

**KAKINADA FERTILIZERS LIMITED**

**BALANCE SHEET AS AT 31st MARCH, 2010**

PARTICULRS	SCHEDULE	AS AT 31.03.2010		AS AT 31.03.2009	
		Rs.	Rs.	Rs.	Rs.
<b>I. SOURCES OF FUNDS :</b>					
(1) Shareholders Funds:					
(a) Share Capital	<b>1</b>		500000		500000
(b) Reserves & Surplus			-		-
Total			500000		500000
<b>II. APPLICATION OF FUNDS :</b>					
(1) Current Assets, Loans & Advances	<b>2</b>				
Cash & Bank Balances		211174		437327	
Less : Current Liabilites & Provisions	<b>3</b>	11030		187050	
Net current Assets			200144		250277
(2) Miscellaneous Expenditure: ( to the extent not written off)					
Preliminary Expenditure			202776		202776
Preoperative Expenses	<b>4</b>		97080		46947
Significant Accounting Policies & Notes to Accounts	<b>5</b>				
Total			500000		500000

As per our report of even date

for M.Anandam & Co,  
Chartered Accountants

For and on behalf of the Board

Sd/-  
M.V.Ranganath  
Partner  
M.No.28031

Sd/-  
Director

Sd/-  
Director

Place: Hyderabad  
Date: April 2, 2010

## KAKINADA FERTILIZERS LIMITED

Schedules forming part of the Balance Sheet

Particulars	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
Schedule :1 Share Capital :		
Authorised : 1000000 Equity Shares of Rs.10/- each	1000000	1000000
Issued, Subscribed and Paid up 50000 Equity Shares of Rs.10/- each	500000	500000
<b>Total</b>	<b>500000</b>	<b>500000</b>

Particulars	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
Schedule : 2 Current Assets, Loans & Advances		
Cash & Bank Balances		
Cash at Bank	211174	437327
<b>Total</b>	<b>211174</b>	<b>437327</b>

Particulars	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
Schedule : 3 Current Liabilities & Provisions		
Audit Fee	11030	11030
Other Liabilities	-	176020
<b>Total</b>	<b>11030</b>	<b>187050</b>

Particulars	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
Schedule : 4 Pre Operative Expenses		
Opening Balance	46947	27093
Add :		
Audit Fee and Certification charges	11030	11030
Filing fee, others	4620	1530
Other Expenses	34483	7500
Less:		
Excess Provision written back	-	206
<b>Total</b>	<b>97080</b>	<b>46947</b>

## KAKINADA FERTILIZERS LIMITED

### Schedule : 5

#### Significant Accounting Policies & Notes to Accounts

##### A. Significant Accounting Policies :

1. General : The financial statements are prepared under the historical cost convention on the basis of going concern in accordance with the Generally Accepted Accounting Principles and comply with the mandatory accounting Standards and Statements issued by the Institute of Chartered Accountants of India and Companies Act, 1956.
2. Preliminary Expenditure: Preliminary Expenses are to be written off in the year of operations.
3. As the operations have not yet commenced, the accounting policies which are specific in nature have not been disclosed.

##### B. Notes to the Accounts

###### 1. Auditors Remuneration:

Particulars	31.03.2010(Rs)	31.03.2009(Rs)
Statutory Audit fee ( including service tax )	11030	11030
<b>Total</b>	<u>11030</u>	<u>11030</u>

2. The details under Clause 4 D of Schedule VI Part II were not given as the company has not commenced any operations during the year.
3. The Company has become 100% subsidiary to Nagarjuna Fertilizers and Chemicals Ltd with effect from 15 th December 2009 by acquiring the entire equity.

###### 4. Related party transactions:

A. Holding Company:	Nagarjuna Fertilizers and Chemicals Limited
B. Fellow Subsidiaries	1. Nagarjuna Oil Corporation Limited 2. Jai Prakash Engineering and Steel Co Ltd
C. Key Management Personnel:	Mr. K.S. Raju, Chairman and Managing Director of Holding Company.

Related Party Transactions are as under:

Advances given to Holding Company Rs. Nil ( Previous Year nil )

5. In view of no transaction, Cash Flow Statement is not prepared s per Accounting Standard 3 issued by the Institute of Chartered Accountants of India

6. Previous year Figures have been regrouped/ rearranged where ever necessary to make them comparable to the current year figures.

As per our report of even date

for M.Anandam & Co.,  
Chartered Accountants

For and on behalf of the Board

Sd/-  
M.V.Ranganath  
Partner  
M.No.28031

Sd/-  
Director

Sd/-  
Director

Place: Hyderabad  
Date:April 2, 2010

**M. ANANDAM & CO.**  
CHARTERED ACCOUNTANTS

**AUDITORS' REPORT**

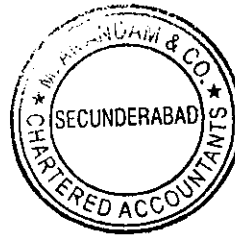
To  
The Members of  
Kakinada Fertilizers Limited  
Hyderabad

1. We have audited the attached Balance Sheet of **Kakinada Fertilizers Limited**, as at 31st March, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our Comments in the annexure referred to in paragraph 3 above, 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 such books;
  - c) The Balance Sheet dealt with by this report is in agreement with the books of account;
  - d) In our opinion the Balance Sheet dealt by this report complies with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956;



- e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified from being appointed as a director of the Company under clause (g) of subsection (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- i. in the case of the Balance Sheet, of the State of Affairs of the company as at 31st March, 2010;

Place: Secunderabad  
Date: 2<sup>nd</sup> April, 2010



For M.Anandam & Co.,  
Chartered Accountants

A handwritten signature in black ink, appearing to read "M.V. Ranganath".

M.V.Ranganath  
Partner

M.No.28031

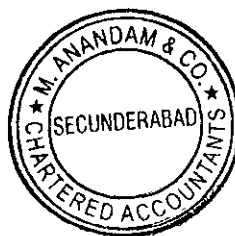
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**Annexure referred to in paragraph 3 of our Report of even date:**

The nature of the Company's business/activities during the year is such that clauses (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (xi), (xii), (xiii), (xiv), (xvi), (xvii), (xviii), (xix) and (xx) are not applicable to the Company.

- i. According to the information and explanations given to us and the records of the company examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales tax, custom duty, excise duty, cess and other statutory dues as applicable with the appropriate authorities and there were no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- ii. The company has no accumulated losses and it has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year
- iii. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- iv. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

Place: Secunderabad  
Date: 2<sup>nd</sup> April, 2010



For M. Anandam & Co.,  
Chartered Accountants

  
M.V. Ranganath

Partner

M.No.28031

Firm Regn.No.000125S