

**KRIBHCO**

39<sup>th</sup>  
Annual Report  
2018-19



**Serving Farmers, Enriching Agriculture**



Shri D V Sadananda Gowda, Hon'ble Union Minister of Chemicals & Fertilizers  
was greeted by Dr. Chandra Pal Singh, Chairman, KRIBHCO.

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## PERFORMANCE HIGHLIGHTS

➤ Ammonia Production	13.65 Lakh MT
➤ Urea Production	23.42 Lakh MT
➤ Urea Dispatch (Rail + Road)	23.50 Lakh MT
➤ Urea Sales (KRIBHCO - HAZIRA)	23.86 Lakh MT
➤ Total Urea Sales (KRIBHCO + OMIFCO + KFL + Govt. A/C)	46.89 Lakh MT
➤ Imported DAP Sales (KRIBHCO)	5.39 Lakh MT
➤ Bio-Fertilisers Sale (Liquid)	6.99 Lakh Litre
➤ City Compost Sale	27.29 Thousand MT

## GROWTH AT A GLANCE

(₹ in crore)

	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
<b>EARNINGS</b>										
Sales	3,665.74	3,061.72	3,027.60	3,282.00	2,552.03	2,558.28	2,206.54	2,131.84	2,073.44	1,637.39
Concession/Remuneration from Govt.of India	5,513.39	3,762.81	3,572.13	4,079.45	3,125.52	2,495.91	2,031.08	1,548.35	1,543.47	959.69
Other Revenue	146.04	128.46	77.44	167.69	72.43	209.83	316.42	333.78	228.24	304.78
	<b>9,325.17</b>	<b>6,952.99</b>	<b>6,677.17</b>	<b>7,529.14</b>	<b>5,749.98</b>	<b>5,264.02</b>	<b>4,554.04</b>	<b>4,013.97</b>	<b>3,845.15</b>	<b>2,901.86</b>
<b>OUTGOINGS</b>										
Raw Material, Packing, Stores, Power, Fuel, etc.	4,811.62	3,423.23	3,183.62	3,575.79	3,067.52	2,480.54	1,834.45	975.10	1,341.61	966.46
Purchases - Fertilisers, Seeds & Chemicals	2,711.81	1,757.05	2,015.88	2,231.21	1,294.90	1,345.87	1,251.56	2,045.77	1,569.82	916.29
Changes in Inventory (Accretion/Decretion)	(212.87)	(28.58)	(393.32)	(138.94)	46.87	(46.70)	(7.21)	(37.22)	(50.50)	38.20
Employees' Remuneration & Benefits	382.33	380.88	342.04	323.21	300.98	304.79	281.22	238.09	241.31	224.89
Other Expenses (including Net Prior Period Income/Expenditure)	1,030.97	958.87	1,013.90	942.00	703.93	734.86	622.08	517.54	473.28	467.45
Finance Cost	290.17	194.76	225.21	219.70	178.60	162.14	113.68	49.21	8.89	5.18
Depreciation	105.60	104.22	99.24	101.26	105.18	100.01	93.38	33.32	30.48	30.62
	<b>9,119.63</b>	<b>6,790.43</b>	<b>6,486.57</b>	<b>7,254.23</b>	<b>5,697.98</b>	<b>5,081.51</b>	<b>4,189.16</b>	<b>3,821.81</b>	<b>3,614.89</b>	<b>2,649.09</b>
<b>PROFIT BEFORE TAX</b>										
205.54	162.56	190.60	274.91	52.00	182.51	364.88	192.16	230.26	252.77	
Provision for Taxation (Net)	37.98	53.25	69.12	86.56	28.12	60.58	69.33	15.40	29.71	24.60
	<b>167.56</b>	<b>109.31</b>	<b>121.48</b>	<b>188.35</b>	<b>23.88</b>	<b>121.93</b>	<b>295.55</b>	<b>176.76</b>	<b>200.55</b>	<b>228.17</b>
Opening Balance in Statement of Profit & Loss	70.15	-	-	-	-	-	-	-	-	-
Amount Transferred to/ from Div. Equalisation Fund	-	(0.72)	-	25.00	(43.78)	-	-	-	-	-
Dividend Payout*	70.15	-	58.46	77.85	58.47	73.06	78.03	78.01	69.29	77.67
Contribution to Cooperative Education Fund	1.67	1.09	1.21	1.63	0.24	1.22	2.95	1.77	2.00	2.28
Donations	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
	<b>165.49</b>	<b>108.54</b>	<b>61.41</b>	<b>83.47</b>	<b>8.55</b>	<b>47.25</b>	<b>214.17</b>	<b>96.58</b>	<b>128.86</b>	<b>147.82</b>

\* Dividend of ₹70.15 Crore for the year 2017-18 was paid in FY 2018-19 out of Retained Earnings for the year 2017-18. Dividend of ₹77.79 Crore proposed for the year 2018-19 shall be accounted in the year of payment.

## SOURCES AND APPLICATION OF FUNDS

(₹ in crore)

	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
<b>SOURCES</b>										
Share Capital and Application Money	389.17	389.79	389.85	389.29	389.99	389.92	390.23	390.23	390.23	390.67
Reserves and Surplus	3,118.71	3,023.26	2,915.35	2,853.83	2,745.15	2,793.49	2,746.19	2,532.06	2,435.33	2,306.46
<b>Net Worth</b>	<b>3,507.88</b>	<b>3,413.05</b>	<b>3,305.20</b>	<b>3,243.12</b>	<b>3,135.14</b>	<b>3,183.41</b>	<b>3,136.42</b>	<b>2,922.29</b>	<b>2,825.56</b>	<b>2,697.13</b>
Long Term Borrowings	-	-	-	75.18	197.36	503.52	584.66	597.50	30.23	0.23
Other Long Term Liabilities	6.03	4.88	10.74	37.41	8.22	20.28	28.85	23.65	15.35	-
Long term Provisions	211.73	204.55	185.39	166.44	159.23	149.10	124.68	115.05	99.99	-
Unsecured Loan from Bank	4,678.35	3,061.98	3,277.90	3,140.73	2,168.58	1,617.90	1,004.14	656.77	-	-
Deferred Tax Balance	247.02	251.56	234.01	210.96	178.71	14.60	18.75	18.50	22.50	16.63
<b>FUNDS EMPLOYED</b>	<b>8,651.01</b>	<b>6,936.02</b>	<b>7,013.24</b>	<b>6,873.84</b>	<b>5,847.24</b>	<b>5,488.81</b>	<b>4,897.50</b>	<b>4,333.76</b>	<b>2,993.63</b>	<b>2,713.99</b>
<b>APPLICATION</b>										
Property, Plant and Equipment										
Gross Block (including Intangible assets and capital work in progress)	3,231.14	3,193.16	3,163.76	3,048.24	3,007.39	2,956.61	2,840.07	2,574.60	2,088.96	1,395.36
Less: Depreciation	1,590.96	1,489.51	1,387.34	1,290.29	1,190.65	1,068.38	977.23	887.20	925.76	896.91
<b>Net Block (A)</b>	<b>1,640.18</b>	<b>1,703.65</b>	<b>1,776.42</b>	<b>1,757.95</b>	<b>1,816.74</b>	<b>1,888.23</b>	<b>1,862.84</b>	<b>1,687.40</b>	<b>1,163.20</b>	<b>498.45</b>
<b>Long Term Investment and Loans &amp; advances (B)</b>	<b>1,627.92</b>	<b>1,633.01</b>	<b>1,625.10</b>	<b>1,514.48</b>	<b>1,420.32</b>	<b>1,408.62</b>	<b>1,385.35</b>	<b>1,409.09</b>	<b>1,360.12</b>	<b>1,406.45</b>
Deferred Tax assets (C)	-	-	-	-	-	-	-	-	-	-
<b>Working Capital:</b>										
Current Assets	6,428.49	4,402.41	4,409.44	4,365.74	3,286.65	3,046.37	2,388.68	1,904.66	1,224.02	1,355.14
Less: Current Liabilities and Provisions	1,045.58	803.05	797.72	764.33	676.47	854.41	739.37	667.39	753.71	546.05
<b>Net Working Capital (D)</b>	<b>5,382.91</b>	<b>3,599.36</b>	<b>3,611.72</b>	<b>3,601.41</b>	<b>2,610.18</b>	<b>2,191.96</b>	<b>1,649.31</b>	<b>1,237.27</b>	<b>470.31</b>	<b>809.09</b>
<b>NET ASSETS EMPLOYED (A+B+C+D)</b>	<b>8,651.01</b>	<b>6,936.02</b>	<b>7,013.24</b>	<b>6,873.84</b>	<b>5,847.24</b>	<b>5,488.81</b>	<b>4,897.50</b>	<b>4,333.76</b>	<b>2,993.63</b>	<b>2,713.99</b>

## SIGNIFICANT FINANCIAL RATIOS

### (RATIOS AFTER APPROPRIATION)

	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
1. Profit to Average Net Worth (%)	5.94	4.84	5.82	8.62	1.65	5.78	12.04	6.59	8.34	9.64
2. Current Ratio	6.15	5.47	5.52	5.71	5.32	3.57	3.23	2.86	1.99	2.75
3. Quick Ratio	5.19	4.50	4.57	5.17	4.87	3.16	2.84	2.52	1.65	2.49
4. Working Capital in terms of Cash Cost of Goods Sold (Months)	7.17	6.46	6.78	6.04	5.73	5.28	4.83	3.93	1.98	3.76
5. Sundry Debtors to Sales (Months)	6.57	5.76	6.10	5.96	5.74	5.99	5.31	3.76	1.48	0.93
6. Inventory of Finished Goods to Sales (Months)	1.16	1.19	1.18	0.41	0.23	0.37	0.31	0.33	0.21	0.06
7. Debt Equity Ratio	1.33:1	0.90:1	0.99:1	1:1	0.77:1	0.71:1	0.55:1	0.45:1	0.10:1	0:1

**BOARD OF DIRECTORS**

As on March 31, 2019

**CHAIRMAN****Dr. Chandra Pal Singh****VICE-CHAIRMAN****Shri Vaghajibhai Rugnathabhai Boda****DIRECTORS****Dr. Bijender Singh****Shri V. Sudhakar Chowdary****Dr. Sunil Kumar Singh****Shri Pareshbhai R. Patel****Shri Bhanwar Singh Shekhawat****Shri Ponnam Prabhakar****Shri Bhikhabhai Zaverbhai Patel****MANAGING DIRECTOR****Shri N. Sambasiva Rao****FINANCE DIRECTOR****Shri Rajan Chowdhry****MARKETING DIRECTOR****Shri V.S. Sirohi****OPERATIONS DIRECTOR****Shri M. R. Sharma**

## BOARD OF DIRECTORS

As on March 31, 2019



**Dr. Chandra Pal Singh**  
Chairman



**Shri V.R. Boda**  
Vice-Chairman



**Dr. Bijender Singh**



**Shri V. Sudhakar Chowdary**



**Dr. Sunil Kumar Singh**



**Shri Pareshbhai R.Patel**



**Shri B.S. Shekhawat**



**Shri Ponnam Prabhakar**



**Shri Bhikhabhai Z. Patel**



**Shri N.Sambasiva Rao**



**Shri Rajan Chowdhry**



**Shri V.S.Sirohi**



**Shri M.R. Sharma**

## EX-CHAIRMEN



**Shri P.R. Dubhashi**  
October 1980-September 1981



**Shri P.S. Kohli\***  
September 1981-November 1984



**Shri Bansi Lal Mehta**  
November 1984-November 1987



**Shri Uday Bhan**  
December 1989-May 1993



**Late Shri Hari Krishna Shastri**  
May 1993-May 1996



**Shri K. Srinivasa Gowda**  
June 1996-July 1999



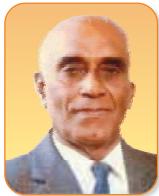
**Dr. Chandra Pal Singh**  
July 1999-May 2010



**Shri V.R. Boda**  
May 2010-February 2015

\*Chairman-cum-Managing Director (November 1981-November 1982)

## EX-MANAGING DIRECTORS



**Late Shri Paul Pothen**  
November 1980-November 1981



**Late Dr. K.S. Gill**  
November 1982-November 1983



**Late Shri. H.C. Grover**  
November 1983-October 1985



**Shri M.H. Avadhanji\*\***  
October 1985-June 1986



**Late Dr. K.K.S. Chauhan**  
June 1986-May 1990  
September 1991-January 1992



**Shri H.S. Kohli\*\***  
May 1990-September 1991



**Shri Naseem Ahmad\*\***  
January 1992-April 1993



**Shri A.K. Mukhopadhyay**  
April 1993-July 1996



**Late Shri R.L. Saha\*\***  
August 1996-March 1997



**Shri S. Kabilan\*\***  
April 1997-October 1997



**Shri P.P. Singh**  
October 1997-January 2001



**Shri V.N. Rai**  
February 2001-July 2006



**Shri B.D. Sinha**  
July 2006-March 2014

\*\*Additional Charge/Acting managing Director

## EXECUTIVE

As on March 31, 2019

### EXECUTIVE DIRECTOR (HR)



Sh. S.S. Yadav

### CHIEF GENERAL MANAGERS/GENERAL MANAGERS



Sh. A.K. Nayak  
CGM (Maint.)



Sh. D.K. Dargan  
CGM (F&A)



Sh. R. S. Mathur  
CGM (F&A)



Ms. Poonam Sharma  
CGM (HR)



Sh. T.S. Rao  
CGM (Mktg.)



Sh. V.S.R. Prasad  
CGM (Mktg.)



Sh. N.K. Sahoo  
GM (HR)



Sh. V.K. Singh  
GM (Tech. Serv.)



Sh. N.K. Gupta  
GM (Tech.)



Sh. I.A. Khan  
GM (Proj.)



Sh. A.K. Singal  
GM (F&A)



Sh. J.P. Verma  
GM (Prodn.)



Sh. R.L. Shukla  
GM (Comm.)



Sh. C.J. Shah  
GM (Inst.)



Sh. H.B. Trivedi  
GM (Elect.)



Sh. M.C. Dimri  
GM (Mils.)



Sh. N.K. Bhadu  
GM (Mktg.)

### ADDITIONAL GENERAL MANAGERS



Sh. J.J. Dalwadi  
Addl. GM (Inst.)



Sh. P.S. Gandhi  
Addl. GM (Inst.)



Sh. Rishi pal Singh  
Addl. GM (Elect.)



Sh. N.K. Gurjar  
Addl. GM (Mech.)



Sh. D.K. Mandal  
Addl. GM (Proc.)



Sh. S.R. Ahmed  
Addl. GM (Prodn.)



Sh. R.K. Singhal  
Addl. GM (Prodn.)



Sh. G. Srinivas  
Addl. GM (Mils.)



Sh. K. Srihari  
Addl. GM (Mech.)



Sh. Amarjeet Singh  
Addl. GM (Trg.)



Sh. S. Banerjee  
Addl. GM (Prodn.)



Sh. A.K. Jana  
Addl. GM (Mech.)



Sh. J. Sondhi  
Addl. GM (Mech.)



Sh. M.P. Suthar  
Addl. GM (Mech.)



Sh. Lalit Anand  
Addl. GM (F&A)



Sh. Shravan Kumar  
Addl. GM (Mech.)



Sh. S. Prasad  
Addl. GM (Mech.)



Sh. R.K. Batra  
Addl. GM (F&A)



Sh. Virendra Singh  
Addl. GM (F&A)



Sh. R.M. Mallya  
Addl. GM (Prodn.)



Dr. I.B. Singh  
Addl. GM (Mktg.)



Sh. R.K. Kansal  
Addl. GM (Mktg.)



Sh. Uttam Kumar  
Addl. GM (Mech.)



Sh. S.M. Chauhan  
Addl. GM (Mech.)



Sh. C.S. Azad  
Addl. GM (Tech.)



Sh. P. Singh  
Addl. GM (Tptn.)



Sh. S.K. Singh  
Addl. GM (Mktg.)



Sh. Pankaj Tayal  
Addl. GM (Prodn.)



Sh. V.K. Singh  
Addl. GM (Prodn.)



Sh. B. Shishodia  
Addl. GM (Prodn.)



Sh. Anil P. Desai  
Addl. GM (Prodn.)



Sh. S.T. Makwana  
Addl. GM (HR)



Sh. S.K. Mahapatra  
Addl. GM (Tech.)



Sh. Upendra Kumar  
Addl. GM (Prodn.)



Sh. A.M. Bhalerao  
Addl. GM (MS)

## EXECUTIVES

As on March 31, 2019

### CORPORATE OFFICE

**Shri Sanjeev Kumar**  
Dy. General Manager (HR)

### HAZIRA COMPLEX

**Shri Ashesh K Patel**  
Dy. General Manager (Mech.)

**Shri Sanjay Kumar H Nanavati**  
Dy. General Manager (Mech.)

**Shri Mohd. Ikram Khan**  
Dy. General Manager (Mech.)

**Shri Suhas K Dalal**  
Dy. General Manager (Mtls.)

### MARKETING DIVISION

**Shri Devjit Singh**  
Dy. General Manager (F&A)

**Dr. Brijesh Kumar Singh Chauhan**  
Dy. General Manager (Mktg.)

**Shri Umesh Mishra**  
Dy. General Manager (Mktg.)

### JOINT STATUTORY AUDITORS

**M/s S.S. Kothari Mehta & Co.**  
Chartered Accountants  
Plot No. 68,  
Okhla Industrial Area, Phase -III,  
New Delhi - 110020

**M/s V. Sankar Aiyar & Co.**  
Chartered Accountants  
202-301, Satyam Cinema Complex  
Ranjit Nagar Community Centre  
New Delhi-110 008

**M/s G. K. Choksi & Co.**  
Chartered Accountants  
207, Tolstoy House,  
Tolstoy Marg, Janpath  
New Delhi-110 001

### MAIN BANKERS

State Bank of India  
HDFC Bank  
Saraswat Bank  
ICICI Bank.  
Punjab National Bank  
Indusind Bank

### REGISTERED OFFICE

A-60  
Kailash Colony  
New Delhi - 110 048

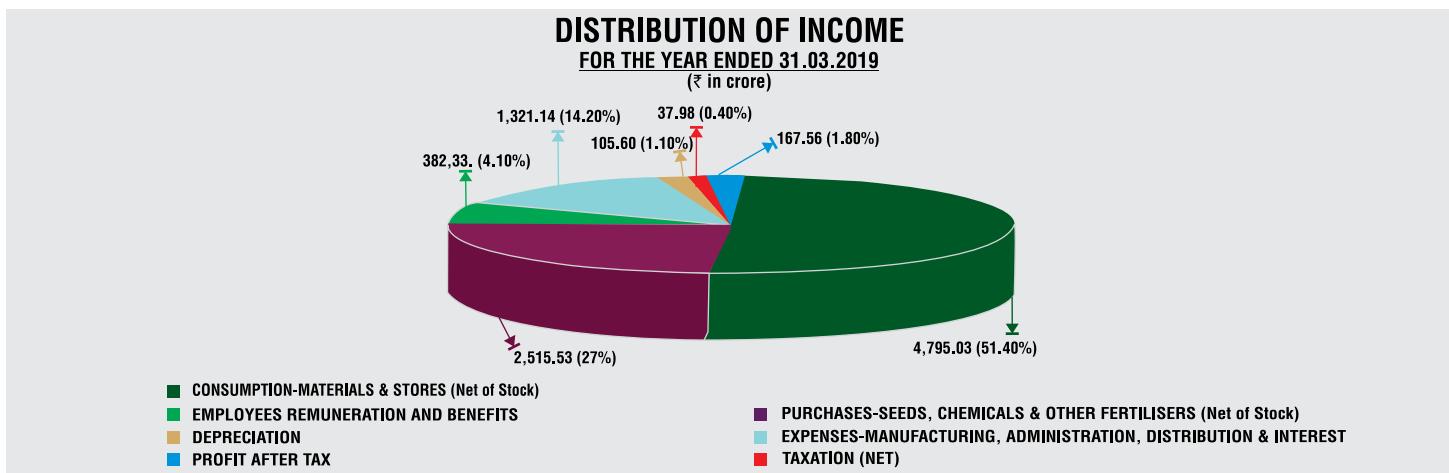
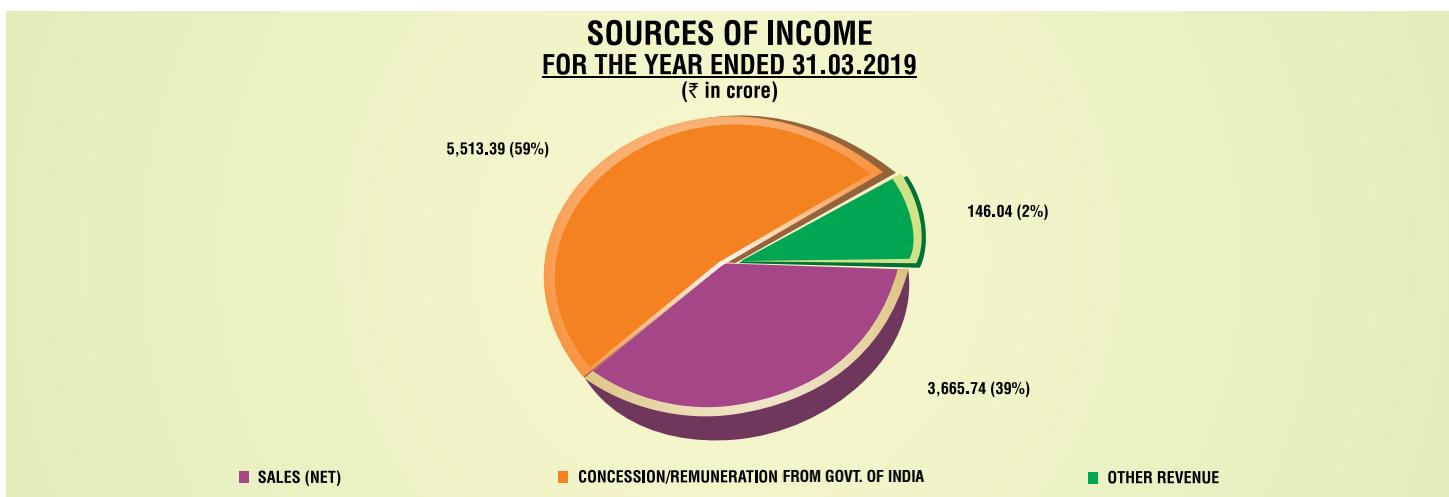
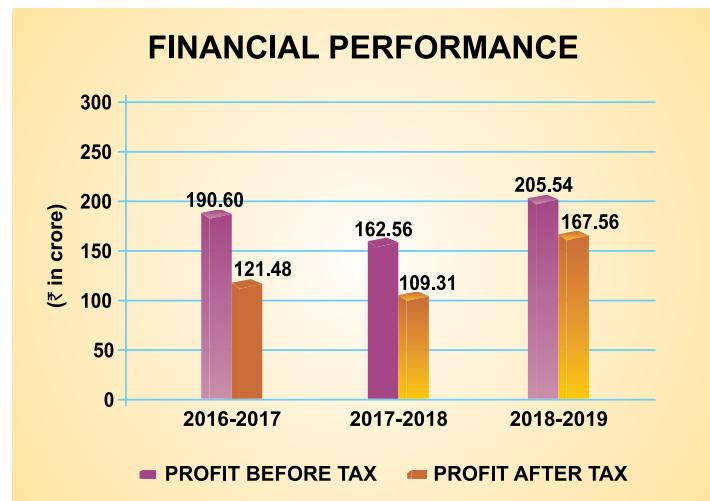
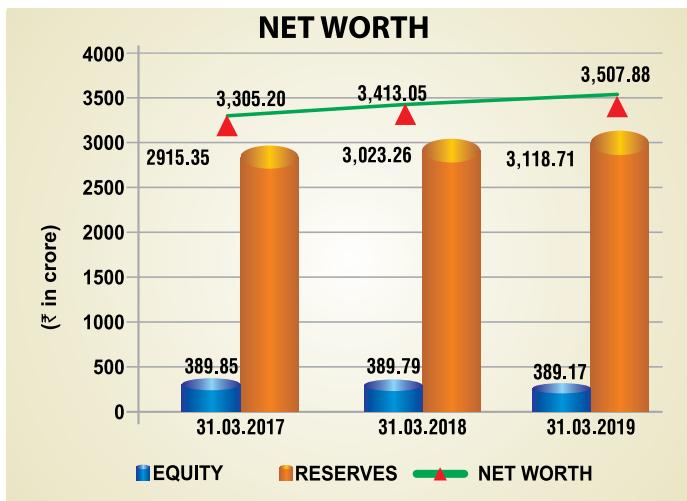
### CORPORATE OFFICE

**KRIBHCO Bhawan**  
A8-10, Sector-1, Noida-201 301  
Distt. Gautam Budh Nagar (U.P.)

### PLANT OFFICE

P.O. KRIBHCO Nagar,  
Distt. Surat-394 515,  
Gujarat

## FINANCIALS AT A GLANCE



## DIRECTORS' REPORT

**Dear Cooperators,**

The Directors of your Society take immense pride in presenting to you the Thirty Ninth Annual Report and the Audited Statement of Accounts of your Society for the Financial Year 2018-19 and seek approval of the programme of activities for the year 2019-20.

Rice & Wheat production in the country scaled new heights with total food grain production of 283.37 million tons despite below par monsoon rains, as per 3<sup>rd</sup> advance estimate of Ministry of Agriculture. Fertilizer Industry witnessed an increase in Urea sales to the tune of 4.65 %, DAP sales by 5.76 % and the sales of complex fertilizers (NP/NPK) by 12.61 %.



### **38<sup>th</sup> AGM...**

Dr. Chandra Pal Singh  
Chairman

KRIBHCO, addressing the RGB delegates in 38<sup>th</sup> AGM



Board of Directors, KRIBHCO, addressing 38<sup>th</sup> AGM held on 20<sup>th</sup> September, 2018 in New Delhi.

Fertilizer Industry has been facing challenges for quite some time, however, your Society has been able to overcome these challenges with continuous monitoring and review. Although, during the year requirement of working capital has increased due to implementation of DBT scheme, Gas pooling in fertilizer sector and increase in imports, yet your Society has been able to manage the requirement of funds at very competitive interest rates.

Your Society achieved ever highest sales of 53.16 Lakh MT fertilizers during the year breaking its own record of 48.62 Lakh MT achieved during the previous year. The Society continued to maintain the second highest Urea sales in the country at 46.89 Lakh MT.

## 2. FINANCIAL PERFORMANCE

Your Society has posted a Pre Tax Profit of ₹ 205.54 Crore. The Net worth of the Society has increased from ₹3,413.05 Crore in FY 2017-18 to ₹ 3507.88 Crore as on 31<sup>st</sup> March, 2019.

(₹ in Crore)

Particulars	2018-2019	2017-2018
Sales Turnover including Subsidy	9179.13	6,824.53
Other Revenue	146.04	128.46
<b>Income</b>	<b>9325.17</b>	<b>6952.99</b>
<b>Profit Before Tax (PBT)</b>	<b>205.54</b>	<b>162.56</b>
Provision for Tax (Net)	37.98	53.25
<b>Profit After Tax (PAT)</b>	<b>167.56</b>	<b>109.31</b>

## 3. APPROPRIATIONS

The provision for Contribution towards Capital Repatriation Fund of ₹0.50 Crore is reduced from the Profit After Tax for the purpose of arriving at the Net Profit in accordance with

the provision of Section 62 of Multi State Cooperative Societies Act (MSCS) 2002 Accordingly, the net allocable profit for the year works out to ₹167.06 Crore for the following proposed appropriations:

(₹ in Crore)

Particulars	2018-2019	2017-2018
<b>Net Profit as per MSCS Act</b>	167.06	109.11
<b>Add: Transfer from Dividend Equalisation Fund</b>	- 167.06	0.72 109.83
<b>Appropriations</b>		
- Reserve Fund as per Bye-Law 58(i) of the Society	41.76	27.28
- Provision for Contribution to Coop-erative Education Fund	1.67	1.09
- Reserve Fund for Contingency as per Bye-Law 58(iii) of the Society	16.71	10.91
- Reserve for Donations	0.40	0.40
- Proposed Dividend (Previous Year 18%)*	-	-
<b>Balance in P&amp;L Account</b>	<b>77.79 138.33</b>	<b>70.15 109.83</b>
<b>Balance transfer to General Reserve</b>	<b>28.73</b>	<b>-</b>

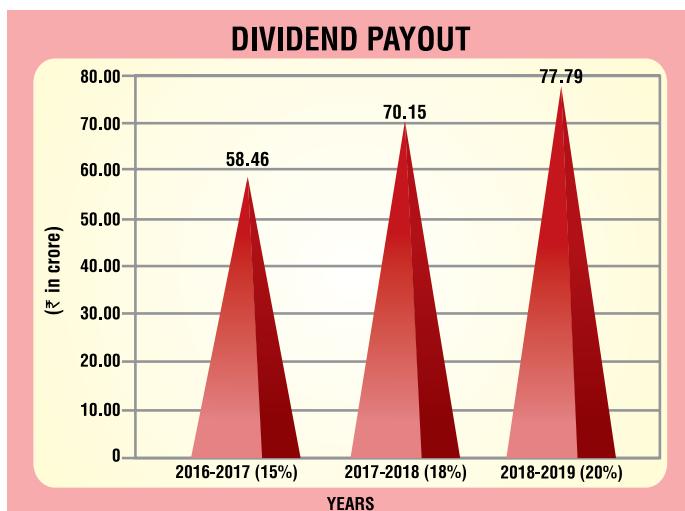
\* Proposed Dividend of ₹77.79 Crore @20% of equity capital for the year 2018-19 shall be accounted for in the year of payment after approval of the Annual General Meeting.



Dr. Chandra Pal Singh, Chairman, KRIBHCO along with other Directors of KRIBHCO visiting Soil testing Exhibition in 38<sup>th</sup> AGM.

#### 4. DIVIDEND

Honorable members will be pleased to know that the Board of Directors of the Society have recommended for the year dividend of 20% on the paid up share capital. The proposed dividend would be paid on pro rata basis to the eligible shareholders whose names stood in the membership register of the Society as on March 31, 2019. Accordingly, the amount of proposed dividend payout will be ₹77.79 Crore.

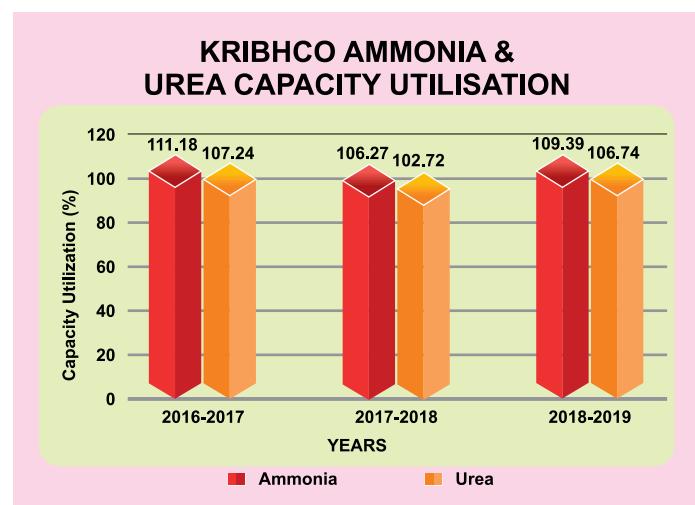


#### 5. MEMBERSHIP AND SHARE CAPITAL

A Cooperative thrives on the strength of its members. The total membership of KRIBHCO consists of 9462 Cooperative Societies and paid up share capital of the Society was ₹389.11 Crore as on 31<sup>st</sup> March, 2019.

#### 6. PRODUCTION PERFORMANCE

The Financial year 2018-19 was the 33<sup>rd</sup> year of commercial production of the Society's Plant at Hazira, Surat. The plants achieved the production of 13.65 Lakh MT Ammonia & 23.42 Lakh MT Urea, which corresponds to a capacity utilization of 109.39% for Ammonia and 106.74% for Urea.



During the Year, Society achieved annual specific energy consumption of 5.629 GCal/MT for Urea and 8.234 GCal/MT for Ammonia.

The cumulative production has been 357.01 Lakh MT of Ammonia & 590.01 Lakh MT of Urea up to 31.03.2019 at Society's Plant at Hazira, since its inception.

- PRODUCTION PLAN FOR FINANCIAL YEAR 2019-20**

The Production target for the financial year 2019-20 has been fixed at 12.90 Lakh MT of Ammonia and 22.00 Lakh MT of Urea. This production corresponds to a capacity utilisation of 103.43% & 100.27% for Ammonia and Urea Plants respectively.

## **7. MAJOR SCHEMES IMPLEMENTED/ UNDER IMPLEMENTATION/ TO BE IMPLEMENTED**

- Integrated energy revamp study by KBR**

In view of the new Urea energy norm of 5.50 Gcal/MT of Urea implemented by DoF, effective from 1<sup>st</sup> April '2020, an integrated energy study was carried out through M/S KBR for energy reduction and reliability improvement. Basic and detailed engineering for the selected option is in progress by M/S KBR and M/S PDIL respectively. Post implementation of the scheme, energy reduction of 0.033 Gcal/MT of Urea is expected.

- New CO<sub>2</sub> Compressor from Steam Turbine to Electric Motor Turbine**

In order to save energy and to bring the yearly average to below 5.50 GCal/MT of Urea, the major scheme identified is the conversion of Steam Turbine Drives to Motor drives for two of the CO<sub>2</sub> Compressors. The spare capacity available in GT shall be used to provide power for the drive motors. At higher load, GT efficiency will increase with additional steam generation in HRSG. The expected

energy saving due to drive conversion is around 0.095 GCal/MT of Urea.

Purchase Orders for the compressor and motor have been placed and the procurement of various other related items is under progress. The delivery of the compressor is expected in Dec.-2019 and commissioning is expected to be completed by March-2020.

### **Ammonia Plant BFW Pump Drive Change from Steam Turbine to Electric Motor:**

Presently, BFW pumps 104-JA, JB & JC (EBARA make pumps) are steam turbine (Condensing type) driven and pump 104-JD is electric motor driven. Pumps 104-JD and two turbine driven pumps are kept in line in each Ammonia plant.

It is planned to replace the Steam turbine drive for one BFW pump in each Ammonia plant with electric motor so that two Motor driven and one turbine driven pump can be kept in line, which will help to:

- Reap the heat rate benefit (difference of steam turbine and gas turbine)
- Utilize the surplus capacity available from GT so as to improve its efficiency and
- Help in stopping the boiler (after implementation of CO<sub>2</sub> compressors drive change).

- Procurement of New Gear Box for GT**

Due to the load limitation of GTG on account of high vibration in its gear box, a new gear box is being procured from M/S BHEL. The order was placed in March-2019, and the delivery is expected by Dec.-2019.



Shri N. Sambasiva Rao, Managing Director, KRIBHCO, inaugurated the 11KV substation of Ammonia Cooling Tower at Hazira Plant.

- **Vibropriller for Urea phase-II**

In order to improve the Urea product quality, Society has installed a Vibropriller in Urea Plant-II in July 2018, based on the satisfactory results of Vibropriller in Urea -I.

- **Procurement of Burckhardt make Air Compressor for Stripper Passivation (K-5)**

Passivation air is the lifeline for Bimetallic Stripper. In order to enhance the life of Stripper, one new passivation air compressor of 125 NM<sup>3</sup>/hr capacity was installed in Urea-I plant in March-2019 as done in Urea-II.

- **GT high load islanding**

During grid disturbance, GT trips multiple times on high load islanding. GE proposed to implement certain software changes in Mark VI system to take care of optimized air/fuel ratio, flame stability and proper exhaust temperature in case of sudden load throw off. The matter was taken up with BHEL, EPC Contractor for this LSTK project, as per their contractual obligation. BHEL resolved the problem by installation of new software without any

cost implication to the Society. The software is running successfully. Your Society also started power export resulting into good revenue generation.

- **Ammonia-II converter retrofit and replacement of catalyst**

It has been planned to carry out converter retrofit and catalyst replacement job in Ammonia-II at a total cost of around ₹25 Crore.

- **Up-gradation/Replacement of DCS & ESD for Urea plant**

Presently both phases of Urea plant are having Yokogawa CENTUM CS DCS system and relay based ESD system. The existing system has become obsolete due to the technological advancement. To equip Urea Plant with latest and integrated Control System (DCS+ESD combined system), existing DCS + ESD system has been upgraded in April-2019 with new integrated system of Yokogawa CENTUM VP, with most advanced, integrated process control system, providing enhanced productivity and optimization with estimated cost of ₹ 7.50 Crore.

- **Vibrating Screens for Transfer House**

In order to remove Urea dust from the reclaimed product from Silo, two new Vibrating screens are being procured from M/S Rhewum. The order for the same has been placed and the delivery is expected in July-2019.

- **DAP/Complex Fertilizer Project in East Coast**

Society is making intensive efforts to establish a DAP/NPK Complex Fertilizer

Project in Krishnapatnam on East Coast of India. The project will have capacity of 1.2 Million MT of DAP/NPK Fertilizers.

M/s PDIL, the Consultant has submitted Detailed Project Report (DPR). Based on the DPR, restructuring the project has been thought of by way of relocating the project site to near port area to reduce the capital cost. Also the change in mode of implementation from lump-sum turnkey (LSTK) to modular is being considered. The restructuring exercise is being undertaken by international and national sponsors of the project.

## **7.1 OTHER MAJOR ACTIVITIES**

- **Hazira Jetty Operations**

KRIBHCO Hazira Jetty is located on the northern bank of Tapti estuary. During the year 2018-19, 3.23 Lakh MT Urea was handled at Hazira Jetty. Apart from Urea, 2.73 Lakh MT Gypsum was also handled as 3<sup>rd</sup> party cargo at the jetty. Total volume of around 5.96 Lakh MT cargos was handled at jetty during the year.

- **Bio Gas Plant at Head Office - Noida**

Swachh Bharat Mission is a nation-wide campaign in India that aims to clean up the streets, roads and infrastructure of India's cities, towns, and rural areas. Your Society has also taken initiative to install Bio gas plant at its Head office, Noida, which facilitates the disposal of food waste generated from canteen and provides solution for chocking of the drainage and foul smell problem in the premises due to food waste. Clean and green methane /biogas produced from the bio gas plant is being utilized for cooking purpose in the office canteen on daily basis.

## **8. SAFETY MANAGEMENT**

Your Society's Hazira Plant has imbibed the vision underlined as "SAFETY FIRST; PRODUCTION MUST". Safety, Health and Environment (SHE) have been of utmost priority in all aspects of operations. ISO 9001-2008, and integrated ISO 14001 & ISO 18001 Management Systems have been incorporated as an integral part of Society's operations. Separate departments are in place to look into the safety, health and the environment aspects with a full-fledged Fire Station at Hazira Plant.

Periodical audits are conducted by Internal & External Auditors of Integrated Management System (IMS). Specialized 3<sup>rd</sup> party Safety Audit, Risk Assessment, Hazard & Operability Analysis are conducted periodically involving Gujarat Safety Council. State of the art automatic and manual fire and toxic gas alarm and gas detection systems are installed. On Site and Off-site Emergency drills are conducted regularly.

A mutual aid scheme has been developed amongst nearby industries i.e. Reliance Industries, Essar Steel, ONGC, and GSEG. Major emergency exercises are carried out once in a year. KRIBHCO Plant has achieved 'Zero Reportable' accident for the year 2018-19.

## **9. ENVIRONMENT PROTECTION**

Your Society is deeply committed to environmental protection, thus fulfilling compliance obligations and achieving environmental objectives. Realizing the concern with the impact of the operations of its plant on the environment, products are being manufactured through best available technology in the world and subsequently the best and sustainable practices are being adopted to achieve and maintain the highest standard of quality for better ambient air and water for environment protection. Society has implemented

ISO 14001:015, Environmental Management System to ensure continual and systemic improvement.

Conservation of natural resources, reducing the spillage, emissions and recycle & re-use of the waste/effluent and other various measures are being taken continually for sustainable development for environment protection.

Considering the importance of water conservation, Society implemented tertiary treated water for reuse for water make up in its Cooling towers. Deep Hydrolyser has been commissioned to reuse of effluent of Urea plant as boiler feed water. Low Pressure section off gases and waste water section off gases carrying ammonia are recycled for recovery of ammonia.

In order to improve product quality, with minimal dust generations from the reclaimed product, new vibrating screens are under implementation. Vibro-Priller has been installed in prilling towers of Urea Phase I & II to improve the Urea product quality with reduction in Urea dust emission from prilling tower top along with new wet scrubbing systems for recovering the Urea dust and the Urea bearing solution is recycled back to Urea plant.

As a result of the implementation of above measures, emissions from all the stacks are well within the prescribed limits and online continuous effluent monitoring system and continuous emission monitoring system have been installed. All the stack and liquid effluent quality data are being displayed continuously at factory main gate and also have been linked to CPCB/GPCB server.

As part of green initiative, Society has also done afforestation and developed lush green lawns, demonstration farms in Hazira. Further, Society also established 80KWp (kilowatt peak) rooftop photovoltaic solar system for its corporate office in Noida. This plant caters to approx six percent of the total power requirement in corporate office.

## **10. FERTILIZER POLICY**

Government has notified New Urea Policy-2015, for the period 01.06.2015 to 31.03.2019, wherein existing pre set energy norm of 5.952 Gcal/MT of Urea was to be revised to 5.5 Gcal/MT w.e.f. 01.04.2018.

The matter with respect to the revised energy norm was taken up by the fertilizer industry with Government through various representations, expressing their difficulties in achieving the specific energy target w.e.f. 01.04.2018.

The Government, vide its Notification dated 28.03.2018; have revised energy norm for 11 fertiliser units who have achieved the target energy norm w.e.f. 01.04.2018. However, the existing energy norm for other 14 fertiliser companies, including KRIBHCO, who could not achieve the target energy norm, has been extended for further period of 2 years i.e. till 31.03.2020 with certain penalty. Society would be saving around ₹220 Crore, after accounting for penalty of around ₹15 Crore in 2019-20 due to extension of the above policy. Further, your Society is in the process of implementing energy saving schemes to achieve the revised energy norms w.e.f. 01.04.2020.

GOI has implemented Gas Pooling System with effect from 01.06.2015. With the increase in gas prices, the delivered pool gas price has increased substantially over previous year. This has resulted in increase in working capital requirements of the Society and has added to the finance cost.

## **11. MARKETING**

### **11.1 WEATHER SITUATION (2018-19)**

The rainfall in main season (June-September, 2018) was 804.0 mm as against normal of 887.5 mm, indicating a deficit of 9 % of its Long Period

Average (LPA). Out of the total 36 meteorological subdivisions, 01 subdivision received excess rainfall, 23 subdivisions received normal seasonal rainfall and remaining 12 subdivisions received deficient rainfall.

The Agriculture Ministry's third advance estimates of major crops pegged the output at 283.37 million tons during the year against the previous best of 284.83 million tons achieved in 2017-18. This indicates a marginal decrease over previous year; however, Rice and Wheat production is going to be ever highest in the country despite deficient monsoon rain in the year 2018-19.

## **11.2 FERTILIZER SCENARIO IN THE COUNTRY**

There was an upward trend in the sales of major fertilizers. The fertilizers sales have witnessed increase in Urea sales to the tune of 4.65 % with a total sales volume of 317.19 Lakh MT in the country as compared to 303.11 Lakh MT during 2017-18. DAP sales was 94.95 Lakh MT as against 89.78 Lakh MT, resulting in increase of 5.76 % over previous year. Similarly, the sales of complex fertilizers (NP/NPK) also registered an increase of 12.61% at 96.21 Lakh MT as compared to last year sales of 85.44 Lakh MT. The sale of MOP has decreased by 7.48 % from 31.93 Lakh MT during 2017-18 to 29.54 Lakh MT during 2018-19.

## **11.3 MARKETING INFRASTRUCTURE**

Marketing Channel of KRIBHCO includes Cooperative Apex Federations, Institutional Agencies and Grass Root level Primary Agriculture Cooperative societies. The Society's cooperative development programmes help its channel partners, especially Primary Agriculture Cooperative Societies (PACS) to acquire marketing skill and other agriculture practices for inclusive

development of the cooperatives. The direct supplies to PACS help these societies enormously as timely supplies enable them to increase fertilizer consumption and agriculture productivity as well as to draw maximum financial benefits. The Society also conducted various programmes to train cooperatives' Sales Point personnel for sales through PoS Machines.

Your Society has pan India presence. The interdisciplinary team of marketing and extension experts, spread all over the major states, worked extensively to reach farming community in all crop production cycles.. KRIBHCO is an established brand in the key market territories. The major marketing territories consists of Andhra Pradesh, Bihar, Chattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Telangana , Uttar Pradesh, Uttrakhand and West Bengal.

The product range covers major agri-inputs like Hybrid Seeds, Certified Seeds, Bio Fertilizers (Liquid), City Compost and procured/imported Fertilizers like SSP, DAP and MOP apart from Neem Coated Urea.

## **11.4 MARKETING BUSINESS PLAN**

The Society has expanded its product basket and added new dimensions to marketing activities over last eight years. Market potential of each product/ segment and situational analysis for each product were considered while developing and the product-wise marketing business plan for the year 2018-19. The Business Plan served as the guiding benchmark. All marketing activities were planned, monitored and measured regularly against the targets given in the Business Plan which brought desired results.

## 11.5 SALES AND DISTRIBUTION OF FERTILIZERS

The Society made timely dispatches of KRIBHCO Urea, as per Monthly Movement Order issued by DoF for ECA and de-regulated quantity, from Hazira Plant to various destinations. The Society dispatched 23.50 Lakh MT of KRIBHCO Urea during the year.

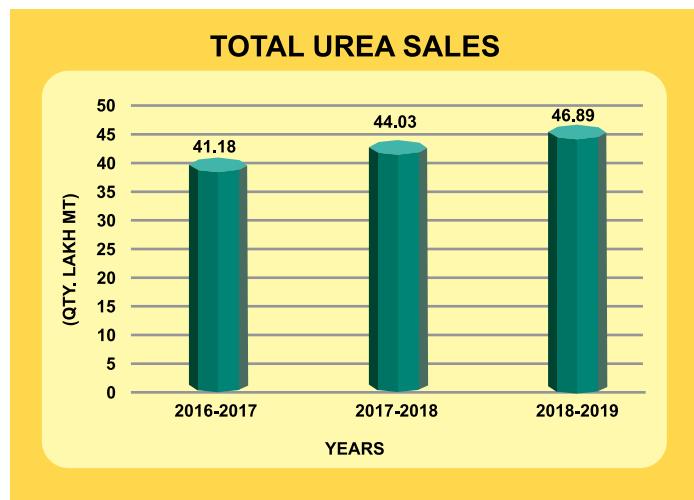
- Record Breaking Performance of Society in the year 2018-19**

The Society continued to maintain second highest Urea sales in the country and has achieved Urea Sales of 46.89 Lakh MT (23.86 Lakh MT of KRIBHCO Urea, 10.05 Lakh MT of OMIFCO Urea, 10.91 Lakh MT of KFL Urea & 2.07 Lakh MT of Government Account Urea).



During the year, breaking its own previous record of highest sales of 44.02 Lakh MT achieved during the year 2017-18. Similarly, the sale of imported Phosphatic Fertilizers was 5.92 Lakh MT during the year breaking its own record of 4.82 Lakh MT sold in the year 2016-17. The Society achieved ever highest sales of 53.16 Lakh MT fertilizers during 2018-19 breaking its own record of 48.62 Lakh MT during 2017-18.

The Society adhered to the directives of Government of India for 100 % Neem Coating of Urea and switched over from 50 Kg packing to 45 Kg packing of Urea bags well within the stipulated time frame.



Apart from above, your Society managed to sell 27,207 MT of Surplus Ammonia and 5597 Thousand NM<sup>3</sup> liquid Argon during 2018-19.

## 11.6 HANDLING OF IMPORTED FERTILIZERS AND OTHER PRODUCTS

- OMIFCO Urea**

Your Society successfully completed 14<sup>th</sup> consecutive year of Handling & Marketing of OMIFCO Urea under the agreement with Department of fertilisers, GOI. Your Society handled 22 vessels containing 9.51 Lakh MT granular Urea at eight Indian ports during the year. The Society has, so far, handled 371 vessels containing 133.04 Lakh MT OMIFCO Urea since inception of imports from OMIFCO, Oman. The Society dispatched 9.73 Lakh MT and sold 10.05 Lakh MT Neem coated OMIFCO Granular Urea in its marketing territory.

The efficient handling of vessels of OMIFCO Urea by way of judicious discharge had resulted in earning of dispatch money in most of the OMIFCO Urea vessels.



Shri N. Sambasiva Rao, Managing Director, KRIBHCO exchanged MoU for DAP with Mr. Hasan Al- Ali SVP Ma'aden, Saudi Arabia.

- **Imported Urea on Government Account**

During the year, the Society handled four vessels containing 1.91 Lakh MT Urea imported on government account at Adani Hazira Port and dispatched 1.90 Lakh MT after Neem coating from KRIBHCO's jetty at Hazira. The Society sold 2.07 Lakh MT Urea imported on GOI account in its marketing territory within the financial year.

- **Import of De-controlled Fertilizers**

The Society handled 6.11 Lakh MT of imported DAP through 14 vessels at Pipavav, Tuna, Mundra & Vizag ports during the year. The Society sold 5.39 Lakh MT DAP through its marketing network. Besides DAP, the Society also imported 0.22 Lakh MT NPK 10-26-26 and 0.66 Lakh MT NPK 12-32-16. It is worth mentioning that all the DAP and NPK vessels were handled efficiently.

- **Future Plan**

Your Society has an ambitious plan to import 11.00 Lakh MT OMIFCO Urea, 1.50 Lakh MT Urea on Government account, 7.00 Lakh MT DAP, 1.50 Lakh MT NPKs and 0.40 Lakh MT MOP during 2019-20.

- **Infrastructure at Ports**

The infrastructure developed by the Society at Visakhapatnam, Tuticorin ports and its Hazira Jetty were used for storage and bagging of imported fertilisers. The Society could handle 3.22 Lakh MT of OMIFCO Urea and Government account Urea at Hazira Jetty, 3.91 Lakh MT imported fertilisers at Visakhapatnam port and 0.88 Lakh MT imported fertilisers at Tuticorin port.

## 11.7 OTHER TRADED PRODUCTS

- **Single Super Phosphate (SSP)**

Your Society has marketed 7430.30 MT of Single Super Phosphate (SSP) in the states of UP, Haryana, Punjab and Gujarat. The Society plans to market 10,000 MT SSP during 2019-20.

- **Zinc Sulphate**

Zinc is the first micronutrient recognized essential for growth and development of plants, animals and humans. It is absorbed by plant from soil & water. Zinc application enhances food grain production and also helps in sustaining soil health and fortifying the country's nutritional security. Its deficiency can lead to significant reduction in crop productivity and nutrition quality. In line with this, your Society procured 1038.409 MT of Zinc Sulphate (21% & 33% grades) and sold in 10 states. In the year 2019-20 Society plans to procure 5020 MT Zinc Sulphate for sale in its marketing territories.

## 11.8 SEED BUSINESS

- **Certified Seeds**

Seed has been playing a vital and critical role in addressing the need of Quality Agriculture through enhancing production and productivity of scarce arable land.

Your Society has been continuing the seed multiplication programme to provide quality seed of the main crops to farmers. The seed produced are made available to the farmers through Krishak Bharati Sewa Kendra (KBSK), Cooperative Societies and Marketing Federations in different States. The main crops under seed multiplication are Wheat, Gram, Pea, Lentil, Soya bean and Mustard. Your society has been operating 11 modern Seed processing plants in various States and one custom processing unit at Rudrapur (Uttarakhand). The total seed production capacity of the Society is 28 TPH comprising of all the Units.



Dr. Chandra Pal Singh, Chairman, Shri N. Sambasiva Rao, Managing Director and Shri V.S. Sirohi, Marketing Director of KRIBHCO visited Seed Testing Laboratory.

During the year, despite several challenges in the certified seeds' market, the Society produced 2.25 Lakh quintals and sold 2.47 Lakh quintals of certified seed of various crops.

The society plans to produce 2.25 Lakh quintals of various crop seeds during 2019-20 under the changed market scenario.

- **Hybrid Seeds**

Hybrid Seed has been playing an important role in Indian Agriculture for maximizing yield. Your Society continues to have tie-up with a leading Hybrid Seed Company and successfully marketing through its own marketing network in KRIBHCO brand.

During the year, Society marketed 75,026 Packets of Bt. Cotton, 250.90 quintal of Paddy Hybrid, 2249.70 quintal of Paddy Research, 4476.93 quintal of Hybrid Maize and 52.20 quintal of Hybrid Bajra Seeds. KRIBHCO branded Hybrid Seeds have become popular among farming community due to high yield, farmers' connect and strong brand image.

Society has projected a sale of 1,08,300 Packets of Bt. Cotton, 300.00 quintal of Paddy Hybrid, 2665 quintal of Paddy Research, 5500 quintal of Hybrid Maize and 60 quintal of Hybrid Bajra in the Year 2019-20.

## 11.9 ORGANIC FERTILIZERS

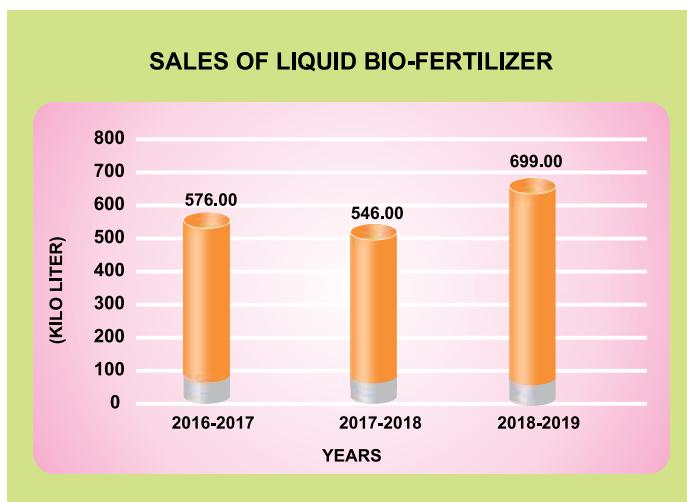
- **City Compost**

The Society initiated marketing of City Compost since December, 2009. Your Society has sold 27.29 thousand MT of Compost during the year 2018-19. In order to popularise Compost, Society is constantly educating farmers about its application in addition to chemical fertilizers. The Society plans to sell 24 thousand MT of compost during financial year 2019-20.

- **Liquid Bio- Fertilizers**

The Society is presently producing nine types of bacterial strains namely Azotobacter, Azospirillum, Rhizobium, Acetobacter, Phosphorus Solubilizing Bacteria (PSB), Potash Mobilizing Bacteria (KMB), Zinc Solublizing Bacteria, Liquid Consortia NPK-1 (strains of Azotobacter+ PSB+KMB) and NPK-2

(strains of Azospirillum+ PSB+ KMB). In addition to these strains, the Society plans to produce NPK-3 (strains of Rhizobium for Soya +PSB+KMB) from next year.



During the year 2018-19, your Society sold 6.99 lakh litre of liquid Bio-fertilizers, keeping in view its appreciable response due to its longer shelf life, survival at higher temperature easy application and low prices. During the year 2019-20 the Society has a production and marketing plan of 8 Lakh litre of Liquid Bio-fertilizers.

## 12. PUBLICITY AND PUBLIC RELATIONS

Your Society believes in effective and sustainable communication with appropriate tools to address the requirements of various stakeholders. Your Society uses a mix of mass communication as well as personal communication approach to maintain KRIBHCO's Brand equity. Your Society has been producing FAI award winning Video Films addressing Agriculture issues, participating in Farmer's Fair/Expo, distributing merchandises, utility material and various publications. The KRIBHCO brand is visible to customers through Wall & Tractor Trolley paintings, hoardings, participation

in Krishi Darshan (Doordarshan) programmes, Print Media and Point of sale Material. Cordial Relations are maintained with all stakeholders. The Society's endeavours are recognized through various Awards & Honours.

## 13. SERVICES TO FARMERS, COOPERATIVES AND RURAL DEVELOPMENT

Sustainable rural development through effective farm advisory services has been a focus area for the Society. Your Society, with its dedicated team of agricultural professionals, continued the efforts towards transfer of latest farm technology to the farming community and has undertaken rural welfare schemes for improving their livelihood. The Society organized over 4514 programmes such as Farmers' Meetings, Field Demonstrations, Field Days, Crop Show, Cooperative Conference, Group Discussion etc. benefiting 6.83 Lakh farmers and cooperative officials across the nation. The Society also made available 10.18 Lakh technical folders on various crops to farmers and cooperatives as back-up knowledge.

'KRIBHCO Krishi Pramash Kendra' continues to provide free consultancy on farm-related issues, propagate efficient and balanced use of fertilizer by testing 6661 soil samples (Micro-nutrients- 3434 & Macro-nutrients- 3227) collected from 13 states. This year KRIBHCO Krishi Pramash Kendra, NOIDA was visited by many dignitaries who highly appreciated the services provided by KRIBHCO to farmers and cooperatives.

Your Society promoted Information Communication Technology (ICT) and sent the soil profile results along with the recommendations to the concerned farmers at their door-steps through e-mail,. The KRIBHCO website also displays



Dr. Chandra Pal Singh, Chairman, KRIBHCO addressing a cooperative conference at Chandigarh (Haryana).

soil tests results as well as general agriculture practices. Kisan helpline is also available for farmers for providing them advice on farming related issues.

For inclusive development of cooperatives, the Society adopted 81 cooperative societies, trained 13754 cooperative managers in 126 cooperative conferences. The Society also organized 66 health campaigns for human & livestock, 43 income generations Programme, 30 drinking water facilities, 35 rural sports programme and 32 sanitation campaigns for integrated rural development.

#### **14. COMMUNITY DEVELOPMENT**

Your society is conscious of its responsibility towards various sections of the society. Accordingly, it has been undertaking extensive community development activities throughout the country. Storage-cum-community centre scheme started on the occasion of Golden Jubilee of India's Independence is still continuing and 193 community centres have been completed under the scheme and are in full use.

#### **15. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Society is dedicated to the farming community and therefore organizing various programmes and addressing the needs of rural communities like Income generation activities, Distribution of Sewing Machines to Women, Health camps for Human & Animals, Creation of Drinking Water facilities, Construction of Toilets, Distribution of Waste Baskets, Distribution of School bags & Stationary to rural children, Rural Sports, Hygiene & Sanitation Campaigns etc. under CSR.



Shri V.S. Sirohi, Marketing Director, KRIBHCO distributed Mini Kit to Fani Cyclone affected farmers at Delang (Odisha).

#### **16. KRISHAK BHARATI SEWA KENDRAS (KBSKs)**

Your Society has been operating 58 Krishak Bharati Sewa Kendras (KBSKs) in Uttar Pradesh (36), Haryana (16) and Punjab (6). These are Society's owned Retail outlets located in countryside to cater to the farmers' needs for quality Agro- inputs at a reasonable price at their doorstep. KBSKs are also instrumental in transmitting to the farming community the latest technical knowledge of agricultural practices. These centres fulfil twin objective of "Sales and Service" under one roof.



Shri N. Sambasiva Rao, Managing Director along with Shri V.S. Sirohi, Marketing Director, KRIBHCO visited KBSK at Raya (Mathura).

They bridge the gap between KRIBHCO and rural masses for socio-economic development as well as provide first-hand information about actual needs of the farming community.

KBSKs are selling various agricultural inputs like Neem coated Urea, DAP, NPK, MOP, SSP, Zinc Sulphate, Compost, Bio Fertilizers, Certified / Hybrid Seeds, Cattle Feed & so on. Various kinds of Crop literature and pamphlets are also made available to farmers free of cost.

Apart from these KBSKs, your Society has initiated franchisee concept in the states of UP, Bihar and West Bengal by giving franchise to fertilizer dealers. They are named as "Kisan Suvidha Kendras" as per the directions from Department of Fertilizers, Govt. of India.

## **17. INVESTMENTS/JOINTVENTURES/ SUBSIDIARIES/OTHERS**

### **17.1 Joint Ventures and Subsidiaries**

- Oman India Fertilizer Company SAOC (OMIFCO)**

Your Society invested US\$ 69.5 MM (₹328.53 Crore) in Oman India Fertilizer Company (OMIFCO) representing 25% of paid up equity capital. OMIFCO

owns a world class fertilizer plant at Sur Industrial estate in the Sultanate of OMAN having annual capacity of 16.52 Lakh MTPA of granular Urea and 11.90 Lakh MTPA Ammonia

Under a long term Gas Supply Agreement, Sultanate of Oman has committed to supply the natural gas feedstock for the entire life of OMIFCO. Government of India has committed to purchase entire quantity of Urea produced by OMIFCO under a long term Urea Off-take Agreement (UOTA) for 15 years from the date of commercial production in 2005. Highly skilled workforce from KRIBHCO contributes in a big way in operation and maintenance of the fertilizer plant under a "Personnel Supply Agreement".



OMIFCO Urea being shipped from Oman.

For the calendar year 2018, OMIFCO produced 20.38 Lakh MT Urea and 13.31 Lakh MT of Ammonia which is 123.37% and 111.85% of the annual rated capacity of 16.52 Lakh MT and 11.9 Lakh MT respectively. Society is Handling & Marketing 50% of the Urea produced by OMIFCO. For the calendar year 2018, OMIFCO paid a dividend of 24.82% on paid up capital of USD 278.00 million. KRIBHCO received US \$ 16.50 million (₹111.55 Crore) as dividend income from OMIFCO during the calendar year 2018.

- **KRIBHCO Fertilizers Limited (KFL)**

KRIBHCO Fertilizers Limited (KFL) is a wholly owned subsidiary of your Society, which owns and operates a gas based Fertilizer Complex at Shahjahanpur, U.P., consisting of Ammonia Plant of annual capacity of 5.02 Lakh MT (1520 MTPD) and Urea Plant with annual capacity of 8.64 Lakh MT (2620 MTPD). The entire marketing rights of Urea and other products of KFL are with KRIBHCO.

During the year, KFL surpassed all its previous records and set a new record by producing highest ever quantity of Urea and Ammonia with lowest energy consumption, highest Urea dispatch and highest ammonia sale. KFL produced 10.64 Lakh MT of Urea and 6.45 Lakh MT of Ammonia with capacity utilization of 123.05% and 128.68% for Urea and Ammonia respectively. The Energy consumption for Urea and Ammonia was 5.511 Gcal/MT and 7.740 Gcal/MT respectively. The surplus Ammonia sale was 32132 MT.

- **KRIBHCO Infrastructure Limited (KRIL)**

Kribhco Infrastructure Limited (KRIL), is a wholly owned subsidiary of the Society, KRIL possesses Category -1 License to operate container trains on Indian Railway network on PAN India basis. KRIL owns eight container rakes and 1350 containers, which are being deployed in different circuits. KRIL has set up and is operating rail linked Inland Container Depots/ Private Freight Terminals at Hazira (Gujarat), Rewari (Haryana), Modinagar (Uttar Pradesh) and Hindaun City (Rajasthan), offering comprehensive door to door logistics solutions for handling wide range of cargo including liquid cargo. KRIL has developed and is operating liquid (oil) handling facilities at its Rewari & Modinagar Terminals. KRIL is presently handling EXIM Traffic at its Hazira, Rewari and Modinagar Terminals.

KRIL has recorded total revenue of ₹186.64 Crore during 2018-19, which is the highest so far and as against ₹141.31 Crore achieved during 2017-18, higher by 32.08%. KRIL has earned EBITA of ₹32.21 Crore, which is 17.26% of revenue, and has earned cash profit of ₹1.33 Crore during the year 2018-19. If deferred interest is taken into consideration, the actual cash profit goes up to ₹ 9.96 Crore for the year.

- **Gujarat State Energy Limited (GSEG)**

Gujarat State Energy Generation Limited (GSEG) is a joint venture between Gujarat State Petroleum Corporation Ltd (GSPC), other companies of Government of Gujarat, KRIBHCO and GAIL (India) Ltd. In addition, SBI and IFCI are other strategic equity partners. KRIBHCO has so far made equity contribution of ₹102.04 Crore (19.16%) in GSEG..

During the year, GSEG had a gross revenue of ₹ 461.25 Crore. GSEG has earned profit before tax of ₹ 72.27 Crore against ₹ 80.11 Crore in FY 2017-18

## **17.2 OTHER INVESTMENTS**

- **Indian Commodity Exchange (ICEX)**

Your Society holds 2.51% equity (₹ 8.40 Crore) in the Indian Commodity Exchange (ICEX). ICEX was incorporated as a wholly owned subsidiary of IndiaBulls Housing Finance Limited on August 18, 2008. Indian Commodity Exchange Limited (ICEX) is a SEBI regulated online Commodity Derivative Exchange, Headquartered at Mumbai. The exchange provides nationwide trading platform through its appointed brokers.

Some of prominent shareholders of ICEX are MMTC Ltd, Central Warehousing Corporation, Indian Potash Ltd, KRIBHCO, Punjab National Bank, IDFC Bank Ltd, Gujarat Agro Industries Corporation,

Reliance Exchanext Ltd, Bajaj Holdings & Investment Ltd, Gujarat State Agricultural Marketing Board, NAFED and IndiaBulls Housing Finance Ltd.

The exchange has launched its world's first ever Diamond derivative contracts. ICEX aims to provide futures trading products in India's all economically relevant commodity. At present it offers futures contract in Diamond. Providing desired price risk hedging solution to the trade through innovative contract designing forms core value of ICEX.

- **Nagarjuna Oil Refinery Limited (NORL)**

The Society holds an equity investment of ₹ 476.19 Lakh, which is 2.34% of NORL's paid up share capital. The equity shares of the company are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The company holds 46.78% of paid up equity capital in Nagarjuna Oil Corporation Ltd. (NOCL).

- **Nagarjuna Fertilizers and Chemicals Limited (NFCL)**

The Society holds equity capital of ₹523.81 Lakh in NFCL which is 1.84% of paid up share capital of NFCL. During the Financial Year 2018-19, NFCL produced 5.84 Lakh MT of Urea and sold 6.37 Lakh MT of Urea. Total Urea sales during the year for both, manufactured and imported urea, was 8.85 Lakh MT.

## **18. Gramin Vikas Trust (GVT)**

Gramin Vikas Trust's (GVT) horizontal spread is now in 16 states, 94 districts and 3900 villages of Gujarat, Madhya Pradesh, Maharashtra, Chhattisgarh, Rajasthan, Uttar Pradesh, West Bengal, Odisha, Bihar, Haryana, Jharkhand, Andhra Pradesh, Telangana, Uttarakhand, Punjab and Sikkim.

The year under review was a pivotal year for GVT. GVT has developed new strategies to capitalize



Dr. Chandra Pal Singh, Chairman, KRIBHCO visited GVT WADI project at Bero (Jharkhand).

on era of change by ushering transformation of Aspiration Districts initiated by Niti Aayog for the benefit of poor and marginalized.

Gramin Vikas Trust has made meaningful contributions through its interventions and added more than 22,000 hectares of land under watershed treatment coverage, 15,000 acres of land under horticultural plantations and impacted lives of nearly 80,000 families. Under Skill development and capacity building training vertical, GVT has trained 2300 candidates. Under Swachh Bharat Mission, GVT has made significant contribution in sanitation sector also by constructing public toilets.

Gramin Vikas Trust, in association with the School of Environment, Natural Resource and Geography, University of Bangor, UK has taken a challenge to address the issue for providing food security to the deprived communities in eastern India through production & marketing of seed suitable for these categories of farmers. Dr. D.S. Virk, OBE, Professor, University of Bangor, Wales, U.K, has played a leading role in development of the seeds varieties suitable for upland in Indian sub-continent, who visited 'Jagannath Crop Producers Company Ltd.' (JCPCL), promoted by GVT in Baripada, Odisha.

Dignitaries from, Ministry of Rural Development, GOI, visited the project area of Gramin Vikas Trust under NABARD funded Watershed project at Godda along with State Govt. Officials, and appreciated the work done by GVT.

## **19. HUMAN RESOURCE DEVELOPMENT (HRD)**

Your Society is an employee centric organisation, which believes in the importance of progressively harnessing human potential in an organisational setting. It has a philosophy of ensuring the welfare of its employees and this, in turn, is reciprocated by the employees with their hard work and sincerity that has sustained the success of the organisation for over three & half decades.

Your Society recruits Executives from Leading Institutes of India at the entry level and nurtures them through job rotations, inter location assignments, training and mentoring programmes to facilitate career growth and a fulfilling work life balance.

The Society conducted various in-house and out-houses training programs, workshops, talks, seminars to develop and update knowledge of its employees. Wide range of lectures and talks by eminent faculties were also organized. Employees were also nominated and sponsored to various institutes for different programs, conferences, MDPs and workshops. To enhance physical, emotional and spiritual health, International Yoga Day was celebrated on 21<sup>st</sup> June, 2018.

Your Society organized a painting competition for the wards of employees on the International Cooperative Day under 26<sup>th</sup> Annual World Children's Picture Contest being organized by IE-NO-HIKARI Association (Japanese National Agricultural

Cooperative Group). The Society also celebrated National Productivity Week-2019 on the theme 'Circular Economy, a Force Multiplier for Productivity & Sustainability' by organizing various activities like Essay writing, Slogan writing, Quiz, Talk on Circular Economy.

Society also nominated employees to various quiz competitions wherein other similar organizations compete at a bigger platform. Few of the quiz competitions wherein employees from KRIBHCO were nominated include AIMA Management Quiz, AIMA Pragati Quiz for women.



Shri N. Sambasiva Rao, Managing Director lighting the lamp inaugurating New Year 2019 celebration with Shri Rajan Chowdhry, Finance Director and Shri V.S. Sirohi, Marketing Director, KRIBHCO at Corporate Office, NOIDA.

## **20. INDUSTRIAL RELATIONS**

During the year, Employees' relations in the Society remained cordial and peaceful. An atmosphere of mutual trust, confidence and goodwill prevailed between the Management and the employees represented by their Unions and Associations. Traditionally, Management maintained an open-door policy with fair and transparent approach while dealing with the employees, their Unions and Associations. As a result, not a single man-day was lost during the year due to Industrial Relation Problems.

The Management of the Society considers its employees as a valuable asset and assigns paramount importance to Employees Relations. Continuous and untiring efforts towards maintaining cordial and harmonious inter-personal relations has been the key factor(s) in achieving all round better performance of the Society.

## 21. INFORMATION TECHNOLOGY

Your Society is committed to deliver value to its customers and has implemented various cutting-edge technologies in the process. The implementation of Direct Benefit Transfer (DBT) and Goods and Services Tax (GST) in SAP ERP as per Government rules is a step forward in this direction

Society has implemented video conference facility in 4 State Marketing Offices viz. Lucknow, Hyderabad, Ahmedabad and Chandigarh along with its Corporate Office in Noida and Plant in Surat. This will reduce costs incurred in travel, lodging and boarding, and will enable the management to interact with SMO and Plant on real time, thus facilitating faster and better decision making. It is planned to equip more State Marketing Offices with this facility.

Society's website provides up-to-date information about Production, Sales and other Services offered including its CSR (Corporate Social Responsibility) initiatives. Online Recruitment Portal has recently been developed by the in-house IT team and incorporated in the website.

Society is also utilizing e-Reverse Auction facility for procurement of Materials and Services

at Corporate Office Noida, which has resulted in significant reduction of procurement costs and time. The society has carried forward its efforts for protecting environment through e-waste management.

## 22. KRIBHCO SAHAKARITA AWARDS

KRIBHCO Sahakarita Awards for the year 2017-18 were presented to two eminent cooperators in its 38<sup>th</sup> AGM held on September 20, 2018. KRIBHCO Sahakarita Shiromani Award was conferred on Shri Suresh Patel from Gujarat



Shri Suresh Patel from Gujarat receiving KRIBHCO Sahakarita Shiromani Award from Dr. Chandra Pal Singh, Chairman alongwith Shri N. Sambasiva Rao, Managing Director and other Directors of KRIBHCO.

and KRIBHCO Sahakarita Vibhushan Award on Shri Mahendra Kumar Nayak from Odisha for their contributions towards development of the Cooperative Movement.



Shri Mahendra Kumar Nayak from Odisha receiving KRIBHCO Sahakarita Vibhushan Award from Dr. Chandra Pal Singh, Chairman alongwith Shri N. Sambasiva Rao, Managing Director and other Directors of KRIBHCO.

- 1<sup>st</sup> Prize on Best Video Film on Doubling Farmers Income titled "Ek Nai Udan – Samradh Kisan" by FAI, New Delhi



Shri V.S. Sirohi, Marketing Director, KRIBHCO receiving FAI award from Shri DV Sadananda Gowda, Hon'ble Union Minister of Chemicals & Fertilizers in the presence of Shri Rao Inderjit Singh, State Minister of Chemicals & Fertilizers, Ms. Bharathi S. Sihag, Secretary, Fertilizers and Shri Sanjay Agarwal,, Secretary, (Agri, Cooperation & FW).

- 1<sup>st</sup> prize on Swachhata Pakhwada Award-2018 by Ms. Bharathi S. Sihag, Secretary, DoF, Gol.
- PRSI National Award-2018 (2<sup>nd</sup> Prize) for the Best House Journal "KRIBHCO News" by Public Relations Society of India, New Delhi.



Shri N. Sambasiva Rao, Managing Director KRIBHCO receiving swachhata Pakhwada Award from Ms. Bharathi S. Sihag, Secretary, Fertilizer, Govt of India.

## 24 PROGRESSIVE USE OF HINDI

Your Society is fulfilling statutory requirements of Rajbhasha implementation with great zeal. An Official Language Implementation Committee (OLIC) has been constituted in Corporate Office under the Chairmanship of Managing Director. To ensure Hindi activities and its progressive use, one employee in each State Marketing Office/Area Office has been designated. A Hindi workshop for computer working was organized at Bangalore for South/South-West employees. Besides this, Unicode, Google Voice like e-tools and Official Language Act /Rules related information was also

given in the training. To motivate the employees for doing their official work in Hindi, a running Trophy has been introduced in KRIBHCO Head Office. The Cash Incentive Schemes were also continued in the Society. Special Allowance is given to those English Typists and Steno Cadre Employees who are doing Hindi typing.

A Hindi Library is functioning well at Corporate Office where more than 550 Hindi Literature Books are available for the employees. Hindi Pakhwara, Hindi Week and Hindi Day were organized. Many competitions like Hindi Dictation, Hindi Essay Writing, Hindi Noting/Drafting, Hindi Grammar knowledge & Hindi General Knowledge, Quiz were organized. On the eve of the New Year, Drama, Hindi Poems and Songs were performed by the employees.

## 25. FINANCIAL RATING

Your Society's excellent financials and its core strength have been recognized and ICRA has rated A1+ for accessing short term borrowings. This rating indicates a very strong that the degree of safety regarding timely payment.. On the long term, ICRA has rated the Society as AA stable which means high degree of safety with regards to timely payment of financial obligations. The outlook is indicated as "stable".

## 26. VIGILANCE

Your Society considers Vigilance as an integral part of the Management Function. Main stress of the management is on transparency in the Organization and accountability in the day to day functioning of the Society through Preventive Vigilance. There is a full-fledged Vigilance set up being headed by a Chief Vigilance Officer. Efforts are on towards sensitization of employees through "Group Discussion and Presentations" organised in respective Zones during surprise and regular inspections by Vigilance Officers. On the basis of findings, remedial action is taken by the Management whenever adverse findings come to the notice.



Shri N. Sambasiva Rao, Managing Director, KRIBHCO addressing employees during Vigilance Awareness Week at Corporate Office, Noida.

Besides the above, efforts are also made to sensitize the public/customers/ employees about the evil consequences of corruption and ways to prevent it. The Society celebrated Vigilance Awareness Week wherein Pledge Ceremonies were undertaken, Lecture on the theme "Eradicate Corruption – Build a New India" was delivered by Sh. Naresh Bhardwaj, Dy. Director, Institute of Secretariat Training & Management, Department of Personnel & Training, Gol. Essay writing & Quiz competitions on Moral Values involving employees were also organized.

## 27. CORPORATE GOVERNANCE

Your Society believes that good Corporate Governance practices ensure ethical and efficient conduct of affairs of the organisation and also helps in maximising value for all its stakeholders, which also leads to build an environment of trust and confidence among all the constituents.

The Thirty Eighth Annual General Body Meeting (AGM) of KRIBHCO was held on 20<sup>th</sup> September, 2018. During the course of discussion, the delegates appreciated the excellent performance of the Society, especially in production and marketing fronts. The delegates also appreciated the sincere

efforts put in by the Society in implementing the suggestions made by them in the last AGM.

Seven meetings of the Board of Directors, seven meetings of the Executive Committee, two meetings of the Marketing Sub Committee and three meetings of the Audit Committee were held during the year. The observations/recommendations of the Members are taken into account while formulating the future policies and strategies for the progress of Society.

## **28. AUDITORS**

M/s. V. Sankar Aiyar & Co., M/s. S.S. Kothari Mehta & Co. and M/s. G.K. Choksi & Co. Chartered Accountants, who are statutory auditors of the Society, hold office until the conclusion of the ensuing Annual General Meeting. Out of these, two statutory auditors of the Society, namely M/s S.S. Kothari Mehta & Co and M/s V. Sankar Aiyar & Co., Chartered Accountants have completed their tenure of five years and they would be retiring at the conclusion of ensuing Annual General Meeting. The third statutory Auditor, M/s G.K. Choksi & Co, Chartered Accountant, have not yet completed their tenure of five years and hence, they would be eligible for re-appointment. M/s G.S. Mathur & Co and M/s Dhawan & Co., Chartered Accountants have been proposed to be appointed in place of M/s S.S. Kothari & Co. and M/s V. Sankar Aiyar & Co., Chartered Accountants and M/s G. K. Choksi & Co., Chartered Accountants are proposed to be re-appointed. Members are requested to consider appointment of M/s G.K. Choksi & Co., M/s G.S. Mathur & Co. and M/s Dhawan & Co. Chartered Accountants as Joint Statutory Auditors of the Society for the Financial Year 2019-20.

## **29. DIRECTORS RESPONSIBILITY STATEMENTS**

Your Directors hereby confirm that (a) In the preparation of the annual accounts, the applicable Accounting Standards have been followed along

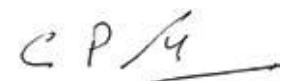
with proper explanation relating to material departures, if any. (b) Appropriate Accounting Policies have been selected and applied consistently, and that the judgment and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Society as of March 31, 2019 and of the profit of the Society for the said period. (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance of the Multi State Cooperative Society Act, 2002 for safeguarding the assets of the Society and for preventing and detecting fraud and irregularities (d) the Annual Accounts have been prepared on a going concern basis.

## **30. ACKNOWLEDGEMENTS**

The Society received full support and cooperation from the Ministry of Chemicals and Fertilizers and other Ministries/Departments concerned of the Government of India and FICC for which the Society expresses its gratefulness.

The Board of Directors also wishes to place on record its gratitude to National and International Organizations, who have provided their valuable support. Special thanks are due to Society's Bankers and the Reserve Bank of India. Last but not the least, the Board places on record its high appreciation for the sustained, dedicated and sincere efforts put in by the Officers and Staff of the Society for their sustained high level of performance,

**For and on behalf of the Board of Directors**



**(Chandra Pal Singh)**  
**Chairman**

Dated: **June 27, 2019**

## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of Bharati Cooperative Limited

#### 1. Opinion

We have audited the financial statements of KRISHAK BHARATI COOPERATIVE LIMITED (the Multi State Cooperative Society) ("Society"), which comprise the Balance Sheet as at March 31, 2019, the statement of Profit and Loss and Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information which includes the Returns for the year ended on that date audited by the branch auditors of the Society's branch located in Oman.

In our opinion and to the best of our information and according to the explanation given to us the aforesaid financial statements give the information required by the Multi State Cooperative Societies Act 2002 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Society as at March 31, 2019, and profit and its cash flow for the year then ended on that date.

#### 2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of financial statements under the Act, and we have fulfilled our other

ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 3. Responsibilities of Management for the Financial Statements

Management is responsible for the matter stated in 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 Society in accordance with the accounting principles generally accepted in India, including the accounting standards issued by ICAI. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Society and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Management is responsible for overseeing the Society's financial reporting process.

#### **4. Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our

independence, and where applicable, related safeguards.

## 5. Other Matter

We did not audit the financial statements of Sur Branch at Oman included in the financial statements of the Society whose financial statements reflect total assets of ₹32,859.66 lakh as at March 31, 2019 and total revenues of ₹12,010.53 lakh for the year ended on that date, as considered in the financial statements. The financial statements of the branch have been audited by the branch auditors under IFRS, whose reports have been furnished to us. These financial statements were converted into Indian GAAP by the management of the Society. Our opinion in so far as it relates to the amounts and disclosures included in respect of the branch, is based solely on the financial statement provided by the management and report of such branch auditors.

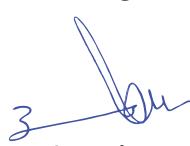
Our opinion is not modified in respect of this matter.

## 6. Report on Other Legal and Regulatory Requirements

As required under the Multi State Cooperative Societies Act, 2002, we report that:

- a) We have sought & obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account as specified in the Act have been kept by the Society so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the Branch not visited by us;
- c) The report on the accounts of Sur Branch at Oman audited by the branch auditor has been forwarded to us and same has been appropriately dealt with in preparing this report in the manner considered necessary by us and;
- d) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts and with the returns received from the branches not visited by us.
- e) In our opinion, the aforesaid financial statements comply with the accounting standards issued by the Institute of Chartered Accountant of India.

For G. K. Choksi & Co.  
Chartered Accountants  
(Firm Regn. No. 101895W)



(Sandip A. Parikh)  
Partner  
M.No. 040727

For V. Sankar Aiyar & Co.  
Chartered Accountants  
(Firm Regn. No. 109208W)



(M. S Balachandran)  
Partner  
M.No. 024282

For S. S. Kothari Mehta & Co  
Chartered Accountants  
(Firm Regn. No. 000756N)



(Yogesh K. Gupta)  
Partner  
M.No. 093214

Place: **New Delhi**  
Dated: **June 06, 2019**

## FINANCIAL STATEMENTS

### BALANCE SHEET AS AT MARCH 31, 2019

(₹ in lakh)

Particulars	Note	As at 31.03.2019	As at 31.03.2018
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	38,917.20	38,978.95
Reserves and Surplus	2.2	311,870.95	302,326.48
		<b>350,788.15</b>	<b>341,305.43</b>
<b>Non-current Liabilities</b>			
Deferred Tax Liabilities (Net)	2.3	24,702.20	25,156.20
Other Long Term Liabilities	2.4	603.49	487.83
Long-Term Provisions	2.5	21,173.18	20,455.01
		<b>46,478.87</b>	<b>46,099.04</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	2.6	467,835.29	306,197.85
Trade Payables		74,423.97	48,119.64
Other Current Liabilities	2.7	23,517.93	24,201.79
Short-Term Provisions	2.8	6,615.06	7,983.41
		<b>572,392.25</b>	<b>386,502.69</b>
<b>TOTAL</b>		<b>969,659.27</b>	<b>773,907.16</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Property, Plant and Equipment	2.9	156,847.29	166,055.58
Capital Work-in-Progress	2.10	4,652.86	1,614.18
Intangible Assets	2.11	2,517.36	2,695.77
Non-Current Investments	2.12	154,909.01	154,909.01
Long-Term Loans and Advances	2.13	7,883.08	8,391.73
Other Non-Current Assets	2.14	-	297.20
		<b>326,809.60</b>	<b>333,963.47</b>

Continued...

Continued...

**BALANCE SHEET AS AT MARCH 31, 2019**

(₹ in lakh)

Particulars	Note	As at 31.03.2019	As at 31.03.2018
<b>Current Assets</b>			
Inventories	2.15	99,802.12	77,656.66
Trade Receivables	2.16	498,110.98	323,543.53
Cash and Bank Balances	2.17	11,275.07	13,418.53
Short-Term Loans and Advances	2.18	32,364.60	24,148.11
Other Current Assets	2.19	1,296.90	1,176.86
		<b>642,849.67</b>	<b>439,943.69</b>
<b>TOTAL</b>		<b>969,659.27</b>	<b>773,907.16</b>
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Notes on Accounts</b>	<b>2</b>		
<b>Notes referred above form an integral part of the Balance Sheet</b>			

**For and on behalf of Board of Directors**

  
(Rajan Chowdhry)  
Finance Director



( N. Sambasiva Rao)  
Managing Director

For G. K. Choksi & Co.  
Chartered Accountants  
(Firm Regn. No. 101895W)

**As per our report of even date**

For V. Sankar Aiyar & Co.  
Chartered Accountants  
(Firm Regn. No. 109208W)

For S. S. Kothari Mehta & Co  
Chartered Accountants  
(Firm Regn. No. 000756N)

  
(Sandip A. Parikh)  
Partner  
M.No. 040727

  
(M. S. Balachandran)  
Partner  
M.No. 024282

  
(Yogesh K. Gupta)  
Partner  
M.No. 093214

Place: **New Delhi**  
Dated: **June 06, 2019**

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in lakh)

<b>Particulars</b>	<b>Note</b>	<b>Year Ended 31.03.2019</b>	<b>Year Ended 31.03.2018</b>
<b>Revenue:</b>			
Revenue from Operations (Net of Discounts/rebates)		917,912.83	683,098.26
Less: Excise Duty		-	645.23
Revenue from Operations (Net)	2.20	<b>917,912.83</b>	<b>682,453.03</b>
Other Income	2.21	14,604.20	12,845.53
<b>Total Revenue</b>		<b>932,517.03</b>	<b>695,298.56</b>
<b>Expenses:</b>			
Cost of Materials Consumed	2.22	481,161.86	342,322.75
Purchases of Stock in Trade	2.23	271,180.71	175,704.62
Changes in Inventories of Finished Goods, Semi-Finished, Stock-in-Process and Stock-in-Trade	2.24	(21,287.06)	(2,858.72)
Employee Benefits Expense	2.25	38,233.33	38,088.16
Finance Costs	2.26	29,016.56	19,476.47
Depreciation and Amortization Expense		10,560.19	10,422.29
Other Expenses of Manufacturing, Administration, Selling and Distribution	2.27	103,225.93	95,901.73
Prior Period Items (Net)	2.28	(128.96)	(15.23)
<b>Total Expenses</b>		<b>911,962.56</b>	<b>679,042.07</b>
<b>Profit Before Tax</b>		<b>20,554.47</b>	<b>16,256.49</b>
Tax Expense:			
Current Tax		6,629.00	3,570.01
Earlier Years		(2,376.51)	-
Deferred Tax		(454.00)	1,755.00
<b>Total Tax Expense</b>		<b>3,798.49</b>	<b>5,325.01</b>
<b>Profit for the year (After Tax)</b>		<b>16,755.98</b>	<b>10,931.48</b>

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**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019**

(₹ in lakh)

Particulars	Note	Year Ended 31.03.2019	Year Ended 31.03.2018
<b>Less: Amount Transferred to:</b>			
Capital Repatriation Fund		50.00	20.00
		<b>50.00</b>	<b>20.00</b>
<b>Net Profit as per the Multi-State Cooperative Societies Act 2002</b>		<b>16,705.98</b>	<b>10,911.48</b>
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Notes on Accounts</b>	<b>2</b>		
<b>Notes referred above form an integral part of the Statement of Profit and Loss</b>			

**For and on behalf of Board of Directors**



(Rajan Chowdhry)  
Finance Director

For G. K. Choksi & Co.  
Chartered Accountants  
(Firm Regn. No. 101895W)



(Sandip A. Parikh)  
Partner  
M.No. 040727

**As per our report of even date**

For V. Sankar Aiyar & Co.  
Chartered Accountants  
(Firm Regn. No. 109208W)



(M. S Balachandran)  
Partner  
M.No. 024282



( N. Sambasiva Rao)  
Managing Director

For S. S. Kothari Mehta & Co  
Chartered Accountants  
(Firm Regn. No. 000756N)



(Yogesh K. Gupta)  
Partner  
M.No. 093214

Place: **New Delhi**

Dated: **June 06, 2019**

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019**

(₹ in lakh)

<b>Particulars</b>	<b>Year Ended 31.03.2019</b>	<b>Year Ended 31.03.2018</b>
<b>(A) Cash Flow from Operating Activities:</b>		
<b>Net Profit Before Tax</b>	<b>20,554.47</b>	<b>16,256.49</b>
Adjustments for:		
Depreciation/Amortisation	10,560.19	10,422.29
Provision for diminution in value of inventory	307.31	(339.22)
Excess Provision Written Back	(453.34)	(451.08)
Profit/Loss on Sale of Assets	132.21	(72.07)
Amount Written Off	55.48	23.45
Foreign Exchange Variation	(42.61)	226.92
Finance Cost	29,016.56	19,476.47
Interest income	(452.90)	(3,014.27)
Dividend Income	(12,035.53)	(7,615.32)
<b>Operating Profit before working capital changes</b>	<b>47,641.84</b>	<b>34,913.66</b>
<b>Movements in working capital:</b>		
Increase/(decrease) in liabilities and provisions	25,160.34	8,343.02
Decrease/(Increase) in trade receivables	(174,567.45)	7,537.86
Decrease/(Increase) in inventories	(22,452.78)	(1,461.10)
Decrease/(Increase) in Loans & Advances	(9,763.47)	(6,542.54)
<b>Cash generated from /(used in) operations</b>	<b>(133,981.52)</b>	<b>42,790.90</b>
Direct Taxes paid (net of refunds)	(2,892.32)	3,799.31
Contribution to Cooperative Education Fund	(109.11)	(121.28)
Donations Paid	(45.00)	(42.20)
<b>Net cash Flow from/ (used in) operating activities (A)</b>	<b>(137,027.95)</b>	<b>46,426.73</b>

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## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(₹ in lakh)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
<b>(B) Cash Flow from Investing Activities:</b>		
Purchase of fixed assets (Including CWIP)	(3,989.47)	(3,786.63)
Proceeds from sale of fixed assets	420.83	420.81
(Increase)/Decrease in fixed deposits	(0.42)	319.40
Interest received	629.76	3,235.88
Dividend received	12,035.53	7,615.32
<b>Net cash Flow from/(used in) investing activities (B)</b>	<b>9,096.23</b>	<b>7,804.78</b>
<b>(C) Cash Flow from financing activities</b>		
Issue/Repatriation of Share Capital (Net)	(61.75)	(6.00)
Proceeds from long-term borrowings(Net)	-	(17.34)
Proceeds from short-term borrowings(net)	161,637.43	(21,592.18)
Interest Paid	(29,158.74)	(18,833.03)
Dividends paid on equity shares	(6,985.95)	(5,837.62)
Foreign Exchange Variation	42.61	(226.92)
<b>Net cash flow/(used in) in financing activities ( C)</b>	<b>125,473.60</b>	<b>(46,513.09)</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(2,458.12)	7,718.42
<b>Cash and cash equivalents at the beginning of the year</b>	<b>13,251.16</b>	<b>5,532.74</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>10,793.04</b>	<b>13,251.16</b>
<b>Components of Cash and cash equivalents (Note 2.17)</b>		
Cash in hand	3.75	10.74
Cheques/ drafts on hand including remittances in transit	7,755.97	7,183.84
With banks on current account	3,033.32	5,975.74
Other bank balances	-	80.84
<b>Total cash and cash equivalents</b>	<b>10,793.04</b>	<b>13,251.16</b>

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**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019****Notes:**

- 1 Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard (AS)-3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
- 2 Previous year's figures have been regrouped / re-arranged wherever necessary.

**For and on behalf of Board of Directors**

(Rajan Chowdhry)  
Finance Director

For G. K. Choksi & Co.  
Chartered Accountants  
(Firm Regn. No. 101895W)

**As per our report of even date**  
For V. Sankar Aiyar & Co.  
Chartered Accountants  
(Firm Regn. No. 109208W)



( N. Sambasiva Rao)  
Managing Director

For S. S. Kothari Mehta & Co  
Chartered Accountants  
(Firm Regn. No. 000756N)



3  
(Sandip A. Parikh)  
Partner  
M.No. 040727



(M. S Balachandran)  
Partner  
M.No. 024282



(Yogesh K. Gupta)  
Partner  
M.No. 093214

Place: **New Delhi**

Dated: **June 06, 2019**

## Note No.1

### **Significant Accounting Policies Forming Part of Financial Statements for the Year Ended March 31, 2019**

#### **1. BASIS OF PREPARATION**

The Financial Statements are prepared on accrual basis of accounting under the historical cost convention on going concern basis in accordance with the Generally Accepted Accounting Principles in India, applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of Multi State Cooperative Societies Act, 2002.

#### **2. USE OF ESTIMATES**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialise.

#### **3. INVENTORIES**

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

##### **3.1 Cost in respect of various types of inventories is computed as under:**

3.1.1 Raw Materials, Packing Materials, Catalysts in stores, Stores and Spares at weighted average cost.

3.1.2 Stock in Process at direct cost and appropriate portion of overheads.

3.1.3 Semi-Finished Goods:

Manufactured Ammonia at Annualised Cost of Production.

3.1.4 Finished Goods:

Manufactured Urea at Annualised Cost of Production.

3.1.5 Traded Goods

Traded Products at procurement cost determined on weighted average basis plus direct expenses.

3.1.6 Spares, which are repaired, either departmentally or through outside agencies are taken into inventory at a nominal cost of ₹1/- each.

##### **3.2 Net Realisable Value is computed as under:**

3.2.1 Finished Goods:

Concession price/Import Parity Price (IPP) determined in accordance with norms of Government of India in respect of manufactured urea less estimated costs necessary to make the sales.

### 3.2.2 Traded Goods

- (a) Estimated selling price plus subsidy rate notified by Government of India in respect of imported phosphatic/potassic fertilisers less estimated costs necessary to make the sales.
  - (b) Estimated selling price plus applicable handling remuneration in respect of imported OMIFCO Urea and imported Pool Urea less estimated costs necessary to make the sales.
  - (c) Estimated selling price in respect of stocks of other products lying at warehouses/ports less estimated costs necessary to make the sales.
- 3.3 The diminution in the value of obsolete, unserviceable, slow moving and surplus stores and spares is ascertained on review and provided for accordingly.

## 4. PRIOR PERIOD INCOME / EXPENDITURE

Income/Expenditure relating to prior period(s) which does not exceed ₹50,000/- in each case is treated as Income/Expenditure for the Current Year.

## 5. DEPRECIATION / AMORTISATION

- 5.1 Depreciation on Property, Plant and Equipment is provided on straight line method based on useful life prescribed under Schedule II to the Companies Act, 2013.
- 5.2 Based on technical assessment, where useful life of Property, Plant and Equipment is different from the useful life specified in Schedule II to the Companies Act, 2013, depreciation is provided on straight line method on the basis of useful life based on technical assessment.
- 5.3 Assets individually costing upto ₹5,000/- are fully depreciated in the year of acquisition.
- 5.4 Leasehold lands and buildings:
  - 5.4.1 Leasehold lands are amortized over the period of lease.
  - 5.4.2 Leasehold buildings and buildings constructed on leasehold lands are fully depreciated over the period of lease in case period of lease is less than the useful life prescribed as per Schedule II of the Companies Act 2013.
- 5.5 Intangible assets comprising of computer software are amortized on straight line method over a period of legal right or three years whichever is earlier on pro-rata basis.
- 5.6 Intangible assets comprising of licence fee relating to production processes are amortized on straight line method over a useful life of related fixed assets.

## 6. REVENUE RECOGNITION

### 6.1 SALE OF GOODS

Sales are recognized upon the transfer of significant risks and rewards of ownership to the customers, evidenced by issue of Lifting certificates/Invoices to customers.

## 6.2 SUBSIDY/HANDLING REMUNERATION FROM GOVERNMENT

- 6.2.1 Subsidy on urea and imported phosphatic/potassic fertilisers, handling remuneration on imported OMIFCO Urea, imported Pool Urea, seeds and bio-fertilisers are recognised based on quantity sold.
- 6.2.2 Freight Subsidy is recognised on quantity despatched from plant/ports in terms of schemes notified by Government of India(GOI).

## 6.3 SALE OF SERVICES

Revenue from services rendered is recognised as and when the service is performed based on agreements/arrangements with the concerned parties.

## 6.4 OTHER INCOME

- 6.4.1 Dividend income is recognized when the right to receive payment is established. Interest income is recognized on time proportion basis, taking into account amount outstanding and rate applicable.
- 6.4.2 Interest on delayed payment from customers, Railway claims for finished goods, Insurance Claims, Claims receivable on account of dispatch money on shipments, Right of use of land and Difference in service charges receivable are recognized when no significant uncertainty exists with regard to the amount to be realized and ultimate collection thereof.
- 6.4.3 Income from Scrap/ salvage and waste material is recognised when sold.

## 7. PROPERTY, PLANT AND EQUIPMENT

- 7.1 Property, Plant and Equipment are stated at historical cost less accumulated depreciation/amortisation and impairment. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- 7.2 Assets retired from active use and held for disposal are shown separately under Property, Plant and Equipment at lower of net book value and estimated realizable value.
- 7.3 Spares are recognised in accordance with AS 16 "Property, Plant and Equipment" when they meet the definition of Property, Plant and Equipment. Otherwise, such items are classified as inventory.
- 7.4 Property, Plant and Equipment which are not ready for their intended use are shown as Capital Work-in-Progress and are carried at cost.
- 7.5 Intangible Assets: An intangible asset is recognised where it is probable that the future economic benefit attributable to the asset will flow to the Society and the cost of the asset can be measured reliably. Such assets are stated at cost less accumulated amortization.

## **8. FOREIGN CURRENCY TRANSACTIONS**

- 8.1 Foreign currency transactions are recorded on initial recognition at the exchange rate prevailing on the date of the transaction. On settlement of transactions, the realized gains and losses on foreign exchange transactions are recognized in the Statement of Profit and Loss.
- 8.2 Foreign currency monetary items remaining unsettled at the end of the year are reported at year-end rates. The exchange rate differences arising thereof are recognized in the Statement of Profit and Loss. Non Monetary items which are carried at historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.
- 8.3 Financial statements of Foreign branch are considered to be integral and are translated as follows:
  - 8.3.1 Monetary assets and liabilities at rates of exchange prevailing at the end of the year.
  - 8.3.2 Non-monetary items at exchange rates prevailing on the date of transaction.
  - 8.3.3 Revenue items are accounted for at the exchange rate, which approximates the rate prevailing as on the date of transaction.
  - 8.3.4 Resultant translation differences arising there from are recognized in the Statement of Profit and Loss.
- 8.4 In respect of forward contracts premium or discount arising at the inception of forward exchange contracts is amortised as an expense or income over the period of the contract. Forward contracts remaining unsettled at the 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 expense in the year in which such profit or loss arises.

## **9. GOVERNMENT GRANTS**

- 9.1 Grants from the government are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.
- 9.2 When the grant relates to a revenue expenditure, it is recognised over period in which the related costs are incurred and are deducted from the related expenses.
- 9.3 Where the grant relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

## **10. INVESTMENTS**

- 10.1 Current investments are valued at lower of cost and fair value determined on an individual assessment basis.
- 10.2 Long Term investments are carried at cost. Provision for diminution in the value of investments is made to recognize a decline, other than temporary, in the value of such investments.

## **11. EMPLOYEE BENEFITS**

- 11.1 Short term Employee Benefits are recognized as an expense on an undiscounted basis in the Statement of Profit & Loss of the year in which the related service is rendered.
- 11.2 The Employees' Group Gratuity Fund Scheme and Provident Fund Scheme are the Society's defined benefit plans, which are funded by the Society, and are managed by separate trusts.
  - 11.2.1 The present value of Society's obligations under Gratuity Scheme is determined on the basis of actuarial valuation at the year end and the fair value of plan assets is reduced from the gross obligation under gratuity scheme, to recognize the obligation on net basis.
  - 11.2.2 The contribution to Provident Fund and Family Pension Scheme is recognized as expense and is charged to the Statement of Profit & Loss.
- The Society has an obligation to make good the shortfall, if any, between the return from the investments of Provident Fund Trust and the Notified interest rates. Liability, on account of such shortfall, if any, is recognized on the basis of actuarial valuation carried out at the year end.
- 11.3 The liability for other defined benefit plans such as leave encashment/ compensated absences, long service award, farewell gift and travel to home town on superannuation are recognized on the basis of an actuarial valuation made at the end of the year.
- 11.4 The liability for termination benefits payable in subsequent period to the employees opted for Voluntary Retirement Scheme is recognised on the basis of an actuarial valuation made at the end of the year.
- 11.5 The liability for contribution to Employees Superannuation Pension Scheme and Post Retirement Assistance Scheme is recognised as expense and charged to Statement of Profit and Loss.
- 11.6 Gains and Losses arising out of actuarial valuation are recognized immediately in the Statement of Profit and Loss.

## **12. BORROWING COSTS**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized. All other borrowing costs are recognized as expenses in the period in which they are incurred.

## **13. OPERATING LEASES**

Assets acquired on leases wherein a significant portion of the risks and rewards of ownership are retained by the Lessors are classified as 'Operating Leases'. Lease rentals paid for such leases are recognised as an expense on straight line basis over the term of lease.

## **14. TAXATION**

- 14.1 Provision for current income tax is made on the basis of assessable income as per Income Tax Act, 1961.
- 14.2 Deferred Tax resulting from "timing differences" between taxable income and accounting income is determined by using the tax rates and the tax laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Assets are carried forward to the extent it is reasonably / virtually certain that future taxable profit will be available against which such Deferred Tax Assets can be realised.

## **15. IMPAIRMENT OF ASSETS**

At each Balance Sheet date a review is made whether indication exists that asset has been impaired. In case such indication exists, an impairment loss is recognized wherever carrying amount of an asset exceeds its recoverable amount. Recoverable amount is higher of the 'net selling price' of assets and 'value in use'.

## **16. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

- 16.1 Provision is recognized when the Society 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.
- 16.2 Contingent Liabilities are disclosed on the basis of judgement of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.
- 16.3 Contingent Assets are neither recognized nor disclosed in the financial statements.

## **17. CATALYSTS**

Catalysts issued 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.

## **18. PREPAID EXPENSES**

Expenditure upto ₹ 25,000/- in each case, incurred in advance relating to the following year is accounted for in the year in which the expenditure is incurred.

**Note No. 2.1**

**SHARE CAPITAL**

(₹ in lakh)

Particulars	As at 31.03.2019		As at 31.03.2018	
<b>Equity Share Capital</b>				
<b>AUTHORISED</b>				
44,000 (44,000) Equity Shares of ₹1,00,000 each	44,000.00		44,000.00	
16,000 (16,000) Equity Shares of ₹25,000 each	4,000.00		4,000.00	
20,000 (20,000) Equity Shares of ₹10,000 each	<u>2,000.00</u>	<u>50,000.00</u>	<u>2,000.00</u>	<u>50,000.00</u>
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP</b>				
33,120(33,330) Equity Shares of ₹1,00,000 each	33,120.00		33,330.00	
15,577 (15,622) Equity Shares of ₹25,000 each	3,894.25		3,905.50	
19,158 (19,163) Equity Shares of ₹10,000 each	<u>1,915.80</u>	<u>38,930.05</u>	<u>1,916.30</u>	<u>39,151.80</u>
Less: Shares under Repatriation		19.23		179.23
<b>Net Paid up capital</b>		<b>38,910.82</b>		<b>38,972.57</b>
Add: Forfeited shares		6.38		6.38
<b>Total</b>		<b>38,917.20</b>		<b>38,978.95</b>

**Further Notes:**

- 1) Reconciliation of number of shares outstanding and amount of share capital is set out as follows:

Class of Shares		As on 01.04.2018	Issued during the year	Repatriated during the year	As on 31.03.2019
(1)		(2)	(3)	(4)	(5)
₹1,00,000/- (₹ One Lakh only)	Nos Value ₹ in lakh	33,330 33,330.00	38 38.00	248 248.00	33,120 33,120.00
₹25,000/- (₹ Twenty Five Thousand only)	Nos Value ₹ in lakh	15,622 3,905.50	— —	45 11.25	15,577 3,894.25
₹10,000/- (₹ Ten Thousand only)	Nos Value ₹ in lakh	19,163 1,916.30	— —	5 0.50	19,158 1,915.80
Total Value of Fully Paid Up Shares ₹ in lakh		39,151.80	38.00	259.75	38,930.05
Previous Year ₹ in lakh		39,157.80	0.20	6.20	39,151.80

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- 2) Details of share holders holding more than 5% of equity shares in each category:-

<b>Equity Shares of ₹1,00,000 each</b>	<b>Current Year</b>	<b>Previous Year</b>
The Haryana State Cooperative Supply and Marketing Federation Limited		
No of Shares held	2147	2147
% of holding	6.44%	6.44%

- 3) As per provisions of the Multi-State Co-operative Societies Act 2002 and Bye-Laws of the Society, every member has a single voting right irrespective of the number/value of share capital held. The holders of the equity shares are entitled to receive dividends as declared from time to time in proportion to their shareholding.
- 4) Aggregate amount of capital repatriated as per Bye-Laws of the Society during the last five years is ₹236.60 lakh (Previous year ₹9,996.70 lakh).
- 5) The Society has repatriated its equity in terms of Section 35 of the Multi State Cooperative Societies Act, 2002 read with amended Bye Law No. 8(a) of KRIBHCO to the Government of India. As on March 31, 2019, cheques worth ₹18,890 lakh (Previous Year ₹18,890 lakh) towards repatriation of share capital have not been encashed and returned by Government of India and the amount is lying unutilised in the bank accounts of the Society.

## Note No. 2.2

### RESERVES AND SURPLUS

(₹ in lakh)

<b>Particulars</b>	<b>As at 31.03.2019</b>		<b>As at 31.03.2018</b>	
<b>(a) Reserve Fund (As per Bye-Law 58(i) of the Society)</b>				
As per last Balance Sheet	118,523.63		115,795.76	
Add : Transfer from Surplus Account	4,176.49	122,700.12	2,727.87	118,523.63
<b>(b) Reserve Fund for Contingency (As per Bye-Law 58(iii) of the Society)</b>				
As per last Balance Sheet	25,119.64		24,028.49	
Add : Transfer from Surplus Account	1,670.60	26,790.24	1,091.15	25,119.64
<b>(c) Reserve for Donations</b>				
As per last Balance Sheet	71.75		75.75	
Add : Transfer from Surplus Account	40.00		40.00	
Less : Payments during the year	45.00		42.20	
Less : Transfer to General Reserve during the year	0.75	66.00	1.80	71.75
<b>(d) Capital Repatriation Fund</b>				
As per last Balance Sheet	138.80		125.00	
Add : Transfer from Statement of Profit and Loss	50.00		20.00	
Less: Transfer to Share Repatriated Reserve	99.75	89.05	6.20	138.80

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**Note No. 2.2**

**RESERVES AND SURPLUS**

(₹ in lakh)

Particulars	As at 31.03.2019		As at 31.03.2018	
<b>(e) Share Repatriated Reserve</b>				
As per last Balance Sheet	783.52		777.32	
Add : Transfer from Capital Repatriation Fund	99.75	883.27	6.20	783.52
<b>(f) General Reserve</b>				
As per last Balance Sheet	142,247.94		142,246.14	
Add : Transfer from Surplus Account	2,872.96		-	
Add : Transfer from Reserve for Donation	0.75	1,45,121.65	1.80	142,247.94
<b>(g) Dividend Equalisation Fund</b>				
As per last Balance Sheet	8,344.32		8,415.99	
Less : Deductions/Adjustments during the year	-	8,344.32	71.67	8,344.32
<b>(h) Cooperative Development Fund</b>				
As per last Balance Sheet	81.86		70.33	
Add : Transfer from Unclaimed Dividend	16.54		11.57	
Less : Payment of Unclaimed Dividends during the year	0.97	97.43	0.04	81.86
<b>(i) Surplus (Balance in Statement of Profit and Loss)</b>				
Opening Balance(Retained Earnings for Dividend)	7,015.02		-	
Less Dividend Declared and Paid	7,015.02	-	-	
Add: Net Profit as per the Multi-State Cooperative Societies Act 2002	16,705.98		10,911.48	
Add : Transfer from Dividend Equilisation Fund	-		71.67	
Amount Available for Appropriations:	16,705.98		10,983.15	
Less: Appropriations:				
(1) Reserve Fund as per Bye-Law 58(i) of the Society	4,176.49		2,727.87	
(2) Provision for Contribution to Cooperative Education Fund	167.06		109.11	
(3) Reserve Fund for Contingency as per Bye- Law 58 (iii) of the Society	1,670.60		1,091.15	
(4) Reserve for Donations	40.00		40.00	
(5) General Reserve	2,872.96	8,927.11	7,778.87	3,968.13
<b>Total</b>			<b>311,870.95</b>	<b>302,326.48</b>

### Note No. 2.3

#### DEFERRED TAX LIABILITIES (NET)

(₹ in lakh)

Particulars		As at 31.03.2019	As at 31.03.2018
<b>Deferred Tax Liability</b>			
Difference of Book Depreciation and Tax Depreciation/ Allowance	(A)	<u>33,510.54</u>	<u>33,480.95</u>
<b>Deferred Tax Assets</b>			
Provision for Employees benefits allowable on payment basis		7,988.04	7,612.88
Provision for Doubtful Debts and Advances		136.04	136.04
Others		684.26	575.83
Total Deferred Tax Assets	(B)	<u>8,808.34</u>	<u>8,324.75</u>
<b>Deferred Tax Liability (Net)</b>	<b>(A-B)</b>	<b><u>24,702.20</u></b>	<b><u>25,156.20</u></b>

#### Further Notes:

During the year net decrease in deferred tax liability of ₹454 lakh is being recognised in the Statement of Profit & Loss (Previous Year increase of ₹1,755.00 lakh).

### Note No. 2.4

#### OTHER LONG TERM LIABILITIES

(₹ in lakh)

Particulars		As at 31.03.2019	As at 31.03.2018
Retention/Security Deposits		442.15	259.33
Income Received in Advance		161.34	228.50
<b>Total</b>		<b><u>603.49</u></b>	<b><u>487.83</u></b>

### Note No. 2.5

#### LONG TERM PROVISIONS

(₹ in lakh)

Particulars		As at 31.03.2019	As at 31.03.2018
Employee Benefits*		21,173.18	20,455.01
<b>Total</b>		<b><u>21,173.18</u></b>	<b><u>20,455.01</u></b>

\*Disclosure as required by AS 15 on "Employee Benefits" has been made in Note No. 2.31.

**Note No. 2.6**

**SHORT TERM BORROWINGS**

(₹ in lakh)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Short Term Loans</b>		
<b>From Banks:</b>		
<b>Secured</b>		
Rupee Loans	201,710.98	112,710.15
Foreign Currency Loans-Buyer's Credit	21,822.92	-
<b>Unsecured</b>		
Rupee Loans	134,795.20	44,851.55
Foreign Currency Loans	-	76,778.67
Foreign Currency Loans- Buyers Credit	109,506.19	71,857.48
<b>Total</b>	<b><u>467,835.29</u></b>	<b><u>306,197.85</u></b>

**Further Notes:**

Details of Security for Secured Loans:

- ₹66,655.39 lakh (Previous year ₹17,210.00 lakh) is Secured by hypothecation of subsidy receivable from Government of India and the same will be directly repayable by GOI to the lender on release of subsidy.
- ₹156,878.51 lakh (Previous year ₹95,500.15 lakh) is Secured by first parri-passu charge on all current assets of the Society.

**Note No. 2.7**

**OTHER CURRENT LIABILITIES**

(₹ in lakh)

Particulars	As at 31.03.2019	As at 31.03.2018
Interest accrued but not due on borrowings	614.15	779.18
Interest Payable-Deposit from Customers /Others	22.83	-
Income received in advance	120.24	179.70
Unpaid / Unclaimed Dividends*	241.52	210.97
Amount Payable under Forward Contract (Net)	5,915.95	-

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### Note No. 2.7

#### OTHER CURRENT LIABILITIES

(₹ in lakh)

Particulars	As at 31.03.2019	As at 31.03.2018
Other Payables		
Advances from customers and others	2,519.81	10,073.71
Margin Money Payable-Customers	4,785.23	3,126.45
Deposits from contractors and others	4,628.93	4,123.10
Statutory Dues	1,275.08	2,512.17
Employees Dues	1,655.13	2,030.91
For Capital Goods	620.12	798.11
Others	1,118.94	367.49
<b>TOTAL</b>	<b><u>23,517.93</u></b>	<b><u>24,201.79</u></b>

#### Further Notes:

\*Unpaid / Unclaimed Dividend represents the amounts which have not been claimed by the investors/ shareholders.

### Note No. 2.8

#### SHORT TERM PROVISIONS

(₹ in lakh)

Particulars	As at 31.03.2019	As at 31.03.2018
Employee Benefits*	6,448.00	7,874.30
Others		
Cooperative Education Fund	167.06	109.11
<b>Total</b>	<b><u>6,615.06</u></b>	<b><u>7,983.41</u></b>

\*Disclosure as required by AS 15 on "Employee Benefits" has been made in Note No. 2.31.

**Note No. 2.9**

**PROPERTY, PLANT AND EQUIPMENT**

(₹ in lakh)

Particulars	Gross Block					Depreciation/Amortisation					Net Block	
	As at 01.04.2018	Additions	Sales	Deductions / Adjustments	As at 31.03.2019	Upto 31.03.2018	For the year	Deductions on Sales	Deductions / Adjustments	Upto 31.03.2019	As at 31.03.2019	As at 31.03.2018
<b>LAND</b>												
Freehold*	6,519.86	-	-	-	6,519.86	-	-	-	-	-	6,519.86	6,519.86
Leasehold	1,662.31	-	-	-	1,662.31	513.03	42.65	-	-	555.68	1,106.63	1,149.28
<b>Sub-total</b>	<b>8,182.17</b>	-	-	-	<b>8,182.17</b>	<b>513.03</b>	<b>42.65</b>	-	-	<b>555.68</b>	<b>7,626.49</b>	<b>7,669.14</b>
<b>BUILDING</b>												
Freehold	16,122.26	14.78	20.54	-	16,116.50	7,577.82	293.40	14.11	-	7,857.11	8,259.39	8,544.44
Leasehold	2,327.78	9.58	-	-	2,337.36	594.28	83.17	-	-	677.45	1,659.91	1,733.50
<b>Sub-total</b>	<b>18,450.04</b>	<b>24.36</b>	<b>20.54</b>	-	<b>18,453.86</b>	<b>8,172.10</b>	<b>376.57</b>	<b>14.11</b>	-	<b>8,534.56</b>	<b>9,919.30</b>	<b>10,277.94</b>
<b>ROADS, CULVERTS &amp; DRAINS</b>	<b>4,129.63</b>	-	-	-	<b>4,129.63</b>	<b>3,454.74</b>	<b>147.76</b>	-	-	<b>3,602.50</b>	<b>527.13</b>	<b>674.89</b>
PLANT AND EQUIPMENTS	266,326.80	556.94	211.91	194.10	266,477.73	121,843.46	9,146.37	155.68	-	130,834.15	135,643.58	144,483.34
ROLLING STOCK	4,162.57	280.00	-	-	4,442.57	4,162.56	10.88	-	-	4,173.44	269.13	0.01
RAILWAY SIDINGS	3,676.89	350.77	-	186.82	3,840.84	2,438.19	118.41	74.91	-	2,481.69	1,359.15	1,238.70
FURNITURE AND FIXTURES	1,579.59	45.23	19.18	-	1,605.64	1,332.37	55.91	14.70	-	1,373.58	232.06	247.22
VEHICLES	877.45	150.07	113.86	-	913.66	476.06	88.93	75.55	-	489.44	424.22	401.39
OFFICE EQUIPMENTS	3,593.11	80.00	74.93	-	3,598.18	2,900.40	236.35	70.29	-	3,066.46	531.72	692.71
OTHERS	1,315.36	46.11	14.13	-	1,347.34	945.12	97.75	10.04	-	1,032.83	314.51	370.24
<b>Sub-total</b>	<b>281,531.77</b>	<b>1,509.12</b>	<b>434.01</b>	<b>380.92</b>	<b>282,225.96</b>	<b>134,098.16</b>	<b>9,754.60</b>	<b>401.17</b>	-	<b>143,451.59</b>	<b>138,774.37</b>	<b>147,433.61</b>
<b>Total</b>	<b>312,293.61</b>	<b>1,533.48</b>	<b>454.55</b>	<b>380.92</b>	<b>312,991.62</b>	<b>146,238.03</b>	<b>10,321.58</b>	<b>415.28</b>	-	<b>156,144.33</b>	<b>156,847.29</b>	<b>166,055.58</b>
<b>Previous year's Total</b>	<b>309,905.01</b>	<b>2,942.70</b>	<b>554.10</b>	-	<b>312,293.61</b>	<b>136,244.67</b>	<b>10,198.71</b>	<b>205.35</b>	-	<b>146,238.03</b>	<b>166,055.58</b>	-

\*Title deed for land acquired at Krishnapatnam for ₹2,926.90 lakh (Previous Year ₹2,926.90 lakh) is pending for execution.

**Note No. 2.10**

**CAPITAL WORK-IN-PROGRESS**

(₹ in lakh)

Particulars	As at 31.03.2019	As at 31.03.2018
Civil Construction		
Office and Factory	18.74	-
Plant & Equipments	4,028.17	660.54
Railway Sidings	27.97	378.75
Others	577.98	574.89
<b>Total</b>	<b>4,652.86</b>	<b>1,614.18</b>

### Note No. 2.11

#### INTANGIBLE ASSETS

(₹ in lakh)

Particulars	Gross Block					Amortisation					Net Block	
	As at 01.04.2018	Additions	Sales	Deductions / Adjustments	As at 31.03.2019	Upto 31.03.2018	For the year	Deductions on Sales	Deductions / Adjustments	Upto 31.03.2019	As at 31.03.2019	As at 31.03.2018
Computer Software	1,564.10	60.20	-	-	1,624.30	1,521.73	36.25	-	-	1,557.98	66.32	42.37
Licence Fee	3,844.83	-	-	-	3,844.83	1,191.43	202.36	-	-	1,393.79	2,451.04	2,653.40
<b>Total</b>	<b>5,408.93</b>	<b>60.20</b>	<b>-</b>	<b>-</b>	<b>5,469.13</b>	<b>2,713.16</b>	<b>238.61</b>	<b>-</b>	<b>-</b>	<b>2,951.77</b>	<b>2,517.36</b>	<b>2,695.77</b>
Previous year's Total	5,345.37	63.56	-	-	5,408.93	2,489.58	223.58	-	-	2,713.16	2,695.77	-

### Note No. 2.12

#### NON CURRENT INVESTMENTS

(₹ in lakh)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Long Term and Trade</b>		
<b>Equity Instruments</b>		
<b>(Fully paid up unless otherwise stated)</b>		
<b>Quoted</b>		
1,00,00,000 (1,00,00,000) Equity Shares of ₹1/- each of Nagarjuna Oil Refinery Ltd.	476.19	476.19
1,10,00,000 (1,10,00,000) Equity Shares of ₹1/- each, of Nagarjuna Fertilizers and Chemicals Ltd.	523.81	523.81
	<u>1,000.00</u>	<u>1,000.00</u>
<b>Unquoted</b>		
<b>Subsidiary Companies</b>		
18,50,00,000 (18,50,00,000) Equity shares of ₹10/- each, of Kribhco Infrastructure Ltd.	18,500.00	18,500.00
80,00,57,143 (80,00,57,143) Equity Shares of ₹10/- each, of Kribhco Fertilizers Ltd.	91,468.55	91,468.55
	<u>109,968.55</u>	<u>109,968.55</u>
<b>Joint Venture Companies</b>		
2,67,57,500 (2,67,57,500) Shares of OMANI RO 1/- each, of Oman India Fertiliser Company, SAOC .	32,853.46	32,853.46
9,71,95,453 (9,71,95,453) Equity Shares of ₹10/- each, of Gujarat State Energy Generation Ltd.	10,204.00	10,204.00
1,80,002 (1,80,002) Equity Shares of ₹10/- each, of Urvarak Videsh Ltd.	18.00	18.00
	<u>43,075.46</u>	<u>43,075.46</u>

Continued...

### Note No. 2.12

#### NON CURRENT INVESTMENTS

(₹ in lakh)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Others</b>		
1,34,00,000 (1,34,00,000) Equity Shares of ₹5/- each, of Indian Commodity Exchange Ltd.	840.00	840.00
80 (80) Equity Shares of ₹25,000/- each, of National Agricultural Cooperative Marketing Federation of India Ltd.	20.00	20.00
50 (50) Equity Shares of ₹10,000/- each, of Cooperative Bank of India Ltd.	5.00	5.00
	<u>865.00</u>	<u>865.00</u>
<b>Total</b>	<b><u>154,909.01</u></b>	<b><u>154,909.01</u></b>

#### Further Notes:

- (i) Aggregate amount of quoted investments 1,000.00 1,000.00
- (ii) Market value of quoted investments 794.00 2,055.50
- (iii) Aggregate amount of un-quoted investments 153,909.01 153,909.01
- Investments have been valued as per Accounting Policy No. 10 disclosed in Note No. 1 to the financial statements.
- Figures in brackets relates to previous year.

### Note No. 2.13

#### LONG TERM LOANS AND ADVANCES

(Unsecured Considered good, unless otherwise stated)

(₹ in lakh)

Particulars	As at 31.03.2019	As at 31.03.2018
Capital Advances	76.57	442.73
Security Deposits	30.18	15.36
Loans:		
Employees (including interest accrued)		
Secured	2,884.18	3,099.97
Un-Secured	-	17.25
Recoverable towards Employee Benefits from HAEP	2,884.18	3,117.22
	4,892.15	4,816.42
<b>Total</b>	<b><u>7,883.08</u></b>	<b><u>8,391.73</u></b>

### Note No. 2.14

#### OTHER NON CURRENT ASSETS

(₹ in lakh)

Particulars	As at 31.03.2019	As at 31.03.2018
Deposits with remaining maturity for more than 12months*	-	297.20
<b>Total</b>	<b><u>-</u></b>	<b><u>297.20</u></b>

\* Fixed Deposit receipts of ₹NIL (Previous Year ₹297.20 lakh) held as margin money, Security against other commitments.

### Note No. 2.15

#### INVENTORIES

(As taken, valued and certified by the Management)

(₹ in lakh)

Particulars	As at 31.03.2019	As at 31.03.2018
Stock-in-Process	233.84	86.14
Semi-Finished Goods	1,758.37	1,291.62
Finished Goods -Manufactured	33,041.49	31,996.31
Traded Products	53,103.84	33,476.41
Stores and Spares	8,059.54	8,019.48
Loose Tools	23.89	18.94
Packing Materials	1,318.09	1,175.74
Chemicals and Catalysts	4,207.13	3,234.87
Construction Materials	12.47	6.37
	<b><u>101,758.66</u></b>	<b><u>79,305.88</u></b>
Less:		
Provision for Obsolete, Surplus and Non-Moving Stores	1,956.54	1,649.22
<b>Total</b>	<b><u>99,802.12</u></b>	<b><u>77,656.66</u></b>

Continued...

**Note No. 2.15**

Continued...

## INVENTORIES

(As taken, valued and certified by the Management)

(₹ in lakh)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Further Notes:</b>		
<b>1. Inventories include Material in Transit and Inspection</b>		
Finished Goods-Manufactured	6,561.99	6,382.57
Traded Products	1,576.43	11,062.70
Stores and Spares	57.70	177.37
Packing Materials	-	73.72
	<b><u>8,196.12</u></b>	<b><u>17,696.36</u></b>
<b>2. Inventory items have been valued considering the Significant Accounting Policy (Point no.3) disclosed in Note No. 1 of financial statements.</b>		
<b>3. Break up of Inventories</b>		

Particulars	As at 31.03.2019	As at 31.03.2018
i) <b>Stock in Process</b>		
Ammonia	233.84	86.00
Bio-Fertilisers	-	0.14
<b>Total</b>	<b><u>233.84</u></b>	<b><u>86.14</u></b>
ii) <b>Semi-Finished Goods-Manufactured</b>		
Ammonia for Urea	1,758.37	1,291.62
<b>Total</b>	<b><u>1,758.37</u></b>	<b><u>1,291.62</u></b>
iii) <b>Finished Goods-Manufactured</b>		
Urea	32,949.71	31,916.18
Argon	22.02	7.69
Bio-Fertilisers	50.44	56.48
Others	19.32	15.96
<b>Total</b>	<b><u>33,041.49</u></b>	<b><u>31,996.31</u></b>
iv) <b>Traded Products</b>		
OMIFCO Urea	4,574.55	7,862.53
Imported DAP	26,390.10	14,345.19
Imported NPK	21,206.88	59.05
Imported NPS	-	7,237.57
Imported Pool Urea	4.89	1,024.92
Seeds	475.59	2,613.62
Raw Seeds	86.01	179.59
Others	365.82	153.94
<b>Total</b>	<b><u>53,103.84</u></b>	<b><u>33,476.41</u></b>

## Note No. 2.16

### TRADE RECEIVABLES

(Unsecured Considered good, unless otherwise stated)

(₹ in lakh)

Particulars	As at 31.03.2019		As at 31.03.2018	
<b>Outstanding for a period exceeding six months</b>				
<b>Claims Due from Government</b>				
- Considered Good	147,028.18		115,282.04	
- Considered doubtful	24.13	147,052.31	24.13	115,306.17
<b>Others</b>				
- Considered Good	957.22		3,500.45	
- Considered doubtful	357.64	1,314.86	357.64	3,858.09
<b>Others</b>				
Claims Due from Government of India	313,193.95		175,059.29	
Others	36,931.63	350,125.58	29,701.75	204,761.04
		498,492.75		323,925.30
Less: Provision for bad and doubtful receivables*		381.77		381.77
<b>Total</b>		<b>498,110.98</b>		<b>323,543.53</b>
*Details of provision for bad and doubtful receivables outstanding for a period exceeding six months		381.77		381.77
		<b>381.77</b>		<b>381.77</b>

**Further Notes:** (i) Refer Note 2.34 for breakup of balance due from the related parties ₹750.82 lakh (Previous Year ₹1,587.57 lakh).

## Note No. 2.17

### CASH & BANK BALANCES

(₹ in lakh)

Particulars	As at 31.03.2019		As at 31.03.2018	
<b>Cash and Cash Equivalents</b>				
- Balances with banks				
- Current/Cash Credit Accounts		3,033.32		5,975.74
- Fixed Deposits with original Maturity upto three months				
- With Scheduled Banks		-		80.84
- Remittances-in-transit		6,568.71		5,684.92
- Cheques & drafts on hand		1,187.26		1,498.92
- Cash in hand		3.75		10.74
		<b>10,793.04</b>		<b>13,251.16</b>
<b>Other Bank Balances (Non available for use)</b>				
- Unpaid/Unclaimed dividend account balance		179.17		162.13
- Amount held as margin money, Security against borrowings and Other Commitments				
- Deposits with remaining maturity for less than 12 months		302.86		5.24
- Deposits with remaining maturity for more than 12 months		-		297.20
		<b>482.03</b>		<b>464.57</b>
Less				
- Deposits with remaining maturity for more than 12 months disclosed under 'Other Non Current Assets' (refer Note 2.14)		-	482.03	297.20
<b>Total</b>			<b>11,275.07</b>	<b>13,418.53</b>

**Note No. 2.18**

**SHORT TERM LOANS AND ADVANCES**

(Unsecured considered good, unless otherwise stated)

(₹ in lakh)

Particulars	As at 31.03.2019	As at 31.03.2018		
<b>LOANS</b>				
Related Parties	170.00			50.00
Employees (including interest accrued)-Current Maturities				
Secured	749.60		793.86	
Un-Secured	-	749.60	7.68	801.54
<b>Sub Total</b>	<b>919.60</b>			<b>851.54</b>
<b>ADVANCES</b>				
Related Parties	65.59			79.93
Employees	250.11			229.77
Contractors & Suppliers, including material issued on loan				
Unsecured				
Considered Good	9746.12		7343.95	
Considered Doubtful	7.54	9,753.66	7.54	7,351.49
Balance with Revenue Authorities	14,000.81			5,961.38
Income Tax Advance including TDS (Net of provision of ₹ 18,818.70 lakh (Previous Year ₹17,318.70 lakh))	6,335.84			7,696.01
Recoverable towards Employee Benefits from HAEP	323.17			251.03
Others	723.36			1,734.50
	<b>31,452.54</b>			<b>23,304.11</b>
Less: Provision for bad & doubtful advances	7.54			7.54
<b>Sub Total</b>	<b>31,445.00</b>			<b>23,296.57</b>
<b>Total</b>	<b>32,364.60</b>			<b>24,148.11</b>

**Further Notes:**

- (i) Refer Note 2.34 for breakup of balance outstanding for Loans and Advances due from related parties ₹170 lakh and ₹65.59 lakh respectively (Previous Year ₹50 lakh and ₹79.93 lakh respectively).
- (ii) The advance to contractors and suppliers of ₹10,142.22 lakh (Previous Year ₹7,343.95 lakh) includes a sum of ₹4,134.28 lakh (Previous Year ₹4,134.28 lakh) towards debit note raised for amount recoverable from an entity of Govt. of People's Republic of China on account of loss of subsidy consequent to DAP cargo supplied by them having declared "non-standard" in the year 2013-2014 by Govt. of India and the same has been considered good in view of unconditional acceptance of terms and conditions of purchase order and acknowledgement of Debit note by the said supplier, which as per the legal opinion amounts to acceptance of claim. The matter was under Arbitrational Tribunal from 2013-14. The learned Arbitrational Tribunal has awarded its judgement in favour of the Society on 14.02.2018, where the Society (the claimant) is held entitled to an award of ₹4,134.28 lakh with interest @9% p.a. from 26.08.2013 till the date of award. Against the aforesaid award the respondent filed an application before the Hon'ble High Court of Delhi u/s 34 of Arbitration & Conciliation Act, 1996 to set aside the said award. Irrespective of the said application filed by the respondent, the Society has filed an execution petition of the aforesaid award. The case is listed for further hearing.

### Note No. 2.19

#### OTHER CURRENT ASSETS

(₹ in lakh)

Particulars	As at 31.03.2019	As at 31.03.2018
Interest Accrued but not due:		
Term Deposits	25.79	18.73
Interest Receivable on Loans	6.23	-
Amount Receivable in Forward Contract (Net)	-	450.04
Deferred Premium of Forward Contract	1,264.88	708.09
<b>Total</b>	<b>1,296.90</b>	<b>1,176.86</b>

### Note No. 2.20

#### REVENUE

(₹ in lakh)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
Sale of Products (Net of Discounts/Rebates)	358,674.14	299,386.47
Subsidy/Remuneration from Central/State Governments	551,339.32	376,280.76
Sale of Services	6,441.13	6,210.50
Other Operating Revenue	1,458.24	1,220.53
<b>Revenue from Operations (Gross)</b>	<b>917,912.83</b>	<b>683,098.26</b>
Less: Excise Duty	-	645.23
<b>Revenue from Operations (Net)</b>	<b>917,912.83</b>	<b>682,453.03</b>

#### Further Notes:

##### 1 Subsidy from Government of India

- (a) Subsidy of Nitrogenous fertilisers are under the Concession Scheme and as per New Urea Policy 2015.
- (b) Subsidy on imported phosphatic fertilisers has been accounted for based on the concession rate as notified by GOI under Nutrient Based Subsidy Scheme (NBS).
- (c) Freight Subsidy has been accounted for in terms of the schemes notified by GOI.

##### 2 Breakup of Sale of Products including Subsidy (Net of Discounts)

(₹ in lakh)

Particulars	Year Ended 31.03.2019		Year Ended 31.03.2018	
	Sales	Subsidy/ Concessions/ Remuneration	Sales	Subsidy/ Concessions/ Remuneration
<b>(a) Manufactured</b>				
Ammonia	8,742.58	-	10,803.53	-
Urea (NFU & FU)	124,556.06	448,043.05	117,892.32	298,450.23
Bio-Fertilisers	897.51	-	720.15	-
Argon (NM <sup>3</sup> )	2,431.37	-	1,360.58	-
Power	175.49	-	304.24	-
Others	276.16	-	404.73	-
<b>Sub Total</b>	<b>137,079.17</b>	<b>448,043.05</b>	<b>131,485.55</b>	<b>298,450.23</b>

Continued...

**Note No. 2.20**

**REVENUE**

**2 Breakup of Sale of Products including Subsidy (Net of Discounts)**

(₹ in lakh)

Particulars	Year Ended 31.03.2019		Year Ended 31.03.2018	
	Sales	Subsidy/ Concessions/ Remuneration	Sales	Subsidy/ Concessions/ Remuneration
<b>(b) Traded Products</b>				
OMIFCO Urea	52,442.70	25,661.47	63,843.32	30,727.79
Imported DAP	133,189.54	65,274.39	72,056.17	38,224.34
Imported MOP	-	-	18.82	16.55
Imported NPK	3,068.24	1,545.04	402.84	228.63
Imported NPS	6,107.70	3,026.19	8,578.95	4,597.19
Imported Urea	10,797.50	6,203.13	4,922.98	2,783.19
Compost	754.51	408.12	615.49	306.45
Seeds	9,179.38	1,177.93	12,059.11	946.39
Others	6,055.40	-	5,403.24	-
<b>Sub Total</b>	<b>221,594.97</b>	<b>103,296.27</b>	<b>167,900.92</b>	<b>77,830.53</b>
<b>Total (a+b)</b>	<b>358,674.14</b>	<b>551,339.32</b>	<b>299,386.47</b>	<b>376,280.76</b>

(₹ in lakh)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
<b>3 Breakup of Sale of Services</b>		
Service Charges from HAEP	2,438.42	2,062.05
Urea Sales Fee from OMIFCO	2,027.78	2,494.14
TSA/PSA from OMIFCO	201.15	207.26
Marketing Service Charges from KFL	1,260.00	1,056.36
Leave and License Fee from KRIL	346.64	332.82
Others	167.14	57.87
<b>Total</b>	<b>6,441.13</b>	<b>6,210.55</b>
<b>4 Breakup of Other Operating Revenue</b>		
Despatch Money	144.96	45.69
Insurance Claims Received	844.65	579.89
Claims/Recoveries from contractors & Others (including ₹193.20 lakh (Previous Year ₹293.57 lakh) from HAEP for use of Public services)	468.63	594.95
<b>Total</b>	<b>1,458.24</b>	<b>1,220.53</b>

## Note No. 2.21

### OTHER INCOME

(₹ in lakh)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
<b>Interest</b>		
From others		
Loan to subsidiary companies/Associate	10.35	14.13
From Employees	112.94	122.09
From Indian Banks	14.00	20.94
On Income Tax Refunds	298.04	2,855.04
From Others	17.57	2.07
	452.90	3,014.27
<b>Dividend</b>		
From non current investments-Trade		
Joint Ventures	12,035.38	7,615.17
Others	0.15	0.15
	12,035.53	7,615.32
<b>Other Non-Operating Income</b>		
Profit on disposal/retirement of fixed assets (Net)	-	72.07
Net Gain on Foreign Currency translation and transactions	42.61	-
Lease and Equipment hire charges	1.88	1.07
Rental Income	737.31	716.81
Sale of Scrap and Other items	638.04	614.49
Recovery from Employees	114.90	144.05
Penalties & Liquidated damages	195.12	172.62
Excess Provision Written back/Unclaimed	320.50	451.08
Others	65.41	43.75
<b>Total</b>	<b>14,604.20</b>	<b>12,845.53</b>

## Note No. 2.22

### COST OF MATERIALS CONSUMED

(₹ in lakh)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
Raw Materials	372,988.13	264,501.35
Packing Materials	13,954.90	11,961.96
Chemicals and Catalysts*	2,964.30	2,824.22
Power, Fuel and Water	91,254.53	63,035.22
<b>Total</b>	<b>481,161.86</b>	<b>342,322.75</b>
<b>Further Notes:</b>		
<b>1 Breakup of Raw Materials</b>		
Natural Gas	372,988.13	264,501.35
<b>Total</b>	<b>372,988.13</b>	<b>264,501.35</b>
<b>2 Break up of Power, Fuel and Water</b>		
Power	3,258.74	3,171.42
Fuel (Boiler Gas)	84,750.09	57,042.20
Water Charges	3,245.70	2,821.60
<b>Total</b>	<b>91,254.53</b>	<b>63,035.22</b>

\*Net off ₹ NIL (Previous Year ₹0.16) towards grant received from Government.

**Note No. 2.23**

**PURCHASES OF STOCK-IN-TRADE**

(₹ in lakh)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
OMIFCO Urea	47,172.85	51,074.37
Imported DAP/ DAP Lite	177,830.70	88,230.63
Imported NPK	24,378.48	-
Imported NPS	-	16,994.49
Imported Urea	9,462.99	4,853.55
Other Indigenous Fertilisers	5,676.84	5,671.19
Seeds, Chemicals and Other Products	6,658.85	8,880.39
<b>Total</b>	<b>271,180.71</b>	<b>175,704.62</b>

**Note No. 2.24**

**CHANGES IN INVENTORIES OF FINISHED GOODS, SEMI-FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE**

(₹ in lakh)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
<b>Opening Stock:</b>		
Stock-in-Process	86.14	76.40
Semi Finished Goods	1,291.62	1,272.40
Finished Goods-Manufactured	31,996.31	21,635.63
Stock-in-Trade	<u>33,476.41</u>	<u>66,850.48</u>
<b>Closing Stock:</b>		
Stock-in-Process	233.84	86.14
Semi Finished Goods	1,758.37	1,291.62
Finished Goods-Manufactured	33,041.49	31,996.31
Stock-in-Trade	<u>53,103.84</u>	<u>88,137.54</u>
<b>(Accretion)/Decretion in inventory</b>	<b>(21,287.06)</b>	<b>(2,772.44)</b>
Less: Excise Duty included in change in inventories	-	86.28
<b>Net (Accretion)/Decretion</b>	<b>(21,287.06)</b>	<b>(2,858.72)</b>

**Note No. 2.25**

**EMPLOYEE BENEFITS EXPENSE**

(₹ in lakh)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
Salaries and Wages	30,783.36	30,751.39
Contribution to Provident and Other Funds	5,228.91	4,840.73
Staff Welfare Expenses	2,221.06	2,496.04
<b>Total</b>	<b>38,233.33</b>	<b>38,088.16</b>

### Note No. 2.26

#### FINANCE COSTS

(₹ in lakh)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
<b>Interest on :</b>		
Rupee Term Loans	15.49	22.51
Foreign Currency Short Term Loans	4,686.09	9,075.36
Cash Credit and Short Term Loans	17,197.58	7,161.65
Buyer's Credit	7,023.57	3,201.08
Deposits from Customers	22.83	-
Income Tax & Other Authorities	71.00	15.87
<b>Total</b>	<b><u>29,016.56</u></b>	<b><u>19,476.47</u></b>

### Note No. 2.27

#### OTHER EXPENSES OF MANUFACTURING, ADMINISTRATION, SELLING AND DISTRIBUTION

(₹ in lakh)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
Electricity and Water Charges	369.21	395.05
Rent	490.49	517.61
Rates and Taxes	510.28	277.52
Repairs and Maintenance		
Buildings	601.57	495.11
Plant, Machinery and Other Equipments*	2,481.64	2,559.44
Others	<u>743.09</u>	<u>3,826.30</u>
Insurance	951.34	928.18
Travelling Expenses	992.39	784.20
Printing and Stationery Expenses	65.08	77.41
Communication Expenses	186.80	157.80
Farmers Benefit and Publicity	713.78	658.86
Warehousing	2,050.90	2,884.83
Packing, Freight and Handling	89,387.36	81,989.29
Seed Multiplication Expenses	265.02	365.74
Directors' Sitting Fees	22.00	28.20
Vehicle Hire, Running and Maintenance Expenses	713.46	692.53
Legal and Professional Charges	268.28	374.55
Bank and Other Finance Charges	113.61	80.37

Continued...

**Note No. 2.27**

**OTHER EXPENSES OF MANUFACTURING, ADMINISTRATION,  
SELLING AND DISTRIBUTION**

(₹ in lakh)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
<b>Payment to Auditors</b>		
Audit Fees ₹ 3.52 lakh for Branch Audit (Previous year ₹2.93 lakh))	31.52	22.93
Tax audit fee to one of the Joint Auditor	1.75	1.75
Other services to two Joint Auditors	6.15	10.60
Out of Pocket expenses	<u>14.06</u>	53.48
Foreign Currency Transaction and Translation		226.92
Amount Charged Off	32.41	-
Loss on Sale of Fixed Assets/Written Off (Net)	132.21	-
Provision for Surplus and Non-Moving Stores	307.31	(339.22)
E.D.P. Expenses	436.42	391.84
Security Expenses	351.15	412.19
Miscellaneous Expenses	936.65	943.19
Donations	50.00	100.00
<b>Total</b>	<b><u>103,225.93</u></b>	<b><u>95,901.73</u></b>

\*Repair and Maintenance includes cost of Stores & Spares Consumed ₹ 952.69 lakh (Previous year ₹ 811.95 lakh).

**Note No. 2.28**

**PRIOR PERIOD ITEMS (NET)**

(₹ in lakh)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
<b>INCOME</b>		
Depreciation and Amortisation	132.85	-
Others	-	15.23
	<u>132.85</u>	<u>15.23</u>
<b>EXPENDITURE</b>		
Others	3.89	-
	<u>3.89</u>	<u>-</u>
<b>Net Expenditure/(Income)</b>	<b><u>(128.96)</u></b>	<b><u>(15.23)</u></b>

## Other Notes

### 2.29 CAPITAL AND OTHER COMMITMENTS:

Estimated Value of contracts remaining to be executed on Capital Account (Net of Advances and Letters of Credit for capital items) and not provided for is ₹13,300.11 lakh (Previous Year ₹3,203.31 lakh).

### 2.30 CONTINGENT LIABILITIES:

(₹ in lakh)

		As At 31.03.2019	As At 31.03.2018
(i)	Claims against the Society not acknowledged as debts (disputed liability relating to various matters)		
	(a) Claims against Society/Disputed Liabilities	562.42	449.92
	(b) Disputed liability relating to Tax matters		
	(i) VAT/Sales Tax matters	2,934.92	2,674.46
	(ii) Excise / Custom / Service Tax matters	8,927.45	8,139.96
	(iii) Income Tax matters	13,380.52	2,516.44
	(iv) Cess matters	2,308.76	2,762.50
	(c) Disputed liability relating to Labour matters	118.15	17,391.02
	(d) Court cases/ Arbitration with Contractors/ Suppliers	1,465.41	1,490.38
	<b>Total</b>	<b>29,697.63</b>	<b>35,424.68</b>
(ii)	Guarantees/Counter Guarantees to lenders and others given by the Society in respect of Joint Ventures/Subsidiaries (including Surety Bonds and Letters of Comfort).	238,156.00	195,875.00
(iii)	Guarantees/Counter Guarantees- Others	1,471.41	1,471.41

In respect of item (i) (a), (b), (c) and (d) above, the Society is contesting the demand and the management including its legal advisor believe that its position will likely be upheld in the adjudicating/ appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Society's financial position and results of operations.

### 2.31 EMPLOYEE BENEFITS

2.31.1 Disclosures as required under Accounting Standard 15 (Revised) "Employee Benefits", issued by the Institute of Chartered Accountants of India, in respect of Defined Benefit Obligations are as under:

- (a) The principal actuarial assumptions used are as below:

		Year Ended 31.03.2019	Year Ended 31.03.2018
(i)	Method Used	<b>Projected Unit Credit Method</b>	
(ii)	Discount Rate	7.65%	7.65%
(iii)	Expected rate of return on Plan Assets-Gratuity Fund	7.92%	8.40%
(iv)	Expected rate of increase in Compensation Level	6.25%	6.25%

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

(b) Changes in the present value of the obligations :

(₹ in lakh)

	Gratuity		Leave Encashment/ Compensated Absences	
	(Funded)		(Unfunded)	
	Year Ended 31.03.2019	Year Ended 31.03.2018	Year Ended 31.03.2019	Year Ended 31.03.2018
Present Value of Obligations as at beginning of year	26,514.36	23,449.67	22,914.78	20,548.00
Interest Cost	2,028.35	1,641.48	1,752.98	1,438.36
Current Service Cost	1,056.75	1,045.20	1,060.18	947.31
Benefits Paid	(3,331.11)	(2,473.25)	(2,811.18)	(2,985.21)
Actuarial Loss on Obligations	1,139.73	2,851.26	1,023.22	2,966.32
Present Value of Obligations as at end of the year	27,408.08	26,514.36	23,939.98	22,914.78

(C) Changes in the fair value of the plan assets:

(₹ in lakh)

	Gratuity		Leave Encashment/ Compensated Absences	
	(Funded)		(Unfunded)	
	Year Ended 31.03.2019	Year Ended 31.03.2018	Year Ended 31.03.2019	Year Ended 31.03.2018
Fair Value of Plan Assets as at beginning of the year	22,127.32	21,970.88	-	-
Actual return on Plan Assets	1,976.59	1,810.70	-	-
Employers' Contribution	4,250.95	956.88	-	-
Benefits Paid	(3,331.11)	(2,473.25)	-	-
Fair Value of Plan Assets as at end of the year*	25,023.75	22,265.21	-	-

\*Gratuity Fund is managed by Life Insurance Corporation of India (LIC). Individual investment-wise details of Plan Assets are not provided by the LIC.

(d) Liability recognized in the Balance Sheet :

(₹ in lakh)

	Gratuity		Leave Encashment/ Compensated Absences	
	(Funded)		(Unfunded)	
	As At 31.03.2019	As At 31.03.2018	As At 31.03.2019	As At 31.03.2018
Present Value of Obligations as at end of the year	27,408.08	26,514.36	23,939.98	22,914.79
Fair Value of Plan Assets as at end of the year	25,023.76	22,265.21	-	-
Net unfunded Liability / (Assets) recognized in Balance Sheet	2,384.32	4,249.15	23,939.98	22,914.79

(e) Expenses recognized in the Statement of Profit and Loss:

(₹ in lakh)

	Gratuity		Leave Encashment/ Compensated Absences	
	(Funded)		(Unfunded)	
	Year Ended 31.03.2019	Year Ended 31.03.2018	Year Ended 31.03.2019	Year Ended 31.03.2018
Current Service Cost	1,056.75	1,045.20	1,060.18	947.31
Interest Cost	2,028.35	1,641.48	1,752.98	1,438.36
Expected return on Plan Assets	(1,752.48)	(1,845.64)	-	-
Net Actuarial (Gain)/Loss recognized during the year	915.62	2,883.95	1,023.22	2,966.32
Total Expense recognized in the Statement of Profit and Loss	<b>2,248.24</b>	<b>3,724.99</b>	<b>3,836.38</b>	<b>5,351.99</b>

(f) Experience adjustments

(₹ in lakh)

	Year Ended 31.03.2019	Year Ended 31.03.2018
Gratuity		
(i) Plan Assets- Loss/(Gain)	(224.11)	-
(ii) Obligations- Loss/(Gain)	1,139.73	3,794.91
Leave Encashment/ Compensated Absences (Obligations)-Loss/(Gain)	1,023.22	2,966.32

(g) The Society's best estimate of contribution towards gratuity for the financial year 2019-20 will be ₹1,353.75 lakh (Previous Year ₹2,876.95 lakh).

- 2.31.2 Provision for long service award, farewell gift and travel to home town on superannuation amounting to ₹148.13 lakh (Previous Year ₹92.04 lakh) have been made on the basis of actuarial valuation at the year end and expensed in Statement of Profit & Loss.
- 2.31.3 The Society pays fixed contribution to provident fund at predetermined rates to a separate trust, which invests the funds in permitted securities. Contribution to family pension scheme is paid to the appropriate authorities. The contribution of ₹2,134.94 lakh (Previous year ₹2,142.59 lakh) for the year is recognized as expense and is charged to the Statement of Profit & Loss. The obligation of the Society is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by Government of India. As per report of the actuary, no expected shortfall has been observed considering the surplus in the Provident Fund Trust hence no provision has been made for the year.
- 2.31.4 Provision for additional monthly payments payable in subsequent periods to the employees opted for Voluntary Retirement Scheme 2011 amounting to ₹61.09 lakh (Previous Year ₹77.72 lakh) have been made on the basis of actuarial valuation at the year end and decrease in liability for the year is accounted for ₹16.63 lakh in the Statement of Profit & Loss (Previous Year ₹32.20 lakh).
- 2.31.5 During the year the Society has provided a sum of ₹459.00 lakh (Previous Year ₹328.00 lakh) towards Employees Superannuation Pension Scheme and the same has been charged to Statement of Profit and Loss.
- 2.31.6 During the year the Society has provided a sum of ₹52.00 lakh (Previous year ₹41.00 lakh) towards contribution to Employees Benevolent Fund Trust for Post Retirement Medical Assistance Scheme and the same has been charged to Statement of Profit and Loss.

## **2.32 BORROWING COST**

Borrowing cost capitalised during the year is ₹Nil (Previous Year ₹Nil).

## **2.33 SEGMENT INFORMATION**

Disclosures as required under AS 17 - Segment Reporting:-

### **2.33.1 PRIMARY SEGMENT**

#### **a) Business Segments:**

The Society's operating business are organized and managed according to the nature of products and services provided. The three identified segments are 'Urea and Ammonia-Manufactured', 'Imported Fertilizers' and 'Other Products'. The 'Urea and Ammonia-Manufactured' segment includes manufacture and marketing of Urea and Ammonia. 'Imported Fertilizers' segment includes trading of Imported OMIFCO Urea, Imported Pool Urea, Imported Phosphatic/ Potasic Fertilizers. 'Other Products' segment includes Trading and Manufacturing of bio-fertilizers, seeds, pesticides, indigenous fertilizers, agro inputs, argon gas etc.

#### **b) Segment Accounting Policies:**

Direct revenue and expenses are allocated to respective segments. Indirect revenue and expenses are allocated amongst the segments on a reasonable basis. Segment Assets include all operating assets used by segment comprising Non Current Assets and Current Assets. Segment Liabilities include all operating liabilities and consist principally of trade payables and other current liabilities. Unallocated items include general corporate income and expense items which are not allocated to any business segment.

## SEGMENT REPORTS AS AT MARCH 31, 2019

### PRIMARY SEGMENT

(₹ in lakh)

	Business Segments									
	Urea & Ammonia-Manufactured		Imported Fertilisers		Other Products		Total			
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018		
<b>Revenue :</b>										
- Sales	133,336.03	128,069.55	205,606.29	149,825.07	19,731.83	20,846.63	358,674.15	298,741.25		
- Concession/Remuneration from GOI	448,043.05	298,450.23	101,710.22	76,577.68	1,586.05	1,252.84	551,339.32	376,280.75		
Other Revenue	2,444.28	2,117.03	360.04	458.47	7,210.82	7,071.03	10,015.14	9,646.53		
<b>Total Revenue</b>	<b>583,823.36</b>	<b>428,636.81</b>	<b>307,676.55</b>	<b>226,861.22</b>	<b>28,528.70</b>	<b>29,170.50</b>	<b>920,028.61</b>	<b>684,668.53</b>		
<b>Expenditure</b>										
- Operating and Other Expenses	563,994.03	412,384.05	299,941.32	225,596.23	19,010.66	21,585.33	882,946.01	659,565.61		
<b>Total Expenditure</b>	<b>563,994.03</b>	<b>412,384.05</b>	<b>299,941.32</b>	<b>225,596.23</b>	<b>19,010.66</b>	<b>21,585.33</b>	<b>882,946.01</b>	<b>659,565.61</b>		
<b>Segment Operating Result</b>	<b>19,829.33</b>	<b>16,252.76</b>	<b>7,735.23</b>	<b>1,264.99</b>	<b>9,518.04</b>	<b>7,585.17</b>	<b>37,082.60</b>	<b>25,102.92</b>		
<b>Unallocated Expenses</b>										
- Interest and Financial charges							29,016.56	19,476.46		
- Other Unallocated							-	-		
<b>Total Unallocated</b>							<b>29,016.56</b>	<b>19,476.46</b>		
- Other Revenue including Dividend							12,035.53	7,615.76		
- Interest Income							452.90	3,014.27		
<b>Profit Before Tax</b>							<b>20,554.47</b>	<b>16,256.49</b>		
- Income Tax (Net)							3,798.49	5,325.01		
<b>Net Profit after Tax</b>							<b>16,755.98</b>	<b>10,931.48</b>		
<b>Capital Employed</b>										
- Segment Assets	592,333.85	453,713.20	181,394.24	118,204.04	10,034.78	17,392.29	783,762.87	589,309.53		
- Unallocated Corporate Assets							181,243.54	182,983.45		
- Capital Work-in-Progress							4,652.86	1,614.18		
<b>Total Assets</b>	<b>592,333.85</b>	<b>453,713.20</b>	<b>181,394.24</b>	<b>118,204.04</b>	<b>10,034.78</b>	<b>17,392.29</b>	<b>969,659.27</b>	<b>773,907.16</b>		
- Segment Liabilities	69,170.84	67,615.44	47,151.25	25,398.84	3,716.70	6,700.96	120,038.79	99,715.24		
- Unallocated Corporate Liabilities							498,832.33	332,886.49		
<b>Total Liabilities</b>	<b>69,170.84</b>	<b>67,615.44</b>	<b>47,151.25</b>	<b>25,398.84</b>	<b>3,716.70</b>	<b>6,700.96</b>	<b>618,871.12</b>	<b>432,601.73</b>		
<b>Other Information</b>										
- Capital Expenditure incurred during the year (including CWIP)	4,632.29	3,494.16	-				4,632.29	3,494.16		
- Depreciation	7,591.36	7,528.66	447.12	465.75	2,521.71	2,427.88	10,560.19	10,422.29		
- Unallocated										
- Non Cash Expenditure (other than depreciation)	235.60	(323.39)	110.45	(7.61)	20.01	-	366.06	(331.00)		

### 2.33.2 SECONDARY SEGMENT

The operation of the Society is mainly carried out within the country and therefore there is no reportable geographical segments.

## 2.34 RELATED PARTY DISCLOSURES:

### 2.34.1 Related parties:

#### 2.34.1.1 Key Management Personnel:

- (i) Mr. N Sambasiva Rao Managing Director
- (ii) Mr. Rajan Chowdhry Finance Director
- (iii) Mr. V S Sirohi Marketing Director
- (iv) Mr. M R Sharma\*\* Operations Director
- (ii) Mr. R K Aggarwal\*\*\* Ex-Operations Director

#### 2.34.1.2 Subsidiary Companies:

- (i) KRIBHCO Infrastructure Limited (KRIL)
- (ii) KRIBHCO Fertilisers Limited (KFL)

#### 2.34.1.3 Joint ventures:

- (i) Oman India Fertiliser Co.SAOC (OMIFCO)
- (ii) Urvarak Videsh Limited. (UVL)
- (iii) Gujarat State Energy Generation Limited (GSEG)
- (iv) Anya Polytech & Fertilizers Pvt. Limited (APFPL)- [Joint Venture of KRIL, subsidiary of the Society]

#### 2.34.1.4 Associates:

- (i) Gramin Vikas Trust (GVT)

### 2.34.2 Transactions with the related parties at (2.34.1) above are as follows:

(₹ in lakh)

Nature of Transaction	Related Party	2018-19	2017-18
Investment during the year	KRIL	-	-
	KFL	-	-
	<b>Total</b>	-	-
Dividend Received	OMIFCO	12,035.38	7,615.17
	GSEG	-	-
	<b>Total</b>	<b>12,035.38</b>	<b>7,615.17</b>
Receipts for Fee/ Services	KRIL	410.76	396.34
	KFL	1,260.00	1,058.27
	OMIFCO	2,228.93	2,701.41
	GSEG	125.54	107.62
	<b>Total</b>	<b>4,025.23</b>	<b>4,263.64</b>
Purchase of Assets	KFL	5.69	-
	<b>Total</b>	<b>5.69</b>	-

Continued...

Continued...

(₹ in lakh)

<b>Nature of Transaction</b>	<b>Related Party</b>	<b>2018-19</b>	<b>2017-18</b>
Payment of Fee for Management & Erection Services for Railway Siding	KRIL	8.15	5.82
	<b>Total</b>	<b>8.15</b>	<b>5.82</b>
Rental Income	KFL	17.12	16.28
	KRIL	49.43	46.54
	APFPL	3.72	3.63
	GVT	16.42	17.67
	GSEG	8.80	8.80
	<b>Total</b>	<b>95.49</b>	<b>92.92</b>
Interest Income	APFPL	4.12	14.13
	GVT	6.23	-
	<b>Total</b>	<b>10.35</b>	<b>14.13</b>
Purchases of Traded Products/ Other Material	KFL	2,673.58	2,664.86
	APFPL	3,130.89	3,625.67
	<b>Total</b>	<b>5,804.47</b>	<b>6,290.53</b>
Grants/ Contribution /Donations	GVT	50.00	100.00
	<b>Total</b>	<b>50.00</b>	<b>100.00</b>
Recovery towards expenses incurred	KRIL	62.58	44.55
	KFL	14.84	11.16
	GSEG	129.48	88.32
	OMIFCO	9.16	6.63
	APFPL	-	0.30
	GVT	8.73	7.65
	<b>Total</b>	<b>224.79</b>	<b>158.61</b>
Amount paid and received back	KFL	-	3.00
	KRIL	-	-
	<b>Total</b>	<b>-</b>	<b>3.00</b>

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Continued...

(₹ in lakh)

Nature of Transaction	Related Party	2018-19	2017-18
Amount Payable	KRIL	2.16	1.41
	GSEG	52.03	58.36
	GVT	-	0.88
	APFPL	97.05	-
	KFL	47.15	58.37
	<b>Total</b>	<b>198.39</b>	<b>119.02</b>
Deposit Received	KFL	2.66	2.66
	GSEG	42.00	42.00
	APFPL	57.60	48.04
	GVT	1.00	1.00
	<b>Total</b>	<b>103.26</b>	<b>93.70</b>
Amount Recoverable	APFPL	65.59	79.93
	<b>Total</b>	<b>65.59</b>	<b>79.93</b>
Trade Receivable	KFL	160.27	225.08
	OMIFCO	489.27	836.23
	GVT	54.96	29.98
	KRIL	27.17	485.73
	GSEG	12.99	10.55
	APFPL	6.16	-
	<b>Total</b>	<b>750.82</b>	<b>1,587.57</b>
Amount recoverable towards Loan	GVT	170.00	50.00
	<b>Total</b>	<b>170.00</b>	<b>50.00</b>
Corporate/ Other Guarantees given for	KRIL	36,336.00	36,483.00
	KFL	201,820.00	159,392.00
	OMIFCO	-	-
	<b>Total</b>	<b>238,156.00</b>	<b>195,875.00</b>

Continued...

Continued...  
 (₹ in lakh)

Nature of Transaction	Related Party	2018-19	2017-18
Managerial Remuneration*			
Mr. N Sambasiva Rao	Managing Director	65.56	49.55
Mr. Rajan Chowdhry	Finance Director	56.13	54.70
Mr. V S Sirohi	Marketing Director	50.38	49.52
Mr. M R Sharma	Operations Director**	23.05	-
Mr. R K Aggarwal	Operations Director***	40.46	50.76
	<b>Total</b>	<b>235.58</b>	<b>204.53</b>

\* The provisions for other employees benefits viz. contribution to gratuity, leave encashment/compensated absences and other defined benefit plans are ascertained on actuarial valuation done on overall Company basis and hence not ascertainable separately.

\*\* Operations Director w.e.f. 29.10.2018

\*\*\* Superannuated on 31.03.2018

### 2.35 OPERATING LEASE

The Society's significant leasing arrangements are in respect of Operating Lease of premises for offices of the Society and residential use of employees. These leasing agreements are usually renewable on mutually agreed terms but are cancelable. These payments are shown as "Rent" in Note 2.27 of 'Other Expenses of Manufacturing, Administration, Selling and Distribution.'

### 2.36 FINANCIAL REPORTING OF INTEREST IN JOINT VENTURES

Investments include ₹43,075.46 lakh (Previous Year ₹43,075.46 lakh) representing Society's interest in the following jointly controlled entities as at March 31, 2019.

(₹ in lakh)

Name of the Company	Country of Residence	Contribution towards Equity		Percentage of holding of KRIBHCO	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
i) Oman India Fertiliser Company SAOC (OMIFCO)*	Oman	32,853.46	32,853.46	25.00	25.00
ii) Gujarat State Energy Generation Ltd (GSEG)**	India	10,204.00	10,204.00	19.16	27.90
iii) Urvarak Videsh Ltd. (UVL)**	India	18.00	18.00	33.33	33.33

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The Society's share in the Assets, Liabilities, Capital Commitments and Contingent Liabilities as at 31.03.2019 and Income and Expenses for the year ended 31.03.2019 in respect of jointly controlled entities are given below:

(₹ in lakh)

	<b>As at 31.03.2019</b>	<b>As at 31.03.2018</b>
<b>Liabilities:</b>		
Non-current Liabilities	12,302.48	16,619.16
Current Liabilities	16,619.72	26,237.41
<b>Total Liabilities</b>	<b>28,922.20</b>	<b>42,856.57</b>
<b>Assets:</b>		
Non-Current Assets	88,838.40	96,606.82
Current Assets	20,930.85	18,023.25
<b>Total Assets</b>	<b>109,769.25</b>	<b>114,630.07</b>

	<b>Year Ended 31.03.2019</b>	<b>Year Ended 31.03.2018</b>
Income	72,657.10	65,028.27
Total Revenue	72,657.10	65,028.27
Expenses	57,028.13	53,622.23
Total Expenses	57,028.13	53,622.23
Profit Before Tax	15,628.97	11,406.04
Tax Expense	2,561.24	2,880.45
Profit After Tax	13,067.73	8,525.59
Other Comprehensive Income	(54.75)	36.32
Total Comprehensive Income for the Year	13,012.98	8,561.91
Capital Commitments	802.21	1,154.85
Contingent Liabilities	11.94	18.06

\* Accounting period of OMIFCO is from January to December and its Financial Statements are prepared as per IFRS.

\*\* Accounting period of GSEG and UVL is from April to March and financial data are based on provisional accounts for the current year prepared as per IND AS.

## 2.37 IMPAIRMENT OF ASSETS

In accordance with Accounting Standard (AS) 28 on "Impairment of Assets", the Society 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.

## 2.38 FOREIGN CURRENCY EXPOSURE

2.38.1 Particulars of foreign currency exposure not hedged by derivative instruments or otherwise:

Sl. No.	Particulars	Amount of Foreign Currency		Amount ₹ in lakh	
		As At 31.03.2019	As At 31.03.2018	As At 31.03.2019	As At 31.03.2018
(i)	Borrowings, including interest accrued but not due thereon				
		US \$ 8,84,663.20	US \$ 4,82,545.00	611.93	313.87
(ii)	Trade Payables/ deposits and retention money /Advance from Customers				
		US \$ 19,75,883.55	US \$ 76,08,992.00	1,366.06	4,929.25
			Euro 2,76,613.00		233.01
		RO 1,950.00	RO 1,750.00	3.50	2.96
(iii)	Trade Receivable Debtors and Bank Balances / Advance to Suppliers				
		US \$ 31,28,151.11	US \$ 34,53,992.39	2,163.79	2,231.86
			Euro 1,03,488.00		80.28
		RO 2,803.76	RO 5,095.25	5.04	8.61

2.38.2 Particulars of hedged foreign currency exposure:

Sl. No.	Particulars	Amount of Foreign Currency		Amount ₹ in lakh	
		As At 31.03.2019	As At 31.03.2018	As At 31.03.2019	As At 31.03.2018
(i)	Import Credit including interest	US \$ 23,10,53,028	US \$ 23,75,15,972	159,822.38	154,467.91
(ii)	Dividend from Omifco	US \$ 94,96,300	US \$ 87,40,101	6,568.71	5,684.92

**2.39 INFORMATION IN RESPECT OF MICRO, SMALL AND MEDIUM ENTERPRISES AS REQUIRED BY THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 AS AT 31.03.2019**

(₹ in lakh)

Sr. No.	Particulars	2018-19	2017-18
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:	Nil	Nil
	(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 Society.

**2.39.2** Trade Payable includes ₹86.18 lakh (previous year ₹167.05 lakh) towards outstanding to MSME Vendors.

#### **2.40 VALUE OF IMPORTS CALCULATED ON C.I.F.:**

(₹ in lakh)

<b>Particulars</b>	<b>Year Ended 31.03.2019</b>	<b>Year Ended 31.03.2018</b>
2.40.1 Components and Spare parts	551.44	34.49
2.40.2 Capital Goods	2,207.28	795.88
<b>Total</b>	<b>2758.72</b>	<b>830.37</b>

#### **2.41 EXPENDITURE IN FOREIGN CURRENCY:**

(₹ in lakh)

<b>Particulars</b>	<b>Year Ended 31.03.2019</b>	<b>Year Ended 31.03.2018</b>
2.41.1 Legal & professional Charges	-	133.71
2.41.2 Purchase of Imported Fertilisers	191,886.25	101,057.07
2.41.3 Purchase of Raw Material (Gas Supply)	6,746.37	5,298.50
2.41.4 Others	362.74	727.12
<b>Total</b>	<b>198,995.36</b>	<b>107,216.40</b>

#### **2.42 EARNINGS IN FOREIGN EXCHANGE:**

(₹ in lakh)

<b>Particulars</b>	<b>Year Ended 31.03.2019</b>	<b>Year Ended 31.03.2018</b>
<b>2.42.1 Dividend</b>	<b>12,035.38</b>	<b>7,615.17</b>
2.42.2 Other Income		
Urea Sales Fee	2,228.93	2,701.41
Others	17.03	17.03
<b>Total</b>	<b>2,245.96</b>	<b>2,718.44</b>

- 2.43** Balances of some of the contractors/customers/suppliers/receivable/payable and deposits with others are subject to confirmation/ reconciliation and consequential adjustments, if any, which in the opinion of the management would not be material.
- 2.44** In the opinion of the management, the value of any of the assets other than Fixed Assets and Non-Current Investments on realisation in the ordinary course of business will not be less than the value at which these are stated.
- 2.45** The Previous Year figures have been re-grouped/rearranged, wherever considered necessary, to make them comparable with the Current Year figures.
- 2.46** Amount in financial statements are presented ₹ in lakh except as otherwise stated.

**For and on behalf of Board of Directors**



(Rajan Chowdhry)  
Finance Director

For G. K. Choksi & Co.  
Chartered Accountants  
(Firm Regn. No. 101895W)



(N. Sambasiva Rao)  
Managing Director

For S. S. Kothari Mehta & Co  
Chartered Accountants  
(Firm Regn. No. 000756N)

**As per our report of even date**

For V. Sankar Aiyar & Co.  
Chartered Accountants  
(Firm Regn. No. 109208W)



(M. S Balachandran)  
Partner  
M.No. 024282



(Yogesh K. Gupta)  
Partner  
M.No. 093214



(Sandip A. Parikh)  
Partner  
M.No. 040727

Place: **New Delhi**  
Dated: **June 06, 2019**



Shri Chhabilendra Roul, Secretary Fertilizer, Govt. of India was greeted by  
Shri N. Sambasiva Rao, Managing Director, KRIBHCO.



## Krishak Bharati Cooperative Limited

### REGISTERED OFFICE:

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### CORPORATE OFFICE:

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