

# SCM Soilfert Limited

Regd. Office: Deepak Complex, Opp. Golf Course, Shastri Nagar, Yerawada,  
Pune - 411 006.

Tel : +91-20-6645 8000 Fax : +91-20-2668 3723

CIN: U24120PN2012PLC145024

## NOTICE

**NOTICE** is hereby given that Second Annual General Meeting of the Members of **SCM Soilfert Limited** will be held on Friday, 25<sup>th</sup> July, 2014 at 11.00 a.m. at the Registered Office of the Company at Deepak Complex, Opp. Golf Course, Shastri Nagar, Yerawada, Pune – 411 006 to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2014 and the Statement of Profit & Loss for the financial year ended on that date together with the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Shri R. Sriraman, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. HMA and Associates, Chartered Accountants, Mumbai, as Auditors to hold office from the conclusion of this Meeting until the conclusion of the Seventh Annual General Meeting and to fix their remuneration.

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

  
**Somnath Patil**  
Chairman

Place: Pune

Date: 8<sup>th</sup> May, 2014

*Registered Office:*

Deepak Complex,  
Opp. Golf Course, Shastri Nagar,  
Yerawada,  
Pune - 411006

### **NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, in order to be effective, should be completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Record date to determine entitlement of members to attend and vote at the Annual General Meeting is 25<sup>th</sup> July, 2014.

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## Directors' Report

### To the Members,

Your Directors have pleasure in presenting the Second Annual Report together with Audited Accounts of the Company for Financial Year ended 31<sup>st</sup> March, 2014.

### FINANCIAL RESULTS

The summarised financial results for the year are as under:

	2013-14 (Rs.)	2012-13 (Rs.)
Total Income	7,20,56,050	0
Total Expenditure	4,90,41,237	45,515
Cash Profit/ (Loss) before Depreciation & Tax	2,30,14,813	(45,515)
Depreciation and Amortization Expense	0	0
Profit Before Tax (PBT)	2,30,14,813	(45,515)
Less :		
a) Current Tax & Deferred Tax Reversal	5,25,167	0
b) Exceptional Items	0	0
Net Profit After Tax	2,24,89,646	(45,515)
Prior Period Adjustment	0	0
Add: Balance brought forward from previous year	(45,515)	0
Profit/(Loss) carried to Balance Sheet	2,24,44,132	(45,515)

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Total Income was Rs.7,20,56,050 as against Rs. NIL for the previous year. Profit Before Tax for the year under review was Rs.2,30,14,813 as against loss of Rs. 45,515 in the previous year. Net profit for the current year was Rs. 2,24,89,646 as compared to loss of Rs. 45,515 in the previous year.

## **DIVIDEND**

With a view to conserve resources for growth, your directors do not recommend any dividend for the year under review.

## **Performance:**

The Company imported Mono Ammonium Phosphate and Potassium Sulphate, apart from locally procuring Organic Manure during the year. The Company managed to sell all its imported as well as the locally purchased products during the year and hence stocks were nil as on 31<sup>st</sup> March 2014.

## **Future prospects of the Company**

The Company during the year had taken its first step in the Specialty fertiliser business and would continue to procure and sell specialty fertilizers based on the demands of the market.

## **Issue of Optionally Fully Convertible Cumulative Debentures (OCD) on preferential basis**

During the year under review for the purpose of making investment in Mangalore Chemicals & Fertilizers Limited, your Company has issued 18,00,00,000 Optionally

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Fully Convertible Cumulative Debentures (OCD) of Rs. 10/- each aggregating 1,80,00,00,000 (Rs. One Hundred Eighty Crore only) on private placement basis to its holding company Deepak Fertilisers And Petrochemicals Corporation Limited.

## **Investment in Mangalore Chemicals & Fertilizers Limited**

During the year under review, your Company acquired 2,89,91,150 Equity Shares (i.e. 24.46%) of Mangalore Chemicals & Fertilizers Limited (MCFL) on 3<sup>rd</sup> July 2013. Further on 23<sup>rd</sup> April, 2014 your Company, acquired 10,01,309 Equity Shares (i.e. 0.8%) of MCFL and made an Open Offer for acquiring 3,08,13,939 Equity Shares (i.e. 26%) to the public shareholders of MCFL at a price of Rs. 63 per Equity Share pursuant to the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto.

## **Directors**

Shri R. Sriraman retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

## **Directors' Responsibility Statement**

Pursuant to the provisions of sub-section (2AA) of Section 217 of the Companies Act, 1956, your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

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- (ii) the accounting policies selected had been applied consistently and judgments and estimates made were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31<sup>st</sup> March, 2014 and of the Profit of the Company for that period;
- (iii) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the annual accounts had been prepared on a 'going concern' basis.

## **Auditors**

M/s. HMA and Associates, Chartered Accountants, Pune, the Auditors of your Company hold office until the conclusion of the ensuing Annual General Meeting. Your Company has received a letter from them to the effect that their appointment, if made, by the Company for the years 2014-15 to 2018-19 will be within the limit prescribed under Section 141(3)(g) of the Companies Act, 2013. The Board of Directors recommends their appointment.

## **Personnel**

During the year under review, there were no employees who were covered under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

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## **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

Your Company has not carried out any activity relating to the conservation of energy.

There is no foreign exchange earning during the year. The total foreign exchange outgo during the year is USD 4,98,375 equivalent to Rs. 299,52,238.25

## **Acknowledgement**

Your Directors wish to place on record their sincere appreciation for the assistance and co-operation received from the customers, vendors, stakeholders including employees during the year.

For and on behalf of the Board,



Somnath Patil

Director



Guy Goves

Director

Pune

Dated 8<sup>th</sup> May, 2014



## **INDEPENDENT AUDITOR'S REPORT**

To the Members of **SCM Soilfert Limited**

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

We have audited the accompanying financial statements of **SCM Soilfert Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Forming an Opinion and Reporting on Financial Statements Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether





due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit/loss for the year ended on that date;
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have 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 required by law have been kept by the Company so far as appears from our examination of those books ~~and proper returns adequate for the purposes of our audit have been received from branches not visited by us~~



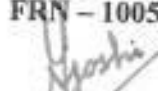


# HMA & ASSOCIATES

Chartered Accountants

- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow statements dealt with by this Report are in agreement with the books of account ~~{and with the returns received from branches not visited by us}~~
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For HMA & Associates  
Chartered Accountants  
FRN - 100537W

  
Harshad Joshi  
Partner  
M. No. 131625



Place : Pune  
Date : 8<sup>th</sup> May 2014



## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under the heading of "Report on other legal & regulatory requirements" of our report of even date.

Re: - SCM Soilfert Limited (F.Y. 2013-14)

1. Fixed assets – The Company does not have any fixed assets during financial year ended on 31<sup>st</sup> March 2014. Hence our comments regarding quantitative details, situation & physical verification of fixed assets are not required to be given hereunder.
2. Inventory – The Company does not have any inventory during the financial year ended on 31<sup>st</sup> March 2014, hence our comments regarding physical verification, frequency of verification, procedures of physical verification and maintenance of records of inventory are not required to be given hereunder.
3. Loans –
  - A. Loans granted - No loans – secured or unsecured - have been granted to Companies, firms or other parties listed in the register maintained u/s 301 of Companies Act 1956. Hence our comments on following matters are not attracted –
    - Number of parties & amount involved in the transactions.
    - Whether the rate of interest & other terms & conditions are prima facie prejudicial to the interest of the Company.
    - Whether receipt of principal & interest is regular.
    - In case overdue amount is more than ₹ 1 lakh, whether reasonable steps have been taken by the Company for recovery of principal & interest.
  - B. Loans taken – Loans, Secured or Unsecured have not been taken from Companies, firms or other parties listed in the register maintained u/s 301 of Companies Act 1956. Hence our comments on following matters are not attracted –



- Number of parties & amount involved in the transactions
  - Whether the rate of interest & other terms & conditions are prima facie prejudicial to the interest of the Company
  - Whether payment of principal & interest is regular
4. Internal control system - In our opinion & according to the information & explanations given to us, there is an adequate internal control system commensurate with the size of the Company & nature of its business. In our opinion & according to the information & explanations given to us, there was no continuing failure to correct major weaknesses in the internal control system.
5. Contracts with interested parties –
- As represented to us by the company, there were no contracts with interested parties that need to be entered into the Register u/s 301 of the Companies Act, 1956.
  - Our comments on reasonableness of prices of such contracts or arrangements having regard to prevailing market prices at the relevant time are not required to be given.
6. Deposits - The Company has not accepted any deposits from the public. Hence our comments on compliance of the directives of Reserve Bank of India, provisions of Sec.58A & 58AA or any other relevant provisions of the Act & the rules framed there under are not required. The nature of contravention is not applicable. No order has been passed by Company Law Board, or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal requiring any compliance.
7. Internal audit system - The Company is not required to have internal audit system commensurate with its size & nature of its business since the Company is neither listed, nor had

paid up capital & reserves exceeding ₹ 50 lakhs at the commencement of financial year concerned, nor had average annual turnover exceeding ₹ 5 crores for a period of three consecutive financial years immediately preceding the financial year concerned.

8. Cost records – As represented to us, the Company is not required to maintain cost records pursuant to the Companies (Cost Accounting Records) Rules 2011 prescribed by Central Government u/s 209(1) (d) of Companies Act 1956.
9. Statutory dues –
- According to the information & explanations given to us, Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with appropriate authority. No such undisputed dues were outstanding as at the last day of financial year for a period of more than six months from due date.
  - No such dues were outstanding on account of any dispute pending with any forum.
10. Net worth & losses - The Company was registered on 10<sup>th</sup> October 2012. Hence the Company is registered for a period of less than five years. Its accumulated losses at the end of financial year are NIL.
11. Defaults in repayment - The Company has not defaulted in repayment of dues to a Bank or financial institution or debenture holders. Hence it is not necessary to report the period & amount of such default.
12. Loans against pledge of securities - The Company has not granted loans or advances against the security of pledge of shares, debentures or other securities. Hence our comments on the adequacy of documents & records, or the deficiencies therein are not required.



13. Nidhi/Chit fund - The Company is not a chit fund or nidhi/mutual benefit fund/society. Hence our comments on compliance of any special statute, ratio greater than 1:20 of net own funds to deposit liability, compliance of prudential norms on income recognition & provisioning, adequacy of procedures for appraisal of credit proposal & repayment schedule based on repayment capacity of the borrower are not required.
14. Share/Security trading – The Company is not dealing or trading in shares, securities, debentures and other investments. Hence our comments on maintenance of proper records of the transactions and contracts, and whether timely entries have been made therein; also whether the shares, securities, debentures and other securities have been held by the company, in its own name except to the extent of the exemption, if any, granted under section 49 of the Act are not required
15. Third party guarantee - The Company has not given any guarantee for loans taken by others from bank or financial institutions. Hence our comments are not required on whether the terms and conditions are prejudicial to the interest of the Company.
16. Utilization of Term loans - There are no Term loans taken by the Company in the Current financial year and hence the question of its proper application does not arise.
17. Utilization of short-term funds – There were no funds raised by the Company on short-term basis hence the question of its proper application does not arise.
18. Preferential allotment of shares - The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act. Hence our comments on whether the price at which shares have been issued is prejudicial to the interest of the company or not are not attracted.
19. Debentures - The Company has issued 18,00,00,000 number of "1% Optionally Fully Convertible Cumulative Debentures" of Face value ₹ 10/- each. Holders have an option to convert these debentures into equity shares at their option after 2 years from the date of

# HMA & ASSOCIATES

## Chartered Accountants

allotment of such debentures by giving 2 months notice. The option of conversion may be exercised till the end of 15 years from the date of allotment. No security or charge has been created in respect of such debentures issued.

20. Utilization of funds raised by public issue - The Company has not raised funds by way of public issue. Hence our comments on disclosure by the management on the end use of money raised by public issues its verification are not attracted.
21. Fraud - As represented to us by the company, no fraud on or by the company has been noticed or reported during the year. Hence our comments on the nature of fraud and the amount involved are not required.
22. Reasons for qualification - There are no qualifications.

For HMA & Associates  
Chartered Accountants  
FRN - 100537W



Harshad Joshi  
Partner

M. No. 131625

Place : Pune

Date : 8<sup>th</sup> May 2014



**SCM SOILFERT LIMITED**  
**BALANCE SHEET AS AT 31st MARCH 2014**

	NOTE NO.	As at 31st March 2014 Amount (₹)	As at 31st March 2013 Amount (₹)
<b>EQUITY &amp; LIABILITIES</b>			
1 Share holders' funds			
a Share Capital	4	500,000.00	500,000.00
b Reserves & Surplus	5	22,444,131.63	-45,514.66
		22,944,131.63	45,485.34
2 Share application money pending allotment		0.00	0.00
3 Non current liabilities			
a Long term borrowings	6	1,800,000,000.00	0.00
b Deferred tax liability		0.00	0.00
c Other long term liabilities		0.00	0.00
d Long term provisions		0.00	0.00
		1,800,000,000.00	0.00
4 Current liabilities			
a Short term borrowings		0.00	0.00
b Trade payables	7	34,732,572.25	12,436.00
c Other current liabilities	8	13,020,614.00	0.00
d Short term provisions	9	525,167.00	0.00
		48,278,353.25	12,436.00
<b>TOTAL</b>		<b>1,871,222,484.88</b>	<b>466,921.34</b>
<b>ASSETS</b>			
1 Non current assets			
a Fixed assets			
i Tangible assets		0.00	0.00
ii Intangible assets		0.00	0.00
iii Capital work in progress		0.00	0.00
iv Intangible assets under development		0.00	0.00
		0.00	0.00
b Non current Investments	10	1,800,160,885.80	0.00
c Deferred tax asset		0.00	0.00
d Long term loans & advances		0.00	0.00
e Other non current assets		0.00	0.00
		1,800,160,885.80	0.00
2 Current assets			
a Current investments	11	33,000,000.00	0.00
b Inventories		0.00	0.00
c Trade receivables	12	35,900,034.50	0.00
d Cash & cash equivalents	13	1,926,506.58	466,921.34
e Short term loans & advances		0.00	0.00
f Other current assets	14	235,058.00	0.00
		71,061,599.08	466,921.34
<b>TOTAL</b>		<b>1,871,222,484.88</b>	<b>466,921.34</b>
Summary of significant Accounting Policies	3		
Accompanying Notes are integral part of financial statements			
As per our attached report of even date			
For HMA & Associates			
Chartered Accountants			
 Harshad Joshi Partner M.No. 131625      FRN - 100537W Place - Pune      8th May 2014		On Behalf of the Board  Somnath Patel Director Place - Pune	 R. Sriraman Director 8th May 2014

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**SCM SOILFERT LIMITED**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2014**

	<u>NOTE NO.</u>	Year ended 31st March 2014	Year ended 31st March 2013
		<u>Amount (₹)</u>	<u>Amount (₹)</u>
I Revenue from operations	15	35,900,034.50	0.00
II Other income	16	36,156,016.00	0.00
III Total revenue		72,056,050.50	0.00
<b>IV Expenses -</b>			
Cost of materials consumed	17	35,567,011.25	0.00
Purchase of Stock-in-trade		0.00	0.00
Changes in inventory of F.G. & WIP & Stock-in-trade		0.00	0.00
		35,567,011.25	0.00
Employee benefit expenses		0.00	0.00
Finance cost	18	13,401,210.96	0.00
Depreciation & amortisation exp.		0.00	0.00
Other expenses	19	73,015.00	45,514.66
<b>Total expenses</b>		49,041,237.21	45,514.66
V Profit before exceptional & extra-ordinary items & tax		23,014,813.29	-45,514.66
VI Exceptional items		0.00	0.00
VII Profit before extra-ordinary items & tax		23,014,813.29	-45,514.66
VIII Extra ordinary items		0.00	0.00
IX Profit before tax		23,014,813.29	-45,514.66
X Tax expenses			
Current tax		525,167.00	0.00
Deferred tax		0.00	0.00
XI Profit/Loss for the period from continuing operations		22,489,646.29	-45,514.66
XII Profit/Loss from discontinuing operations		0.00	0.00
XIII Tax expenses of discontinuing operations		0.00	0.00
XIV Profit/Loss from discontinuing operations after tax		0.00	0.00
XV Profit/Loss for the period		22,489,646.29	-45,514.66
XVI E.P.S.			
Basic		449.79	-1.82
Diluted		449.79	-1.82

Summary of significant Accounting Policies

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Accompanying Notes are integral part of financial statements

As per our attached report of even date  
 For HMA & Associates  
 Chartered Accountants

*Harshad Joshi*

Harshad Joshi  
 M.No. 131625  
 Place - Pune

FRN - 1005574W  
 8th May 2014



On Behalf of the Board

*Soemath Patil*      *R. Sriraman*

Soemath Patil  
 Director  
 Place - Pune

R. Sriraman  
 Director  
 8th May 2014

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**SCM SOILFERT LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014**

	As at 31st March 2014	As at 31st March 2013
	Amount (₹)	Amount (₹)
<b>I CASH INFLOWS</b>		
<b>1 From Operating Activities</b>		
a Net Profit / (Loss) before taxation	23,014,813.29	-45,514.66
Adjustments -		
Add - Depreciation	0.00	0.00
Add - Amortisation	0.00	0.00
Add - Interest expenses	13,401,210.96	0.00
Add - Provision for diminution of investments	0.00	0.00
Add - Loss on sale of assets	0.00	0.00
Less - Foreign exchange gain	-861,293.00	
Less - Interest & dividend income	-35,294,723.00	0.00
Operating profit before working capital changes	260,008.25	-45,514.66
b Working capital changes -		
Decrease / (Increase) in inventories	0.00	0.00
Decrease / (Increase) in Trade receivables	-35,900,034.50	0.00
Decrease / (Increase) in long term Loans & advances	0.00	0.00
Decrease / (Increase) in short term Loans & advances	0.00	0.00
Decrease / (Increase) in Other current assets	-235,058.00	0.00
Decrease / (Increase) in Other non current assets	0.00	0.00
Increase / (Decrease) in Trade payables	34,720,136.25	12,436.00
Increase / (Decrease) in long term provisions	0.00	0.00
Increase / (Decrease) in short term provisions	0.00	0.00
Increase / (Decrease) in other current liabilities	13,020,614.00	0.00
Increase / (Decrease) in other long term liabilities	0.00	0.00
Cash generated from operations	11,865,666.00	-33,078.66
Less - Income tax	525,167.00	0.00
Cash flow before extra ordinary items	11,340,499.00	-33,078.66
Extra ordinary items	0.00	0.00
<b>Net cash flow from operating activities</b>	<b>11,340,499.00</b>	<b>-33,078.66</b>
<b>2 From Investing activities</b>		
a Purchase of tangible fixed assets/Capital work-in-progress	0.00	0.00
b Purchase of intangible assets/assets under development	0.00	0.00
c Sale of tangible fixed assets/Capital work-in-progress	0.00	0.00
d Decrease in intangible assets/assets under development	0.00	0.00
e Decrease / (Increase) in non-current investments	-1,800,160,885.80	0.00
f Decrease / (Increase) in current investments	-33,000,000.00	0.00
g Interest & Dividend Income	36,156,016.00	0.00
<b>Net cash flow from Investing activities</b>	<b>-1,797,004,869.80</b>	<b>0.00</b>
<b>3 From Financing Activities</b>		
a Proceeds from issue of share capital	0.00	500,000.00
b Share application money pending allotment	0.00	0.00
c Increase / (Decrease) in Long term borrowings	1,800,000,000.00	0.00
d Increase / (Decrease) in short term borrowings	0.00	0.00
e Interest	-13,401,210.96	0.00
f Dividend & dividend tax	0.00	0.00
<b>Net cash flow from Financing activities</b>	<b>1786598789.04</b>	<b>500,000.00</b>
Net increase in cash & cash equivalents	1,459,585.24	466,921.34
Cash & cash equivalents at the beginning of the period	466,921.34	0.00
Cash & cash equivalents at the end of the period	1,926,506.58	466,921.34

For HMA & Associates  
Chartered Accountants

Harshad Joshi  
M.No. 131625  
Place - Pune

FRN - 100537W  
8th May 2014



On Behalf of the Board

Somnath Patil  
Director  
Place - Pune

R. Sriraman  
Director  
8th May 2014

*J.A.*

**SCM SOILFERT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2014**

**1. Corporate Information:** -

SCM Soilfert Limited is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. The company is in the manufacturing and trading of fertilisers, petroleum and their by products having registered office at Deepak Complex, Off Golf Course, Shastri Nagar, Yerwada, Pune-411006.

**2. Basis of Preparation:** -

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

**3. Significant Accounting Policies:** -

- a) **Basis of Accounting** – Financial statements are prepared under historical cost convention on accrual basis in accordance with the requirements of Companies Act 1956 except otherwise stated. Accounts are prepared on going concern basis.
- b) **Use of Estimates** – The preparation of financial statements requires the management of the Company to make an estimate & assumptions that affect the reported balances of Assets & Liabilities and disclosure relating to Contingent liabilities as at the date of financial statements & reported amounts of Income & Expenses during the year. The estimates are based on management's best knowledge of current events and actions. However, due to uncertainty of the assumptions and estimates the carrying amounts of the assets & liabilities may require material adjustment in future periods.
- c) **Revenue Recognition** – Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Sale of goods and services are recognized net of duties & taxes. Expenditure & income are accounted on accrual basis including provisions/adjustments for committed obligations & amounts determined payable or receivable during the year.
- d) **Investments** – Investments which are readily realisable and intended to be held for not more than 1 year from the date on which such investments are made are classified as current investments. All other investments are classified as Long-term Investments.  
On initial recognition, all investments are measured at cost. The cost comprises Purchase price and directly attributable acquisition charges such as brokerage, fees and duties.  
Current investments are carried in the financial statements at lower of cost or fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments.  
On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.
- e) **Inventories** - There are no inventories as at the year end.
- f) **Current Assets, Loans & advances** – Current Assets, Loans and Advances are approximately of the value stated, if realized in the ordinary course of business.
- g) **Retirement and other employee benefits** – There are no employees taken by the company during the year. Therefore, there are no retirement / employee benefits.

**SCM SOILFERT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2014**

- h) **Foreign currency Transactions** – Foreign Currency transactions are recorded in reporting currency at the exchange rate prevailing on the date of transaction.  
On the reporting date monetary items are retranslated by using the exchange rate prevailing on the reporting date. Foreign exchange difference related to acquisition of Fixed Assets and loans related to it is adjusted in the carrying amount of Fixed Asset and the loan amount.  
Income or expenditure arising out of exchange fluctuation other than Fixed Assets and loans on such assets is accounted for in the Statement of Profit and Loss.  
In case of forward exchange contract, the difference between forward rate & the rate on the date of transaction should be recognised as income & expenditure over the life of contract.
- i) **Taxes on Income** – Provision for current Income Tax is determined in accordance with the provisions of Income Tax Act 1961. Minimum Alternate Tax (MAT) paid / provided in the year is charged to the Statement of Profit and Loss as current Tax. Deferred Tax – subject to materiality – is recognized on timing differences, being the difference between the taxable income & the accounting income that originate in one period & are capable of reversal in one or more subsequent periods. Deferred tax asset is recognized & carried forward only to the extent that there is a virtual certainty that the asset will be realized in future
- j) **Provisions, Contingent Liabilities & Commitments and Contingent assets** – Provisions in respect of present obligations arising out of past events are made in accounts when reliable estimates can be made of the amounts of obligations. Provisions are not discounted to their present value and reviewed at each reporting date. Contingent liabilities & commitments are not accounted but disclosed separately. Contingent assets are neither accounted nor disclosed in the financial statements.
- k) **Earnings per share** – The earnings considered in ascertaining the Company's earnings per share are net profit after tax, preference dividend & tax attributable to Preference Dividend. The number of shares is considered on weighted average basis. Partly paid equity shares are treated as fraction of equity share to the extent they are entitled to participate in dividends. For the purpose of calculating dilutive EPS, the net profit attributable to equity shareholders and weighted average number of shares are adjusted for the effect of Dilutive Potential Equity shares.
- l) **Borrowing cost** – No borrowing costs have been capitalised. However Borrowing Cost in respect of Debentures has been charged off to revenue during the year.

**SCM SOILFERT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2014**

**4 Share Capital**

(Disclosure pursuant to Note no. 6(A)(a,b & c) of Part I of Schedule VI to the Companies Act, 1956)

	31st Mar. 2014 Amount (₹)	31st Mar. 2013 Amount (₹)
<b>Authorised shares (Nos.)</b>		
50000 Equity shares of ₹ 10/- each (Previous year 50000 Equity shares)	500,000.00	500,000.00
	<b>500,000.00</b>	<b>500,000.00</b>
<b>Issued, subscribed &amp; paid up</b>		
50000 Equity shares of ₹ 10/- each (Previous year 50000 Equity shares)	500,000.00	500,000.00
	<b>500,000.00</b>	<b>500,000.00</b>

a) **Reconciliation of the shares outstanding at the beginning and at the end of reporting period**

(Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956)

Equity Shares	31 Mar. 2014		31 Mar. 2013	
	No.	Amount	No.	Amount
At the beginning of period	50000	500,000.00	0	0.00
Issued during the period				
Fresh issue for cash	0	0.00	50000	500,000.00
Bonus shares	0	0.00	0	0.00
Outstanding at the end of period	50000	500,000.00	50000	500,000.00

b) **Rights attached to Equity shares**

(Disclosure pursuant to Note no. 6(A)(e) of Part I of Schedule VI to the Companies Act, 1956)

The company has only one class of equity shares having a par value of ₹ 10/- per share. Each Holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

c) **Shares held by Holding / ultimate Holding company and / or their subsidiaries / associates**

(Disclosure pursuant to Note no. 6(A)(f) of Part I of Schedule VI to the Companies Act, 1956)

49993 Equity Shares issued by the company are held by Holding company, i.e Deepak Fertilisers And Petrochemicals Corporation Limited

d) **Details of shareholders holding more than 5% shares in the company**

(Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule VI to the Companies Act, 1956)

	31 Mar. 2014		31 Mar. 2013	
	No.	% of holding	No.	% of holding
Equity shares of ₹10/- each fully paid				
Deepak Fertilisers And Petrochemicals Corporation Limited	49993	99.986%	0	0.000%
Mr. Sailesh C Mehta (Ref Note Below)	1	0.002%	24998	49.996%
Mrs. Parul S Mehta (Ref Note Below)	1	0.002%	24997	49.994%

Shareholders are holding shares on behalf of Deepak Fertilisers And Petrochemicals Corporation Limited (DFPCL). DFPCL is the beneficial owner of the said equity shares pursuant to the provisions of Section 187 (C) of the Companies Act, 1956.

**SCM SOILFERT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2014**

**5 Reserves & Surplus**

(Disclosure pursuant to Note no. 6(B) of Part I of Schedule VI to the Companies Act, 1956)

	31st Mar. 2014 Amount (₹)	31st Mar. 2013 Amount (₹)
<b>3 Surplus / (Deficit) in the Statement of Profit &amp; Loss:</b>		
Balance as per last financial statement	-45,514.66	0.00
Profit for the year	22,489,646.29	-45,514.66
Less - Appropriations -	0.00	0.00
Net surplus in the Statement of Profit & Loss	22,444,131.63	-45,514.66
<b>Total Reserves &amp; Surplus</b>	<b>22,444,131.63</b>	<b>-45,514.66</b>

**6 Long Term Borrowings**

(Disclosure pursuant to Note no. 6(C) of Part I of Schedule VI to the Companies Act, 1956)

	31st Mar. 2014		31st Mar. 2013	
	Amount ₹	Amount ₹	Amount ₹	Amount ₹
	<u>Non Current</u>	<u>Current maturity</u>	<u>Non Current</u>	<u>Current maturity</u>
Optionally fully convertible debentures	1,800,000,000.00	0.00	0.00	0.00
<b>Total Long Term Borrowings</b>	<b>1,800,000,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**Secured & Unsecured portion -**

(Disclosure pursuant to Note no. 6(C) (ii) of Part I of Schedule VI to the Companies Act, 1956)

	31st Mar. 2014		31st Mar. 2013	
	Amount ₹	Amount ₹	Amount ₹	Amount ₹
	<u>Non Current</u>	<u>Current maturity</u>	<u>Non Current</u>	<u>Current maturity</u>
Secured Borrowings	0.00	0.00	0.00	0.00
Unsecured borrowings	1,800,000,000.00	0.00	0.00	0.00
	1,800,000,000.00	0.00	0.00	0.00

**Nature of security & Terms of Repayment**

(Disclosure pursuant to Note no. 6(C) (ii) & (vi) of Part I of Schedule VI to the Companies Act, 1956)

- The company has issued 18,00,00,000 number of "1% Optionally Fully Convertible Cumulative Debentures" of Face value ₹ 10/- each. Holders have an option to convert such debentures into equity shares at their option after 2 years from the date of allotment of such debentures by giving 2 months notice. The option of conversion may be exercised till the end of 15 years from the date of allotment.

**Loans guaranteed by Directors & others -**

(Disclosure pursuant to Note no. 6(C) (iii) of Part I of Schedule VI to the Companies Act, 1956)

No director has given personal guarantee in respect of any loans taken by the company.

**Period & amount of continuing Default in repayment of loan & interest**

(Disclosure pursuant to Note no. 6(C) (vii) of Part I of Schedule VI to the Companies Act, 1956)

Company has not defaulted on repayment of loan or interest.

**SCM SOILFERT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2014**

**7 Trade payables**

(Disclosure pursuant to point no. b of Current Liabilities of the Balance Sheet)

	31st Mar. 2014	31st Mar. 2013
	Amount ₹	Amount ₹
Sundry Creditors for Goods	34,705,718.25	0.00
Sundry Creditors for Services	26,854.00	12,436.00
	<b>34,732,572.25</b>	<b>12,436.00</b>

**8 Other Current Liabilities**

(Disclosure pursuant to Note no. 6(G) of Part I of Schedule VI to the Companies Act, 1956)

	31st Mar. 2014	31st Mar. 2013
	Amount ₹	Amount ₹
a) PT payable	2,500.00	0.00
b) TDS payable	453,699.00	0.00
c) Interest accrued on Debentures	12,564,415.00	0.00
Total Other Current Liabilities	<b>13,020,614.00</b>	<b>0.00</b>

**9 Short Term Provisions**

(Disclosure pursuant to Note no. 6(H) of Part I of Schedule VI to the Companies Act, 1956)

	31st Mar. 2014	31st Mar. 2013
	Amount ₹	Amount ₹
a) Other short term provisions		
Income Tax payable	525,167.00	0.00
	<b>525,167.00</b>	<b>0.00</b>



**SCM SOILFERT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2014**

**10 Non-current Investments**

(Disclosure pursuant to Note no. 6(K) of Part I of Schedule VI to the Companies Act, 1956)

	31st Mar. 2014 Amount ₹	31st Mar. 2013 Amount ₹
a) Investments in Equity Shares of Mangalore chemicals & Fertilizers Limited	1,800,160,885.80	0.00
	<b>1,800,160,885.80</b>	<b>0.00</b>

Note - Non-current Investments are stated at cost. Provision for Diminution in the value of investments has not been made as the decline in the value of investments is not considered to be permanent by the management (as per AS-13).

**11 Current Investments**

(Disclosure pursuant to Note no. 6(N) of Part I of Schedule VI to the Companies Act, 1956)

The Company does not have current investments

	31st March 2014 Amount ₹	31st March 2013 Amount ₹
b) Investments in Mutual Funds	33,000,000.00	0.00
	<b>33,000,000.00</b>	<b>0.00</b>

Details Investment in Mutual Funds

Name	Nos.		Face Value		Market Value	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
1 Axis Liquidity Fund		0.00	1,500,000.00	0.00	1,524,051.94	0.00
2 Birla Sunlife Cash Plus		0.00	10,000,000.00	0.00	10,169,340.64	0.00
3 ICICI Prudential Liquid		0.00	10,000,000.00	0.00	10,161,701.47	0.00
4 J P Morgan India Liquid		0.00	10,000,000.00	0.00	10,152,739.79	0.00
5 Religare Invesco Liquid		0.00	1,500,000.00	0.00	1,524,172.76	0.00
	<b>0</b>	<b>0</b>	<b>33,000,000.00</b>	<b>0.00</b>	<b>33,532,006.60</b>	<b>0.00</b>

**SCM SOILFERT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2014**

**12 Trade Receivables**

(Disclosure pursuant to Note no. 6(P) of Part I of Schedule VI to the Companies Act, 1956)

	31st Mar. 2014 Amount ₹	31st Mar. 2013 Amount ₹
a Outstanding for more than 6 months from the due date	0.00	0.00
b Outstanding for less than 6 months from the due date	35,900,034.50	0.00
	<b>35,900,034.50</b>	<b>0.00</b>
Less: Provision for bad and doubtful debts	0.00	0.00
Trade Receivables	<b>35,900,034.50</b>	<b>0.00</b>

Further information about trade receivables

(Disclosure pursuant to Note no. 6(P) (ii) of Part I of Schedule VI to the Companies Act, 1956)

	31st Mar. 2014 Amount ₹	31st Mar. 2013 Amount ₹
Secured, considered good	0.00	0.00
Unsecured, considered good	35,900,034.50	0.00
Doubtful	0.00	0.00
	<b>35,900,034.50</b>	<b>0.00</b>

(Disclosure pursuant to Note no. 6(P) (iv) of Part I of Schedule VI to the Companies Act, 1956)

i. Trade Receivables

	31st Mar. 2014 Amount ₹	31st Mar. 2013 Amount ₹
Due from Directors	0.00	0.00
Due from Officers	0.00	0.00
Due from firms or companies in which Directors are interested	0.00	0.00
Other Trade Receivables	35,900,034.50	0.00
	<b>35,900,034.50</b>	<b>0.00</b>

**13 Cash and Cash equivalents**

(Disclosure pursuant to Note no. 6 (Q) of Part I of Schedule VI to the Companies Act, 1956)

	31st Mar. 2014 Amount ₹	31st Mar. 2013 Amount ₹
a Balances with banks		
Held on Current Account	1,926,506.58	466,921.34
b Cheques, drafts on hand	0.00	0.00
c Cash in hand	0.00	0.00
d Others	0.00	0.00
	<b>1,926,506.58</b>	<b>466,921.34</b>

**14 Other current assets**

	31st Mar. 2014 Amount ₹	31st Mar. 2013 Amount ₹
a Dues from Income Tax	235,058.00	0.00
	<b>235,058.00</b>	<b>0.00</b>

**SCM SOILFERT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2014**

**15 Revenue from Operations**

(As per Point No. 2 of General Instructions for Preparation of Statement of Profit and Loss)

	31st Mar. 2014	31st Mar. 2013
	Amount ₹	Amount ₹
a Sale of Products	35,900,034.50	0.00
<b>Revenue from Operations</b>	<b>35,900,034.50</b>	<b>0.00</b>

**16 Other income**

(As per Point No. 4 of General Instructions for Preparation of Statement of Profit and Loss)

	31st Mar. 2014	31st Mar. 2013
	Amount ₹	Amount ₹
a Interest Income	505,343.00	0.00
b Dividend Income	34,789,380.00	0.00
c Foreign Exchange Gain	861,293.00	0.00
	<b>36,156,016.00</b>	<b>0.00</b>

**EXPENSES**

Item no. IV of Statement of Profit and Loss

**17 Cost of materials consumed**

	31st Mar. 2014	31st Mar. 2013
	Amount ₹	Amount ₹
Opening Stock -	0.00	0.00
Add - Purchases	35,567,011.25	0.00
Less - Closing Stock	0.00	0.00
	<b>35,567,011.25</b>	<b>0.00</b>

**18 Finance cost**

	31st Mar. 2014	31st Mar. 2013
	Amount ₹	Amount ₹
a Interest Expense	13,400,739.00	0.00
b Bank charges	471.96	0.00
	<b>13,401,210.96</b>	<b>0.00</b>

**19 Other expenses**

(As per Point No. 5 (vi) of General Instructions for Preparation of Statement of Profit and Loss)

	31st Mar. 2014	31st Mar. 2013
	Amount ₹	Amount ₹
1 Incorporation expenses	0.00	33,000.00
2 Legal & Professional Fees	30,911.00	1,200.00
3 Warehouse rent	10,000.00	0.00
4 Audit fees	16,854.00	11,236.00
5 ROC Filing fees	9,600.00	0.00
6 Miscellaneous expenses	5,650.00	78.66
	<b>73,015.00</b>	<b>45,514.66</b>

**SCM SOILFERT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2014**

**20 Auditors' Remuneration**

(As per Point No. 5 (i) (j) of General Instructions for Preparation of Statement of Profit and Loss)

	31st Mar. 2014	31st Mar. 2013
	Amount ₹	Amount ₹
Payments made to the Auditor -		
i as Auditor	16,854.00	11,236.00
Total	16,854.00	11,236.00

**21 CIF value of Imports**

(As per Point No. 5 (viii) (a) of General Instructions for Preparation of Statement of Profit and Loss)

	31st Mar. 2014	31st Mar. 2013
	Amount ₹	Amount ₹
i Others	30,813,531.25	0.00
Total	30,813,531.25	0.00

**22 Expenditure in Foreign currency**

(As per Point No. 5 (viii) (b) of General Instructions for Preparation of Statement of Profit and Loss)

	31st Mar. 2014	31st Mar. 2013
	Amount ₹	Amount ₹
i On Travelling	0.00	0.00
ii other purposes	30,813,531.25	0.00
Total	30,813,531.25	0.00

**23 Consumption**

(As per Point No. 5 (viii) (c) of General Instructions for Preparation of Statement of Profit and Loss)

	31st Mar. 2014		31st Mar. 2013	
	Percent	Amount ₹	Percent	Amount ₹
i Raw Materials & consumables				
Indigenous	13%	4,753,480.00	0.00%	0.00
Imported	87%	30,813,531.25	0.00%	0.00
ii Spare Parts & components				
Indigenous	0%	0.00	0.00%	0.00
Imported	0%	0.00	0.00%	0.00
Total	100%	35,567,011.25	0.00%	0.00
Further information about consumption				
Indigenous	13%	4,753,480.00	0.00%	0.00
Imported	87%	30,813,531.25	0.00%	0.00
	100%	35,567,011.25	0.00%	0.00

**SCM SOILFERT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2014**

**24 Earnings per share**

(As per Accounting Standard - 20, "Earnings per share")

	31st Mar. 2014	31st Mar. 2013
	Amount ₹	Amount ₹
i Net Profit after Tax	22,489,646.29	-45,514.66
ii Less: Preference Dividend	0.00	0.00
iii Less: Tax on Preference Dividend	0.00	0.00
iv Profit attributable to equity shareholders	22,489,646.29	-45,514.66
v No. of equity shares at the beginning	50,000	0
vi No. of equity shares at the close	50,000	50,000
vii No. of equity shares on Weighted Average basis	50,000	25,000
viii Earnings per share (E.P.S.)	<b>449.79</b>	<b>-1.82</b>

Note -

- i The company does not have any dilutive potential equity shares outstanding as on the last day of the previous year which can be converted into equity shares and hence basic & diluted earnings per share is same.


**25 Related Party Disclosure**

(As per Accounting Standard - 18)


	Transaction	Holding Co.	Others	Total
i	Sale of goods	35,900,034	-	35,900,034
ii	Debentures Issued	1,800,000,000	-	1,800,000,000
iii	Interest Accrued	13,400,739	-	13,400,739
iv	Dividend Received	-	34,789,380	34,789,380
	Total	<u>1,849,300,773</u>	<u>-</u>	<u>84,090,153</u>


Name	Nature of Relationship	Nature of transaction	Transaction during the year	Outstanding Amount
1 Deepak Fertilisers And Petrochemicals Corporation Limited	Holding Company	1. Sale of goods	1. 35900034	1. 35900034
		2. Debentures Issued	2. 1800000000	2. 1800000000
		2. Interest accrued	3. 13400739	3. 12564415

As per our attached report of even date  
For HMA & Associates  
Chartered Accountants

  
Harshad Joshi  
M.No. 131625  
Place - Pune  
8th May 2014



  
Somnath Patil  
Director  
Place - Pune

  
R. Sriraman  
Director  
8th May 2014

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