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## DIRECTORS' REPORT

Dear Members

Your Directors are pleased to present the Tenth Annual Report on the business and operations of your Company together with the Audited Statement of Accounts for the financial year ended on March 31, 2015.

### FINANCIAL RESULTS

(₹ in Lacs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Revenue from Operations & Other Income	199835.15	163494.69
Profit Before Interest, Depreciation & Tax	22845.45	22551.22
Less : Interest	14856.83	13473.52
Less : Depreciation	7941.18	11592.42
Profit/ (Loss) Before Tax	47.44	(2514.72)
Less: Tax Expenses	10.91	11.95
Profit/ (Loss) after Tax and carried forward to Balance Sheet	36.53	(2526.67)

### PERFORMANCE HIGHLIGHTS

During financial year 2014-15, the Company has surpassed all its previous records of production, by producing highest ever production of 10.54 Lac MT of Urea and 6.38 Lac MT of Ammonia with capacity utilization of 121.92% and 127.14% for Urea and Ammonia respectively. The Energy consumption was also the lowest as compared to previous years. A total of 4.52 Lac MT of Neem-Coated-Urea was produced during the year which constitutes 42.88% of the total Urea production of the Company.

In view of the excellent performance of the Shahjahanpur plant and highest degree of productivity, the plant has now maintained Urea production level of more than one million MT per year and Ammonia production of more than six lac MT per year for five years in a row.

Your Company crossed the “cut-off” level of 9,09,810 MT and “qualifying” production level of 9,55,301 MT of Urea fixed by Department of Fertilizer, Government of India, thus making it eligible for Import Parity Price (IPP) Scheme. Consequently the entire production beyond the “cut-off” level amounting to 1,44,293 MT qualified for pricing under the IPP.

During the year, your Company achieved excellent performance in its dispatch and sales operations. With the sincere efforts made by KRIBHCO’s marketing department, 10.57 Lac MT Urea was dispatched to various destinations. A total of 10.62 Lac MT urea was sold in FY 2014-15 which also includes opening stock as on 01.04.2014.

The financial year 2014-15 ended with a nominal profit after tax of ₹ 36 lacs as against a net loss of ₹ 2527 lacs in 2013-2014. Despite the operational efficiency and highest degree of productivity achieved by the Company during the year, yet in view of the prevailing fertilizer policy and non revision of NIP 2008 over a long period, the Company could achieve a marginal profit before tax. The spot gas rates which is allocable for production beyond cut off was high and the contribution from production beyond cut off level as per NIP 2008 remained lower due to lower international price of Urea and expected revision of NIP 2008 did not materialize. The fixed cost of the Company had increased over the period due to general increase in various rates, but the increase of ₹350 PMT in fixed cost reimbursement during the

year has not fully compensated total fixed cost. Further the Company had aligned its depreciation policy and useful life of assets in line with the provisions of new Companies Act, 2013 w.e.f. 01.04.2014

### FERTILIZER POLICY

Govt. of India has notified the policy on 2<sup>nd</sup> April, 2014, whereby the fertiliser companies were entitled to an increase of ₹ 350/- PMT or actual additional Fixed Cost during the period 2002-03 to 2012-13. The revision in fixed cost is towards increase in cost of four components viz salaries and wages, contract labour, selling expenses and repair & maintenance etc. This policy is applicable for the financial year 2014-2015.

### NEW UREA POLICY 2015

The New Urea Policy 2015 has been announced effective from 01.06.2015. As per the new policy, KSFL falls under Group I of gas based urea units. Revised energy norms applicable for the period 01.06.2015 to 31.03.2018 shall be the simple average of preset energy norms of NPS-III and average actual energy consumption achieved during the years 2011-2012 to 2013-2014 or the preset norm whichever is less. Targeted energy norm to be achieved for 2018-2019 onwards for KSFL shall be 5.5 Gcal per MT. For production beyond Reassessed Capacity, the units will be entitled to variable cost plus incentive equal to the lowest of the PMT fixed costs of all the indigenous Urea units. The present lowest PMT fixed cost for indigenous Urea units is around ₹ 2300/- PMT. All Urea production has to be mandatorily Neem-Coated-Urea.

In view of the above new policy, energy norm for KSFL is likely to be reduced marginally as against the present pre-set norm of 5.712 Gcal PMT. However the actual energy is expected to be less than the revised norms and the Company is hopeful of achieving the target energy norm for the financial year 2018-19 onwards.

### GAS POOLING ARRANGEMENTS

GOI has implemented Gas Pooling system with effect from 01.06.2015. In view of this delivered pool Gas price may be marginally higher than landed cost of the gas available to KSFL from the existing contracts. This may result in marginal increase in working capital requirements to the Company.

### OTHER ISSUES

The issue relating to reimbursement of Marketing Margin on purchase of gas from RIL is expected to be resolved shortly in view of the direction given by Hon'ble Delhi High Court to the GOI.

### FUTURE OUTLOOK

Outlook for FY 2015-16 is very positive. Company would continue to maintain a very high level of production and productivity. It is targeted to surpass all our previous records in respect of energy consumption and achieve best ever specific energy consumption.

Production target for FY 2015-16 has been set at 10,32,000 MT of Urea with an energy consumption of 5.49 Gcal/MT of Urea. To achieve these targets, a comprehensive Performance Plan has been prepared which sets performance parameters and targets for each and every department and section.

The New Urea Policy 2015 effective from 01.06.2015 provides for energy cost and bags cost to be pass through and incentive is likely to be ₹ 2300/- PMT for production beyond Reassessed Capacity. Further the scaling down of preset energy norm will have marginal impact. The production of Neem-Coated-Urea has been scaled up to 100% production level. It is expected that interest rates on borrowings may decline marginally during the year. It is expected that profitability may improve due to above.

## DIVIDEND

The Directors of the Company do not recommend any dividend for the year 2014-15.

## FIXED DEPOSITS

Your Company has not accepted any fixed deposits from the public during the year under review.

## SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2015 was ₹ 800.06 Crore. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. As on March 31, 2015, none of the Directors of the Company hold shares or any convertible instruments of the Company.

## DIRECTORS

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in their meeting held on 20.03.2015 had recommended to the shareholders of the Company for extension of tenure of Shri V.P. Kaushik, Managing Director of the Company for a further period of one year i.e. upto 30.04.2016. The shareholders of the Company in their meeting held on 27.03.2015 had approved extension of term of Managing Director of the Company on the existing terms and conditions.

In accordance with the provisions of Companies Act, 2013 and Company's Articles of Association, Shri Rajan Chowdhry and Shri Waghji Rugnath Boda, Directors of the Company are due to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board of Directors recommends their re-appointment.

During the year under review Shri Vijai Narain Rai and Smt. Nishi Arora Sabharwal were appointed as Non-Executive Independent Directors and thus complied the provisions of Companies Act, 2013 on appointment of Independent Director including a

Woman Director. The Independent Directors will hold office for a period of one year from March 20, 2015 and are not liable to be retire by rotation. The shareholders of the Company in their meeting held on March 27, 2015 had approved the appointment of Shri Vijai Narain Rai and Smt. Nishi Arora Sabharwal as the Non-Executive Independent Directors of the Company.

## CORPORATE GOVERNANCE

Your Company has followed good Corporate Governance Practices in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder. The various details on Board Composition, Managerial Remuneration, meetings of the Board, about its Committees, Key Managerial Personnel etc. are given hereunder.

## BOARD COMPOSITION

The Board of Directors of your Company comprises of nine members of which five are Non-Executive Directors, two are Executive Directors and two are Non-Executive Independent Directors including a Woman Director. The Chairman of the Company is a Non-Executive and is a KRIBHCO (Promoter) nominated Director. The appointment of Directors is being made by the resolutions of the Board of Directors and Shareholders of the Company.

## MANAGERIAL REMUNERATION

The Non-Executive Directors are paid sitting fees for attending each meeting of the Board of Directors and Committees thereof. During the year none of the Directors have been granted any stock options, commissions etc. The remuneration paid to the Executive Directors is in accordance to the recommendation of the Nomination and Remuneration Committee to the Board of Directors and Shareholders of the Company.

## MEETINGS OF BOARD

The Directors of the Company met 4 times during the financial year 2014-15 on 27<sup>th</sup> June, 2014, 27<sup>th</sup> September, 2014, 19<sup>th</sup> December, 2014 and 20<sup>th</sup> March, 2015.

## COMMITTEES OF THE BOARD

Currently the Board has three Committees – Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

### AUDIT COMMITTEE

During the year, the existing Audit & Finance Committee was renamed as Audit Committee and was reconstituted on 20.03.2015 with amended scope of functions in accordance to the provisions of the Companies Act, 2013. The Audit Committee comprises of following three directors with Independent Directors forming a majority.

- Shri V.N.Rai–Chairman;
- Shri N.SambasivaRao–Member;
- Smt.Nishi Arora Sabharwal–Member

The Committee shall function as per the provisions of Section 138, 177 and other applicable provisions of the Act read with rules made thereunder. All recommendations made by the Audit Committee during the year were accepted by the Board. In accordance to the provisions of the Act, the Company has established a Vigil Mechanism and formulated a policy in order to provide a framework for responsible and secure Vigil Mechanism. The Vigil Mechanism Policy is appended as Annexure 1 to this Report and also placed on the website of the Company at [www.ksfl.in](http://www.ksfl.in).

The Audit Committee met 4 times during the financial year 2014-15 on 27<sup>th</sup> June, 2014, 27<sup>th</sup> September, 2014, 19<sup>th</sup> December, 2014 and 20<sup>th</sup> March, 2015.

### NOMINATION AND REMUNERATION COMMITTEE

During the year, the existing Remuneration Committee was renamed as Nomination and Remuneration Committee and reconstituted on

20.03.2015 with amended scope of functions in accordance to the provisions of the Companies Act, 2013. The Nomination and Remuneration Committee comprises of following three Directors with Independent Directors forming a majority.

- Shri V.N.Rai -Chairman;
- Shri N. Sambasiva Rao -Member;
- Smt. Nishi Arora Sabharwal -Member

The Committee shall function as per the provisions of Section 178 and other applicable provisions of the Act read with rules made thereunder. All recommendations made by the Nomination and Remuneration Committee during the year were accepted by the Board. In accordance to the provisions of the Act, the Company has formulated a Nomination and Remuneration Policy for its Directors, Key Managerial Personnel and Senior Management. The Policy is appended as Annexure 2 to this Report and also placed on the website of the Company at [www.ksfl.in](http://www.ksfl.in).

The Nomination and Remuneration Committee met 2 times during the financial year 2014-15 on 27<sup>th</sup> June, 2014 and 20<sup>th</sup> March, 2015.

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

During the year, the existing CSR Committee was reconstituted on 20.03.2015 in accordance to the provisions of the Companies Act, 2013. The CSR Committee comprises of following three Directors of which one is the Independent Director.

- Shri N. Sambasiva Rao – Chairman;
- Shri V.P. Kaushik – Member;
- Smt. Nishi Arora Sabharwal – Member

The Committee shall function as per the provisions of Section 135 and other applicable provisions of the Act read with rules made thereunder. Your Company has formulated a Corporate Social Responsibility Policy and the same is appended as

Annexure 3 to this report and also placed on the website of the Company at [www.ksfl.in](http://www.ksfl.in). In view of the accumulated losses in the Company's financial statement, the Company has not undertaken any CSR activities, project or program during the year. The CSR Committee met once on 20.03.2015 during the financial year 2014-15.

### KEY MANAGERIAL PERSONNEL

As per provisions of section 203 of the Companies Act, 2013, the following were designated as Key Managerial Personnel of the Company:

- Shri V.P.Kaushik–Managing Director;
- Shri Rakesh Kamra–Director (Finance) & CFO;
- Shri Bipin C. Phuloria–Company Secretary

### DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from each Independent Director of the Company confirming that he/she met the criteria of independence as prescribed under section 149(6) of Companies Act, 2013.

### BOARD EVALUATION

In pursuance to provisions of Companies Act, 2013, a formal evaluation needs to be made by the Board of its own performance and that of its Committees and Individual Directors. Further the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated. At present the performance of the Company and Executive Directors be assessed based on the quarterly and annual performance report of the Company. To assess its own performance, its Committees and Individual Directors, the Board is formulating a mechanism considering various parameters including Board dynamics and relationships, information flow, decision making of the Directors, Company performance, Company strategy etc.

### RISK MANAGEMENT

Your Company has put in place proper and adequate systems and practices, policies relating to the identification, assessment, monitoring and mitigation of strategic, operational and environmental risks to achieve its business objectives. The systems are reviewed from time to time to identify the element of the risk and to take preventive action. In addition to business risk, the safety of employees and workers is also of utmost importance in your Company. To make healthy and safe environment, the Company has implemented Occupational Health and Safety (OHS) and obtained OHSAS - 18001 certification.

### INTERNAL FINANCIAL CONTROL

Your Company has put in place proper and adequate internal control systems commensurate with the nature of its business, size and complexity of its operations to ensure adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures.

### AUDITORS & AUDITORS REPORT

M/s S.K.Mehta & Co., Chartered Accountants, who are the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received from the auditors a certificate to this effect that their re-appointment, if made, would be within the prescribed limits & conditions specified in sections 139 & 141 of the Companies Act, 2013. The Board of Directors recommends their re-appointment.

The notes to the accounts in Auditors Report are self explanatory and therefore, do not call for any further comments.

## **COST AUDITORS**

The Central Government has directed the Company to conduct audit of cost accounts by a Cost Auditor.

For FY 2013-14, the Cost Auditor of the Company, M/s K.G. Goyal & Associates, Cost Accountant had filed the Cost Audit Report on 27<sup>th</sup> Sept. , 2014 which was within the due date of filing.

For FY 2014-15, M/s K.G. Goyal & Associates, Cost Accountant were appointed as Cost Auditor of the Company with the approval of the Central Government who will file the Cost Audit Report for FY 2014-15 directly to the Central Government.

For FY 2015-16, the Company is proposing to the Central Government for appointment of M/s Ravi Sahni & Associates, Cost Accountants as the Cost Auditor of the Company. As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking member's ratification for the remuneration payable to M/s Ravi Sahni & Associates, Cost Accountants, Cost Auditors is included at Item No. 5 of the Notice convening the Annual General Meeting.

## **SECRETARIAL AUDITOR**

The Board has appointed M/s Agarwal S. & Associates, Practising Company Secretaries to conduct the Secretarial Audit for the financial year 2014-15 as required under section 204 of the Companies Act, 2013 and Rules made thereunder. The Secretarial Audit Report for the financial year ended March 31, 2015 is appended as Annexure 4 to this Report. The Secretarial Audit Report is self-explanatory and does not contain any qualification, reservation or adverse remark.

## **SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES**

Your Company does not have any Subsidiaries, Joint ventures or Associate Companies.

## **LOAN, GUARANTEE OR INVESTMENTS**

The Company has not either directly or indirectly given any Loan, Guarantee or made any Investment in/to any other Body Corporate or to any person beyond the limit prescribed under Section 186 of the Companies Act, 2013.

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

The details of transactions with Related Party are set out in Note No. 2.36 of Financial Statements forming part of the Annual Report.

## **ANNUAL RETURN**

In accordance with section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return as provided under Section 92 of the Companies Act, 2013 is appended as Annexure 5 to this report.

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

The information on conservation of energy, technology absorption, foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules 2014, is appended as Annexure 6 to this Report.

## **SOCIAL COMMITMENTS**

Your Company is performing various activities for the development of communities, their welfare and for all round improvement in the quality of their life on a regular basis. Your Company is organizing regular medical camps at nearby villages, wherein the health check-up of the villagers are done by our medical team and necessary medicines are distributed to them on free of cost basis. Your Company is also operating a widow pension scheme and pension to 186 widows of nearby villages is being disbursed on

regular basis. Your Company is also extending its resources for providing relief in case of natural calamities such as floods, winters etc. and providing contribution for upkeep of park in nearby areas.

### **HUMAN RESOURCES, INDUSTRIAL RELATIONS & SOCIAL WELFARE**

During the year under review, many initiatives have been taken to support business through organizational efficiency, process change support and various employee engagement programmes which has helped the Company to achieve higher productivity levels. The Company has continued to place great importance on training and development of human resources and accordingly considerable efforts were made in training and development of the potential of the employees. Towards this end apart from in-house training programmes, the employees were also nominated for attending external training programs and seminars in specified areas by leading agencies.

The industrial relations between the management and its employees remained very harmonious and cordial during the year.

The Company is continuing with its policy of extension of welfare activities so as to improve the working environment and living conditions of the employees. Various religious functions, yoga camp, health check-up, sports day tournaments were organized in the township from time to time so as to maintain harmonious & joyful atmosphere. The school, hospital and other infrastructure facilities in the Company's township are being improved and adequate investments have been made wherever required.

### **ENVIRONMENT PROTECTION, HEALTH AND SAFETY**

Your Company continued to focus on the key areas of Environment Protection, Health and Safety and all the regulatory and legislative requirements are being complied. Trade and domestic effluent are

treated in respective treatment plant. Due to effective environmental management system, the treated effluent, ambient air quality and stack emission are monitored and maintained as per standards. The Company operates an Environmental Management System which complies with the requirements of ISO-14001:2004 and the Quality Management System complies with the requirement of ISO 9001:2008 for the manufacture of fertilizer grade urea.

The Company has also obtained OHSAS-18001 certification and implementation of Occupational Health and Safety (OHS) is being done in the plant effectively to make healthy and safe environment. Annual Medical check-up of all the employees was completed in compliance to the statutory requirements as well as the conditions of OHSAS 18001-2007. Further improvement in safety standards of Company in terms of infrastructure, skill of employees etc. is in progress to ensure zero accident.

All Safety & Fire Systems including fire tenders at plant are in healthy condition.

### **PARTICULARS OF THE EMPLOYEES**

None of the employees of the Company falls under the ambit of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### **SIGNIFICANT AND MATERIAL ORDERS**

There are no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

### **NO MATERIAL CHANGES AND COMMITMENTS HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**



### DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received during the year 2014-15.

### DIRECTORS RESPONSIBILITY STATEMENT

As required under section 134(3) (c) of the Companies Act 2013, the Board of Directors of your Company confirms that:

- a. in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of your Company for that period;
- c. the Directors have taken proper and sufficient care for the maintenance of adequate

accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

- d. the Directors have prepared the annual accounts on a going concern basis;
- e. the Directors, in the case of a listed Company, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively - **Not Applicable**;
- f. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### ACKNOWLEDGMENT

Your Directors have pleasure in recording their appreciation of the continued guidance & support provided by the Lenders, Department of Fertilizers (DoF)-Govt. of India, Reserve Bank of India, Company's Bankers, Government Agencies, Customers and Suppliers.

Your Directors hereby wish to place on record their appreciation of the efficient and loyal services rendered by all staff and work force at all levels through their involvement, dedication and sincerity in achieving an all round success. This unstinted support has been and continues to be integral to your Company's ongoing growth.

For and on behalf of the Board of Directors

Place : Noida

Dated : 5<sup>th</sup> August, 2015

(Dr. Chandrapal Singh Yadav)  
Chairman

**1. APPLICABILITY**

Section 177 (9) of the Companies Act, 2013 mandates the following classes of companies to establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed–

- (a) Every listed Company;
- (b) Every other Company which accepts deposits from the public;
- (c) Every Company which has borrowed money from banks and public financial institutions in excess of ₹ 50 crores.

Section 177 (10) provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

**2. POLICY**

Kribhco Shyam Fertilizers Limited (hereinafter referred as “KSFL”) covers under the above provisions and in compliance to above requirements, KSFL has established a Vigil Mechanism and formulated a Policy (hereinafter referred as “VMP”) in order to provide a framework for responsible and secure Vigil Mechanism.

**3. OBJECTIVE**

KSFL believes in the conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. In view of this, a framework is provided to Directors and employees to come forward and report genuine concerns about unethical behaviour, actual or suspected fraud or violation of any Codes of Conduct or policy and express these concerns without fear of punishment or unfair treatment.

The mechanism provides for adequate safeguards against victimization of Directors and employees who use the vigil mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation.

**4. DEFINITIONS**

The definitions of some of the key terms used in this VMP are given below:-

- (a) “Audit Committee” means the Audit Committee of the Board of Directors of the Company.
- (b) “Investigators” mean those persons or Committee of persons, nominated/ appointed by the Chairman of the Audit Committee to investigate the Protected Disclosures. The investigator(s) appointed shall be the person of high integrity and expert knowledge in the relevant discipline and shall have no conflict of interest with the Whistleblower.
- (c) “Protected Disclosure” means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity. It should be factual and not speculative and should contain as much specific information as possible allow for proper assessment of the nature and extent of the concern.
- (d) “Suspect” means a person or group of persons against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

(e) "Whistleblower" means an Employee or Director making a Protected Disclosure under this VMP.

## 5. SCOPE

The VMP covers disclosure of any unethical and improper or malpractices and events which have taken place/suspected to take place involving violation of Company rules, misappropriation of Company funds/assets, fraud, forgery, misuse or abuse of authority, wilful negligence causing substantial and specific danger to health, safety and environment and any/or other matters or activity on account of which the interest of the Company is affected.

## 6. ELIGIBILITY

All Employees and Directors of the Company are eligible to make Protected Disclosures under the VMP.

## 7. PROCEDURE

(a) All Protected Disclosures should be addressed to the Compliance Officer so nominated by the Audit Committee.

(b) In case complaints relates to the Compliance officer, Director and Non-independent Directors, and in exceptional or appropriate cases any employee may report his concern to Chairman of the Audit Committee.

(c) The Contact details of the Compliance officer and the Chairman of the Audit Committee are given below:-

**Shri Bipin C. Phuloria,**  
**Company Secretary**  
**Compliance Officer**  
**KRIBHCO SHYAM FERTILIZERS LIMITED**  
**Corporate Office: KRIBHCO Bhawan,**  
**A-10, Sector-1, Noida-201301**  
**Regd. Office: A-60, Kailash Colony,**  
**New Delhi-110048**  
**Email: cs@ksfl.in**

**Shri Vijai Narain Rai**  
**Chairman – Audit Committee**  
**KRIBHCO SHYAM FERTILIZERS LIMITED**  
**Corporate Office: KRIBHCO Bhawan,**  
**A-10, Sector-1, Noida-201301**  
**Regd. Office: A-60, Kailash Colony,**  
**New Delhi - 110048**

(d) Protected Disclosures should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible hand writing in English or Hindi.

(e) The Protected Disclosure should be forwarded under a covering letter which should bear the identity of the Whistleblower. In order to protect the identity of whistleblower no acknowledgement will be issued. Anonymous disclosure will not be entertained.

(f) The covering letter will be detached and only the Protected Disclosure will be forwarded to the Investigators for investigation.

## 8. INVESTIGATION

(a) The Compliance officer or the Chairman of the Audit Committee, as the case may be, on receipt to complaint shall have the matter investigated in a fair and unbiased manner.

(b) The management will order appropriate action on the basis of findings as a result of the investigation.

## 9. PROTECTION

(a) No unfair treatment, discrimination, harassment, victimization or any other unfair employment practice will be meted out under the Vigil Mechanism.

(b) Identity of the employee making the disclosure shall be kept confidential to the extent possible and permitted under law. The employees are cautioned that their identity may become known for reasons e.g. during the investigations carried out by the Investigators.

(c) While Management is determined to give appropriate protection to the genuine Whistle Blower, the employees at the same time are advised to refrain from using this facility for furthering their own personal interest. If proved, in such cases disciplinary action will be taken.

## **10.CONFIDENTIALITY**

All the persons including members of the Committee and are involved in the process shall, maintain confidentiality of all matters under this VMP, discuss only to the extent or with those persons as required under this VMP for completing the process of investigations and keep the papers in safe custody.

## **11.DECISION**

If an investigation leads to a conclusion that an improper or unethical act has been committed, the Chairman of the Audit Committee shall recommend to the Board

of Directors to take such disciplinary or corrective action as it may deem fit. Any disciplinary or corrective action initiated against the Suspect as a result of the findings of an investigation pursuant to this VMP shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

## **12.COMMUNICATION**

Directors and Employees shall be informed of the VMP by publishing on the notice board and the website of the Company.

## **13.REPORTING**

A quarterly report with number of Protected Disclosures received and its outcome shall be placed before the Audit Committee and Board on regular basis.

## **14.AMENDMENT**

The Company reserves its right to amend or modify this VMP in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employees and Directors unless the same is notified to the Employees and Directors in writing.

## NOMINATION AND REMUNERATION POLICY

### 1. APPLICABILITY

Section 178 of the Companies Act, 2013 read with Rules made thereunder, mandates formulation of a policy by the Nomination and Remuneration Committee.

Kribhco Shyam Fertilizers Limited (hereinafter referred as "KSFL") covers under the above provisions and in compliance to above requirements, the Nomination and Remuneration Committee of the Board has formulated a Policy (hereinafter referred as "Policy") for its Directors, Key Managerial Personnel and Senior Management.

### 2. OBJECTIVE

The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and Senior Management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

### 3. DEFINITIONS

Directors include Executive and Non-Executive Directors

Key Managerial Personnel (KMP) means:

- Chief Executive Officer or the Managing Director or the Manager;
- Whole-time Director;
- Chief Financial Officer;
- Company Secretary; and
- Head of Works at Shahjahanpur

Senior Management has been defined under Companies Act, 2013 as to mean personnel of the company who are members of its core

management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including the Functional Heads. Accordingly, the following positions fall under this category:

- i) Company Secretary;
- ii) Head of Finance function at Corporate Office; and
- iii) Head of Works function at Shahjahanpur

"Nomination & Remuneration Committee" means Nomination & Remuneration Committee constituted by the Board of Directors of the Company from time to time under the provisions of the Companies Act, 2013.

"Policy" means the Nomination and Remuneration Policy.

"Other employees" means, all the employees other than the Directors, KMPs and the Senior Management Personnel.

### 4. POLICY

#### 4.1 Appointment & Removal

**a) Criteria for identifying persons who are qualified to be appointed as a Director / KMP / Senior Management Personnel of the Company:**

- i. In accordance with the JV Agreement, KRIBHCO shall have the right to propose appointment of Managing Director & KMP.
- ii. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.

iii. The Company should ensure that the person so appointed as Director/ Independent Director / KMP / Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force.

iv. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force.

**b) Term / Tenure:**

The Term/Tenure of the Directors/ KMPs/ Senior Management Personnel shall be as per the Company's prevailing policy subject to the provisions of the Companies Act, 2013 and rules made thereunder and as amended from time to time.

**c) Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

**d) Retirement:**

The director, KMP, senior management & other employees shall retire as per the applicable provisions of the Companies Act, 2013 along with the rules made thereunder and the

prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP & Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**4.2 Remuneration**

The level and composition of remuneration to be paid to the Managing Director, Whole-Time Director(s), Non-Executive Director(s), KMPs, Senior Management Personnel and other employees shall be reasonable and sufficient to attract, retain and motivate Directors, KMPs, Senior Management and other employees of the Company. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

**i. Director/ Managing Director**

Besides the above Criteria, the Remuneration/ Compensation/ Commission / Bonus etc. to be paid to Director/ Managing Director shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

**ii. Non-Executive Directors**

The Non-Executive Independent Director will receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made

thereunder or any other enactment for the time being in force. In addition, Non-Executive Independent Directors will be reimbursed such fair and reasonable expenditure, as may have been incurred by them while performing their role as Non-Executive Director/Independent Director of the Company or for participation in the Board and Committee meetings of the Board. The Independent Directors shall not be entitled for stock options.

**iii. Senior Management Personnel / KMPs**

The Remuneration to be paid to Senior Management Personnel / KMPs shall be based on the experience, qualification and expertise

of the related personnel and shall be decided by the Board of Directors on the recommendation of the Committee.

**5. DISCLOSURES**

This Remuneration policy and criteria of making payments to Non-Executive Directors shall be disclosed in the Board's report.

**6. AMENDMENT(S)**

The Board of Directors may review or amend this policy, in whole or in part, from time to time, after taking into account the recommendations from the Nomination & Remuneration Committee.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY**

### **1. APPLICABILITY**

Kribhco Shyam Fertilizers Limited (hereinafter referred as KSFL), CSR Policy has been prepared in accordance to the provisions of section 135 of the Companies Act, 2013 and Rules made therein or any subsequent notifications issued by the Government of India from time to time.

### **2. OBJECTIVE**

The CSR Committee shall undertake such activities as are listed out in the Schedule VII of the Companies Act, 2013 or as notified by the Government of India from time to time.

### **3. FOCUS AREAS**

The CSR Committee shall select such activities as are deemed appropriate by it and shall give preference to the areas around KSFL Fertilizer Plant at Piprola for spending the amount earmarked for CSR activities.

### **4. BUDGET**

The CSR Committee will recommend to the Board from time to time, the amount incurred on CSR activities with the proviso that the budgeted amount to be spent on CSR every year shall not be less than 2% of the average net profit made by KSFL during the preceding 3 financial years after adjustment of accumulated losses, if any, in compliance to the provisions of Companies Act, 2013 for its consideration and approval.

### **5. RESPONSIBILITY**

The CSR Committee duly constituted by the Board of Directors from time to time shall ensure that the CSR activities as directed by it are undertaken by KSFL and shall monitor these CSR activities from time to time. A status report shall be submitted to the Board from time to time.

### **6. IMPLEMENTATION**

The CSR Committee will ensure that the CSR activities shall be undertaken either directly by KSFL itself or through registered trust, society or through Company incorporated under section 8 of Companies Act, 2013. The surplus, if any, arising out of the CSR activities shall not form part of the business profits of KSFL and will be ploughed back into the CSR activities. In addition the CSR activities shall not be for the benefit of KSFL's employees or their family members.

### **7. REPORTING**

In pursuance to the provisions of Companies Act, 2013, details on the CSR activities undertaken by the Company will be given to the shareholders and to the Government of India in the prescribed format.



## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015

{Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To,  
The Members,  
**Kribhco Shyam Fertilizers Limited**

I, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kribhco Shyam Fertilizers Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; - **Not Applicable**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; - **Not Applicable**
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; - **Not Applicable**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011; - **Not Applicable**
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; - **Not Applicable**
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - **Not Applicable**
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; - **Not Applicable**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **Not Applicable**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - **Not Applicable**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **Not Applicable**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **Not Applicable.**

(vi) Compliances/ processes/ systems under other applicable Laws to the Company, as per compliance certificate submitted to the Board, are being verified on the basis of random sampling.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India. - **Not Applicable**

(ii) The Listing Agreements - **Not Applicable.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

*Company is in the process of finalization of Evaluation process of the Board. The Company has appointed Independent Directors and a separate meeting is required to be conducted by Independent Directors.*

Place : New Delhi

Dated: 7<sup>th</sup> July, 2015

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Generally, adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines and the Company is in process of further reviewing & strengthening the same.

**For Agarwal S. & Associates,**  
Company Secretaries,

**(Sachin Agarwal)**  
FCS No. : 5774  
C.P.No. : 5910

*This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.*

**"ANNEXURE A"**

To,

The Members,  
**Kribhco Shyam Fertilizers Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Agarwal S. & Associates,**  
Company Secretaries,

Place : New Delhi

Dated: 7<sup>th</sup> July, 2015

**(Sachin Agarwal)**  
FCS No. : 5774  
C.P No. : 5910

**Form No. MGT-9****EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31.03.2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

(i)	CIN	U24121DL2005PLC143452
(ii)	Registration Date	08.12.2005
(iii)	Name of the Company	KRIBHCO SHYAM FERTILIZERS LTD.
(iv)	Category/ Sub-Category of the Company	Manufacturing / Urea Manufacturing
(v)	Address of the Registered office and Contact Details	A -60, Kailash Colony, New Delhi – 110048 Tel. -011-29243412
(vi)	Whether listed Company	No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt Ltd., 44, Community Centre, 2 <sup>nd</sup> Floor, Naraina Industrial Area, Phase – I, (Near PVR Naraina) New Delhi - 110028

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S.No.	Name and Description of main products / services	NIC Code of the products / services	% to total turnover of the company
1	Urea	0031021000	95.70

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S.No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	NIL	NIL	NIL	NIL	NIL

## IV. SHARE HOLDING PATTERN

## (Equity Share Capital Breakup as percentage of Total Equity)

## (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01.04.2014]				No. of Shares held at the end of the year [As on 31.03.2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	12,00,22,855	2	12,00,22,857	15	12,00,22,855	2	12,00,22,857	15	Nil
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other (Cooperative)	68,00,34,281	5	68,00,34,286	85	68,00,34,281	5	68,00,34,286	85	Nil
<b>Total shareholding of Promoter (A)</b>	<b>80,00,57,136</b>	<b>7</b>	<b>80,00,57,143</b>	<b>100</b>	<b>80,00,57,136</b>	<b>7</b>	<b>80,00,57,143</b>	<b>100</b>	<b>Nil</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt (s)	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01.04.2014]				No. of Shares held at the end of the year [As on 31.03.2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non- Institutions</b>									
a) Bodies Corp.	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual Shareholders Holding Nominal Share Capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
i) Individual Shareholders Holding Nominal Share Capital in excess of Rs. 1 lakh	0	0	0	0	0	0	0	0	0
c) Other (Specify)	0	0	0	0	0	0	0	0	0
Non Resident Indians	0	0	0	0	0	0	0	0	0
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	0	0	0	0	0	0	0	0	0
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodies - DR	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(2):-</b>	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	0	0	0	0	0	0
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	80,00,57,136	7	80,00,57,143	100	80,00,57,136	7	80,00,57,143	100	Nil

**(ii) Shareholding of Promoters**

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Krishak Bharati Cooperative Limited	68,00,34,286	85	0	68,00,34,286	85	0	NIL
2	STL Fertilizers Pvt. Ltd.	12,00,22,855	15	15	12,00,22,855	15	15	NIL
3	Shyam Basic Infrastructures Projects Pvt. Ltd.	2	0	0	2	0	0	NIL
	<b>Total</b>	<b>80,00,57,143</b>	<b>100</b>	<b>15</b>	<b>80,00,57,143</b>	<b>100</b>	<b>15</b>	<b>NIL</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

S.No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	80,00,57,143	100	80,00,57,143	100
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
3	At the end of the year	80,00,57,143	100	80,00,57,143	100

**(iv) Shareholding of Directors and Key Managerial Personnel**

S.No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	Nil	Nil	Nil	Nil
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
3	At the end of the year	Nil	Nil	Nil	Nil

**(v). INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment**

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,07,084.42	61,304.47	0	1,68,388.89
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	91.97	0	0	91.97
<b>Total (i+ii+iii)</b>	<b>1,07,176.39</b>	<b>61,304.47</b>	<b>0</b>	<b>1,68,480.86</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	0	21,063.36	0	21,063.36
Reduction	12,171.05	0	0	12,171.05
<b>Net Change</b>	<b>-12,171.05</b>	<b>21,063.36</b>	<b>0</b>	<b>8,892.31</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	94,530.28	82,267.90	0	1,76,798.18
ii) Interest due but not paid				
iii) Interest accrued but not due	475.06	99.93	0	574.99
<b>Total (i+ii+iii)</b>	<b>95,005.34</b>	<b>82,367.83</b>	<b>0</b>	<b>1,77,373.17</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Shri V. P. Kaushik - Managing Director	Shri Rakesh Kamra – Director (Finance) & CFO	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	52,45,500.00	15,36,000.00	67,81,500.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600.00	NIL	39,600.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	—	—	—
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL
	<b>Total (A)</b>	<b>52,85,100.00</b>	<b>15,36,000.00</b>	<b>68,21,100.00</b>
	Ceiling as per the Act	₹ 139.54 Lacs		



**B. Remuneration to other directors:**

S.No.	Particulars of Remuneration	Name of Directors						Total Amount
		Dr. Chandrapal Singh Yadav	Shri Waghji Rugnath Boda	Shri N. Sambasiva Rao	Shri Rajan Chowdhry	Shri Alok Tandon	Shri B. D. Sinha*	
1	Independent Directors							
	Fee for attending Board/committee meetings	NIL	NIL	NIL	NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (1)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2	Other Non-Executive Directors							
	Fee** for attending Board/committee meetings	70000	40000	60000	40000	70000	20000	300000
	Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (2)	70000	40000	60000	40000	70000	20000	300000
	Total (B)=(1+2)	70000	40000	60000	40000	70000	20000	300000
	Total Managerial Remuneration	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Overall Ceiling as per the Act							

\* resigned w.e.f 27.06.2014

\*\* sitting fee does not include service tax paid by the Company.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

S.No.	Particulars of Remuneration	Key Managerial Personnel			
		Managing Director	Director (F) & CFO	Company Secretary	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	52,45,500/-	15,36,000/-	20,93,719/-	88,75,219/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600/-	NIL	NIL	39,600/-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	NIL	NIL	NIL	
2.	StockOption	NIL	NIL	NIL	
3.	SweatEquity	NIL	NIL	NIL	
4.	Commission	NIL	NIL	NIL	
	- as % of profit	NIL	NIL	NIL	
	- others, specify...	NIL	NIL	NIL	
5.	Others, please specify	NIL	NIL	NIL	
	Total	52,85,100/-	15,36,000/-	20,93,719/-	89,14,819/-

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

(Rakesh Kamra)  
 Director (Finance) & CFO  
 DIN No.- 00874346  
 "KRIBHCO Bhawan"  
 Kribhco Shyam Fertilizers Ltd.  
 A-10, Sector-1, Noida (U.P.) 201301

(V. P. Kaushik)  
 Managing Director  
 DIN No.- 00059733  
 "KRIBHCO Bhawan"  
 Kribhco Shyam Fertilizers Ltd.  
 A-10, Sector-1, Noida (U.P.) 201301

Place : Noida  
 Date : 5th August, 2015

## Disclosure of Particulars pursuant to Rule 8 of the Companies (Accounts) Rules 2014

### A. CONSERVATION OF ENERGY

#### (i) Steps taken or Impact on conservation of energy:

KSFL recognizes the importance of energy conservation and is fully committed to minimizing use of energy. Plant operations are continuously reviewed and modifications made to reduce energy consumption wherever possible. In continuation to our efforts for reducing the specific energy consumption for production of Ammonia and Urea, KSFL is in process of implementing the following two major Energy Saving Schemes (ESS):

(a) Replacement of Combustion Air Preheater with new Preheater of high efficiency Plate Type design for recovery of waste heat from flue gases in Primary reforming section of Ammonia Plant.

(b) Installation of Vacuum Pre-concentrator in 21-Unit of Urea Plant for recovery of heat of condensation from condensation of decomposed gases of medium pressure section.

#### (ii) Steps taken by Company for utilizing alternate source of energy:

We have installed 4 nos. of Solar Street lights as a pilot project and depending on the performance of these lights this would be extended for further change of street lights from SV Lamps to Solar Powered Street lights.

#### (iii) Capital Investment on Energy Conservation Equipment's: - Rs. 16.36 crore

### B. TECHNOLOGY ABSORPTION:

#### (i) The Efforts made towards Technology Absorption:

Technical feasibility study was carried out by process licensor M/s Haldor Topose AS, (HTAS) Denmark in 2012 to revamp the existing Ammonia Plant with a view to enhance Ammonia production capacity to 2000 MTPD and also to process sufficient CO<sub>2</sub> to convert entire Ammonia into Urea. The recommendations made in this study are being implemented in phases. Some of the schemes like increase in size of process gas line from 10" to 12" has been already completed including making E-1211 (BFW preheater) in parallel configuration to avoid flow induced vibration in exchanger. M/s HTAS has also recommended replacement of Combustion Air Pre-heater (CAPH). The order for Combustion Air Pre-heater was placed on 16.07.2014 and equipment has already been received at site. CAPH shall be commissioned in ATA in May' 2015.

Technical study for installation of Vacuum Pre-Concentrator (VPC) was also conducted by M/s Urea Casale, Switzerland and contract for engineering for installation of this equipment was awarded to them. Engineering work has since been completed. VPC was ordered on 04.07.2014 as per the specification given by M/s Urea Casale and delivery of equipment is expected by Oct' 2015. Meanwhile contracts are being lined up for erection of piping & structure including installation of VPC. The scheme is likely to be commissioned in the month of Nov' 2015.

**(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:**

Schemes indicated above are energy saving schemes which also provide flexibility in plant operation. Schemes implemented so far has, accordingly, resulted in gradual reduction in specific energy consumption for production of Ammonia & Urea and have also resulted in sustained plant operation at higher loads. Accordingly Company was able to achieve highest ever yearly production of 637745 MT Ammonia and 1054103 MT Urea in the FY 2014-15 with best ever energy consumption of 5.5342 MKcal/MT.

**(iii) In case of technology imported (imported during the last three years reckoned from the beginning of the financial year):**

**(a) Details of the technology imported**

Urea Casale design of Vacuum Pre-concentrator, to be used in 21-Unit of Urea Plant for recovery of heat of condensation from decomposed gases of medium pressure section.

**(b) The year of Import:**

Order was placed on M/s Urea Casale for Design, Engineering & License to use the Vacuum Pre-concentrator in the FY 2013-14. Engineering work of M/s Casale completed in FY 2013-14 only. Vacuum Pre-concentrator is under fabrication. Part payment to M/s Casale has been made as per the terms of work order. Vacuum Pre-concentrator is expected to be in operation from Nov' 2015.

**(c) Whether the technology been fully absorbed:**

Expected to be absorbed from Nov' 2015.

**(d) If not fully absorbed, areas where absorption has not taken place:**

N.A.

**(iv) Expenditure incurred of Research and Development**

NIL

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

	<b>2014-15</b>	<b>2013-14</b>
Foreign Exchange outgo	Rs. 31.23 Lacs	Rs. 245.94 Lacs
Foreign Exchange earned	NIL	NIL

Place : Noida  
Date : 5th August, 2015

(Rakesh Kamra)  
Director (Finance) & CFO  
DIN No.- 00874346  
"KRIBHCO Bhawan"  
Kribhco Shyam Fertilizers Ltd.  
A-10, Sector-1, Noida (U.P.) 201301

(V. P. Kaushik)  
Managing Director  
DIN No.- 00059733  
"KRIBHCO Bhawan"  
Kribhco Shyam Fertilizers Ltd.  
A-10, Sector-1, Noida (U.P.) 201301

## INDEPENDENT AUDITORS' REPORT

To

**The Members,  
Kribhco Shyam Fertilizers Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Kribhco Shyam Fertilizers Limited** ('the Company') which comprises the balance sheet as at 31 March 2015, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the Directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a Director in terms of Section 164 (2) of the Act.

**For S.K. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No. 000478N

**B. P. SAXENA**  
Partner  
Membership No. 10568

Place : Noida

Date : 5th August, 2015

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our Report of even date to the members of Kribhco Shyam Fertilizers Limited)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of its fixed assets.
- (b) The Company has a regular programme of physical verification by which fixed assets are verified in phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancy was noticed on such physical verification.
- (ii) (a) In our opinion, physical verification of inventory has been conducted by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventory followed by the Management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of records of inventory, in our opinion, the Company is maintaining proper records of inventory. No material discrepancy was noticed on physical verification of the inventory.
- (iii) As per the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act. Accordingly the clauses (iii) (a) & (iii) (b) of the report are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and with regard to the sale of goods and services.
- During the course of audit, we have not observed any continuing failure to correct major weakness in Internal Control System.
- (v) The Company has not accepted any deposits from the public. Accordingly, the provisions of section 73 to 76 or any other relevant provisions of the Companies Act & rules framed there under are not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records prescribed under Section 148(1) of the Companies Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii)(a) According to the information and explanation given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, ESI, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, VAT, Cess and other statutory dues applicable to the company and that there are no undisputed statutory dues outstanding as on 31st March, 2015 for a period more than six months from the date they became payable.
- (b) According to the information and explanations given to us, following disputed demands of Trade Tax/ VAT/ Entry Tax/ Excise Duty/ other statutory dues have not been deposited:

(₹ in Lacs)

Nature of the Dues	Amount Net of Amount deposited under protest	Forum where dispute is pending
<b>Stamp Duty on Deed of Mortgage</b> F.Y. 2008 - 2009	19000.00	Hon'ble High Court , Allahabad
<b>Trade Tax / VAT / Entry Tax</b> F.Y. 2007 - 2008 (VAT) F.Y. 2007 - 2008 (Entry Tax)	69.58 344.19	Tribunal Commercial Tax, Bareilly Jt. Commissioner (Appeals), Bareilly
F.Y. 2008 - 2009 (VAT) F.Y. 2008 - 2009 (Entry Tax) F.Y. 2009 - 2010 (VAT) F.Y. 2009 - 2010 (Entry Tax) F.Y. 2010 - 2011 (Trade Tax)	29.60 367.32 144.52 84.81 126.97	Tribunal Commercial Tax, Bareilly Jt. Commissioner (Appeals), Bareilly Jt. Commissioner (Appeals), Bareilly Jt. Commissioner (Appeals), Bareilly Jt. Commissioner (Appeals), Bareilly
<b>Excise / Service Tax</b>	843.58	Central Excise & Service Tax Appellate Tribunal, Delhi

- (c) The Company has not accepted any deposits from the public and as such no funds are required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
- (viii) The company has accumulated losses of ₹ 13,110.18 lacs as at balance sheet date which does not exceed 50% of its net worth. It has not incurred any cash losses in the current financial year or in immediately preceding financial year.
- (ix) As per the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions or banks. The Company has so far not issued any debentures.
- (x) The company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under review.

**For S.K. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No. 000478N

**B. P. SAXENA**

Partner

Membership No. 10568

Place : Noida

Date : 5th August, 2015



Particulars	Notes	March 31, 2015	March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Fund</b>			
Share Capital	2.1	80,005.71	80,005.71
Reserves and Surplus	2.2	<u>(13,110.18)</u>	<u>(12,929.26)</u>
		66,895.53	<u>67,076.45</u>
<b>Non-Current Liabilities</b>			
Long term borrowings	2.3	61,855.17	66,901.57
Deferred tax liabilities (Net)	2.4	0.00	0.00
Other long term liabilities	2.5	1,023.60	912.40
Long term provisions	2.6	<u>1,511.26</u>	<u>1,155.90</u>
		64,390.03	<u>68,969.87</u>
<b>Current liabilities</b>			
Short term borrowings	2.7	1,09,896.62	1,00,563.31
Trade payables	2.8	10,671.28	7,620.99
Other current liabilities	2.9	9,653.21	3,899.49
Short term provisions	2.10	<u>222.69</u>	<u>164.98</u>
		1,30,443.80	<u>1,12,248.77</u>
<b>Total:</b>		<u><u>2,61,729.36</u></u>	<u><u>2,48,295.09</u></u>
<b>ASSETS</b>			
<b>Non-Current assets</b>			
<b>Fixed assets</b>			
Tangible assets	2.11		1,26,503.58
Intangible assets	2.12		2,353.43
Capital work-in-progress	2.13		<u>1,011.81</u>
		1,22,509.43	<u>1,29,868.82</u>
Non-current investments	2.14	5,250.25	5,250.00
Long term loans and advances	2.15	379.45	351.79
Other non-current assets	2.16	0.00	8.74
<b>Current Assets</b>			
Inventories	2.17		6,928.97
Trade receivables	2.18		98,673.88
Cash & Bank Balance	2.19		222.32
Short term - loans & advances	2.20		6,903.73
Other current assets	2.21		<u>86.84</u>
		1,33,590.23	<u>1,12,815.74</u>
<b>Total :</b>		<u><u>2,61,729.36</u></u>	<u><u>2,48,295.09</u></u>
<b>Significant Accounting Policies</b>	1		
<b>Notes forming part of accounts</b>	2		

Particulars	Notes	March 31, 2015	March 31, 2014
<b>INCOME</b>			
Revenue from operations	2.22	2,01,147.52	1,64,439.00
Less : Excise duty		1,799.00	1,572.68
		<u>1,99,348.52</u>	<u>1,62,866.32</u>
Other Income	2.23	<u>486.63</u>	<u>628.37</u>
<b>Total Revenue</b>		<b>1,99,835.15</b>	<b><u>1,63,494.69</u></b>
<b>EXPENSE</b>			
Cost of Materials Consumed	2.24	1,52,862.96	1,19,713.89
Changes in inventories of finished goods and stock in process	2.25	602.12	(239.00)
Employee benefits expense	2.26	5,056.30	4,320.04
Finance costs	2.27	14,856.83	13,473.52
Depreciation and amortization expense		7,941.18	11,592.42
Manufacturing , Administration, Distribution and other expenses	2.28	18,165.94	17,023.85
Prior period adjustments(Net)	2.29	<u>302.38</u>	124.69
<b>Total Expenses</b>		<b><u>1,99,787.71</u></b>	<b><u>1,66,009.41</u></b>
<b>Profit/(Loss) before Tax</b>		<b>47.44</b>	<b>(2,514.72)</b>
<b>Tax Expense</b>			
Current Tax - Current Year		9.25	0.00
- Earlier Years		1.66	11.95
Deferred Tax		<u>0.00</u>	<u>0.00</u>
		<b>10.91</b>	<b>11.95</b>
<b>Profit/ (Loss) for the Year</b>		<b><u>36.53</u></b>	<b><u>(2,526.67)</u></b>
Earnings per equity share: (Par value ₹ 10 each)			
Basic and diluted		<b>₹ 0.01</b>	<b>₹-0.32</b>
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Notes forming part of accounts</b>	<b>2</b>		

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lacs)

Particulars	2014-2015	2013-2014
<b>(A) Cash Flow from Operating Activities</b>		
Net Profit/ (Loss) Before Tax	47.44	(2,514.72)
Adjustment for:		
Depreciation (Including prior period depreciation)	8,223.16	11,596.13
Provision for dimunition in the value of fixed assets	80.32	107.12
Provision for obsolete / non moving inventories	29.20	29.20
Interest and Hedging Cost (Net)	14,856.83	13,473.52
(Profit) / Loss on sale / scrapping of fixed assets (Net)	95.05	8.70
(Profit) / Loss on Sale of Investments	(2.59)	(2.56)
Interest Income	(364.61)	(381.94)
<b>Operating Profit before Working Capital Changes</b>	<b>22,964.80</b>	<b>22,315.45</b>
Adjustment for:		
Inventories	1,080.59	(529.87)
Trade and Other Receivables	(20,068.50)	(36,218.90)
Trade Payable, Provisions & Other Liabilities	4,722.86	2,348.45
<b>Cash Generated from Operations</b>	<b>8,699.75</b>	<b>(12,084.87)</b>
Income Tax Paid (Net of Refunds)	19.59	(595.51)
<b>Net Cash from Operating Activities - (A)</b>	<b>8,719.34</b>	<b>(12,680.38)</b>
<b>(B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets including C.W.I.P.	(2,705.71)	(1,065.12)
Proceeds from Sale of Fixed Assets	6.90	0.36
Proceeds from Sale of Investments	2.34	2,102.56
Interest Received	364.45	401.16
<b>Net Cash from Investing Activities - (B)</b>	<b>(2,332.02)</b>	<b>1,438.96</b>
<b>(C) Cash Flow from Financing Activities</b>		
Proceeds (Repayment) of long term borrowings	(924.00)	48,589.82
Proceeds from short term borrowings/cash credit	-	-
Repayment of short term borrowings/cash credit	9,333.31	(24,088.02)
Interest Paid	(14,373.80)	(13,471.24)
<b>Net Cash from Financing Activities - (C)</b>	<b>(5,964.50)</b>	<b>11,030.56</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents [A+B+C]</b>	<b>422.83</b>	<b>(210.86)</b>
Cash and Cash Equivalents as at the beginning of the year	222.32	433.18
Cash and Cash Equivalents as at the close of the year	645.15	222.32
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>422.83</b>	<b>(210.86)</b>
<b>Note:</b>		
(a) Cash and Cash Equivalents consist of cash in hand and balances with banks. Cash and cash equivalent included in the cash flow statement comprise of following balance sheet amounts as per Note No. 2.19		
- Cash and Cash Equivalents	573.88	157.96
- Other Bank balance (Fixed deposits)*	71.27	64.36
	<b>645.15</b>	<b>222.32</b>

\*Not available for use and includes amount deposited as securities with Government and other departments.

- (b) The above cash flow statement has been prepared under the 'Indirect Methods' as set out in Accounting Standard-3 on cash flow statement as notified under Companies (Accounting Standard) Rules, 2006
- (c) Figures in brackets denote cash outflow

As per our report of even date

**FOR S.K.MEHTA & CO.**  
Chartered Accountants  
[Firm Regn No.000478N]

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**B. P. SAXENA**  
Partner  
Membership No.10568

**N. SAMBASIVA RAO**  
Director

**ALOK TANDON**  
Director

**V. P. KAUSHIK**  
Managing Director

Place : Noida  
Date : 5<sup>th</sup> August, 2015

**RAKESH KAMRA**  
Director (Finance) & CFO

**BIPIN C. PHULORIA**  
Company Secretary

## NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 (to the extent applicable) including Accounting Standards notified there under.

### 1.2 Use of Estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognized in the year in which the results are known/materialized.

### 1.3 Revenue Recognition

#### (a) Sales

Sale is recognized upon the transfer of significant risks and reward of ownership to the customers. Sales are stated at net of discount and rebates allowed.

#### (b) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.

#### (c) Subsidy from Government of India

(i) The Subsidy on Urea from the Government of India under Group Concession Scheme/Pricing Scheme

are recognized as revenue on the basis of quantity sold. Further, subsidy is recognized based on management's estimation taking into consideration the guidelines, policies, instructions and clarifications given by the Department of Fertilizers, Government of India (GOI) from time to time and is further adjusted for input price escalation/de-escalation.

(ii) Freight Subsidy is recognized on the quantity sold in terms of schemes notified by the Government of India (GOI).

(iii) Income from scrap/salvage is recognized when sold.

### 1.4 Fixed Assets

(a) Fixed assets are carried at cost less depreciation / amortization and impairment loss, if any. The cost of fixed assets includes cost of acquisition and directly attributable cost for bringing the assets in an operational condition for their intended use including pre-operative expenditure till commencement of commercial production and other incidental expenses subsequent thereto up-to the date of stabilization of production but excluding refundable taxes and duties thereon, if any.

(b) An intangible asset is recognized where it is probable that the future economic benefit attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Such assets are stated at cost less accumulated amortization.

(c) Machinery Spares / Standby Equipments which can be used only in connection

with an item of Fixed Asset and whose use is expected to be irregular are capitalized.

- (d) Capital work-in-progress is carried at cost.

### 1.5 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

All other borrowing costs are recognized as expenses in the period in which they are incurred.

### 1.6 Depreciation/Amortization

#### Depreciation:

- (a) Depreciation on Plant & Machinery has been provided on Straight Line Method, based on useful life technically assessed by Company based on report of independent expert.
- (b) Fixed Assets individually costing up to ₹5,000/- are being fully depreciated in the year of acquisition.
- (c) Depreciation on Machinery spares / Standby Equipments has been charged over the residual life of related Plant and Machinery.
- (d) Depreciation on other Fixed Assets has been provided on Straight Line Method based on useful life as specified in Schedule II of the Companies Act, 2013.
- (e) Depreciation on assets discarded from active use and held for disposal is not being provided.

#### Amortization:

- (a) Value of Leasehold Land and Site Development expenses is amortized over the period of lease.
- (b) Intangible assets in the nature of Gas Price Right, Locational Benefits in term of present / future products as identified by the independent valuer in terms of its valuation report for the purpose of determining the fair value of individual assets taken over by the Company in the year 2006 are amortized on straight line method basis over the period of twenty five years.
- (c) Intangible assets comprising of computer software are amortized on straight line method over a period of legal right or five years whichever is earlier on pro-rata basis.

### 1.7 Impairment of Assets

The carrying amount of cash generating unit is reviewed at each balance sheet date where there is any indication of impairment based on internal/external indicators. An impairment loss is recognized in the statement of profit and loss where the carrying amount exceeds the recoverable amount of the cash generating unit. An impaired loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

### 1.8 Catalysts

Catalysts are charged to revenue over their estimated useful life. Value of Catalysts yet to be consumed in production process is considered as part of Inventories.

### 1.9 Foreign Currency Transactions

- (a) Foreign currency transactions are recorded at exchange rates prevailing on

the date of such transactions.

- (b) Foreign currency monetary assets and liabilities remaining unsettled at the year end are translated at the closing exchange rate. Gain and losses on account of exchange difference either on settlement or translation is recognized in the statement of Profit & Loss.
- (c) Non-monetary items denominated in foreign currency are reported using exchange rate prevailing on the date of transactions.
- (d) In respect of forward contracts premium or discount arising at the inception of forward exchange contracts is amortized as an expense or income over the period of the contract. Forward contracts remaining unsettled at end of the year are reported at year end rates. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognized as income or expenses in the year in which such profit or loss arises.

### 1.10 Investments

- (a) Long-term investments are stated at acquisition cost. Provision for diminution in the value of long-term investments is made to recognize a decline, other than temporary in the value of such investments.
- (b) Current investments are valued at lower of cost and fair value determined on individual assessment basis.

### 1.11 Inventories

Inventories are valued at lower of cost and net realizable value.

- (a) Cost in respect of various types of inventories is computed as under:

- i) Raw materials, Packing materials, Chemicals & Catalyst in Stock, Stores and Spares at weighted average cost.
  - ii) Stock in process at direct cost and appropriate portion of overheads.
  - iii) Finished goods at annualized cost of production.
- (b) Net realizable value of finished goods is Concession Price/Import Parity Price (IPP) determined in accordance with norms of Government of India less estimated costs necessary to make the sales.

### 1.12 Employees Benefits

- (a) Short term Employee Benefits are recognized as an expense on an undiscounted basis in the statement of Profit and Loss of the year in which the related service is rendered.
- (b) Liability for long term benefits such as Gratuity, Leave Encashment/Compensated absences are recognized on the basis of actuarial valuation made at the end of each financial year.
- (c) Gains and Losses arising out of actuarial valuation are recognized immediately in the Statement of Profit and Loss.

### 1.13 Taxation

#### (a) Current Tax

Provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of Income Tax Act, 1961. However, where the tax is computed in accordance with the provisions of Section 115 JB of the Income Tax Act, 1961 as the Minimum Alternate Tax (MAT), it is charged off to the statement of Profit

and Loss of the relevant year. However, credit of MAT would be taken within the permissible time period when the company's profits would be subject to normal income tax rates.

### **(b) Deferred Tax**

Deferred Income Tax (expense or credit) is recognized for the current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years.

Deferred Tax Assets in respect of unabsorbed depreciation and tax losses are recognized to the extent there is virtual certainty of their realization against future taxable profits. However, in case of other items, recognition is done on the basis of reasonable certainty.

Deferred Tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantially enacted at the balance sheet date.

### **1.14 Pre Project Expenditure**

The expenses on pre-feasibility study reports, market survey reports, techno-economic feasibility reports etc., on new projects is allocated to the fixed assets on completion of the projects. Where the projects are proved infructuous they are charged off in the year in which the decision is taken to scrap the same by the Competent Authority.

### **1.15 Lease**

Assets taken on lease under which, all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating lease are recognized as expense

on accrual basis in accordance with the terms of respective lease agreements.

### **1.16 Provisions, Contingent Liabilities and Contingent Assets (AS-29)**

- (a) Provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value.
- (b) Contingent Liabilities are disclosed on the basis of judgment of the management / independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.
- (c) Contingent Assets are neither recognized nor disclosed in the financial statements.

### **1.17 Revenue Recognition in the Event of Uncertainty**

Following items are recognized when no significant uncertainty exists with regard to the amount to be realized and ultimate collection thereof:

#### **(a) Claims for**

- (i) Shortage/Damages on movement of fertilizers
- (ii) Under-charges on freight paid to Railways
- (iii) Rebate on freight from Railways
- (iv) Interest on overdue payments.
- (v) Insurance claims
- (vi) Refund of Purchase Tax, Sales Tax, Turnover Tax, Customs, Excise and Electricity Duties excess charged.

#### **(b) Penalties and Compensation.**

## NOTES - 2 : NOTES FORMING PART OF ACCOUNTS

(₹ in Lacs)

Particulars	March 31, 2015	March 31, 2014
<b>2.1 SHARE CAPITAL</b>		
<b>Equity Share Capital</b>		
(a) <b>Authorised</b> 100,00,00,000 (P.Y. 100,00,00,000) Equity Shares of ₹10/- each	<u>1,00,000.00</u>	<u>1,00,000.00</u>
(b) <b>Issued, Subscribed and fully Paidup</b> 80,00,57,143 (P.Y. 80,00,57,143) Equity Shares of ₹ 10/- each Fully Paid up	<u>80,005.71</u>	<u>80,005.71</u>

**Further Notes :**

(I) During the period of five financial years immediately preceding the Balance Sheet date, the company has not:

- (i) allotted any fully paidup equity shares by way of bonus shares;
- (ii) allotted any equity shares pursuant to any contract without payment being received in cash;
- (iii) brought back any equity shares

(II) The Company has only one class of equity shares having a par value ₹10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

(III) Details of Number of Shares held by the Holding Enterprise

Particulars	Number of Equity Shares		% of Holding	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Krishak Bharati Cooperative Limited.	<b>68,00,34,286</b>	68,00,34,286	<b>85.00</b>	85.00

(IV) Details of Shareholders holding more than 5% shares in the Company

Particulars	Number of Equity Shares		Percentage (%)	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Krishak Bharati Cooperative Limited.	<b>68,00,34,286</b>	68,00,34,286	<b>85.00</b>	85.00
STL Fertilizers Private Limited	<b>12,00,22,855</b>	12,00,22,855	<b>15.00</b>	15.00

**2.2 RESERVES AND SURPLUS**

(₹ in Lacs)

Particulars	March 31, 2015	March 31, 2014
<b>Deficit in Statement of Profit &amp; Loss</b>		
Balance as per last financial statements	<b>(12, 929.26)</b>	(10,402.59)
Add : Depreciation charges debited to reserve - Refer Note No. 2.32 (a) (iii)	<b>(217.45)</b>	—
Profit/(Loss) for the year	<b>36.53</b>	(2,526.67)
<b>Net Deficit</b>	<u><b>(13,110.18)</b></u>	<u>(12,929.26)</u>



## 2.3 LONG TERM BORROWINGS

(₹ in Lacs)

Particulars	Non-current portion		Current Maturities	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Secured</b>				
<b>Term Loans from Banks</b>				
State Bank of India (Refer note 1 below)	23,000.00	50,000.00	2,000.00	—
HDFC Bank Ltd (Refer note 2 below)	23,000.00	—	2,000.00	—
Union Bank of India (Refer note 3 below)	15,000.00	15,000.00	—	—
	<b>61,000.00</b>	<b>65,000.00</b>	<b>4,000.00</b>	0.00
<b>Unsecured</b>				
Interest Free UP Trade Tax Loan in lieu of Trade Tax Deferment Scheme	855.17	1,901.57	1,046.40	924.00
	<b>61,855.17</b>	<b>66,901.57</b>	<b>5,046.40</b>	924.00
<b>Less:</b>				
Amount disclosed under the head "Other Current Liabilities"	—	—	5,046.40	924.00
<b>Total :</b>	<b>61,855.17</b>	<b>66,901.57</b>	<b>—</b>	<b>—</b>

**Secured Loan****a) Securities for secured loan**

1. Secured loans ₹ 25000.00 lacs (Previous year ₹ 50000.00 lacs) from State Bank of India is secured by way of First pari-passu charge on the entire fixed assets of the Company and second pari-passu charge on all the current assets of the Company by way of hypothecation of stocks, stores, book debts and other current assets and further guaranteed by Corporate Guarantee of holding enterprise-Krishak Bharati Cooperative Limited (KRIBHCO).
2. ₹ 25000.00 lacs (Previous year NIL) from HDFC Bank Ltd is secured by way of First pari passu charge over the fixed assets of the Company and second pari-passu charge on all the current assets of the Company by way of hypothecation of stocks, stores, book debts and other current assets and further guaranteed by Corporate Guarantee of holding enterprise-Krishak Bharati Cooperative Limited (KRIBHCO).
3. ₹ 15000.00 lacs (Previous year ₹ 15000.00 lacs) from Union Bank of India is secured by way of second pari-passu charge over the fixed assets of the company and further guaranteed by the Corporate Guarantee of holding enterprise-Krishak Bharati Cooperative Limited (KRIBHCO).

**b) Terms of Repayment of Loans**

i) State Bank of India	The loan is repayable in quarterly installments of ₹5.00 Crores each starting from 30.06.2015 to 31.03.2017, quarterly installments of ₹12.50 Crores each from June, 2017 to March, 2020 and quarterly installments of ₹ 15 Crores each from June, 2020 to March, 2021.
iii) HDFC Bank Limited	The loan is repayable in quarterly installments of ₹5.00 Crores each starting from 30.06.2015 to 31.03.2017, quarterly installments of ₹12.50 Crores each from June, 2017 to March, 2020 and quarterly installments of ₹ 15 Crores each from June, 2020 to March, 2021.
iii) Union Bank of India	Loan is repayable by way of Bullet payment after three years from the date of drawl of loan i.e. 26.08.2013

### Unsecured Loans

The financial assistance has been provided by the Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Ltd., (PICUP) under Trade Tax Deferment Scheme of State Govt. of U.P., and is re-payable in yearly installment of ₹ 1046.40 lacs and ₹ 855.17 lacs which falls due on 31st May, 2015 and 31st May, 2016 respectively. Bank Guarantee is provided by the Company against the above loan.

(₹ in Lacs)

Particulars	March 31, 2015	March 31, 2014
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### 2.4 DEFERRED TAX LIABILITIES (NET)

The Company estimates deferred tax / (charge) using the applicable rate of taxation based on the impact of timing difference between financial statements and estimated taxable income for the current year. Major components for Deferred tax liabilities and Deferred tax assets at year end are given as below.

#### Deferred Tax Liabilities

Difference of book depreciation and tax depreciation	<b>18,944.95</b>	17,761.83
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#### Deferred Tax Assets

Provisions allowable on payment basis under Income Tax Act	<b>536.10</b>	407.99
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Other provisions	<b>18.05</b>	41.02
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Unabsorbed depreciation	<b>18,390.80</b>	17,312.82
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	<b>18,944.95</b>	17,761.83
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#### Net Deferred Tax Liability / (Asset)

	<b>0.00</b>	0.00
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Deferred Tax Assets in respect of unabsorbed depreciation have been recognized to the extent of net deferred tax liability on the concept of virtual certainty, based on convincing evidences, as envisaged in Accounting Standard-22 (Accounting of Taxes on Income) and further clarifications/interpretations issued by The Institute of Chartered Accountants of India.

### 2.5 OTHER LONG TERM LIABILITIES

Deposits from Customers	<b>984.18</b>	912.40
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Deposits from Contractors/others	<b>39.42</b>	0.00
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<b>Total :</b>	<b>1,023.60</b>	912.40
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### 2.6 LONG TERM PROVISIONS

For Employee Benefits

Gratuity	<b>1,130.61</b>	902.47
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Privileged / Earned / Sick Leaves	<b>602.80</b>	415.96
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	<b>1,733.41</b>	1,318.42
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**Less :**

Amount disclosed under the head "Short Term Provisions"

Gratuity	<b>114.76</b>	96.95
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Privileged / Earned / Sick Leaves	<b>107.39</b>	65.57
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	<b>222.15</b>	162.52
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<b>Total :</b>	<b>1,511.26</b>	1,155.90
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**2.7 SHORT TERM BORROWINGS**

(₹ in Lacs)

Particulars	March 31, 2015	March 31, 2014
<b>Working Capital Loans</b>		
<b>Secured</b>		
State Bank of India (Refer note 1 below)	19,530.28	14,956.63
HDFC Bank (Refer note 2 below)	0.00	10,694.56
The Saraswat Co-op Bank Ltd. (Refer note 3 below)	10,000.00	0.00
SBI-Special Banking Arrangement (FICC)	0.00	16,433.23
	<u>29,530.28</u>	<u>42,084.42</u>
<b>Unsecured</b>		
From Banks (Refer note 4 below)	80,366.34	58,478.89
	<u>80,366.34</u>	<u>58,478.89</u>
<b>Total :</b>	<u>1,09,896.62</u>	<u>1,00,563.31</u>

**Secured Loans**

- Cash Credit ₹ 19530.28 Lacs (Previous Year ₹ 14,956.63 Lacs) from State Bank of India is secured by first pari-passu charge on all the current assets of the Company by way of hypothecation of stocks, store, book-debts and other current assets of the Company and further guaranteed by the Corporate Guarantee of holding enterprise-Krishak Bharati Cooperative Limited (KRIBHCO).
- Cash credit of ₹ Nil Lacs (previous year ₹ 10,694.56 lacs) from HDFC Bank is secured by first exclusive charge by way of hypothecation of Company's entire current assets and further guaranteed by joint and several Corporate Guarantees of KRIBHCO and Shyam Basic Infrastructure Projects Pvt. Ltd.
- Cash credit of ₹ 10,000 Lacs (previous year ₹ Nil) from The Saraswat Co-operative Bank Limited is secured by first pari passu charge by way of hypothecation of Company's entire current assets and further guaranteed by Corporate Guarantees of holding enterprise-Krishak Bharati Cooperative Limited (KRIBHCO).

**Unsecured Loans:**

- All the unsecured loans of ₹ 80,366.33 Lacs (Previous Year ₹ 58,478.89 Lacs) are guaranteed by Corporate Guarantee of holding enterprise-KRIBHCO.

**2.8 Trade payables**

For Goods and Services		
Related Party	2,965.09	2,175.65
Others	7,706.19	5,445.34
	<u>10,671.28</u>	<u>7,620.99</u>

Refer Note No. 2.36 for breakup of dues payable to related parties

(₹ in Lacs)

Particulars	March 31, 2015	March 31, 2014
<b>2.9 OTHER CURRENT LIABILITIES</b>		
Current maturities of long term borrowings	5,046.40	924.00
Interest accrued but not due on loans	574.99	91.97
Income received in advance	0.00	215.47
Deposits from Contractors and others	279.31	260.63
Advances from Customers	1,403.26	1,362.52
Other Payables :		
Employees	181.03	54.91
Others	1,587.25	765.63
Statutory dues	580.97	224.36
	<u>2,349.25</u>	<u>1,044.90</u>
Total Payable :	<u>9,653.21</u>	<u>3,899.49</u>
Refer note no. 2.36 for breakup of dues to related parties		
<b>2.10 SHORT TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Gratuity	114.77	96.95
Privileged / Earned / Sick Leaves	107.39	65.57
	<u>222.16</u>	<u>162.52</u>
<b>Others</b>		
For Excise Duty on closing Stock	0.53	2.46
	<u>0.53</u>	<u>2.46</u>
	<u>222.69</u>	<u>164.98</u>

## 2.11 TANGIBLE ASSETS

(₹ in Lacs)

Description of Assets	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BOOK VALUE					
	As at April 01, 2014	Additions	Deletions/ Adjustment	Sale/ Disposal	As at March 31, 2015	Up to March 31, 2014	For the Year	Deletions/ Adjustment	Sale/ Disposal	Up to March 31, 2015	As at March 31, 2015	As at March 31, 2014
Leasehold land & Site Development	9,744.30	-	-	-	9,744.30	1,078.00	131.55	-	-	1,209.55	8,534.75	8,666.30
<b>Building</b>												
-Factory Building	2,827.76	9.85	(106.16)	-	2,943.77	708.43	211.51	(126.31)	-	1,046.25	1,897.52	2,119.33
-Non Factory Building	2,299.29	46.44	13.15	-	2,332.58	251.21	44.18	(65.10)	-	360.49	1,972.08	2,048.08
<b>Plant &amp; Equipments</b>												
-Plant & Machinery	1,90,314.42	980.99	3,009.88	56.24	1,88,229.29	78,545.61	7,314.55	1,197.42	23.06	84,639.68	1,03,589.61	1,11,768.81
Furniture & Fixture	143.38	3.14	-	0.44	146.08	60.58	21.23	-	0.06	81.75	64.33	82.80
Office Equipments	112.73	6.43	(0.23)	0.52	118.87	39.84	24.48	(12.05)	0.07	76.30	42.57	72.89
Computer	210.14	10.41	-	0.53	220.02	118.72	22.62	(18.88)	0.53	159.69	60.33	91.42
Vehicle	78.67	31.22	0.23	5.47	104.19	25.25	13.43	0.15	4.51	34.02	70.17	53.42
Assets Retired from Active Use	1,600.53	-	-	147.31	1,453.22	-	-	-	-	-	1,453.22	1,600.53
<b>Total :</b>	2,07,331.22	1,088.48	2,916.87	210.50	2,05,292.32	80,827.64	7,783.55	975.23	28.23	87,607.73	1,17,684.58	1,26,503.58
<b>Previous Year</b>	2,07,059.75	676.06	387.84	16.75	2,07,331.22	70,600.51	10,340.06	105.24	7.69	80,827.64	1,26,503.58	-

\*In earlier years, Catalyst issued are treated as part of Fixed Assets and the same is charged to revenue over their estimated useful life. During the year, based on ICAI opinion, net book value of such Catalyst yet to be consumed in production process is considered as part of inventories. Accordingly net block of Catalyst amounting to ₹ 1,724.20 Lacs ( Gross Value of ₹ 2,916.87 Lacs less accumulated depreciation of ₹ 1,192.67 Lacs ) as of 01/04/2014 has been transferred to Inventory.

## 2.12 INTANGIBLE ASSETS

(₹ in Lacs)

Description of Assets	GROSS BLOCK		DEPRECIATION / AMORTISATION		NET BOOK VALUE		
	As at April 01, 2014	As at March 31, 2015	Up to March 31, 2014	For the Year Adjustment	Up to March 31, 2015	As at March 31, 2015	As at March 31, 2014
Computer Software	115.05	123.29	5.67	24.06	29.73	93.55	109.38
Other (Refer note below)	12,466.98	12,466.98	10,222.93	133.57	10,356.50	2,110.48	2,244.05
<b>Total :</b>	12,582.03	12,590.27	10,228.60	157.63	10,386.23	2,204.03	2,353.43
<b>Previous Year</b>	12,466.98	12,582.03	8,976.23	1,252.37	10,228.60	2,353.43	-

### Note :

Other intangible asset is in the nature of Gas Price Right, Locational Benefits in terms of present/future products etc. as identified by the independent valuer M/s Projects Developments of India Ltd. (PDIL), a Government of India undertaking, in terms of its valuation report for the purpose of determining fair value of individual assets taken over while acquiring the 8.64 lakhs MT Urea Plant at Shahjahanpur, Uttar Pradesh.

## 2.13 CAPITAL WORK IN PROGRESS

(₹ in Lacs)

Particulars	As at April 01, 2014	Additions	Deductions/ Adjustment	Amount Capitalised	As at March 31, 2015
<b>Tangible Assets</b>					
Factory Building	—	71.82	—	47.91	23.91
Non-Factory Building	—	405.58	—	28.30	377.28
	—	477.40	0.00	76.21	401.19
Plant & Equipments	718.36	1,607.19	8.55	380.13	1,936.87
Vehicle	11.82	17.36	0.00	29.18	—
<b>Revamp</b>					
Ammonia Plant	220.36	—	—	—	220.36
Railway Sidings	61.27	1.13	—	—	62.40
	1,011.81	1,625.68	8.55	409.31	2,219.63
<b>Total :</b>	1,011.81	2,103.08	8.55	485.52	2,620.82
<b>Previous Year</b>	512.18	713.95	0.00	214.32	1,011.81

(₹ in Lacs)

Particulars	March 31, 2015	March 31, 2014
<b>2.14 NON CURRENT INVESTMENTS</b>		
<b>Long Term</b> (Unquoted, Non Trade)		
<b>In Bonds issued by Government of India</b>		
6.65% Fertilizer Company-Special Bond 2023	3,150.00	3,150.00
7.00% Fertilizer Company-Special Bond 2022	2,100.00	2,100.00
<b>In Equity</b>		
The Saraswat Co-operative Bank Limited (2500 equity Shares @ Rs.10/- each)	0.25	—
<b>Total :</b>	<b>5,250.25</b>	<b>5,250.00</b>
Investments have been valued as per Significant Accounting Policy no. 1.10 as disclosed in note 1 to the financial statements.		
<b>2.15 LONG TERM LOANS AND ADVANCES</b> (Unsecured, considered good unless otherwise stated)		
Advances for Capital expenditure	58.16	7.39
Security Deposits	7.52	4.46
Advance Tax (Net of Provisions)	292.77	323.27
Other Loans and Advances:		
Employees	21.00	16.67
<b>Total :</b>	<b>379.45</b>	<b>351.79</b>
Amount receivable from related parties, directors and officers ₹ 2.66 Lacs (P.Y. ₹ 2.66 Lacs).		
<b>2.16 OTHER NON CURRENT ASSETS</b> (Unsecured, Considered good, unless otherwise stated)		
VAT Input Receivables	—	1.43
Prepaid Expenses	—	7.31
<b>Total :</b>	<b>—</b>	<b>8.74</b>
<b>2.17 INVENTORIES</b> (As taken, valued and certified by the management)		
Stock in Process	47.45	41.34
Finished Goods	719.08	683.64
Finished Goods in Transit	1,274.77	1,918.44
Packing Materials	189.97	256.11
Catalyst in Use	999.73	—
Chemicals & Catalyst	168.54	102.68
Loose Tools	5.24	2.50
Stores & Spares	3,915.02	3,953.46
	<b>7,319.80</b>	<b>6,958.17</b>
<b>Less : Provision for obsolete, surplus and non moving items</b>	<b>58.40</b>	<b>29.20</b>
<b>Total :</b>	<b>7,261.40</b>	<b>6,928.97</b>
Inventory items have been valued considering the significant accounting policy no 1.11 disclosed in Note No. 1 to these financial statement.		



(₹ in Lacs)

Particulars	March 31, 2015	March 31, 2014
<b>2.17 INVENTORIES (Contd....)</b>		
<b>Breakup of Inventories</b>		
<b>Stock in Process</b>		
Ammonia	40.46	35.87
Urea	6.99	5.47
	<u>47.45</u>	<u>41.34</u>
<b>Finished goods</b>		
Ammonia	465.90	87.49
Urea at Plant /Warehouse	253.18	596.15
	<u>719.08</u>	<u>683.64</u>
<b>Finished goods in Transit</b>		
Urea	1,274.77	1,918.44
<b>Total :</b>	<u><u>1,274.77</u></u>	<u><u>1,918.44</u></u>
<b>2.18 TRADE RECEIVABLES</b>		
(Unsecured, considered good, unless otherwise stated)		
Outstanding for the period exceeding six months from the date they are due for payment :		
Claims due from Government of India	27,286.13	9,144.00
Others (Refer note * below)	26.60	28.77
	<u>27,312.73</u>	<u>9,172.77</u>
Others :		
Claims due from Government of India	90,637.20	88,396.74
Others (Refer note ** below)	909.83	1,104.37
	<u>91,547.03</u>	<u>89,501.11</u>
<b>Total :</b>	<u><u>1,18,859.76</u></u>	<u><u>98,673.88</u></u>
<b>2.19 CASH AND BANK BALANCES</b>		
<b>a) Cash and Cash equivalents</b>		
Balances with scheduled banks:		
Current / Cash Credit accounts	567.86	70.65
Cheques / Demand Drafts on hand	3.95	85.63
Cash in hand	2.07	1.68
<b>b) Other Bank Balances</b>		
Fixed deposits*	71.27	64.36
<b>Total :</b>	<u><u>645.15</u></u>	<u><u>222.32</u></u>

\* The above trade receivables includes ₹ 22.71 lacs (P.Y. ₹ 22.71 lacs) from M/s B.S. Trading Co., Uttarakhand against whom a legal suit for recovery has been filed by the Company under Negotiable Instruments Act, 1881. A civil suit has also been filed against M/s. B.S.Trading Co., for recovery of the outstanding with interest. The suit was admitted and has been decided in favour of the Company and M/s B. S. Trading Co., has been asked to deposit ₹30.00 lacs with the Company towards compensation.

\*\* Amount due from related party - ₹ NIL (P.Y. ₹ 3.15 Lacs)

\* Not available for use and includes amount deposited as securities with Government and other departments.

(₹ in Lacs)

Particulars	March 31, 2015	March 31, 2014
<b>2.20 SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured considered good unless otherwise stated)		
Advances to Employees	27.60	29.75
Contractors & Suppliers	93.13	279.93
Others :		
Balances with revenue authorities	23.33	12.61
Stamp duty paid under protest	5,770.43	5,770.43
Prepaid Expenses	104.42	186.52
Other Recoverable	719.02	624.49
	<u>6,617.20</u>	<u>6,594.05</u>
<b>Total :</b>	<u><b>6,737.93</b></u>	<u><b>6,903.73</b></u>
<b>2.21 OTHER CURRENT ASSETS</b>		
Interest accrued :		
On Govt. Bonds	81.81	81.81
On Fixed Deposits	4.18	4.03
	<u>85.99</u>	<u>85.84</u>
Deposits	—	1.00
<b>Total :</b>	<u><b>85.99</b></u>	<u><b>86.84</b></u>
<b>2.22 REVENUE FROM OPERATIONS</b>		
Sale of Products (Net of discounts / rebates)	65,616.96	62,216.23
Concession / Price Support from Central Government (Net of recovery / adjustments)	1,35,530.56	1,02,222.77
<b>Total :</b>	<u><b>2,01,147.52</b></u>	<u><b>1,64,439.00</b></u>
<b>Breakup of sales of products</b>		
Urea	56,332.70	54,754.13
Ammonia	9,093.35	7,358.54
Electricity	190.91	103.56
<b>Total :</b>	<u><b>65,616.96</b></u>	<u><b>62,216.23</b></u>
<b>Breakup of Concession / price support from Central Government</b>		
Urea:		
Price Concession	1,22,584.35	92,593.30
Freight Subsidy	12,946.21	9,629.47
<b>Total :</b>	<u><b>1,35,530.56</b></u>	<u><b>1,02,222.77</b></u>

(₹ in Lacs)

Particulars	March 31, 2015	March 31, 2014
<b>2.23 OTHER INCOME</b>		
Interest Income:		
From Banks	8.13	7.61
Government securities	356.48	374.33
	<u>364.61</u>	<u>381.94</u>
Gain on sale of investments	2.59	2.56
Rentals / Compensation of Properties	29.72	7.81
Other Non-Operating Income:		
Profit on disposal/retirement of fixed assets	0.31	0.06
Insurance claim received	—	2.24
Excess provisions written back	16.05	105.75
Scrap Sales	26.40	45.39
Miscellaneous	46.95	82.62
	<u>89.72</u>	<u>236.06</u>
<b>Total :</b>	<u><u>486.63</u></u>	<u><u>628.37</u></u>
<b>2.24 COST OF MATERIALS CONSUMED</b>		
Raw Materials	87,467.59	67,912.58
Packing Materials	3,692.98	3,442.93
Chemicals & Catalysts	1,184.74	667.53
Power, Fuel & Water	60,517.65	47,690.85
<b>Total :</b>	<u><u>1,52,862.96</u></u>	<u><u>1,19,713.89</u></u>
<b>Breakup of Raw Materials Consumed</b>		
Natural Gas	87,467.59	67,912.58
<b>Total:</b>	<u><u>87,467.59</u></u>	<u><u>67,912.58</u></u>
<b>Breakup of Power, Fuel and Water</b>		
Power - Natural Gas	60,501.61	47,671.79
Fuel	6.57	4.00
Water Charges	9.47	15.06
<b>Total:</b>	<u><u>60,517.65</u></u>	<u><u>47,690.85</u></u>

(₹ in Lacs)

Particulars	March 31, 2015	March 31, 2014
<b>2.25 CHANGES IN INVENTORIES OF FINISHED GOODS &amp; STOCK IN PROCESS</b>		
Closing Stock		
Finished Goods	1,993.85	2,602.08
Stock in Process	47.45	41.34
	<u>2,041.30</u>	<u>2,643.42</u>
Opening Stock		
Finished Goods	2,602.08	2,374.73
Stock in Process	41.34	29.69
	<u>2,643.42</u>	<u>2,404.42</u>
<b>Decrease / (Increase) in Inventories</b>	<u>602.12</u>	<u>(239.00)</u>
<b>2.26 EMPLOYEES BENEFITS EXPENSE</b>		
Salary, Allowances, Wages & Bonus	4,564.13	3,810.31
Contribution to Provident & other funds	241.46	223.33
Staff Welfare expenses	250.71	286.40
<b>Total:</b>	<u>5,056.30</u>	<u>4,320.04</u>
<b>2.27 FINANCE COSTS</b>		
Interest on:		
Rupee term loans	6,641.99	4,666.80
On cash credit and short term Loans	8,143.17	8,666.12
	<u>14,785.16</u>	<u>13,332.92</u>
Other Borrowing Cost:		
Other ancillary cost	71.67	140.60
	<u>71.67</u>	<u>140.60</u>
<b>Total :</b>	<u>14,856.83</u>	<u>13,473.52</u>

(₹ in Lacs)

Particulars	March 31, 2015	March 31, 2014
<b>2.28 MANUFACTURING , ADMINISTRATION, DISTRIBUTION AND OTHER EXPENSES</b>		
Repairs and Maintenance:		
Stores & Other Consumables	87.17	75.01
Buildings	159.55	221.69
Plant, Machinery and Other Equipments	1,404.21	1,783.79
Others	3.89	4.30
	<u>1,654.82</u>	<u>2,084.79</u>
Insurance Charges	223.48	211.65
Traveling Expenses:		
Directors	4.20	0.28
Others	35.35	39.45
	<u>39.55</u>	<u>39.73</u>
Printing and Stationery	13.35	12.68
Rent, Rates & Taxes:		
Rent	21.30	19.53
Rates & Taxes	39.66	63.85
	<u>60.96</u>	<u>83.38</u>
Communication Expenses	13.32	13.04
Publicity & Sales Promotion	1.02	3.31
Bagging Expenses	288.29	253.82
Freight Outward and Handling Charges	13,565.54	12,085.96
Warehousing Charges	48.51	48.43
Director Sitting Fees	3.37	3.11
Service Charges	1,488.09	1,407.87
Vehicle Running & Maintenance	105.05	100.97
Legal and Professional Charges	52.09	76.36
Payments to Auditors	8.99	8.99
Bank Charges	68.54	38.10
Provision for obsolete / non moving inventories	29.20	29.20
Provision for dimunition in the value of fixed assets	80.32	107.12
Loss on sale of Fixed Assets	95.35	8.76
Foreign Exchange Fluctuation	1.79	0.10
Miscellaneous Expenses	324.31	406.48
	<u>18,165.94</u>	<u>17,023.85</u>
<b>Total :</b>		
<b>Break up of Payment to Auditors</b>		
Audit fee	8.99	8.99
	<u>8.99</u>	<u>8.99</u>
<b>2.29 PRIOR PERIOD ADJUSTMENTS (NET)</b>		
Income		
Others	—	10.64
	<u>—</u>	<u>10.64</u>
Expenditure		
Depreciation & Amortisation	281.98	3.71
Salary & Wages	—	123.16
Others	20.40	8.46
	<u>302.38</u>	<u>135.33</u>
<b>Net expenditure / (Income)</b>	<u>302.38</u>	<u>124.69</u>

## OTHER NOTES

### 2.30. CLAIM PENDING SETTLEMENT

During the year 2006-07, the Company had paid stamp duty of ₹ 190.80 crores on transfer/registration of Assets acquired from Oswal Chemicals & Fertilizers Limited vide sale agreement dated 31st March 2006. The Company has paid the amount of stamp duty as finalized by Additional District Magistrate (F&R), Collector of Stamps, Shahjahanpur on total sale consideration of ₹ 1908 crores. The Company has filed an appeal before the Board of Revenue, Uttar Pradesh for refund of total Development Tax amounting to ₹ 38.16 crores paid at the rate of 2% in respect of all assets and stamp duty amounting to ₹ 19.54 crores paid on Leasehold Land, Site Development, Intangible Assets/Benefits and Current Assets, challenging the levy of the same. Upon dismissal of appeal by Board of Revenue, U.P., the Company has filed a writ petition before the Hon'ble High Court, Allahabad challenging the order passed by Board of Revenue.

Hon'ble High Court has allowed the writ petition in part and the orders of ADM (F&R), Shahjahanpur and Chief Controlling Revenue Authority have been set aside. The matter has been remanded back to ADM (F&R), Shahjahanpur to decide the case afresh in the light of the observations made in the order of the Hon'ble High Court after giving opportunity of hearing to the Company.

Pending final outcome, the sum of ₹ 57.70 crores paid by the Company (based on actual computation) has been disclosed as "Stamp Duty paid under protest" under the head of Short Term Loans & Advances in Note No 2.20 of the Financial Statement. However, for the purpose

of Income Tax, based on the advise received from Tax Consultant, the Company has claimed the depreciation on the same in the Income Tax Return filed for the assessment years 2006-07 (revised), 2007-08 and thereafter.

### 2.31 Stamp Duty

Collector Stamps/DM, Shahjahanpur passed an order dated 13/08/08 observing that the deed of mortgage executed on 31/01/2006 between Oswal Chemicals & Fertilizers Limited, UTI Bank Limited (Security Trustee) and the Company, will attract stamp duty of ₹ 190 crores (the amount revised from ₹ 190 lacs to ₹ 190 crores upon rectification application and subsequent order by Collector of Stamps) and also served an order for recovery on the Company. Aggrieved by the order, the Company has preferred an appeal before the Chief Controlling Revenue Authority, Uttar Pradesh and filed stay petition before the Hon'ble High Court of Allahabad. In response, the Hon'ble High Court of Allahabad granted stay on recovery proceedings. The Chief Controlling Revenue Authority (CCRA) pronounced the judgment against the Company. The Company had filed a writ petition before the Allahabad High Court against the judgment of CCRA. The writ petition was admitted wherein it was decided that till the next date of listing, the operation of the order passed by the Collector Stamp, Shahjahanpur and that of the CCRA shall remain stayed. The matter is pending as on balance sheet date.

Pending final award, based on legal opinion by an expert obtained by the Company, the Company has not made any provision in respect of aforesaid demand, however, the same has been disclosed as contingent liability in "Note No.2.40".

## 2.32 Depreciation/ Amortization

### (a) Change in Accounting Policy

- i) During the year the Company has revised depreciation rates for fixed assets to comply with requirement of Schedule II of the Companies Act, 2013. Depreciation on fixed assets other than plant and machinery is based on useful life specified in schedule II of Companies Act, 2013. In respect of plant and machinery, the useful life has been determined based on technical assessment made by the Company based on report obtained from independent experts.

Consequent to the change in depreciation rates, depreciation charge for the year ended 31/03/2015 is lower by ₹ 3828.81 lacs.

- ii) During the year the Company has reviewed the useful life of Intangible Assets in the nature of Gas Price Right, Locational Benefits in term of present/future products etc., as identified by the independent valuer in terms of its valuation report for the purpose of determining the fair value of the individual assets taken over by the Company in 2006 considering the increased useful life of the main plant and machinery as assessed by independent experts.

As per Company assessment useful life of intangible assets is now determined as 25 years as against 10 years. Carrying value of intangible assets as on 01/04/2014 has been amortized over remaining reassessed useful life. Due to above

amortization charge for the year is lower by ₹ 1113.12 lacs.

- iii) For the assets that have completed their useful life as on 01/04/2014, additional depreciation of ₹ 217.45 Lacs has been adjusted in the opening reserves in terms of transitional provision of Schedule II of the Companies Act, 2013.

- (b) In respect of certain plant and machineries useful life as technically determined by the Company is more than useful life as specified in Schedule II of Companies Act, 2013. Depreciation charge for the year would have been higher by ₹ 6577.80 lacs in case Company adopts useful life as specified in the Schedule II.

### 2.33 DISCLOSURE AS PER ACCOUNTING STANDARD - 11 "EFFECT OF CHANGE IN FOREIGN EXCHANGE RATE"

Amount of foreign exchange difference (net) debited to statement of profit and loss account is ₹ 1.79 lacs (Previous Year: ₹ 0.10 lacs).

### 2.34 DISCLOSURE AS PER ACCOUNTING STANDARD - 15 (REVISED) ON "EMPLOYEE BENEFITS"

- (a) Defined contribution to provident fund and employee pension scheme:

The Company makes contribution towards Employees' Provident Fund and Employees' Pension Scheme. In accordance with the provisions of these schemes, the Company is required to contribute a specified percentage

of payroll costs. The Company has, during the year, recognized the sum of ₹ 235.65 lacs (Previous year ₹ 216.30 lacs) as expense towards contributions to these plans.

(b) Defined benefits towards retirement benefits:

The summarized position of various defined benefits recognized in the Statement of Profit & Loss and Balance Sheet are as under:

(₹ in Lacs)

Particulars	Gratuity		Leave Encashment	
	2014-2015	2013-2014	2014-2015	2013-2014
<b>(a) Changes in the present value of obligation</b>				
Present value of obligation as on 01/04/2014	902.47	840.52	415.95	371.40
Interest cost	77.72	67.34	34.85	22.79
Current service cost	68.06	62.39	87.81	55.64
Benefits paid	(44.97)	(18.18)	(110.36)	(65.46)
Actuarial (Gain) / Loss	127.33	(49.60)	174.55	31.58
Present value of obligation as on 31/03/2015	1,130.61	902.47	602.80	415.95
<b>(b) Amount recognized in the balance sheet</b>				
Present value of obligation as at the year end	1,130.61	902.47	602.80	415.95
Fair value of plan assets at the year end	—	—	—	—
Liability recognized in the balance sheet	1,130.61	902.47	602.80	415.95
<b>(c) Expenses recognized in the statement of profit &amp; loss</b>				
Current service cost	68.06	62.39	87.81	55.64
Interest cost	77.72	67.34	34.85	22.79
Net Actuarial (Gain) / Loss	127.33	(49.60)	174.55	31.58
Total expenses recognized in the statement of profit and loss	273.11	80.13	297.21	110.01
<b>(d) Principal actuarial assumptions</b>				
Discount rate	7.80%	9.10%	7.80%	9.10%
Future salary increase	7.00%	7.00%	7.00%	7.00%

The estimate of future salary increases considered in actuarial valuation, by taking account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## 2.35 DISCLOSURE AS PER ACCOUNTING STANDARD – 17 ON “SEGMENT REPORTING”

- I) The Company’s primary business segment is manufacturing of Ammonia & Urea. Based on the guiding principles given in Accounting Standard 17 on “Segment Reporting”, this activity falls within a single primary business segment and accordingly the disclosure requirements of Accounting Standard 17 in this regard are not applicable.
- II) The operation of the Company is carried out within the country and therefore geographical segments are in applicable.



**2.36 DISCLOSURE AS PER ACCOUNTING STANDARD – 18 ON “RELATED PARTY DISCLOSURE”**

<b>(a)</b>	<b>List of related parties with whom transactions have taken place during the year :</b>
i)	<b>Key Management Personnel</b>
	◆ Mr. V. P. Kaushik, Managing Director
	◆ Mr. Rakesh Kamra, Director (Finance) & CFO
	◆ Mr. Bipin C. Phuloria, Company Secretary
ii)	<b>Holding Enterprise :</b>
	◆ Krishak Bharati Cooperative Limited.

(₹ in Lacs)

<b>(b)</b>	<b>Transaction with related parties (exclusive of Statutory dues)</b>	<b>2014-2015</b>	<b>2013-2014</b>
(i)	Holding Enterprise		
	- Sale of Goods	<b>2,751.98</b>	1,738.09
	- Sale of Spares and Equipments	<b>0.77</b>	0.33
	- Service charges paid/ payable	<b>1,447.71</b>	1,254.32
	- Reimbursement for salary & other expenses	<b>11.96</b>	26.28
	- Amount paid/payable for Rent, Electricity & Other Services	<b>24.18</b>	21.08
	- Amount paid/ payable for purchase of plant and Machinery /Stores	<b>Nil</b>	10.19
(ii)	Key Management Personnel		
	- Remuneration	<b>101.66</b>	83.90

(₹ in Lacs)

<b>(c)</b>	<b>Outstanding balances as at the end of the year</b>	<b>2014-2015</b>	<b>2013-2014</b>
	<b>Holding Enterprise</b>		
	- Amount Payable (Net) - For Goods & Services	<b>2,965.09</b>	2,175.65
	- Other Payables	<b>4.55</b>	0.97

**2.37 DISCLOSURE AS PER ACCOUNTING STANDARD – 19 ON “LEASES”**

The Company's significant leasing arrangements are in respect of operating leases of premises for office of the Company. This leasing agreement is usually renewable on mutually agreed terms but is cancelable. These payments are shown as “Rent” in Note No. 2.28 of “Manufacturing, Administration, Distribution and Other Expenses”

### 2.38 DISCLOSURE AS PER ACCOUNTING STANDARD – 20 ON “EARNING PER SHARE”

Earning per share is calculated by dividing the profit/loss attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Sr. No.	Particulars	2014-2015	2013-2014
1.	Profit/(Loss) after tax (₹ in lacs)	<b>36.46</b>	(2,526.67)
2.	Weighted Average Number of equity shares	<b>80,00,57,143</b>	80,00,57,143
3.	Face value per share (₹)	<b>10</b>	10
4.	Earnings per Share (Basic) ₹	<b>0.01</b>	(0.32)

### 2.39 DISCLOSURE AS PER ACCOUNTING STANDARD – 28 ON “IMPAIRMENT OF ASSETS”

In accordance with Accounting Standard (AS) 28 on “Impairment of Assets”, the Company has assessed as on the balance sheet date whether there are any indications with regard to impairment of any of the assets. Based on such assessment, it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly, no impairment loss has been provided in the books of account.

### 2.40 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

a) Contingent Liabilities not provided for in respect of claims not acknowledged as debts in respect of:

(₹ in Lacs)

Sr. No.	Particulars	2014-2015	2013-2014
1	Stamp Duty on Mortgage (Refer note no. 2.31 of Financial Statement)	<b>19,000.00</b>	19,000.00
2	Disputed Trade Tax Matters	<b>1,304.88</b>	2,039.23
3	Disputed Income Tax Matters	<b>24.20</b>	Nil
4	Disputed Excise/ Service Tax Matters	<b>843.58</b>	828.00
5	Other Claims	<b>33.56</b>	33.56
6	Disputed liability relating to labour matters	<b>not ascertainable</b>	not ascertainable

(b) The Hon’ble High Court of Lucknow had given a judgment on 07.09.2012, wherein the sale of Reliance gas to fertilizer companies was decided to be leviable with CST instead of VAT. State of U.P. had filed an SLP before the Hon’ble Supreme Court of India against this order of High Court of Lucknow which is admitted by Hon’ble Supreme Court. Matter is yet to be decided by Hon’ble Supreme Court. No effect of the same is given in the accounts pending final outcome of the case.

## c) Capital Commitments

(₹ in Lacs)

Particulars	2014-2015	2013-2014
<b>Capital Commitments</b>		
Estimated amount of contract remaining to be executed on capital accounts (Net of Advances)	<b>1,230.96</b>	462.58

d) The Company has issued an undertaking of ₹ 11,184.00 lacs to Department of Fertilizers, Ministry of Chemicals and Fertilizers, Government of India (GOI) in respect of pending dispute of GOI with Oswal Chemicals & Fertilizers Limited regarding subsidy of ₹ 225 lacs on Urea and payment of interest of ₹ 10,959.00 lacs by Oswal Chemicals & Fertilizers Limited. An escrow account under joint operation of the Company and Oswal Chemicals & Fertilizers Limited has been opened for the purpose of meeting the claim of the Department of Fertilizers. The balance in the said escrow account adequately covers the amount of undertaking.

## 2.41 AMOUNT OF FOREIGN CURRENCY EXPOSURE NOT HEDGED BY DERIVATIVE INSTRUMENTS OR OTHERWISE

Particulars	Currency	Amount in Foreign Currency		Amount in Rupees in lacs	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
Trade Payables	USD	Nil	11,355.49	Nil	6.81

## 2.42 REMUNERATION TO MANAGING AND OTHER OPERATIONAL DIRECTORS

Sr. No.	Particulars	2014-2015	2013-2014
1.	Salaries & Allowance	<b>75.85</b>	79.03
2.	Contribution to P.F. & Other Funds	<b>3.24</b>	4.61
3.	Medical and Welfare Expenses	<b>0.30</b>	0.26
	<b>Total :</b>	<b>79.39</b>	83.90

**Note:** The aforesaid remuneration does not include the value of leave encashment and gratuity since it is determined on the basis of actuarial valuation for all employees, including directors.

2.43 Balances of some of the Contractors/ Customers/ Suppliers/ Receivables/ Payable and deposits with others are subject to confirmation/ reconciliation and consequential adjustments, if any, which in the opinion of management would not be material.

**2.44** Information in respect of Micro, Small and Medium Enterprises as required by the Micro, Small and Medium Enterprises Development Act, 2006 as at:

(₹ in Lacs)

Sr. No.	Particulars	2014-15	2013-14
1	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
	(i) Principal Amount Due	Nil	Nil
	(ii) Interest due thereon	Nil	Nil
2	The amount of interest paid by the buyer in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year as announced by any dispute resolution council/authority	Nil	Nil
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act:		
	(i) Payment made to supplier (Other than interest) beyond the appointed day during the year	Nil	Nil
	(ii) Interest paid to supplier on principal amount paid beyond the appointed day during the year	Nil	Nil
	(iii) Interest due and payable to supplier on principal amount paid beyond the appointed day during the year	Nil	Nil
4	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	Nil	Nil

The above information has been provided to the extent such parties have been identified on the basis of information available with the Company.

**2.45 ADDITIONAL INFORMATION, TO THE EXTENT APPLICABLE**

**a) Value of Imports calculated on CIF basis**

(₹ in Lacs)

Particulars	2014-2015	2013-2014
Capital Goods	107.73	226.27
Stores and Spares	72.01	139.74
<b>Total :</b>	<b>179.74</b>	<b>366.01</b>

**b) Analysis of Imported & Indigenous Spares consumption****(₹ in Lacs)**

Particulars	2014-2015		2013-2014	
	Value (₹)	% of Total	Value (₹)	% of Total
Imported	39.46	4.41	35.75	2.65
Indigenous	855.79	95.59	1,312.66	97.35
	895.25	100.00	1,348.41	100.00

**c) Expenditure in foreign currency (on payment basis)****(₹ in Lacs)**

Particulars	2014-2015	2013-2014
Fees for Technical Services	31.23	245.94
<b>Total :</b>	<b>31.23</b>	<b>245.94</b>

**d) Earnings in Foreign Exchange: ₹ NIL (Previous year ₹ NIL)****2.46 STATEMENT OF MANAGEMENT**

- (a) In the opinion of the management, the value of any of the assets other than Fixed Assets and non-current investments on realization in the ordinary course of business will not be less than the value at which these are stated.
- (b) Balance Sheet, Statement of Profit & Loss and Cash Flow statement read together with the schedules to the accounts and notes thereon, are drawn up so as to disclose the information required under the Companies Act as well as give a true and fair view of the statement of affairs of the Company as at the end of the year and results of the Company for the year under review.

**2.47** Previous year's figures have been regrouped/ rearranged wherever considered necessary for comparative purpose.

**FOR S.K.MEHTA & CO.**  
Chartered Accountants  
[Firm Regn No.000478N]

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**B. P. SAXENA**  
Partner  
Membership No.10568

**N. SAMBASIVA RAO**  
Director

**ALOK TANDON**  
Director

**V. P. KAUSHIK**  
Managing Director

**RAKESH KAMRA**  
Director (Finance) & CFO

**BIPIN C. PHULORIA**  
Company Secretary

Place : Noida  
Date : 5<sup>th</sup> August, 2015