



**CHAMBAL FERTILISERS
AND CHEMICALS LIMITED**

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**TWENTY FOURTH ANNUAL REPORT
2008-09**

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DIRECTORS

S.K. Poddar
Chairman

Shyam S. Bhartia
Co-Chairman

H.S. Bawa
Vice Chairman

Anil Kapoor
Managing Director

R.N. Bansal

Dipankar Basu

C.S. Nopany

A.J.A. Tauro

Marco Wadia

SECRETARY

M.S. Rathore

SENIOR EXECUTIVES

Abhay Baijal
Vice President – Finance

D.L. Birla
Executive President – BTM

Alok Dayal
Vice President – Corporate HR

P.K. Gandhi
President – HR

Vinod Mehra
President – Operations

Arun Sharma
Executive President – India Steamship

V. Vijayshankar
Vice President – Strategic Planning

LEGAL ADVISORS

Crawford Bayley & Co.
Mumbai

AUDITORS

S.R. Batliboi & Co.
Chartered Accountants

BRANCH AUDITORS

Singhi & Co.
Chartered Accountants

DEBENTURE TRUSTEE

Axis Bank Limited

BANKERS

Bank of Baroda

Axis Bank Limited

Allahabad Bank

HDFC Bank Limited

IDBI Bank Limited

ING Vysya Bank Limited

Punjab National Bank

State Bank of Hyderabad

State Bank of India

State Bank of Mysore

State Bank of Patiala

Registered Office: Gadepan, Distt. Kota, Rajasthan, PIN - 325 208

Corporate Office: International Trade Tower, 'E' Block, 14th Floor, Nehru Place, New Delhi - 110 019

Website: www.chambalfertilisers.in

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the members of the Company will be held at 1030 hours on Thursday, August 20, 2009 at the Registered Office of the Company at Gadepan, Distt. Kota, Rajasthan, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2009, Profit & Loss Account for the year ended on that date and reports of Directors and Auditors.
2. To consider declaration of dividend on Equity Shares.
3. To appoint a director in place of Mr. Marco Philippus Ardeshir Wadia, who retires by rotation and is eligible for re-appointment.
4. To appoint a director in place of Mr. Dipankar Basu, who retires by rotation and is eligible for re-appointment.
5. To appoint a director in place of Mr. Austen Joseph Anthony Tauro, who retires by rotation and is eligible for re-appointment.
6. To appoint M/s. S. R. Batliboi & Co., Chartered Accountants, as Statutory Auditors of the Company and fix their remuneration.
7. To appoint M/s. Singhi & Co., Chartered Accountants, as Branch Auditors for Shipping Business of the Company and fix their remuneration.

SPECIAL BUSINESS:

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Chandra Shekhar Nopany be and is hereby appointed as Director of the Company liable to retire by rotation."

By order of the Board

M. S. Rathore

Vice President - Legal
Corporate Communication & Secretary

New Delhi
June 25, 2009

Notes:

1. **Proxy**
A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/ her stead and a proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the company not less than 48 hours before the scheduled time of the meeting. A blank proxy form is annexed to the annual report.
2. **Explanatory Statement**
The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, in respect of Item No. 8 of the Notice is given below and forms part hereof.
3. **Directors proposed to be re-appointed**
Members may kindly refer "Report on Corporate Governance"

(Annexure 'E' to Directors' Report) for other details of the directors liable to retire by rotation.

4. Book Closure

The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, August 4, 2009 to Thursday, August 6, 2009 (both days inclusive).

5. Payment of Dividend

The Dividend on Equity Shares for the year ended March 31, 2009, will be paid after declaration by the members:

- (i) in respect of shares held in physical form, to those members whose names appear on the Register of Members of the Company on August 6, 2009, after giving effect to all valid share transfer documents lodged with the Company on or before Monday, August 3, 2009.
- (ii) in respect of shares held in electronic form, to those beneficial owners whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at the end of business on Monday, August 3, 2009.

The Members are hereby informed that the Company would transfer the dividends, which remain unclaimed for a period of 7 years, to the Investor Education and Protection Fund (IEP Fund) constituted by the Central Government under section 205C of the Companies Act, 1956.

The following are the details of dividends paid by the Company and respective due dates for transfer of unclaimed dividend to IEP Fund:

Dividend Year	Date of Declaration of dividend	Due date for Transfer to IEP Fund
2001-02	12.09.2002	11.10.2009
2002-03	12.09.2003	11.10.2010
2003-04	20.08.2004	19.09.2011
2004-05	20.10.2005	25.11.2012
2005-06	25.08.2006	27.09.2013
2006-07	24.08.2007	24.09.2014
2007-08	10.09.2008	10.10.2015

Further, the Company shall not be in a position to entertain the claims of the shareholders for the unclaimed dividends which have been transferred to IEP Fund.

In view of the above, the shareholders are advised to send their requests for payment of unpaid dividend pertaining to the years 2001-02 through 2007-08 to our Share Transfer Agent at New Delhi for issue of cheques/ demand drafts before the due dates for transfer to the IEP Fund.

Investors holding shares in physical form are advised to forward the particulars of their bank account, name, branch and address of the bank to our Share Transfer Agent immediately, if not sent already, so as to enable them to incorporate such details on dividend warrants. These Investors are advised to opt for Electronic Clearing System (ECS) to avail fast and safe remittance of dividend and return the Mandate Form attached herewith, accurately filled in and signed at the earliest. A photocopy of a leaf of your cheque book bearing your bank account number may also be sent along with the Mandate Form to the Share Transfer Agent.

6. Company on the Net

The website of your Company is www.chambalfertilisers.in where you can find more information about the Company, its subsidiaries and Joint Ventures. The details of various services being provided to the investors, guidance and procedure to be followed by the investors in respect of transfer, transmission and transposition of shares, dematerialisation and rematerialisation of shares, quarterly, half yearly and annual results, etc. are available at the page <http://chambalfertilisers.in/InvestorServiceCentre.asp>

7. Share Transfer Agent

M/s. Zuari Investments Limited is Share Transfer Agent of the Company. All investor related communication may be addressed to:

M/s. Zuari Investments Limited,
Share Transfer Agents
'F' Block, 2nd Floor, International Trade Tower,
Nehru Place, New Delhi – 110 019.

Tel : 011 – 46581300, 41697900
Fax : 011 – 26465218, 26413391
E-mail : isc@chambal.in

8. Members are requested to:

- send their queries, if any, to reach the Company's Corporate Office at New Delhi at least 10 days before the date of the meeting so that information can be made available at the meeting;
- bring their copy of the Annual Report at the meeting, and
- send their e-mail address to us for prompt communication.

9. Pick-up Coach Facility

For the convenience of members intending to attend the Company's Annual General Meeting (AGM) scheduled to be held at 1030 hours on August 20, 2009, the Company will provide transport from Kota to Gadepan and back. The pick-up coach will leave from "Sahyog Bhavan" No. 1, Aerodrome Circle, Kota, Rajasthan at 0900 hours on the date of AGM to reach Gadepan (venue of the AGM) in time for the meeting and will leave for Kota after the meeting.

Members wishing to avail of this facility may kindly be present in time at the pick-up point at Kota.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 8

The Board of Directors, at its meeting held on September 16, 2008, appointed Mr. Chandra Shekhar Nopany as Additional Director of the Company with immediate effect. Pursuant to Section 260 of the Companies Act, 1956 read with Article 118 of the Articles of Association of the Company, Mr. Nopany holds the office until the date of the forthcoming Annual General Meeting of the Company. A notice has been received from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

Mr. Chandra Shekhar Nopany, aged about 43 years is a Chartered Accountant and Master of Science in Industrial Administration from Carnegie Mellon University, Pittsburgh, U.S.A. He is an eminent industrialist having vast industrial experience in diverse fields like sugar, shipping, textiles, etc. He is the former President of Indian Chamber of Commerce, Kolkata and also of Indian Sugar Mills Association. He was earlier on the Board of the Company as alternate Director.

Details of other directorship of Mr. Nopany are provided in the Report on Corporate Governance (Annexure "E" to Directors Report).

Mr. Nopany is holding 5,65,875 equity shares of the Company as on the date of this notice.

None of the Directors except Mr. Nopany, is concerned or interested in the Resolution.

The Board commends the appointment of Mr. Chandra Shekhar Nopany as Director of the Company.

By order of the Board

M. S. Rathore

Vice President - Legal
Corporate Communication & Secretary

New Delhi
June 25, 2009

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 24th Annual Report together with audited accounts for the financial year ended March 31, 2009.

1. Financial Results and Appropriations

	(Rs. in crore)	
Particulars	2008-09	2007-08
(a) Turnover (excluding excise duty)	4595.54	2720.13
(b) Gross Profit after Interest but before Exceptional Items, Depreciation and Tax	535.63	428.85
(c) Depreciation / Amortisation	227.14	184.94
(d) Profit before Exceptional Items and Tax	308.49	243.91
(e) Exceptional items	9.61	24.17
(f) Profit before Tax	318.10	268.08
(g) Provision for Current Tax	104.09	94.40
(h) Provision for Deferred Tax	(18.44)	(31.89)
(i) Fringe Benefit Tax	1.12	1.26
(j) Provision for Tonnage Tax	0.77	0.51
(k) Profit after Tax	230.56	203.80
(l) Balance of Profit Brought Forward	516.89	401.92
(m) Transferred from Debenture Redemption Reserve	3.13	39.82
(n) Profit available for Appropriation	750.58	645.54
(o) Appropriations:		
• Tonnage Tax Reserve	9.50	16.00
• General Reserve	25.00	25.00
• Proposed Dividend on Equity Shares	74.92	74.92
• Tax on Dividend	12.73	12.73
(p) Balance Carried Forward to Balance Sheet	628.43	516.89

2. Dividend

The Board recommends dividend @ Rs. 1.80 per equity share of Rs. 10 each (Previous Year – Rs. 1.80 per equity share). The total outgo on this account will be Rs. 87.65 crore including dividend tax.

3. Tribute to Dr. K. K. Birla

The Board of Directors noted with deep regret the sad demise of the Company's founder Chairman, Dr. K.K. Birla on August 30, 2008. Dr. K.K. Birla was born in Pilani (Rajasthan) on November 11, 1918. Dr. K.K. Birla was a visionary, philanthropist, educationist and noted parliamentarian apart from being a leading industrialist. Spiritual strength and moral values were part of his personal credo.

Dr. K.K. Birla was known for his dignified unassuming personality, intellect, meticulous planning, deep regard for punctuality, business acumen and dynamic leadership. He made an indelible mark in the field of industry, education, politics, art and culture. For him, achieving excellence was a journey and not a destination. The K.K. Birla Group covers a wide canvas with interest in fertilisers, media, textiles, sugar, shipping, engineering, engineering services, financial services, furniture, information technology and infrastructure sectors.

The Board places on record its gratitude of the valuable

guidance provided by Dr. K.K. Birla during his association with the Company since inception.

4. Operations

The Fertiliser Business of the Company has fared well during the year under review inspite of several constraints including shortage of Gas. Your Company produced 19.18 lac MT of Urea during the year 2008-09 as against 20 lac MT achieved in the previous year. The sale of Urea during the year 2008-09 was 19.76 lac MT, marginally lower than the last year's sale of 20.05 lac MT. The production and sales of Urea were lower on account of loss of production due to stoppage of Gas supply for 5-6 days during Oil Sector Strike and hook-up shutdown of plants for de-bottlenecking. The Company also sold 2.66 lac MT of Di-ammonium Phosphate and Muriate of Potash during the year in addition to marketing of other fertilizers.

The Company has completed the partial de-bottlenecking of both its fertiliser plants situated at Gadepan. The implementation at Gadepan – I plant was completed in March 2009 and at Gadepan – II plant in April 2009. The partial de-bottlenecking will result in energy saving and marginal Urea capacity increase.

There has been substantial increase in the trade of pesticides and seeds with the revenue going up from Rs. 126.19 crore in the previous year to Rs. 175.60 crore during the year under review.

The Shipping Business added three new ships during the year and performed exceedingly well despite severe global downturn. The Textile Business achieved increase in revenues due to additional capacities but it has been impacted seriously because of recession coupled with high cotton prices.

The detailed information on all the three business segments of the Company and the respective industries are given in the Management Discussion and Analysis Report attached as Annexure 'G' to this report.

5. Joint Ventures and Associates

(i) Indo Maroc Phosphore S.A., Morocco (IMACID)

IMACID declared its maiden dividend of 20% during the Year 2008. During the year 2008, IMACID produced 302,812 MT of Phosphoric Acid (P_2O_5) at daily average plant rate of 1,326 MTPD. Sales during the period were 275,854 MT of Phosphoric Acid. The prices of Phosphoric Acid were very volatile during the year 2008 which has adversely impacted IMACID during second half of the year 2008.

IMACID earned cash profit of MAD 413.9 Million (Rs. 2355.78 million) during the year 2008 as against MAD 477.5 Million (Rs. 2465.30 million) in 2007. The decrease in cash profit for 2008 is mainly on account of lower production, lower sales, lower realization of product price and reduction in value of stocks on fair valuation due to steep fall in prices. Lower production was mainly on account of constraint of Sulphur supply, limitation of

product storage and stoppage of plants in November and December consequent upon low off take of Phosphoric Acid due to high volatility of Acid price.

(ii) Zuari Investments Limited

Zuari Investments is a member of both National Stock Exchange and Bombay Stock Exchange for equity as well as Futures & Options (F&O) segment. It is depository participant with National Securities Depository Limited and Central Depository Services (India) Limited. Besides being empanelled with Association of Mutual Fund of India for distribution of Mutual Fund products, Zuari Investments is also a member of Over the Counter Exchange of India and a Category-II Registrar and Share Transfer Agent registered with Securities and Exchange Board of India. Zuari Investments is also providing insurance broking through its subsidiary. It is in the process of expanding its service basket by adding commodity broking and other financial services through its subsidiaries. With these services, Zuari investments would be offering complete bouquet of financial services and shall become one stop shop for Stock Broking, Depository Participant, Investment Advisory, Insurance Broking, Share Transfer Agency and Commodity Broking Services.

Your Company has decided to divest its entire holding in Zuari Investments Limited. In the process, it has divested one third of its 50% holding in Zuari Investments to Zuari Industries Limited in March 2009. After this transaction, Zuari Investments has become a subsidiary of Zuari Industries Limited.

During the financial year 2008-09, the income of Zuari Investments Limited from various services was Rs. 908 lac and cash profit was Rs. 334 lac.

6. Subsidiaries.

(i) Chambal Infrastructure Ventures Limited

Chambal Infrastructure Ventures Limited is a wholly owned subsidiary of your Company. This subsidiary is engaged in development of Power projects. It had set up two wholly owned subsidiaries viz., Chambal Energy (Chhattisgarh) Limited and Chambal Energy (Orissa) Limited for taking up power projects in the states of Chhattisgarh and Orissa, respectively.

During the year under review, the Project in Chhattisgarh has shown progress. The project has received in-principle approval from the Government of Chhattisgarh for land acquisition. The site is well suited for sourcing coal and water. Activities related to Land acquisition have commenced. The Government of Chhattisgarh has also approved firm water allocation from river Mahanadi for its annual requirement. The Power plant proposed to be set up will be based on the Super Critical technology which will make it more efficient and environment friendly. The coal linkage application has been recommended by Ministry of Power and is awaiting approval by the Ministry of Coal. The Ministry of Environment and Forests has approved Terms of Reference for setting up a 2X660 MW Project based on Super Critical technology on the proposed site.

Chambal Infrastructure has also signed Memorandum of Understanding with the Government of Orissa in February 2009 for setting up a 1200 MW thermal Power plant. The

project has received in-principle approval for water from the State Government and the site has also been identified.

Gulbarga Cement Limited was a wholly owned subsidiary of Chambal Infrastructure which was set up to explore possibilities in cement sector. During the year, Chambal Infrastructure has disposed off its entire holding in Gulbarga Cement Limited to Zuari Industries Limited.

(ii) CFCL Overseas Limited, Cayman Islands

CFCL Overseas Limited was incorporated as a Special Purpose Vehicle and wholly owned subsidiary of your Company for consolidation of its entire software business. CFCL Technologies Limited is the flagship company for software business and also a subsidiary of CFCL Overseas Limited.

The Software business operates into two segments of home mortgage vertical i.e. Products and Knowledge Process Outsourcing (KPO).

The Products business has been relatively stable during the Financial Year 2008-09 inspite of adverse market conditions. The gross margins on the products have increased steadily during the year because of the movement of the development function from USA to India. The segment has closed the year with USD 19 Million in revenues.

The KPO business made significant progress with the revenue growing from USD 2.4 million in 2007-08 to USD 17.6 Million during the Financial Year 2008-09. The KPO offshore business has grown due to increase in revenues from existing customers and acquisitions. Falling interest rates and resulting refinancing activity has resulted in higher revenues for this segment. Optimising the work force from an onsite-offshore perspective has resulted in better margin for this business. KPO Headcount increased from 414 during the first quarter of the year to 618 in the last quarter of the Year 2008-09.

The Software business as a whole earned revenues of USD 37.7 Million and EBITDA before exceptional items of USD 2.6 Million during the year.

(iii) India Steamship Pte. Limited, Singapore

India Steamship Pte. Limited was incorporated in Singapore in the year 2006-07 as a wholly owned subsidiary of your Company, considering the favourable tax regime in Singapore. The company operated during the year through in-chartered tonnage.

India Steamship, Singapore has posted excellent performance during the year by earning a revenue of USD 25.08 million with a net profit (after tax) of USD 4.75 million.

Exemption: Your Company has received approval of the Government of India, exempting it under section 212(8) of the Companies Act, 1956 from attaching with its Annual Report, the copies of the Balance Sheet, Profit and Loss Account, Board of Directors' Report and Auditor's Report of its subsidiary companies. However, pursuant to Accounting Standard 21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company includes the financial information of its subsidiaries, as

applicable. The Company will make available the Annual Accounts of its subsidiaries alongwith relative detailed information upon request by investors of the Company or its subsidiaries.

7. Environmental Protection, Health and Safety

(a) Environment Management

Your Company has established and maintained an Integrated Management System (for Environmental, Occupational Health & Safety and Quality) based on ISO-14001: 2004 and OHSAS-18001:2007 and ISO-9001:2000.

- i) **Sustainable Development** - Your Company is totally committed to sustainable development and has completed various environment programmes keeping the global issues in mind, viz. Rain Water Harvesting, Ground Water Recharging, Energy Conservation measures, Pollution Control, Use of Solar Energy, etc.

Educating and sensitizing the stakeholders mainly employees, contractors and customers regarding the importance of sustainable environmental development is a process in continuum.

- ii) **Waste Management** - Your Company is managing well designed and operated programmes/ treatment facilities to control pollution. Major thrust is on 3R concept (Reduce, Re-use and Re-cycle) of the effluents being generated. This year more than 98% of the effluents were recycled in the processes.

Rest of the waste water was used in maintaining green belt through a 65 kilometer long irrigation network spread all over the complex, which in turn helps in saving fresh water. The Company's lush green campus at Gadepan (Rajasthan) has an environment which consists of fully developed green belt, gardens, lawns, shrubs and landscaping. This is considered as one of the most beautiful industrial campuses in Rajasthan.

Your Company has adopted best methods to manage Solid/ Hazardous Waste disposal after proper categorization. All saleable items are sold to the approved recyclers. The use of polythene bags in the Gadepan campus is strictly prohibited.

- iii) **Green belt and water consumption**- The area surrounding Gadepan complex is experiencing a positive change in Ecology due to development of a dense green belt/ forest inclusive of over 2.28 lac trees in an area of about 213 hectares under a programme named "Operation Green". This has provided habitat to more than 100 species of birds. This year 2200 new trees were planted.

Water consumption is optimized through implementation of various conservation schemes. The trend of consumption shows a continual improvement. During the year, the specific consumption of water was 5.20 cubic meter per MT of urea. This level is one of the best in the Fertilizer Industry.

The Company is implementing a project for recharging of wells at different locations around the township in a phased manner by rain water harvesting.

(b) Safety Management

Safety is accorded the highest priority in your Company. A strong safety and occupational-health' programme is in place to ensure the safety of employees as well as equipment and machinery.

Besides establishing and maintaining Integrated Health and Safety Management System based on OHSAS 18001:2007, your company has initiated action to implement Process Safety Management System based on 29 CFR 1910.119 developed by OSHA of USA in its operations. It shall help in preventing serious process related incidences which can cause loss of property and release of hazardous gases.

As a management commitment towards safety of employees, their families and contract workforce, the township at Gadepan has obtained OHSAS-18001:2007 certification.

Your Company has received '5-star rating' of British Safety Council for its Occupational Health & Safety Management System at Gadepan.

Emergency Handling

Your Company has a well-defined Onsite Disaster Management Plan & Flip chart, which clearly defines the duties of all the employees during emergency. Regular mock drills are conducted to check the emergency preparedness in-house as well as with local administration. A formal "Mutual Aid Scheme" with NTPC - Anta is also in place for the emergency handling.

EHS audits

Apart from periodic internal audits, external audits are also carried out as per schedule. The gaps identified in the audit are rectified through an action plan.

(c) Health & Hygiene

Your Company also accords high priority to hygiene monitoring at work place and employees' health assessment. The plant and processes are continuously upgraded to improve hygiene and health standards. Necessary training is imparted to the employees and other workers to enhance their awareness towards health related matters.

A well placed medical centre in the campus at Gadepan works round the clock to provide Health Services to employees, contractors, their families and community. The Company's medical officer conducts regular health awareness programs.

Comprehensive Work Environment Monitoring is carried out in-house as well as through external agencies on regular basis to prevent any occupational disease.

(d) Achievements

Your company has received the following awards for improvement of EHS standards:

- British Safety Council Sword of Honour Award for 2008
- Ranked 4th for 2009 International Fertilizer Association's (IFA's) Green Leaf Trophy Award Laureate for excellence in safety, health and environment in fertilizer production.

- Runner-up of 'National Safety Award' in the category of "Manufacture of Chemicals & Chemical Products (Including Fertilizers)". This award was given for outstanding performance in Industrial Safety during the performance year 2006 based on "Accident Free Year".
- "PRASHANSA PATRA" by 'National Safety Council-India, in recognition for Developing & Implementing Effective Management System & Procedures and Achieving Good Performance in Occupational Health & Safety (OHS) for the assessment period of three years 2004-2006.
- "GOLD SAFETY AWARD-2008" from Greentech Foundation-for excellent Occupational Health & Safety Management System.

8. Corporate Social Responsibility

Your Company is committed towards the development of rural infrastructure and improvement in the quality of life in the villages in the vicinity of the plant at Gadepan. The activities include construction of Kharanja Road, School Class Rooms and Boundary walls around the Schools. Installation of Hand-pumps / Tube-wells and repairing of hand pumps for continuous supply of water.

Health Care has been an area of priority. The Health Centre in the plant area at Gadepan provides medical care to all nearby villagers. In addition to this, in the event of any serious accidents or other medical emergencies, ambulance facilities are provided to villagers for shifting such patients to District Hospitals at Kota / Anta.

The wives of employees have formed an Uttam Mahila Samiti. This samiti is providing uniforms, shoes, woolen clothes, other stationery items to the needy students and scholarship to meritorious students of the nearby villages for encouraging them to come to the School. Periodic Blood Donation Camps, Family Planning Camps, Health & Hygiene Camps are organized by Uttam Mahila Samiti for the benefit of health of the villagers. In addition to this, a unique Mobile Health Care programme has been started, wherein a Medical Team visits 2 villages everyday for providing free medical care and medicines to the villagers. Cultural, Social and Sports activities are also promoted through sponsorship round the year. Fire tender services are also provided to villagers in case of need.

9. Conservation of Energy

Your Company strives to make the plants energy efficient to the extent possible and continually reviews various schemes to conserve energy. The requisite information with regard to conservation of energy, technology absorption and foreign exchange earnings and outgo in terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out in separate statements attached hereto (Annexure A & B) and forms part hereof.

Your Company has inducted 3 new vessels during the year. These new double hull vessels are more energy efficient as compared to the old vessels. Information required to be furnished in Form A is not applicable to shipping industry. It has no information to furnish in Form B regarding technology absorption. Total foreign exchange earning and outgo with respect to the Shipping Division has been provided alongwith the other divisions of the Company in Form B.

10. Investor Service Centre

The In-house Investor Service Centre of your Company located at New Delhi, continues to provide prompt investor service through quick resolution of investor grievances. The motto of 'high investor satisfaction' is being pursued through pro-active actions like reminders, reaching out to investors at the earliest, etc.

The securities of your Company are listed at National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The Company has paid annual listing fees to these Stock Exchanges for the year 2009-10.

The members are requested to refer to general shareholders information given in Annexure – "E" relative to Corporate Governance.

11. Fixed Deposits

As on March 31, 2009, your Company had 382 depositors with fixed deposits of Rs. 110.93 lac. 46 depositors have not claimed their Fixed Deposit amount of Rs. 10.75 lac as on that date. However, 9 depositors have since claimed/ renewed their deposits of Rs. 2.30 lac. The remaining depositors are being advised at regular intervals to claim their deposits. Your Company has discontinued accepting new deposits with effect from July 1, 2008.

12. Employee Stock Option Scheme

Your Company had taken approval of members in 23rd Annual General Meeting held on September 10, 2008 for issue and allotment of options exercisable into not more than 41,62,000 equity shares of face value of Rs. 10/- each to employees of the Company under Employee Stock Option Scheme(s). However, no stock options were issued by your Company during the year under review.

13. Personnel

Information in accordance with section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report and is attached hereto as Annexure "C".

14. Directors

The Board has eight non-executive directors and a Managing Director. Three directors namely M/s. D. Basu, A. J. A. Tauro and Marco Wadia are due for retirement by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. Mr. M. D. Locke has resigned as a director w.e.f. April 21, 2009. The Board places on record its sincere appreciation of the services and guidance rendered by Mr. M.D. Locke during his long association with the Company.

The Board of Directors had appointed Mr. C. S. Nopany as Additional Director w.e.f. September 16, 2008. He holds his office upto the date of ensuing Annual General Meeting of the Company. In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company, the Company has received a notice in writing together with requisite deposit from a member proposing his appointment as director of the Company, liable to retire by rotation.

Other information on the directors including those retiring by rotation is provided in the Report on Corporate Governance annexed to this Report as Annexure "E".

**15. Auditors**

The Notes on Accounts read with the Auditors' Reports are self explanatory and therefore, do not call for any further comments or explanations.

M/s. S. R. Batliboi & Co., Statutory Auditors and M/s. Singhi & Co., Branch Auditors of Shipping Business of the Company pursuant to Section 228 of the Companies Act, 1956, are due to retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The above re-appointments, if made, will be in accordance with the provisions of section 224 (1B) of the Companies Act, 1956.

16. Corporate Governance

Auditors' Certificate on compliance with the conditions of Corporate Governance and separate reports on Corporate Governance and Management Discussion and Analysis are enclosed as Annexure – "D", "E" and "G" respectively.

17. Directors Responsibility Statement

Your Directors hereby report:

- a) that in the preparation of annual accounts, the applicable accounting standards have been followed alongwith proper explanation relative to material departures;
- b) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of profit and loss account for the period ended March 31, 2009;
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956

for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- d) that the Directors have prepared the annual accounts on a going concern basis.

18. Consolidated Financial Statements

In accordance with Accounting Standard 21 – Consolidated Financial Statements, the group accounts form part of this Report & Accounts. These group accounts also incorporate the Accounting Standard 23– Accounting for investments in Associates in Consolidated Financial Statements and also Accounting Standard 27 - Financial Reporting of interest in Joint Ventures issued by the Institute of Chartered Accountants of India. These group accounts have been prepared on the basis of audited financial statements received from subsidiaries, associate and joint venture company.

19. Acknowledgements

Your Directors wish to place on record their appreciation of the assistance and co-operation received from the Department of Fertilisers, Government of India, State Governments, Financial Institutions, Commercial Banks, Stakeholders and all others whose continued support and co-operation has been a source of strength to the Company enabling it to achieve its goals. Your Directors also wish to place on record their sincere appreciation of the unstinted devotion and commitment of every employee of the Company.

By order of the Board

New Delhi
May 15, 2009

S. K. Poddar
Chairman