



## 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.

Mumbai  
Dated 25th May, 2010

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



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

C. K. MEHTA  
Chairman  
  
S. C. MEHTA  
Vice-Chairman & Managing Director

N. C. SINGHAL  
Director  
  
S. R. WADHWA  
Director

Dr. S. RAMA IYER  
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

	Schedule	(Rs. in Lacs)			
		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	1,36,489.28	1,806.53	1,50,063.53
<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	1,08,364.54	4,070.44	1,23,157.70
<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	7,136.19	118.88	5,933.48
<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	6,965.73	26.53	6,937.87
<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	50,479.36	285.00	42,548.87
<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  
R. D. ONKAR  
Partner  
Firm's Registration No.: 105102W  
Membership No.: 45716

C. K. MEHTA  
Chairman  
  
S. C. MEHTA  
Vice-Chairman & Managing Director

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



## Schedules Forming Part of the Consolidated Balance Sheet

**Schedule 1**

(Rs. in Lacs)

<b>SHARE CAPITAL</b>	<b>As at 31.03.2010</b>		<b>As at 31.03.2009</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)

<b>RESERVES AND SURPLUS</b>	<b>As at 31.03.2010</b>		<b>As at 31.03.2009</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	
<i>Less: Transferred to Profit and Loss Account</i>	18.18	45.86	18.18	64.04
Revaluation Reserve	1,300.42		1,419.30	
<i>Less: Transferred to Profit and Loss Account</i>	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	
<i>Less: Transferred to Profit and Loss Account</i>	285.00		285.00	
<i>Add: Transferred from Profit and Loss Account</i>	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	
<i>Less: Forex Loss adjustment as per AS 11</i>	-		619.24	
<i>Add: Transferred from Profit and Loss Account</i>	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	38.56	1,376.25	157.08	994.56
[Aggregate Market Price of Quoted Shares : Rs. 1,608.55 Lacs (Previous Year : Rs. 723.32 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	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)

<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		<b>As at 31.03.2010</b>		<b>As at 31.03.2009</b>	
<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
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
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
	<b>Total</b>		<b>63,866.20</b>		<b>63,477.81</b>

### 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		6,614.01		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>		<b>23,539.77</b>		<b>27,077.75</b>





## 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>	<b>1,32,929.76</b>	<b>1,48,257.00</b>

### 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>	<b>3,559.52</b>	<b>1,806.53</b>



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

**Schedule 10****(Rs. in Lacs)**

<b>MANUFACTURING AND OTHER EXPENSES</b>	<b>As at 31.03.2010</b>		<b>As at 31.03.2009</b>	
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>		<b>1,04,282.95</b>		<b>1,18,302.30</b>

**Schedule 11****(Rs. in Lacs)**

<b>INVENTORY ADJUSTMENTS</b>	<b>As at 31.03.2010</b>		<b>As at 31.03.2009</b>	
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>		<b>(556.64)</b>		<b>784.96</b>

**Schedule 12****(Rs. in Lacs)**

<b>INTEREST AND OTHER FINANCIAL CHARGES</b>	<b>As at 31.03.2010</b>		<b>As at 31.03.2009</b>	
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>		<b>4,638.23</b>		<b>4,070.44</b>

\* 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 R. D. ONKAR Partner Firm's Registration No.: 105102W Membership No.: 45716 Mumbai Dated 25th May, 2010	C. K. MEHTA Chairman S. C. MEHTA Vice-Chairman & Managing Director Mumbai Dated 25th May, 2010	N. C. SINGHAL Director S. R. WADHWA Director R. SRIRAMAN Sr. Vice-President (Legal) & Company Secretary	Dr. S. RAMA IYER Director
---	---	---	------------------------------