



## Geared for Growth

Over the last decade there has been a shift in the world economic order. India and China have emerged as the fastest growing economies globally. India is expected to grow at over 8% annually for the next ten years. This represents a massive opportunity in itself.

With an established presence across some of India's key macro-economic growth drivers – agriculture, mining, chemicals and value-added real estate, Deepak Fertilisers And Petrochemicals Corporation Limited (DFPCL) is fully geared to participate in this growth opportunity.

We are a unique Company that is creating 360-degree growth.

An inclusive, all encompassing growth.

The DFPCL of tomorrow is building on its past. On its pedigree. Creating growth opportunities not just for itself, but all around.

In the last 30 years, we have carefully built an organisation that is known for its ethics, world-class quality, brands and service commitment in all the segments we operate in.

We have established ourselves as one of the largest producers of industrial chemicals in India, addressing the needs of multiple users and industries. We are the only manufacturer of Iso Propyl Alcohol (IPA) in the country with a market share of around 75%. We are one of the leading manufacturers of Technical Ammonium Nitrate (TAN) in the country.

We have created Ishanya – Western India's largest retail destination.

And this is just the beginning.

We are now ready....

- With the easing up of the supply of Natural Gas, earlier a growth constraint, we are now ready to maximise capacity utilisation at all our plants.
- By enhancing our production capacity of TAN by 3,00,000 MTPA, we are now ready to reap the full potential of the growing mining sector within and outside India. After this expansion, we will emerge as the largest producers of TAN in Asia.
- With the shift to a nutrient based fertiliser subsidy regime (in effect from April 1, 2010), we are now ready to maximise the potential of the Fertiliser business with our strong brands, promoting Integrated Nutrient Management by way of crop-specific and soil-specific fertilisers.
- With the Saarrthie concept taking firm root, we are now ready to maximise on the potential of the Agri Business by offering comprehensive solutions ranging from soil testing and nutrient management to output management to the farming community.
- With a strong balance sheet, consistent cash-flows and a comfortable debt-equity ratio, we are now ready.

Ready to grow.

And to deliver sustainable value to all our stakeholders.

The farmers. The customers. The employees.

The shareholders. And the society at large.

Welcome to our Company.

A Company that is Geared for Growth.



## Message from the Vice-Chairman and Managing Director

If one were to summarise the year that went by, 2009-10, both for the country and your Company, the only word that comes to my mind is:

### **RESILIENCE . . .**

In the wake of such a massive, global financial crisis, India withstood.

Despite the Global Chemicals, Fertilisers, Petrochemicals and Real-Estate market crashes, your Company withstood.

The 30 solid years of technology depth, customer loyalty, financial prudence and human motivation levels, all helped our bottom line to rebound virtually back to the pre-meltdown levels.

During the year, despite all the challenges, we achieved

- The highest-ever production and sales of Iso Propyl Alcohol (IPA)
- The highest-ever production and sales of Concentrated Nitric Acid (CNA)
- The highest-ever production and sales of Carbon Dioxide (CO<sub>2</sub>)
- The highest production and sales in the last three years of Methanol
- The highest production and sales in the last three years of Nitro Phosphate (NP) fertilisers

### **Indeed, resilience . . . our strength to withstand . . .**

As I look ahead, the year 2010-11 will see us decisively and successfully go forward with:

- Asia's largest Nitric Acid Complex
- Asia's largest Technical Ammonium Nitrate Complex
- India's largest and only IPA plant

Looking at the five year horizon beyond the current year, the only descriptors that came to our minds were:

**GEARED . . .** made ready, adjusted to give specified speed or power, equipped for a particular purpose

**GROWTH . . .** enlarge, expand, multiply, progress, rise

Your Company is strategically poised on a path to play a decisive role in the high-potential sectors of the country:

- Agriculture
- Mining
- Chemicals

Unlike the general industry craze on size and quick numbers, our growth path is geared towards strategic value-additions, holistic offerings, specialties and intellectual capital-building . . . as Philip Kotler summarises:

**"MARKETS WILL MOVE FROM FOCUSING ON LARGE SEGMENTS TO TARGETING SPECIFIC NICHES . . . IN NICHES THERE ARE RICHES"**

In the Agri-sector, we plan to connect our traditional Bulk Fertiliser business to Agronomy-based Customised Fertilisers which are Crop-specific and take the Indian farm produce quality to the global best.

In the Mining sector, we plan to not merely provide top-grade Technical Ammonium Nitrate (TAN) used primarily for industrial explosives but expand our offerings to provide world-class Total Mining Solutions.

The Bulk Chemical sector of the yesteryears will be transformed into value-added specialties for the niche, high-growth emerging markets of tomorrow.

The Value-Added Real Estate business will tap into the massively growing needs of the richer middle-class of India.

All of the above are in good alignment with the massive Gas finds of the KG-basin, the booming needs of Coal for the Power sector, Cement for the Infrastructure sector and, above all, the recently announced opening up of the Fertiliser sector.

**"THE GREAT EXCITEMENT OF THE FUTURE IS THAT WE CAN SHAPE IT !" - CHARLES HANDY**

The pages that follow give a glimpse of this excitement we see on the horizon . . .

Sincerely,



S. C. Mehta

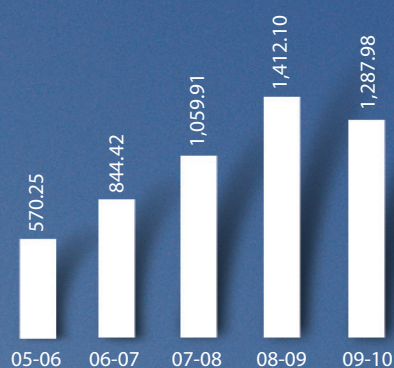


If one were to summarise the year that went by, 2009-10, both for the country and your Company, the only word that comes to my mind is:

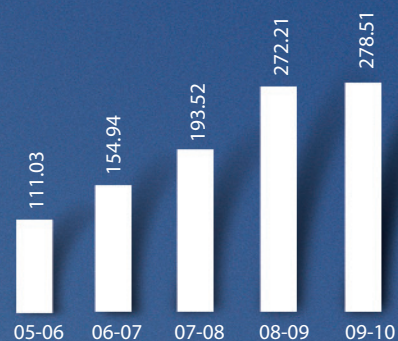
**Resilience.**



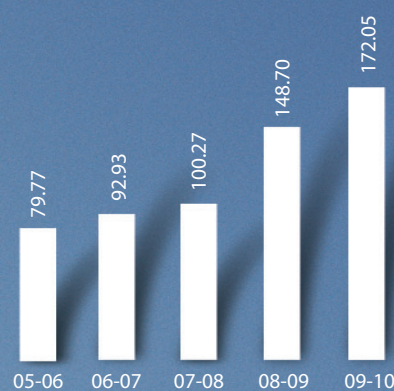
## Financial Snapshot



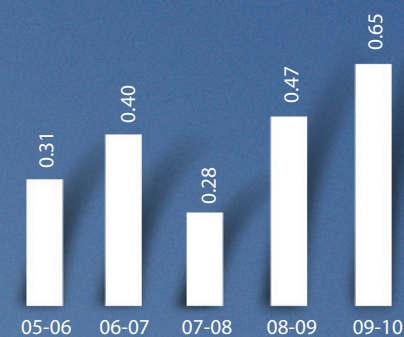
INCOME FROM OPERATIONS (RS. IN CRORES)



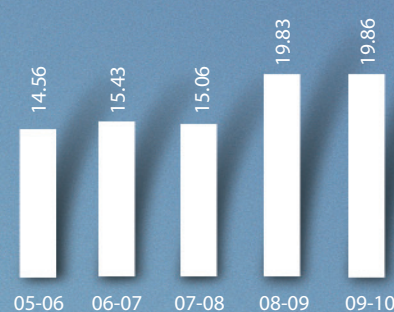
OPERATING EBITDA (RS. IN CRORES)



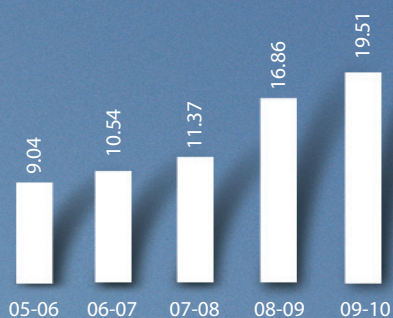
NET PROFIT (RS. IN CRORES)



LONG TERM DEBT-EQUITY RATIO



RETURN ON NET WORTH (%)



EARNINGS PER SHARE (IN RS.)





## THE MACRO-SCENARIO

India's economic outlook remains strong. The country was amongst the first to overcome the global recession, achieving a GDP growth of 7.4% in 2009-10. This was largely driven by improvement in industrial growth. Manufacturing output spurted to 10.8% from the start of the fiscal, indicating firmly that India had regained the momentum lost during the global financial crisis.

Unlike in 2009-10, the composition of aggregate demand will now change from government consumption to private consumption and investment. Several major capacity expansion plans in key sectors like cement, steel, aluminium, coal, automobiles, power, highways etc. are envisaged. Urban consumption will be strongly driven by rising levels of consumer confidence. The positive outlook has led to improved capital inflows, led by the return of the FIIs to the equity markets during the year.

Given DFPCL's product and customer profile – the Indian farmer, the mining sector, the chemicals sector and the urban consumer – the emerging trends clearly point towards a robust and positive outlook.

## THE MICRO-SCENARIO

### Raw Materials

Some of the major raw materials for your Company are Natural Gas and its derivative Ammonia. Natural Gas in India is now also available from a choice of sources including the KG basin, RLNG, ONGC (C-Series) and the Panna Mukta Tapti basin. Your Company, over the past year, has replaced costly liquid fuels like Naphtha and Fuel Oil with Natural Gas. It now has firm supply contracts in place with key producers. Prices of Natural Gas are expected to remain range-bound in 2010-11 and should place your Company in a favourable competitive position. Ammonia prices are also expected to be fairly stable in 2010-11. Your Company has signed quantity contracts for Ammonia with an overseas supplier. The supply of this crucial raw material should commence later in the financial year 2010-11 based on the needs of its downstream expansion.

### Agri-business

Horticultural production in India's agri-products basket is rising almost twice as fast as other products. According to APEDA, India's agri-export turnover is expected to double in the next four years to nearly US\$ 18 billion by 2014.

These trends are positive for your Company's current product profile, both manufactured in-house and outsourced. Your Company should now be well-placed with its strong brands, robust distribution networks and emerge as a partner of choice for farmers.



## Management Discussion and Analysis

The Saarrthie business, which provides yield-improving, value-added, knowledge driven services and output management, will create significant customer value.

Going forward, sulphur prices are expected to be stable. This should benefit your Company's Sulphur Bentonite business. Key inputs like Phosphoric Acid should remain favourably priced globally and available in adequate quantities.

Internationally, fertiliser prices have recovered from the lows of 2008-09. The Nutrient-Based Subsidy (NBS) regime is now effective from April 1, 2010 and should benefit all players in the fertiliser sector, including your Company. A full assessment of its impact should be possible in 2010-11. While the increase in APM prices will impact margins, overall profitability is expected to improve due to better capacity utilisation on the back of full Gas availability.

The next phase of expansion in this business will be three-fold. At the first level, your Company will expand its markets geographically and penetrate deeper into customer segments with a clear focus on adding superior value.

At the second level, your Company will strengthen its product basket by expanding into customised fertilisers, in keeping with the strategy of offering soil-specific, crop-specific fertilisers.

At the third level, with its Saarrthie concept taking firm root, your Company is now evaluating various business models to make inroads into output management.

## THE CHEMICALS BUSINESS

### Technical Ammonium Nitrate (TAN)

Forecasts for the Indian mining and infrastructure sectors are robust, driven mainly by domestic demand. Business Monitor International (BMI) has forecast that the Indian mining industry will now grow at an average of 8% annually in real terms. Coal mining contributes to nearly 70% of Indian mining. Vast reserves of mineable coal have been identified. Captive coal blocks have been allocated. Coal production estimates are favourable with the increasing demand for power across India. Several thermal power projects are now being readied for commencement. An annual GDP growth rate of about 8% will necessitate a 9-10% growth rate in the Indian power sector.

Globally, the mining sector is poised for expansion. A clear demand-supply gap for TAN exists, especially in East and South-

East Asia, the Middle East and South Africa. Your Company expects to exploit these demand-supply gaps in the coming years.

Capital investment in infrastructure projects is on the rise. Key benchmark industries, like cement, which are vital customers for TAN, have shown good growth and the outlook remains positive.

With these demand drivers coming into place, the demand for TAN is expected to grow around 8% per annum over the next 5-7 years. Currently about 50% of the domestic market comprises low-grade imports which do not enable the end-customer derive cost or process efficiencies. With the new 3,00,000 MTPA plant for TAN to become operational during the year, your Company will be ready with both scale and world-class quality to replace these low-grade imports. It is currently working closely with potential customers to analyse their needs and help manage them cost-efficiently. Your Company's brand strengths, coupled with its scale and its technical knowledge, strengthen its competitive advantages in the domestic market.

### Industrial Chemicals

The outlook for your Company's range of industrial chemical products viz. Iso Propyl Alcohol (IPA), Nitric Acid, Methanol and CO<sub>2</sub> remains favourable. Your Company is the market leader for IPA and Nitric Acid and an important player in Methanol and CO<sub>2</sub>. It is the only manufacturer of IPA in India and is one of the very few companies in the world with a US Pharmacopeia certification for IPA, making it the supplier of choice for the pharmaceutical industry. Your Company will also emerge as Asia's largest manufacturer of Nitric Acid by 2010-11.

Demand in the Indian pharmaceutical industry and across other sectors like dyes, acetic acid, formaldehyde etc. continues to be robust. The Nitric Acid downstream segments have good growth trajectories forecast, resulting in an increased demand for various grades of Acid in the coming years. Your Company's customer relationships and its ability to offer world-class service with its domestic geographical advantages are proving to be key strengths. Your Company shall appropriately augment capabilities and capacities in its Chemicals business to maintain the growth momentum.

On the global front, crude oil prices are expected to be in the US\$ 85-100 range in the coming year. Consequently, Refinery



Grade Propylene and LPG prices could be equally range-bound. Your Company is confident that its customer segments should be able to absorb any increase in the price line.

#### VALUE-ADDED REAL ESTATE

Consumer spending is on the increase. There are clear indications that the Indian retail industry is poised for another phase of high growth. Your Company's mall venture, Ishanya, has emerged as a strong destination brand among consumers in its primary geographical catchment in Western Maharashtra. Brand awareness is at a high 90%.

Ishanya is now entering a new phase by expanding its basket of offerings to include lifestyle and accessories, fashion, entertainment and food. The new expanded format, called High Street Ishanya, should make the mall the destination of first choice.

volumes of its own manufactured products. This was due to both the improved availability of Natural Gas and Propylene from various sources and better operating efficiencies.

Total Revenue for 2009-10 stood at Rs. 1,332.88 crores against Rs. 1,448.10 crores in 2008-09. The lower revenues were largely on account of lower volumes and price realisations for the outsourced products of your Company, especially bulk fertilisers. With bulk fertiliser prices witnessing a sharp drop globally, your Company decided to reduce the volume of outsourced bulk fertilisers like MOP and SSP.

Sales for the agri-business stood at Rs. 439.18 crores in 2009-10 against Rs. 574.57 crores in 2008-09 while sales for the chemicals business stood at Rs. 824.13 crores in 2009-10 against Rs. 807.76 crores in 2008-09.



ISHANYA - THE PLACE TO SHOP SMART FOR HOME DECOR AND MORE.

This augmentation calls for some structural change in order to make the available infrastructure perfect for the demands of the new product categories. Your Company is confident that the resultant capital investments will yield improved returns from the project and enhance the business and brand value of Ishanya.

#### DETAILED FINANCIAL AND OPERATIONAL ANALYSIS

##### Financial Analysis

During the year 2009-10, your Company saw a strong growth in

Profit Before Tax increased to Rs. 237.78 crores in 2009-10 from Rs. 212.00 crores in 2008-09, while Net Profit stood at Rs. 172.05 crores in 2009-10 against Rs. 148.70 crores in 2008-09. Earnings Per Share went up to Rs. 19.51 compared to Rs. 16.86 in the previous year.

Higher capacity utilisations resulting from greater raw material availability, prudent cost management and process efficiencies enabled your Company improve its operating margins to 21.62% in 2009-10 against 19.27% in 2008-09.

Your Company's financial position continues to remain sound. The average debt cost stood at 9.88% for 2009-10 against 8.31% for 2008-09. During 2009-10, long-term funds of Rs. 241 crores were borrowed for part-financing project costs. As a prudent corporate policy, internal accruals have been well-utilised by your Company to fund its capital expenditure.

In addition, there were a short-term borrowings of Rs. 122.16 crores. For 2009-10, the outstanding debt stood at Rs. 731.20 crores against Rs. 607.75 crores in 2008-09. Interest for the funds raised for project/capex items was capitalised. The debt-equity ratio stood at 0.65 as compared to 0.47 in previous year. The current ratio, including liquid investments, is at 2.71 in 2009-10 against 2.28 in 2008-09.

Forex was managed well. There was a net gain of Rs. 13.45 crores during 2009-10 against loss of Rs. 28.23 crores in the previous financial year.

#### Operational Analysis

About 0.582 mmsm<sup>3</sup> per day of Natural Gas (NG) was available on an average during the year under review, compared to 0.387 mmsm<sup>3</sup> per day of NG during 2008-09. The higher gas availability enabled the replacement of high cost fuel oil and naphtha, which were earlier used for heating and steam generation, improving overall operating margins by running the plants more efficiently at higher loads.

Ammonia requirements for the year were met through both in-house manufacture and outsourcing. Production levels of Ammonia increased during the year under review to 1,00,851 MT against 88,810 MT in 2008-09.

The details of production and sales during 2009-10 and 2008-09 are as under:

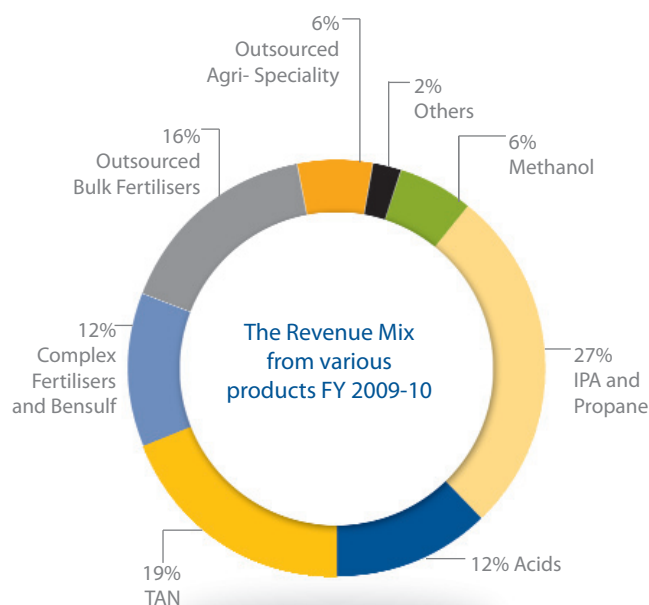
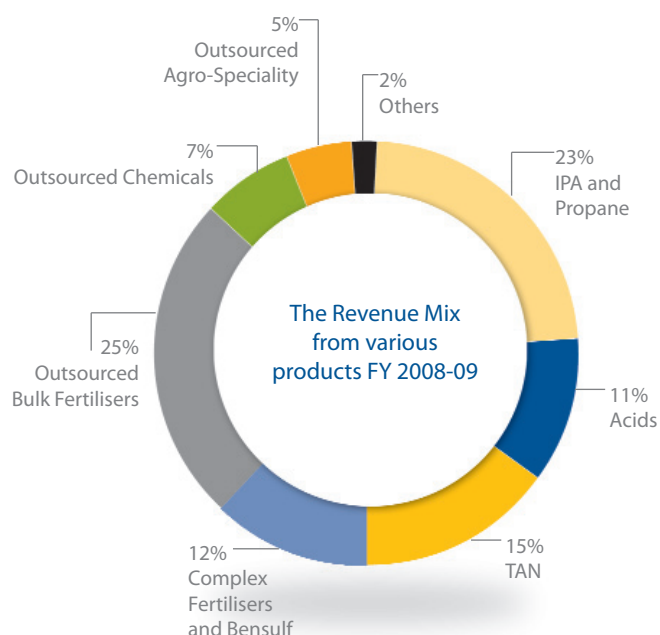
#### Production

Product	Quantity (MT)	
	2009-10	2008-09
Ammonia	1,00,851	88,810
Methanol	65,647	12,207
Iso Propyl Alcohol	61,619	51,217
Propane	9,231	9,298
Dilute Nitric Acid	2,60,162	2,35,964
Concentrated Nitric Acid	87,596	84,971
Technical Ammonium Nitrate	1,32,337	1,17,366
Nitro Phosphate Fertiliser	1,00,284	57,378
Sulphur Bentonite Fertiliser	10,191	554
Liquid Carbon Dioxide	29,132	21,516
Windmill Power (KWH)	2,00,27,398	1,63,42,395

#### Sales

Product	Quantity (MT)	
	2009-10	2008-09
Methanol	72,584	65,166
Iso Propyl Alcohol	61,671	51,264
Propane	9,316	9,361
Dilute Nitric Acid	23,187	29,667
Concentrated Nitric Acid	87,653	85,195
Technical Ammonium Nitrate	1,33,043	1,16,924
Fertilisers	2,61,655	2,99,137
Liquid Carbon Dioxide	29,176	21,473
Hydrogen (by-product)	3,312	3,127
Ammonia	-	1,063
Bulk and Speciality Chemicals	158	3,137
Speciality Fertilisers	54,539	35,889
Fruits and Vegetables	1,727	1,110
Windmill Power (KWH)	1,92,85,646	1,57,58,009





## PRODUCT-WISE BUSINESS REVIEW

### Agri-business

The total bulk fertiliser sales volume for 2009-10 was 2,61,655 MT against 2,99,137 MT for 2008-09 for the reasons explained earlier. Total revenue for the agri-business stood at Rs. 442.07 crores in 2009-10 against Rs. 576.80 crores in 2008-09. Production volumes of Nitro-Phosphate Fertiliser (NP) 23:23:0 rose to 1,00,284 MT from 57,378 MT while Sulphur Bentonite production volumes rose to 10,191 MT in 2009-10 against 544 MT in 2008-09. Sales of outsourced speciality fertilisers in terms of volumes saw an increase of around 28%. The export of fruits and vegetables to the Middle East and European markets was encouraging.

The agri-business continued its focus on integrated nutrient management and providing crop specific, soil specific advisory services to the farmers, through its Saarthie Centres, to build brand loyalty, enhance produce quality and farm productivity. Since inception, the Saarthie Centres have cumulatively serviced about 5,440 hectares of cultivable land. By the financial year end 2009-10, the Saarthie Centres had 7,189 farmer members. Your Company also expanded its geographical footprint by moving into states like Punjab & Haryana in addition to the traditional markets of Maharashtra, Gujarat, Karnataka and Goa.

### Industrial Chemicals segment

The total revenue for the chemicals segment increased to Rs. 852.46 crores in 2009-10 against Rs. 827.30 crores during 2008-09. The sales volume of industrial chemicals rose to 2,90,647 MT in 2009-10 from 2,70,896 MT in 2008-09.

#### Methanol

Methanol production during the year under review increased substantially to 65,647 MT as compared to 12,207 MT of the previous year. Methanol prices for most of 2009-10 remained favourable. However, given the volatile tendency of Methanol prices, your Company chose to trade in the product only at opportune times during the year under review.

#### Iso Propyl Alcohol (IPA)

During the year, your Company recorded the highest production and sale of IPA with the increased availability of propylene.

Your Company enjoys a nearly 75% market share in this product. The total production of IPA was 61,619 MT as compared to 51,217 MT in the previous year. During the year, the sales volume was 61,671 MT (including exports of 2,035 MT) as compared to 51,264 MT (including exports of 4,080 MT) of the previous year. Export of IPA was curtailed because of strong domestic demand and better price realisation.

#### ■ Acids

With relative price stability, the sales volume of Nitric Acid of different grades was 1,10,840 MT in 2009-10 against 1,14,862 MT in 2008-09. Your Company recorded the highest production of all Nitric Acid put together, including the highest production of 87,596 MT of CNA in 2009-10, surpassing the earlier high of 84,971 MT in the previous financial year.

year. The sales volume of TAN increased to 1,33,043 MT (including 11,859 MT of exports) in 2009-10 from 1,16,724 MT (including 6,207 MT of exports) in 2008-09. Prices remained fairly stable. Your Company enjoys a 30% market share in the domestic market.

#### ■ Liquid CO<sub>2</sub>

Demand for this product, a by-product of Ammonia, was robust. Total sales volume improved by 36% to 29,176 MT in 2009-10 from 21,473 MT in 2008-09.

#### ■ Value-Added Real Estate

Total revenues from this segment stood at Rs. 13.99 crores in 2009-10 against Rs. 15.92 crores in 2008-09. This business remained under pressure with the continued effects of the global downturn and the consequent impact on domestic consumer spending especially on the real estate, home and



INDIA'S ONLY ISO PROPYL ALCOHOL (IPA) PLANT LOCATED AT TALOJA, NEAR MUMBAI. THE IPA PRODUCED HERE IS US PHARMACOPEIA CERTIFIED, MEETING THE STRINGENT REQUIREMENTS OF THE COSMETIC, PHARMACEUTICALS, FINE SPECIALITY CHEMICALS AND OTHER INDUSTRIES.

Your Company has also successfully commissioned its 4th Dilute Nitric Acid plant with a capacity of 1,48,500 MT per annum. This should considerably strengthen your Company's position both in the Nitric Acid and downstream products segments. Currently, your Company's market share of DNA, CNA and SNA in the Indian market are approx. 37%, 46% and 60% respectively.

#### ■ Technical Ammonium Nitrate (TAN)

During the year under review, with prices remaining stable, both the production and sales volumes of TAN increased by 13% and 14% respectively when compared to the previous

interiors categories through most of the year. The positive response to the new High Street Ishanya strategy should help reverse this trend in future. With the High Street Ishanya strategy coming into place, your Company has begun a rationalisation of the tenant mix. Post-Diwali 2009, a positive rebound has begun and consumer spending at Ishanya is on the increase. The Food Court at Ishanya has been launched and its concept of "Flavours of Pune" is a success across its catchment areas.





#### TECHNICAL AMMONIUM NITRATE PROJECT

Your Company's new 3,00,000 MTPA TAN project at Taloja, with Ammonia as its raw material, should be ready for commissioning in 2010-11. With the plant coming on-stream, your Company will be the fifth largest manufacturer of TAN in the world. The 15,000 MT Ammonia storage tank project at JNPT is complete. The benefits from these investments will be realised from 2010-11.

#### INTERNAL CONTROLS

Your Company has a robust internal audit system ensuring effective internal controls. A Control Effectiveness Index (CEI) is used for each functional area to benchmark control and performance levels. The internal audit reports are regularly reviewed by the Audit Committee of the Company. Your Company has also adopted the COSO system of internal control.

formidable entry barriers. Your Company has a proven ability to build brands and penetrate markets strongly. Its technology-led intellectual capital, acquired through long years of familiarity and expertise in operating both chemicals and fertiliser plants to global standards, enabled it enhance capacities through retrofitting and build its new TAN plant at globally competitive costs. All these advantages are the basis of your Company's ability to exploit the markets that it competes in.

Your Company enjoys the distinction of having shared wealth with its shareholders by paying dividend continuously every year for the last 12 years. This, coupled with a consistently climbing Book Value for your Company's shares, has led to accretion of shareholder wealth.

Your Company is committed to the highest standards of ethics



A BIRD'S EYE VIEW OF DFPCL'S PLANT AT TALOJA NEAR MUMBAI.

The augmentation of SAP in 2010-11 will further improve control and operating efficiency. In addition, your Company has also taken a number of other initiatives to make it an innovative, competitive and strong organisation, capable of meeting global competition.

#### ENHANCED VALUE TO THE SHAREHOLDERS

Your Company enjoys competitive advantages across the sectors and markets it operates in. It has strong brands and its advantages of scale, distribution network and relationships are

and transparent financial management. Continuing business investments will strengthen shareholder value over the long term.

#### CAUTIONARY STATEMENT

Statements made in this report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ from those either expressed or implied.



## Corporate Social Responsibility

As part of its continued commitment to reach out to the larger society, the Company for over a decade has engaged in community work through the Ishanya Foundation at Taloja and Pune in Maharashtra and Deepak Foundation in Vadodara district in Gujarat.

### ISHANYA FOUNDATION

Guided by the vision of building a better tomorrow around every neighbourhood the Company operates in, the Foundation conducted training programmes and job placements. The Foundation's efforts enabled self-reliant and self-sufficient youth, predominantly women, farmers and their families.

#### Livelihood Programs

The Foundation has coordinated the following courses for the lower income group :

- Beautician
- Front Desk Receptionist for Health Care
- Patient Care
- Spoken English and Basic Computers



*Pooja Chopra, Femina Miss India and Mrs. Parul Mehta, Trustee - Ishanya Foundation with the participants of Beautician course*

Additionally as part of providing job oriented training, the Foundation sponsored 100 aspirants from Pune to a program conducted by Dr. Reddy's Foundation.

#### Women Empowerment

To support NGOs by providing them with a base to market their products, a 'Yellow Ribbon NGO Fair' was organised for the second consecutive year in Pune. The fair organised in October '09 had an overwhelming response -70 NGOs participated to showcase their products resulting in over 10,000 footfalls. The fair created income generation opportunities by providing a platform to sell products made as a part of the





women's rehabilitation process. In order to encourage an improvement in the quality of NGO products, the Foundation gave awards for the top three categories.

#### YELLOW RIBBON FAIR 2009



*Smt. Shobhanatai Ranade, Trustee Secretary of Gandhi National Memorial Society with the 1st prize winner Smt. Rajnitai Paranjpe, Trustee of the Door Step School*



*Smt. Sumantai Kirloskar and Mr. P. Satish of NABARD, Pune visiting the stalls*

#### Income Generation Program

For financially challenged women, at both Chindran near Talaja and at Pune, the Foundation helped in setting up a tailoring unit, where women could generate income by making attractive gift envelopes, gift boxes and mats made of cloth. With design and marketing inputs from the Foundation, some of the bags have reached the boutiques of Manhattan!

The Foundation launched a unique 'Dupatta Campaign' on World Women's Day to support the Pune Municipal Corporation's

decision to ban usage of plastic bags. The Foundation's drive to collect used Dupattas from schools and other centres received an overwhelming response. The Dupattas were distributed to women's groups in the economically weaker sections to stitch bags which helped them fetch an additional income.

#### Health

Ishanya Foundation is focusing on Eye Care OPD at Chindran near Talaja. Cataract detection and eye care camps have been carried out every quarter. Spectacles have been provided to people with refraction error and cataract surgeries have been sponsored. Awareness of eye care is also created through trained "Jyoti Parees".

#### Education Initiative

The Foundation jointly with Sakaal Social Foundation also sponsored a workshop on 'Learning Disabilities' for 100 PMC and 900 Zilla Parishad school teachers.

#### DEEPAK FOUNDATION

Deepak Foundation has been instrumental in providing healthcare and livelihood opportunities to over two million people, covering 1,548 villages of the Vadodara district in Gujarat. In a phased implementation of its core project, 'Safe Motherhood and Child Survival (SMCS)', the Foundation has achieved its set goals of increasing institutional deliveries and lowering maternal deaths during the year.

The Foundation's activities have been recognised by various national and international agencies.

- Awarded \$ 40,000 by World Bank to promote neonatal and infant nutrition in tribal area of Vadodara
- Awarded Rs. 1,00,000 by EdelGive Foundation, an Edelweiss initiative for promoting Women's Empowerment in tribal-rural areas
- Awarded Small Grant (\$1,000) by White Ribbon Alliance for Safe Motherhood for providing stories of lives of mothers saved.

As part of its social obligation, the Company will remain committed to society, especially the communities in which it operates.



## Notice

NOTICE is hereby given that the Thirtieth Annual General Meeting of DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED will be held on Thursday, 22nd July, 2010 at 11.00 a.m. at ELAN, Arcade 3, Ishanya, Opp. Golf Course, Airport Road, Yerawada, Pune – 411 006 to transact the following business :

### ■ ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at, and the Profit and Loss Account for the financial year ended 31st March, 2010 together with the Directors' Report and the Auditors' Report thereon.
2. To declare a dividend for the financial year ended 31st March, 2010.
3. To appoint a Director in place of Shri R. A. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri D. Basu, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri U. P. Jhaveri, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### ■ SPECIAL BUSINESS

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

"RESOLVED THAT Shri Pranay Vakil, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office up to the date of the Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has, under Section 257 of the said Act, received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the existing Articles of Association of the Company be and is hereby altered by substituting the existing Article 190 with the following :

190. Every Deed or other instrument, to which the Seal of the Company is required to be affixed, shall be affixed in the presence of any one Director or the Manager or the Secretary or such other person as the Board/Committee of the Board may appoint for the purpose, who shall sign every instrument to which the Seal is so affixed in his presence;

Provided that in respect of share certificates, the Seal shall be affixed in accordance with Article 19(a) thereof."

Dated 25th May, 2010  
Registered Office:  
Opp. Golf Course,  
Shastri Nagar,  
Yerawada,  
Pune - 411 006.

By Order of the Board of Directors,  
R. SRIRAMAN  
Sr. Vice-President (Legal) &  
Company Secretary





## ■ NOTES

- (1) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, SHOULD BE COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- (2) An Explanatory Statement, as required by Section 173(2) of the Companies Act, 1956 in respect of Special Business as set out above is annexed hereto.
- (3) The Register of Members and the Share Transfer Books of the Company shall remain closed from Thursday, 8th July, 2010 to Thursday, 22nd July, 2010 (both days inclusive).
- (4) The dividend, if declared, will be paid to those members whose names appear on the Register of Members of the Company as on 22nd July, 2010, being the date of the Annual General Meeting of the Company.

In respect of shares held in electronic form, the dividend will be paid to those beneficial owners as per the details furnished by the Depositories for the purpose.

- (5) Members holding shares in physical form are requested to intimate immediately to the Registrar & Share Transfer Agent of the Company, M/s. Sharepro Services (India) Pvt. Ltd., 13 AB, Samhita Warehousing Complex, 2nd Floor, Off Andheri - Kurla Road, Sakinaka Telephone Exchange Lane, Sakinaka, Andheri (East), Mumbai - 400 072, quoting the Registered Folio Number (a) details of their Bank Account / change in Bank Account, if any, to enable the Company to print these details on the Dividend Warrants; and (b) change in their address, if any, with the Pin Code Number.

Members holding shares in electronic form shall address communication to their respective Depository Participants only.

- (6) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company Secretary at least seven days prior to the meeting so that the required information can be made available at the meeting.
- (7) Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of the hall.
- (8) Members are requested to note that pursuant to the provisions of Section 205C of the Companies Act, 1956 the dividend remaining unclaimed / unpaid for a period of seven years from the date it became due for payment shall be credited to the Investor Education and Protection Fund (Fund) set up by the Central Government. Members who have so far not claimed the dividend are requested to make claim with the Company immediately as no claim shall lie against the Fund or the Company in respect of individual amount once credited to the said Fund. Please visit Company's website : [www.dfpci.com](http://www.dfpci.com) for details.
- (9) Members are requested to note that pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, shareholding of the Non-Executive Directors proposed to be re-appointed / appointed is given below and forms part of the Notice.

## ANNEXURE TO THE NOTICE

### Explanatory Statement as required by Section 173(2) of the Companies Act, 1956

#### Item No. 7

Shri Pranay Vakil was appointed by the Board of Directors as an Additional Director of the Company. In terms of Section 260 of the Companies Act, 1956, Shri Pranay Vakil holds office up to the date of the Annual General Meeting of the Company. Notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company proposing Shri Pranay Vakil as a candidate for the office of Director, liable to retire by rotation.

Shri Pranay Vakil is a qualified Chartered Accountant and a Lawyer. He was actively associated with Tata and Raychem Groups and is at present Chairman of Knight Frank (India) Private Limited, a global chain with multi locational operations rendering



real estate consultancy services. He is also heading various association committees in the Real Estate and Urban Development arena to deal with various State / Central Government authorities.

The Board of Directors is of the view that the services of Shri Pranay Vakil will be of immense value to the Company. Your Directors, therefore, recommend his appointment as Director of the Company.

None of the Directors except Shri Pranay Vakil is concerned or interested in the resolution.

#### Item No. 8

It may be noted by the members that at present Article 190 of the Articles of Association of the Company stipulate that in case of execution of documents by the Company to which the Common Seal is to be affixed, then such Seal shall be affixed in the presence of any two Directors of the Company or one Director and Secretary or some other person appointed by the Board for the purpose.

The members may further note that the Company would need to execute various agreements with Banks and Financial Institutions for availing credit facilities from them for part financing its capital expenditure proposals and for meeting its working capital requirements.

Such documentation and affixation of Common Seal would require the presence of one or two Directors as mentioned above. For operational convenience, it is proposed to amend the Articles of Association of the Company by substituting the existing Article 190 with the proposed one as specified in the resolution so that the Common Seal of the Company can be affixed to various documents and other deeds in the presence of any Director or the Manager or the Secretary or such other person as may be appointed by the Board or its Committee for the purpose.

Your Directors recommend the resolution for approval of the members as a Special Resolution.

None of the Directors of the Company is concerned or interested in the resolution.

A copy of the Memorandum and Articles of Association of the Company is available for inspection to the members at the Registered Office between 10.30 a.m. and 1.00 p.m. on all working days of the Company up to and including the day of the Meeting.

Dated 25th May, 2010

Registered Office :

Opp. Golf Course,

Shastri Nagar,

Yerawada,

Pune - 411 006.

By Order of the Board of Directors,

R. SRIRAMAN

Sr. Vice-President (Legal) &

Company Secretary

#### ■ Details of Directors seeking re-appointment / appointment at the Annual General Meeting

(In pursuance of Clause 49 of the Listing Agreement)

- 1. Name of Director :** Shri R. A. Shah; **Age :** 78 Years; **Qualification :** B.A., LL.B, Solicitor; **Date of Appointment :** 26th December, 1979; **Expertise :** Solicitor having rich and vast experience in the field of Corporate Laws and Corporate Governance; **Directorships as on 31st March, 2010 :** Clariant Chemicals (India) Limited; Godfrey Phillips India Limited; Pfizer Limited; Procter & Gamble Hygiene and Healthcare Limited; Roche Scientific Company (India) Private Limited; Colgate Palmolive India Limited; Abbott India Limited; Asian Paints Limited; ACC Limited; The Bombay Dyeing & Manufacturing Company Limited; BASF India Limited; Century Enka Limited; Deepak Fertilisers And Petrochemicals Corporation Limited; Lupin Limited; Piramal Healthcare Limited; Wockhardt Limited; Jumbo World Holdings Limited (Foreign Company); Alternate Directorships - Atul Limited; BASF Polyurethanes India Limited; Modicare Limited; RPG Life Sciences Limited; Schrader Duncan Limited; Uhde India Limited; **Chairman / Member of the Audit Committees as on 31st March, 2010 :** Colgate Palmolive India Limited - Chairman; Pfizer Limited - Chairman; Procter & Gamble Hygiene and Healthcare Limited - Chairman; Piramal Healthcare Limited - Chairman; Clariant Chemicals (India) Limited - Chairman; The Bombay Dyeing & Manufacturing Company Limited - Member; Abbott India Limited - Member; BASF India Limited - Member; Century Enka Limited - Member; Wockhardt Limited - Member; **Chairman / Member of the Shareholders' / Investors' Grievance Committees as on 31st March, 2010 :** Nil; **Chairman / Member of the Remuneration Committees as on 31st March, 2010 :** Deepak Fertilisers And Petrochemicals Corporation Limited - Chairman; The Bombay Dyeing & Manufacturing Company Limited - Member; Lupin Limited - Member; Piramal Healthcare Limited - Member; **Shareholding in the Company :** 7,900 equity shares of Rs. 10/- each.





2. **Name of Director :** Shri D. Basu; **Age :** 74 Years; **Qualification :** M.A.(Economics); **Date of Appointment :** 27th July, 2000; **Expertise :** Rich and vast experience in the Banking and Finance sectors; **Directorships as on 31st March, 2010 :** Securities Trading Corporation of India Limited; Peerless General Finance & Investment Company Limited; Peerless Securities Limited; RAIN CII Carbon (India) Limited; STCI Primary Dealer Limited; Chambal Fertilisers & Chemicals Limited; Asian Paints Limited; Deepak Fertilisers And Petrochemicals Corporation Limited; Saregama India Limited; SBI Cards & Payment Services Private Limited; Origo Partners PLC (Foreign Company); **Chairman / Member of the Audit Committees as on 31st March, 2010 :** Securities Trading Corporation of India Limited - Chairman; Peerless Securities Limited - Chairman; Asian Paints Limited - Member; RAIN CII Carbon (India) Limited - Member; **Chairman / Member of the Shareholders' / Investors' Grievance Committees as on 31st March, 2010 :** Deepak Fertilisers And Petrochemicals Corporation Limited - Chairman; **Chairman / Member of the Remuneration Committees as on 31st March, 2010 :** Asian Paints Limited - Chairman; RAIN CII Carbon (India) Limited - Chairman; STCI Primary Dealer Limited - Member; **Shareholding in the Company :** Nil.
3. **Name of Director :** Shri U. P. Jhaveri; **Age :** 64 Years; **Qualification :** B.E. (Chemical); **Date of Appointment :** 21st October, 2004; **Expertise :** Rich and vast experience in project management, plant operation, optimisation, reliability, productivity improvement etc. in large fertiliser and chemical plants; **Directorships as on 31st March, 2010 :** Deepak Fertilisers And Petrochemicals Corporation Limited; Promantec Consultants Private Limited; **Chairman / Member of the Audit Committees as on 31st March, 2010 :** Nil; **Chairman / Member of the Shareholders' / Investors' Grievance Committees as on 31st March, 2010 :** Nil; **Chairman / Member of the Remuneration Committees as on 31st March, 2010 :** Nil; **Shareholding in the Company :** Nil.
4. **Name of Director :** Shri Pranay Vakil; **Age :** 63 Years; **Qualification :** B.Com., C.A., LL.B; **Date of Appointment :** 25th May, 2010; **Expertise :** Rich and vast experience in realty sector; **Directorships as on 25th May, 2010 :** Knight Frank (India) Private Limited; Praron Consultancy (India) Private Limited; Dignity Lifestyle Private Limited; Rutley Real Estate Investment Management (India) Private Limited; Godrej Properties Limited; Deepak Fertilisers And Petrochemicals Corporation Limited; **Chairman / Member of the Audit Committees as on 25th May, 2010 :** Godrej Properties Limited - Member; **Chairman / Member of the Shareholders' / Investors' Grievance Committees as on 25th May, 2010 :** Nil; **Chairman / Member of the Remuneration Committees as on 25th May, 2010 :** Godrej Properties Limited - Member; **Shareholding in the Company :** Nil.



## Directors' Report

To the Members,

Your Directors have pleasure in presenting the Thirtieth Annual Report together with Audited Accounts of the Company for Financial Year ended 31st March, 2010.

### ■ FINANCIAL RESULTS

The summarised financial results for the year are as under :

(Rs. in Lacs)

	2009-10	2008-09
<b>Sales (including other income)</b>	1,33,288.13	1,44,810.83
Profit before Depreciation	27,708.34	26,774.40
Less: a) Depreciation	6,433.21	5,237.58
b) Prior years' adjustments (net)	1.73	5.62
Profit before Exceptional Items	21,273.40	21,531.20
Less: Exceptional Items	(2,504.36)	331.11
Profit Before Tax (PBT)	23,777.76	21,200.09
Less: a) Provision for Income Tax	6,839.61	5,847.78
b) Provision for Deferred Income Tax	(295.30)	336.70
c) Provision for Fringe Benefit Tax	-	120.00
d) Provision for Wealth Tax	28.65	25.25
<b>Net Profit</b>	17,204.80	14,870.36
Add: a) Balance brought forward	51,177.84	41,949.44
b) Transferred from Debenture Redemption Reserve	285.00	285.00
Amount available for Appropriation	68,667.64	57,104.80
Appropriations:		
a) Transferred to Debenture Redemption Reserve	1,542.00	625.00
b) Transferred to General Reserve	1,750.00	1,500.00
c) Dividend on Equity Shares	3,971.00	3,528.31
d) Corporate Dividend Tax	487.00	273.65
Surplus carried to Balance Sheet	60,917.64	51,177.84

Sales (including other income) decreased to Rs. 1,332.88 crores (including Rs. 293.37 crores from trading operations) as against Rs. 1,448.11 crores (including Rs. 509.40 crores from trading operations) for the previous year. PBT for the year under review improved to Rs. 237.78 crores as against Rs. 212.00 crores in the previous year. Net Profit for the current year was Rs. 172.05 crores as compared to Rs. 148.70 crores in the previous year.

### ■ DIVIDEND

Considering the continued good performance of the Company during the year under review, your Directors recommend a dividend @ 45% i.e. Rs. 4.50 per share (Previous Year 40% i.e. Rs. 4.00 per share) on Equity Shares of Rs. 10/- each of the Company for the year ended 31st March, 2010. The proposed dividend (including Corporate Dividend Tax) will absorb Rs. 44.58 crores.

### ■ SECURED DEBENTURES

In accordance with the terms of issue of Secured Non-Convertible Debentures of Rs. 10 Lacs each aggregating Rs. 20 crores and Rs. 18 crores, earlier issued in favour of Financial Institutions, your Company during the year under review, has partly redeemed the Debentures on the due date 15th September, 2009 and 30th September, 2009 respectively.





During the year under review, for part financing the ongoing capital expenditure and for meeting general corporate expenditure, your Company has issued Secured Redeemable Non-Convertible Debentures of Rs. 10 Lacs each aggregating Rs. 150 crores (in three tranches of Rs. 50 crores each) on Private Placement Basis and these Debentures are listed on the National Stock Exchange of India Limited. These Debentures carry coupon rate(s) of 10%, 9.75% and 8.35% p.a. and are due for repayment at different dates between Year 2013 and Year 2015 as per the terms and conditions of issue.

## ■ **MANAGEMENT DISCUSSION AND ANALYSIS**

A report on Management Discussion and Analysis (MDA), which forms part of this Report, inter-alia, deals adequately with the operations as also current and future outlook of the Company.

## ■ **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of sub-section (2AA) of Section 217 of the Companies Act, 1956, your Directors confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (ii) the accounting policies selected had been applied consistently and judgements and estimates made were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2010 and of the profit of the Company for that period;
- (iii) proper and sufficient care had been taken 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
- (iv) the annual accounts had been prepared on a 'going concern' basis.

## ■ **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section titled 'Corporate Governance' is attached to this Annual Report.

## ■ **SUBSIDIARY COMPANIES**

The Company has three subsidiaries viz. Smartchem Technologies Limited, Deepak Nitrochem Pty. Limited and Deepak Mining Services Private Limited (which has become a subsidiary company during the year).

A statement pursuant to Section 212 of the Companies Act, 1956 in respect of these subsidiaries is appended to the Balance Sheet. In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, the annual accounts and other reports specified in Section 212(1) in respect of the subsidiary companies have not been attached to the Balance Sheet. The Company will make available these documents / details to the members of the Company and the subsidiary companies upon request made in this regard to the Company. The Annual Accounts of the subsidiary companies will also be kept for inspection by any member of the Company at its registered office and also at the registered office of the concerned subsidiary company.

In accordance with the requirements of Accounting Standard AS-21 prescribed by the Institute of Chartered Accountants of India, the Consolidated Financial Statement of the Company and its subsidiaries is annexed to this Annual Report.

## ■ **INDUSTRIAL RELATIONS**

Industrial Relations during the year under review continued to be cordial.

## ■ **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure forming part of this Report.



## ■ **DIRECTORS**

During the year, Dr. Manu Seth, a member of the Board passed away on 8th August, 2009 after a brief association with the Company. The Board wishes to place on record its appreciation of his keen interest and valuable contribution made during his tenure as a Director on the Board.

Shri R. A. Shah, Shri D. Basu and Shri U. P. Jhaveri, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Shri Pranay Vakil was appointed as an Additional Director of the Company and holds office up to the date of the ensuing Annual General Meeting and is eligible for appointment as a Director of the Company.

## ■ **AUDITORS**

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, the Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that their appointment, if made, by the Company for the year 2010-11 will be within the limit prescribed under Section 224(1-B) of the Companies Act, 1956. The Board of Directors commends their appointment.

## ■ **PERSONNEL**

As required by the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the annual report and accounts are being sent to all members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

## ■ **ACKNOWLEDGEMENT**

Your Directors wish to place on record their sincere appreciation to the Governmental authorities, Company's bankers and customers, vendors and investors for their continued support during the year.

Your Directors are also pleased to record their appreciation for the dedication and contribution made by employees at all levels who through their competence and hard work have enabled your Company achieve good performance year after year and look forward to their support in future as well.

*Mumbai*  
Dated 25th May, 2010

For and on behalf of the Board,  
C. K. MEHTA  
*Chairman*



## Annexure to Directors' Report

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

#### SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

#### The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

#### A. CONSERVATION OF ENERGY

##### (a) Energy Conservation Measures taken

- (i) LP Flash Column was installed in the Ammonia plant and the solvent for CO<sub>2</sub> removal section has been changed. This has resulted in an average steam saving of 3 MT/hr.
- (ii) VFD has been installed in IPA plant cooling tower fan to control the cooling water temperature. The envisaged saving is 23 KWH.
- (iii) Exhaust steam from BFW Pump drive turbine in WNA-II plant has been diverted to the De-aerator which means about 2.4 MT steam saving per day.
- (iv) A steam pump has been installed for collection of LP steam condensate from Ammonia Superheater in WNA-I plant and condensate diverted to De-aerator. This saves about 0.4 MT/hr of condensate.
- (v) Magnetic Resonator has been installed in Boiler A, B & D. These are expected to save fuel energy equivalent to about 0.004 Gcal/MT.
- (vi) IPA recovery system has been commissioned which recovers around 10 MTPD of IPA resulting in annual saving of about Rs. 2.90 crores.
- (vii) New facility has been installed in GP plant which apart from producing 85% good quality AN Melt also reduces energy consumption.

##### (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy

- (i) The scheme for improving concentration of product acid to 60% from the current 55% is under implementation in WNA-III plant. This would result in expected saving of 2.5 MT/hr of steam.
- (ii) WNA-I & II plants: Heat Recovery schemes have been proposed and are under study.
- (iii) Optimisation of CW circuit in IPA plant is under study.

##### (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

The measures referred to under (a) and the proposals under (b) will result in reduction of energy consumption as stated above.





**(d) Total energy consumption and energy consumption per unit of production as per Form A in respect of industries specified in the Schedule**

**FORM A**

**Disclosure of Particulars with respect to Conservation of Energy**

<b>Power &amp; Fuel Consumption</b>	<b>UOM</b>	<b>Current Year 2009-10</b>	<b>Previous Year 2008-09</b>
<b>1 Electricity</b>			
<b>a) (i) Purchased for K-1</b>			
Unit	MWH	7825	17098
Total Amount	Rs. (Lacs)	579	965
Rate / Unit	Rs. /KWH	7.40	5.65
<b>(ii) Purchased for K-7</b>			
Unit	MWH	356.15	-
Total Amount	Rs. (Lacs)	21.07	-
Rate / Unit	Rs. /KWH	5.92	-
<b>b) Own Generation</b>			
<b>(i) Through Diesel Generator</b>			
Unit	MWH	6.71	11.68
Units per ltr. of diesel oil	KWH/Ltr.	1.25	2.02
Cost / Unit	Rs. /KWH	27.48	17.96
<b>(ii) Through Gas Turbine / Generators</b>			
Unit	MWH	56864	38735
Units per M <sup>3</sup> of Gas	KWH/M <sup>3</sup>	5.42	5.43
Cost / Unit	Rs. /KWH	1.31	1.89
<b>(iii) Through Steam Turbine / Generators</b>			
Unit	MWH	3745	-
Cost / Unit	Rs. /KWH	3.00	-
<b>(iv) Through Windmill Turbine / Generators</b>			
Unit	'000 KWH	19285	16342
Cost / Unit	Rs. /KWH	1.84	1.96
<b>2. Coal (specify quality and where used)</b>	-	Nil	Nil
<b>3. Furnace oil</b>	-	Nil	Nil
<b>4. Others/internal generation</b>	-	Nil	Nil

**2. Consumption per unit of Production - Unit (KWH/MT)**

<b>Sr. No.</b>	<b>Product</b>	<b>Standard Budget Norms (2009-10)</b>	<b>Current Year 2009-10</b>	<b>Previous Year 2008-09</b>
1.	Liquid Anhydrous Ammonia	74.96	88.77	111.22
2.	Weak Nitric Acid	37.02	35.13	26.26
3.	Concentrated Nitric Acid	8.50	7.11	7.24
4.	Methanol	74.30	74.62	221.03
5.	Nitro Phosphate	31.50	29.72	37.91
6.	Low Density Prilled Ammonium Nitrate	47.00	37.06	39.53
7.	Low Density Ammonium Nitrate Melt	5.00	4.14	4.92
8.	Liquid CO <sub>2</sub>	240.00	237.73	238.70
9.	Iso Propyl Alcohol (IPA)	307.00	276.34	300.44
10.	Bensulf	64.00	33.17	-



## B. TECHNOLOGY ABSORPTION

### FORM B

#### Disclosure of Particulars with respect to Technology Absorption

#### RESEARCH & DEVELOPMENT (R&D)

**(1) Specific areas in which R&D carried out by the Company**

IPA recovery from NPA rich effluent scheme has been developed in-house. Simulation study was done and the scheme executed along with DIPE purification project.

**(2) Benefits derived as a result of the above R&D**

The above efforts have increased the IPA production by 10 MTPD.

**(3) Future plan of action**

Development for DIPE purification from the same system is being taken up.

**(4) Expenditure on R&D**

**(Rs. in Lacs)**

a. Capital	:	<b>NIL</b>
b. Recurring	:	<b>84.84</b>
c. Total	:	<b>84.84</b>
d. Total R&D expenditure as a percentage of total turnover	:	<b>0.06</b>

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

**1. Efforts in brief, made towards Technology Absorption, Adaptation and Innovation**

All the plants' technologies have been fully absorbed and are being operated efficiently.

**2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.**

The quality of products are globally accepted.

**3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished:**

Technology imported	Year of Import	Has technology been fully absorbed?	If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action
Not applicable			

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars with regard to Foreign Exchange Earnings and Outgo are set out in Note 17F and 17E of Schedule 13 to the Accounts.

For and on behalf of the Board,  
C. K. MEHTA  
Chairman

Mumbai  
Dated 25th May, 2010



## Corporate Governance

Long-term shareholders' value is inextricably linked to good corporate governance, which, in turn is linked to transparency and accountability. The Company remains committed to good corporate governance and has been consistently improving transparency and accountability to all its stakeholders. The Company's policies and practices are also unequivocally targeted towards this aim.

### ■ BOARD OF DIRECTORS

Composition and category of Directors

Sr. No.	Category	Name of Director
I.	Promoter and Executive Director Promoter and Non-Executive Directors	Shri S. C. Mehta, Vice-Chairman & Managing Director Shri C. K. Mehta, Chairman Smt. Parul S. Mehta, Director
II.	Independent and Non-Executive Directors	Shri R. A. Shah Shri N. C. Singhal Shri S. R. Wadhwa Shri Anil Sachdev Shri D. Basu Shri U. P. Jhaveri Dr. S. Rama Iyer Shri Pranay Vakil *

\* Appointed as Additional Director on 25th May, 2010.

Attendance of Directors at the Meetings of Board of Directors held during financial year 2009-10 and the Annual General Meeting (AGM) held on 23rd July, 2009 are as follows :

Five Board Meetings were held during the year. These meetings were held on 20th May, 2009, 23rd July, 2009, 27th October, 2009, 25th January, 2010 and 25th March, 2010. The maximum time gap between two Board Meetings was not more than four calendar months.

**The record of attendance of Directors and Directorships of Public Limited Companies and Membership / Chairmanship of Board Committees :**

Name of Director	No. of Board Meetings attended	Attendance at the AGM	No. of Directorships of other Companies <sup>§</sup>	No. of Membership of other Board Committees <sup>#</sup>	No. of Chairmanship of other Board Committees <sup>#</sup>
Shri C. K. Mehta	4	Present	2	-	-
Shri S. C. Mehta	5	Present	4	-	-
Shri R. A. Shah	3	Absent	14	10	5
Shri D. Basu	5	Present	8	4	2
Shri N. C. Singhal	5	Present	7	5	3
Shri U. P. Jhaveri	5	Present	-	-	-
Shri S. R. Wadhwa	5	Present	1	1	-
Smt. Parul S. Mehta	2	Present	1	-	-
Dr. S. Rama Iyer	5	Present	5	-	-
Dr. Manu Seth <sup>@</sup>	1	Present	-	-	-
Shri Anil Sachdev	3	Present	1	-	-

@ Deceased on 8th August, 2009.

§ Excludes alternate directorships / directorships of private companies, foreign companies and companies under Section 25 of the Companies Act, 1956.

# Includes only Audit Committee and Shareholders' / Investors' Grievance Committee.

### COMMITTEES OF BOARD OF DIRECTORS

#### ■ AUDIT COMMITTEE

##### Brief description of Terms of Reference :

To oversee the Company's financial reporting process, to review Directors' Responsibility Statement, changes, if any, in accounting policies and reasons for the same, qualifications in the draft audit report, performance of statutory and internal auditors, reports of the Company's internal auditors, cost auditor and financial statements audited by the statutory auditors and also to review the information relating to Management Discussion and Analysis of financial conditions and results of operations, statement of significant related party transactions, management letter(s) of internal control weaknesses, if any, issued by statutory auditors.





- Constitution : Constituted by the Board of Directors at its meeting held on 24th January, 2000.
- Composition, Names of Members and : Consists of Independent Directors as under :  
record of attendance during the year

During the year, the Committee meetings were held on 19th May, 2009, 22nd July, 2009, 7th August, 2009, 26th October, 2009, 26th November, 2009, 25th January, 2010 and 24th March, 2010. The attendance of the Members was as follows :

Name of Director	No. of Meetings held	No. of Meetings attended
Shri N. C. Singhal, Chairman	7	7
Shri S. R. Wadhwa	7	7
Dr. Manu Seth @	7	1
Dr. S. Rama Iyer *	7	1

@ Deceased on 8th August, 2009.

\* Co-opted as a Member w.e.f. 25th January, 2010.

#### ■ SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

##### Brief description of Terms of Reference :

To specifically look into redressal of complaints like transfer of shares, non-receipt of dividends, non-receipt of annual report etc. received from shareholders / investors and improve the efficiency in investors' service, wherever possible.

- Constitution : Constituted by the Board of Directors at its meeting held on 22nd January, 2001.
- Composition, Names of Members and : Consists of Directors as under :  
record of attendance during the year

During the year, the Committee meetings were held on 22nd July, 2009 and 24th March, 2010. The attendance of the Members was as follows :

Name of Director	No. of Meetings held	No. of Meetings attended
Shri D. Basu, Chairman	2	2
Shri S. C. Mehta	2	2
Shri S. R. Wadhwa	2	2

- Name & designation of Compliance Officer : Shri R. Sriraman, Sr. Vice-President (Legal) & Company Secretary
- Name & designation of Second Compliance Officer : Shri V. Sesha Sayee, Assistant Company Secretary

##### Details of complaints / queries etc. received during the year 2009-10 :

Nature of complaints / queries	No. of complaints / queries received	No. of complaints / queries not solved to the satisfaction of shareholders
Transfer of shares	61	Nil
Non-receipt of annual reports	57	Nil
Non-receipt of dividend warrants	5	Nil
Pending share transfers	Nil	Nil

#### ■ REMUNERATION COMMITTEE

##### Brief description of Terms of Reference :

To determine on behalf of the Board and shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payments and such other matters concerning remuneration as may be referred to by the Board from time to time.

- Constitution : Constituted by the Board of Directors at its meeting held on 29th January, 2007.
- Composition, Names of Members and : Consists of Independent Directors as under :  
record of attendance during the year

During the year, the Committee meetings were held on 15th May, 2009 and 14th August, 2009. The attendance of the Members was as follows :



Name of Director	No. of Meetings held	No. of Meetings attended
Shri R. A. Shah, Chairman	2	2
Shri S. R. Wadhwa	2	2
Shri Anil Sachdev	2	-

#### ■ PROJECT COMMITTEE

##### Brief description of Terms of Reference :

To evaluate periodically projects proposed to be taken up by the Company, to review said projects and recommend to the Board of Directors (Board) for consideration and approval as also review progress of such approved projects and apprise the Board.

- Constitution : Constituted by the Chairman and ratified by the Board of Directors at its meeting held on 21st July, 2003.
- Composition, Names of Members and : Consists of Directors as under :  
record of attendance during the year

During the year, the Committee meetings were held on 23rd July, 2009, 27th October, 2009, 16th December, 2009 and 8th January, 2010. The attendance of the Members was as follows :

Name of Director	No. of Meetings held	No. of Meetings attended
Shri D. Basu, Chairman	4	4
Shri N. C. Singhal	4	4
Shri S. C. Mehta	4	4
Dr. S. Rama Iyer	4	4

#### ■ MANUFACTURING OPERATIONS REVIEW COMMITTEE

##### Brief description of Terms of Reference :

To review Factory Operations, safety, hazard and pollution/emissions periodically, to suggest initiatives for improving efficiencies and standards, to review internal audit reports pertaining to Factory Operations and to suggest corrective actions to take care of observations of the Internal Auditors.

- Constitution : Constituted by the Vice-Chairman & Managing Director and ratified by the Board of Directors at its meeting held on 20th May, 2009.
- Composition, Names of Members and : Consists of Directors as under :  
record of attendance during the year

During the year, the Committee meetings were held on 10th April, 2009, 20th May, 2009, 22nd July, 2009, 26th October, 2009 and 25th January, 2010. The attendance of the Members was as follows :

Name of Director	No. of Meetings held	No. of Meetings attended
Dr. S. Rama Iyer, Chairman	5	5
Shri U. P. Jhaveri	5	5
Shri S. C. Mehta *	5	2
Dr. Manu Seth @	5	2

\* Co-opted as a Member w.e.f. 20th May, 2009.

@ Deceased on 8th August, 2009.

##### Details of remuneration of Executive Director for financial year 2009-10 :

(Rs. in Lacs)

Name of Director	Designation	Salary and allowances	Perks	Commission	Company's Contribution to PF and Super-annuation Fund	Total
Shri S. C. Mehta	Vice-Chairman & Managing Director	73.54	17.62	672.23	18.36	781.75

##### Details of commission\* for financial year 2008-09 and sitting fees paid to Non-Executive Directors :

**Commission :** Shri C. K. Mehta : Rs. 60,00,000 (including Rs. 30,00,000 for 2007-08 paid during the year); Shri S. S. Marathe : Rs. 8,00,000; Shri R. A. Shah : Rs. 6,00,000; Shri D. Basu : Rs. 8,00,000; Shri N.C. Singhal : Rs. 8,00,000; Shri U. P. Jhaveri : Rs. 4,50,000; Shri S. R. Wadhwa : Rs. 6,00,000; Dr. S. Rama Iyer : Rs. 6,00,000; Smt. Parul S. Mehta : Rs. 2,00,000; Dr. Manu Seth : Rs. 2,50,000; Shri Anil Sachdev : Rs. 2,50,000.

(# Remuneration for 2009-10 is yet to be paid)

**Sitting Fees :** The Company also pays sitting fees to Non-Executive Directors @ Rs.10,000/- per Director for attending each meeting.



### Shares held by Non-Executive Directors

Shri C. K. Mehta : 13,64,273 equity shares (1.55%); Smt. Parul S. Mehta : 10,00,100 equity shares (1.13%); Shri R. A. Shah : 7,900 equity shares (0.009%); Shri S. R. Wadhwa : 1,000 equity shares (0.001%); Dr. S. Rama Iyer : 50,000 equity shares (0.057%)

### ANNUAL GENERAL MEETINGS

#### Details of last three Annual General Meetings held :

Particulars	FY 2006-07	FY 2007-08	FY 2008-09
Day	Monday	Tuesday	Thursday
Date	16th July, 2007	29th July, 2008	23rd July, 2009
Time	11.00 a.m.	11.00 a.m.	11.00 a.m.
Venue	Bal Gandharva Rang Mandir, Jangli Maharaj Road, Shivaji Nagar, Pune - 411 005.	Bal Gandharva Rang Mandir, Jangli Maharaj Road, Shivaji Nagar, Pune - 411 005.	ELAN, Arcade 3, Ishanya, Opp. Golf Course, Airport Road, Yerawada, Pune - 411 006.

No resolution was passed through Postal Ballot during the financial year 2008-09 or is being proposed at the ensuing Annual General Meeting.

### DISCLOSURES :

**i. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature with its Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large :**

None of the transactions with any of the related parties were in conflict with the interests of the Company.

**ii. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets during the last three years :**

The Company has complied with the requirements of regulatory authorities on matters related to capital markets and no penalties / strictures have been imposed against the Company during the last three years.

**iii. Disclosures of the compliance with mandatory requirements and adoption / non-adoption of non-mandatory requirements :**

The Company has complied with all the mandatory requirements and adopted part of the non-mandatory requirements.

**iv. Disclosures of relationships between directors inter-se :**

Shri C. K. Mehta is the father and Smt. Parul S. Mehta is the wife of Shri S. C. Mehta. None of the other Directors have any relation inter-se.

### MEANS OF COMMUNICATION

The Company publishes its financial results every quarter in leading newspapers such as The Economic Times / Business Standard and Maharashtra Times / Sakal. The results are also displayed on the Company's website : [www.dfpc.com](http://www.dfpc.com)





## General Shareholder Information

<b>1. Annual General Meeting Day, Date, Time and Venue</b>	: Thursday, 22nd July, 2010 at 11.00 a.m. ELAN, Arcade 3, Ishanya, Opp. Golf Course, Airport Road, Yerawada, Pune – 411 006.
<b>2. Financial year / Calendar</b>	
- <b>Results for first quarter ending 30th June, 2010</b>	: On or before 31st July, 2010
- <b>Results for second quarter ending 30th September, 2010</b>	: On or before 31st October, 2010
- <b>Results for third quarter ending 31st December, 2010</b>	: On or before 31st January, 2011
- <b>Results for financial year ending 31st March, 2011</b>	: On or before 31st May, 2011
<b>3. Dates of Book Closure</b>	: Thursday, 8th July, 2010 to Thursday, 22nd July, 2010 (both days inclusive)
<b>4. Dividend Payment Date</b>	: 26th July, 2010
<b>5. Registered Office</b>	: Opp. Golf Course, Shastri Nagar, Yerawada, Pune - 411 006.
<b>6. Phone, Fax, E-mail</b>	: Phone : (020) 6645 8000 Fax : (020) 2668 3727 E-mail : <a href="mailto:investorgrievance@deepakfertilisers.com">investorgrievance@deepakfertilisers.com</a> Website : <a href="http://www.dfpccl.com">www.dfpccl.com</a>
<b>7. Plant Location</b>	: Plot K-1, MIDC Industrial Area, Taloja A. V. 410 208, Dist. Raigad, Maharashtra Phone : (022) 6768 4000 Fax : (022) 2741 2413
<b>8. Registrar &amp; Share Transfer Agent (RTA) and Address for investors' correspondence</b>	: Sharepro Services (India) Pvt. Ltd., 13 AB, Samhita Warehousing Complex, 2nd Floor, Off Andheri-Kurla Road, Sakinaka Telephone Exchange Lane, Sakinaka, Andheri (East), Mumbai – 400 072.
<b>9. Phone, Fax, E-mail of RTA</b>	: Phone : (022) 6772 0300 / 6772 0400 Fax : (022) 2859 1568 E-mail : <a href="mailto:deepak@shareproservices.com">deepak@shareproservices.com</a>
<b>10. Listing on Stock Exchanges</b>	: Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). Annual Listing fee for financial year 2010-11 has been paid to both the Exchanges.
<b>Stock Code</b>	: Bombay Stock Exchange Limited (BSE) : 500645 National Stock Exchange of India Limited (NSE) : DEEPAKFERT
<b>Demat ISIN in NSDL and CDSL</b>	: INE 501A01019



### 11. Market Price Data for 2009-10 :

Month	Share Price		BSE Sensex	
	High	Low	Corresponding to share price	
April	68.40	57.20	11403.25	9901.99
May	103.10	69.00	14625.25	11682.99
June	106.25	85.85	15466.81	14265.53
July	92.60	70.25	15670.31	13400.32
August	84.65	75.00	15924.23	14784.92
September	93.55	82.35	17126.84	15398.33
October	92.80	84.90	17326.01	15896.28
November	92.80	86.70	17198.95	15404.94
December	105.60	91.50	17464.81	16601.20
January	121.75	99.75	17701.13	16289.82
February	111.45	100.55	16496.05	15790.93
March	113.90	103.60	17711.35	16772.56

### 12. Distribution of shareholding as on 31st March, 2010 : 1,24,359 shareholders held 8,82,04,943 equity shares of Rs. 10/- each

Distribution of shares (slabwise)	No. of shareholders	Percentage to total no. of shareholders	No. of shares held	Percentage to total share capital
Upto 500	1,17,134	94.19	1,35,36,035	15.35
501- 1000	4,145	3.33	32,67,484	3.70
1001-2000	1,598	1.28	24,01,282	2.72
2001-3000	545	0.44	14,14,413	1.60
3001-4000	194	0.16	7,07,023	0.80
4001-5000	204	0.16	9,65,812	1.10
5001-10000	270	0.22	19,84,006	2.25
10001 & above	269	0.22	6,39,28,888	72.48
<b>Total</b>	<b>1,24,359</b>	<b>100.00</b>	<b>8,82,04,943</b>	<b>100.00</b>

### 13. Share Transfer System :

As the members are aware, the Company has appointed Sharepro Services (India) Pvt. Ltd., (SSIPL) as Registrar & Share Transfer Agent (RTA) to handle demat and physical share transfers as well as other share related activities of the Company.

The members are advised to correspond with the RTA at its office at **13 AB, Samhita Warehousing Complex, 2nd Floor, Off Andheri - Kurla Road, Sakinaka Telephone Exchange Lane, Sakinaka, Andheri (East), Mumbai – 400 072.**

Shares sent for transfer in physical form are registered and despatched by our RTA within a maximum period of three weeks from receipt of the documents at its office, provided the documents are found in order. Shares under objection are returned within three weeks from receipt of the document.

### 14. Dematerialisation of Shares :

The shares of the Company are traded in dematerialised form. 7,96,86,440 equity shares (90.34% of paid-up capital) held by 61,769 shareholders (49.67% of total number of shareholders) have been dematerialised as on 31st March, 2010.

### 15. Outstanding GDRs, ADRs, Warrants or any Convertible Instruments etc. :

Nil



## 16. Electronic Clearing System (ECS) :

The Company through its various communications in the past, had requested its members to furnish ECS mandate so as to enable the Company to credit the dividend directly to the shareholder's bank account. The Company has been remitting the dividend through ECS to those who had registered ECS mandate with the Company. However, in certain cases, although the members had furnished the ECS mandate, the remittance of dividend could not be effected through ECS at certain centers since the adequate facility for crediting the amount was not available at those centers. In such cases, the dividend is being paid through dividend warrants with the bank account details printed on the warrants. The Company will remit the dividend through ECS whenever facilities are made available at those centers. In the meantime, the members holding shares in physical form desirous of receiving dividend through ECS but who have so far not furnished ECS mandate are requested to obtain the prescribed mandate form from the Company's RTA and submit the same to the RTA duly filled in and signed for registration.

Investors holding shares under demat segment are requested to check ECS mandate registered with the respective Depository Participants and ensure correctness for prompt credit of dividend amount to their accounts.

## 17. Unclaimed / Outstanding dividend on equity shares :

To facilitate investors who have not claimed the dividend amount for earlier years on the equity shares from the Company, details of the unclaimed amount are being displayed on the Company's website [www.dfpc.com](http://www.dfpc.com). Investors are requested to browse the said site to find out the outstanding amount, if any, and claim the same from the Company, before transfer to the Investor Education and Protection Fund (Fund) as per the provisions of the Companies Act, 1956. No claim shall thereafter lie against the Company or the Fund.

### DECLARATION

As per Clause 49 of the Listing Agreement with the Stock Exchanges, this is to confirm that all Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct of the Company for the Financial Year 2009-10.

Mumbai

Dated 25th May, 2010

S. C. MEHTA

Vice-Chairman & Managing Director

### CERTIFICATE

To the members of

#### DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED

We have examined the compliance of conditions of Corporate Governance by Deepak Fertilisers And Petrochemicals Corporation Limited for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with 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 the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Mumbai

Dated 25th May, 2010

For B. K. KHARE & CO.

Chartered Accountants

R. D. Onkar

Partner

Firm's Registration No. : 105102W

Membership No. : 45716





## Auditors' Report

To The Members of

DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED

We have audited the attached Balance Sheet of DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED as at 31st March, 2010, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- 1) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- 2) 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- 3) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- 4) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- 5) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- 6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
  - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Mumbai  
Dated 25th May, 2010

For B. K. KHARE & CO.  
Chartered Accountants  
R. D. Onkar  
Partner  
Firm's Registration No. : 105102W  
Membership No. : 45716



## Annexure to the Auditor's Report

Referred to in paragraph 3 of our report of even date,

### 1) FIXED ASSETS

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, no substantial part of fixed asset has been disposed off by the Company during the year.

### 2) INVENTORIES

- (a) The inventories at the factory have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The Company has received confirmations in respect of stocks lying with third parties.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to the book records were not material.

### 3) LOANS

- (a) The Company has not granted unsecured loans, to any company listed in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Accordingly, our comments in respect of sub-clauses (b), (c) and (d) are not called for and offered.
- (c) The Company has not taken any loans, secured or unsecured from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence on facts our comments in respect of clauses (f) and (g) are not called for and offered.

- 4) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.

### 5) RELATED PARTIES TRANSACTIONS

- (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits within the meaning of the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Rules made thereunder.

- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

- 8) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of its products specified under the said order and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.



## 9) STATUTORY DUES

- (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess as at 31st March, 2010, which have not been deposited on account of a dispute, are included in Annexure C of Schedule 13.

10) The Company has no accumulated losses as at 31st March, 2010 and has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.

11) According to the records of the Company examined by us and the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders as at the Balance Sheet date.

## 12) LOANS AND ADVANCES

- (a) Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records, where the Company has granted loans and advances on the basis of security by way of pledge of shares and other securities.
- (b) Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transaction and contracts and timely entries have been made in those records. We also report that the Company has held the shares, securities in its own name.

13) The provisions of any special statute applicable to chit fund/Nidhi/mutual benefit fund/societies are not applicable to the Company.

14) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

16) In our opinion, and according to the information and explanations given to us, on an overall basis, the funds raised have been applied for the purposes for which they were obtained or pending the actual application, have been deployed for working capital purposes transitorily.

17) Based on the information and explanations given to us and on an overall examination of Balance Sheet of the Company, in our opinion, funds raised on a long-term basis have not been used for short-term investment.

18) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19) The Company has created securities in respect of debentures issued and outstanding at the year end.

20) The Company has not raised any money by public issues during the year.

21) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the management.

For B. K. KHARE & CO.  
Chartered Accountants  
R. D. Onkar  
Partner

Firm's Registration No. : 105102W  
Membership No. : 45716

Mumbai  
Dated 25th May, 2010



# Balance Sheet

AS AT 31ST MARCH, 2010

(Rs. in Lacs)

	Schedule	As at 31.03.2010		As at 31.03.2009	
<b>I. SOURCES OF FUNDS</b>					
1. SHAREHOLDERS' FUNDS					
(a) Share Capital	1	8,820.49		8,820.49	
(b) Reserves & Surplus	2	84,219.49	93,039.98	71,490.87	80,311.36
2. LOAN FUNDS	3				
Secured Loans		60,903.67		44,607.59	
Unsecured Loans		12,216.02	73,119.69	16,167.55	60,775.14
3. DEFERRED TAX LIABILITY			6,210.18		6,505.48
TOTAL			1,72,369.85		1,47,591.98
<b>II. APPLICATION OF FUNDS</b>					
1. FIXED ASSETS (AT COST)	4				
(a) Gross Block		1,34,936.26		1,26,595.96	
(b) Less: Depreciation / Amortisation		59,063.63		53,678.24	
(c) Net Block		75,872.63		72,917.72	
(d) Capital Work-in-Progress - Others		426.31		798.06	
(e) Capital Work-in-Progress - Projects	4a	40,989.57	1,17,288.51	23,552.26	97,268.04
2. INVESTMENTS	5		15,577.34		15,445.69
3. CURRENT ASSETS, LOANS AND ADVANCES	6				
(a) Interest Accrued on Deposits		173.32		327.85	
(b) Inventories		11,163.21		9,854.04	
(c) Sundry Debtors		19,812.47		27,194.52	
(d) Cash and Bank Balances		20,624.29		15,895.23	
(e) Loans and Advances		10,894.96		8,670.57	
Total		62,668.25		61,942.21	
Less: CURRENT LIABILITIES AND PROVISIONS	7				
(a) Liabilities		16,765.18		21,884.87	
(b) Provisions		6,399.07		5,233.97	
Total		23,164.25		27,118.84	
Net Current Assets			39,504.00		34,823.37
4. MISCELLANEOUS EXPENDITURE					
(To the extent not written off)					
VRS Compensation			-		54.88
TOTAL			1,72,369.85		1,47,591.98

As per our Report of even date  
For B. K. KHARE & CO.  
Chartered Accountants

C. K. MEHTA  
Chairman

N. C. SINGHAL  
Director

Dr. S. RAMA IYER  
Director

R. D. ONKAR  
Partner  
Firm's Registration No.: 105102W  
Membership No.: 45716

S. C. MEHTA  
Vice-Chairman & Managing Director

S. R. WADHWA  
Director

R. SRIRAMAN  
Sr. Vice-President (Legal) &  
Company Secretary

Mumbai  
Dated 25th May, 2010

Mumbai  
Dated 25th May, 2010

## Profit and Loss Account

FOR THE YEAR ENDED 31ST MARCH , 2010

(Rs. in Lacs)

	Schedule	Year ended 31.03.2010		Year ended 31.03.2009	
<b>INCOME</b>					
Income from Operations	8	1,28,797.83		1,41,210.69	
Other Income	9	4,490.30	1,33,288.13	3,600.14	1,44,810.83
<b>EXPENDITURE</b>					
Manufacturing and Other Expenses	10	1,01,494.46		1,13,222.00	
Inventory Adjustment	11	(547.56)		767.79	
Interest and Other Financial Charges	12	4,632.89	1,05,579.79	4,046.64	1,18,036.43
<b>PROFIT BEFORE DEPRECIATION</b>			27,708.34		26,774.40
Depreciation/Amortisation		6,451.39		5,255.76	
Less: Transferred from Special Reserve		18.18	6,433.21	18.18	5,237.58
<b>PROFIT BEFORE PRIOR YEARS' ADJUSTMENTS</b>			21,275.13		21,536.82
Prior Years' Adjustments (Net)			1.73		5.62
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>			21,273.40		21,531.20
Exceptional Items (Net) [Refer Note 6]			(2,504.36)		331.11
<b>PROFIT BEFORE TAX</b>			23,777.76		21,200.09
<b>PROVISION FOR DIRECT TAXES</b>					
Current Income Tax (Inclusive of earlier years' short provision of Rs. 612.24 Lacs; Previous Year: Net of Reversal of earlier year's excess provision of Rs. 112.27 Lacs)		6,839.61		5,847.78	
Fringe Benefit Tax		-		120.00	
Deferred Income Tax (Net of Reversal of Previous Year's excess provision of Rs. 397.48 Lacs; Previous Year: Inclusive of previous year's short provision of Rs. 330.51 Lacs)		(295.30)		336.70	
Wealth Tax		28.65	6,572.96	25.25	6,329.73
<b>NET PROFIT</b>			17,204.80		14,870.36
Balance Brought Forward		51,177.84		41,949.44	
Transferred from Debenture Redemption Reserve		285.00	51,462.84	285.00	42,234.44
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			68,667.64		57,104.80
<b>APPROPRIATIONS</b>					
Transferred to Debenture Redemption Reserve			1,542.00		625.00
Transferred to General Reserve			1,750.00		1,500.00
Proposed Dividend			3,971.00		3,528.31
Corporate Dividend Tax			487.00		273.65
<b>SURPLUS IN PROFIT AND LOSS ACCOUNT</b>			60,917.64		51,177.84
<b>Earnings Per Share [Refer Note 18] (Rs.)</b>			19.51		16.86
(Face Value of Rs. 10/- each)					
NOTES FORMING PART OF ACCOUNTS	13				

As per our Report of even date  
For B. K. KHARE & CO.  
Chartered Accountants

C. K. MEHTA  
Chairman

N. C. SINGHAL  
Director

Dr. S. RAMA IYER  
Director

R. D. ONKAR  
Partner  
Firm's Registration No.: 105102W  
Membership No.: 45716

S. C. MEHTA  
Vice-Chairman & Managing Director

S. R. WADHWA  
Director

R. SRIRAMAN  
Sr. Vice-President (Legal) &  
Company Secretary

Mumbai  
Dated 25th May, 2010

Mumbai  
Dated 25th May, 2010

## Cash Flow Statement for the year ended 31st March, 2010

	(Rs. in Lacs)	
	2009-10	2008-09
<b>(A) Cash Flow From Operating Activities</b>		
Net Profit Before Tax	23,777.76	21,200.09
Adjustments For-		
Depreciation and Amortisation	6,433.21	5,237.58
Exceptional Items	(2,559.34)	265.17
Exchange Fluctuations (net)	(1,345.38)	2,822.86
Profit on Sale of Investments	(682.18)	(196.15)
Loss / (Profit) on Sale of Asset	45.25	262.67
Interest / Dividend (net)	3,027.11	1,231.38
<b>Operating Profit Before Working Capital Changes</b>	28,696.43	30,823.60
Adjustments For-		
Trade And Other Receivables	5,035.97	(7,341.82)
Inventories	(1,309.17)	(1,941.65)
Trade Payables	(4,365.24)	1,349.19
<b>Cash Generated From Operations</b>	28,057.99	22,889.32
Direct Taxes Paid (net)	(6,502.25)	(5,423.50)
Cash Flow Before Exceptional Items	21,555.74	17,465.82
Exceptional Items	-	(265.17)
<b>Net Cash from Operating Activities</b> (A)	21,555.74	17,200.65
<b>(B) Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(29,670.28)	(23,697.13)
Sale of Fixed Assets	5,712.51	264.40
Acquisition of Investments - Others (net)	342.83	(1,530.58)
Deposits Redeemed / (Made)	(27.77)	1,716.27
Interest Received	725.35	509.68
Dividend Received	1,034.96	2,081.17
<b>Net Cash used in Investing Activities</b> (B)	(21,882.40)	(20,656.19)
<b>(C) Cash Flow From Financing Activities</b>		
Exchange Fluctuations (net)	1,345.38	(2,822.86)
Increase / (Decrease) in Working Capital Borrowings	(10,951.53)	8,068.41
Proceeds / (Repayment) of External Commercial Borrowings (net)	2,057.20	(2,752.30)
Proceeds / (Repayment) from Term Loans (net)	7,378.88	9,161.08
Proceeds from Debentures (net)	13,860.00	11,360.00
Interest Paid	(4,713.46)	(3,392.63)
Equity Dividend and Corporate Dividend Tax Paid	(3,920.75)	(3,275.35)
<b>Net Cash Generated / (Used) in Financing Activities</b> (C)	5,055.72	16,346.35
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b> (A+B+C)	4,729.06	12,890.81
Cash and Cash Equivalents Opening Balance	15,895.23	3,004.42
<b>Cash and Cash Equivalents Closing Balance</b>	20,624.29	15,895.23

Note: (i) Figures in brackets are outflows.  
(ii) Previous Year's figures have been re-grouped wherever necessary.

As per our Report of even date  
For B. K. KHARE & CO.  
Chartered Accountants

C. K. MEHTA  
Chairman

N. C. SINGHAL  
Director

Dr. S. RAMA IYER  
Director

R. D. ONKAR  
Partner  
Firm's Registration No.: 105102W  
Membership No.: 45716

S. C. MEHTA  
Vice-Chairman & Managing Director

S. R. WADHWA  
Director

R. SRIRAMAN  
Sr. Vice-President (Legal) &  
Company Secretary

Mumbai  
Dated 25th May, 2010

Mumbai  
Dated 25th May, 2010



## Schedules forming part of the Balance Sheet

### Schedule 1

(Rs. in Lacs)

	As at 31.03.2010		As at 31.03.2009	
<b>SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
12,50,00,000 Equity Shares of Rs.10/-each	12,500.00		12,500.00	
10,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each	1,000.00	13,500.00	1,000.00	13,500.00
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>				
8,82,04,943 Equity Shares of Rs.10/- each fully paid-up		8,820.49		8,820.49

### Schedule 2

(Rs. in Lacs)

	As at 31.03.2010		As at 31.03.2009	
<b>RESERVES AND SURPLUS</b>				
<b>RESERVES</b>				
Capital Reserve		0.13		0.13
Capital Redemption Reserve		150.00		150.00
Share Premium Account		10,798.95		10,798.95
Special Reserve (*)	64.04		82.22	
Less: Transferred to Profit and Loss Account	18.18	45.86	18.18	64.04
<b>Debenture Redemption Reserve</b>				
Balance as per last Balance Sheet	1,290.00		950.00	
Less: Transferred to Profit and Loss Account	285.00		285.00	
Add: Transferred from Profit and Loss Account	1,542.00	2,547.00	625.00	1,290.00
<b>General Reserve</b>				
Balance as per last Balance Sheet	8,009.91		7,129.15	
Less: Forex Loss adjustment as per AS 11	-		619.24	
Add: Transferred from Profit and Loss Account	1,750.00	9,759.91	1,500.00	8,009.91
Surplus in Profit and Loss Account		60,917.64		51,177.84
<b>Total</b>		84,219.49		71,490.87

(\*) Represents relief/incentive granted by Government of India by way of refund of 90% of Customs Duty paid on NP Project imports. This amount will be adjusted against depreciation over the remaining useful life of the Fixed Assets of NP Project.

As per our Report of even date  
For B. K. KHARE & CO.  
Chartered Accountants

C. K. MEHTA  
Chairman

N. C. SINGHAL  
Director

Dr. S. RAMA IYER  
Director

R. D. ONKAR  
Partner  
Firm's Registration No.: 105102W  
Membership No.: 45716

S. C. MEHTA  
Vice-Chairman & Managing Director

S. R. WADHWA  
Director

R. SRIRAMAN  
Sr. Vice-President (Legal) &  
Company Secretary

Mumbai  
Dated 25th May, 2010

Mumbai  
Dated 25th May, 2010





## Schedules forming part of the Balance Sheet

### Schedule 3

(Rs. in Lacs)

LOAN FUNDS	As at 31.03.2010		As at 31.03.2009	
<b>SECURED LOANS</b>				
<b>A. LONG TERM LOAN*</b>				
(a) External Commercial Borrowings	7,636.40		5,579.20	
(b) From Banks	24,247.27	31,883.67	16,868.39	22,447.59
<b>B. SHORT TERM BORROWINGS FROM BANKS</b>		-		7,000.00
<b>C. SECURED NON-CONVERTIBLE DEBENTURES (NCDs)</b>				
(a) 7.50% Privately Placed NCDs	800.00		1,400.00	
(b) 7.25% Privately Placed NCDs	720.00		1,260.00	
(c) 10.80% Privately Placed NCDs	12,500.00		12,500.00	
(d) 9.75% Privately Placed NCDs	5,000.00		-	
(e) 10.00% Privately Placed NCDs	5,000.00		-	
(f) 8.35% Privately Placed NCDs	5,000.00	29,020.00	-	15,160.00
<b>Total Secured Loans</b>		60,903.67		44,607.59
<b>UNSECURED LOANS #</b>				
A. Short Term Loan from Bank	5,000.00		5,000.00	
B. Buyers Credit	7,216.02		11,167.55	
<b>Total Unsecured Loans</b>		12,216.02		16,167.55
<b>Total</b>		73,119.69		60,775.14

# Repayable within one year

#### NOTES :

##### \*A. LONG TERM LOANS :

- (1) The ECB loan of US \$ 20 million was drawn in four installments of US \$ 5 million each from 8th April, 2005 and last installment of US \$ 7 million is repayable on 18th May, 2010.
- (2) The Rupee Term Loan of Rs. 1,500 Lacs made available from 27th July, 2006 is repayable in 20 equal quarterly installments of Rs. 75 Lacs each commencing from 1st January, 2007 and last installment is payable on 1st October, 2011.

The above loans are secured by a first charge on all the Company's movable and immovable properties situated at Plot Nos. K-1 and K-2, MIDC Industrial Area, Talaja, Dist. Raigad to rank *pari passu* with existing mortgages and charges created together with all interest, default interest, fees and/or remuneration of the Trustees and costs, charges, expenses and other monies.

- (3) The Rupee Term Loan of Rs. 7,346 Lacs is repayable in 32 equal quarterly installments from 31st August, 2007 and the last installment is payable on 31st May, 2015.

The said loan is secured by way of a first charge over the immovable property consisting of appropriate built-up space of property in Survey Nos. 190 and 192 (part) situated opposite Golf Course, Shastri Nagar, Yerawada, Pune together with interest, default interest, costs, charges, expenses and other monies.

- (4) The Rupee Term Loan of Rs. 12,800 Lacs [loan of Rs. 5,800 Lacs for Ammonia Storage Tank Project at JNPT and Rs. 7,000 Lacs for DNA Plant (DNA - IV) at Talaja] was made available on 27th February, 2009.

a. Term Loan of Rs. 5,800 Lacs repayable with single balloon payment of Rs. 448 Lacs by March 2009 and balance in 72 monthly installments of Rs. 74.30 Lacs from April, 2009 till March, 2015 is secured by equitable mortgage/charge on leasehold land bearing Plot No.1, JNPT Terminal (Tank farm area), Navi Mumbai admeasuring 15,000 sq. mtrs. or thereabouts for creation of storage facilities and way leave corridor and existing/proposed building thereon and hypothecation of Ammonia storage tank and all other movable / immovable assets of Ammonia storage tank project thereat.

b. Term Loan of Rs. 7,000 Lacs repayable with single balloon payment of Rs. 540 Lacs in March, 2009 and in 71 monthly installments of Rs. 90 Lacs from April, 2009 till February, 2016 and the balance of Rs. 70 Lacs in March, 2016 is secured by First Hypothecation charge on entire assets of the Dilute Nitric Acid plant (DNA-IV) at Plot No.K-1, MIDC Industrial Area, Talaja, Dist. Raigad.

Extension of equitable mortgage/charge on leasehold land bearing Plot No.1, JNPT Terminal (Tank farm area), Navi Mumbai admeasuring 15,000 sq. mtrs. or thereabouts for creation of storage facilities and way leave corridor and existing/proposed building thereon and hypothecation of Ammonia storage tank and all other movable / immovable assets of Ammonia storage tank project thereat.

Both the above Loans are Secured by Extension of *pari passu* first charge by way of equitable mortgage/ hypothecation on entire movable and immovable assets of the Company at Plot Nos. K-1 and K-2, MIDC Industrial Area, Talaja, Dist. Raigad with the Trustees of the Debenture holders and working capital bankers.

- (5) The Rupee Term Loan of Rs. 9,100 Lacs made available from 10th September, 2009 is repayable in 28 quarterly installments of Rs. 325 Lacs each commencing from 10th September, 2011 and the last installment is payable on 10th June, 2018.



## Schedules forming part of the Balance Sheet

- (6) The Rupee Term Loan of Rs. 3,500 Lacs made available from 8th September, 2009 is repayable in 28 quarterly installments of Rs. 125 Lacs each commencing from 8th September, 2011 and the last installment is payable on 8th June, 2018.
- (7) The ECB loan of US \$ 20 million is repayable in 27 quarterly installments of US \$ 7.15 Lacs each commencing from the first date of disbursement and balance of US \$ 6.95 Lacs shall be payable as last installment. The loan is yet to be availed.
- (8) The ECB loan of US \$ 25 million made available from 18th February, 2010 is repayable in 6 equal half-yearly installments from 31st January, 2014 and last installment is payable on 29th July, 2016.
- (9) 500 Secured Redeemable Non-Convertible Debentures of the face value of Rs. 10 Lacs each on Private Placement basis aggregating Rs. 5,000 Lacs carrying coupon rate of 9.75% per annum payable quarterly and redeemable in three equal installments from 25th November, 2013 to 25th November, 2015.
- (10) 500 Secured Redeemable Non-Convertible Debentures of the face value of Rs. 10 Lacs each on Private Placement basis aggregating Rs. 5,000 Lacs carrying coupon rate of 10% per annum payable quarterly and redeemable in three equal installments from 25th November, 2013 to 25th November, 2015.

The above loans listed in Sr. Nos. (5) to (8) and Debentures listed in Sr. Nos. (9) & (10) above are secured by *pari passu* first charge on the entire fixed assets pertaining to Technical Ammonium Nitrate (TAN Project), the leasehold rights and interest in Plot Nos. K-7 & K-8 at MIDC Industrial area, Talaja, Dist. Raigad and the building(s)/structure(s) standing or to be constructed thereon and all fixed plants and machineries installed/ to be installed thereon and all movable machineries, equipments and other movable assets of the said project, both present and future and the equipments, furniture, fixtures and fittings (excluding current assets) along with payment of interest and additional interest on the said loans, Debentures, costs, charges, expenses and remuneration of the Trustees and all other monies thereto.

- (11) 500 Secured Redeemable Non-Convertible Debentures of the face value of Rs. 10 Lacs each on Private Placement basis aggregating Rs. 5,000 Lacs carrying coupon rate of 8.35% per annum payable quarterly and redeemable in single installment on 9th February, 2013.

The above Debentures are secured by a *pari passu* first charge on the entire fixed assets pertaining to Ishanya Mall of the Company off Airport Road, Shastri Nagar, Yerawada, Pune - 411 006 along with interest, additional interest, costs, charges, expenses and remuneration of the Trustees and all other monies thereto.

- (12) Rs. 2,000 Lacs by issue of 7.50% Privately Placed Non-Convertible Debentures of Rs. 10 Lacs each redeemable in the ratio of 30:30:40 on 15th September, 2008, 15th September, 2009 and 15th September, 2010 respectively. These Debentures have been partly redeemed on 15th September, 2008 and 15th September 2009 on its due date(s) and the face value of the Debentures stands reduced from Rs. 10 Lacs to Rs. 4 Lacs.
- (13) Rs. 1,800 Lacs by issue of 7.25% Privately Placed Non-Convertible Debentures of Rs. 10 Lacs each redeemable in the ratio of 30:30:40 on 30th September, 2008, 30th September, 2009 and 30th September, 2010 respectively. These Debentures have been partly redeemed on 30th September, 2008 and 30th September, 2009 on its due date(s) and the face value of the Debentures stands reduced from Rs. 10 Lacs to Rs. 4 Lacs.

Both the aforesaid Debentures listed in Sr. Nos. (12) and (13) together with interest, remuneration of the Trustees and all fees, costs, charges, expenses and other monies payable are secured by way of Mortgage of Company's immovable properties, plant and machinery, whether immovable or movable, pertaining to the Company's undertaking situated at Plot No. K-1, MIDC Industrial Area, Talaja, Dist. Raigad such mortgage and charges to rank *pari passu* with the mortgages and charges created in favour of financial institutions / trustees and prior mortgages and charges in favour of the banks.

- (14) Rs. 12,500 Lacs by issue of 1,250 redeemable Privately Placed Non-Convertible Debentures of face value of Rs. 10 Lacs each aggregating Rs. 12,500 Lacs carrying coupon rate of 10.80% per annum and redeemable in three equal installments from 1st September, 2012 and the last installment is payable on 1st September, 2014.

The aforesaid Debentures together with interest, remuneration of the Trustees and all fees, costs, charges, expenses and other monies payable are secured by mortgage of Company's immovable properties, plant and machinery, whether immovable or movable, pertaining to the Company's undertaking situated at Plot Nos. K-1 and K-2, MIDC Industrial Area, Talaja, Dist. Raigad to rank *pari passu* with the mortgages and charges created in favour of financial institutions / trustees and prior mortgages and charges in favour of the banks.

### (B) SHORT TERM BORROWINGS :

Credit facility of Rs. 5,500 Lacs repayable within 180 days in one single payment together with interest, costs, charges and expenses is secured by way of deposit and pledge of Fertilisers Subsidy Bonds issued by Government of India, together with the required related transfer documents as applicable in respect thereof duly signed/executed as collateral security for the repayment on demand. The Company has option to avail this facility.

### (C) CASH CREDIT FACILITIES :

Cash Credit facilities from banks including Working Capital Demand Loan are secured by :

- a) a first charge by way of hypothecation of stocks of raw materials, finished goods, stock-in-process, consumable stores and book debts of the Company; and
- b) mortgage by deposit of title deeds, such mortgage to always rank subject to, subservient and subordinate to the mortgages, charges and securities that have been already created or may be created hereinafter by the Company in favour of public financial institutions, banks, credit agencies incorporated or constituted in India or abroad or machinery suppliers and/or other persons providing finance for purchase of assets or for purchase of specific items of machinery and equipment under any deferred payment schedule or bills rediscounting scheme.



## Schedules forming part of the Balance Sheet

### Schedule 4

#### FIXED ASSETS

(Rs. in Lacs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01-04-2009	Additions	Deductions/ Adjustments	Total upto 31-03-2010	As on 01-04-2009	Deductions/ Adjustments	For the year	Total upto 31-03-2010	As on 31-03-2010	As on 31-03-2009
Land - Freehold (a)	5,374.70	-	-	5,374.70	-	-	-	-	5,374.70	5,374.70
Land - Leasehold (b)	2,553.54	34.33	1,236.51	1,351.36	173.52	96.70	33.55	110.37	1,240.99	2,380.02
Buildings (c)	21,274.48	796.20	1,128.14	20,942.54	2,514.63	47.40	422.60	2,889.83	18,052.71	18,759.85
Plant and Machinery (d)	92,286.27	11,021.04	1,708.71	1,01,598.60	48,892.87	810.46	5,493.28	53,575.69	48,022.91	43,393.40
Electrical Installation and Fittings	1,410.23	200.06	35.82	1,574.47	158.35	3.45	109.97	264.87	1,309.60	1,251.88
Furniture & Fixtures	700.74	173.44	42.20	831.98	459.75	5.57	41.48	495.66	336.32	240.99
Office Equipments	1,204.56	219.13	83.64	1,340.05	840.54	81.82	121.11	879.83	460.22	364.02
Vehicles	932.56	128.27	29.40	1,031.43	276.29	20.60	157.95	413.64	617.79	656.27
Intangible Assets	858.88	32.25	-	891.13	362.29	-	71.45	433.74	457.39	496.59
<b>TOTAL</b>	1,26,595.96	12,604.72	4,264.42	1,34,936.26	53,678.24	1,066.00	6,451.39	59,063.63	75,872.63	72,917.72
Previous Year	1,03,921.98	24,362.03	1,688.05	1,26,595.96	48,768.46	345.98	5,255.76	53,678.24	72,917.72	55,153.52
Capital Work-in-Progress (e)									426.31	798.06

Capital Work-in-Progress (e)

(a) Freehold land includes:

- Rs. 3,600 Lacs (Previous year Rs. 3,600 Lacs) represented by 24,000 Equity Shares of Rs. 10/- each in a company, which is the legal owner of the land in respect of which the Company has acquired exclusive rights of development.
- Rs. 815 Lacs (Previous year: Rs. 815 Lacs) represented by 8,024 Equity Shares (Previous year: 8,024) of Rs. 10/- each in the said company, which is the legal owner of the land on which the Company has been granted the rights of reconstruction of residential building premises.

(b) Leasehold land includes Nil (Previous year: Rs. 2,340.68 Lacs) being premium for acquiring additional plots of leasehold land possession of which is obtained but formal deeds are under preparation and execution.

(c) Buildings include a sum of Rs. 3,308.87 Lacs (Previous year: Rs. 3,308.87 Lacs) represented by 17,628 (Previous year: 17,628) Equity Shares of Rs. 10/- each in a company which is the legal owner of the buildings in respect of which the Company has an exclusive right of use and occupation by virtue of the shares so held.

(d) Gross Block of Plant and Machinery includes:

- Rs. 421.63 Lacs (Previous year: Rs. 421.63 Lacs) being the cost of Fixed Assets, ownership of which does not vest with the Company, being amortised over 60 months.
- Rs. 4,646.49 Lacs (Previous year: Rs. 5,180.93 Lacs) towards foreign exchange fluctuation on Long Term Loans

(e) Capital Work in progress includes advances/deposits for fixed assets Rs. 20.42 Lacs (Previous year: Rs. 120.25 Lacs).

### Schedules 4a

#### CAPITAL WORK-IN-PROGRESS - PROJECTS

(Rs. in Lacs)

Description	Incurred upto 31-03-2009	Incurred during 2009-2010	Capitalised/ Transferred during 2009-2010	Total as on 31-03-2010
Land and Site Development	96.16	0.45	34.24	62.37
Building (under construction)	1,580.06	5,406.64	608.19	6,378.51
Plant & Machinery (under installation)	15,400.14	13,736.95	6,866.46	22,270.63
Advances	1,810.43	2,302.37	-	4,112.80
Technical Know-how and Engineering Fees	1,525.78	1,508.13	532.84	2,501.07
Other Assets	224.73	574.78	317.70	481.81
Pre-commissioning Testing and Start-up Expenses	-	161.14	156.96	4.18
Pre-operative expenditure pending Capitalisation/Amortisation				
Employees' emoluments	595.87	383.15	65.13	913.89
General expenses	606.41	638.79	121.68	1,123.52
Interest (net) on Fixed Term Loan and other financial charges (a)	1,712.68	1,908.86	480.75	3,140.79
<b>TOTAL</b>	23,552.26	26,621.26	9,183.95	40,989.57

(a) Interest (net) on Fixed Term Loan and other financial charges incurred during the year includes:

- Gain of Rs. 139.50 Lacs (Previous year : Loss of Rs. 828.47 Lacs) on account of Exchange fluctuation on Long Term Loans.
- Interest on Fixed Term Loan is net of interest earned Rs. 10.45 Lacs (Previous year : Rs. 44.33 Lacs) on temporary deployment of Loan Funds, Tax Deducted at Source Rs. 1.05 Lacs ; (Previous year : Rs. 9.13 Lacs).
- Gain on investment of Rs. 90.57 Lacs (Previous year : Rs. Nil) on temporary deployment of Loan Funds.



## Schedules forming part of the Balance Sheet

**Schedule 5**

(Rs. in Lacs)

<b>INVESTMENTS</b>	<b>As at 31.03.2010</b>		<b>As at 31.03.2009</b>	
<b>[Refer Note 1(H)]</b>				
<b>LONG TERM</b>				
<b>A. SUBSIDIARY - UNQUOTED</b>				
1. 18,00,000 1% Cumulative Redeemable Preference Shares of Rs. 100/- each of Smartchem Technologies Ltd.	1,800.00		1,800.00	
2. 9,99,994 Equity Shares of Rs. 10/- each of Smartchem Technologies Ltd.	6,379.88		6,379.88	
3. 1,60,000 Shares of AUD 1/- each of Deepak Nitrochem Pty. Ltd.	54.20		54.20	
Less: Provision for diminution in value	30.48		30.48	
4. 9,998 Equity Shares Rs. 10/- each of Deepak Mining Services Pvt. Ltd.	1.00	8,204.60	-	8,203.60
<b>B. OTHERS</b>				
<b>1. TRADE UNQUOTED</b>				
a. 88,448 Shares of Sterling Pound 1/- each of Deepak International Ltd.	68.69		68.69	
b. 49,994 Equity Shares of Rs. 10/- each of Ishanya Realty Corporation Ltd.	5.00		-	
c. 49,994 Equity Shares of Rs. 10/- each of Ishanya Brand Services Ltd.	5.00	78.69	-	68.69
<b>2. NON-TRADE QUOTED</b>				
Investment in Equity Shares	1,411.13		1,147.96	
Less: Provision for diminution in value	38.56	1,372.57	157.08	990.88
[Aggregate Market Price of Quoted Shares Rs. 1,599 Lacs; (Previous Year: Rs. 719.44 Lacs)]				
<b>CURRENT INVESTMENTS</b>				
<b>A. INVESTMENT IN BONDS*</b>				
1. 7.00% Fertilisers Company GOI Special Bonds 2022	4,550.00		4,550.00	
2. 6.65% Fertilisers Company GOI Special Bonds 2023	697.80		697.80	
3. 6.20% Fertilisers Company GOI Special Bonds 2022	1,308.20		1,308.20	
Total	6,556.00		6,556.00	
Less: Provision for diminution in value	724.71	5,831.29	387.60	6,168.40
<b>B. INVESTMENT IN MUTUAL FUNDS</b>				
1. Liquid Funds	65.19		-	
2. Short Term Funds	-		-	
3. Equity and Derivatives Funds	25.00		25.00	
Total	90.19		25.00	
Less: Provision for diminution in value	-	90.19	10.88	14.12
<b>Total</b>		15,577.34		15,445.69

\* Pledged towards Security for short term loan facility of Rs. 5,500 Lacs [Refer to Schedule 3 note (B)]





## Schedules forming part of the Balance Sheet

### Investment in Equity Shares (Non-Trade Quoted)

Sr. No.	Name of the Scrip	Face Value	Balance as on 01.04.2009		Purchased during the year		Sold during the year		Balance as on 31.03.2010	
		Per Share (Rs.)	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs
1.	ABB Ltd.	2	-	-	2,000	14.22	2,000	14.22	-	-
2.	Aditya Birla Nuvo Ltd.	10	-	-	2,550	18.98	2,550	18.98	-	-
3.	Ambuja Cement Ltd.	2	-	-	18,882	15.75	18,882	15.75	-	-
4.	Areva T & D India Ltd.	2	2,838	50.06	-	-	-	-	2,838	50.06
5.	Ashok Leyland Ltd.	1	-	-	70,000	22.87	70,000	22.87	-	-
6.	Axis Bank Ltd.	10	-	-	3,000	29.78	-	-	3,000	29.78
7.	Bank of Baroda	10	-	-	5,052	14.39	5,052	14.39	-	-
8.	Bank of India	10	-	-	5,000	16.12	5,000	16.12	-	-
9.	Bharat Petroleum Corporation Ltd.	10	-	-	3,827	14.18	3,827	14.18	-	-
10.	Bharti Airtel Ltd.	5	13,648	59.17	-	-	5,648	25.19	8,000	33.98
11.	Bharat Heavy Electricals Ltd.	10	2,671	62.70	700	15.75	871	20.45	2,500	58.00
12.	Bosch Ltd.	10	-	-	250	7.85	250	7.85	-	-
13.	Cairn India Ltd.	10	22,618	56.43	-	-	12,618	35.72	10,000	20.71
14.	Cummins India Ltd.	2	-	-	4,000	16.48	-	-	4,000	16.48
15.	Divi's Laboratories Ltd.	2	8,550	59.96	-	-	2,550	17.88	6,000	42.08
16.	DLF Limited	2	-	-	7,000	16.40	-	-	7,000	16.40
17.	Gail (India) Ltd.	10	-	-	8,000	22.70	-	-	8,000	22.70
18.	Glaxo Smithkline Pharmaceuticals Ltd.	10	-	-	1,565	16.95	-	-	1,565	16.95
19.	Grasim Industries Ltd.	10	-	-	1,253	30.37	-	-	1,253	30.37
20.	HCL Technologies Ltd.	2	-	-	5,000	6.96	5,000	6.96	-	-
21.	HDFC Bank Ltd.	10	1,404	13.23	1,500	22.69	2,904	35.92	-	-
22.	Hindalco Industries Ltd.	1	28,628	18.53	-	-	13,628	8.93	15,000	9.60
23.	Hindustan Unilever Ltd.	1	6,946	14.19	-	-	6,946	14.19	-	-
24.	HDFC Ltd.	10	1,416	23.45	1,000	26.76	-	-	2,416	50.21
25.	ICICI Bank Ltd.	10	8,687	51.47	5,230	42.31	2,917	21.94	11,000	71.84
26.	Idea Cellular Ltd.	10	32,588	35.96	-	-	-	-	32,588	35.96
27.	IDFC Ltd.	10	58,653	99.85	-	-	58,653	99.85	-	-
28.	India Infoline Limited	2	-	-	15,000	19.86	-	-	15,000	19.86
29.	Indian Oil Corporation Limited *	10	-	-	10,000	22.77	-	-	10,000	22.77
30.	Infosys Technologies Ltd.	5	1,037	12.21	1,963	46.64	-	-	3,000	58.85
31.	ITC Ltd.	1	3,604	5.71	19,396	46.48	-	-	23,000	52.19
32.	IVRCL Infrastructurers & Projects Ltd. *	2	16,239	67.34	15,239	-	1,000	4.40	30,478	62.94
33.	Larsen & Toubro Ltd.	2	1,906	15.41	3,199	47.69	906	8.24	4,199	54.86
34.	Mahanagar Telephone Nigam Ltd.	10	-	-	16,751	12.81	16,751	12.81	-	-
35.	Mahindra & Mahindra Ltd.	5	10,656	83.26	-	-	10,656	83.26	-	-
<b>Carried forward</b>				<b>728.93</b>		<b>567.76</b>		<b>520.10</b>		<b>776.59</b>

\* Includes Bonus Shares



## Schedules forming part of the Balance Sheet

### Investment in Equity Shares (Non-Trade Quoted)

Sr. No.	Name of the Scrip	Face Value	Balance as on 01.04.2009		Purchased during the year		Sold during the year		Balance as on 31.03.2010	
		Per Share (Rs.)	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs
	<b>Brought forward</b>			<b>728.93</b>		<b>567.76</b>		<b>520.10</b>		<b>776.59</b>
36.	Maruti Suzuki India Limited	5	-	-	2,000	27.43	-	-	2,000	27.43
37.	Max India Limited	2	-	-	15,000	29.54	-	-	15,000	29.54
38.	Mphasis Limited	10	-	-	4,500	28.74	-	-	4,500	28.74
39.	National Aluminium Co. Ltd.	10	-	-	6,899	15.27	6,899	15.27	-	-
40.	Nestle India Ltd.	10	2,050	29.70	-	-	2,050	29.70	-	-
41.	NTPC Ltd.	10	28,784	57.58	-	-	-	-	28,784	57.58
42.	ONGC Ltd.	10	4,783	33.86	1,000	11.52	783	6.42	5,000	38.96
43.	Power Finance Corporation Ltd.	10	-	-	13,000	28.36	-	-	13,000	28.36
44.	Punjab National Bank	10	2,500	10.02	-	-	2,500	10.02	-	-
45.	Ranbaxy Laboratories Ltd.	5	10,358	42.11	-	-	7,858	31.95	2,500	10.16
46.	Reliance Capital Ltd.	10	-	-	2,000	18.62	-	-	2,000	18.62
47.	Reliance Communication Ltd.	5	14,210	84.28	-	-	-	-	14,210	84.28
48.	Reliance Industries Ltd. *	10	3,626	77.57	9,374	59.91	-	-	13,000	137.48
49.	Reliance Infrastructure Ltd.	10	-	-	2,000	24.41	-	-	2,000	24.41
50.	Reliance Power Limited	10	-	-	10,000	12.55	10,000	12.55	-	-
51.	State Bank of India	10	1,149	12.95	551	8.85	-	-	1,700	21.80
52.	Sterlite Industries (India) Ltd.	2	-	-	5,000	39.84	-	-	5,000	39.84
53.	Sun Pharmaceuticals Industries Ltd.	5	670	7.74	-	-	670	7.74	-	-
54.	Tata Communication Limited	10	-	-	2,000	9.90	2,000	9.90	-	-
55.	Tata Consultancy Services Ltd. *	1	5,169	48.62	5,169	-	5,338	25.10	5,000	23.52
56.	Tata Power Co. Limited	10	-	-	2,250	26.23	-	-	2,250	26.23
57.	Tata Steel Ltd.	10	4,150	8.60	2,000	11.45	4,150	8.59	2,000	11.46
58.	Unitech Ltd.	2	-	-	16,000	6.77	16,000	6.77	-	-
59.	United Spirits Ltd.	10	-	-	3,000	26.13	-	-	3,000	26.13
60.	Zee Entertainment Enterprises Ltd.	1	6,000	6.00	-	-	6,000	6.00	-	-
	<i>Less : Provision for Diminution in value</i>			157.08						38.56
	<b>Total Investment in Equity Shares</b>			<b>990.88</b>		<b>953.28</b>		<b>690.11</b>		<b>1,372.57</b>

\* Includes Bonus Shares



## Schedules forming part of the Balance Sheet

### Current Investments (In Mutual Funds)

Name of Mutual Fund	Face	Balance as on 01.04.2009		Purchased during the year		Sold during the year		Balance as on 31.03.2010	
	Value	No. of Units	Rs. in Lacs	No. of Units	Rs. in Lacs	No. of Units	Rs. in Lacs	No. of Units	Rs. in Lacs
<b>(A) LIQUID FUNDS</b>									
1. Birla Sunlife Cash Plus - Instl Premium Growth	10.00	-	-	10,91,34,652.268	15,702.74	10,91,34,652.268	15,702.74	-	-
2. Birla Sunlife Savings Fund Instl Growth	10.00	-	-	4,94,33,132.904	8,458.89	4,94,33,132.904	8,458.89	-	-
3. Canara Robeco Liquid Super Instl Growth	10.00	-	-	5,40,07,603.901	5,960.03	5,40,07,603.901	5,960.03	-	-
4. Canara Robeco Treasury Advantage Instl Growth	10.00	-	-	53,16,341.301	800.09	53,16,341.301	800.09	-	-
5. Canara Robeco Treasury Advantage Super Instl Growth	10.00	-	-	2,83,67,633.978	3,901.38	2,83,67,633.978	3,901.38	-	-
6. DSP Black Rock Cash Manager Fund Instl Plan Growth	1000.00	-	-	60,760.777	700.00	60,760.777	700.00	-	-
7. DSP Black Rock Floating Rate Fund Instl Plan Growth	1000.00	-	-	3,10,274.065	4,075.31	3,10,274.065	4,075.31	-	-
8. DSP Black Rock Liquidity Fund Instl Plan Growth	1000.00	-	-	3,54,080.754	4,651.73	3,54,080.754	4,651.73	-	-
9. DSP Black Rock Money Manager Fund - Instl Plan Growth	1000.00	-	-	1,77,658.820	2,200.00	1,77,658.820	2,200.00	-	-
10. DSP Black Rock Strategic Bond fund - Instl Plan Growth	1000.00	-	-	77,366.409	800.00	77,366.409	800.00	-	-
11. DWS Insta Cash Plus Fund - Super Instl Plan Growth	10.00	-	-	9,29,57,506.544	10,750.00	9,29,57,506.544	10,750.00	-	-
12. DWS Ultra Short Term Fund Instl Growth	10.00	-	-	2,50,07,509.292	2,600.78	2,50,07,509.292	2,600.78	-	-
13. Fidelity Ultra Short Term Debt Fund Instl Growth	10.00	-	-	90,32,411.952	1,000.00	90,32,411.952	1,000.00	-	-
14. Fidelity Ultra Short Term Debt Fund Super Instl Growth	10.00	-	-	87,28,247.078	1,000.22	87,28,247.078	1,000.22	-	-
15. HDFC Cash Management Fund - Savings Plan Growth	10.00	-	-	5,36,86,695.766	9,979.98	5,36,86,695.766	9,979.98	-	-
16. HDFC Cash Management Fund - Treasury Advantage Plan Wholesale Growth	10.00	-	-	4,39,91,730.553	8,675.58	4,39,91,730.553	8,675.58	-	-
17. HDFC FRIF STF WP Growth	10.00	-	-	4,04,43,203.148	6,178.13	4,04,43,203.148	6,178.13	-	-
18. HDFC Liquid Fund-Premium Plan - Growth	10.00	-	-	3,38,04,277.666	6,150.00	3,38,04,277.666	6,150.00	-	-
19. HSBC Floating Rate Fund-Long Term Plan - Instl Option - Growth	10.00	-	-	71,98,180.300	1,000.00	71,98,180.300	1,000.00	-	-
20. ICICI Prudential Flexible Income Premium - Growth	10.00	-	-	2,42,12,706.078	4,002.19	2,42,12,706.078	4,002.19	-	-
21. ICICI Prudential Flexible Income Premium - Growth	100.00	-	-	57,39,889.371	9,748.10	57,39,889.371	9,748.10	-	-
22. ICICI Prudential Instl Liquid Plan Super Instl Growth	100.00	-	-	9,63,17,805.519	12,726.59	9,63,17,805.519	12,726.59	-	-
23. ICICI Prudential Instl Liquid Plan Super Instl Growth	10.00	-	-	1,19,50,577.271	16,150.50	1,19,50,577.271	16,150.50	-	-
24. ICICI Prudential liquid Instl Plus Plan - Daily Div Reinvest	10.00	-	-	35,30,051.784	418.36	35,30,051.784	418.36	-	-
25. ICICI Prudential liquid Instl Plus Plan - Daily Div Reinvest	100.00	-	-	2,25,755.226	267.57	1,70,747.714	202.38	55,007.51	65.19
26. ICICI Prudential Ultra Short Term Plan Super Premium Growth	10.00	-	-	1,95,05,534.695	2,000.00	1,95,05,534.695	2,000.00	-	-
27. IDFC Cash Fund - Super Inst Plan C Growth	10.00	-	-	12,18,18,605.257	13,412.03	12,18,18,605.257	13,412.03	-	-
28. IDFC Money Manager Fund -Treasury Plan Super Instl Plan C- Growth	10.00	-	-	10,61,11,187.406	11,351.44	10,61,11,187.406	11,351.44	-	-
<b>Carried forward</b>		-	-	<b>95,15,01,380.083</b>	<b>1,64,661.64</b>	<b>95,14,46,372.571</b>	<b>1,64,596.45</b>	<b>55,007.51</b>	<b>65.19</b>

## Schedules forming part of the Balance Sheet

### Current Investments (In Mutual Funds)

Name of Mutual Fund	Face Value	Balance as on 01.04.2009		Purchased during the year		Sold during the year		Balance as on 31.03.2010	
		No. of Units	Rs. in Lacs	No. of Units	Rs. in Lacs	No. of Units	Rs. in Lacs	No. of Units	Rs. in Lacs
<b>Brought forward</b>		-	-	<b>95,15,01,380.083</b>	<b>1,64,661.64</b>	<b>95,14,46,372.571</b>	<b>1,64,596.45</b>	<b>55,007.51</b>	<b>65.19</b>
29. JM High Liquidity Fund - Super Instl Plan - Growth	10.00	-	-	2,21,63,632.755	3,155.21	2,21,63,632.755	3,155.21	-	-
30. JM Money Manager Fund - Super Plus Plan - Growth	10.00	-	-	1,47,39,752.595	1,875.22	1,47,39,752.595	1,875.22	-	-
31. JP Morgan India Liquid Fund Super Instl Growth	10.00	-	-	42,19,017.644	500.00	42,19,017.644	500.00	-	-
32. JP Morgan India Treasury Fund Super Instl Growth	10.00	-	-	1,54,97,568.931	1,800.05	1,54,97,568.931	1,800.05	-	-
33. Kotak Flexi Debt Scheme Instl - Growth	10.00	-	-	2,75,41,566.072	3,050.23	2,75,41,566.072	3,050.23	-	-
34. Kotak Floater Long Term - Growth	10.00	-	-	9,70,58,992.343	13,880.26	9,70,58,992.343	13,880.26	-	-
35. Kotak Liquid (Instl Premium) - Growth	10.00	-	-	14,25,66,245.030	26,076.85	14,25,66,245.030	26,076.85	-	-
36. LIC MF Liquid Fund - Growth	10.00	-	-	45,03,422.280	725.00	45,03,422.280	725.00	-	-
37. Principal Cash Management Fund - Liquid Option Instl Premium Plan	10.00	-	-	5,41,008.575	75.00	5,41,008.575	75.00	-	-
38. Reliance Liquid Fund Treasury Plan Instl Option - Growth	10.00	-	-	1,80,65,035.562	4,000.00	1,80,65,035.562	4,000.00	-	-
39. Reliance Liquidity Fund - Growth	10.00	-	-	8,07,80,114.018	10,859.52	8,07,80,114.018	10,859.52	-	-
40. Reliance Money Manager Fund Instl Option - Growth	1000.00	-	-	7,42,159.892	9,035.53	7,42,159.892	9,035.53	-	-
41. Religare Liquid Fund - Super Instl Growth	10.00	-	-	11,05,36,294.050	13,677.18	11,05,36,294.050	13,677.18	-	-
42. Religare Liquid Fund Instl Growth	10.00	-	-	1,05,11,705.455	1,310.00	1,05,11,705.455	1,310.00	-	-
43. Religare Ultra Short Term Fund- Instl Growth	10.00	-	-	9,29,56,247.618	11,501.49	9,29,56,247.618	11,501.49	-	-
44. SBI - Magnum Insta Cash Fund - Cash Option	10.00	-	-	6,23,18,408.412	12,489.11	6,23,18,408.412	12,489.11	-	-
45. SBI Premier Liquid Fund Instl Growth	10.00	-	-	1,73,33,906.508	2,500.00	1,73,33,906.508	2,500.00	-	-
46. SBI SHF - Ultra Short Term Fund Instl Plan - Growth	10.00	-	-	84,70,341.101	1,000.00	84,70,341.101	1,000.00	-	-
47. TATA Floater Fund - Growth	10.00	-	-	4,56,99,753.019	6,156.84	4,56,99,753.019	6,156.84	-	-
48. TATA Liquid Super High Inv Fund - Appreciation	1000.00	-	-	4,58,676.499	7,662.63	4,58,676.499	7,662.63	-	-
49. TATA Treasury Managanship Growth	1000.00	-	-	1,28,693.049	1,325.14	1,28,693.049	1,325.14	-	-
50. Templeton India Treasury Management Account Super Instl Plan Growth	1000.00	-	-	3,08,404.996	4,125.00	3,08,404.996	4,125.00	-	-
51. Templeton India Ultra Short Bond Fund Super Instl Plan Growth	10.00	-	-	2,83,79,637.971	3,275.36	2,83,79,637.971	3,275.36	-	-
52. UTI Liquid Cash Plan Instl - Growth	1000.00	-	-	4,96,822.743	7,375.69	4,96,822.743	7,375.69	-	-
53. UTI Money Market Fund Instl - Growth	10.00	-	-	1,09,44,752.595	1,100.00	1,09,44,752.595	1,100.00	-	-
54. UTI Money Market Fund Instl - Growth	1000.00	-	-	1,09,286.895	1,096.67	1,09,286.895	1,096.67	-	-
55. UTI Treasury Advantage Fund Instl Plan - Growth	1000.00	-	-	4,47,584.101	5,410.71	4,47,584.101	5,410.71	-	-
<b>Total Liquid Funds (A)</b>		-	-	<b>1,76,90,20,410.69</b>	<b>319,700.33</b>	<b>1,76,89,65,403.18</b>	<b>319,635.14</b>	<b>55,007.51</b>	<b>65.19</b>
<b>(B) SHORT TERM FUNDS</b>		-	-						
1. Birla Sunlife Dynamic Bond Fund - Retail - Growth	10.00	-	-	34,13,528.496	500.00	34,13,528.496	500.00	-	-
2. HDFC Short Term Plan - Growth	10.00	-	-	29,20,663.107	500.00	29,20,663.107	500.00	-	-
<b>Total Short Term Funds (B)</b>		-	-	<b>63,34,191.603</b>	<b>1,000.00</b>	<b>63,34,191.603</b>	<b>1,000.00</b>	-	-
<b>(C) EQUITY AND DERIVATIVE FUND</b>									
1. SBI Infrastructure Fund	10.00	2,50,000.000	25.00	-	-	-	-	2,50,000.00	25.00
Less: Provision for Diminution in value		-	<b>10.88</b>	-	-	-	-	-	-
<b>Total Equity and Derivative Fund ( C)</b>		<b>2,50,000.000</b>	<b>14.12</b>	-	-	-	-	<b>250,000.00</b>	<b>25.00</b>
<b>Grand Total ( A+B+C)</b>		<b>2,50,000.000</b>	<b>14.12</b>	<b>1,77,53,54,602.29</b>	<b>3,20,700.33</b>	<b>1,77,52,99,594.78</b>	<b>3,20,635.14</b>	<b>3,05,007.51</b>	<b>90.19</b>





## Schedules forming part of the Balance Sheet

### Schedule 6

(Rs. in Lacs)

CURRENT ASSETS, LOANS AND ADVANCES		As at 31.03.2010		As at 31.03.2009	
<b>A. CURRENT ASSETS</b>					
1.	INTEREST ACCRUED ON DEPOSITS		173.32		327.85
2.	INVENTORIES				
(a)	Raw Materials (Net of write down of Rs. Nil; (Previous Year : Rs. 932.21 Lacs)	1,932.78		3,302.52	
(b)	Stores, Spares, Oils, Chemicals & Catalysts [Net of provision for obsolescence Rs. 32.69 Lacs; (Previous Year : Rs. 11.05 Lacs)]	6,044.05		3,912.32	
(c)	Finished Goods	3,186.38	11,163.21	2,639.20	9,854.04
3.	SUNDRY DEBTORS [Refer Note 11 (i)]				
(a)	Unsecured, considered good:				
(i)	Over six months	1,862.08		864.42	
(ii)	Others	17,950.39		26,330.10	
(b)	Considered doubtful	513.57		388.47	
	Total	20,326.04		27,582.99	
	Less: Provision for doubtful debts	513.57	19,812.47	388.47	27,194.52
4.	CASH AND BANK BALANCES				
(a)	Cash and Cheques on hand	189.47		130.30	
(b)	Balances with Scheduled Banks:				
(i)	Current/Cash Credit Accounts	2,400.68		5,567.73	
(ii)	Short Term/Margin Deposits (Under Lien with Banks Rs. 913.34 Lacs; Previous Year: Rs. 2,192.24 Lacs)	18,034.14	20,624.29	10,197.20	15,895.23
<b>B. LOANS AND ADVANCES [Refer Note 11 (ii)]</b>					
Unsecured, considered good: (Unless provided for)					
1.	Security and other Deposits	896.45		868.68	
2.	Balance with Central Excise, Customs etc.	2,020.37		1,486.35	
3.	Prepaid Expenses	819.62		887.11	
4.	Advance Payment of Taxes (net)	-		79.23	
5.	Advances recoverable in cash or kind or for value to be received	7,158.52	10,894.96	5,349.20	8,670.57
<b>Total</b>			62,668.25		61,942.21

## Schedules forming part of the Balance Sheet

### Schedule 7

(Rs. in Lacs)

<b>CURRENT LIABILITIES AND PROVISIONS</b>	<b>As at 31.03.2010</b>		<b>As at 31.03.2009</b>	
<b>A. CURRENT LIABILITIES</b>				
1. Sundry Creditors	6,434.51		13,450.46	
2. Due to Directors	762.56		805.18	
3. Other Liabilities	8,254.70		6,269.30	
4. Unclaimed Dividend / Interest / Matured Debentures [Refer Note 13]	292.59		258.54	
5. Interest accrued but not due	1,020.82	16,765.18	1,101.39	21,884.87
<b>B. PROVISIONS</b>				
1. Provision for Tax (net)	286.78		-	
2. Provision for Employee Costs	1,259.47		1,106.15	
3. Proposed Dividend	3,971.00		3,528.20	
4. Corporate Dividend Tax	660.02		599.62	
5. Loss on Derivative Contracts [Refer Note 8]	221.80	6,399.07	-	5,233.97
<b>Total</b>		23,164.25		27,118.84

## Schedules forming part of the Profit and Loss Account

### Schedule 8

(Rs. in Lacs)

<b>INCOME FROM OPERATIONS</b>	<b>Year ended 31.03.2010</b>		<b>Year ended 31.03.2009</b>	
Gross Sales: Own Produced Commodities	96,665.59		83,323.99	
Less: Excise Duty	6,472.89		8,363.63	
Net Sales: Own Produced Commodities (excluding taxes and duties)		90,192.70		74,960.36
Subsidy on Manufactured Fertilisers		7,539.10		12,912.15
Gross Sales: Traded Products	17,144.73		28,551.90	
Less: Counter Vailing Duty	3.46		81.58	
Net Sales :Traded Products (excluding taxes and duties)		17,141.27		28,470.32
Subsidy on Traded Fertilisers		12,195.35		22,469.46
Revenue from Realty Business	1,533.95		1,775.30	
Less: Service Tax	135.06		183.60	
Net Revenue from Realty Business (excluding taxes and duties)		1,398.89		1,591.70
Other Operating Income	337.69		854.33	
Less: Service Tax	7.17		47.63	
Net Other Operating Income (excluding taxes and duties)		330.52		806.70
<b>Total</b>		1,28,797.83		1,41,210.69



## Schedules forming part of the Profit and Loss Account

### Schedule 9

(Rs. in Lacs)

OTHER INCOME	Year ended 31.03.2010		Year ended 31.03.2009	
1. Interest on Inter-Corporate Deposits (Gross) (Tax Deducted at Source : Rs. Nil; Previous Year : Rs. 28.80 Lacs)		-		127.08
2. Interest on Term Deposits with Banks (Gross) (Tax Deducted at Source : Rs. 17.41 Lacs; Previous Year : Rs. 80.43 Lacs)		81.52		367.42
3. Interest on Fertiliser Bonds (Tax Deducted at Source : Rs. Nil; Previous Year : Rs. Nil)		446.01		192.66
4. Other Interest (Gross) (Tax Deducted at Source : Rs. 0.80 Lacs; Previous Year : Rs. 5.24 Lacs)		43.29		46.93
5. Insurance Claims		-		67.32
6. Dividend				
a) Trade Investments - Subsidiary Company		1,017.99		1,917.99
b) Non-Trade Investments (Tax Deducted at Source : Rs. Nil; Previous Year : Rs. Nil)		14.23		11.49
7. Dividend - Mutual Funds (Tax Deducted at Source : Rs. Nil; Previous Year : Rs. Nil)		2.74		151.69
8. Profit / (Loss) on Sale / Redemption of Investments				
a) Long Term Non-Trade Quoted Shares		133.13		(53.92)
b) Mutual Funds		549.05		244.20
c) Fertilisers Bonds		-		5.87
9. Foreign Currency Fluctuation Gain		1,345.38		-
10. Miscellaneous Receipts		856.96		521.41
<b>Total</b>		<b>4,490.30</b>		<b>3,600.14</b>



## Schedules forming part of the Profit and Loss Account

### Schedule 10

(Rs. in Lacs)

MANUFACTURING AND OTHER EXPENSES		Year ended 31.03.2010		Year ended 31.03.2009	
1.	RAW MATERIALS CONSUMED (Includes : Rs. Nil towards write down of the Closing Stock; Previous Year : Rs. 932.21 Lacs) (including use of gas for primary reformer heating)		49,985.14		44,351.84
2.	MATERIAL HANDLING CHARGES		170.87		144.30
3.	PURCHASES OF GOODS TRADED		26,682.40		44,282.69
4.	PACKING MATERIAL CONSUMED		1,813.94		1,289.69
5.	EMPLOYEES' EMOLUMENTS				
(a)	Salaries, Wages and Allowances	7,316.73		6,301.60	
(b)	Contribution to Provident, Superannuation and Gratuity Funds	763.62		761.33	
(c)	Welfare and other Amenities	631.94	8,712.29	516.52	7,579.45
6.	OPERATING AND OTHER EXPENSES				
(a)	Power, Fuel and Water	1,464.60		1,671.41	
(b)	Stores, Spares, Oils, Chemicals and Catalysts Consumed	2,042.38		1,760.67	
(c)	Repairs to:				
(i)	Buildings	297.89		160.38	
(ii)	Plant and Machinery	2,641.59		2,255.37	
(iii)	Others	522.21		296.84	
(d)	Insurance	587.32		490.17	
(e)	Rent	344.55		741.80	
(f)	Rates, Taxes and Duties	400.49		305.54	
(g)	Directors' Sitting Fees	8.77		7.44	
(h)	Auditors' Remuneration	46.81		45.10	
(i)	Carriage Outward (net)	1,579.49		1,178.62	
(j)	Cash Discounts	94.21		104.13	
(k)	Deposits Written off	-		383.78	
	Less: Provision Reversed	-		(383.78)	
(l)	Foreign Currency Fluctuation Loss	-		2,822.86	
(m)	Provision for diminution in the value of investments	326.23		555.56	
(n)	Miscellaneous Expenses	3,773.28	14,129.82	3,178.14	15,574.03
	<b>Total</b>		1,01,494.46		1,13,222.00

### Schedule 11

(Rs. in Lacs)

INVENTORY ADJUSTMENTS		Year ended 31.03.2010		Year ended 31.03.2009	
1.	Opening Stock of Finished Goods		2,639.20		3,445.44
2.	Closing Stock of Finished Goods		3,186.38		2,639.20
3.	(Increase)/Decrease in Excise Duty on Stock of Finished Goods		(0.38)		(38.45)
	(Increase)/Decrease		(547.56)		767.79

### Schedule 12

(Rs. in Lacs)

INTEREST AND OTHER FINANCIAL CHARGES		Year ended 31.03.2010		Year ended 31.03.2009	
1.	Interest on Loans*		3,800.19		2,840.90
2.	Interest - Others		503.97		880.77
3.	Other Financial Charges*		328.73		324.97
	<b>Total</b>		4,632.89		4,046.64

\* Excluding amount capitalised Rs.1,290.24 Lacs (Previous Year : Rs. 892.17 Lacs)





## Schedule 13

### NOTES FORMING PART OF ACCOUNTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### A) BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under historical cost convention on accrual basis and comply with notified accounting standards as referred to in Section 211(3C) and other relevant provisions of the Companies Act, 1956.

##### B) REVENUE RECOGNITION

- Sales include product subsidy and claims, if any, for reimbursement of cost escalation receivable from FICC/Ministry of Agriculture/Ministry of Fertilisers.
- Grants and subsidies from the government are recognised when there is reasonable assurance of the receipt thereof on the fulfilment of the applicable conditions.
- Revenue in respect of Interest other than on deposits, Insurance claims, Subsidy and Reimbursement of cost escalation claimed from FICC/Ministry of Agriculture/Ministry of Fertilisers beyond the notified Retention Price and Price Concession on fertilisers, pending acceptance of claims by the concerned parties is recognised to the extent the Company is reasonably certain of their ultimate realisation.
- Clean Development Mechanism (CDM) benefits known as Carbon Credits for wind energy units generated and N<sub>2</sub>O reduction in its Nitric Acid plant are recognised as revenue on the actual receipts of the applicable credits and estimated at prevailing realisable values.
- Export benefit in the form of EPCG licence is recognised as and when it is received for the value of the certificate.

##### C) VOLUNTARY RETIREMENT SCHEME

Compensation paid under voluntary retirement scheme is amortised over a period of 60 months from the date of incurrence.

##### D) FIXED ASSETS

- Fixed Assets (including major modifications/betterments) are recorded at cost of acquisition or construction (including interest/financial charges, project restructuring cost and other expenditure incidental and related to such acquisition/construction).
- Intangible Assets (Goodwill, Patent, Trademark, Software Licenses etc.) are capitalised at cost of acquisition or development (including interest/financial charges and expenditure incidental and related to such acquisition/development).
- Exchange variation arising from repayment/ restatement of the debts/borrowings in foreign currencies for acquisition of fixed assets is capitalised as per the Accounting Standard 11 as amended by the Notification No. G.S.R. 225 (E) dated 31.03.2009.
- Machinery Spares other than those required for regular maintenance are capitalised at cost.
- Cost of Fixed Assets, the ownership of which does not vest with the Company as also expenditure on installation/erection etc. of assets taken on lease is capitalised.
- Relief/Incentive granted by the Government of India by way of refund of Customs Duty paid on NP Project imports is treated as a special reserve and adjusted against depreciation over the remaining useful life of Fixed Assets of NP Project.

##### E) DEPRECIATION

- Depreciation is provided by Straight Line Method, except for relocated DNA Plant which is depreciated by Written Down Value method.



- Tangible assets, owned by the Company, are depreciated in accordance with the rates prescribed in Schedule XIV to the Companies Act, 1956 except in the following cases where higher rates are applied to the factors of accelerated obsolescence, relocation of plant, modifications of existing plants etc.

Computers and related equipments	23.75%
Air-Conditioning System	9.5%
Furniture, Fixtures and Office Equipments	9.5%, 13.5%, 19%
Vehicles	15.83%
Relocated DNA III Plant (WDV)	25.89%
Relocated Other Plants	6.68%
Modification of existing Ammonia Plant	6.33%
Modification of existing Ammonium Nitrate Plant	10.00%

- Depreciation on exchange rate variance capitalised as part of the cost of Fixed Assets upto 31st March, 2010, has been provided prospectively over the residual useful life of the assets.
- Machinery Spares other than those required for regular maintenance are capitalised as per Accounting Standard-10 on Fixed Assets and depreciated over remaining useful life of the related machinery/equipments. Cost of such spares are charged to Profit and Loss Account when issued for actual use at Written Down Value.
- Cost of Fixed Assets, ownership of which does not vest with the Company, is amortised over a period of 60 months.
- Intangible assets are amortised over a period not exceeding 60 months except in the case of right to use of properties which are amortised over the effective useful life of such rights.
- Cost of Leasehold Land is amortised over the lease period.

#### **F) IMPAIRMENT OF ASSETS**

The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Impairment loss is recognised if the carrying value exceeds the recoverable amount.

#### **G) INVENTORIES**

- Inventories of raw materials are valued at lower of moving weighted average cost, written down to realisable value if the costs of the related finished goods exceed their net realisable value.
- Inventories of stores, regular spares, oil, chemicals, catalysts and packing material are valued at moving weighted average cost.
- Inventories of finished goods including those held for captive consumption are valued at lower of factory cost (including depreciation but excluding interest) and net realisable value.
- Value of Work-in-Process of all products is ignored for the purpose of inventory having regard to the concept of materiality and difficulty of quantifying such stocks with exactitude.
- CENVAT is accounted as per exclusive method of accounting in terms of Accounting Standard-2 on Valuation of Inventories.

#### **H) INVESTMENTS**

Long term investments are valued at cost after appropriate adjustment, if necessary, for diminution in their value which are other than temporary in nature. Current Investments are stated at lower of cost and fair value.

#### **I) FOREIGN CURRENCY TRANSACTIONS, FORWARD CONTRACTS AND DERIVATIVES**

- Transactions in foreign currency are recorded at the rate of exchange prevailing on the dates of the transactions. Foreign currency monetary items are restated at the rate as of the date of Balance Sheet or as the case may be, at forward contract rates.



- Exchange differences either on settlement or on translation are dealt with in the Profit and Loss Account. However exchange differences, arising either on settlement or on translation, in case of borrowings used for acquisition of fixed assets are capitalised.
- The Company swaps the variable interest in respect of External Commercial Borrowings for fixed interest rates and accordingly only fixed interest expense is recognised in the accounts.
- The Company uses foreign currency forward contracts to hedge its actual underlying exposure and not for trading or speculation purpose. The use of these forward contracts reduces the risk and/or cost to the Company.
- The outstanding derivative contracts at the balance sheet date other than forward exchange contracts mentioned above are valued by marking them to market and losses, if any, are recognised in the Profit and Loss Account. For this purpose, the net effect of all the related streams of cash flows are taken into consideration.

#### **J) EMPLOYEE BENEFITS**

- Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.
- The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions as specified under the law are paid to the Regional Provident Fund Commissioner and the Central Provident Fund under the Pension scheme. The Company recognises such contributions as expense of the year in which the liability is incurred.
- The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The plan is managed by a trust and the fund is invested with Life Insurance Corporation of India under its Group Gratuity Scheme. The Company makes annual contributions to gratuity fund and the Company recognises the liability for gratuity benefits payable in future based on an independent actuarial valuation.
- The Company has a Superannuation Plan for its executives – a defined contribution plan. The Company makes annual contributions at 15% of the covered employees' salary. The plan is managed by a trust and fund is invested with Life Insurance Corporation of India under its Group Superannuation Scheme. The contributions as specified under the trust deed are paid to the Life Insurance Corporation of India. The Company is liable for annual contributions and recognises such contributions as an expense of the year in which the liability is incurred.
- The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave for availment as well as encashment subject to the rules. As per the regular past practice followed by the employees, it is not expected that the entire accumulated leave shall be encashed or availed by the employees during the next twelve months and accordingly the benefit is treated as long term defined benefit. The liability is provided for based on the number of days of unutilised leave at the Balance Sheet date on the basis of an independent actuarial valuation.
- The Company has a Wealth Creation Scheme for its executives – a defined contribution plan. The Company makes annual contributions at 3% of the covered employees' salary which are then invested by the Company in securities. Subject to Company's Policy, the vested employees are eligible to receive accumulated balance at retirement, death while in employment or on termination of employment. The Company is liable for annual contributions and recognises such contributions as an expense of the year in which the liability is incurred.
- The Company has a medical benefit plan according to which employees are entitled to be covered under mediclaim policy for the next five years post their superannuation. The amount being insignificant, the liability towards such benefit is recognised based on the actual premium payable.

#### **K) BORROWING COST**

- Borrowing cost on working capital is charged against the profit/loss for the year in which it is incurred.



- Borrowing costs that are attributable to the construction/acquisition of fixed assets are capitalised as a part of the cost of these capitalised assets till the date of completion of physical construction/mechanical completion of the assets.
- Borrowing costs that are attributable to the development/acquisition of intangible assets are capitalised till the date of use.

#### L) PRIOR PERIOD ITEMS

Significant items of Income and Expenditure which relate to prior accounting period are accounted in the Profit and Loss Account under the head "Prior Years' Adjustments" other than those occasioned by events occurring during or after the close of the year and which are treated as relating to the current year.

#### M) CONTINGENT LIABILITIES

Contingent Liabilities as defined in Accounting Standard-29 are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.

#### N) TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. For this purpose, deferred tax liabilities and assets are reckoned on net basis, after inter-se set-off, for each component of the timing differences.

- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 10,092.26 Lacs (Previous year : Rs. 20,743.15 Lacs).
- The following liabilities are classified and considered contingent due to contested claims and legal disputes:
  - Claims by Suppliers : Rs. 5,825.04 Lacs (Previous Year : Rs. 5,321.09 Lacs).

#### Taxes & Duties

- Income tax demands : Rs. 1,152.77 Lacs (Previous Year : Rs. 523.16 Lacs).
  - Excise demands : Rs. 920.13 Lacs (Previous Year : Rs. 727.44 Lacs).
  - Sales tax / VAT demands : Rs. 704.59 Lacs (Previous Year : Rs. 2.45 Lacs).
- The following foreign currency transactions remain outstanding as at 31st March, 2010:

#### A) Un-hedged Exposure

Nature	Currency	Current Year	Previous Year
ECB Loan	US \$	70,00,000	1,10,00,000
Buyers' Credit	US \$	Nil	2,20,18,032
Imports	US\$	1,88,929	1,55,91,586
	EUR	2,67,702	1,446
	GBP	Nil	8,535
	CHF	Nil	18,716
Export	US \$	10,56,331	7,47,569
	EUR	1,79,924	2,29,729
	GBP	1,53,204	1,27,515

#### B) Hedged Exposure

Nature	Currency	Current Year	Previous Year
ECB Loan	US \$	1,00,00,000	Nil
Buyers' Credit	US \$	1,58,01,544	Nil

- Gas Authority of India Limited (GAIL), supplier to the Company of Natural Gas, one of the main raw materials, has effected the supplies at provisional rate as indicated in the invoices. However, according to the Company any revision in Natural Gas price will be only prospective as per the existing convention/practice followed by Government of India.





6. Exceptional items represent:

- Amortisation of VRS Compensation paid Rs. 54.98 Lacs (Previous Year : Rs. 65.95 Lacs).
- Gains arising on transfer of rights in unusable surplus land amounting to Rs. 3,551.80 Lacs (Previous Year : Rs. Nil).
- Cost of assets discarded or in the process of being discarded under restructuring of the real estate business Rs. 992.46 Lacs (Previous Year : Rs. Nil).
- Expenditure on brand launching Rs. Nil (Previous Year : Rs. 265.16 Lacs).

7. In respect of long term investment in listed securities, the diminution in value is estimated on the basis of appraisal made by Portfolio Managers.

8. The Company has entered into option contract to cover its risk towards foreign exchange exposure on External Commercial Borrowings taken during the year. The marked to market loss of Rs. 221.80 Lacs (Previous Year : Rs. Nil) has been provided in the accounts.

9. **IMPAIRMENT OF ASSETS:** The Company has examined carrying cost of its identified Cash Generating Units (CGU) by comparing present value of estimated future cash flows from such CGUs, in terms of Accounting Standard-28 on Impairment of Assets, according to which no provision for impairment is required as assets of none of CGUs are impaired during the financial Year ended 31st March, 2010.

10. A) Computation of Managerial Remuneration

(Rs. in Lacs)

	2009-10		2008-09	
Profit Before Tax		23,777.76		21,200.09
<i>Add:</i>				
1) Managerial Remuneration	781.75		762.99	
2) Directors' sitting fees/commission	98.77		92.44	
3) Provision for diminution in value of Investments (net)	207.71		555.56	
4) Provision for Doubtful Debts (net)	125.10		-	
5) Exceptional items	54.98		331.11	
6) Loss on sale/discard of assets (net)	-		262.67	
		1,268.31		2,004.77
<i>Less:</i>				
1) Profit on Sale of Investments	682.18		196.15	
2) Provision for Doubtful Debts (net)	-		30.23	
3) Capital Profit on Sale of Assets	3,551.80		-	
		4,233.98		226.38
Profit as per Section 349		20,812.09		22,978.48
<b>Maximum permissible remuneration to Whole-Time Directors under Section 198 of the Companies Act, 1956 @ 5%</b>		1,040.60		1,148.92
Remuneration to Vice-Chairman & Managing Director		781.75		762.99
<b>Maximum permissible remuneration to Non-Executive Directors under Section 198 of the Companies Act, 1956 @ 1%</b>		208.12		229.78
Remuneration to Non-Executive Directors		90.00		85.00



**10. B)** Employees' emoluments as per Schedule 10, include remuneration to Vice-Chairman & Managing Director as under :

	<b>(Rs. in Lacs)</b>	
	<b>2009-10</b>	<b>2008-09</b>
(i) Salary and allowances	73.54	50.89
(ii) Contribution to Provident Fund and Superannuation Fund*	18.36	12.96
(iii) Perquisites	17.62	9.79
(iv) Commission	672.23	689.35
	<b>781.75</b>	<b>762.99</b>

\* Since the premium on Group Policy with LIC for Gratuity is computed on totality valuation basis, the contribution applicable is not ascertainable and accordingly the same has not been considered above.

**11. (i)** Sundry Debtors include dues from companies in which some of the Directors are Directors / Members : Rs. 319.35 Lacs (Previous Year : Rs. 223.28 Lacs). Maximum amount due during the Year : Rs. 954.80 Lacs (Previous Year : Rs. 1,326.75 Lacs).

(ii) Loans and Advances include:

- Security deposit of Rs. 200 Lacs (Previous Year : Rs. 200 Lacs) placed with Vice-Chairman & Managing Director towards lease of residential premises.
- Due from Officers Rs. 4.42 Lacs (Previous Year : Rs. 8.54 Lacs). Maximum amount due during the year Rs. 8.54 Lacs (Previous Year : Rs. 12.66 Lacs).

**12.** To comply with the requirement of The Micro, Small And Medium Enterprises Development Act, 2006, the Company requested its suppliers to confirm whether they are covered as Micro, Small or Medium enterprise as is defined in the said Act. Based on the confirmations received, the Company has recognised them for the necessary treatment as provided under the Act, from the date of receipt of such confirmations and there is no default in payment to such enterprise as specified in the said Act. However, the amounts outstanding as well as interest applicable are insignificant and hence not separately disclosed.

**13.** The aggregate amount of unclaimed dividend of previous years' as on 31st March, 2010 was Rs. 292.59 Lacs (Previous Year: Rs. 258.54 Lacs). In accordance with the provisions of Section 205A(5) of the Companies Act, 1956, the dividend unclaimed for a period of seven years from the date of transfer to the unpaid dividend account shall be credited to the Investor Education and Protection Fund.

**14.** Auditor's Remuneration [(net of Cenvat Credit of Service Tax) included in Schedule 10]

	<b>(Rs. in Lacs)</b>	
	<b>2009-10</b>	<b>2008-09</b>
(a) Statutory Audit	18.91	17.19
(b) Report on Consolidated Accounts	4.13	4.13
(c) Quarterly Results Limited Review	4.54	4.13
(d) Tax Audit	4.13	4.13
(e) Certification	5.35	6.67
(f) Taxation Matters	8.70	7.76
(g) Out-of-pocket Expenses	1.05	1.09
	<b>46.81</b>	<b>45.10</b>


**15. Defined Benefit Plans – As per actuarial valuation as on 31st March, 2010**
**(Rs. in Lacs)**

Sr. No.	Particulars	Gratuity Benefits		Compensated Absences	
		31-03-2010	31-03-2009	31-03-2010	31-03-2009
<b>1.</b>	<b>Components of employer expenses</b>				
	Current service cost	105.80	83.19	60.58	49.63
	Interest cost	125.67	90.94	45.79	32.83
	Expected return on plan assets	(103.69)	(100.12)	N.A.	N.A.
	Actuarial losses	90.14	289.26	136.67	168.09
	<b>Total expenses recognised in the Profit and Loss Account</b>	<b>217.92</b>	<b>363.27</b>	<b>243.04</b>	<b>250.55</b>
<b>2.</b>	<b>Actual contribution and benefits paid during the year</b>				
	Actual benefits paid	93.61	105.03	118.69	115.91
	Actual contribution	188.03	167.85	N.A.	N.A.
<b>3.</b>	<b>Net asset / (liability) recognised in the Balance Sheet as at 31st March, 2010</b>				
	Present Value of Defined Benefit Obligation	(1,798.85)	(1,570.85)	(696.70)	(572.35)
	Fair value of plan assets	1,301.16	1,103.05	N.A.	N.A.
	<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(497.69)</b>	<b>(467.80)</b>	<b>(696.70)</b>	<b>(572.35)</b>
<b>4.</b>	<b>Change in Defined Benefit Obligations (DBO) during the year ended 31st March, 2010</b>				
	Present Value of DBO at beginning of year	1,570.85	1,212.49	572.35	437.71
	Current Service cost	105.80	83.19	60.58	49.63
	Interest cost	125.67	90.94	45.79	32.83
	Actuarial losses	90.14	289.26	136.67	168.09
	Benefits paid	(93.61)	(105.03)	(118.69)	(115.91)
	<b>Present Value of DBO at the end of year</b>	<b>1,798.85</b>	<b>1,570.85</b>	<b>696.70</b>	<b>572.35</b>
<b>5.</b>	<b>Change in Fair Value of Assets during the year ended 31st March, 2010</b>				
	Plan assets at beginning of year	1,103.05	940.11	N.A.	N.A.
	Actual return on plan assets	103.69	100.12	N.A.	N.A.
	Actual Company contributions	188.03	167.85	N.A.	N.A.
	Benefits paid	(93.61)	(105.03)	N.A.	N.A.
	<b>Plan assets at the end of year</b>	<b>1,301.16</b>	<b>1,103.05</b>	<b>N.A.</b>	<b>N.A.</b>
<b>6.</b>	<b>Actuarial Assumptions</b>				
	Discount Rate	8.00%	7.50%	8.00%	7.50%
	Expected Return on plan assets	9.40%	9.40%	N.A.	N.A.
	Salary escalation	5.00%	5.00%	5.00%	5.00%

The planned asset is represented by investment made under the Group Gratuity Scheme operated by Life Insurance Corporation of India

**16. Major Items of Deferred Tax Liabilities and Deferred Tax Assets**
**(Rs. in Lacs)**

Sr. No.	Particulars	Opening Balance as on 01-04-2009	Net Increase/(Decrease) during the year	Closing Balance as on 31-03-2010
<b>A.</b>	<b>Deferred Tax Liabilities</b>			
	1. Timing Difference on account of depreciation	7,194.62	(91.63)*	7,102.99
	2. Others	78.83	5.98	84.81
	<b>Total A</b>	<b>7,273.45</b>	<b>(85.65)</b>	<b>7,187.80</b>
<b>B.</b>	<b>Deferred Tax Assets</b>			
	1. Provision for Doubtful Debts/Loans & Advances	263.79	147.53	411.32
	2. Accrued expenses deductible on actual payment/quantification	504.18	62.12	566.30
	<b>Total B</b>	<b>767.97</b>	<b>209.65</b>	<b>977.62</b>
	<b>Net Tax effect of Timing Difference (A-B)</b>	<b>6,505.48</b>	<b>(295.30)</b>	<b>6,210.18</b>

\* Includes reversal of Rs. 397.48 Lacs, being excess provision of previous year.

**17. Information pursuant to the provision of paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956.**

**A. QUANTITATIVE DETAILS (PRODUCED COMMODITIES)**

PARTICULARS	UNIT	AMMONIA	CNA	DNA	METHANOL	IPA	PROPANE	CRUDE IPE	AN	CO <sub>2</sub>	ANP	SULPHUR	POWER (KWH)
Licensed Capacity/Annum													
Current Year	MT	125400	79200	445500	100000	70000	-	-	132000	33000	229500	25000	87600000
Previous Year	MT	125400	79200	297000	100000	70000	-	-	132000	33000	229500	25000	87600000
Installed Capacity/Annum													
Current Year	MT	125400	79200	386100	100000	70000	-	-	132000	33000	229500	25000	87600000
Previous Year	MT	125400	79200	297000	100000	70000	-	-	100000	33000	229500	12650	87600000
<u>01-04-2009 to 31-03-2010</u>													
Production/Purchase(*)	MT	127041	87596	260956	65647	61619	9231	3589	132337	29132	100284	10191	20027398
Captive Consumption (**)	MT	124042	-	239385	-	-	-	-	-	-	-	-	-
Damage/Losses	MT	-	1	-	6	-	-	-	-	-	-	-	741752
Sales (***)	MT	3312	87653	23187	65703	61671	9316	3589	133043	29176	99444	8691	19285646
	Rs. in Lacs	423	11111	2368	8239	31265	2902	470	23770	1098	13501	1848	737
<u>01-04-2008 to 31-03-2009</u>													
Production/Purchase(*)	MT	112745	84971	235964	12207	51217	9298	1443	117366	21516	57378	554	16342395
Captive Consumption (**)	MT	105872	-	206100	-	-	-	-	-	-	-	-	-
Damage/Losses	MT	-	-	-	17	30	-	-	-	-	-	-	584386
Sales (***)	MT	3127	85195	29667	12332	51264	9361	1443	116724	21473	56795	133	15758009
	Rs. in Lacs	541	11151	3092	2398	27734	3278	230	21472	884	16475	39	579
Opening Stock 01-04-2009/	MT	6583	145	2336	140	430	120	-	755	68	925	421	-
Closing Stock 31-03-2009	Rs. in Lacs	408	9	95	21	193	34	-	68	1	57	110	-
Opening Stock 01-04-2008	MT	2837	369	2139	282	507	183	-	113	25	342	-	-
	Rs. in Lacs	169	29	93	35	240	71	-	10	1	20	-	-
Closing Stock 31-03-2010	MT	6270	87	720	78	378	35	-	49	24	1765	1921	-
	Rs. in Lacs	558	14	45	9	171	12	-	5	1	167	182	-

(\*) Ammonia production includes purchased Ammonia 26,189.99 MT (Previous Year : 23,934.85 MT) and equivalent Ammonia for Hydrogen production 3,312.43 MT (Previous Year : 3,126.79 MT).

DNA Production includes purchased DNA 794 MT (Previous Year : Nil) and NP production includes off-grade production Nil (Previous Year : 400 MT)

(\*\*) Shown only for information without assigning value.

(\*\*\*) Ammonia sales include equivalent Ammonia 3,312.43 MT (Previous Year : 3,126.79 MT) for Hydrogen sale. Sale value of Hydrogen Rs. 422.65 Lacs (Previous Year : Rs. 540.66 Lacs).

NP Sale value includes subsidy received from Govt. of India of Rs. 7,539.10 Lacs (Previous Year : Rs. 12,912.15 Lacs).

**B. QUANTITATIVE DETAILS (TRADED PRODUCTS)**

Product	01-04-2009 to 31-03-2010				01-04-2008 to 31-03-2009				Opening Stock 01-04-2009 / Closing Stock 31-03-2009		Opening Stock 01-04-2008		Closing Stock 31-03-2010	
	Purchase	Damage/ Losses	Sales		Purchase	Damage/ Losses	Sales		MT	Rs. in Lacs	MT	Rs. in Lacs	MT	Rs. in Lacs
Unit	MT	MT	MT	Rs. in Lacs	MT	MT	MT	Rs. in Lacs	MT	Rs. in Lacs	MT	Rs. in Lacs	MT	Rs. in Lacs
Methanol	5100	7	6881	663	54218	172	52834	7890	1788	168	576	80	-	-
Ammonium Nitrate	-	-	-	-	200	-	200	70	-	-	-	-	-	-
Acetone	-	-	-	-	1970	-	1970	975	-	-	-	-	-	-
NP Ethoxylates 9.5	34	-	34	21	192	-	192	177	-	-	-	-	-	-
Propylene Glycol	17	-	17	11	-	-	-	-	-	-	-	-	-	-
Toluene	-	-	-	-	943	-	943	527	-	-	-	-	-	-
Cinnamic Aldehyde	-	-	-	-	32	-	32	57	-	-	-	-	-	-
Ammonia	-	-	-	-	1063	-	1063	300	-	-	-	-	-	-
Nonyl Phenol	91	-	91	59	-	-	-	-	-	-	-	-	-	-
Acetophenone	16	-	16	14	-	-	-	-	-	-	-	-	-	-
Muriate of Potash*	58479	171	58479	14671	81017	1	87714	26180	179	50	6877	781	8	1
Ammonium Sulphate	12166	-	12264	925	10000	-	9902	977	98	8	-	-	-	1
Mixtures	38184	-	38184	2836	34452	-	36523	2724	-	2	2071	148	-	2
Single Super Phosphate	52491	-	52491	2173	108203	-	108203	3863	-	-	-	-	-	-
Organic Fertilisers	810	3	793	33	-	-	-	-	-	-	-	-	14	1
Micronutrients	27321	-	27147	2299	21599	4	21642	1643	164	32	211	42	338	108



Product	01-04-2009 to 31-03-2010				01-04-2008 to 31-03-2009				Opening Stock 01-04-2009 / Closing Stock 31-03-2009		Opening Stock 01-04-2008		Closing Stock 31-03-2010	
	Purchase	Damage/ Losses	Sales		Purchase	Damage/ Losses	Sales							
Unit	MT	MT	MT	Rs. in Lacs	MT	MT	MT	Rs. in Lacs	MT	Rs. in Lacs	MT	Rs. in Lacs	MT	Rs. in Lacs
Seeds	-	-	-	-	-	-	-	-	88	8	88	8	88	8
Solid Soluble Fertiliser	6289	-	5252	2525	2746	30	5323	3005	2309	985	4916	1489	3346	1406
Sulphur	-	-	38	11	904	5	1417	613	42	19	560	126	4	1
Magnesium Sulphate	8088	-	7986	539	3533	7	3474	327	148	14	96	6	250	18
Zinc Sulphate	426	-	426	121	237	-	220	75	47	14	30	8	47	14
Tropicote	-	1	171	67	528	1	70	28	457	139	-	-	285	88
Bio Fert-L (KL)	226	1	168	560	147	5	124	413	42	138	24	56	99	238
Bio Fert-S	4657	-	4660	895	3806	39	3486	710	416	62	135	33	413	88
Pesticides	11	-	5	6	1	-	1	2	-	3	-	-	6	1
Fruits/Vegetables	1900	155	1727	908	1114	-	1110	384	2	1	-	-	20	47

\* Muriate of Potash sale value includes subsidy of Rs. 12,195.35 Lacs (Previous Year : Rs. 22,469.46 Lacs)

### C. PRINCIPAL RAW MATERIALS CONSUMED.

	Gas incl. LNG (For Production & Utilities) @ 9200 Kcal		Phosphoric Acid		R G Propylene		Ammonia		DNA	
	SM <sup>3</sup> Million	Rs. in Lacs	M.T.	Rs. in Lacs	M.T.	Rs. in Lacs	M.T.	Rs. in Lacs	M.T.	Rs. in Lacs
01.04.2009 to 31.03.2010	212.33	15,140.54	23,423.50	7,658.26	58,713.12	22,149.90	1,24,042.10	2,39,385.00		
01.04.2008 to 31.03.2009	153.94	6,061.92	13,528.13	12,366.44	50,420.42	20,434.11	1,05,871.78	2,06,100.00		

### D. CIF VALUE OF IMPORTS

(Rs. in Lacs)

	2009-10	2008-09
(i) Raw Material	5,724.63	14,207.75
(ii) Capital Goods	974.30	72.17
(iii) Components and Spares	1,245.15	516.94
(iv) Traded Goods	14,394.19	31,388.06
	22,338.27	46,184.92

### E. PAYMENTS IN FOREIGN CURRENCY (CASH BASIS)

(i) Interest and repayment of Loans and Debentures	18,318.33	49,645.08
(ii) Dividend	16.36	15.02
No. of Shareholders	365	373
No. of Shares	4,08,950	4,29,150
(iii) Technical Fees to Foreign Vendors	429.19	260.56
(iv) Foreign Travel	26.63	27.29
(v) Others (Net of Reimbursements)	59.88	87.38
	18,850.39	50,035.33

### F. EARNINGS IN FOREIGN EXCHANGE

FOB Value of exports	4,223.81	4,567.82
Others	283.91	846.05
	4,507.72	5,413.87




**G. VALUE OF IMPORTED/INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARES CONSUMED**

	2009-10		2008-09	
	Rs. in Lacs	Percentage	Rs. in Lacs	Percentage
(i) Raw Materials				
- Imported	8,093.08	16.19	13,141.32	29.63
- Indigenous	41,892.06	83.81	31,210.52	70.37
	49,985.14	100.00	44,351.84	100.00
(ii) Components and Spares				
- Imported	531.28	11.41	272.28	7.82
- Indigenous	4,124.32	88.59	3,210.40	92.18
	4,655.60	100.00	3,482.68	100.00

**18. Earnings Per Share as computed in accordance with the Accounting Standard (AS) 20**

	2009-10	2008-09
(i) Net Profit After Tax (Rs. in Lacs)	17,204.80	14,870.36
(ii) Number of Equity Shares of Rs. 10/- each	8,82,04,943	8,82,04,943
(iii) Basic and Diluted Earnings Per Share	19.51	16.86

**19. Segment Reporting – Refer Annexure - A.**
**20. Related Party Disclosures – Refer Annexure - B.**
**21. Statutory dues not deposited on account of dispute – Refer Annexure - C.**
**22. Previous year's figures have been re-grouped wherever necessary to conform to current year's grouping.**

As per our Report of even date For B. K. KHARE & CO. Chartered Accountants	C. K. MEHTA Chairman	N. C. SINGHAL Director	Dr. S. RAMA IYER Director
R. D. ONKAR Partner Firm's Registration No.: 105102W Membership No.: 45716	S. C. MEHTA Vice-Chairman & Managing Director	S. R. WADHWA Director	
Mumbai Dated 25th May, 2010	Mumbai Dated 25th May, 2010	R. SRIRAMAN Sr. Vice-President (Legal) & Company Secretary	

## ANNEXURE-A

## SEGMENT REPORTING

(Rs. in Lacs)

Sr. No.	PARTICULARS	CHEMICALS	FERTILISERS	REALTY	OTHERS	ELIMINATIONS	COMMON	TOTAL
1	<b>Revenue</b>							
	a) <b>External Sales</b>							
	i) <b>Produced</b>	<b>81,645.63</b>	<b>15,349.06</b>	-	<b>737.11</b>	-	-	<b>97,731.80</b>
	Previous Year	70,779.65	16,514.17	-	578.69	-	-	87,872.51
	ii) <b>Traded</b>	<b>767.66</b>	<b>28,568.96</b>	-	-	-	-	<b>29,336.62</b>
	Previous Year	9,996.14	40,943.64	-	-	-	-	50,939.78
	b) <b>Inter-segment sales</b>	<b>2,791.16</b>	-	-	-	<b>(2,791.16)</b>	-	-
	Previous Year	1,580.70	-	-	-	(1,580.70)	-	-
	c) <b>Other operating income</b>	<b>41.41</b>	<b>289.12</b>	<b>1,398.88</b>	-	-	-	<b>1,729.41</b>
	Previous Year	374.04	222.66	1,591.70	210.00	-	-	2,398.40
	d) <b>Unallocated Corporate other income</b>	-	-	-	-	-	<b>4,490.30</b>	<b>4,490.30</b>
	Previous Year	-	-	-	-	-	3,600.14	3,600.14
	<b>Total Revenue</b>	<b>85,245.86</b>	<b>44,207.14</b>	<b>1,398.88</b>	<b>737.11</b>	<b>(2,791.16)</b>	<b>4,490.30</b>	<b>1,33,288.13</b>
	Previous Year	82,730.53	57,680.47	1,591.70	788.69	(1,580.70)	3,600.14	1,44,810.83
2	<b>Segment Result</b>	<b>26,423.17</b>	<b>1,620.95</b>	<b>(387.96)</b>	<b>382.57</b>	-	<b>4,490.30</b>	<b>32,529.03</b>
	Previous Year	25,440.18	1,854.01	324.10	480.51	-	3,600.14	31,698.94
3	<b>Unallocated Corporate expenses</b>	-	-	-	-	-	<b>15,324.23</b>	<b>15,324.23</b>
	Previous Year	-	-	-	-	-	16,828.58	16,828.58
4	<b>Net Profit</b>	-	-	-	-	-	-	<b>17,204.80</b>
	Previous Year	-	-	-	-	-	-	14,870.36
5	<b>Other Information</b>							
	a) <b>Segment Assets</b>	<b>1,01,781.29</b>	<b>16,935.31</b>	<b>25,660.11</b>	<b>4,216.17</b>	-	-	<b>1,48,592.88</b>
	Previous Year	70,769.05	29,304.98	27,443.93	4,444.70	-	-	131,962.66
	<b>Unallocated Corporate Assets</b>	-	-	-	-	-	<b>46,941.22</b>	<b>46,941.22</b>
	Previous Year	-	-	-	-	-	42,748.16	42,748.16
	<b>Total Assets</b>	-	-	-	-	-	-	<b>1,95,534.10</b>
	Previous Year	-	-	-	-	-	-	1,74,710.82
	b) <b>Segment Liabilities</b>	<b>5,000.23</b>	<b>2,456.03</b>	<b>2,003.74</b>	-	-	-	<b>9,460.00</b>
	Previous Year	2,824.22	10,120.35	2,967.84	-	-	-	15,912.41
	<b>Unallocated Corporate Liabilities</b>	-	-	-	-	-	<b>93,034.12</b>	<b>93,034.12</b>
	Previous Year	-	-	-	-	-	78,487.05	78,487.05
	<b>Total Liabilities</b>	-	-	-	-	-	-	<b>1,02,494.12</b>
	Previous Year	-	-	-	-	-	-	94,399.46
	c) <b>Capital Expenditure incurred during the year</b>	<b>26,925.51</b>	<b>641.79</b>	<b>617.79</b>	-	-	<b>1,856.94</b>	<b>30,042.03</b>
	Previous Year	18,550.74	1,009.02	2,462.10	-	-	1,994.44	24,016.30
	d) <b>Depreciation/Amortisation</b>	<b>4,491.75</b>	<b>689.01</b>	<b>797.82</b>	<b>245.49</b>	-	<b>209.14</b>	<b>6,433.21</b>
	Previous Year	3,496.95	667.42	648.92	245.49	-	178.80	5,237.58
	e) <b>Other non-cash expenditure</b>	-	-	-	-	-	-	-
	Previous Year	-	-	-	-	-	-	-

## Segment information

## 1. Primary segment reporting (by business segments)

## Composition of business segment

Segment	Products covered
a) Chemicals	Ammonia, Methanol, DNA, CNA, CO <sub>2</sub> , TAN, IPA, Propane, Bulk and Speciality Chemicals
b) Fertilisers	NP, MOP, DAP, Ammonium Sulphate, Mixtures, SSP, Seeds, Sulphur, Micronutrients, SSF, Bio Fertilisers, Fruits, Vegetables, Pesticides
c) Realty	Real Estate Business
d) Others	Windmill Power

## 2. Inter-segment Sales Pricing : Inter-segment revenue has been recognised as estimated under Excise Regulations.

## 3. Secondary Segment Information : There are no reportable geographical segments since the Company caters mainly to the needs of Indian Markets.

As per our Report of even date  
For B. K. KHARE & CO.  
Chartered Accountants

C. K. MEHTA  
Chairman

N. C. SINGHAL  
Director

Dr. S. RAMA IYER  
Director

R. D. ONKAR  
Partner  
Firm's Registration No.: 105102W  
Membership No.: 45716

S. C. MEHTA  
Vice-Chairman & Managing Director

S. R. WADHWA  
Director

R. SRIRAMAN  
Sr. Vice-President (Legal) &  
Company Secretary

Mumbai  
Dated 25th May, 2010

Mumbai  
Dated 25th May, 2010

## ANNEXURE – B

### 1. NAMES OF THE RELATED PARTIES AND RELATIONSHIP

#### A. ASSOCIATES

1. Blue Shell Investments Pvt. Ltd.
2. Deepak Nitrite Ltd.
3. Nova Synthetic Ltd.
4. Yerrowda Investments Ltd.
5. The Lakaki Works Pvt. Ltd.
6. Superpose Credits And Capital Pvt. Ltd.
7. Storewell Credits And Capital Pvt. Ltd.
8. High Tide Investments Pvt. Ltd.
9. Deepak Asset Reconstruction Pvt. Ltd.
10. Mahadhan Investment and Finance Pvt. Ltd.
11. Ishanya Foundation
12. Ishanya Realty Corporation Ltd.
13. Ishanya Brand Services Ltd.

#### B. SUBSIDIARIES

1. Smartchem Technologies Ltd.
2. Deepak Nitrochem Pty. Ltd.
3. Deepak Mining Services Pvt. Ltd.

#### C. KEY MANAGEMENT PERSONNEL

Shri S. C. Mehta

### 2. RELATED PARTY TRANSACTIONS

(Rs. in Lacs)

Sr. No.	Nature of Transactions	Current Year				Previous Year			
		Subsidiaries	Associates	Key Management Personnel	Total	Subsidiaries	Associates	Key Management Personnel	Total
1.	Sale of Goods	779.54	2,202.56	-	2,982.10	1,347.14	3,034.59	-	4,381.73
2.	Purchase of Goods	9.54	0.65	-	10.19	-	2.77	-	2.77
3.	Donation Given	-	130.00	-	130.00	-	5.00	-	5.00
4.	Rendering of Services	0.08	6.03	-	6.11	0.81	21.13	-	21.94
5.	Receiving of Services	271.70	75.19	772.75	1,119.64	45.11	79.28	753.99	878.38
6.	Leasing or Hire Purchase arrangements	-	24.55	(9.00)	15.55	-	25.01	(9.00)	16.01
7.	Purchase of Equity Shares	1.00	10.00	-	11.00	-	-	-	-
8.	Finance (including Loans, Equity contribution in cash or in kind)	-	-	-	-	-	-	-	-
9.	Interest Received	-	-	-	-	-	10.95	-	10.95
10.	Dividend Received	1,017.99	-	-	1,017.99	1,917.99	-	-	1,917.99
11.	Dividend Paid	-	716.22	687.67	1,403.89	-	617.28	601.70	1,218.98
12.	Balance Receivable/(Payable)	(2.31)	302.16	(472.23)	(172.38)	(37.78)	208.47	(489.35)	(318.66)
	Less : Provision for Receivable/(Payable)	-	-	-	-	-	-	-	-
	Net Outstanding Receivable/(Payable)	(2.31)	302.16	(472.23)	(172.38)	(37.78)	208.47	(489.35)	(318.66)

### 3. NAMES OF THE RELATED PARTIES FOR VALUE EXCEEDING 10% OF THE TRANSACTIONS

(Rs. in Lacs)

Sr. No.	Nature of Transactions	Subsidiaries	Associates	Key Management Personnel
1.	<b>Sale of Goods</b> Smartchem Technologies Ltd. Deepak Nitrite Ltd.	779.54 -	- 2,202.56	- -
2.	<b>Purchase of Goods</b> Smartchem Technologies Ltd. Ishanya Foundation	9.54 -	- 0.65	- -
3.	<b>Donation Given</b> Ishanya Foundation	-	130.00	-
4.	<b>Rendering of Services</b> Deepak Mining Services Pvt. Ltd. Ishanya Realty Corporation Ltd. Deepak Nitrite Ltd.	0.08 - -	- 4.61 1.11	- - -
5.	<b>Receiving of Services</b> Smartchem Technologies Ltd. Yerrowda Investments Ltd. Shri S. C. Mehta (Remuneration) Shri S. C. Mehta (Commission)	271.70 - - -	- 72.29 - -	- - 100.52 672.23
6.	<b>Leasing or Hire Purchase arrangements</b> Deepak Nitrite Ltd. Shri S. C. Mehta	- -	24.55 -	- (9.00)
7.	<b>Purchase of Equity Shares</b> Deepak Mining Services Pvt. Ltd. Ishanya Brand Services Ltd. Ishanya Realty Corporation Ltd.	1.00 - -	- 5.00 5.00	- - -
8.	<b>Dividend Received</b> Smartchem Technologies Ltd.	1,017.99	-	-
9.	<b>Dividend Paid</b> Nova Synthetic Ltd. Shri S. C. Mehta	- -	665.73 -	- 687.67
10.	<b>Balance Receivable / (Payable)</b> Smartchem Technologies Ltd. Yerrowda Investments Ltd. Deepak Nitrite Ltd. Shri S. C. Mehta	(2.39) - - -	- (3.62) 305.78 -	- - - (472.23)

As per our Report of even date  
For B. K. KHARE & CO.  
Chartered Accountants

C. K. MEHTA  
Chairman

N. C. SINGHAL  
Director

Dr. S. RAMA IYER  
Director

R. D. ONKAR  
Partner  
Firm's Registration No.: 105102W  
Membership No.: 45716

S. C. MEHTA  
Vice-Chairman & Managing Director

S. R. WADHWA  
Director

R. SRIRAMAN  
Sr. Vice-President (Legal) &  
Company Secretary

Mumbai  
Dated 25th May, 2010

Mumbai  
Dated 25th May, 2010

## STATUTORY DUES NOT DEPOSITED ON ACCOUNT OF DISPUTES

Name of the Statute	Nature of dues	Amount (Rs.)	Period to which Amount relates	Forum where the dispute is pending
The Maharashtra Sales Tax on Transfer of Right to Use Any Goods for any Purpose Act, 1985	Lease tax levied on crane hire charges	23,554	Assessment Year 1990-91	Dy. Commissioner of Sales Tax, Pune
The Bombay Stamp Act, 1958	Stamp Duty demanded against licence fee	26,14,695	Financial Year 1995-96	The Chief Revenue Authority, Pune
The Central Excise Act, 1944	CENVAT credit of raw material for exempted finished Goods	2,57,11,433	November 2002 to August 2007	Bombay High Court/ CESTAT
The Punjab VAT Act, 2005	Tax/ Penalty demanded on incomplete documentation	1,83,862	2008-09	Punjab Value Added Tax Tribunal
The Income Tax Act, 1961	Demand u/s 271(1)(c)	10,16,21,276	Assessment Year 2003-04	Commissioner of Income Tax (Appeals)-7, Mumbai
The Central Sales Tax Act, 1956	Tax on High Seas Sales of Methanol	6,30,58,390	FY 2004-05 and FY 2006-07	Commissioner of Sales Tax (Appeals), Pune
The Bombay Sales Tax Act, 1959	Tax on High Seas Sales of Methanol	71,55,072	FY 2004-05	Commissioner of Sales Tax (Appeals), Pune

As per our Report of even date  
For B. K. KHARE & CO.  
Chartered Accountants

C. K. MEHTA  
Chairman

N. C. SINGHAL  
Director

Dr. S. RAMA IYER  
Director

R. D. ONKAR  
Partner  
Firm's Registration No.: 105102W  
Membership No.: 45716

S. C. MEHTA  
Vice-Chairman & Managing Director

S. R. WADHWA  
Director

Mumbai  
Dated 25th May, 2010

Mumbai  
Dated 25th May, 2010

R. SRIRAMAN  
Sr. Vice-President (Legal) &  
Company Secretary





## Information pursuant to Part IV of Schedule VI of the Companies Act, 1956.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.****I Registration details**

Corporate Identity No.	L24121 MH1979 PLC 021360
Balance Sheet Date	31-03-2010

**II Capital Raised during the year****(Amount in Rs. Thousands)**

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
Shares allotted to Promoters against Warrants	Nil

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

Total Liabilities	1,72,36,985
Total Assets	1,72,36,985

**Sources of Funds**

Paid-up Capital	8,82,049
Reserves and Surplus	84,21,949
Secured Loans	60,90,367
Unsecured Loans	12,21,602
Deferred Tax Liability	6,21,018

**Application of Funds**

Net Fixed Assets	1,17,28,851
Investments	15,57,734
Net Current Assets	39,50,400
Miscellaneous Expenditure	Nil
Accumulated Losses	Nil

**IV Performance of the Company**

Turnover	1,33,28,813
Total Expenses	1,09,51,037
Profit Before Tax	23,77,776
Profit After Tax	17,20,480
Earnings Per Share (Rs.)	19.51
Dividend Rate (%)	45

**V Generic Names of Principal Products / Services of the Company (as per monetary terms)**

Product Description	Item Code No. (ITC Code)
Chemical Fertilisers containing Nitrates and Phosphates (Nitrophosphate/Ammonium Nitrate Phosphate)	31055100
Organic Chemicals: Acyclic Alcohols: Methanol (Methyl Alcohol)	29051100
Ammonium Nitrate	31023000
Iso Propyl Alcohol (IPA)	29051220
Nitric Acid	28080010

## Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

1.	Name of the Subsidiary	: Smartchem Technologies Ltd.	Deepak Nitrochem Pty. Ltd.	Deepak Mining Services Private Ltd.
2.	Financial Year of the Subsidiary Company ended on	: 31.03.2010	31.03.2010	31.03.2010
3.	Date from which it became Subsidiary	: 09.12.2003	27.08.2004	20.08.2009
4.	(a) Number of Shares held by Deepak Fertilisers And Petrochemicals Corporation Limited (Holding Company) with its nominees in the Subsidiary at the end of the Financial Year of the Subsidiary	: 9,99,994 Equity Shares of Rs 10/- each fully paid-up : 18,00,000 1% Cumulative Redeemable Preference Shares of Rs. 100/- each	1,60,000 Shares of AUD 1/- each fully paid-up	9,998 Equity Shares of Rs. 10/- each fully paid-up
	(b) Extent of shareholding interest of Holding Company at the end of the Financial Year of the Subsidiary	: 99.99%	100.00%	99.98%
5.	The Net aggregate amount of the Subsidiary's Profit/ (Losses) so far as it concerns the members of the Holding Company not dealt with in the Holding Company's accounts			
	(i) For the Financial Year ended 31st March, 2010	: Rs. 848.72 Lacs	Rs. (0.06) Lacs	Rs. (1.39) Lacs
	(ii) For the Previous Year	: Rs. 1,253.29 Lacs	Rs. (0.32) Lacs	N.A.
6.	The Net aggregate amount of the Profit of the Subsidiary which has been dealt with in the accounts of the Holding Company			
	(i) For the Financial Year ended 31st March, 2010	: Rs. 1,017.99 Lacs	Nil	Nil
	(ii) For the Previous Year	: Rs. 1,917.99 Lacs	Nil	Nil
7.	Material changes between the end of the Financial Year of the Subsidiary and the Holding Company's Financial Year	: N.A.	N.A.	N.A.

C. K. MEHTA  
Chairman

N. C. SINGHAL  
Director

Dr. S. RAMA IYER  
Director

S. C. MEHTA  
Vice-Chairman & Managing Director

S. R. WADHWA  
Director

Mumbai  
Dated 25th May, 2010

R. SRIRAMAN  
Sr. Vice-President (Legal) &  
Company Secretary



## DETAILS OF SUBSIDIARY COMAPANIES FOR 2009-10

(Rs. in Lacs)

	Name of the Subsidiary	Smartchem Technologies Ltd.	Deepak Nitrochem Pty. Ltd.	Deepak Mining Services Private Ltd.
	Financial Year ends on	31st March	31st March	31st March
a.	Share Capital	1,900.00	65.76	1.00
b.	Reserves	3,284.13	-	-
c.	Total Assets	5,557.79	65.76	1.00
d.	Total Liabilities	5,557.79	65.76	1.00
e.	Details of Investmtents			
	Investments in Equity Shares	3.68	-	-
	Investments in Mutual Funds	2,058.91	-	-
f.	Turnover	4,846.38	-	-
g.	Profit Before Taxation	1,241.49	(0.06)	(1.39)
h.	Provision for Taxation	392.77	-	-
i.	Profit After Taxation	848.72	(0.06)	(1.39)
j.	Proposed Dividend	306.00	-	-

Accounts of Deepak Nitrochem Pty. Ltd. have been converted into Indian Rupees at exchange rate prevailing on 31-03-2010 AUD1= Rs. 41.10

C. K. MEHTA  
Chairman

N. C. SINGHAL  
Director

Dr. S. RAMA IYER  
Director

S. C. MEHTA  
Vice-Chairman & Managing Director

S. R. WADHWA  
Director

Mumbai  
Dated 25th May, 2010

R. SRIRAMAN  
Sr. Vice-President (Legal) &  
Company Secretary



## Consolidated Financial Statements

### Auditor's Report

To the Board of Directors of

**DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED** on the Consolidated Financial Statements of Deepak Fertilisers And Petrochemicals Corporation Limited and its Subsidiaries.

We have audited the attached Consolidated Balance Sheet of Deepak Fertilisers And Petrochemicals Corporation Limited and its subsidiaries as at 31st March, 2010 and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended on that date.

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. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have not audited the financial statements of two subsidiaries, which reflect total assets of Rs. 6,339.12 Lacs as at 31st March, 2010 (Previous Year : Rs. 6,795.54 Lacs) and total revenues of Rs. 5,179.91 Lacs (Previous Year : Rs. 8,420.33 Lacs) [before giving effect to the consolidation adjustments] and which have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of subsidiaries, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and notified under sub-section (3C) of Section 211 of the Companies Act, 1956.

On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of Deepak Fertilisers And Petrochemicals Corporation Limited and its subsidiaries, we are of the opinion that

- (a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Deepak Fertilisers And Petrochemicals Corporation Limited and its subsidiaries as at 31st March, 2010;
- (b) The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Deepak Fertilisers And Petrochemicals Corporation Limited and its subsidiaries for the year then ended; and
- (c) The Consolidated Cash Flow Statement gives a true and fair view of the cash flows of Deepak Fertilisers And Petrochemicals Corporation Limited and its subsidiaries for the year then ended.

For B. K. KHARE & CO.  
Chartered Accountants  
R. D. Onkar  
Partner

Firm's Registration No. : 105102W  
Membership No. : 45716

Mumbai  
Dated 25th May, 2010

## Consolidated Balance Sheet as at 31st March, 2010

(Rs. in Lacs)

	Schedule	As at 31.03.2010		As at 31.03.2009	
<b>I. SOURCES OF FUNDS</b>					
1. SHAREHOLDERS' FUNDS					
(a) Share Capital	1	8,820.49		8,820.49	
(b) Reserves & Surplus	2	83,576.16	92,396.65	72,204.69	81,025.18
2. MINORITY INTEREST			0.01		0.01
3. LOAN FUNDS	3				
(a) Secured Loans		60,903.67		44,607.59	
(b) Unsecured Loans		12,216.02	73,119.69	16,167.55	60,775.14
4. DEFERRED TAX LIABILITY			6,583.84		6,922.65
TOTAL			1,72,100.19		1,48,722.98
<b>II. APPLICATION OF FUNDS</b>					
1. FIXED ASSETS (AT COST)	4				
(a) Gross Block		1,45,809.82		1,37,420.04	
(b) Less: Depreciation/ Amortisation		64,910.34		58,689.65	
(c) Net Block		80,899.48		78,730.39	
(d) Capital Work-in-Progress-Others		449.38		846.86	
(e) Capital Work-in-Progress-Projects	4a	40,989.57	1,22,338.43	23,552.26	1,03,129.51
2. INVESTMENTS	5		9,435.33		9,138.53
3. CURRENT ASSETS, LOANS AND ADVANCES	6				
(a) Interest Accrued on Deposits		174.44		327.87	
(b) Inventories		11,631.21		10,350.93	
(c) Sundry Debtors		20,200.63		27,812.48	
(d) Cash and Bank Balances		20,692.18		16,018.24	
(e) Loans and Advances		11,167.74		8,968.29	
Total		63,866.20		63,477.81	
Less: CURRENT LIABILITIES AND PROVISIONS	7				
(a) Liabilities		17,083.72		22,125.22	
(b) Provisions		6,456.05		4,952.53	
Total		23,539.77		27,077.75	
Net Current Assets			40,326.43		36,400.06
4. MISCELLANEOUS EXPENDITURE					
(To the extent not written off)					
VRS Compensation			-		54.88
TOTAL			1,72,100.19		1,48,722.98

As per our Report of even date  
For B. K. KHARE & CO.  
Chartered Accountants

C. K. MEHTA  
Chairman

N. C. SINGHAL  
Director

Dr. S. RAMA IYER  
Director

R. D. ONKAR  
Partner  
Firm's Registration No.: 105102W  
Membership No.: 45716

S. C. MEHTA  
Vice-Chairman & Managing Director

S. R. WADHWA  
Director

Mumbai  
Dated 25th May, 2010

Mumbai  
Dated 25th May, 2010

R. SRIRAMAN  
Sr. Vice-President (Legal) &  
Company Secretary



## Consolidated Profit and Loss Account for the year ended 31st March, 2010

(Rs. in Lacs)

	Schedule	Year ended 31.03.2010	Year ended 31.03.2009
<b>INCOME</b>			
Total Income from operations	8	1,32,929.76	1,48,257.00
Other Income	9	3,559.52	1,806.53
<b>EXPENDITURE</b>			
Manufacturing and Other Expenses	10	1,04,282.95	1,18,302.30
Inventory Adjustment	11	(556.64)	784.96
Interest and Other Financial Charges	12	4,638.23	4,070.44
<b>PROFIT BEFORE DEPRECIATION</b>		28,124.74	26,905.83
Depreciation/Amortisation		7,286.69	6,070.54
Less: Transferred from Special Reserve		18.18	18.18
Transferred from Revaluation Reserve		132.32	118.88
<b>PROFIT BEFORE PRIOR YEARS' ADJUSTMENTS</b>		20,988.55	20,972.35
Prior Years' Adjustments (Net)		1.73	5.62
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>		20,986.82	20,966.73
Exceptional Items (Net) [Refer Note 10]		(2,504.36)	331.11
<b>PROFIT BEFORE TAX</b>		23,491.18	20,635.62
<b>PROVISION FOR TAX</b>			
Current Income Tax (Inclusive of earlier years' short provision of Rs. 612.24 Lacs; Previous Year : Net of Reversal of earlier year's excess provision of Rs. 112.27 Lacs)		7,274.61	6,484.03
Fringe Benefit Tax		-	121.50
Deferred Income Tax (Net of Reversal of Previous Year's excess provision of Rs. 397.48 Lacs; Previous Year: Inclusive of previous year's short provision of Rs. 330.51 Lacs)		(338.81)	305.81
Wealth Tax		29.93	26.53
<b>NET PROFIT</b>		16,525.45	13,697.75
Balance Brought Forward		50,194.36	42,263.87
Transferred from Debenture Redemption Reserve		285.00	285.00
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		67,004.81	56,246.62
<b>APPROPRIATIONS</b>			
Transferred to Debenture Redemption Reserve		1,542.00	625.00
Transferred to General Reserve		1,834.90	1,625.30
Proposed Dividend		3,971.00	3,528.31
Corporate Dividend Tax (Inclusive of earlier year's Rs. 498.97 Lacs)		1,037.97	273.65
<b>SURPLUS IN PROFIT AND LOSS ACCOUNT</b>		58,618.94	50,194.36
<b>Earnings Per Share [Refer Note 16] (Rs.)</b>		18.74	15.53
(Face Value of Rs. 10/- each)			
NOTES FORMING PART OF ACCOUNTS	13		

As per our Report of even date  
For B. K. KHARE & CO.  
Chartered Accountants

C. K. MEHTA  
Chairman

N. C. SINGHAL  
Director

Dr. S. RAMA IYER  
Director

R. D. ONKAR  
Partner  
Firm's Registration No.: 105102W  
Membership No.: 45716

S. C. MEHTA  
Vice-Chairman & Managing Director

S. R. WADHWA  
Director

R. SRIRAMAN  
Sr. Vice-President (Legal) &  
Company Secretary

Mumbai  
Dated 25th May, 2010

Mumbai  
Dated 25th May, 2010

## Consolidated Cash Flow Statement for the year ended 31st March, 2010

(Rs. in Lacs)

	2009-10	2008-09
<b>(A) Cash Flow From Operating Activities</b>		
Net Profit Before Tax	23,491.18	20,635.62
Adjustments For-		
Depreciation and Amortisation	7,136.19	5,933.48
Exceptional Items	(2,559.34)	265.17
Exchange Fluctuations (net)	(1,345.38)	2,930.86
Profit on Sale of Investments	(682.18)	(211.19)
Loss/ (Profit) on Sale of Asset	45.25	262.67
Interest/Dividend (net)	3,975.10	3,073.03
<b>Operating Profit Before Working Capital Changes</b>	30,060.82	32,889.64
Adjustments For-		
Trade And Other Receivables	5,262.81	(6,909.48)
Inventories	(1,280.28)	(1,857.43)
Trade Payables	(4,272.97)	1,044.76
<b>Cash Generated From Operations</b>	29,770.38	25,167.49
Direct Taxes Paid/Refund	(6,955.58)	(6,140.75)
Cash Flow Before Exceptional Items	22,814.80	19,026.74
Exceptional Items	-	(265.17)
<b>Net Cash From Operating Activities</b> (A)	22,814.80	18,761.57
<b>(B) Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(29,694.02)	(24,594.21)
Sale of Fixed Assets	5,712.51	1,079.40
Sale / (Acquisition) of Investments - Others (net)	177.46	(786.43)
Deposits Redeemed/ (Made)	(27.68)	1,721.28
Interest Received	733.51	522.42
Dividend Received	82.46	251.07
<b>Net Cash Used in Investing Activities</b> (B)	(23,015.76)	(21,806.47)
<b>(C) Cash Flow From Financing Activities</b>		
Exchange Fluctuation	1,345.38	(2,930.86)
Increase / (Decrease) in Working Capital Borrowings	(10,951.53)	8,068.40
Proceeds / (Repayment) of External Commercial Borrowings (net)	2,057.20	(2,752.30)
Proceeds / (Repayment) From Term Loans (net)	7,378.88	9,161.08
Proceeds From PPNCD (net)	13,860.00	11,360.00
Interest Paid	(4,718.23)	(3,416.43)
Equity Dividend and Corporate Dividend Tax Paid	(4,096.80)	(3,601.32)
<b>Net Cash Generated/ (Used) in Financing Activities</b> (C)	4,874.90	15,888.57
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b> (A+B+C)	4,673.94	12,843.67
Cash and Cash Equivalents Opening Balance	16,018.24	3,174.57
<b>Cash and Cash Equivalents Closing Balance</b>	20,692.18	16,018.24

Note:(i) Figures in brackets are outflows.

(ii) Previous Years figures have been re-grouped wherever necessary.

As per our Report of even date  
For B. K. KHARE & CO.  
Chartered Accountants

C. K. MEHTA  
Chairman

N. C. SINGHAL  
Director

Dr. S. RAMA IYER  
Director

R. D. ONKAR  
Partner  
Firm's Registration No.: 105102W  
Membership No.: 45716

S. C. MEHTA  
Vice-Chairman & Managing Director

S. R. WADHWA  
Director

R. SRIRAMAN  
Sr. Vice-President (Legal) &  
Company Secretary

Mumbai  
Dated 25th May, 2010

Mumbai  
Dated 25th May, 2010



## Schedules Forming Part of the Consolidated Balance Sheet

### Schedule 1

(Rs. in Lacs)

SHARE CAPITAL	As at 31.03.2010		As at 31.03.2009	
<b>AUTHORISED</b>				
12,50,00,000 Equity Shares of Rs. 10/- each	12,500.00		12,500.00	
10,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each	1,000.00	13,500.00	1,000.00	13,500.00
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>				
8,82,04,943 Equity Shares of Rs. 10/- each fully paid-up		8,820.49		8,820.49

### Schedule 2

(Rs. in Lacs)

RESERVES AND SURPLUS	As at 31.03.2010		As at 31.03.2009	
<b>RESERVES</b>				
Capital Reserve		0.13		0.13
Capital Redemption Reserve		150.00		150.00
Share Premium Account		10,798.95		10,798.95
Special Reserve (*)	64.04		82.22	
Less: Transferred to Profit and Loss Account	18.18	45.86	18.18	64.04
Revaluation Reserve	1,300.42		1,419.30	
Less: Transferred to Profit and Loss Account	132.32	1,168.10	118.88	1,300.42
<b>Debenture Redemption Reserve</b>				
Balance as per last Balance Sheet	1,290.00		950.00	
Less: Transferred to Profit and Loss Account	285.00		285.00	
Add: Transferred from Profit and Loss Account	1,542.00	2,547.00	625.00	1,290.00
<b>General Reserve</b>				
Balance as per last Balance Sheet	8,408.72		7,402.66	
Less: Forex Loss adjustment as per AS 11	-		619.24	
Add: Transferred from Profit and Loss Account	1,834.90	10,243.62	1,625.30	8,408.72
Foreign Currency Translation Reserve		3.56		(1.93)
Surplus in Profit and Loss Account		58,618.94		50,194.36
<b>Total</b>		83,576.16		72,204.69

(\*) Represents relief/incentive granted by Government of India by way of refund of 90% of Customs Duty paid on NP Project imports. This amount will be adjusted against depreciation over the remaining useful life of the Fixed Assets of NP Project.



## Schedules forming part of the Consolidated Balance Sheet

### Schedule 3

(Rs. in Lacs)

LOAN FUNDS	As at 31.03.2010		As at 31.03.2009	
<b>SECURED LOANS</b>				
<b>A. LONG TERM LOAN</b>				
(a) External Commercial Borrowings	7,636.40		5,579.20	
(b) From Banks	24,247.27	31,883.67	16,868.39	22,447.59
<b>B. WORKING CAPITAL BORROWINGS FROM BANKS</b>		-		7,000.00
<b>C. SECURED NON-CONVERTIBLE DEBENTURES (NCDs)</b>				
(a) 7.50 % Privately Placed NCDs	800.00		1,400.00	
(b) 7.25 % Privately Placed NCDs	720.00		1,260.00	
(c) 10.80% Privately Placed NCDs	12,500.00		12,500.00	
(d) 9.75% Privately Placed NCDs	5,000.00		-	
(e) 10.00% Privately Placed NCDs	5,000.00		-	
(f) 8.35% Privately Placed NCDs	5,000.00	29,020.00	-	15,160.00
<b>Total Secured Loans</b>		60,903.67		44,607.59
<b>UNSECURED LOANS #</b>				
A. Short Term Loan from Bank	5,000.00		5,000.00	
B. Buyers' Credit	7,216.02		11,167.55	
<b>Total Unsecured Loans</b>		12,216.02		16,167.55
<b>Total</b>		73,119.69		60,775.14

# Repayable within one year

### Schedule 4

#### FIXED ASSETS

(Rs. in Lacs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01-04-2009	Additions	Deductions/ Adjustments	Total upto 31-03-2010	As on 01-04-2009	Deductions/ Adjustments	For the year	Total upto 31-03-2010	As on 31-03-2010	As on 31-03-2009
Land - Freehold (a)	5,461.55	-	-	5,461.55	-	-	-	-	5,461.55	5,461.55
Land - Leasehold (b)	2,556.69	34.33	1,236.51	1,354.51	173.52	96.70	33.55	110.37	1,244.14	2,383.17
Buildings (c)	21,561.68	796.20	1,128.14	21,229.74	2,599.37	47.40	432.19	2,984.16	18,245.58	18,962.31
Plant and Machinery (d)	97,583.67	11,070.45	1,708.71	1,06,945.41	51,245.28	810.46	5,805.21	56,240.03	50,705.38	46,338.39
Electrical Installation and Fittings	1,410.23	200.06	35.82	1,574.47	158.35	3.45	109.97	264.87	1,309.60	1,251.88
Furnitures & Fixtures	725.53	173.51	42.20	856.84	473.37	5.57	42.84	510.64	346.20	252.16
Office Equipments	1,204.56	219.13	83.64	1,340.05	840.54	81.82	121.11	879.83	460.22	364.02
Vehicles	941.49	128.27	29.40	1,040.36	279.03	20.60	158.79	417.22	623.14	662.46
Intangible Assets	858.88	32.25	-	891.13	362.29	-	71.45	433.74	457.39	496.59
Goodwill on Consolidation	5,115.76	-	-	5,115.76	2,557.90	-	511.58	3,069.48	2,046.28	2,557.86
<b>TOTAL</b>	1,37,420.04	12,654.20	4,264.42	1,45,809.82	58,689.65	1,066.00	7,286.69	64,910.34	80,899.48	78,730.39
Previous Year	1,14,705.73	24,402.36	1,688.05	1,37,420.04	52,965.09	345.98	6,070.54	58,689.65	78,730.39	61,740.64
Capital Work-in-Progress (e)									449.38	846.86

- (a) Freehold land includes :
- Rs. 3,600 Lacs (Previous Year : Rs. 3,600 Lacs) represented by 24,000 Equity Shares of Rs. 10/- each in a company, which is the legal owner of the land in respect of which the Company has acquired exclusive rights of development.
  - Rs. 815 Lacs (Previous Year : Rs. 815 Lacs) represented by 8,024 Equity Shares (Previous Year : 8,024) of Rs. 10/- each in the said company, which is the legal owner of the land on which the Company has been granted the rights of reconstruction of residential building premises.
- (b) Leasehold land includes Rs. Nil (Previous Year : Rs. 2,340.68 Lacs) being premium for acquiring additional plots of leasehold land possession of which is obtained but formal deeds are under preparation and execution.
- (c) Buildings include a sum of Rs. 3,308.87 Lacs (Previous Year : Rs. 3,308.87 Lacs) represented by 17,628 (Previous Year : 17,628) Equity Shares of Rs. 10/- each in a company which is the legal owner of the buildings in respect of which the Company has an exclusive right of use and Occupation by virtue of the shares so held.
- (d) Gross Block of Plant and Machinery includes :
- Rs. 421.63 Lacs (Previous Year : Rs. 421.63 Lacs) being the cost of Fixed Assets, ownership of which does not vest with the Company, being amortised over 60 months.
  - Rs. 4,646.49 Lacs (Previous Year : Rs. 5,180.93 Lacs) towards foreign exchange fluctuation on Long Term Loans.
- (e) Capital Work-in-Progress includes advances/deposits for fixed assets Rs. 20.42 Lacs (Previous Year : Rs. 120.25 Lacs).



## Schedules forming part of the Consolidated Balance Sheet

### Schedule 4a

#### CAPITAL WORK-IN-PROGRESS- PROJECTS

(Rs. in Lacs)

Description	Incurred upto 31-03-2009	Incurred during 2009-2010	Capitalised/Transferred during 2009-2010	Total as on 31-03-2010
Land & Site Development	96.16	0.45	34.24	62.37
Building (under construction)	1,580.06	5,406.64	608.19	6,378.51
Plant & Machinery (under installation)	15,400.14	13,736.95	6,866.46	22,270.63
Advances	1,810.43	2,302.37	-	4,112.80
Technical Know-how & Engineering Fees	1,525.78	1,508.13	532.84	2,501.07
Other Assets	224.73	574.78	317.70	481.81
Pre-Commissioning Testing and Startup Expenses	-	161.14	156.96	4.18
Pre-operative Expenditure Pending Capitalisation/Amortisation				
Employees' emoluments	595.87	383.15	65.13	913.89
General expenses	606.41	638.79	121.68	1,123.52
Interest (net) on Fixed Term Loan and other financial charges (a)	1,712.68	1,908.86	480.75	3,140.79
<b>TOTAL</b>	<b>23,552.26</b>	<b>26,621.26</b>	<b>9,183.95</b>	<b>40,989.57</b>

(a) Interest (net) on Fixed Term Loan and other financial charges incurred during the year includes :

- Gain of Rs. 139.50 Lacs (Previous Year: Loss of Rs. 828.47 Lacs) on account of Exchange fluctuation on Long Term Loans.
- Interest on Fixed Term Loan is net of interest earned Rs. 10.45 Lacs (Previous Year : Rs. 44.33 Lacs) on temporary deployment of Loan Funds, Tax Deducted at Source Rs. 1.05 Lacs; (Previous Year : Rs. 9.13 Lacs).
- Gain on investment of Rs. 90.57 Lacs (Previous Year : Rs. Nil) on temporary deployment of Loan Funds.

### Schedule 5

(Rs. in Lacs)

INVESTMENTS [Refer Note 4(H)]	As at 31.03.2010		As at 31.03.2009	
<b>LONG TERM</b>				
<b>A. TRADE - UNQUOTED</b>				
a. 88,448 Shares of Sterling Pound 1/- each of Deepak International Ltd.	68.69		68.69	
b. 49,994 Equity Shares of Rs. 10/- each of Ishanya Realty Corporation Ltd.	5.00		-	
c. 49,994 Equity Shares of Rs. 10/- each of Ishanya Brand Services Ltd.	5.00	78.69	-	68.69
<b>B. NON-TRADE QUOTED</b>				
Investment in Equity Shares	1,414.81		1,151.64	
Less: Provision for diminution in value [Aggregate Market Price of Quoted Shares : Rs. 1,608.55 Lacs (Previous Year : Rs. 723.32 Lacs)]	38.56	1,376.25	157.08	994.56
<b>CURRENT INVESTMENTS</b>				
<b>A. INVESTMENT IN BONDS*</b>				
1. 7.00% Fertilisers Company GOI Special Bonds 2022	4,550.00		4,550.00	
2. 6.65% Fertilisers Company GOI Special Bonds 2023	697.80		697.80	
3. 6.20% Fertilisers Company GOI Special Bonds 2022	1,308.20		1,308.20	
Total	6,556.00		6,556.00	
Less: Provision for diminution in value	724.71	5,831.29	387.60	6,168.40
<b>B. INVESTMENT IN MUTUAL FUNDS</b>				
1. Liquid Funds	1,968.40		1,892.76	
2. Short Term Funds	105.70		-	
3. Equity and Derivatives Funds	75.00		25.00	
Total	2,149.10		1,917.76	
Less: Provision for Diminution in Value	-	2,149.10	10.88	1,906.88
<b>Total</b>		<b>9,435.33</b>		<b>9,138.53</b>

\* Pledged towards security for short term loan facility of Rs. 5,500 Lacs.





## Schedules forming part of the Consolidated Balance Sheet

### Schedule 6

(Rs. in Lacs)

CURRENT ASSETS, LOANS AND ADVANCES		As at 31.03.2010		As at 31.03.2009	
<b>A. CURRENT ASSETS</b>					
1.	INTEREST ACCRUED ON DEPOSITS		174.44		327.87
2.	INVENTORIES				
(a)	Raw Materials (Net of write down of Rs. Nil; (Previous Year : Rs. 932.21 Lacs)	2,023.36		3,459.28	
(b)	Stores, Spares, Oils, Chemicals & Catalysts [Net of provision for obsolescence Rs. 32.69 Lacs; (Previous Year: Rs. 11.05 Lacs)]	6,399.65		4,240.37	
(c)	Finished Goods	3,208.20	11,631.21	2,651.28	10,350.93
3.	SUNDRY DEBTORS				
(a)	Unsecured, Considered good :				
(i)	Over six months	1,910.48		893.81	
(ii)	Others	18,290.15		26,918.67	
(b)	Considered doubtful	528.55		406.47	
	Total	20,729.18		28,218.95	
	Less: Provision for doubtful debts	528.55	20,200.63	406.47	27,812.48
4.	CASH AND BANK BALANCES				
(a)	Cash and Cheques on hand	189.99		158.83	
(b)	Balances with Scheduled Banks:				
(i)	Current/Cash Credit Accounts	2,433.23		5,613.25	
(ii)	Short Term/Margin Deposits (Under Lien with Banks Rs. 918.84 Lacs; Previous Year : Rs. 2,192.24 Lacs)	18,068.96	20,692.18	10,246.16	16,018.24
<b>B. LOANS AND ADVANCES</b>					
	Unsecured, considered good: (Unless provided for)				
1.	Security and other Deposits	1,037.04		1,009.36	
2.	Balance with Central Excise, Customs etc.	2,034.04		1,537.11	
3.	Prepaid Expenses	834.08		887.11	
4.	Advance Payment of Taxes (net)	-		110.04	
5.	Advances recoverable in cash or kind or for value to be received	7,262.58	11,167.74	5,424.67	8,968.29
	<b>Total</b>		63,866.20		63,477.81

### Schedule 7

(Rs. in Lacs)

CURRENT LIABILITIES AND PROVISIONS		As at 31.03.2010		As at 31.03.2009	
<b>A. CURRENT LIABILITIES</b>					
1.	Sundry Creditors	6,614.01		13,577.68	
2.	Due to Directors	762.56		805.18	
3.	Other Liabilities	8,393.74		6,382.43	
4.	Unclaimed Dividend / Interest / Matured Debentures	292.59		258.54	
5.	Interest accrued but not due	1,020.82	17,083.72	1,101.39	22,125.22
<b>B. PROVISIONS</b>					
1.	Provision for Taxation (net)	238.92		-	
2.	Provision for Employee Costs	1,312.31		1,147.63	
3.	Proposed Dividend	3,971.00		3,528.20	
4.	Corporate Dividend Tax	712.02		276.70	
5.	Loss on Derivative Contracts [Refer Note 12]	221.80	6,456.05	-	4,952.53
	<b>Total</b>		23,539.77		27,077.75

## Schedules forming part of the Consolidated Profit And Loss Account

### Schedule 8

(Rs. in Lacs)

	Year ended 31.03.2010		Year ended 31.03.2009	
<b>INCOME FROM OPERATIONS</b>				
Gross Sales Own Produced Commodities	1,01,149.10		91,364.02	
Less: Excise Duty	6,824.58		9,292.88	
Net Sales Own Produced Commodities (excluding taxes and duties)		94,324.52		82,071.14
Subsidy on Manufactured Fertilisers		7,539.10		12,912.15
Traded Products	17,145.71		28,528.35	
Less: Counter Vailing Duty	4.33		122.50	
Net Sales Traded Products (excluding taxes and duties)		17,141.38		28,405.85
Subsidy on Traded Fertilisers		12,195.35		22,469.46
Revenue from Realty Business	1,533.95		1,775.30	
Less: Service Tax	135.06		183.60	
Net Revenue from Realty Business (excluding taxes and duties)		1,398.89		1,591.70
Other Operating Income	337.69		854.33	
Less: Service Tax	7.17		47.63	
Net Other Operating Income (excluding taxes and duties)		330.52		806.70
<b>Total</b>		1,32,929.76		1,48,257.00

### Schedule 9

(Rs. in Lacs)

	Year ended 31.03.2010		Year ended 31.03.2009	
<b>OTHER INCOME</b>				
1. Interest on Inter Corporate Deposits (Gross) (Tax Deducted at Source : Rs. Nil; Previous Year: Rs. 28.80 Lacs).		-		127.08
2. Interest on Term Deposits with Banks (Gross) (Tax Deducted at Source : Rs. 18.30 Lacs; Previous Year : Rs. 82.97 Lacs).		90.76		379.11
3. Interest on Fertiliser Bonds (Tax Deducted at Source : Rs. Nil; Previous Year : Rs. Nil)		446.01		192.66
4. Other Interest (Gross) (Tax Deducted at Source : Rs. 0.80 Lacs; Previous Year : Rs. 5.24 Lacs).		43.33		47.26
5. Insurance Claims		-		67.32
6. Dividend – Non-Trade Investment		14.23		11.49
7. Dividend - Mutual Funds (Tax Deducted at Source : Rs. Nil; Previous Year : Rs. Nil)		68.23		239.58
8. Profit on Sale / Redemption of Investments				
a) Long Term Non-Trade Quoted Shares		133.13		(53.92)
b) Mutual Funds		549.91		259.24
c) Fertilisers Bonds		-		5.87
9. Foreign Currency Fluctuation Gain		1,345.38		-
10. Miscellaneous Receipts		868.54		530.84
<b>Total</b>		3,559.52		1,806.53



## Schedules forming part of the Consolidated Profit And Loss Account

### Schedule 10

(Rs. in Lacs)

MANUFACTURING AND OTHER EXPENSES		As at 31.03.2010		As at 31.03.2009	
1.	RAW MATERIALS CONSUMED (Includes Rs. Nil towards write down of the Closing Stock; Previous Year: Rs. 932.21 Lacs )(including use of gas for primary reformer heating)		51,823.05		48,065.64
2.	MATERIAL HANDLING CHARGES		170.87		144.30
3.	PURCHASES OF GOODS TRADED		26,690.88		44,510.39
4.	PACKING MATERIAL CONSUMED		1,871.56		1,394.88
5.	EMPLOYEES' EMOLUMENTS				
	(a) Salaries, Wages & Allowances	7,673.76		6,521.94	
	(b) Contribution to Provident, Superannuation and Gratuity Funds	793.08		778.08	
	(c) Welfare and other Amenities	649.77	9,116.61	529.23	7,829.25
6.	OPERATING AND OTHER EXPENSES				
	(a) Power, Fuel and Water	1,886.82		2,136.48	
	(b) Stores, Spares, Oils, Chemicals & Catalysts Consumed	2,156.00		1,880.89	
	(c) Repairs to:				
	(i) Buildings	307.13		166.53	
	(ii) Plant & Machinery	2,663.05		2,270.30	
	(iii) Others	533.82		316.13	
	(d) Insurance	597.91		502.65	
	(e) Rent	345.64		742.46	
	(f) Rates, Taxes and Duties	403.87		308.65	
	(g) Directors' Sitting Fees	8.77		7.44	
	(h) Auditors' Remuneration	63.45		57.22	
	(i) Carriage Outward (net)	1,589.01		1,191.64	
	(j) Cash Discounts	94.21		104.13	
	(k) Deposits Written off	-		383.78	
	Less: Provision Reversed	-		(383.78)	
	(l) Foreign Currency Fluctuation Loss	-		2,924.62	
	(m) Provision for diminution in the value of investments	326.23		555.56	
	(n) Miscellaneous Expenses	3,634.07	14,609.98	3,193.14	16,357.84
	<b>Total</b>		1,04,282.95		1,18,302.30

### Schedule 11

(Rs. in Lacs)

INVENTORY ADJUSTMENTS		As at 31.03.2010		As at 31.03.2009	
1.	Opening Stock of Finished Goods		2,651.28		3,477.60
2.	Closing Stock of Finished Goods		3,208.20		2,651.28
3.	(Increase)/Decrease in Excise Duty on Stock of Finished Goods		0.28		(41.36)
	<b>(Increase)/Decrease</b>		(556.64)		784.96

### Schedule 12

(Rs. in Lacs)

INTEREST AND OTHER FINANCIAL CHARGES		As at 31.03.2010		As at 31.03.2009	
1.	Interest on Loans *		3,800.19		2,840.90
2.	Interest - Others		503.97		880.77
3.	Other Financial Charges*		334.07		348.77
	<b>Total</b>		4,638.23		4,070.44

\* Excluding amount capitalised Rs. 1,290.24 Lacs (Previous Year: Rs. 892.17 Lacs)



## Schedule 13

### NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

The consolidated financial statements envisage combining of financial statement of Deepak Fertilisers And Petrochemicals Corporation Limited and its subsidiary Smartchem Technologies Limited in which its parent company holds 99.99% voting rights, Deepak Nitrochem Pty. Ltd. in which its parent company holds 100% voting rights and Deepak Mining Services Private Limited in which its parent company holds 99.98% voting rights.

#### 2. PRINCIPLES OF CONSOLIDATION

- The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognised in the financial statements as Goodwill or Capital Reserve as the case may be. Goodwill is amortised over a period not exceeding 10 years beginning first full year of operation under consolidation.
- Minority Interests' share of the net profit of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- Minority interests' share of net assets of consolidated subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the shareholders of the Company.
- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements. Variation in the respective accounting policies is given effect to in the consolidated financial statement only if the impact is significant.
- The Company follows non-integral basis for translation of foreign currency transactions in respect of its subsidiary, Deepak Nitrochem Pty. Ltd. registered in Australia.

**3(a).** Company holds certain rights in immoveable properties by virtue of equity shares held in an associate enterprise (as stated in Note (a) and (c) of Schedule 4). Since the equity shares so held do not really represent financial investment simplicities but rather the means to acquire and hold the properties for use in Company's operations, the cost of acquisition of the shares is treated as cost of fixed assets and is dealt with in accordance with Accounting Standard 10. Accordingly, the requirements of Accounting Standard (AS) 13 on "Accounting for Investments" and Accounting Standard (AS) 23 "Accounting for Investments in Associates in consolidated financial statements" are considered to be not applicable. Even otherwise, the actual effect on the consolidated financial statement will not be contextually significant.

**3(b).** As per equity method prescribed in Accounting Standard (AS) 23, the Company is required to account for the investments made in the associate companies viz. Ishanya Brand Services Ltd. and Ishanya Realty Corporation Ltd. However, as these companies have not commenced operations as on 31st March, 2010, the investments made by the Company towards the share capital are reflected as total investments and the effect of pre-operative expenses is not significant.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

##### A) BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under historical cost convention on accrual basis and comply with notified accounting standards as referred to in Section 211(3C) and other relevant provisions of the Companies Act, 1956.

##### B) REVENUE RECOGNITION

- Sales include product subsidy and claims, if any, for reimbursement of cost escalation receivable from FICC/ Ministry of Agriculture/Ministry of Fertilisers.
- Grants and subsidies from the government are recognised when there is reasonable assurance of the receipt thereof on the fulfillment of the applicable conditions.
- Revenue in respect of Interest other than on deposits, Insurance claims, Subsidy and Reimbursement of cost escalation claimed from FICC/Ministry of Agriculture/Ministry of Fertilisers beyond the notified Retention Price and Price Concession on fertilisers, pending acceptance of claims by the concerned parties is recognised to the extent the Company is reasonably certain of their ultimate realisation.
- Clean Development Mechanism ( CDM ) benefits known as Carbon Credits for wind energy units generated



and N<sub>2</sub>O reduction in its Nitric Acid plant are recognised as revenue on the actual receipts of the applicable credits and estimated at prevailing realisable values.

- Export benefit in the form of EPCG licence is recognised as and when it is received for the value of the certificate.

#### **C) VOLUNTARY RETIREMENT SCHEME**

Compensation paid under voluntary retirement scheme is amortised over a period of 60 months from the date of incurrence.

#### **D) FIXED ASSETS**

- Fixed Assets (including major modifications/betterments) are recorded at cost of acquisition or construction (including interest/financial charges, project restructuring cost and other expenditure incidental and related to such acquisition/construction).
- Intangible Assets (Goodwill, Patent, Trademark, Software Licenses etc.) are capitalised at cost of acquisition or development (including interest/financial charges and expenditure incidental and related to such acquisition/development).
- Exchange variation arising from repayment/ restatement of the debts/borrowings in foreign currencies for acquisition of fixed assets is capitalised as per the Accounting Standard 11 as amended by the Notification No. G.S.R. 225 (E) dated 31.03.2009.
- Machinery Spares other than those required for regular maintenance are capitalised at cost.
- Cost of Fixed Assets, the ownership of which does not vest with the Company as also expenditure on installation/erection etc. of assets taken on lease is capitalised.
- Relief/Incentive granted by the Government of India by way of refund of Customs Duty paid on NP Project imports, is treated as a special reserve and adjusted against depreciation, over the remaining useful life of Fixed Assets of NP Project.

#### **E) DEPRECIATION**

- Depreciation is provided by Straight Line Method, except for relocated DNA Plant which is depreciated by Written Down Value method.
- Tangible assets, owned by the Company, are depreciated in accordance with the rates prescribed in Schedule XIV to the Companies Act, 1956 except in the following cases where higher rates are applied to the factors of accelerated obsolescence, relocation of plant, modifications of existing plants etc.

Computers and related equipments	23.75%
Air Conditioning System	9.5%
Furniture, Fixtures and Office Equipments	9.5%, 13.5%, 19%
Vehicles	15.83%
Relocated DNA III Plant (WDV)	25.89%
Relocated Other Plants	6.68%
Modification of existing Ammonia Plant	6.33%
Modification of existing Ammonium Nitrate Plant	10%

- Depreciation on exchange rate variance capitalised as part of the cost of Fixed Assets upto 31st March, 2010, has been provided prospectively over the residual useful life of the assets.
- Machinery Spares other than those required for regular maintenance are capitalised as per Accounting Standard 10 on Fixed Assets and depreciated over remaining useful life of the related machinery/equipments. Costs of such spares are charged to Profit and Loss Account when issued for actual use at written down value.
- Cost of Fixed Assets, ownership of which does not vest with the Company, is amortised over a period of 60 months.
- Intangible assets are amortised over a period not exceeding 60 months except in the case of right to use of properties which are amortised over the effective useful life of such rights.
- Cost of Leasehold Land is amortised over the lease period.



## **F) IMPAIRMENT OF ASSETS**

The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Impairment loss is recognised if the carrying value exceeds the recoverable amount.

## **G) INVENTORIES**

- Inventories of raw materials are valued at lower of moving weighted average cost, written down to realisable value if the costs of the related finished goods exceed their net realisable value.
- Inventories of stores, regular spares, oil, chemicals, catalysts and packing material are valued at moving weighted average cost.
- Inventories of finished goods including those held for captive consumption are valued at lower of factory cost (including depreciation but excluding interest) and net realisable value.
- Value of Work-in-Process of all products is ignored for the purpose of inventory having regard to the concept of materiality and difficulty of quantifying such stocks with exactitude.
- CENVAT is accounted as per exclusive method of accounting in terms of Accounting Standard 2 on "Valuation of Inventories".

## **H) INVESTMENTS**

Long term investments are valued at cost after appropriate adjustment, if necessary, for diminution in their value which are other than temporary in nature. Current Investments are stated at lower of cost and fair value.

## **I) FOREIGN CURRENCY TRANSACTIONS, FORWARD CONTRACTS AND DERIVATIVES**

- Transactions in foreign currency are recorded at the rate of exchange prevailing on the dates of the transactions. Foreign currency monetary items are restated at the rate as of the date of Balance Sheet or, as the case may be, at forward contract rates.
- Exchange differences either on settlement or on translation are dealt with in the Profit and Loss Account. However, exchange differences, arising either on settlement or on translation, in case of borrowings used for acquisition of Fixed Assets are capitalised.
- The Company swaps the variable interest in respect of External Commercial Borrowings for fixed interest rates and accordingly only fixed interest expense is recognised in the accounts.
- The Company uses foreign currency forward contracts to hedge its actual underlying exposure and not for trading or speculation purpose. The use of these forward contracts reduces the risk and/or cost to the Company.
- The outstanding derivative contracts at the Balance Sheet date other than forward exchange contracts mentioned above are valued by marking them to market and losses, if any, are recognised in the Profit and Loss Account. For this purpose, the net effect of all the related streams of cash flows are taken into consideration.

## **J) EMPLOYEE BENEFITS**

- Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.
- The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions as specified under the law are paid to the Regional Provident Fund Commissioner and the Central Provident Fund under the Pension scheme. The Company recognises such contributions as expense of the year in which the liability is incurred.
- The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The plan is managed by a trust and the fund is invested with Life Insurance Corporation of India under its Group Gratuity Scheme. The Company makes annual contributions to gratuity fund and the Company recognises the liability for gratuity benefits





payable in future based on an independent actuarial valuation.

- The Company has a Superannuation Plan for its executives, a defined contribution plan. The Company makes annual contributions at 15% of the covered employees' salary. The plan is managed by a trust and fund is invested with Life Insurance Corporation of India under its Group Superannuation Scheme. The contributions as specified under the trust deed are paid to the Life Insurance Corporation of India. The Company is liable for annual contributions and recognises such contributions as an expense of the year in which the liability is incurred.
- The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave for availment as well as encashment subject to the rules. As per the regular past practice followed by the employees, it is not expected that the entire accumulated leave shall be encashed or availed by the employees during the next twelve months and accordingly the benefit is treated as long term defined benefit. The liability is provided for based on the number of days of unutilised leave at the Balance Sheet date on the basis of an independent actuarial valuation.
- The Company has a Wealth Creation Scheme for its executives, a defined contribution plan. The Company makes annual contributions at 3% of the covered employees' salary which are then invested by the Company in securities. Subject to Company's Policy the vested employees are eligible to receive accumulated balance at retirement, death while in employment or on termination of employment. The Company is liable for annual contributions and recognises such contributions as an expense of the year in which the liability is incurred.
- The Company has a medical benefit plan according to which employees are entitled to be covered under mediclaim policy for the next five years post their superannuation. The amount being insignificant, the liability towards such benefit is recognised based on the actual premium payable.

#### **K) BORROWING COST**

- Borrowing cost on working capital is charged against the profit/loss for the year in which it is incurred.
- Borrowing costs that are attributable to the construction/acquisition of fixed assets are capitalised as a part of the cost of these capitalised assets till the date of completion of physical construction/mechanical completion of the assets.
- Borrowing costs that are attributable to the development/acquisition of intangible asset are capitalised till the date of use.

#### **L) PRIOR PERIOD ITEMS**

Significant items of Income and Expenditure which relate to prior accounting periods, are accounted in the Profit and Loss Account under the head "Prior Years' Adjustments" other than those occasioned by events occurring during or after the close of the year and which are treated as relating to the current year.

#### **M) CONTINGENT LIABILITIES**

Contingent Liabilities as defined in Accounting Standard 29 are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.

#### **N) TAXES ON INCOME**

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. For this purpose, deferred tax liabilities and assets are reckoned on net basis, after inter-se set-off, for each component of the timing differences.

5. On acquisition of shares from Smartchem Technologies Limited (STL), STL had become a subsidiary of the Company effective 9-12-2003. While consolidating accounts for the year, Company had followed test of impairment in respect of



goodwill. From the FY 2004-05, being first full year of operation for the consolidation, Company has decided to amortise goodwill over a period of 10 years. Accordingly, an amount of Rs. 511.58 Lacs has been charged to Profit and Loss Account of consolidated financial statements.

6. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 10,092.26 Lacs (Previous Year: Rs. 20,743.33 Lacs).

7. The following liabilities are classified and considered contingent due to contested claims and legal disputes:

- Claims by Suppliers : Rs. 5,825.04 Lacs (Previous Year : Rs. 5,321.09 Lacs)
- Other Claims : Rs. 0.40 Lacs (Previous Year : Rs. 0.40 Lacs)

**Taxes & Duties**

- Income Tax demands : Rs. 1,165.22 Lacs (Previous Year : Rs. 535.85 Lacs)
- Excise demands : Rs. 937.97 Lacs (Previous Year : Rs. 745.28 Lacs)
- Sales Tax / VAT demands : Rs. 751.75 Lacs (Previous Year : Rs. 49.61 Lacs)

8. The following foreign currency transactions remain outstanding as at 31st March, 2010 :

A) Un-hedged Exposure

Nature	Currency	Current Year	Previous Year
ECB Loan	US \$	70,00,000	1,10,00,000
Buyers' Credit	US \$	Nil	2,20,18,032
Imports	US\$	1,88,929	1,55,91,586
	EUR	2,67,702	1,446
	GBP	Nil	8,535
	CHF	Nil	18,716
Export	US \$	10,56,331	7,47,569
	EUR	1,79,924	2,29,729
	GBP	1,53,204	1,27,515

B) Hedged Exposure

Nature	Currency	Current Year	Previous Year
ECB Loan	US \$	1,00,00,000	Nil
Buyers' Credit	US \$	1,58,01,544	Nil

9. Gas Authority of India Limited (GAIL), supplier to the Company of Natural Gas, one of the main raw materials, has effected the supplies at provisional rate as indicated in the invoices. However, according to the Company any revision in Natural Gas price will be only prospective as per the existing convention/practice followed by Government of India.
10. Exceptional items represent:
- Amortisation of VRS Compensation paid Rs. 54.98 Lacs (Previous Year : Rs. 65.95 Lacs).
  - Gains arising on transfer of rights in unusable surplus land amounting Rs. 3,551.80 Lacs (Previous Year : Rs. Nil).
  - Cost of assets discarded or in the process of being discarded under restructuring of the real estate business Rs. 992.46 Lacs (Previous Year : Rs. Nil).
  - Expenditure on brand launching Rs. Nil (Previous Year : Rs. 265.16 Lacs).
11. In respect of long term investment in listed securities, the diminution in value is estimated on the basis of appraisal made by Portfolio Managers.
12. The Company has entered into option contract to cover its risk towards foreign exchange exposure on External Commercial Borrowings taken during the year. The marked to market loss of Rs. 221.80 Lacs (Previous Year: Rs. Nil) has been provided in the accounts.
13. The Company's subsidiary has revalued its plant & machinery on the basis of replacement values. Revaluation Reserve has been created towards increase in value of gross block and depreciation on incremental value is withdrawn from Revaluation Reserve and credited to Profit and Loss Account every year.



## 14. Defined Benefit Plans - As per actuarial valuation as on 31st March, 2010

(Rs. in Lacs)

Sr. No.	Particulars	Gratuity Benefits		Compensated Absences	
		31-03-2010	31-03-2009	31-03-2010	31-03-2009
<b>1.</b>	<b>Components of employer expenses</b>				
	Current service cost	109.10	85.78	61.59	51.01
	Interest cost	128.21	93.30	46.56	33.53
	Expected return on plan assets	(103.69)	(100.12)	N.A.	N.A.
	Actuarial losses	95.50	289.97	136.33	168.66
	<b>Total expenses recognised in the Profit and Loss Account</b>	<b>229.12</b>	<b>368.93</b>	<b>244.48</b>	<b>253.20</b>
<b>2.</b>	<b>Actual contribution and benefits paid during the year</b>				
	Actual benefits paid	94.27	106.35	119.33	117.47
	Actual contribution	188.03	167.85	N.A.	N.A.
<b>3.</b>	<b>Net asset / (liability) recognised in the Balance Sheet as on 31st March, 2010</b>				
	Present Value of Defined Benefit Obligation	(1,841.27)	(1,602.73)	(707.12)	(581.97)
	Fair value of plan assets	1,301.16	1,103.05	N.A.	N.A.
	<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(540.11)</b>	<b>(499.68)</b>	<b>(707.12)</b>	<b>(581.97)</b>
<b>4.</b>	<b>Change in Defined Benefit Obligations (DBO) during the year ended 31st March, 2010</b>				
	Present Value of DBO at beginning of year	1,602.73	1,240.03	581.97	446.24
	Current Service cost	109.10	85.78	61.59	51.01
	Interest cost	128.21	93.30	46.56	33.53
	Actuarial losses	95.50	289.97	136.33	168.66
	Benefits paid	(94.27)	(106.35)	(119.33)	(117.47)
	<b>Present Value of DBO at the end of year</b>	<b>1,841.27</b>	<b>1,602.73</b>	<b>707.12</b>	<b>581.97</b>
<b>5.</b>	<b>Change in Fair Value of Assets during the year ended 31st March, 2010</b>				
	Plan assets at beginning of year	1,103.05	940.11	N.A.	N.A.
	Actual return on plan assets	103.69	100.12	N.A.	N.A.
	Actual Company contributions	188.03	167.85	N.A.	N.A.
	Benefits paid	(93.61)	(105.03)	N.A.	N.A.
	<b>Plan assets at the end of year</b>	<b>1,301.16</b>	<b>1,103.05</b>	<b>N.A.</b>	<b>N.A.</b>
<b>6.</b>	<b>Actuarial Assumptions</b>				
	Discount Rate	8.00%	7.50%	8.00%	7.50%
	Expected Return on plan assets	9.40%	9.40%	NA	NA
	Salary escalation	5.00%	5.00%	5.00%	5.00%

The planned asset is represented by investment made under the Group Gratuity Scheme operated by Life Insurance Corporation of India.

15. Major Items of Deferred Tax Liabilities and Deferred Tax Assets

(Rs. in Lacs)

Sr. No.	Particulars	Opening Balance as on 01-04-2009	Net increase/ (decrease) during the year	Closing Balance as on 31-03-2010
<b>A.</b>	<b>Deferred Tax Liabilities</b>			
1.	Timing Difference on account of depreciation	7,634.53	(132.60) *	7,501.93
2.	Others	78.96	5.98	84.94
	Total A	7,713.49	(126.62)	7,586.87
<b>B.</b>	<b>Deferred Tax Assets</b>			
1.	Provision for Doubtful Debts/Loans & Advances	269.90	146.39	416.29
2.	Accrued expenses deductible on actual payment/ quantification	520.94	65.80	586.74
	Total B	790.84	212.19	1,003.03
	<b>Net Tax effect of Timing Difference (A-B)</b>	6,922.65	(338.81)	6,583.84

\* Includes reversal of Rs. 397.48 Lacs, being excess provision of previous year.

16. Earnings Per Share as computed in accordance with Accounting Standard (AS) 20

	2009-10	2008-09
(i) Net Profit After Tax (Rs. in Lacs)	16,525.45	13,697.75
(ii) Number of Equity Shares of Rs. 10/- each	8,82,04,943	8,82,04,943
(iii) Basic and Diluted Earnings Per Share	18.74	15.53

17. Segment Reporting - Refer Annexure - A.

18. Related Party Disclosures - Refer Annexure - B.

19. Previous year's figures have been re-grouped wherever necessary to conform to current year's grouping.

As per our Report of even date  
For B. K. KHARE & CO.  
Chartered Accountants

C. K. MEHTA  
Chairman

N. C. SINGHAL  
Director

Dr. S. RAMA IYER  
Director

R. D. ONKAR  
Partner  
Firm's Registration No.: 105102W  
Membership No.: 45716

S. C. MEHTA  
Vice-Chairman & Managing Director

S. R. WADHWA  
Director

R. SRIRAMAN  
Sr. Vice-President (Legal) &  
Company Secretary

Mumbai  
Dated 25th May, 2010

Mumbai  
Dated 25th May, 2010

## ANNEXURE-A

## SEGMENT REPORTING

(Rs. in Lacs)

SR. NO.	PARTICULARS	CHEMICALS	FERTILISERS	REALTY	OTHERS	ELIMINATIONS	COMMON	TOTAL
1	<b>Revenue</b>							
	a) <b>External Sales</b>							
	i) <b>Produced</b>	85,777.45	15,349.06	-	737.11	-	-	1,01,863.62
	Previous Year	77,890.43	16,514.17	-	578.69	-	-	94,983.29
	ii) <b>Traded</b>	767.77	28,568.96	-	-	-	-	29,336.73
	Previous Year	9,931.67	40,943.64	-	-	-	-	50,875.31
	b) <b>Inter-segment sales</b>	2,791.16	-	-	-	(2,791.16)	-	-
	Previous Year	1,580.70	-	-	-	(1,580.70)	-	-
	c) <b>Other operating income</b>	41.41	289.12	1,398.88	-	-	-	1,729.41
	Previous Year	374.04	222.66	1,591.70	210.00	-	-	2,398.40
	d) <b>Unallocated Corporate other income</b>	-	-	-	-	-	3,559.52	3,559.52
	Previous Year	-	-	-	-	-	1,806.53	1,806.53
	<b>Total Revenue</b>	89,377.79	44,207.14	1,398.88	737.11	(2,791.16)	3,559.52	1,36,489.28
	Previous Year	89,776.84	57,680.47	1,591.70	788.69	(1,580.70)	1,806.53	1,50,063.53
2	<b>Segment Result</b>	27,073.52	1,620.95	(387.96)	382.57	-	3,559.52	32,248.60
	Previous Year	26,693.10	1,854.01	324.10	480.51	-	1,806.53	31,158.25
3	<b>Unallocated Corporate Expenses</b>	-	-	-	-	-	15,723.15	15,723.15
	Previous Year	-	-	-	-	-	17,460.50	17,460.50
4	<b>Net profit</b>	-	-	-	-	-	-	16,525.45
	Previous Year	-	-	-	-	-	-	13,697.75
5	<b>Other Information</b>							
	a) <b>Segment Assets</b>	1,08,029.15	16,935.31	25,660.11	4,216.17	-	-	1,54,840.74
	Previous Year	78,138.35	29,304.98	27,443.93	4,444.70	-	-	1,39,331.96
	<b>Unallocated Corporate Assets</b>	-	-	-	-	-	40,799.22	40,799.22
	Previous Year	-	-	-	-	-	36,468.77	36,468.77
	<b>Total Assets</b>	-	-	-	-	-	-	1,95,639.96
	Previous Year	-	-	-	-	-	-	1,75,800.73
	b) <b>Segment Liabilities</b>	5,423.61	2,456.03	2,003.74	-	-	-	9,883.38
	Previous Year	3,109.08	10,120.35	2,967.84	-	-	-	16,197.27
	<b>Unallocated Corporate Liabilities</b>	-	-	-	-	-	93,359.92	93,359.92
	Previous Year	-	-	-	-	-	78,578.27	78,578.27
	<b>Total Liabilities</b>	-	-	-	-	-	-	1,03,243.30
	Previous Year	-	-	-	-	-	-	94,775.54
	c) <b>Capital Expenditure incurred during the year</b>	26,974.99	641.79	617.79	-	-	1,856.94	30,091.51
	Previous Year	18,591.07	1,009.02	2,462.10	-	-	1,994.44	24,056.63
	d) <b>Depreciation/Amortisation</b>	5,194.73	689.01	797.82	245.49	-	209.14	7,136.19
	Previous Year	4,192.85	667.42	648.92	245.49	-	178.80	5,933.48
	e) <b>Other non-cash expenditure</b>	-	-	-	-	-	-	-
	Previous Year	-	-	-	-	-	-	-

## Segment information

## 1. Primary segment reporting (by business segments)

## Composition of business segment

Segment	Products covered
a) Chemicals	Ammonia, Methanol, DNA, CNA, CO <sub>2</sub> , TAN, IPA, Propane, Bulk and Speciality Chemicals
b) Fertilisers	NP, MOP, DAP, Ammonium Sulphate, Mixtures, SSP, Seeds, Sulphur, Micronutrients, SSF, Bio Fertilisers, Fruits, Vegetables, Pesticides
c) Realty	Real Estate Business
d) Others	Windmill Power

## 2. Inter-segment Sales Pricing: Inter-segment revenue has been recognised as estimated under Excise Regulations.

## 3. Secondary Segment Information: There are no reportable geographical segments since the Company caters mainly to needs of Indian Markets.

As per our Report of even date  
For B. K. KHARE & CO.  
Chartered Accountants

C. K. MEHTA  
Chairman

N. C. SINGHAL  
Director

Dr. S. RAMA IYER  
Director

R. D. ONKAR  
Partner  
Firm's Registration No.: 105102W  
Membership No.: 45716

S. C. MEHTA  
Vice-Chairman & Managing Director

S. R. WADHWA  
Director

Mumbai  
Dated 25th May, 2010

Mumbai  
Dated 25th May, 2010

R. SRIRAMAN  
Sr. Vice-President (Legal) &  
Company Secretary

**ANNEXURE – B****1. NAMES OF THE RELATED PARTIES AND RELATIONSHIP (CONSOLIDATED)****A. ASSOCIATES**

1. Blue Shell Investments Pvt. Ltd.
2. Deepak Nitrite Ltd.
3. Nova Synthetic Ltd.
4. Yerrowda Investments Ltd.
5. The Lakaki Works Pvt. Ltd.
6. Superpose Credits And Capital Pvt. Ltd.
7. Storewell Credits And Capital Pvt. Ltd.
8. High Tide Investments Pvt. Ltd.
9. Deepak Asset Reconstruction Pvt. Ltd.
10. Mahadhan Investment and Finance Pvt. Ltd.
11. Ishanya Foundation
12. Ishanya Brand Services Ltd.
13. Ishanya Realty Corporation Ltd.

**B. KEY MANAGEMENT PERSONNEL**

1. Shri S. C. Mehta
2. Shri K. S. Gopalakrishnan

**2. RELATED PARTY TRANSACTIONS****(Rs. in Lacs)**

Sr. No.	Nature of Transactions	Current Year			Previous Year		
		Associates	Key Management Personnel	Total	Associates	Key Management Personnel	Total
1	Sale of Goods	2,202.56	-	2,202.56	3,034.59	-	3,034.59
2	Purchase of Goods	0.65	-	0.65	2.77	-	2.77
3	Donation Given	130.00	-	130.00	5.00	-	5.00
4	Rendering of Services	6.03	-	6.03	21.13	-	21.13
5	Receiving of Services	75.19	777.10	852.29	79.28	761.93	841.21
6	Leasing or Hire Purchase arrangements	24.55	(9.00)	15.55	25.01	(9.00)	16.01
7	Purchase of Equity Shares	10.00	-	10.00	-	-	-
8	Finance (including Loans, Equity contribution in cash or in kind)	-	-	-	-	-	-
9	Interest Received	-	-	-	10.95	-	10.95
10	Dividend Received	-	-	-	-	-	-
11	Dividend Paid	716.22	687.67	1,403.89	617.28	601.70	1,218.98
12	Balance Receivable/(Payable)	302.16	(472.23)	(170.07)	208.47	(489.47)	(281.00)
	Less: Provision for Receivable/(Payable)	-	-	-	-	-	-
	Net Outstanding Receivable/(Payable)	302.16	(472.23)	(170.07)	208.47	(489.47)	(281.00)



### 3. NAMES OF THE RELATED PARTIES FOR VALUE EXCEEDING 10% OF THE TRANSACTIONS

(Rs. in Lacs)

Sr. No.	Nature of Transactions	Associates	Key Management Personnel
1.	<b>Sale of Goods</b> Deepak Nitrite Ltd.	2,202.56	-
2.	<b>Purchase of Goods</b> Ishanya Foundation	0.65	-
3.	<b>Donation Given</b> Ishanya Foundation	130.00	-
4.	<b>Rendering of Services</b> Ishanya Realty Corporation Ltd. Deepak Nitrite Ltd.	4.61 1.11	- -
5.	<b>Receiving of Services</b> Yerrowda Investments Ltd. Shri S. C. Mehta (Remuneration) Shri S. C. Mehta (Commission)	72.29 - -	- 100.52 672.23
6.	<b>Leasing or Hire Purchase arrangements</b> Deepak Nitrite Ltd. Shri S. C. Mehta	24.55 -	- (9.00)
7.	<b>Purchase of Equity Shares</b> Ishanya Brand Services Ltd. Ishanya Realty Corporation Ltd.	5.00 5.00	- -
8.	<b>Dividend Paid</b> Nova Synthetic Ltd. Shri S. C. Mehta	665.73 -	- 687.67
9.	<b>Balance Receivable / (Payable)</b> Yerrowda Investments Ltd. Deepak Nitrite Ltd. Shri S. C. Mehta	(3.62) 305.78 -	- - (472.23)

As per our Report of even date  
For B. K. KHARE & CO.  
Chartered Accountants

C. K. MEHTA  
Chairman

N. C. SINGHAL  
Director

Dr. S. RAMA IYER  
Director

R. D. ONKAR  
Partner  
Firm's Registration No.: 105102W  
Membership No.: 45716

S. C. MEHTA  
Vice-Chairman & Managing Director

S. R. WADHWA  
Director

Mumbai  
Dated 25th May, 2010

Mumbai  
Dated 25th May, 2010

R. SRIRAMAN  
Sr. Vice-President (Legal) &  
Company Secretary



## Notes



## Notes