

34th ANNUAL REPORT
2011-2012



Rashtriya Chemicals and Fertilizers Limited

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(A Government of India Undertaking)



Rashtriya Chemicals and Fertilizers Limited

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MOU Excellence Award

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

Cost Management Award

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



VISION STATEMENT

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



Board of Directors



Shri R.G.Rajan
Chairman and Managing Director



Shri Gautam Sen
Director (Finance)



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



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



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



Shri Manoj Priya
Director (Technical)
(upto 30.9.2011)

MISSION OF THE COMPANY

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

VALUE STATEMENT

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



Rashtriya Chemicals and Fertilizers Limited

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RCF Pays Dividend to the Government of India



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

Golden Peacock Award



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



FINANCIAL HIGHLIGHTS AT A GLANCE

in crore

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



SENIOR MANAGERS

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

Company Secretary	:	Shri K.C.Prakash
Email address	:	investorcommunications@rcfltd.com
Website address	:	www.rcfltd.com
Telephone	:	(022) 25523114/ 3118
Registered Office	:	“Priyadarshini” Eastern Express Highway Sion, Mumbai 400 022.
Share Transfer Agent	:	M/s. Link Intime India (Pvt). Ltd. C-13, Pannalal Silk Mills Compound L.B.S.Marg, Bhandup Mumbai 400 078 (022) 25963838
Bankers	:	State Bank of India Swastik Chamber Chembur, Mumbai - 400 071.
Statutory Auditors	:	M/s. JCR & Co., Mumbai M/s. M. M. Nissim & Co., Mumbai
Cost Auditors	:	M/s. Rohit Vora & Co., Mumbai M/s. C. R. Musib & Associates, Mumbai



Rashtriya Chemicals and Fertilizers Limited

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

Annual Report 2011-12

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Rashtriya Chemicals and Fertilizers Limited

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RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

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

NOTICE

THIRTY FOURTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the THIRTY FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED will be held at "Sivaswamy Auditorium" The Fine Arts Society, Fine Arts Chowk, RC Marg, Chembur, Mumbai 400 071 on Friday, the 31st day of August 2012 at 3 PM. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2012 and Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To declare dividend.
3. To fix remuneration of Auditors.
4. To appoint a Director in place of Dr. V. Rajagopalan, Director who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Gautam Sen, Director who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

6. To appoint Shri C.M. T. Britto, as Director of the Company and to consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution:
"RESOLVED THAT pursuant to Sections 255, 257 and other applicable provisions of the Companies Act, 1956, if any, Shri C.M.T Britto, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation".

By order of the Board of Directors

K.C. Prakash
Company Secretary

Date: 30th May 2012

Place: Mumbai

Notes:

1. A Member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself and that the said proxy need not be a Member of the Company. The instrument appointing the proxy shall be deposited at the Registered Office of the Company not later than forty-eight hours before the time fixed for holding the meeting.
2. Register of Members and Share Transfer books will be closed from 22nd August 2012 to 31st August, 2012 [both days inclusive].
3. Members are requested to notify immediately any changes in their address to the Company or its Transfer Agents: M/s. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (W), Mumbai 400 078.
4. Any clarifications needed by the members of the Company may be addressed to the Company Secretary at the Registered Office of the Company or through e-mail investorcommunications@rcfltd.com at least seven days prior to the date of Annual General Meeting.
5. Pursuant to the provisions of Section 205 A (5) of the Companies Act, 1956, dividend which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and

Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

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

THE FOLLOWING EXPLANATORY STATEMENT SETS OUT THE MATERIAL FACTS REFERRED TO IN ITEM No. 6 OF THE NOTICE CONVENING THE 34th ANNUAL GENERAL MEETING.

Shri C.M.T Britto, who has been appointed by President of India as Director (Technical) on the Board of the Company w.e.f. 11.4.2012, pursuant to Section 260 of the Companies Act, 1956 and Article 81(5) of Articles of Association of the Company, will hold the office till the date of 34th Annual General Meeting.

Notice under Section 257 of the Companies Act, 1956 has been received by the Company, from a shareholder signifying his intention to propose the candidature of Shri C.M.T Britto for the office of Director of the Company.

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

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

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

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

By order of the Board of Directors

K.C. Prakash
Company Secretary

Date: 30th May 2012

Place: Mumbai



DIRECTORS' REPORT

To the Members,
Rashtriya Chemicals and Fertilizers Ltd,
Mumbai

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

1.0.0 FINANCIAL PERFORMANCE: Summary of financial performance:

₹ Crore

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

1.1.0 Highlights for the year 2011-2012:

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

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

1.2.0 Dividend:

Although your Company has lined up a number of capex programmes which will entail substantial expenditure, considering the consistent profits being made by the Company, your Directors propose to pay higher dividend at ₹ 1.40 per each equity share of ₹ 10/-, as against ₹ 1.10 paid in the previous year. The total out go works out to ₹ 89.77 crore (₹ 70.53 crore in the previous year) including dividend distribution tax and education cess.

1.3.0 Appropriation to General Reserves:

Your Company earned a net Profit after Tax of ₹ 249.23 crore (₹ 245.12 crore in the previous year). The dividend pay out along with Tax/cess is ₹ 89.77 crore (₹ 70.53 crore in the previous year). The balance amount of ₹ 159.46 crore (₹ 174.59 crore in the previous year) is transferred to General Reserves.

2.0.0 MANAGEMENT DISCUSSION AND ANALYSIS:

2.1.0 OPERATIONAL RESULTS:

2.1.1 PRODUCTION:

2.1.2 Fertilizers:

Your Company produced 27.59 lakh MT of fertilizers (21.09 lakh MT of Urea, 4.58 lakh MT of Suphala 15:15:15 and 1.92 lakh MT of Suphala 20:20:0) during the year as against 27.29 lakh MT (21.24 lakh MT of Urea, 4.47 lakh MT of Suphala 15:15:15 and 1.58 lakh MT of Suphala 20:20:0) produced in the previous year and achieved overall installed capacity utilisation of 101.16% as against 100.08 % during the previous year. The capacity utilisation of the Urea plants was to the extent of 103.52%. As regards complex fertilizers, Suphala [15:15:15] plant produced to the extent of 109.12% and Suphala 20:20:0 (ANP) produced 70.95% as the plant got stabilised in second half of the year. In terms of nutrients, your Company produced 10.77 lakh MT of Nitrogen (N), 1.07 lakh MT of Phosphate (P₂O₅) and 0.69 lakh MT of Potassium (K₂O) during the year as compared to 10.76 lakh MT of N, 0.99 lakh MT of P₂O₅ and 0.67 lakh MT of K₂O during the previous year.

The performance of the units are given below:

2.1.2.1 Thal Unit:

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



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

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

2.1.2.2 Trombay Unit:

The Trombay Unit produced 3.36 lakh MT of Urea, 4.58 lakh MT of Suphala 15:15:15 and 1.92 lakh MT of Suphala 20:20:0 during the year under report compared to 3.41 lakh MT of Urea, 4.47 lakh MT of Suphala 15:15:15 and 1.58 lakh MT of Suphala 20:20:0 produced during the previous year. The unit achieved an overall capacity utilization of 96.65 % compared to 92.75% during the previous year. In terms of Nutrient values, the unit produced 2.62 lakh MT of N, 1.07 lakh MT of P₂O₅ and 0.69 lakh MT of K₂O during the year compared to 2.56 lakh MT, 0.99 lakh MT and 0.67 lakh MT respectively in the previous year.

The unit was bestowed with the following awards:

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

2.1.3 Industrial Products:

Your Company produces industrial chemicals at its two units. During the year, your Company produced 1.67 lakh MT of various major industrial chemical products compared to 1.51 lakh MT during the previous year. Your Company produces, amongst others, Methanol, Methylamines and derivatives, Ammonium Nitrate, Sodium Nitrate/Nitrite, Ammonium Bi-Carbonate, Formic Acid etc.

2.2.0 MARKETING PERFORMANCE:

2.2.1 Fertilizer Division:

Your Company achieved sales volume of 40.80 lakh MT during 2011-12 as compared to 40.54 lakh MT in the previous year. Your Company sold 31.45 lakh MT of Urea, 4.40 lakh MT of Suphala 15:15:15, 1.77 lakh MT of Suphala 20:20 and 3.18 lakh MT of other bought out products such as DAP, MOP, SSP, Rajphos, NPK etc. compared to 29.86 lakh MT of Urea, 4.50 lakh MT of Suphala 15:15:15, 1.52 lakh MT of Suphala 20:20 and 4.26 lakh MT of other bought out products respectively during

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

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

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

2.2.2 Industrial Products Division:

Despite various constraints due to global recession during the second half of the financial year, Industrial Products Division achieved turnover of ` 865.61 Crore as against ` 726.25 Crore during the previous year. Ammonium Nitrate (Melt), Methanol, Methylamines, conc. Nitric Acid, Ammonia, etc contributed significantly to the turnover.

2.2.3 Exports:

During the year under report, your Company exported 552 MT of Suphala 15:15:15 worth ` 1.65 crore as against 384 MT worth ` 0.74 crore during the previous year. Considering the nature of products manufactured by your Company, scope for exporting and earning foreign exchange is very limited.

2.2.4 Future Plans of Fertilizer Marketing:

Your Company has set itself an ambitious target of achieving a total turnover of ` 7200 crore in the year (including Industrial Chemicals). It plans to add substantial volume through marketing Single Super Phosphate (SSP) through tie-ups. As NBS facilitates production and sale of customized/fortified fertilizers, your company is planning to go in for developing soil specific grades. Your company also intends to import and market complex fertilizers, water soluble fertilizers, SOP, Ammonium Sulphate, Zinc Sulphate and develop customised/fortified fertilizers like Boronated Urea and Zincated urea.

2.3.0 The Fertilizer Industry:

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