

**Annexure "D" to Directors' Report
AUDITORS' CERTIFICATE**

To
The Members of Chambal Fertilisers and Chemicals Limited

We have examined the compliance of conditions of corporate governance by Chambal Fertilisers and Chemicals Limited, for the year ended of March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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 compliance of the conditions of the 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.

For S.R. BATLIBOI & CO.
Firm's registration number: 301003E
Chartered Accountants

per Anil Gupta
Partner
Membership No. 87921

Place : Gurgaon
Date : May 12, 2012

**Annexure "E" to Directors' Report
REPORT ON CORPORATE GOVERNANCE**

a) Company's Philosophy

Your Company believes that for its sustained success, it must maintain global standards of corporate conduct towards its shareholders, customers, employees, all other stakeholders and society in general. The Company has always focused on good corporate governance, which is a key driver of sustainable corporate growth and long-term value creation for its shareholders.

The Company believes that corporate governance is not just limited to creating checks and balances. It is more about creating organization excellence leading to increasing employee and customer satisfaction and shareholders' value. The primary objective of corporate governance is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness, to develop capabilities and identify opportunities that best serve the goal of value creation. The Company believes, it must leverage its human and capital resources to translate opportunities into reality, create awareness of corporate vision and spark dynamism and entrepreneurship at all levels.

Above all, corporate governance must balance individual interest with corporate goals and operate within accepted norms of propriety, equity, fair play and a sense of justice. Accountability and transparency are key drivers to improve decision-making and the rationale behind such decisions, which in turn creates stakeholder confidence.

b) Board of Directors

The Board of Directors consists of nine directors including a Managing Director. Out of eight Non-Executive Directors, five directors are independent directors. M/s. Dipankar Basu and C. S. Nopany, Directors of the Company are retiring by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

The Board of Directors had appointed Ms. Radha Singh as a Director w.e.f. October 21, 2009 to fill the casual vacancy caused by resignation of Mr. A.J.A. Tauro. Ms. Radha Singh will hold office until the forthcoming Annual General Meeting of the Company. The Company has received a notice in writing together with requisite deposit from a member proposing the appointment of Ms. Radha Singh as a Director of the Company, liable to retire by rotation.

The Brief particulars of all the Directors are given below:

(i) Mr. Saroj Kumar Poddar

Mr. S. K. Poddar, Chairman of the Company, a gold medalist in B. Com (Hons) from Calcutta University, is the Chairman of Adventz group. Under Mr. Poddar, the USD 3 billion group has promoted various projects including joint ventures with leading international corporations. The most notable of these ventures are Gillette India Ltd. (a joint venture with the Gillette Company of U.S.A.), Hettich India Private Limited (a joint venture with the Hettich Group of Germany) and Texmaco UGL Rail Private Ltd (a joint venture with the United Group of Australia). Mr. Poddar is the Chairman of these Joint Ventures. He is also on the Advisory Board of one of the most reputed investment brokers - M/s. N M Rothschild & Sons (India) Private Ltd.

A recipient of Rashtriya Samman from the Central Board of Direct Taxes, Mr. Poddar is involved with art, culture and sports. A keen collector of contemporary Indian Art, Mr. Poddar promotes young cricketers to go abroad for training and practice. He is currently involved in setting up of a museum in Delhi with the theme 'India through the ages.' The museum will be named as 'K.K. Birla Academy' after former Chairman of the Company - late Dr. K.K. Birla. The academy will be fully funded by the family and is to be commissioned in the coming years.

Having served as President of Federation of Indian Chambers of Commerce and Industry (FICCI) and International Chamber of Commerce in India, the Government of India has appointed Mr. Poddar on Board of Trade – the highest body on trade and also a member of the Court, the Indian Institute of Science, Bangalore. He is the Chairman of India-Saudi Arabia Joint Business Council and a member of the Indo- French CEO Forum. Mr. Poddar has also served for a decade as a member of the Board of Governors of the Indian Institute of Technology, Kharagpur and local Board of the Reserve Bank of India.

Names of other Indian public limited companies in which Mr. S. K. Poddar is Director or Chairman / member of Committee(s):

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1.	Adventz Investments and Holdings Limited	7.	Texmaco Infrastructure & Holdings Limited [§]
2.	Chambal Infrastructure Ventures Limited	8.	Texmaco Rail & Engineering Limited
3.	Gillette India Limited*	9.	Zuari Cement Limited*
4.	Gulbarga Cement Limited	10.	Zuari Fertilisers & Chemicals Limited.
5.	Lionel India Limited	11.	Zuari Holdings Limited
6.	Simon India Limited	12.	Zuari Industries Limited

* Also Chairman/ Member of Audit Committee

[§] Also Chairman of Investors/ Shareholders Grievance Committee

(ii) **Mr. Shyam Sunder Bhartia**

Mr. Shyam S. Bhartia is the Chairman and Managing Director of M/s. Jubilant Life Sciences Ltd. He is Commerce graduate and a fellow member of the Institute of Cost Accountants of India. A leading industrialist of India, he has rich industrial experience in the Pharmaceuticals, Speciality Chemicals, Food, Oil and Gas (Exploration & Production), Aerospace and Information Technology sectors. He is a director on the boards of numerous companies both in India and overseas.

He is a Member of the Executive Committee of Federation of Indian Chamber of Commerce and Industry (FICCI), Confederation of Indian Industry (CII) and Task Force on Chemicals appointed by the Government of India.

His past association to institutional segment included - Member of Board of Governors of Indian Institute of Technology (IIT), Mumbai and Indian Institute of Management (IIM), Ahmedabad and Director on the Board of Air India.

Names of other Indian public limited companies in which Mr. Shyam S. Bhartia is Director or Chairman / member of Committee(s):

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1.	Geo-Enpro Petroleum Limited	4.	VAM Holdings Limited
2.	Jubilant Foodworks Limited	5.	Zuari Industries Limited
3.	Jubilant Life Sciences Limited		

He is not a member of Audit Committee or Shareholders Grievance Committee of any of the aforesaid Companies.

(iii) **Mr. Anil Kapoor**

Mr. Anil Kapoor is a B. Tech from Indian Institute of Technology, New Delhi, one of the world's premier technological institutes and holds M.S. in Chemical Engineering from State University of New York, USA. In his illustrious career spanning more than 3 decades, he has been associated with reputed Indian and multinational organizations. He has rich and diverse experience in areas of production, logistics and purchase. He is also on the Boards of M/s. CFCL Technologies Limited and M/s. Indo Maroc Phosphore, S.A.

Names of other Indian public limited companies in which Mr. Anil Kapoor is a Director :

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1.	Chambal Energy (Chhattisgarh) Limited	3.	Chambal Infrastructure Ventures Limited
2.	Chambal Energy (Orissa) Limited	4.	India Steamship Limited

He is not a member of any Committee of any of the aforesaid Companies.

(iv) **Mr. Ram Nath Bansal**

Mr. R. N. Bansal is M. A. (Economics) and an eminent professional. He is Fellow member of the Institute of Chartered Accountants of India since 1954 and an Associate member of the Institute of Company Secretaries of India. He has served the Department of Company Affairs in various capacities such as Registrar of Companies, Regional Director and retired as Member, Company Law Board. He was Director (Investment) and Additional Controller of Capital Issues in the Ministry of Finance. He was also a nominee of the Central Government on the Central Council of Institute of Chartered Accountants of India, Institute of Company Secretaries of India and the Governing Board of various Stock Exchanges.

Names of other Indian public limited companies in which Mr. R. N. Bansal is Director or Chairman/ member of Committee(s):

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1.	Essar Logistics Limited	5.	Orient Bell Limited*
2.	Essar Oil Field Services India Limited	6.	Pushpsons Industries Limited*
3.	Essar Ports Limited* [§]	7.	The Hindoostan Mills Limited *
4.	Essar Shipping Limited*	8.	Vadinar Oil Terminal Limited*

* Also Chairman/ Member of Audit Committee

[§] Also Member of Shareholders Grievance Committee

(v) **Mr. Dipankar Basu**

Mr. Dipankar Basu is an M.A. (Economics). He is the Non-Executive Chairman of STCI Finance Limited, STCI Primary Dealer Ltd., Peerless General Finance & Investment Co. Ltd. and Peerless Securities Ltd. He is currently a member of the Investment Advisory Committee of the Army Group Insurance Fund and Empowered Committee of Reserve Bank of India for External Commercial Borrowings.

Mr. Basu is a former Chairman of State Bank of India. Between 1996 and 1999, he served as a member of the Disinvestment Commission set up by the Government of India. During 1997-98, Mr. Basu was also a member of the Narasimham Committee on Banking Sector Reforms.

Names of other Indian public limited companies in which Mr. Dipankar Basu is Director or Chairman / member of Committee(s):

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1.	Asian Paints Limited *	5.	STCI Finance Limited *
2.	Deepak Fertilisers & Petrochemicals Corp. Limited §	6.	STCI Primary Dealer Limited
3.	Peerless General Finance & Investment Co. Limited	7.	RAIN CII Carbon (Vizag) Limited*
4.	Peerless Securities Limited	8.	RAIN Commodities Limited*

* Also Member/ Chairman of Audit Committee

§ Also Chairman of Shareholders Grievance Committee

(vi) **Mr. Kashi Nath Memani**

Mr. K. N. Memani is a Chartered Accountant. Mr. Memani specializes in Business and Corporate Advisory, Foreign Taxation, Financial Consultancy, etc. and is consulted on the corporate matters by several domestic and foreign companies. He was Chairman and Country Managing Partner of Ernst & Young, India until 31st March 2004. Mr. Memani was also member of Ernst & Young Global Council for 10 years.

Post retirement, Mr. Memani has joined boards of various companies. He was also member of various Committees of the Institute of Chartered Accountants of India. For two consecutive years, Mr. Memani was on the External Audit Committee (EAC) of the International Monetary Fund and was appointed as the Chairman of EAC for the year 1999-2000. Mr. Memani is the past Chairman of American Chamber of Commerce in India, former President of Indo American Chamber of Commerce and PHD Chamber of Commerce. He is also member of managing committees of various Industry bodies. He is also member of some of the foundations and charitable trusts as well as member of Governing Councils of some of the business schools. Mr. Memani was Co-chairman of New Company Law Drafting Committee and first Chairman of Quality Review Board, both set up by Government of India.

Names of other Indian public limited companies in which Mr. K.N. Memani is Director or Chairman/ member of Committee(s):

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1.	Aegon Religare Life Insurance Company Limited *	7.	ICICI Venture Funds Management Company Limited*
2.	DLF Limited*	8.	JK Lakshmi Cement Limited
3.	Emami Limited	9.	National Engineering Industries Limited*
4.	Great Eastern Energy Corporation Limited*§	10.	Spice Digital Limited*
5.	HEG Limited	11.	Spice Mobility Limited*
6.	HT Media Limited*		

* Also Chairman/ Member of Audit Committee

§ Also Member of Shareholders Grievance Committee

(vii) **Mr. Chandra Shekhar Nopany**

Mr. C. S. Nopany is an industrialist having vast industrial experience in diverse fields like sugar, shipping, textiles and fertilisers. He is a Chartered Accountant and Master of Science in Industrial Administration from Carnegie Mellon University, Pittsburgh, U.S.A. Mr. Nopany is the Chairman & Managing Director of The Oudh Sugar Mills Ltd. and the Chairman of Sutlej Textiles and Industries Ltd., New India Retailing & Investment Ltd. and SIL Investments Ltd. He is also on the Board of Directors of several other companies promoted by Dr. K.K. Birla including few subsidiaries and joint venture of the Company. Having contributed significantly to organic and inorganic growth of K.K. Birla Group, he continues to lead as a new generation entrepreneur with dedication and concerted focus on efficiency and growth.

Names of other Indian public limited companies in which Mr. C. S. Nopany is Director or member of Committee(s):

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1.	Chambal Infrastructure Ventures Limited	8.	Sutlej Textiles and Industries Limited
2.	Gobind Sugar Mills Limited§	9.	SIL Investments Limited§
3.	Hargaon Investment & Trading Co. Limited	10.	The Oudh Sugar Mills Limited
4.	India Steamship Ltd.	11.	Upper Ganges Sugar and Industries Limited§
5.	Modern DiaGen Services Limited	12.	Uttar Pradesh Trading Co. Limited
6.	New India Retailing & Investment Limited	13.	Yashovardhan Investment & Trading Co. Limited
7.	Ronson Traders Ltd.		

§ Also Chairman/ Member of Investors' Grievance Committee

(viii) Ms. Radha Singh

Ms. Radha Singh has retired from Indian Administrative Service. Prior to retirement, she was holding the position of Secretary, Agriculture and Cooperation, Government of India. She has 40 years' experience in public service including in the areas relating to rural and agricultural development, water resources, public finance and institution building. In her capacity as Agriculture and Cooperation Secretary, she also headed various national and international organizations as Board Member/ Chairperson.

In her long public career, she has held many high level policy and managerial positions in the Government of India. These included Secretary, Department of Animal husbandry, Dairying and Fisheries; Additional/ Joint Secretary in the Ministry of Water Resources, Director General of the National Water Agency, etc. She was working with the World Bank in Washington, U.S.A. as an Institutional Specialist Consultant and in other capacities for six years (1993-1998).

Presently, Ms. Singh is Agriculture Advisor to FICCI, Chairperson of the Madhavpura Mercantile Co-operative Bank Limited, Ahmedabad and Trustee and Secretary of Rajendra Bhawan Trust, New Delhi, a charitable organization in the memory of the first President of the Country. She is Independent director on the Board of YES Bank Ltd., L.T. Foods Ltd and Syngenta Foundation for sustainable development. She is also a member of Shareholders Grievance Committee of L.T. Foods Limited.

(ix) Mr. Marco Philipus Ardeshir Wadia

Mr. Marco P. A. Wadia is B.A. (Hons.), L.L.B. and is a practicing Advocate since 1986, specializing in corporate matters. Mr. Wadia is a partner in the firm of Crawford Bayley & Co., Solicitors and Advocates, Mumbai since 2001. He is on the Boards of various Companies.

Names of other Indian public limited companies in which Mr. Wadia is Director or Chairman/ member of Committee(s):

Sl. No.	Name of the Company	Sl. No.	Name of the Company
1.	Adventz Infracore India Limited	6.	Stovec Industries Limited*
2.	Johnson & Johnson Limited*	7.	Zuari Industries Limited *§
3.	Jost's Engineering Company Limited§	8.	Zuari Holdings Limited*
4.	Paradeep Phosphates Limited	9.	Zuari Maroc Phosphates Limited
5.	Simon India Limited*		

* Also Chairman/ Member of Audit Committee

§ Also Member of Shareholders' /Investors Grievance Committee

c) Meetings and Attendance

The Meetings of the Board are generally held at the Corporate Office of the Company at Jasola, New Delhi - 110025. During the year under review, six Board Meetings were held on May 10, 2011, May 31, 2011, June 28, 2011, July 19, 2011, October 18, 2011 and January 17, 2012.

The composition of the Board of Directors, their attendance at the Board Meetings and Annual General Meeting as also number of other directorships in Indian public limited companies and membership of the Committees of the Boards of such companies are as follows:

Name of Director	Whether Attended Last AGM	No. of Board Meetings attended	Category of Director	Other Directorships	Membership of Committee of other Boards	
					Chairman	Member
Mr. S. K. Poddar	No	4	NED/PG	12	2	1
Mr. S. S. Bhartia	No	6	NED/PG	6	NIL	NIL
Mr. Anil Kapoor	Yes	6	MD	4	NIL	NIL
Mr. R. N. Bansal	No	5	ID	8	4	3
Mr. D. Basu	No	4	ID	8	2	3
Mr. K.N. Memani	No	6	ID	11	5	4
Mr. C.S Nopany	No	5	NED/PG	13	1	2
Ms. Radha Singh	No	4	ID	3	NIL	1
Mr. Marco Ph. A. Wadia	Yes	6	ID	9	2	5

ID - Independent Director, MD - Managing Director, NED - Non Executive Director, PG - Promoter Group

Notes:

(i) Directorship excludes Indian private limited companies, foreign companies and companies registered under section 25 of the Companies Act, 1956.

(ii) Committees mean Audit Committee and Investors Grievance Committee.

(iii) Mr. H.S. Bawa ceased to be a director w.e.f. September 16, 2011. He has attended one Board meeting of the Company during the year and did not attend last Annual General Meeting of the Company.

d) Board Agenda

The Board meetings are scheduled well in time and Board members are given a notice of more than a month before the meeting date except in case of emergent meeting. The Board members are provided with well structured and comprehensive agenda papers. All major agenda items are backed by in-depth background information and analysis, wherever possible, to enable the Board members to take informed decisions. Agenda papers are generally circulated a week prior to the meeting of the Board. Where it is not practicable to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda.

Depending upon the business requirements of the Company, additional or supplementary item(s) to the agenda are permitted to be taken at the Board Meeting.

e) **Committees of the Board**

There are eight Committees of the Board of Directors, which have been delegated adequate powers to discharge urgent business of the Company. These Committees are - (i) Audit Committee; (ii) Investors Grievance Committee; (iii) Remuneration Committee; (iv) Banking and Finance Committee; (v) Compensation Committee; (vi) Quarterly Results Review Committee; (vii) Project Monitoring Committee; and (viii) Restructuring Committee. The Committees meet as often as required.

The details of these Committees are as follows:

(i) **Audit Committee**

• **Terms of reference:**

Apart from all the matters provided in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, the terms of reference of the Audit Committee include:

- o approve internal audit programme,
- o review with statutory auditors their findings, observations, suggestions, internal control systems, scope of audit, other related matters and major accounting policies followed by the Company,
- o review the contracts entered into by the Company, valuing more than Rs. 75 million and the contracts entered in the register maintained under Section 301 of the Companies Act, 1956, if any,
- o review Internal Audit Reports.

The minutes of the Audit Committee meetings are circulated to the Board of Directors.

• **Composition:**

The Committee comprises of four Directors. The permanent invitees include Managing Director, Chief Financial Officer, representatives of statutory auditors and internal auditors. M/s. R. N. Bansal and K. N. Memani being Chartered Accountants, are financial experts. The Company Secretary is the Secretary of the Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting. The Committee met 8 times during the year on May 9, 2011, May 31, 2011, June 28, 2011, July 18, 2011, October 17, 2011, December 5, 2011, January 16, 2012 and February 20, 2012 and the attendance of the members at the meetings was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. Marco Wadia	Chairman	Independent	8
Mr. R. N. Bansal	Member	Independent	6
Mr. K.N Memani	Member	Independent	6
Ms. Radha Singh (appointment w.e.f. 16.9.2011)	Member	Independent	4

Mr. H.S. Bawa ceased to be Member w.e.f. September 16, 2011. He has attended one meeting of the Committee during the year.

(ii) **Investors Grievance Committee**

• **Terms of reference:**

The Committee was formed to approve the matters relating to allotment of securities, issue of duplicate certificates, review and redressal of investor grievances, decide the dates of book closure/ record dates in respect of the shares issued by the Company, etc. In order to provide quick service to investors, the Board has delegated enough powers to few executives to deal with various matters including transfer of shares across the counter, transmission of securities, etc.

• **Composition:**

The Committee comprises of three Directors. The Committee met 4 times during the year on April 18, 2011, July 12, 2011, October 5, 2011 and February 20, 2012 and the attendance of members at the meetings was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. R. N. Bansal	Chairman	Independent	2
Mr. Anil Kapoor	Member	Managing Director	4
Ms. Radha Singh (Appointed w.e.f. 16.09.2011)	Member	Independent	2

Mr. H.S. Bawa ceased to be member w.e.f. September 16, 2011. He has attended one meeting of the Committee during the year.

Mr M. S. Rathore, Vice President – Legal, Corporate Communication & Secretary, is the Compliance Officer of the Company and can be contacted at:

Chambal Fertilisers and Chemicals Limited
"Corporate One", First Floor,
5, Commercial Centre, Jasola, New Delhi-110 025

Tel: 91 11 41697900
Fax: 91 11 40638679
E-mail: ms.rathore@chambal.in

• **Investors' Grievances received and resolved during the year:**

The Company has 1,72,042 investors as on March 31, 2012. During the year under review, the status of requests and complaints received, was as follows:

Particulars	Opening Balance	Received	Total Resolved	Closing Balance
Requests	58	14281	14331	8*
Complaints	Nil	195	195	NIL

* Since redressed

(iii) Remuneration Committee

• **Terms of reference:**

The Committee was formed to recommend appointment of Managing Director(s) / Whole Time Director(s) / Manager and to review and approve the remuneration including the compensation package, annual increments, incentives, additional perquisites, etc. of the Managing Director(s) / Whole Time Director(s) / Manager and Senior Executives of the Company.

• **Composition:**

The Committee comprises of three Directors. The Committee met four times during the year on May 10, 2011, July 18, 2011, October 17, 2011 and January 16, 2012 and the attendance of members at the meetings was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. R. N. Bansal	Chairman	Independent	4
Mr. C. S. Nopany	Member	Non-executive	4
Mr. Marco Wadia	Member	Independent	4

(iv) Banking and Finance Committee

• **Terms of reference:**

The Committee was formed to approve avilment of various types of finances including working capital facilities, loan facilities, etc. and any other specific matter delegated by the Board from time to time.

• **Composition:**

The Committee comprises of four Directors. The Committee met once during the year on November 7, 2011 and the attendance of members at the meeting was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. S. S. Bhartia	Chairman	Non-executive	1
Mr. D. Basu	Member	Independent	0
Mr. C. S. Nopany	Member	Non-executive	0
Mr. Anil Kapoor	Member	Managing Director	1

(v) Project Monitoring Committee

• **Terms of reference:**

The Committee was formed and delegated powers to review progress of various projects of the Company and approve contracts of certain value.

• **Composition:**

The Committee comprises of three Directors. The Committee met once during the year on January 17, 2012 and the attendance of members at the meeting was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. C. S. Nopany	Chairman	Non-executive	1
Mr. R. N. Bansal	Member	Independent	1
Mr. Anil Kapoor	Member	Managing Director	1

Mr. H.S. Bawa ceased to be member w.e.f. September 16, 2011.

(vi) Quarterly Results Review Committee

• **Terms of reference:**

The Committee was formed to deal with all the matters pertaining to approval of the unaudited quarterly results of the Company.

• **Composition:**

The Committee comprises of three directors. No meeting of the committee was held during the Financial Year 2011-12. The composition of the Committee is as follows:

Name of the Member	Status	Category
Mr. S. S. Bhartia	Chairman	Non-executive
Mr. R. N. Bansal	Member	Independent
Mr. Anil Kapoor	Member	Managing Director

Mr. H.S. Bawa ceased to be member w.e.f. September 16, 2011.

(vii) Compensation Committee

• **Terms of reference:**

The Committee was formed to formulate Employee Stock Option Scheme and its administration.

• **Composition:**

The Committee comprises of four Directors. The Committee met twice during the year on May 10, 2011 and October 17, 2011 and the attendance of members at the meetings was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. C. S. Nopany	Chairman	Non-executive	2
Mr. R. N. Bansal	Member	Independent	2
Mr. Marco Wadia	Member	Independent	2
Mr. K. N. Memani	Member	Independent	1

Mr. H.S. Bawa ceased to be member w.e.f. September 16, 2011. He has attended one meeting of the Committee during the year.

(viii) Restructuring Committee

• **Terms of reference:**

The Committee was formed to explore various options to restructure the shipping business of the Company, recommend to the Board suitable option(s) for restructuring of the shipping business and do all other acts, deeds and things as may be necessary in this regard.

• **Composition:**

The Committee comprises of four Directors. The Committee met twice during the year on June 28, 2011 and July 18, 2011 and the attendance of members at the meeting was as follows:

Name of the Member	Status	Category	Number of Meetings attended
Mr. C. S. Nopany	Chairman	Non-executive	2
Mr. D. Basu	Member	Independent	2
Mr. K. N. Memani	Member	Independent	1
Mr. Marco Wadia	Member	Independent	2

f) Details of remuneration paid to directors for the year 2011-12

(i) Executive Director

(Amount in Rs.)

Managing Director	Salary	Performance Bonus	Perquisites	Retirement Benefits
Mr. Anil Kapoor	13,354,125	3,800,000	1,019,612	1,944,000

- The term of appointment of Mr. Anil Kapoor is upto February 15, 2015, which can be terminated by either party by giving three months' written notice to other party.
- No sitting fee is payable to Managing Director.

The Company has granted 150,000 stock options to the Managing Director during the Financial Year 2010-11. Each option is convertible into one equity share of Rs. 10 of the Company. The stock options were granted at the market price i.e. the latest available closing price on the stock exchanges where the shares of the Company are listed, prior to the date of the meeting of the Compensation Committee in which the options were granted. Out of 1,50,000 stock options granted to the Managing Director, 22,500 stock options vested on September 16, 2011. The remaining 1,27,500 stock options shall vest as per the details given below:

Date of Vesting	Eligibility	
	No. of Options	% of total options
16.09.2012	22,500	15
16.09.2013	30,000	20
16.09.2014	37,500	25
16.09.2015	37,500	25

The stock options can be exercised within 5 years from the respective dates of vesting. Mr. Anil Kapoor exercised 11,000 stock options during the year.

(ii) Non - Executive Directors

The Company pays sitting fee to its Non-Executive Directors @ Rs. 20,000, Rs. 15,000 and Rs. 7,500 for attending each meeting of the Board of Directors, Audit Committee and other Committees of Directors, respectively. Apart from the sitting fee, the Company pays commission to each of the Non executive directors subject to the maximum of Rs. 4,00,000 per annum. The details of sitting fee paid and the commission paid/ payable are as follows:

Sl. No.	Name of the Director	Sitting Fee Paid (Rs.)	Commission Paid for Financial Year 2010-11 (Rs.)	Commission payable for Financial Year 2011-12 (Rs.)
1.	Mr. S. K. Poddar	80,000	NIL	4,00,000
2.	Mr. S. S. Bhartia	127,500	NIL	4,00,000
3.	Mr. H. S. Bawa (Ceased to be Director)	42,500	NIL	1,85,205
4.	Mr. R. N. Bansal	235,000	400,000	4,00,000
5.	Mr. D. Basu	95,000	400,000	4,00,000

Sl. No.	Name of the Director	Sitting Fee Paid (Rs.)	Commission Paid for Financial Year 2010-11 (Rs.)	Commission payable for Financial Year 2011-12 (Rs.)
6.	Mr. K.N. Memani	202,500	400,000	4,00,000
7.	Mr. C. S. Nopany	167,500	NIL	4,00,000
8.	Ms. Radha Singh	155,000	400,000	4,00,000
9.	Mr. Marco Wadia	270,000	400,000	4,00,000

g) **Remuneration Policy**

The Company's remuneration policy aims at attracting and retaining high talent by taking into account the talent market, national and international remuneration trends and the competitive requirements of each of its businesses.

Remuneration of employees largely consists of base remuneration, perquisites and also performance bonus and retention incentive at certain levels. The components of the total remuneration vary for different cadres and are governed by industry pattern, qualifications and experience of the employee, responsibilities handled by him, individual performance, etc.

h) **Shareholding of Directors as on March 31, 2012**

Name	Number of Shares held	Name	Number of Shares held
Mr. S. K. Poddar	1,55,352	Mr. D. Basu	NIL
Mr. S. S. Bhartia	110	Mr. K.N. Memani	NIL
Mr. C. S. Nopany	3,08,775	Ms. Radha Singh	NIL
Mr. Anil Kapoor	NIL	Mr. Marco Wadia	6,000
Mr. R. N. Bansal	NIL		

i) **General Body Meetings**

(i) The last three Annual General Meetings of the Company were held as under:

Financial year	Date	Time	Location
2010-11	16.09.2011	1000 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan
2009-10	27.08.2010	1030 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan
2008-09	20.08.2009	1030 hours	Registered Office - Gadepan, Distt. Kota, Rajasthan

(ii) During the last three years, the Company had taken shareholders' approval by way of special resolutions as per the details given below:

Date of Annual General Meeting	Nature of approval
August 27, 2010	i) Payment of commission to Independent Directors. ii) Create, offer, issue and grant/ allot stock options under Employees Stock Option Scheme 2010.
September 16, 2011	Payment of commission to Non-executive Directors

Shareholders' approval through postal ballot was not sought for any matter last year. No special resolution is proposed to be conducted through postal ballot in the forthcoming Annual General Meeting of the Company.

j) **Disclosures**

- i) There are no materially significant transactions with the related parties viz. promoters, directors, relatives, the management, subsidiaries, etc. that may have a potential conflict with the interest of the Company at large.
- ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority in any matter related to capital markets, for non-compliance by the Company.
- iii) Your Company is fully compliant with the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges and quarterly compliance report in the requisite format signed by the Compliance Officer, has been submitted to the stock exchanges where the Company's equity shares are listed.
- iv) The Risk Management Policy framework is in place. The policy is reviewed on half yearly basis and the changes along with the revised policy are informed to the Board.
- v) The Company has adopted the following non-mandatory requirements relating to:
 - Remuneration Committee.
 - Maintenance of the office of Non-Executive Chairman at the Company's expense.

The Company has circulated Corporate Sustainability Report for the Financial Year 2010-11 by email, wherever the email addresses of the shareholders were available with the Company.

The Ministry of Corporate Affairs had issued Corporate Governance Voluntary Guidelines in December 2009. The Company has adopted the guidelines relating to following matters:

 - a) Certificate of Independence from Independent Directors;
 - b) Remuneration Committee;
 - c) Audit Committee;

- d) Risk Management Policy;
- e) Review of internal control system;
- f) Appointment of auditors and their certificate of independence
- g) Remuneration to Non – Executive Directors
- h) Appointment of internal auditor

The Company is in the process of formulating appropriate methodology to adopt the remaining guidelines.

Secretarial Standards issued by the Institute of Company Secretaries of India

The Institute of Company Secretaries of India, one of the premier professional bodies in India, has issued Secretarial Standards on important aspects like Board Meetings, General Meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings, etc. Although these standards are recommendatory in nature, the Company in its endeavor for best Corporate Governance practices, substantially adheres to these standards.

k) Means of Communication

- (i) The Company regularly interacts with the shareholders through multiple channels of communication such as publication of results on quarterly, half-yearly and annual basis, published in the main editions of national and vernacular dailies (such as Economic Times, Mint, Navbharat Times, Rajasthan Patrika and Dainik Bhaskar), Annual Report, e-mails and the Company's website.
- (ii) Information relating to shareholding pattern, quarterly corporate governance report, financial results, etc. was also posted on Corporate Filing and Dissemination System (CFDS) website.
- (iii) The results are simultaneously posted on the website of the Company at www.chambalfertilisers.com. The investors can also find on this website the Annual Reports, details of various services being provided to investors, guidance and procedure to be followed by the investors for transfer, transmission and transposition of the securities, dematerialization, rematerialisation of shares, etc.
- (iv) The Company had conference calls with investor/ analysts during the financial Year 2011-12 in respect of its quarterly results transcripts whereof are uploaded on the website of the Company.
- (v) Management Discussion and Analysis Report forms part of this Annual Report.

l) Code of Conduct & Ethics

The Company has adopted "Code of Conduct and Ethics" for the Directors and Senior Executives of the Company. The object of the Code is to conduct the Company's business ethically and with responsibility, integrity, fairness, transparency and honesty.

The Code of Conduct also serves as a tool in carrying out the Company's social responsibility in a more effective manner. This Code sets out a broad policy for one's conduct in dealing with the Company, fellow directors and employees and with the external environment in which the Company operates.

The Code is available on the Company's corporate website www.chambalfertilisers.com.

The declaration given by Managing Director of the Company with respect to affirmation of compliance of the Code by the Board Members and Senior Executives of the Company is enclosed as Annexure - "F".

m) Code of Internal Procedures and Conduct for Trading in Securities of the Company

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has a Code of Internal Procedures and Conduct for Trading in Securities of the Company. The Code, inter-alia, prohibits purchase/ sale of shares of the Company by Directors, Officers, designated employees and their dependents while in possession of unpublished price sensitive information in relation to the Company.

n) General Shareholders' Information

- (i) **27th Annual General Meeting**
Venue : Registered Office at Gadepan, Distt. Kota, Rajasthan - 325208
Time : 1030 hours
Day & Date : Friday, September 14, 2012
- (ii) **Financial Year** : April to March
- (iii) **Tentative Financial Calendar**

Event	Date
Audited Annual Results (2011-12)	May 12, 2012
Mailing of Annual Report	Mid August 2012
First Quarter Results	Early August 2012
Half Yearly Results	End October 2012
Third Quarter Results	End January 2013
Audited Annual Results (2012-13)	May 2013

- (iv) **Book Closure**
The register of members and share transfer books of the Company shall remain closed from Tuesday, August 21, 2012 to Thursday, August 23, 2012 (both days inclusive).
- (v) **Dividend Payment Date:** September 19, 2012

(vi) Listing on Stock Exchanges and Stock codes

The names and addresses of the stock exchanges at which the equity shares of the Company are listed and the respective stock codes are as under:

S. No	Name of the Stock Exchange	Stock Code
1.	BSE Limited Phiroze Jeejeebhoy Towers, 25 th Floor, Dalal Street, Mumbai - 400001	500085
2.	National Stock Exchange of India Limited (NSE) Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	CHAMBLFERT

The Company has paid annual listing fees for the year 2012-13 to BSE and NSE.

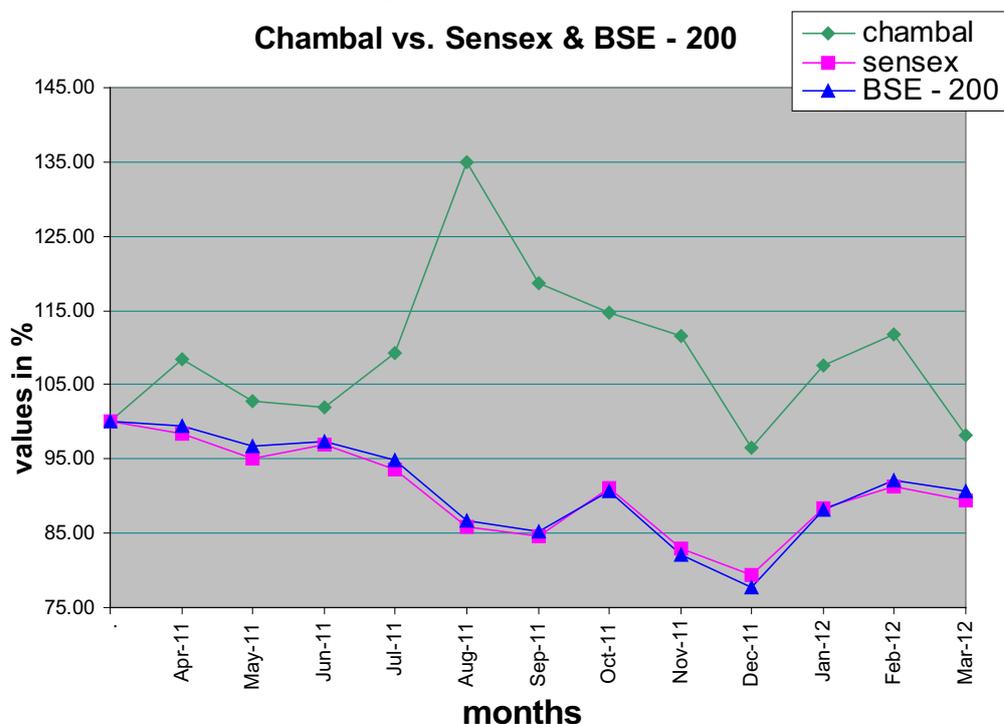
(vii) Market Price Data

High and low of market prices of the Company's equity shares traded on BSE and NSE during the last financial year were as follows:

(Amount in Rs.)

Month	BSE		NSE	
	High	Low	High	Low
April, 2011	90.00	80.00	90.00	79.95
May, 2011	89.00	72.35	89.00	73.35
June, 2011	82.75	70.70	82.75	69.80
July, 2011	90.90	79.00	91.00	79.05
August, 2011	108.65	86.70	107.80	86.35
September, 2011	118.50	91.20	118.45	91.15
October, 2011	103.10	84.55	103.30	84.75
November, 2011	95.75	81.50	95.70	74.40
December, 2011	94.60	73.10	94.70	72.90
January, 2012	87.50	75.05	87.50	75.10
February, 2012	94.00	84.15	94.00	84.00
March, 2012	90.50	72.80	90.40	72.60

(viii) Performance of Chambal's equity share in comparison to BSE Sensex and BSE 200 on the basis of closing values:



The base of 100 is taken to be the closing price of shares and values of indices as on March 31, 2011

(ix) **Registrar and Transfer Agents & Share Transfer System**

M/s. Zuari Investments Ltd. is your Company's Share Transfer Agent. Share transfers in physical form and other communications regarding shares, dividends, change of address, etc., may be addressed to:

M/s. Zuari Investments Limited

"Corporate One", First Floor, 5, Commercial Centre, Jasola, New Delhi-110 025

Tel : 011 - 41697900, 46581300

Fax : 011 - 40638679

E-mail : isc@chambal.in

The dematerialized shares are directly transferred to the beneficiaries by the Depositories.

The Share Transfer Agents have an online computerised system for transfer of shares in physical form. The designated officials of the Company are authorised to approve transfer of shares after they are processed by the Share Transfer Agents including transfer of shares 'Over the Counter' upto 10,000 shares per request. Average time taken in transfer of shares is around 5 days from the date of receipt of the request. The transfer of shares across the counter takes only 5 minutes per transfer deed.

(x) **Address for Correspondence:**

The Investors can personally contact or send their correspondence either to Share Transfer Agents at the aforesaid address or at the Company's Investor Service Centre at the following address:

Chambal Fertilisers and Chemicals Limited

Investor Service Centre

"Corporate One", First Floor, 5, Commercial Centre, Jasola, New Delhi- 110 025

Tel : 011 - 41697900, 46581300

Fax : 011 - 40638679

E-mail : rajeshkumar.jain@chambal.in or rajveer.singh@chambal.in

Website : www.chambalfertilisers.com

(xi) **Dematerialization of Shares and Liquidity**

The Equity Shares of the Company are compulsorily traded in dematerialised form and the Company has signed agreements with both the Depositories i.e. National Securities Depositories Limited and Central Depository Services (India) Limited. As on March 31, 2012, about 91.99% of the share capital of the Company was held in dematerialised form.

The equity shares of the Company are also being traded in the futures and options segment of the National Stock Exchange of India Limited. The shares of the Company are part of BSE-200 (Group A) and S&P CNX 500.

(xii) **Transfer of shares in Unclaimed Suspense Account**

Pursuant to Clause 5A (II) of the Listing Agreement, the Company has issued three reminders for the unclaimed equity shares which were issued in physical form at the time of public issue, upon conversion of Cumulative Preference Shares into equity shares and pursuant to the scheme of Arrangement and Amalgamation between the Company and erstwhile India Steamship Company Limited. The details of such unclaimed shares are as under:

Unclaimed Shares as on April 1, 2011		Shares dispatched during the Year 2011-12		Unclaimed Shares as on March 31, 2012	
No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares
2935	545136	276	94063	2659	451073

The Company is in the process of transferring the remaining unclaimed equity shares into one folio in the name of "Unclaimed Suspense Account" and dematerialization of these shares thereafter.

(xiii) **Distribution of Shareholding**

The distribution of shareholding as on March 31, 2012 was as follows:

Sl. No	No. of Equity Shares held	No. of Share Holders	Percentage of total Shareholders	No. of Shares held	Percentage of total shares
1.	1 to 500	150365	87.40	26406999	6.34
2.	501 to 1000	13140	7.64	11610456	2.79
3.	1001 to 5000	7221	4.20	15731867	3.78
4.	5001 to 10000	664	0.38	5042042	1.21
5.	10001 to 100000	487	0.28	12983642	3.12
6.	100001 to 500000	85	0.05	22049220	5.30
7.	500001 & above	80	0.05	322383626	77.46
	Total	172042	100	416207852	100

Details of Shareholding as on March 31, 2012 was as under:

Sl. No.	Category	No. of shares held	Shareholding (%)
1.	Promoters	229341482	55.10
2.	Financial Institutions, Banks & Mutual funds	45180198	10.86
3.	NRIs, Foreign Nationals, OCBs and FIs	57988150	13.93
4.	Indian Public	83698022	20.11
	Total	416207852	100.00

(xiv) Top ten shareholders as on March 31, 2012

Sl. No.	Name	No. of shares	% of issued share capital
1.	Zuari Industries Limited	59015360	14.18
2.	The Hindustan Times Limited	50061715	12.03
3.	SIL Investments Limited	32153455	7.73
4.	Life Insurance Corporation of India	23810373	5.72
5.	Ms. Nandini Nopany	15284667	3.67
6.	The Birla Cotton Spinning and Weaving Mills Limited	8424515	2.02
7.	Yashovardhan Investment & Trading Co. Ltd.	7339500	1.76
8.	Uttam Commercial Ltd.	6727100	1.62
9.	Shradhanjali Investment and Trading Company Limited	6092975	1.46
10.	HTL Investment and Trading Company Limited	6007511	1.44

(xv) Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity
NIL

- (xvi) a) Location of the Plants
Fertiliser Plants : Gadepan, Distt. Kota, Rajasthan, India, PIN – 325 208.
Birla Textile Mills: Baddi, Distt. Solan, Himachal Pradesh, India, PIN -173 205.
- b) India Steamship - Shipping Division
"Birla Building", 9th Floor, 9/1, R.N. Mukherjee Road, Kolkata – 700001

Annexure "F" to Directors' Report DECLARATION OF MANAGING DIRECTOR

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, Anil Kapoor, Managing Director of Chambal Fertilisers and Chemicals Limited, declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the year 2011-12.

Place: New Delhi
Date: May 12, 2012

Anil Kapoor
Managing Director