



CHAMBAL FERTILISERS  
AND CHEMICALS LIMITED



Laying the foundation of  
a sustainable future

Annual Report 2013-14

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#### **DIRECTORS**

S.K. Poddar  
Chairman

Shyam S. Bhartia  
Co-Chairman

Anil Kapoor  
Managing Director

R.N. Bansal

Dipankar Basu

K.N. Memani

C.S. Nopany

Radha Singh

Marco Wadia

#### **SENIOR EXECUTIVES**

Abhay Baijal  
Chief Financial Officer

A.K. Bhargava  
Vice President - Works

D.L. Birla  
Executive President – BTM

V.K. Gupta  
Vice President – Marketing

Vinod Mehra  
President – Projects

M.S. Rathore  
Vice President-Legal  
Corporate Communication & Secretary

K. Satishchandra  
Executive President-India Steamship

#### **AUDITORS**

S.R. Batliboi & Co. LLP  
Chartered Accountants

#### **BRANCH AUDITORS**

Singhi & Co.  
Chartered Accountants

#### **COST AUDITORS**

K.G. Goyal & Associates

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**Registered Office:** Gadepan, Distt. Kota, Rajasthan, PIN - 325 208

Tel No.0744-2782915 ; Fax No.07455-274130

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

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## Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 29<sup>th</sup> Annual Report on the business and operations of the Company together with audited accounts for the financial year ended March 31, 2014.

### 1. Financial Results and Appropriations

(Rs. in crore)		
Particulars	2013-14	2012-13
(a) Turnover (excluding excise duty)	7976.42	7337.48
(b) Gross Profit after Finance Cost but before Exceptional Items, Depreciation and Tax	576.23	666.81
(c) Depreciation / Amortization	230.31	222.04
(d) Profit before Exceptional Items and Tax	345.92	444.77
(e) Exceptional Items	-	(11.96)
(f) Profit before Tax	345.92	456.73
(g) Provision for Current Tax	40.14	121.07
(h) Provision for Deferred Tax	2.71	30.05
(i) Profit after Tax	303.07	305.61
(j) Balance of Profit Brought Forward	1229.01	1065.92
(k) Profit available for Appropriation	1532.08	1371.53
(l) Reversal of Dividend on Equity Shares held by CFCL Employees Welfare Trust (Trust)	0.87	-
(m) Appropriations:		
· General Reserve	50.00	50.00
· Proposed Dividend on Equity Shares	79.08	79.08
· Tax on Dividend	13.44	13.44
· Proposed Dividend on Equity Shares held by Trust	(0.43)	-
(n) Balance Carried Forward to Balance Sheet	1390.86	1229.01

### 2. Operations:

The Company has three business segments viz. Fertiliser, Shipping and Textile with Fertiliser being the largest amongst them. The Fertiliser Division comprises of manufacturing of Urea and Single Super Phosphate (SSP) and trading of fertilisers and other agri-inputs. The Company has registered an increase in the turnover of Own Manufacture Fertilisers mainly due to increase in prices of Natural Gas, depreciation in value of Indian Rupee vis-à-vis US\$ (as the Natural Gas prices are denominated in US\$) and increase in sales volume of Urea. There was decrease in turnover from Trading segment mainly due to reduction in prices of traded fertilisers and lower sales of traded SSP and pesticides. The Shipping business continues to under-perform. The turnover of Shipping Division is higher mainly because of revenue from in-chartered ships and foreign exchange rate variations. The Textile business has performed better in comparison to the previous year with higher turnover and increase in profitability.

The Fertiliser Business faced challenges on various fronts during the year under review. The higher inventories of phosphatic fertilisers in the market had dampening effect on sales of traded fertilisers. The un-favorable policy of Urea pricing in respect of production beyond re-assessed capacity has forced the Company to restrict production of Urea. During last few years, the Government of India has resorted to under-provisioning for fertiliser subsidy in

the union budget. This has resulted into long delays in payment of subsidy to the fertiliser companies thereby substantially increasing industry's interest burden.

The Shipping business continues to be under stress with freight rates and asset prices struggling at low levels. The signs of recovery were visible in January 2014 but the freight rates have again come down. The sustainable recovery in the shipping industry is likely to take some more time.

The performance of Textile business remained satisfactory with signs of stress during the later part of the Year. The Textile Business was able to achieve slightly better sales and profitability in comparison to the previous year.

The detailed information on all the three business segments of the Company and the respective industries are given in the Management Discussion and Analysis Report attached as Annexure "G" to this report.

### 3. Dividend

The Board recommends dividend @ Rs. 1.90 per equity share of Rs. 10 each (Previous Year – Rs. 1.90 per equity share) for the financial year ended March 31, 2014. The total outgo on this account will be Rs. 92.52 crore including dividend distribution tax.

### 4. 'Corporate Governance Report' and Code of Conduct

The Company is committed to maintain highest standards of Corporate Governance and strives to improve the corporate governance standards. Corporate Governance Report for the Financial Year 2013-14 is attached as Annexure "D". The declaration of the Managing Director confirming compliance with the 'Code of Conduct and Ethics' is enclosed as Annexure "E" and Auditors' Certificate confirming compliance with the conditions of Corporate Governance is enclosed as Annexure "F".

### 5. Joint Venture : Indo Maroc Phosphore S. A., Morocco (IMACID)

IMACID is a joint venture of your Company with two other partners i.e. Tata Chemicals Limited and OCP, Morocco. Each of the three partners hold equal stake in the joint venture (i.e. 33.33% each). IMACID is engaged in the manufacture of phosphoric acid ( $P_2O_5$ ) in Morocco.

During the calendar year 2013, IMACID produced 368,294 MT of  $P_2O_5$  against a design capacity of 430,000 MT of  $P_2O_5$ . The sales during the year 2013 were 351,480 MT of  $P_2O_5$  against the previous year sales of 254,919 MT of  $P_2O_5$  and 54,436 MT of DAP (equivalent of 25,421 MT of  $P_2O_5$  tolled through OCP). The plant was shut down from March 22, 2013 to May 7, 2013 due to adverse market conditions.

During the year 2013, IMACID achieved revenue of Moroccan Dirham (MAD) 2135.72 million (Rs. 1471.35 crore) against revenue of MAD 2264.13 million (Rs. 1388.86 crore) achieved during the year 2012. The profit after tax of IMACID was MAD 83.15 million (Rs. 57.28 Crore) during the year 2013 as against MAD 9.26 million (Rs. 5.68 crore) in the previous year.

IMACID achieved production and sales of 62,192 MT and 74,768 MT respectively of  $P_2O_5$  with operating income of MAD 308.85 Million (Rs. 229.80 crore) during January – March 2014 quarter.

## 6. Subsidiaries

### (i) Chambal Infrastructure Ventures Limited and its Subsidiaries

Chambal Infrastructure Ventures Limited ("CIVL") is a wholly owned subsidiary of your Company. CIVL was set up to pursue the business opportunities in Power Sector. CIVL had established two down-stream wholly owned subsidiaries viz. Chambal Energy (Chhattisgarh) Limited and Chambal Energy (Orissa) Limited for setting up power projects in the states of Chhattisgarh and Odisha, respectively. CIVL has identified suitable site for its project in Odisha and necessary approvals in this regard were being pursued. There was no activity during the year for power project in Chhattisgarh.

### (ii) CFCL Overseas Limited, Cayman Islands and its Subsidiaries

CFCL Overseas Limited is a wholly owned subsidiary of your Company and a holding entity for software business. CFCL Technologies Limited, the flagship Company which controls the entire software business, is a subsidiary of CFCL Overseas Limited. CFCL Technologies operates business through its step-down subsidiaries mainly in USA and India.

The software business continued its focus on conservation of resources, cost optimization and making necessary investments to turnaround the business. The Software Business generated EBITDA of USD 4.98 million in calendar year 2013. Revenue of Software business saw a marginal decrease, from USD 78.20 million in 2012 to USD 74.80 million in 2013, driven by weak origination market.

The software business as a whole incurred a net loss of USD 5.90 million during the year 2013 as against net loss of USD 18.10 million incurred in the year 2012.

### (iii) India Steamship Pte. Limited, Singapore and its Subsidiary

India Steamship Pte. Limited, Singapore is a wholly owned subsidiary of your Company mainly into chartering business. There was no business activity in this entity during the year. The Board of Directors of this company declared dividend of USD 3.25 per share amounting to USD 3,509,876 during the year, out of accumulated profits.

India Steamship International FZE, UAE is a wholly owned subsidiary of India Steamship Pte. Limited Singapore. There was no business activity in this entity during the year under review.

### (iv) India Steamship Limited, India (ISL)

ISL is a wholly owned subsidiary of your Company. During the year, the issued and subscribed capital of the Company was reduced to Rs. 25,00,000/- (Rupees Twenty Five Lac only) divided into 2,50,000 (Two Lac Fifty Thousand) fully paid up equity shares of Rs. 10/- each from Rs. 51,05,00,000 (Rupees Fifty One Crore Five Lac only) divided into 50,000 (fifty thousand) equity shares of Rs. 10/- each fully paid up, 4,10,00,000 (Four Crore Ten Lac) partly paid up equity shares of Rs. 10/- each {Rs. 0.50 per share paid up} and 1,00,00,000 (One Crore) non-cumulative redeemable partly paid preference shares of Rs. 10/- each {Re. 1/- per share paid up} vide order dated November 28, 2013 passed by Hon'ble High Court of Rajasthan at Jaipur.

There was no business activity in ISL during the year under review.

**Exemption:** The Government of India vide its circular dated February 8, 2011 granted general exemption to the companies from attaching with Annual Report, the copies of the Balance Sheet, Statement of Profit and Loss, Board of Directors' Report and Auditor's Report of its subsidiaries. Accordingly, the Board approved non-attachment of aforesaid documents of subsidiaries with the Annual Report of the Company. The Consolidated Financial Statements presented by the Company include the financial information of its subsidiaries, as applicable. The Company will make available the Annual Accounts of its subsidiaries along with relative detailed information upon request by investors of the Company or its subsidiaries. The Annual Accounts of the subsidiaries will be available for inspection by any shareholder at the corporate offices of your Company and respective subsidiaries during office hours.

## 7. Health, Safety and Environmental Protection

Your Company gives high priority to Health, Safety and Environment protection and operates with the motto of 'Safety First'. This aspect is reflected in the day to day operations of the Company. The senior management of the Company continuously monitors the progress and performance of the Company on the parameters of Health, Safety and Environment Protection. The Company strives for continuous improvement through benchmarking studies and other appropriate methodologies. The efforts are always on to deeply engrain the safety aspects in the people involved in the operations of the Company. Your Company has established and is maintaining an Integrated Management System at Gadepan; based on OHSAS-18001:2007, ISO-14001:2004, ISO-9001:2008. The township at Gadepan is also OHSAS-18001 & ISO-14001 certified.

### (a) Health & Hygiene

The health assessment and occupational disease monitoring of employees and associates is done through regular periodic medical examinations.

A well equipped occupational health centre in the campus at Gadepan works round the clock to provide Health Services to employees, their families, contractor work force and villagers in the vicinity of the plants. New medical equipment and services are added to continuously upgrade the facilities at health centre.

Necessary training was imparted to the employees and workers to enhance their awareness towards health related matters. Some of our employees are certified first-aiders.

### (b) Safety Management

A strong occupational – health and safety management system OHSAS-18001:2007 is in place in your Company in Fertiliser Division at Gadepan to ensure occupational health & safety of employees, contractor workforce as well as equipment and machinery.

Further, your Company has implemented, in its operations at Gadepan, Process Safety Management System developed by Occupational Safety & Health Administration (OSHA) for proactive identification, assessment & control of hazards.

To maintain and improve upon the well established safety systems, extensive trainings were conducted by internal & external experts on rescue, work at height, working inside confined space, fire fighting & emergency handling, electrical safety, material handling, road safety, etc.



As a new initiative, contractors' safety committee has been formed under chairmanship of maintenance head for further increasing their involvement and improvement in safety compliance and ownership.

The concept of Behavior Based Safety (BBS), introduced last year for safety improvement in the bagging plant is working satisfactorily through selected BBS Champions; which include representatives from employees and contractors' staff. Noticeable improvement in work culture is visible such as reporting of observations for safety improvement, reduction in unsafe acts & conditions and injuries.

Various safety projects have been undertaken to improve safety system of SSP plant at Gadepan. A unique initiative of providing automated machine guards in moving machinery was undertaken to ensure safe operations.

We have a well established safety reward system for encouraging employees and contractors' staff for achieving safety excellence. The Company gave rewards for safe million man-hours, safe shutdown, reduction of injuries in bagging, best near miss reporting, best safety performance by a department, etc.

Your company is associated with international and national safety institutions of repute such as National Safety Council of US, British Safety Council, International Fertiliser Association, National Safety Council of India and other Govt. bodies. Safety month, National Safety Day, Road Safety Week, Fire Service Day & World Environment Day, etc., campaigns were organized involving employees, their families and contractors' staff at Gadepan.

School children and staff were introduced to fire fighting & emergency handling equipments and procedure at Fire Station. As a special drive towards improvement in road safety, film shows and discussion by experts were organised for township residents. Environment safety workshop and fire fighting demo was organised for ITI Sangod students at ITI Sangod.

**Emergency handling:** Your Company has a well-defined "Onsite Disaster Management Plan". Regular mock drills & fire drills were conducted to verify the emergency preparedness. Prompt services for fire fighting were provided to surrounding villages. The on-site emergency plan and Mutual Aid & Response Group document has been thoroughly revised this year.

#### (c) Environment Management

- i. Environment Protection - Environment protection is the top priority of the management. A strong Environment Management System ISO- 14001:2004 is in place in Urea and Ammonia production activities and the Township at Gadepan. Extensive environmental monitoring is carried out to assess pollution risk to all personnel working directly or indirectly with us or residing in surrounding areas and necessary corrective & preventive actions are taken.
- ii. Sustainable Development – Your company is totally committed to sustainable development and has undertaken various environment improvement programmes to conserve natural and other resources viz. Rain Water Harvesting, Ground Water Recharging, Energy Conservation Measures, Pollution Control, Use of Solar Energy, etc. Few initiatives taken by your Company are installation of LED street lights, variable

frequency drives, upgradation of synthesis gas compressor, installation of ammonia product heater, etc.

- iii. Waste Management – Your Company continues to follow the 3R concept (Reduce, Re-use and Re-cycle) for waste management. Almost 100% condensate is recycled back to the system. Your Company has adopted best practices to manage solid / hazardous waste disposal after proper categorization. Recyclable waste is disposed off and saleable items are sold to approved recyclers. Use of polythene bags is strictly prohibited in the Gadepan campus.
- iv. Green belt Development– Your Company's complex at Gadepan is experiencing a positive change in Ecology due to development of a dense green belt/ forest with thousands of trees & shrubs in an area of about 153 hectares. This has provided habitat to many species of birds which includes large number of peacocks. Only treated waste water is used in maintaining green belt through a 65 kilometer long irrigation network spread all over the complex.
- v. Water conservation– Your Company continuously works on various water optimization measures as our area is water scarce. Water audits and studies have been conducted through internal and external experts to explore more avenues of water conservation. Kalisindh water river mapping has been done for studying intake water quality. Special efforts have been made in optimization of water consumption at Gadepan. The specific consumption of water is 4.98 cubic meters per MT of Urea this year against the water consumption norms of 8.0 cubic meters per MT of Urea for fertiliser industry.

#### (d) Quality Management

Your Company is ISO 9001:2008 certified and adequate attention is accorded to maintain quality of end product and processes. To enhance customer satisfaction quality assurance is ensured at all stages of manufacturing processes and maintenance & support services. Quality is continually improved by determining and taking care of internal and external customer requirements, future needs and expectations. Regular quality reviews are conducted and feedback from end-users is valued high as they are pillars for quality improvement and sustenance.

#### (e) Health, Safety, Environment & Quality (HSEQ) Audits and Reviews

HSEQ system is continually improved by conducting Hazards & Risk assessments, periodic audits by teams of trained internal auditors and external agencies of repute. Learning visits to other good performing organizations were conducted and their better practices were adapted as per our own requirements. To strengthen the audit, various internal audits were conducted on systems such as ammonia storage, fire water pump house, safety showers, first-aid boxes, pull chords, etc.

#### (f) Achievements

Your Company regularly participates in national and international benchmarking surveys and awards for independent assessment and opportunity for continual improvement. Your Company has received following prestigious awards during the year under review:

- 1<sup>st</sup> prize (Platinum) in Large Size Category (FICCI Safety

Systems Excellence Awards for Manufacturing 2013)

- Certificate of appreciation from National Safety Council of India for Occupational Safety & Health for 2009-2011 ("National Safety Council of India 2012" Safety Awards)
- Certificate of appreciation from Associated Chambers of Commerce and Industry of India for Corporate Social Responsibility (ASSOCHAM CSR Excellence Awards 2013-14)

## 8. Corporate Social Responsibility (CSR)

Your Company is committed in improving the quality of life of people with a special focus on neighboring areas. Your Company has taken number of initiatives for the community development in consultation with local administration at the village, block and district levels. Your Company has also formed an NGO – KK Birla Memorial Society to undertake CSR activities, in particular the Public-Private-Partnership (PPP) Schemes.

The Company has undertaken various CSR initiatives during the year under review, brief details of some of which are given below:

### a) Education

CFCL is extending quality education to children from rural community by providing admission to Chambal Fertilisers DAV School. More than 50% students in this school are from surrounding rural community.

Your Company has adopted 24 primary and upper primary government schools of nearby 22 villages under PPP Scheme of Government of Rajasthan. Your Company completed renovation of Government schools and construction of girls' toilets in each school and Stationary, school bags, note books and sweaters were provided to around 2000 students. The Company also organized sports, drawing and cultural competitions to motivate these children and prizes were given to them. Your Company is adopting another 5 Secondary & Senior Secondary and 3 Primary schools to take care of entire school education in its CSR project area.

A reputed NGO has been engaged in improving learning level of school children. The aim is to provide quality education to school children in partnership with Sarva Shiksha Abhiyan and Rastriya Madhyamik Shiksha Abhiyan of Government of India. The Company gave financial assistance for a few under-privileged girl students and for purchase of Genset for a school for blind children.

### b) Technical Education

Your Company had adopted Government Industrial Training Institute (ITI) – Sangod in 2010-11 under PPP scheme. After complete renovation of the building and introduction of 4 new trades, the ITI has established itself as one of the top ITIs in Rajasthan under the guidance of your Company. The institute has been able to achieve 100% placement of the students in last 2 years. Encouraged by the success, your Company has adopted another ITI at Sultanpur (Rajasthan).

### c) Vocational Education

Your Company has set up a vocational training center at Gadepan and Kundanpur villages to empower unemployed rural youth specially women. During this year, around 120 women were trained in 'Tailoring & Stitching Course' and 'Beautician Course'.

### d) Community Health Care

The Company operates a mobile Health Care Unit in 23 surrounding villages and provides free medical check up and

medicines to people at their doorsteps. Ambulance facilities are also provided to community round-the-clock for taking patients to Kota hospitals in emergency situations, thus benefiting over 300 cases.

During the year, around 15,451 people were treated for different ailments. The community also avails the services of specialists in various fields such as pediatrics, gynecology, skin, dental, eye, etc. during their visits and free camps organized for them. Over 3,550 patients benefited during such visits and camps.

The Company has contributed Rs. 30 lac to Manorama Devi Birla Charitable Trust to support their community healthcare initiatives in Uttarakhand.

### e) Rural Infrastructure

The Company has constructed pavement roads in Pachara, Motikuan, Bamori, Cheensa, Palaiitha, Gadepan Ki Jhopariyan, Sarola, etc. villages to improve quality of life of rural folks. Pavement road and drain facility construction was completed in entire Gadepan village under PPP scheme.

The Company alongwith its employees provided relief by way of constructing 32 green houses, 16 toilets and 10 water storage tanks with filtration units in 4 villages of Chamoli district in Uttarakhand.

## 9. Disclosure of Particulars

The Company strives to make the plants as energy efficient as possible and reviews various options to conserve energy on regular basis. The improvement in energy efficiency not only helps in environment protection but it also adds to the bottom-line of the Company. The requisite information with regard to conservation of energy, technology absorption and foreign exchange earnings and outgo in terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out in Annexure "A" attached hereto.

Information required to be furnished in Form A is not applicable to shipping industry. The Company has 5 double hull Aframax Tankers and these ships are more energy efficient as compared to the old vessels. The Shipping Division has no information to furnish in Form B regarding technology absorption.

## 10. Investor Service Centre

The In-house Investor Service Centre of your Company located at New Delhi, provides prompt service to the investors. The Company takes various pro-active measures for investor satisfaction like timely reminders to investors about new corporate benefits, undelivered shares, unclaimed benefits, etc.

The equity shares of your Company are listed at National Stock Exchange of India Limited and BSE Limited. The Company has paid annual listing fees to these Stock Exchanges for the Financial Year 2014-15.

The members are requested to refer to general shareholders' information given in Corporate Governance Report appended to this report.

## 11. Fixed Deposits

Your Company has discontinued accepting new deposits with effect from July 1, 2008. As on March 31, 2014, your Company had 4 depositors with fixed deposits of Rs. 1.45 lac, who did not claim their Fixed Deposit amount despite being reminded regularly.

## 12. Employees Stock Option Scheme

The members of the Company had approved CFCL Employees

Stock Option Scheme 2010 ("ESOS 2010") on August 27, 2010 for issue and allotment of options exercisable into not more than 41,62,000 equity shares of face value of Rs. 10/- each to eligible employees and Managing Director of the Company. Each option when exercised would be converted into one fully paid up equity share of Rs. 10 of the Company. The ESOS 2010 is administered by the Compensation Committee of the Board of Directors of the Company. Disclosure pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is given in Annexure - "B".

### 13. Personnel

Your Company recognizes the contribution of its highly motivated human resource in its performance and growth. Your Company has very healthy work environment matched with adequate compensation packages which enables it to attract and retain high caliber employees. Information in accordance with section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report and is attached hereto as Annexure "C".

### 14. Directors

The Board consists of nine directors - eight non-executive directors and a Managing Director. Three directors namely M/s. R.N. Bansal, Marco Wadia and C.S. Nopany are due for retirement by rotation at the forthcoming Annual General Meeting. M/s. Marco Wadia and C.S. Nopany are eligible and have offered themselves for re-appointment. In pursuance of Section 149 of the Companies Act, 2013, the Board is recommending appointment of M/s. Marco Wadia, Dipankar Basu, Kashi Nath Memani and Ms. Radha Singh as Independent Directors of the Company to hold office for 3 (three) consecutive years for a term upto the conclusion of the Annual General Meeting of the Company to be held in the calendar year 2017. The Directors proposed to be appointed / re-appointed are not relatives (as defined under the Companies Act, 2013 and Rules thereunder) *inter-se* or of any other director of the Company.

Mr. R.N. Bansal has expressed his unwillingness for re-appointment. Mr. Bansal has been associated with the Company for last 18 years and the Company immensely benefitted from his rich knowledge and experience. The Board expresses its sincere gratitude and appreciation of the contribution made by Mr. Bansal as a Director of the Company.

Other information on the directors is provided in Corporate Governance Report annexed to this Report as Annexure "D".

### 15. Auditors

The Notes on Financial Statements read with the Auditors' Reports are self explanatory and therefore, do not call for any further comments or explanations.

M/s. S. R. Batliboi & Co. LLP, Statutory Auditors and M/s. Singhi & Co., Branch Auditors of Shipping Business of the Company, are retiring at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your director are seeking the re-appointment of the Statutory Auditors and Branch Auditors from the conclusion of ensuing 29<sup>th</sup> Annual General Meeting (AGM) of the Company till the conclusion of 31<sup>st</sup> AGM of the Company.

The Board of Directors of the Company appointed M/s. K.G. Goyal & Associates, Cost Accountants for conducting audit of cost records of the Company for the financial year 2013-14. The Company has filed with the Ministry of Corporate Affairs (MCA), Government of India, the Cost Audit Report and Compliance Report for the Financial Year 2012-13 for the Fertilizer and Textile Divisions of the Company on September 18, 2013 as against the last date of filing on September 30, 2013.

### 16. Directors Responsibility Statement

Your Directors hereby report:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for the year ended March 31, 2014;
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the annual accounts on a going concern basis; and
- that the Company has adequate internal systems and controls in place to ensure compliance of laws applicable to the Company.

### 17. Consolidated Financial Statements

In accordance with 'Accounting Standard 21 – Consolidated Financial Statements', the consolidated financial statements form part of this Report & Accounts. These consolidated financial statements also incorporate the 'Accounting Standard 27 – Financial Reporting of interest in Joint Ventures issued by the Institute of Chartered Accountants of India. The consolidated financial statements have been prepared on the basis of audited financial statements received from subsidiaries and joint venture entity.

### 18. Acknowledgements

Your Directors wish to place on record their appreciation of the assistance and co-operation received from the Department of Fertilisers, Government of India, State Governments, Domestic and International Financial Institutions & Banks and other stakeholders, whose continued support and co-operation has been instrumental in enabling the Company to achieve its goals. Your Directors also convey their sincere appreciation of the commitment, hard work and devotion of every employee of the Company which has enabled the Company to achieve sustained performance.

By order of the Board

Place: New Delhi  
Date : May 09, 2014

S. K. Poddar  
Chairman



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## Annexure "A" to Directors' Report

### I. Disclosure of Particulars with respect to Conservation of Energy:

#### a) Energy Conservation measures taken

The following measures were taken during the Financial Year 2013-14:

##### (i) Fertiliser Division

- Installation of Variable Frequency Drives (VFD) in Ammonia feed pumps in Urea-I plant.
- Installation of VFD in lean & Boiler Feed Water pumps in Ammonia-I plant.
- Installation of Ammonia product heater in Ammonia-I plant.
- Up-rating of synthesis gas compressor in Ammonia-I plant.
- Installation of additional cooling tower cell for Ammonia-I and Urea – II plants.
- De-bottlenecking of Forced Draft fan suction duct to reduce the cyclic variation in combustion air pressure.

##### (ii) Textile Division

- Installation of 42 Variable Frequency Drives (VFD) in Humidification Plant & Waste collection system.
- Installation of 2500 light-emitting diode (LED) tubes of 20 watt each in replacement of 36 watt tubes.
- Installation of 12 LED Street Lights of 60 watt each in replacement of 250 watt Sodium lamps.

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

The following energy saving measures are proposed to be implemented during the Financial Year 2014-15:

##### (i) Fertiliser Division

- Installation of additional Cooling Tower cell for Ammonia-II plant.
- Installation of Motor for Urea-II Cooling Tower pump, in place of turbine.

##### (ii) Textile Division

- Installation of 5000 LED tubes of 20 watt each in replacement of 36 watt tubes.
- Installation of 30 LED Street Lights of 60 watt each in replacement of 250 watt Sodium lamps.
- Installation of 160 Energy efficient motors in replacement of conventional motors on machines in Humidification plant.
- Heat Recovery System (Plate Heat Exchanger) to recover the heat from hot effluent of dye house.

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

The energy conservation measures in Fertiliser Division mentioned at (a) above have resulted in a saving of approximately 1% of energy consumption per MT of Urea and those listed at (b) above are expected to result in a saving of approximately 0.2% of energy consumption per MT of Urea after implementation.

The energy conservation measures in Textile Division mentioned at (a) above will result in saving of around 115,000 units per month (approximate saving of Rs. 5.75 Lac per month) and those listed at (b) above are expected to result in saving of around 108,000 electricity units per month and 40 MT of boiler fuel (approximate saving of Rs. 7.20 Lac per month).

- d) Total energy consumption and energy consumption per unit of Production  
As per Form 'A' given below:

Form "A"

Sl. No.	Particulars	Unit	2013-14 Current Year	2012-13 Previous Year
<b>A Power and Fuel Consumption</b>				
1	<b>Electricity</b>			
	(a) <b>Purchased</b>			
	Unit	MWH	97,676.66	90797.78
	Total Amount	Rs. Lac	5564.50	4592.51
	Rate/Unit	Rs./ KWH	5.70	5.06
	(b) <b>Own generation</b>			
	(i) <b>Through diesel generator</b>			
	Unit	MWH	528.76	1773.85
	Units per KL of furnance oil	KWH	-	4.02
	Units per KL of HSD	KWH	3.71	3.78
	Cost /Unit	Rs./kwh	12.53	10.43
	(ii) <b>Through steam turbine/generator</b>			
	Quantity	MWH	1,59,667.86	162859.28
	Unit per SM <sup>3</sup> of Gas	KWH/SM <sup>3</sup>	4.49	4.33
	Cost/Unit	Rs. / KWH	5.05	4.21
2	<b>Coal (specify quality and where used)</b>			
	(a) <b>Charcoal (For Steam Generation for Dye House)</b>			
	Quantity	KG	6,970.00	3700.00
	Total cost	Rs. Lac	1.24	0.61
	Average rate/Unit	Rs./KG	17.84	16.53
	(b) <b>Steamcoal (For Steam generation for Dye House)</b>			
	Quantity		-	0.00
	Total Cost		-	0.00
	Average Rate/Unit		-	0.00
	(c) <b>Rice Husk (For Steam generation for Dye House)</b>			
	Quantity	MT	2,820.23	2538.98
	Total Cost	Rs. Lac	127.59	114.01
	Average Rate/Unit	Rs./MT	4.52	4.49
	(d) <b>Petcoke (For Steam generation for Dye House)</b>			
	Quantity	KG	4,86,999.00	30793.00
	Total Cost	Rs. Lac	48.71	3.10
	Average Rate/Unit	Rs./KG	10.00	10.08
3	<b>Furnance oil</b>			
	Quantity	KL	63.54	235.02
	Total amount	Rs. Lac	29.55	114.65
	Average rate	Rs./KL	46508.34	48782.95
4	<b>Others/internal generation</b>			
	a) <b>Natural Gas (Ammonia &amp; SSP - Fuel, Power &amp; Steam)</b>			
	Quantity	1000SM <sup>3</sup>	5,12,260.32	553320.30
	Total Cost	Rs. Lac	123257.76	105519.08
	Average rate/Unit	Rs./1000SM <sup>3</sup>	24061.55	19070.16
	b) <b>Naphtha (Ammonia-Fuel, Power &amp; Steam)</b>			
	Quantity	MT	885.47	677.20
	Total Cost	Rs. Lac	214.75	164.33
	Average rate/Unit	Rs./MT	24252.37	24265.76
	c) <b>HSD</b>			
	Quantity	KL	280.08	219.36
	Total Cost	Rs. Lac	36.72	90.31
	Average Rate/Unit	Rs./KL	13110.53	41167.51
<b>B</b>	<b>CONSUMPTION PER MT OF UREA PRODUCTION</b>			
	Electricity (purchased and own generation)	KWH/MT	85.84	81.11
	Natural Gas (Ammonia-Fuel, Power & Steam)	SM <sup>3</sup> /MT	263.43	264.23
	Naphtha (Ammonia-Fuel, Power & Steam)	KG/MT	0.46	0.32
<b>C</b>	<b>CONSUMPTION PER MT OF SSP PRODUCTION</b>			
	Electricity (purchased)	KWH/MT	47.75	61.04
	Natural Gas (Fuel-SSP)	SM <sup>3</sup> /MT	8.14	19.34
<b>D</b>	<b>CONSUMPTION PER MT OF YARN PRODUCTION</b>			
	Electricity (purchased and own generation)	KWH/MT	4,363.18	4484.28
	Furnance oil	KL/MT	0.00	0.01
	HSD	KL/MT	0.01	0.01