



ANNUAL REPORT 2014 – 2015

ZUARI GLOBAL LIMITED

DIRECTORS

: Mr. Saroj Kumar Poddar, Chairman
Mr. N. Suresh Krishnan, Managing Director (w.e.f. 1st April, 2015)
Mr. D. B. Engineer
Mr. J. N. Godbole (upto 21st Sept. 2014)
Mrs. Jyotsna Poddar, Whole time Director
Mr. K. K. Gupta
Mr. Marco Wadia

COMPANY SECRETARY

: Mr. K. G. Prabhu

BANKERS

: State Bank of India
HDFC Bank Limited

LEGAL ADVISERS

: Khaitan & Co., Kolkata

AUDITORS

: S. R. Batliboi & Co. LLP
Chartered Accountants, Gurgaon

REGISTERED OFFICE

: Jai Kisaan Bhawan
Zuarinagar, Goa 403 726

Notice of the Annual General Meeting is being sent separately through permitted mode as required under the Companies Act, 2013 and Rules made thereunder.

DIRECTORS' REPORT

To the Members,

1. Your Directors place before you the Forty-Seventh Annual Report of the Company together with Statement of Accounts for the accounting year ended 31st March, 2015.

2. **Financial Results and Appropriation:**

₹ in lacs

Particulars	Standalone		Consolidated	
	Current Year 2014-2015	Previous Year 2013-2014	Current Year 2014-2015	Previous Year 2013-2014
Profit for the year before depreciation and taxation	3,421.87	5,595.30	(1,077.51)	5,117.65
Less : Depreciation for the year	22.59	11 .81	804.14	821.04
Profit / (loss) before tax	3,399.28	5,583.49	(1,881.65)	4,296.61
Less : Provision for taxation – Current Tax	684.89	1,159.12	1,080.07	1,538.32
Tax adjustment relating to earlier year	48.48	2,009.84	27.48	2,004.11
Deferred Tax charge	32.67	(27.10)	(11.38)	(66.08)
MAT Credit Entitlement	(45.03)	(172.31)	(17.38)	(162.85)
Profit/(loss) after tax	2,678.27	2,613.94	(2,960.44)	983.11
Add : Share in profit/(losses) from Associates	–	–	329.04	(1,124.00)
Profit / (loss) for the year before Minority Interest	–	–	(2,631.40)	(140.89)
Less : Share of minority interest in profits/(losses)	–	–	(6.42)	(21.32)
Profit / (loss) for the year	–	–	(2,624.98)	(119.57)
Add : Balance of profit brought forward	55,593.78	53,824.28	62,089.19	63,053.20
Charged to reserves due to implementation of Schedule II of the Companies Act, 2013 (Net of deferred tax reversal of ₹ 33.63 lacs)	–	–	(120.07)	–
Add : transfer of securities premium account	–	–	1,882.63	–
Less : Transfer to general reserve	100.00	500.00	100.00	500.00
Proposed Dividend :	294.41	294.41	294.41	294.41
Tax on dividend (Including Surcharge)	59.93	50.03	59.93	50.03
Balance of profit carried forward	57,817.71	55,593.78	60,772.43	62,089.19
Earning Per Share (EPS)	₹ 9.10	₹ 8.88	₹ (8.91)	₹ (0.41)

The Company proposes to transfer a sum of ₹ 100.00 lacs to the general reserve. An amount of ₹ 57,817.71 lacs shall be retained as Surplus in the Profit and Loss account.

Review of Operations:

The revenue from the operations (Standalone) for the year ended 31st March, 2015 was ₹ 3,951.77 lacs as compared to ₹ 16,982.15 lacs for the previous year.

The Profit before tax for the year ended 31st March, 2015 was ₹ 3,399.28 lacs as compared to ₹ 5,583.49 lacs for the year ending 31st March, 2014. The Profit after Tax stood at ₹ 2,678.27 lacs for the year ending 31st March, 2015 as compared to ₹ 2,613.94 lacs for the previous year ending 31st March, 2014.

The revenue from operations (Consolidated) for the year ended 31st March, 2015 was ₹ 53,453.68 lacs as compared to ₹ 65,055.76 lacs for the previous year.

The Consolidated Loss before tax for the year ended 31st March, 2015 was ₹ 1,881.65 lacs as compared to a profit of ₹ 4,296.61 lacs for the year ending 31st March, 2014. The Loss after Tax stood at ₹ 2,960.44 lacs for the year ending 31st March, 2015 as compared to profit of ₹ 983.11 lacs for the previous year.

There were no material changes and commitments affecting the financial position of the Company from the end of the financial year till the date of the Directors' Report.

3. Dividend:

The Directors recommend a dividend of ₹ 1 /- per equity share (₹1/- per equity share in the previous year).

4. Conservation of Energy / Technology Absorption / Foreign Exchange earnings and outgo:

The Company is not engaged in manufacturing activities, hence no information on Conservation of Energy is required to be provided. Similarly, no new technology was absorbed during the year.

The Foreign exchange earnings and outgo is given in Note No. 31, 32 & 33 of the financial statements.

5. Industrial Relations:

The industrial relations with the employees continues to be harmonious.

6. Extract of the Annual Return:

The extract of the Annual Return for the financial year ended 31st March, 2015 in Form No. MGT-9 is enclosed as **Annexure 'E'** to the Directors' Report.

7. Related Party Transactions:

All related party transactions that were entered into during the financial year were at arm's length basis. All related party transactions are approved by the Audit Committee and the Board of Directors. The details of Material Related Party transactions as per Form AOC-2 is enclosed as **Annexure 'G'** to the Directors' Report. There were no other materially significant related party transactions entered into by the Company with the promoters, Directors, key managerial personnel which may have a potential conflict with the interest of the Company at large.

8. Particulars of Loans, Guarantees or Investments:

The details of Loans, Corporate Guarantees and Investments made during the financial year under the provisions of Section 186 of the Companies Act, 2013 are given in the Note No.45 to the Financial Statements.

9. Nomination and Remuneration Policy and Disclosures on Remuneration :

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and employees in the Senior Management. The details of the same are given in the Report on Corporate Governance.

The information required pursuant to Section 197 read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request by the shareholders. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company in this regard.

The disclosures under Section 197 read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **Annexure 'I'** to this Report.

10. Risk Management:

The Risk Management Committee comprises two Independent Directors and one Non-Executive Director.

The objective of the Risk Management Committee is to monitor and review the risk management plans for the Company including identification therein of elements of risks if any, which may threaten the existence of the Company and such other functions.

During the year the Committee has met once on 10th February, 2015 and the attendance of the members at the meeting was as follows:–

Name of the member	Status	No. of meetings attended
D. B. Engineer	Chairman	1
Marco Wadia	Member	1
N. Suresh Krishnan	Member	1

The Board of Directors on the recommendation of the Risk Management Committee has approved the Risk Management Policy for the Company in accordance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Risk Policy document has in its scope, the establishment of a process for risk assessment, identification of risks both internal and external and a detailed process for evaluation and treatment of risks. The risks identified and the steps taken to mitigate risks shall be reviewed by the Risk Management Committee and shall be placed before the Board from time to time.

11. Vigil Mechanism / Whistle Blower Policy:

The Company in accordance with the provisions of Section 177(9) of the Companies Act, 2013 and Clause 49 of the Listing Agreement has established a vigil mechanism for Directors and employees to report genuine concerns to the management viz. instances of unethical behavior, actual or suspected, fraud or violation of the Company's Code of Conduct. The Company has also formulated Whistle Blower Policy ("Policy") which provides for adequate safeguards against victimisation of persons and has a provision for direct access to the Chairperson of the Audit Committee. The Company has not denied any person from having access to the Chairperson of the Audit Committee

12. Corporate Social Responsibility ("CSR"):

The Board of Directors has constituted a CSR Committee and also approved the CSR Policy. CSR Committee comprises two Independent Directors and a Non-Executive Director.

Terms of Reference:

The Board has constituted the CSR Committee to formulate and recommend to the Board a CSR Policy which shall indicate the activities to be undertaken by the Company, as specified in Schedule VII of the Companies Act, 2013, to recommend the amount of expenditure to be incurred on the CSR activities and to monitor the CSR Policy of the Company from time to time.

During the year the Committee has met once on 29th October, 2014 and the attendance of the members at the meeting was as follows:–

Name of the member	Status	No. of meetings attended
N. Suresh Krishnan	Chairman	1
Marco Wadia	Member	1
K. K. Gupta*	Member	1

* Chairperson w.e.f. 15th May, 2015

The detailed report on CSR activities as required under The Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as **Annexure 'H'** to this report.

The Company has not spent any amount towards Corporate Social Responsibility during the current financial year. However, the CSR Committee and the Board have identified and approved projects for CSR spending from the financial year 2015-16 onwards.

13. Directors and Key Managerial Personnel:

All Independent Directors have given declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Mrs. Jyotsna Poddar retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

Mr. J. N. Godbole resigned as Director of the Company w.e.f. 21st September, 2014. The Board places on record its appreciation and invaluable contribution by Mr. Godbole to the Company during his tenure as the Director of the Company.

Mr. K. K. Gupta was appointed as Additional Director w.e.f. 30th July, 2014 in the category of Independent Directors.

The Board of Directors on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the shareholders have appointed Mr. N. Suresh Krishnan as Managing Director and Key Managerial Personnel of the Company for a period of 3 years w.e.f. 1st April, 2015.

Mrs. Jyotsna Poddar, Whole Time Director (Key Managerial Personnel upto 31st March, 2015), Mr. H. C. Shah, General Manager, Finance & Accounts (CFO) and Mr. K. G. Prabhu, Company Secretary have been designated as Key Managerial Personnel in accordance with provisions of Section 203 (1) of the Companies Act, 2013.

A brief profile and details of other Directorships and committee memberships of Mrs. Jyotsna Poddar, Mr. K. K. Gupta and Mr. N. Suresh Krishnan, are given in the Report on Corporate Governance attached as **Annexure 'A'** to this report.

14. Board Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Nomination & Remuneration Committee and the Board of Directors have formulated a policy for performance evaluation of its own performance, of various Committees of the Board and the individual Directors.

The Board has carried out evaluation in accordance with the policy on performance evaluation. The manner and the details of the evaluation process has been included in the Report on Corporate Governance attached as **Annexure 'A'** to this report.

15. a. Board Meetings:

During the year under review, seven Board meetings were held on : 8th May, 2014, 11th July, 2014, 30th July, 2014, 29th September, 2014, 29th October, 2014, 10th February, 2015 and 10th March, 2015.

b. Audit Committee:

The details of the composition of the Audit Committee is given in the Corporate Governance Report. During the year, all the recommendations of the Audit Committee were accepted by the Board.

16. Fixed Deposits:

As reported in the year 2008-09, the Fixed Deposit Scheme of the Company was discontinued. Deposits matured and claimed have been repaid. 34 deposits amounting to ₹ 6.65 lacs which had matured have not been claimed. The Company advises the depositors at regular intervals for repayment of the deposits. During the year, the Company has transferred an amount of ₹ 10.04 lacs towards unclaimed/unpaid deposits and interest thereon to 'The Investors Education and Protection Fund', pursuant to section 205(C) of the Companies Act, 1956 and rules made thereunder.

17. Debt Servicing:

Your Company has met all obligations towards repayment of principal and interest amount on all loans.

18. Details of significant and material orders passed by the regulators or courts:

There are no significant material orders passed by the courts/regulators or tribunals impacting the going concern status and Company's operations in future. The details pertaining to various demand notices from various statutory authorities are disclosed in Note No. 28(a) of financial statements under the heading – Contingent liabilities.

19. Adequacy of internal financial controls with reference to financial statements:

The company has adequate systems of internal control in place, which is commensurate with its size and the nature of its operations. The Company has designed and put in place adequate Standard Operating Procedures and Limits of Authority Manuals for conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of fraud and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

These documents are reviewed and updated on an ongoing basis to improve the internal control systems and operational efficiency. The Company uses a state-of-the-art ERP (SAP) system to record data for accounting and managing information with adequate security procedure and controls.

20. Corporate Governance:

Your Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The Report on Corporate Governance pursuant to Clause 49 of the Listing Agreement is enclosed as **Annexure 'A'** to this report. The Practising Company Secretary's Certificate on compliance of Corporate Governance is enclosed as **Annexure 'B'**. Declaration by the Managing Director is enclosed as **Annexure 'C'** and the Management Discussion and Analysis is enclosed as **Annexure 'D'** to this report.

21. Auditors:

As per Section 139 of the Companies Act, 2013 and Rules made thereunder, the Auditors, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, Gurgaon, Statutory Auditors of the Company were appointed as Auditors from the conclusion of the Forty-Sixth Annual General Meeting till the conclusion of the Forty-Ninth Annual General Meeting subject to ratification by the members at every Annual General Meeting. The Board, based on the recommendation of the Audit Committee recommends ratification of appointment of M/s. S.R. Batliboi & Co. LLP, as statutory auditors of the Company and to authorize the Board to fix the remuneration for the year 2015-16.

22. Secretarial Audit Report:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed Mr. Sadashiv V. Shet, as Secretarial Auditor, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor is enclosed as **Annexure 'F'** to this report. The report does not contain any qualification.

23. Internal Complaints Committee:

As per provisions of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has constituted an Internal Complaints Committee for redressal of complaints against sexual harassment. There were no complaints received during the financial year.

24. Employees' Stock Option (ESOP) Scheme :

The Company has not issued any ESOPS to its employees during the year.

25. Changes in Capital :

During the financial year, in the AGM held on 1st September, 2014 there was alteration of clause V of the Memorandum of Association of the Company. The Authorised Share Capital of the Company is ₹ 135,75,00,000 (Rupees One hundred Thirty Five Crore and Seventy Five Lac Only) divided into

- a) ₹ 115,00,00,000 (Rupees One Hundred Fifteen Crore) consisting of 11,50,00,000 (Eleven Crore Fifty Lacs) equity shares of ₹ 10/- each.
- b) ₹ 20,75,00,000 (Rupees Twenty Crore Seventy Five Lacs) consisting of 20,75,000 (Twenty Lacs Seventy Five Thousand) Cumulative Redeemable Preference Shares of ₹ 100/- each.

26. Consolidated Financial Statements under Section 129 of the Companies Act, 2013:

The consolidated financial statements of the Company prepared in accordance with Section 129 of the Companies Act, 2013 and relevant Accounting Standards (AS) issued by the Institute of Chartered Accountants of India forms part of the Annual Report.

The Company will make available the financial statements of subsidiaries upon request by any member of the Company interested in receiving this information. The Annual Accounts of the Subsidiary Companies will also be available for inspection by any investor at the Registered Office of the Company and its Subsidiaries.

27. Subsidiaries:

A brief review of the subsidiaries of the Company is given below:—

a. Zuari Infracore India Limited (ZIIL):

Zuari Infracore India Limited, (ZIIL), a wholly owned subsidiary of your Company represents the group's foray into Real Estate Sector.

Projects under Execution

Zuari Garden City Project, Mysore:

Phase-I: The Company has completed Phase-I of the project consisting of 217 villas with the saleable area of 562,150 Sft. The registrations of units in favour of customers have started and handing-over of the villas has commenced.

Phase-II: During the year, the Company has started construction of Phase-II of residential development consisting of “464” Apartments ranging from 2BHK to 4BHK with the saleable area of 732,640 Sft. This phase is expected to be completed by Financial Year 2018.

Mayavan Project, Vrindavan, Mathura

During the year, the Company has invested 25% equity in Brajbhumi Nirmaan Pvt. Ltd for the development of “Mayavan Project” located at Vrindavan, Mathura, spread over 140 acres. The Company has also executed Development Management Agreement whereby it will manage preparation of Development Plan and Project Execution.

The construction of Phase-I of 36 Acres consisting of Villas in 23 Acres and Plotting in 13 Acres has commenced and 70% of the Plots have been sold out.

New Projects

Adventz Tower – Burj Khalifa Downtown Dubai

The Company has set up a wholly owned subsidiary i.e. Zuari Infra Middle East Limited (ZIMEL) in Jebel Ali Free Zone Authority. ZIMEL proposes to develop a residential project in Dubai, UAE in joint venture with Green Tree Property Management Co LLC, a group Company of DAS Holdings, Abu Dhabi.

The total Gross Floor Area is 444,740 Sft. It is proposed to develop a 70-storeyed residential development encompassing premium residences and retail establishments. The Project is expected to start construction in the Financial Year 2016.

b. Simon India Limited (SIL):

Simon India Limited (SIL), a wholly owned subsidiary of your Company completed following projects in 2014-15:

- 600 TPD Granulated SSP Fertilizer Project on EPC basis for Zuari Fertilisers and Chemicals Limited at Mahad.
- Modifications in Phosphoric Acid Storage Tanks No. 1 and 2 for Paradeep Phosphates Limited (PPL), Paradeep on EPC basis.
- Installation of new Storage Tank No. 3 for Phosphoric Acid for Paradeep on EPC basis.
- New Urea Scrubber plant for Waterleau for their end-client Pardis, Iran on EPCM basis.
- SIL continues to work on New Sulphuric Acid Plant of capacity 2000 TPD with captive power plant (23 MW) and heat recovery system with MECS USA, design for the existing Sulphuric Acid plants for Paradeep on EPC basis and New Chlor-Alkali Plant for KLJ-Qatar in Qatar on EPCM basis.

c. Indian Furniture Products Limited (IFPL):

Your Company holds 72.45 % share in IFPL.

IFPL and Style Spa Furniture Ltd, the erstwhile Furniture retail chain, were merged w.e.f. 1st April, 2014 integrating retail business with manufacturing and wholesale business.

Furniture industry across the country has been going through difficult times during the last 3 years though there was some hope of revival in the beginning of the year. As sluggishness further continued, IFPL went ahead with weeding out operations of unhealthy stores. Thirty loss-making showrooms have been closed to turn operations healthier.

In the market place, multifarious activities have been undertaken primarily at Showrooms in terms of new products, innovative pricing, regular customer contact programmes etc. A total of 75 new products were introduced during the financial year. Every 6 months, 20 new products would be launched to rejuvenate the showrooms scaling up the freshness index.

Joint Venture with Soundaryaa IFPL Interiors Ltd.

IFPL has formed a Joint Venture Company with M/s. Soundaryaa IFPL Interiors Ltd., which is a highly reputed Company in commercial interiors business. It has executed several projects for many multinational companies in India. The Joint Venture Company is executing a project of M/s. Shell India Ltd. for ₹ 8,000 lacs.

d. Zuari Investments Limited (ZIL):

Zuari Investments Limited (ZIL), a wholly owned subsidiary of Zuari Global Limited (ZGL), is engaged in the distribution of financial products and is focused to be a single window for all leading financial institutions offering a complete bouquet of all financial products/services under one roof.

The Company is a member of both, National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE), for cash, derivative and currency segments and provides trading services. ZIL is also a depository participant with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and provides depository services. Besides being empanelled with Association of Mutual Fund of India (AMFI) for distribution of Mutual Fund products, the Company is also a dealer of OTC Exchange of India and a Category- II Registrar and Share Transfer Agent, registered with Securities and Exchange Board of India (SEBI). In addition to above, the Company is engaged as a direct selling agent for mortgages and real estate products.

i) Zuari Insurance Brokers Limited (ZIBL):

Zuari Insurance Brokers Limited (ZIBL), a wholly owned subsidiary of ZIL, is registered with the Insurance Regulatory and Development Authority (IRDA) and provides complete insurance solutions to individuals & corporates as an insurance broker.

ii) Zuari Commodity Trading Limited (ZCTL) :

Zuari Commodity Trading Limited (ZCTL), a wholly owned subsidiary of ZIL, is a member of National Commodity Derivative Exchange Limited (NCDEX) and Multi Commodity Exchange Limited (MCX) and provides commodity trading services.

iii) Gobind Sugar Mills Limited (GSML) :

Gobind Sugar Mills Limited (GSML), a subsidiary of Zuari Investments Limited (ZIL), belongs to the Adventz Group. It became a subsidiary of ZIL w.e.f. 25th August, 2014 and hence, became a subsidiary of your Company as well. It is one of the most rapidly growing companies in the sugar industry. The Company is listed on the Calcutta Stock Exchange. Its sugar mill at Aira Estate in Lakhimpur Kheri district, Uttar Pradesh, is equipped with the state-of-the-art technology to produce crystal sugar of the highest purity having a crushing capacity of 7,500 tonnes of sugarcane per day. Expansion plans of the Company includes setting up a 30 MW Co-Generation Power Plant, sugar refinery and modernization of plant to increase crushing to 10,000 tonnes of sugarcane per day.

e. Zuari Management Services Limited (ZMSL):

Zuari Management Services Limited (ZMSL), a wholly owned subsidiary of your Company, is engaged in the business of rendering management services. The services to Group Companies include in the areas of human resource, internal audit, corporate communication, etc.

f. Zuari Financial Services Limited (ZFSL):

Zuari Financial Services Limited (ZFSL) was incorporated as a wholly owned subsidiary of Zuari Investments Limited. During the year, the 100% shareholding of ZFSL was transferred to Zuari Global Limited (ZGL). Consequently, ZFSL has become direct wholly owned subsidiary of ZGL.

g. Globex Ltd.:

Globex, an offshore subsidiary Company was established at Jebel Ali Free Zone on 9th August, 2009. Currently, Globex is engaged in general trading in fertilizers and commodities and advisory services.

28. Joint Ventures:

a. Zuari Indian Oiltanking Private Limited (ZIOTPL):

Zuari Indian Oiltanking Private Limited (ZIOTPL) formerly known as Zuari Indian Oiltanking Limited has a state-of-the-art terminalling facility for petroleum products namely Naphtha, Motor Spirit, High Speed Diesel & Superior Kerosene.

The Company provides terminalling services to Hindustan Petroleum Corporation Limited, Bharat Petroleum Corporation Limited & Indian Oil Corporation Limited as a Common User Terminal (CUT) facility. Products currently handled are Motor Spirit, High Speed Diesel & Ethanol. For the year 2014-15, the Oil Terminal has achieved a through out of 474399 KL.

b. Gulbarga Cement Limited (GCL):

During the year the Company has sold the entire 80,92,682 equity shares held in Gulbarga Cement Limited for a total consideration of ₹ 1,641.27 lacs. Gulbarga Cement Limited has ceased to be a joint venture with effect from 12th January, 2015.

29. Associates:

Zuari Agro Chemicals Limited (ZACL):

Your Company holds 20% shares and the subsidiary Zuari Management Services Limited holds 12.08% shares of Zuari Agro Chemicals Limited (ZACL).

The statement containing salient features of the financial statement of subsidiaries/associates/joint ventures is attached as **Annexure 'J'** to this report.

30. Directors' Responsibility Statement:

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statements in terms of provisions of Section 134 (5) of the Companies Act, 2013, and hereby confirm that:

- (a) in the preparation of the annual accounts, 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 a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the 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 the 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, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

31. Directors' comments on the Audit Report:

Your Company has invested in the Equity Shares of Nagarjuna Fertilisers and Chemicals Limited (NFCL). After the said investment, NFCL went through a Scheme of Arrangement and Amalgamation. The Company has received equity shares of Nagarjuna Oil Refinery Limited (NORL), pursuant to the Scheme of Arrangement and Amalgamation between Ikisan Limited, Kakinada Fertilizer Limited, NFCL and NORL.

The equity shares of NORL are listed on the Stock Exchange whereas equity shares of NFCL are yet to be listed on the Stock Exchanges as the approval from SEBI is pending under Rule (19)(2)(b) of the Securities Contracts (Regulations) Act, 1956.

32. Acknowledgements:

Your Directors wish to place on record their appreciation for the dedication, commitment and contribution of all the stakeholders and employees of your Company.

For and on behalf of the Board

Place : Gurgaon
Date : 15th May, 2015

S. K. Poddar
Chairman