.03
Water System, Sewerage & Drainage	22.61	–	–	22.61	19.20	0.29	–	19.49	–	3.12	3.41
Miscellaneous Equipments	79.75	11.83	0.03	91.55	51.10	3.47	0.03	54.54	–	37.01	28.65
Furniture, Fixtures & Office Appliances	46.88	5.29	0.61	51.56	27.42	3.76	0.48	30.70	–	20.86	19.46
Transport Vehicles	4.97	0.94	–	5.91	2.92	0.42	–	3.34	–	2.57	2.05
<b>Intangible Assets</b>											
Computer Software	10.76	0.31	0.02	11.05	7.99	1.39	–	9.38	–	1.67	2.77
<b>Assets held for disposal</b>	0.72	–	–	0.72	–	–	–	–	–	0.72	0.72
<b>TOTAL</b>	<b>3492.68</b>	<b>193.33</b>	<b>0.81</b>	<b>3685.20</b>	<b>2074.25</b>	<b>132.92</b>	<b>0.63</b>	<b>2206.54</b>	<b>61.95</b>	<b>1416.71</b>	<b>1397.15</b>
Previous Year Figures	3245.25	260.09	12.66	3492.68	1961.98	122.68	10.41	2074.25	21.28	1397.15	

## Notes :

1. Depreciation/Impairment on tangible assets provided during the year  
Amortisation on intangible assets during the year

	Year Ended March 2013	Year Ended March 2012
	172.18	142.00
	1.39	1.11
	173.57	143.11
	173.15	142.44
	0.04	0.04
	0.38	0.63
	173.57	143.11

3. Land at Thal included in Gross Block (at cost) at ₹ 2.33 crores is subject to final revision in price.

4. Additions/Adjustments include the following

Exchange Differences  
Borrowing Costs

Item of Asset  
Plant & Machinery

	Year Ended March 2013	Year Ended March 2012
	18.04	2.57
	0.52	3.99
	18.56	6.56

5. 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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

NOTE NO. 11	“NON-CURRENT INVESTMENTS”	AS AT 31.03.2013	AS AT 31.03.2012
<b>Unquoted Trade Investments (Fully paid up):</b>			
<b>a</b>	<b>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</b>	<b>Joint Ventures</b>		
	FACT-RCF Building Products Ltd. (176,90,000 equity shares (P.Y. 176,90,000) of ₹ 10 each) (Under lock in period upto 31 <sup>st</sup> March, 2018)	17.69	17.69
	Urvarak Videsh Ltd. (1,80,000 equity shares (P.Y. 1,80,000) of ₹ 10 each)	0.18	0.18
	RCF HM Construction Solutions Pvt. Ltd. (50,000 equity shares of ₹ 10 each) (Under lock in period upto 5 <sup>th</sup> April, 2014)	0.05	0.05
	Less:- Provision for Diminution in the value of investment	(0.05)	(0.05)
		17.87	17.87
<b>c</b>	<b>Others</b>		
	Indian Potash Limited (3,36,600 equity shares of ₹ 10 each)	0.17	0.17
	<b>TOTAL</b>	<b>18.04</b>	<b>18.04</b>
	Aggregate Provision for diminution in the value of investments	0.08	0.08
	Refer Note No. 40		

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

NOTE NO. 12	“LOANS AND ADVANCES”	NON CURRENT		CURRENT	
		AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2012
	Capital Advances – Unsecured Considered good	14.20	8.62	–	–
	Considered Doubtful	1.13	1.15	–	–
	Less : Provision	(1.13)	(1.15)	–	–
		14.20	8.62	–	–
	Security Deposits – Unsecured Good *	17.09	16.95	1.34	1.43
	Considered Doubtful	0.18	–	–	–
	Less : Provision	0.18	–	–	–
		17.09	16.95	1.34	1.43
	<b>Loans and Advances to other State Controlled Enterprises</b>				
	Unsecured – Considered Good	1.43	0.81	2.39	–
	Considered Doubtful	0.02	0.02	–	–
	Less:Provision	0.02	0.02	–	–
		1.43	0.81	2.39	–
	<b>Loans:</b>				
	– <b>Employees</b>				
	Secured Considered Good (Incl accrued interest C.Y ₹ 8.10 crore, P.Y. ₹ 9.98 crore)	3.49	9.82	5.29	1.31
	Unsecured Considered Good	–	–	–	–
		3.49	9.82	5.29	1.31
	<b>ADVANCES RECOVERABLE IN CASH OR IN KIND.</b>				
	<b>Unsecured - Considered Good</b>				
	Contractors	–	–	51.44	60.14
	Employees	1.38	0.02	2.00	0.19
	VAT Receivable	59.23	62.21	–	–
	Others	0.15	0.08	5.04	19.59
		60.76	62.31	58.48	79.92
	Considered Doubtful – Others	10.77	2.67	–	–
	Less : Provision for doubtful advances	(10.77)	(2.67)	–	–
		–	–	–	–
	Advance Income Tax (Net of Provision)	25.55	18.36	–	–
	Deposits with Customs,Port Trust etc.	0.85	0.84	3.63	2.31
	Prepaid expenses	1.40	1.09	0.23	0.07
	<b>TOTAL</b>	<b>124.77</b>	<b>118.80</b>	<b>71.36</b>	<b>85.04</b>
	Advances to employees include				
	Dues from Directors			–	0.02

\* Refer Note No. 25.8

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

NOTE NO. 13	“OTHER ASSETS”	NON CURRENT		CURRENT	
		AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2012
<b>UNSECURED-CONSIDERED GOOD, UNLESS OTHERWISE STATED</b>					
	Unamortized Premium on Forward contracts			0.18	9.44
	Interest Accrued			0.17	2.49
	Other Receivables	13.78	10.86	29.90	29.14
	Other Receivables – Considered Doubtful	2.82	0.28	–	–
	Less: Provision for doubtful Receivables	(2.82)	(0.28)	–	–
	Advance against Equity Pending allocation	5.69	5.69		
	Less: Provision towards diminution in value	0.51	0.51		
	(Refer Note No. 40)	5.18	5.18	–	–
	<b>TOTAL</b>	<b>18.96</b>	<b>16.04</b>	<b>30.25</b>	<b>41.07</b>

₹ in Crore

NOTE NO. 14	“INVENTORIES”	AS AT 31.03.2013	AS AT 31.03.2012
	Raw materials	274.48	309.17
	Finished Goods	307.76	180.07
	Stock in Trade/Bought out Products	207.80	334.21
	Intermediary Products	26.53	18.26
	By products	9.51	11.63
	Stores & Spares, packing materials and Petroleum products	382.82	326.90
	Less: Provision for Obsolescence/Loss under Investigation	4.19	2.81
		378.63	324.09
	Certified Emission Reduction Credits (Refer Note No. 42) (No. of Units C.Y.276224, P.Y.152013)	0.35	0.28
	<b>TOTAL</b>	<b>1205.06</b>	<b>1177.71</b>
<b>Inventory Includes:</b>			
i)	In Transit		
	Raw Materials	–	49.99
	Finished Goods	52.70	29.07
ii)	Stores and Spares		
a)	Under inspection	3.62	4.97
b)	Platinum & Rhodium stolen in earlier year and under investigation which is not available for verification	0.21	0.21
c)	With fabricators	20.75	15.29



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

NOTE NO. 15	“TRADE RECEIVABLES”	NON CURRENT		CURRENT	
		AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2012
<b>Overdue for a period exceeding six months</b>					
<b>Secured-considered good</b>					
Debtors		–	–	0.26	0.03
Claims		–	–	–	–
		–	–	0.26	0.03
<b>Unsecured-considered good</b>					
Debtors		–	–	–	0.13
Claims		–	–	308.29	254.77
		–	–	308.29	254.90
<b>Other Debts</b>					
<b>Secured-considered good</b>					
Debtors				57.88	72.15
Claims				–	–
				57.88	72.15
<b>Unsecured-considered good</b>					
Debtors				385.72	209.42
Claims				1827.06	1441.74
				2212.78	1651.16
Debtors Unsecured Considered Doubtful		0.04	0.05		
Debtors Unsecured Considered Bad		–	0.04		
Less: Provision for doubtful debts		(0.04)	(0.05)		
Less: Provision for bad debts		–	(0.04)		
		–	–		
Claims - Considered Doubtful		5.02	1.99		
Less: Provision for doubtful		(5.02)	(1.99)		
		10.04	3.98		
Sub Total - Sundry Debtors		–	–	443.86	281.73
Sub Total - Claims		–	–	2135.35	1696.51
	<b>TOTAL</b>	–	–	<b>2579.21</b>	<b>1978.24</b>

₹ in Crore

NOTE NO. 16	“CASH AND BANK BALANCES”	AS AT 31.03.2013	AS AT 31.03.2012
<b>Cash and Cash Equivalents</b>			
Cash on hand		0.03	0.03
Cheques in hand		–	4.08
Deposits with original maturity less than 3 months		–	35.00
In Current and Cash Credit accounts		45.17	57.62
In unpaid Dividend Account		0.43	0.44
		45.63	97.17
<b>Other Bank Balances</b>			
Deposits with original maturity more than 3 months but less than 12 months		130.00	495.00
Margin money deposit		0.11	0.11
		130.11	495.11
	<b>TOTAL</b>	<b>175.74</b>	<b>592.28</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

NOTE NO. 17 "REVENUE FROM OPERATIONS"		Year Ended March 2013	Year Ended March 2012
<b>1. Sales</b>			
<b>A. Manufactured Products</b>	17A		
Fertilizers		2114.69	1748.40
Industrial Products		1139.38	865.61
		3254.07	2614.01
Less : Excise duty		(144.17)	(98.51)
		3109.90	2515.50
<b>B. Bought-out Products</b>	17A		
Fertilizers		724.26	957.17
Net Sales		3834.16	3472.67
<b>2. Other Operating Revenues</b>			
Subsidy on Urea & Complex Fertilizers	17B	3041.45	2928.04
Sale of Scrap		6.48	22.56
Management Fees – For Services rendered		12.40	10.44
<b>TOTAL</b>		<b>3060.33</b>	<b>2961.04</b>
<b>Revenue from Operations (Net)</b>		<b>6894.49</b>	<b>6433.71</b>

₹ in Crore

NOTE NO. 17A "SALES – PRODUCT WISE BREAK-UP"	Year Ended March 2013	Year Ended March 2013	Year Ended March 2012	Year Ended March 2012
	Quantity (M.T)	Value	Quantity (M.T)	Value
<b>1 Manufactured</b>				
<b>A. Fertilizers</b>				
Urea	1,811,499	943.20	1,974,854	1023.17
Suphala 15 : 15 : 15	446,666	654.70	410,009	401.90
Suphala 20 : 20 : 0 (Ammonium Nitrate Phosphate)	135,075	206.26	176,932	200.77
Neem coated Urea	475,327	259.65	76,801	41.86
Boronated Suphala	15,453	24.19	30,263	35.83
Others	–	26.69	–	44.87
	2,884,020	2114.69	2,668,860	1748.40
<b>B. Industrial Products</b>				
Methanol	52,994	133.78	50,669	109.46
Ammonia	105,429	417.94	88,215	266.47
Dilute Nitric Acid	14,278	23.41	12,598	23.20
Concentrated Nitric Acid	33,031	58.12	36,633	63.15
Ammonium Bi-carbonate	27,621	46.24	26,757	34.48

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

NOTE NO. 17A	“SALES – PRODUCT WISE BREAK-UP”	Year Ended	Year Ended	Year Ended	Year Ended
		March 2013	March 2013	March 2012	March 2012
		Quantity (M.T)	Value	Quantity (M.T)	Value
	Sodium Nitrate	1,680	5.72	1,620	5.06
	Sodium Nitrite	2,778	10.03	3,337	11.75
	Methylamines	11,889	83.35	13,250	86.79
	Ammonium Nitrate Melt	100,232	246.40	79,627	172.42
	Dimethyl Formamide	3,549	24.65	3,364	21.19
	Dimethyl Acetamide	3,020	24.50	3,154	23.27
	Argon Gas / Liquid Argon	9,039	17.03	8,768	16.37
	Formic Acid	6,587	30.46	5,208	22.38
	Others	–	17.75	–	9.62
			1139.38		865.61
<b>2.</b>	<b>Bought-out Products</b>				
<b>A</b>	<b>Fertilizers</b>				
	Imported Di Ammonium Phosphate	113,503	266.33	46,796	89.50
	Imported Muriate of Potash	142,363	232.71	218,354	240.19
	Imported Urea	83,612	43.31	1,093,067	565.79
	Single Super Phosphate	39,230	27.41	21,211	9.65
	Imported NPK 20:20:0	20,423	30.01	8,639	11.71
	Imported DAP Lite	–	–	20,823	25.46
	Ammonium Sulphate	10,527	12.37	1,277	1.05
	Traded DAP	36,524	86.08		
	Others	–	26.04	–	13.82
			724.26		957.17
	<b>TOTAL</b>		<b>3978.33</b>		<b>3571.18</b>

₹ in Crore

NOTE NO. 17B	“SUBSIDY”	Year Ended	Year Ended
		March 2013	March 2012
<b>Manufactured Fertilizers</b>			
	Price	2216.12	1742.06
	Freight	349.22	285.81
		2565.34	2027.87
<b>Bought-out Fertilizers</b>			
	Price	435.12	749.54
	Freight	40.99	150.63
		476.11	900.17
	<b>TOTAL</b>	<b>3041.45</b>	<b>2928.04</b>

Refer Note No. 32 &amp; 33

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

NOTE NO. 18	“OTHER INCOME”	Year Ended March 2013	Year Ended March 2012
<b>Interest Income</b>			
	On Loans to Employees	0.05	0.09
	On Deposits with Bank and Others	25.91	28.16
	From Customers	0.61	0.55
	On Income Tax Refunds	2.43	–
	On Government Bonds	–	7.74
	From Others	0.16	0.04
	<b>TOTAL</b>	<b>29.16</b>	<b>36.58</b>
<b>Other Income</b>			
	Lease rent for railway wagons	–	0.71
	Dividend from Trade Investment	0.08	0.08
	Dividend from other than Trade Investment	5.18	5.97
	Profit on sale of fixed assets (Net)	0.06	0.56
	Bad debts recovered	0.84	6.19
	Provisions for Doubtful debts/advances/obsolescence no longer required	0.82	27.76
	Liabilities/Provisions for expenses of earlier years no longer required	3.04	10.80
	Rent received, recovery of electricity etc.	20.52	21.95
	Compensation on sale of fertilizers bonds (net)	–	19.20
	Lease compensation of railway siding	8.90	9.07
	Miscellaneous Income	24.39	27.86
		<b>63.83</b>	<b>130.15</b>
	Less: Transfer to Research and Development Expenses (Refer Note No. 24C)	–	(0.01)
		<b>92.99</b>	<b>166.72</b>

₹ in Crore

NOTE NO. 19	“COST OF MATERIALS CONSUMED”	Year Ended March 2013	Year Ended March 2012
Raw Materials	19A	2490.82	2044.80
Packing Materials		109.05	116.29
	<b>TOTAL</b>	<b>2599.87</b>	<b>2161.09</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

NOTE NO. 19A "ITEMWISE BREAKUP OF MATERIALS CONSUMED"	Year Ended March 2013	Year Ended March 2013	Year Ended March 2012	Year Ended March 2012
	Quantity (M.T)	Value	Quantity (M.T)	Value
<b>RAW MATERIALS</b>				
Rock Phosphate	224,269	272.10	246,943	240.11
Di-Ammonium Phosphate	–	–	13,397	41.48
Mono-Ammonium Phosphate	84,487	251.74	67,730	198.49
Muriate of Potash	121,647	357.64	117,228	272.58
Sulphur	24,220	27.62	28,059	31.49
Soda Ash	3,695	7.37	2,887	5.05
Sulphuric Acid	7,017	2.81	–	2.28
Associated Gas (Quantity in '000 M3) (APM)	92,022	75.64	84,915	55.26
Natural Gas (Quantity in '000 M3) (PMT/RIL)	950,724	1151.94	910,879	983.74
Natural Gas (Quantity in '000 M3) (RLNG-spot/Mid Term Gas)	86,438	297.90	51,484	158.38
Others	–	46.06	–	55.94
<b>TOTAL</b>		<b>2490.82</b>		<b>2044.80</b>

₹ in Crore

NOTE NO. 20 "PURCHASES OF STOCK IN TRADE"	Year Ended March 2013	Year Ended March 2013	Year Ended March 2012	Year Ended March 2012
	Quantity (M.T)	Value	Quantity (M.T)	Value
Imported Urea	62,401	44.23	1,116,575	760.48
Imported Di Ammonium Phosphate	122,857	423.89	72,555	275.49
Imported Muriate of Potash	108,181	308.63	273,704	712.92
Imported Sulphur	–	–	2,530	3.94
Imported DAP Lite	–	–	26,252	58.96
Single Super Phosphate (Granulated)	21,819	13.54	15,606	6.50
Imported Suphala : 20:20:0	–	–	29,882	68.58
Ammonium Sulphate	10,527	11.08	1,277	1.02
Imported Suphala 19:19:19	–	–	1,600	8.91
Imported SOP	–	–	3,750	12.70
Others	28	99.00	–	1.92
<b>TOTAL</b>		<b>900.37</b>		<b>1911.42</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

NOTE NO. 21	“CHANGES IN INVENTORIES”	Year Ended March 2013	Year Ended March 2012	
<b>Opening Stock</b>				
	Finished Goods	21A	180.07	52.91
	Intermediary Products		18.26	18.55
	By-Products		11.63	8.20
	Stock in trade	21A	334.21	2.91
	Carbon Credits		0.28	0.28
	Sub-Total		544.45	82.85
<b>Closing stock</b>				
	Finished Goods	21B	307.76	180.07
	Intermediary Products		26.53	18.26
	By-Products		9.51	11.63
	Stock in trade	21B	207.80	334.21
	Carbon Credits		0.35	0.28
	Sub-Total		551.95	544.45
<b>Changes in Inventories</b>			<b>(7.50)</b>	<b>(461.60)</b>
	Differential Excise duty on stocks of Finished goods		0.48	2.39
	<b>TOTAL</b>		<b>(7.02)</b>	<b>(459.21)</b>

₹ in Crore

NOTE NO. 21A	“OPENING STOCK – PRODUCT WISE BREAK-UP”	Year Ended March 2013	Year Ended March 2013	Year Ended March 2012	Year Ended March 2012
		Quantity (M.T)	Value	Quantity (M.T)	Value
<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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

NOTE NO. 21A	"OPENING STOCK – PRODUCT WISE BREAK-UP"	Year Ended	Year Ended	Year Ended	Year Ended
		March 2013	March 2013	March 2012	March 2012
		Quantity (M.T)	Value	Quantity (M.T)	Value
<b>2. Bought-out Products</b>					
	Fertilizers				
	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

₹ in Crore

NOTE NO. 21B	"CLOSING STOCK – PRODUCT WISE BREAK-UP"	Year Ended	Year Ended	Year Ended	Year Ended
		March 2013	March 2013	March 2012	March 2012
		Quantity (M.T)	Value	Quantity (M.T)	Value
<b>Finished Goods</b>					
<b>1. Manufactured</b>					
<b>A. Fertilizers</b>					
	Urea (Trombay)	16,725	21.58	15,650	17.33
	Urea (Thal)	111,229	124.61	64,708	61.09
	Complex Fertilizers	54,111	126.25	42,505	80.79
	Others		29.12	–	12.68
<b>B. Industrial Products</b>					
	Methanol	1,301	3.11	1,788	3.61
	Concentrated Nitric Acid	34	0.05	149	0.20
	Ammonium Bi-carbonate	158	0.17	66	0.06
	Sodium Nitrate	103	0.34	31	0.11
	Sodium Nitrite	100	0.35	43	0.16
	Methylamines	47	0.11	292	1.33
	Ammonium Nitrate Melt	45	0.07	43	0.07
	Dimethyl Formamide	44	0.30	93	0.54
	Dimethyl Acetamide	8	0.05	25	0.16
	Argon Gas / Liquid	54	0.08	78	0.13
	Formic Acid	176	0.79	309	1.14
	Others	–	0.78	–	0.67
			307.76		180.07
<b>2. Bought-out Products</b>					
	Fertilizers				
	Imported Di Ammonium Phosphate	37,091	127.81	25,552	101.76
	Imported Muriate of Potash	17,297	51.56	52,065	138.66
	Imported Urea	1,085	0.90	22,593	18.68
	Single Super Phosphate	14,529	11.65	9,555	7.41
	Water Soluble Fertilizers	1,282	7.23	1,600	9.24
	Imported NPK 20:20:0	741	1.82	21,172	50.68
	Sulphate of Potash	229	0.80	1,438	5.01
	Traded DAP	2,716	6.03	–	–
	Others	–	–	–	2.77
			207.80		334.21
	<b>TOTAL</b>		<b>515.56</b>		<b>514.28</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

<b>NOTE NO. 22</b> <b>“EMPLOYEE BENEFITS EXPENSE”</b>	<b>Year Ended March 2013</b>	<b>Year Ended March 2012</b>
Salaries,Wages and Bonus	378.51	345.10
Contribution to Provident Fund and other funds	37.97	28.49
Contribution to Gratuity Fund	10.21	13.40
Workmen and Staff Welfare Expenses	44.33	36.85
	<b>471.02</b>	<b>423.84</b>
Less: Salaries,Wages, Bonus and contribution to Provident Fund & Other funds Included in :		
Research and Development (Refer Note No. 24C)	2.89	2.07
Share recoverable from Thal Ammonia Extension and Others	18.73	19.77
	<b>21.62</b>	<b>21.84</b>
<b>TOTAL</b>	<b>449.40</b>	<b>402.00</b>

₹ in Crore

<b>NOTE NO. 23</b> <b>“FINANCE COSTS”</b>	<b>Year Ended March 2013</b>	<b>Year Ended March 2012</b>
On Term Loans-From Banks	19.83	20.58
On Working capital from Banks	38.49	8.02
On other loans and deposits	2.77	2.93
Forward Cover Premium	22.16	14.06
On Other Borrowing & Finance Costs	5.00	3.74
<b>TOTAL</b>	<b>88.25</b>	<b>49.33</b>

₹ in Crore

<b>NOTE NO. 24</b> <b>“OTHER EXPENSES”</b>	<b>Year Ended March 2013</b>	<b>Year Ended March 2012</b>
Stores and Spares	36.71	39.71
Power and fuel	1180.19	970.57
Water Charges	56.45	40.51
Repairs and Maintenance	174.82	141.02
Freight and Handling Charges	597.64	609.48
Rent	11.94	6.23
Rates and Taxes	6.08	8.47
Insurance	9.19	8.01
Discounts and Rebates on sales	143.25	75.63
Miscellaneous Expenses	187.16	119.30
Less: Transferred to Research & Development Expenses (Refer Note No. 24C)	(0.09)	(0.01)
	<b>2403.34</b>	<b>2018.92</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

NOTE NO. 24A "REPAIRS AND MAINTENANCE"	Year Ended March 2013	Year Ended March 2012
Plant and Machinery	107.57	99.76
Buildings	38.35	34.35
Other Assets	28.97	7.03
	174.89	141.14
Less: Transferred to Research & Development Expenses (Refer Note No. 24C)	(0.07)	(0.12)
<b>TOTAL</b>	<b>174.82</b>	<b>141.02</b>

₹ in Crore

NOTE NO. 24B "MISCELLANEOUS EXPENSES"	Year Ended March 2013	Year Ended March 2012
Security expenses-Factory and Others	25.45	20.87
Electricity Charges-Township and Offices	5.37	4.03
Advertisement	9.73	6.51
Bank Charges	2.25	3.20
Promotion and Publicity	4.99	2.95
Hire Charges for vehicles	4.09	3.36
Travelling expenses	7.50	6.09
Miscellaneous expenses *	37.10	22.43
Entertainment Expenses	0.08	0.14
Research and Development expenses 24C	3.52	6.48
Loss on Fixed Assets Sold / Discarded	0.10	2.11
Losses/ Damages and other amounts written off **	2.23	1.11
Foreign exchange Loss / (Gain)	64.38	14.83
Loss on sale / Mark To Market valuation of Government Bonds and Equity Investment	-	8.17
Corporate Social Responsibility expenses ***	9.05	8.49
Duties and Taxes	12.04	-
Provision for Doubtful Debts / Claims / Advances	14.60	2.20
Provision for obsolescence of stores	1.37	0.94
Bad debts written off	0.80	19.31
Prior period Items – Debit (+) / Credit (-) 24D	0.36	1.59
Adjustment towards share of common expenses recoverable from TAE / TDP	(17.85)	(15.51)
<b>TOTAL</b>	<b>187.16</b>	<b>119.30</b>

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

\*\* Refer Note No. 50

\*\*\* Refer Note No. 44

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

<b>NOTE NO. 24C “RESEARCH &amp; DEVELOPMENT EXPENSES”</b>	<b>Year Ended March 2013</b>	<b>Year Ended March 2012</b>
Salaries and Staff Welfare Expenses	2.89	2.07
Repairs and Maintenance	0.07	0.12
Depreciation	0.04	0.04
Other Expenses	0.50	4.24
Handling charges	0.02	–
Sub Total	3.52	6.47
Less: Transferred from Other Income (C.Y. ₹ 15265, P.Y. ₹ 52010)	–	(0.01)
<b>TOTAL</b>	<b>3.52</b>	<b>6.48</b>

₹ in Crore

<b>NOTE NO. 24D “PRIOR PERIOD ITEMS”</b>	<b>Year Ended March 2013</b>	<b>Year Ended March 2012</b>
<b>Debits / Credits (-)</b>		
Interest	(0.02)	–
Depreciation	0.38	0.63
Others	–	0.96
<b>TOTAL</b>	<b>0.36</b>	<b>1.59</b>

## A. Statement of Significant Accounting Policies forming Part of Accounts for the year ended 31<sup>st</sup> March, 2013

### 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.

#### Presentation and disclosure of financial statements

As per criteria set out in the revised Schedule VI notified under the Act, all assets and liabilities have been classified as current or non-current 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. Use of Estimates:

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and

actions, actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively when revised, in current and future periods.

### 3. Fixed Assets

3.1 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.

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

3.3 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.

### 4. 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 up to ₹ 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.

#### 5. 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.

#### 6. 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.

#### 7. 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 items denominated in foreign currency are translated at the rates of exchange prevalent on the Balance Sheet date. The resultant exchange differences are recognized in the Statement of Profit and Loss. Non-monetary items are recorded at the rates prevalent on the date of the transaction.

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 and Loss in the period in which they arise.

#### 8. Derivative Instruments

The Company uses derivative financial instruments such as forward contracts and options to hedge its exposure associated with foreign currency fluctuations. These derivative instruments are accounted as follows:-

- (a) For forward contracts (including instruments which are in substance forward contracts) which are not intended for trading or speculative purposes, the premium or discount on such contracts i.e. (difference between the contract rate and the spot rate on the date of the contract) is recognized as expense or income in the Statement of Profit and Loss over the life of the contract.
- (b) Outstanding Derivative contracts, other than those covered under Accounting Standard-11 as at the Balance sheet date are marked to market and loss on valuation is recognized in the Statement of Profit and Loss. Gains if any are ignored in line with the principle of prudence enunciated in Accounting Standard-1, Disclosure of Accounting policies as per the announcement of Institute of Chartered Accountants of India.

#### 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

15.1.1 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.

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

15.1.3 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.

15.1.4 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 activity is recognized separately and charged to Statement of Profit and Loss. Expenditure on development activities is capitalized when its future economic benefits can reasonably be regarded as assured.

### 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.

18.10 Income from sale of Certified Emissions Reductions (CER's) / Voluntary Emissions Reductions (VER's) is recognized on delivery and confirmation of the same by the concerned authorities.

18.11 Debits/Credits Relating to Prior period

Income and expenditure pertaining to earlier period and up to ₹ 1,00,000/- in each case, are not being classified as relating to "prior period".

18.12 Prepaid Expenses

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

### 19. Government Grants

Government grants are recognized when there is a reasonable assurance that the same will be received and conditions stipulated for its entitlement are complied with. Revenue grants are recognized in the Statement of Profit and Loss. They are adjusted to the related item of expense. Capital grants are reduced from the Gross Value

of the respective assets. Other capital grants in the nature of Promoter's contribution are credited to capital reserve.

### 20. 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, 2013

### 25. CONTINGENT LIABILITIES NOT PROVIDED FOR:

25.1 Claims against the Company not acknowledged as debts to the extent ascertainable (Interest cannot be estimated reliably) aggregates to ₹ 23.62 crore (Previous year ₹ 23.81 crore) which include the following:

- 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.
- SCADA charges claimed by M/s GAIL (I) Ltd. ₹ 1.47 crore (P.Y. ₹ 1.47 crore) & water charges claimed by Municipal Corporation of Greater Mumbai. ₹ 0.41 crore, (P.Y. ₹ 0.21 crore).
- Claims before arbitrators/courts, are ₹ 13.41 crore (previous year ₹ 13.79 crore).

25.2 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).

25.3 Show cause notices issued by Excise Authorities aggregating to ₹ 131.03 crore (Previous year ₹ 4.09 crore), disputed by the company.

25.4 Demand raised by Excise Authorities (other than as mentioned in Para 25.3) and other authorities aggregating to ₹ 21.66 crore (Previous year ₹ 20.90 crore), disputed by the company.

25.5 a) Demands raised by Income Tax Authorities, disputed by the company aggregating to ₹ 21.56 crore (Previous year ₹ 316.85 crore), against which the amount of ₹ 4.05 crore has been deposited with Tax authorities.

b) Demands raised by Sales Tax Authorities, disputed by the company aggregating to ₹ Nil (previous year ₹ 3.57 crore)

c) Demands raised by Service Tax Authorities, disputed by the company aggregating to ₹ 15.20 crore (previous year ₹ 0.15 crore)

d) Demand raised by Custom Authorities (other than as mentioned in Para 26.9) disputed by the company aggregating to ₹ 80.93 crore (previous year ₹ 80.77 crore).

25.6 The amount of claims in respect of legal cases filed against the Company for labour matters and not acknowledged as debts is not ascertainable.

25.7 CESTAT vide its order No.A/270-271/12/EB/C-II dated 27.03.2012 confirmed the demand of excise duty as per the Order in Original issued by Commissioner Excise LTU amounting to ₹ 9.66 crore, interest at appropriate rate and a reduced penalty of ₹ 4.67 crore in respect 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 November 1996 to February 2005. Company's appeal against the above order was set aside by Bombay High Court during the year, consequent to which the demand was enforced for payment. Company has deposited an amount of ₹ 9.66 crore towards duty demanded. Company has appealed against the order of CESTAT and also filed a Stay application against demand of interest and penalty in Hon'ble Supreme Court. While granting the Stay, Hon'ble Supreme Court directed the Company to deposit an amount of ₹ 2.00 crore towards penalty as against ₹ 4.67 crore originally demanded, which has since been deposited. Company has charged to Statement of Profit and Loss an amount of ₹ 11.66 crore towards the same.

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.

25.8 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 Note no.12) representing approximately 50% of the disputed demand which would be adjustable 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.

- 25.9 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 20th June 2007, Bombay High Court stayed the order passed by the Commissioner of Customs and also against invoking the bank guarantees. The Company has renewed the Bank guarantees. Bombay High Court has now ordered CESTAT to hear the Appeal filed by RCF 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.

26. Estimated amount of contracts remaining to be executed on capital account and not provided for aggregates to ₹ 130.36 crore (Previous year ₹ 96.70 crore) net of advances.
27. The Company has acquired entire wagons (416 wagons) originally under lease from SBI Leasing Group. 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 ₹ 4.94 crore (Previous year ₹ 5.65 crore). Period wise classification of which is as below.

₹ crore

	Year ended 31-3-2013	Year ended 31-3-2012
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	1.41	2.12
<b>Total</b>	<b>4.94</b>	<b>5.65</b>
Lease rent (Income) recognized in Statement of Profit & Loss	-	0.71

Owing to uncertainty of receipt of lease rent from Indian Railways, Company has not recognized any income towards the same during the year.

28. 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 409582 sq. mts (P.Y.465340) are yet to be transferred in the name of the Company.
29. 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.
30. 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.
31. Inventory includes stores and spares costing ₹ 6.70 crore (previous year ₹ 5.37 crore) declared as surplus. The amount includes stores/spares valued at ₹ 4.18 crore (Previous year ₹ 2.76 crore) identified as disposable surplus and which on disposal may not fetch full book value and accordingly, provision of ₹ 3.97 crore (previous year ₹ 2.60 crore) has been made on account of estimated loss on disposal thereof.
32. 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	2012-13			2011-12		
	Urea	P&K Fertilizers*	Imported Urea	Urea	P&K Fertilizers*	Imported Urea
For the Year	400.65	(18.29)	0.27	183.80	(39.29)	3.11
<b>Total</b>	<b>400.65</b>	<b>(18.29)</b>	<b>0.27</b>	<b>183.80</b>	<b>(39.29)</b>	<b>3.11</b>

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

33. Consequent to revamp of its Ammonia Plant at Thal, the production of Urea during the year has exceeded the qualifying level of production upon which it becomes entitled for subsidy as per the guidelines issued under the New Investment Policy for Urea 2008. Considering the same an amount of ₹ 79.64 crore has been recognized as subsidy income.

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

₹ crore

Sr. No.	Particulars	2012-13	2011-12
1	Principal amount remaining unpaid as on 31 <sup>st</sup> March	0.09	0.09
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 given in Annexure-1.

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

Company is under the administrative control of Ministry of Chemicals & Fertilizers, Government of India and is within the meaning of state controlled enterprise as per para 10.13 of Accounting Standard-18.

#### 1) Key Management Personnel

Whole time Directors:-

- Shri. R.G. Rajan, Chairman & Managing Director
- Shri. Gautam Sen Director (Finance)
- Shri. CMT Britto, Director (Technical) from 11<sup>th</sup> April, 2012
- Shri. Ashok Kumar Ghasghase, Director (Marketing) from 16th August, 2012
- Shri. Manoj Priya, Director (Technical) upto 30<sup>th</sup> September 2011.

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

Remuneration: -

₹ crore

Particulars	2012-13	2011-12
Shri. R.G. Rajan	0.42	0.27
Shri. Gautam Sen	0.37	0.29
Shri. CMT Britto	0.47	-
Shri. Ashok kumar Ghasghase	0.34	-
Shri. Manoj Priya	-	0.31
<b>Total</b>	<b>1.60</b>	<b>0.87</b>

The above amount includes salaries & allowances, contribution to Provident fund, pension etc. and actual payments towards leave encashment, if any. In addition to the above they are eligible for non-monetary perquisites as per Government of India guidelines.

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

₹ crore

Particulars	2012-13	2011-12
Shri. R.G. Rajan	-	0.01
Shri. Gautam Sen	-	0.01
Shri. CMT Britto	-	-
Shri. Ashok kumar Ghasghase	-	-
<b>Total</b>	<b>-</b>	<b>0.02</b>

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 and Argon Plant at Thal unit since the expected value in use as arrived at of the said plants, are lower than their carrying amount. A provision of ₹ 40.67 crore has been made towards impairment.

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

₹ crore

Sr. No.	Particulars	2012-13			2011-12	
		Chikton	Rapidwall	Argon	Chikton	Rapidwall
1	Provision for Impairment made during the year	-	28.31	12.37	-	20.43
2	Reversal of Provision during the year	-	-	-	-	-
3	Balance in Provision A/C	0.84	48.74	12.37	0.84	20.43

38. Disclosure as per Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets" as on 31<sup>st</sup> March, 2013.

₹ crore

Particulars	Balance as on 31.3.2012	Addition	Utilization	Reversal	Balance as on 31.3.2013
Disputes and Claims, Legal Matters (*)	0.53 (0.53)	2.00	-	-	2.53 (0.53)
Handling charges	- (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 ₹ 0.86 crore (Previous year ₹ 0.17 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

	31.3.2013	31.3.2012
Net profit after tax as per Statement of Profit and loss (₹ in crore) (A)	280.90	249.24
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)	5.09	4.52

40. 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

As Corporate Debt Restructuring program of the Joint Venture Company FACT RCF Building Products Ltd. is in process, Company would be subscribing to additional equity capital in the Joint venture company to the extent of ₹ 10 crore. Considering the above fact and taking into account the long term and strategic nature of the investment, in the opinion of the management the diminution in the value of the investment is temporary.

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

₹ crore

Sr. No.	Particulars	2012-13	2011-12
1	Audit fees for the year (incl. service tax)	0.17	0.17
2	Audit fees for Limited review	0.02	0.01
3	Audit fees for Consolidated Financial Statement (incl. service tax)	0.01	0.01
4	For Certificate and other expenses	0.07	0.10
5	For travelling and out of pocket expenses	0.01	0.03

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

	2012-13	2011-12
No. of CER's at the beginning of the year	152013	152013
No. of CER's Alloted	174211	-
No. of CER's Sold	50000	-
No. of CER's held at year end	276223	152013

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

43. Company has handed over possession of land measuring 48849.74 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.

44. During the year Company has incurred expenditure towards Corporate Social Responsibility (CSR) related activities amounting to ₹ 9.05 crore which is reported under Note no. 24B “Miscellaneous expenses”.

The functional classification of the same is as under:-

₹ crore

Particulars	2012-13	2011-12
Employee welfare (School & sports expenses)	2.91	3.48
Repairs & maintenance	1.16	0.12
Water charges	0.48	0.82
Miscellaneous expenses	4.50	4.07
<b>TOTAL</b>	<b>9.05</b>	<b>8.49</b>

#### 45. Disclosure under Clause 32 of Listing Agreement

₹ crore

Particulars	As on 31-3-2013	Maximum Amount during Year Ended 31-3-2013	As on 31-3-2012	Maximum Amount during Year Ended 31-3-2012
Loans and advances in the Nature of Loans				
To Joint venture Company Fact RCF Building Products Ltd. (Rate of interest @ 14% p.a.)	2.20	2.20	Nil	Nil
Investment by Subsidiary company in the shares of Rashtriya Chemicals and Fertilizers Ltd.	Nil	Nil	Nil	Nil

#### 46. 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.

During the year an amount of ₹ 28.71 crore (P.Y. ₹ 25.60 crore) has been charged of to statement of Profit & loss towards contribution by the Company.

In terms of the guidance on implementing the revised AS-15 issued by the Accounting Standard Board of the Institute of Chartered Accountants of India, the Provident Fund Trust set up by the Company is treated as Defined Benefit Plan since the Company has to meet the shortfall in the fund assets, if any. However, as at the year end, no shortfall remains unprovided for. Further, having regard to the assets of the Fund and the Return on the Investments, the Company does not expect any deficiency in the foreseeable future. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of provident fund liability based on the assumptions listed below and determined that there is no shortfall as at 31<sup>st</sup> March, 2013.

The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

- Projection is restricted to five years or earlier, if retirement occurs
- Expected guaranteed interest rate – 8.50%
- Discount rate – 8.25%

The total plan liabilities under the RCF Ltd. Employees Provident Fund Trust as at 31<sup>st</sup> March, 2013 as per the unaudited financial statement for the year then ended is ₹ 729.61 crore (P.Y. ₹ 651.83 crore) as against total plan assets of ₹ 729.61 (P.Y. ₹ 651.83 crore). The funds of the trust have been invested under various securities as prescribed by regulatory authorities.

##### 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. During the year Company has settled ₹ 14.89 crore towards gratuity of which ₹ 4.68 crore is receivable from the Trust.



**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, 2013 is ₹ 160.08 crore (P.Y. ₹ 153.37 crore)

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

The company has been accounting for provision on account of post-retirement medical benefits based on actuarial valuation carried out as at the Balance date. 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: - 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 ₹ 9.16 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, 2013		As at 31 <sup>st</sup> March, 2012	
	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	7.24	3.90	6.45	4.14
Interest Cost	14.71	2.54	13.09	2.00
Expected Return on Plan Assets	(14.89)	–	(12.69)	–
Actuarial (gain)/Loss	7.83	1.99	6.52	0.61
<b>Net expense/(gain) recognized in the statement of Profit and Loss</b>				
Benefit Paid - ₹ 14.89 crore				
Less: Excess funding ₹ 4.68 crore	14.89	8.43	13.37	6.75
To RCF Gratuity Fund Trust				
Net Charge to P&L A/C ₹ 10.21crore				
<b>2) Changes in Benefit Obligations</b>				
<b>Present value of Obligation at year beginning</b>	173.11	29.90	158.63	25.29
Service Cost	7.24	3.90	6.45	4.14
Interest Cost	14.71	2.54	13.09	2.00
Actuarial(gain)/Loss	4.22	1.99	8.31	0.61
Benefits paid	(14.89)	(2.07)	(13.37)	(2.14)
<b>Present value of Obligation at year end</b>	184.39	36.26	173.11	29.90
<b>3) Changes in Plan Assets</b>				
Fair value of Plan Assets, at year beginning	173.11	–	158.63	–
Expected return on Plan Assets	14.89	–	12.69	–
Employer's contributions	14.89	2.07	13.37	2.14
	(14.89)	(2.07)	(13.37)	(2.14)
Actuarial gain/(Loss)	(3.61)	1.99	1.79	0.61
Fair value of Plan Assets at period end	184.39	–	173.11	–
Excess Obligation over plan assets	–	–	–	–
<b>Category of Plan Assets</b>				
GOI securities	3.32%	–	3.66%	–
PSU/ State Government Securities	3.85%	–	3.98%	–
SBI Life Insurance Company Ltd.	39.13%	–	43.77%	–
Life Insurance Corporation of India	43.94%	–	45.06%	–
HDFC SL	9.76%	–	3.49%	–
Others	0.00%	–	0.04%	–
<b>Total</b>	<b>100.00%</b>	–	<b>100.00%</b>	
Actuarial Assumptions				
Discount Rate (per annum)	8.00%	8.00%	8.50%	8.50%
Expected Rate of Return on Assets (per annum)	8.70%	–	8.60%	–
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
2012-13	184.39	184.39

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.

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

₹ crore

Particulars	Hedged Exposure		31-3-2013	31-3-2012
Foreign Currency exchange contracts	Buyer's credit/ Supplier's credit availed for import of raw materials	USD/ INR	281.69	751.39

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:-

₹ crore

Particulars	31-3-2013	31-3-2012
Foreign currency term loans	161.23	153.82
Buyer's credit/Suppliers credit for import of raw materials and others	589.75	1027.36
Advances/receivable from suppliers	9.59	2.55

**48.** In line with the principle of prudence enunciated in Accounting Standard-1, Disclosure of Accounting policies as per the announcement of Institute of Chartered Accountants of India, Company has not recognized an amount of ₹ 1.01 crore being the mark to market gains on outstanding derivative contracts as at 31<sup>st</sup> March, 2013.

**49.** 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.

**50.** On 9th August 2012, a fire occurred in the stores department of Trombay unit where items of stores, spares, office appliances, furniture and fixtures were damaged /destroyed. The loss on account of the same has been appropriately dealt with in the accounts. Consequent to lodging of an insurance claim, Company received an on-account payment of ₹ 3.00 crore. In accordance with principle of matching costs and revenues an amount of ₹ 0.48 crore has been

adjusted against the losses and the balance amount of ₹ 2.52 crore has been accounted as income received in advance. Certain orders have been placed approximately amounting to ₹ 5.55 crore (exclusive of taxes and duties) for repairs to the damaged spares and expenditure towards the same to the extent of ₹ 4.63 crore (exclusive of taxes and duties) is expected to be incurred in the ensuing year. Accordingly necessary adjustments would be carried out in books during 2013-14 wherein the amount received as advance would be adjusted towards the actual expenditure upon in-principle recognition of the claim by the insurer.

**51.** Consequent to Department of Fertilizer's notification No.23011/5/2013-MPR dated 3rd May 2013, and further directives from Government of India reduction in sales has been made by an estimated amount of ₹ 19.64 crore, on the stocks held by dealers/retailers expected to be sold at reduced MRP to farmers.

**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:

A. QUANTITATIVE INFORMATION IN RESPECT OF EACH CLASS OF GOODS MANUFACTURED DURING 2012-2013			
		Metric Tonnes	
Sr. No.	PRODUCTS	Annual Production Without Adjustment for Shortages Excesses	
		2012-13	2011-12
1.	Ammonia	117,470	120,050
2.	Ammonia (Trombay-V)	353,735	282,985
3.	Ammonia (Thal)	1,205,350	1,121,250
4.	Urea (Trombay-V)	384,110	336,005
5.	Urea (Thal)	1,951,200	1,772,500
6.	Suphala 15:15:15 – Complex Fertilizer	474,685	458,304
7.	Suphala 20:20:0 – Ammonium Nitro phosphate	135,329	191,570
8.	Methanol	76,830	78,317
9.	Ammonium Bicarbonate	27,712	26,782
10.	Argon (million NM3)	2.06	1.6
11.	Argon (million NM3) Thal	3.0	3.3
12.	Nitric Acid (100%) – (HPNA)	103,055	113,285
13.	Nitric acid (100%) (MPNA)	239,500	234,405
14.	Sulphuric Acid (98%)	73,633	84,772
15.	Phosphoric Acid	21,571	28,322
16.	Dilute Sulphuric Acid	93,023	97,998
17.	Sodium Nitrate/Nitrite	4,587	5,007
18.	Concentrated Nitric Acid	24,419	27,257
19.	Methylamines – (Trombay)	4,206	4,353
20.	Methylamines – (Thal)	11,493	13,122
21.	Ammonium Nitrate (100%)	100,234	77,692

Sr. No.	PRODUCTS	Metric Tonnes	
		Annual Production Without Adjustment for Shortages Excesses	
		2012-13	2011-12
22.	Dimethyl formamide	3,500	3,430
23.	Di Methyl Acetamide	3,003	3,118
24.	Carbon Monoxide Plant (million NM3)	4.5	4.1
25.	Biola (Bio Fertilizer)	68.60	183
26.	Biola (Liquid) (Ltrs)	60,720	24,830
27.	Microla (Ltrs)	144,585	210,100
28.	Formic Acid	6,455	5,374
29.	Sujala 19:19:19	3411	4300
<b>B. VALUE OF IMPORTS CALCULATED ON COST, INSURANCE, FREIGHT BASIS</b>			
₹ in crore			
	<b>Particulars</b>	<b>2012-2013</b>	<b>2011-2012</b>
i)	Raw materials *	673.50	751.22
ii)	Components & Spare parts	14.32	18.97
iii)	Capital Goods	53.87	79.75
* Includes in transit as at year end ₹ Nil (Previous year ₹ 49.34 crore) and excludes imports through Indian agencies ₹ 105.15 crore (Previous year ₹ 22.20 crore)			
<b>C. EXPENDITURE IN FOREIGN CURRENCY</b>			
₹ in crore			
	<b>Particulars</b>	<b>2012-2013</b>	<b>2011-2012</b>
i)	On account of Purchase of Traded goods, Royalty, know- how, professional consultancy fees, interest, licence fees and other matters	821.41	1017.71
ii)	Expenditure on foreign tours	1.06	0.87
iii)	Subscription to journals	0.18	0.07

**D. EARNINGS IN FOREIGN EXCHANGE**

₹ in crore			
	<b>Particulars</b>	<b>2012-2013</b>	<b>2011-2012</b>
i)	Export of Goods calculated on FOB basis	-	1.65
ii)	Freight & Insurance recovered	-	-
iii)	Technical manpower fees	0.01	0.06
iv)	Sale of CER/VER	1.30	0.11
v)	Others – (Export of stores)	0.37	-

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

₹ in crore					
	<b>Particulars</b>	<b>2012-2013</b>		<b>2011-2012</b>	
		<b>Value Estimated</b>	<b>Total Consumption %</b>	<b>Value Estimated</b>	<b>Total Consumption %</b>
<b>A.</b>	<b>Raw Materials</b>				
	Imported	909.10	36.50	784.15	38.35
	Indigenous	1581.73	63.50	1260.64	61.65
	<b>Total</b>	<b>2490.83</b>	<b>100.00</b>	<b>2044.79</b>	<b>100.00</b>
<b>B.</b>	<b>Spares and Components</b>				
	Imported	22.18	21.75	24.25	18.53
	Indigenous	79.79	78.25	106.64	81.47
	<b>Total</b>	<b>101.97</b>	<b>100.00</b>	<b>130.89</b>	<b>100.00</b>

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

For **NBS & Co.**  
Chartered Accountants

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

**Dhiren Mehta**  
Partner

**Devdas Bhat**  
Partner

**Gautam Sen**  
Director (Finance)

Dated : 13.05.2013  
Place : Mumbai

**K.C. Prakash**  
Company Secretary

Dated : 13.05.2013  
Place : Mumbai

# SEGMENTWISE REVENUE & RESULTS FOR THE YEAR ENDED 31.03.2013

Annexure-I

₹ 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>												
ii.	Sales (Incl. Subsidy wherever applicable)	2161.53	643.13	2804.66	376.11	2877.07	1200.36	-	1200.36	5862.85	1019.24	12.40	6894.49
	Inter Segment Revenue						-	-	-	-	-	-	-
	<b>Total Revenue</b>	<b>2161.53</b>	<b>643.13</b>	<b>2804.66</b>	<b>376.11</b>	<b>2877.07</b>	<b>1200.36</b>	<b>-</b>	<b>1200.36</b>	<b>5862.85</b>	<b>1019.24</b>	<b>12.40</b>	<b>6894.49</b>
	<b>SEGMENT RESULT</b>												
i.	Segment Results	133.11	125.76	258.87	73.05	282.30	25.45		25.45	367.81	198.81		566.62
ii.	Less: Other Unallocable Expenditure (Net of Unallocable Income)												127.05
iii.	Interest Expense												88.25
iv.	Interest Income												29.16
v.	<b>Operating Profit</b>												<b>380.48</b>
vi.	Prior Period Expenses / (Income)												0.36
vii.	<b>Profit before Tax</b>												<b>380.12</b>
viii.	Tax - Current												104.75
ix.	Deferred Tax Liability / (Asset)												28.94
x.	Excess Provision of Tax written Back												(34.47)
xi.	<b>Net Profit</b>												<b>280.90</b>
	<b>OTHER INFORMATION</b>												
i.	Segment Assets	2013.58	233.89	2247.47	135.89	2455.54	965.63		965.63	5298.86	369.78		5668.64
ii.	Unallocated Corporate Assets											161.63	161.63
iii.	<b>Total Assets</b>	<b>2013.58</b>	<b>233.89</b>	<b>2247.47</b>	<b>135.89</b>	<b>2455.54</b>	<b>965.63</b>	<b>-</b>	<b>965.63</b>	<b>5298.86</b>	<b>369.78</b>	<b>161.63</b>	<b>5830.27</b>
iv.	Segment Liabilities	526.33	37.44	563.77	18.05	379.13	387.58		387.58	1274.99		55.49	1330.48
v.	Unallocated Corporate Liabilities											228.24	228.24
vi.	<b>Total Liabilities</b>	<b>526.33</b>	<b>37.44</b>	<b>563.77</b>	<b>18.05</b>	<b>379.13</b>	<b>387.58</b>	<b>-</b>	<b>387.58</b>	<b>1274.99</b>	<b>55.49</b>	<b>228.24</b>	<b>1558.72</b>
vii.	<b>Capital Employed</b>	<b>1487.25</b>	<b>196.45</b>	<b>1683.70</b>	<b>117.84</b>	<b>2076.41</b>	<b>578.05</b>	<b>-</b>	<b>578.05</b>	<b>4023.87</b>	<b>314.29</b>	<b>(66.61)</b>	<b>4271.55</b>
viii.	Capital Expenditure			76.84		118.79			6.20				205.82
viii.	Depreciation			97.69		71.13							173.15
ix.	Other Non Cash Expenses			4.09		2.64			6.52				13.25

# SEGMENTWISE REVENUE & RESULTS FOR THE YEAR ENDED 31.03.2012

Annexure-I

₹ 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)	1918.92	447.55	2366.47	1857.28	342.12	2199.40	1857.40	-	1857.40	5633.60	789.67	10.44	6433.71	
	Inter Segement Revenue			-			-							-	
	<b>Total Revenue</b>	<b>1918.92</b>	<b>447.55</b>	<b>2366.47</b>	<b>1857.28</b>	<b>342.12</b>	<b>2199.40</b>	<b>1857.40</b>	<b>-</b>	<b>1857.40</b>	<b>5633.60</b>	<b>789.67</b>	<b>10.44</b>	<b>6433.71</b>	
<b>SEGMENT RESULT</b>															
i.	Segment Results	179.31	85.92	265.23	101.60	70.23	171.83	(5.32)		(5.32)	275.59	156.15		431.74	
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>													<b>376.05</b>	
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>OTHER INFORMATION</b>															
i.	Segment Assets	1834.44	233.59	2068.03	1497.45	166.05	1663.50	1275.20	-	1275.20	4607.09	399.64		5006.73	
ii.	Unallocated Corporate Assets												609.69	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>-</b>	<b>1275.20</b>	<b>4607.09</b>	<b>399.64</b>	<b>609.69</b>	<b>5616.42</b>	
iv.	Segment Liabilities	674.98	45.88	720.86	299.77	19.15	318.92	724.69	-	724.69	1699.44	65.03		1764.47	
v.	Unallocated Corporate Liabilities												281.34	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>-</b>	<b>724.69</b>	<b>1699.44</b>	<b>65.03</b>	<b>281.34</b>	<b>2045.81</b>	
vii.	<b>Capital Employed</b>	<b>1159.46</b>	<b>187.71</b>	<b>1347.17</b>	<b>1197.68</b>	<b>146.90</b>	<b>1344.58</b>	<b>550.51</b>	<b>-</b>	<b>550.51</b>	<b>2907.65</b>	<b>334.61</b>	<b>328.35</b>	<b>3570.61</b>	
viii.	Capital Expenditure			52.11			293.14			5.65			4.24	355.15	
ix.	Depreciation			92.00			46.00						4.44	142.44	
x.	Other Non Cash Expenses			12.03			8.05			3.36			8.29	31.73	



## Independent Auditor's Report

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

We have audited the accompanying Consolidated Financial Statements of RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED ("the Company") and jointly controlled entities (the Company and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used

and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the unaudited financial information of the joint venture companies as noted below, the Consolidated Financial Statements 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 Company as at March 31, 2013;
- ii. In the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii. In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to:

- a) Note No. A (1.4) read with Note No. A(1.2) to the Consolidated Financial Statements stating that Rajasthan Rashtriya Chemicals & Fertilizer Limited, a subsidiary company, wherein the company holds 51% of ownership, has not been considered for the purpose of preparation of Consolidated Financial Statements, as it is individually not considered to be material to the group activity.
- b) Note No. A (1.4) read with Note No. A(1.3) to the Consolidated Financial Statements stating that proportionate consolidation in respect of investments in RCF HM Construction Solutions Private Limited, a joint venture company, has not been considered for the purpose of preparation of Consolidated Financial Statements, as it is individually not considered to be material to the group activity.
- c) Note No. 10(5) to the Consolidated Financial Statements regarding non-disclosure of cost and depreciation of assets leased to certain Public Sector Undertakings and others.
- d) Note No. A (9) to the Consolidated Financial Statements which states that some of the Balances of Trade Receivables, Trade Payables, Current Liabilities and

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

- e) Note No. A (10) to the Consolidated Financial Statements regarding the claim of subsidy accounted on estimated basis, pending final settlement of such claims.
- f) Note No. A (20) to the Consolidated Financial Statements regarding adjustment to sales made on the stocks held by dealers/retailers expected to be sold at reduced MRP to farmers consequent to Department of Fertilizer's notification No. 23011/5/2013-MRP dated 3rd May, 2013.

Our opinion is not qualified in respect of these matters.

#### Other Matter

We did not audit the financial statements of Joint Venture Companies, namely FACT RCF Building Products Ltd. and Urvarak Videsh Limited, whose financial statements reflect

the Group's share of total assets (net) of ₹ 62.34 Crores as at March 31, 2013, total revenues of ₹ 0.30 Crores and net cash outflows amounting to ₹ 1.24 Crores for the year then ended, and are incorporated in the Consolidated Financial Statements based on management's estimates and are not audited by other auditors. Our opinion is not qualified in respect of this matter.

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

For **N.B.S & Co.**  
Chartered Accountants  
Firm Regn. No. 110100W

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

**Devdas Bhat**  
Partner  
Mem. No. 048094

Mumbai, May 13<sup>th</sup>, 2013

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013

₹ in Crore

PARTICULARS	Note No.	AS AT 31.03.2013	AS AT 31.03.2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. SHAREHOLDERS' FUNDS :</b>			
(a) Share Capital	1	551.69	551.69
(b) Reserves and Surplus	2	1793.72	1617.86
<b>TOTAL</b>		<b>2345.41</b>	<b>2169.55</b>
<b>2. NON-CURRENT LIABILITIES</b>			
(a) Long term Borrowings	3	258.93	305.46
(b) Deferred Tax Liabilities (Net)	4	243.05	214.11
(c) Other Long term liabilities	5	46.45	20.56
(d) Long Term Provisions	6	103.85	127.06
		<b>652.28</b>	<b>667.19</b>
<b>3. CURRENT LIABILITIES</b>			
(a) Short term Borrowings	7	1456.84	909.95
(b) Trade Payables	8	738.17	1264.13
(c) Other Current Liabilities	9	475.68	484.85
(d) Short term Provisions	6	191.47	146.51
		<b>2862.16</b>	<b>2805.44</b>
<b>TOTAL</b>		<b>5859.85</b>	<b>5642.18</b>
<b>II. ASSETS</b>			
<b>1. ASSETS NON-CURRENT ASSETS</b>			
(a) FIXED ASSETS :	10		
(i) Tangible Fixed Assets		1474.06	1401.71
(ii) Intangible Assets		1.67	2.77
(iii) Capital Work in Progress		184.27	227.49
(b) Non-Current Investments	11	0.17	0.17
(c) Long Term Loans and advances	12	123.34	117.99
(d) Other non-current assets	13	13.78	11.01
		<b>1797.29</b>	<b>1761.14</b>

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013

₹ in Crore

PARTICULARS	Note No.	AS AT 31.03.2013	AS AT 31.03.2012
<b>2. CURRENT ASSETS :</b>			
(a) Inventory	14	1206.29	1178.24
(b) Trade Receivables	15	2579.21	1978.24
(c) Cash and cash equivalents	16	177.17	592.47
(d) Short term loans and advances	12	69.63	91.01
(e) Other current assets	13	30.26	41.08
		4062.56	3881.04
<b>TOTAL</b>		<b>5859.85</b>	<b>5642.18</b>
Statement of Significant Accounting Policies and	A		
Explanatory Information on Consolidated Financial Statements			

As per our report of even date attached

For and on behalf of the Board of Directors

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

 For **NBS & Co.**  
 Chartered Accountants

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

**Dhiren Mehta**  
 Partner

**Devdas Bhatt**  
 Partner

**Gautam Sen**  
 Director (Finance)

 Dated : 13.05.2013  
 Place : Mumbai

**K.C. Prakash**  
 Company Secretary

 Dated : 13.05.2013  
 Place : Mumbai

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

PARTICULARS	Note No.	Year Ended March 2013	Year Ended March 2012
<b>I</b> Revenue from Operations	17	6894.63	6433.71
<b>II</b> Other Income	18	93.16	166.73
<b>III Total Revenue (I + II)</b>		<b>6987.79</b>	<b>6600.44</b>
<b>IV Expenses:</b>			
Cost of Materials Consumed	19	2600.09	2161.08
Purchases of Stock in Trade	20	900.44	1911.42
Changes in Inventories of Finished Goods/ Work in Progress and Stock in Trade	21	(7.24)	(459.22)
Employee benefits expense	22	450.26	402.00
Finance Costs	23	92.68	49.33
Depreciation and Amortization	10	175.57	142.84
Other Expenses	24	2404.10	2018.94
<b>Total Expenses</b>		<b>6615.90</b>	<b>6226.39</b>
<b>V Profit before and tax (III-IV)</b>		<b>371.89</b>	<b>374.05</b>
<b>VI Tax Expense</b>			
(1) Current tax		104.75	84.50
(2) Deferred tax		28.94	58.60
(3) Adj of tax provision of earlier years Excess(-) / Short(+)		(34.47)	(17.88)
<b>VII Profit/(Loss) for the year (V-VI)</b>		<b>272.67</b>	<b>248.83</b>



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

PARTICULARS	Note No.	Year Ended March 2013	Year Ended March 2012
VIII Earnings per equity share			
<b>Basic and Diluted Earnings per share</b>		4.94	4.51
<b>Statement of Significant Accounting Policies</b>	A		
<b>Explanatory Information on Consolidated Financial Statements</b>			

As per our report of even date attached

For and on behalf of the Board of Directors

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

 For **NBS & Co.**  
 Chartered Accountants

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

**Dhiren Mehta**  
 Partner

**Devdas Bhatt**  
 Partner

**Gautam Sen**  
 Director (Finance)

 Dated : 13.05.2013  
 Place : Mumbai

**K.C. Prakash**  
 Company Secretary

 Dated : 13.05.2013  
 Place : Mumbai

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

PARTICULARS	Year Ended March 2013	Year Ended March 2012
<b>A Cash Flow From Operating Activities</b>		
Net Profit before tax	371.89	374.05
Adjustments for :		
Depreciation / Loss on impairment of Assets	175.99	143.51
Profit(-) / Loss on sale of Assets	0.04	1.55
Profit(-) / Loss on Sale / MTM of Government Bonds	–	8.17
Interest Income	(29.17)	(36.58)
Dividend income	(5.26)	(6.05)
Interest on Borrowings	88.25	49.33
Provision for Bad / Doubtful debts	14.60	2.20
Unrealised Foreign Exchange (Gain) / Loss	(18.09)	(11.02)
SUB TOTAL	226.35	151.12
Operating Profit before Working Capital Changes	598.24	525.17
Adjustments for :		
Trade and Other Receivables	(587.59)	(1160.33)
Government Bonds	–	327.33
Inventories	(28.04)	(642.96)
Trade Payables and Other Liabilities	(500.02)	875.77
SUB TOTAL	(1115.66)	(600.19)
Cash Generated from Operations	(517.42)	(75.03)
Direct Taxes Paid	(77.47)	(75.23)
Cash Flow before Extraordinary Items	<b>(594.89)</b>	<b>(150.26)</b>
<b>Net Cash from Operating Activities ----- A</b>	<b>(594.89)</b>	<b>(150.26)</b>
<b>B Cash Flow from Investing Activities</b>		
Additions to Fixed Assets (Net of trade credit)	(176.73)	(343.58)
Sale of Fixed Assets	0.14	0.70
Interest Received	31.49	40.62
Dividend Received	5.26	6.05
Fixed Deposit Maturity more than 3 months	365.00	(495.00)
SUB TOTAL	225.17	(791.21)
<b>Net Cash from in Investing Activities ----- B</b>	<b>225.17</b>	<b>(791.21)</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2013

₹ in Crore

PARTICULARS	Year Ended March 2013	Year Ended March 2012
<b>C Cash Flow from Financing Activities</b>		
Net proceeds / (Repayment) of Working capital facilities and short term loans	557.12	642.14
Proceeds from Borrowings	48.36	184.60
Repayments of Borrowings	(109.71)	(91.91)
Interest paid	(86.56)	(44.83)
Dividend paid (including Dividend Distribution Tax)	(89.78)	(70.58)
SUB TOTAL	319.43	619.42
<b>Net Cash from Financing Activities ----- C</b>	<b>319.43</b>	<b>619.42</b>
Net Increase / Decrease(-) in Cash and Cash Equivalent (A + B + C)	(50.29)	(322.04)
Cash and Cash Equivalents as at 1 <sup>st</sup> April, 2012 (Opening Balance)	97.35	419.39
Cash and Cash Equivalents as at 31 <sup>st</sup> March, 2013 (Closing Balance)	<b>47.06</b>	<b>97.35</b>
<b>Components of Cash and Cash equivalents (Refer Note No. A.20)</b>		
Cash on hand	0.03	0.03
Cheques in hand	–	4.08
<b>Balances with Banks</b>		
Deposits with original maturity less than 3 months	1.34	35.02
In Current and Cash Credit accounts	45.26	57.77
In unpaid Dividend Account	0.43	0.44
	<b>47.06</b>	<b>97.35</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 and on behalf of the Board of Directors

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

For **NBS & Co.**  
Chartered Accountants

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

**Dhiren Mehta**  
Partner

**Devdas Bhatt**  
Partner

Dated : 13.05.2013  
Place : Mumbai

**Gautam Sen**  
Director (Finance)

**K.C. Prakash**  
Company Secretary

Dated : 13.05.2013  
Place : Mumbai

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

NOTE NO. 1	“SHARE CAPITAL”	AS AT 31.03.2013	AS AT 31.03.2012
<b>Authorised</b>			
80,00,00,000 (Previous Year 80,00,00,000) Equity Shares of ₹ 10/- each.		<b>800.00</b>	<b>800.00</b>
<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

	31.03.2013		31.03.2012	
	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 par 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 GROUP

	31.03.2013		31.03.2012	
	No.	% age of share holding	No.	% age of share holding
Equity Shares of ₹ 10 each fully paid up				
Promoters (Government of India)	441353888	80.00%	510314900	92.50%
Life Insurance Corporation of India	35566427	6.45%	4808577	0.87%

During the year, Government of India has disinvested 12.5% of its shareholding amounting to 68961012 shares through the Offer for Sale route in the Bombay Stock Exchange on 8<sup>th</sup> March, 2013.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

NOTE NO. 2	"RESERVES AND SURPLUS"	AS AT	
		31.03.2013	31.03.2012
<b>General Reserve</b>			
Balance as per last Balance Sheet.		1617.70	1458.64
Add : Transferred from Statement of Profit and Loss		175.86	159.06
Closing Balance		1793.56	1617.70
<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>		<b>272.67</b>	<b>248.83</b>
Less: Appropriations			
Proposed Dividend		82.75	77.24
Tax on Dividend		14.06	12.53
Transfer to General Reserve		175.86	159.06
<b>Total Appropriations</b>		<b>272.67</b>	<b>248.83</b>
<b>Net Surplus in the statement of profit and Loss</b>		<b>–</b>	<b>–</b>
<b>TOTAL</b>		<b>1793.72</b>	<b>1617.86</b>

₹ in Crore

NOTE NO. 3	"LONG TERM BORROWINGS"	NON CURRENT		CURRENT MATURITIES	
		AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2012
<b>SECURED</b>					
<b>Term Loan from Banks</b>					
<b>1 Rupee Loan from Banks</b>					
<b>a. Loan from State Bank of Bikaner and Jaipur (SBBJ)</b>					
<p>A Term Loan facility aggregating to ₹ 106.41 crore sanctioned by SBBJ availed by the Company are secured by hypothecation with first charge on project assets of Con. Nitric Acid Plant at Trombay &amp; Argon recovery Plant at Thal and pari passu first charge basis on the project assets of Rapidwall Plant at Trombay. The rate of interest is the Bank's base rate plus 0.25% margin per annum and during the year the rate remained at around 10.5%. Repayment of the balance term loan would fall due for ₹ 21.10 crore in F. Y. 2013-14, ₹ 09.10 crore in F.Y. 2014-15 and ₹ 10.24 crore in F.Y. 2015-16.</p>		19.34	40.44	21.10	19.96



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

NOTE NO. 3	“LONG TERM BORROWINGS”	NON CURRENT		CURRENT MATURITIES	
		AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2012
<b>b.</b>	<b>Loan from New India Cooperative Bank Limited</b>	–	8.00	–	5.33
	A loan of ₹ 24.00 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. The loan carries a fixed interest @ 8.75% per annum for the first three years from the year of disbursal. After which the rate would be reset by the bank. The said loan has been fully prepaid during the year.				
<b>c.</b>	<b>Loan from Kotak Mahindra Bank</b>	18.75	37.50	18.75	18.75
	A loan of ₹ 75.00 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. The loan carries a floating rate of interest benchmarked to the Bank's PLR with a discount of 6.85% per annum and during the year the rate of interest varied around 11.65%. Repayment of the balance term loan would fall due for ₹ 18.75 crore in F.Y. 2013-14 and ₹ 18.75 crore in F.Y. 2014-15.				
<b>d.</b>	<b>Loan from Hongkong and Shanghai Banking Corporation (HSBC)</b>	18.00	–	12.00	–
	A loan of ₹ 36 crore availed from Hongkong Shanghai Banking Corporation consequent to the conversion of a portion of loan availed in Euro under FCNRB arrangement with the said Bank in the previous year. The said loan is secured by first pari passu charge by way of hypothecation on all movable fixed assets of Ammonium Nitrophosphate Plant at Trombay. The rate of interest is 10% per annum. The repayment of the term loan would be ₹ 12 crore in F.Y. 2013-14, ₹ 12 crore in F.Y. 2014-15 and ₹ 6 crore in F.Y. 2015-16.				
<b>e. (i)</b>	<b>Loan from State Bank of India (SBI)</b> (Amount sanctioned ₹ 20.05 crore)	7.98	4.24	–	2.70
<b>e. (ii)</b>	<b>Loan from Dena Bank</b> (Amount sanctioned ₹ 44.00 crore)	21.61	16.92	–	4.23
<b>e. (iii)</b>	<b>Loan from New India Co-operative Bank</b> (Amount sanctioned ₹ 24 crore) As per multi Banking loan agreement, secured	12.97	9.04	–	2.26

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

NOTE NO. 3	“LONG TERM BORROWINGS”	NON CURRENT		CURRENT MATURITIES	
		AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2012
	The above loans by SBI, Dena Bank and New India Co-operative Bank are secured by				
	(a) First charge on all movable and immovable asset present and future leasehold land of Joint Venture entity ranking pari passu with other term lenders.				
	(b) Further the loan in e(i) above is also secured by way of Corporate Guarantees given by Promoter Companies.				
	(c) <b>Since the repayment and interest on the said loan was in arrears the same was referred for Corporate Debt Restructuring (CDR)</b>				
	(i) As per terms of Corporate Debt Restructuring (CDR) as approved by the Lead Bank the loan balances are inclusive of funding towards interest.				
	(ii) Rate of interest is 11% p.a. with re-set option annually after three years.				
	(iii) The principal portion of the loan balance is repayable in twenty structured quarterly instalments commencing from 31 <sup>st</sup> December, 2015.				
	(iv) The funding towards interest on the above loans is to be repaid in twelve structured quarterly installments commencing from December 2015.				
	(v) As a common security for Term Loan and Working Capital finance, Corporate guarantees from Promoter Companies on a equal share is required to be given.				
	<b>SUB TOTAL (i)</b>	<b>98.65</b>	<b>116.14</b>	<b>51.85</b>	<b>53.23</b>
	<b>SECURED</b>				
	<b>2 Foreign Currency Loan / External Commercial Borrowings</b>				
	<b>a. Loan from Calyon Credit Agricole CIB Singapore (Calyon)</b>	–	1.02	0.95	2.05
	Term Loan of JPY 109,176,141 availed by the Company from Calyon, is secured by hypothecation on pari passu first charge basis on the project assets of Rapidwall Plant at Trombay Unit. The rate of interest on the loan is 6 months JPY LIBOR plus margin of 0.65% per annum. Repayment of the same is ₹ 0.95 crore in F.Y. 2013-14.				

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

NOTE NO. 3	“LONG TERM BORROWINGS”	NON CURRENT		CURRENT MATURITIES	
		AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2012
<b>b.</b>	<b>Loan from HSBC Bank (Mauritius) Limited</b>	135.97	127.89	–	–
	Term loan of USD 25 Million availed by the Company from HSBC Bank (Mauritius) Limited, 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. The rate of interest is 6 months USD LIBOR plus margin of 2.50% per annum. Repayment of the said loan would fall due for ₹ 7.61 crore in F.Y. 2014-15, ₹ 21.21 crore in F.Y. 2015-16, ₹ 48.41 crore in F.Y. 2016-17 and ₹ 58.74 crore in F.Y. 2017-18.				
<b>c.</b>	<b>Capital Expenditure Buyers credit from HSBC Mauritius</b>	24.31	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 outstanding amount under this arrangement. The buyer’s credit arrangement carries an interest at USD LIBOR plus margin of 1.30% per annum. The repayment of buyer’s credit would fall due for ₹ 24.31 crore in F.Y. 2015-16.				
<b>d.</b>	<b>Loan from HSBC – FCNR (B) Loan</b>	–	37.55	–	12.00
	A Term 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. The rate of interest is 7.11% per annum. As per agreement, the said loan has been converted into Rupee Term Loan during the year.				
	<b>SUB TOTAL (ii)</b>	<b>160.28</b>	<b>189.32</b>	<b>0.95</b>	<b>14.05</b>
	Amount disclosed under the head “OTHER CURRENT LIABILITIES” (Refer Note No. 9)	–	–	(52.80)	(67.28)
	<b>TOTAL (i + ii)</b>	<b>258.93</b>	<b>305.46</b>	<b>–</b>	<b>–</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

<b>NOTE NO. 4 “DEFERRED TAX LIABILITIES (NET)”</b>		<b>AS AT 31.03.2013</b>	<b>AS AT 31.03.2012</b>
<b>A) Deferred Tax Liability:</b>			
Depreciation		316.75	274.84
	<b>TOTAL</b>	<b>316.75</b>	<b>274.84</b>
<b>B) Deferred Tax Asset:</b>			
Provision for doubtful debts/claims		6.79	2.02
Provision for contingent liability		0.86	0.17
Provision for obsolescence of stores		1.42	0.91
Expenditure allowed on payment basis		62.14	57.34
Others		2.49	0.29
	<b>TOTAL</b>	<b>73.70</b>	<b>60.73</b>
<b>Net Deferred Tax Liability</b>		<b>243.05</b>	<b>214.11</b>

₹ in Crore

<b>NOTE NO. 5 “OTHER LONG TERM LIABILITIES”</b>		<b>AS AT 31.03.2013</b>	<b>AS AT 31.03.2012</b>
<b>A) Trade Payables</b>			
		1.18	–
<b>B) Others</b>			
Security Deposit from Vendors		6.42	0.99
Standing Deposit from Customers		34.99	17.44
Deposit from Employees		1.25	0.46
Other Liabilities		2.61	1.67
	<b>TOTAL</b>	<b>46.45</b>	<b>20.56</b>

₹ in Crore

<b>NOTE NO. 6</b>	<b>“PROVISIONS”</b>	<b>LONG TERM</b>		<b>SHORT TERM</b>	
		<b>AS AT 31.03.2013</b>	<b>AS AT 31.03.2012</b>	<b>AS AT 31.03.2013</b>	<b>AS AT 31.03.2012</b>
<b>A) Provision for Employee Benefits</b>					
	Provision for EL Encashment	70.65	99.67	89.43	53.70
	Provision for Post Retirement Medical Benefits	33.20	27.39	2.70	2.51
	Others (Refer Note No. A.15)	–	–	2.53	0.53
		<b>103.85</b>	<b>127.06</b>	<b>94.66</b>	<b>56.74</b>
<b>B) Other Provisions</b>					
	Proposed Dividend	–	–	82.75	77.24
	Tax on Dividend	–	–	14.06	12.53
		–	–	96.81	89.77
	<b>TOTAL</b>	<b>103.85</b>	<b>127.06</b>	<b>191.47</b>	<b>146.51</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

NOTE NO. 7	“SHORT TERM BORROWINGS”	AS AT 31.03.2013	AS AT 31.03.2012
<b>SECURED:</b>			
<b>Working Capital facilities from Bank</b>			
	Cash Credit from banks	3.98	19.07
	Working Capital Demand Loan (includes an amount of ₹ 127.52 crore under a Special Banking Arrangement secured by hypothecation of specific subsidy claims to be settled by DOF/FICC.)	817.52	–
	Total Secured	821.50	19.07
<b>UNSECURED:</b>			
	Foreign currency loans from banks – Buyers Credit	515.34	890.88
	Rupee loans from banks	120.00	–
	Total Unsecured	635.34	890.88
	<b>TOTAL</b>	<b>1456.84</b>	<b>909.95</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. The said arrangement carries a rate of interest which varied between 9% to 10% per annum during the year.

₹ in Crore

NOTE NO. 8	“TRADE PAYABLES”	AS AT 31.03.2013	AS AT 31.03.2012
	Trade Payables (Refer Note No. A.17)	738.17	1264.13
	<b>TOTAL</b>	<b>738.17</b>	<b>1264.13</b>

₹ in Crore

NOTE NO. 9	“OTHER CURRENT LIABILITIES”	AS AT 31.03.2013	AS AT 31.03.2012
	Current maturities of long term debt (Refer Note No.3)	52.80	67.30
	Interest accrued but not due on borrowings	7.47	5.78
	Interest accrued but due on borrowings *	–	0.79
	Income received in advance	31.66	33.26
	Unclaimed dividend (**)	0.43	0.44
	Sub Total	92.36	107.57
<b>Other Payables</b>			
	Creditors on Capital Account	51.96	28.45
	Deposit from Customers	47.72	44.44
	EMD & Security Deposit from Vendors	37.35	36.42
	Subsidy on unsold stock	189.12	147.25
<b>Statutory Dues:</b>			
	Withholding Taxes	5.53	2.19
	VAT / Sales Tax	5.25	4.28
	Other taxes	3.28	3.80
<b>Other Liabilities:</b>			
	Ex-gratia & employee benefits	27.67	84.20
	Others (Refer Note No. A.17)	13.86	22.97
	Overdrawn balances in Current Account	1.58	3.28
	Sub Total	383.32	377.28
	<b>TOTAL</b>	<b>475.68</b>	<b>484.85</b>

\* CY Nil, PY 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

NOTE No. 10											
FIXED ASSETS											
Description	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				NET BLOCK		
	AS AT 1-Apr-12	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS AT 31-Mar-13	UPTO 31-Mar-12	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31-Mar-13	Impairment Loss	AS AT 31-Mar-13	AS AT 31-Mar-12
<b>Tangible Assets</b>											
Land (Freehold)	10.79	–	–	10.79	–	–	–	–	–	10.79	10.79
Land (Leasehold)	20.15	–	–	20.15	3.03	0.77	–	3.80	–	16.35	17.12
Roads & Culverts	11.08	3.07	–	14.15	3.84	0.20	–	4.04	–	10.11	7.24
Buildings	162.41	16.05	0.03	178.43	107.24	4.82	0.03	112.04	–	66.39	55.17
Railway sidings	50.22	–	–	50.22	38.84	0.76	–	39.60	–	10.63	11.38
Plant & Machinery	3080.73	209.94	0.12	3290.55	1813.75	119.46	0.09	1933.12	61.95	1295.48	1245.70
Water System, Sewerage & Drainage	22.61	–	–	22.61	19.20	0.29	–	19.49	–	3.12	3.41
Miscellaneous Equipments	79.75	11.83	0.03	91.55	51.10	3.47	0.03	54.54	–	37.01	28.65
Furniture, Fixtures & Office Appliances	46.91	5.29	0.61	51.59	27.42	3.76	0.48	30.70	–	20.89	19.49
Transport Vehicles	4.97	0.94	–	5.91	2.92	0.42	–	3.34	–	2.57	2.05
Assets held for disposal	0.72	–	–	0.72	–	–	–	–	–	0.72	0.72
<b>Intangible Assets</b>											
Computer Software	10.76	0.31	0.02	11.05	7.99	1.39	–	9.38	–	1.67	2.77
<b>TOTAL</b>	<b>3501.10</b>	<b>247.43</b>	<b>0.81</b>	<b>3747.72</b>	<b>2075.34</b>	<b>135.33</b>	<b>0.63</b>	<b>2210.05</b>	<b>61.95</b>	<b>1475.73</b>	<b>1404.48</b>
Previous year figures	3252.66	261.09	12.66	3501.09	1962.66	123.08	10.41	2075.34	21.28	1404.48	
Share of Joint Venture Assets included in above	8.42					2.42		3.50			

₹ in Crore

### Notes :

1. Depreciation / Impairment on tangible assets provided during the year  
Amortisation of Intangible assets during the year

	Year Ended March 2013	Year Ended March 2012
	174.60	142.40
	1.39	1.11
	175.99	143.51
	175.57	142.84
	0.04	0.04
	0.38	0.63
	175.99	143.51

3. Land at Thal included in Gross Block (at cost) at ₹ 2.33 crores is subject to final revision in price.

₹ in Crore

4. Additions / Adjustments include the following

Exchange Differences  
Borrowing Costs

Item of Asset  
Plant & Machinery

	Year Ended March 2013	Year Ended March 2012
	18.04	2.57
	0.52	3.99
	18.56	6.56

5. The Company is charging rent to certain Public Sector Undertakings and other parties for utilising part of its Land and Buildings. It is not feasible to segregate Cost and Depreciation amount in respect of Fixed assets so utilised and hence has not been disclosed separately.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

NOTE NO. 11	“NON-CURRENT INVESTMENTS”	AS AT 31.03.2013	AS AT 31.03.2012
<b>Unquoted Trade Investments (Fully paid up):</b>			
<b>a Subsidiary</b>			
<b>Rajasthan Rashtriya Chemicals and Fertilizers Ltd.</b> (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 5 <sup>th</sup> 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
<b>TOTAL</b>		<b>0.17</b>	<b>0.17</b>
Aggregate Provision for diminution in the value of investments		0.08	0.08

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

NOTE NO. 12	“LOANS AND ADVANCES”	NON CURRENT		CURRENT	
		AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2012
	Capital Advances – Unsecured Considered good	14.20	8.62	–	–
	Considered Doubtful	1.13	1.15	–	–
	Less : Provision	(1.13)	(1.15)	–	–
		14.20	8.62	–	–
	Security Deposits – Unsecured Good	17.09	16.95	1.34	1.43
	Considered Doubtful	0.18	–	–	–
	Less : Provision	0.18	–	–	–
		17.09	16.95	1.34	1.43
	<b>Loans and Advances to State Controlled Enterprises</b>				
	Unsecured – Considered Good	–	–	0.01	–
	Considered Doubtful	0.02	0.02	–	–
	Less : Provision	0.02	0.02	–	–
		–	–	0.01	–
	<b>Loans:</b>				
	– <b>Employees</b>				
	Secured considered Good	3.49	9.82	5.29	1.31
	(Including accrued interest C.Y. ₹ 8.10 crore, P.Y. ₹ 9.98 crore)				
		3.49	9.82	5.29	1.31
	<b>ADVANCES RECOVERABLE IN CASH OR IN KIND</b>				
	<b>Unsecured Considered Good Unless Otherwise Stated</b>				
	Contractors	–	–	51.44	62.73
	Employees	1.38	0.02	2.00	0.19
	VAT Receivables	59.23	62.21	0.01	–
	Others	0.15	0.08	5.65	22.95
		60.76	62.31	59.10	85.87
	Considered Doubtful	10.77	2.67	–	–
	Less : Provision for doubtful advances	(10.77)	(2.67)	–	–
		–	–	–	–
	Advance Income Tax (Net of Tax Provision)	25.55	18.36	–	–
	Deposits with Customs, Port Trust etc.	0.85	0.84	3.66	2.31
	Prepaid expenses	1.40	1.09	0.23	0.09
	<b>TOTAL</b>	<b>123.34</b>	<b>117.99</b>	<b>69.63</b>	<b>91.01</b>
	Advances to employees include Dues from Directors				0.02

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

NOTE NO. 13	“OTHER ASSETS”	NON CURRENT		CURRENT	
		AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2012
<b>UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED</b>					
	Unamortized Premium on Forward contracts	–	–	0.18	9.44
	Interest Accrued	–	–	0.17	2.49
	Receivables	13.78	11.01	29.91	29.15
	Other Receivables – Considered Doubtful	2.82	0.28	–	–
	Less : Provision for Doubtful Receivables	2.82	0.28	–	–
	Advance against Equity Pending allocation	–	0.51		
	Less : Provision of Diminution in value	–	(0.51)		
	<b>TOTAL</b>	<b>13.78</b>	<b>11.01</b>	<b>30.26</b>	<b>41.08</b>

₹ in Crore

NOTE NO. 14	“INVENTORY”	AS AT 31.03.2013	AS AT 31.03.2012
	Raw materials	275.32	309.68
	Finished Goods	308.04	180.07
	Stock in Trade / Bought out Products	207.80	334.21
	Intermediary Products	26.53	18.26
	By products	9.51	11.63
	Stores & Spares, packing materials and Petroleum products	382.93	326.92
	Less : Provision for Obsolescence/Loss under Investigation	4.19	2.81
		378.74	324.11
	Certified Emission Reduction Credits (No. of Units C.Y. 276224, P.Y. 152013)	0.35	0.28
	<b>TOTAL</b>	<b>1206.29</b>	<b>1178.24</b>
<b>Inventory Includes:</b>			
(i)	In Transit		
	Raw Materials	–	49.99
	Finished Goods	52.70	29.07
(ii)	Stores and Spares		
	(a) Under inspection	3.62	4.97
	(b) Platinum & Rhodium stolen in earlier year and under investigation which is not available for verification	0.21	0.21
	(c) with fabricators	20.75	15.29





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

NOTE NO. 17	“REVENUE FROM OPERATIONS”	Year Ended March 2013	Year Ended March 2012
<b>1. Sales</b>			
<b>A. Manufactured Products</b>	17A		
Fertilizers		2114.69	1748.40
Industrial Products		1139.43	865.61
		3254.12	2614.01
Less : Excise duty		(144.17)	(98.51)
		3109.95	2515.50
<b>B. Bought-out Products</b>	17A		
Fertilizers		724.35	957.17
Net Sales		3834.30	3472.67
<b>2. Other Operating Revenues</b>			
Subsidy on Urea & Complex Fertilizers (Refer Note Below)	17B	3041.45	2928.04
Sale of Scrap		6.48	22.56
Management Fees – For Services rendered		12.40	10.44
<b>TOTAL</b>		<b>3060.33</b>	<b>2961.04</b>
<b>Revenue from Operations (Net)</b>		<b>6894.63</b>	<b>6433.71</b>

₹ in Crore

NOTE NO. 17A	“SALES – PRODUCT WISE BREAK-UP”	Year Ended March 2013	Year Ended March 2013	Year Ended March 2012	Year Ended March 2012
		Quantity (M.T)	Value	Quantity (M.T)	Value
<b>1 Manufactured</b>					
<b>A. Fertilizers</b>					
Urea		1,811,499	943.20	1,974,854	1023.17
Suphala 15 : 15 : 15		446,666	654.70	410,009	401.90
Suphala 20 : 20 : 0 (Ammonium Nitrate Phosphate)		135,075	206.26	176,932	200.77
Neem coated Urea		475,327	259.65	76,801	41.86
Boronated Suphala		15,453	24.19	30,263	35.83
Others		–	26.69	–	44.87
		2,884,020	2114.69	2,668,860	1748.40
<b>B. Industrial Products</b>					
Methanol		52,994	133.78	50,669	109.46
Ammonia		105,429	417.94	88,215	266.47
Dilute Nitric Acid		14,278	23.41	12,598	23.20
Concentrated Nitric Acid		27,621	58.12	36,633	63.15
Ammonium Bi-carbonate		27,621	46.24	26,757	34.48
Sodium Nitrate		1,680	5.72	1,620	5.06

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

NOTE NO. 17A	“SALES – PRODUCT WISE BREAK-UP”	Year Ended	Year Ended	Year Ended	Year Ended
		March 2013	March 2013	March 2012	March 2012
		Quantity (M.T)	Value	Quantity (M.T)	Value
	Sodium Nitrite	278	10.03	3,337	11.75
	Methylamines	11,889	83.35	13,250	86.79
	Ammonium Nitrate Melt	100,232	246.40	79,627	172.42
	Dimethyl Formamide	3,549	24.65	3,364	21.19
	Dimethyl Acetamide	3,020	24.50	3,154	23.27
	Argon Gas / Liquid Argon	9,039	17.03	8,768	16.37
	Formic Acid	6,587	30.46	5,208	22.38
	Others	–	17.80	–	9.62
			1139.43		865.61
<b>2.</b>	<b>Bought-out Products</b>				
<b>A</b>	<b>Fertilizers</b>				
	Imported Di Ammonium Phosphate	113,503	266.33	46,796	89.50
	Imported Muriate of Potash	142,363	232.71	218,354	240.19
	Imported Urea	83,612	43.31	1,093,067	565.79
	Single Super Phosphate	39,230	27.41	21,211	9.65
	Imported NPK 12:32:16	–	–	–	–
	Imported NPK 20:20:0	20,423	30.01	8,639	11.71
	Imported DAP Lite	–	–	20,823	25.46
	Ammonium Sulphate	10,527	12.37	1,277	1.05
	Traded DAP	36,524	86.08	–	–
	Others	–	26.04	–	13.82
			724.26		957.17
	<b>TOTAL</b>		<b>3978.38</b>		<b>3571.18</b>

₹ in Crore

NOTE NO. 17B	“SUBSIDY”	Year Ended	Year Ended
		March 2013	March 2012
<b>Manufactured Fertilizers</b>			
	Price	2216.12	1742.06
	Freight	349.22	285.81
		2565.34	2027.87
<b>Bought-out Fertilizers</b>			
	Price	435.12	749.54
	Freight	40.99	150.63
		476.11	900.17
	<b>TOTAL</b>	<b>3041.45</b>	<b>2928.04</b>

Refer Note No. A.10 and A.11

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

NOTE NO. 18	“OTHER INCOME”	Year Ended March 2013	Year Ended March 2012
<b>Interest Income</b>			
	On Loans to Employees	0.05	0.09
	On Deposits with Bank and Others	25.92	28.17
	From Customers	0.61	0.55
	On Income Tax Refunds	2.43	–
	On Government Bonds	–	7.74
	From Others	0.17	0.04
	<b>TOTAL</b>	<b>29.18</b>	<b>36.59</b>
<b>Other Income</b>			
	Rental from ammonia wagons	–	–
	Lease rent for railway wagons	–	0.71
	Dividend from Trade Investment	0.08	0.08
	Dividend from Other than Trade Investment	5.18	5.97
	Profit on sale of fixed assets (Net)	0.06	0.56
	Bad debts recovered	0.84	6.19
	Provisions for Doubtful debts / advances / obsolescence no longer required	0.82	27.76
	Liabilities / Provisions for expenses of earlier years no longer required	3.04	10.80
	Rent received, recovery of electricity etc.	20.52	21.95
	Compensation on sale of fertilizers bonds (net)	–	19.20
	Lease compensation of railway siding	8.90	9.07
	Miscellaneous Income	24.54	27.86
		<b>63.98</b>	<b>130.15</b>
	Less : Transfer to Research and Development Expenses (Refer Note 24C)	–	(0.01)
		<b>93.16</b>	<b>166.73</b>

₹ in Crore

NOTE NO. 19	“COST OF MATERIALS CONSUMED”	Year Ended March 2013	Year Ended March 2012
	Raw Materials	2491.04	2044.79
	Packing Materials	109.05	116.29
	<b>TOTAL</b>	<b>2600.09</b>	<b>2161.08</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

NOTE NO. 19A "ITEMWISE BREAKUP OF MATERIALS CONSUMED"	Year Ended March 2013	Year Ended March 2013	Year Ended March 2012	Year Ended March 2012
	Quantity (M.T)	Value	Quantity (M.T)	Value
<b>RAW MATERIALS</b>				
Rock Phosphate	224,268.57	272.10	246,942.56	240.11
Di-Ammonium Phosphate	–	–	13,397.20	41.48
Mono-Ammonium Phosphate	84,486.53	251.74	67,729.54	198.49
Muriate of Potash	121,646.93	357.64	117,227.93	272.58
Sulphur	24,220.06	27.62	28,058.62	31.49
Soda Ash	3,694.68	7.37	2,887.05	5.05
Imported / Bought out Ammonia	–	–	–	–
Sulphuric Acid	7,017.21	2.81	–	2.28
Associated Gas (Quantity in '000 M3) (APM)	92,022.48	75.64	84,915.35	55.26
Natural Gas (Quantity in '000 M3) (PMT/RIL)	950,723.64	1,151.94	910,878.78	983.74
Natural Gas (Quantity in '000 M3) (RLNG-spot/Mid Term Gas)	86,438.03	297.90	51,483.52	158.38
Naptha	–	–	–	–
Others	–	46.31	–	55.93
<b>TOTAL</b>		<b>2,491.07</b>		<b>2,044.79</b>

₹ in Crore

NOTE NO. 20 "PURCHASES OF STOCK IN TRADE"	Year Ended March 2013	Year Ended March 2013	Year Ended March 2012	Year Ended March 2012
	Quantity (M.T)	Value	Quantity (M.T)	Value
Imported Urea	62,401.00	44.23	1,116,575.00	760.48
Imported Di Ammonium Phosphate	122,856.90	423.89	72,555.08	275.49
Imported Muriate of Potash	108,180.50	308.63	273,704.00	712.92
Imported Sulphur	–	–	2,530.00	3.94
Imported DAP Lite	–	–	26,252.10	58.96
Single Super Phosphate (Granulated)	21,818.83	13.54	15,605.95	6.50
Imported S : 20:20:0	–	–	29,882.00	68.58
Imported NPK 12:32:16	–	–	–	–
Ammonium Sulphate	10,527.00	11.08	1,277.00	1.02
Imported Suphala 19:19:19	–	–	1,600.00	8.91
Imported SOP	–	–	3,750.00	12.70
Others	28.00	99.07	–	1.92
<b>TOTAL</b>		<b>900.44</b>		<b>1,911.42</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

NOTE NO. 21	“CHANGES IN INVENTORY”	Year Ended March 2013	Year Ended March 2012	
<b>Opening Stock</b>				
	Finished Goods	21A	180.07	52.91
	Intermediary Products		18.26	18.55
	By-Products		11.63	8.20
	Stock in trade	21A	334.21	2.91
	Carbon Credits		0.28	0.28
	Sub-Total		544.45	82.85
<b>Closing stock</b>				
	Finished Goods	21B	307.97	180.07
	Intermediary Products		26.53	18.26
	By-Products		9.52	11.63
	Stock in trade	21B	207.80	334.21
	Carbon Credits		0.35	0.28
	Sub-Total		552.17	544.45
<b>Changes in Inventory</b>			<b>(7.72)</b>	<b>(461.60)</b>
	Differential Excise duty on stocks of Finished goods		0.48	2.39
	<b>TOTAL</b>		<b>(7.24)</b>	<b>(459.21)</b>

₹ in Crore

NOTE NO. 21A	“OPENING STOCK – PRODUCT WISE BREAK-UP”	Year Ended March 2013	Year Ended March 2013	Year Ended March 2012	Year Ended March 2012
		Quantity (M.T)	Value	Quantity (M.T)	Value
<b>Finished Goods</b>					
<b>1. Manufactured</b>					
<b>A. Fertilizers</b>					
	Urea (Trombay)	15,649.75	17.33	7,349.53	7.32
	Urea (Thal)	64,707.52	61.09	17,223.38	14.24
	Complex Fertilizers	42,504.81	80.79	9,961.14	15.90
	Others	–	12.68	–	10.35
<b>B. Industrial Products</b>					
	Methanol	1,787.60	3.61	1,221.08	2.18
	Concentrated Nitric Acid	148.87	0.20	274.66	0.34
	Ammonium Bi-carbonate	66.43	0.06	41.78	0.04
	Sodium Nitrate	31.10	0.11	15.25	0.04
	Sodium Nitrite	42.55	0.16	8.25	0.03
	Methylamines	291.57	1.33	106.22	0.53
	Ammonium Nitrate Melt	43.33	0.07	43.24	0.06
	Dimethyl Formamide	92.77	0.54	26.51	0.15
	Dimethyl Acetamide	24.69	0.16	59.93	0.35
	Argon Gas / Liquid	78.20	0.13	46.70	0.06
	Formic Acid	309.48	1.14	143.87	0.55
	Others	–	0.68	–	0.77
			180.07		52.91



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

NOTE NO. 21A	"OPENING STOCK - PRODUCT WISE BREAK-UP"	Year Ended	Year Ended	Year Ended	Year Ended
		March 2013	March 2013	March 2012	March 2012
<b>2. Bought-out Products</b>		Quantity (M.T)	Value	Quantity (M.T)	Value
<b>Fertilizers</b>					
	Imported Di Ammonium Phosphate	25,552.45	101.76	126.70	0.33
	Imported Muriate of Potash	52,064.78	138.66	–	–
	Imported Urea	22,593.40	18.68	4,006.50	2.06
	Single Super Phosphate	9,555.00	7.41	–	–
	Water Soluble Fertilizers	1,599.50	9.24	–	–
	Imported NPK 12:32:16 *	–	–	0.80	–
	Imported NPK 20:20:0	21,171.60	50.68	–	–
	Sulphate of Potash	1,437.55	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

₹ in Crore

NOTE NO. 21B	"CLOSING STOCK - PRODUCT WISE BREAK-UP"	Year Ended	Year Ended	Year Ended	Year Ended
		March 2013	March 2013	March 2012	March 2012
		Quantity (M.T)	Value	Quantity (M.T)	Value
<b>Finished Goods</b>					
<b>1. Manufactured</b>					
<b>A. Fertilizers</b>					
	Urea (Trombay)	16,724.92	21.58	15,649.75	17.33
	Urea (Thal)	111,229.05	124.61	64,707.52	61.09
	Complex Fertilizers	54,111.21	126.25	42,504.81	80.79
	Others	–	29.12	–	12.68
<b>B. Industrial Products</b>					
	Methanol	1,300.92	3.11	1,787.60	3.61
	Concentrated Nitric Acid	33.64	0.05	148.87	0.20
	Ammonium Bi-carbonate	157.70	0.17	66.43	0.06
	Sodium Nitrate	103.15	0.34	31.10	0.11
	Sodium Nitrite	99.60	0.35	42.55	0.16
	Methylamines	47.29	0.11	291.57	1.33
	Ammonium Nitrate Melt	44.91	0.07	43.33	0.07
	Dimethyl Formamide	43.94	0.30	92.77	0.54
	Dimethyl Acetamide	7.99	0.05	24.69	0.16
	Argon Gas / Liquid	54.21	0.08	78.20	0.13
	Formic Acid	175.59	0.79	309.48	1.14
	Others	–	0.99	–	0.67
			307.97		180.07
<b>2. Bought-out Products</b>					
<b>Fertilizers</b>					
	Imported Di Ammonium Phosphate	37,090.61	127.81	25,552.45	101.76
	Imported Muriate of Potash	17,296.90	51.56	52,064.78	138.66
	Imported Urea	1,084.50	0.90	22,593.40	18.68
	Single Super Phosphate	14,529.05	11.65	9,555.00	7.41
	Water Soluble Fertilizers	1,282.13	7.23	1,599.50	9.24
	Imported NPK 12:32:16 *	–	–	–	–
	Imported NPK 20:20:0	741.20	1.82	21,171.60	50.68
	Sulphate of Potash	228.55	0.80	1,437.55	5.01
	Traded DAP	2,715.74	6.03	–	–
	Others	–	–	–	2.77
			207.80		334.21
	<b>TOTAL</b>		<b>515.77</b>		<b>514.28</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

<b>NOTE NO. 22</b>	<b>“EMPLOYEE BENEFITS EXPENSE”</b>	<b>Year Ended March 2013</b>	<b>Year Ended March 2012</b>
	Salaries, Wages and Bonus	379.32	345.10
	Contribution to Provident Fund and other funds	37.97	28.49
	Contribution to Gratuity Fund	10.21	13.40
	Workmen and Staff Welfare Expenses	44.38	36.85
		<b>471.88</b>	<b>423.84</b>
	Less: Salaries, Wages, Bonus and contribution to Provident Fund & Other funds		
	Included in :		
	Research and Development Expenses (Refer Note No. 24C)	(2.89)	(2.07)
	Share recoverables from Thal Ammonia Extension / Others	(18.73)	(19.77)
		<b>(21.62)</b>	<b>(21.84)</b>
	<b>TOTAL</b>	<b>450.26</b>	<b>402.00</b>

₹ in Crore

<b>NOTE NO. 23</b>	<b>“FINANCE COSTS”</b>	<b>Year Ended March 2013</b>	<b>Year Ended March 2012</b>
	On Term Loans – From Banks	24.17	20.58
	On Working capital from Banks	38.49	8.02
	On other loans and deposits	2.77	2.93
	Forward Cover Premium	22.16	14.06
	Others	5.09	3.74
	<b>TOTAL</b>	<b>92.68</b>	<b>49.33</b>

₹ in Crore

<b>NOTE NO. 24</b>	<b>“OTHER EXPENSES”</b>	<b>Year Ended March 2013</b>	<b>Year Ended March 2012</b>
	Stores and Spares	36.78	39.71
	Power and fuel	1180.56	970.57
	Water Charges	56.45	40.51
	Repairs and Maintenance	174.93	141.02
	Freight and Handling Charges	597.67	609.49
	Rent	11.94	6.23
	Rates and Taxes	6.17	8.47
	Insurance	9.20	8.01
	Discounts and Rebates on sales	143.25	75.63
	Miscellaneous Expenses	187.24	119.31
	Less : Transferred to Research & Development Expenses (Refer Note No. 24C)	(0.09)	(0.01)
	<b>TOTAL</b>	<b>2404.10</b>	<b>2018.94</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

<b>NOTE NO. 24A</b>	<b>“REPAIRS AND MAINTENANCE”</b>	<b>Year Ended March 2013</b>	<b>Year Ended March 2012</b>
Plant and Machinery		107.68	99.76
Buildings		38.35	34.35
Other Assets		28.97	7.03
		<b>175.00</b>	<b>141.14</b>
Less : Transferred to Research & Development Expenses (Refer Note No. 24C)		(0.07)	(0.12)
	<b>TOTAL</b>	<b>174.93</b>	<b>141.02</b>

₹ in Crore

<b>NOTE NO. 24B</b>	<b>“MISC. EXPENSES”</b>	<b>Year Ended March 2013</b>	<b>Year Ended March 2012</b>
Security expenses – Factory and Others		25.45	20.87
Electricity Charges – Township and Offices		5.37	4.03
Advertisement		9.74	6.51
Bank Charges		2.25	3.20
Promotion and Publicity		4.99	2.95
Hire Charges for vehicles		4.12	3.36
Travelling expenses		7.52	6.10
Miscellaneous expenses *		37.61	22.45
Entertainment Expenses		0.08	0.14
Donations		–	–
Lease Rent for Railway wagons		–	–
Research and Development expenses		3.52	6.46
Loss on Fixed Assets Sold / Discarded	24C	0.10	2.11
Losses / Damages and other amounts written off (Refer Note No. A.19)		2.23	1.11
Foreign exchange Loss / (Gain)		64.38	14.83
Loss on sale / Mark To Market valuation of Government Bonds and Equity Investment		–	8.17
Corporate Social Responsibility expenses (Refer Note No. A.21)		9.05	8.49
Duties and Taxes		11.66	–
Provision for Doubtful Debts / Claims / Advances		14.60	2.20
Provision for obsolescence of stores		1.37	0.94
Bad debts written off		0.80	19.31
Prior period Items – Debit(+) / Credit(-)	24D	0.36	1.59
Adjustment towards share of common expenses recoverable from TAE / TDP		(17.85)	(15.51)
	<b>Sub-Total</b>	<b>187.34</b>	<b>119.31</b>

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-3-2013

₹ in Crore

<b>NOTE NO. 24C “RESEARCH &amp; DEVELOPMENT EXPENSES”</b>	<b>Year Ended March 2013</b>	<b>Year Ended March 2012</b>
Salaries and Staff Welfare Expenses	2.89	2.07
Repairs and Maintenance	0.07	0.12
Depreciation	0.04	0.04
Other Expenses	0.50	4.24
Handling charges	0.02	–
Materials Consumed	–	–
Sub Total	3.52	6.47
Less : Transferred from Other Income (Refer Note No. 18)	–	(0.01)
<b>TOTAL</b>	<b>3.52</b>	<b>6.46</b>

₹ in Crore

<b>NOTE NO. 24D “PRIOR PERIOD ITEMS”</b>	<b>Year Ended March 2013</b>	<b>Year Ended March 2012</b>
<b>Debits / Credits (-)</b>		
Interest	(0.02)	–
Depreciation	0.38	0.63
Others	–	0.96
<b>TOTAL</b>	<b>0.36</b>	<b>1.59</b>

## A. Statement of Significant Accounting Policies and Explanatory Information on Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 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 31<sup>st</sup> March, 2013. 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 ₹ 10/- each amounting to ₹ 0.03 Crore and has further paid an amount of ₹ 0.49 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 31<sup>st</sup> March, 2013. The joint venture was incorporated on 5<sup>th</sup> June 2009 with authorized share capital of ₹ 5 Crore. The Company has subscribed towards equity share capital of 50000 shares of ₹ 10/- each amounting to ₹ 0.05 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 31<sup>st</sup> March, 2013 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, 2013.

### 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, 2013	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

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.

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 ₹ 132.41 Crore (Previous year ₹ 98.84 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 ₹ 27.74 crore, (P.Y. ₹ 27.33 crore).
- 7.2. Other Contingent liabilities are same as disclosed in the Standalone Financial statements of the Company.

### 8. Earnings Per Share

	31.3.2013	31.3.2012
Net profit after tax as Statement of Profit and Loss (₹ in crore) (A)	272.67	248.83
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)	4.94	4.51

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	2012-13			2011-12		
	Urea	P&K Fertilizers*	Imported Urea	Urea	P&K Fertilizers*	Imported Urea
For the Year	400.65	(18.29)	0.27	183.80	(39.29)	3.11
<b>Total</b>	<b>400.65</b>	<b>(18.29)</b>	<b>0.27</b>	<b>183.80</b>	<b>(39.29)</b>	<b>3.11</b>

\* (Debit) – (Subsidy refundable)

11. Consequent to revamp of its Ammonia Plant at Thal, the production of Urea during the year has exceeded the qualifying level of production upon which it becomes entitled for subsidy as per the guidelines issued under the New Investment Policy for Urea 2008. Considering the same an amount of ₹ 79.64 crore has been recognized as subsidy income.

12. 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 and Argon Plant at Thal unit since the expected value in use as arrived at of the said plants, are lower than their carrying amount. A provision of ₹ 40.67 crore has been made towards impairment.

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

₹ crore

Sr. No.	Particulars	2012-13			2011-12	
		Chikton	Rapidwall	Argon	Chikton	Rapidwall
1	Provision for Impairment made during the year	-	28.31	12.37	-	20.43
2	Reversal of Provision during the year	-	-	-	-	-
3	Balance in Provision A/C	0.84	48.74	12.37	0.84	20.43

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

₹ crore

Particulars	Hedged Exposure	31-3-2013	31-3-2012
Foreign Currency exchange contracts	Buyer's credit/Supplier's credit availed for import of raw materials	281.69	751.39

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:-

₹ crore

Particulars	31-3-2013	31-3-2012
Foreign currency term loans	161.23	153.82
Buyer's credit / Suppliers credit for import of raw materials and others	589.75	1027.36
Advances / receivable from suppliers	9.59	2.55

14. 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.

15. Disclosure as per Accounting Standard 29 on “Provisions, Contingent Liabilities and Contingent Assets” as on 31<sup>st</sup> March, 2013.

₹ crore

Particulars	Balance as on 31.3.2012	Addition	Utilization	Reversal	Balance as on 31.3.2013
Disputes and Claims, Legal Matters (*)	0.53 (0.53)	2.00	–	–	2.53 (0.53)
Handling charges	– (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 ₹ 0.86 crore (Previous year ₹ 0.17 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.

16. 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	
		31-3-2013	31-3-2012
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. It is not included in the Consolidated Financial Statements since it is individually not material to the Groups activity.

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 the joint ventures referred in A and B above are as follows:-

₹ crore

Sr. No.	Particulars	31/3/2013 (Unaudited)	31/03/2012 (Audited)
1	Non-Current Assets	59.02	57.66
2	Current Assets	3.32	4.10
3	Non-Current Liabilities	45.17	30.86
4	Current Liabilities	0.21	11.29
5	Income	0.30	–
6	Expenditure	8.65	0.41
7	Contingent Liability	4.12	3.52
8	Capital Commitments	2.05	2.14

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

₹ crore

Sr. No.	Particulars	2012-13	2011-12
1	Principal amount remaining unpaid as on 31 <sup>st</sup> March	0.09	0.09
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.

18. In line with the principle of prudence enunciated in Accounting Standard-1, Disclosure of Accounting policies as per the announcement of Institute of Chartered Accountants of India, Company has not recognized an amount of ₹ 1.01 crore being the mark to market gains on outstanding derivative contracts as at 31<sup>st</sup> March, 2013.
19. On 9<sup>th</sup> August, 2012, a fire occurred in the stores department of Trombay unit where items of stores, spares, office appliances, furniture and fixtures were damaged / destroyed. The loss on account of the same has been appropriately dealt with in the accounts. Consequent to lodging of an insurance claim, Company received an on-account payment of ₹ 3.00 crore. In accordance with principle of matching costs and revenues an amount of ₹ 0.48 crore has been adjusted against the losses and the balance amount of ₹ 2.52 crore has been accounted as income received in advance. Certain orders have been placed approximately amounting to ₹ 5.55 crore (exclusive of taxes and duties) for repairs to the damaged spares and expenditure towards the same to the extent of ₹ 4.63 crore (exclusive of taxes and duties) is expected to be incurred in the ensuing year. Accordingly necessary adjustments would be carried out in books during 2013-14 wherein the

amount received as advance would be adjusted towards the actual expenditure upon in-principle recognition of the claim by the insurer.

20. Consequent to Department of Fertilizer's notification No.23011/5/2013-MPR dated 3<sup>rd</sup> May, 2013, and further directives from Government of India reduction in sales has been made by an estimated amount of ₹ 19.64 crore, on the stocks held by dealers/retailers expected to be sold at reduced MRP to farmers.
21. During the year Company has incurred expenditure towards Corporate Social Responsibility (CSR) related activities amounting to ₹ 9.05 crore which is reported under Note no. 24B "Miscellaneous expenses".

The functional classification of the same is as under:-

₹ crore

Particulars	2012-13	2011-12
Employee welfare (School & sports expenses)	2.91	3.48
Repairs & maintenance	1.16	0.12
Water charges	0.48	0.82
Miscellaneous expenses	4.50	4.07
<b>TOTAL</b>	<b>9.05</b>	<b>8.49</b>

22. 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 the Board of Directors  
**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**

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

For **NBS & Co.**  
Chartered Accountants

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

**Dhiren Mehta**  
Partner

**Devdas Bhatt**  
Partner

**Gautam Sen**  
Director (Finance)

Dated : 13.05.2013  
Place : Mumbai

**K.C. Prakash**  
Company Secretary

Dated : 13.05.2013  
Place : Mumbai

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

Name of Subsidiary Companies	Rajasthan Rashtriya Chemicals and Fertilizers Limited
The financial year of the Subsidiary Company ended on	March 31, 2013
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, 2013	—
(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, 2013	—
(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

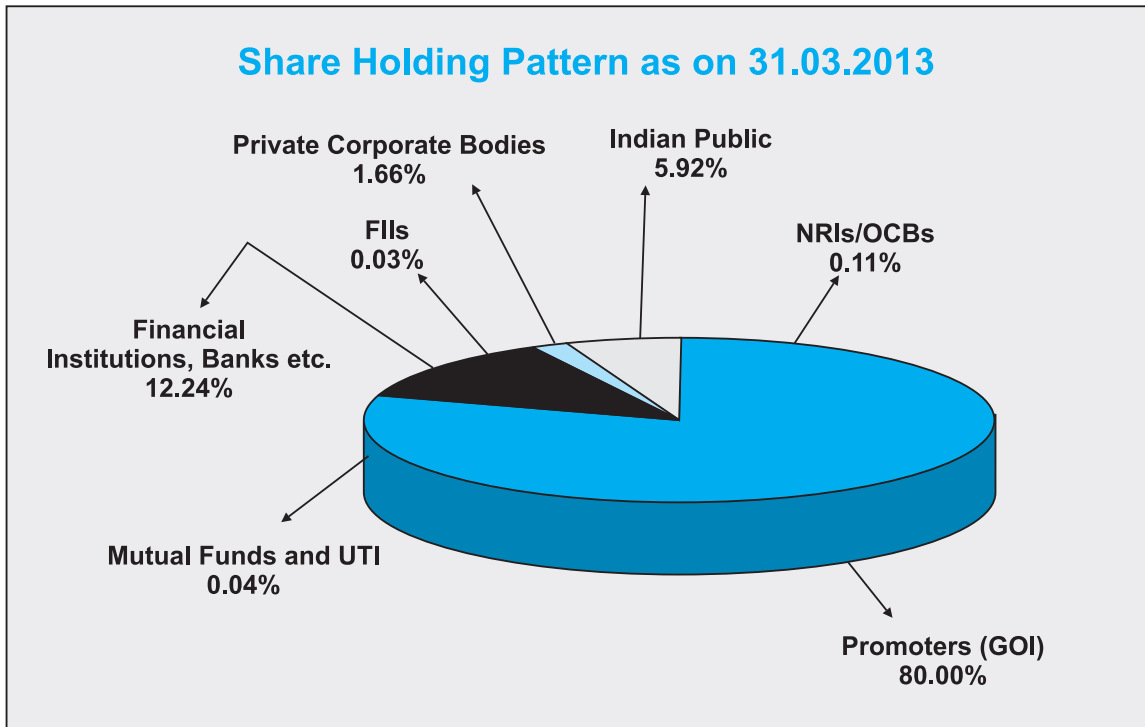
**R.G. Rajan**  
Chairman and Managing Director

**Gautam Sen**  
Director

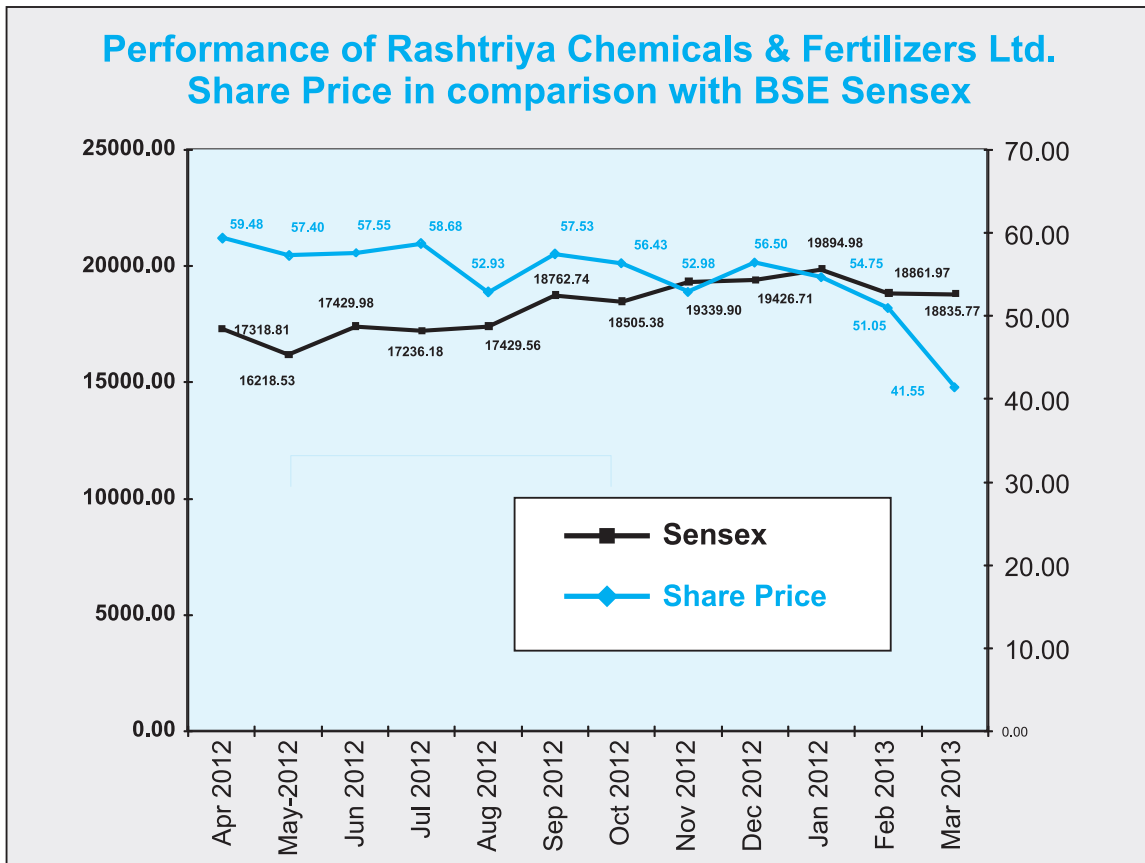
**K.C. Prakash**  
Company Secretary

Place : Mumbai  
Dated : 13.05.2013

### Share Holding Pattern as on 31.03.2013

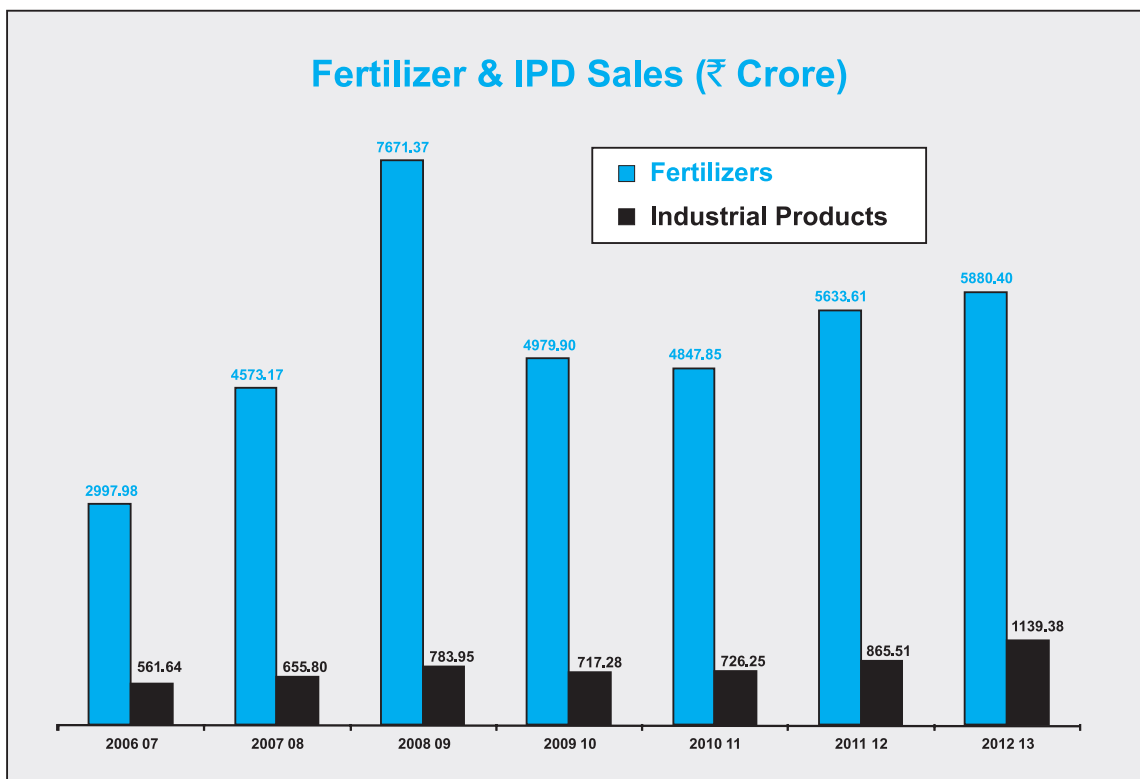


### Performance of Rashtriya Chemicals & Fertilizers Ltd. Share Price in comparison with BSE Sensex

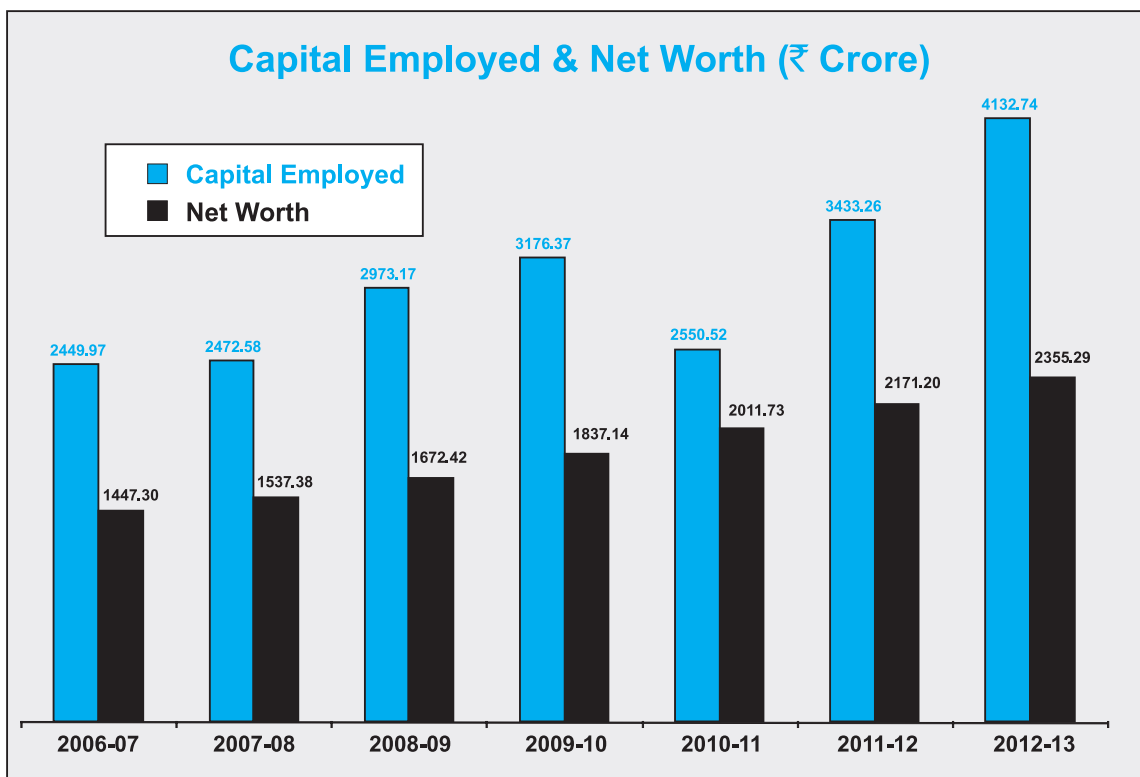


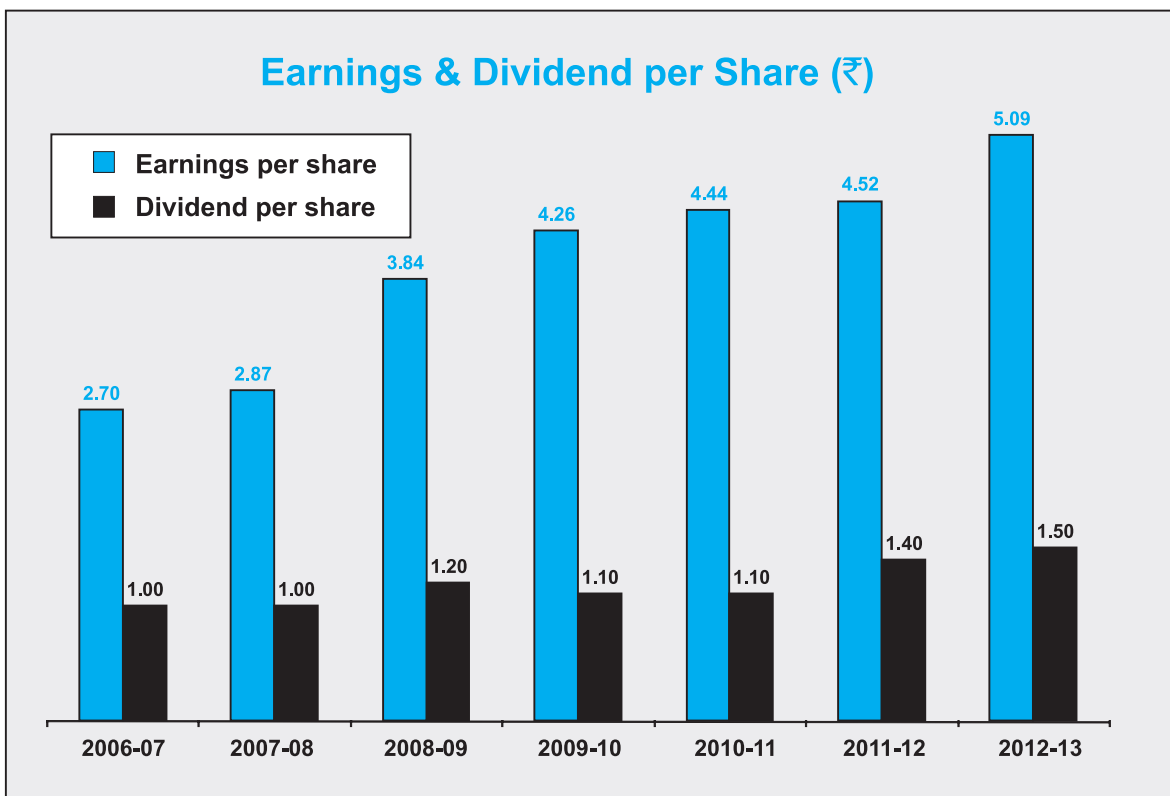


### Fertilizer & IPD Sales (₹ Crore)



### Capital Employed & Net Worth (₹ Crore)







# RAJASTHAN RASHTRIYA CHEMICALS & FERTILIZERS LIMITED

## Board of Directors

Shri R.G. Rajan		Chairman
Smt. Aparna Arora	}	Directors
Shri Gautam Sen	}	
Shri Ajitabh Sharma	}	

## Directors' Report

To the Members,  
Rajasthan Rashtriya Chemicals and Fertilizers Ltd.,  
Jaipur

The Directors of your Company have pleasure in presenting this 6<sup>th</sup> Annual Report on the working of your Company together with the Audited Accounts for the period ended 31<sup>st</sup> March, 2013.

### 1. Operations:

Your Company has not started any activity during the year. The promoters have not found manufacture of SSP, as a viable proposition. The Company is not in a position to pursue any of the objectives and the promoters are likely to take a decision for taking action under Section 560 of the Companies Act, 1956 to strike down the name of the Company as it is defunct.

### 2. Financial Performance:

The audited Accounts, i.e. the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2013 and the Balance Sheet as at 31<sup>st</sup> March, 2013 along with the Auditors' 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 ₹ 4,92,856. The net debit balance in the profit and loss account as on 31<sup>st</sup> March, 2013 is ₹ 81,77,182.45. 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:

- in preparing the annual accounts, the applicable accounting standards have been followed.
- 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.
- 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
- 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 conversation 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 2012-13. The Auditor would be retiring at the conclusion of the 6<sup>th</sup> Annual General Meeting. The Statutory Auditor for the Financial Year 2013-14 will be appointed by the CAG. However, their remuneration is to be fixed at the AGM by the members.

### 6. Acknowledgement:

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

Place : Mumbai  
Date : 08.05.2013

**R.G. Rajan**  
Chairman

## Auditors' Report

The Members of  
Rajasthan Rashtriya Chemicals and 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>, 2013 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, 2013 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 the Companies's 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:
    - (i) In the case of Balance Sheet, of the state of affairs of the Company as on 31<sup>st</sup> March, 2013 and;
    - (ii) In the case of Statement of Profit & Loss Account of the Company for the year ended on that date.

For **L.D. Sharma & Co.**  
Chartered Accountants  
FRN 006497C

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

Place : Jaipur  
Dated : 08.05.2013



## Annexure to the Auditors' Report

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

- (i) (a) The company does not have any fixed assets during the period. Therefore clause 4(i) of the Companies (Auditors' Report) order 2003 is not applicable.
- (ii) (a) The company has no inventory during the period, therefore clause 4(ii) (a) (b) (c) of the Companies (Auditors' Report) Order 2003 is applicable.
- (iii) (a) The company has not granted any loan to parties covered in the register maintained u/s 301 of the Act 1956.  
(b) The company has not taken interest free loan from the parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) The company have neither fixed assets nor made purchase during the year. Therefore clause 4(vi) of the Companies (Auditors' Report) Order 2003 is not applicable.
- (v) (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.  
(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.
- (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 thereunder.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any products of the Company.
- (ix) (a) The company is regular in depositing undisputed statutory dues including Provident Fund, Employees Estate Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other Statutory dues with the appropriate authority. There is no arrears of outstanding statutory dues as at the last date of financial year for a period of more than 6 months from the date they become payable.  
(b) There are no disputed outstanding statutory dues.
- (x) The accumulated losses at the end of the financial year are NIL. During the year the company has not incurred any cash losses and also in the immediately preceding financial year. In our opinion, P&L a/c Balance sheet represents pre-operative & preliminary expenses.
- (xi) In our opinion and according to information and explanation given to us the company has not defaulted in repayment in dues to Banks. The company does not have any borrowing from financial institutions or by way of debentures.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a Nidhi / Mutual Benefit Fund / Society. Hence provisions are not applicable.
- (xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the record of the company and the information & explanation provided by the management, the company has not given guarantee to anyone.
- (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.
- (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.

## Annexure to the Auditors' Report (Contd.)

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

- (xviii) The company has not made any preferential allotment of shares to parties and Companies covered in the register maintained u/s 301 of the Act.
- (xix) The company has not issued any debentures during the year and hence no securities have been created.
- (xx) During the year the company has not raised any money by public issue.
- (xxi) During the course of our examination of the books and record of the Company, carried out in accordance with the generally accepted 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.

For **L.D. Sharma & Co.**  
Chartered Accountants  
FRN 006497C

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

Place : Jaipur  
Dated : 08.05.2013

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF RAJASTHAN RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED FOR THE YEAR ENDED 31 MARCH, 2013

The preparation of financial statements of Rajasthan Rashtriya Chemicals and Fertilizers Limited for the year ended 31st March, 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 08 May 2013.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Rajasthan Rashtriya Chemicals and Fertilizers Limited for the year ended 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to the 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

**Y.N. Thakare**

Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board-I, Mumbai

Place : Mumbai

Date : 12<sup>th</sup> June, 2013

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013**

Amount in ₹

PARTICULARS	AS AT 31.03.2013	AS AT 31.03.2012
<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)	-8177182.45	-7684326.45
c) Money received against share warrants	-	-
	-7677182.45	-7184326.45
<b>2. SHARE APPLICATION MONEY PENDING ALLOTMENT</b>	9097719.00	9097719.00
<b>3. NON-CURRENT LIABILITIES</b>		
a) Long term Borrowings	-	-
b) Deferred Tax Liabilities (Net)	-	-
c) Other Long term Liabilities	-	-
d) Long term Provisions	-	-
<b>Sub Total</b>	-	-
<b>4. CURRENT LIABILITIES</b>		
a) Short term Borrowings	-	-
b) Trade Payables	-	-
c) Other Current Liabilities	-	-
d) Short term Provisions	118945.00	57833.00
<b>Sub Total</b>	118945.00	57833.00
<b>TOTAL</b>	<b>1539481.55</b>	<b>1971225.55</b>
<b>II. ASSETS</b>		
<b>1. NON CURRENT ASSETS :</b>		
(a) FIXED ASSETS :		
(i) Tangible Fixed Assets	-	-
(ii) Intangible Assets	-	-
(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>	-	-

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013**

PARTICULARS	Amount in ₹	
	AS AT 31.03.2013	AS AT 31.03.2012
<b>2. CURRENT ASSETS :</b>		
(a) Current Investments	—	—
(b) Inventories	—	—
(c) Trade Receivables	—	—
(d) Cash and cash equivalents	1539481.55	1971225.55
(e) Short term loans and advances	—	—
(f) Other current assets	—	—
<b>Sub Total CURRENT ASSETS</b>	<b>1539481.55</b>	<b>1971225.55</b>
<b>Total</b>	<b>1539481.55</b>	<b>1971225.55</b>

For **L. D. SHARMA & COMPANY**  
Chartered Accountants

**Gautam Sen**  
(Director)

(Partner)

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

Place : Jaipur  
Dated : 08.05.2013



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

Amount in ₹

PARTICULARS	Year Ended March 2013	Year Ended March 2012
I Revenue from Operations	—	—
II Other Income	—	—
III <b>Total Revenue (I+II)</b>	—	—
IV <b>Expenses:</b>		
Trial run stock	—	—
Cost of Materials Consumed (Net of transfer to CWIP / Asset capitalised)	—	—
Purchases of Bought out Products	—	—
Changes in Inventories of Finished Goods / Work in Progress and Stock in Trade	—	—
Employee benefits expense	—	—
Finance Cost	—	—
Depreciation	—	—
Other expenses	492856.00	104741.00
Less: Transfer Credits	—	—
<b>Total Expenses</b>	<b>492856.00</b>	<b>104741.00</b>
V <b>Profit before exceptional and extraordinary items (III-IV)</b>	<b>-492856.00</b>	<b>-104741.00</b>
VI Exceptional Items	—	—
VII <b>Profit before extraordinary items and tax (V-VI)</b>	<b>-492856.00</b>	<b>-104741.00</b>
VIII Extraordinary Items	—	—
IX <b>Profit after extraordinary items and tax (V-VI)</b>	<b>-492856.00</b>	<b>-104741.00</b>
X Tax Expense		
(1) Current tax	—	—
(2) Deferred tax	—	—
(3) Adj of tax provision of earlier years Excess (-) / Short (+)	—	—
XI <b>Profit/(Loss) for the period from continuing operations (IX-X-XIV)</b>	<b>-492856.00</b>	<b>-104741.00</b>
XII <b>Profit/(Loss) for the period from discontinuing operations</b>	—	—
XIII Tax Expense of discontinuing operations	—	—
XIV <b>Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)</b>	—	—
XV <b>Profit/(Loss) for the period</b>	<b>-492856.00</b>	<b>-104741.00</b>
XVI Earnings per equity share		
(1) <b>Basic</b>	—	—
(2) <b>Diluted</b>	—	—

For **L. D. SHARMA & COMPANY**  
Chartered Accountants

**Gautam Sen**  
(Director)

(Partner)

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

Place : Jaipur  
Dated : 08.05.2013

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

PARTICULARS	Amount in ₹
<b>A Cash Flow From Operating Activities</b>	
<b>Net Profit before tax</b>	<b>(492,856.00)</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 diminution 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>	<b>—</b>
Operating Profit before Working Capital Changes	—
Adjustments for :	
Trade and Other Receivables	—
Government Bonds	—
Inventories	—
<b>Trade Payables and Other Liabilities</b>	<b>61,112.00</b>
<b>Miscellaneous Expenses not written off</b>	<b>—</b>
<b>SUB TOTAL</b>	<b>—</b>
Cash Generated from Operations	—
Direct Taxes Paid	—
Cash Flow before Extraordinary Items	—
<b>Net Cash from Operating Activities — A</b>	<b>(431,744.00)</b>
<b>B Cash Flow from Investing Activities</b>	<b>—</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>	<b>—</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

PARTICULARS	Amount in ₹
Net Cash Used in Investing Activities — B	—
<b>C Cash Flow from Financing Activities</b>	
Proceeds from Borrowings	—
Repayments of Borrowings	—
Issue of Share Capital	—
Interest Paid	—
Dividend Paid (includes Interim Dividend)	—
Tax on Dividend	—
SUB TOTAL	—
Net Cash from Financing Activities — C	—
Net Increase / Decrease (-) in Cash and Cash Equivalent (A+B+C)	(431,744.00)
Cash and Cash Equivalents as at 1st April (Opening Balance)	1,971,225.55
Cash and Cash Equivalents as at 31st March (Closing Balance)	1,539,481.55

For **L. D. SHARMA & COMPANY**  
Chartered Accountants

**Gautam Sen**  
(Director)

(Partner)

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

Place : Jaipur  
Dated : 08.05.2013

## Significant Accounting Policies and Notes on Accounts (2012-13)

### 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 recognizes significant items of income and expenditure on accrual basis.

#### 2. Contingent Liabilities

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

3. The Company has reduced the cost of expenses incurred before 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 has 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 31.03.2013.

4. Shares against Share Application money received in cash or received against expenses incurred over a period prior to August 2010 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
For audit service as Statutory Auditors	27,500.00 (Provision)	27,500.00

7. Previous year figures has been regrouped/rearranged wherever is necessary.
8. Figures are rounded off to the nearest Rupees.

#### AUDITORS' REPORT

As per our separate report of even date attached.

For **L. D. SHARMA & COMPANY**  
Chartered Accountants

**L. D. Sharma**  
Partner  
M.No. 75381

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

**Gautam Sen**  
Director

**R.G. Rajan**  
Chairman

Place : Jaipur  
Dated : 08.05.2013

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

## RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED, MUMBAI

### PROXY FORM

I/We \_\_\_\_\_ of  
in the district of \_\_\_\_\_ being a member(s) of the above named  
company hereby appoint Mr. / Ms. \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ as my / our proxy and the vote for  
me / us on my / our behalf at the 35<sup>th</sup> Annual General Meeting of the Company to be held at 3.00 p.m. on Friday 30<sup>th</sup> day  
of August, 2013 and at any adjournment thereof,

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

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

Affix  
Revenue  
Stamp

**Notes :** The Proxy form to be valid should be deposited at "Sivaswamy Auditorum" The Fine Arts Society, Fine Arts  
Chowk, RC Marg, Chembur, Mumbai - 400 071

## 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 35<sup>th</sup> ANNUAL GENERAL MEETING being held at "Sivaswamy Auditorium" the  
Fine Arts Society, Fine Arts Chowk, RC Marg, Chembur, Mumbai - 400 071 on Friday 30<sup>th</sup> day of August, 2013 at 3.00 p.m.

SIGNATURE OF THE MEMBER OR PROXY







Let us grow together

## Association with ICT for R & D



Hon'ble Chief Minister of Maharashtra Shri Prithviraj Chavan, receiving a cheque of ₹ 4 Crore at the hands of Shri R.G. Rajan, CMD, RCF, in presence of Shri Gautam Sen, Director (Finance) and other dignitaries for establishing a Chair in Institute of Chemical Technology (Erstwhile UDCT) for Research and Development Activities.

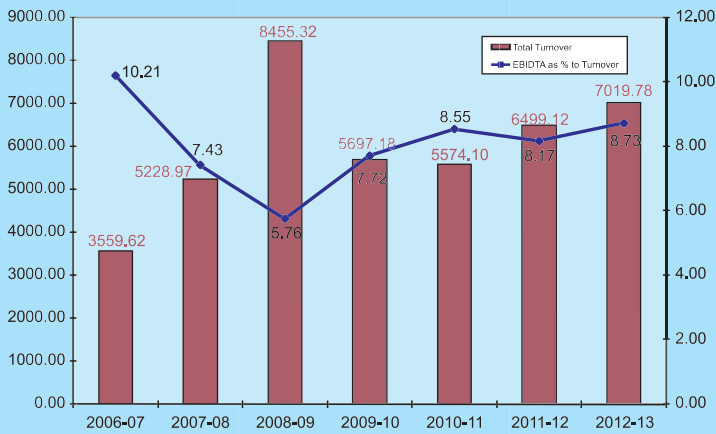
## PSE Excellence Award



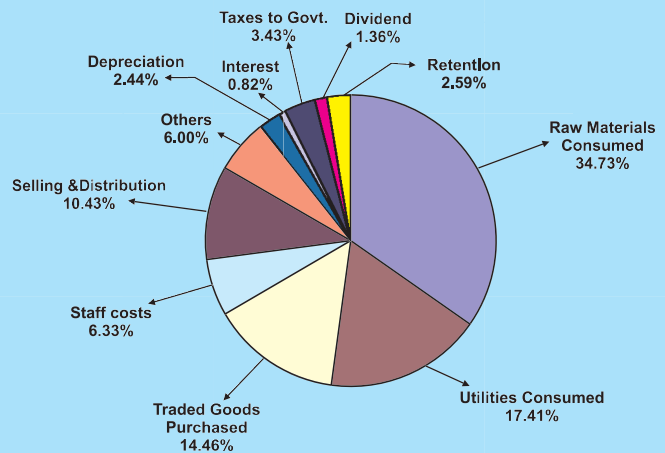
Shri C.M.T. Britto, Director (Technical) receiving PSE Excellence Award Instituted by Indian Chamber of Commerce from Shri Bhaskar Chatterjee, Director General, Indian Institute of Corporate Affairs.



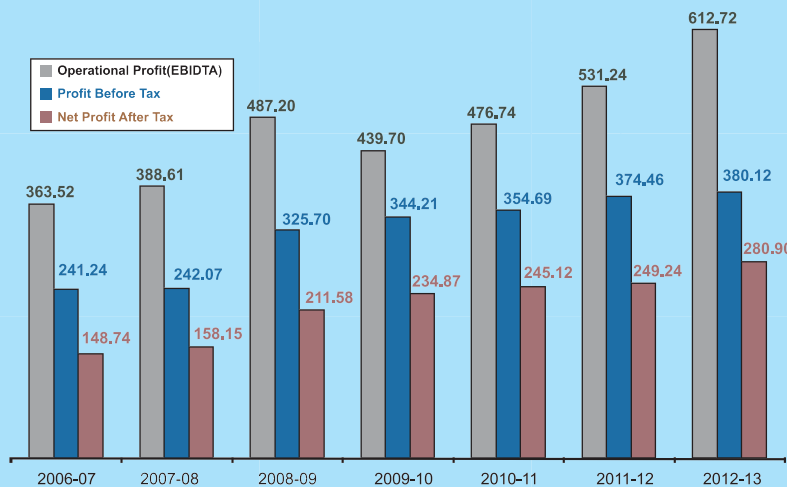
### EBIDTA as a Percentage to Turnover (₹ Crore)



### Distribution of Total Income



### Operational Profit (EBIDTA), PBT and PAT (₹ Crore)







Let us grow together



## Hindi Award

Shri Srikant Kumar Jena, Hon'ble Union Minister for Chemicals & Fertilizers and Minister for Statistics and Programme Implementation (Independent Charge) handing over 1st Prize for Excellent Implementation of Official Language to Shri Ashok Ghasghase, Director (Marketing), RCF.



## Finance Leadership Award

Shri. Gautam Sen, Director (Finance), RCF has been conferred the prestigious Finance Leadership Award under individual category by Institute of Public Enterprise. The award was presented to him by Shri. Bhaskar Chatterjee, Director General, Indian Institute of Corporate Affairs & Shri. R. S. Sharma, Ex-CMD, ONGC.





## **BOOK-POST**

**To,**

*if undelivered, please return to :*

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