

राष्ट्रीय केमिकल्स एण्ड  
फर्टिलाइजर्स लिमिटेड

(भारत सरकार का उपक्रम)  
साथ बढ़ें समृद्धि की ओर



**RASHTRIYA CHEMICALS AND  
FERTILIZERS LTD.**

(A Government of India Undertaking)  
*Let us grow together*

जय भगवान शर्मा  
कंपनी सचिव

JAI BHAGWAN SHARMA  
COMPANY SECRETARY

Priyadarshini,  
Eastern Express Highway,  
Sion, Mumbai - 400 022.

प्रियदर्शिनी, ईस्टर्न एक्सप्रेस हाईवे,  
सायन, मुंबई - 400 022.

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CIN : L24110MH1978GOI020185

**RCF/CS/Stock Exchanges /2017**

**4<sup>th</sup> October, 2017**

The Corporate Relations Department BSE Limited Department of Corporate Services Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001.	The Listing Department National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra(East), Mumbai- 400 051.
<b>Script Code: 524230</b>	<b>Script Code: RCF EQ</b>

Dear Sir/Madam,

**Sub: Submission of 39<sup>th</sup> Annual Report for the year 2016-17**

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith 39<sup>th</sup> Annual Report of the Company for the year 2016-17.

This is for kind your information and record

**Yours faithfully,  
For Rashtriya Chemicals and Fertilizers Limited**

  
**(J. B. Sharma)  
Company Secretary**

**Encl: a./a.**



# Rashtriya Chemicals and Fertilizers Limited

(A Government of India Undertaking)

*Let us grow together*

**39<sup>th</sup> Annual Report 2016-17**

## NEEM COATED UREA PROCESS



Ms. Bharathi Sihag, Secretary (Fertilizers), Ministry of Chemicals & Fertilizers, Department of Fertilizers, GoI, inspecting the process of Neem Coated Urea at RCF Trombay Unit in the presence of Shri C. M. T. Britto, Chairman & Managing Director (Actg.) and Director (Technical), Shri Ajit S. Kashikar, Executive Director (Trombay) I/C & other Senior Officials of RCF.

## GOLDEN JUBILEE CEREMONY OF RCF SHETI PATRIKA



RCF celebrated the Golden Jubilee Year of RCF Sheti Patrika, a monthly newsletter that lists the latest news updates and developments about agriculture in India in the presence of Shri Suresh Warior, Chairman & Managing Director and other Senior Officials of RCF.

# BOARD of DIRECTORS



**Shri Suresh Warior**  
Chairman & Managing Director  
and Director (Finance)



**Shri R.G. Rajan**  
Chairman & Managing Director  
(Up to 14.06.2016)



**Shri Manoj Mishra**  
Chairman & Managing Director  
(Up to 13.03.2017)



**Shri C.M.T. Britto**  
Director (Technical)  
(Up to 30.06.2017)



**Shri Ashok Ghasghase**  
Director (Marketing)  
(Up to 30.06.2016)



**Shri Sushil Kumar Lohani, IAS**  
Jt. Secretary, Dept. of Fertilizers,  
New Delhi



**Ms. Alka Tiwari, IAS**  
Jt. Secretary, Dept. of Fertilizers,  
New Delhi (From 06.03.2017)



**Shri Dharam Pal, IAS**  
Jt. Secretary, Dept. of Fertilizers,  
New Delhi (Up to 05.03.2017)



**Shri Harin Pathak**  
Independent Director  
(From 08.07.2016)



**Shri Bharatkumar Barot**  
Independent Director  
(From 08.07.2016)



**Shri G.M. Inamdar**  
Independent Director  
(From 08.07.2016)



**Shri Suryanarayana Simhadri**  
Independent Director  
(From 08.03.2017)



**Prof. Damodar Acharya**  
Independent Director  
(Up to 29.01.2017)

## MISSION STATEMENT

“Exponential growth through business excellence with focus on maximising stakeholder value by manufacturing and selling fertilizers and chemicals in a reliable, ethical and socially responsible manner”.

## VISION STATEMENT

“To be a world class corporate in the field of fertilizers and chemicals with dominant position in Indian market, ensuring optimal utilisation of resources, taking due care of environment and maximising value of stakeholders”.

## VALUE STATEMENT

“RCF shall deal in all aspects of Business with integrity, honesty, transparency and with utmost respect to the stakeholders, by honouring our commitments, providing results and striving for highest quality.”

# LETTER from the CHAIRMAN

**Dear Shareholders,**

I take great pride in sharing the performance of your Company during the year 2016-17 and the road ahead. Your Company has time and again proved that no challenge is greater than their dedication and commitment which brings the Company to greater heights with every passage of time. Though there were challenging external environments like erratic and adverse agro-climatic conditions, increased input costs, cheap imports etc., the actual sales of our main products manufactured at the units have gone up over previous year along-with profit after tax. Simultaneously, your Company has incessantly continued its efforts in reducing costs by improvising on efficiencies.

The frame of reference in which your Company operates, i.e. the state of economy in general and fertilizer industry in particular, during 2016-17, is briefly outlined for better understanding of the performance of your Company.

## **Overview of the Economy**

Though, the year 2016-17 was really a challenging one for India amidst global crisis, the Indian economy has held its ground firmly due to its inherent strengths and the policies of the Government. A lot of confidence and hope continues to be built around India. The International Monetary Fund has hailed India as a 'bright spot' amidst a slowing global economy. The World Economic Forum has said that India's growth is 'extraordinarily high' and currently, India has emerged as the fastest growing major economy in the world with forecasts on growth ranging from 7.2% - 7.4% to 7.6% - 7.7% for the financial year (FY) 2018 and FY 2019 respectively by various prestigious institutions.

Country's external situation is robust as there is marked reduction in the current account deficit and foreign exchange reserves touched a new record high of US\$ 392.86 billion in the week to July 28, 2017, showing an increase of US\$ 170.56 billion over the level of US\$ 222.3 billion at end-March 2016, aided by an increase in foreign currency assets (FCA) to US\$ 367.15 billion. Country's foreign exchange reserves, seventh highest in the world, are at a comfortable position to buffer any external shocks.

The Government's agenda built around the theme "Transform India" covering various sector in its ambit i.e. agriculture, rural, social education, skills and job creation, infrastructure etc. accompanied with fiscal discipline and endeavour of the Government to simplify the tax laws and bringing friendlier tax regime for ease of doing business in India are truly encouraging. Government's step in demonization of big currency notes to curb black money shows that this Government is serious in implementing the various reforms. This has made the world see India with a renewed interest thereby attracting businesses in the country which will further put Indian economy on a faster growth trajectory. No wonder, the World Economic Forum has said that India's growth is 'extraordinarily high'. India is surging on its way forward in leaps and bounds looking at the Government's commitment to bring more reforms.

Implementation of the country's most comprehensive tax reforms i.e. goods and service tax (GST) assures a single taxation system in the entire country for all goods and services making tax compliance easier and more effective and is expected to have a big positive effect on the economy. This 'one nation one tax' is intended to simplify India's tax structure, broaden the tax base, and create a common market across states and is further expected to bring tremendous benefits to the government, to the business and to the consumers.

Nifty, the performance indicator of overall growth of economy, has scaled beyond the magical milestone of 10000 mark on July 25, 2017 for the first time in history and also managed to sustain above it

on a closing basis while the Sensex scaled a fresh peak of 32000. Coupled with influx of foreign investments, I hope that it will continue to symbolize India's growth story across the world.

## **Overview of the Fertilizer Industry**

I would like to share with you the major changes seen in the industry as a whole during 2016-17.

- I. Change in the compensation formula for production beyond RAC for existing Urea units. Under this formula the definition of IPP has been revised to include central duty and taxes. This has allowed Urea Industry to produce beyond RAC profitably.
- II. Removal of input tax credit by the Gujarat Government on gas sold outside the state resulted in gas costs rising by 13% for the non-Gujarat consumers.
- III. Sanction of ₹ 100 billion Special Banking arrangement (SBA) to the Fertilizer Ministry with an interest subvention equivalent to the 10 years government bond which yields an effective interest rate ~1.75 p.a. to be paid by the Industry. This will certainly help in reducing the interest costs being borne by the Fertilizer units.
- IV. Government of India (GoI) approved a policy on promotion of city compost with provision for market development assistance for scaling up production and consumption of the city compost as a part of Swachh Bharat Mission led by MoUD.
- V. During his presentation of the Union Budget 2016, Hon'ble Finance Minister Shri Arun Jaitley announced that 2000 "Model Fertilizer Retail Shops" would be established within next 3 years Pan-India for empowering the farmers.
- VI. As a precursor to the introduction of Direct Benefit Transfer (DBT) Pan India in the fertilizer sector, GoI has implemented DBT in 17 pilot districts across India to capture authenticated retailer sales and buyer's details. Pan India roll out of the scheme is likely to follow in FY 2018.
- VII. Monsoon, on which a major part of agriculture depends, was erratic and inconsistent which led to low productivity in many key areas

With this background and adverse agro-climatic conditions, the fertilizers sales for industry as a whole had declined by almost 7% during the financial year 2016-17 leading to high systemic inventories as against the financial year 2015-16 (except in case of MOP). Improved efficacy and a more balanced application of nutrients with decline in the MRP of non-urea fertilizers during the year have led to lower urea sales. NPK and DAP sales had declined by 7% and 10% respectively as compared to the previous year. Imports of Urea and DAP declined by 35% and 27% respectively during the year as compared to the previous year. DAP imports mainly declined due to higher domestic production after decline in key raw material prices which led to improved profitability for domestic producers. Decline in Urea imports are attributed to reduced consumption due to non-diversification of Urea for industrial use and also lower requirement as Urea sold was 100% Neem Coated Urea. On the other hand, imports and sales of MOP witnessed growth of 15% and 16% respectively due to corrections in the prices of procurement and sale.

After touching multi-year lows of \$180-\$190 per MT, urea prices have staged a recovery, rising to \$ 220- \$ 240 per MT. The recovery is a result of the decline in Chinese exports by 35% during the year



2016 and rising input costs i.e. coal and natural gas. With rising coal prices and low urea prices a large part of the Chinese capacity became uncompetitive. Additionally, a crackdown by the Chinese Government on coal based units to curb pollution resulted in lower utilization rates during 2016. However, given the recent price recovery and removal of the \$12 per MT export tax on urea by the Chinese Government, Chinese capacities are expected to become competitive and should lead to higher exports during current year 2017, which in turn would keep the urea prices under check. As a result, GoI may choose to import higher quantity of urea and lower its subsidy outgo in the coming years.

Simultaneously, the GoI is working towards revival of old closed units in an endeavour to be self-sufficient in production of Urea. This step will definitely help in containing the subsidy bill / imports apart from having an increased inherent strength of being self-sufficient in main fertilizer i.e. Urea. However, this may take some time.

The revenues of the Fertilizer industry witnessed a 16% decline due to lower gas prices leading to lower retention prices for urea and decline in sales volumes as well. Further, sales of associated chemicals witnessed de-growth due to down-cycle in commodity prices. However, the profitability of the industry remains moderate with operating margins at 10.4% in FY 2017 vis-à-vis 9.2% in FY 2016 due to lower price of key raw materials. The net earnings of the companies improved during FY 2017 to 4.9% as against 2.6% in FY 2016 on account of higher operating margins and lower interest costs. The return indicators along with credit metrics continued to remain under pressure due to high reliance on working capital borrowings to fund subsidy receivables. As subsidy delays are expected to continue, though the backlog will be lower, the financial performance of the industry is expected to continue to remain impacted in the near to medium term.

In India, the urea units have been continuously working on improving their energy efficiencies over the years and are nearly as efficient as some of the best plants in the world. This has kept the domestic urea production competitive against imports, despite the energy cost being on the higher side.

#### **Corporate Overview of the Company:**

Your Company performed reasonably well during the year in spite of sluggish demand due to adverse agro-climatic conditions. Your Company achieved a Turnover of ₹ 7223.17 crore as against ₹ 8241.35 crore in previous year (PY). Lower volumes of fertilizer sales, falling IPP of Urea, declining rates of complex fertilizers and depressed IPD sales realisations led to decline in turnover by 12%. Consequently, Profit Before Tax (PBT) during the year, stood at ₹ 248.73 crore as against ₹ 265.23 Crore, i.e. a reduction by 6% over previous year. Profit After Tax (PAT) stood at ₹ 179.26 crore as against ₹ 172.64 Crore which is marginally higher than previous year by 4% due to lower deferred tax and refunds on account of earlier years assessments.

Your Company is the first public sector to realize the importance of nanotechnology in agriculture which will help in increasing crop productivity and nutrient use efficiency multifold. A novel product based on nanotechnology i.e. nanofertilizers has been designed and tried at field level and it is envisaged to revolutionize the fertilizer and agriculture scenario. Your Company's R&D Department have gone beyond the definition of soil health and plant growth and have developed such fertilizers which not only rejuvenate the soils and increase nutrient use efficiency but will also rejuvenate barren soils. Registration and field trials are in full swing and in days to come, your Company shall be a pioneer in this area. In order to address the micro nutrient deficiencies, a new grade has been launched for Tamil Nadu state. Your Company has also launched a NPK composite bio-fertilizer for sustainable agriculture. In addition to this, in order to provide the farmers and compost units with authentic analysis, the National Accreditation Board for Laboratory Testing and calibration (NABL) certification for R&D Lab has been opened for the customers. In view to implement "Swachha Bharat Abhiyan", the process of compost preparation has been initiated from biodegradable

solid waste.

In addition to above, firm on its commitment to march ahead, your Company is in the process of introducing more fertilizers in its basket from the existing production line i.e. 10:26:26 and 12:32:16. These products have huge demand in our home markets and sales of these products are bound to augment our income and profitability. Trial runs are expected to start shortly.

#### **Projects**

I am happy to announce that your Company is planning to undertake major projects in the direction of:

- self-reliance on scarce resources like water;
- improving efficiency in use of energy in production operations;
- participation in the revival of closed fertilizer units; and
- making efforts for increasing consistently availability of raw materials / finished fertilizers through joint ventures in India and Abroad.

The details of such projects are available in the Directors' Report. Your Company is also looking for opportunities for long term off take agreements for procurement of fertilizers, to ensure sustained growth. I am confident that with your continuous support, encouragement and faith in us and support from the Government, your Company would march ahead successfully.

I am delighted to present the Annual Report for the year 2016-17 and hope to see you on 21<sup>st</sup> September, 2017 at the 39<sup>th</sup> Annual General Meeting of the Company.

#### **Going forward**

Government's commitment to address the various issues faced by farmers and giving to farmers a sense of 'income security' and its ambitious target towards doubling the income of the farmers by 2022 by various policy measures are a positive step. The fertilizer industry in this direction has to play a pivotal role. Your Company being a prominent leader in the fertilizer industry will also play a very important role in achieving the GoI's stated target of doubling the income of the farmers in five years. Your Company adds value to the farmers by increasing the yield of major crops meaningfully by providing services to the farmers, like advising farmers during sowing, water management, type of crops, nutrient application, introducing innovative fertilizers etc. Your Company is in the process of registration and field trials for introducing fertilizers to rejuvenate barren soils and thereby bringing more land under cultivation.

The quantum of monsoon rains has been widespread and is currently at above normal range, which would boost khariff sowing activities. According to India Metrological Department, the cumulative rain received across India has been 105% of the benchmark long period average. With the support of favorable agro-climatic conditions, improved water tables, increased soil health awareness programmes and robust economic outlook your Company will leave no stone unturned in taking your Company's growth to greater heights in 2017-18 and ahead.

#### **Acknowledgement**

Before I conclude, I would like to place on record my appreciation to all my colleagues on the Board, past and present, for their valuable contribution in the growth of the Company. Finally, on behalf of the Board, I would like to thank you, our valued shareholders, for your unwavering support in our journey to deliver value to all our stakeholders.

Thank you, ladies and gentlemen.

**Suresh Warior**

Chairman and Managing Director

Mumbai

Dated : 11<sup>th</sup> August 2017

## SCOPE INTERNATIONAL HR SUMMIT AWARD 2017



Shri K. V. Chowdary, Central Vigilance Commissioner handing over case Study Award for unique and labour welfare scheme titled “Leave Bank” to RCF as a part of ILO Scope International HRM Summit 2017 to Shri M. Thyagarajan, Executive Director(HR), Shri Siddharth Potpose, DGM(HR) and Shri Sanjeev Doshi, Chief Manager(HRD) and other dignitaries.

## INTERNATIONAL WOMEN’S DAY CELEBRATION



Women Employees of RCF Thal & Trombay units at the function organized for International Women’s Day .

FINANCIAL HIGHLIGHTS AT A GLANCE

₹ in Crore

Sr. No.	PARTICULARS	2016-17 As per Ind AS	2015-16 As per revised Schedule VI	2014-15 As per revised Schedule VI	2013-14 As per revised Schedule VI	2012-13 As per revised Schedule VI	2011-12 As per revised Schedule VI	2010-11 As per revised Schedule VI	2009-10	2008-09	2007-08	2006-07	2005-06	2004-2005	2003-2004	2002-2003
1	<b>Turnover</b> (Gross Sales+ Subsidy + Other Income)	7450.74	9013.43	8057.65	6877.89	7102.49	6662.36	5671.60	5826.25	8538.43	5325.06	3644.60	3187.80	2895.90	2396.64	2135.98
2	<b>Profit before Interest (Net), Depreciation and Tax (EBIDTA)</b>	478.34	573.24	887.29	628.59	612.72	531.24	476.74	439.70	487.22	384.31	363.66	284.39	303.99	233.38	12.10
3	Depreciation	141.10	145.13	258.12	141.75	173.15	142.44	112.62	75.60	86.58	86.96	75.42	68.53	96.71	69.17	68.25
4	Interest [Net]	88.51	135.93	111.38	119.90	59.09	12.75	9.65	19.87	74.93	59.32	46.93	0.80	(3.98)	(91.59)	40.54
5	Prior year Adj. - Expenses / (Income)	0.00	1.08	8.16	(0.38)	0.36	1.59	(0.22)	0.02	0.01	(4.04)	0.07	(0.61)	(0.41)	(0.85)	(2.97)
6	<b>Profit / (Loss) Before Tax</b>	248.73	291.10	509.63	367.32	380.12	374.46	354.69	344.21	325.70	242.07	241.24	215.67	211.67	256.65	(93.72)
7	Tax Provision (Net of Adj.)	69.47	99.87	187.57	117.43	99.22	125.22	109.57	109.34	114.12	83.92	92.50	67.71	70.71	88.86	(45.65)
8	<b>Profit / (Loss) After Tax</b>	179.26	191.23	322.06	249.89	280.90	249.24	245.12	234.87	211.58	158.15	148.74	147.96	140.96	167.79	(48.07)
9	Dividend															
	<b>Rate %</b>	11.00	11.00	18.00	15.00	15.00	14.00	11.00	11.00	12.00	10.00	10.00	10.00	17.00	17.00	0.00
	<b>Amount :</b>	73.04	73.04	119.52	96.79	96.81	89.77	70.53	70.77	77.45	64.55	64.55	62.91	107.02	105.81	0.00
	<b>Dividend Payout Ratio %</b>	40.75	38.19	37.11	38.73	34.46	36.02	28.77	30.13	36.61	40.82	43.39	42.52	75.92	63.06	0.00
10	Working Capital	1607.38	1465.03	1695.06	1378.73	1199.67	1116.04	1036.33	1933.66	1896.01	1418.44	1434.06	884.39	849.81	734.48	983.56
11	Capital Employed	4710.66	5564.75	4705.99	4333.38	4073.22	3423.14	2542.65	3176.37	2973.17	2472.58	2449.97	1756.80	1738.87	1609.53	1901.93
12	Net Worth	2925.02	2829.12	2710.93	2508.39	2355.29	2171.20	2011.73	1837.14	1672.42	1537.38	1447.30	1361.50	1271.42	1234.08	1169.51
13	<b>RATIOS</b>															
	Current Ratio [CA : 1]	1.56	1.35	1.62	1.58	1.42	1.40	1.85	2.25	1.93	2.63	3.28	2.29	2.78	2.86	4.54
	Debt Equity Ratio [Debts : ]	0.04	0.05	0.14	0.13	0.09	0.13	0.08	0.72	0.85	0.81	0.66	0.32	0.29	0.17	0.53
	EBIDTA to capital employed %	10.15	10.30	18.85	14.51	15.04	15.52	18.75	13.84	16.39	15.54	14.84	16.19	17.48	14.50	0.64
	PBT to Capital Employed %	5.28	5.23	10.83	8.48	9.33	10.94	13.95	10.84	10.95	9.79	9.85	12.28	12.17	15.95	(4.93)
	PAT to Capital Employed %	3.81	3.44	6.84	5.77	6.90	7.28	9.64	7.39	7.12	6.40	6.07	8.42	8.11	10.42	(2.53)
	PBT to Net Worth %	8.50	10.29	18.80	14.64	16.14	17.25	17.63	18.74	19.47	15.75	16.67	15.84	16.65	20.80	(8.01)
	PAT to Net Worth %	6.13	6.76	11.88	9.96	11.93	11.48	12.18	12.78	12.65	10.29	10.28	10.87	11.09	13.60	(4.11)
	PAT to Equity %	32.49	34.66	58.38	45.30	50.92	45.18	44.43	42.57	38.35	28.67	26.96	26.82	25.55	30.41	(8.71)
	PBT to Turnover %	3.34	3.23	6.32	5.34	5.35	5.62	6.25	5.91	3.81	4.55	6.62	6.77	7.31	10.71	(4.39)
	PAT to Turnover %	2.43	2.14	4.04	3.67	3.99	3.78	4.37	4.07	2.50	3.00	4.12	4.69	4.92	7.07	(2.27)
	Earning per share Before Tax (₹)	4.51	5.28	9.24	6.66	6.89	6.79	6.43	6.24	5.90	4.39	4.37	3.91	3.84	4.65	(1.70)
	Earning per share After Tax (₹)	3.25	3.47	5.84	4.53	5.09	4.52	4.44	4.26	3.84	2.87	2.70	2.68	2.56	3.04	(0.87)
	EBIDTA to Turnover %	6.48	6.42	11.12	9.23	8.71	8.05	8.49	7.55	5.71	7.22	9.98	8.92	10.50	9.74	0.57



## Senior Managers

Name	Designation
Umesh V. Dhattrak	Executive Director (Planning & Proj. Devt.)
Ravindra P. Jawale	Executive Director (Thal)
Shirish G. Bhogle	Executive Director (HRD, R&D and IT)
S. Parthasarathy	Executive Director (Finance & CSO)
Saifuddin K. Fidvi	Executive Director (QC-Corp)
Arvind N. Shende	Executive Director (HSE) Corp.
Ajit S. Kashikar	Executive Director (Trombay) I/C
Arvind T. Jadhav	Executive Director (IPD) I/C.
Nuhu H. Kurane	Executive Director (Marketing) I/C.
Suhas S. Varadkar	Chief Gen Mgr (Operations), Thal
Arun V. Nawade	Chief Gen Mgr (HR)
Bharat G. Galgali	Chief Gen Mgr (Commercial)
P. L. C. K. Prasad	Chief Gen Mgr (Finance)
Chandraguptarajah S. A.	Chief Gen Mgr (STP/ETP, R&D, Amm I, Amm.V & Urea)
Sudhir D. Panadare	Chief Gen Mgr (Operations)
V. P. Sreekrishnan	Chief Gen Mgr (Maintenance)
Subhash S. Kawade	Chief Gen Mgr (Corp. Finance)
Rajendra P. Paradkar	Chief Gen Mgr (Co-Ordination)
Asok Kumar Das	Chief Gen Mgr (Projects, PHS & Utilities), Thal
Milind M. Deo	Gen Mgr (Technical), Thal
Satish B. Pawar	Gen Mgr (HR-Admn)
Abhay V. Lonkar	Gen Mgr (Utility & Projects), Thal
Prakash M. Chauhan	Gen Mgr (IA)
Dilip J. Chavan	Gen Mgr (CC & CSR)

## Contents

Particulars	Page Nos.
Notice	1
Directors Report	9
Management Discussion and Analyst Report	27
Business Responsibility Report	53
Corporate Governance Report	63
<b>Standalone Financial Statements:</b>	
Independent Auditor's Report	75
CAG Report on Standalone Financial Statements	87
Balance Sheet as at 31 <sup>st</sup> March, 2017	88
Statement of Profit and Loss for the year ended 31 <sup>st</sup> March, 2017	90
Cash Flow Statements	91
Notes to Financial Statements	109
<b>Consolidated Financial Statements:</b>	
Consolidated Independent Auditor's Report	175
CAG Report on Consolidated Financial Statements	183
Consolidated Balance Sheet as at 31 <sup>st</sup> March, 2017	184
Consolidated Statement of Profit and Loss for the year ended 31 <sup>st</sup> March, 2017	186
Consolidated Cash Flow Statements	187
Notes to Consolidated Financial Statements	207
AoC-1	256

**Company Secretary :** Shri D. M. Sati  
**Email address :** [investorcommunications@rcfltd.com](mailto:investorcommunications@rcfltd.com)  
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**Telephone :** (022) 25523114/3118  
**Registered Office :** "Priyadarshini",  
Eastern Express Highway,  
Sion, Mumbai 400 022.  
**Share Transfer Agent:** M/s. Link Intime India Pvt. Ltd.,  
C-101, 247 Park,  
L.B.S. Marg, Vikhroli West,  
Mumbai – 400 083  
**(022) 49186000**

### Bankers

State Bank of India  
Swastik Chamber  
Chembur, Mumbai.

### Statutory Auditors:

M/s Kalyaniwalla & Mistry LLP, Mumbai  
M/s Chhajed & Doshi, Mumbai

### Cost Auditors:

Shri Rohit J Vora, Mumbai  
M/s Musib & Co., Mumbai.

### Solicitor:

M/s M.S. Bodhanwalla & Co., Mumbai.

# RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

Registered Office: "Priyadarshini", Eastern Express Highway,  
Sion, Mumbai - 400 022.

**CIN: L24110MH1978GOI020185**

Phone: 022-24045024/ Fax: 022 24045022

Email Id: investorcommunications@rcfltd.com / Website: www.rcfltd.com

## NOTICE

### THIRTY NINTH ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the THIRTY NINTH ANNUAL GENERAL MEETING OF THE MEMBERS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED will be held at "Sivaswamy Auditorium", The Fine Arts Society, Fine Arts Chowk, RC Marg, Chembur, Mumbai 400 071, on Thursday, the 21<sup>st</sup> day of September, 2017 at 3.00 p.m. to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the year ended 31<sup>st</sup> March, 2017, including Profit & Loss Statement for the year ended 31<sup>st</sup> March, 2017 and Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To declare dividend on equity share capital for the financial year 2016-17;
3. To appoint a Director in place of Shri Suresh Warior (DIN:06920261), who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Sushil Kumar Lohani (DIN: 06912948), who retires by rotation and being the eligible, offers himself for reappointment.
5. To fix the remuneration of Statutory Auditors for the Financial Year 2017-18 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 142 and other applicable provisions, if any, of the Companies Act, 2013, approval of the Company be and is hereby accorded to the Board of Directors to fix the remuneration, as may be reasonable and expedient, of the Statutory Auditors appointed by the Comptroller and Auditor General of India for conducting the Audit of the accounts of the Company for the financial year 2017-18."

#### SPECIAL BUSINESS:

6. To appoint Ms. Alka Tiwari, as Director of the Company.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and 161 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Alka Tiwari (DIN: 03502306), who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. 6<sup>th</sup> March, 2017 and who holds office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company w.e.f. 6<sup>th</sup> March, 2017, in terms of letter no. 130/8/2003-H.R.-I dated 6<sup>th</sup> March, 2017 issued from Ministry of Chemicals & Fertilizers, who shall be liable to retire by rotation."

7. To appoint Shri Suryanarayana Simhadri, as an Independent Director of the Company.

To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Shri Suryanarayana Simhadri (DIN: 01951750), who was appointed as an Additional Director of the Company w.e.f. 8<sup>th</sup> March, 2017 and who holds office upto the date of this Annual General Meeting,



and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of three years w.e.f. 8<sup>th</sup> March, 2017, or until further orders, whichever is earlier, in terms of letter no. 78/2/2006-HR-I dated 8<sup>th</sup> March, 2017 issued from Ministry of Chemicals & Fertilizers. He shall not be liable to retire by rotation.”

8. Approval of Cost Auditor’s remuneration

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re- enactment thereof for the time being in force) the remuneration payable to M/s. K. G. Goyal & Associates, Cost Accountants (Firm Registration No.00024), Jaipur, appointed by the Board of Directors as Cost Auditors to conduct the audit of the Cost records of the Company for the financial year ending 31<sup>st</sup> March, 2018, amounting to ₹ 2,00,000/- excluding applicable taxes be and is hereby ratified and confirmed.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution”.

9. To approve offer or invitation to subscribe to Secured Non-Convertible Debentures on private placement.

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company, approval of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which terms shall be deemed to include any Committee which the Board may constitute to exercise its powers, including

the powers conferred by this resolution) to offer or invite subscriptions for secured non-convertible debentures (NCDs), in one or more series/tranches, aggregating upto to ₹ 1,000 Crore (Rupees One Thousand Crore Only), on private placement, from such persons and on such terms and conditions as the Board of Directors of the Company may, from time to time, determine and consider proper and most beneficial to the Company including, without limitation, as to when the said Debentures are to be issued, the consideration for the issue, mode of payment, coupon rate, redemption period, utilization of the issue proceeds and all matters connected therewith or incidental thereto.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary to proper or expedient to give effect to this resolution.”

By order of the Board of Directors

(D. M. Sati)  
Company Secretary

Date: 11<sup>th</sup> August, 2017

Place: Mumbai

**Notes:**

1. A member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting. A person can act as a proxy on behalf of members not exceeding fifty numbers and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Register of Members and Share Transfer books will be closed from Friday, the 15<sup>th</sup> September, 2017 to Thursday, the 21<sup>st</sup> September, 2017 [both days inclusive].

The dividend, if declared at the AGM, will be paid on or after Thursday, 21<sup>st</sup> September, 2017 to those persons;

- (a) whose names appear as beneficial owners as at the end of the business hours on Thursday, 14<sup>th</sup> September, 2017 in the list of beneficial owners to be furnished by the National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”) in respect of the shares held in electronic forms; and
  - (b) whose names appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/ Registrar and Share Transfer Agents on or before Thursday, 14<sup>th</sup> September, 2017.
4. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.
  5. Members are requested to notify immediately any changes in their address to the Company or its Transfer Agents: M/s. Link Intime India Pvt. Ltd., C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083.
  6. The details of the Directors seeking re-appointment/ appointment are annexed hereto in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 on General Meetings.
  7. Any clarifications needed by the members of the Company may be addressed to the Company Secretary at the Registered Office of the Company or through e-mail [investorcommunications@rcfltd.com](mailto:investorcommunications@rcfltd.com) at least seven days prior to the date of Annual General Meeting.
  8. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2008-09, from time to time on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 23<sup>rd</sup> September, 2016 (date of last Annual General Meeting) on the website of the Company ([www.rcfltd.com](http://www.rcfltd.com)), as also on the website of the Ministry of Corporate Affairs.

During the year 2017-18, the Company would be transferring unclaimed dividend amount for the financial year ended 31<sup>st</sup> March, 2010 on or before 1<sup>st</sup> September, 2017 to IEPF.

Members who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company or to the Registrar and Transfer Agents, M/s. Link Intime India Private Limited, immediately. Members are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any claims.

In accordance with Section 124(6) of the Companies Act, 2013 read with the IEPF Rules, all the shares in respect of which dividend has remained unclaimed or unpaid for 7 (seven) years or more are required to be transferred to the Demat Account of the IEPF Authority. The Company has already sent notices to all such members. In case the Company received no communications from the members, necessary steps will be initiated by the Company to transfer shares held by the members to the IEPF authority without further notice. Please note that no claim shall lie against the Company in respect of the shares so transferred to the IEPF authority.

The shares transferred to the IEPF authority can be claimed back by the concerned members from the IEPF authority after complying with the procedure prescribed under IEPF Rules. The details of the unclaimed dividends are available on the Company’s website [www.rcfltd.com](http://www.rcfltd.com) and the Ministry of Corporate Affairs’ website ([www.mca.gov.in](http://www.mca.gov.in)).

9. Members holding shares in physical form should notify change in their addresses, if any, to the Registrar & Transfer Agent specifying full address in block letters with PIN CODE of their post offices, which is mandatory. Members holding shares in electronic form (demat), should inform the change of address to their depository participant.
10. Electronic copy of the 39<sup>th</sup> Annual Report for 2017, indicating process and manner of e-voting along with attendance slip and proxy form, is being sent to all members whose email ids are registered with the Company/depository participant(s) for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2017,



- indicating process and manner of e-voting along with attendance slip and proxy form, are being sent in the permitted mode.
11. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notices, Circular, etc., from the Company in electronic mode.
  12. Members/Proxies are requested to bring the Attendance Slip(s) duly filled in.
  13. Members may also note that the 39<sup>th</sup> Annual Report for 2016-17 will also be available on the Company's website [www.rcfltd.com](http://www.rcfltd.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. For any communication, the members may also send requests to the Company's designated email id: [www.investorcommunications@rcfltd.com](mailto:www.investorcommunications@rcfltd.com).
  14. A route map showing directions to reach the venue of the 39<sup>th</sup> AGM is given along with this Annual Report as per the requirement of the Secretarial Standards 2 on General Meetings.
  15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the Securities market. Members holding shares in electronic form are, accordingly, requested to submit their PAN to the depository participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company/RTA.
  16. Voting through electronic means
    - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 39<sup>th</sup> Annual General Meeting (AGM) by electronic means. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL).
    - II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
    - III. The voting rights of the Members shall be in proportion to their shares in the paid-up share capital of the Company as on the cut-off date, being Thursday, 14<sup>th</sup> September, 2017.
    - IV. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of AGM Notice and holding shares as of the cut-off date, i.e 14<sup>th</sup> September, 2017 may refer to this Notice of the 39<sup>th</sup> Annual General Meeting of the Company, posted on Company's website [www.rcfltd.com](http://www.rcfltd.com) for detailed procedure with regard to remote e-Voting. The Notice shall also be available at [www.evotingindia.com](http://www.evotingindia.com)
    - V. A member may participate in the AGM even after exercising his right to vote through remote e-Voting, but cannot vote again at the AGM. More details pertaining to e-Voting is included under the Section "Instructions for remote e-Voting" annexed to this Notice.
    - VI. Shri Bhumitra V. Dholakia, Practising Company Secretary and Designated Partner of M/s. Dholakia and Associates LLP, Company Secretaries has been appointed as the Scrutinizer to scrutinize the remote e-voting and ballot process in a fair and transparent manner.
    - VII. The Scrutinizer shall, within 3 days of conclusion of the meeting, make a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a Director authorised by him. The Chairman or a Director authorised by him shall declare the result of the voting forthwith.
    - VIII. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.rcfltd.com](http://www.rcfltd.com) and on the website of CDSL e-Voting [www.evotingindia.com](http://www.evotingindia.com) immediately after the result is declared by the Chairman. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited, Mumbai, where the shares of the Company are listed.

17. The process and manner for remote e-voting are as under:

- (i) The remote e-voting period commences on Monday, 18<sup>th</sup> September, 2017 (9.00 a.m. IST ) and ends on Wednesday, 20<sup>th</sup> September, 2017 (5.00 p.m. IST). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Thursday, 14<sup>th</sup> September, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- (ii) The members who have cast their vote by remote e-voting prior to the AGM, may also attend the AGM, but shall not be entitled to cast their vote again.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iv) Click on Shareholders / Members
- (v) Now Enter your User ID
  - a. For CDSL: 16 digit beneficiary ID;
  - b. For NSDL: 8 Character DP ID followed by 8 Digit Client ID;
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
OR Date of Birth (DOB)	<ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution, you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>



modify your vote.

- (xvii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xviii) If Demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non-Individual Shareholders and Custodians.
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details, a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the

Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

### STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following statement sets out all the material facts relating to the Special Business mentioned in the accompanying Notice.

#### Item No. 6

Ms. Alka Tiwari, who has been appointed by President of India as Government Nominee Director on the Board of the Company w.e.f. 6<sup>th</sup> March, 2017, pursuant to Section 161(1) of the Companies Act, 2013 read with Article 81(4) of Articles of Association of the Company, will hold the office till the date of 39<sup>th</sup> Annual General Meeting.

Ms. Tiwari is a 1988 batch of IAS officer and is presently Joint Secretary, Department of Fertilizers, Ministry of Chemicals and Fertilizers, New Delhi. She has held various positions in Government of Jharkhand and Government of India. She has also served as Advisor to the NITI Aayog, Principal Secretary. She has varied and rich experience in Government, in different positions, and has great managerial capabilities.

Ms. Alka Tiwari is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director.

Ms. Tiwari does not hold any shares in the Company by herself or for any other person on beneficial basis. The Company has received a notice in writing from a member proposing the candidature of Ms. Alka Tiwari for the office of Director.

Except Ms. Alka Tiwari, to whom the resolution relates, no Director, Key Managerial Personnel of the Company or their relatives, is concerned or interested, financially or otherwise, in the resolution.

The Board of Directors considered that keeping in view her vast expertise and knowledge, it will be in the interest of the Company to appoint her as Director.

The Directors, therefore, recommend the resolution set forth in item no. 6 for the approval of the members.

#### Item No. 7

Shri Suryanarayana Simhadri who has been appointed by President of India as an Independent Director on the Board of the Company w.e.f. 8<sup>th</sup> March, 2017, pursuant to Section 161(1) of the Companies Act, 2013 read with Article 81(4) of Articles of Association of the Company, will hold the office till the date of 39<sup>th</sup> Annual General Meeting.

Shri Simhadri is a qualified Chartered Accountant and has more than 23 years of rich experience in finance, taxation, banking and management. He has served as the Director on Board of State Bank of Hyderabad for 3 years. He has served

as an Independent Director on Board of a listed company and also on Board of various private companies. He is also Director on the Board of Ekalavya Grameena Vikas Foundation. He has completed the Management Program in Public Policy in India School of Business. He has also been special invitee to Regional Electronic Media for debating on Social and Economic issues.

Shri Simhadri is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director.

The Company has received a declaration from Shri Suryanarayana Simhadri that he meets with the criteria of independence as prescribed both under sub-section (6) of section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Shri Suryanarayana Simhadri fulfills the conditions for his appointment as an Independent Director as specified in the Act.

Shri Suryanarayana Simhadri does not hold any shares in the Company by himself or for any other person on beneficial basis. The Company has received a notice in writing from a member proposing the candidature of Shri Suryanarayana Simhadri for the office of Director

Except Shri Suryanarayana Simhadri, to whom the resolution relates, no Director, Key Managerial Personnel of the Company or their relatives, is concerned or interested, financially or otherwise, in the resolution.

The Board of Directors considered that keeping in view his vast expertise and knowledge, it will be in the interest of the Company to appoint him as Director.

The Directors, therefore, recommend the resolution set forth in item no. 7 for the approval of the members.

#### **Item No. 8**

Pursuant to the recommendation of the Audit Committee, the Board of Directors at their meetings held on 19<sup>th</sup> May, 2017 & 11<sup>th</sup> August, 2017, has considered and approved the appointment of M/s. K. G. Goyal & Associates, Cost Accountants (Firm Registration No.00024) Jaipur to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2018, as set out in the Resolution under this Item of the Notice.

In accordance with Rule 14 of Companies (Audit and Auditors) Rules 2014, remuneration payable to the Cost Auditors as recommended by the Audit Committee and

approved by the Board of Directors, requires ratification by the Shareholders and hence this resolution is put for the consideration of the shareholders.

No Director, Key Managerial Personnel of the Company or their relatives, is concerned or interested, financially or otherwise, in the resolution.

The Directors, therefore, recommend the resolution set forth in item no. 8 for the approval of the members.

#### **Item No. 9**

Sub-rule (2) of Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 prescribed under Section 42 of the Act dealing with private placement of securities by a company states that in case of an offer or invitation to subscribe for non-convertible debentures on private placement, the company shall obtain previous approval of its shareholders by means of a special resolution only once in a year for all the offers or invitations for such debentures during the year. Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 deals with issue of secured debentures.

In order to augment long term resources for financing, inter alia, the ongoing capital expenditure and for general corporate purposes, the Board may, at an appropriate time, offer or invite subscription for secured non-convertible debentures, in one or more series/tranches on private placement, issuable/redeemable at par.

Accordingly, consent of the members is sought for passing the Special Resolution as set out at Item No. 9 of the Notice. This resolution is an enabling resolution and authorises the Board of Directors of the Company to offer or invite subscription for Secured Non-convertible Debentures, as may be required by the Company, from time to time for a year from the date of passing this resolution.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the Notice.

The Directors, therefore, recommend the resolution set forth in item no. 9 for the approval of the members.

**By order of the Board of Directors**

Date: 11<sup>th</sup> August, 2017  
Place: Mumbai

**(D. M. Sati)**  
**Company Secretary**



**DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE AGM PURSUANT TO SECRETARIAL STANDARD 2 ON GENERAL MEETING**

Name	Shri Suresh Warrior (DIN:06920261)	Shri Sushil Kumar Lohani (DIN: 06912948)	Ms. Alka Tiwari (DIN: 03502306)	Shri Suryanarayana Simhadri (DIN: 01951750)
Age	59 years 18.07.2014	45 years 02/07/2014	51 years 06/03/2017	50 years 08/03/2017
Date of Appointment	18.07.2014	02/07/2014	06/03/2017	08/03/2017
Qualification	Cost Accountant	B.Tech (Mech.Engg) & IAS	Graduate (English), P.G. (Psychology) & IAS	Chartered Accountant
Terms & Conditions of appointment	Appointed as Director (Finance) by President of India through Ministry of Chemicals & Fertilizers.	Appointed as Part-time Official Director by President of India through Ministry of Chemicals & Fertilizers.	Appointed as Part-time Official Director by President of India through Ministry of Chemicals & Fertilizers.	Appointed as Part-time non-Official Director (Independent Director) by President of India through Ministry of Chemicals & Fertilizers.
Expertise in specific functional area	Shri Warrior has a very rich and varied experience in various facets of Financial Management.	Shri Lohani is an IAS officer and is presently Jt. Secretary, Department of Fertilizers, Ministry of Chemicals and Fertilizers, New Delhi. He has varied and rich experience in Government, in different positions, and has great managerial capabilities.	Ms Tiwari is a 1988 batch of IAS officer and is presently Joint Secretary, Department of Fertilizers, Ministry of Chemicals and Fertilizers, New Delhi. She has varied and rich experience in Government, in different positions, and has great managerial capabilities.	Shri Simhadri has more than 23 years of rich experience in finance, taxation, banking and management.
Details of remuneration last drawn (Financial year 2016-17)	₹ 0.47 Crore	Nil	Nil	₹ 0.15 Lakh (Sitting fees)
Number of Meetings of the Board held during the year and number of Board Meetings attended	10/10	7/10	1/1	1/1
Relationship with any other Director, Manager and other KMP of the Company	N.A.	N.A.	N.A.	N.A.
Directorship held in other companies	a. FACT-RCF Building Products Limited b. Talcher Fertilizers Limited c. The Fertilisers and Chemicals Travancore Limited	The Fertilisers and Chemicals Travancore Limited	The Fertilisers and Chemicals Travancore Limited	Ekalavya Grameena Vikas Foundation
Memberships/ Chairmanship of Committees in other Companies	Nil	Nil	Nil	Nil
No. of Shares held	Nil	Nil	Nil	Nil

## DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting this 39<sup>th</sup> Annual Report on the working of your Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2017.

### 1.0.0 FINANCIAL PERFORMANCE

#### 1.1.0 SUMMARY OF FINANCIAL PERFORMANCE

₹ Crore

Particulars	2016-17	2015-16
<b>Total Revenue</b>	<b>7291.15</b>	<b>8326.40</b>
<b>Total Operating Cost</b>	<b>6807.34</b>	<b>7768.25</b>
<b>Operational Profit</b>	<b>483.81</b>	<b>558.15</b>
Depreciation/Impairment	141.10	147.65
Finance Cost	93.98	145.27
<b>Profit/ (Loss) before tax</b>	<b>248.73</b>	<b>265.23</b>
Provision for Tax (including deferred Tax liability/ Asset)	69.47	92.59
<b>Net Profit / (loss)</b>	<b>179.26</b>	<b>172.64</b>
<b>Retained Earnings</b>		
<b>Less: Dividend Paid (Previous financial year)</b>	<b>60.69</b>	<b>99.30</b>
<b>Less :Dividend Distribution Tax</b>	<b>12.35</b>	<b>20.22</b>
<b>Add: Re-measurement of Defined Benefit Plan</b>	<b>0.79</b>	<b>2.13</b>
<b>Less: Balance Transferred to General Reserve</b>	<b>107.01</b>	<b>55.25</b>

The Company has adopted Indian Accounting Standards (Ind As) with effect from 1<sup>st</sup> April, 2015, pursuant to the notification of Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs. Accordingly, previous years' figures have been restated and audited by the Joint Statutory Auditors of the Company, namely, M/s Kalyaniwalla & Mistry LLP, Chartered Accountants and M/s Chhajer & Doshi, Chartered Accountants.

The major factors contributing to the reduction in the Company's profitability before tax are as under:

- Provision made during the year on sale of surplus ammonia in the ratio of 35:65 (35% to GoI).
- Falling IPP of Urea has impacted the operating Margins of production of Urea beyond Reassessed capacity.
- Price protection provision for imported MOP for the period December 2015 to September 2016 was reckoned, which impacted trading profitability.

- Provision made towards wage revision due from 01.01.2017 in line with Pay Revision committee recommendations.
- Provision made during the year towards wage revision arrears effective from 01.01.2016 payable to CISF, Railway staff deployed with the Company & Contract Labour.

However the Company's profit after tax is marginally higher due to reversals of earlier year's tax provisions on finalisation of the Assessments and lower deferred tax liability provision as compared to the previous year.

#### 1.2.0 MEMORANDUM OF UNDERSTANDING WITH GOVERNMENT OF INDIA

RCF has been entering into a Memorandum of Understanding (MoU) with the Ministry of Chemicals & Fertilizers, Government of India, setting the performance parameters and targets every year. Your Company has consistently maintained "Excellent" MoU performance rating over the years. However, the Company has received "Very Good" rating for the year 2015-16.

In spite of an excellent performance in 2015-16, Company's MoU ratings were "Very Good" mainly on account of lower profit due to creation of liability of ₹ 181.97 Crore on account of pool price differential for non-urea operations. This had impacted the actual profits and the ratios considered in evaluation of MoU performance. The Company had sought set off between the actual price and the price considered in MOU targets for use of gas in P&K fertilizers at the time of fixing targets which if agreed to by the Ministry would have resulted in the Company getting "Excellent" ratings.

The performance rating for 2016-17 MoU is yet to be finalised by the Government.

#### 1.3.0 DIVIDEND

Although your Company has lined up a number of capex programmes which will entail substantial expenditure, considering the consistent profits being made by the Company, your Directors have recommended a dividend of ₹ 1.10 (i.e. 11%) per equity share (Previous year ₹ 1.10 per equity share) for the financial year 2016-17. The total outgo on this account works out to ₹ 73.04 Crore (₹ 73.04 Crore in the previous year) including dividend distribution tax and education cess. The dividend payout is subject to the approval of members at the ensuing Annual General Meeting.



#### 1.4.0 APPROPRIATION TO GENERAL RESERVES

Your Company earned a net Profit after Tax of ₹179.26 Crore (₹172.64 Crore in the previous year). The dividend payout along with Tax and education cess is ₹73.04 Crore (₹73.04 Crore in the previous year). The balance amount of ₹107.01 Crore (₹55.25 Crore in the previous year) is transferred to General Reserves.

#### 1.5.0 AWARDS WON

As in the past, your Company has won many awards during the year 2016-17, some of which are as under:

##### Trombay unit

- 1<sup>st</sup> Prize in 11<sup>th</sup> State Level Energy Conservation Award 2015-16 in Chemical Sector instituted by Maharashtra Energy Development Agency (MEDA).
- “National Energy Conservation Award 2016”- Certificate of Merit in the Fertilizer Sector from Bureau of Energy Efficiency.
- ICC Award 2015 for Efficient Waste Management.
- FAI Award for “Excellence in Bio fertilizer production, promotion and marketing” for the year 2015-16.
- ‘Performance Excellence Award 2015 (Organization)’ from Indian Institute of Industrial Engineering.
- “Environmental protection Award in the NPK Fertilizer” for the year 2015-16 issued by FAI.
- FAI Award for Paper presentation on “Improving reliability and environmental performance of Urea Plant at RCF Trombay”.

##### Thal Unit

- Green Leaf Award of International Fertiliser Association 2017 to RCF Thal Unit for “Excellence in Safety Health and Environment” at Amman, Jordan.
- Certificate of merit to HWP, RCF Thal for “Meritorious performance in Industrial Safety during the year 2015” by National Safety Council-Maharashtra.
- ICC (Indian Chemical Council) Certificate of Merit for excellence in Energy Conservation and Management for the year 2015.

In addition to the above, your Company has been won following Awards:

- Product and Sustain Certification for outstanding achievement at your Company’s Mumbai Offices, Thal and Trombay Units by International Fertilizer Industry Association.

- Vigilance Excellence Award for CTE inspection in 2016-17 from Vigilance Study Circle, Mumbai

#### 1.6.0 OFFER FOR SALE BY THE GOVERNMENT OF INDIA TO THE PUBLIC

Offer for Sale of 2,75,84,405 equity shares of the Company, representing 5% of the total share capital of the Company by the Government of India, was made in June 2017 in line with the directive of SEBI to maintain all time at least 25% of minimum public shareholding. The offer was opened on 29<sup>th</sup> June, 2017 (for Non-Retail Investors) and on 30<sup>th</sup> June, 2017 (for Retail Investors and for Non-Retail Investors who choose to carry forward their bids) through a separate, designated window of BSE Ltd. and The National Stock Exchange of India Limited. The Floor Price for the Offer was fixed at ₹ 74.25 per equity share of the Company. An amount of ₹ 205.15 Crore (excluding net of stock exchange transaction charges and all applicable taxes and stamp duty) was garnered through offer for sale by the Government of India.

Consequent upon sale of 2,75,84,405 Equity Shares by Government of India, the equity holding of Government of India in your Company stands reduced to 75% of paid up capital from 80%.

#### 2.0.0 OPERATIONAL RESULTS:

##### 2.1.0 Production:

##### 2.1.1 Fertilizers:

Your Company produced 30.17 lakh MT of fertilizers ( 25.52 lakh MT of Urea and 4.65 lakh MT of Suphala 15:15:15 ) during the year as against 31.83 lakh MT of fertilizers (25.46 lakh MT of Urea, 4.62 lakh MT of Suphala 15:15:15 and 1.75 lakh MT of Suphala 20:20:0) produced during the previous year. In terms of nutrients, your Company produced 12.44 lakh MT of Nitrogen (N), 0.70 lakh MT of Phosphate (P<sub>2</sub>O<sub>5</sub>) and 0.70 lakh MT of Potassium (K<sub>2</sub>O) during the year as compared to 12.75 lakh MT of Nitrogen (N), 1.04 lakh MT of Phosphate (P<sub>2</sub>O<sub>5</sub>) and 0.69 lakh M T of Potassium (K<sub>2</sub>O) during the previous year.

##### 2.2.0 MARKETING PERFORMANCE

##### 2.2.1 Fertilizer Division:

Your Company achieved sales volume of 31.87 lakh MT during 2016-17 as compared to 33.75 lakh MT during the previous year. Your Company sold 25.63 lakh MT of Urea, 4.76 lakh MT of Suphala 15:15:15, 0.05 lakh MT of Suphala 20:20:0 and 1.43 lakh MT of other bought out products such as DAP, MOP, etc., compared to 26.52 lakh MT of Urea, 4.36 lakh MT of Suphala 15:15:15, 1.86 lakh MT of Suphala 20:20:0 and 1.01 lakh MT of

other bought out products during the previous year. The total sale of manufactured fertilizers during 2016-17 was 30.44 lakh MT as against 30.88 lakh MT during the previous year.

Sales of manufactured fertilizers registered reduction of 1.42% over previous year owing to poor agro-climatic conditions and glut of fertilizers in the market.

### 2.2.2 Industrial Products Division:

Industrial Products Division achieved sales turnover of ₹ 919 Crore as against ₹ 1063 Crore during the previous year. Owing to depressed sales realizations of IPD products and higher cost of operations on account of increase in gas prices, production of some products like Methanol, Sodium Nitrate/Nitrite and Methylamines at Trombay and DMF and Formic Acid at Thal were suspended, which had an adverse impact on the profitability of IPD products.

### 2.2.3 Exports:

Considering the nature of products manufactured by your Company and indigenous demand, the scope for export is very limited. High cost of production is the main restraining factor for venturing in the international market, as it renders our products unviable compared to lower cost of imports of similar products. However, your Company has been successful in popularizing our ABC brand in the overseas market through third party export. During financial year 2016-17, your Company has done third party export of ABC to the tune of ₹ 37.74 lakh as against ₹ 50.59 lakh during the previous year.

### 2.3.0 RISK MANAGEMENT

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has framed a Risk Management Policy for risk assessment and minimization procedures. The Risk Management Policy developed with the objective of having a balanced approach towards business plan and mitigating the associated risks, is in place. The system identifies better management practices to ensure greater degree of confidence amongst various stakeholders and facilitates good Corporate Governance practice. All risks associated with Operations, Environment, Finance, Marketing, Human Resource, Legal, Information Technology Security, Projects etc., are continuously monitored. The degree of impact of the perceived risks is further graded into high, medium and low and the probability of the occurrence of each risk is also classified on regular basis. In order to mitigate losses arising out of such perceived risks, appropriate procedures are being adopted to contain the risks. Also the practices adopted during emergencies, including the communication system and mode

of disseminating information are periodically reviewed and updated to minimize the impact on the Company. Quarterly report in respect of the same is presented to the Board.

### 2.4.0 MAJOR EXPANSION AND DIVERSIFICATIONS:

Your Company is planning to undertake major projects as under:

#### Ongoing Projects

#### 2.4.1 Sewage Treatment Plant (STP) at Trombay

Water supply situation in Mumbai is getting more and more difficult day by day. Ensuring water availability has become critical for the smooth functioning of the Trombay unit given the competing demand for water in the city. Recognizing this, your Company is setting up another new Sewage Treatment Plant (STP) adjacent to the existing STP with a capacity to treat 22.75 Million Litres per Day (MLD) of Municipal Sewage to produce about 15 MLD of treated water. A portion of the treated water will be supplied to M/s Bharat Petroleum Corporation Ltd. (BPCL), on mutually agreed terms. Estimated project capital cost is about ₹ 209 Crore and work is underway.

#### 2.4.2 Gas Turbine Project at RCF Thal

Your Company intends to reduce the specific energy consumption in its Ammonia and Urea Plants at Thal. Your Company has proposed to install Gas Turbine (GT) of 2 x 32 MW ISO along with Heat Recovery Steam Generator (HRSG) of 2 x 100 MTPH capacity. At present, the power requirement is met through Steam Turbo Generator (STG) of 30 MW (15x2 MW). The project is being executed on LSTK basis. As a part of this project, some of the steam turbine drives are proposed to be replaced with motors. The estimated energy saving is 0.35 Gcal/MT of Urea and estimated project cost is ₹ 494 Crore. Project is estimated to be completed by Dec. 2017. Energy saving of 0.30 Gcal/MT of Urea will be achieved after Dec 2017 and rest will be achieved in the year 2018-19 after installation of new ARC compressor.

#### 2.4.3 New Process Air Compressor at Thal

Installation of one new higher capacity PAC-IV with GT-HRSG for energy saving. Energy saving expected is 0.217 Gcal/MT of Urea. Project is expected to be completed by Sept, 2019 at an estimated cost of ₹ 346.25 Crore.

#### 2.4.4 VAM unit for Process Air Compressor at Thal

PAC-I/II suction air chilling for energy saving shall be implemented. Energy saving is expected to be 0.009 Gcal/MT of Urea. Project is expected to be



completed in 2017-18 at estimated cost of ₹ 13.77 Crore.

#### 2.4.5 Revamp of CO2 compressor at Thal

Revamping of CO2 compressors and turbines in all the three units is planned with investment of ₹ 138 Crore. Estimated energy saving is 0.11 Gcal/MT of Urea. Total scheme is expected to be completed in 2018-19.

#### 2.4.6 VAM unit for CO2 Compressor at Thal

Installation of VAM for CO2 compressor suction cooling at estimated cost of ₹ 14 Crore. Expected energy saving is 0.01Gcal/MT of Urea. Scheme shall be completed in 2018-19.

#### 2.4.7 VFD for HP Ammonia Feed pump at Thal

Installation of variable frequency drive on HP Ammonia feed pumps for power saving at estimated cost of ₹ 8.31 Crore. Saving expected is 0.008 Gcal/MT of Urea.

#### 2.4.8 Trombay Urea-V Plant Revamp (Casale Scheme)

The revamp scheme is based on End-to-End survey conducted by M/s Casale SA, Switzerland. The project has been taken-up with following objectives:

- Reduction in specific energy consumption of Urea.
- Plant capacity: 1350 MTPD on sustained basis.
- Improving the waste water quality to Boiler Feed Water grade.

The revamp scheme is envisaged to result in energy saving of 0.19 Gcal/MT of Urea. Estimated project capital cost is about ₹ 137.03 Crore and work is underway.

#### 2.4.9 Trombay Ammonia V Plant Revamp (KBR Scheme)

Your Company is implementing energy improvement schemes in Ammonia V plant at a total estimated investment of ₹ 101.88 Crore. The Basic Engineering is being done by KBR, USA and Detail Engineering shall be done by PDIL, India. The scheme is envisaged to result in energy saving of 0.36 CGal/MT of Ammonia.

#### Projects Under Consideration:

#### 2.4.10 Additional Ammonia Urea project at Thal

Your Company has planned to expand the capacity of Urea at Thal by setting up one single stream Ammonia plant of capacity 2200 MTPD and one single stream Urea plant of capacity 3850 MTPD at the existing site at approximate cost of

₹ 5,414 Crore. The project is awaiting approval of Cabinet Committee on Economic Affairs (CCEA), Government of India.

#### 2.4.11 Gas Turbine at Trombay

Your Company intends to install Gas Turbines (GT) of 2 x 32 MW ISO along with Heat Recovery Steam Generator (HRSG) of 2 x 65 MTPH capacity, with an aim to reduce the specific energy consumption in Ammonia and Urea Plants at Trombay. PDIL has been lined-up for preparation of Detailed Feasibility Report, Environmental Clearance and Project Management Consultancy services. The Bidding process for implementing the project on LSTK basis is in progress. Estimated project capital cost is ₹ 481 Crore.

#### Joint Venture Projects:

#### 2.4.12 Coal Based Fertilizer Plant at Talcher

Your Company, along with Coal India Limited (CIL), GAIL (India) Limited and Fertilizer Corporation of India Limited (FCIL), is contemplating to set up a fertilizer complex, comprising of 2200 MTPD Ammonia plant and 3850 MTPD Urea plant, at Talcher, Odisha based on coal gasification technology. Coal will be made available locally. Land and certain facilities needed for the project will be provided by FCIL. The project will utilize state-of-the-art Coal Gasification Technology. A joint venture company 'Talcher Fertilizers Limited' has been incorporated for establishing and operating Coal Gasification based fertilizer complex.

Project capital cost is estimated to be approx. ₹ 9863 Crore. LSTK tenders is floated for Coal Gasification, and that for Ammonia-Urea plant and offsite Utilities & power plant shall be floated shortly.

The project is of strategic importance for the country as it aims to make breakthrough for an alternative source of feedstock in the form of abundantly available coal from domestic sources in place of natural gas. It will also help in meeting much needed Urea production capacity for the eastern part of the Country.

#### 2.4.13 Iran JV Project

Your Company along with Gujarat State Fertilizers Corporation (GSFC) is exploring the possibility of setting up a 1.27 million tonne Urea plant in Chabahar in Iran in Joint Venture with Iranian partner. The natural gas based project has an estimated investment of USD 1000 Million.

#### 2.4.14 Algeria JV Project

India mostly depends on imports for meeting its requirements of phosphatic fertilizers and raw material for phosphatic fertilizer industry. On the other hand Algeria is blessed with huge reserves

of Rock phosphate in Algeria. Therefore, both the countries intend to join hands for development of Rock phosphate mines in Algeria. Your Company, along with NFL, GSFC and NMDC is exploring possibility of:

- Development and beneficiation of Rock mines in Algeria; and
- Setting up Phosphoric acid/DAP plant with buy back arrangement

Estimated Project Cost is ₹ 4,500 Crore. The project is currently in exploratory stage.

#### 2.4.15 Revival of Brahmaputra Valley Fertilizer Corporation Limited (BVFCL) – Namrup Unit

DoF has nominated RCF along with Oil India Ltd., Govt. of Assam and BVFCL in joint venture for revival of Namrup unit of Brahmaputra Valley Fertilizer Corporation Limited.

The proposed project entails setting up an Urea plant with an annual capacity of 8.64 Lakh MT. The estimated Project Cost is ₹ 4,930 Crore. The project is currently in the conceptual stage.

#### 2.5.0 SUBSIDIARY AND OTHER JOINT VENTURE COMPANIES

A separate statement containing the salient features of financial statements of all the joint ventures of your Company forms part of consolidated financial statements in compliance with Section 129 and other applicable provisions, if any, of the Companies Act, 2013. The financial statements of the joint ventures and related information are available for inspection by the members at the Registered Office of your Company during business hours on all days except Saturdays, Sundays and public holidays up to the date of the Annual General Meeting (AGM) as required under Section 136 of the Companies Act, 2013. Any member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at the Registered Office of your Company. The financial statements including the consolidated financial statements, financial statements of joint ventures and all other documents required to be attached to this report have been uploaded on the website of your Company ([www.rcfltd.com](http://www.rcfltd.com)).

#### 2.5.1 Joint Venture Company

##### 2.5.1.1 FACT-RCF Building Products Ltd., Kochi

Your Company has formed a Joint Venture Company with Fertilizers and Chemicals Travancore Limited (FACT) by incorporating FACT-RCF Building Products Ltd to set up a Rapidwall project at Kochi. Both RCF and FACT have 50:50 equity holding in the Company. The plant is in operation. The

Company is building up its customer base and is in the process of stabilising its operations by making special effort on marketing of the product. This project has very good potential and therefore RCF would continue to support it in the coming years.

FRBL's performance has marginally improved during the year and its operations are expected to improve in future. Being a very novel concept acceptance of FRBL's product in lieu of conventional items is taking time for sales to pick up and for operations to completely turn around.

During the year, FRBL earned a total income of ₹ 21 Crore as against ₹ 20.03 Crore during the previous year. FRBL reported a Loss after Tax of ₹ 22.05 Crore during the year as against ₹ 20.71 Crore in the previous year.

##### 2.5.1.2 Urvarak Videsh Limited (UVL)

Urvarak Videsh Limited (UVL) was incorporated on 18<sup>th</sup> July, 2008 as Special Purpose Vehicle (SPV) with equity participation of Rashtriya Chemicals and Fertilizers Limited (RCF), National Fertilizers Limited (NFL) and Krishak Bharati Co-operative Limited (KRIBHCO) with the object of setting up joint venture in India and abroad for manufacturing, mining, long term tie ups for Nitrogenous, Phosphatic and Potassic Fertilizers and fertilizer raw materials including exploring the possibility of making investments and rendering Consultancy services, etc. The company explored many alternatives to take up various projects but the same did not fructify due to want of funds as UVL business objective requires heavy capital investment. As the company could not take up any business, the Board of UVL has decided to declare the company as a Dormant company for the time being in terms of the provision of section 455 of the Companies Act, 2013 as keeping the status of the company as active was not serving any purpose. As and when proper opportunities arises in future, business activities can be started by the company by reverting its status as active company.

##### 2.5.1.3 Talcher Fertilizers Limited

Your Company has formed a Joint Venture company, with Coal India Limited (CIL), Gas Authority of India Limited (GAIL) and Fertilizer Corporation of India Limited (FCIL), with the name Talcher Fertilizers Limited for revival of FCIL's fertilizer unit at Talcher by establishing and operating coal gasification based fertilizer complex. The equity participation of RCF, CIL and GAIL is 29.67% each and that of FCIL is 10.99%. The company is yet to start its operations.



## 2.5.2 Consolidated Financial Statement

The Consolidated Financial Statement of your Company has been prepared by taking into consideration Joint Venture Companies i.e. FACT-RCF Building Products Limited, Urvarak Videsh Limited and Talcher Fertilizers Limited (erstwhile Rashtriya Coal Gas Fertilizers Limited).

The Consolidated financial statements have been prepared under proportionate consolidated method along with Company's standalone financial statements.

### SUMMARY OF FINANCIAL PERFORMANCE

₹ Crore

Particulars	2016-17	2015-16
<b>Total Revenue</b>	<b>7291.15</b>	<b>8326.40</b>
<b>Total Operating Expenses</b>	<b>6807.34</b>	<b>7768.25</b>
<b>Operational Profit</b>	<b>483.81</b>	<b>558.15</b>
Depreciation/Impairment	141.10	147.65
Finance Cost	93.98	145.27
Share /(loss) of Associates/JVs	(0.01)	(3.57)
<b>Profit/ (Loss) before tax</b>	<b>248.72</b>	<b>261.66</b>
Provision for Tax (including deferred Tax liability/ Asset)	69.47	92.59
<b>Net Profit / (loss) after tax</b>	<b>179.25</b>	<b>169.07</b>

## 2.6.0 RESEARCH AND DEVELOPMENT

Your Company has taken up several Research and Development projects, some of which are for commercial scale design and engineering. They are as under:

### 2.6.1 Nanotechnology Research: Patent application

The world agriculture is facing problems like climate change, soil degradation, desertification, high energy cost and depleting natural resources.

Despite sizable increase in the use of chemical fertilizers over the years, the gap between the nutrient removal and replenishment is significantly high in India. In order to address the National and Global needs, the application of Nanotechnology in agriculture has great potential.

Research and Development – Bioresearch has ventured into the area of Nano particles and its application in agriculture for increasing crop productivity and nutrient use efficiency.

Application for an Indian patent has been done with title "Fertilizer Composition" Publication Number 20/2016 Publication Date 2016/05/13 Publication Type INA Application Number 201621015019 Application Filing Date 2016/04/29.

The product has a potential to revolutionize the fertilizer and agriculture scenario.

### 2.6.2 Registration of Phosphogypsum based value added product as "Ca: S: TOC:: 12:10:2.5 for increasing nutrient use efficiency.

Recent studies have suggested that the world will need to produce 60 to 100% more food when the global population will reach 9 billion by 2050. This requires a radical change in the way food is produced, stored, distributed and accessed.

Land degradation in the form of depletion of soil fertility, erosion and water logging has increased. With a view to make agriculture sustainable and enhance the nutrient use efficiency, an attempt was made to formulate recipe for blending organic matter and soil conditioner "gypsum" components together and standardise the combinations to maximise the crop yield and nutrient use efficiency. Field trials in-house and in Agriculture Universities were conducted for evaluating nutrient use efficiency. An increase of 17% in yield and increase of nutrient use efficiency to the extent 50% were reported.

The application of this product has been submitted to Department of Fertilizers for registration under Fertilizer Control Order (FCO) 1985.

### 2.6.3 The upcoming fertilizer revolution- Nanoparticles fertilizer based field trial

Nanotechnology has been termed as the "future technology" and has being applied in various fields viz. medicine, pharmaceuticals, food, sensors, electronics and agriculture. The application of nanotechnology to agriculture is relatively unexplored field. Nanoparticles (NP) of any element are found to exhibit different characteristics than the original bulk material. The reactivity of the Nanoparticles is much higher than the basic particles. In view of this known characteristic of NP, it was thought to implement this in the field of fertilizers. The idea was to increase the fertilizer (nutrient) use efficiency thereby decrease the losses of nutrients in environment through mineralization, leaching etc. R&D Centre was successful in bringing an idea to reality. Formulations of Suphala (N:P:K 15:15:15) along with ZnO nanoparticles were developed and in-house trials were carried out. After successful in-house field trials, trial at farmer's field were planned.

The trials at farmers field were also conducted and the application of 25% NPK with Nanoparticles have shown profound effect on the growth and quality of onion crop.

### 2.6.4 Commercialization of NPK Composite Biofertilizer

Use of biofertilizers is one of the important components of integrated nutrient management, as they are cost effective and renewable source of plant nutrients and supplement the chemical

fertilizers for sustainable agriculture. Several microorganisms and their association with crop plants are being exploited in the production of biofertilizers. NPK composite Biola - a product that contains Nitrogen-fixing, Phosphate solubilising and Potash-mobilising bacteria. It contains all the beneficial microbial strains in a single highly effective pack. This product was launched in the state of Maharashtra. A total quantity of 33 KL was despatched & successfully sold in the market.

#### 2.6.5 NABL Certificate for R&D laboratory

The R&D-lab has been accredited with National Accreditation Board for Laboratory Testing and calibration (NABL) certification for micronutrients fertilizer and soil sample analysis. This accreditation has great importance with respect to the analysis and is graded as ISO 17025:2005. The results generated by NABL accreditation Lab are considered to be the most authentic. R&D has commercialized this facility for the outside customers. Detailed information regarding this facility is also provided on RCF internet website: www.rcfltd.com.

This facility is being utilized by farmers, students and compact manufactures for testing soil compost as well as water.

#### 2.6.6 Commercialization of Micronutrient grade for Vegetable basal for Tamil Nadu state.

Micronutrients are essential for plant growth and play an important role in balanced crop nutrition. They include Boron (B), Copper (Cu), Iron (Fe), Manganese (Mn), Molybdenum (Mo) and Zinc (Zn). These address the hidden hunger of crops. They are as important to plant as primary and secondary nutrients, though plants don't require much of them. The R & D department of your Company has developed micronutrient grade (No.VI) for Vegetable basal application in solid form for Tamil Nadu State. The product has been commercialized successfully. During the year 2016-17, a quantity of 25 MT was manufactured and marketed. The product contains Zinc-1.68%, Boron-2.48%, Manganese-1.22%, Copper-1%, Iron-7.6%, Molybdenum-0.14%.

#### 2.6.7 Promotional activities for creating awareness about Biofertilizers, Micronutrients and Water soluble fertilizers

It is a need of the hour to adopt the Integrated Plant Nutrient Supply (IPNS) system for sustaining crop productivity. Integration of chemical, organic and biological sources of plant nutrients, and their efficient management have shown promising results in sustaining productivity and soil health. With a view to promote the utilization of balanced nutrition and Soil health Management, Promotional activities for creating awareness amongst farmers were carried out in Maharashtra state in Pune district.

The farmers were trained through demonstration in their field with wheat and onion crop. The utilization of balanced nutrition yielded almost 20% more produce.

#### 2.6.8 Bio-waste Composting

Most urban areas in the country are plagued by acute problems related to solid waste. Solid Waste Management is a part of public health and sanitation. The collection and disposal of municipal solid waste is one of the pressing problems of city life, which has assumed great importance in the recent past.

With a view to implement the "Swacch Bharat Abhiyan", an initiative of GoI, R&D has initiated efforts for disposal of waste through composting. Composting is being carried out through pit method.

### 3.0.0 ENVIRONMENT MANAGEMENT AND POLLUTION CONTROL

Your Company is committed to ensuring clean environment, beyond satisfying all stipulated requirements laid down by the statutory authorities, around its operating units.

Your Company has established ISO 14001 compliant Environment Management System (EMS) and IFA Protect & Sustain Product Stewardship System of international standard for environment protection, Safety and product security is at its both the manufacturing units covering aspects of products in Agriculture farm and end users. The Systems are constantly upgraded and regular internal audits and Management Reviews are carried out to ensure compliance and continuously improve the system. Apart from Stack monitors, which continuously monitor the emissions, four fixed ambient air quality monitoring stations are in place, at both Trombay and Thal, to monitor ammonia, NO<sub>x</sub>, SO<sub>2</sub>, Particulate matter (PM10 & PM2.5) & metrological parameters.

The Effluent Treatment plants at Trombay and Thal have ensured that the environment in and around the operating units are fully protected. Environmental safety of neighbours around operating units are taken care. Various schemes with state of art technologies and modernisation schemes are implanted to reduce energy consumption and wastages of the scarce natural resources. The waste streams from the plants are recycled/ reused for useful purpose.

Sludge generated in Effluent Treatment Plant, Sulphur Sludge Generated in Sulphuric Acid plant, waste streams of effluents from complex fertilizer plants are recycled back in the processes. 3-R strategy (Reduce, Reuse and Recycle) is employed by way of recycling the sludge generated in ETP, Sulphur sludge generated in Sulphuric Acid Plant is used in Suphala plant for recovery of nutrients.



The integrated Effluent Treatment Plant in Operating Units ensures that effluent discharged from the factory meets the statutory requirements laid down by the Pollution Control Board.

RCF Trombay and RCF Thal have taken up a massive plantation drive in factory premises, in residential colony and surrounding areas and together planted 20515 numbers of trees in the year 2016-17.

For increasing awareness regarding environment and safety, public awareness campaign programmes are arranged by Trombay and Thal units.

#### **4.0.0 CORPORATE SOCIAL RESPONSIBILITY (CSR)**

**4.1.0** As part of its initiatives under “Corporate Social Responsibility”, the Company has undertaken several projects in the areas of rural development, promoting health care and education aimed for the benefit of needy and for general good of the society. These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company’s CSR policy. The report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure-I** and forms an integral part of this report. During the year, the company has spent ₹ 8.62 Crore on CSR activities. The activities, in brief, are as under:

##### **4.1.1 Education:**

###### **4.1.1.1 Schools:**

Your Company supports schools, at its two units, which impart education in Marathi, Hindi and English mediums to students from Nursery to 10<sup>th</sup> Standard. Your Company undertakes the upkeep, maintenance and bears the deficit expenditure incurred by the schools, located in Company’s residential colonies, which are run by reputed Educational Institutions.

###### **4.1.1.2 Scholarship to meritorious students:**

Your Company offers a number of scholarships to students of SC/ ST/ OBC communities for pursuing higher studies. Company’s scholarship project for sending every year 10 students to 6<sup>th</sup> Standard in Shivaji Military School in Pune and supporting the earlier batches in their march to higher standards thereafter has received goodwill from all.

###### **4.1.1.3 Supply of Mid-Day Meal:**

Your Company is funding Mid-Day Meal Scheme for providing nutritious food to children studying in twenty five unaided schools, providing education to poor children, in and around Trombay area. The scheme is operated through an NGO, ‘ISKCON

Food Relief Foundation’ which supplies good and healthy meal to the children on behalf of RCF. In all, 9076 students are availing the benefit of this nutritious mid-day meal.

##### **4.1.1.4 Programme for underprivileged Children**

Your Company has adopted the “Khel Khel Mein” programme of Wockhardt Foundation for under privileged children of age group between 5 to 12 years, by setting up six centres of edu-recreation with parallel learning in slums of Vashi Naka area, near Trombay unit.

##### **4.1.1.5 RCF SUPER-30 programme**

Your Company, in association with Centre for Social Responsibility and Leadership (CSRL), has established a unit of Abhayanand Super 30 in Mumbai where about 30 underprivileged talented students of Maharashtra state are provided free residential coaching for 11 months to enable them to get admission in IIT/NIT and other premier engineering colleges. This year 24 students out of these were successful in the JEE mains examination.

##### **4.1.1.6 Distribution of Navneet Guide**

Your Company has distributed 1350 sets of 10<sup>th</sup> Standard Navneet Guides in the schools near Trombay and Thal Units.

##### **4.1.1.7 Farmers’ Education:**

Company has two Farmers Training Institutes located at Thal and Nagpur. During the year, 8884 farmers attended & benefited from the training programmes conducted at these two Farmers Training Centres. During the programmes, training was imparted to farmers to upgrade their farm practices, reduce their overheads and increase their wealth. Special programmes designed for women farmers and the scheduled caste & scheduled tribes are also organized on a regular basis so that they can join the bandwagon of the country’s agricultural renaissance.

Your Company’s efforts in rendering advisory services to farmers by conducting soil diagnostics to optimize soil productivity are well appreciated.

Based on the analysis, farmers are advised on soil fertility management through rational use of manure, fertilizers and other inputs to make agriculture more productive and sustainable. During the year, more than 1,37,042 soil samples were analysed through the twelve static and six mobile soil testing laboratories and recommendations were given.

##### **4.1.2 Supply of drinking water to the villages:**

Your Company has been providing drinking water for last 22 years to seven villages around Thal unit through pipelines laid down from the water reservoir

in the unit and spent about ₹ 105.43 lakh on this account during the year. More than 15,700 residents of the villages got benefited of the scheme.

#### 4.1.3 Community Medical Facility

##### 4.1.3.1 Running of Mobile Medical Van

Your Company in collaboration with Wockhardt Foundation, is operating the mobile medical vans at Thal, Alibagh and Chembur, Mumbai. Total five such medical vans (three at Chembur and two at Thal) were running during 2016-17. At Thal, on an average seven villages are covered in weekly cycles by a Mobile van and patients are benefitted from free medical services including supply of medicines. Through this facility, ailments like Malaria, Hepatitis, Dengue, Typhoid, Diabetes etc., are treated on regular basis. The Medical Van is accompanied with one MBBS doctor and one assistant. It is equipped with GPS system which enables RCF to track it on real time basis. One medical van attends to approximately 25,000 patients per annum.

##### 4.1.3.2 Distribution of sanitary napkins (Moksha)

Your Company has engaged Wockhardt Foundation for extending medical services for enhancement of female hygiene by free distribution of sanitary napkins (Moksha) through Mobile Medical Vans. Under this scheme, during the year about 70,000 sanitary napkins were distributed. The efforts in rendering novel services to women staying in slums are well appreciated.

#### 4.1.4 Chembur Green Project

Your Company continued to support the Chembur Green project, launched to establish greenery in the eastern suburb of Mumbai, by joining hands with Chembur Citizens' Forum, an NGO to develop, beautify and maintain N G Acharya Garden (Diamond Garden), at Chembur for a period of 6 years. Your Company continued distribution of free saplings and rendering advice to various co-op. societies and also to individuals.

#### 4.1.5 Contribution to "Jalyukta Shivar"

Your Company has provided part financial assistance for construction of cement concrete Bandhara at Kamthe, Koregaon, Dist. Satara.

#### 4.1.6 Rural Sports

Your Company has supplied sports material and organised sports for tribals of Thal Villages.

#### 4.1.7 Livelihood enhancement projects

Your Company has also supplied paddy, fruit saplings and free fertilizers to nearby needy villagers.

**4.1.8** Your Company is maintaining Bio-toilets at gate No.2 of Trombay factory for Truck Drivers and cleaners through Wockhardt Foundation. In association with World Confederation of Warriors and Heal Foundation, Free Medical Check Up and Eye Check up camps have been organized in the schools where RCF is providing Mid Day Meal.

#### 4.1.9 Repair of Roads

As an infrastructure development initiative, repair of roads in and around Thal factory area is being done by your Company on year to year basis.

#### 5.0.0 MICRO, SMALL AND MEDIUM ENTERPRISES

Government of India, Ministry of Micro, Small and Medium Enterprises, vide order dated 23<sup>rd</sup> March, 2012, notified the public procurement policy in respect of procurement of goods and services produced and provided by Micro, Small and Medium Enterprises. As per this directive, every Central Ministry or Department or Public Sector Undertaking shall set an annual goal of procurement from Micro, Small and Medium Enterprises from the Financial Year 2012-13 and onwards with the objective of achieving an overall procurement of products produced and services rendered by Micro, Small and Medium Enterprises to the extent of minimum of 20% of total annual purchases. All efforts are being made to procure items specified for procurement from MSMEs. Necessary provision has been made in all the tenders stating the eligibility of MSMEs to participate in the tender. Your Company has achieved the set target under specific areas.

#### 6.0.0 SUSTAINABLE DEVELOPMENT

6.1 Your Company has taken up several Sustainable development activities including the following:

##### 6.1.1 New Sewage Treatment plant

RCF is running Sewage Treatment Plant (STP) at Trombay Unit. The existing plant is based on conventional Activated Sludge Process followed by Reverse Osmosis (RO). The plant treats around 22.75 Million Litres per Day (MLD) of sewage received from MCGM which otherwise would have been drained in to the sea after required treatment. The plant generates about 15 MLD of treated water which is being used in our plants as process water. Existing STP meets about 60% of process requirement of our Trombay Unit.

Your Company and M/s. Bharat Petroleum Corporation Limited (BPCL), are setting up a new Sewage Treatment Plant (STP) at RCF, Trombay at an approximate cost of ₹ 209 Crore. New Sewage Treatment Plant will be based on latest Membrane Bio-Reactor (MBR) Technology with design



capacity to treat 22.75 Million Litres per Day (MLD) of Municipal Sewage to produce about 15 MLD of treated water. The treated water shall be shared by RCF and BPCL. The project is being set up with active support from Municipal Corporation of Greater Mumbai (MCGM). This project is a Sustainability Development Project as it will treat waste sewage generated in the city and convert it into treated water.

The said project when it goes on-stream will generate 15 MLD of treated water for usage in plant operation in RCF and BPCL thereby saving fresh water intake to that extent which will benefit about 30,000 families in the city of Mumbai. Being sustainable development project, this project from your Company will be of great value to residents of Mumbai and Society at large besides improving reliability of operations of RCF.

### 6.1.2 Solar Power Plant

In its bid towards India's vision of achieving ecologically sustainable growth, your Company has already forayed into solar power generation.

Your Company has set up a 2 MWp ground mounted Photovoltaic Solar power plant within the factory premises in Trombay Unit in January 2016. During the year 2016-17, the plant has generated 2922.36 MWh of solar power. The power generated is used for captive consumption of the Trombay unit, thereby reducing your Company's power import to the equivalent extent.

Your Company has also installed 6 rooftop solar power generation facilities, with an aggregate capacity of 84 KWp a top at its offices of Trombay, Thal and marketing offices. The totally green power generated by solar plant replaces the conventional power generated through burning of fossil fuels leading to reduction in overall Greenhouse gas emissions of the surroundings.

In addition to above, your Company has commissioned solar rooftop facilities atop five locations at Thal and one at Trombay with an aggregate capacity of 1.29 MWp. Your Company is targeting to take up many more Sustainable Development activities in the near future.

## 6.2 ANNUAL SUSTAINABILITY REPORT

Company has published, during the year, its Sustainability Report for the year 2015-16 based on Global Reporting Initiative (GRI) guidelines and National Voluntary Guidelines (NVG) on 'Social, Environmental and Economic Responsibilities of Business' issued by the Ministry of Corporate Affairs, Govt. of India.

The report provides Company's economic, environmental and social performance. Sustainability reporting is about organization's progress vis-à-vis performance goals, not only for economic achievements, but for environmental protection and social well-being. The Sustainability report for the year 2015-16 is available at <http://www.rcfld.com/index.php/en/social-responsibility/sustainability-reports/2559-sustainability-report-for-2015-16>.

## 7.0.0 VIGILANCE

Vigilance Department is headed by Shri D. K. Tewatia, IFS, CVO, NFL, who holds the additional charge of Chief Vigilance Officer (CVO) of your Company. CVO is assisted by a team of Officers drawn from various functional departments and placed at Corporate Office in Mumbai and also at Thal. The activities of Vigilance department cover Corporate Office, Trombay Unit, Thal Unit and all the Marketing offices situated across the country. In line with the CVC guidelines, the thrust of the Vigilance in your Company is to bring greater transparency, fairness and efficiency in award of works and their execution.

Efforts are made constantly to keep watch on various activities through regular inspections and surprise checks. System improvements and corrective actions are suggested wherever necessary. The theme that "All officers are Vigilance Officers" is implemented in your Company and support of all officers is taken in the implementation of Vigilance guideline. Vigilance Department has focused on spreading awareness on rules/regulations, procedures and solicited information/complaints from all regarding malpractices/corruption. The Vigilance Department has a complaint handling system and an online portal for lodging complaints is available. Efforts are made to ensure speedy redressal of grievances.

During the year, Vigilance Department has actively contributed towards e-governance by leveraging technology in all operations in your Company, in making the tender documents more transparent, enhancing the transparency in existing system of dealing with the Dealers/Vendors and increasing the accrued savings to the Company by implementing e-procurement thereby also ensuring transparency in all procurements. Vigilance Department has also ushered in an era of e-Vigilance clearance for issuance of NOC for various purposes to the employees.

Vigilance Department conducted the Vigilance Awareness Week from 31<sup>st</sup> October to 5<sup>th</sup> November, 2016 as per CVC Guidelines and involved school and college students from Mumbai, Thal, Pune, Ahemdnagar and Nagpur which helped in spreading the Vigilance Awareness.

## 8.0.0 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis report for the year under regulations 34(2)(e) of SEBI (LODR) Regulations, 2015 highlighting the industry structure and developments, opportunities and threats, future outlook, risk and concerns etc. is annexed as **Annexure II** and forms an integral part of this report.

## 9.0.0 PUBLIC DEPOSIT

Your Company has not accepted any deposits, within the meaning of section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

## 10.0.0 OFFICIAL LANGUAGE POLICY

Your Company has fully endeavoured to implement the provisions of Official Language Act, 1963 and the policy of the Government. Publicity material and literature for employees and farmers are made available in Hindi and other regional languages.

## 11.0.0 AUDITORS

### 11.1.1 STATUTORY AUDITOR

The Comptroller and Auditor General of India (CAG) has appointed, M/s. Kalyaniwalla & Mistry LLP, (Firm Registration Number 104607W) and M/s. Chhajed & Doshi (Firm Registration Number 101794W) as Joint Statutory Auditors of your Company for the Financial Year 2016-17. The Auditors would be retiring at the conclusion of the Thirty Ninth Annual General Meeting.

There is no Audit qualification for the year under review.

The Statutory Auditors for the Financial Year 2017-18 will be appointed by the CAG. However, their remuneration is required to be fixed at the AGM by the members.

### 11.1.2 COST AUDITOR

Your Directors, on the recommendation of Audit Committee, has appointed M/s. K. G. Goyal & Associates, Jaipur, Cost Accountants as Cost Auditors to audit the cost accounts of the Company for the year 2017-18 on a remuneration of ₹ 2 lakh excluding applicable taxes. As required under the Companies Act, 2013, the remuneration payable to cost Auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking Members' approval for the remuneration payable to M/s. K. G. Goyal & Associates, as Cost Auditors forms part of the notice convening the Annual General Meeting for their ratification.

## 11.1.3 SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Bhandari and Associates, a firm of Company Secretaries in Practice (C.P. No. 366) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as **Annexure III** and forms an integral part of this Report.

### EXPLANATION OR COMMENTS BY THE BOARD ON SECRETARIAL AUDIT REPORT

M/s. Bhandari and Associates, Practising Company Secretaries, Secretarial Auditor of the Company has made certain observations in their Secretarial Audit Report. Since the comments made by Secretarial Auditor are in the nature of factual statement, Company does not have any comments to offer on the same.

## 12.0.0 SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the Regulators/Courts/Tribunals that would impact the going concern status of the Company and its future operations.

## 13.0.0 DIRECTORS' RESPONSIBILITY STATEMENT

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of section 134(3) (c) of the Companies Act, 2013:

- i] that in the preparation of the annual accounts for the year ended March 31, 2017 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii] the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended on that date;
- iii] that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the



Company and for preventing and detecting fraud and other irregularities;

- iv] the annual accounts have been prepared on a going concern basis;
- v] that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi] that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### 14.0.0 CORPORATE GOVERNANCE

**14.1.0** As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance practices followed by the Company, together with a certificate of Compliance from the Practising Company Secretary forms an integral part of this report.

#### 14.2.0 COMPLIANCE OF CORPORATE GOVERNANCE GUIDELINES ISSUED BY DEPARTMENT OF PUBLIC ENTERPRISES

Government of India, Department of Public Enterprises (DPE), has laid down certain parameters for the purpose of grading the Central Public Sector Enterprises on the basis of their compliance with guidelines on Corporate Governance and this report needs to be submitted to the Government on quarterly/annual basis. Your Company has been complying with the Guidelines on Corporate Governance for Central Public Sector Enterprises laid down by DPE and regularly submits reports to the Government.

#### 15.0.0 INTERNAL FINANCIAL CONTROL OVER FINANCIAL REPORTING

Your Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Your Company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertains to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted

accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and Directors of the Company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### 16.0.0 DIRECTORS & KEY MANAGERIAL PERSONNEL

Shri R. G. Rajan (DIN 01253189), ceased to be Chairman and Managing Director of the Company w.e.f. 15<sup>th</sup> June, 2016.

Shri Ashok B. Ghasghase (DIN 06378677), Director (Marketing) ceases to be Director on the Board on his superannuation w.e.f. 1<sup>st</sup> July, 2016.

Shri Manoj Mishra (DIN 06408953) was appointed as Chairman and Managing Director of the Company w.e.f. 15<sup>th</sup> June, 2016 and he has ceased to be Chairman and Managing Director w.e.f. 14<sup>th</sup> March, 2017.

Prof. Damodar Acharya (DIN 06817842), Independent Director ceased to be Director of the Company w.e.f. 30<sup>th</sup> January, 2017.

Shri Harin Pathak (DIN 07552994), Shri Bharatkumar Barot (DIN 07552993) and Shri G. M. Inamdar (DIN 07552999) have been appointed as Independent Directors of the Company w.e.f. 8<sup>th</sup> July, 2016.

Ms. Alka Tiwari (DIN 03502306) has been appointed as Government Nominee Director in place of Shri Dharam Pal (DIN 02354549) w.e.f. 6<sup>th</sup> March, 2017.

Shri Suryanarayana Simhadri (DIN 01951750) has been appointed as Independent Director w.e.f. 8<sup>th</sup> March, 2017.

Shri C. M. T. Britto (DIN 02449069), Director (Technical) has been entrusted with additional Charge of Chairman and Managing Director of the Company w.e.f. 14<sup>th</sup> March, 2017 till 13<sup>th</sup> June 2017.

Shri Britto, Director (Technical) ceased to be Director on the Board on his super annuation w.e.f. 1<sup>st</sup> July, 2017.

Shri Suresh Warior (DIN 06920261) has been entrusted with additional charge of Chairman and Managing Director w.e.f. 14<sup>th</sup> June 2017.

The Board has placed on record their appreciation of the Directors who have ceased to be members of the Board for the valuable contribution made and the guidance/suggestion provided by them which has greatly benefited the Company.

As per Section 152 of the Companies Act, Shri Sushil Kumar Lohani (DIN 06912948) and Shri Suresh Warior (DIN 06920261), Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

#### **DECLARATION OF INDEPENDENCE**

All independent Directors of the company have given declaration confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **17.0.0 COMMITTEES OF THE BOARD**

The Company's Board has the following committees:

- i. Audit Committee
- ii. Stakeholders Relationship Committee
- iii. Share Transfer Committee
- iv. Nomination and Remuneration Committee
- v. Committee on Corporate Social Responsibility (CSR)
- vi. Empowered Committee for Procurement.

The details of the committees along with their composition, number of meetings held and attendance of each Director at the meetings are provided in the Corporate Governance Report.

#### **18.0.0 COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND RELATED DISCLOSURES**

As per notification dated 5<sup>th</sup> June, 2015, issued by Ministry of Corporate Affairs, provision of section 134(3) (e) of the Companies Act, 2013, regarding disclosure of its policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matter provided under sub-section (3) of section 178 are not applicable to a Government company.

Your Company being a Government company, the above provisions are not applicable to it.

Similarly, section 197 of the Companies Act, 2013, requiring disclosure of ratio of the remuneration of each Director to the median employee's remuneration and other such details including the name and other particulars of every employee of the Company, who if employed throughout/part of the financial year, was in receipt of remuneration in excess of the limits set out in the rules, are not provided in terms of section 197(12) read with rule 5(1)(2) of the Companies (Appointment and

Remuneration of Managerial Personnel) Rules, 2014, being not applicable to a Government company as per notification dated 5<sup>th</sup> June, 2015 issued by Ministry of Corporate Affairs.

#### **19.0.0 MEETINGS OF THE BOARD**

Ten (10) Board Meetings were held during the year. The details of the Board Meetings held during the financial year 2016-17 are provided in the Corporate Governance Report.

#### **20.0.0 BOARD EVALUATION**

Section 134(3) (p) of the Companies Act, 2013, requires the Company to disclose the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual Directors. As per notification dated 5<sup>th</sup> June, 2015, issued by Ministry of Corporate Affairs, provision of section 134(3) (p) of the Companies Act shall not apply in case Directors are evaluated by the Ministry which is administratively in charge of the Company, as per its own evaluation methodology. Your Company, being a Government company, the performance evaluation is carried out by the Administrative Ministry (Ministry of Chemicals & Fertilizers), Government of India, as per applicable Government Guidelines.

#### **21.0.0 PARTICULARS OF LOANS GIVEN, INVESTMENT MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED**

Particulars of Loans given, Investments made, Guarantees given and Securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the notes to the financial statements.

#### **22.0.0 VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The details of Vigil Mechanism/Whistle Blower Policy are provided in Corporate Governance Report.

#### **23.0.0 RELATED PARTY TRANSACTIONS**

All contracts/arrangement/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee and also before the Board for approval. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.



The details of the investment in equity made by the Company as on 31<sup>st</sup> March, 2017 is as under:

₹ Crore

1	FACT-RCF Building Products Limited	32.87 *
2	Urvarak Videsh Limited	0.18 *
3	Talchar Fertilizers Limited	0.02
	<b>Total</b>	<b>33.07</b>

\* Company has made full provision towards the value of investment.

The details of transactions with related parties are provided in the accompanying financial statements. There are no transactions to be reported in Form AOC-2.

#### **24.0.0 DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

During the year no complaint of Sexual Harassment was received by the internal complaint committee formed by your Company under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### **25.0.0 ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed to this Report as “Annexure IV”.

#### **26.0 EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT- 9, as required under section 92 of the Companies Act, 2013, is annexed as **Annexure V** and form an integral part of this report.

#### **27.0.0 BUSINESS RESPONSIBILITY REPORT**

Pursuant to Regulation 342(f) of Listing Regulations, the Business Responsibility Report

initiatives taken from an environmental, social and governance prospective in the prescribed format is available as a separate section of the Annual Report and forms an integral part of this report. Business Responsibility Report is also available on the Company’s website [www.rcfltd.com](http://www.rcfltd.com).

#### **28.0.0 ACKNOWLEDGMENT**

Your Directors wish to gratefully acknowledge the valuable guidance and continued support extended by Government of India and in particular, the Department of Fertilizers and the Office of Fertilizer Industry Co-ordination Committee (FICC), Railways, DPE, Members of MOU Task force, and other Central Government departments and Agencies.

The Board also wishes to acknowledge with sincere gratitude, the help and unstinted support from the Government of Maharashtra and other State Governments, MSEB, MIDC, various Media, Municipal Authorities, Maharashtra Pollution Control Board, Bankers to your Company, Financial Institutions, Dealers and Customers.

Your Board wishes to acknowledge gratefully, the confidence posed, unstinted support and suggestions made to the Board by the esteemed Share Owners of the Company. The Board also wishes to place on record the positive suggestions and guidance provided by the Statutory Auditors, Cost Auditors and the Office of the Principal Director of Commercial Audit.

Last but not the least, your Directors take pleasure in placing on record their deep appreciation of the excellent contribution made by the employees of your Company at all levels, without which your Company would not have achieved such good performance.

By order of the Board of Directors

**[Suresh Warrior]**  
**Chairman and**  
**Managing Director**

Place: Mumbai

Date : 11<sup>th</sup> August, 2017.

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1.	A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes	Refer section "Corporate Social Responsibility" in Directors Report. CSR Policy may be accessed on the Company's website at the link <a href="http://www.rcfltd.com/webdocs/847/2015/12/CSR_Policy.pdf">http://www.rcfltd.com/webdocs/847/2015/12/CSR_Policy.pdf</a>
2.	Composition of the CSR Committee:	Please refer section Committee on Corporate Social Responsibility in the Corporate Governance Report.
3.	Average net profit (PBT) of the Company for last three financial years:	₹ 43038.00 Lakh
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above):	₹ 861.00 Lakh
5.	Details of CSR spend for the financial year:	
a.	Total amount spent for the financial year	₹ 862.51 Lakh
b.	Amount unspent, if any:	Not Applicable

C. Manner in which the amount spent during the financial year is detailed below

Sr. No.	CSR Projects/ Activities Identified	Sector in which Project is covered	Locations Districts (State)	Amount outlay (budget) project or program wise ₹/ lakh	Amount spent on the project or programs. Sub heads (1) Direct expenditure on project or program (2) Overheads ₹/ lakh	Cumulative Expenditure up to the reporting period ₹/ lakh	Amount spent direct or thru implementing agency
1	Part financial assistance for construction of cement concrete Bandhara.	Maintaining quality of Soil, Air and water	Kamthe, Koregaon Dist Satara, Maharashtra	10.00	10.18	10.18	Jayvant Pratishthan, Satara
2	Supply of safe drinking water to nearby villages of Thal	Drinking Water Supply	Thal, Vaishet, Tudal, Boris, Gunjis, Navgaon, Bhal - District Raigad (Maharashtra)	105.00	105.43	105.43	Undertaken directly By RCF in association with MIDC
3	Free distribution of paddy, fruits sapling and fertilizers to nearby villages of Thal	Livelihood enhancement projects	Thal, District Raigad (Maharashtra)	7.24	7.96	7.96	Undertaken directly by RCF.
4	Supply and distribution of Mid day meal to 9076 children of various unaided schools	Promoting Education	Trombay and Chembur, Mumbai (Maharashtra)	192.00	191.72	191.72	ISKCON food relief Foundation
5	RCF Super-30 vocational training to 30 selected students appearing for IIT and NIT entrance tests for admission in top Engineering colleges	Reducing inequalities faced by Socially and Economically backward groups and promoting education	Students from various Districts in Maharashtra	72.60	72.60	72.60	Centre for Social Responsibility and Leadership



Sr. No.	CSR Projects/ Activities Identified	Sector in which Project is covered	Locations Districts (State)	Amount outlay (budget) project or program wise ₹/ lakh	Amount spent on the project or programs. Sub heads (1) Direct expenditure on project or program (2) Overheads ₹/ lakh	Cumulative Expenditure up to the reporting period ₹/ lakh	Amount spent direct or thru implementing agency
6	Running of 6 centres for children for providing training about moral, ethical, human and health values	Promoting Education	Trombay and Chembur, Mumbai (Maharashtra)	15.00	14.19	14.19	Wockhardt Foundation
7	Providing medical facilities thru Mobile Medical Van	Health and Family welfare	Trombay and Chembur, Mumbai (Maharashtra)	145.00	144.61	144.61	Wockhardt Foundation
8	Distribution of free Sanitary napkins to female population of slums of Chembur and villages nearby Thal.	Sanitation	Trombay and Chembur, Mumbai and Villages around Thal Factory, Dist-Raigad. (Maharashtra)	11.00	11.09	11.09	Wockhardt Foundation
9	Providing scholarship to SC/ST students of tribal villages for education in annual batches of 10 from 6 <sup>th</sup> , till they reach 12 <sup>th</sup> Std.	Reducing inequalities faced by Socially and Economically backward groups and Promoting education	Shivaji Military School at Pune for SC/ST students from all districts of Maharashtra.	36.32	36.32	36.32	Shivaji Military School at Pune
10	Scholarship based on merit to SC/ST students at Thal.	Reducing inequalities faced by Socially and Economically backward groups and promoting education	Thal, District Raigad (Maharashtra)	0.60	0.60	0.60	RCF
11	Scholarship to SC/ST students in drought affected areas of Marathwada	Reducing inequalities faced by Socially and Economically backward groups and promoting education	Districts of Marathwada (Maharashtra)	6.50	6.50	6.50	Centre For Studies in Rural Development Institute of Social Work and Research, Ahmednagar.
12	Maintenance of Bio Toilets near gate no-2 of factory for Truck Drivers and cleaners through Wockhardt Foundation	Sanitation	Chembur, Mumbai (Maharashtra)	0.75	0.63	0.63	Wockhardt Foundation

Sr. No.	CSR Projects/ Activities Identified	Sector in which Project is covered	Locations Districts (State)	Amount outlay (budget) project or program wise ₹/ lakh	Amount spent on the project or programs. Sub heads (1) Direct expenditure on project or program (2) Overheads ₹/ lakh	Cumulative Expenditure up to the reporting period ₹/ lakh	Amount spent direct or thru implementing agency
13	Running of Pathology Laboratory in Chembur near RCF township Gate no 2	Promoting Health care including preventive health care	Trombay, Chembur, Mumbai (Maharashtra)	3.66	3.92	3.92	Wockhardt Foundation
14	Medical camps for detection of Anaemia	Promoting Health care including preventive health care	Trombay, Chembur, Mumbai (Maharashtra)	4.50	4.52	4.52	Heal Foundation
15	Eye check up and health camps in slums nearby Trombay.	Promoting Health care including preventive health care	Trombay, Chembur, Mumbai (Maharashtra)	10.00	10.00	10.00	World Confederation of Warriors.
16	Financial Assistance to Chembur Citizen Forum for distribution of Books to needy students	Promoting education	Chembur, Mumbai (Maharashtra)	7.50	7.50	7.50	Chembur Citizen Forum
17	Construction of 142 Toilets at Sansad Adarsh Gram Yojana at village Shahid	Sanitation	Dist-Amravati (Maharashtra)	35.36	35.36	35.36	Shivprabhu Bahu-Uddeshiya Krida Shikshan & Sanskrutik Mandal
18	Repairing of roads near Thal Factory	Rural Development Projects	Dist Raigad, Maharashtra	100.00	100.61	100.61	Undertaken directly By RCF
19	Holding of Kabbadi Tournament in Thal	Promoting Rural Sports	Dist Raigad, Maharashtra	3.12	3.12	3.12	Undertaken directly By RCF
20	Promoting and monitoring differently abled children for one year with special course at Chennai	Education of Differently abled Children.	Chennai, Tamil Nadu	10.00	10.80	10.80	V-Excel Foundation
21	Distribution of Navneet Guides to schools in slums of Trombay and rural area of Thal	Promoting Education	Trombay, Chembur, Mumbai & Thal (Maharashtra)	6.98	6.98	6.98	Navneet Foundation
22	Maintenance of Acharya garden, Chembur	Maintaining quality of Soil Air and water	Chembur, Mumbai (Maharashtra)	17.00	17.00	17.00	Chembur Citizen Forum



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23	Financial Assistance to Jawahar Vidya Bhavan school-run by Lokmanya Shikshan Sanstha	Promoting Education	Chembur, Mumbai (Maharashtra)	1.50	1.50	1.50	Undertaken directly By RCF
24	Repairs of Library room to Savitribai Phule Vikas Mandal	Promoting Education	Chembur, Mumbai (Maharashtra)	0.85	0.85	0.85	Undertaken directly By RCF
25	Construction of First Floor of Arunoday School for differently able children	Education of Differently abled Children.	Gadag, Hubli (Karnataka)	55.83	55.83	55.83	Sewa Bharti Trust
26	Impact Assessment of CSR activities.	Monitoring and Evaluation	Mumbai (Maharashtra)	2.69	2.69	2.69	Midstream Marketing Research Pvt. Ltd.
		<b>TOTAL</b>		<b>861.00</b>	<b>862.51</b>	<b>862.51</b>	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

Not Applicable

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

**Suresh Warior**  
Chairman and Managing Director

**G. M. Inamdar**  
Chairperson - CSR Committee

Dated 15<sup>th</sup> July, 2017

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1.0 OVERVIEW OF THE ECONOMY

When the present Government came into power in 2014, it focussed particularly on the revival of the economy and within a short span of time it achieved considerable gains in restoring economic stability. Since 2013-14, the economy has witnessed a smooth upward trend in growth rate. Real GDP growth which was above 4% in 2013-14 has smoothly increased during the last 4 years. As per the Economic Survey 2016-17, the Indian economy should grow between 6.75 and 7.5 per cent in FY 2017-18 whereas Asian Development Bank has retained its earlier growth forecast for India at 7.4% for the current fiscal and 7.6% for 2017-19. IMF forecast India's FY-18 and FY-19 growth at 7.2% and 7.7% respectively, unchanged from its April estimate.

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). Although the Government of India had forecasted that the Indian economy will grow by 7.1 per cent in FY 2016-17 but Indian economy has surpassed this estimate.

During the Financial Year 2016-17, the Indian Economy has continued to consolidate the gains achieved in restoring macro-economic stability. Despite the continuing global sluggishness and recent pick-up in petroleum prices, the economic growth has continued to be robust. Fiscal Deficit and Current Account Deficit as percentage of GDP have improved. Inflation measured in terms of Consumer Price Index and Wholesale Price Index has remained in comfort zone and inflation has been declining.

#### Balance of Payments

Current Account Deficit (CAD) narrowed down to US\$ 22.2 billion (1.1 per cent of GDP) in 2015-16 as compared to US\$ 26.9 billion in 2014-15. In the year 2016-17 the CAD narrowed down further to 0.7% of GDP.

#### Foreign Exchange Reserves

India's foreign exchange reserves touched a new record high of US\$ 392.86 billion in the week to July 28, 2017, showing an increase of US\$ 170.56 billion over the level of US\$ 222.3 billion at end-March 2016, aided by an increase in foreign currency assets (FCA) to US\$ 367.15 billion. Country's foreign exchange reserves are at a comfortable position to buffer any external shocks.

During the year, the Government of India's sudden announcement of demonetisation of high denomination bank notes of ₹ 1000/- and ₹ 500/- with effect from November 8, 2016, in order to eliminate black money and the growing menace of fake Indian currency notes caused sensation in the whole country, caused drop in economic activity on account of the currency squeeze temporarily and economic activity being restored .

In the Union Budget 2017-18, the Finance Minister, Shri Arun Jaitley, verified that the major push of the budget proposals is on growth stimulation, providing relief to the middle class, providing affordable housing, curbing black money, digitalisation of the economy, enhancing transparency in political funding and simplifying the tax administration in the country.

The Government of India rolled out Goods and Service Tax (GST) on 1<sup>st</sup> July 2017, one of India's most comprehensive reform in indirect taxes since independence, turning India into a common market by scrapping barriers between the states and ushering into an era of one tax, one market and for one nation. This will lead to increasing tax compliance and dramatically reducing the burden on poor and might provide an impetus to the investment and growth in the country. While the reform is largely seen as positive in the long run, it is uncertain if many firms in the country are prepared for the transition and the implementation could disrupt activity albeit temporarily. The June quarter earnings season is unlikely to be exciting with earning for several companies hurt ahead of the roll out of the GST. In particular, key sectors such as FMCG, Automobiles and Pharmaceuticals were adversely impacted, especially in June, as they de stocked and offloaded inventory at discount though there could be some improvement after consecutive quarters of tepid growth post demonetization.

The Nifty, the performance indicator of overall growth of economy, has crossed and closed above the psychologically crucial 10000 mark on 25<sup>th</sup> July 2017 indicating that the India is not outlier any more and the confidence the investors have in its potential and we hope that it will continue to symbolize India's growth story across the world."

Government of India led by PM Shri Narendra Modi is leaving no stone unturned to upgrade the position



of India in the world map of developed countries. Several welfare initiatives and schemes taken in the last two years speak out the success India experienced never before. Some of the flagship initiatives include Make in India, Digital India, Clean India, Skill India, 100 Smart Cities and Startup India Standup India. The Indian Government's favourable policy regime and robust business environment has ensured that foreign capital keeps growing in to the country. The government has taken many initiatives in recent years in this direction such as relaxing FDI norms across sectors such as Defence, PSU Oil refineries, Telecom, power exchanges and stock exchanges among others.

This year, rainfall uptill now is above normal. After covering the entire country last week, the south-west monsoon had been active over the western, central and eastern parts for the last few days. With the exception of Kerala, south interior Karnataka and Tamil Nadu, the quantum of monsoon rains has been widespread and is currently at the above normal range, which would boost kharif-sowing activities. According to the India Metrological Department, the cumulative rainfall received till Tuesday the 25<sup>th</sup> July, 2017, across India has been 105% of the benchmark long period average.

With the strong government at the centre with political and macro-economic stability, India is doing exceedingly well and we are optimistic about the country's medium to long term growth prospects. There is no reason why India should not attract investment from across the world.

## 2.0 INDUSTRY STRUCTURE AND DEVELOPMENT

Fertilizers serves as the key ingredient for the food security of the country, by increasing the production and productivity of the soil. Since agriculture is a very important sector it goes without saying that the fertilizer industry is one which the Indian economy cannot do without as it manufactures one of the critical raw material for agriculture which is still a major occupation of the country.

India's green revolution in 60's gave a positive boost to this sector. As a result, the industry of fertilizer experienced a faster growth rate and it has grown in size and stature in the past 50 years and it ranks 3<sup>rd</sup> in the world. The primary objective of this industry is to ensure the inflow of both primary and secondary elements required for crop production in the desirable quantities.

India today is the third largest producer of nitrogenous fertilizers in the world only behind China and USA and third in phosphatic fertilizers whereas the requirement of potash is met through import since there are no reserves of potash in the country. The fertilizer industry in India with its rapid growth is all set to make a long lasting global impression.

Chemical fertilizer consumption per hectare in India is still low at 139 kgs. per hectare in 2015-16 in comparison to some of the developed countries such as South Korea (400 kgs), Netherlands (275 kgs), Belgium (225 kgs), Japan (340 kgs). The main reason for low per hectare consumption of chemical fertilizers is absence of assured water supply which is a must for the usage of chemical fertilizers. Since most of the cultivated areas in India are rainfed; they consume only 20% of the total fertilizers.

However, despite low per hectare consumption of fertilizers, India needs to import fertilizers to fulfil the demand.

For sustained agricultural growth and to promote balanced nutrient application, it is imperative to make fertilizers available to farmers at affordable prices. With this objective, urea being the only controlled fertilizer, is sold at statutory notified uniform sale price, and decontrolled Phosphatic and Potassic fertilizes are sold at indicative maximum retail prices (MRPs). The problems faced by the manufactures in earning a reasonable return on their investment with reference to controlled prices, are mitigated by providing support under the New Pricing Scheme for Urea units and the concession Scheme for decontrolled Phosphatic and Potassic fertilizers. The statutorily notified sale price and indicative MRP, being less than the cost of production, the difference between the cost of production and the selling price/MRP is paid as subsidy/concession by the Government to manufacturers. Government also pays the equated freight subsidy to cover the cost of transportation per the uniform freight policy approved by DOF, GoI.

To ensure the availability of adequate quantity and proper quality of fertilizers to the farmers, GoI has declared fertilizer as an essential commodity under the Essential Commodities Act, 1957 and Fertilizer Control Order, 1985 was issued to control its quality, price and distribution movements. GoI is actively involved in supporting fertilizer industry through Department of fertilizers.

In spite of ranking third largest nitrogenous fertilizer producer and third largest phosphatic fertilizer producer in the world, day by day the demand of fertilizers in India is increasing which is leading to increased dependence on imports

Although Fertiliser industry has made rapid progress and there has been considerable increase in the domestic production of fertilisers over the years but it is not enough to keep pace with the growth in consumption. India is deficient in primary sources of fertilizer inputs (such as natural gas, rock phosphate, potash).

The key reasons as to why India was not able to increase the fertilizer production are as follows:

- Firstly, setting up a fertilizer plant in India is a long process which generally takes minimum three to four years from time of issue of letter of intent to start of production. There was an absence of clear policy of setting up fertilizer plant in the country.
- Fertilizer production is highly energy intensive with cost of feedstock and fuel alone accounting for between 55 to 80 per cent of the cost of production.
- Secondly, the government policy towards private sector players in fertilizers has never been clear. The business environment for fertilizer companies has been hostile due to urea subsidy and erratic supply of natural gas, which is raw material.

Further, India could not attract foreign companies to produce fertilizers here because they earn huge profits in exports to India. Thus, since local production is low, India is dependent on fertilizer imports.

To meet the projected demand, additional production capacity alongwith stable and conducive policy environment, availability of raw materials, adequate price incentives are required which will play a key role in shaping the future of Indian Fertilizer Industry.

In India today we have 57 large fertilizer plants and 64 medium and small sized fertilizer production units producing Urea, DAP, Complex fertilizers, Ammonium Sulphate (AS) & Calcium Ammonium Nitrate (CAN) with an output of 121.10 LAKHS MT a year with market capitalisation of 25% to the GDP.

Government is taking various steps to increase domestic production and improve fertilizer availability in the country. Some of the policy initiatives of the government in this direction are as under:

- a. Domestic price guidelines 2014 introduced to align variation in gas prices US\$ 4.205-5.75 per MMBTU (Pre-2014)
- b. Gas Price Pooling w.e.f. 1<sup>st</sup> June 2015 to incentivise Urea production at healthy energy efficiency
- c. Nutrient based subsidy rates revision on periodical basis to lower the subsidy burden.
- d. Possibility of de-canalisation of Urea Imports
- e. Direct Benefit Transfer (DBT) of subsidy to farmers for tracking fertilizers till its actual consumption, plugging leakages and containing the ever increasing subsidy bill.
- f. Commitment of Government for revival of Old Fertilizer Units.

In the meantime, Indian fertilizer industry is carrying out de-bottlenecking and energy saving schemes for the existing plants to enhance the capacity and reduce the specific energy consumption per ton of produce.

The fertilizers sales for industry as a whole had declined by almost 7% during the financial year 2016-17 leading to high systemic inventories as against the financial year 2015-16 (except in case of MOP). The main reason behind reduction in sales volume are attributed to drought conditions in southern states like Karnataka & Kerala followed by uneven distribution of rainfall during Khariff '16 and constraint of availability of cash flows during Rabi 16-17. NPK and DAP sales had declined by 7% and 10 % respectively as compared to the previous year. Imports of Urea and DAP declined by 35% and 27% respectively during the year 2016-17 as compared to the previous year. DAP imports mainly declined due to higher domestic production after decline in key raw material prices which led to improved profitability for domestic producers. Decline in Urea imports are attributed to reduced consumption due to non-diversification of Urea for industrial use and also lower requirement as Urea sold was 100% neem coated Urea. On the other hand, imports and sales of MOP witnessed growth



of 15% and 16% respectively due to corrections in the prices of procurement and sale.

After touching multi-year lows of \$180-\$190 per MT, urea prices have staged a recovery, rising to \$220- \$240 per MT. The recovery is a result of the decline in Chinese exports by 35% during the year 2016 and rising input costs i.e. coal and natural gas. With rising coal prices and low urea prices a large part of the Chinese capacity became uncompetitive. Additionally, a crackdown by the Chinese Government on coal based units to curb pollution resulted in lower utilisation rates during CY 2016. However, given the recent price recovery and removal of the \$12 per MT export tax on urea by the Chinese Government, Chinese capacities are expected to become competitive and should lead to higher exports during CY 2017, which in turn would keep the urea prices under check.

The international gas prices have shown modest recovery in the last few months, resulting in modest increases in the pooled gas prices. Further, removal of input tax credit by the Gujarat Government on gas sold outside the state resulted in gas costs rising by 13% for the non Gujarat consumers, which also pushed the pooled price higher for the sector. With higher International gas prices and the domestic gas prices, the pooled gas price for the industry is expected to increase moderately for the FY 2018. While the increase in gas costs will lead to higher subsidy receivables and hence higher working capital borrowings for the Industry, higher gas costs will also result in reimbursement of energy savings at higher costs.

The revenues of the Fertilizer industry witnessed a 16% decline due to lower gas prices leading to lower retention prices for urea and decline in sales volumes as well. Further, sales of associated chemicals witnessed de-growth due to down-cycle in commodity prices. However, the profitability of the industry remains moderate with operating margins at 10.4% in FY 2017 vis-à-vis 9.2% in FY 2016 due to lower price of key raw materials. The net earnings of the companies improved during FY 2017 to 4.9% as against 2.6% in FY 2016 on account of higher operating margins and lower interest costs. The return indicators along with credit metrics continued to remain under pressure due to high reliance on working capital borrowings to fund subsidy receivables. As subsidy delays are expected to continue, though the backlog will be lower, the financial performance of the industry is expected to continue to remain impacted in the near to medium term.

### 3.0 STRENGTH, WEAKNESS, OPPORTUNITIES & THREATS

#### 3.1 Strengths:

- (i) Your Company's strength lies in its skilled manpower, high Brand Equity of its Products such as Ujjwala, Suphala, Microla, Biola, and Sujala.
- (ii) The wide reach of marketing network ensures that your Company can take its products to the farthest corner of the country.
- (iii) The Farmer's Training Institutes at Thal and Nagpur are helping in a big way to educate farmers on latest farming techniques. Also Company has been operating toll free help line number called "Kisan Care" through which farmers can approach agriculture experts and get their queries addressed.
- (iv) Your Company has a wide portfolio of chemical products which has applications across several sectors like pharmaceuticals, dyes etc.
- (v) The well maintained plants and equipment ensure that production remains uninterrupted.

#### 3.2 Weaknesses:

- (i) The Plants have been in operation for a very long time. However regular upkeep, maintenance and up-gradation of the plants have ensured uninterrupted production so far.
- (ii) As the ultimate customers of the Company are farmers, agro-climatic condition has a large effect on the performance of the Company.
- (iii) Raw material such as Rock Phosphate, KCL etc. required in the manufacturing of the complex fertilizers has to be imported. Their procurement cost is subjected to severe volatility in global raw material prices and variation in the foreign currency exchange rates affecting the profitability of the Company.

#### 3.3 Opportunities

- (i) Several opportunities exist overseas, for

Collaborations/Diversification in the field of manufacturing and mining of raw materials as well as fertilisers thereby presenting an opportunity for marketing of variety of products.

- (ii) Huge demand and supply gap in the Country provides an opportunity to Company for expanding its Urea base at Thal.
- (iii) Alternate feedstock such as Coal gives an opportunity for undertaking Fertilizer Projects in other parts of the country closer to coal mines based on latest coal gasification technology.
- (iv) Experienced and Skilled Manpower of your Company has been in demand for rendering O&M services in India and abroad. In view of your Company's Training facilities, as well as the available skilled Engineers and Technicians, your Company is in position to impart training to many foreign and Indian Companies.

All these opportunities would result in significant revenue generation for your Company.

### 3.4 Threats

- (i) Manufacturing and marketing of Fertilizers is the core business of your Company. In recent years, there has been high volatility in the prices of raw material resulting in an adverse impact on production and marketing plans. The profitability is susceptible to the input costs of major raw materials, such as Rock Phosphate, Sulphur, DAP, MOP, MAP etc.
- (ii) Production of Urea, Complexes and chemicals is dependent on the availability of feedstock gas and its economic pricing.
- (iii) The chemicals business is also exposed to cut throat global market competition.
- (iv) Department of Fertilizers (DoF), Government of India, is under the process of implementing a move to mop up the unintended gains that the fertilizer units are making in nutrient "N" by use of APM/RIL gas for manufacturing of P&K fertilizers with retrospective effect from 1.4.2010. This, if implemented, will not only have adverse impact on the profitability but also operational viability of the Company. Your Company has made suitable representation

to the DoF on this issue.

- (v) Uncertainty in government policies in respect of supply of feed stock gas, pricing of fertilizers and subsidy thereon also affect the performance and competitiveness of the Company.
- (vi) Gas Pooling Mechanism for Urea production is adding to the interest burden on the Company.

## 4.0 SEGMENT-WISE PERFORMANCE

The segment wise performance of the Company was as under:

### 4.1 Thal Unit:

During the year, the unit produced 21.44 lakh MT of Urea compared to 20.97 lakh MT produced during the previous year. The operating stream days for the Ammonia Plant was 356.950 days and Urea was 360.820 days as against 352.510 and 344.700 stream days during the previous year respectively. The energy consumption of Urea was 5.874 Gcal/MT (5.943 Gcal/MT during the previous year) and Ammonia was 8.287 Gcal/MT (8.329 Gcal/MT during the previous year). Thal unit achieved higher energy efficiencies in Urea and Ammonia plants as compared to previous year due to higher production and operating stream days. In terms of nutrients in the fertilisers, the unit produced 9.86 lakh MT of N during the year, compared to 9.65 lakh MT during previous year.

### 4.2 Trombay Unit:

The Trombay Unit produced 4.07 lakh MT of Urea, 4.65 lakh MT of Suphala 15:15:15 and 0.04 lakh MT of Suphala 20:20:0 during the year compared to 4.50 lakh MT of Urea, 4.61 lakh MT of Suphala 15:15:15 and 1.75 lakh MT of Suphala 20:20:0 produced during the previous year. In terms of Nutrient values, the unit produced 2.58 lakh MT of N, 0.71 lakh MT of P<sub>2</sub>O<sub>5</sub> and 0.70 lakh MT of K<sub>2</sub>O during the year compared to 3.11 lakh MT of N, 1.04 lakh MT of P<sub>2</sub>O<sub>5</sub> and 0.69 lakh MT of K<sub>2</sub>O respectively during the previous year. The energy consumption of Urea was 6.860 Gcal/MT (6.907 Gcal/MT during the previous year) and Ammonia was 8.960 Gcal/MT (9.069 Gcal/MT during the previous year). This is the best ever energy efficiency the Company has accomplished in respect of Trombay Urea Plant in spite of lower production and stream days due to various energy saving schemes being implemented in both the plants.



### 4.3 Industrial Products

Your Company produces industrial chemicals at its both units. During the year, your Company produced 1.76 lakh MT of various major industrial chemical products as against 1.88 lakh MT during the previous year. Your Company produces, amongst others, AN Melt, Methylamines and Derivatives, Conc. Nitric Acid, Argon, DMAC, Ammonium Bi-Carbonate, Formic Acid etc.

### 5.0 OUTLOOK

5.1 In the Union Budget for FY 2018, subsidy allocation for the fertilizer sector was kept unchanged from FY 2016 levels of ₹ 700 billion. While the subsidy allocation for Urea has been reduced by ~ 3% to ₹ 498 billion subsidy allocation towards that for NPK has been increased by 6.5% to ₹ 202 billion.

5.2 In February 2017, the Ministry of Finance sanctioned ₹100 billion Special Banking arrangement (SBA) to the Fertilizer Ministry with an interest subvention equivalent to the 10 years government bond which yields an effective interest rate ~1.75% p.a. to be paid by the Industry. As the SBA is a short term loan extended at a subsidised interest rate, it will have to be repaid from the budgetary allocation in FY 2018. Thus, the SBA will certainly help in reducing the interest costs being borne by the Fertilizer units but the issue of subsidy backlog will continue to plague the Industry.

5.3 In the Union Budget FY 2018, the basic customs duty on the R-LNG was reduced from 5% to 2.5%, which will help in partially offsetting the increase in costs due to the removal of input VAT credit. However, in near term, with recovery in Urea prices and energy efficiency of Indian plants being competitive against global benchmarks, the Indian Fertiliser Industry should remain competitive against urea imports.

5.4 Other Government policies in 2016-17:

**a. Direct Benefit Transfer (DBT) of subsidy:**

As a precursor to introduce Direct Benefit Transfer (DBT) in fertilizer sector, Gol has implemented DBT pilot project in 17 districts to capture authenticated retailer sales and buyer's details. So far 14 districts are already in 'go-live' status. Encouraged by the success of the pilot project, the Centre has decided to roll out one of its biggest subsidy reforms across the country where

fertilizer subsidies would be transferred to manufacturers on the basis of retailer sales to farmers through POS devices. The move will help to target the actual beneficiaries and reduce the government's fertiliser subsidy bill through plugging diversion and leakages.

**b. Installation and running of Retail model shops:**

RCF has joined hands with the Government of India in their ambitious programme of installing 2000 "Model Retail Shops" within the next three years on Pan India basis by establishing 150 "Model Retail Shops" called Kisan Suvidha Kendra's in the premises of RCF's loyal dealers to empower the farmers which will further support the farmers in improving the quality of life ..

**c. Promotion of city compost under Swachh Bharat Mission:**

Swachh Bharat Mission Led by MoUD has one of its objectives as scientific management of municipal solid waste. In view of this Ministry of Chemicals and Fertilisers, Government of India had approved a policy on promotion of city compost with provision for market development assistance for scaling up production and consumption of the city compost.

### 6.0 PRICING POLICY

**6.1 Urea:** In case of urea, the farm-gate price is notified by the Government from time to time, so also the dealer's margins are indicated. The concessions to the units are given under various policies from time to time. Effective from 1<sup>st</sup> June 2015, Urea is governed by New Urea Policy 2015 (NUP 2015) under which units are divided into three groups based on preset energy norms. As per NUP 2015, energy norms have been tightened and expected to be further tightened from 1<sup>st</sup> April 2018, thus focusing on energy reduction being achieved by Urea units. For production beyond the Re-assessed capacity (RAC) i.e. 100% of capacity, the unit will be entitled for the respective variable cost and uniform Per MT incentive equal to the lowest of Per MT fixed cost of all the indigenous Urea units subject to maximum of import parity price (IPP) plus weighted average of other incidental charges which the Government

incurs on Imported Urea. Considering falling IPP of Urea, to incentivize production beyond RAC, the IPP based compensation stands increased for the year 2016-17 which also includes cost of Government levies incurred on Imported Urea.

To address the issue relating to availability and pricing of gas for Urea sector, Government of India has announced Pooling of Gas in Fertilizer (Urea) Sector, effective from 1<sup>st</sup> June 2015 wherein all Urea manufacturers are entitled to gas for Urea production at the weighted averaged pooled price of Domestic gas and Imported RLNG. This has encouraged Urea units to operate at full capacity during the year in sync with the Government policy of “Make of India”.

The current abysmally low price of imported Urea has created a situation where production of Urea beyond Reassessed capacity has become challenging during 2017-18.

**6.2 P&K fertilizers:** P&K fertilizers are covered under Nutrient Based Subsidy (NBS) scheme. Under the NBS, the subsidy rates for nutrients ‘N’, ‘P’ ‘K’ and ‘S’ are notified by the Government on an annual basis. Selling prices are determined by the Company depending on costs of production, seasonal conditions, demand in field, competitors’ pricing, etc.

In addition to above, units are also entitled for compensation towards freight expenses based on uniform freight policy. During the year, restriction of freight subsidy up to 1400 Kms impacted the margins of the Company. Further the issue of gas allocation and retrospective recovery towards use of cheap Domestic gas for manufacture of P&K fertilizers and chemicals remains unresolved. The said matter has been referred to an Inter-Ministerial Committee for resolution. Company has represented that such action is discriminatory in nature and not in the spirit of the policy and expects a favourable response. Consequent to Gas Pooling being made applicable to Urea, Company has also sought that pooled price be made applicable even to its non-Urea operations for the year 2015-16. From May, 2016, the Company has started using market determined RLNG for non-Urea operations.

**6.3 Impact of Government policies on IPD marketing**

Government policy on pricing and prioritizing allocation of natural gas may severely affect production and sale of domestic units manufacturing fertilizers and chemicals.

Free Trade Agreement with other nations may result in lowering of the existing duty structure, thus encouraging cheaper imports which in turn can affect sale of domestic manufacturers like RCF.

Government has liberalized import of chemicals to meet the ever increasing consumption level of chemicals in almost all sectors of the economy. International manufacturers, apart from cheaper energy sources, are having huge production capacities thus benefiting from the economies of scale, making available their products at cheaper rate compared to domestic manufacturers. This has put strain on the margins of domestic manufacturers producing products viz. Methanol, DMF, DMAC, Formic Acid, Ammonia, ABC, Amines etc. Further, in view of lifting of sanction, cheap imports are flowing from Iran which has added to the supply. However, to safeguard interest of domestic manufacturers the Government has also imposed anti-dumping duty on import of products like Sodium Nitrite / Sodium Nitrate. Cases are pending relating to various chemicals where Indian manufacturers are requesting Government of India for imposition of anti-dumping duty.

## 7.0 INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has a well-defined Internal Control System that is adequate and commensurate with the size and nature of its business comprising an in-house Audit Department, which conducts internal audit of various operational and financial matters on on-going basis. Internal Audit group consists of adequate number of financial and technical personnel and is headed by a Cost Accountant in the rank of General Manager. The recommendation and observations of the Internal Audit Department are reviewed regularly by the Audit Committee constituted by the Board of Directors. As required by the Companies Act, 2013, the Audit Committee has formulated the Scope, Functioning, Periodicity and Methodology for conducting the Internal Audit and informed to the Board of Directors. The adequacy & operational effectiveness of Internal Financial Controls over Financial Reporting has been reviewed by the Audit Committee. The performance of the Company is regularly monitored by the Board of Directors.

The Company has an effective budgetary control mechanism in place to take care of the detailed capex and operational budget. Appropriate monitoring mechanism to compare the actual performance with the budget ensures that necessary review is periodically undertaken.



## 8.0 DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

### 8.1 Review of the financial performance

8.1.1 During the year, your Company achieved a Turnover of ₹ 7223.17 crore as against ₹ 8241.35 crore in previous year (PY). Lower volumes of fertilizer sales, falling IPP of Urea, declining rates of complex fertilizers and depressed IPD sales realisations led to decline in turnover by 12%. Consequently Profit Before Tax (PBT) during the year, stood at ₹ 248.73 crore as against ₹ 265.23 Crore, i.e. a reduction by 6% over previous year. Profit After Tax (PAT) stood at ₹ 179.26 crore as against ₹ 172.64 Crore which is marginally higher than previous year by 4% due to lower deferred tax and refunds on account of earlier years assessments.

8.1.2 Your Company achieved sales volume of 31.87 lakh MT during 2016-17 as compared to 33.75 lakh MT during the previous year. The Total sale of manufactured fertilizers during 2016-17 was 30.44 lakh MT as against 30.88 lakh MT during the previous year. Sales of manufactured fertilizers registered reduction of 1.42% over previous year owing to poor agro-climatic conditions and glut of fertilizers in the market.

8.1.3 Your Company produced 30.17 lakh MT of fertilizers (25.52 lakh MT of Urea, 4.65 lakh MT of Suphala 15:15:15) during the year as against 31.83 lakh MT of fertilizers (25.46 lakh MT of Urea, 4.62 lakh MT of Suphala 15:15:15 and 1.75 lakh MT of Suphala 20:20:0) produced during the previous year.

### 8.2 Energy Consumption

The energy consumption achieved during the year ended 31<sup>st</sup> March 2017 as compared to the year ending 31<sup>st</sup> March 2016 is given below.

Gcal/Mt

Plant	For the year 2016-17	For the year 2015-16
Ammonia Trombay-V	8.960	9.069
Ammonia Thal	8.287	8.329
Urea Thal	5.874	5.943
Urea Trombay	6.860	6.907

Thal unit achieved higher energy efficiencies in Urea and ammonia plants as compared to previous year due to higher production and operating stream

days. The Ammonia and Urea Plants at Trombay, despite lower production and lesser stream days, could achieve better energy consumptions as compared to previous year due to various energy saving schemes being implemented.

## 9.0 MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

### 9.1.0 TRAINING AND DEVELOPMENT

One of the strengths of your Company lies in its skilled and professional manpower. This could be achieved by adopting good HR policies and undertaking training and development of all employees. Training imparted includes enhancing General Management skills of the employees in various functions viz. Marketing, Finance, Commercial and Health Services discipline.

The key strength of your organization is the approach towards constant improvement in the job performance and growth of the employees. This is achieved through constant learning, job enrichment and role enlargement. These processes help in building skilled and professional workforce.

The role of Human Resources Development encompasses Training and Development where special programs are designed to upgrade employees' knowledge and skills that are helpful in performing various functions of the job and organizational development where application of knowledge and activities are undertaken so that strategies, processes & structure are improved through proper development & reinforcement.

Quality Management Systems, Environment Management Systems, are established for effective results. On-going thrust is on improvising and enhancing the work culture by adopting productive measures like Six Sigma, Quality Circles and 5s activities. Your Company is the first PSU organization to have conducted participatory gender audit and actions are being implemented towards achieving gender equality in policies and systems.

HRD vision is towards continuous development by adopting to changes. There is one important initiative towards upgradation of knowledge which your organization has adopted is E-learning through comprehensive learning management systems. Safety modules and gender sensitization programmes have been launched through E-learning modules.

## 9.2.0 INDUSTRIAL RELATIONS

Your Company maintained cordial and harmonious Industrial Relations with all its employees. All the issues are settled amicably through regular discussions, meetings and dialogues with the employees. There was no occurrence of any untoward incident during the year.

The election for deciding Sole Bargaining Agent under Check Off System was held in August, 2016. The 2<sup>nd</sup> phase of “HR Aapke Dwar” is completed successfully. All the plants are covered under this drive. This is working nicely as Employee Engagement Activity.

Your Company had 3530 employees comprising 1679 Officers and 1851 non-officers, as on 31<sup>st</sup> March, 2017 compared to 3775 employees (1641 officers and 2134 non-officers) as on the corresponding date of the previous year.

During the year, your Company has recruited 4 employees which includes 1 Deputy Manager (Chemical) and 3 Operator Grade in unionised category.

Your Company has undertaken “Swachha Bharat Abhiyan” in various plants, Hospital, School, RCF Co-operative Credit Society, RCF Township etc.

Your Company has celebrated “International Yoga Day” at RCF Community Hall, Kurul township, Pragati Sabhagruh Thal factory, Youth Council, Trombay township, CMDC hall, Administrative building Trombay and Suraksha Bhawan Trombay Factory.

Retiring employees are felicitated every month and feedback review meetings are also conducted by inviting the family members of the superannuating employees.

Your Company has conducted special medical check ups/camps for ladies. In addition to this, your Company has extended Maternity leave upto 180 days, leave for miscarriage or medical termination of pregnancy upto 45 days, Child Adoption leave to female employee upto 90 days and Paternity leave of 15 days.

## 9.3.0 MATHADI CONTRACT LABOUR MANAGEMENT

Management strongly believes in continuous dialogues and meetings with Unions of Contract Labours/Mathadi Labour Board. Mutual Trust and Transparency are the key factors in maintaining

cordial industrial relations.

Negotiations between Contractors and the Contract Labour Unions were held for Wage Revision effective from 01.01.2016 and settlements were signed in December 2016 and March, 2017. Organised workers salary is now raised to almost ₹ 17,000/- per month.

## 9.4.0 GRIEVANCE REDRESSAL

There is a “three tier system” in existence through which the employees’ grievances are resolved. It helps in achieving the objectives of employees’ satisfaction enhancement within guidelines and it also develops faith and confidence in the system and department. HR officers have been entrusted with the responsibility of ‘Plant co-ordination and welfare officer’ for the purpose of prompt Redressal of employees’ grievances.

## 9.5.0 WELFARE AND SPORTS

Your Company undertakes several welfare schemes like education, medical, transport, housing etc., according to the needs of the employees. In regards to sports, your Company is a prominent patron and sponsored various sports events. Your Company’s Football, Cricket, Hockey, Kabaddi and other teams continuous to show excellent performance at District, State and National levels. Your Company conducted District Level Adivasi Kabaddi Torunament as RCF Sports complex, Thal on the occasion of Maharashtra Day. Total 64 teams participated in the tournament from Raigad District.

Your Company organised RCF Corporate T-20 Cricket Tournament – Dr. Babasaheb Ambedkar Cup at Trombay. Sixteen no. of teams participated. Your Company has also organised ‘RCF Nadkarni Cup’ football tournament in the month of February, 2017 of Elite Division.

## 9.6.0 WELFARE / EMPLOYMENT OPPORTUNITY TO WEAKER SECTION

The guidelines in respect of reservation in recruitment and promotion of SC/ST, OBC, Ex-servicemen and Persons with Disabilities are followed by your Company. As on 31<sup>st</sup> March 2017, your Company has on its rolls, 512 employees belonging to Scheduled Caste, 241 belonging to Scheduled Tribe and 421 Other backward castes.

Your Company is committed to the welfare of the backward classes in general and SC/ST employees in particular. Regular meetings are held with SC/ST Employees Welfare Association to address



grievances, if any, and for providing guidance for development.

Your Company has adopted 29 SC/ST students under SC/ST Adoption Scheme.

Your Company has celebrated 125<sup>th</sup> Birth Anniversary of Dr. Babasaheb Ambedkar in Buddha Vihar, Kurul Colony. The programmes such as Blood Donation Camp and felicitation & entertainment programmes were organised.

Medical Camp is organized every year at Chaitya Bhoomi, Dadar on 6<sup>th</sup> December, on the occasion of 'Mahaparinirvan Day'. Financial assistance for distribution of food packets and making arrangement for medical camp including for medicines along with the vehicles and Doctors is made available by the Company on this occasion.

Your Company's Thal Unit provides various amenities like water, road for the nearby villages e.g. Thal, Navgaon, Boris, Gunjis etc., where the majority of the population belongs to the SC/ST categories.

#### 9.7.0 Woman Achievement

As per the directions of the Ministry, RCF WIPS CELL was formed in your Company to cater to the needs of female employees. In the Quarterly meetings of RCF WIPS CELL, issues like programme of Self Defence, Career Guidance, welfare measures provided for Women employees in other PSUs are discussed and recommendations are put up for needful to the concerned. Your Company has also organized Financial Planning Programme (to improve & update knowledge about finance in

women employees) for all its female employees as well as for female employees from different PSUs of Western Region. For the activities conducted for Women, your Company received third prize for Best Enterprise Award, in Mini-Ratna Category, in the hands of Hon'ble Justice Smt. Vasanti Naik, at National Meet of WIPS at Nagpur.

Various awards were bestowed on female employees of your Company during the year includes Institute of Public Enterprise (IPE) award 2016 received at Osmania University, Hyderabad by Ms. Jyoti Patil, Chief Manager, Technical Services, RCF Thal and by Dr. (Mrs.) Archana Kale, Manager (R&D). Dr. (Mrs.) Utpala K. Baviskar, Sr. Manager (R&D) received 'Best Paper Award' for the paper presented by her on "Recovery of undissolved nutrients from effluent of ANP" at CHEMCON 2016. Fertilizer Association Award for "Excellence in quality production, Marketing and Promotion of Biofertilizers" for the year 2016 was given to Dr. (Mrs.) Archana Kale, Manager (R&D).

#### 10.0 CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' and actual results may or may not be in accordance therewith. The Company's performance is dependent on several external factors such as performance of monsoon, significant changes in economic environment, Government Policies, fluctuations in prices of raw material and finished products and also their availability, etc., which could adversely affect the operations of your Company.

**BHANDARI & ASSOCIATES**

Company Secretaries

901, Kamla Executive Park, Off. Andheri Kurla Road,  
J.B. Nagar, Andheri East, Mumbai 400059  
Tel: +22 4221 5300 Fax: +91 22 4221 5303  
E-mail : mumbai@anilashok.com

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017**

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,

The Members,

**Rashtriya Chemicals and Fertilizers Limited**

CIN: L24110MH1978GOI020185

We have conducted the Secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Rashtriya Chemicals and Fertilizers Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2017** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- i. The Companies Act, 2013 (The Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent

of External Commercial Borrowings. The Company does not have any Foreign Direct Investment and Overseas Direct Investment during the financial year.

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009#;
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014#;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008#;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009#; and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998#;

*# The Regulations or Guidelines, as the case may be were not applicable for the period under review.*



The list of Acts, Laws and Regulations specifically applicable to the Company are given below:

- vi. Guidelines on Corporate Governance for Central Public Sector Enterprise (CPSEs) 2010; and
- vii. The Fertilizer (Control) Order, 1985.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India; and
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“Listing Regulations”].

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above Subject to the following observations:

- A.1.** The Company has appointed requisite number of the Independent Directors on its Board with effect from July 08, 2016 as required under Section 149 of the Act. Subsequent to appointment of Independent Directors, Audit Committee and Nomination & Remuneration Committee was reconstituted as required under Section 177 & 178 of the Act and 18(1)(b) & 19(1)(c) of the Listing Regulations respectively. Further Company has appointed a Woman Director on its Board with effect from March 06, 2017 as required under Section 149 of the Act and Reg. 17(1)(a) of the Listing Regulations.
- A.2.** The Company has requisite number of Non-Executive Directors and Independent Directors on its Board with effect from July 01, 2016 and March 14, 2017 as required under Reg. 17(1)(a) and 17(1)(b) of Listing Regulations respectively.
- A.3.** The Company has formulated the Code for Prevention of Insider Trading in the Securities and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information on July 08, 2016 and received disclosures as required under SEBI (Prohibition of Insider Trading) Regulations, 2015.

### **We further report that**

Subject to foregoing, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. Further the changes in the composition of the Board of Directors, that took place during the period under review, were carried out in compliance with the provision of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has obtained Member's approval at the Annual General Meeting held on September 23, 2016 pursuant to the provisions of Section 42, 71 and other applicable provisions of the Companies Act, to offer or invite subscriptions for secured non-convertible debentures (NCDs), in one or more series/tranches, aggregating upto ₹ 1,000 Crore on Private Placement.

### **For Bhandari & Associates Company Secretaries**

**S. N. Bhandari  
Partner**

FCS No: 761; C P No. : 366  
Mumbai | July 14, 2017

This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.

To  
The Members,  
**Rashtriya Chemicals and Fertilizers Limited**  
CIN: L24110MH1978GOI020185

Our Secretarial Audit Report for the Financial Year ended on March 31, 2017 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Bhandari & Associates**  
**Company Secretaries**

**S. N. Bhandari**  
**Partner**

FCS No: 761; CP. No: 366  
Mumbai | July 14, 2017

**Annexure - IV****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO (SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014)****A. Conservation of Energy**

Your Company has taken several steps during the year 2016-17 which has resulted in significant reduction in the energy consumption.

**(i) Steps taken for conservation of energy****TROMBAY UNIT****➤ Ammonia I Plant**

- Replacement of 11 KV, 3650 KW Motor for PAC.
- Conversion of Class IV (Leakage class) vent Valves (PIC-1 & HIC-305) on MP Steam header to Class V (Leakage class)

**➤ Ammonia-V**

- Dry Ice cleaning of convection zone coils
- Replacement of fabric expansion bellows of Combustion air duct

**➤ Urea**

- Installation of New Ammonia Feed Pump
- Installation of vortex mixer and conversion booster in Urea reactor.

**➤ New Steam Generation Plant**

- Dry Ice cleaning of Furnace (tubes) carried out in Boiler No. 1.
- Modification of nine stage BFW Pump to eight stage BFW Pump in Boiler no.1

**➤ ANP**

- Stoppage of PCT pumps and ID Fans by making provision for ammonia scrubbing in CN scrubber instead of earlier NP section scrubber.
- Replacement of aluminium casting blades of CCT ID Fan (North) with FRP blades.
- Provision of VFD for water booster pump.

- 12 ata steam condensate heat recovery by heating AN unit feed in 1<sup>st</sup> stage

**➤ ABC**

- New steam traps installed in plant.

**➤ STP**

- Stoppage of one out of two pumps at Ghatkopar Pumping Station.
- Trimming of impeller of RO feed pump no. 3

**➤ Electrical Workshop/EES**

- Reduction in the monthly power bill of Factory by reducing Contract Demand from 35 MVA to 28 MVA in accordance with the current factory requirement.
- Procurement, Installation & Commissioning of 100KW Rooftop grid Synchronized Solar power Generation system.

**THAL UNIT****➤ Urea Plant**

- Urea 21 CO<sub>2</sub> compressor turbine washing carried out during April 2016 shutdown. Energy saving of 0.01 Gcal/MT of Urea was achieved.

**➤ Ammonia Plant**

- Ammonia –I Alternator motor was replaced with high capacity motor in May 2016 resulting in additional power generation. This has resulted in energy saving of 4.75 Lakhs/KWh per year.

**➤ EES**

- Installation of 1198 KWp solar plant expected power generation shall be around 15.74 Lakh KWh per annum.
- Replacement of old electrical light fittings (Tubes, tube fittings, well glass fittings, street lights, induction lamps, and high bay fittings) with energy

efficient LED fittings. This has resulted in potential energy savings of 10.8 Lakh KWh per year.

- Replacement of package AC 11 TR (2 No.) in PHP and CGP area.

➤ **WTP**

- 118 KW conventional motor of process water pump was replaced with 110 KW energy efficient motor.
- 90 KW Conventional motor of Degasser pump (WTP II) was replaced with energy efficient motor.

(ii) **Steps taken by the Company for utilising alternate sources of energy:**

**THAL UNIT**

- Installation of 1198 KWp solar plant project.

(iii) **Capital investment on energy conservation equipment**

The Company has made capital investment of ₹ 21.58 Crore on energy conservation equipment.

**B. TECHNOLOGY ABSORPTION**

**I. Major efforts made towards technology absorption:**

Nil

**II. The benefits derived like product improvement, cost reduction, product development or import substitution:**

Nil

**III. Information regarding imported technology (Imported during last three years)**

Sr. No.	Details of Technology Imported	Year of import	Whether the technology has been fully absorbed	If not, area where this has not taken place, reasons thereof
	Nil	Nil	Nil	Nil

**IV. Expenditure incurred on Research and Development**

Sr. No.	Particulars	Amount (₹ in Lakh)
1.	Capital	74.70
2.	Recurring	269.02
3.	Total	343.72
4.	Total R & D expenditure as a percentage of total turnover	0.05%

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

i.	Total foreign exchange earned	Nil
ii.	Total foreign exchange used	₹ 786.23 Crore



## Annexure-V

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**as on the financial year ended on 31<sup>st</sup> March, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. Registration and Other Details**

(i)	CIN	L24110MH1978GOI020185
(ii)	Registration Date	6 <sup>th</sup> March, 1978
(iii)	Name of the Company	Rashtriya Chemicals and Fertilizers Limited
(iv)	Category/Sub-category of the Company	Company Limited by Shares/ Union Government Company
(v)	Address of the Registered Office and contact details	“Priyadarshini”, Eastern Express Highway, Sion, Mumbai- 400 022. Tel No.022 25523114/3118
(vi)	Whether Listed Company	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai- 400 083. Tel No.022 22 49186000

**II. Principal Business Activities of the Company**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1.	Urea	20121	66.78
2.	Complex Fertilizers	20122	16.37
3.	Industrial Chemicals	20119	11.65

**III Particulars of Holding, Subsidiary and Associates Companies**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associates	% of shares held	Applicable Section
1.	Urvarak Videsh Limited	U24120DL2008GOI181057	Associate	33.33	2(6)
2.	FACT-RCF Building Products Limited	U26992KL2008PLC022347	Associate	50.00	2(6)
3.	Talcher Fertilizers Limited	U24120OR2015PLC019575	Associate	30.00	2(6)

**IV. Share Holding Pattern (Equity Share Capital Break up as percentage of Total Equity)**

**i) Category-wise Shareholding**

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year (As on 1 <sup>st</sup> April 2016)				No. of Shares held at the end of the year (As on 31 <sup>st</sup> March 2017)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A)</b>	<b>Promoters</b>									
<b>[1]</b>	<b>Indian</b>									
(a)	Individuals / HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Govt.	441353888	0	441353888	80.00	441353888	0	441353888	80.00	0.00
(c)	State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub Total (A)(1)</b>	<b>441353888</b>	<b>0</b>	<b>441353888</b>	<b>80.00</b>	<b>441353888</b>	<b>0</b>	<b>441353888</b>	<b>80.00</b>	<b>0.00</b>
<b>[2]</b>	<b>Foreign</b>									
(a)	NRI-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Other-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter (A) = (A)(1) +(A)(2)</b>	<b>441353888</b>	<b>0</b>	<b>441353888</b>	<b>80.00</b>	<b>441353888</b>	<b>0</b>	<b>441353888</b>	<b>80.00</b>	<b>0.00</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>[1]</b>	<b>Institutions</b>									
(a)	Mutual Funds	151612	18800	170412	0.03	1600000	18800	1618800	0.29	0.26
(b)	Banks/FI	2786448	0	2786448	0.51	1373631	0	1373631	0.25	-0.26
(c)	Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(d)	State Govt(s).	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Insurance Companies	35152735	0	35152735	6.37	35102735	0	35102735	6.36	-0.01
(g)	FII/ Foreign Portfolio Investor	3939045	0	3939045	0.71	2982736	0	2982736	0.54	-0.17
(h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others (Specify)									
	UTI	0	2400	2400	0.00	0	2400	2400	0.00	0.00
	<b>Sub Total (B)(1)</b>	<b>42029840</b>	<b>21200</b>	<b>42051040</b>	<b>7.62</b>	<b>41059102</b>	<b>21200</b>	<b>41080302</b>	<b>7.44</b>	<b>-0.18</b>



<b>[2]</b>	<b>Non-Institutions</b>									
<b>(a)</b>	<b>Bodies Corporate</b>									
(i)	Indian	8731275	12401	8743676	1.58	12863963	12401	12876364	2.33	0.75
(ii)	Overseas	0	900	900	0.00	0	900	900	0.00	0.00
<b>(b)</b>	<b>Individuals</b>									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	36635507	141502	36777009	6.67	31805114	142424	31947538	5.79	-0.88
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	15696606	277400	15974006	2.90	15431181	110800	15541981	2.82	-0.08
<b>(c)</b>	<b>Others (Specify)</b>									
	Non-Resident Indians (Repat)	784936	660500	1445436	0.26	773287	827100	1600387	0.29	0.03
	Non-Resident Indians (Non-Repat)	233806	0	233806	0.04	254866	0	254866	0.05	0.01
	Foreign Nationals	280	0	280	0.00	0	0	0	0.00	0.00
	Hindu Undivided Family	3070533	0	3070533	0.56	3100590	0	3100590	0.56	0.00
	Clearing Member	2020226	0	2020226	0.37	3893434	0	3893434	0.71	0.34
	Trusts	17300	0	17300	0.00	33750	0	33750	0.01	0.01
	Foreign Portfolio Investors	0	0	0	0.00	4100	0	4100	0.00	0.00
	<b>Sub Total (B)(2)</b>	<b>67190469</b>	<b>1092703</b>	<b>68283172</b>	<b>12.38</b>	<b>68160285</b>	<b>1093625</b>	<b>69253910</b>	<b>12.55</b>	<b>0.18</b>
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>109220309</b>	<b>1113903</b>	<b>110334212</b>	<b>20.00</b>	<b>109219387</b>	<b>1114825</b>	<b>110334212</b>	<b>20.00</b>	<b>0.00</b>
	<b>Total (A)+(B)</b>	<b>550574197</b>	<b>1113903</b>	<b>551688100</b>	<b>100.00</b>	<b>550573275</b>	<b>1114825</b>	<b>551688100</b>	<b>100.00</b>	<b>0.00</b>
<b>C</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.000</b>	<b>0.00</b>
	<b>Total (A)+(B)+(C)</b>	<b>550574197</b>	<b>1113903</b>	<b>551688100</b>	<b>100.00</b>	<b>550573275</b>	<b>1114825</b>	<b>551688100</b>	<b>100.00</b>	<b>0.00</b>

**(ii) SHARE HOLDING OF PROMOTERS**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1 <sup>st</sup> April 2016)			Shareholding at the end of the year (As on 31 <sup>st</sup> March 2017)			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	PRESIDENT OF INDIA	441353888	80.00	0.00	441353888	80.00	0.00	0.00
	<b>TOTAL</b>	<b>441353888</b>	<b>80.00</b>	<b>0.00</b>	<b>441353888</b>	<b>80.00</b>	<b>0.00</b>	<b>0.00</b>

(iii) **Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	No Change during the year			
	Date wise Increase/ Decrease in Promoters Share Holding during the year specifying the reason for increase / decrease (e.g. allotment/ transfer /bonus /sweat equity etc.)	No Change during the year			
	At the End of the year	No Change during the year			

(iv) **Shareholding Pattern of top Ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl. No.	Name of the top 10 Shareholders	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	Life Insurance Corporation of India	2,97,61,945	5.39	1 <sup>st</sup> April 2016				
				31 <sup>st</sup> March, 2017	-	-	2,97,61,945	5.39
2.	Marwadi Shares and Finance Limited	1,79,681	0.03	1 <sup>st</sup> April 2016				
				1 <sup>st</sup> April, 2016	-50	Market Sell	1,79,631	0.03
				8 <sup>th</sup> April, 2016	-32,023	Market Sell	1,47,608	0.02
				15 <sup>th</sup> April, 2016	43,155	Market Purchase	1,90,763	0.03
				22 <sup>nd</sup> April, 2016	-62,798	Market Sell	1,27,965	0.02
				29 <sup>th</sup> April, 2016	1,19,615	Market Purchase	2,47,580	0.04
				6 <sup>th</sup> May, 2016	46,047	Market Purchase	2,93,627	0.05
				13 <sup>th</sup> May, 2016	49,262	Market Purchase	3,42,889	0.06
				20 <sup>th</sup> May, 2016	19,702	Market Purchase	3,62,591	0.07
				27 <sup>th</sup> May, 2016	-19,377	Market Sell	3,43,214	0.06
				3 <sup>rd</sup> June, 2016	42,432	Market Purchase	3,85,646	0.07
				10 <sup>th</sup> June, 2016	-12,175	Market Sell	3,73,471	0.07
				17 <sup>th</sup> June, 2016	-45,219	Market Sell	3,28,252	0.06



			24 <sup>th</sup> June, 2016	-15,595	Market Sell	3,12,657	0.06
			30 <sup>th</sup> June, 2016	17,630	Market Purchase	3,30,287	0.06
			1 <sup>st</sup> July, 2016	-11,738	Market Sell	3,18,549	0.06
			8 <sup>th</sup> July, 2016	22,033	Market Purchase	3,40,582	0.06
			15 <sup>th</sup> July, 2016	-62,585	Market Sell	2,77,997	0.05
			22 <sup>nd</sup> July, 2016	-67,126	Market Sell	2,10,871	0.04
			29 <sup>th</sup> July, 2016	-42,828	Market Sell	1,68,043	0.03
			5 <sup>th</sup> August, 2016	-23,767	Market Sell	1,44,276	0.03
			12 <sup>th</sup> August, 2016	-33,011	Market Sell	1,11,265	0.02
			19 <sup>th</sup> August, 2016	-37,279	Market Sell	73,986	0.01
			26 <sup>th</sup> August, 2016	-8,218	Market Sell	65,768	0.01
			2 <sup>nd</sup> September, 2016	-905	Market Sell	64,863	0.01
			9 <sup>th</sup> September, 2016	9,328	Market Purchase	74,191	0.01
			16 <sup>th</sup> September, 2016	855	Market Purchase	75,046	0.01
			23 <sup>rd</sup> September, 2016	13,440	Market Purchase	88,486	0.01
			30 <sup>th</sup> September, 2016	-12,456	Market Sell	76,030	0.01
			7 <sup>th</sup> October, 2016	79,545	Market Purchase	1,55,575	0.03
			14 <sup>th</sup> October, 2016	-22,398	Market Sell	1,33,177	0.02
			21 <sup>st</sup> October, 2016	1,47,108	Market Purchase	2,80,285	0.05
			28 <sup>th</sup> October, 2016	1,06,148	Market Purchase	3,86,433	0.07
			4 <sup>th</sup> November, 2016	-26,132	Market Sell	3,60,301	0.07
			11 <sup>th</sup> November, 2016	-1,17,247	Market Sell	2,43,054	0.04
			18 <sup>th</sup> November, 2016	4,835	Market Purchase	2,47,889	0.04
			25 <sup>th</sup> November, 2016	-90,459	Market Sell	1,57,430	0.03
			2 <sup>nd</sup> December, 2016	3,69,937	Market Purchase	5,27,367	0.10
			9 <sup>th</sup> December, 2016	10,76,002	Market Purchase	16,03,369	0.29
			16 <sup>th</sup> December, 2016	10,162	Market Purchase	16,13,531	0.29
			23 <sup>rd</sup> December, 2016	-7,780	Market Sell	16,05,751	0.29
			30 <sup>th</sup> December, 2016	14,085	Market Purchase	16,19,836	0.29

				31 <sup>st</sup> December, 2016	-8,225	Market Sell	16,11,611	0.29
				6 <sup>th</sup> January, 2017	2,55,631	Market Purchase	18,67,242	0.34
				13 <sup>th</sup> January, 2017	6,32,751	Market Purchase	24,99,993	0.45
				20 <sup>th</sup> January, 2017	87,025	Market Purchase	25,87,018	0.47
				27 <sup>th</sup> January, 2017	-9,358	Market Sell	25,77,660	0.47
				3 <sup>rd</sup> February, 2017	5,48,973	Market Purchase	31,26,633	0.57
				10 <sup>th</sup> February, 2017	7,14,077	Market Purchase	38,40,710	0.70
				17 <sup>th</sup> February, 2017	1,16,613	Market Purchase	39,57,323	0.72
				24 <sup>th</sup> February, 2017	33,812	Market Purchase	39,91,135	0.72
				3 <sup>rd</sup> March, 2017	78,988	Market Purchase	40,70,123	0.74
				10 <sup>th</sup> March, 2017	-75,150	Market Sell	39,94,973	0.72
				17 <sup>th</sup> March, 2017	4,69,747	Market Purchase	44,64,720	0.81
				24 <sup>th</sup> March, 2017	-13,35,93	Market Sell	43,31,127	0.79
				<b>31<sup>st</sup> March, 2017</b>	<b>3,05,664</b>	<b>Market Purchase</b>	<b>46,36,791</b>	<b>0.84</b>
<b>3</b>	<b>The New India Assurance Company Limited</b>	<b>23,67,928</b>	<b>0.43</b>	<b>1<sup>st</sup> April, 2016</b>				
				<b>31<sup>st</sup> March, 2017</b>			<b>23,67,928</b>	<b>0.43</b>
<b>4</b>	<b>Jagdish Amritlal Shah</b>	<b>22,19,000</b>	<b>0.40</b>	<b>1<sup>st</sup> April, 2016</b>	<b>-</b>			
				<b>31<sup>st</sup> March, 2017</b>			<b>22,19,000</b>	<b>0.40</b>
<b>5</b>	<b>Sundaram Mutual Fund A/c Sundaram Rural India Fund</b>	<b>1,50,000</b>	<b>0.03</b>	<b>1<sup>st</sup> April, 2016</b>				
				3 <sup>rd</sup> February, 2017	4,50,000	Market Purchase	6,00,000	0.11
				10 <sup>th</sup> February, 2017	5,00,000	Market Purchase	11,00,000	0.20
				17 <sup>th</sup> February, 2017	1,00,000	Market Purchase	12,00,000	0.22
				24 <sup>th</sup> February, 2017	1,00,000	Market Purchase	13,00,000	0.24
				3 <sup>rd</sup> March, 2017	2,00,000	Market Purchase	15,00,000	0.28
				<b>31<sup>st</sup> March, 2017</b>	<b>1,00,000</b>	<b>Market Purchase</b>	<b>16,00,000</b>	<b>0.29</b>



<b>6</b>	<b>Wallfort Financial Services Limited</b>	<b>0</b>	<b>0.00</b>	<b>1<sup>st</sup> April, 2016</b>				
				29 <sup>th</sup> April, 2016	21,000	Market Purchase	21,000	0.00
				20 <sup>th</sup> May, 2016	-16,000	Market Sell	5,000	0.00
				27 <sup>th</sup> May, 2016	5,000	Market Purchase	10,000	0.00
				24 <sup>th</sup> June, 2016	1,90,000	Market Purchase	2,00,000	0.04
				8 <sup>th</sup> July, 2016	1,00,000	Market Purchase	3,00,000	0.05
				26 <sup>th</sup> August, 2016	-95,191	Market Sell	2,04,809	0.04
				2 <sup>nd</sup> September, 2016	-4,809	Market Sell	2,00,000	0.04
				28 <sup>th</sup> October, 2016	-1,99,500	Market Sell	500	0.00
				9 <sup>th</sup> December, 2016	3,99,500	Market Purchase	4,00,000	0.07
				16 <sup>th</sup> December, 2016	20,000	Market Purchase	4,20,000	0.08
				23 <sup>rd</sup> December, 2016	-20,000	Market Sell	4,00,000	0.07
				13 <sup>th</sup> January, 2017	-2,00,000	Market Sell	2,00,000	0.04
				20 <sup>th</sup> January, 2017	-99,800	Market Sell	1,00,200	0.02
				27 <sup>th</sup> January, 2017	-1,00,000	Market Sell	200	0.00
				10 <sup>th</sup> February, 2017	1,99,900	Market Purchase	2,00,100	0.04
				17 <sup>th</sup> February, 2017	-100	Market Sell	2,00,000	0.04
				10 <sup>th</sup> March, 2017	50,000	Market Purchase	2,50,000	0.05
				17 <sup>th</sup> March, 2017	7,51,530	Market Purchase	10,01,530	0.18
				24 <sup>th</sup> March, 2017	-816	Market Sell	10,00,714	0.18
				<b>31<sup>st</sup> March, 2017</b>	<b>286</b>	<b>Market Purchase</b>	<b>10,01,000</b>	<b>0.18</b>
<b>7</b>	<b>Bharat Taparia</b>	<b>0</b>	<b>0.00</b>	<b>1<sup>st</sup> April, 2016</b>				
				8 <sup>th</sup> July 2016	2,00,000	Market Purchase	2,00,000	0.04
				16 <sup>th</sup> December, 2016	1,00,000	Market Purchase	3,00,000	0.05
				3 <sup>rd</sup> February, 2017	1,39,750	Market Purchase	4,39,750	0.08
				10 <sup>th</sup> February, 2017	2,56,597	Market Purchase	6,93,347	0.13
				17 <sup>th</sup> February, 2017	4,00,000	Market Purchase	10,96,347	0.20
				24 <sup>th</sup> March, 2017	-1,00,000	Market Sell	9,96,347	0.18
				<b>31<sup>st</sup> March, 2017</b>			<b>9,96,347</b>	<b>0.18</b>

8	United India Insurance Company Limited	9,72,362	0.18	1 <sup>st</sup> April, 2016				
				27 <sup>th</sup> January, 2017	-10,000	Market Sell	9,62,362	0.17
				3 <sup>rd</sup> February, 2017	-40,000	Market Sell	9,22,362	0.17
				31 <sup>st</sup> March, 2017			9,22,362	0.17
9	Lal Tolani	8,27,186	0.15	1 <sup>st</sup> April, 2016				
				31 <sup>st</sup> March, 2017			8,27,186	0.15
10.	National Insurance Company Limited	8,00,000	0.15	1 <sup>st</sup> April, 2016				
				31 <sup>st</sup> March, 2017			8,00,000	0.15
11.	General Insurance Corporation of India	8,00,000	0.15	1 <sup>st</sup> April, 2016				
				31 <sup>st</sup> March, 2017			8,00,000	0.15
12.	Wisdomtree India Investment Portfolio, Inc.	13,99,436	0.25	1 <sup>st</sup> April, 2016				
				8 <sup>th</sup> April, 2016	22,032	Market Purchase	14,21,468	0.26
				22 <sup>nd</sup> April, 2016	7,346	Market Purchase	14,28,814	0.26
				6 <sup>th</sup> May, 2016	-55,282	Market Sell	13,73,532	0.25
				13 <sup>th</sup> May, 2016	-7,142	Market Sell	13,66,390	0.25
				20 <sup>th</sup> May, 2016	-55,093	Market Sell	13,11,297	0.24
				27 <sup>th</sup> May, 2016	-36,710	Market Sell	12,74,587	0.23
				30 <sup>th</sup> June, 2016	-22,164	Market Sell	12,52,423	0.23
				16 <sup>th</sup> September, 2016	-44,359	Market Sell	12,08,064	0.22
				23 <sup>rd</sup> September, 2016	-6,38,486	Market Sell	5,69,578	0.10
				30 <sup>th</sup> September, 2016	-15,912	Market Sell	5,53,666	0.10
				7 <sup>th</sup> October, 2016	-8,820	Market Sell	5,44,846	0.10
				11 <sup>th</sup> November, 2016	-33,136	Market Sell	5,11,710	0.09
				25 <sup>th</sup> November, 2016	29,531	Market Purchase	5,41,241	0.10
				20 <sup>th</sup> January, 2017	8,685	Market Purchase	5,49,926	0.10
				3 <sup>rd</sup> February, 2017	13,896	Market Purchase	5,63,822	0.10
				31 <sup>st</sup> March, 2017			5,63,822	0.10



13.	<b>Dena Bank</b>	<b>8,28,710</b>	<b>0.15</b>	<b>1<sup>st</sup> April, 2016</b>				
				20 <sup>th</sup> January, 2017	-2,00,000	Market Sell	6,28,710	0.11
				27 <sup>th</sup> January, 2017	-96,824	Market Sell	5,31,886	0.10
				3 <sup>rd</sup> February, 2017	-5,31,886	Market Sell	0	0.00
				<b>31<sup>st</sup> March, 2017</b>			<b>0</b>	<b>0.00</b>
14.	<b>Swiss Finance Corporation (Mauritius) Limited</b>	<b>7,39,049</b>	<b>0.13</b>	<b>1<sup>st</sup> April, 2016</b>				
				8 <sup>th</sup> April, 2016	-95,523	Market Sell	6,43,526	0.12
				15 <sup>th</sup> April, 2016	-3,46,503	Market Sell	2,97,023	0.53
				22 <sup>nd</sup> April, 2016	-2,85,787	Market Sell	11,236	0.00
				24 <sup>th</sup> June, 2016	-11,236	Market Sell	0	0.00
				<b>31<sup>st</sup> March, 2017</b>			<b>0</b>	<b>0.00</b>

(v) **Shareholding of Directors and Key Managerial Personnel**

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	-	-	-	-
	Date wise Increase/ Decrease in Share Holding during the year specifying the reason for increase / decrease (e.g. allotment/ transfer / bonus /sweat equity etc.)	-	-	-	-
	At the End of the year	-	-	-	-

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but no due for payment**

₹ Crore

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	1530.83	1466.43	-	2997.26
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	6.65	2.03	-	8.68
Total (i+ii+iii)	1537.49	1468.46	-	3005.96
Change in Indebtedness during the financial year				
• Addition	73.82	340.00	-	413.82
• Reduction	462.31	1186.54	-	1648.85
Net Change	(388.49)	(846.54)	-	(135.03)
Indebtedness at the end of the financial year				
(i) Principal Amount	1148.02	620.86	-	1768.88
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	0.98	1.06	-	2.05
Total (i+ii+iii)	1149.00	621.92	-	1770.93

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and /or Manager**

(₹)

Sl. No.	Particulars to Remuneration	Name of MD/WT/DManager					Total Amount
		R. G. Rajan	Manoj Mishra	C. M. T. Britto	Ashok Ghasghase	Suresh Warior	
1.	Gross Salary						
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	27,68,193	-	32,08,436	22,60,051	34,12,629	1,16,49,309
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	3,42,001	-	4,57,095	1,80,360	4,85,610	14,65,066
	c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-
4.	Commission - as % of Profit - others, specify ...	- -	- -	- -	- -	- -	- -
5.	Others i.e. PF, Pension, Leave encashment and medical expenses	17,15,769	-	4,55,286	14,26,600	8,24,636	44,22,291
	<b>Total (A)</b>	<b>48,25,963</b>	<b>-</b>	<b>41,20,817</b>	<b>38,67,011</b>	<b>47,22,875</b>	<b>1,75,36,666</b>
	Ceiling as per the Act	N.A.		N.A.	N.A.	N.A.	N.A.

**B. Remuneration to other directors**

(₹)

Sl. No.	Particulars of Remuneration	Name of Director					Total Amount
		Prof. Damodar Acharya	Shri Harin Pathak	Shri Bharatkumar Barot	Shri G. M. Inamdar	Shri Suryanarayana Simhadri	
1	Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	2,25,000	1,65,000	1,50,000	2,10,000	15,000	7,65,000
	Total (1)	2,25,000	1,65,000	1,50,000	2,10,000	15,000	7,65,000
2.	Other Non-Executive Directors • Fee for attending board/ committee meetings • Commission • Others, please specify	-	-			-	-
	Total (2)	-					-
	Total (B)= (1+2)	2,25,000	1,65,000	1,50,000	2,10,000	15,000	7,65,000
	<b>Total Managerial Remuneration (A+B)</b>	<b>-</b>					<b>1,83,01,666</b>
	Overall Ceiling as per the Act	N.A.					N.A.



**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Shri D. M. Sati, Company Secretary	Total
1.	Gross Salary		
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	35,45,609	35,45,609
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	2,52,938	2,52,938
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- As % of profit	-	-
	- Others, specify	-	-
5.	Others, i.e. PF, Pension and Leave encashment	21,64,358	21,64,358
	<b>Total</b>	<b>59,62,905</b>	<b>59,62,905</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty / punishment/ compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty			Nil		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			Nil		
Punishment					
Compounding					
<b>C. Other officer in Default</b>					
Penalty			Nil		
Punishment					
Compounding					

## BUSINESS RESPONSIBILITY REPORT

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company: **L24110MH1978GOI020185**
- Name of the Company: **Rashtriya Chemicals and Fertilizers Limited**
- Registered address: **“Priyadarshini”, Eastern Express Highway, Sion, Mumbai-400 022.**
- Website: **www.rcfltd.com**
- E-mail id: **investorcommunications@rcfltd.com**
- Financial Year reported: **1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017**
- Sector(s) that the Company is engaged in (industrial activity code-wise)

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service *
1.	Urea	20121
2.	Complex Fertilizers	20122
3.	Industrial Chemicals	20119

- List three key products/services that the Company manufacturers/provides (as in the balance sheet):
  - Urea;
  - Complex Fertilizers; and
  - Industrial Chemicals
- Total number of locations where business activity is undertaken by the Company
  - Number of International Locations (Provide details of major 5): Nil
  - Number of National Locations:
 

Plant manufacturing facilities	2
Administrative offices	2
Regional Offices in India	28
  - Regional Offices in India 28
- Markets served by the Company – Local/National

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	₹ 551.69 Crore
2	Total Turnover (INR)	₹ 7223.17 Crore
3	Total profit after taxes 2016-17 (INR)	₹ 179.26 Crore

4	Total budgeted expenditure on Corporate Social Responsibility (CSR) as percentage of profit after (%)	CSR spend, as per Section 135 read with Schedule VII of the Companies Act, 2013, is ₹ 8.62 Crore (i.e. 2% of the average profit for last three years)
5	List of activities in which expenditure in above has been incurred	i) Education ii) Promoting health care iii) Sanitation iv) Promoting rural sports v) Eradicating malnutrition by providing quality food in school vi) Livelihood enhancement project vii) Supply of drinking water to villages

### SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/Companies?**

Reply: The Company does not have any subsidiary.

- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s):**

Reply: Not Applicable

- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? (Less than 30%, 30-60%, More than 60%):**

Reply: No other entities that the Company does business with, participate in the BR initiatives of the Company.

### SECTION D: BR INFORMATION

- Details of Director/Directors responsible for BR**

- Details of the Director/Director responsible for implementation of the BR policy/policies

- DIN Number : 06920261**
- Name – Shri Suresh Warior**
- Designation – Director (Finance) and Chairman and Managing Director (Actg.)**



b. Details of the BR head

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	Not Applicable
2.	Name	Shri Umesh V. Dhatriak
3.	Designation	ED (P & PD)
4.	Telephone number	022 2552 3072
5.	e-mail id	uvdhatriak@rcfltd.com

2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:

P1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability;

P2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle;

P3: Businesses should promote the wellbeing of all employees;

P4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5: Businesses should respect and promote human rights;

P6: Business should respect, protect, and make efforts to restore the environment;

P7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner;

P8: Businesses should support inclusive growth and equitable development;

P9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a. Details of compliance (Reply in Y/N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for ....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		RCF being Public Sector Enterprise is governed by policies, circulars, guidelines, procedures issued by the Government of India. The policies have been formulated after wide consultations and discussions amongst all the relevant stakeholders. In the dynamic business environment, RCF reviews its business policies and practices from time to time.								
3.	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		a. Section 135 of the Companies Act, 2013 and CSR Rules thereof, DPE guidelines on Corporate Social Responsibility and Sustainability of 2014, DPE Guidelines on R & D Governance, SEBI (LODR) Regulations, PIDPI Resolution No. 89 of GOI etc. b. Health, Safety and Environmental Policy c. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 d. ISO14001 Environmental Management System e. ISO 9001 for quality f. OHSAS 18001 for Occupational Health and Safety g. ISO 50001:2011 for Energy Management System								
4.	Has the policy being approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y

5.	Does the company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		<p>All policies relevant to external stakeholders are hosted on RCF website-<a href="http://www.rcfltd.com">www.rcfltd.com</a>, on following address:</p> <p>a. Code of conduct: <a href="http://www.rcfltd.com/webdocs/853/2017/06/RCF_CODE_OF_CONDUCT.pdf">http://www.rcfltd.com/webdocs/853/2017/06/RCF_CODE_OF_CONDUCT.pdf</a></p> <p>b. Fraud Prevention Policy <a href="http://www.rcfltd.com/index.php/en/vigilance/vigilance/134-fraud-prevention-policy">http://www.rcfltd.com/index.php/en/vigilance/vigilance/134-fraud-prevention-policy</a></p> <p>c. Protect and Sustain Policy <a href="http://www.rcfltd.com/webdocs/847/2016/01/P&amp;S-Policy.pdf">http://www.rcfltd.com/webdocs/847/2016/01/P&amp;S-Policy.pdf</a></p> <p>d. E-waste Policy <a href="http://www.rcfltd.com/webdocs/847/2015/12/Ewaste_Policy.pdf">http://www.rcfltd.com/webdocs/847/2015/12/Ewaste_Policy.pdf</a></p> <p>e. Quality, Environment, Health and Safety Policy <a href="http://www.rcfltd.com/webdocs/853/2017/01/IMS_POLICY-2017.pdf">http://www.rcfltd.com/webdocs/853/2017/01/IMS_POLICY-2017.pdf</a></p> <p>f. Research and Development Policy <a href="http://www.rcfltd.com/webdocs/847/2015/12/R_and_D_Policy.pdf">http://www.rcfltd.com/webdocs/847/2015/12/R_and_D_Policy.pdf</a></p> <p>g. Health, Safety and Environmental Policy <a href="http://www.rcfltd.com/webdocs/847/2015/12/HSE_Policy.pdf">http://www.rcfltd.com/webdocs/847/2015/12/HSE_Policy.pdf</a></p> <p>h. Energy Policy <a href="http://www.rcfltd.com/webdocs/847/2015/12/Energy_Policy.pdf">http://www.rcfltd.com/webdocs/847/2015/12/Energy_Policy.pdf</a></p> <p>i. IT Policy <a href="http://www.rcfltd.com/webdocs/847/2015/12/IT_Policy.pdf">http://www.rcfltd.com/webdocs/847/2015/12/IT_Policy.pdf</a></p> <p>j. Constitutional of Internal Complaints Committee on post notification of Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace <a href="http://www.rcfltd.com/webdocs/853/2016/06/RCF_WIPS_CELL_and_RCF_ICC.pdf">http://www.rcfltd.com/webdocs/853/2016/06/RCF_WIPS_CELL_and_RCF_ICC.pdf</a></p> <p>k. Dividend Policy <a href="http://www.rcfltd.com/webdocs/853/2016/12/Dividend_Policy.pdf">http://www.rcfltd.com/webdocs/853/2016/12/Dividend_Policy.pdf</a></p> <p>l. Policy of Determination of Material and Price Sensitive Information and Disclosure Obligations <a href="http://www.rcfltd.com/webdocs/853/2016/07/POLICY_FOR_MATERIAL.pdf">http://www.rcfltd.com/webdocs/853/2016/07/POLICY_FOR_MATERIAL.pdf</a></p> <p>m. Policy for determination of Material Subsidiary <a href="http://www.rcfltd.com/webdocs/853/2016/07/POLICY_FOR_DETERMINING_MATERIAL_SUBSIDIARIES.pdf">http://www.rcfltd.com/webdocs/853/2016/07/POLICY_FOR_DETERMINING_MATERIAL_SUBSIDIARIES.pdf</a></p> <p>n. Policy for prevention of insider trading in the securities of the Company <a href="http://www.rcfltd.com/webdocs/853/2016/07/THE_CODE_FOR_PREVENTION_OF_INSIDER_TRADING.pdf">http://www.rcfltd.com/webdocs/853/2016/07/THE_CODE_FOR_PREVENTION_OF_INSIDER_TRADING.pdf</a></p> <p>o. Whistle Blower Policy <a href="http://www.rcfltd.com/webdocs/853/2016/05/WHISTLE_BLOWER_POLICY.pdf">http://www.rcfltd.com/webdocs/853/2016/05/WHISTLE_BLOWER_POLICY.pdf</a></p> <p>p. CSR Policy <a href="http://www.rcfltd.com/webdocs/847/2015/12/CSR_Policy.pdf">http://www.rcfltd.com/webdocs/847/2015/12/CSR_Policy.pdf</a></p> <p>q. RCF guide to the safe use of fertilizers and equipments on farm <a href="http://www.rcfltd.com/webdocs/853/2016/01/RCF.pdf">http://www.rcfltd.com/webdocs/853/2016/01/RCF.pdf</a></p>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y



8.	Does the company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	RCF's policies are not audited /evaluated by external agencies. However, as per statutory guidelines and business requirement, policies are amended from time to time.								

b. If answer to the question at Sr. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options):

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	N.A.								
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR

- a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year ?

Reply: Various principles of BR performance constitute an integral part of the day to day operations of the Company and the same are reviewed by the Board/Committees of the Board as and when required.

- b) Does the Company publish a BR or Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Reply: RCF has started publishing Corporate Sustainability Report since 2012-13 annually. The sustainability Report for the year 2015-16 can be accessed from the link: <http://www.rcfltd.com/index.php/en/social-responsibility/sustainability-reports/2559-sustainability-report-for-2015-16>.

SECTION 3 – PRINCIPLE WISE PERFORMANCE

**Principle 1:** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability;

1. Does the policy relating to ethics, bribery and corruption cover only the company?

Reply: Yes

**Does it extend to the Group/Joint Ventures/Suppliers / Contractors / NGOs/Others?**

Reply: RCF's Joint Ventures/Suppliers/Contractors/NGOs/ Others are separate legal entities having their own policies and procedure. Hence these companies are not covered by RCF's Policy on ethics, bribery, corruption, human rights etc.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Reply: The details of complaints received from various stakeholders during the financial year 2016-17:

Stakeholder	No. of Complaint received	No. of Complaint resolved	% Resolved
Shareholder's Complaints	7	7	100
Customers/Consumers	64	64	100
Related to services, tenders and through Public Grievance Redressal	21	21	100
Vigilance	27	20	74.07
RTI	116	112	96.55
Workers Grievance	33	33	100
<b>Total</b>	<b>268</b>	<b>257</b>	<b>95.90</b>

**Principle 2 :** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle;

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities?**

Reply: The following products are effective Research & Development efforts of the Company which enhances crop-yield, quality and resistance against crop diseases and are environment friendly:

- Neem Urea;
- Suphala 15:15:15;
- Sujala 19:19:19;
- Biola; and
- Microla.

Prior to the market introduction Safety, Health and Environment, (SHE) & security risks related to the life cycle of the products are identified and there is a risk management system to handle any risks. Reviews with respect to Safety and Environment are conducted for replacement of certain input raw materials, coatings and risks are evaluated before introduction of product in the market. Fertilizer product related SHE information is provided to all customers/farmers.

All contamination risks have been identified and measures exist to control risk during transportation, handling & storages of raw material & fertilizers. Measures exist to prevent all potential environment emissions and spills during transportation, handling & storages of raw materials, fertilizers and chemicals.

**2. For each such products, provide the following details in respect of resources use (energy, water, raw materials etc.) per unit of product (optional):**

**a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

Reply: Reduction of 0.067 million Kcal of energy per MT of Urea production and reduction of 0.761 M3 of water consumption per MT of Urea production has been achieved during 2016-17 as compared to year 2015-16.

**b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

Reply: Farmers are fertilizer consumers in the agriculture field. The reduction in energy and water due to total consumption of fertilizers of company is not readily available, due to its widespread consumption in almost all states. However, during 2016-17 company had undertaken Method/Product demonstration of 381 agriculture plots for use of company fertilizers in Vegetables, Sugar cane, Cotton & Fruit crops. In case of use of drip irrigation methods in these plots, the water consumption reduced to approximately 50% with enhanced yield of crops.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)?**

Reply: The Company have procedures in place for sustainable sourcing of raw material, fertilizer & chemical transportation.



a) **If yes, what percentage of your inputs was sourced sustainable? Also, provide details thereof, in about 50 words or so.**

Reply: All bulk raw materials namely Rock Phosphate, Potash, DAP used as input for manufacturing, fertilizers & chemicals produced by company are transported by handling and transportation contractors. A procedure exists for safe transportation and handling of bulk raw materials. The contractor's safety, health, environment and security performance evaluation is carried out during contractor selection process. A system in place to systematically train every transport contract employee, drivers and sub-contractors with respect to relevant transport, handling and site hazards.

4. **Has the Company taken any steps to procure goods and services from local & small procedures, including communities surrounding their place of work?**

Reply: Company has taken services of local Mathadi labours through Mathadi Board for bagging of fertilizer, loading fertilizer bags in truck and wagons, Company has taken services of local contract employees for annual maintenance jobs, house-keeping jobs, canteen services. Procurement of items required for plant / machinery is also done from local MSME suppliers.

a) **if yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Reply: Periodical trainings are conducted for all the contract labours, Mathadi labours to address their SHE related issues and to improve their work performance.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, > 10%). Also provide the details thereof, in about 50 word or so.**

Reply: Yes, Company has mechanism and facility to recycle its fertilizers in its production plants, in case it is damaged during storages/handling & spillages. Company effectively works on business sustainability by implementing "reduce, recycle and reuse" concept for effective waste management.

During the year 2016-17, entire damaged/contaminated, swept Suphala fertilizer (0.65% of total Suphala production) was recycled in the plant through innovative design of the plant. 100% of swept urea generated in Urea Bagging plants which are collected from floor & equipment cleaning is recycled back in Urea manufacturing. Most of our hazardous waste viz; spent catalyst & used/waste oil is recycled and sent to Ministry of Environment and Forests (MoEF) approved recyclers. The sludge from Effluent Treatment plant is recycled in fertilizer plant. The Sulphur sludge generated in Sulphuric acid plant is used as filler in Suphala manufacturing. It reduces raw material consumption and provides additional nutrients to the plant as elemental Sulphur.

**Principle 3:** Businesses should promote the wellbeing of all employees –

1. **Please indicate the total number of employees:**

Reply: The total number of employees as on 31.03.2017 is 3530.

2. **Please indicate the Total number of employees hired on temporary/ contractual/casual basis.:**

Reply: The total number of employees **hired on temporary/ contractual/casual basis** as on 31.03.2017 is 1153.

3. **Please indicate the Number of permanent women employees:**

Reply: The total number of permanent women employees as on 31.03.2017 is 244.

4. **Please indicate the Number of permanent employees with disabilities:**

Reply: The total number of employees **with disabilities** as on 31.03.2017 is 44.

5. **Do you have an employee association that is recognized by management?**

Reply: There are 3 registered Trade Unions which are representing workers i.e RCF Karmachari Sena, RCF Employees Union & RCF Karmachari Sangh. RCF Karmachari Sena has the majority members as per the Check off system. Further RCF Officers Association represents the officers of the Company.

6. **What percentage of your permanent employees is members of this recognized employee association?**

Reply: Around 47% of Unionised Category employees are members of Recognised Union i.e. RCF Karmachari Sena.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/ forced labour involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?

Sr. No.	Safety & skill upgradation training	Total Employees	Employees Trained	% Employees Trained
1	Permanent Employees	2990	1689	56.50
2	Permanent Women Employees	106	45	42.45
3	Casual/ Temporary/ contractual employees	2905	2905	100.55
4	Employees with Disabilities	18	12	66.67

**Principle 4 :** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the company mapped its internal and external stakeholders?

Reply: Yes. Over the years of Company's existence, the Company has mapped its internal (like employees & Shareholders) and external stakeholders (such as communities and customers etc.).

2. Out of the above, has the company identified the disadvantaged, vulnerable and marginalized stakeholders?

Reply: Yes, the Company has identified its disadvantaged, vulnerable & marginalized stakeholders.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details of thereof, in about 50 words or so.

Reply: Yes, special initiatives are taken up under Corporate Social Responsibility for up-liftment of disadvantages, vulnerable and marginalized sections of the society. The details of such activities are available on the website. RCF scrupulously follows the Presidential Directives and guidelines issued by Government of India regarding reservation in services for SC/ST/OBC/PWD (persons with disabilities)/Ex-servicemen to promote inclusive growth.

**Principle 5:** Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs/ Others?

Reply: The company follows the principles of human rights as enshrined in the Universal Declarations of the human rights of the United nations and all our human resources policies and understanding with the Trade Unions are based on that principles. All our policies in this regard directly or indirectly adheres to the principle of respect for human rights.

RCF's Joint Ventures/Suppliers/Contractors/NGOs/ Others are separate legal entities having their own policies and procedure. Hence, none of these companies are covered by RCF Policy on human rights etc.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Reply: The Company has not received any complaints with respect to human right violations.



**Principle 6:** Business should respect, protect, and make efforts to restore the environment;

RCF is committed to ensuring clean environment beyond satisfying all stipulated requirement laid down by the statutory authorities and in the process constantly working towards making a workplace safer for its employees and the community in general.

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.**

Reply: The Policy of Health, Safety and Environment covers the Company. By implementing protect & sustain stewardship purpose of IFA the policy covers suppliers, contractors, NGO's & Farmers.

**2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

Reply: Yes. RCF's sustainability report 2015-16 may be referred for details which is available at this link:

[http://www.rcfltd.com/webdocs/853/2016/02/RCF\\_SR\\_FY\\_15-16\\_Final.pdf](http://www.rcfltd.com/webdocs/853/2016/02/RCF_SR_FY_15-16_Final.pdf)

**3. Does the company identify and assess potential environmental risks? Y/N**

Reply: Yes. Company identifies and assesses potential environment risks by auditing operating plants, storages through Process Safety Management Auditing & by implementing ISO14001 Environmental Management System.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, if about 50 words or so. Also if yes, whether any environmental compliance report is filed?**

Reply: Not at present.

**5. Has the company undertaken any other initiatives on- clean technology, energy efficiency, renewable energy etc.? Y/N. If yes, please give hyperlink for web page etc.**

Reply: i) **Renewable Energy:**

- 2 MWp Solar Power Generation facility in Trombay Unit.

- 6 roof top solar power generation facility with aggregate capacity of 84 KWp at Trombay, Thal & Marketing Offices.

- 1.29 MWp solar roof top facility at 5 locations at Thal & Trombay.

ii) **Energy Saving & Clean Technology:**

- RCF have implemented various energy reduction schemes thereby improving energy efficiency.

- 2 x 32 MW ISO Gas Turbine project is under implementation for energy saving at Thal.

- 2 x 32 MW ISO Gas Turbine project is under tendering stage for energy saving at Trombay.

- Revamping of Ammonia-V through KBR for energy saving.

- Revamp of Urea-V through Casale for energy saving.

- 5 MGD Sewage Treatment Plant operating & 5 MGD new Sewage Treatment Plant project under implementation at Trombay.

**6. Are the Emissions/Wastes generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Reply: The Emissions/Wastes generated by the company are within the permissible limits given by CPCB/SPCB and periodical reports are submitted to the authorities.

**7. Number of show cause/legal notice received from CPCB/SPCB which is pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Reply: Nil

**Principle 7:** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner;

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with**

Reply: (a) Fertilizers Association of India

- (b) Standing Conference of Public Enterprises
- (c) The Associated Chambers of Commerce of India
- (d) Indian Merchants Chamber
- (e) Confederation of Indian Industry
- (f) Bombay Chamber of Commerce and Industry
- (g) International Fertilizer Industry Association

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?**

Reply: Yes

**3. If yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).**

Reply: The Company in association with various national and international bodies and participating with various committees of Government of India and other agencies gives its view on various public policies and more particularly in the following areas:

- a) Governance and Administration
- b) Economic Reforms, Inclusive Development Policies
- c) Water and Food Security for the country
- d) Principles for Sustainable Business
- e) Energy security

**Principle 8:** Businesses should support inclusive growth and equitable development

**1. Does the company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes, the Company has specified programs in support of inclusive growth and equitable development. It is the endeavor of the company to ensure that there is continuous improvement in its economic, environmental and social performance as the tagline of the company reads as “let us grow together”. At our company employees are recognized based on their merit and skill and nobody is differentiated

on the basis of cast, creed, gender and/or religion. All CSR programmes of the company are towards downtrodden and weaker strata of the society, which includes education, sanitation, nutrition, drinking water projects etc. The details of CSR initiatives undertaken by the company are provided in Annexure I of Directors Report.

**2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/ any other organization?**

Reply: CSR programmes are implemented through in house teams, NGO, third party vendors, government agencies etc.

**3. Have you done any impact assessment of your initiative?**

Reply: Yes. Impact assessment is carried out by Midstream Marketing Research Pvt. Ltd., an agency appointed by the Company, for CSR activities for the year 2016-17.

**4. What is your company’s direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

Reply: The total contribution towards CSR for the year 2016-17 is ₹ 8.62 Crore. The details of CSR initiatives undertaken by the Company are provided in Annexure I of the Directors Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Reply: Yes. All community development initiative and its adoption are ensured by RCF’s project implementing agencies. The programmes are designed and taken up only after consultation with relevant stakeholders and after ascertaining of its needs. Information on the programmes is disseminated and awareness campaign is undertaken for the participation of the community in the facilities provided. The concerned official of the company regularly visits the site of implementation and take feedback from the stakeholders. The details on “Corporate Social Responsibility are provided in Annexure I



**Principle 9 :** Businesses should engage with and provide value to their customers and consumers in a responsible manner

**1. What percentage of customer complaint/consumer cases are pending as on the end of financial year?**

Reply: Nil

**2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks (additional information)**

Reply: Yes. The label provides for appropriate and necessary guidance to the farming community, like product application procedure, recommended doses, storing guidance etc.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending at end of financial year. If so, provide details thereof, in about 50 words, or so.**

Reply: No Case against the company was filed on grounds of unfair trade practices, irresponsible advertising and/or anti-competitive behavior.

**4. Did your Company carry out any consumer survey/consumer satisfaction trends?**

Reply: No. Consumer survey was conducted during 2016/2017. But to assess the consumer satisfaction trends RCF conducts various Agriculture extension activities Pan-India on regular basis. During these activities our Field Executives interacts with the farming community to understand their requirements & seasonal conditions.

The following activities are conducted extensively:

- Conducting Farmers meeting.
- Organizes Soil Testing days at the farmer's field.
- Soil samples are collected from the farmers field, the samples are analyzed for NPK & Micro-nutrients (Zinc, Copper, Manganese & Iron).
- Live Demonstrations are conducted in the fields.

- RCF conducts 3 days & One day Training sessions at its Knowledge centers at Thal (Raigad District) & at Nagpur. All the expenditures incurred for the farmers travel, Boarding & Lodging is taken by RCF.
- RCF also organizes Training programs for the farming community with local KVK's (Krishi Vignayan Kendras) & Agriculture Universities, these programs are tailor made as per the requirements / requests of the farmers.
- RCF prints & dispatches a very popular Agriculture monthly magazine in Marathi "RCF Sheti-Patrika". 60000 copies are distributed free of cost.
- RCF also participates in State / District level Agriculture Exhibitions, where farmers are advised on latest Agricultural techniques.
- Krishi Mela / Crop Seminars are regularly organized to guide & update the agricultural knowledge of the local farming community.
- RCF operates Toll Free help line number (1800- 22 – 3044) for farmers.

In addition to the above RCF has established 150 Kisan Suvidha Kendras, Pan-India.

- One agriculture graduate has been placed in each of the center.
- These centers are helping in-empowering the farmers.
- These centers are a collection point for soil samples & handing over the analysis report.
- These Agriculture Graduates provides Advisory Services – Crop Cultivation Technology, Application Services – Farm Inputs & application methodology.
- The Agriculture Graduate also advises the farmers on Agricultural practices, Fertilizer Management, Weather report, Pest Management, Crop selection, Help the farmers to get their Soil & Seed Tested free of cost, Crop Insurance, etc.

RCF's "KISAN SUVIDHA KENDRA" will prove to be a unique initiative to support the farmers in improving the quality of life.

## CORPORATE GOVERNANCE REPORT

### 1.1.0 Company's Philosophy

The Company believes that good corporate governance is fundamental to the enhancement of the value of the Company and its long term growth. Based on the core principles of fairness, transparency and accountability, the Company strives to maintain a high standard of corporate governance through the establishment of a comprehensive and efficient framework of policies, procedures and systems and the promotion of a responsible corporate culture.

### 2.0.0 Board of Directors:

#### 2.1.0 Composition of the Board:

Your Company being a Public Sector Undertaking, the Directors are appointed/ nominated by President of India. As on 31.03.2017, the Board comprises Eight Directors out of which two are Executive Directors and six are Non-Executive Directors. Out of six Non-executive Directors, two Official (Govt.) Directors are non-independent. The present Non-Executive Directors and Independent Director have been on the Board of other Companies and have rich experience in managing the business. The whole-time functional Directors are professionals in their respective fields having long and varied experience in varied Industries.

As on 31.03.2017 Board comprised of the following members:

Sl. No.	Name	Category
1	Shri R.G. Rajan (Upto 14.06.2016)	Chairman and Managing Director
2	Shri Manoj Mishra (From 15.06.2016 to 13.03.2017)	Chairman and Managing Director
3	Shri C.M.T. Britto	Director [Technical] and Chairman and Managing Director (Additional Charge from 14.03.2017 upto 13 <sup>th</sup> June, 2017)
4	Shri Ashok B. Ghasghase (Upto 30.06.2016)	Director [Marketing]
5	Shri Suresh Warrior	Director (Finance) and Chairman & Managing Director (Additional Charge w.e.f. 14 <sup>th</sup> June, 2017)

6	Shri Dharam Pal, IAS [Upto 05.03.2017]	Non-Executive Director – Govt. Nominee
7	Shri S.K. Lohani, IAS	Non-Executive Director – Govt. Nominee
8	Ms. Alka Tiwari, IAS (From 06.03.2017)	Non-Executive Director – Govt. Nominee
9	Prof. Damodar Acharya (Upto 29.01.2017)	Independent Non-Executive Director
10	Shri Harin Pathak (From 08.07.2016)	Independent Non-Executive Director
11	Shri Bharatkumar Barot (From 08.07.2016)	Independent Non-Executive Director
12	Shri G. M. Inamdar (From 08.07.2016)	Independent Non-Executive Director
13	Shri Suryanarayana Simhadri (From 08.03.2017)	Independent Non-Executive Director

### 2.2.0 BOARD OF DIRECTORS

The brief profile of all the Directors as on 31.03.2017 are given below:

#### 2.2.1 Shri C. M. T. Britto, Chairman and Managing Director (Additional Charge from 14.03.2017 till 13.06.2017) & Director (Technical)

Shri C. M. T. Britto has been appointed by the Government of India as Director (Technical) of the Company w.e.f. 11.4.2012. He has been entrusted with additional charge of Chairman and Managing Director from 14.03.2017 till 13.06.2017

Shri Britto holds a Chemical Engineering degree from National Institute of Technology Karnataka (NITK), Surathkal (formerly known as KREC). He joined the Company in 1980 as Management Trainee. In his long career spanning more than 36 years, he has worked in various capacities in Technical Services, Ammonia, Sulphuric Acid, Concentrated Nitric Acid plants and in development of projects for the Company. He has authored various technical articles in magazines of repute.

#### 2.2.2 Shri Suresh Warrior, Director (Finance) and Chairman and Managing Director from 14.06.2017

Shri Suresh Warrior, has been appointed by President of India as Director (Finance) on the Board of the Company w.e.f. 18<sup>th</sup> July, 2014. He has been entrusted with additional charge of Chairman and Managing Director w.e.f. 14.06.2017.



Shri Warior is a Cost Accountant from Institute of Cost Accountants of India (ICAI). He joined the Company in August 1985 in the Finance Department. Prior to his elevation to the present post, he was General Manager (Corporate Finance). Shri Warior has a very rich and varied experience in various facets of Financial Management.

He was deputed by the Company as Consultant to Fertilizer Industry Co-ordination Committee, Ministry of Chemicals and Fertilizers, Department of Fertilizers for computing and fixing prices of fertilizers applicable to various fertilizer companies. He has been associated with FICC as a consultant for numerous pricing exercises and his efforts have been well appreciated by FICC.

### 2.2.3 Shri Sushil Kumar Lohani, Government Nominee Director

Shri Sushil Kumar Lohani, IAS, is nominated by President of India as Director on the Board of the Company w.e.f. 02.07.2014. Shri Lohani is an IAS officer and is presently Jt. Secretary, Department of Fertilizers, Ministry of Chemicals and Fertilizers, New Delhi. He has varied and rich experience in Government, in different positions, and has great managerial capabilities.

### 2.2.4 Ms. Alka Tiwari, Government Nominee Director

Ms. Alka Tiwari, IAS is Government Nominee Director on the Board of the Company w.e.f. 6<sup>th</sup> March, 2017. Ms. Tiwari is a 1988 batch of IAS officer and is presently Joint Secretary, Department of Fertilizers, Ministry of Chemicals and Fertilizers, New Delhi. She has held various positions in Government of Jharkhand and Government of India. She also served as Advisor to the NITI Aayog, Principal Secretary. She has varied and rich experience in Government, in different positions, and has great managerial capabilities.

### 2.2.5 Shri Harin Pathak, Independent Director

Shri Harin Pathak is nominated as an Independent Director by President of India on the Board of the Company. Shri Pathak holds a degree of Bachelor of Arts and Bachelor of Education from Gujarat University.

He is an eminent parliamentarian and had been elected to the Lok Sabha for a period of 7 terms in between 1989 and 2014. He has served as Minister of State for Defence Production & Supplies,

Union Minister of State for Home Affairs and had additional charge as Minister of State in the Ministry of Personnel, PG and Pensions. He has served as Chairman and member of various committees of Lok Sabha. As a member of the Lok Sabha for over two and a half decades, he has shone out as a brilliant, scholarly and ever vigilant parliamentarian not only for Gujarat but also for whole country, raised various problems of the employees of clothing mills and related problems and pursued them till their settlement. For these services towards the causes of down trodden, the oppressed and distressed for the last 25 years, he was presented the prestigious Janseva Award in 1994 by the Janseva Youth Welfare Society, Gujarat Pradesh. He is also the recipient of 'Giant International Award' by Giants Group of Ahmedabad, North in 1998. He has written several short stories, poems and ghazals.

### 2.2.6 Shri Bharkumar Barot, Independent Director

Shri Bharkumar Barot is nominated as an Independent Director by President of India on the Board of the Company. Shri Barot is a Science graduate and also holds degree in Law.

He has been elected as member of Legislative Assembly of Gujarat for a period of five terms in between 1990 and 2012. He has served as Minister of State in the Department of Social Welfare,, Minister of State in the Department of Technical and Higher Education, Protocol and Information and Broadcasting Minister of State for Food and Civil Supply, Minister of State of Rural Development in Gujarat Government. He has served the people of Gujarat for a period of over two decades as member of the Legislative Assembly. He is also the head of "Gujarat Rojgar Adhikar Sangh" and State Head of "Vivekanand Yuva Sangh".

### 2.2.7 Shri G. M. Inamdar, Independent Director

Shri G. M. Inamdar is nominated as an Independent Director by President of India on the Board of the Company. Shri Inamdar holds a Mechanical Engineering Degree from Karnataka University, Dharwad.

He has a very rich and varied experience in metal cutting, metal forming process equipments and process industries and construction fields. He works as consultant for The Housing and Urban Development Corporation Limited and NBCC (India) Limited. Currently, he is working on city composts, plastic to fuel and conversion of

industrial non-hazardous waste to useful products. He has deep interest in alternate energy.

### 2.3.0 Board procedure:

2.3.1 As per the policy of your Company, apart from the matters which are required to be statutorily decided by the Board, all other major decisions involving investments and capital expenditure, mobilization of resources, Employee's Compensation etc., and major issues such as monthly performance, progress of projects, Industrial relations, market scenarios, budgets and plans etc., are discussed in the meetings as regular agenda items by the Board. All items which are obligatory as per the Corporate Governance code to be brought in the Board meetings are regularly discussed. Detailed agenda notes are circulated generally about a week in advance of the Board meetings. During the year under report, 10 [Ten] meetings were held by the Board viz. on 12.04.2016, 06.05.2016, 26.05.2016, 08.07.2016, 29.08.2016, 23.09.2016, 18.11.2016, 13.01.2017, 10.02.2017 and 24.03.2017. The numbers of meetings attended by the Directors during the year are as under:

### 2.2.8 Shri Suryanarayana Simhadri, Independent Director

Shri Suryanarayana Simhadri is an Independent Director on the Board of the Company w.e.f. 8<sup>th</sup> March, 2017. Shri Simhadri is a qualified Chartered Accountant and has more than 23 years of rich experience in finance, taxation, banking and management. He has served as the Director on Board of State Bank of Hyderabad for 3 years. He served as an Independent Director on Board of a listed company and also on Board of various private companies. He is also Director on the Board of Ekalavya Grameena Vikas Foundation. He has completed the Management Program in Public Policy in India School of Business. He has also been special invitee to Regional Electronic Media for debating on Social and Economic issues.

Name of Directors	Number of meetings required to attend	Number of meetings attended	Whether attended last AGM	Directorship in other companies		Membership in Board's Committees (in other Companies)	
				As Chairman	As Director	As Chairman	As Member
<b>Whole-time Directors</b>							
Shri R.G. Rajan [upto 14.06.2016]	3	3	N.A.	1	2	-	-
Shri Manoj Mishra (From 15.06.2016 to 13.03.2017)	6	6	Yes	3	1	-	1
Shri C.M.T. Britto	10	10	Yes	1	1	-	-
Shri Ashok B. Ghasghase [upto 30.06.2016]	3	3	N.A.	-	1	-	-
Shri Suresh Warrior	10	10	Yes	-	2	-	-
<b>Part-time Non-Executive Directors (Govt. Nominee)</b>							
Shri Dharam Pal, I.A.S. (upto 05.03.2017)	9	3	No	-	1	-	-
Shri S. K. Lohani, I.A.S.	10	7	No	2	1	-	-
Ms. Alka Tiwari [upto 06.03.2017]	1	1	N.A.	-	1	-	-
<b>Part-time Non-Executive Independent Directors</b>							
Prof. Damodar Acharya [upto 29.01.2017]	8	8	Yes	-	1	2	3
Shri Harin Pathak (From 08.07.2016)	7	6	Yes	-	-	-	-
Shri Bharatkumar Barot (From 08.07.2016)	7	6	Yes	-	-	-	-
Shri G. M. Inamdar (From 08.07.2016)	7	7	Yes	-	-	-	-
Shri Suryanarayana Simhadri (From 08.03.2017)	1	1	N.A.	-	1	-	-



### 2.3.2 Familiarisation programme for Independent Directors

The details of familiarisation programme imparted to Independent Director are disclosed on the [http://www.rcfltd.com/webdocs/853/2017/05/DETAILS\\_OF\\_FAMILIRASATION\\_PROGRAMME\\_IMPARTED\\_TO\\_INDEPEDENT\\_DIRECTORS.pdf](http://www.rcfltd.com/webdocs/853/2017/05/DETAILS_OF_FAMILIRASATION_PROGRAMME_IMPARTED_TO_INDEPEDENT_DIRECTORS.pdf).

### 2.3.3 Relationship between Directors

None of the Directors are inter-se related to other Directors of the Company.

2.3.4 None of the Directors were holding any shares/debentures in the Company as on 31 March, 2017.

### 2.3.5 The Board has constituted the following Committees

#### [i] Audit Committee:

The Audit Committee comprises Shri Harin Pathak, Independent Director as Chairperson with Shri Bharatkumar Barot, Independent Director, Shri G. M. Inamdar, Independent Director, Shri Suryanarayana Simhadri, Independent Director and Ms. Alka Tiwari, Government Nominee Director as other members. Director [Finance] and Internal Auditor are the permanent invitees. The Company Secretary is the Secretary of the Committee. The Statutory Auditors and Cost Auditors are also invited for the meetings. Other Senior Executives are invited as and when required.

The composition and terms of reference to the Audit Committee is in accordance with the requirement of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee is entrusted with power to seek information from any employee, to investigate, with the assistance of Internal Auditors, any activities/functions and to seek any external assistance, if required.

During the year 2016-17, the Committee reviewed the audits conducted by Internal Audit Department, gave directions and sought further investigations and examinations, wherever necessary. The Committee also reviewed the financial statements before submitting to the Board and emphasized the importance of internal Control Systems. All the recommendations of the Audit Committee were accepted and implemented.

During the year, the Audit Committee met 5 [Five] times on 20.04.2016, 26.05.2016, 29.08.2016, 18.11.2016 and 10.02.2017 and the attendance was as under:

Name of Director	Number of meetings required to attend	Number of meetings attended
Prof. Damodar Acharya (upto 29.01.2017)	4	4
Shri C M T Britto	5	5
Shri Ashok B Ghasghase	2	2
Shri Harin Pathak	3	3
Shri G. M. Inamdar	3	3
Shri Bharatkumar Barot	1	1

#### [ii] Stakeholders Relations Committee:

During the year, the Stakeholders Relations Committee comprises of Shri Bharatkumar Barot, Independent Director as Chairperson and Shri C. M. T. Britto, Chairman and Managing Director & Director (Technical) and Shri Suresh Warior, Director (Finance) as Members and Shri D. M. Sati, Company Secretary as Secretary. The Company Secretary being the Compliance Officer is specifically entrusted with responsibility for redressal of investors complaints and report the same to the Committee. There have been no serious complaints made by any shareholder, during the year. A few routine letters received in connection with non-receipt of annual report, dividend warrants etc., have been attended to promptly and no complaint is pending with your Company. During the year, 7 complaints were received and all have been attended to. Regular reports have been sent to SEBI and Stock Exchanges in this respect.

During the year 2016-17, the Committee met once on 18.11.2016.

#### [iii] Share Transfer Committee:

The Share Transfer Committee looks into the following;

- Transfer and transmission of shares; and
- Issue of duplicate share certificates and new certificates on Split/renewal/consolidation/demat to remat etc.

Share Transfer Committee comprising of Shri Manoj Mishra, Chairperson, Shri C. M. T. Britto and Shri Suresh Warior, members met 2 (two) times

on 16.01.2017 and 10.02.2017 and there are no pending cases for transfer.

**[iv] Nomination and Remuneration Committee:**

In compliance with the provision of section 178 of the Companies Act, 2013, the board has constituted a Nomination and Remuneration Committee. The Nomination and Remuneration Committee, as provided in the Act, are strictly not applicable to the Public Sector Undertakings, as RCF, being a PSU, the appointment, tenure and remuneration payable to the Directors and Key Managerial Personnel, etc., are decided by the Government.

The Nomination and Remuneration Committee comprising of Shri G. M. Inamdar, Independent Director as Chairperson, Shri Manoj Mishra, Chairman and Managing Director, Shri Bharatkumar Barot, Independent Director and Shri S. K. Lohani, Government nominee director as members met once on 03.10.2016.

**[v] Committee on Corporate Social Responsibility (CSR):**

Committee on Corporate Social Responsibility (CSR) has been constituted to formulate and recommend to the Board, a CSR policy which shall indicate the CSR activities to be undertaken by the Company, recommend to the Board the amount of expenditure to be incurred on CSR activities and monitor the CSR policy of the Company from time to time. The Committee met 3 (three) times on 26.05.2016, 18.11.2016 and 10.02.2017 during the year.

The present constitution of the CSR Committee is as under:

i.	Shri G. M. Inamdar, Independent Director	Chairperson
ii.	Ms. Alka Tiwari Govt. Nominee Director	Member
iii.	Shri Suresh Warior Director (Finance)	Member

**[vi] Empowered Committee for Procurement**

Empowered Committee comprising Shri Manoj Mishra, Chairman and Managing Director as Chairperson, Shri C.M.T. Britto, Director (Technical), Shri Suresh Warior, Director (Finance) and Shri P. Karthikeyan, ED (Marketing) & Director (Marketing) I/c. as members to approve procurement

of Fertilizer Raw Materials for captive consumption and Fertilizers for Trading purpose upto a value of ₹ 300 Crore in case of each procurement met 3 (three) time on 11.05.2016, 02.07.2016 and 17.09.2016.

**2.3.6 Remuneration of Directors:**

Functional (Executive) Directors are appointed by President of India in terms of Article 81(1) of the Articles of Association of the Company and their remuneration and other terms and conditions are governed by the terms of appointment as decided by the Government. While the Chairman and Managing Director is appointed in Schedule 'A' Scale i.e. ₹ 80,000-1,25,000/-, the other functional Directors are in Schedule 'B' Scale i.e. ₹ 75,000-1,00,000/-. All other terms and conditions of appointment such as accommodation, provision of car etc., are same for all directors and are specified in their respective appointment orders. Any other terms not specified in the said order are in accordance with the rules applicable to the employees of your Company. Remuneration paid to the Directors during the year is as under:

₹ Crore

Sl. No.	Name of the Director	Salary and Allowances	Other Benefits and perquisites	Total Remuneration
1.	Shri R.G. Rajan Chairman and Managing Director (upto 14.06.2016)	0.31	0.17	0.48
2	Shri C.M.T. Britto Chairman and Managing Director from 14.03.2017 till 13.06.2017 & Director (Technical)	0.37	0.4	0.41
3	Shri Ashok B. Ghasghase Director (Marketing) (upto 30.06.2016)	0.24	0.14	0.38
4	Shri Suresh Warior Chairman and Managing Director from 14.06.2017 Director (Finance)	0.39	0.08	0.47

The Independent Directors are paid sitting fees of ₹ 15,000/- per meeting for attending meetings of the



Board/Committee. The sitting fees paid during the financial year 2016-17 is as follow:

Name of the Director	Sitting Fees (in Lakh)
Prof. Damodar Acharya	₹ 2.25
Shri Harin Pathak	₹ 1.65
Shri Bharatkumar Barot	₹ 1.50
Shri G. M. Inamdar	₹ 2.10
Shri Suryanarayana Simhadri	₹ 0.15

The Government Nominee Directors are not paid any sitting fee for attending the meetings.

### 2.3.7 Performance Evaluation criteria for Independent Directors

Being a Government Company, all the Directors on the Board of RCF are appointed by the Government of India. The performance evaluation of all the Directors including Independent Directors are done by the Department of the Central Government or Ministry, which is administratively in charge of the Company.

### 2.3.8 Separate Meeting of Independent Directors

As provided under Section 149(8) read with Schedule IV of the Companies Act, 2013 and also as per Regulation 25 (3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, separate meeting of Independent Directors was held on 11<sup>th</sup> January, 2017.

### 3.0.0 Code of Conduct for Directors and Senior Management Personnel:

The Company has adopted a code of conduct and ethics applicable to the Board of Directors and Senior Management Personnel (one level below the Board of Directors) of the company. The code requires Directors and employees to act honestly, fairly, ethically, and with transparency and integrity. The Board of Directors and Senior Management Personnel are required to affirm compliance with the code of conduct on an annual basis. The code is displayed on the Company's website – [www.rcfltd.com](http://www.rcfltd.com). All Directors and Senior Management Personnel have complied with the code and the compliance has been affirmed by them to that effect. A declaration signed by Chairman and Managing Director is given below:

This is to certify that in line with the requirement of Regulation 26(3) of SEBI (Listing Obligations and

Disclosure Requirements) Regulations, 2015, all the Directors of the Board and Senior Management Personnel have affirmed that to the best of their knowledge and belief, they have complied with the provisions of the 'Code of Conduct for the Directors and Senior Management' during the financial year 2016-17.

**C. M. T. Britto**  
Chairman and Managing Director

Place: Mumbai

Date : 19<sup>th</sup> May 2017

### 4.0.0 CEO/CFO CERTIFICATION FOR THE FINANCIAL YEAR ENDING ON 31ST MARCH, 2017.

This is to certify that:

- A. We have reviewed financial statements for the financial year ended 31<sup>st</sup> March, 2017 and the cash flow statement for the year and that to the best of our knowledge and belief :
- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee:
- There has not been any significant change in internal control over financial reporting during the year 2016-17;

2. There has not been any significant change in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
3. There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Suresh Warrior**  
Director [Finance] & CFO

**C. M. T. Britto**  
Chairman and  
Managing Director

Place: Mumbai

Date: 19<sup>th</sup> May, 2017

### 5.0.0 Annual General Meeting [AGM]:

#### 5.1.0 The details of the last three AGMs held are as under:

Financial Year	Time and Date	Venue
2015-16	3 p.m. on 23.09.16	“Sivaswamy Auditorium”, Fine Arts Society, Mumbai 400 071.
2014-15	3 p.m. on 27.08.15	“Sivaswamy Auditorium”, Fine Arts Society, Mumbai 400 071.
2013-14	3 p.m. on 19.09.14	“Sivaswamy Auditorium”, Fine Arts Society, Mumbai 400 071.

#### 5.2.0 Particulars of Special Resolution passed at the last three AGMs

Financial Year	Time and Date	Venue	Special Resolutions Passed
2015-16	3 p.m. on 23.09.16	“Sivaswamy Auditorium”, Fine Arts Society, Mumbai 400 071.	Offer or invitation to subscribe to Secured Non-Convertible Debentures on private placement.

#### 5.3.0 Details of Resolution passed through Postal Ballot, the person who conducted the Postal Ballot exercise and details of voting pattern:

No item warranted the conducting of postal ballot as stipulated in the Companies Act, 2013. No Special resolution is proposed to be conducted through postal ballot.

### 6.0.0 Means of Communication

**6.1.0** The company regularly interacts with the shareholders through multiple channels of communication such as publication of its results on quarterly, half yearly and annual basis in the main edition of national and vernacular newspapers such as Free Press Journal, Nav Bharat, Navshakti and the Company's website, i.e. www.rcfltd.com.

**6.2.0** All Official Press Release are hosted on the website of the Company.

**6.3.0** Information relating to shareholder pattern, quarterly corporate governance report, intimation of Board meetings etc. was also given to the National Stock Exchange and BSE.

**6.4.0** The annual report, quarterly results, half yearly results, Corporate governance report, terms and conditions of appointment of Independent directors, details of various services provided to investors etc. are posted on the website of the Company, i.e. www.rcfltd.com.

**6.5.0** Company regularly interacts with the Institutional Investors/analysts to brief them about the operation of the Company and Industry.

### 7.0.0 General Shareholder information:

**7.1.0** Your Company has appointed M/s Link Intime India Pvt. Limited, C-101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083, as the Registrar and Transfer agents. The Share Transfer Agents have also service centers at Delhi, Kolkata, Coimbatore, Ahmedabad, Pune and Vadodara where also the transfer deeds and other correspondence are accepted. All requests received for transfer through the investors' Depository Participants (DP) are processed through NSDL/CDSL and downloaded periodically by the Registrar and records updated. Requests for transfer in physical form received are effected within a fortnight.

**7.2.0** During the year, your Company's shares were actively traded on BSE and NSE. The shares were traded in the range of a maximum of ₹ 85.40 [on 31<sup>st</sup> March, 2017] and minimum of ₹ 38.60 [on 1<sup>st</sup> April, 2016] at BSE.



The monthly highest and lowest price of the shares of the Company is given below:

Sl. No.	Month	BSE Limited			National Stock Exchange of India Limited		
		High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
1	April 2016	50.00	38.60	94,27,635	50.10	38.55	36152709
2	May 2016	49.20	42.80	66,23,350	49.20	42.80	23326591
3	June 2016	50.70	42.75	69,82,558	50.75	42.70	27014249
4	July 2016	53.75	48.15	81,32,539	53.85	48.10	33902672
5	August 2016	52.85	46.65	58,75,815	52.70	46.60	21564039
6	September 2016	49.30	43.40	44,22,563	49.40	42.60	17032204
7	October 2016	50.90	44.50	73,98,173	50.80	44.25	28740578
8	November 2016	51.75	40.50	48,03,087	51.80	40.60	18147639
9	December 2016	51.90	44.55	40,93,358	51.90	44.60	21209542
10	January 2017	59.35	46.75	164,32,627	59.45	46.65	82620908
11	February 2017	64.40	56.10	114,69,627	63.80	56.20	44327736
12	March 2017	85.40	53.20	217,44,965	85.40	53.35	92167502

7.3.0 Out of the total 55,16,88,100 equity shares, 55,05,73,275 shares, i.e., 99.80% are in demat segment and only 11,14,825 i.e. 0.20% are in physical form.

7.4.0 Your Company's financial year is 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017. The Share holding pattern as on 31<sup>st</sup> March, 2017 is as under:

Category	No. of Shares	% of Holding
President of India (GOI)	44,13,53,888	80.00
Mutual Funds and UTI	16,21,200	0.29
Insurance Companies	3,51,02,735	6.36
Financial institutions, Banks	13,73,631	0.25
Foreign Institutional Investors and Foreign Portfolio Investors	29,82,736	0.54
Bodies Corporate	1,28,76,364	2.33
Indian Public	4,74,89,519	8.61
NRI/OCBs/Foreign Nationals/Foreign Portfolio Investors (Individual)	18,60,253	0.34
Clearing Members, Trusts and HUF	70,27,774	1.28
<b>Total</b>	<b>55,16,88,100</b>	<b>100.00</b>

7.5.0 Your Company has not issued any GDRs/ADRs/Warrants or any convertible instruments so far.

#### 7.6.0 Unclaimed Dividend

In case of non-receipt of dividend, shareholders may write to the Company Secretary or to M/s. Link Intime India Private Limited [R&T Agent] furnishing the particulars of the dividend not received, quoting the folio number/client ID particulars in case of dematerialized shares. On verification of the records, if the dividend warrants remain unpaid in the records of the Company after expiry of the validity period, duplicate dividend warrants will be issued.

Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend for the financial year ended 31<sup>st</sup> March, 2010 which remains unclaimed on 3<sup>rd</sup> August, 2017 will be transferred by the Company to the Investor Education and Protection Fund [IEPF] established by the Central Government. The dividend for the under noted years, if remaining unclaimed, for a period of seven years will be statutorily transferred by the company to IEPF in accordance with the schedule given below:

Sl. No.	Financial Year	Date of declaration of dividend	Unclaimed dividend as on 31.3.2017 (Amount in ₹)	Last date for claiming unpaid dividend
1	31.3.2010	28 <sup>th</sup> June, 2010	8,90,091.50	3 <sup>rd</sup> August, 2017
2	31.3.2011	23 <sup>rd</sup> September, 2011	5,63,744.50	29 <sup>th</sup> October, 2018
3	31.3.2012	31 <sup>st</sup> August, 2012	8,66,705.00	6 <sup>th</sup> October, 2019
4	31.3.2013	30 <sup>th</sup> August, 2013	10,64,473.50	5 <sup>th</sup> October, 2020
5	31.3.2014	19 <sup>th</sup> September, 2014	10,49,364.00	25 <sup>th</sup> October, 2021
6	31.3.2015	27 <sup>th</sup> August, 2015	13,10,697.00	1 <sup>st</sup> October, 2022
7	31.3.2016	23 <sup>rd</sup> September, 2016	8,12,184.80	28 <sup>th</sup> October, 2023

### 7.7.0 Payment of dividend

The Board of Directors of your Company have recommended a dividend of ₹ 1.10/- per share for the financial year 2016-17 subject to the approval of the members at ensuing Annual General Meeting which will be paid after 21<sup>st</sup> September, 2017.

In order to expedite the receipt of dividend payment, your Company transfers funds to the bank accounts of the members who have opted for NECS facility. However, some members are yet to furnish the details of their bankers. Investors holding shares in physical form may send their NECS mandate form, duly filled, to the Company or its R&TA.

**7.8.0** The Registered and Corporate office of your Company is at “Priyadarshini”, Eastern Express Highway, Sion, Mumbai 400 022. Your Company has two manufacturing units located at Mahul Road, Trombay, Mumbai-400 071 and at Thal, Alibag, Raigad District, Maharashtra. Your Company markets its products through various marketing offices located throughout the Country.

### 7.9.0 Registered Office/Address for Correspondence:

The Company Secretary  
Rashtriya Chemicals and Fertilizers Limited  
“Priyadarshini”, 10<sup>th</sup> floor,  
Eastern Express Highway, Sion,  
Mumbai 400 022.  
India.  
Tel. 022 2404 5024  
e-mail: investorcommunications@rcfltd.com

### 8.0.0 Calendar of events:

Sl. No.	Event	Likely date
(i)	Announcement of 1 <sup>st</sup> Quarterly (unaudited) financial result for FY 2017-2018	11 <sup>th</sup> August, 2017
(ii)	Book Closure for the purpose of Dividend and AGM.	Friday, 15 <sup>th</sup> September, 2017 to Thursday, 21 <sup>st</sup> September, 2017 (both days inclusive)
(iii) (a)	AGM for 2016-17 : Date	21 <sup>st</sup> September, 2017 at 3 p.m.
(iii) (b)	AGM for 2016-17: Venue	“Sivaswami Auditorium”, Fine Arts Society, Chembur, Mumbai 400 071.
(iv)	Announcement of unaudited half yearly result for FY 2017-18	On or before 15 <sup>th</sup> November, 2017

(v)	Announcement of 3 <sup>rd</sup> Quarterly (unaudited) financial result for FY 2017-18	on or before 15 <sup>th</sup> February, 2018
(vi)	Announcement of Audited results for FY 2017-18	on or before 30 <sup>th</sup> May, 2018

### 9.0.0 Listing of Shares on Stock Exchanges:

**9.1.0** Your Company’s shares are presently listed on the following Stock Exchanges:

- BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 [Stock code -524230]
- National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra [E], Mumbai 400 051. [Stock code-RCF]

**9.2.0** Your Company has paid listing fee for the Financial Year 2017-18 to both BSE and NSE where its securities are listed. There has been no default in the payment of listing fee. Your Company has also paid Annual Custody fee to NSDL and CDSL and there is no default in payment to the depositories.

### 9.3.0 Distribution of shareholding:

The shareholding distribution of equity shares of nominal value of ₹10/- each as on 31<sup>st</sup> March, 2017 is as under:-

Sl. No.	No. of Shares held	No. of share-holders	% of total	Share amount [₹]	% of total
1	1 - 500	72649	83.20	11425960	2.07
2	501 - 1000	7476	8.56	6374806	1.15
3	1001 - 2000	3484	3.99	5546659	1.01
4	2001 - 3000	1218	1.39	3184831	0.58
5	3001 - 4000	511	0.59	1878076	0.34
6	4001 - 5000	545	0.62	2630437	0.48
7	5001 -10000	731	0.84	5529608	1.00
8	10001 - and above	703	0.81	515117723	93.37
	<b>Total</b>	<b>87317</b>	<b>100.00</b>	<b>551688100</b>	<b>100.00</b>

### 9.4.0 Dividend Distribution Policy

Your Company has adopted the Dividend Distribution Policy of the Company as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in its meeting held on 18<sup>th</sup> November, 2016.



In the interest of providing transparency to the shareholders, the Policy sets out the circumstances and different factors i.e. internal and external including financial parameters for consideration by the Board while declaring dividend or of retention of profits and the circumstances under which the shareholder of the company may not expect any dividend.

Your Company has been paying dividend from its inception except in the years 1993-94 and 2002-03. Your Company endeavours to pay dividend ensuring, generally, that the payout is about 30% of its net profit after tax.

#### 9.5.0 Performance in comparison to broad based indices.

The relative performance of the shares with that of indices is as under:

	Sensex	Nifty	BSE-PSU Index	RCF Price (₹) (BSE)
March 2016	25,341.86	7738.40	6,106.65	38.80
March 2017	29,620.50	9173.75	8,596.71	81.75
Increase/(decrease)	4278.64	1435.35	2490.06	42.95
% of Increase/(decrease)	16.88	18.55	40.78	110.70

#### 10.0.0 Disclosures:

##### 10.1.1 Materially significant related party transactions:

There are no related party transactions entered into by your Company with the promoters, Directors or Management and their subsidiaries or relatives etc., that may have a potential conflict with the interest of your Company.

**10.1.2** Your Company has complied with all the provisions of the Companies Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI guidelines, and other authorities on any matter related to capital markets during last 3 years.

##### 10.1.3 Vigil Mechanism - Whistle blower policy:

The Company has instituted procedures for the receipt, retention and dealing with complaints. No person has been denied access to the Audit Committee.

Your Company has put in place a fraud prevention policy. As a part of compliance with the policy,

Company has appointed nodal officers for Trombay, Thal, Marketing and Corporate Office. The fraud prevention policy has been framed to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and for dealing in matters pertaining to fraud. During the year under review, no such cases were reported.

In addition, your Company has Vigilance Department to bring greater transparency, integrity and efficiency. The focus of Vigilance department is on Preventive and Participative Vigilance.

**10.1.4** The Company has complied with all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

##### 10.1.5 Trading in your Company's shares by Directors and designated Employees:

None of the Directors holds shares in your Company.

##### 10.1.6 Policy for determining material subsidiaries

The policy for determining material subsidiaries is disclosed on the [http://www.rcfltd.com/webdocs/853/2016/07/POLICY\\_FOR\\_DETERMINING\\_MATERIAL\\_SUBSIDIARIES.pdf](http://www.rcfltd.com/webdocs/853/2016/07/POLICY_FOR_DETERMINING_MATERIAL_SUBSIDIARIES.pdf)

##### 10.1.7 Compliance Officer

Shri D. M. Sati, Company Secretary, is the Compliance Officer of the Company.

#### 11.0.0 Prevention of Insider Trading

The Company has adopted a Code of Conduct for prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary of the company is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

#### 12.0.0 Management Discussion & Analysis Report

Management discussion & Analysis Report is annexed to the Directors' Report which forms part of this Annual Report.

**BHANDARI & ASSOCIATES**  
Company Secretaries

901, Kamla Executive Park, Off. Andheri Kurla Road,  
J.B. Nagar, Andheri East, Mumbai 400059  
Tel: +22 4221 5300 Fax: +91 22 4221 5303  
E-mail : mumbai@anilashok.com

**CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To

The Members of

**Rashtriya Chemicals and Fertilizers Limited**

We have examined the compliance of conditions of Corporate Governance by **RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED** (“the Company”) for the year ended March 31, 2017 as stipulated as in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations subject to following:

- a) The Company has requisite number of Non-Executive Director and Independent Directors on its Board with effect from July 01, 2016 and March 14, 2017 as required under Reg. 17(1)(a) and 17(1)(b) of Listing Regulations respectively.
- b) The Company has appointed a Woman Director with effect from March 06, 2017 as required under Reg. 17(1)(a) of Listing Regulations.
- c) The Company has appointed requisite number of Independent Directors on its Audit Committee with effect from July 08, 2016 as required under Reg. 18(1)(b) of Listing Regulations.
- d) Company has appointed requisite number of Independent Directors on its Nomination and Remuneration Committee with effect from July 08, 2017 as required under Reg. 19(1)(c) of Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Bhandari & Associates**  
Company Secretaries

**S.N. Bhandari**  
Partner

FCS No: 761; CP. No: 366  
Mumbai | July 14, 2017



# STANDALONE FINANCIAL STATEMENTS

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

#### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Rashtriya Chemicals and Fertilizers Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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 standalone Ind AS 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 standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing

specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, and its profit (financial performance, including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### Emphasis of Matters

- a) **Note No 46 (b):** The matter relating to unintended benefits accruing to units using domestic gas for manufacture of nutrient "N" has been referred to and is pending before an Inter-Ministerial Committee (IMC) of Government of India (GoI). An amount of ₹198.94 Crore has been withheld as at March 31, 2017 (₹ 198.94 Crore as at March 31, 2016) by Department of Fertilizers (DoF) towards the same matter.



Pending final decision on the said matter and in the Company view that no unintended benefits have accrued, it has continued to recognize subsidy income on P&K fertilizers at the rates notified by DoF.

- b) **Note No 47:** As per notification no L-120223/2015-GP-II dated May 20, 2015 of Ministry of Petroleum & Natural Gas (MoPNG), gas pooling has become applicable from June 1, 2015 onwards for all Urea manufacturing units. Under this mechanism, Gas for urea production will be made available at a uniform price of pooled gas for production of urea. Consequently, it is expected that a differential pricing of gas may be made applicable for non-urea usage also. Company has represented to DoF for maintaining supply of domestic gas for P&K fertilizers and chemicals.

MoPNG vide its letter no. L-13013/3/2012-GP-I, dated: December 16, 2015 has directed GAIL (India) Limited (GAIL) to levy a higher gas price (i.e. the highest rate of RLNG used for production of urea) for use of gas in non-urea operations. Company has represented that any decision on the same be taken only upon the issue being settled by the IMC of GoI. Effective from May 16, 2016 Company has entered into a contract for procurement of Market Priced Gas for non-urea operations at Trombay unit. However, pending finalization of price payable as per the said letter of MoPNG, a liability of ₹ 210.63 Crore as on March 31, 2017 (₹181.97 Crore as on March 31, 2016) has been recognized based on the pooled price of gas / Market price of gas, also for its non-urea operation as applicable.

In pursuant to said order GAIL has sought a differential levy amounting to ₹ 1244.80 Crore for the period commencing from July 1, 2006 till March 31, 2016 and has initiated arbitration proceeding towards non-payment of the same. The Company has represented this matter to Department of Fertilizers for dispute resolution as the matter relating to the same is pending before the IMC of GoI.

Our opinion is not modified in respect of these matters.

#### Other Matter

The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared

in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended March 31, 2016 and March 31, 2015 dated May 26, 2016 and May 21, 2015 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which we have been audited by us on which we have issued separate auditor's reports, to the Board of Directors dated May 5, 2017.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (5) of the Act, we give in "Annexure B" the directions and sub-directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the accounts and financial statements of the Company.
3. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the Directors are disqualified as at March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure C”.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 40 to the standalone Ind AS financial statements
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There is no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - Refer Note 72 to the financial statements.

**For KALYANIWALLA & MISTRY LLP**

Chartered Accountants

Firm Regn. No. 104607W / W100166

**Sai Venkata Ramana Damarla**

Partner

Membership. No. 107017

Place: Mumbai

Dated: May 19, 2017

**For CHHAJED & DOSHI**

Chartered Accountants

Firm Regn. No 101794W

**Nitesh Jain**

Partner

Membership. No. 136169



## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 1 'Report on Other Legal and Regulatory Requirements' in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended March 31, 2017.

### Statement on Matters specified in paragraphs 3 & 4 of the Companies (Auditor's Report) Order, 2016:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets with original cost and depreciation written off in respect of identifiable units of assets and where such information for identifiable units of assets is not available, the records show the cost and depreciation written off in respect thereof as a group or class. The items of assets in respect of which quantitative details are not linked with the cost or book value are of small value acquired prior to April 1978 and are fully depreciated particularly in respect of movable items acquired from Fertilizers Corporation of India Limited.
- (b) As explained to us, the Plant & Machinery have been physical verified by the management at reasonable intervals during the year and all other fixed assets have been physical verified by the management with the help of an independent outside agency. The discrepancies reported on such verification were not material and have been properly dealt with in the books of account.
- (c) According to the information and explanations given to us and on the basis of examination of the records of the company, the title deeds of immovable properties are held in the name of the Company except:

Sr. No.	Total No. of Cases	Type of Assets	Gross Block as at March 31, 2017 (₹ Crore)	Net Block as at March 31, 2017 (₹ Crore)	Remarks
1	2	Free Hold Land – Thal (1848933 Sq. Mtr. of land)	1.62	1.62	The Company is in the process of transferring the title deeds.
2	1	Free Hold Land- Trombay (378321 Sq. Mtr. of land)	0.24	0.24	The Company is in the process of transferring the title deeds.

- ii. In our opinion and according to the information and explanations given to us, physical verification of finished goods, packing materials and raw materials inside the factory premises has been carried out by the management at reasonable intervals and stock of stores and spare parts has been conducted by them with the help of an independent outside agency in a phased programme so as to complete the verification of all items over a period. Finished goods and other inventory stored outside the factory premises are taken as per warehousing certificates and third party confirmation respectively. The discrepancies reported on such verification were not material and have been properly dealt with in the books of account.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of sub-clause (a), (b) and (c) of paragraph 3(iii) of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has not advanced any loans or made any investments or provided any guarantees or security to the parties covered under section 185 of the Act. The Company has given loans, made investments in the securities of other body corporate and given guarantees within the limit specified by section 186 of the Act and details of such transactions have been disclosed in the standalone financial statements.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any Deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Rules framed there under are not applicable.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 (1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

- vii. (a) According to the information and explanations given to us and the records examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues in respect of above as on the last day of the financial year for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us and the records examined by us, there are no material dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value added tax outstanding on account of any dispute except:

Sr. No.	Name of the Statute	Nature of Dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
1	Customs Act, 1962	Demand of Customs duty and penalty (Trombay Unit)	25.62	2004-05	Central Excise, Service Tax Appellate Tribunal
2	Customs Act, 1962	Demand of Differential Customs Duty on import of Urea, MOP & DAP (Marketing)	80.77	2009-10	Assistant Commissioner of Customs, Dharamtar, Alibaug
3	Customs Act, 1962	Demand of Differential customs duty on import of Potash (Marketing)	0.16	2012-13	Commissioner of Customs, Mangalore
4	Income Tax Act, 1961	Disallowance of additional depreciation claimed	5.08	A.Y 2010-11	Income Tax Appellate Tribunal
5	Income Tax Act, 1961	Disallowance of additional depreciation claimed	6.40	A.Y 2011-12	Income Tax Appellate Tribunal
6	Income Tax Act, 1961	Disallowance of additional depreciation claimed	6.55	A.Y 2014-15	Commissioner of Income Tax (Appeals)
7	Income Tax Act, 1961	Disallowance of additional depreciation claimed & other additions erroneously done	0.31	A.Y 2013-14	Income Tax Appellate Tribunal
8	Income Tax Act, 1961	Demand of Tax for Short Deduction / non deduction of TDS	2.73	A.Y 2008-09 to 2017-18	Commissioner of Income Tax (Appeals)
9	Sales Tax, Maharashtra	Disallowance / errors in calculation of set off etc., in the Assessment Order Passed	18.24	2006-07	Joint Commissioner of Sales Tax (Appeals)
			3.01	2008-09	
			6.58	2009-10	
			2.77	2010-11	
			1.23	2011-12	
			6.43	2012-13	



Sr. No.	Name of the Statute	Nature of Dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
10	Central Excise Act, 1944	Demand of Central Excise duty, Interest & Penalty in respect of Naphtha procured at concessional rates used for products which are not exempted (Thal Unit)	2.67	1996-2001	Supreme Court
			1.77	March 2005 to October 2005	Central Excise Tax Appellate Tribunal
			18.61	November 1996 to February 2005 (Interest)	Supreme Court
		Demand of Excise Duty on account of Diversion of urea for industrial usages (Thal Unit)	4.11	2015-16	Commissioner of Central Excise
11	Central Excise Act, 1944	Demand of Central Excise duty in respect of Low Sulphur High Stock / Furnace Oil procured at concessional rates used for other than fertilizer products and molten Sulphur and captive consumption of ammonia (Trombay Unit)	3.03	September 1989 to December 2015	Commissioner of Central Excise (Appeals)
		Rapid Wall Plaster cleared with Nil Rate of duty	2.83	July 2010 to March 2016	Dy. Commissioner / Commissioner of Central Excise (Appeals)
		Wrong availment of CENVAT Credit on Angles, Channels, TMT Bars. Etc. (Trombay Unit)	0.10	April 2007 to August 2011	Dy. Commissioner Central Excise (Appeals)
		Demand of Excise Duty on account of Diversion of urea for industrial usages (Trombay Unit)	0.72	2015-16	Commissioner of Central Excise
12	Service Tax	Demand of Service Tax on supply of wagons to Central Railway (Thal Unit)	1.89	April 2008 to December 2015	Commissioner of Central Excise, Customs & Service Tax
13	Service Tax	Demand of Service Tax on fees received for Operations and maintenance of HWP (Thal Unit)	10.61	October, 2006 to December 2015	Additional Commissioner, Central Excise & Service Tax Mumbai
14	Service Tax	Penalty on account of non-deduction of Service Tax on gross assessable value (Thal Unit)	0.20	October, 2011 to March, 2012	Additional Commissioner, Central Excise & Service Tax Mumbai
15	Service Tax	Wrong availment of Cenvat Credit on Imported goods (Thal Unit)	0.09	March, 2012 to September, 2013	Additional Commissioner, Central Excise & Service Tax Mumbai

Sr. No.	Name of the Statute	Nature of Dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
16	Service Tax	Wrong availment of Cenvat credit in respect of input service used in the manufacture of exempted goods (Thal Unit)	8.37	FY 2011-12 to 2014-15	Commissioner, Central Excise & Service Tax Mumbai
17	Service Tax	Service Tax on rent on BTAL Wagons (Mktg. Unit)	0.14	2008-09 to June 2011	Additional Commissioner, Central Excise & Service Tax, Mumbai
18	Service Tax	Demand of Service Tax on Handling by Transporter Service (Mktg. Unit)	0.01	2006-07 & 2007-08	Superintendent (S.T Special Cell), Aurangabad

- viii. According to information and explanation given to us and based on examination of the records, the Company has not defaulted in repayment of loans or borrowings to bank. The Company does not have any dues to financial institution, government or debenture holders.
- ix. The Company has not raised money through initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us and based on the documents and records examined by us on an overall basis, the term loans obtained by the Company were applied for the purpose for which the loans were obtained.
- x. During the course of our examination of the books of account and records of the Company, and according to the information and explanation given to us and representations made by the Management, no material fraud by or on the Company by its officers or employees, has been noticed or reported during the year.
- xi. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, provisions of paragraph 3(xii) of the Order are not applicable.
- xiii. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with the directors or persons connected with him. Hence the provisions of Section 192 of the Act are not applicable.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, hence the provisions of paragraph 3 (xvi) of the Order are not applicable.

**For KALYANIWALLA & MISTRY LLP**  
Chartered Accountants  
Firm Regn. No. 104607W / W100166

**Sai Venkata Ramana Damarla**  
Partner  
Membership. No. 107017

Place: Mumbai  
Dated: May 19, 2017

**For CHHAJED & DOSHI**  
Chartered Accountants  
Firm Regn. No 101794W

**Nitesh Jain**  
Partner  
Membership. No. 136169



## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 2 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31<sup>st</sup> March, 2017.

**Report on the Directions and Sub-directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the accounts and financial statement of the Company under Section 143(5) of the Act:**

### A. Directions

#### 1. Whether Company has clear title / lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available.

Based on the audit procedures performed by us and as per the information and explanations given to us, the details of freehold land and title deeds available/not available with the company are as under:-

#### A) Information of Freehold Land

##### i. TROMBAY

Location	Particulars	Total Area (in Sq. Mt.)	Area in the name of RCF (in Sq. Mt.)	Remarks
RCF Trombay	Freehold Land	30,89,013	27,10,692	As informed to us, matter is being taken up with concerned authorities for reconciliation of area

##### ii. THAL

Location	Particulars	Total Area (in Sq. feet/ Sq meter/ Acre/hectares)	Area in the name of RCF (in Sq. feet/ Sq meter/ Acre/hectares)	Remarks*
RCF Factory & Roads	Freehold Land	313-52.12 hectares	241-49.52 hectares	As per 7/12 extract the area in the name of the Company is 253-73.70 Hectares.
Township Kihim	Freehold Land	7-10.10 hectares	-	The land is in possession of RCF. As informed, Transfer of title deeds is in process.
Township - Kurul - Veshvi - Chendhare	Freehold Land	83-23.71 hectares	78-85.91 hectares	Balance 4-37.8 Hectares of land, is not in name of RCF. As informed, steps are being taken for the transfer of title deeds.
Railway Land	Freehold Land	101-38.83 Hectares	-	As informed, request letter has been sent to concerned authorities for providing 7/12 extract for the said area.
Total Thal Freehold Land		505-24.76 Hectares	320-35.43 Hectares	

\* The matter is being taken up with the concerned authorities for reconciliation of area.

iii. **MARKETING/AREA OFFICES/CORPORATE**

Location	Particulars	Area (in Sq. feet/ Sq meter/ Acre	Whether company has clear title deed to the land
AHMEDNAGAR Survey No.20 ,II Lines, Karachi wala Nagar, Near Mahesh Talkies Ahmednagar, Maharashtra-414001.	Freehold Land	840 Sq meters	YES
LUCKNOW TC/10 V ,Vibutikhand Gomtinagar, Lucknow, U.P.	Freehold Land	1000 Sq meters	YES
DELHI OFFICE H-9 Green Park Extension New Delhi -110016	Freehold Land	387.06 Sq meters	YES

**B) Information on Leasehold land**

The leased deeds and other details of leased hold land are separately available with the Company. As regards disclosure of the same in the books of accounts / financial statements of the Company under IND-AS, the carrying value of the same amounts to ₹ 2.90 Crore, which has been reported as leased premium prepaid under Note no.8 & Note no. 15 to the consolidated Ind AS financial statements respectively.

**2. Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved**

Based on the records examined by us, during the year an amount of ₹ 0.93 crore has been written off towards bad debts. This is in line with the Company's accounting policy on provision for bad and doubtful debts and write off of the same.

**3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities**

Based on the audit procedures performed by us and as per the information and explanations given to us, proper records are maintained for inventories lying with third parties and are confirmed on the basis of warehousing certificates and confirmations.

Based on the records examined by us, during the year, the Company has not received any assets as gift from Government or other authorities.

**B. Sub-directions**

**1. State the area of land under encroachment and briefly explain the steps taken by the Company to remove encroachments.**

To the best of our knowledge and belief and according to the information and explanations given to us, instances of encroachment of land have been observed at Trombay unit which are as under:-

- i. Approx. 5 acres of land which is in the name of RCF has been encroached since the time of FCI. The value of the land cannot be determined exactly. RCF has approached the agencies like MMRDA for development of this land.
- ii. Approx. 15 Acres is under slum/encroached since 1980. Slums from other pockets were shifted on this land and is without clear title in favour of RCF. The matter is taken up with appropriate authorities for obtaining clear title in favour of RCF.

Both the matters are pending in Mumbai High Court for resolution. As explained to us, other than the above there are no cases of encroachment of land at other locations.

**2. Whether subsidy received/recoverable from Government of India has been properly accounted for as per claims admitted.**

Based on the audit procedures performed by us and as per the information and explanations given to us, subsidy received/recoverable from Government of India has been properly accounted for as per claims admitted. In addition to the same, for the rates yet to be notified due to escalations/de-escalations in the cost of inputs and other costs, subsidy has been accounted on estimated basis which is in line with its stated accounting policy of revenue recognition given in notes to the standalone financial statements for the year 2016-17.



**3. Whether subsidy received during the year has been reconciled with subsidy disbursed by the Government of India.**

Subsidy received during the year amounting to ₹. 4633.34 crore is in agreement with the amount disbursed by the Government of India.

**4. Independent verification may be made, of information/inputs furnished to Actuary, viz. number of employees, average salary, retirement age etc. and assumptions made by the Actuary regarding the discount rate, future cost increase, mortality rate, etc. for arriving at the provision for liability of retirement benefits, viz. gratuity, leave encashment, post-retirement medical benefit etc.**

Based on the audit procedures performed on test check basis for the purpose of verification of information/inputs furnished by the company to Actuary, viz. number of employees, average salary,

retirement age etc. and no material discrepancies were noticed.

Following are the assumptions used by the Actuary:-

Sr No.	Particulars	Rate
1	Discount Rate	7.12%
2	Attrition Rate	2.00%
3	Salary Escalation Rate	8.00%
4	Mortality Rate	IALM (2006-08) Ultimate

Assumptions made by Actuary regarding Salary Escalation Rate & Attrition Rate is as advised by the Company. Based on the audit procedure performed on test check basis on the data given by the management and according to information and explanation given by the management, the said assumptions appear to be reasonable.

**For KALYANIWALLA & MISTRY LLP**

Chartered Accountants

Firm Regn. No. 104607W / W100166

**Sai Venkata Ramana Damarla**

Partner

Membership. No. 107017

Place: Mumbai

Dated: May 19, 2017

**For CHHAJED & DOSHI**

Chartered Accountants

Firm Regn. No 101794W

**Nitesh Jain**

Partner

Membership. No. 136169

## ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 4 (f) 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended March 31, 2017.

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”

**For KALYANIWALLA & MISTRY LLP**

Chartered Accountants  
Firm Regn. No. 104607W / W100166

**Sai Venkata Ramana Damarla**

Partner  
Membership. No. 107017

Place: Mumbai

Dated: May 19, 2017

**For CHHAJED & DOSHI**

Chartered Accountants  
Firm Regn. No 101794W

**Nitesh Jain**

Partner  
Membership. No. 136169

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2017

The preparation of Financial Statements of Rashtriya Chemicals and Fertilizers Limited, Mumbai for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (the Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the Financial Statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 19 May 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under Section 143 (6) (a) of the Act of the Financial Statements of Rashtriya Chemicals and Fertilizers Limited, Mumbai for the year ended 31 March 2017. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report.

For and on behalf of the  
Comptroller and Auditor General of India

(Tanuja Mittal)  
Principal Director of Commercial Audit and  
Ex-officio Member, Audit Board-I, Mumbai.

Place: Mumbai  
Date : 10 August, 2017



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2017

₹ Crore

PARTICULARS	Note no.	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>ASSETS</b>				
<b>1. NON-CURRENT ASSETS</b>				
(a) Property, Plant and Equipment	1	1538.24	1501.84	1504.73
(b) Capital Work in Progress	1.4	107.24	149.97	61.16
(c) Investment Property	2	5.25	5.39	5.51
(d) Intangible Assets	3	3.35	5.58	5.24
(e) Financial Assets				
(i) Investments	4	44.90	43.13	41.42
(ii) Trade Receivables	5	-	-	-
(iii) Loans	6	0.60	0.77	0.81
(iv) Others	7	156.54	237.21	130.74
(f) Other non-current assets	8	178.66	119.50	61.12
		<b>2034.78</b>	<b>2063.39</b>	<b>1810.73</b>
<b>2. CURRENT ASSETS</b>				
(a) Inventories	9	793.30	1154.92	931.96
(b) Financial Assets				
(i) Trade Receivables	10	3641.72	4327.63	3312.08
(ii) Cash and Cash Equivalents	11	10.31	1.36	83.23
(iii) Bank balances other than (ii) above	12	2.70	1.79	2.10
(iv) Loans	13	2.75	3.59	4.61
(v) Others	14	17.52	28.20	42.71
(c) Other Current Assets	15	32.70	71.82	35.30
		<b>4501.00</b>	<b>5589.31</b>	<b>4411.99</b>
		<b>6535.78</b>	<b>7652.70</b>	<b>6222.72</b>
<b>TOTAL ASSETS</b>				
<b>EQUITY AND LIABILITIES</b>				
<b>A. EQUITY</b>				
(a) Equity Share Capital	16	551.69	551.69	551.69
(b) Other Equity	17	2373.33	2265.14	2208.78
		<b>2925.02</b>	<b>2816.83</b>	<b>2760.47</b>
<b>B. LIABILITIES</b>				
<b>1. NON-CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
(i) Borrowings	18	113.84	152.21	373.11
(ii) Trade Payables	19	210.63	181.97	-
(iii) Other Financial Liabilities	20	16.40	19.69	6.11
(b) Provisions	21	141.61	139.51	150.68
(c) Deferred Tax Liabilities(Net)	22	218.81	216.28	200.73
(d) Other non-current liabilities	23	15.85	17.23	15.27
		<b>717.14</b>	<b>726.89</b>	<b>745.90</b>

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2017

₹ Crore				
PARTICULARS	Note no.	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>2. CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
(i) Borrowings	24	1545.54	2603.16	1511.07
(ii) Trade Payables	25	634.33	605.65	596.72
(iii) Other Financial Liabilities	26	347.77	484.31	334.10
(b) Other Current Liabilities	23	217.32	306.62	158.42
(c) Provisions	27	132.51	109.24	85.85
(d) Current Tax Liabilities (Net)	28	16.15	-	30.19
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2893.62</b>	<b>4108.98</b>	<b>2716.35</b>
		<b>6535.78</b>	<b>7652.70</b>	<b>6222.72</b>
Statement of Significant Accounting Policies	A			
Explanatory Information on Financial Statements	39-76			

For and on behalf of the Board of Directors  
**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**

**(C.M.T. Britto)**  
Chairman and Managing Director  
DIN : 02449069

**(Suresh Warrior)**  
Director (Finance)  
DIN : 06920261

**(D. M. Sati)**  
Company Secretary  
Membership No: 23683

Dated : 19.05.2017  
Place: Mumbai

As per our report of even date attached

For **Kalyaniwalla & Mistry LLP** For **Chhajed & Doshi**  
Chartered Accountants Chartered Accountants  
Firm Regn. No.104607W / W100166 Firm Regn. No. 101794W

**(Sai Venkata Ramana Damarla)**  
Partner  
Membership No: 107017

**(Nitesh Jain)**  
Partner  
Membership No: 136169

Dated : 19.05.2017  
Place: Mumbai

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

₹ Crore

PARTICULARS		Note No.	Year Ended 31.03.2017	Year Ended 31.03.2016
I	Revenue from Operations	29	7223.17	8241.35
II	Other Income	30	67.98	85.05
<b>III</b>	<b>Total Income(I+II)</b>		<b>7291.15</b>	<b>8326.40</b>
<b>IV</b>	<b>Expenses:</b>			
	Cost of Materials Consumed	31	2825.50	3523.40
	Purchases of Stock in Trade	32	225.68	348.91
	Changes in Inventories of Finished Goods and Stock in Trade	33	146.93	(232.43)
	Employee Benefits Expense	34	503.64	495.98
	Finance Costs	35	93.98	145.27
	Depreciation and Amortization Expense / Impairment	36	141.10	147.65
	Other Expenses	37	3105.59	3632.39
	<b>Total Expenses (IV)</b>		<b>7042.42</b>	<b>8061.17</b>
<b>V</b>	<b>Profit before tax (III-IV)</b>		<b>248.73</b>	<b>265.23</b>
<b>VI</b>	<b>Tax Expense</b>			
	(1) Current tax		90.67	97.13
	(2) Deferred tax		1.94	14.97
	(3) Taxation adjustment of earlier years Excess(-)/Short(+)		(23.14)	(19.51)
<b>VII</b>	<b>Profit for the year (V-VI)</b>		<b>179.26</b>	<b>172.64</b>
<b>VIII</b>	<b>Other Comprehensive Income</b>	38		
	(i) Items that will not be reclassified to profit or loss		2.99	4.95
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(1.02)	(1.71)
	<b>Other Comprehensive Income for the year (VIII)</b>		<b>1.97</b>	<b>3.24</b>
<b>IX</b>	<b>Total Comprehensive Income for the year (VII+VIII)</b>		<b>181.23</b>	<b>175.88</b>
X	Earnings per equity share			
	<b>Basic and Diluted Earnings per share (in ₹)</b>	54	3.25	3.13
	Statement of Significant Accounting Policies	A		
	Explanatory Information on Financial Statements	39-76		

For and on behalf of the Board of Directors  
**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**

(C.M.T. Britto)  
Chairman and Managing Director  
DIN : 02449069

(Suresh Warior)  
Director (Finance)  
DIN : 06920261

(D. M. Sati)  
Company Secretary  
Membership No: 23683

Dated : 19.05.2017  
Place: Mumbai

As per our report of even date attached

For **Kalyaniwalla & Mistry LLP** For **Chhajer & Doshi**  
Chartered Accountants Chartered Accountants  
Firm Regn. No.104607W / W100166 Firm Regn. No. 101794W

(Sai Venkata Ramana Damarla)  
Partner  
Membership No: 107017

(Nitesh Jain)  
Partner  
Membership No: 136169

Dated : 19.05.2017  
Place: Mumbai

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

₹ Crore

PARTICULARS	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>A Cash Flow From Operating Activities</b>		
Net Profit before tax	248.73	265.23
Adjustments for :		
Depreciation/Loss on impairment of Assets	141.29	147.84
Profit(-) / Loss on sale of Assets	0.91	0.85
Interest Income	(5.47)	(7.07)
Dividend Income	(0.19)	(0.11)
Interest and Finance Charges	93.98	145.27
Provision for Bad/Doubtful debts	2.35	1.39
Unrealised Foreign Exchange (Gain) /Loss	8.75	(23.18)
	<u>241.62</u>	<u>264.99</u>
Operating Profit before Working Capital Changes	490.35	530.22
Adjustments for :		
Trade and Other Receivables	806.94	(1180.33)
Inventories	361.62	(222.96)
Trade Payables and Other Liabilities	8.00	343.59
	<u>1176.56</u>	<u>(1059.70)</u>
Cash Generated from Operations	1666.91	(529.48)
Direct Taxes Paid	(71.50)	(104.00)
<b>Net Cash from Operating Activities ----- A</b>	<b>1595.41</b>	<b>(633.48)</b>
<b>B Cash Flow from Investing Activities</b>		
Additions to Fixed Assets (Net of trade credit)	(316.51)	(266.76)
Sale of Fixed Assets	(6.57)	0.23
Purchase of Investments -Joint Ventures and Subsidiary	-	(0.02)
Interest Received	5.49	7.08
Dividend Received	0.19	0.11
	<u>(317.40)</u>	<u>(259.36)</u>
<b>Net Cash from Investing Activities ----- B</b>	<b>(317.40)</b>	<b>(259.36)</b>
<b>C Cash Flow from Financing Activities</b>		
Net Proceeds /Repayment of Working capital facilities and short term loans	(1061.70)	1111.90
Proceeds from Term loans	493.38	-
Repayments of Term loans	(526.72)	(39.33)
Interest paid	(101.00)	(142.16)
Dividend paid (including Dividend Distribution tax)	(73.02)	(119.44)
	<u>(1269.06)</u>	<u>810.97</u>
<b>Net Cash from Financing Activities ----- C</b>	<b>(1269.06)</b>	<b>810.97</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

₹ Crore

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Net Increase/Decrease(-) in Cash and Cash Equivalent (A+B+C)	8.95	(81.87)
Cash and Cash Equivalents as at 1 <sup>st</sup> April (Opening Balance)	1.36	83.23
Cash and Cash Equivalents as at 31 <sup>st</sup> March ( Closing Balance)	10.31	1.36
Components of Cash and Cash Equivalents		
Cash on hand	0.02	0.03
Cheques in hand	0.07	-
Balance With Scheduled Banks		
in Current and Cash Credit Accounts	10.18	1.30
in Term Deposits with less than 12 months maturity	0.04	0.03
	<u>10.31</u>	<u>1.36</u>

Note:

1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7 on Cash Flow Statement and presents cash flows by operating , investing and financing activities.
2. Figures in the Bracket are outflows / deductions.
3. Figures of the previous year have been regrouped / rearranged wherever necessary to make it comparable to the current year presentation.
4. The cash credit facilities availed from bank are part of financing activity which do not form part of cash and cash equivalents for Cash Flow Statement purpose.

For and on behalf of the Board of Directors  
**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**

**(C.M.T. Britto)**  
Chairman and Managing Director  
DIN : 02449069

**(Suresh Warrior)**  
Director (Finance)  
DIN : 06920261

**(D. M. Sati)**  
Company Secretary  
Membership No: 23683

Dated : 19.05.2017  
Place: Mumbai

As per our report of even date attached  
For **Kalyaniwalla & Mistry LLP** For **Chhajer & Doshi**  
Chartered Accountants Chartered Accountants  
Firm Regn. No.104607W / W100166 Firm Regn. No. 101794W

**(Sai Venkata Ramana Damarla)**  
Partner  
Membership No: 107017

**(Nitesh Jain)**  
Partner  
Membership No: 136169

Dated : 19.05.2017  
Place: Mumbai

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

A. EQUITY SHARE CAPITAL		₹ Crore		₹ Crore	
Balance as at 01.04.2016	Changes in equity share capital during the year	Balance as at 31.03.2017	Balance as at 01.04.2015	Changes in equity share capital during the year	Balance as at 31.03.2016
551.69	-	551.69	551.69	-	551.69

B. OTHER EQUITY FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH 2017					₹ Crore
	Reserve & Surplus			Items of other Comprehensive Income	Total
	General Reserve	Other Reserves (EEC Asset Management Reserve)	Retained Earnings	Equity Instruments through Other Comprehensive Income	
<b>Balance as at 01.04.2016</b>	<b>2236.48</b>	-	-	<b>28.66</b>	<b>2265.14</b>
Profit for the year	-	-	179.26	-	179.26
Other Comprehensive Income (Net of Tax)	-	-	0.79	1.18	1.97
Total Comprehensive Income for the year	-	-	180.05	1.18	181.23
Dividend paid (Including Dividend Distribution Tax) Refer note no. 17	-	-	(73.04)	-	(73.04)
Transfer to General Reserve	107.01	-	(107.01)	-	-
<b>Balance as at 31.03.2017 *</b>	<b>2343.49</b>	-	-	<b>29.84</b>	<b>2373.33</b>

FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH 2016					₹ Crore
	Reserve & Surplus			Items of other Comprehensive Income	Total
	General Reserve	Other Reserves (EEC Asset Management Reserve)	Retained Earnings	Equity Instruments through Other Comprehensive Income	
<b>Balance as at 01.04.2015</b>	<b>2181.07</b>	<b>0.16</b>	-	<b>27.55</b>	<b>2208.78</b>
Profit for the year	-	-	172.64	-	172.64
Other Comprehensive Income (Net of Tax)	-	-	2.13	1.11	3.24
Total Comprehensive Income for the year	-	-	174.77	1.11	175.88
Dividend paid (Including Dividend Distribution Tax) Refer note no. 17	-	-	(119.52)	-	(119.52)
Transfer to General Reserve	55.41	(0.16)	(55.25)	-	-
<b>Balance as at 31.03.2016</b>	<b>2236.48</b>	-	-	<b>28.66</b>	<b>2265.14</b>

\* The closing balance in General Reserve is arrived at after adjustment of Remeasurement of Defined Benefit Plans amounting to ₹ 0.79 crore (P.Y. ₹ 2.13 crore) during the year net of current tax amounting to ₹ 0.43 crore (P.Y. ₹ 1.13 crore)

For and on behalf of the Board of Directors  
**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**

**(C.M.T. Britto)**  
Chairman and Managing Director  
DIN : 02449069

**(Suresh Warrior)**  
Director (Finance)  
DIN : 06920261

**(D. M. Sati)**  
Company Secretary  
Membership No: 23683  
Dated : 19.05.2017  
Place: Mumbai

As per our report of even date attached

For <b>Kalyaniwalla &amp; Mistry LLP</b> Chartered Accountants Firm Regn. No.104607W / W100166	For <b>Chhajed &amp; Doshi</b> Chartered Accountants Firm Regn. No. 101794W
<b>(Sai Venkata Ramana Damarla)</b> Partner Membership No: 107017	<b>(Nitesh Jain)</b> Partner Membership No: 136169

Dated : 19.05.2017  
Place: Mumbai



## A. Statement of Significant Accounting Policies forming Part of Accounts for the year ended 31<sup>st</sup> March 2017

### I) Corporate information

The Company is a public company domiciled in India and is incorporated under provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at Priyadarshini, Eastern Express Highway, Sion Mumbai 400022.

The Company is engaged in the manufacturing and marketing of fertilizers and industrial chemicals.

### II) Basis of preparation

a. The standalone financial statements of the Company have been prepared in accordance with accounting standards prescribed under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards)(Amendment) Rules, 2016 and other relevant provisions of the Act.

b. The standalone financial statements have been prepared under the historical cost and on accrual basis, except for the following:-

- Certain financial assets and liabilities (including Derivative financial instruments) measured at fair value
- Certain provisions recognized using actuarial valuation techniques
- Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

c. The standalone financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crores (₹ 00,00,000), except when otherwise indicated.

d. Significant accounting judgements, estimates and assumptions

1.1 The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities as at the Balance Sheet date.

1.2 Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Any revisions to the accounting estimates are recognized prospectively when revised, in

current and future periods.

Some of the significant judgements and assumptions exercised are given as under:-

#### 1.2.1 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed separately.

#### 1.2.2 Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### 1.2.3 Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bonds in India.

The mortality rate is based on publicly available mortality tables as defined by LIC. Future salary increases is based on Company's assessment based on past trends.

#### 1.2.4 Subsidy Income

As per extant policies covering subsidy of Urea, major inputs like cost of energy, water etc. are a pass through in the same. Since the notified rates of subsidy of urea incorporating actual revision takes time, recognition of subsidy is generally made on the basis of in principle recognition/ approval /settlement of claims from Government of India/Fertilizer Industry Co-ordination Committee while finalising the financial statements.

#### 1.2.5 Provision for obsolescence

Provision towards obsolete/surplus inventory are recognized as per management estimates under the assumption that they may fetch 5% of their book value upon disposal.

#### 1.2.6 Fair value measurements of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions could affect the reported value of fair value of financial instruments.

#### 1.2.7 Application of Discount rates

Estimates of rates of discounting are done for measurement of fair values of certain financial assets and liabilities, which are based on prevalent bank interest rates and the same are subject to change.

#### 1.2.8 Estimates of Useful lives of assets/components

Company has identified significant components of plant and machinery and provides for depreciation over their useful lives as per its technical assessment.

#### 1.2.9 Operating Lease

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement, is or contains a lease is fulfilment of the arrangement is dependent on the use of

a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly not specified in an arrangement.

For arrangements entered into prior 1<sup>st</sup> April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Lease arrangements in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

### III) Significant accounting policies

#### A) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

The classification of an asset either current or non-current has been made applying the criteria of realization of such assets within a period of 12 months after the reporting date.

Where assets have been fully provided for as doubtful, the same are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period



The Company classifies all other liabilities as non-current.

## B) Foreign currencies

The standalone financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

### a. Transactions and Balances

Foreign Currency transactions are accounted at the rates prevailing on the date of transaction. Year-end monetary assets and liabilities are translated at the exchange rate prevailing on the date of the Balance sheet.

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and loss for the period in which they arise, except for the following:-

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use (i.e. Capital Work-in-progress), are included in the cost of those assets when they are regarded as an adjustment on account of interest costs on those foreign currency borrowings.
- Non-monetary items that are measured in terms of historical cost in foreign currencies are reported using the exchange rates at the date of the transaction.

### b. Exemption availed under Ind AS 101:-

Under Indian GAAP, Company had opted to capitalize exchange differences arising on translation of long term foreign currency monetary items in accordance with Para 46A of AS 11.

In accordance with Para D13AA of Ind AS 101, Company has continued with the policy of adjusting exchange differences arising on translation of long-term foreign currency monetary items outstanding as on 31<sup>st</sup> March 2016, related to acquisition of fixed assets, to the cost of the asset and depreciate the same over the remaining useful life of such asset. For this purpose, the Company treats a foreign currency monetary items as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its obligation.

## C) Fair value measurement

The Company measures financial instruments, such as, derivatives, investments in equity instruments, etc. at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between the levels in the hierarchy by re-assessing categorization (based on the lowest

level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties, unquoted financial assets etc. Involvement of independent external valuers is decided upon annually by the Company. Further such valuation is done annually at the end of the financial year and the impact if any on account of such fair valuation is taken in the annual financial statements.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **D) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Amounts disclosed as revenue are inclusive of excise duty and net of returns, rebates, Value added taxes and amounts collected on behalf of third parties.

#### **Sale of Goods**

Sales are recognized when goods are delivered and the significant risks and rewards of ownership have been transferred to the buyer.

Scrap, salvaged/waste materials and sweepings are accounted for on delivery/realization.

#### **Subsidy and Other Operating revenue**

Recognition of Subsidy is generally made on the basis of in principle recognition/ approval/ settlement of claims from Government of India /Fertilizer Industry Co-ordination Committee.

Subsidy income is recorded based on the quantity sold during the financial year.

#### **Subsidy on Urea**

Subsidy on Urea is recognized based on Concession rate, including freight cost, as per the extant policies announced by the Government of India, further adjusted for input price escalation / de-escalation as estimated by the management based on the prescribed norms as notified by Government of India.

#### **Subsidy on P&K Fertilizers**

Subsidy on P&K fertilizers is recognized based on Concession rates, including freight cost, as notified by the Government of India under Nutrient Based Subsidy Scheme and Uniform Freight Policy.

#### **Subsidy on Imported Urea**

Subsidy on imported Urea is recognized based on lump sum compensation, including freight cost and other charges receivable from the Government of India, as per terms of agreement.

Remaining Other Operating revenue/other income are recognized on accrual basis.

#### **Interest income**

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability.

For interest due from customers, vendor's etc. interest income is recognized when no significant uncertainty as to its realization exists and is accounted on time proportion basis at contracted rates.

#### **Dividend**

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### **Rental income**

Rental income arising from operating leases is accounted on accrual basis in accordance with the terms of the contract since such charges are structured to increase in line with expected general inflation to compensate for expected inflationary cost.

#### **Commission Income**

For certain arrangements, Company acts as an agent. The role of the Company either as an agent or a principal is determined based on evaluation of the its role as a primary obligor, has the pricing latitude in the said arrangements, its exposure to inventory risks and credit risks, on case to case basis.



### Government grants

Government grants are recognized in statement of profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are presented within Other income.

Government grants relating to purchase of property, plant and equipment are credited to Statement of profit and loss on a Straight-line basis over the expected lives of the related assets.

### Others

Insurance and other miscellaneous claims are recognized on receipt/acceptance of claim.

Income from sale of Certified Emissions Reductions (CER's)/Voluntary Emissions Reductions (VER's) is recognized on delivery and confirmation of the same by the concerned authorities.

## E) Taxation

Income tax expense for a financial year represents the sum of tax currently payable, adjustments for tax provisions of previous years and deferred tax.

### a. Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax items are recognized in correlation to the underlying transaction either in Other Comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### b. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of

goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of a asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that

have been enacted or substantively enacted at the reporting period.

**c. Current Tax and Deferred Tax**

Current and Deferred tax are recognized in Statement of Profit and loss, except when they relate to items that are recognized in Other Comprehensive Income (OCI) or directly in equity, in which case, the current and deferred tax are also recognized in OCI or directly in equity respectively.

- d. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate taxable entity and the same taxation authority.

**F) Property, plant and equipment**

All items of property, plant and equipment, including freehold land are initially recorded at cost, net of recoverable taxes and discounts.

The cost includes the cost of replacing part of the property, plant and equipment meeting the recognition criteria and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment upto the date of commissioning of the assets.

Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Spares costing (Unit value of ₹10 lacs and above), and other components which are required to be replaced at intervals, meeting the recognition criteria have been classified as Plant and equipment and are depreciated separately based on their specific useful lives.

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in Statement of Profit and loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Catalysts which are used in commissioning of new projects/plants are capitalized and are

amortized based on the estimated useful life as technically assessed. Subsequent issues of catalysts, if any, are treated as inventory.

Projects under which assets are not ready for their intended use are shown as Capital work-in-progress.

Freehold / Leasehold improvements are considered as property plant and equipment.

**Exemption availed under Ind AS 101 :-** On transition to Ind AS, Company has elected to continue with the carrying value of all its property plant and equipment existing as at 1<sup>st</sup> April 2015, measured as per previous GAAP (Indian GAAP) and used that carrying value as the deemed cost of the property plant and equipment.

**a. Depreciation**

Depreciation is calculated on a Straight-line basis over the estimated useful lives of the assets on the depreciable amount when such assets are ready for their intended use.

Freehold land has an unlimited useful life and therefore is not depreciated.

Company has identified significant components of plant and machinery and provides for depreciation over their useful lives as per technical assessment, as per Para 4 of Schedule II to Companies Act, 2013. Depreciation on other Tangible assets is provided for as per useful lives prescribed in Schedule II to Companies Act, 2013, except for mobile telephones classified under office equipment's which are depreciated over a period of 3 years.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. A maximum residual value of 5% is considered for all assets, except in case of roads, wells and fences, office equipment's and end user computing devices like desk tops, laptops etc. where it is considered as NIL.

Depreciation on additions/deletions to Gross Block is calculated on pro-rata basis from the date of such additions upto the date of such deletions as per useful lives of such assets on Straight Line Basis.

After recognition of impairment loss, the revised carrying amount less residual value of the impaired asset would be depreciated on systematic basis over the remaining useful life of the asset. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.



Depreciation on each item of an asset costing less than ₹ 5,000 are depreciated at 100% in the year of capitalization.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit and loss in the year the asset is de-recognized.

Assets under construction/Capital Work -in-Progress included under Property, Plant and equipment are not depreciated as these assets are not yet available for use. However they are tested for impairment if any.

#### G) Investment Properties

Investment properties are properties that are held to earn rentals and /or for capital appreciation (including property under construction for such purposes) and not occupied by the Company for its own use.

Investment properties are measured initially at cost, including transaction costs cost and net of recoverable taxes. The cost includes the cost of replacing parts and borrowing costs if recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on Investment property, wherever applicable, is provided on straight line basis as per useful lives prescribed in Schedule II to Companies Act, 2013.

Investment properties are derecognised either when they have been disposed off or when they are being occupied by the Company for its own use or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

**Exemption availed under Ind AS 101 :-** On transition to Ind AS, the Company has elected to continue with the carrying value of its Investment Property existing as at 1<sup>st</sup> April 2015, measured as

per previous GAAP (Indian GAAP) and used that carrying value as the deemed cost of the same.

#### H) Intangible assets

##### a. Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost, net of recoverable taxes. The cost of intangible assets comprises its purchase price, and any cost directly attributable to bringing the asset to its working condition for the intended use. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

##### **Exemption availed under Ind AS 101 :-**

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets existing as on 1<sup>st</sup> April 2015 measured as per the previous GAAP (Indian GAAP) and use that value as its deemed cost as of the transition date.

The Company has no intangible assets with infinite useful lives.

##### b. Amortization

Intangible assets (i.e. software applications) having finite useful lives are amortized over their respective individual estimated useful lives on a STRAIGHT-LINE BASIS, pro-rata from the date the asset is available to the Company for its use. Management estimates the useful life of software applications identified as intangible assets as three years. Any expenses incurred on intangible assets with finite useful lives up to ₹ 1 lakh in each case are being charged off in the year of incurrence.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

#### I) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from assets or group of assets (cash-generating units). If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the

higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

Company bases its impairment calculation on detailed budgets and forecasts which are prepared for each of its CGU separately.

For all the assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the CGU does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the CGU's in prior years. Such reversal is recognized in the Statement of Profit and Loss.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the Statement of profit and loss.

## J) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are accumulated and capitalized up to the date when such assets are ready for their intended use or sale, as part of the cost of the asset.

All other borrowing costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

General Borrowings cost incurred in connection with qualifying assets are capitalized by applying the Capitalization rate on the quantum of such borrowings utilized for such assets.

## K) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the contract lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### a. Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognized as an expense in the Statement of profit and loss as per lease terms as such payments are structured to increase in line with expected general inflation.

### b. Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised as revenues as per lease terms since such rentals are structured to increase in line with expected general inflation. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases.



Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

## L) Inventories

### a. Assessment of Inventory

Raw Materials, Intermediary Products, By-Products and Finished Products inside factory premises, in bulk form, are assessed by survey method on a date as close as possible to the Balance Sheet date and the shortages /excesses in the quantities as compared to book stocks are adjusted in the books. Finished goods and other inventory stored outside the factory premises are taken as per warehousing certificates and third party confirmation respectively.

### b. Mode of Valuation

Inventory is valued at lower of cost and net realizable value except in case of by-products, which are valued at, net realizable value.

Gases and slurries, if any, in pipelines at different stages of process are not valued as the same is not practicable.

Certified Emission Reductions (Carbon credits) is valued at lower of cost and net realizable value.

### c. Basis of Cost

The cost of manufactured finished goods, bought out products and intermediary products are arrived at based on weighted average cost. Bifurcation of cost of joint products is made on technical estimates.

Cost of raw materials, petroleum products, packing materials, stores and spares, and loose tools is determined on weighted average cost basis.

Provision is made in respect of raw materials, packing materials, stores and spares and petroleum products, wherever appropriate, based on technical estimates, to reflect the impact of obsolescence, damage or other diminution in value.

### d. Measurement of Cost / Realizable Value

#### Cost of Purchases

Cost of purchase includes duties, taxes (net of those recoverable) freight and other expenses net of trade discounts, rebates and price adjustments.

## Cost of Manufactured goods

Cost of Manufactured Goods comprises of direct cost, variable production overheads and fixed production overheads on absorption costing method. Catalysts issued are charged off over their estimated useful lives as technically assessed. Variable production overheads are allocated based on actual production. Variable overheads related to movement of finished products are allocated based on actual dispatches. Fixed overheads are allocated based on higher of the actual production level or normal production level. Average handling and transportation costs incurred to bring the material in its present location and condition is included in valuing stocks in field warehouses and in transit.

## Cost of Traded Fertilizers

It comprises of Cost of Purchases as defined under (L.d) plus bagging, handling and transportation costs incurred to bring the material in its present location and condition.

## Net Realizable Value

Price of urea is administered by the Government of India by which selling price is fixed for the buyer. The net realizable value for manufactured urea is taken at retention price (selling price net of dealers' margin plus subsidy from Government of India) net of variable selling and distribution cost. Net realizable value of off-spec urea is taken at 40% of MRP excluding subsidy.

The net realizable value of phosphatic and potassic fertilizers is taken at the applicable selling prices expected to be realized, net of dealers' margin and variable selling and distribution costs plus the concession as fixed/to be fixed by Government. Net realizable value of off-spec phosphatic and potassic fertilizers is taken at selling price net of dealers' margin and estimated cost of re-processing including transportation cost to factory. The net realizable value of off-spec traded phosphatic and potassic out fertilizers is at 30% of MRP excluding subsidy.

The Net realizable value of imported Urea is the selling price net of dealers' margin and other entitled compensation as contracted with the Government net of variable selling and distribution cost.

The net realizable value of off-spec imported Urea is taken at 40% of MRP excluding subsidy.

Average freight incurred on despatches from silo/factory/ port to godown and other products handling costs is reduced for arriving at the net realizable value in respect of stocks of fertilizers in silo/factory/port.

The net realizable value of non-fertilizer products is taken at lowest selling prices net of variable selling and distribution costs, expected to be realized in future.

#### M) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When a provision is expected to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

#### N) Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises where a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized but are disclosed where an inflow of economic benefits is probable. The estimation of financial effect in respect of contingent liabilities and contingent assets wherever not practicable, is not disclosed and such fact is accordingly stated.

#### O) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### a. Financial assets

##### Initial recognition and measurement

All financial assets are recognized initially at fair value. However in case of financial assets that are not recorded at fair value through profit or loss; the transaction costs that are directly attributable to the acquisition of issue of such financial assets are added to the value of the financial assets.

##### Subsequent measurement

Financial assets presently held by the Company are classified as under:-

- Debt instruments at amortized cost
- Debt instruments and derivatives at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

#### b. Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both of the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the statement of profit or loss. This category generally applies to trade and other receivables.



**c. Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit or loss.

**d. Equity investments**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may decide to classify the same as at FVTOCI. The Company makes such election on an instrument-by-instrument basis upon on initial recognition and same is irrevocable.

Upon classification of equity instruments as at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investments. The Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Investments in Joint ventures, subsidiaries and associates are recognized at cost.

**Exemption availed under Ind AS 101 :-** On transition to Ind AS, Company has elected to continue with the carrying value of its investments Joint ventures as at 1<sup>st</sup> April 2015, measured as per previous GAAP and used that carrying value as the deemed cost of the same.

**e. Derivative financial instruments**

The Company enters into a variety of derivative financial instruments to manage its exposure to interest and foreign exchange rate risks, like foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value on the date the derivative contracts are entered into and are subsequently

re-measured to their fair value (Mark to Market) at the end of each reporting period. The resulting gain or loss is recognized in the Statement of profit and loss. Company does not designate any of its derivative instruments as hedge instruments. Derivatives are carried as financial assets when fair value is positive and as financial liabilities when the fair value is negative.

Transaction costs incurred for such derivative instruments are charged off to Statement of Profit and Loss on initial recognition.

**f. Derecognition**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**g. Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- i. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

- ii. Lease receivables
- iii. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.
- iv. Financial guarantee contracts which are not measured as at FVTPL

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. All cash shortfalls) discounted at the original effective interest rate.

While estimating cash flows, Company considers all contractual terms of financial instrument over the expected life of the financial instrument including cash flows from the sale of collateral held that are integral to contractual terms.

The company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

Based on the same, it recognizes impairment allowance based on lifetime ECL at each reporting date, right from its initial recognition.

Further for the purpose of measuring lifetime ECL allowance for trade receivables the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes in account historical credit loss experience with adjustments for collaterals available and forward looking information, if required.

ECL allowance is not recognized on Subsidy receivables since they are due from Government of India and also on other receivables which are largely due from Government agencies, as the Company does not perceive any risk of default which would be material.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost, trade receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet.

The allowance reduces the net carrying amount, until the asset meets write-off criteria.

Trade receivables, other receivables, loans and advances are also fully provided for as doubtful upon review on case to case basis, to the extent of such loss considered as incurred.

## **h. Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition as loans and borrowings, payables, derivatives and financial liabilities at fair value through profit or loss. The Company's financial liability consists of trade and other payables, loans and borrowings, bank overdrafts, financial guarantee contracts and derivative financial instruments.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs, if any.



### Subsequent measurement

The subsequent measurement of financial liabilities of the Company depending on their classification is described below:-

#### Loans and borrowings including bank overdrafts

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

This category generally applies to interest-bearing loans and borrowings.

#### i. Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder of the guarantee for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognized less cumulative amortization.

#### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

#### P) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

#### Q) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

#### R) Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in statement of profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are presented within Other income.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

Government grants relating to purchase of property, plant and equipment are included in Other non-current liabilities and are credited to profit or loss on a Straight-line basis over the expected lives of the related assets.

In the event of such property, plant and equipment being disposed off before completion of its estimated useful life, the outstanding amount of such capital grant is fully credited to profit or loss in the year of its disposal.

#### S) Employee benefits

##### a. Short Term Employee Benefits:

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term

employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

**b. Retirement benefit costs and termination benefits and other long term employee benefits**

**Defined Contribution Schemes**

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Company's defined Contribution made to its Superannuation scheme is charged off to Statement of Profit and Loss on accrual basis.

**Defined Benefit Plans**

**Provident Fund**

Contribution to Provident Fund is accounted for on accrual basis. The Provident Fund contributions are made to a Trust administered by the Company by both the employer as well as employee. The Trust invests in specific designated instruments as permitted by Indian Law. The interest rate payable to the members of the Trust is being administered by the Government. The Company has an obligation to make good the shortfall, if any between the return from the investments of the Trust and the notified interest rate. Such shortfall on account of interest is recognized in the Statement of Profit and Loss.

**Gratuity and Post-retirement medical benefits**

For Defined Benefit plans comprising of gratuity, post-retirement medical benefits the cost of providing benefits is determined using the **Projected Unit credit method**, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount

rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expenses or income; and
- re-measurements

The Company presents the first two components of defined benefit costs in the Statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The cost of the defined benefit gratuity plan and other Post employment medical benefits and the present value of gratuity obligation are determined using actuarial valuation techniques.

**Termination Benefits**

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

**Other Long term benefits**

Liabilities recognized in respect of other long term benefits like leave encashment and long term service awards are measured at the present value of the estimated future cash outflows to be made by the Company (based on actuarial valuation) in respect of services provided by employees upto the reporting date.

**T) Segment Reporting**

The Company has recognized the following operating segments, viz Fertilizers, Industrial Chemicals and Trading, the business activities it is primarily engaged into. The same has been done based on the review of the operating results, internal reporting, review of performance, decision making relating to future allocation of resources, policy parameters influencing business etc. carried out by its Chief Operating Decision Maker i.e. Executive Management Committee/Board of Directors.

**U) Prepaid Expenses**

Individual expense up to ₹ 1,00,000 is not considered in classifying prepaid expenses.

**V) Research and Developments expenses**

Revenue expenditure on Research activity is recognized separately and charged to Statement of Profit and Loss. Expenditure on development activities is capitalized when its future economic benefits can reasonably be regarded as assured.

**W) Earnings Per Share (EPS)**

Basic earnings per share is calculated by dividing net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Upon discontinuation of an operation the basic and diluted amount per share for the discontinued operation is separately reported, as applicable.

**X) Cash Dividend**

The Company recognizes a liability to make cash distributions to shareholders when the distribution is authorized and the same is no longer at the discretion of the Company. As per corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

**IV) First-time adoption of Ind AS**

These financial statements, for the year ended 31<sup>st</sup> March 2016, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31<sup>st</sup> March 2015, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2015 (Indian GAAP).

The Company has adopted all the applicable Ind AS standards and the adoption was carried out in accordance with Ind AS 101, First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies Accounts Rules, 2014 (IGAAP), which was the previous GAAP.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31<sup>st</sup> March 2016 as described in the significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1<sup>st</sup> April 2015, the Company's date of transition to Ind AS. Reconciliations and descriptions of the effect of the transition have been summarized in Note no. 69 to financial statements.

**V) Exemptions applied**

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions.

Company has elected to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition measured as per Indian GAAP and use that as its deemed cost as at date of transition. The same is applicable even for Investment property, intangible assets and its investments in Joint venture, associates and subsidiaries.

Company has also reviewed the necessary adjustments required to be done in accordance with paragraph D21 this standard (i.e. adjustments arising on account of decommissioning or restoration liabilities) and has accordingly considered the impact of the same wherever applicable.

The Company has designated unquoted equity instruments held at 1<sup>st</sup> April 2015 as fair value through OCI.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

₹ Crore

Description	DEEMED COST / COST		DEPRECIATION		IMPAIRMENT LOSS		NET BOOK VALUE		
	AS AT 01.04.2016	Of Additions/ Adjustments	AS AT 31.03.2017	UPTO 01.04.2016	Provided during the year	UPTO 01.04.2016	UPTO 31.03.2017	AS.AT 31.03.2017	AS.AT 31.03.2016
Land ( Freehold )	10.78	-	10.78	-	-	-	-	10.78	10.78
Roads & Culverts	8.43	1.14	9.57	1.19	1.35	-	2.54	7.03	7.24
Buildings	77.52	12.11	89.63	4.41	5.42	-	9.83	79.80	73.11
Railway sidings	12.40	1.96	14.36	1.56	1.36	-	2.92	11.44	10.84
Plant & Machinery*	1438.77	150.36	1586.69	114.21	114.78	0.14	228.85	1348.65	1315.37
Water System, Sewerage & Drainage	18.39	0.79	19.18	0.51	1.23	-	1.74	17.44	17.88
Miscellaneous Equipments	52.62	6.54	58.50	6.27	7.16	0.20	13.23	45.27	46.35
Furniture & Fixtures	9.32	0.98	10.22	1.45	1.32	0.02	2.75	7.47	7.87
Office Equipments	14.03	2.08	16.07	4.26	3.68	0.03	7.91	8.16	9.77
Vehicles	3.26	0.22	3.43	0.63	0.62	0.02	1.23	2.20	2.63
<b>TOTAL</b>	<b>1645.52</b>	<b>176.18</b>	<b>1818.43</b>	<b>134.49</b>	<b>136.92</b>	<b>0.41</b>	<b>271.00</b>	<b>1538.24</b>	<b>1501.84</b>
Previous Year Figures	1504.73	142.54	1645.52	-	135.11	0.62	134.49	1501.84	1501.84

₹ Crore

1.1	* Additions/Adjustments in PPE include the following	Item of Asset	YEAR ENDED	YEAR ENDED	AS AT
			31.03.2017	31.03.2016	01.04.2015
	Exchange Differences	Plant & Machinery	1.09	21.34	11.10
	<b>TOTAL</b>		<b>1.09</b>	<b>21.34</b>	<b>11.10</b>

1.2 Land at Thal included in Gross Block (at cost) at ₹ 2.33 Crore is subject to final revision in price.

1.3 Assets offered as security for loans have been provided in Note 18

₹ Crore

1.4	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
Capital work-in-progress	107.24	149.97	61.16

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

₹ Crore

Description	DEEMED COST / COST		DEPRECIATION		IMPAIRMENT LOSS		NET BOOK VALUE	
	AS AT 01.04.2016	AS AT 31.03.2017	UPTO 01.04.2016	UPTO 31.03.2017	UPTO 01.04.2016	UPTO 31.03.2017	AS.AT 31.03.2016	AS.AT 31.03.2017
Land ( Freehold )	0.01	-	-	-	-	-	-	0.01
Buildings	5.52	-	0.14	0.28	-	-	-	5.24
<b>TOTAL</b>	<b>5.53</b>	<b>-</b>	<b>0.14</b>	<b>0.28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.25</b>
Previous Year Figures	5.51	0.02	-	0.14	-	-	-	5.39

2.1 The Company's investment properties consist of commercial / residential properties located at Mumbai, Alibaug and Lucknow. The management has determined that the investment properties consist of two classes of assets - land and building.

₹ Crore

Information regarding income and expenditure of Investment Property	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
Rental income derived from investment properties	24.61	24.65
Less: Direct operating expenses (including repairs and maintenance) generating rental income	0.89	3.23
Less: Direct operating expenses (including repairs and maintenance) that did not generate rental income	1.37	0.18
<b>Profit arising from investment properties before depreciation and indirect expenses</b>	<b>22.35</b>	<b>21.24</b>
Less: Depreciation	0.14	0.14
<b>Profit arising from investment properties</b>	<b>22.21</b>	<b>21.10</b>

2.2 Company undertakes expenditure towards Maintenance for upkeep of its properties which also covers the portion relating to Investment Property. The same being not material no separate disclosure of contracts entered into for maintenance of investment property is given.

2.3 As at 31 March 2017, the fair values of the properties is ₹ 653.10 crore (P.Y. ₹ 615.11 crore, ₹ 587.16 crore as on 01.04.2015). These valuations are based on valuations performed by Ms Anmol Sekhri Consultant Pvt. Ltd, an accredited independent valuer and has worked out the value of the property based on the information and a study of the micro market in discussions with industry experts, local brokers and regional developers.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

2.5 Fair value disclosures for investment properties is detailed below

₹ Crore

Reconciliation of Fairvalue	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>LAND</b>			
Opening balance	198.51	192.92	0.01
Fair Value	214.35	198.51	192.92
Fair value difference	15.84	5.59	192.91
Purchases	-	-	-
Fair value difference	-	-	-
Closing balance	214.35	198.51	192.92
<b>BUILDING</b>			
Opening balance	416.60	394.24	5.50
Fair Value	438.75	416.56	394.24
Fair value difference	22.15	22.32	388.74
Purchases	-	0.02	-
Fair value difference	-	0.04	-
Closing balance	438.75	416.60	394.24
<b>TOTAL</b>			
Opening balance	615.11	587.16	5.51
Fair Value	653.10	615.07	587.16
Fair value difference	37.99	27.91	581.65
Purchases	-	0.02	-
Fair value difference	-	0.04	-
Closing balance	653.10	615.11	587.16

₹ Crore

Description	DEEMED COST / COST		AMORTISATION			IMPAIRMENT LOSS		NET BOOK VALUE	
	AS AT 01.04.2016	AS AT 31.03.2017	UPTO 01.04.2016	Provided during the year	UPTO 31.03.2017	UPTO 01.04.2016	Provided during the year	AS.AT 31.03.2017	AS.AT 31.03.2016
Computer Software	8.92	2.00	3.34	4.23	7.57	-	-	3.35	5.58
<b>TOTAL</b>	<b>8.92</b>	<b>2.00</b>	<b>3.34</b>	<b>4.23</b>	<b>7.57</b>	<b>-</b>	<b>-</b>	<b>3.35</b>	<b>5.58</b>
Previous Year Figures	5.24	3.68	-	3.34	3.34	-	-	5.58	5.58



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

₹ Crore

NOTE NO. 4	“NON-CURRENT ASSETS” “FINANCIAL ASSETS -INVESTMENTS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>Investments in Equity Instruments:</b>				
Unquoted Trade Investments (Fully paid up)				
<b>a. Joint Ventures</b>				
Talcher Fertilizers Limited				
(Formerly known as Rashtriya Coal Gas Fertilizers Limited)				
(15,000 equity shares (P.Y.15,000 equity shares) of ₹10 each)				
(Under lock in period for 5 year from date of commercial operation)				
		0.02	0.02	-
		<u>0.02</u>	<u>0.02</u>	<u>-</u>
<b>b. Others</b>				
Indian Potash Limited*				
(3,36,600 equity shares (P.Y.3,36,600 equity shares, 3,36,600 equity shares as on 01.04.2015) of ₹10 each)				
		44.88	43.11	41.42
		<u>44.88</u>	<u>43.11</u>	<u>41.42</u>
	<b>TOTAL</b>	<b>44.90</b>	<b>43.13</b>	<b>41.42</b>
*Reconciliation of fair value measurement of the investment in unquoted equity shares of Indian Potash Limited (IPL)				
		<u>31.03.2017</u>	<u>31.03.2016</u>	<u>01.04.2015</u>
	Opening balance	43.11	41.42	41.42
	Total Gains and losses recognised in OCI	1.77	1.69	-
	Closing Balance	<u>44.88</u>	<u>43.11</u>	<u>41.42</u>
<b>Company has adopted the carrying amount as per IGAAP as its deemed cost of its investment in joint ventures.</b>				
<b>The deemed cost of the investments has been arrived as under:</b>				
<b>a. FACT-RCF Building Products Ltd.</b>				
(3,28,70,000 equity shares (P.Y.3,28,70,000, 3,28,70,000 as on 01.04.2015) of ₹10 each)				
(Under lock in period upto 31 <sup>st</sup> March 2018)				
Less:- Provision for Diminution in the value of investment				
Carrying Value				
				32.87
				<u>(32.87)</u>
				-
<b>b. Urvarak Videsh Ltd.</b>				
(1,80,000 equity shares (P.Y.1,80,000, 1,80,000 as on 01.04.2015) of ₹10 each )				
Less:- Provision for Diminution in the value of investment				
Carrying Value				
				0.18
				<u>(0.18)</u>
				-

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

₹ Crore

<b>NOTE NO. 5</b>	<b>“NON-CURRENT ASSETS” “FINANCIAL ASSETS - TRADE RECEIVABLES”</b>	<b>AS AT 31.03.2017</b>	<b>AS AT 31.03.2016</b>	<b>AS AT 01.04.2015</b>
	Debtors			
	Considered Doubtful	0.74	1.95	1.43
	Less: Provision for doubtful debts	(0.74)	(1.95)	(1.43)
	<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>

₹ Crore

<b>NOTE NO. 6</b>	<b>“NON-CURRENT ASSETS” “FINANCIAL ASSETS - LOANS”</b>	<b>AS AT 31.03.2017</b>	<b>AS AT 31.03.2016</b>	<b>AS AT 01.04.2015</b>
	Loans- Employees			
	Secured Considered Good	0.59	0.75	0.80
	Unsecured Considered Good	0.01	0.02	0.01
	<b>TOTAL</b>	<b>0.60</b>	<b>0.77</b>	<b>0.81</b>

₹ Crore

<b>NOTE NO. 7</b>	<b>“NON-CURRENT ASSETS” “FINANCIAL ASSETS - OTHERS”</b>	<b>AS AT 31.03.2017</b>	<b>AS AT 31.03.2016</b>	<b>AS AT 01.04.2015</b>
(i)	<b>Advances to Related Parties</b>			
	Considered Doubtful	1.04	1.04	1.04
	Less: Provision	(1.04)	(1.04)	(1.04)
		-	-	-
(ii)	<b>Advance against Equity Pending allotment</b>			
	Unsecured Considered Doubtful	2.36	2.36	-
	Less: Provision for Doubtful Receivables	(2.36)	(2.36)	-
		-	-	-
(iii)	<b>Others</b>			
a.	Receivables towards Rent / Services provided			
	Unsecured - Considered Doubtful	0.84	0.26	1.18
	Less: Provision for doubtful Receivables	(0.84)	(0.26)	(1.18)
		-	-	-
b.	Finance Lease receivable* (Refer note no. 42)	0.96	1.52	2.02
c.	VAT Refund Receivable**	155.58	235.69	128.72
	<b>TOTAL</b>	<b>156.54</b>	<b>237.21</b>	<b>130.74</b>

\* Expected credit loss-NIL

\*\* As the company is entitled for refund in monetary terms, the refund claimed towards VAT in Maharashtra (i.e. excess input tax credit over tax liability ) as per extant provisions of MVAT Act and based on past history, the same has been classified as a Financial Asset.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

		₹ Crore		
NOTE NO. 8	“NON-CURRENT ASSETS” “OTHER NON-CURRENT ASSET”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
(i)	<b>Capital Advances</b>			
	Unsecured -Considered Good	76.64	42.19	13.29
	Considered Doubtful	-	-	0.69
	Less:Provision	-	-	(0.69)
		<u>76.64</u>	<u>42.19</u>	<u>13.29</u>
(ii)	<b>Advances other than capital advances</b>			
a.	<b>Security Deposits</b>			
	Unsecured-Considered Good (Refer note no. 40.2)	17.51	17.10	16.93
	Considered Doubtful	0.41	0.19	0.19
	Less:Provision	(0.41)	(0.19)	(0.19)
		<u>17.51</u>	<u>17.10</u>	<u>16.93</u>
b.	<b>Loans (Material given on returnable basis) to Related Parties</b>			
	Unsecured Considered Doubtful	1.08	0.82	0.75
	Less:Provision	(1.08)	(0.82)	(0.75)
c.	<b>Other Advances</b>			
i.	Considered Doubtful	5.23	8.83	8.04
	Less:Provision for doubtful advances	(5.23)	(8.83)	(8.04)
		<u>-</u>	<u>-</u>	<u>-</u>
ii.	Advance Income Tax (Net of Provision)	79.12	55.61	25.12
iii.	Deposits with Customs, Port Trust etc.	0.35	0.63	0.77
iv.	Prepaid expenses	1.37	0.09	0.66
v.	Lease Premium Prepaid	2.76	2.90	3.04
vi.	Other Miscellaneous	0.33	0.16	0.21
		<u>83.93</u>	<u>59.39</u>	<u>29.80</u>
(iii)	<b>Others</b>			
	Employee Benefit Asset	0.58	0.82	1.10
	<b>TOTAL</b>	<u><b>178.66</b></u>	<u><b>119.50</b></u>	<u><b>61.12</b></u>

		₹ Crore		
NOTE NO. 9	“CURRENT ASSETS” “INVENTORIES”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
i.	Raw materials	168.34	353.40	362.70
ii.	Finished Goods	304.49	372.86	166.58
iii.	Stock in Trade/Bought out Products	3.93	59.56	44.05
iv.	Intermediary Products	23.84	42.52	29.88
v.	By products	4.21	10.08	10.04
vi.	Stores & Spares, packing materials and Petroleum products	312.14	335.52	334.56
	Less: Provision for Obsolescence etc./Loss under Investigation (Refer Note No. 49)	(23.65)	(19.02)	(15.85)
		<u>288.49</u>	<u>316.50</u>	<u>318.71</u>
vii.	Certified Emission Reduction Credits (Refer Note No. 57) (No. of Units C.Y. 9,73,738, P.Y. 9,73,738, as at 01.04.2015 : 9,73,738)	-	-	-
	<b>TOTAL</b>	<u><b>793.30</b></u>	<u><b>1154.92</b></u>	<u><b>931.96</b></u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

				₹ Crore
NOTE NO. 9	“CURRENT ASSETS” “INVENTORIES”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>Inventory Includes:</b>				
<b>i) In Transit</b>				
Raw Materials		0.18	124.76	76.14
Finished Goods		57.67	5.84	16.60
<b>ii) Stores and Spares</b>				
a) Under inspection		1.61	4.52	1.99
b) Platinum & Rhodium stolen in earlier year and under investigation which is not available for verification		0.21	0.21	0.21
c) With fabricators		2.15	16.66	11.41
Cost of Inventories Recognised as expense		2860.13	3574.81	-
Write down of Inventories charge to P&L (difference between cost & NRV)		3.24	10.33	-
Reversal of write downs		-	-	-

				₹ Crore
NOTE NO. 10	“CURRENT ASSETS” “FINANCIAL ASSETS - TRADE RECEIVABLES”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
	<b>Subsidy Receivable (Unsecured - considered good)*</b>	3186.99	3946.16	3017.60
	<b>Sundry Debtors</b>			
	Secured - Considered good	96.11	91.18	87.87
	Unsecured - Considered good	361.81	292.81	208.64
		457.92	383.99	296.51
	Less : Provision for expected credit loss **	(3.19)	(2.52)	(2.03)
	Total - Sundry Debtors	454.73	381.47	294.48
	<b>TOTAL</b>	<b>3641.72</b>	<b>4327.63</b>	<b>3312.08</b>

\*Includes an amount of ₹ 887.54 crore (P.Y. ₹ Nil) under special banking arrangement secured by way of specific subsidy claims to be settled by DoF/FICC.

\*\* The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes into account historical credit loss experience. The expected credit loss (ECL) allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting is as follows.

<b>ECL % - Ageing</b>			
Not due	0.22	0.39	0.49
00 - 90 days	2.51	2.79	2.63
91 - 180 days	17.69	14.63	12.89
181 - 365 days	50.27	35.92	37.65
> 365 days (fully secured)	-	-	-
<b>Age of Receivables (₹ Cr)</b>			
Not due	421.52	368.45	288.67
00 - 90 days	31.55	11.36	6.09
91 - 180 days	2.77	3.27	0.49
181 - 365 days	1.93	0.82	1.01
> 365 days (fully secured)	0.15	0.09	0.25
	<b>457.92</b>	<b>383.99</b>	<b>296.51</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

NOTE NO. 10	“CURRENT ASSETS” “FINANCIAL ASSETS - TRADE RECEIVABLES”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
	<b>Movement in ECL allowance (₹ Cr)</b>			
	Balance at Beginning of the year	2.52	2.03	-
	Movement	0.67	0.49	-
	Balance at End of the year	3.19	2.52	-
Out of the total Sundry Debtors, Debtors amounting to ₹ 96.11 Crore as on 31.03.2017, ₹ 91.18 Crore as on 01.04.2016 and ₹ 87.87 Crore as on 01.04.2015 are secured against collaterals in form of Deposits / Bank Guarantees received and held by the company				
₹ Crore				
NOTE NO. 11	“CURRENT ASSETS” “FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
	Cash and Cash Equivalents			
	i. Balances with Bank	10.18	1.05	7.16
	ii. Cheques in hand	0.07	-	0.02
	iii. Cash on hand	0.02	0.03	0.02
	iv. Remittances in transit	-	0.25	-
	v. Deposits with original maturity less than 3 months	0.04	0.03	76.03
	<b>TOTAL</b>	<b>10.31</b>	<b>1.36</b>	<b>83.23</b>
The above cash and cash equivalent have not been pledged				
₹ Crore				
NOTE NO. 12	“CURRENT ASSETS” “FINANCIAL ASSETS - OTHER BANK BALANCES”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
	i. Deposits with original maturity more than 3 months but less than 12 months*	2.04	1.15	1.54
	ii. In unpaid Dividend Account**	0.66	0.64	0.56
	<b>TOTAL</b>	<b>2.70</b>	<b>1.79</b>	<b>2.10</b>
* Kept as margin money with banks etc				
** Earmarked balances with banks / No amounts are due & payable to Investor Education & Protection Fund				
₹ Crore				
NOTE NO. 13	“CURRENT ASSETS” “FINANCIAL ASSETS - LOANS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
	<b>a. Security Deposits</b>			
	Unsecured -Considered Good	1.43	1.63	1.66
		1.43	1.63	1.66
	<b>b. Others</b>			
	Loans- Employees- Secured Considered Good	1.32	1.96	2.95
	<b>TOTAL</b>	<b>2.75</b>	<b>3.59</b>	<b>4.61</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

₹ Crore

NOTE NO. 14	“CURRENT ASSETS” “FINANCIAL ASSETS - OTHERS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
i.	Finance Lease receivable (Refer note no 42)*	0.56	0.50	0.45
ii.	Advance to Related Party	0.01	-	-
iii.	Derivatives not designated as hedges (receivable)	-	2.15	4.00
iv.	Interest Accrued	0.12	0.14	0.15
v.	Receivables towards Rent / Services provided	16.83	25.41	38.11
	<b>TOTAL</b>	<b>17.52</b>	<b>28.20</b>	<b>42.71</b>

\* Expected Credit Loss (NIL)

₹ Crore

NOTE NO. 15	“CURRENT ASSETS” “OTHER CURRENT ASSETS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>i.</b>	<b>Other Advances</b>			
	<b>Unsecured-Considered Good</b>			
i.	Contractors	13.46	56.10	23.06
ii.	Employees	0.31	0.21	0.29
iii.	Deposits with Customs,Port Trust etc.	3.61	1.62	1.55
iv.	Prepaid expenses	6.31	1.27	1.64
v.	Lease Premium Prepaid	0.14	0.14	0.14
vi.	Others	8.33	11.48	7.62
	<b>Total Other Advances</b>	<b>32.16</b>	<b>70.82</b>	<b>34.30</b>
ii.	Non-Current Assets held for Disposal*	0.32	0.72	0.72
iii.	Employee Benefit Asset	0.22	0.28	0.28
	<b>TOTAL</b>	<b>32.70</b>	<b>71.82</b>	<b>35.30</b>

\*Includes an amount of ₹ 0.07 crore being the carrying value of land, the possession of which has been handed over to Mumbai Metropolitan Regional Development Authority (MMRDA), a statutory body under Government of Maharashtra for the construction of public road, which is subject to finalisation of consideration.

₹ Crore

NOTE NO. 16	“EQUITY” “EQUITY SHARE CAPITAL”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
	<b>Authorised</b>			
	80,00,00,000 Equity Shares of ₹10/- each.	800.00	800.00	800.00
	<b>Issued, Subscribed and Paid Up</b>			
	55,16,88,100 Equity shares of ₹10/- each fully paid up.	551.69	551.69	551.69
	<b>TOTAL</b>	<b>551.69</b>	<b>551.69</b>	<b>551.69</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### RECONCILIATION OF SHARES OUTSTANDING AT THE BEGINNING AND END OF THE REPORTING PERIOD

	31.03.2017		31.03.2016		01.04.2015	
	No.	₹ Crore	No.	₹ Crore	No.	₹ Crore
<b>EQUITY SHARES</b>						
At the beginning of the year	551688100	551.69	551688100	551.69	551688100	551.69
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	<b>551688100</b>	<b>551.69</b>	<b>551688100</b>	<b>551.69</b>	<b>551688100</b>	<b>551.69</b>

### Terms/Rights Attached to Equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each share holder is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY

	31.03.2017		31.03.2016		01.04.2015	
	No.	% age of shareholding	No.	% age of shareholding	No.	% age of shareholding
i. President of India	441353888	80.00%	441353888	80.00%	441353888	80.00%
ii. Life Insurance Corporation of India	29761945	5.39%	29761945	5.39%	30759700	5.58%

NOTE NO. 17	“EQUITY” “OTHER EQUITY”	₹ Crore		
		AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>i. Other Reserves</b>				
<b>General Reserve</b>				
Opening Balance		2236.48	2181.07	2159.08
Add: Transferred from Retained Earnings		107.01	55.25	21.99
Add: Transferred from RCF - EEC Asset Management Reserve		-	0.16	-
Closing Balance		2343.49	2236.48	2181.07
<b>RCF - EEC Asset Management Reserve</b>				
Opening Balance		-	0.16	0.16
Less: Transferred to General Reserve		-	(0.16)	-
Closing Balance		-	-	0.16
<b>Reserve for Equity Instruments through Other Comprehensive Income</b>				
Opening Balance		28.66	27.55	-
Add: Changes in accounting policy as per IND AS for Net Fair value gain on Investment in Equity (Net of Tax)		-	-	27.55
Add: Other Comprehensive Income for the year (Net of Tax)		1.18	1.11	-
Closing Balance		29.84	28.66	27.55

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

		₹ Crore		
NOTE NO. 17	“EQUITY” “OTHER EQUITY”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>ii. Retained Earnings</b>				
<b>Opening Balance / Adjustments</b>				
Add: Changes in accounting policy/prior period items as per IND AS (Net of Tax)		-	-	21.99
Profit for the year		179.26	172.64	-
Add: Remeasurement of Defined Benefit Plans (Net of Tax)		0.79	2.13	-
Less: Dividends paid (₹ 1.10 per share for 2015-16, ₹ 1.80 per share for 2014-15)		(60.69)	(99.30)	-
Less: Dividend Distribution Tax		(12.35)	(20.22)	-
Less: Transfer to General Reserve		(107.01)	(55.25)	(21.99)
Closing Balance		-	-	-
<b>TOTAL</b>		<b>2373.33</b>	<b>2265.14</b>	<b>2208.78</b>

For FY 2016-17, The board of directors have recommended a dividend of ₹ 1.10 per share (P.Y. ₹ 1.10 per share) amounting to ₹ 60.69 crore (P.Y. ₹ 60.69 crore) which is subject to approval of the shareholders. Further the same is subject to dividend distribution tax at the applicable rate which works out to ₹12.35 crore (P.Y. ₹ 12.35 crore)

		₹ Crore					
NOTE NO. 18	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES -BORROWINGS”	AS AT 31.03.2017		AS AT 31.03.2016		AS AT 01.04.2015	
		Non Current	Current	Non Current	Current	Non Current	Current
<b>SECURED</b>							
<b>Term Loan from Banks</b>							
<b>1 Rupee Loan from Banks</b>							
<b>a. Kotak Mahindra Bank</b>							
		-	8.33	8.34	33.33	41.67	33.33
A loan of ₹100 crore sanctioned by and availed from Kotak Mahindra Bank is secured by first pari passu charge by way of hypothecation on movable fixed assets (machinery and equipments) of the revamped Ammonia and Urea Plants situated at Thal with a minimum security cover of 1.25 times of the amount borrowed from this bank. 50% of the loan carries a fixed rate of interest of 10.00% pa and the remaining 50% of the loan carries a floating rate of interest benchmarked to the Bank's base rate and during the year the rate of interest varied around 9.30% per annum. Repayment of the said loan will fall due for ₹ 8.34 crore in F.Y. 2017-18.							



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

₹ Crore

NOTE NO. 18	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES -BORROWINGS”	AS AT 31.03.2017		AS AT 31.03.2016		AS AT 01.04.2015	
		Non Current	Current	Non Current	Current	Non Current	Current
<b>b. Hongkong and Shanghai Banking Corporation (HSBC)</b>		-	-	-	-	-	6.00
A loan of ₹ 36 crore availed from Hongkong Shanghai Banking Corporation consequent to the conversion of a portion of loan availed in Euro under FCNR(B) arrangement with the said Bank in the previous year. The said loan is secured by first pari passu charge by way of hypothecation on all movable fixed assets of Ammonium Nitrophosphate Plant at Trombay. The rate of interest is 10% per annum. The said loan has been fully repaid during 2015-16.							
		-	8.33	8.34	33.33	41.67	39.33
<b>2 Foreign Currency Loan / External Commercial Borrowings</b>							
<b>a. HSBC Bank (Mauritius) Limited</b>		-	69.94	70.97	59.04	121.85	24.41
Term loan of USD 25 Million availed by the Company from HSBC Bank (Mauritius) Limited, under RBI Loan Registration No.2011561, is secured by first pari passu charge by way of hypothecation on all current and future plant and machinery of the revamped Ammonia and Urea Plants situated at Thal. The rate of interest is 6 months USD LIBOR plus margin of 2.50% per annum. Repayment of the said loan would fall due for ₹ 70.03 crore in F.Y. 2017-18.							
<b>b. HSBC Bank (Mauritius) Limited</b>		-	-	-	122.72	115.79	-
Term loan of USD 18.50 Million availed by the Company from HSBC Bank (Mauritius) Limited, under RBI Loan Registration No.201303177, is secured by first pari passu charge by way of hypothecation on the movable fixed assets of the revamped Ammonia and Urea Plants situated at Thal with a minimum security cover of 1.25 times of the outstanding amount under this arrangement. The rate of interest is 6 months USD LIBOR plus margin of 2.50% per annum. The said loan has been fully repaid during the year.							

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

₹ Crore

NOTE NO. 18	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES -BORROWINGS”	AS AT 31.03.2017		AS AT 31.03.2016		AS AT 01.04.2015	
		Non Current	Current	Non Current	Current	Non Current	Current
<b>c. Kotak Mahindra Bank Limited</b>		45.34	25.91	72.90	26.50	93.80	6.25
<p>A foreign currency Term loan of ₹ 100 crore equivalent to USD 15.99 Million availed by the Company from Kotak Mahindra Bank Limited, is to secured by way of hypothecation on movable fixed assets (machinery and equipments) of the Ammonia V Plant situated at Trombay to the extent of 1.25 times of the loan amount. The rate of interest is 6 months USD LIBOR plus margin of 2.75% per annum. Repayment of the said loan would fall due for ₹ 25.91 crore in F.Y. 2017-18, ₹ 25.91 crore in FY 2018-19 and ₹ 19.43 crore in FY 2019-2020.</p>							
<b>d. Yes Bank FCNR</b>		47.90	5.32	-	-	-	-
<p>A foreign currency Term loan of ₹ 55 crore equivalent to USD 8.21 Million availed by the Company from Yes Bank Limited, is to secured by way of hypothecation on movable fixed assets (machinery and equipments) of the Medium Pressure (MP) and High Pressure (HP) Nitric Acid Plant situated at Trombay to the extent of 1.25 times of the loan amount. The rate of interest is fixed at 3.70% per annum. Repayment of the said loan would fall due for ₹ 5.32 crore in F.Y. 2017-18, ₹ 10.65 crore in FY 2018-19, ₹ 10.65 crore in FY 2019-2020, ₹ 10.65 crore in FY 2020-21, ₹ 10.65 crore in FY 2021-22 and ₹ 5.32 crore in FY 2022-23.</p>							
		93.24	101.17	143.87	208.26	331.44	30.66
<b>UNSECURED</b>							
<b>Term Loan from Banks</b>							
<b>Yes Bank WCTL</b>		20.60	-	-	-	-	-



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

₹ Crore

NOTE NO. 18	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES -BORROWINGS”	AS AT 31.03.2017		AS AT 31.03.2016		AS AT 01.04.2015	
		Non Current	Current	Non Current	Current	Non Current	Current
	A working capital term loan (WCTL) of ₹ 20.60 crore sanctioned and availed by the Company from Yes Bank Limited, is an unsecured loan for a tenor of 5 years. The said loan has a fixed interest rate of 8.40% per annum. Repayment of the said loan would fall due for ₹ 1.95 crore in FY 2018-19, ₹ 4.85 crore in FY 2019-20, ₹ 4.85 crore in FY 2020-21, ₹ 4.85 crore in FY 2021-22 and ₹ 4.11 crore in FY 2022-23.						
	Amount disclosed under the head "OTHER CURRENT LIABILITIES" (Refer Note No. 26)		(109.50)	-	(241.59)	-	(69.99)
	<b>TOTAL</b>	<b>113.84</b>	<b>-</b>	<b>152.21</b>	<b>-</b>	<b>373.11</b>	<b>-</b>
	The loans covered in 18.1.a., 18.2.a & 18.2.b are secured by first pari pasu charge on movable fixed assets of the revamp ammonia urea plants at Thal with a carrying value of ₹ 458.08 crore (P.Y. ₹ 491.29 crore ₹ 497.69 crore as on 01.04.2015) The loan covered in 18.1.b has been repaid in 2015-16. The same was secured by first pari pasu charge on all movable fixed assets of Ammonium Nitrophosphate Plant at Trombay with a carrying value of ₹ 15.04 crore as on 31.03.2015. The loan covered in 18.2.c is secured by first pari pasu charge on movable fixed assets of Nitric Acid plant at Trombay with a carrying value of ₹ 70.28 crore (P.Y. ₹ 126.90 crore, 140.76 crore as on 01.04.2015)						

₹ Crore

NOTE NO. 19	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES - TRADEPAYABLES”	AS AT	AS AT	AS AT
		31.03.2017	31.03.2016	01.04.2015
	Trade Payables (Refer Note No. 47)	210.63	181.97	-

₹ Crore

NOTE NO. 20	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES - OTHERS”	AS AT	AS AT	AS AT
		31.03.2017	31.03.2016	01.04.2015
i.	Security Deposit from Vendors	16.37	19.68	5.25
ii.	Deposit from Employees	0.03	0.01	0.86
	<b>TOTAL</b>	<b>16.40</b>	<b>19.69</b>	<b>6.11</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

₹ Crore

NOTE NO. 21	“NON-CURRENT LIABILITIES” “PROVISIONS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>Provision for Employee Benefits</b>				
i.	Leave Salary Encashment	83.76	85.83	98.77
ii.	Post Retirement Medical Benefits	57.85	53.68	51.91
	<b>TOTAL</b>	<b>141.61</b>	<b>139.51</b>	<b>150.68</b>

₹ Crore

NOTE NO. 22	“NON-CURRENT LIABILITIES” “DEFERRED TAX LIABILITIES (NET)”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>a. Deferred Tax Liability:</b>				
i.	Depreciation	311.64	310.97	302.84
ii.	Investments at Fair value	14.87	14.28	13.70
iii.	Other timing differences	2.41	2.16	1.25
	<b>Total</b>	<b>328.92</b>	<b>327.41</b>	<b>317.79</b>
<b>b. Deferred Tax Asset:</b>				
i.	Provision for doubtful debts/claims/advances	3.64	4.53	4.61
ii.	Provision for obsolescence of stores	8.51	6.58	5.49
iii.	Adjustments in carrying value of investemnts	12.26	12.26	11.44
iv.	Expenditure allowable on payment basis	71.31	72.68	79.62
v.	Disallowances to be claimed in future on actual basis	9.82	9.82	9.82
vi.	Other timing differences	4.57	5.26	6.08
	<b>Total</b>	<b>110.11</b>	<b>111.13</b>	<b>117.06</b>
	<b>Net Deferred Tax Liability</b>	<b>218.81</b>	<b>216.28</b>	<b>200.73</b>

₹ Crore

NOTE NO. 23	“OTHER LIABILITIES”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>I NON-CURRENT</b>				
i.	Advance rent Received 23 A	11.86	13.50	12.51
ii.	Government Grants 23 B	1.41	1.71	2.01
iii.	Deferred Deposit	2.58	2.02	0.75
	<b>TOTAL OTHER NON-CURRENT LIABILITIES (I)</b>	<b>15.85</b>	<b>17.23</b>	<b>15.27</b>
<b>II CURRENT</b>				
<b>(a) Revenue received in advance</b>				
i.	Income received in advance from Customers	71.31	58.14	77.61
ii.	Subsidy on unsold stock	114.19	219.82	50.64
		<b>185.50</b>	<b>277.96</b>	<b>128.25</b>
<b>(b) Other Advances</b>				
	Retention money	12.50	-	-



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

		₹ Crore		
NOTE NO. 23	“OTHER LIABILITIES”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>(c) Other Liabilities:</b>				
i.	Advance Rent Received	23 A	2.46	2.38
ii.	Government Grants	23 B	0.30	0.30
iii.	Deferred Deposit		2.68	2.19
<b>iv. Statutory Dues:</b>				
a.	Excise Duty on closing stock		2.11	3.75
b.	Withholding taxes		2.90	2.48
c.	VAT/ Sales tax		4.74	4.68
d.	Other taxes		0.07	0.29
v.	Others (Refer Note No. 50)		4.06	12.59
			<u>19.32</u>	<u>28.66</u>
<b>TOTAL OTHER CURRENT LIABILITIES (II)</b>			<b>217.32</b>	<b>306.62</b>
			<u>19.32</u>	<u>30.17</u>
			<u>19.32</u>	<u>30.17</u>

		₹ Crore		
NOTE NO. 23 A	“ADVANCE RENT RECEIVED”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
	As at 1 <sup>st</sup> April	15.88	14.56	14.56
	Received during the year	0.80	3.63	-
	Released to the statement of profit and loss	2.36	2.31	-
	As at 31 <sup>st</sup> March	<u>14.32</u>	<u>15.88</u>	<u>14.56</u>
	Current	2.46	2.38	2.05
	Non-current	11.86	13.50	12.51

		₹ Crore		
NOTE NO. 23 B	“GOVERNMENT GRANTS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
	As at 1 <sup>st</sup> April	2.01	2.31	2.31
	Received during the year	-	-	-
	Released to the statement of profit and loss	0.30	0.30	-
	As at 31 <sup>st</sup> March	<u>1.71</u>	<u>2.01</u>	<u>2.31</u>
	Current	0.30	0.30	0.30
	Non-current	1.41	1.71	2.01

		₹ Crore		
NOTE NO. 24	“CURRENT LIABILITIES” “FINANCIAL LIABILITIES - BORROWINGS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>From Banks - Secured *</b>				
	Cash Credit	7.33	16.73	26.44
	Working Capital Demand Loan (includes an amount of ₹ 887.54 crore (P.Y. ₹ Nil) under special banking arrangement secured by way of specific subsidy claims to be settled by DoF/FICC)	917.53	1120.00	565.00
<b>Total Secured</b>		<b>924.86</b>	<b>1136.73</b>	<b>591.44</b>
<b>From Banks - Unsecured</b>				
	Foreign currency loans from banks-Buyers Credit	280.68	916.43	769.63
	Rupee loans	-	550.00	150.00
<b>Total Unsecured</b>		<b>280.68</b>	<b>1466.43</b>	<b>919.63</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

₹ Crore

NOTE NO. 24	“CURRENT LIABILITIES” “FINANCIAL LIABILITIES - BORROWINGS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>Other Loans</b>				
	Commercial Paper	340.00	-	-
	<b>TOTAL</b>	<b>1545.54</b>	<b>2603.16</b>	<b>1511.07</b>

\*Cash Credit and Working Capital Demand Loan from banks is secured by hypothecation of entire current assets, present and future. The said arrangement carries a rate of interest which varied between 7.95% to 9.40% per annum during the year.

₹ Crore

NOTE NO. 25	“CURRENT LIABILITIES” “FINANCIAL LIABILITIES - TRADE PAYABLES”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>Trade Payables</b>				
(A)	Outstanding dues of micro enterprises and small enterprises (Refer Note No. 50)	11.93	12.20	12.05
(B)	Outstanding dues of creditors other than micro enterprises and small enterprises	622.40	593.45	584.67
	<b>TOTAL</b>	<b>634.33</b>	<b>605.65</b>	<b>596.72</b>

Trade payables are normally non-interest bearing and are usually settled within 30-days from the date of receipt of invoice unless they are contracted with specific credit terms as applicable.

₹ Crore

NOTE NO. 26	“CURRENT LIABILITIES” “FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
i.	Current maturities of long term debt (Refer Note No. 18)	109.50	241.59	69.99
ii.	Interest accrued but not due on borrowings	2.05	9.07	5.96
iii.	Unclaimed dividend *	0.66	0.64	0.56
iv.	Creditors on Capital Account	3.05	21.06	13.90
v.	Standing Deposit from Customers	48.32	48.62	47.28
vi.	Trade Deposit from Customers	70.39	65.47	49.96
vii.	Earnest Money Deposit & Security Deposit from Vendors	53.02	37.04	41.47
viii.	Corporate Guarantees Given	35.46	35.47	35.47
ix.	Ex-gratia & employee benefits	19.94	22.30	67.77
x.	Derivatives not designated as Hedges (MTM loss payable)	5.38	3.05	1.74
	<b>TOTAL</b>	<b>347.77</b>	<b>484.31</b>	<b>334.10</b>

\* No amounts are due & payable to Investor Education & Protection Fund



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

		₹ Crore		
NOTE NO. 27	“CURRENT LIABILITIES” “PROVISIONS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>A)</b>	<b>Provision for Employee Benefits</b>			
i.	Leave Salary Encashment	100.99	102.28	79.71
ii.	Post Retirement Medical Benefits	4.52	4.43	3.61
		<b>105.51</b>	<b>106.71</b>	<b>83.32</b>
<b>B)</b>	Provisions towards disputes/claims/legal matters/other contractual obligations (Refer Note No 53)	27.00	2.53	2.53
		27.00	2.53	2.53
	<b>TOTAL</b>	<b>132.51</b>	<b>109.24</b>	<b>85.85</b>

NOTE NO. 28	“CURRENT LIABILITIES” “CURRENT TAX LIABILITIES NET”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
	Provision for Taxation less Advance tax	16.15	-	30.19
	<b>TOTAL</b>	<b>16.15</b>	<b>-</b>	<b>30.19</b>

		₹ Crore	
NOTE NO. 29	“REVENUE FROM OPERATIONS”	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>1.</b>	<b>Sales (Including Excise Duty)</b>		
<b>A.</b>	<b>Manufactured Products</b>	29A	
	Fertilizers	2197.50	2406.29
	Industrial Products	841.54	986.90
		<b>3039.04</b>	<b>3393.19</b>
<b>B.</b>	<b>Bought-out Products</b>	29A	
	Fertilizers	192.89	245.64
	Net Sales	3231.93	3638.83
<b>2.</b>	<b>Other Operating Revenues</b>		
	Subsidy on Urea & Complex Fertilizers	29B	3968.09
	Sale of Scrap	4.32	9.23
	Management Fees -For Services rendered	17.95	13.05
	Margin on Tie- ups	0.88	0.08
	<b>TOTAL</b>	<b>3991.24</b>	<b>4602.52</b>
	<b>Revenue from Operations</b>	<b>7223.17</b>	<b>8241.35</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

		₹ Crore	
NOTE NO. 29A	“SALES - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>1. Manufactured</b>			
<b>A. Fertilizers</b>			
	Suphala 15 : 15 : 15	784.54	736.18
	Suphala 20 : 20 : 0 (Ammonium Nitrate Phosphate)	7.96	296.67
	Urea / Neem coated Urea	1376.51	1328.17
	Others	28.49	45.27
		<u>2197.50</u>	<u>2406.29</u>
<b>B. Industrial Products</b>			
	Ammonia	282.67	401.26
	Methylamines	93.16	84.23
	Ammonium Nitrate Melt	245.35	274.92
	Others	220.36	226.49
		<u>841.54</u>	<u>986.90</u>
<b>2. Bought-out Products</b>			
	Imported Di Ammonium Phosphate	75.55	-
	Imported Muriate of Potash	77.25	142.12
	Imported Urea	-	95.53
	Others	40.09	7.99
		<u>192.89</u>	<u>245.64</u>
	<b>TOTAL</b>	<b><u>3231.93</u></b>	<b><u>3638.83</u></b>

		₹ Crore	
NOTE NO. 29B	“SUBSIDY ON UREA & COMPLEX FERTILIZERS”	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>1. Manufactured Fertilizers</b>			
	Price	3371.96	3893.54
	Freight	464.65	509.50
		<u>3836.61</u>	<u>4403.04</u>
<b>2. Bought-out Fertilizers</b>			
	Price	112.06	87.00
	Freight	19.42	90.12
		<u>131.48</u>	<u>177.12</u>
	<b>TOTAL</b>	<b><u>3968.09</u></b>	<b><u>4580.16</u></b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

		₹ Crore	
NOTE NO. 30	“OTHER INCOME”	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>1. Interest Income</b>			
	On Loans to Employees	0.30	0.42
	On Deposits with Bank and Others	0.69	1.10
	From Customers	2.59	2.89
	From Others	1.89	2.66
	<b>TOTAL</b>	<b>5.47</b>	<b>7.07</b>
<b>2. Dividend Income</b>		0.19	0.11
<b>3. Other Income</b>			
	Profit on sale of fixed assets (Net)	0.06	0.12
	Bad debts recovered	0.38	0.58
	Rent received, recovery of electricity etc.	26.99	27.48
	Lease compensation of railway siding	0.21	0.14
	Government Grants (Refer Note No. 23B)	0.30	0.30
	Amortisation of Deffered Deposits	3.09	1.31
	Miscellaneous Income	31.30	47.94
		<b>62.33</b>	<b>77.87</b>
	Less: Transferred to Research and Development Expenses (Refer Note No. 37C)	(0.01)	-
	(P.Y. ₹ 15,638)		
		<b>67.98</b>	<b>85.05</b>

		₹ Crore	
NOTE NO. 31	“COST OF MATERIALS CONSUMED”	Year Ended 31.03.2017	Year Ended 31.03.2016
	Raw Materials	2700.55	3394.54
	Packing Materials	124.97	128.86
	Less : Transferred to Research & Development Expenses (Refer Note No. 37C)	(0.02)	-
	<b>TOTAL</b>	<b>2825.50</b>	<b>3523.40</b>

		₹ Crore	
NOTE NO. 31A	“ITEMWISE BREAKUP OF MATERIALS CONSUMED”	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>RAW MATERIALS</b>			
	Rock Phosphate	70.57	168.03
	Di-Ammonium Phosphate	95.77	119.86
	Mono-Ammonium Phosphate	146.82	229.91
	Muriate of Potash	232.47	268.87
	Natural Gas	2055.20	2492.31
	Others	99.72	115.56
	<b>SUB TOTAL</b>	<b>2700.55</b>	<b>3394.54</b>
	Less : Transferred to Research and Development Expenses (Refer Note No. 37C)	(0.02)	-
	<b>TOTAL</b>	<b>2700.53</b>	<b>3394.54</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

₹ Crore

NOTE NO. 32	“PURCHASES OF STOCK IN TRADE”	Year Ended 31.03.2017	Year Ended 31.03.2016
	Imported Urea	-	85.41
	Imported Di Ammonium Phosphate	91.23	1.45
	Imported Muriate of Potash	99.48	255.47
	Others	34.97	7.28
	<b>SUB TOTAL</b>	<b>225.68</b>	<b>349.61</b>
	<b>Less: Transferred to Plant for internal consumption</b>		
	Imported DAP	-	(0.70)
	<b>TOTAL</b>	<b>225.68</b>	<b>348.91</b>

₹ Crore

NOTE NO. 33	“CHANGES IN INVENTORIES OF FINISHED GOODS & STOCK IN TRADE”	Year Ended 31.03.2017	Year Ended 31.03.2016
	<b>Opening Stock</b>		
	Finished Goods 33A	372.86	166.58
	Intermediary Products	42.52	29.88
	By-Products	10.08	10.04
	Stock in trade 33A	59.57	44.06
	<b>Sub-Total</b>	<b>485.03</b>	<b>250.56</b>
	<b>Closing Stock</b>		
	Finished Goods 33B	304.49	372.86
	Intermediary Products	23.84	42.52
	By-Products	4.21	10.08
	Stock in trade 33B	3.93	59.57
	<b>Sub-Total</b>	<b>336.47</b>	<b>485.03</b>
	Changes in Inventories	148.56	(234.47)
	Differential Excise duty on stocks of Finished goods	(1.63)	2.04
	<b>TOTAL</b>	<b>146.93</b>	<b>(232.43)</b>

₹ Crore

NOTE NO. 33A	“OPENING STOCK - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2017	Year Ended 31.03.2016
	<b>Finished Goods</b>		
	<b>1. Manufactured</b>		
	<b>A. Fertilizers</b>		
	Urea (Trombay)	55.26	14.10
	Urea (Thal)	166.95	43.57
	Complex Fertilizers	115.43	77.46
	Others	31.64	24.08



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

		₹ Crore	
NOTE NO. 33A	“OPENING STOCK - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>B.</b>	<b>Industrial Products</b>		
	Methanol	0.08	0.92
	Concentrated Nitric Acid	0.10	0.22
	Ammonium Bi-carbonate	0.17	0.09
	Methylamines	0.45	1.64
	Ammonium Nitrate Melt	0.02	0.02
	Dimethyl Formamide	-	0.42
	Dimethyl Acetamide	2.18	1.57
	Argon Gas / Liquid	0.34	0.29
	Formic Acid	-	1.10
	Others	0.24	1.10
		372.86	166.58
<b>2.</b>	<b>Bought-out Products</b>		
	Fertilizers		
	Imported Muriate of Potash	55.94	-
	Imported Urea	-	41.99
	Others	3.63	2.07
		59.57	44.06
	<b>TOTAL</b>	<b>432.43</b>	<b>210.64</b>

		₹ Crore	
NOTE NO. 33B	“CLOSING STOCK - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2017	Year Ended 31.03.2016
	<b>Finished Goods</b>		
<b>1.</b>	<b>Manufactured</b>		
<b>A.</b>	<b>Fertilizers</b>		
	Urea (Trombay)	50.95	55.26
	Urea (Thal)	137.31	166.95
	Complex Fertilizers	73.21	115.43
	Others	40.07	31.64
<b>B.</b>	<b>Industrial Products</b>		
	Methanol	0.04	0.08
	Concentrated Nitric Acid	0.73	0.10
	Ammonium Bi-carbonate	0.06	0.17
	Methylamines	0.40	0.45
	Ammonium Nitrate Melt	0.02	0.02
	Dimethyl Acetamide	1.44	2.18
	Argon Gas / Liquid	0.22	0.34
	Others	0.04	0.24
		304.49	372.86

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

		₹ Crore	
2. Bought-out Products		Year Ended 31.03.2017	Year Ended 31.03.2016
Fertilizers			
Imported Muriate of Potash		0.83	55.94
Sulphate of Potash		2.27	2.23
Others		0.83	1.40
		<u>3.93</u>	<u>59.57</u>
<b>TOTAL</b>		<b><u>308.42</u></b>	<b><u>432.43</u></b>

		₹ Crore	
NOTE NO. 34	“EMPLOYEE BENEFITS EXPENSE”	Year Ended 31.03.2017	Year Ended 31.03.2016
	Salaries, Wages and Bonus	424.08	414.58
	Contribution to Provident Fund and other funds	44.53	44.26
	Contribution to Gratuity Fund	-	2.80
	Workmen and Staff Welfare Expenses	59.25	59.30
		<u>527.86</u>	<u>520.94</u>
	Provident Fund & Other funds		
	Less : Transferred to Research and Development Expenses ( Refer Note No. 37C)	(2.38)	(3.29)
	Share recoverable from Thal Ammonia Extension and Others	(21.84)	(21.67)
		<u>(24.22)</u>	<u>(24.96)</u>
	<b>TOTAL</b>	<b><u>503.64</u></b>	<b><u>495.98</u></b>

		₹ Crore	
NOTE NO. 35	“FINANCE COSTS”	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>i. Interest</b>			
a.	Term Loans-From Banks	11.51	13.78
b.	Working capital from Banks	61.94	71.55
c.	Other loans and deposits	5.56	5.63
<b>ii. Other Borrowing &amp; Finance Costs; and</b>		4.06	2.47
<b>iii. Exchange differences regarded as an adjustment to borrowing costs</b>		10.91	51.84
	<b>TOTAL</b>	<b><u>93.98</u></b>	<b><u>145.27</u></b>

		₹ Crore	
NOTE NO. 36	“DEPRECIATION AND AMORTISATION EXPENSES / IMPAIRMENT”	Year Ended 31.03.2017	Year Ended 31.03.2016
i.	Depreciation on Property Plant and Equipment	136.92	135.11
ii.	Impairment on Property Plant and Equipment	-	9.19
iii.	Depreciation on Investment Property	0.14	0.14
iv.	Amortisation on Intangible Assets	4.23	3.34
	Total Depreciation / Amortisation Impairment provided during the year	<u>141.29</u>	<u>147.78</u>
	Less : Transferred to Research and Development Expenses (Refer Note No. 37C)	(0.19)	(0.13)
	<b>As reported under Statement of Profit &amp; Loss:</b>	<b><u>141.10</u></b>	<b><u>147.65</u></b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

		₹ Crore	
NOTE NO. 37	“ OTHER EXPENSES”	Year Ended 31.03.2017	Year Ended 31.03.2016
	Stores and Spares	34.63	51.41
	Power and fuel	1887.82	2341.43
	Water Charges	77.86	38.78
	Repairs and Maintenance	135.60	151.47
	Freight and Handling Charges	701.86	790.97
	Rent	19.34	10.30
	Rates and Taxes	10.12	5.39
	Insurance	10.51	15.86
	Miscellaneous Expenses	227.91	226.90
	Less: Transferred to Research & Development Expenses (Refer Note No. 37C)	(0.06)	(0.12)
		<b>3105.59</b>	<b>3632.39</b>

		₹ Crore	
NOTE NO. 37A	“REPAIRS AND MAINTENANCE”	Year Ended 31.03.2017	Year Ended 31.03.2016
	Plant and Machinery	87.47	92.10
	Buildings	27.58	39.11
	Other Assets	20.61	20.35
		135.66	151.56
	Less: Transferred to Research & Development Expenses (Refer Note No. 37C)	(0.06)	(0.09)
	<b>TOTAL</b>	<b>135.60</b>	<b>151.47</b>

		₹ Crore	
NOTE NO. 37B	“MISCELLANEOUS EXPENSES”	Year Ended 31.03.2017	Year Ended 31.03.2016
	Security expenses-Factory and Others	43.31	36.04
	Electricity Charges-Township and Offices	7.73	8.63
	Advertisement	8.34	5.59
	Bank Charges	1.53	1.37
	Promotion and Publicity	7.63	4.74
	Hire Charges for vehicles	4.70	4.55
	Travelling expenses	5.38	5.28
	Entertainment Expenses	0.14	0.21
	Donations	0.05	-
	Research and Development expenses	3.16	3.88
	Loss on Fixed Assets Sold /Discarded	0.97	0.97
	Losses/ Damages and other amounts written off	-	0.86
	Foreign exchange Loss/(Gain)	(10.92)	(0.90)
	Provision for diminution in value of investments	-	2.36

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

	₹ Crore	
	Year Ended 31.03.2017	Year Ended 31.03.2016
Corporate Social Responsibility expenses	8.63	9.66
Excise duty on sales	125.00	142.19
Provision for Doubtful Debts/ Claims/ Advances	2.35	1.39
Provision for obsolescence of stores	5.56	4.95
Bad debts written off	0.93	0.06
Provisions for Doubtful debts/advances/obsolescence no longer required	(1.35)	(2.91)
Liabilites/Provisions for expenses of earlier years no longer required	(10.42)	(23.27)
Recovery of share of common expenses	(21.69)	(22.00)
Lease premium paid	0.14	0.14
Other expenses **	46.74	43.11
<b>TOTAL</b>	<b>227.91</b>	<b>226.90</b>

\*\* Includes Directors' sitting fees C.Y. ₹ 7,50,000, P.Y. ₹ 2,85,000

	₹ Crore	
NOTE NO. 37C	“RESEARCH & DEVELOPMENT EXPENSES”	
	Year Ended 31.03.2017	Year Ended 31.03.2016
Salaries and Staff Welfare Expenses	2.38	3.29
Repairs and Maintenance	0.06	0.09
Depreciation	0.19	0.13
Direct Research Expenditure	0.46	0.25
Other Expenses	0.02	0.12
Handling charges	0.04	-
Materials Consumed	0.02	-
<b>SUB TOTAL</b>	<b>3.17</b>	<b>3.88</b>
Less: Transferred from Other Income (P.Y. ₹ 15,638)	(0.01)	-
<b>TOTAL</b>	<b>3.16</b>	<b>3.88</b>

	₹ Crore	
NOTE NO. 38	“OTHER COMPREHENSIVE INCOME”	
	Year Ended 31.03.2017	Year Ended 31.03.2016
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	1.22	3.26
Fair Value Equity instruments (IPL Shares)	1.77	1.69
	2.99	4.95
Less: Income tax relating to above items	(1.02)	(1.71)
<b>TOTAL</b>	<b>1.97</b>	<b>3.24</b>



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### 39. DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES AS PER IND AS 107

₹ Crore

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
<b>I) FINANCIAL ASSETS</b>			
a. BREAKUP OF FINANCIAL ASSETS AT FAIR VALUE THOROUGH OCI			
Investments - fully paid shares	44.88	43.11	41.42
<b>TOTAL</b>	<b>44.88</b>	<b>43.11</b>	<b>41.42</b>
b. BREAKUP OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS			
Derivatives not designated as hedges (MTM gain receivable)	-	2.15	4.00
<b>TOTAL</b>	<b>-</b>	<b>2.15</b>	<b>4.00</b>
c. BREAKUP OF FINANCIAL ASSETS CARRIED AT AMORTISED COST			
Loans	3.35	4.36	5.42
Others Financial Assets	174.06	263.26	169.45
Trade Receivables	3641.72	4327.63	3312.08
Cash and Cash Equivalents	10.31	1.36	83.23
Other Bank Balances	2.70	1.79	2.10
	<b>3832.14</b>	<b>4598.40</b>	<b>3572.28</b>
d. BREAKUP OF FINANCIAL ASSETS CARRIED AT COST			
Investments - Joint ventures	0.02	0.02	-
<b>Total</b>	<b>0.02</b>	<b>0.02</b>	<b>-</b>
<b>TOTAL FINANCIAL ASSETS</b>	<b>3877.04</b>	<b>4643.68</b>	<b>3617.70</b>
<b>II) FINANCIAL LIABILITIES</b>			
a. BREAKUP OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS			
Derivative not designated as hedges (MTM loss payable)	5.38	3.05	1.74
<b>TOTAL</b>	<b>5.38</b>	<b>3.05</b>	<b>1.74</b>
b. BREAKUP OF FINANCIAL LIABILITIES CARRIED AT AMORTISED COST			
Borrowings	1659.38	2755.37	1884.18
Trade Payables	844.96	787.62	596.72
Deposit from Employees	0.03	0.01	0.86
Corporate Guarantees Given	35.46	35.47	35.47
Current maturities of long term debt (Refer Note No. 18)	109.50	241.59	69.99
Interest accrued but not due on borrowings	2.05	9.07	5.96
Unclaimed dividend	0.66	0.64	0.56
Creditors on Capital Account	3.05	21.06	13.90
Standing Deposit from Customers	48.32	48.62	47.28
Trade Deposit from Customers	70.39	65.47	49.96
Earnest Money Deposit & Security Deposit from Vendors	69.39	56.72	46.72
Ex-gratia & employee benefits	19.94	22.30	67.77
<b>Total</b>	<b>2863.13</b>	<b>4043.94</b>	<b>2819.37</b>
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>2868.51</b>	<b>4046.99</b>	<b>2821.11</b>

The above referred carrying values of Financial Assets and Liabilities approximate its fair value as at the balance sheet date.

**EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

**40. Contingent Liabilities not provided for:**

**40.1** Claims against the Company not acknowledged as debts to the extent ascertainable (Interest cannot be estimated reliably) and not provided for net of payment/liability provided:-

₹ Crore

Sr. no	Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
1	<b>Invoices/ debit notes and claims raised by GAIL(India ) Ltd.</b>			
a	Increased gas transmission charges for ONGC pipeline Stay order obtained from Mumbai High Court and directed to resolve through arbitration.	64.30	64.30	56.59
b	Price difference between APM and Non APM gas supplies for the period February 2012 to October 2014	0.00	97.99	97.99
c	Levy of Market priced gas differential for use of APM/Domestic Gas for Non-fertilizer Non-Urea operations/For non-submission for FICC certified gas utilization data Refer Note no. 47	1062.83	39.39	39.39
	<b>Sub total</b>	<b>1127.13</b>	<b>218.62</b>	<b>193.97</b>
2	<b>Claims on the Company not acknowledged as debts by Contractors/Suppliers etc.</b>	17.79	24.99	22.08
3	<b>Demands raised by various authorities that may arise in respect of matters in appeal</b>			
	Excise Duty (D) *	33.84	32.25	45.63
	Excise Duty (S)	5.69	10.44	4.05
	Sales Tax	38.25	30.59	27.82
	Income Tax	25.10	25.65	23.43
	Service Tax (D)	21.31	12.34	12.91
	Service Tax (S)	4.37	0.00	0.00
	Custom Duty (D)	80.93	80.93	80.93
	Custom Duty (secured by Bank Guarantee)**	25.62	25.62	25.62
3	Water charges claimed by Municipal Corporation of Greater Mumbai	2.28	1.78	1.22
4	Claims before arbitrators and Courts	9.00	9.62	11.05
5	Claims preferred by local authorities	8.34	8.34	8.34
	<b>GRAND TOTAL</b>	<b>1399.64</b>	<b>481.31</b>	<b>457.19</b>

(D) – Demands raised / (S) – Show cause notice issued.

\*includes an amount of ₹ 23.05 crore (P.Y. ₹ 23.05 crore) towards duty, interest and penalty relating to purchase of Naphtha at concessional rate of excise duty for the purposes other than mentioned in the exemption notification for the period November-1996 to October-2005. The demand for the period upto February-2005 for ₹ 21.28 crore (P.Y. ₹ 21.28 crore) has been appealed against by the Company and the matter is resting with the Honorable Supreme Court, which is yet to be heard. For the subsequent period the show cause notice has been stayed by CESTAT and appeal is yet to be heard. Pending hearing, no provision is considered necessary.

\*\* The demand of duty is secured by Bank Guarantees and the Company has filed an appeal against the same before the bench of CESTAT, which is yet to be heard. Company has been advised by solicitors and advocates that the demand is not tenable and no provision is considered necessary.

The amount of claims in respect of legal cases filed against the Company for labour matters relating to regular employees and not acknowledged as debts is not ascertainable.



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

- 40.2** Demand of ₹ 33.48 crore raised by Municipal Corporation of Greater Mumbai (BMC) towards additional sewerage charges levied from 5-4-1987 are disputed by the Company in a Writ Petition filed in Bombay High Court. The Honorable High Court vide its interim Order dated 10-11-92 has granted stay on recovery of the demand for the period up to the date of the Order and directed the Company to pay sewerage charges from the date of the order which is being paid by the Company. The matter has been disposed off by the High Court and the Company approached Supreme Court. Supreme Court has now directed the Bombay High Court to hear the matter and decide on merits based on facts of the case. The Stay granted on the said matter continues.

As a part of an agreement entered into with BMC for obtaining raw sewerage, the Company has paid an interest free deposit of ₹ 16 crore to BMC (included in Note no.8) representing approximately 50% of the disputed demand which would be adjustable against the disputed demand in case the Court rules in favor of BMC. No provision is considered necessary for the disputed demand of ₹ 33.48 crore as the claim of BMC is not tenable.

In respect of clause 40.1 to 40.2 above, it is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flows, if any.

**41. Capital Commitments:**

₹ Crore

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Capital Expenditure Commitments	569.74	619.29	270.74
Commitment Towards Investments	7.64	7.64	10.00

**42. Disclosures relating to Finance Lease:**

Relating to 416 Wagons leased to Indian Railways "Under Own your Wagons Scheme"

₹ Crore

Particulars	Year ended 31.03.2017	Year ended 31.03.2016	As At 01.04.2015
<b>Minimum Lease Payments</b>			
Not Later than one year	0.71	0.71	0.71
Later than one year but not later than 5 years	1.06	1.76	2.47
Later than 5 years	0.00	0.00	0.00
<b>Total</b>	1.76	2.47	3.18
Amount representing finance income earned during the year	0.21	0.26	
Adjusted Against Lease Receivable during year	0.50	0.45	
<b>Total</b>	0.71	0.71	
<b>Present Value of MLP</b>			
Not Later than one year	0.56	0.50	0.45
Later than one year but not later than 5 years	0.96	1.52	2.02
Later than 5 years	0.00	0.00	0.00
<b>Total</b>	1.52	2.02	2.47
<b>Unearned Finance Income</b>	0.24	0.45	0.71
<b>Expected Credit Loss on above</b>	NIL	NIL	NIL

- 43.** Formalities relating to transfer of certain immovable and other properties from Fertilizer Corporation of India Limited to the Company on reorganization of the former in 1978 are not yet completed. Out of property cards for a total area of 30,89,013 Sq. meters (P.Y. 30,97,278 Sq. meters), property cards for 3,78,321 Sq. meters (P.Y. 3,78,321 Sq. meters and 3,93,198 Sq. meters as at 01.04.2015) are yet to be transferred in the name of the Company.

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

44. Out of total area of 50,52,476 Sq. meters area at Thal Unit, the title deeds relating to area of 32,03,543 Sq. meters area are in the name of the Company. The capitalization of Freehold land at Thal Unit includes land at Kihim having carrying cost of ₹ 0.02 crore, pending execution of documents and transfer of title deeds in the name of Company, due to dispute.
45. Balance of subsidy receivables and tax refund from Government authorities are subject to confirmation. Some of the balances of trade Payables, current liabilities and loans and advances are subject to confirmation / reconciliation and consequential adjustments if any. In the opinion of the management, such adjustments would not be material.
46. The Company is eligible to receive subsidy from Fertilizer Industry Co-Ordination Committee (FICC) / Department of Fertilizers (DOF) on Urea, Phosphatic and Potassic (P & K) Fertilizers at the rates notified from time to time.
- a. For the rates yet to be notified, due to escalations/de-escalations in the cost of inputs and other costs, subsidy has been accounted on estimated basis. The details of subsidy accounted on estimated basis are as under:-

₹ Crore

Particulars	Year Ended	Year Ended
	31.03.2017	31.03.2016
	Urea	Urea
For the Year	(560.74)**	237.97**

Figures in brackets represents subsidy refundable to Govt. of India.

\*\*Includes Subsidy against marketing margin against RIL gas for use of production of Urea of ₹ NIL (P.Y. ₹ 4.03 crores), as an interim relief, as directed by Delhi High Court on the referred matter.

- b. The matter relating to unintended benefits accruing to units using domestic gas for manufacture of Nutrient “N” has been referred to and is pending before an Inter-Ministerial Committee (IMC) of Government of India (GoI). An amount of ₹ 198.94 crore has been withheld as at 31<sup>st</sup> March 2017 (₹ 198.94 crore as at 31<sup>st</sup> March 2016) by Department of Fertilizers towards the said matter.

Pending final decision on the said matter and in the Company’s view that no unintended benefits have accrued, it has continued to recognize subsidy income on P&K fertilizers at the rates notified by Department of Fertilizers.

47. As per notification no. L-120223/2015-GP-II, dated 20<sup>th</sup> May, 2015 of Ministry of Petroleum and Natural Gas (MOPNG), Gas Pooling has become applicable from 1<sup>st</sup> June, 2015 onwards for all Urea Manufacturing units. Under this mechanism gas for urea production will be made available at a uniform price of pooled gas for production of urea. Consequently it is expected that a differential pricing of gas may be made applicable for non-urea usage also. Company has represented to DoF for maintaining supply of domestic gas for P&K fertilizers and chemicals.

MOPNG vide its letter no. L-13013/3/2012-GP-1, dated 16<sup>th</sup> December, 2015 has directed GAIL (India) Ltd. to levy a higher gas price (i.e. the highest rate of RLNG used for production of urea) for use of gas in non-urea operations. Company has represented that any decision on the same be taken only upon the issue being settled by the IMC of GoI. Effective from 16<sup>th</sup> May, 2016, Company has entered into a contract for procurement of market priced gas for non-urea operations at Trombay unit.

However, pending finalization of price payable as per the said letter of MOPNG, a liability of ₹ 210.63 crore as on 31<sup>st</sup> March 2017 (₹181.97 crore, as on 31<sup>st</sup> March 2016) has been recognized based on the pooled price of gas/Market price of gas, also for its non-urea operations as applicable.

In pursuant to the said order, GAIL (India) Ltd. has sought a differential levy amounting to Rs. 1244.80 crore for the period commencing from 1<sup>st</sup> July 2006 till 31<sup>st</sup> March 2016 and has initiated arbitration proceedings towards non-payment of the same. Company has represented this matter to Department of Fertilizers for dispute resolution as the matter relating to the same is pending before the Inter Ministerial Committee of Government of India.



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### 48. Disclosures relating to Impairment of Non-Financial Assets:

Company has carried out impairment testing of its Cash Generating Units (CGU) which is carried out considering an estimated useful life of 10 Years for arriving at the value in use. In determining value in use for the CGU, the cash flows were discounted at a rate of 8% on pre-tax basis. Accordingly, no provision towards impairment is reckoned during the year.

The status of provision made towards impairment is as under:-

#### For the year 2016-17

₹ Crore

Sr No.	Plant	Provision for Impairment made during the year	Reversal of Impairment Provision made during the year	Balance in Provision account at the end of the year	Recoverable Amount	Reportable Segments In which these Plants/Assets are used
1	Dimethyl Formamide	-	-	0.05	0.43	Chemical Segment
2	Carbon Mono Oxide	-	-	8.06	1.84	Chemical Segment
3	Methylamines- Trombay	-	-	1.08	0.26	Chemical Segment
	<b>Total</b>	-	-	<b>9.19</b>	<b>2.53</b>	

#### For the year 2015-16

₹ Crore

Sr No.	Plant	Provision for Impairment made during the year	Reversal of Impairment Provision made during the year	Balance in Provision account at the end of the year	Recoverable Amount	Reportable Segments In which these Plants/Assets are used
1	Dimethyl Formamide	0.05	-	0.05	0.43	Chemical Segment
2	Carbon Mono Oxide	8.06	-	8.06	1.84	Chemical Segment
3	Methylamines- Trombay	1.08	-	1.08	0.26	Chemical Segment
	<b>Total</b>	<b>9.19</b>	-	<b>9.19</b>	<b>2.53</b>	

The recoverable amount of ₹ 2.53 crore was based on value in use and was determined at the level of the CGU.

Higher raw material prices coupled with steep fall in realizations warranted in carrying out a review of the recoverable amount of the said plants and related equipment's resulting in provision towards impairment.

Key assumptions based on which recoverable amount is most sensitive.

The calculation of value in use for the identified CGU is most sensitive to the following assumptions.

1. Selling Prices

The extant selling prices are considered for forecasting cash flow estimates for arriving at the value in use. The selling prices are assumed to be kept constant in future year projections.

2. Discount Rate

Discount rate is estimated considering the entities incremental borrowing rate which is arrived at considering the present debt structure etc.

3. Sales Quantity

The sales projections have been worked out considering the present demand scenario and the operating capacities of the plants.

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

4. Raw Material Prices - Considering current prices of raw materials.

The estimates of cash flows are done considering current raw material prices at the reporting date and the same are assumed to be remain constant in the future year projections as any increase in the same is expected to be passed on to the market.

49. Inventory includes stores and spares declared as surplus with further classification as disposable surplus. Since such surplus stores on disposal may not fetch full book value a suitable provision has been made. Consequent to full provision for impairment made in respect of plants referred in Note. No. 48, Company has also provided towards inventory of specific spares relating to the said plants.

The value of such inventory and provision towards the same is as under:-

₹ Crore

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016	As on 01.04.2015
<b>A</b>	<b>Inventory</b>			
1	Surplus Stores and Spares	16.33	13.08	11.16
2	Disposable Surplus	15.44	10.53	8.58
3	Specific stores and spares of impaired assets	9.22	9.34	9.29
4	Material Stolen	0.21	0.21	0.21
<b>B</b>	<b>Provision</b>			
1	Provision made for Disposable Surplus	14.68	9.94	6.81
2	Provision reckoned on stores and spares for impaired assets	8.76	8.87	8.83
3	Provision for Material Stolen	0.21	0.21	0.21
	<b>Total</b>	<b>23.65</b>	<b>19.02</b>	<b>15.85</b>

50. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act 2006 is as under:

₹ Crore

Sr. No.	Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
1	Principal amount remaining unpaid	11.93	12.20	12.05
2	Interest due thereon	-	0.01	-
3	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	NIL	NIL	NIL
4	Interest due and payable for the period of delay making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-
5	Interest accrued and remaining unpaid	NIL	0.01	NIL
6	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 of the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL	NIL

Dues to Micro and small enterprises have been determined to the extent such parties have been identified on the basis of information given by such parties/available with the Company. This has been relied upon by the auditors.



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

51. Based on the nature of business activities undertaken by the Company and requirement of IND AS 108, following are the operating segments identified

Segment	Nature of activities
Fertilizers	Production and supply of various grades of Fertilizers for agricultural use.
Chemicals	Production of various chemicals and supply to diverse industries
Trading	Represents fertilizers imported / locally sourced and marketed for agricultural use.

The necessary disclosures as required under IND AS 108 are given in **Annexure-1**.

The segment revenue and segment results are arrived at based on the revenues generated out of sale of such products and the costs attributable are reduced for arriving at the segment results. Assets are allocated to operating segments based on the intended use for which the asset was primarily installed. Liabilities are allocated to operating segments to which it relates to.

No operating segments have been aggregated to form the above reportable operating segments.

52. Disclosures under IND AS 24 on Related Party Transactions are given below:

Since Government of India owns 80% of the Company's equity share capital (under the administrative control of Ministry of Chemicals and Fertilizers), the disclosures relating to transactions with Government and other Government controlled entities have been reported in accordance with para 26 of IND AS 24.

Certain transactions are carried out with other government related entities for purchase of Gases, for procurement of Raw Materials / Finished Goods, Assets / Spare Parts from Original equipment manufacturers, which are significant in terms of value, the details of which are as under:

Name of Entity	Nature of Transaction	2016-17 ₹ Crore	2015-16 ₹ Crore
GAIL (India) Ltd	Procurement of Gas / Transportation Charges	3,491.49	4,201.99
Mangalore Refinery & Petrochemicals	Procurement of Sulphur	20.09	17.26
MMTC Limited	Procurement of MOP	90.43	-
Bharat Petroleum Corporation Limited	Procurement of Gas	87.17	-
Indian Oil Corporation Ltd	Procurement of Gas	83.98	45.98
Oil and Natural Gas Corporation Ltd	Renting of Immovable Property	22.47	21.23
GAIL (India) Ltd	Compensation and Administration Charges towards Gas Swapping	4.36	16.30
GAIL (India) Limited	Gas Swapping arrangement	107.43	528.13
MAIDC	Sale of fertilizers	16.92	23.87
The Singareni Collieries Co. Ltd.	Sale of Industrial chemicals	14.44	12.44
Hindustan Insecticides Limited	Sale of fertilizers	24.13	-

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

The above referred transactions have been carried out on arm's length basis with the said entities.

The other disclosures with related parties are as under:

1) **Relationship**

**JOINT CONTROLLED ENTITIES**

Name of the Company	Country of Incorporation	Percentage of ownership interest as at		
		31-03-2017	31-03-2016	01-04-2015
1) FACT-RCF BUILDING PRODUCTS LTD. (FRBL)	India	50.00	50.00	50.00
2) URVARAK VIDESH LTD.(UVL)	India	33.33	33.33	33.33
3) TALCHER FERTILIZERS LIMITED (FORMERLY KNOWN AS RASHTRIYA COAL GAS FERTILIZERS LIMITED) (TFL)	India	30.00	30.00	-

Transactions during the year with the above referred related parties:

₹ Crore

Sr. No.	Particulars	Year ended 31.03.2017		Year ended 31.03.2016		As at 01.04.2015	
		Amount	Party-wise Amount	Amount	Party-wise Amount	Amount	Party-wise Amount
1	Contribution towards share capital	-	-	0.02	TFL 0.02	15.18	FRBL 15.18
2	Paid as Share Application Money (to augment financial resources)	-	-	2.36	FRBL 2.36	Nil	Nil
3	Sales to RCF	-	-	0.00*	FRBL 0.00*	-	-
4	Advances given	0.28	FRBL 0.27 TFL 0.01	0.07	FRBL 0.07	0.09	FRBL 0.09

\* (P.Y. ₹ 15,500)

Consequent to full provision recognized towards the investments made in FRBL as per Indian GAAP, the carrying value as on the date of transition has been recognized as deemed cost of investment which is NIL as on the transition date i.e. 1<sup>st</sup> April 2015.

The provision towards the amount given as advances and additional equity contribution pending allotment in FRBL made in the earlier financial years continues and during the year an amount of ₹ 0.27 crore towards certain advances given to FRBL has been fully provided for.

**Balance Outstanding:**

₹ Crore

Sr. No.	Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
		Joint Ventures	Joint Ventures	Joint Ventures
1	Guarantees given (as security for credit facilities availed by FRBL from Banks)	FRBL - 37.67	FRBL - 37.67	FRBL - 37.67
2	Advances Given (for meeting business requirements)	FRBL- 2.13 TFL -0.01	FRBL- 1.85	FRBL - 1.79



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

Out of the guarantees given by the Company on behalf of FRBL to its bankers, guarantees amounting to ₹ 35.47 crore as a part of the Debt restructuring scheme has been accounted for as a financial asset required to be measured at fair value and also tested for loss allowance. Expecting the liability of repayment of debt obligations to FRBL bankers may devolve on the Company, the Company has provided for loss on impairment of its corporate guarantee amounting to ₹ 35.47 crore towards term loan which has been adjusted to its opening reserves as at 1<sup>st</sup> April 2015, the date of transition to Ind AS. The liability towards financial guarantee given is reported under other financial liabilities.

Out of the total value of guarantees given, ₹ 2.20 crore pertains to guarantee given for working capital facilities from banks on behalf of FRBL. Since such facility has not been availed, no provision towards financial guarantee and corresponding asset has been recognized.

### 2) Key Management Personnel

- (i) Shri R.G.Rajan, Chairman & Managing Director upto 14.06.2016
- (ii) Shri. Manoj Mishra, Chairman & Managing Director from 15.6.2016 to 13.3.2017
- (iii) Shri. CMT Britto, Director (Technical) and Chairman and Managing Director from 14.3.2017
- (iv) Shri.Ashok Kumar Ghasghase, Director (Marketing) upto 30.06.2016
- (v) Shri. Suresh Warior Director (Finance) & CFO
- (vi) Shri. D.M.Sati, Company Secretary

### Details relating to parties referred in above:

#### Remuneration:

₹ Crore

Particulars	Year ended 31.3.2017	Year ended 31.3.2016
Shri. R.G.Rajan	0.34	0.61
Shri. Manoj Mishra	-	-
Shri. CMT Britto	0.41	0.46
Shri.Ashok Kumar Ghasghase	0.27	0.59
Shri.Suresh Warior	0.46	0.42
Shri.D.M.Sati	0.41	0.30
<b>Total</b>	<b>1.89</b>	<b>2.38</b>

The above amount includes salaries and allowances, contribution to Provident fund, pension etc. and actual payments towards leave encashment, if any. In addition to the above they are eligible for non-monetary perquisites as per Government of India guidelines.

The remuneration to key management personnel does not include the provisions made for gratuity; leave encashment and post-retirement medical benefits as they are determined on an actuarial basis for the Company as a whole.

There have been no outstanding loans and advances from the above referred parties as at year end.

**EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

53. Disclosure as per Ind AS 37 on “Provisions, Contingent Liabilities and Contingent Assets” as on 31<sup>st</sup> March 2017:

₹ Crore

Sr. No.	Particulars	Balance as on 1.4.2016	Addition	Utilization	Reversal	Balance as on 31.3.2017
a)	Disputes and Claims, Legal Matters	2.53 (2.53)	-	- -	0.53 -	2.00 (2.53)
b)	Provisions against contractual liabilities	-	25.00	-	-	25.00

Figures in brackets are in respect of previous year.

- a) Disputes, Claims and Others represent estimates made mainly for probable claims arising out of litigations / disputes pending with authorities /Trade Payable. Deferred Tax Asset of ₹ 0.86 crore (Previous year ₹ 0.86 crore) has been recognized on above. The timing and probability of outflow with regard to these matters depends on the ultimate settlement /conclusions with relevant authorities.
- b) Company has made provision on estimated basis in respect of certain obligations expected out of contract; post their expiry during the year. This provision has been made based on the past practice followed by the Company considering provisional guidelines received towards the same.

54. Earnings per Share –Basic and Diluted

Particulars	Year ended 31.3.2017	Year ended 31.3.2016
Net profit after tax as per Statement of Profit and loss (₹ crore) (A)	179.26	172.64
Weighted Average Numbers of Equity Shares for calculating basic EPS(B)	55,16,88,100	55,16,88,100
Basic/Diluted earnings per Share (in Rupees) (Face Value of ₹ 10/- per share) (A)/(B)	3.25	3.13
EPS from continuing operations	3.25	3.13

55. “Financial Reporting of interests in Joint Ventures”

The required information is as under:-

**JOINT CONTROLLED ENTITIES**

Name of the Company	Country of Incorporation	Percentage of ownership interest as on		
		31-3-2017	31-3-2016	01-4-2015
1) FACT-RCF BUILDING PRODUCTS LTD.	India	50.00	50.00	50.00
2) URVARAK VIDESH LTD.	India	33.33	33.33	33.33
3) TALCHER FERTILIZERS LIMITED (formerly known as Rashtriya Coal Gas Fertilizers Limited)	India	30.00	30.00	-



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

- A) **FACT-RCF BUILDING PRODUCTS LTD.:-** A Joint venture Company with Fertilizers and Chemicals Travancore Ltd. (FACT) for manufacture of rapid building materials from Gypsum at Kochi.

### **Summarized financial information of Company's investment in FACT-RCF BUILDING PRODUCTS LTD. (FRBL)**

₹ Crore

Sr. No.	Particulars	As at 31/3/2017 (Unaudited)	As at 31/3/2016 (Unaudited)	As at 01/04/2015 (Unaudited)
1	Non-Current Assets	83.92	93.28	101.86
2	Cash and Cash Equivalent	0.49	1.30	0.52
3	Current Assets other than Cash and Cash Equivalent	6.52	12.01	5.59
4	Non-Current Liabilities	108.07	85.07	80.45
5	Current Liabilities	20.24	36.85	21.96
6	Equity	(37.39)	(15.33)	5.56
7	Proportion of the company's ownership	50%	50%	50%
8	Carrying amount of the investment*	-	-	2.78
9	Capital Commitments	2.33	2.33	2.33
10	Commitment to subscribe to additional equity	7.64	7.64	10.00
11	Contingent Liabilities	7.10	7.10	7.08

Sr. No.	Particulars	Year Ended 31/3/2017 (Unaudited)	Year Ended 31/3/2016 (Unaudited)
1	Income	21.04	20.06
2	Cost of materials consumed	1.64	2.13
3	Depreciation and amortization expense	9.63	9.61
4	Finance costs	10.24	13.84
5	Employee benefits expenses	3.45	2.59
6	Other Expenses	18.13	17.51
7	Loss from continuing operations	(22.05)	(25.61)
8	Total comprehensive income for the year	(22.05)	(25.61)
9	Company's Share of profit / loss for the year	(11.03)	(12.81)

\* Owing to the company's share of losses exceeding its interest in the joint venture the share of loss stands discontinued. Accordingly company has not recognized share of loss of ₹ 11.03 crore for the year (P.Y. ₹ 9.24 crore) and ₹ 17.91 crore cumulatively upto the year ended 31.03.2017 (₹ 6.88 crore cumulatively upto the year ended 31.03.2016).

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

- B) **URVARAK VIDESH LTD.:-** A joint venture with National Fertilizers Ltd. and KRIBHCO for revival of closed Fertilizer Units of FCI/HFC group of companies has been formed.

**Summarized financial information of Company's investment in URVARAK VIDESH LTD.**

₹ Crore

Sr. No.	Particulars	As at 31/3/2017 (Audited)	As at 31/3/2016 (Audited)	As at 01/04/2015 (Audited)
1	Non-Current Assets	0.00 ₹ 7,733	0.00 ₹ 11,170	0.00 ₹ 14,607
2	Cash and Cash Equivalent	0.01	0.01	0.00 ₹ 13,993
3	Current Assets other than Cash and Cash Equivalent	0.11	0.10	0.11
4	Non-Current Liabilities	-	-	-
5	Current Liabilities	0.03	0.02	0.01
6	Equity	0.09	0.09	0.10
7	Proportion of the company's ownership	33.33%	33.33%	33.33%
8	Carrying amount of the investment	0.03	0.03	0.03

Sr. No.	Particulars	Year Ended 31/3/2017 (Audited)	Year Ended 31/3/2016 (Audited)
1	Income	0.01	0.01
2	Cost of materials consumed	-	-
3	Depreciation and amortization expense	0.00 ₹ 3,437	0.00 ₹ 3,437
4	Finance costs	-	-
5	Employee benefits expenses	-	-
6	Other Expenses	0.01	0.02
7	Loss from continuing operations	(0.00) (₹ 13,939)	(0.01)
8	Total comprehensive income for the year	(0.00) (₹ 13,939)	(0.01)
9	Company's Share of profit / loss for the year	(0.00) (₹ 4646)	(0.00) (₹ 35,483)



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

- C) **TALCHER FERTILIZERS LIMITED (formerly known as Rashtriya Coal Gas Fertilizers Limited):** - A new Joint venture Company with Coal India Limited (CIL), GAIL (India) Limited and Fertilizer Corporation of India Limited (FCIL) was incorporated on 13<sup>th</sup> November 2015 for revival of the FCIL's fertilizer unit at Talcher by establishing and operating new coal gasification based fertilizer complex (Ammonia/Urea Complex).

**Summarized financial information of Company's investment in TALCHER FERTILIZERS LTD. (Formerly known as Rashtriya Coal Gas Fertilizers Ltd.)**

₹ Crore

Sr. No.	Particulars	As at 31/3/2017 (Unaudited)	As at 31/3/2016 (Unaudited)
1	Non-Current Assets	-	-
2	Cash and Cash Equivalent	0.04	0.05
3	Current Assets other than Cash and Cash Equivalent	-	-
4	Non-Current Liabilities	-	-
5	Current Liabilities	0.01	0.00
			₹ 19,913
6	Equity	0.03	0.05
7	Proportion of the company's ownership	30%	30%
8	Carrying amount of the investment	0.01	0.01
9	Income	-	-
10	Cost of materials consumed	-	-
11	Depreciation and amortization expense	-	-
12	Finance costs	-	-
13	Employee benefits expenses	-	-
14	Other Expenses	0.02	0.00
			₹ 19,913
15	Loss from continuing operations	(0.02)	(0.00)
			(₹19,913)
16	Total comprehensive income for the year	(0.02)	(0.00)
			(₹19,913)
17	Company's Share of profit / loss for the year	(0.01)	(0.00)
		(₹ 64,652)	(₹ 5,974)

Figure in ₹ Crore NIL are reported in full

56. **Miscellaneous expenses include auditors' remuneration as per details given below:**

₹ Crore

Sr. No.	Particulars	Year ended 31.3.2017	Year ended 31.3.2016
1	Audit fees for the year (including fees for IND-AS opening Balance-Sheet)	0.25	0.21
2	Audit fees for Limited review	0.02	0.02
3	Audit fees for Consolidated Financial Statement	0.01	0.01
4	For Certificate and other expenses	0.08	0.17
5	For travelling and out of pocket expenses	0.00	0.00*

\*(C.Y. ₹ 7,980, P.Y. ₹ 16,138/-)

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

57. The position of (Net) Certified Emission Reductions (CER's) or Carbon Credits allotted and held by the company is as under:-

Particulars	Unit	2016-17	2015-16
CER's at the beginning of the year	No.	9,73,738	9,73,738
CER's Allotted	No.	-	-
CER's Sold	No.	-	-
CER's held at year end	No.	9,73,738	9,73,738
CER's under certification	No.	Nil	Nil
Depreciation, operating and maintenance cost of emission reduction equipment's expensed during the year	₹ Crore	0.21	0.51

### 58 Employee Benefits:

The required disclosure under IND AS 19 is given below.

#### General Description of Defined Benefit Plan

##### 1) Provident Fund:-

The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952.

During the year an amount of ₹ 34.08 crore (P.Y. ₹ 33.35 crore) has been charged off to statement of Profit and loss towards contribution by the Company.

The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016	As at 1 <sup>st</sup> April 2015
Maturity profile assumed upto	5 years	5 years	5 years
Expected guaranteed interest rate	8.90%	8.80%	8.75%
Discount rate	7.12%	7.56%	7.95%

The details of fund plan asset position are given below.

₹ Crore

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016	As at 1 <sup>st</sup> April 2015
Total plan assets	1030.61	972.97	888.33
Total plan liabilities (as per unaudited financial statement)	1030.61	972.97	888.33
Asset recognized in Balance Sheet	0	0	0

The funds of the trust have been invested under various securities as per the pattern of investment mandated by Employees Provident Fund Organization (EPFO) Guidelines.



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### 2) **Gratuity:-**

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service depending upon the date of joining the same is payable on death, separation from service, or retirement, whichever is earlier. The benefit vests after five years of continuous service. During the year, the charge on account of Gratuity to Statement of Profit and Loss is ₹ NIL owing to excess funding over the benefit obligation.

### 3) **Leave Encashment:-**

The Company has been accounting for provision on account of leave encashment on retirement based on actuarial valuation carried out as at the Balance Sheet date.

The liability for the leave encashment on retirement as at 31<sup>st</sup> March 2016 is ₹184.75 crore (P.Y. ₹188.11 crore)

### 4) **Post-Retirement Medical Benefits:-**

The Company has been accounting for provision on account of post-retirement medical benefits based on actuarial valuation carried out as at the Balance Sheet date. Employees of the company upon retirement/separation under Voluntary Retirement Scheme are entitled to medical benefits as per agreed upon scheme in force.

### 5) **Long Term Service Award:**

As a part of cordial relation and appreciation of long dedicated service, Company is honoring its employees with a memento on completion of 25 years of service.

#### **General Description of Defined Contribution Plan**

**Contributory Superannuation Scheme:** -The scheme is a defined contribution scheme. Employees are required to exercise their option to be a part of the scheme and make a contribution equivalent to the amount contributed by the Company to the fund, upon becoming the member of the scheme. Under the scheme the employee shall be eligible for pension provided they have put in at least 15 years of service in the company and superannuate from the Company which is as per Government of India guidelines. During the year Company has paid an amount of ₹ 10.34 crore (P.Y. ₹ 10.81 crore) as contribution towards the said scheme.

#### **Gratuity & Post-Retirement Medical Benefits:**

The following table shows the impact of actuarial valuation as recognized in the financial statements in respect of Gratuity and Post-retirement medical benefits.

**EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

₹ Crore

	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2016	
	Gratuity (Funded)	Post- Retirement Medical Benefits (Non-Funded)	Gratuity (Funded)	Post- Retirement Medical Benefits (Non-Funded)
<b>1) Components of Employer expenses</b>				
Current Service Cost	2.29	1.54	1.61	1.52
Net Interest Income / (Cost)	-	4.36	1.19	4.37
<b>Net expense/(gain) recognized in the statement of Profit and Loss (refer note below)</b>	-	5.90	2.80	5.89
Remeasurement of the net defined benefit liability	-	-	-	-
Actuarial Gains/(Losses) due to changes in Financial Obligations (i)	3.87	2.38	3.69	1.98
Actuarial Gains/(Losses) due to experience adjustments (ii)	(11.81)	(3.60)	(1.19)	(5.63)
Return on plan assets excluding amounts included in Net Interest Expense	0.41	-	(2.10)	
<b>Components of defined benefit cost recognized in other comprehensive income (refer note below)</b>	-	(1.22)	0.39	(3.65)
<b>2) Changes in Benefit Obligations</b>				
<b>Present value of Obligation at year beginning</b>	192.15	57.63	191.09	55.00
Service Cost	2.29	1.54	1.61	1.52
Interest Cost	14.53	4.36	15.19	4.37
Actuarial(gain)/Loss (i+ii)	(7.94)	(1.22)	2.49	(3.65)
Benefits paid	(21.44)	(0.39)	(18.23)	0.39
<b>Present value of Obligation at year end</b>	179.59	61.91	192.15	57.63
<b>3) Changes in Plan Assets</b>				
Fair value of Plan Assets , at year beginning	192.15	-	176.18	-
Expected return on Plan Assets	14.53	-	14.00	-
Employer's contributions	1.92	-	15.27	-
Benefits paid	(21.44)	-	(15.40)	-
Actuarial gain/(Loss)	(0.41)	-	2.10	-
Fair value of Plan Asset at the year end	186.75	-	192.15	-
Present Value of funded defined benefit obligation	186.75	-	192.15	-
Fair value of Plan Asset	186.75	-	192.15	-



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2016	
	Gratuity (Funded)	Post- Retirement Medical Benefits (Non-Funded)	Gratuity (Funded)	Post- Retirement Medical Benefits (Non-Funded)
Net Liability arising from defined benefit obligation (owing to excess plan assets over obligation)	-	-	-	-
<b>Category of Plan Assets</b>				
Insurance Fund	186.75	-	192.15	-
<b>Total</b>	<b>186.75</b>	<b>-</b>	<b>192.15</b>	<b>-</b>
<b>Actuarial Assumptions</b>				
Discount Rate( per annum)	7.12%	7.12%	7.56%	7.56%
Expected Rate of Return on Assets (per annum)	7.12%	-	7.56%	-
Salary Escalation/Annual increase in health care cost	8.00%	-	8.00%	-
Rate of Employee Turnover	2.00%	-	2.00%	-
Contribution to defined benefit plan during the next financial year		-	2.28	-
With respect to Gratuity as the Plan Assets are higher than the Obligation there is no charge to Statement of Profit and Loss during 2016-17.				
<b>Sensitivity Analysis for Significant Assumptions is as given below</b>				
One percentage point increase in discount rate	(8.54)	(5.17)	(9.15)	(4.85)
One percentage point decrease in discount rate	9.59	6.09	10.22	5.71
One percentage point increase in salary increase	1.70	-	1.72	-
One percentage point decrease in salary increase	(1.95)	-	(1.85)	-
One percentage point increase in employee turnover rate	2.14	-	2.69	-
One percentage point decrease in employee turnover rate	(2.33)	-	(2.91)	-
<b>Maturity Analysis of Projected Benefit Obligation (from the fund)</b>				
1 <sup>st</sup> Following Year	22.14	-	26.73	-
2 <sup>nd</sup> Following Year	18.43	-	15.87	-
3 <sup>rd</sup> Following Year	27.90	-	24.39	-
4 <sup>th</sup> Following Year	25.75	-	27.82	-
5 <sup>th</sup> Following Year	21.56	-	26.53	-
Sum of Years 6 to 10	77.50	-	92.58	-

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore in presenting the above sensitivity analysis the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

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

### 59. Change in Accounting Policy

#### i) Provision towards Subsidy Receivable

Upto the period ended 31.3.2015, a provision was being reckoned on subsidy receivables outstanding from Government of India for a period more than three years. However during the recent past there have been delays in settlement of subsidy. Since the settlement of subsidy by Government is highly probable despite delays, Company has changed its policy of recognizing any such provision towards such receivables irrespective of its ageing.

Consequent to change in the accounting policy Company has not made a provision of ₹ 71.77 crore, (P. Y. ₹ 16.22 crore) towards subsidy receivables outstanding for a period of more than three year during the year.

IND AS 8 requires application of change in accounting policy with retrospective effect from the last available financial statement. Accordingly an amount of ₹ 8.74 crore has been adjusted to retained earnings as on 1<sup>st</sup> April 2015 and during the year 2015-16, the doubtful subsidy recovered amounting to ₹ 4.36 crore has been adjusted to Statement of Profit and Loss.

#### ii) Prepaid Expenses

Upto the period ended 31.3.2015, individual expenses upto ₹ 25,000 were not considered in classifying prepaid expenses which has now been revised to ₹ 1,00,000.

As IND AS 8 requires application of change in accounting policy with retrospective effect from the last available financial statement, an amount of ₹ 0.04 crore has been adjusted to retained earnings as on 1<sup>st</sup> April 2015. During the year 2015-16, an amount of ₹ 0.01 crore charged as prepaid expenses has been adjusted to Statement of Profit and Loss.

#### Impact of change in accounting policy

##### For the year 2016-17

Particulars	Amount (₹ Per Share)
Earnings Per Share reported	3.25
Adjustment towards change in accounting policy:	
Subsidy Receivable – Not Provided ₹ 71.77 crore	(1.30)
Prepaid Expenses	0.00*
EPS after Adjustment	1.95



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

For the year 2015-16

Particulars	Amount (₹ Per Share)
Earnings Per Share reported	3.13
Adjustment towards change in accounting policy:	
Subsidy Receivable – Already Provided under IGAAP now reversed	0.08
Subsidy Receivable – not provided ₹ 16.22 crore	(0.28)
Prepaid Expenses (*₹ 0.0002)	(0.00)
EPS after Adjustment	2.93

60. The position of Hedged Foreign currency exposures are as under:

₹ Crore

Particulars	Hedged Exposure	Cross Currency	As on 31.3.2017	As on 31.3.2016
Foreign Currency exchange contracts	Buyer's credit/Supplier's credit availed for import of raw materials	USD	280.68	526.83
	Long Term Borrowings	USD	99.09	5.35

### Derivative Financial Instruments

The status of derivative financial instruments outstanding is as under:-

in USD million

Hedging Instrument		Hedged Exposure	Currency	As on 31.3.2017	As on 31.3.2016
Seagulls / Call Spreads	USD / INR	Buyers / External commercial borrowings	USD	58.43	79.91
Full Currency Swap (Principal and Interest)	INR / USD	Rupee Term Loan	USD	1.35	6.77

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:-

₹ Crore

Particulars	As on 31.3.2017	As on 31.3.2016
Foreign currency term loans	95.43	347.46
Buyer's credit/Suppliers credit for import of raw materials and others	5.41	545.25
Advances/receivable from suppliers	0.47	14.47

61. Provision made for an amount of ₹ 3.83 crore ( P.Y. ₹ 3.83 crore and as at 01.04.2015 ₹ 3.83 crore) being the amount due in dispute relating to manufacture of Single Super Phosphate given on job work basis to third party continues. Company has also lodged counter claims on the said party and the matter has been referred to arbitration.

### 62. Disclosure relating to Corporate Social Responsibility "CSR" Activities

Company during the year has incurred an expenditure of ₹ 8.63 crore (P.Y. ₹ 9.66 crore) towards the same which is reported under Note No. 37 "Other Expenses"& Note 37B "Miscellaneous expenses".

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

The functional classification of the same is as under:-

₹ Crore

Particulars	Year ended 31.3.2017		Year ended 31.3.2016	
	Construction / Acquisition of any assets (i)	On the purpose other than (i)	Construction / Acquisition of any assets (i)	On the purpose other than (i)
Water charges	-	1.05	-	0.70
Repairs and Maintenance	-	1.01	-	-
Miscellaneous expenses	-	6.57	-	8.96
<b>Total</b>	-	<b>8.63</b>	-	<b>9.66</b>

The other disclosures are as under:-

₹ Crore

Particulars	Year ended 31.3.2017	Year ended 31.3.2016
Gross amount required to be spent by the Company during the year	8.61	9.38
Amount spent during the year (on purpose other than construction / acquisition of assets controlled by the company)	6.50	8.62
Amount yet to be paid in cash	2.13	1.04

### 63. Income Tax

Reconciliation of tax expense and the accounting profit as per below:

₹ Crore

Sr. No.	Particulars	Year ended 31.3.2017	Year ended 31.3.2016
	Accounting profit before tax from continuing operations	248.77	265.23
	Profit/(loss) before tax from a discontinued operation	0.00	0.00
	<b>Accounting profit before income tax</b>	<b>248.77</b>	<b>265.23</b>
<b>A</b>	<b>At the effective income tax rate of (31 March 2017: 34.61% and 31 March 2016 34.61%)</b>	<b>86.10</b>	<b>91.79</b>
<b>B1</b>	<b>Effect of expenses that are not deductible in determining taxable profit</b>		
	i) Disallowance of CSR expenditure	2.99	3.34
	ii) Perquisite tax paid on behalf of employees	1.33	1.46
	iii) Depreciation disallowances due to difference in base	6.86	14.05
	iv) Section 43B adjustments due to difference in base	5.61	6.32
	vi) Others	0.63	2.19
<b>B2</b>	<b>Effect of income that is exempt from taxation</b>		
	i) Additional allowances for Tax purpose	(7.84)	(4.63)
	ii) Income not considered for Tax purpose	(2.05)	(0.71)
<b>C</b>	<b>Sub Total ( A + B1+ B2)</b>	<b>93.63</b>	<b>113.81</b>
<b>D</b>	<b>Adjustment in respect of current income tax of previous year</b>	<b>(23.14)</b>	<b>(19.51)</b>
<b>E</b>	<b>At the effective income tax rate of % (31 March 2017: 28.33%, 31 March 2016: 35.56%)</b>	<b>70.49</b>	<b>94.30</b>



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

64. Deferred Tax

For the Year 2016-17

₹ Crore

	Opening Balance 01.04.2016	Recognized in P&L	Recognized in OCI	Closing Balance 31.03.2017
<b>DEFERRED TAX LIABILITY</b>				
Depreciation	310.97	0.67	-	311.64
Revaluation of FVTOCI Investments to Fair value	14.28		0.59	14.87
Other timing differences	2.15	0.26		2.41
<b>TOTAL</b>	<b>327.40</b>	<b>0.93</b>	<b>0.59</b>	<b>328.92</b>
<b>DEFERRED TAX ASSET</b>				
Provision for doubtful debts/claims/advances	4.53	(0.89)	-	3.64
Provision for obsolescence of stores	6.58	1.92	-	8.51
Provision for diminution in value of investments	12.26	-	-	12.26
Expenditure allowable on payment basis	72.68	(1.36)	-	71.31
Disallowance to be claimed in future on actual basis	9.82	-	-	9.82
Other timing differences	5.26	(0.69)	-	4.57
<b>TOTAL</b>	<b>111.13</b>	<b>(1.02)</b>	<b>0.59</b>	<b>110.11</b>
<b>NET DEFERRED TAX LIABILITY</b>	<b>216.27</b>	<b>1.95</b>	<b>0.59</b>	<b>218.81</b>

For the year 2015-16

₹ Crore

	Opening Balance 01.04.2015	Recognized in P&L	Recognized in OCI	Closing Balance 31.03.2016
<b>DEFERRED TAX LIABILITY</b>				
Depreciation	302.84	8.13	-	310.97
Revaluation of FVTOCI Investments to Fair value	13.70		0.58	14.28
Other timing differences	1.25	0.91	-	2.16
<b>TOTAL</b>	<b>317.79</b>	<b>9.04</b>	<b>0.58</b>	<b>327.41</b>
<b>DEFERRED TAX ASSET</b>				
Provision for doubtful debts/claims/advances	4.61	(0.08)	-	4.53
Provision for obsolescence of stores	5.49	1.09	-	6.58
Provision for diminution in value of investments	11.44	0.82	-	12.26
Expenditure allowable on payment basis	79.62	(6.94)	-	72.68
Disallowance to be claimed in future on actual basis	9.82	0.00	-	9.82
Other timing differences	6.08	(0.82)	-	5.26
<b>TOTAL</b>	<b>117.06</b>	<b>(5.93)</b>	<b>-</b>	<b>111.13</b>
<b>NET DEFERRED TAX LIABILITY</b>	<b>200.73</b>	<b>14.97</b>	<b>0.58</b>	<b>216.28</b>

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### 65. Hedging activities and derivatives

- **Derivatives not designated as hedging instruments**

The Company has foreign currency denominated borrowings in the nature of External Commercial borrowings (ECBs), Foreign Currency Term Loan (FCTL) for its long term requirements and Buyers Credit, Suppliers credit for meeting its short term fund requirement. The Company has a hedging policy in place to manage its foreign currency risk relating to these borrowings. The Company uses various products for hedging like Forex Forward Contracts, Forward Rate Agreements, Plain Vanilla Options (call option and put option), Seagull options, Interest Rate Swaps, Currency Swaps including Cross-Currency Swaps etc. The Company undertakes hedging through these products considering the tenor of the underlying instrument and the same are not designated as cash flow hedges.

#### Status of Foreign currency Swap

Outstanding as on	Currency	Amount (in Millions)
31 <sup>st</sup> March 2017	USD	1.35
31 <sup>st</sup> March 2016	USD	6.77
1 <sup>st</sup> April 2015	USD	12.18

Currency Swap arrangement converted the principal and coupon amount of its rupee term loan to foreign currency liability in US Dollar (USD) terms.

Under this swap arrangement, Company receives a differential interest amount between the floating rate of interest on the converted foreign currency liability (USD) at the rate of 6m Libor + 2.65% p.a. and fixed interest of 10% on the rupee liability. As regards the principal portion, the differential between the installment amount payable in rupee terms and installment in foreign currency is either received or paid by the Company.

The decrease in fair value of the currency swap of ₹ 0.40 crore, (P.Y. ₹ 3.05 crore) has been recognized under miscellaneous expenses in the Statement of Profit or loss.

### 66. Fair values

The management has assessed that its financial assets and liabilities like cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values for the given below financial assets.

- **Unquoted Equity Shares of Indian Potash Limited**

The fair values of the unquoted equity shares have been estimated using a weighted average of DCF, PE and NAV model. The Company avails the services of professional valuer's for valuation of the same and the fairvalues so reported are based on a valuation report received from an investment valuation expert.

- **Derivatives not designated as hedges**

The Company enters into derivative financial instruments with various banks. Interest rate swaps, foreign exchange forward contracts, derivative instruments are valued using valuation techniques, which employs the use of market observable inputs (i.e. based on inputs/statement of position received from banks). All derivative contracts with banks are unsecured.



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

- **Investment Properties**

The value of the investment properties are based on the information and a study of the micro market in discussions with industry experts, local brokers and regional developers.

### Fair Values Hierarchy

₹ Crore

Particulars	31.03.2017		31.03.2016		01.04.2015	
	Significant observable inputs	Significant unobservable inputs	Significant observable inputs	Significant unobservable inputs	Significant observable inputs	Significant unobservable inputs
	Level 2	Level 3	Level 2	Level 3	Level 2	Level 3
<b>Financial Assets</b>						
Investment in Unquoted Equity Shares of Indian Potash Ltd.	-	44.88	-	43.11	-	41.42
Derivative Instruments not Designated as Hedges	0.00 (₹ 5050)	-	2.15	-	4.00	-
<b>Financial Liability</b>						
Derivative Instruments not Designated as Hedges	5.38	-	3.05	-	1.74	-
<b>Assets for which Fair values are disclosed</b>						
Investment Properties	653.10	-	615.11	-	587.16	-

### 67. Financial risk Management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise of loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support operations of its subsidiaries/joint ventures, if any.

The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI investments and enters into derivative transactions.

The Company is exposed to market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures, The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, use of financial hedging instruments.

The Company's management oversees these risks with the support of a Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Management Committee provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

All derivative activities for risk management purposes are carried out by designated officers who have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. These risks are summarized below:

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

- Interest Rate Risk:**

**Interest Rate Risk Management:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risks because the Company borrows funds at both fixed and floating interest rates.

The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align interest rate views and defined risk appetite, ensuring the most cost-effective hedging structures are applied and accordingly the Company enters into interest rate swaps.

**Interest Rate Sensitivity Analysis:**

The sensitivity analysis has been determined based on the exposure to interest rate risk on the borrowings outstanding as at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year with a 50 basis point increase or decrease. The detailed sensitivity analysis is given below:

₹ Crore

Loans with floating interest rate	Balance as on 31.3.2017	Current interest rate as on 31.3.2017	Change	Impact on Profit and Loss Account (+Profit / -Loss)
Rupee Term Loan - Kotak	4.17	9.30%	0.50%	(0.02)
			-0.50%	0.02
FCTL - Kotak	71.26	4.07%	0.50%	(0.36)
			-0.50%	0.36
Total floating rate loans	75.42			(0.38)
				0.38

₹ Crore

Loans with floating interest rate	Balance as on 31.3.2016	Current interest rate as on 31.3.2016	Change	Impact on Profit and Loss Account (+Profit / -Loss)
Rupee Term Loan - Kotak	41.67	9.50%	0.50%	(0.21)
			-0.50%	0.21
FCTL - Kotak	99.41	3.55%	0.50%	(0.50)
			-0.50%	0.50
Total floating rate loans	141.08			(0.71)
				0.71

- Credit Risk:**

**Credit Risk Management:**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigation the risk of financial loss from defaults.



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

Trade receivables consist of a large number of customers, spread across diverse geographical areas for its fertilizers segment and across geographical areas and industries in respect of its chemicals segment. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on liquid funds is limited because the counterparties are primarily Public Sector mutual funds and further the Company invests only in 100% debt oriented schemes of such funds. As regards derivative financial instruments the same is also limited because the counterparties are banks whose operations are regulated by the Reserve Bank of India.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to the banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on is ₹ 35.47 Crore as at March 31, 2016 (as at 1<sup>st</sup> April 2015, ₹ 35.47 Crores).

- **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The Company's activities exposes it's primarily to the financial risk of changes in foreign currency risk and interest rates risk.

- **Liquidity risk**

### **Liquidity risk management**

Liquidity risk management refers to the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

**EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

₹ Crore

Company's Financial Liabilities	As at 31.03.2017					Total
	Demand	<3 Months	3-12 Months	1-5 years	>5 Years	
Borrowings	7.14	1623.34	24.56	113.84	-	1768.88
Trade Payables & Creditors on Capital Ac	284.94	341.91	10.19	210.97	-	848.00
Other Financial Liabilities	182.48	10.64	41.70	7.75	9.05	251.63
<b>TOTAL</b>	<b>474.56</b>	<b>1975.89</b>	<b>76.45</b>	<b>332.56</b>	<b>9.05</b>	<b>2868.51</b>
	As at 31.03.2016					
Borrowings	16.73	2001.39	827.30	152.21	-	2997.63
Trade Payables & Creditors on Capital Ac	196.02	395.64	35.06	181.97	-	808.68
Other Financial Liabilities	170.46	15.76	35.18	19.96	-	241.36
<b>TOTAL</b>	<b>383.20</b>	<b>2412.79</b>	<b>897.54</b>	<b>354.14</b>	<b>-</b>	<b>4047.67</b>
	As at 01.04.2015					
Borrowings	26.44	1416.17	139.90	373.11	-	1955.62
Trade Payables & Creditors on Capital Ac	216.90	386.06	7.65	0	-	610.61
Other Financial Liabilities	158.64	13.85	76.90	6.94	-	256.33
<b>TOTAL</b>	<b>401.98</b>	<b>1816.07</b>	<b>224.45</b>	<b>380.05</b>	<b>-</b>	<b>2822.56</b>

- Foreign Currency Risk:**

The Company undertakes transactions denominated in foreign currencies, consequently, exposure to exchange rate fluctuations arise. The Company has a Board approved Hedging Policy in place entailing parameters for hedging its foreign currency exposures completely before their maturities. The Company manages its exchange rate exposures within the approved parameters of the hedging policy through various derivative instruments such as options, swaps etc.

**Foreign Currency Sensitivity Analysis:**

The Company is mainly exposed to the currency of United State of America i.e. in USD.

The following table details the Company's sensitivity to a 5% increase and decrease in the INR as against the USD. The sensitivity analysis includes only outstanding foreign currency denominated monetary items i.e. loans in foreign currency and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number indicates an increase in profit or equity where the INR strengthens 5% against USD. For a 5% weakening of INR as against USD, there would be a comparable impact on the profit or equity, and the number would be negative.



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

₹ Crore

Foreign Currency Exposures	Balance as on 31.3.2017	Exchange rate as on 31.3.2017	Change	Change per USD	Impact on Profit and Loss Account (+Profit / -Loss)
	USD Million	₹ / USD	%	₹ / USD	₹ Cr.
Buyers credit & Foreign Currency Long term Loans	73.53	64.8386	5%	3.24	(23.84)
			-5%	(3.24)	23.84

₹ Crore

Foreign Currency Exposures	Balance as on 31.3.2016	Exchange rate as on 31.3.2016	Change	Change per USD	Impact on Profit and Loss Account (+Profit / -Loss)
	USD Million	₹ / USD	%	₹ / USD	₹ Cr.
Buyers credit & Foreign Currency Long term Loans	191.34	66.3329	5%	3.32	(63.46)
			-5%	(3.32)	63.46

### 68. Capital Management

For the purpose of the Company's Capital management, capital includes equity capital and all other reserves. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company, for its capex requirement, borrows to the extent of 70% of the requirement and the remaining 30% shall be sourced from the internal accruals. Further, the Company, being a Public sector undertaking, is governed by the guidelines of the Department of Investment & Public Asset Management (DIPAM), which specifies the minimum percentage of dividend that can be declared. Accordingly, the Company has to manage its capex in such a way that the minimum dividend payout as stipulated is met. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

#### Gearing Ratio:

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in financial covenants of any interest-bearing loans and borrowings in the currency period.

No changes have been made in the objectives, policies and processes for managing capital during the years ended 31<sup>st</sup> March 2017, 31<sup>st</sup> March 2016 and 1<sup>st</sup> April 2015.

₹ Crore

Particulars	31.03.2017	31.03.2016	01.04.2015
Borrowings (Current + Non-Current)	1659.38	2755.37	1884.18
Trade Payables	844.96	787.62	596.72
Total Debt (A)	2504.34	3542.99	2480.90
Total Capital (B)	2925.02	2816.83	2760.47
Total Capital and Net Debt (C)	5429.36	6359.82	5241.37
Gearing Ratio (A/C*100)	46.13	44.29	52.67

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### 69. Explanatory notes to the reconciliation of equity as at 31<sup>st</sup> March 2016 AND 1<sup>st</sup> April 2015 and profit or loss for the year ended 31 March 2016

#### 69.1 Reconciliation of equity as on 31.03.2016 & 01.04.2015

₹ Crore							
Particulars	Note No. 69.3	IGAAP ACCOUNTS	IND AS ADJUST- MENTS	AS AT 31.03.2016	IGAAP ACCOUNTS	IND AS ENTRY	AS AT 01.04.2015
<b>ASSETS</b>							
<b>1. NON-CURRENT ASSETS</b>							
(a) Property, Plant and Equipment	a	1490.98	10.86	1501.84	1495.08	9.65	1504.73
(b) Capital Work in Progress		149.97	-	149.97	61.16	-	61.16
(c) Investment Property	b	-	5.39	5.39	0.00	5.51	5.51
(d) Other Intangible Assets		5.58	-	5.58	5.24	-	5.24
(e) Financial Assets							
(i) Investments	c	0.19	42.94	43.13	0.17	41.25	41.42
(ii) Loans		1.73	(0.96)	0.77	2.19	(1.38)	0.81
(iii) Others	d	296.03	(58.82)	237.21	165.28	(34.54)	130.74
(f) Other non-current assets		108.53	10.97	119.50	31.88	29.24	61.12
		<u>2053.01</u>	<u>10.38</u>	<u>2063.39</u>	<u>1761.00</u>	<u>49.73</u>	<u>1810.73</u>
<b>2. CURRENT ASSETS</b>							
(a) Inventories	a	1215.45	(60.53)	1154.92	991.64	(59.68)	931.96
(b) Financial Assets							
(i) Trade Receivables	d, e.1, e.4	4311.42	16.21	4327.63	3297.36	14.72	3312.08
(ii) Cash and Cash Equivalents		1.36	-	1.36	83.23	-	83.23
(iii) Bank balances other than (ii) above		1.79	-	1.79	2.10	-	2.10
(iv) Loans		3.59	-	3.59	4.61	-	4.61
(v) Others		25.56	2.64	28.20	38.09	4.62	42.71
(c) Other Current Assets		73.84	(2.02)	71.82	36.45	(1.15)	35.30
		<u>5633.01</u>	<u>(43.70)</u>	<u>5589.31</u>	<u>4453.48</u>	<u>(41.49)</u>	<u>4411.99</u>
<b>TOTAL ASSETS</b>		<u>7686.02</u>	<u>(33.32)</u>	<u>7652.70</u>	<u>6214.48</u>	<u>8.24</u>	<u>6222.72</u>
<b>EQUITY AND LIABILITIES</b>							
<b>A. EQUITY</b>							
(a) Equity Share Capital		551.69	-	551.69	551.69	-	551.69
(b) Other Equity	(a - m)	2277.43	(12.29)	2265.14	2159.24	49.54	2208.78
		<u>2829.12</u>	<u>(12.29)</u>	<u>2816.83</u>	<u>2710.93</u>	<u>49.54</u>	<u>2760.47</u>
<b>B. LIABILITIES</b>							
<b>1. NON-CURRENT LIABILITIES</b>							
(a) Financial Liabilities							
(i) Borrowings	f	152.88	(0.67)	152.21	374.56	(1.45)	373.11
(ii) Trade Payables		181.97	-	181.97	-	-	-
(iii) Other Financial Liabilities	f	6.51	13.18	19.69	8.74	(2.63)	6.11
(b) Provisions		139.51	-	139.51	150.68	-	150.68
(c) Deferred Tax Liabilities (Net)	g	210.60	5.68	216.28	196.73	4.00	200.73
(d) Other non-current liabilities	h	-	17.23	17.23	-	15.27	15.27
		<u>691.47</u>	<u>35.42</u>	<u>726.89</u>	<u>730.71</u>	<u>15.19</u>	<u>745.90</u>
<b>2. CURRENT LIABILITIES</b>							
(a) Financial Liabilities							
(i) Borrowings		2603.16	-	2603.16	1511.07	-	1511.07
(ii) Trade Payables		605.65	-	605.65	596.72	-	596.72
(iii) Other Financial Liabilities	f, i	473.27	11.04	484.31	299.65	34.45	334.10
(b) Other Current Liabilities	e.2	301.07	5.55	306.62	154.94	3.48	158.42
(c) Provisions	j	182.28	(73.04)	109.24	205.37	(119.52)	85.85
(d) Current Tax Liabilities (Net)		-	-	-	5.09	25.10	30.19
		<u>4165.43</u>	<u>(56.45)</u>	<u>4108.98</u>	<u>2772.84</u>	<u>(56.49)</u>	<u>2716.35</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>7686.02</u>	<u>(33.32)</u>	<u>7652.70</u>	<u>6214.48</u>	<u>8.24</u>	<u>6222.72</u>



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### 69.2 Reconciliation of profit and loss for the period ended 31.03.2016

PARTICULARS		Note No. 69.3	IGAAP ACCOUNTS	IND AS ADJUST- MENTS	AS AT 31.03.2016
₹ Crore					
I	Revenue from Operations	k, d	8649.43	(408.08)	8241.35
II	Other Income	e.4	81.67	3.38	85.05
<b>III</b>	<b>Total Income(I+II)</b>		<b>8731.10</b>	<b>(404.70)</b>	<b>8326.40</b>
<b>IV</b>	<b>Expenses:</b>				
	Cost of Materials Consumed	d, e.2	3499.45	23.95	3523.40
	Purchases of Stock in Trade	k	867.28	(518.37)	348.91
	Changes in Inventories of Finished Goods and Stock in Trade		(232.43)	-	(232.43)
	Employee Benefits Expense	l	492.44	3.54	495.98
	Finance Costs	m	142.32	2.95	145.27
	Depreciation and amortization expense / Impairment	a	145.13	2.52	147.65
	Other Expenses	k, d	3525.81	106.58	3632.39
	<b>Total Expenses (IV)</b>		<b>8440.00</b>	<b>(378.83)</b>	<b>8061.17</b>
<b>V</b>	<b>Profit before tax (III-IV)</b>		<b>291.10</b>	<b>(25.87)</b>	<b>265.23</b>
<b>VI</b>	<b>Tax Expense</b>				
	(1) Current tax		105.51	(8.38)	97.13
	(2) Deferred tax		13.87	1.10	14.97
	(3) Taxation adjustment of earlier years Excess(-)/Short(+)		(19.51)	-	(19.51)
<b>VII</b>	<b>Profit/ (loss) for the year (V-VI)</b>		<b>191.23</b>	<b>(18.59)</b>	<b>172.64</b>
<b>VIII</b>	<b>Other Comprehensive Income</b>				
	(i) Items that will not be reclassified to profit or loss	c, l	-	4.95	4.95
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	(1.71)	(1.71)
	<b>Other Comprehensive Income for the year (VIII)</b>		<b>0.00</b>	<b>3.24</b>	<b>3.24</b>
<b>IX</b>	<b>Total Comprehensive Income for the period (VII+VIII)</b>		<b>191.23</b>	<b>(15.35)</b>	<b>175.88</b>

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### 69.3 Explanatory notes to the reconciliation of equity as at 1 April 2015 and 31 March 2016 and profit or loss for the year ended 31 March 2016

#### a. Property, plant and equipment (PPE)

The Company has opted for deemed cost exemption option and accordingly the carrying value of items of Property Plant and Equipment as per previous IGAAP as on 01.04.2015 (transition date) has been recognized as the carrying amount under IND AS.

Certain spares, having a unit value of ₹10.00 lacs and above (threshold based on materiality considering the size of operations of the Company) which meet the definition of PPE as per IND AS 16, i.e. having a life of more than one year, have been capitalized. The carrying value of such spares amounting to ₹ 59.68 crore have been capitalized and accordingly the value of the inventory of stores and spares as on transition date stands reduced.

Depreciation on such spares amounting to ₹ 39.14 crore has been provided (based on such spares becoming available for use) and have been adjusted to the retained earnings as on 01.04.2015 and an amount of ₹ 2.74 crore has been charged off to Statement of Profit and Loss during the year 2015-16.

The value of Lease hold land amounting to ₹ 3.88 crore (net block) being the lease premium, originally recognized under Fixed Assets as per previous IGAAP stands derecognized and has been reported as Prepaid Expense under IND AS as on 01.04.2015. An amount of ₹ 0.7 crore from the value of leasehold originally capitalized has been derecognized and charged off to retained earnings.

The value of Railway Wagons amounting to ₹ 0.48 crore (net block) given on lease recognized as part of fixed assets under previous IGAAP has been reclassified as Lease Receivable under finance lease arrangement as per IND AS. The impact of reclassification as Lease Receivable amounting to ₹ 1.99 crore has been credited to retained earnings.

#### b. Investment Property

Under previous IGAAP separate classification of properties held as Investment Property was not required and was included under Fixed Assets. However under IND AS an amount of ₹ 5.51 crore has been shown separately as Investment Property as on date of transition.

#### c. FVTOCI financial assets

Under previous IGAAP, Company had accounted for long term investment in unquoted equity shares of Indian Potash Limited (IPL) at cost less provision for other than temporary diminution in the value of investments, if any.

Under IND AS, Company has designated this investment as FVTOCI financial asset. IND AS requires such investments to be measured at fair value. As at the date of transition to IND AS, the difference between the fair value and previous IGAAP carrying amount has been recognized as a separate component of equity, in the FVTOCI reserve amounting to Rs ₹ 41.25 crore.

#### d. Trade receivables

Under previous IGAAP, provision for bad and doubtful debts has been made as per Company's policy under the incurred loss model. Under IND AS, trade receivables are required to be tested for expected credit loss, if any. Accordingly an impairment allowance has been determined based on Expected Loss model (ECL). A provision of ₹ 2.03 crore as on 01.04.2015 has been recognized towards ECL by debiting retained earnings. An amount of ₹ 0.49 crore towards ECL for year ended on 31<sup>st</sup> March 2016 has been recognized in the Statement of profit and loss.

#### e. Prior Period Errors\* / Change in Accounting Policy

##### 1. VAT Setoff on Inputs (Prior Period Error)

Company has been filing return for VAT in Maharashtra in accordance with the extant rules and claiming Setoff on VAT paid on inputs. Effective from 01.05.2012 the rules



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

relating to setoff in respect of purchase of natural gas other than fuel were revised, which was inadvertently not considered while filing the returns under VAT. Accordingly a higher setoff was claimed by the Company. During the year 2016-17 in the course of assessment proceedings for the year 2012-13 the fact was brought to the notice of Company and company is in receipt of an order dated 31.03.2017 disallowing the excess setoff claimed by the company. Accordingly a lower refund is expected to be received. Based on the same, Company has reassessed its VAT receivables for the years 2012-13 to 2015-16 and has accordingly adjusted its receivables towards VAT refund.

Consequent to reduction in setoff, Company is eligible to claim the increase in cost of gas consumed in urea through subsidy from Government of India.

Accordingly the impact on account of lower set off net of eligible subsidy, commencing from the period 01.05.2012 till 31.03.2015 has been adjusted to retained earnings as on 01.04.2015 i.e. date of transition to IND AS amounting to ₹ 28.38 crore and for the year 2015-16 an amount of ₹ 17.62 crore has charged to statement of profit and loss.

### 2. Valuation of Customs Duty (Prior Period Error)

A notice has been received from Customs authorities dated 15.03.2017 seeking certain information in connection with Customs Duty Payable on lighterage or barge charges. As per the same such charges need to be included for assessment of Customs Duty. Owing to incorrect valuation of custom duty paid on import of raw materials by the Company for the period commencing from 2012-13 to 2015-16 warranting payment of additional duty, a liability on account of the same has been considered as a past period expense with necessary adjustment being done to retained earnings amounting to ₹ 0.51 crore as on transition date and statement of profit and loss for the year 2015-16 amounting to ₹ 0.17 crore.

\*As there is objective evidence that these estimates were in error, the above adjustments have been done as per Para 14 of IND AS 101 "First Time Adoption of Indian Accounting Standards" as issued under Company (Indian Accounting Standard) Rules, 2015.

### 3. Prior period expenses as per IGAAP

Since IND AS requires adjustment of prior period expenses to the financial statements to which it relates, an amount of ₹ 1.08 crore pertaining to FY 2014-15 charged off to statement of profit and loss during the year 2015-16 as a prior period expense under IGAAP, has been debited to retained earnings as on 01.04.2015.

### 4. Change in Accounting Policy

#### i) Provision towards Subsidy Receivable \*\*

Hitherto a provision was being reckoned on subsidy receivables outstanding from Government of India for a period more than three years. However during the recent past there have been delays in settlement of subsidy. Since the settlement of subsidy by Government is highly probable despite delays, Company has changed its policy of recognizing any such provision towards such receivables irrespective of its ageing.

IND AS 8 requires application of change in accounting policy with retrospective effect from the last available financial statement. Accordingly an amount of ₹ 8.74 crore has been adjusted to retained earnings as on 1<sup>st</sup> April 2015. During the year 2015-16, the doubtful subsidy recovered amounting to ₹ 4.36 crore has been adjusted to Statement of Profit and Loss.

Consequent to change in the accounting policy Company has not made a provision of ₹ 16.22 crore towards subsidy receivables outstanding for a period of more than three year during the year 2015-16.

#### ii) Prepaid Expenses \*\*

Hitherto individual expenses upto ₹ 25,000 were not considered in classifying prepaid expenses which has now been revised to ₹ 1,00,000.

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

As IND AS 8 requires application of change in accounting policy with retrospective effect from the last available financial statement, an amount of ₹ 0.04 crore has been adjusted to retained earnings as on 1<sup>st</sup> April 2015. During the year 2015-16, an amount of ₹ 0.01 crore charged as prepaid expenses has been adjusted to Statement of Profit and Loss.

\*\* As per IND AS 101 para 27 A changes in the above referred accounting policies have been carried out in the financial statements.

### f. Borrowings / Discounting Adjustments

Under previous IGAAP, transaction costs incurred in connection with borrowings were amortized upfront and charged to profit or loss for the period. Under IND AS, transaction costs are included in the initial recognition amount of financial liability and charged to statement of profit and loss equally over the term of the loan. Accordingly an amount of ₹ 1.45 crore being the unamortized portion of transaction cost originally charged off under IGAAP has been reinstated with necessary adjustment to retained earnings as on 1<sup>st</sup> April 2015.

Further owing to restatement of financial liabilities at amortized cost the adjustment on account of discounting amounting to ₹ 0.01 crore has been adjusted to retained earnings as on 1<sup>st</sup> April 2015.

### g. Deferred tax

Previous IGAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. IND AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of IND AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under previous IGAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the company has to account for such differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity. As on the date of transition the net impact on deferred tax liability is ₹ 4 crore.

### h. Deferred revenue / Other Non-Current Liabilities

Under previous IGAAP, one-time compensation received towards right to use arrangements was recognized in the statement of profit and loss in the year it was received. Under IND AS such consideration received has been recognized as Deferred Revenue and accordingly an amount of ₹ 12.23 crore has been debited to retained earnings as at 1<sup>st</sup> April 2015, the date of transition.

Government grants, capital in nature, were adjusted to cost of asset under previous IGAAP. Under IND AS the unexpired portion of such grants amounting to ₹ 2.31 crore as on the date of transition have been reclassified as Other Non-Current Liabilities by debiting retaining earnings.

### i. Other current financial liabilities

The guarantees given by the company on behalf of FRBL (joint venture entity) to its bankers amounting to ₹ 35.47 crore towards term loans as a part of the Debt restructuring scheme has been accounted for as a financial asset required to be measured at fair value and also tested for loss allowance. Expecting the liability towards financial guarantee to FRBL's bankers may devolve, the Company has provided for loss on impairment of its corporate guarantee amounting to ₹ 35.47 crore towards term loan which has been adjusted to its retained earnings as at 1<sup>st</sup> April 2015, the date of transition to IND AS.



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### j. Other payables

Under previous IGAAP, proposed dividend including Dividend Distribution tax is recognized as a liability in the period to which they relate, irrespective of when they are declared. Under IND AS, a proposed dividend is recognized as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid.

In the case of the Company, the declaration of dividend occurs after period end. Therefore, the provision towards the proposed dividend amounting to ₹ 119.52 crore as on 31<sup>st</sup> March 2015 has been derecognized under IND AS and adjusted against retained earnings on 1<sup>st</sup> April 2015. The proposed dividend for the year ended on 31<sup>st</sup> March 2016 of ₹ 73.04 crore recognized under previous IGAAP has been reduced from other payables with a corresponding impact in retained earnings.

### k. Sale of goods

Under previous IGAAP, sale of goods was presented as net of excise duty and gross of cash discount. However, under IND AS, sale of goods includes excise duty and is net of cash discount.

Accordingly excise duty on sale of goods is separately presented as an expense in the statement of profit and loss and sales are reported net of cash discount.

Further applying the principal agent relationship for certain arrangements, under IND AS income / expenses has been recognized on net basis, hitherto which was recognized as gross under previous IGAAP.

### l. Defined benefit obligation

Both under previous IGAAP and IND AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under previous IGAAP, the entire cost, including actuarial gains and losses, are charged to statement of profit

and loss. Under Ind AS, remeasurements are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is increased by ₹ 2.13 crore and remeasurement gains on defined benefit plans has been recognized in the OCI net of tax during the year 2015-16.

### m. Derivative instruments / Other Adjustments

Under previous IGAAP in line with the principle of prudence enunciated in Accounting Standard-1, Disclosure of accounting policies as per announcements of Institute of Chartered Accountants of India, Company had not recognized Marked to Market (MTM) gains on outstanding derivative contracts. Under IND AS derivative instruments that are not designated as hedging instruments have been classified as derivative instruments at fair value through profit or loss and accordingly fair valuation of the same has been done. On the date of transition, retained earnings were credited by ₹ 4.00 crore on account of MTM gain and during the year 2015-16, a net MTM loss ₹ 1.85 crore was recognized in the statement of profit and loss.

Further the transaction cost amounting to ₹ 1.53 crore on derivative instruments unamortized under IGAAP (prepaid premium) has been adjusted to retained earnings as on 01<sup>st</sup> April 2015.

**EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

**69.4 Statement showing reconciliation of Other Equity as on 01<sup>st</sup> April 2015**

₹ Crore

Subnote to Note No. 69	Particulars	Adjustment to Reserves	Adjustment to OCI	Amount
	<b>Other Equity as per IGAAP as on 1<sup>st</sup> April 2015</b>			<b>2159.24</b>
a	Depreciation on PPE (Stores Capitalized)	(37.85)	-	
b	Investment Property	-	-	
c	Fair Valuation of Unquoted Equity Instruments	-	41.25	
d	Provision towards Expected Credit Loss	(2.03)	-	
e	Prior Period Adjustment / Change in Accounting Policy	-	-	
1	Vat Setoff	(28.38)	-	
2	Customs Duty	(0.51)	-	
3	IGAAP Prior Period	(1.08)	-	
4	Change in Accounting Policy - Provision Subsidy Receivable	8.74	-	
5	Change in Accounting Policy - Prepaid Expenses limit	(0.04)	-	
f	Borrowings / Discounting Adjustments	1.46	-	
g	Net impact on Deferred Tax Liabilities	9.70	(13.70)	
h	Deferred Revenue / Other Non-Current Liabilities	-	-	
1	One time compensation received	(12.23)	-	
2	Government Grants	(2.31)	-	
i	Other Current Liabilities - Financial Guarantees	(35.47)	-	
j	Other Payables - Dividend and DDT	119.52	-	
k	Sale of Goods	-	-	
l	Defined Benefit Obligations	-	-	
m	Derivative Instruments - MTM Gain / Other Adjustments	2.47	-	
		<b>21.99</b>	<b>27.55</b>	<b>49.54</b>
	<b>Other Equity as per IND AS as on 1<sup>st</sup> April 2015</b>			<b>2208.78</b>



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### 70. Prior Period Errors and Adjustment

The reconciliation as referred to in note no. 69 also includes adjustments relating to prior period errors as detailed in para no. 69.3.e. In accordance with IND AS 8 the relevant disclosures are given as under:

#### A. Impact as on 01.04.2015

##### i) Line item impacted

Sr. No.	Nature of prior period error	Dr/Cr	Amount (₹/Cr)
1	<b>VAT Setoff</b>		
	Line Item Impacted :		
	1) Retained Earning	Dr	28.38
	2) Subsidy Receivable	Dr	8.18
	3) VAT Receivable	Cr	36.56
2	<b>Custom Duty Demand</b>		
	Line Item Impacted :		
	1) Retained Earnings	Dr	0.51
	2) Other Liabilities	Cr	0.51

##### ii) Impact on retained earnings after adjustment of prior period items

Particulars	Amount (₹/Cr)
Retained Earnings prior to Adjustment	2,237.67
Adjustment towards prior period items	(28.89)
Retained Earnings after Adjustment	2208.78

#### B. Impact during the year 2015-16

##### i) Line item impacted

Sr. No.	Nature of prior period error	Dr/Cr	Amount (₹/Cr)
1	<b>VAT Setoff</b>		
	Line Item Impacted :		
	1) Cost of Material Consumed	Dr	23.78
	2) Subsidy Income	Cr	6.16
	3) Subsidy Receivable	Dr	6.16
	4) VAT Receivable	Cr	23.78
2	<b>Custom Duty Demand</b>		
	Line Item Impacted :		
	1) Cost of Material Consumed	Dr	0.17
	2) Other Liability	Cr	0.17

## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### ii) Impact on statement of profit and loss during 2015-16 after adjustment of prior period items

Particulars	Amount (₹/Cr)
Profit before tax prior to Adjustment	283.02
Adjustment towards prior period items	(17.79)
Profit before tax after Adjustment	265.23

### iii) Impact of prior period errors on basic and diluted earnings per share (EPS)

#### For the year 2015-16

Particulars	Amount (₹ Per Share)
EPS prior to adjustment	3.45
Adjustment towards prior period items	(0.32)
EPS after Adjustment	3.13

### 71. Standards Issued but not yet effective

The standard issued, but not yet effective up to the date of issuance of the company financial statement is disclosed below. The Company intends to adopt the standard when it becomes effective.

#### IND AS 115 Revenue from Contracts with Customers

IND AS 115 was issued in February 2015 and establishes a five step model to account for revenue arising from contracts with customers. Under IND AS 115 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer. The new revenue standard will supersede the current revenue recognition requirements under IND AS. The standard comes into force from accounting period commencing on or after 1<sup>st</sup> April, 2018. The Company will adopt the new standard on the required effective date. The Company is in process of examining the applicability of the standard.

### 72. Disclosures relating to Specified Bank Notes

In accordance with Ministry of Corporate affairs notification number G.S.R. 308(E) dated: 30.3.2017 the disclosures relating to Specified Bank Notes (SBNs) held and transacted during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 is as under:

Disclosure of Specified Bank Notes (SBNs) held and transected during the period 08/11/2016 to 30/12/2016			
Particulars	₹ 500/- (in count)	₹ 1000/- (in count)	Other Denomination notes (Amount in ₹)
Closing Cash in hand as on 08.11.2016	387	20	2,02,612
(+) Permitted Receipts	69	18	7,91,931
(-) Permitted Payments	-	-	7,21,641
(-) Amount Deposited in Bank	456	38	-
Closing Cash in hand as on 30.12.2016	-	-	2,72,902

73. For all periods upto and including the year 31<sup>st</sup> March 2016 the company prepared its financial statements in accordance with the accounting standard prescribed under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

74. The standalone financial statements were authorized for issue in accordance with a resolution passed by the Board of Directors on 19<sup>th</sup> May 2017.



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

75. The financial statements as approved by the Board of Directors are subject to audit by Comptroller and Auditor General of India and final approval by its Shareholders.
76. The figures as on the transition date and previous year have been re-arranged and regrouped wherever necessary and / or practicable to make them comparable with those of the current year.

As per our report of even date attached

For and Behalf of  
**RASHTRIYA CHEMICALS  
AND FERTILIZERS LTD.**

For **Kalyaniwalla & Mistry LLP**  
Chartered Accountants  
Firm Registration No.  
104607W / W100166

For **Chhajed & Doshi**  
Chartered Accountants  
Firm Registration No.  
101794W

(**C. M. T. Britto**)  
Chairman and  
Managing Director  
**DIN : 02449069**

(**Sai Venkat Ramana Damarla**)  
Partner  
Mem. No. 107017

(**Nitesh Jain**)  
Partner  
Mem. No. 136169

(**Suresh Warrior**)  
Director –Finance  
**DIN : 06920261**

Dated : 19<sup>th</sup> May 2017  
Place: Mumbai

(**D.M. Sati**)  
Company Secretary  
**Mem. No. 23683**

Dated : 19<sup>th</sup> May 2017  
Place: Mumbai

**EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

Annexure-1

**STANDALONE SEGMENTWISE REVENUE AND RESULTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

₹ Crore

Sr. No.	Particulars	Fertilizers	Trading	Industrial Products	Unallocated	Total
	<b>SEGMENT REVENUE</b>					
i.	Sales (Incl. Subsidy wherever applicable)	6034.11	324.37	841.54	-	7200.02
ii.	Other operating Income	3.52	0.88	0.79	17.96	23.15
	<b>Total Revenue</b>	<b>6037.63</b>	<b>325.25</b>	<b>842.33</b>	<b>17.96</b>	<b>7223.17</b>
	<b>SEGMENT RESULT</b>					
i.	Segment Results	257.89	10.58	80.42	(11.65)	337.24
ii.	Interest Expense	-	-	-	-	93.98
iii.	Interest Income	-	-	-	-	5.47
iv.	<b>Profit before Tax</b>					<b>248.73</b>
v.	Tax - Current	-	-	-	-	90.67
vi.	Deferred Tax Liability / (Asset)	-	-	-	-	1.94
vii.	Tax adjustment of earlier years excess/(short)	-	-	-	-	(23.14)
viii.	<b>Net Profit</b>					<b>179.26</b>
	<b>OTHER INFORMATION</b>					
i.	Segment Assets	5841.28	143.95	233.48	317.07	6535.78
ii.	Segment Liabilities	1473.09	9.28	52.77	2075.62	3610.76
	Other Disclosures					
iii.	Capital Expenditure	164.84	-	2.84	2.23	169.91
iv.	Depreciation and Amortisation	96.23	-	38.89	6.17	141.29
v.	Other Non Cash Expenses	7.22	-	0.45	0.24	7.91

\*Finance income and costs, and Corporate expenses are not allocated to individual segments as the same are managed on a group basis.

\*Current taxes, deferred taxes and write back of excess tax provisions are also not allocated to those segments as they are also managed on a group basis.

\* Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties.



## EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### STANDALONE SEGMENTWISE REVENUE AND RESULTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

Sr. No.	Particulars	Fertilizers	Trading	Industrial Products	Unallocated	Total
<b>SEGMENT REVENUE</b>						
i.	Sales (Incl. Subsidy wherever applicable)	6809.33	422.76	986.90	-	8218.99
ii.	Other operating Income	7.82	0.11	1.38	13.05	22.36
	<b>Total Revenue</b>	<b>6817.15</b>	<b>422.87</b>	<b>988.28</b>	<b>13.05</b>	<b>8241.35</b>
<b>SEGMENT RESULT</b>						
i.	Segment Results	353.31	25.44	57.01	(32.33)	403.43
ii.	Interest Expense	-	-	-	-	145.27
iii.	Interest Income	-	-	-	-	7.07
iv.	<b>Profit before Tax</b>					<b>265.23</b>
v.	Tax - Current	-	-	-	-	97.13
vi.	Deferred Tax Liability / (Asset)	-	-	-	-	14.97
vii.	Tax adjustment of earlier years excess/(short)	-	-	-	-	(19.51)
viii.	<b>Net Profit</b>					<b>172.64</b>
<b>OTHER INFORMATION</b>						
i.	Segment Assets	6961.27	2.85	241.88	446.70	7652.70
ii.	Segment Liabilities	1495.92	-	48.00	3291.95	4835.87
<b>Other Disclosures</b>						
iii.	Capital Expenditure	246.75	-	4.76	9.21	260.72
iv.	Depreciation and Amortisation	100.87	-	31.64	6.08	138.59
v.	Impairment	-	-	9.19	-	9.19
vi.	Other Non Cash Expenses	5.64	-	-	2.57	8.21

\*Finance income and costs, and Corporate expenses are not allocated to individual segments as the same are managed on a group basis.

\*Current taxes, deferred taxes and write back of excess tax provisions are also not allocated to those segments as they are also managed on a group basis.

\* Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties.

**EXPLANATORY INFORMATION ON FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

**STANDALONE SEGMENTWISE REVENUE AND RESULTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017  
RECONCILIATIONS TO AMOUNTS REFLECTED IN FINANCIAL STATEMENTS**

₹ Crore

Sr. No.	PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
<b>I</b>	<b>OPERATING REVENUE</b>		
	<b>Segment Revenue</b>		
	India	7204.82	8228.30
	Outside India	0.39	-
	<b>Segment Revenue</b>	<b>7205.21</b>	<b>8228.30</b>
	Unallocated - Management fees	17.96	13.05
	<b>Total Operating Revenue</b>	<b>7223.17</b>	<b>8241.35</b>
<b>II</b>	<b>RECONCILIATION OF PROFITS</b>		
	Segment Profit	348.89	435.76
	Add: Interest Income	5.47	7.07
		354.36	442.83
	less: Finance Costs	93.98	145.27
	Corporate Expenses (unallocated)	11.65	32.33
	<b>Profit Before Tax</b>	<b>248.73</b>	<b>265.23</b>
<b>III</b>	<b>RECONCILIATION OF ASSETS</b>		
	<b>Segment Assets</b>	<b>6218.71</b>	<b>7206.00</b>
	Investments	44.90	43.13
	Corporate Assets + CWIP	29.22	33.88
	Non Current Tax Asset	79.12	48.36
	Vat Receivables	155.41	300.24
	Derivatives not designated as hedges (MTM Gain Receivable)	-	2.15
	Cash & Bank balances	0.75	0.97
	Other assets	7.67	17.97
	<b>Total Assets</b>	<b>6535.78</b>	<b>7652.70</b>
<b>IV</b>	<b>RECONCILIATION OF LIABILITIES</b>		
	<b>Segment Liabilities</b>	<b>1535.14</b>	<b>1543.92</b>
	Borrowings long term	113.84	152.21
	Current maturities of long term Loans	109.50	241.59
	Borrowings Short term	1541.26	2599.65
	Deferred Tax Liabilities	218.81	216.28
	Current Tax Liability	16.15	-
	Corporate Guarantees given	35.47	35.47
	Derivatives not designated as hedges (MTM Loss Payable)	5.38	3.05
	Other current financial liabilities	25.32	36.05
	Other non current financial liabilities	0.16	0.06
	Corporate Provisions	3.03	2.52
	Other Liabilities	6.70	5.07
		<b>3610.76</b>	<b>4835.87</b>



# CONSOLIDATED FINANCIAL STATEMENTS

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

#### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED (hereinafter referred to as "the Company") and its jointly controlled entities comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

#### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including Other Comprehensive Income), consolidated cash flows and changes in equity of the Company and its jointly Controlled entities in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The respective Board of Directors of the Company and its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit

report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters Para below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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 including Ind AS, of the consolidated state of affairs (financial position) of the Company and its jointly controlled entities as at March 31, 2016, and the consolidated profit (financial performance including other comprehensive income), their consolidated cash flows and changes in equity for the year ended on that date.

#### Emphasis of Matters

We draw attention to the following matters in the Notes to the consolidated financial statements:

- a) **Note No 46 (b):** The matter relating to unintended benefits accruing to units using domestic gas for manufacture of nutrient "N" has been referred to and is pending before an Inter-Ministerial Committee (IMC) of Government of India (GoI). An amount



of ₹ 198.94 Crore has been withheld as at March 31, 2017 (₹ 198.94 Crore as at March 31, 2016) by Department of Fertilizers (DoF) towards the same matter.

Pending final decision on the said matter and in the Company view that no unintended benefits have accrued, it has continued to recognize subsidy income on P&K fertilizers at the rates notified by DoF.

- b) **Note No 47:** As per notification no L-120223/2015-GP-II dated May 20, 2015 of Ministry of Petroleum & Natural Gas (MoPNG), gas pooling has become applicable from June 1, 2015 onwards for all Urea manufacturing units. Under this mechanism, Gas for urea production will be made available at a uniform price of pooled gas for production of urea. Consequently, it is expected that a differential pricing of gas may be made applicable for non-urea usage also. Company has represented to DoF for maintaining supply of domestic gas for P&K fertilizers and chemicals.

MoPNG vide its letter no. L-13013/3/2012-GP-I, dated: December 16, 2015 has directed GAIL (India) Limited (GAIL) to levy a higher gas price (i.e. the highest rate of RLNG used for production of urea) for use of gas in non-urea operations. Company has represented that any decision on the same be taken only upon the issue being settled by the IMC of GoI. Effective from May 16, 2016 Company has entered into a contract for procurement of Market Priced Gas for non-urea operations at Trombay unit. However, pending finalization of price payable as per the said letter of MoPNG, a liability of ₹ 210.63 Crore as on March 31, 2017 (₹ 181.97 Crore as on March 31, 2016) has been recognized based on the pooled price of gas / Market price of gas, also for its non-urea operation as applicable.

In pursuant to said order GAIL has sought a differential levy amounting to ₹ 1244.80 Crore for the period commencing from July 1, 2006 till March 31, 2016 and has initiated arbitration proceeding towards non-payment of the same. The Company has represented this matter to Department of Fertilizers for dispute resolution as the matter relating to the same is pending before the IMC of GoI.

Our report is not modified in respect of these matters.

#### Other Matters

- a) The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared

in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended March 31, 2016 and March 31, 2015 dated May 26, 2016 and May 21, 2015 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us on which we have issued separate auditor's reports to the Board of Directors dated May 5, 2017.

- b) The consolidated Ind AS financial statements also include the Group's share of net loss of ₹ Nil for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of one jointly controlled entity, namely Urvarak Videsh Limited, whose financial statements / financial information have not been audited by us. This Ind AS financial statement has been audited by other auditor whose report has been furnished to us by the management and our opinion on the special purpose consolidated Ind AS financial statements, in so far as it related to the amounts and disclosures included in respect of this jointly controlled entity is based solely on the report of the other auditor.

- c) The consolidated Ind AS financial statements also include the Group's share of net loss of ₹ 0.01 Crore for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of two jointly controlled entities, namely FACT RCF Building Products Limited and Talcher Fertilizers Limited (Formerly Known as Rashtriya Coal Gas Fertilizers Limited), whose Ind AS financial statements / financial information have not been audited by us. These Ind AS financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it related to the amounts and disclosures included in respect of these jointly controlled entities is based solely on such unaudited Ind AS financial statements. In our opinion and according to the information and explanations given to us by the Management, these Ind AS financial statements are not material to the Company.

Our Opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of (b) and (c) above with respect to our reliance on the work done and the report of the other auditor and Ind AS financial statements certified by the Management.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (5) of the Act, we give in "Annexure A" the directions and sub-directions

issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the accounts and financial statement of the Company.

2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Company as on March 31, 2017 and taken on record by the Board of Directors of the Company and the reports of the statutory auditor of its jointly controlled entity incorporated in India, none of the directors of the Company and its jointly controlled entities incorporated in India is disqualified as on March 31, 2017 from being appointed as a Director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; and
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Company and its jointly controlled entities – Refer Note No. 41 to the consolidated Ind AS financial statements.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standard, for material foreseeable losses, if any, on long term contracts including derivative contracts.
  - iii. There is no delay, during the year, in transferring the amount required to be remitted to the Investor Education and Protection Fund by the Company and its jointly controlled entities incorporated in India.
  - iv. The Company has provided requisite disclosures in the consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - Refer Note 55 to the consolidated financial statements.

**For KALYANIWALLA & MISTRY LLP**

Chartered Accountants

Firm Regn. No. 104607W / W100166

**Sai Venkata Ramana Damarla**

Partner

Membership. No. 107017

Place: Mumbai

Dated: May 19, 2017

**For CHHAJED & DOSHI**

Chartered Accountants

Firm Regn. No 101794W

**Nitesh Jain**

Partner

Membership. No. 136169



## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 1 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the consolidated financial statements for the year ended 31st March, 2017.

### Report on the directions and sub-directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the accounts and financial statement of the Company under Section 143(5) of the Act:

One jointly controlled entity, namely Urvarak Videsh Limited, has been included in the consolidated financial statements has been audited by other auditor whose report has been furnished to us by the management and our report in terms of sub section (5) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entity is based solely on the report of the other auditor.

Two jointly controlled entities, namely FACT RCF Building Products Limited and Talcher Fertilizers Limited (formerly known as Rashtriya Coal Gas Fertilizers Limited) has been included in the consolidated financial statements based on unaudited financial statements as certified by the management of the Company and hence no report under the sub section (5) of Section 143 of the Act is available and the same has not been considered in our report.

#### A. Directions

##### 1. Whether Company has clear title / lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available.

Based on the audit procedures performed by us and as per the information and explanations given to us, the details of freehold land and title deeds available/not available with the company are as under:-

#### A) Information of Freehold Land

##### i. TROMBAY

Location	Particulars	Total Area (in Sq. Mt.)	Area in the name of RCF (in Sq. Mt.)	Remarks
RCF-Trombay	Freehold Land	30,89,013	27,10,692	As informed to us, matter is being taken up with concerned authorities for reconciliation of area

##### ii. THAL

Location	Particulars	Total Area (in Sq. feet/ Sq. meter/ Acre/ hectares)	Area in the name of RCF (in Sq. feet/ Sq. meter/ Acre/ hectares)	Remarks*
RCF Factory & Roads	Freehold Land	313-52.12 hectares	241-49.52 hectares	As per 7/12 extract the area in the name of the Company is 253-73.70 Hectares.
Township Kihim	Freehold Land	7-10.10 hectares	-	The land is in possession of RCF. As informed, Transfer of title deeds is in process.
Township - Kurul - Veshvi - Chendhare	Freehold Land	83-23.71 hectares	78-85.91 hectares	Balance 4-37.8 Hectares of land, is not in name of RCF. As informed, steps are being taken for the transfer of title deeds.
Railway Land	Freehold Land	101-38.83 Hectares	-	As informed, request letter has been sent to concerned authorities for providing 7/12 extract for the said area.
<b>Total Thal Freehold Land</b>		<b>505-24.76 Hectares</b>	<b>320-35.43 Hectares</b>	

\* The matter is being taken up with the concerned authorities for reconciliation of area.

iii. **MARKETING /AREA OFFICES / CORPORATE**

Location	Particulars	Area (in Sq. feet/ Sq meter/ Acre)	Whether company has clear title deed to the land
AHMEDNAGAR Survey No.20, II Lines, Karachi wala Nagar, Near Mahesh Talkies Ahmednagar, Maharashtra-414001.	Freehold Land	840 Sq. meters	YES
LUCKNOW TC/10 V ,Vibutikhand Gomtinagar, Lucknow, U.P.	Freehold Land	1000 Sq. meters	YES
DELHI OFFICE H-9 Green Park Extension New Delhi -110016	Freehold Land	387.06 Sq. meters	YES

**B) Information on Leasehold land**

The leased deeds and other details of leased hold land are separately available with the Company. As regards disclosure of the same in the books of accounts / financial statements of the Company under IND-AS, the carrying value of the same amounts to ₹ 2.90 Crore, which has been reported as leased premium prepaid under Note no. 9 & Note no. 16 to the consolidated Ind AS financial statements respectively.

**2. Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved**

Based on the records examined by us, during the year an amount of ₹ 0.93 crore has been written off towards bad debts. This is in line with the Company's accounting policy on provision for bad and doubtful debts and write off of the same.

**3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.**

Based on the audit procedures performed by us and as per the information and explanations given to us, proper records are maintained for inventories lying with third parties and are confirmed on the basis of warehousing certificates and confirmations.

Based on the records examined by us, during the year, the Company has not received any assets as gift from Government or other authorities.

**B. Sub Directions**

**1. State the area of land under encroachment and briefly explain the steps taken by the Company to remove encroachments.**

To the best of our knowledge and belief and according to the information and explanations given to us, instances of encroachment of land have been observed at Trombay unit which are as under:-

- i. Approx. 5 acres of land which is in the name of RCF has been encroached since the time of FCI. The value of the land cannot be determined exactly. RCF has approached the agencies like MMRDA for development of this land.
- ii. Approx. 15 Acres is under slum/encroached since 1980. Slums from other pockets were shifted on this land and is without clear title in favour of RCF. The matter is taken up with appropriate authorities for obtaining clear title in favour of RCF.

Both the matters are pending in Mumbai High Court for resolution. As explained to us, other than the above there are no cases of encroachment of land at other locations.

**2. (i) Whether subsidy received/recoverable from Government of India has been properly accounted for as per claims admitted.**

Based on the audit procedures performed by us and as per the information and explanations given to us, subsidy received/recoverable from Government of India



has been properly accounted for as per claims admitted. In addition to the same, for the rates yet to be notified due to escalations/de-escalations in the cost of inputs and other costs, subsidy has been accounted on estimated basis which is in line with its stated accounting policy of revenue recognition given in notes to the consolidated financial statements for the year 2016-17.

(ii) **Whether subsidy received during the year has been reconciled with subsidy disbursed by the Government of India.**

Subsidy received during the year amounting to ₹ 4633.34 crore is in agreement with the amount disbursed by the Government of India.

3. **Independent verification may be made, of information/inputs furnished to Actuary, viz. number of employees, average salary, retirement age etc. and assumptions made by the Actuary regarding the discount rate, future cost increase, mortality rate, etc. for arriving at the provision**

**for liability of retirement benefits, viz. gratuity, leave encashment, post-retirement medical benefit etc.**

Based on the audit procedures performed on test check basis for the purpose of verification of information/inputs furnished by the company to Actuary, viz. number of employees, average salary, retirement age etc. and no material discrepancies were noticed.

Following are the assumptions used by the Actuary:-

Sr. No.	Particulars	Rate
1	Discount Rate	7.12%
2	Attrition Rate	2.00%
3	Salary Escalation Rate	8.00%
4	Mortality Rate	IALM (2006-08) Ultimate

Assumptions made by Actuary regarding Salary Escalation Rate & Attrition Rate is as advised by the Company. Based on the audit procedure performed on test check basis on the data given by the management and according to information and explanation given by the management, the said assumptions appear to be reasonable.

**For KALYANIWALLA & MISTRY LLP**

Chartered Accountants

Firm Regn. No. 104607W / W100166

**Sai Venkata Ramana Damarla**

Partner

Membership. No. 107017

Place: Mumbai

Dated: May 19, 2017

**For CHHAJED & DOSHI**

Chartered Accountants

Firm Regn. No 101794W

**Nitesh Jain**

Partner

Membership. No. 136169

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 3 (f) of 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the consolidated Ind AS financial statements for the year ended March 31, 2017.

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statement of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED** (hereinafter refer to as the "Company") and its jointly controlled entities which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Director's of the Company, and its jointly controlled entities which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of his report referred to in the Other Matters Paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors



of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company and its jointly controlled entity, which are incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company and its jointly controlled entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act, on the adequacy and operating effective ness of the internal financial controls over financial reporting:

- i. in so far as it relates to one jointly controlled entity, namely Urvarak Videsh Limited, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.
- ii. in so far as it relates to two other jointly controlled entities, namely FACT RCF Building Products Limited and Talcher Fertilizers Limited, which are companies incorporated in India, has not been considered for reporting in the absence of such corresponding report as the respective jointly controlled entities have not been audited till the date of issuing our report.

### **For KALYANIWALLA & MISTRY LLP**

Chartered Accountants

Firm Regn. No. 104607W / W100166

### **Sai Venkata Ramana Damarla**

Partner

Membership. No. 107017

Place: Mumbai

Dated: May 19, 2017

### **For CHHAJED & DOSHI**

Chartered Accountants

Firm Regn. No 101794W

### **Nitesh Jain**

Partner

Membership. No. 136169

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2017**

The preparation of Consolidated Financial Statements of Rashtriya Chemicals and Fertilizers Limited, Mumbai for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (the Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129(4) of the Act are responsible for expressing opinion on the Financial Statements under section 143 read with Section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 19 May 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under Section 143 (6) (a) read with section 129(4) of the Act of the Consolidated Financial Statements of Rashtriya Chemicals and Fertilizers Limited, Mumbai for the year ended 31 March 2017. We conducted a Supplementary Audit of the Financial Statements of Rashtriya Chemicals and Fertilizers Limited and Talcher Fertilizers Limited but did not conduct Supplementary Audit of the Financial Statements of FACT-RCF Building Products Limited and Urvarak Videsh Limited for the year ended on that date. This supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report.

For and on behalf of the  
Comptroller and Auditor General of India

(Tanuja Mittal)  
Principal Director of Commercial Audit and  
Ex-officio Member, Audit Board-I, Mumbai.

Place: Mumbai  
Date : 10 August, 2017



## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2017

₹ Crore				
PARTICULARS	Note no.	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>ASSETS</b>				
<b>1. NON CURRENT ASSETS</b>				
(a) Property, Plant and Equipment	1	1538.24	1501.84	1504.73
(b) Capital Work in Progress	1.4	107.24	149.97	61.16
(c) Investment Property	2	5.25	5.39	5.51
(d) Intangible Assets	3	3.35	5.58	5.24
(e) Investments in Joint Ventures	4	0.04	0.05	3.60
(f) Financial Assets				
(i) Investments	5	44.88	43.11	41.42
(ii) Trade Receivables	6	-	-	-
(iii) Loans	7	0.60	0.77	0.81
(iv) Others	8	156.54	237.21	130.74
(g) Other non-current assets	9	178.66	119.50	61.12
		<b>2034.80</b>	<b>2063.42</b>	<b>1814.33</b>
<b>2. CURRENT ASSETS</b>				
(a) Inventories	10	793.30	1154.92	931.96
(b) Financial Assets				
(i) Trade Receivables	11	3641.72	4327.63	3312.08
(ii) Cash and Cash Equivalents	12	10.31	1.36	83.23
(iii) Bank balances other than (ii) above	13	2.70	1.79	2.10
(iv) Loans	14	2.75	3.59	4.61
(v) Others	15	17.52	28.20	42.71
(c) Other Current Assets	16	32.70	71.82	35.30
		<b>4501.00</b>	<b>5589.31</b>	<b>4411.99</b>
		<b>6535.80</b>	<b>7652.73</b>	<b>6226.32</b>
<b>TOTAL ASSETS</b>				
<b>EQUITY AND LIABILITIES</b>				
<b>A. EQUITY</b>				
(a) Equity Share Capital	17	551.69	551.69	551.69
(b) Other Equity	18	2373.35	2265.17	2212.38
		<b>2925.04</b>	<b>2816.86</b>	<b>2764.07</b>
<b>B. LIABILITIES</b>				
<b>1. NON-CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
(i) Borrowings	19	113.84	152.21	373.11
(ii) Trade Payables	20	210.63	181.97	-
(iii) Other Financial Liabilities	21	16.40	19.69	6.11
(b) Provisions	22	141.61	139.51	150.68
(c) Deferred Tax Liabilities(Net)	23	218.81	216.28	200.73
(d) Other non-current liabilities	24	15.85	17.23	15.27
		<b>717.14</b>	<b>726.89</b>	<b>745.90</b>

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2017

₹ Crore				
PARTICULARS	Note no.	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>2. CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
(i) Borrowings	25	1545.54	2603.16	1511.07
(ii) Trade Payables	26	634.33	605.65	596.72
(iii) Other Financial Liabilities	27	347.77	484.31	334.10
(b) Other Current Liabilities	24	217.32	306.62	158.42
(c) Provisions	28	132.51	109.24	85.85
(d) Current Tax Liabilities (Net)	29	16.15	-	30.19
		<b>2893.62</b>	<b>4108.98</b>	<b>2716.35</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6535.80</b>	<b>7652.73</b>	<b>6226.32</b>
Statement of Significant Accounting Policies	A			
Explanatory Information on Financial Statements	40 - 62			

For and on behalf of the Board of Directors  
**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**

**(C.M.T. Britto)**  
Chairman and Managing Director  
DIN : 02449069

**(Suresh Warrior)**  
Director (Finance)  
DIN : 06920261

**(D. M. Sati)**  
Company Secretary  
Membership No: 23683

Dated : 19.05.2017  
Place: Mumbai

As per our report of even date attached

**For Kalyaniwalla & Mistry LLP**      **For Chhajed & Doshi**  
Chartered Accountants                      Chartered Accountants  
Firm Regn. No.104607W / W100166      Firm Regn. No. 101794W

**(Sai Venkata Ramana Damarla)**  
Partner  
Membership No: 107017

**(Nitesh Jain)**  
Partner  
Membership No: 136169

Dated : 19.05.2017  
Place: Mumbai



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

₹ Crore

PARTICULARS	Note No.	Year Ended 31.03.2017	Year Ended 31.03.2016
I Revenue from Operations	30	7223.17	8241.35
II Other Income	31	67.98	85.05
<b>III Total Revenue (I+II)</b>		<b>7291.15</b>	<b>8326.40</b>
<b>IV Expenses:</b>			
Cost of Materials Consumed	32	2825.50	3523.40
Purchases of Stock in Trade	33	225.68	348.91
Changes in Inventories of Finished Goods and Stock in Trade	34	146.93	(232.43)
Employee Benefits Expense	35	503.64	495.98
Finance Costs	36	93.98	145.27
Depreciation and Amortisation Expense/Impairment	37	141.10	147.65
Other Expenses	38	3105.59	3632.39
<b>Total Expenses</b>		<b>7042.42</b>	<b>8061.17</b>
<b>V Profit before exceptional items (III-IV)</b>		<b>248.73</b>	<b>265.23</b>
VI Share of Profit / (Loss) of Joint Ventures		(0.01)	(3.57)
<b>VII Profit before tax (V-VI)</b>		<b>248.72</b>	<b>261.66</b>
<b>VIII Tax Expense</b>			
(1) Current tax		90.67	97.13
(2) Deferred tax		1.94	14.97
(3) Taxation adjustment of earlier years Excess(-)/Short(+)		(23.14)	(19.51)
		<b>179.25</b>	<b>169.07</b>
<b>IX Profit for the year (VII-VIII)</b>			
<b>X Other Comprehensive Income</b>	39		
(i) Items that will not be reclassified to profit or loss		2.99	4.95
(ii) Income tax relating to items that will not be reclassified to profit or loss		(1.02)	(1.71)
<b>Other Comprehensive Income for the year (X)</b>		<b>1.97</b>	<b>3.24</b>
<b>XI Total Comprehensive Income for the year (IX+X)</b>		<b>181.22</b>	<b>172.31</b>
XII Earnings per equity share			
<b>Basic and Diluted Earnings per share (in ₹)</b>	50	3.25	3.06
Statement of Significant Accounting Policies	A		
Explanatory Information on Financial Statements	40 - 62		

For and on behalf of the Board of Directors  
**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**

**(C.M.T. Britto)**  
Chairman and Managing Director  
DIN : 02449069

**(Suresh Warrior)**  
Director (Finance)  
DIN : 06920261

**(D. M. Sati)**  
Company Secretary  
Membership No: 23683

Dated : 19.05.2017  
Place: Mumbai

As per our report of even date attached

**For Kalyaniwalla & Mistry LLP**  
Chartered Accountants  
Firm Regn. No.104607W / W100166  
**(Sai Venkata Ramana Damarla)**  
Partner  
Membership No: 107017

**For Chhajed & Doshi**  
Chartered Accountants  
Firm Regn. No. 101794W  
**(Nitesh Jain)**  
Partner  
Membership No: 136169

Dated : 19.05.2017  
Place: Mumbai

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED  
31<sup>ST</sup> MARCH 2017**

₹ Crore

PARTICULARS	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>A Cash Flow From Operating Activities</b>		
Net Profit before tax	248.72	261.66
Adjustments for :		
Depreciation/Loss on impairment of Assets	141.29	147.84
Profit(-) / Loss on sale of Assets	0.91	0.85
Changes in value of investements	0.01	3.57
Interest Income	(5.47)	(7.07)
Dividend Income	(0.19)	(0.11)
Interest and Finance Charges	93.98	145.27
Provision for Bad/Doubtful debts	2.35	1.39
Unrealised Foreign Exchange (Gain) /Loss	8.75	(23.18)
	241.63	268.56
Operating Profit before Working Capital Changes	490.35	530.22
Adjustments for :		
Trade and Other Receivables	806.94	(1180.33)
Inventories	361.62	(222.96)
Trade Payables and Other Liabilities	8.00	343.59
	1176.56	(1059.70)
Cash Generated from Operations	1666.91	(529.48)
Direct Taxes Paid	(71.50)	(104.00)
<b>Net Cash from Operating Activities ----- A</b>	<b>1595.41</b>	<b>(633.48)</b>
<b>B Cash Flow from Investing Activities</b>		
Additions to Fixed Assets (Net of trade credit)	(316.51)	(266.76)
Sale of Fixed Assets	(6.57)	0.23
Purchase of Investments-Joint Ventures	-	(0.02)
Interest Received	5.49	7.08
Dividend Received	0.19	0.11
	(317.40)	(259.36)
<b>Net Cash from Investing Activities ----- B</b>	<b>(317.40)</b>	<b>(259.36)</b>
<b>C Cash Flow from Financing Activities</b>		
Net Proceeds /Repayment of Working capital facilities and short term loans	(1061.70)	1111.90
Proceeds from Term loans	493.38	-
Repayments of Term loans	(526.72)	(39.33)
Interest paid	(101.00)	(142.16)
Dividend paid (including Dividend Distribution tax)	(73.02)	(119.44)
	(1269.06)	810.97
<b>Net Cash from Financing Activities ----- C</b>	<b>(1269.06)</b>	<b>810.97</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED  
31ST MARCH 2017**

₹ Crore

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Net Increase/Decrease(-) in Cash and Cash Equivalent (A+B+C)	8.95	(81.87)
Cash and Cash Equivalents as at 1st April (Opening Balance)	1.36	83.23
Cash and Cash Equivalents as at 31st March ( Closing Balance)	10.31	1.36
Components of Cash and Cash Equivalents		
Cash on hand	0.02	0.03
Cheques in hand	0.07	-
Balance With Scheduled Banks		
in Current and Cash Credit Accounts	10.18	1.30
in Term Deposits with less than 12 months maturity	0.04	0.03
	<b>10.31</b>	<b>1.36</b>

**Note:**

1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7 on Cash Flow Statement and presents cash flows by operating, investing and financing activities.
2. Figures in the Bracket are outflows / deductions.
3. Figures of the previous year have been regrouped / rearranged wherever necessary to make it comparable to the current year presentation.
4. The cash credit facilities availed from bank are part of financing activity which do not form part of cash and cash equivalents for Cash Flow Statement purpose.

For and on behalf of the Board of Directors

**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.****(C.M.T. Britto)**

Chairman and Managing Director

DIN : 02449069

**(Suresh Warrior)**

Director (Finance)

DIN : 06920261

**(D. M. Sati)**

Company Secretary

Membership No: 23683

Dated : 19.05.2017

Place: Mumbai

As per our report of even date attached

**For Kalyaniwalla & Mistry LLP**

Chartered Accountants

Firm Regn. No.104607W / W100166

**(Sai Venkata Ramana Damarla)**

Partner

Membership No: 107017

**For Chhajed & Doshi**

Chartered Accountants

Firm Regn. No. 101794W

**(Nitesh Jain)**

Partner

Membership No: 136169

Dated : 19.05.2017

Place: Mumbai

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

A. EQUITY SHARE CAPITAL	₹ Crore				
Balance as at 01.04.2016	Changes in equity share capital during the year	Balance as at 31.03.2017	Balance as at 01.04.2015	Changes in equity share capital during the year	Balance as at 31.03.2016
551.69	-	551.69	551.69	-	551.69

B. OTHER EQUITY FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH 2017	₹ Crore				
	Reserves and Surplus			Items of Other Comprehensive Income	Total
	General Reserve	Other Reserves (EEC Asset Management Reserve)	Retained Earnings	Equity Instruments through Other Comprehensive Income	
<b>Balance as at 01.04.2016</b>	<b>2236.51</b>	-	-	<b>28.66</b>	<b>2265.17</b>
Profit for the year	-	-	179.25	-	179.25
Other Comprehensive Income (Net of Tax)	-	-	0.79	1.18	1.97
<b>Total Comprehensive Income for the year</b>	-	-	<b>180.04</b>	<b>1.18</b>	<b>181.22</b>
Dividend paid (Including Dividend Distribution Tax) Refer note no. 18	-	-	(73.04)	-	(73.04)
Transfer to General Reserve	107.00	-	(107.00)	-	-
<b>Balance as at 31.03.2017 *</b>	<b>2343.51</b>	-	-	<b>29.84</b>	<b>2,373.35</b>

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016

	Reserves and Surplus			Items of Other Comprehensive Income	Total
	General Reserve	Other Reserves (EEC Asset Management Reserve)	Retained Earnings	Equity Instruments through Other Comprehensive Income	
<b>Balance as at 01.04.2015</b>	<b>2184.67</b>	<b>0.16</b>	-	<b>27.55</b>	<b>2212.38</b>
Profit for the year	-	-	169.07	-	169.07
Other Comprehensive Income (Net of Tax)	-	-	2.13	1.11	3.24
<b>Total Comprehensive Income for the year</b>	-	-	<b>171.20</b>	<b>1.11</b>	<b>172.31</b>
Dividend paid (Including Dividend Distribution Tax) Refer note no. 18	-	-	(119.52)	-	(119.52)
Transfer to General Reserve	51.84	(0.16)	(51.68)	-	-
<b>Balance as at 01.04.2016</b>	<b>2236.51</b>	-	-	<b>28.66</b>	<b>2265.17</b>

\* The closing balance in General Reserve is arrived at after adjustment of Remeasurement of Defined Benefit Plans amounting to ₹ 0.79 crore (P.Y. ₹ 2.13 crore) during the year net of current tax amounting to ₹ 0.43 crore (P.Y. ₹ 1.13 crore)

For and on behalf of the Board of Directors  
**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**

(C.M.T. Britto)  
Chairman and Managing Director  
DIN : 02449069

(Suresh Warrior)  
Director (Finance)  
DIN : 06920261

(D. M. Sati)  
Company Secretary  
Membership No: 23683

Dated : 19.05.2017  
Place: Mumbai

As per our report of even date attached

<b>For Kalyaniwalla &amp; Mistry LLP</b>	<b>For Chhajed &amp; Doshi</b>
Chartered Accountants	Chartered Accountants
Firm Regn. No.104607W / W100166	Firm Regn. No. 101794W
<b>(Sai Venkata Ramana Damarla)</b>	<b>(Nitesh Jain)</b>
Partner	Partner
Membership No: 107017	Membership No: 136169

Dated : 19.05.2017  
Place: Mumbai



## A. Statement of Significant Accounting Policies forming Part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2017

### I) Corporate information

The Company is a public company domiciled in India and is incorporated under provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at Priyadarshini, Eastern Express Highway, Sion Mumbai 400022.

The Company is engaged in the manufacturing and marketing of fertilizers and industrial chemicals.

### II) Basis of preparation and consolidation

- a. The consolidated financial statements of the Company and its joint controlled entities have been prepared in accordance with accounting standards prescribed under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards)(Amendment) Rules, 2016 and other relevant provisions of the Act.
- b. The consolidated financial statements have been prepared under the historical cost and on accrual basis, except for the following:-
  - Certain financial assets and liabilities (including Derivative financial instruments) measured at fair value
  - Certain provisions recognized using actuarial valuation techniques
  - Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.
- c. The consolidated financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crores (₹ 00,00,000), except when otherwise indicated.
- d. The consolidated financial statements relate to the Company [Rashtriya Chemicals & Fertilizers Ltd.] and Jointly Controlled Entities, viz. [FACT-RCF Building Products Ltd. (FRBL), Urvarak Videsh Ltd. (UVL) and Talcher Fertilizers Limited. (TFL)].

#### Accounting Convention:

The accounting policies have been consistently applied by the Company and its Jointly Controlled Entities and are consistent with those used to prepare the opening balance sheet as at the transition date.

The financial statements of the Jointly Controlled Entities used in the consolidation are drawn up to the same reporting date as of the Company i.e. for the year ended 31st March 2017.

#### Principles of Consolidation:

The financial statements of Jointly Controlled Entities are combined by applying equity method in accordance with IND AS 28 -“Investment in Associates and Joint Ventures”.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s separate Financial Statements. Differences in accounting policies followed by joint venture entity consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not material.

The following Jointly Controlled Entities are considered in the consolidated financial statements:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as on 31.03.2017	Date of the entity becoming Joint Venture
FACT –RCF Building Products Ltd.	India	50%	02-May-2008
Urvarak Videsh Limited	India	33.33%	18-July-2008
Talcher Fertilizers Limited	India	30%	13-Nov-2015

#### e. Significant accounting judgements, estimates and assumptions

- 1.1 The preparation of the Company’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities as at the Balance Sheet date.

1.2 Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Any revisions to the accounting estimates are recognized prospectively when revised, in current and future periods.

Some of the significant judgements and assumptions exercised are given as under:-

### 1.2.1 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed separately.

### 1.2.2 Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### 1.2.3 Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bonds in India.

The mortality rate is based on publicly available mortality tables as defined by LIC. Future salary increases is based on Company's assessment based on past trends.

### 1.2.4 Subsidy Income

As per extant policies covering subsidy of Urea, major inputs like cost of energy, water etc. are a pass through in the same. Since the notified rates of subsidy of urea incorporating actual revision takes time, recognition of subsidy is generally made on the basis of in principle recognition/approval / settlement of claims from Government of India/ Fertilizer Industry Co-ordination Committee while finalising the financial statements.

### 1.2.5 Provision for obsolescence

Provision towards obsolete/surplus inventory are recognized as per management estimates under the assumption that they may fetch 5% of their book value upon disposal.

### 1.2.6 Fair value measurements of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions could affect the reported value of fair value of financial instruments.

### 1.2.7 Application of Discount rates

Estimates of rates of discounting are done for measurement of fair values of certain financial assets and liabilities, which are based on prevalent bank interest rates and the same are subject to change.

### 1.2.8 Estimates of Useful lives of assets/components

Company has identified significant components of plant and machinery and provides for depreciation over their useful lives as per its technical assessment.

### 1.2.9 Operating Lease

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The



arrangement, is or contains a lease is fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly not specified in an arrangement.

For arrangements entered into prior 1<sup>st</sup> April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Lease arrangements in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

### III) Significant accounting policies

#### A) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The classification of an asset either current or non-current has been made applying the criteria of realization of such assets within a period of 12 months after the reporting date.

Where assets have been fully provided for as doubtful, the same are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

#### B) Foreign currencies

The consolidated financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

##### a. Transactions and Balances

Foreign Currency transactions are accounted at the rates prevailing on the date of transaction. Year-end monetary assets and liabilities are translated at the exchange rate prevailing on the date of the Balance sheet.

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and loss for the period in which they arise, except for the following:-

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use (i.e. Capital Work in progress), are included in the cost of those assets when they are regarded as an adjustment on account of interest costs on those foreign currency borrowings.
- Non-monetary items that are measured in terms of historical cost in foreign currencies are reported using the exchange rates at the date of the transaction.

##### b. Exemption availed under Ind AS 101 :-

Under Indian GAAP, Company had opted to capitalize exchange differences arising on translation of long term foreign currency monetary items in accordance with Para 46A of AS 11.

In accordance with Para D13AA of Ind AS 101, Company has continued with the policy of adjusting exchange differences arising on translation of long-term foreign currency monetary items outstanding as on 31<sup>st</sup> March 2017, related to acquisition of fixed assets, to the cost of the asset and depreciate the same over the remaining useful life of such asset. For this purpose, the Company treats a foreign currency monetary items as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its obligation.

### C) Fair value measurement

The Company measures financial instruments, such as, derivatives, investments in equity instruments, etc. at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between the levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties, unquoted financial assets etc. Involvement of independent external valuers is decided upon annually by the Company. Further such valuation is done annually at the end of the financial year and the impact if any on account of such fair valuation is taken in the annual financial statements.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### D) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Amounts disclosed as revenue are inclusive of excise duty and net of returns, rebates, Value added taxes and amounts collected on behalf of third parties.

#### Sale of Goods

Sales are recognized when goods are delivered and the significant risks and rewards of ownership have been transferred to the buyer.

Scrap, salvaged/waste materials and sweepings are accounted for on delivery/realization.

#### Subsidy and Other Operating revenue

Recognition of Subsidy is generally made on the basis of in principle recognition/ approval/ settlement of claims from Government of India /Fertilizer Industry Co-ordination Committee.

Subsidy income is recorded based on the quantity sold during the financial year.

#### Subsidy on Urea

Subsidy on Urea is recognized based on Concession rate, including freight cost, as per the extant polices announced by the Government of



India, further adjusted for input price escalation / de-escalation as estimated by the management based on the prescribed norms as notified by Government of India.

#### **Subsidy on P&K Fertilizers**

Subsidy on P&K fertilizers is recognized based on Concession rates, including freight cost, as notified by the Government of India under Nutrient Based Subsidy Scheme and Uniform Freight Policy.

#### **Subsidy on Imported Urea**

Subsidy on imported Urea is recognized based on lump sum compensation, including freight cost and other charges receivable from the Government of India, as per terms of agreement.

Remaining Other Operating revenue/other income are recognized on accrual basis.

#### **Interest income**

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability.

For interest due from customers, vendor's etc. interest income is recognized when no significant uncertainty as to its realization exists and is accounted on time proportion basis at contracted rates.

#### **Dividend**

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### **Rental income**

Rental income arising from operating leases is accounted on accrual basis in accordance with the terms of the contract since such charges are structured to increase in line with expected general inflation to compensate for expected inflationary cost.

#### **Commission Income**

For certain arrangements, Company acts as an agent. The role of the Company either as an agent or a principal is determined based on evaluation of the its role as a primary obligor, has the pricing

latitude in the said arrangements, its exposure to inventory risks and credit risks, on case to case basis.

#### **Government grants**

Government grants are recognized in statement of profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are presented within Other income.

Government grants relating to purchase of property, plant and equipment are credited to Statement of profit and loss on a Straight-line basis over the expected lives of the related assets.

#### **Others**

Insurance and other miscellaneous claims are recognized on receipt/acceptance of claim.

Income from sale of Certified Emissions Reductions (CER's)/Voluntary Emissions Reductions (VER's) is recognized on delivery and confirmation of the same by the concerned authorities.

### **E) Taxation**

Income tax expense for a financial year represents the sum of tax currently payable, adjustments for tax provisions of previous years and deferred tax.

#### **a. Current tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax items are recognized in correlation to the underlying transaction either in Other Comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **b. Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

#### c. Current Tax and Deferred Tax

Current and Deferred tax are recognized in Statement of Profit and loss, except when they relate to items that are recognized in Other Comprehensive Income (OCI) or directly in equity, in which case, the current and deferred tax are also recognized in OCI or directly in equity respectively.

- Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

#### F) Property, plant and equipment

All items of property, plant and equipment, including freehold land are initially recorded at cost, net of recoverable taxes and discounts.

The cost includes the cost of replacing part of the property, plant and equipment meeting the recognition criteria and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment up to the date of commissioning of the assets.

Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Spares costing (Unit value of ₹10 lacs and above), and other components which are required to be replaced at intervals, meeting the recognition criteria have been classified as Plant and equipment and are depreciated separately based on their specific useful lives.



When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in Statement of Profit and loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Catalysts which are used in commissioning of new projects/plants are capitalized and are amortized based on the estimated useful life as technically assessed. Subsequent issues of catalysts, if any, are treated as inventory.

Projects under which assets are not ready for their intended use are shown as Capital work in progress.

Freehold / Leasehold improvements are considered as property plant and equipment.

**Exemption availed under Ind AS 101:-** On transition to Ind AS, Company has elected to continue with the carrying value of all its property plant and equipment existing as at 1st April 2015, measured as per previous GAAP (Indian GAAP) and used that carrying value as the deemed cost of the property plant and equipment.

#### a. Depreciation

Depreciation is calculated on a Straight-line basis over the estimated useful lives of the assets on the depreciable amount when such assets are ready for their intended use.

Freehold land has an unlimited useful life and therefore is not depreciated.

Company has identified significant components of plant and machinery and provides for depreciation over their useful lives as per technical assessment, as per Para 4 of Schedule II to Companies Act, 2013. Depreciation on other Tangible assets is provided for as per useful lives prescribed in Schedule II to Companies Act, 2013, except for mobile telephones classified under office equipment's which are depreciated over a period of 3 years.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. A maximum residual value of 5% is considered for all assets, except in case of roads, wells and fences, office equipment's and end user computing devices like desk tops, laptops etc. where it is considered as NIL.

Depreciation on additions/deletions to Gross Block is calculated on pro-rata basis from the date of such additions upto the date of such deletions as per useful lives of such assets on Straight Line Basis.

After recognition of impairment loss, the revised carrying amount less residual value of the impaired asset would be depreciated on systematic basis over the remaining useful life of the asset. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

Depreciation on each item of an asset costing less than ₹ 5,000 are depreciated at 100% in the year of capitalization.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit and loss in the year the asset is de-recognized.

Assets under construction/Capital Work in Progress included under Property, Plant and equipment are not depreciated as these assets are not yet available for use. However they are tested for impairment if any.

#### G) Investment Properties

Investment properties are properties that are held to earn rentals and /or for capital appreciation (including property under construction for such purposes) and not occupied by the Company for its own use.

Investment properties are measured initially at cost, including transaction costs cost and net of recoverable taxes. The cost includes the cost of replacing parts and borrowing costs if recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on Investment property, wherever applicable, is provided on straight line basis as per useful lives prescribed in Schedule II to Companies Act, 2013.

Investment properties are derecognised either when they have been disposed off or when they are being occupied by the Company for its own use or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

**Exemption availed under Ind AS 101 :-** On transition to Ind AS, the Company has elected to continue with the carrying value of its Investment Property existing as at 1<sup>st</sup> April 2015, measured as per previous GAAP (Indian GAAP) and used that carrying value as the deemed cost of the same.

## H) Intangible assets

### a. Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost, net of recoverable taxes. The cost of intangible assets comprises its purchase price, and any cost directly attributable to bringing the asset to its working condition for the intended use. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

**Exemption availed under Ind AS 101 :-** For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets existing as on 1<sup>st</sup> April 2015 measured as per the previous GAAP (Indian GAAP) and use that value as its deemed cost as of the transition date.

The Company has no intangible assets with infinite useful lives.

### b. Amortization

Intangible assets (i.e. software applications) having finite useful lives are amortized over their respective individual estimated useful lives on a STRAIGHT-LINE BASIS, pro-rata from the date the asset is available to the Company for its use. Management estimates the useful life of software applications identified as intangible assets as three years. Any expenses incurred on intangible assets with finite useful lives up to ₹ 1 lakh in each case are being charged off in the year of incurrence.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

## I) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from assets or group of assets (cash-generating units). If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

Company bases its impairment calculation on detailed budgets and forecasts which are prepared for each of its CGU separately.

For all the assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the CGU does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the CGS in prior years. Such reversal is recognized in the Statement of Profit and Loss.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the Statement of profit and loss.

**J) Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are accumulated and capitalized upto the date when such assets are ready for their intended use or sale, as part of the cost of the asset.

All other borrowing costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

General Borrowings cost incurred in connection with qualifying assets are capitalized by applying the Capitalization rate on the quantum of such borrowings utilized for such assets.

**K) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the contract lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**a. Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognized as an expense in the Statement of profit and loss as per lease terms as such payments are structured to increase in line with expected general inflation.

**b. Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental

income from operating lease is recognised as revenues as per lease terms since such rentals are structured to increase in line with expected general inflation. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**L) Inventories****a. Assessment of Inventory**

Raw Materials, Intermediary Products, By-Products and Finished Products inside factory premises, in bulk form, are assessed by survey method on a date as close as possible to the Balance Sheet date and the shortages /excesses in the quantities as compared to book stocks are adjusted in the books. Finished goods and other inventory stored outside the factory premises are taken as per warehousing certificates and third party confirmation respectively.

**b. Mode of Valuation**

Inventory is valued at lower of cost and net realizable value except in case of by-products, which are valued at, net realizable value.

Gases and slurries, if any, in pipelines at different stages of process are not valued as the same is not practicable.

Certified Emission Reductions (Carbon credits) is valued at lower of cost and net realizable value.

**c. Basis of Cost**

The cost of manufactured finished goods, bought out products and intermediary products are arrived at based on weighted average cost. Bifurcation of cost of joint products is made on technical estimates.

Cost of raw materials, petroleum products, packing materials, stores and spares, and loose tools is determined on weighted average cost basis.

Provision is made in respect of raw materials, packing materials, stores and spares and petroleum products, wherever appropriate, based on technical estimates, to reflect the impact of obsolescence, damage or other diminution in value.

**d. Measurement of Cost / Realizable Value**

**Cost of Purchases**

Cost of purchase includes duties, taxes (net of those recoverable) freight and other expenses net of trade discounts, rebates and price adjustments.

**Cost of Manufactured goods**

Cost of Manufactured Goods comprises of direct cost, variable production overheads and fixed production overheads on absorption costing method. Catalysts issued are charged off over their estimated useful lives as technically assessed. Variable production overheads are allocated based on actual production. Variable overheads related to movement of finished products are allocated based on actual dispatches. Fixed overheads are allocated based on higher of the actual production level or normal production level. Average handling and transportation costs incurred to bring the material in its present location and condition is included in valuing stocks in field warehouses and in transit.

**Cost of Traded Fertilizers**

It comprises of Cost of Purchases as defined under (L.d) plus bagging, handling and transportation costs incurred to bring the material in its present location and condition.

**Net Realizable Value**

Price of urea is administered by the Government of India by which selling price is fixed for the buyer. The net realizable value for manufactured urea is taken at retention price (selling price net of dealers' margin plus subsidy from Government of India) net of variable selling and distribution cost. Net realizable value of off-spec urea is taken at 40% of MRP excluding subsidy.

The net realizable value of phosphatic and potassic fertilizers is taken at the applicable selling prices expected to be realized, net of dealers' margin and variable selling and distribution costs plus the concession as fixed/to be fixed by Government. Net realizable value of off-spec phosphatic and potassic fertilizers is taken at selling price net of dealers' margin and estimated cost of re-processing including transportation cost to factory. The net realizable value of off-spec traded phosphatic and potassic out fertilizers is at 30% of MRP excluding subsidy.

The Net realizable value of imported Urea is the selling price net of dealers' margin and other entitled compensation as contracted with the Government net of variable selling and distribution cost.

The net realizable value of off-spec imported Urea is taken at 40% of MRP excluding subsidy.

Average freight incurred on despatches from silo/factory/ port to godown and other products handling costs is reduced for arriving at the net realizable value in respect of stocks of fertilizers in silo/factory/port.

The net realizable value of non-fertilizer products is taken at lowest selling prices net of variable selling and distribution costs, expected to be realized in future.

**M) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When a provision is expected to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.



### Decommissioning liability

The Company records a provision for decommissioning costs towards its manufacturing facilities wherever applicable. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

### N) Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises where a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized but are disclosed where an inflow of economic benefits is probable. The estimation of financial effect in respect of contingent liabilities and contingent assets wherever not practicable, is not disclosed and such fact is accordingly stated.

### O) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### a. Financial assets

##### Initial recognition and measurement

All financial assets are recognized initially at fair value. However in case of financial assets that are not recorded at fair value through profit or loss; the transaction costs that are directly attributable to the acquisition of issue of such financial assets are added to the value of the financial assets.

##### Subsequent measurement

Financial assets presently held by the Company are classified as under:-

- Debt instruments at amortized cost
- Debt instruments and derivatives at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

#### b. Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both of the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the statement of profit or loss. This category generally applies to trade and other receivables.

#### c. Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit or loss.

#### d. Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may decide to classify the same as at FVTOCI. The Company makes such election on an

instrument-by-instrument basis upon on initial recognition and same is irrevocable.

Upon classification of equity instruments as at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investments. The Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

**e. Derivative financial instruments**

The Company enters into a variety of derivative financial instruments to manage its exposure to interest and foreign exchange rate risks, like foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value on the date the derivative contracts are entered into and are subsequently re-measured to their fair value (Mark to Market) at the end of each reporting period. The resulting gain or loss is recognized in the Statement of profit and loss. Company does not designate any of its derivative instruments as hedge instruments. Derivatives are carried as financial assets when fair value is positive and as financial liabilities when the fair value is negative.

Transaction costs incurred for such derivative instruments are charged off to Statement of Profit and Loss on initial recognition.

**f. Derecognition**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize

the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**g. Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- i. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- ii. Lease receivables
- iii. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.
- iv. Financial guarantee contracts which are not measured as at FVTPL

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. All cash shortfalls) discounted at the original effective interest rate.

While estimating cash flows, Company considers all contractual terms of financial instrument over the expected life of the financial instrument including cash flows from the sale of collateral held that are integral to contractual terms.

The company follows 'simplified approach' for recognition of impairment loss allowance on:



- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

Based on the same, it recognizes impairment allowance based on lifetime ECL at each reporting date, right from its initial recognition.

Further for the purpose of measuring lifetime ECL allowance for trade receivables the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes in account historical credit loss experience with adjustments for collaterals available and forward looking information, if required.

ECL allowance is not recognized on Subsidy receivables since they are due from Government of India and also on other receivables which are largely due from Government agencies, as the Company does not perceive any risk of default which would be material.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost, trade receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet.

The allowance reduces the net carrying amount, until the asset meets write-off criteria.

Trade receivables, other receivables, loans and advances are also fully provided for as doubtful upon review on case to case basis, to the extent of such loss considered as incurred.

## **h. Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition as loans and borrowings, payables, derivatives and financial liabilities at fair value through profit or loss. The Company's financial liability consists of trade and other payables, loans and borrowings, bank overdrafts, financial guarantee contracts and derivative financial instruments.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs, if any.

### **Subsequent measurement**

The subsequent measurement of financial liabilities of the Company depending on their classification is described below:-

### **Loans and borrowings including bank overdrafts**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

This category generally applies to interest-bearing loans and borrowings.

### **i. Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder of the guarantee for a loss it incurs because the specified debtor fails to make

a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognized less cumulative amortization.

#### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

#### **P) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

#### **Q) Investments in Associates and Joint ventures**

The results and assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IND AS 105.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Company's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Company's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Company's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Company's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.



After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### **R) Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

#### **S) Government grants**

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in statement of profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are presented within Other income.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

Government grants relating to purchase of property, plant and equipment are included in Other non-current liabilities and are credited to profit or loss on a Straight-line basis over the expected lives of the related assets.

In the event of such property, plant and equipment being disposed off before completion of its estimated useful life, the outstanding amount of such capital grant is fully credited to profit or loss in the year of its disposal.

#### **T) Employee benefits**

##### **a. Short Term Employee Benefits:**

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

##### **b. Retirement benefit costs and termination benefits and other long term employee benefits**

###### **Defined Contribution Schemes**

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Company's defined Contribution made to its Super-annuation scheme is charged off to Statement of Profit and Loss on accrual basis.

###### **Defined Benefit Plans**

###### **Provident Fund**

Contribution to Provident Fund is accounted for on accrual basis. The Provident Fund contributions are made to a Trust administered by the Company by both the employer as well as employee. The Trust invests in specific designated instruments as permitted by Indian Law. The interest rate payable to the members of the Trust is being administered by the Government. The Company has an obligation to make good the shortfall, if any between the return from the investments of the Trust and the notified interest rate. Such shortfall on account of interest is recognized in the Statement of Profit and Loss.

###### **Gratuity and Post-retirement medical benefits**

For Defined Benefit plans comprising of gratuity, post-retirement medical benefits

the cost of providing benefits is determined using the Projected Unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expenses or income; and
- re-measurements

The Company presents the first two components of defined benefit costs in the Statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The cost of the defined benefit gratuity plan and other Post employment medical benefits and the present value of gratuity obligation are determined using actuarial valuation techniques.

#### **Termination Benefits**

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the

termination benefit and when the entity recognizes any related restructuring costs.

#### **Other Long term benefits**

Liabilities recognized in respect of other long term benefits like leave encashment and long term service awards are measured at the present value of the estimated future cash outflows to be made by the Company (based on actuarial valuation) in respect of services provided by employees upto the reporting date.

#### **U) Segment Reporting**

The Company has recognized the following operating segments, viz Fertilizers, Industrial Chemicals and Trading, the business activities it is primarily engaged into. The same has been done based on the review of the operating results, internal reporting, review of performance, decision making relating to future allocation of resources, policy parameters influencing business etc. carried out by its Chief Operating Decision Maker i.e. Executive Management Committee/Board of Directors.

#### **V) Prepaid Expenses**

Individual expense up to ₹ 1,00,000 is not considered in classifying prepaid expenses.

#### **W) Research and Developments expenses**

Revenue expenditure on Research activity is recognized separately and charged to Statement of Profit and Loss. Expenditure on development activities is capitalized when its future economic benefits can reasonably be regarded as assured.

#### **X) Earnings per Share (EPS)**

Basic earnings per share is calculated by dividing net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Upon discontinuation of an operation, the basic and diluted amount per share for the discontinued operation is separately reported, as applicable.

#### **Y) Cash Dividend**

The Company recognizes a liability to make cash distributions to shareholders when the distribution is authorized and the same is no longer at the discretion of the Company. As per corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.



#### IV.) First-time adoption of Ind AS

These financial statements, for the year ended 31<sup>st</sup> March 2016, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31<sup>st</sup> March 2015, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2015 (Indian GAAP).

The Company has adopted all the applicable Ind AS standards and the adoption was carried out in accordance with Ind AS 101, First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies Accounts Rules, 2014 (IGAAP), which was the previous GAAP.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31<sup>st</sup> March 2016 as described in the significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1<sup>st</sup> April 2015, the Company's

date of transition to Ind AS. Reconciliations and descriptions of the effect of the transition have been summarized in Note no. 52 to financial statements.

#### V.) Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions.

Company has elected to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition measured as per Indian GAAP and use that as its deemed cost as at date of transition. The same is applicable even for Investment property and intangible assets.

Company has also reviewed the necessary adjustments required to be done in accordance with paragraph D21 this standard (i.e. adjustments arising on account of decommissioning or restoration liabilities) and has accordingly considered the impact of the same wherever applicable.

The Company has designated unquoted equity instruments held at 1<sup>st</sup> April 2015 as fair value through OCI.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

₹ Crore

Description	DEEMED COST / COST		DEPRECIATION			IMPAIRMENT LOSS		NET BOOK VALUE		
	AS AT 01.04.2016	Of Additions/ Adjustments	Of Deductions/ Adjustments	AS AT 31.03.2017	UPTO 01.04.2016	Provided during the year	UPTO 01.04.2016	UPTO 31.03.2017	AS AT 31.03.2016	AS AT 31.03.2017
Land ( Freehold )	10.78	-	-	10.78	-	-	-	-	-	10.78
Roads & Culverts	8.43	1.14	-	9.57	1.19	1.35	-	2.54	-	7.03
Buildings	77.52	12.11	-	89.63	4.41	5.42	-	9.83	-	79.80
Railway sidings	12.40	1.96	-	14.36	1.56	1.36	-	2.92	-	11.44
Plant & Machinery*	1438.77	150.36	2.44	1586.69	114.21	114.78	9.19	228.85	9.19	1348.65
Water System, Sewerage & Drainage	18.39	0.79	-	19.18	0.51	1.23	-	1.74	-	17.44
Miscellaneous Equipments	52.62	6.54	0.66	58.50	6.27	7.16	-	13.23	-	45.27
Furniture & Fixtures	9.32	0.98	0.08	10.22	1.45	1.32	-	2.75	-	7.47
Office Equipments	14.03	2.08	0.04	16.07	4.26	3.68	-	7.91	-	8.16
Vehicles	3.26	0.22	0.05	3.43	0.63	0.62	-	1.23	-	2.20
<b>TOTAL</b>	<b>1645.52</b>	<b>176.18</b>	<b>3.27</b>	<b>1818.43</b>	<b>134.49</b>	<b>136.92</b>	<b>9.19</b>	<b>271.00</b>	<b>9.19</b>	<b>1538.24</b>
Previous Year Figures	1504.73	142.54	1.75	1645.52	-	135.11	0.00	134.49	9.19	1501.84

₹ Crore

1.1	* Additions/ Adjustments in PPE include the following	Item of Asset	YEAR ENDED	YEAR ENDED	AS AT
			31.03.2017	31.03.2016	01.04.2015
	Exchange Differences	Plant & Machinery	1.09	21.34	11.10
	<b>TOTAL</b>		<b>1.09</b>	<b>21.34</b>	<b>11.10</b>

1.2 Land at Thal included in Gross Block (at cost) at ₹ 2.33 Crore is subject to final revision in price.

1.3 Assets offered as security for loans have been provided in Note 19

₹ Crore

1.4	Capital work in progress	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
		107.24	149.97	61.16



₹ Crore

Description	DEEMED COST / COST		DEPRECIATION		IMPAIRMENT LOSS		NET BOOK VALUE	
	AS AT 01.04.2016	Of Additions/ Adjustments	AS AT 31.03.2017	UPTO 01.04.2016	Provided during the year	UPTO 31.03.2017	AS. AT 31.03.2017	AS. AT 31.03.2016
Land ( Freehold )	0.01	-	0.01	-	-	-	0.01	0.01
Buildings	5.52	-	5.52	0.14	0.14	0.28	5.24	5.38
<b>TOTAL</b>	<b>5.53</b>	<b>-</b>	<b>5.53</b>	<b>0.14</b>	<b>0.14</b>	<b>0.28</b>	<b>5.25</b>	<b>5.39</b>
Previous Year Figures	5.51	0.02	5.53	-	0.14	-	5.39	-

**2.1** The Company's investment properties consist of commercial / residential properties located at Mumbai, Alibaug and Lucknow. The management has determined that the investment properties consist of two classes of assets-land and building.

₹ Crore

Information regarding income and expenditure of Investment Property	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
Rental income derived from investment properties	24.61	24.65
Less: Direct operating expenses (including repairs and maintenance) generating rental income	0.89	3.23
Less: Direct operating expenses (including repairs and maintenance) that did not generate rental income	1.37	0.18
<b>Profit arising from investment properties before depreciation and indirect expenses</b>	<b>22.35</b>	<b>21.24</b>
Less: Depreciation	0.14	0.14
<b>Profit arising from investment properties</b>	<b>22.21</b>	<b>21.10</b>

**2.3** Company undertakes expenditure towards Maintenance for upkeep of its properties which also covers the portion relating to Investment Property. The same being not material no separate disclosure of contracts entered into for maintenance of investment property is given.

**2.4** As at 31 March 2017, the fair values of the properties is ₹ 653.10 crore (P.Y. ₹ 615.11 crore, ₹ 587.16 crore as on 01.04.2015). These valuations are based on valuations performed by Ms Anmol Sekhri Consultant Pvt. Ltd, an accredited independent valuer and has worked out the value of the property based on the information and a study of the micro market in discussions with industry experts, local brokers and regional developers.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

2.5 Fair value disclosures for investment properties is detailed below

Reconciliation of Fair value	₹ Crore		
	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>LAND</b>			
Opening balance	198.51	192.92	0.01
Fair Value	214.35	198.51	192.92
Fair value difference	15.84	5.59	192.91
Purchases	-	-	-
Fair value difference	-	-	-
Closing balance	214.35	198.51	192.92
<b>BUILDING</b>			
Opening balance	416.60	394.24	5.50
Fair Value	438.75	416.56	394.24
Fair value difference	22.15	22.32	388.74
Purchases	-	0.02	-
Fair value difference	-	0.04	-
Closing balance	438.75	416.60	394.24
<b>TOTAL</b>			
Opening balance	615.11	587.16	5.51
Fair Value	653.10	615.07	587.16
Fair value difference	37.99	27.91	581.65
Purchases	-	0.02	-
Fair value difference	-	0.04	-
Closing balance	653.10	615.11	587.16

₹ Crore

**NOTE NO. 3 NON-CURRENT ASSETS - INTANGIBLE ASSETS**

Description	DEEMED COST / COST		AMORTISATION		IMPAIRMENT LOSS		NET BOOK VALUE		
	AS AT 01.04.2016	Of Additions/ Adjustments	AS AT 31.03.2017	UPTO 01.04.2016	Provided during the year	UPTO 01.04.2016	UPTO 31.03.2017	AS.AT 31.03.2017	AS.AT 31.03.2016
Computer Software	8.92	2.00	10.92	3.34	4.23	-	7.57	3.35	5.58
<b>TOTAL</b>	<b>8.92</b>	<b>2.00</b>	<b>10.92</b>	<b>3.34</b>	<b>4.23</b>	<b>-</b>	<b>7.57</b>	<b>3.35</b>	<b>5.58</b>
Previous Year Figures	5.24	3.68	8.92	-	3.34	-	3.34	5.58	-



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

		₹ Crore		
NOTE NO. 4	“NON-CURRENT ASSETS” “INVESTMENTS IN JOINT VENTURES”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
a.	<b>FACT-RCF Building Products Ltd.</b> (3,28,70,000 equity shares (P.Y. 3,28,70,000, 3,28,70,000 as on 01.04.2015) of ₹10 each) (Under lock in period upto 31 <sup>st</sup> March 2018)	-	-	3.57
b.	<b>Urvarak Videsh Ltd.</b> (1,80,000 equity shares(P.Y. 1,80,000,1,80,000 as on 01.04.2015) of ₹10 each)	0.03	0.03	0.03
c.	<b>Talcher Fertilizers Limited</b> (15,000 equity shares (P.Y. Nil) of ₹ 10 each) (Under lock in period for 5 year from date of commercial operation)	0.01	0.02	-
		<b>0.04</b>	<b>0.05</b>	<b>3.60</b>

		₹ Crore		
NOTE NO. 5	“NON-CURRENT ASSETS” “FINANCIAL ASSETS-INVESTMENTS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>Investments in Equity Instruments:</b>				
Unquoted Trade Investments (Fully paid up)				
	Indian Potash Limited*	44.88	43.11	41.42
	(3,36,600 equity shares (P.Y. 3,36,600, 3,36,600 as on 01.04.2015) of ₹ 10 each)			
<b>TOTAL</b>		<b>44.88</b>	<b>43.11</b>	<b>41.42</b>
<b>*Reconciliation of fair value measurement of the investment in unquoted equity shares of Indian Potash Limited (IPL)</b>				
	Opening balance	43.11	41.42	41.42
	Total Gains and losses recognised in OCI	1.77	1.69	-
	Closing Balance	<b>44.88</b>	<b>43.11</b>	<b>41.42</b>

		₹ Crore		
NOTE NO. 6	“NON-CURRENT ASSETS” “FINANCIAL ASSETS - TRADE RECEIVABLES”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>Debtors</b>				
	Considered Doubtful	0.74	1.95	1.43
	Less: Provision for doubtful debts	(0.74)	(1.95)	(1.43)
<b>TOTAL</b>		<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31<sup>ST</sup> MARCH 2017**

₹ Crore

NOTE NO. 7	“NON-CURRENT ASSETS” “FINANCIAL ASSETS - LOANS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
	Loans- Employees			
	Secured Considered Good	0.59	0.75	0.80
	Unsecured Considered Good	0.01	0.02	0.01
	<b>TOTAL</b>	<b>0.60</b>	<b>0.77</b>	<b>0.81</b>

₹ Crore

NOTE NO. 8	“NON-CURRENT ASSETS” “FINANCIAL ASSETS - OTHERS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
(i)	<b>Advances to Related Parties</b>			
	Considered Doubtful	1.04	1.04	1.04
	Less: Provision	(1.04)	(1.04)	(1.04)
		-	-	-
(ii)	<b>Advance against Equity Pending allotment</b>			
	Unsecured Considered Doubtful	2.36	2.36	-
	Less: Provision towards dimunition in value	(2.36)	(2.36)	-
		-	-	-
(iii)	<b>Others</b>			
a.	Receivables towards Rent / Services provided			
	Unsecured - Considered Doubtful	0.84	0.26	1.18
	Less: Provision for doubtful Receivables	(0.84)	(0.26)	(1.18)
		-	-	-
b.	Finance Lease receivable*	0.96	1.52	2.02
c.	VAT Refund Receivable**	155.58	235.69	128.72
	<b>TOTAL</b>	<b>156.54</b>	<b>237.21</b>	<b>130.74</b>

\* Expected credit loss-NIL

\*\* As the company is entitled for refund in monetary terms, the refund claimed towards VAT in Maharashtra (i.e. excess input tax credit over tax liability) as per extant provisions of MVAT Act and based on past history, the same has been classified as a Financial Asset.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

₹ Crore

NOTE NO. 9	“NON-CURRENT ASSETS” “OTHER NON-CURRENT ASSET”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>(i) Capital Advances</b>				
Unsecured - Considered Good		76.64	42.19	13.29
Considered Doubtful		-	-	0.69
Less: Provision		-	-	(0.69)
		76.64	42.19	13.29
<b>(ii) Advances other than capital advances</b>				
<b>a. Security Deposits</b>				
Unsecured - Considered Good		17.51	17.10	16.93
Considered Doubtful		0.41	0.19	0.19
Less: Provision		(0.41)	(0.19)	(0.19)
		17.51	17.10	16.93
<b>b. Loans (Material given on returnable basis) to Related Parties</b>				
Considered Doubtful		1.08	0.82	0.75
Less: Provision		(1.08)	(0.82)	(0.75)
		-	-	-
<b>c. Other Advances</b>				
<b>Unsecured - Considered Good</b>				
i. Considered Doubtful		5.23	8.83	8.04
Less: Provision for doubtful advances		(5.23)	(8.83)	(8.04)
		-	-	-
ii. Advance Income Tax (Net of Provision)		79.12	55.61	25.12
iii. Deposits with Customs, Port Trust etc.		0.35	0.63	0.77
iv. Prepaid expenses		1.37	0.09	0.66
v. Lease Premium Prepaid		2.76	2.90	3.04
vi. Other		0.33	0.16	0.21
		83.93	59.39	29.80
<b>(iii) Others</b>				
Employee Benefit Asset		0.58	0.82	1.10
	<b>TOTAL</b>	<b>178.66</b>	<b>119.50</b>	<b>61.12</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31<sup>ST</sup> MARCH 2017**

₹ Crore

NOTE NO. 10	“CURRENT ASSETS” “INVENTORIES”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
i.	Raw materials	168.34	353.40	362.70
ii.	Finished Goods	304.49	372.86	166.58
iii.	Stock in Trade/Bought out Products	3.93	59.56	44.05
iv.	Intermediary Products	23.84	42.52	29.88
v.	By products	4.21	10.08	10.04
vi.	Stores & Spares, packing materials and Petroleum products	312.14	335.52	334.56
	Less: Provision for Obsolescence etc./Loss under Investigation	(23.65)	(19.02)	(15.85)
		<u>288.49</u>	<u>316.50</u>	<u>318.71</u>
vii.	Certified Emission Reduction Credits	-	-	-
	(No. of Units C.Y. 9,73,738, P.Y. 9,73,738, as at 01.04.2015: 9,73,738)			
	<b>TOTAL</b>	<b>793.30</b>	<b>1154.92</b>	<b>931.96</b>
	<b>Inventory Includes:</b>			
i)	<b>In Transit</b>			
	Raw Materials	0.18	124.76	76.14
	Finished Goods	57.67	5.84	16.60
ii)	<b>Stores and Spares</b>			
a)	Under inspection	1.61	4.52	1.99
b)	Platinum & Rhodium stolen in earlier year and under investigation which is not available for verification	0.21	0.21	0.21
c)	With fabricators	2.15	16.66	11.41
	Cost of Inventories Recognised as expense	2860.13	3574.81	-
	Writedown of Inventories charge to P&L (difference between cost & NRV)	3.24	10.33	-
	Reversal of writedowns	-	-	-



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

NOTE NO. 11	“CURRENT ASSETS” “FINANCIALASSETS-TRADE RECEIVABLES”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
				₹ Crore
	<b>Subsidy Receivable (Unsecured - considered good)*</b>	3186.99	3946.16	3017.60
	<b>Sundry Debtors</b>			
	Secured - Considered good	96.11	91.18	87.87
	Unsecured - Considered good	361.81	292.81	208.64
		457.92	383.99	296.51
	Less : Provision for expected credit loss **	(3.19)	(2.52)	(2.03)
	Total - Sundry Debtors	454.73	381.47	294.48
	<b>TOTAL</b>	<b>3641.72</b>	<b>4327.63</b>	<b>3312.08</b>

\*Includes an amount of ₹ 887.54 crore (P.Y. ₹ Nil) under special banking arrangement secured by way of specific subsidy claims to be settled by DoF/FICC)

\*\* The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes into account historical credit loss experience. The expected credit loss (ECL) allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting is as follows.

#### ECL % - Ageing

Not due	0.22	0.39	0.49
00 - 90 days	2.51	2.79	2.63
91 - 180 days	17.69	14.63	12.89
181 - 365 days	50.27	35.92	37.65
> 365 days (fully secured)	-	-	-

#### Age of Receivables (₹ Cr)

Not due	421.52	368.45	288.67
00 - 90 days	31.55	11.36	6.09
91 - 180 days	2.77	3.27	0.49
181 - 365 days	1.93	0.82	1.01
> 365 days (fully secured)	0.15	0.09	0.25
	<b>457.92</b>	<b>383.99</b>	<b>296.51</b>

#### Movement in ECL allowance (₹ Cr)

Balance at Beginning of the year	2.52	2.03	-
Movement	0.67	0.49	-
Balance at End of the year	3.19	2.52	-

Out of the total Sundry Debtors, Debtors amounting to ₹ 96.11 Crore as on 31.03.2017, ₹ 91.18 Crore as on 01.04.2016 and ₹ 87.87 Crore as on 01.04.2015 are secured against collaterals in form of Deposits / Bank Guarantees received and held by the company.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31<sup>ST</sup> MARCH 2017**

₹ Crore

NOTE NO. 12	“CURRENT ASSETS” “FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>Cash and Cash Equivalents</b>				
i.	Balances with Bank	10.18	1.05	7.16
ii.	Cheques in hand	0.07	-	0.02
iii.	Cash on hand	0.02	0.03	0.02
iv.	Remittances in transit	-	0.25	-
v.	Deposits with original maturity less than 3months	0.04	0.03	76.03
<b>TOTAL</b>		<b>10.31</b>	<b>1.36</b>	<b>83.23</b>

The above cash and cash equivalent have not been pledged

₹ Crore

NOTE NO. 13	“CURRENT ASSETS” “FINANCIAL ASSETS - OTHER BANK BALANCES”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
i.	Deposits with original maturity more than 3 months but less than 12 months*	2.04	1.15	1.54
ii.	In unpaid Dividend Account **	0.66	0.64	0.56
<b>TOTAL</b>		<b>2.70</b>	<b>1.79</b>	<b>2.10</b>

\* Kept as margin money with banks etc

\*\* Earmarked balances with banks / No amounts are due & payable to Investor Education & Protection Fund

₹ Crore

NOTE NO. 14	“CURRENT ASSETS” “FINANCIAL ASSETS - LOANS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>a. Security Deposits</b>				
	Unsecured - Considered Good	1.43	1.63	1.66
		<b>1.43</b>	<b>1.63</b>	<b>1.66</b>
<b>b. Others</b>				
	Loans - Employees - Secured Considered Good	1.32	1.96	2.95
<b>TOTAL</b>		<b>2.75</b>	<b>3.59</b>	<b>4.61</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

₹ Crore

NOTE NO. 15	“CURRENT ASSETS” “FINANCIAL ASSETS - OTHERS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
i.	Finance Lease receivable*	0.56	0.50	0.45
ii.	Advance to Related Party	0.01	-	-
iii.	Derivatives not designated as hedges (MTM gain receivable)	-	2.15	4.00
iv.	Interest Accrued	0.12	0.14	0.15
v.	Receivables towards Rent / Services provided	16.83	25.41	38.11
	<b>TOTAL</b>	<b>17.52</b>	<b>28.20</b>	<b>42.71</b>

\* Expected Credit Loss NIL

₹ Crore

NOTE NO. 16	“CURRENT ASSETS” “OTHER CURRENT ASSETS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>i.</b>	<b>Other Advances</b>			
	<b>Unsecured - Considered Good</b>			
i.	Contractors	13.46	56.10	23.06
ii.	Employees	0.31	0.21	0.29
iii.	Deposits with Customs, Port Trust etc.	3.61	1.62	1.55
iv.	Prepaid expenses	6.31	1.27	1.64
v.	Lease Premium Prepaid	0.14	0.14	0.14
vi.	Input Tax Credit	8.33	11.48	7.62
	<b>Total Other Advances</b>	<b>32.16</b>	<b>70.82</b>	<b>34.30</b>
<b>ii.</b>	<b>Non-Current Assets held for Disposal*</b>	0.32	0.72	0.72
<b>iii.</b>	<b>Employee Benefit Asset</b>	0.22	0.28	0.28
	<b>TOTAL</b>	<b>32.70</b>	<b>71.82</b>	<b>35.30</b>

\*Includes an amount of ₹ 0.07 crore being the carrying value of land, the possession of which has been handed over to Mumbai Metropolitan Regional Development Authority (MMRDA), a statutory body under Government of Maharashtra for the construction of public road, which is subject to finalisation of consideration.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31<sup>ST</sup> MARCH 2017**

NOTE NO. 17	“EQUITY” “EQUITY SHARE CAPITAL”	₹ Crore		
		AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>Authorised</b>				
80,00,00,000 Equity Shares of ₹ 10/- each.		800.00	800.00	800.00
<b>Issued, Subscribed and Paid Up</b>				
55,16,88,100 Equity shares of ₹ 10/- each fully paid up.		551.69	551.69	551.69
<b>TOTAL</b>		<b>551.69</b>	<b>551.69</b>	<b>551.69</b>

**RECONCILIATION OF SHARES OUTSTANDING AT THE BEGINNING AND END OF THE REPORTING PERIOD**

	31.03.2017		31.03.2016		01.04.2015	
	No.	₹ Crore	No.	₹ Crore	No.	₹ Crore
<b>EQUITY SHARES</b>						
At the beginning of the year	551688100	551.69	551688100	551.69	551688100	551.69
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	<b>551688100</b>	<b>551.69</b>	<b>551688100</b>	<b>551.69</b>	<b>551688100</b>	<b>551.69</b>

**Terms/Rights Attached to Equity shares**

The Company has only one class of equity shares having par value of ₹ 10 per share. Each share holder is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY**

	31.03.2017		31.03.2016		01.04.2015	
	No.	% age of shareholding	No.	% age of shareholding	No.	% age of shareholding
i. President of India	441353888	80.00%	441353888	80.00%	441353888	80.00%
ii. Life Insurance Corporation of India	29761945	5.39%	29761945	5.39%	30759700	5.58%

NOTE NO. 18	“EQUITY” “OTHER EQUITY”	₹ Crore		
		AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>i. Other Reserves</b>				
<b>General Reserve</b>				
Opening Balance		2236.51	2184.67	2164.47
Add: Transferred from Retained Earnings		107.00	51.68	20.20
Add: Transferred from RCF - EEC Asset Management Reserve		-	0.16	-
Closing Balance		<b>2343.51</b>	<b>2236.51</b>	<b>2184.67</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

NOTE NO. 18	“EQUITY” “OTHER EQUITY”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
				₹ Crore
	<b>RCF - EEC Asset Management Reserve</b>			
	Opening Balance	-	0.16	0.16
	Less: Transferred to General Reserve	-	(0.16)	-
	Closing Balance	-	-	0.16
	<b>Reserve for Equity Instruments through Other Comprehensive Income</b>			
	Opening Balance	28.66	27.55	-
	Add: Changes in accounting policy as per IND AS for Net Fair value gain on Investment in Equity (Net of Tax)	-	-	27.55
	Add: Other Comprehensive Income for the year (Net of Tax)	1.18	1.11	-
	Closing Balance	29.84	28.66	27.55
<b>ii.</b>	<b>Retained Earnings</b>			
	Opening Balance / Adjustments	-	-	-
	Add: Changes in accounting policy/prior period items as per IND AS (Net of Tax)	-	-	20.20
	Profit for the year	179.25	169.07	-
	Add: Remeasurement of Defined Benefit Plans (Net of Tax)	0.79	2.13	-
	Less: Dividends paid (₹ 1.10 per share for 2015-16, ₹ 1.80 per share for 2014-15)	(60.69)	(99.30)	-
	Less: Dividend Distribution Tax	(12.35)	(20.22)	-
	Less: Transfer to General Reserve	(107.00)	(51.68)	(20.20)
	Closing Balance	-	-	-
	<b>TOTAL</b>	<b>2373.35</b>	<b>2265.17</b>	<b>2212.38</b>

For FY 2016-17, The board of directors have recommended a dividend of ₹ 1.10 per share (P.Y. ₹ 1.10 per share) amounting to ₹ 60.69 crore (P.Y. ₹ 60.69 crore) which is subject to approval of the shareholders. Further the same is subject to dividend distribution tax at the applicable rate which works out to ₹ 12.35 crore (P.Y. ₹ 12.35 crore)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31<sup>ST</sup> MARCH 2017**

NOTE NO. 19	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES -BORROWINGS”	₹ Crore					
		AS AT 31.03.2017		AS AT 31.03.2016		AS AT 01.04.2015	
		Non Current	Current	Non Current	Current	Non Current	Current
<b>SECURED</b>							
<b>Term Loan from Banks</b>							
1	<b>Rupee Loan from Banks</b>						
a.	<b>Kotak Mahindra Bank</b>	-	8.33	8.34	33.33	41.67	33.33
	A loan of ₹ 100 crore sanctioned by and availed from Kotak Mahindra Bank is secured by first pari passu charge by way of hypothecation on movable fixed assets (machinery and equipments) of the revamped Ammonia and Urea Plants situated at Thal with a minimum security cover of 1.25 times of the amount borrowed from this bank. 50% of the loan carries a fixed rate of interest of 10.00% pa and the remaining 50% of the loan carries a floating rate of interest benchmarked to the Bank’s base rate and during the year the rate of interest varied around 9.30% per annum. Repayment of the said loan will fall due for ₹ 8.34 crore in F.Y. 2017-18.						
b.	<b>Hongkong and Shanghai Banking Corporation (HSBC)</b>	-	-	-	-	-	6.00
	A loan of ₹ 36 crore availed from Hongkong Shanghai Banking Corporation consequent to the conversion of a portion of loan availed in Euro under FCNR(B) arrangement with the said Bank in the previous year. The said loan is secured by first pari passu charge by way of hypothecation on all movable fixed assets of Ammonium Nitrophosphate Plant at Trombay. The rate of interest is 10% per annum. The said loan has been fully repaid during 2015-16.						
		-	8.33	8.34	33.33	41.67	39.33
2	<b>Foreign Currency Loan / External Commercial Borrowings</b>						
a.	<b>HSBC Bank (Mauritius) Limited</b>	-	69.94	70.97	59.04	121.85	24.41
	Term loan of USD 25 Million availed by the Company from HSBC Bank (Mauritius) Limited, under RBI Loan Registration No.2011561, is secured by first pari passu charge by way of hypothecation on all current and future plant and machinery of the revamped Ammonia and Urea Plants situated at Thal. The rate of interest is 6 months USD LIBOR plus margin of 2.50% per annum. Repayment of the said loan would fall due for ₹ 70.03 crore in F.Y. 2017-18.						



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

		₹ Crore					
NOTE NO. 19	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES -BORROWINGS”	AS AT 31.03.2017		AS AT 31.03.2016		AS AT 01.04.2015	
		Non Current	Current	Non Current	Current	Non Current	Current
<b>b. HSBC Bank (Mauritius) Limited</b>		-	-	-	122.72	115.79	-
	Term loan of USD 18.50 Million availed by the Company from HSBC Bank (Mauritius) Limited, under RBI Loan Registration No.201303177, is secured by first pari passu charge by way of hypothecation on the movable fixed assets of the revamped Ammonia and Urea Plants situated at Thal with a minimum security cover of 1.25 times of the outstanding amount under this arrangement. The rate of interest is 6 months USD LIBOR plus margin of 2.50% per annum. The said loan has been fully repaid during the year.						
<b>c. Kotak Mahindra Bank Limited</b>		45.34	25.91	72.90	26.50	93.80	6.25
	A foreign currency Term loan of ₹ 100 crore equivalent to USD 15.99 Million availed by the Company from Kotak Mahindra Bank Limited, is to secured by way of hypothecation on movable fixed assets (machinery and equipments) of the Ammonia V Plant situated at Trombay to the extent of 1.25 times of the loan amount. The rate of interest is 6 months USD LIBOR plus margin of 2.75% per annum. Repayment of the said loan would fall due for ₹ 25.91 crore in F.Y. 2017-18, ₹ 25.91 crore in FY 2018-19 and ₹ 19.43 crore in FY 2019-2020.						
<b>d. Yes Bank FCNR</b>		47.90	5.32	-	-	-	-
	A foreign currency Term loan of ₹ 55 crore equivalent to USD 8.21 Million availed by the Company from Yes Bank Limited, is secured by way of hypothecation on movable fixed assets (machinery and equipments) of the Medium Pressure (MP) and High Pressure (HP) Nitric Acid Plant situated at Trombay to the extent of 1.25 times of the loan amount. The rate of interest is fixed at 3.70% per annum. Repayment of the said loan would fall due for ₹ 5.32 crore in F.Y. 2017-18, ₹ 10.65 crore in FY 2018-19, ₹ 10.65 crore in FY 2019-2020, ₹ 10.65 crore in FY 2020-21, ₹ 10.65 crore in FY 2021-22 and ₹ 5.32 crore in FY 2022-23.						
		93.24	101.17	143.87	208.26	331.44	30.66

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31<sup>ST</sup> MARCH 2017**

NOTE NO. 19	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES -BORROWINGS”	₹ Crore					
		AS AT 31.03.2017		AS AT 31.03.2016		AS AT 01.04.2015	
		Non Current	Current	Non Current	Current	Non Current	Current
<b>UNSECURED</b>							
<b>Term Loan from Banks</b>							
<b>Yes Bank WCTL</b>		20.60	-	-	-	-	-
A working capital term loan (WCTL) of ₹ 20.60 crore sanctioned and availed by the Company from Yes Bank Limited, is an unsecured loan for a tenor of 5 years. The said loan has a fixed interest rate of 8.40% per annum. Repayment of the said loan would fall due for ₹ 1.95 crore in FY 2018-19, ₹ 4.85 crore in FY 2019-20, ₹ 4.85 crore in FY 2020-21, ₹ 4.85 crore in FY 2021-22 and ₹ 4.11 crore in FY 2022-23.							
Amount disclosed under the head "OTHER CURRENT LIABILITIES" (Refer Note No. 27)			(109.50)	-	(241.59)	-	(69.99)
<b>TOTAL</b>		<b>113.84</b>	<b>-</b>	<b>152.21</b>	<b>-</b>	<b>373.11</b>	<b>-</b>

The loans covered in 19.1.a, 19.2.a & 19.2.b are secured by first pari pasu charge on movable fixed assets of the revamp ammonia urea plants at Thal with a carrying value of ₹ 458.08 crore (P.Y. ₹ 491.29 crore, ₹ 497.69 crore as on 01.04.2015)

The loan covered in 19.1.b has been repaid in 2015-16. The same was secured by first pari pasu charge on all movable fixed assets of Ammonium Nitrophosphate Plant at Trombay with a carrying value of ₹ 15.04 crore as on 31.03.2015.

The loan covered in 19.2.c is secured by first pari pasu charge on movable fixed assets of Nitric Acid plant at Trombay with a carrying value of ₹ 70.28 crore (P.Y. ₹ 126.90 crore 140.76 crore as on 01.04.2015)

NOTE NO. 20	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES - TRADE PAYABLES”	₹ Crore		
		AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
Trade Payables (Refer Note No. 47)		<b>210.63</b>	<b>181.97</b>	<b>-</b>

NOTE NO. 21	“NON-CURRENT LIABILITIES” “FINANCIAL LIABILITIES - OTHERS”	₹ Crore		
		AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
i.	Security Deposit from Vendors	16.37	19.68	5.25
ii.	Deposit from Employees	0.03	0.01	0.86
<b>TOTAL</b>		<b>16.40</b>	<b>19.69</b>	<b>6.11</b>

NOTE NO. 22	“NON-CURRENT LIABILITIES” “PROVISIONS”	₹ Crore		
		AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>Provision for Employee Benefits</b>				
i.	Leave Salary Encashment	83.76	85.83	98.77
ii.	Post Retirement Medical Benefits	57.85	53.68	51.91
<b>TOTAL</b>		<b>141.61</b>	<b>139.51</b>	<b>150.68</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

		₹ Crore		
NOTE NO. 23	“NON-CURRENT LIABILITIES” “DEFERRED TAX LIABILITIES (NET)”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>a. Deferred Tax Liability:</b>				
i.	Depreciation	311.64	310.97	302.84
ii.	Investments at Fair value	14.87	14.28	13.70
iii.	Other timing differences	2.41	2.16	1.25
<b>Total</b>		<b>328.92</b>	<b>327.41</b>	<b>317.79</b>
<b>b. Deferred Tax Asset:</b>				
i.	Provision for doubtful debts/claims/advances	3.64	4.53	4.61
ii.	Provision for obsolescence of stores	8.51	6.58	5.49
iii.	Adjustments in carrying value of investments	12.26	12.26	11.44
iv.	Expenditure allowable on payment basis	71.31	72.68	79.62
v.	Disallowances to be claimed in future on actual basis	9.82	9.82	9.82
vi.	Other timing differences	4.57	5.26	6.08
<b>Total</b>		<b>110.11</b>	<b>111.13</b>	<b>117.06</b>
<b>Net Deferred Tax Liability</b>		<b>218.81</b>	<b>216.28</b>	<b>200.73</b>

		₹ Crore		
NOTE NO. 24	“OTHER LIABILITIES”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>I NON CURRENT</b>				
<b>Others</b>				
i.	Advance rent Received <span style="float: right;">24 A</span>	11.86	13.50	12.51
ii.	Government Grants <span style="float: right;">24 B</span>	1.41	1.71	2.01
iii.	Deferred Deposit	2.58	2.02	0.75
<b>TOTAL OTHER NON CURRENT LIABILITIES (I)</b>		<b>15.85</b>	<b>17.23</b>	<b>15.27</b>
<b>II CURRENT</b>				
<b>(a) Revenue received in advance</b>				
i.	Income received in advance from Customers	71.31	58.14	77.61
ii.	Subsidy on unsold stock	114.19	219.82	50.64
		<b>185.50</b>	<b>277.96</b>	<b>128.25</b>
<b>(b) Other Advances</b>				
	Retention money	12.50	-	-
<b>(c) Other Liabilities:</b>				
i.	Advance Rent Received <span style="float: right;">24 A</span>	2.46	2.38	2.05
ii.	Government Grants <span style="float: right;">24 B</span>	0.30	0.30	0.30
iii.	Deferred Deposit	2.68	2.19	0.56
<b>iv. Statutory Dues:</b>				
a.	Excise Duty on closing stock	2.11	3.75	3.33
b.	Withholding taxes	2.90	2.48	6.09
c.	VAT/ Sales tax	4.74	4.68	4.58
d.	Other taxes	0.07	0.29	0.15
v.	Others	4.06	12.59	13.11
		<b>19.32</b>	<b>28.66</b>	<b>30.17</b>
<b>TOTAL OTHER CURRENT LIABILITIES (II)</b>		<b>217.32</b>	<b>306.62</b>	<b>158.42</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31<sup>ST</sup> MARCH 2017**

		₹ Crore		
NOTE NO. 24 A	“ADVANCE RENT RECEIVED”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
	As at 1 <sup>st</sup> April	15.88	14.56	14.56
	Received during the year	0.80	3.63	-
	Released to the statement of profit and loss	2.36	2.31	-
	As at 31 <sup>st</sup> March	<u>14.32</u>	<u>15.88</u>	<u>14.56</u>
	Current	2.46	2.38	2.05
	Non-current	11.86	13.50	12.51
		₹ Crore		
NOTE NO. 24 B	“GOVERNMENT GRANTS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
	As at 1 <sup>st</sup> April	2.01	2.31	2.31
	Received during the year	-	-	-
	Released to the statement of profit and loss	0.30	0.30	-
	As at 31 <sup>st</sup> March	<u>1.71</u>	<u>2.01</u>	<u>2.31</u>
	Current	0.30	0.30	0.30
	Non-current	1.41	1.71	2.01
		₹ Crore		
NOTE NO. 25	“CURRENT LIABILITIES” “FINANCIAL LIABILITIES - BORROWINGS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
	<b>From Banks - Secured *</b>			
	Cash Credit	7.33	16.73	26.44
	Working Capital Demand Loan (includes an amount of ₹ 887.54 crore (P.Y. ₹ Nil) under special banking arrangement secured by way of specific subsidy claims to be settled by DoF/FICC)	917.53	1120.00	565.00
	<b>Total Secured</b>	<u>924.86</u>	<u>1136.73</u>	<u>591.44</u>
	<b>From Banks - Unsecured</b>			
	Foreign currency loans from banks-Buyers Credit	280.68	916.43	769.63
	Rupee loans	-	550.00	150.00
	<b>Total Unsecured</b>	<u>280.68</u>	<u>1466.43</u>	<u>919.63</u>
	<b>Other Loans</b>			
	Commercial Paper	340.00	-	-
	<b>TOTAL</b>	<u>1545.54</u>	<u>2603.16</u>	<u>1511.07</u>

\*Cash Credit and Working Capital Demand Loan from banks is secured by hypothecation of entire current assets, present and future. The said arrangement carries a rate of interest which varied between 7.95% to 9.40% per annum during the year.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

₹ Crore

NOTE NO. 26	“CURRENT LIABILITIES” “FINANCIAL LIABILITIES - TRADE PAYABLES”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
	<b>Trade Payables</b>			
(A)	Outstanding dues of micro enterprises and small enterprises	11.93	12.20	12.05
(B)	Outstanding dues of creditors other than micro enterprises and small enterprises	622.40	593.45	584.67
	<b>TOTAL</b>	<b>634.33</b>	<b>605.65</b>	<b>596.72</b>

Trade payables are normally non-interest bearing and are usually settled within 30-days from the date of receipt of invoice unless they are contracted with specific credit terms as applicable.

₹ Crore

NOTE NO. 27	“CURRENT LIABILITIES” “FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
i.	Current maturities of long term debt (Refer Note No. 19)	109.50	241.59	69.99
ii.	Interest accrued but not due on borrowings	2.05	9.07	5.96
iii.	Unclaimed dividend *	0.66	0.64	0.56
iv.	Creditors on Capital Account	3.05	21.06	13.90
v.	Standing Deposit from Customers	48.32	48.62	47.28
vi.	Trade Deposit from Customers	70.39	65.47	49.96
vii.	Earnest Money Deposit & Security Deposit from Vendors	53.02	37.04	41.47
viii.	Corporate Guarantees Given	35.46	35.47	35.47
ix.	Ex-gratia & employee benefits	19.94	22.30	67.77
x.	Derivatives not designated as Hedges (MTM loss payable)	5.38	3.05	1.74
	<b>TOTAL</b>	<b>347.77</b>	<b>484.31</b>	<b>334.10</b>

\* No amounts are due & payable to Investor Education & Protection Fund

₹ Crore

NOTE NO. 28	“CURRENT LIABILITIES” “PROVISIONS”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
<b>A)</b>	<b>Provision for Employee Benefits</b>			
i.	Leave Salary Encashment	100.99	102.28	79.71
ii.	Post Retirement Medical Benefits	4.52	4.43	3.61
		<b>105.51</b>	<b>106.71</b>	<b>83.32</b>
<b>B)</b>	<b>Provisions towards disputes/claims/legal matters/other contractual obligations</b>	27.00	2.53	2.53
	<b>TOTAL</b>	<b>132.51</b>	<b>109.24</b>	<b>85.85</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31<sup>ST</sup> MARCH 2017**

		₹ Crore		
NOTE NO. 29	“CURRENT LIABILITIES” “CURRENT TAX LIABILITIES NET”	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
	Provision for Taxation less Advance tax	16.15	-	30.19
	<b>TOTAL</b>	<b>16.15</b>	<b>-</b>	<b>30.19</b>

		₹ Crore	
NOTE NO. 30	“REVENUE FROM OPERATIONS”	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>1. Sales (Including Excise Duty)</b>			
<b>A. Manufactured Products</b>	30A		
Fertilizers		2197.50	2406.29
Industrial Products		841.54	986.90
		<u>3039.04</u>	<u>3393.19</u>
<b>B. Bought-out Products</b>	30A		
Fertilizers		192.89	245.64
Net Sales		<u>3231.93</u>	<u>3638.83</u>
<b>2. Other Operating Revenues</b>			
Subsidy on Urea & Complex Fertilizers	30B	3968.09	4580.16
Sale of Scrap		4.32	9.23
Management Fees -For Services rendered		17.95	13.05
Margin on Tie- ups		0.88	0.08
<b>TOTAL</b>		<b>3991.24</b>	<b>4602.52</b>
<b>Revenue from Operations</b>		<b>7223.17</b>	<b>8241.35</b>

		₹ Crore	
NOTE NO. 30A	“SALES - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>1. Manufactured</b>			
<b>A. Fertilizers</b>			
Suphala 15 : 15 : 15		784.54	736.18
Suphala 20 : 20 : 0 (Ammonium Nitrate Phosphate)		7.96	296.67
Urea / Neem coated Urea		1376.51	1328.17
Others		28.49	45.27
		<u>2197.50</u>	<u>2406.29</u>
<b>B. Industrial Products</b>			
Ammonia		282.67	401.26
Methylamines		93.16	84.23
Ammonium Nitrate Melt		245.35	274.92
Others		220.36	226.49
		<u>841.54</u>	<u>986.90</u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

		₹ Crore	
NOTE NO. 30A	“SALES - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>2.</b>	<b>Bought-out Products</b>		
	Imported Di Ammonium Phosphate	75.55	-
	Imported Muriate of Potash	77.25	142.12
	Imported Urea	-	95.53
	Others	40.09	7.99
		<u>192.89</u>	<u>245.64</u>
	<b>TOTAL</b>	<b><u>3231.93</u></b>	<b><u>3638.83</u></b>

		₹ Crore	
NOTE NO. 30B	“SUBSIDY ON UREA & COMPLEX FERTILIZERS”	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>1.</b>	<b>Manufactured Fertilizers</b>		
	Price	3371.96	3893.54
	Freight	464.65	509.50
		<u>3836.61</u>	<u>4403.04</u>
<b>2.</b>	<b>Bought-out Fertilizers</b>		
	Price	112.06	87.00
	Freight	19.42	90.12
		<u>131.48</u>	<u>177.12</u>
	<b>TOTAL</b>	<b><u>3968.09</u></b>	<b><u>4580.16</u></b>

		₹ Crore	
NOTE NO. 31	“OTHER INCOME”	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>1.</b>	<b>Interest Income</b>		
	On Loans to Employees	0.30	0.42
	On Deposits with Bank and Others	0.69	1.10
	From Customers	2.59	2.89
	From Others	1.89	2.66
	<b>TOTAL</b>	<b><u>5.47</u></b>	<b><u>7.07</u></b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31<sup>ST</sup> MARCH 2017**

₹ Crore

NOTE NO. 31	“OTHER INCOME”	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>2.</b>	<b>Dividend Income</b>	0.19	0.11
<b>3.</b>	<b>Other Income</b>		
	Profit on sale of fixed assets (Net)	0.06	0.12
	Bad debts recovered	0.38	0.58
	Rent received, recovery of electricity etc.	26.99	27.48
	Lease compensation of railway siding	0.21	0.14
	Government Grants (Refer Note No. 24B)	0.30	0.30
	Amortisation of Deferred Deposits	3.09	1.31
	Miscellaneous Income	31.30	47.94
		<u>62.33</u>	<u>77.87</u>
	Less: Transferred to Research and Development Expenses (Refer Note No. 38C)	(0.01)	-
	(P.Y. ₹ 15,638)		
		<u><b>67.98</b></u>	<u><b>85.05</b></u>

₹ Crore

NOTE NO. 32	“COST OF MATERIALS CONSUMED”	Year Ended 31.03.2017	Year Ended 31.03.2016
	Raw Materials	2700.55	3394.54
	Packing Materials	124.97	128.86
	Less : Transferred to Research & Development Expenses (Refer Note No. 38C)	(0.02)	-
	<b>TOTAL</b>	<u><b>2825.50</b></u>	<u><b>3523.40</b></u>

₹ Crore

NOTE NO. 32A	“ITEM WISE BREAKUP OF MATERIALS CONSUMED”	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>RAW MATERIALS</b>			
	Rock Phosphate	70.57	168.03
	Di-Ammonium Phosphate	95.77	119.86
	Mono-Ammonium Phosphate	146.82	229.91
	Muriate of Potash	232.47	268.87
	Natural Gas	2055.20	2492.31
	Others	99.72	115.56
	<b>SUB TOTAL</b>	<u><b>2700.55</b></u>	<u><b>3394.54</b></u>
	Less : Transferred to Research and Development Expenses (Refer Note No. 38C)	(0.02)	-
	<b>TOTAL</b>	<u><b>2700.53</b></u>	<u><b>3394.54</b></u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

		₹ Crore	
NOTE NO. 33	“PURCHASES OF STOCK IN TRADE”	Year Ended 31.03.2017	Year Ended 31.03.2016
	Imported Urea	-	85.41
	Imported Di Ammonium Phosphate	91.23	1.45
	Imported Muriate of Potash	99.48	255.47
	Others	34.97	7.28
	<b>SUB TOTAL</b>	<b>225.68</b>	<b>349.61</b>
	<b>Less: Transferred to Plant for internal consumption</b>		
	Imported DAP	-	(0.70)
	<b>TOTAL</b>	<b>225.68</b>	<b>348.91</b>

		₹ Crore	
NOTE NO. 34	“CHANGES IN INVENTORIES OF FINISHED GOODS & STOCK IN TRADE”	Year Ended 31.03.2017	Year Ended 31.03.2016
	<b>Opening Stock</b>		
	Finished Goods	372.86	166.58
	Intermediary Products	42.52	29.88
	By-Products	10.08	10.04
	Stock in trade	59.57	44.06
	<b>Sub-Total</b>	<b>485.03</b>	<b>250.56</b>
	<b>Closing Stock</b>		
	Finished Goods	304.49	372.86
	Intermediary Products	23.84	42.52
	By-Products	4.21	10.08
	Stock in trade	3.93	59.57
	<b>Sub-Total</b>	<b>336.47</b>	<b>485.03</b>
	Changes in Inventories	148.56	(234.47)
	Differential Excise duty on stocks of Finished goods	(1.63)	2.04
	<b>TOTAL</b>	<b>146.93</b>	<b>(232.43)</b>

		₹ Crore	
NOTE NO. 34A	“OPENING STOCK - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2017	Year Ended 31.03.2016
	<b>Finished Goods</b>		
	<b>1. Manufactured</b>		
	<b>A. Fertilizers</b>		
	Urea (Trombay)	55.26	14.10
	Urea (Thal)	166.95	43.57
	Complex Fertilizers	115.43	77.46
	Others	31.64	24.08

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31<sup>ST</sup> MARCH 2017**

		₹ Crore	
NOTE NO. 34A	“OPENING STOCK - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>B.</b>	<b>Industrial Products</b>		
	Methanol	0.08	0.92
	Concentrated Nitric Acid	0.10	0.22
	Ammonium Bi-carbonate	0.17	0.09
	Methylamines	0.45	1.64
	Ammonium Nitrate Melt	0.02	0.02
	Dimethyl Formamide	-	0.42
	Dimethyl Acetamide	2.18	1.57
	Argon Gas / Liquid	0.34	0.29
	Formic Acid	-	1.10
	Others	0.24	1.10
		372.86	166.58
<b>2.</b>	<b>Bought-out Products</b>		
	<b>Fertilizers</b>		
	Imported Muriate of Potash	55.94	-
	Imported Urea	-	41.99
	Others	3.63	2.07
		59.57	44.06
	<b>TOTAL</b>	<b>432.43</b>	<b>210.64</b>

		₹ Crore	
NOTE NO. 34B	“CLOSING STOCK - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2017	Year Ended 31.03.2016
	<b>Finished Goods</b>		
<b>1.</b>	<b>Manufactured</b>		
	<b>A. Fertilizers</b>		
	Urea (Trombay)	50.95	55.26
	Urea (Thal)	137.31	166.95
	Complex Fertilizers	73.21	115.43
	Others	40.07	31.64
	<b>B. Industrial Products</b>		
	Methanol	0.04	0.08
	Concentrated Nitric Acid	0.73	0.10
	Ammonium Bi-carbonate	0.06	0.17
	Methylamines	0.40	0.45
	Ammonium Nitrate Melt	0.02	0.02
	Dimethyl Acetamide	1.44	2.18
	Argon Gas / Liquid	0.22	0.34
	Others	0.04	0.24
		<b>304.49</b>	<b>372.86</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

		₹ Crore	
2. Bought-out Products		Year Ended 31.03.2017	Year Ended 31.03.2016
<b>Fertilizers</b>			
Imported Muriate of Potash		0.83	55.94
Sulphate of Potash		2.27	2.23
Others		0.83	1.40
		<u>3.93</u>	<u>59.57</u>
<b>TOTAL</b>		<b>308.42</b>	<b>432.43</b>

		₹ Crore	
NOTE NO. 35	“EMPLOYEE BENEFITS EXPENSE”	Year Ended 31.03.2017	Year Ended 31.03.2016
	Salaries, Wages and Bonus	424.08	414.58
	Contribution to Provident Fund and other funds	44.53	44.26
	Contribution to Gratuity Fund	-	2.80
	Workmen and Staff Welfare Expenses	59.25	59.30
		<u>527.86</u>	<u>520.94</u>
	Provident Fund & Other funds		
	Less : Transferred to Research and Development Expenses ( Refer Note No. 38C)	(2.38)	(3.29)
	Share recoverable from Thal Ammonia Extension and Others	(21.84)	(21.67)
		<u>(24.22)</u>	<u>(24.96)</u>
	<b>TOTAL</b>	<b>503.64</b>	<b>495.98</b>

		₹ Crore	
NOTE NO. 36	“FINANCE COSTS”	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>i. Interest</b>			
a.	Term Loans-From Banks	11.51	13.78
b.	Working capital from Banks	61.94	71.55
c.	Other loans and deposits	5.56	5.63
ii.	Other Borrowing & Finance Costs; and	4.06	2.47
iii.	Exchange differences regarded as an adjustment to borrowing costs	10.91	51.84
		<u>93.98</u>	<u>145.27</u>
	Less: Transferred to CWIP/Capitalized	-	-
	<b>TOTAL</b>	<b>93.98</b>	<b>145.27</b>

		₹ Crore	
NOTE NO. 37	“DEPRECIATION AND AMORTISATION EXPENSES / IMPAIRMENT”	Year Ended 31.03.2017	Year Ended 31.03.2016
i.	Depreciation on Property Plant and Equipment	136.92	135.11
ii.	Impairment on Property Plant and Equipment	-	9.19
iii.	Depreciation on Investment Property	0.14	0.14

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31<sup>ST</sup> MARCH 2017**

		₹ Crore	
NOTE NO. 37	“DEPRECIATION AND AMORTISATION EXPENSES / IMPAIRMENT”	Year Ended 31.03.2017	Year Ended 31.03.2016
iv.	Amortisation on Intangible Assets	4.23	3.34
	Total Depreciation / Amortisation Impairment provided during the year	141.29	147.78
	Less : Transferred to Research and Development Expenses (Refer Note No. 38C)	(0.19)	(0.13)
	<b>As reported under Statement of Profit &amp; Loss:</b>	<b>141.10</b>	<b>147.65</b>
		₹ Crore	
NOTE NO. 38	“OTHER EXPENSES”	Year Ended 31.03.2017	Year Ended 31.03.2016
	Stores and Spares	34.63	51.41
	Power and fuel	1887.82	2341.43
	Water Charges	77.86	38.78
	Repairs and Maintenance	135.60	151.47
	Freight and Handling Charges	701.86	790.97
	Rent	19.34	10.30
	Rates and Taxes	10.12	5.39
	Insurance	10.51	15.86
	Miscellaneous Expenses	227.91	226.90
	Less: Transferred to Research & Development Expenses (Refer Note No. 38C)	(0.06)	(0.12)
		<b>3105.59</b>	<b>3632.39</b>
		₹ Crore	
NOTE NO. 38A	“REPAIRS AND MAINTENANCE”	Year Ended 31.03.2017	Year Ended 31.03.2016
	Plant and Machinery	87.47	92.10
	Buildings	27.58	39.11
	Other Assets	20.61	20.35
		135.66	151.56
	Less: Transferred to Research & Development Expenses (Refer Note No. 38C)	(0.06)	(0.09)
	<b>TOTAL</b>	<b>135.60</b>	<b>151.47</b>
		₹ Crore	
NOTE NO. 38B	“MISCELLANEOUS EXPENSES”	Year Ended 31.03.2017	Year Ended 31.03.2016
	Security expenses-Factory and Others	43.31	36.04
	Electricity Charges-Township and Offices	7.73	8.63
	Advertisement	8.34	5.59
	Bank Charges	1.53	1.37
	Promotion and Publicity	7.63	4.74
	Hire Charges for vehicles	4.70	4.55
	Travelling expenses	5.38	5.28
	Entertainment Expenses	0.14	0.21
	Donations	0.05	-
	Research and Development expenses	3.16	3.88



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

NOTE NO. 38B	“MISCELLANEOUS EXPENSES”	Year Ended 31.03.2017	Year Ended 31.03.2016
			₹ Crore
	Loss on Fixed Assets Sold /Discarded	0.97	0.97
	Losses/ Damages and other amounts written off	-	0.86
	Foreign exchange Loss/(Gain)	(10.92)	(0.90)
	Provision for diminution in value of investments	-	2.36
	Corporate Social Responsibility expenses	8.63	9.66
	Excise duty on sales	125.00	142.19
	Provision for Doubtful Debts/ Claims/ Advances	2.35	1.39
	Provision for obsolescence of stores	5.56	4.95
	Bad debts written off	0.93	0.06
	Provisions for Doubtful debts/advances/obsolescence no longer required	(1.35)	(2.91)
	Liabilities/Provisions for expenses of earlier years no longer required	(10.42)	(23.27)
	Recovery of share of common expenses	(21.69)	(22.00)
	Lease premium paid	0.14	0.14
	Other expenses **	46.74	43.11
	<b>TOTAL</b>	<b>227.91</b>	<b>226.90</b>

\*\* Includes Directors' sitting fees C.Y. ₹ 7,50,000, P.Y. ₹ 2,85,000

NOTE NO. 38C	“RESEARCH & DEVELOPMENT EXPENSES”	Year Ended 31.03.2017	Year Ended 31.03.2016
			₹ Crore
	Salaries and Staff Welfare Expenses	2.38	3.29
	Repairs and Maintenance	0.06	0.09
	Depreciation	0.19	0.13
	Direct Research Expenditure	0.46	0.25
	Other Expenses	0.02	0.12
	Handling charges	0.04	-
	Materials Consumed	0.02	-
	SUB TOTAL	3.17	3.88
	Less: Transferred from Other Income (P.Y. ₹ 15,638)	(0.01)	-
	<b>TOTAL</b>	<b>3.16</b>	<b>3.88</b>

NOTE NO. 39	“OTHER COMPREHENSIVE INCOME”	Year Ended 31.03.2017	Year Ended 31.03.2016
			₹ Crore
	<b>Items that will not be reclassified to profit or loss</b>		
	Remeasurement of defined benefit plans	1.22	3.26
	Fair Value Equity instruments (IPL Shares)	1.77	1.69
		2.99	4.95
	Less: Income tax relating to above items	(1.02)	(1.71)
	<b>TOTAL</b>	<b>1.97</b>	<b>3.24</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31<sup>ST</sup> MARCH 2017**

**40. DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES AS PER IND AS 107**

		₹ Crore		
		As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
<b>I)</b>	<b><u>FINANCIAL ASSETS</u></b>			
<b>a.</b>	<b>BREAKUP OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI</b>			
	Investments - fully paid shares	44.88	43.11	41.42
	<b>TOTAL</b>	<b>44.88</b>	<b>43.11</b>	<b>41.42</b>
<b>b.</b>	<b>BREAKUP OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT &amp; LOSS</b>			
	Derivatives not designated as hedges (MTM gain receivable)	-	2.15	4.00
	<b>TOTAL</b>	<b>-</b>	<b>2.15</b>	<b>4.00</b>
<b>c.</b>	<b>BREAKUP OF FINANCIAL ASSETS CARRIED AT AMORTISED COST</b>			
	Loans	3.35	4.36	5.42
	Others Financial Assets	174.06	263.26	169.45
	Trade Receivables	3641.72	4327.63	3312.08
	Cash and Cash Equivalents	10.31	1.36	83.23
	Other Bank Balances	2.70	1.79	2.10
	<b>TOTAL</b>	<b>3832.14</b>	<b>4598.40</b>	<b>3572.28</b>
<b>d.</b>	<b>BREAKUP OF FINANCIAL ASSETS CARRIED AT COST</b>			
	Investments - Joint ventures	0.04	0.05	3.60
	<b>TOTAL</b>	<b>0.04</b>	<b>0.05</b>	<b>3.60</b>
	<b>TOTAL FINANCIAL ASSETS</b>	<b>3877.06</b>	<b>4643.71</b>	<b>3621.30</b>
<b>II)</b>	<b><u>FINANCIAL LIABILITIES</u></b>			
<b>a.</b>	<b>BREAKUP OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT &amp; LOSS</b>			
	Derivative not designated as hedges (MTM loss payable)	5.38	3.05	1.74
	<b>TOTAL</b>	<b>5.38</b>	<b>3.05</b>	<b>1.74</b>
<b>b.</b>	<b>BREAKUP OF FINANCIAL LIABILITIES CARRIED AT AMORTISED COST</b>			
	Borrowings	1659.38	2755.37	1884.18
	Trade Payables	844.96	787.62	596.72
	Deposit from Employees	0.03	0.01	0.86
	Corporate Guarantees Given	35.46	35.47	35.47
	Current maturities of long term debt (Refer Note No. 19)	109.50	241.59	69.99
	Interest accrued but not due on borrowings	2.05	9.07	5.96



## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

₹ Crore

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Unclaimed dividend	0.66	0.64	0.56
Creditors on Capital Account	3.05	21.06	13.90
Standing Deposit from Customers	48.32	48.62	47.28
Trade Deposit from Customers	70.39	65.47	49.96
Earnest Money Deposit & Security Deposit from Vendors	69.39	56.72	46.72
Ex-gratia & employee benefits	19.94	22.30	67.77
<b>Total</b>	<b>2863.13</b>	<b>4043.94</b>	<b>2819.37</b>
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>2868.51</b>	<b>4046.99</b>	<b>2821.11</b>

\* The above referred carrying values of Financial Assets and Liabilities approximate its fair value as at the balance sheet date.

### 41. Contingent Liabilities not provided for:

41.1 Claims against the Company not acknowledged as debts to the extent ascertainable (Interest cannot be estimated reliably) and not provided for net of payment/liability provided:-

₹ Crore

Sr. No	Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
1	<b>Invoices/ debit notes and claims raised by GAIL(India ) Ltd.</b>			
a	Increased gas transmission charges for ONGC pipeline Stay order obtained from Mumbai High Court and directed to resolve through arbitration.	64.30	64.30	56.59
b	Price difference between APM and Non APM gas supplies for the period February 2012 to October 2014	0.00	97.99	97.99
c	Levy of Market priced gas differential for use of APM/Domestic Gas for Non-fertilizer Non-Urea operations/For non-submission for FICC certified gas utilization data Refer Note no. 47	1062.83	39.39	39.39
	<b>Sub total</b>	<b>1127.13</b>	<b>218.62</b>	<b>193.97</b>
2	<b>Claims on the Company not acknowledged as debts by Contractors/Suppliers etc.</b>	17.79	24.99	22.08
3	<b>Demands raised by various authorities that may arise in respect of matters in appeal</b>			
	Excise Duty (D) *	33.84	32.25	45.63
	Excise Duty (S)	5.69	10.44	4.05
	Sales Tax	38.25	30.59	27.82
	Income Tax	25.10	25.65	23.43
	Service Tax (D)	21.31	12.34	12.91

## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

₹ Crore

Sr. No	Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	Service Tax (S)	4.37	0.00	0.00
	Custom Duty (D)	80.93	80.93	80.93
	Custom Duty (secured by Bank Guarantee)**	25.62	25.62	25.62
3	Water charges claimed by Municipal Corporation of Greater Mumbai	2.28	1.78	1.22
4	Claims before arbitrators and Courts	9.00	9.62	11.05
5	Claims preferred by local authorities	8.34	8.34	8.34
	<b>GRAND TOTAL</b>	<b>1399.64</b>	<b>481.31</b>	<b>457.19</b>

(D) – Demands raised / (S) – Show cause notice issued.

\*includes an amount of ₹ 23.05 crores (P.Y. ₹ 23.05 crores) towards duty, interest and penalty relating to purchase of Naphtha at concessional rate of excise duty for the purposes other than mentioned in the exemption notification for the period November-1996 to October-2005. The demand for the period upto February-2005 for ₹ 21.28 crores (P.Y. ₹ 21.28 crores) has been appealed against by the Company and the matter is resting with the Honorable Supreme Court, which is yet to be heard. For the subsequent period the show cause notice has been stayed by CESTAT and appeal is yet to be heard. Pending hearing, no provision is considered necessary.

\*\*The demand of duty is secured by Bank Guarantees and the Company has filed an appeal against the same before the bench of CESTAT, which is yet to be heard. Company has been advised by solicitors and advocates that the demand is not tenable and no provision is considered necessary.

The amount of claims in respect of legal cases filed against the Company for labour matters relating to regular employees and not acknowledged as debts is not ascertainable.

- 41.2** Demand of ₹ 33.48 crore raised by Municipal Corporation of Greater Mumbai (BMC) towards additional sewerage charges levied from 5-4-1987 are disputed by the Company in a Writ Petition filed in Bombay High Court. The Honorable High Court vide its interim Order dated 10-11-92 has granted stay on recovery of the demand for the period up to the date of the Order and directed the Company to pay sewerage charges from the date of the order which is being paid by the Company. The matter has been disposed off by the High Court and the Company approached Supreme Court. Supreme Court has now directed the Bombay High Court to hear the matter and decide on merits based on facts of the case. The Stay granted on the said matter continues.

As a part of an agreement entered into with BMC for obtaining raw sewerage, the Company has paid an interest free deposit of ₹ 16 crore to BMC (included in Note no.8) representing approximately 50% of the disputed demand which would be adjustable against the disputed demand in case the Court rules in favor of BMC. No provision is considered necessary for the disputed demand of ₹ 33.48 crore as the claim of BMC is not tenable.

In respect of clause 41.1 to 41.2 above, it is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flows, if any.

**42. Capital Commitments:**

₹ Crore

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Capital Expenditure Commitments	569.74	621.62	273.07



## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

43. Formalities relating to transfer of certain immovable and other properties from Fertilizer Corporation of India Limited to the Company on reorganization of the former in 1978 are not yet completed. Out of property cards for a total area of 30,89,013 Sq. meters (P.Y. 30,97,278 Sq. meters), property cards for 3,78,321 Sq. meters (P.Y. 3,78,321 Sq. meters and 3,93,198 Sq. meters as at 01.04.2015) are yet to be transferred in the name of the Company.
44. Out of total area of 50,52,476 Sq. meters area at Thal Unit, the title deeds relating to area of 32,03,543 Sq. meters area are in the name of the Company. The capitalization of Freehold land at Thal Unit includes land at Kihim having carrying cost of ₹ 0.02 crore, pending execution of documents and transfer of title deeds in the name of Company, due to dispute.
45. Balance of subsidy receivables and tax refund from Government authorities are subject to confirmation. Some of the balances of trade Payables, current liabilities and loans and advances are subject to confirmation / reconciliation and consequential adjustments if any. In the opinion of the management, such adjustments would not be material.
46. The Company is eligible to receive subsidy from Fertilizer Industry Co-Ordination Committee (FICC) / Department of Fertilizers (DOF) on Urea, Phosphatic and Potassic (P & K) Fertilizers at the rates notified from time to time.
- a. For the rates yet to be notified, due to escalations/de-escalations in the cost of inputs and other costs, subsidy has been accounted on estimated basis. The details of subsidy accounted on estimated basis are as under:-

₹ Crore

Particulars	Year Ended	Year Ended
	31.03.2017	31.03.2016
	Urea	Urea
For the Year	(560.74)**	237.97**

Figures in brackets represents subsidy refundable to Govt. of India.

\*\*Includes Subsidy against marketing margin against RIL gas for use of production of Urea of ₹ NIL (P.Y. ₹ 4.03 crores), as an interim relief, as directed by Delhi High Court on the referred matter.

- b. The matter relating to unintended benefits accruing to units using domestic gas for manufacture of Nutrient "N" has been referred to and is pending before an Inter-Ministerial Committee (IMC) of Government of India (GoI). An amount of ₹ 198.94 crore has been withheld as at 31<sup>st</sup> March 2017 (₹ 198.94 crore as at 31<sup>st</sup> March 2016) by Department of Fertilizers towards the said matter.

Pending final decision on the said matter and in the Company's view that no unintended benefits have accrued, it has continued to recognize subsidy income on P&K fertilizers at the rates notified by Department of Fertilizers.

47. As per notification no. L-120223/2015-GP-II, dated 20<sup>th</sup> May, 2015 of Ministry of Petroleum and Natural Gas (MOPNG), Gas Pooling has become applicable from 1<sup>st</sup> June, 2015 onwards for all Urea Manufacturing units. Under this mechanism gas for urea production will be made available at a uniform price of pooled gas for production of urea. Consequently it is expected that a differential pricing of gas may be made applicable for non-urea usage also. Company has represented to DoF for maintaining supply of domestic gas for P&K fertilizers and chemicals.

MOPNG vide its letter no. L-13013/3/2012-GP-1, dated 16<sup>th</sup> December, 2015 has directed GAIL (India) Ltd. to levy a higher gas price (i.e. the highest rate of RLNG used for production of urea) for use of gas in non-urea operations. Company has represented that any decision on the same be taken only upon the issue being settled by the IMC of GoI. Effective from 16<sup>th</sup> May, 2016, Company has entered into a contract for procurement of market priced gas for non-urea operations at Trombay unit.

However, pending finalization of price payable as per the said letter of MOPNG, a liability of ₹ 210.63 crore as on 31<sup>st</sup> March 2017 (₹181.97 crore, as on 31<sup>st</sup> March 2016) has been recognized based on the pooled price of gas/Market price of gas, also for its non-urea operations as applicable.

## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

In pursuant to the said order, GAIL India) Ltd. has sought a differential levy amounting to ₹ 1244.80 crore for the period commencing from 1<sup>st</sup> July 2006 till 31<sup>st</sup> March 2016 and has initiated arbitration proceedings towards non-payment of the same. Company has represented this matter to Department of Fertilizers for dispute resolution as the matter relating to the same is pending before the Inter Ministerial Committee of Government of India.

48. **Based on the nature of business activities undertaken by the Company and requirement of IND AS 108, following are the operating segments identified**

Segment	Nature of activities
Fertilizers	Production and supply of various grades of Fertilizers for agricultural use.
Chemicals	Production of various chemicals and supply to diverse industries
Trading	Represents fertilizers imported / locally sourced and marketed for agricultural use.

The necessary disclosures as required under IND AS 108 are given in **Annexure-1**.

The segment revenue and segment results are arrived at based on the revenues generated out of sale of such products and the costs attributable are reduced for arriving at the segment results. Assets are allocated to operating segments based on the intended use for which the asset was primarily installed. Liabilities are allocated to operating segments to which it relates to.

No operating segments have been aggregated to form the above reportable operating segments.

49. **Disclosures under IND AS 24 on Related Party Transactions are given below:**

Since Government of India owns 80% of the Company's equity share capital (under the administrative control of Ministry of Chemicals and Fertilizers), the disclosures relating to transactions with Government and other Government controlled entities have been reported in accordance with para 26 of IND AS 24.

Certain transactions are carried out with other government controlled entities for purchase of Gases, for procurement of Raw Materials / Finished Goods, Assets / Spare Parts from Original equipment manufacturers, which are significant in terms of value, the details of which are as under:

Name of Entity	Nature of Transaction	2016-17 ₹ Crore	2015-16 ₹ Crore
GAIL (India) Ltd	Procurement of Gas / Transportation Charges	3,491.49	4,201.99
Mangalore Refinery & Petrochemicals	Procurement of Sulphur	20.09	17.26
MMTC Limited	Procurement of MOP	90.43	-
Bharat Petroleum Corporation Limited	Procurement of Gas	87.17	-
Indian Oil Corporation Ltd	Procurement of Gas	83.98	45.98
Oil and Natural Gas Corporation Ltd	Renting of Immovable Property	22.47	21.23
GAIL (India) Ltd	Compensation and Administration Charges towards Gas Swapping	4.36	16.30
GAIL (India) Limited	Gas Swapping arrangement	107.43	528.13
MAIDC	Sale of fertilizers	16.92	23.87
The Singareni Collieries Co. Ltd.	Sale of Industrial chemicals	14.44	12.44
Hindustan Insecticides Limited	Sale of fertilizers	24.13	-

**The above referred transactions have been carried out on arm's length basis with the said entities.**



## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

The other disclosures with related parties are as under:

### Key Management Personnel

- (i) Shri R. G. Rajan, Chairman & Managing Director upto 14.06.2016
- (ii) Shri. Manoj Mishra, Chairman & Managing Director from 15.6.2016
- (iii) Shri. CMT Britto, Director (Technical) and Chairman and Managing Director from 14.3.2017
- (iv) Shri. Ashok Kumar Ghasghase, Director (Marketing) upto 30.06.2016
- (v) Shri. Suresh Warior Director (Finance) & CFO
- (vi) Shri. D. M. Sati, Company Secretary

### Details relating to parties referred in above:

#### Remuneration:

₹ Crore

Particulars	Year ended 31.3.2017	Year ended 31.3.2016
Shri R.G.Rajan	0.34	0.61
Shri Manoj Mishra	-	-
Shri C.M.T. Britto	0.41	0.46
Shri Ashok Kumar Ghasghase	0.27	0.59
Shri Suresh Warior	0.46	0.42
Shri D.M.Sati	0.41	0.30
<b>Total</b>	<b>1.89</b>	<b>2.38</b>

The above amount includes salaries and allowances, contribution to Provident fund, pension etc. and actual payments towards leave encashment, if any. In addition to the above they are eligible for non-monetary perquisites as per Government of India guidelines.

The remuneration to key management personnel does not include the provisions made for gratuity; leave encashment and post-retirement medical benefits as they are determined on an actuarial basis for the Company as a whole.

There have been no outstanding loans and advances from the above referred parties as at year end.

### 50. Earnings per Share –Basic and Diluted

Particulars	Year ended 31.3.2017	Year ended 31.3.2016
Net profit after tax as per Statement of Profit and loss (₹ crore) (A)	179.25	169.07
Weighted Average Numbers of Equity Shares for calculating basic EPS(B)	55,16,88,100	55,16,88,100
<b>Basic/Diluted earnings per Share (in Rupees) (Face Value of ₹ 10/- per share) (A)/(B)</b>	<b>3.25</b>	<b>3.06</b>
EPS from continuing operations	3.25	3.06

## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### 51. “Financial Reporting of interests in Joint Ventures”

The required information is as under:-

#### JOINT CONTROLLED ENTITIES

Name of the Company	Country of Incorporation	Percentage of ownership interest as on		
		31-3-2017	31-3-2016	01-4-2015
1) FACT-RCF BUILDING PRODUCTS LTD.	India	50.00	50.00	50.00
2) URVARAK VIDESH LTD.	India	33.33	33.33	33.33
3) TALCHER FERTILIZERS LIMITED (formerly known as Rashtriya Coal Gas Fertilizers Limited)	India	30.00	30.00	-

- A) **FACT-RCF BUILDING PRODUCTS LTD.**- A Joint venture Company with Fertilizers and Chemicals Travancore Ltd. (FACT) for manufacture of rapid building materials from Gypsum at Kochi.

#### Summarized financial information of Company’s investment in FACT-RCF Building Products Ltd. (FRBL)

₹ Crore

Sr. No.	Particulars	As at 31/3/2017 (Unaudited)	As at 31/3/2016 (Unaudited)	As at 01/04/2015 (Unaudited)
1	Non-Current Assets	83.92	93.28	101.86
2	Cash and Cash Equivalent	0.49	1.30	0.52
3	Current Assets other than Cash and Cash Equivalent	6.52	12.01	5.59
4	Non-Current Liabilities	108.07	85.07	80.45
5	Current Liabilities	20.24	36.85	21.96
6	Equity	(37.39)	(15.33)	5.56
7	Proportion of the Company’s ownership	50%	50%	50%
8	Carrying amount of the investment*	-	-	2.78
9	Capital Commitments	2.33	2.33	2.33
10	Commitment to subscribe to additional equity	7.64	7.64	10.00
11	Contingent Liabilities	7.10	7.10	7.08

Sr. No.	Particulars	Year Ended 31/3/2017 (Unaudited)	Year Ended 31/3/2016 (Unaudited)
1	Income	21.04	20.06
2	Cost of materials consumed	1.64	2.13
3	Depreciation and amortization expense	9.63	9.61
4	Finance costs	10.24	13.84
5	Employee benefits expenses	3.45	2.59
6	Other Expenses	18.13	17.51
7	Loss from continuing operations	(22.05)	(25.61)
8	Total comprehensive income for the year	(22.05)	(25.61)
9	Company’s Share of profit / loss for the year	(11.03)	(12.81)

\* Owing to the Company’s share of losses exceeding its interest in the joint venture the share of loss stands discontinued. Accordingly Company has not recognized share of loss of ₹ 11.03 crore for the year



## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

(P.Y. ₹ 9.24 crore) and ₹ 17.91 crore cumulatively upto the year ended 31.03.2017 (₹ 6.88 crore cumulatively upto the year ended 31.03.2016).

- B) URVARAK VIDESH LTD:** - A joint venture with National Fertilizers Ltd. and KRIBHCO for revival of closed Fertilizer Units of FCI/HFC group of companies has been formed.

### Summarized financial information of Company's investment in URVARAK VIDESH LTD.

₹ Crore

Sr. No.	Particulars	As at 31/3/2017 (Audited)	As at 31/3/2016 (Audited)	As at 01/04/2015 (Audited)
1	Non-Current Assets	0.00 ₹ 7,733	0.00 ₹ 11,170	0.00 ₹ 14,607
2	Cash and Cash Equivalent	0.01	0.01	0.00 ₹ 13,993
3	Current Assets other than Cash and Cash Equivalent	0.11	0.10	0.11
4	Non-Current Liabilities	-	-	-
5	Current Liabilities	0.03	0.02	0.01
6	Equity	0.09	0.09	0.10
7	Proportion of the Company's ownership	33.33%	33.33%	33.33%
8	Carrying amount of the investment	0.03	0.03	0.03

Sr. No.	Particulars	Year Ended 31/3/2017 (Audited)	Year Ended 31/3/2016 (Audited)
1	Income	0.01	0.01
2	Cost of materials consumed	-	-
3	Depreciation and amortization expense	0.00 ₹ 3,437	0.00 ₹ 3,437
4	Finance costs	-	-
5	Employee benefits expenses	-	-
6	Other Expenses	0.01	0.02
7	Loss from continuing operations	(0.00) (₹ 13,939)	(0.01)
8	Total comprehensive income for the year	(0.00) (₹ 13,939)	(0.01)
9	Company's Share of profit / loss for the year	(0.00) (₹ 4646)	(0.00) (₹ 35,483)

- C) TALCHER FERTILIZERS LIMITED (formerly known as Rashtriya Coal Gas Fertilizers Limited):** - A new Joint venture Company with Coal India Limited (CIL), GAIL (India) Limited and Fertilizer Corporation of India Limited (FCIL) was incorporated on 13<sup>th</sup> November 2015 for revival of the FCIL's fertilizer unit at Talcher by establishing and operating new coal gasification based fertilizer complex (Ammonia/Urea Complex).

**EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

**Summarized financial information of Company's investment in Talcher Fertilizers Ltd. (Formerly known as Rashtriya Coal Gas Fertilizers Ltd.)**

₹ Crore

Sr. No.	Particulars	As at 31/3/2017 (Unaudited)	As at 31/3/2016 (Unaudited)
1	Non-Current Assets	-	-
2	Cash and Cash Equivalent	0.04	0.05
3	Current Assets other than Cash and Cash Equivalent	-	-
4	Non-Current Liabilities	-	-
5	Current Liabilities	0.01	0.00 ₹ 19,913
6	Equity	0.03	0.05
7	Proportion of the Company's ownership	30%	30%
8	Carrying amount of the investment	0.01	0.01
9	Income	-	-
10	Cost of materials consumed	-	-
11	Depreciation and amortization expense	-	-
12	Finance costs	-	-
13	Employee benefits expenses	-	-
14	Other Expenses	0.02	0.00 ₹ 19,913
15	Loss from continuing operations	(0.02)	(0.00) (₹ 19,913)
16	Total comprehensive income for the year	(0.02)	(0.00) (₹ 19,913)
17	Company's Share of profit / loss for the year	(0.01) (₹ 64,652)	(0.00) (₹ 5,979)

Figures in ₹ Crore NIL are reported in full.



## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### 52. Explanatory notes to the reconciliation of equity as at 31st March 2016 AND 1st April 2015 and profit or loss for the year ended 31 March 2016

#### 52.1 Reconciliation of equity as on 31.03.2016 & 01.04.2015

Particulars	Note No. 52.3	₹ Crore					
		IGAAP ACCOUNTS	IND AS ADJUST- MENTS	AS AT 31.03.2016	IGAAP ACCOUNTS	IND AS ENTRY	AS AT 01.04.2015
<b>ASSETS</b>							
<b>1. NON-CURRENT ASSETS</b>							
(a) Property, Plant and Equipment	a	1490.98	10.86	1501.84	1495.08	9.65	1504.73
(b) Capital Work in Progress		149.97		149.97	61.16		61.16
(c) Investment Property	b	-	5.39	5.39	-	5.51	5.51
(d) Intangible Assets		5.58		5.58	5.24		5.24
(e) Investment in Joint Venture	c	0.02	0.03	0.05	-	3.60	3.60
(f) Financial Assets							
(i) Investments	c	0.17	42.94	43.11	0.17	41.25	41.42
(ii) Trade receivables		-	-	-	-	-	-
(iii) Loans		1.73	(0.96)	0.77	2.19	(1.38)	0.81
(iv) Others	d	296.03	(58.82)	237.21	165.28	(34.54)	130.74
(g) Other non-current assets		108.53	10.97	119.50	31.88	29.24	61.12
		<u>2053.01</u>	<u>10.41</u>	<u>2063.42</u>	<u>1761.00</u>	<u>53.33</u>	<u>1814.33</u>
<b>2. CURRENT ASSETS</b>							
(a) Inventories	a	1215.45	(60.53)	1154.92	991.64	(59.68)	931.96
(b) Financial Assets							
(i) Trade Receivables	d, e.1, e.4	4311.42	16.21	4327.63	3297.36	14.72	3312.08
(ii) Cash and Cash Equivalents		1.36	-	1.36	83.23	-	83.23
(iii) Bank balances other than (ii) above		1.79	-	1.79	2.10	-	2.10
(iv) Loans		3.59	-	3.59	4.61	-	4.61
(v) Others		25.56	2.64	28.20	38.09	4.62	42.71
(c) Other Current Assets		73.84	(2.02)	71.82	36.45	(1.15)	35.30
		<u>5633.01</u>	<u>(43.70)</u>	<u>5589.31</u>	<u>4453.48</u>	<u>(41.49)</u>	<u>4411.99</u>
<b>TOTAL ASSETS</b>		<u>7686.02</u>	<u>(33.29)</u>	<u>7652.73</u>	<u>6214.48</u>	<u>11.84</u>	<u>6226.32</u>
<b>EQUITY AND LIABILITIES</b>							
<b>A. EQUITY</b>							
(a) Equity Share Capital		551.69	-	551.69	551.69	-	551.69
(b) Other Equity	(a - m)	2277.43	(12.26)	2265.17	2159.24	53.14	2212.38
		<u>2829.12</u>	<u>(12.26)</u>	<u>2816.86</u>	<u>2710.93</u>	<u>53.14</u>	<u>2764.07</u>
<b>B. LIABILITIES</b>							
<b>1. NON-CURRENT LIABILITIES</b>							
(a) Financial Liabilities							
(i) Borrowings	f	152.88	(0.67)	152.21	374.56	(1.45)	373.11
(ii) Trade Payables		181.97	-	181.97	-	-	-
(iii) Other Financial Liabilities	f	6.51	13.18	19.69	8.74	(2.63)	6.11
(b) Provisions		139.51	-	139.51	150.68	-	150.68
(c) Deferred Tax Liabilities (Net)	g	210.60	5.68	216.28	196.73	4.00	200.73
(d) Other non-current liabilities	h	-	17.23	17.23	0.00	15.27	15.27
		<u>691.47</u>	<u>35.42</u>	<u>726.89</u>	<u>730.71</u>	<u>15.19</u>	<u>745.90</u>
<b>2. CURRENT LIABILITIES</b>							
(a) Financial Liabilities							
(i) Borrowings		2603.16	-	2603.16	1511.07	-	1511.07
(ii) Trade Payables		605.65	-	605.65	596.72	-	596.72
(iii) Other Financial Liabilities	f, i	473.27	11.04	484.31	299.65	34.45	334.10
(b) Other Current Liabilities	e.2	301.07	5.55	306.62	154.94	3.48	158.42
(c) Provisions	j	182.28	(73.04)	109.24	205.37	(119.52)	85.85
(d) Current Tax Liabilities (Net)		-	-	-	5.09	25.10	30.19
		<u>4165.43</u>	<u>(56.45)</u>	<u>4108.98</u>	<u>2772.84</u>	<u>(56.49)</u>	<u>2716.35</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>7686.02</u>	<u>(33.29)</u>	<u>7652.73</u>	<u>6214.48</u>	<u>11.84</u>	<u>6226.32</u>

**EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

52.2 Reconciliation of profit and loss for the period ended 31.03.2016

PARTICULARS		Note No. 52.3	IGAAP ACCOUNTS	IND AS ADJUST- MENTS	₹ Crore YEAR ENDED 31.03.2016
I	Revenue From Operations	k, d	8649.43	(408.08)	8241.35
II	Other Income	e.4	81.67	3.38	85.05
<b>III</b>	<b>Total Income (I+II)</b>		<b>8731.10</b>	<b>(404.70)</b>	<b>8326.40</b>
<b>IV</b>	<b>Expenses:</b>				
	Cost of materials consumed	d, e.2	3499.45	23.95	3523.40
	Purchases of Stock-in-Trade	k	867.28	(518.37)	348.91
	Changes in Inventories of finished goods and Stock-in-Trade		(232.43)	-	(232.43)
	Employee benefits expense	l	492.44	3.54	495.98
	Finance costs	m	142.32	2.95	145.27
	Depreciation and amortization expense / Impairment	a	145.13	2.52	147.65
	Other Expenses	k, d	3525.81	106.58	3632.39
	<b>Total expenses (IV)</b>		<b>8440.00</b>	<b>(378.83)</b>	<b>8061.17</b>
V	Profit before exceptional items and tax (III-IV)		291.10	(25.87)	265.23
VI	Share of Profit / (Loss) of Associates / JV's		-	(3.57)	(3.57)
<b>VI</b>	<b>Profit before tax (V-VI)</b>		<b>291.10</b>	<b>(29.44)</b>	<b>261.66</b>
<b>VII</b>	<b>Tax Expense</b>				
	(1) Current tax		105.51	(8.38)	97.13
	(2) Deferred tax		13.87	1.10	14.97
	(3) Taxation adjustment of earlier years Excess(-)/Short(+)		(19.51)		(19.51)
<b>VIII</b>	<b>Profit/ (loss) for the year (VI-VII)</b>		<b>191.23</b>	<b>(22.16)</b>	<b>169.07</b>
<b>IX</b>	<b>Other Comprehensive Income</b>	<b>c, l</b>			
	(i) Items that will not be reclassified to profit or loss		-	4.95	4.95
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	(1.71)	(1.71)
	<b>Other Comprehensive Income for the year (IX)</b>		<b>-</b>	<b>3.24</b>	<b>3.24</b>
<b>X</b>	<b>Total Comprehensive Income for the year (VIII+IX)</b>		<b>191.23</b>	<b>(18.92)</b>	<b>172.31</b>



## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### 52.3 Explanatory notes to the reconciliation of equity as at 1<sup>st</sup> April 2015 and 31<sup>st</sup> March 2016 and profit or loss for the year ended 31<sup>st</sup> March 2016

#### a. Property, plant and equipment (PPE)

The Company has opted for deemed cost exemption option and accordingly the carrying value of items of Property Plant and Equipment as per previous IGAAP as on 01.04.2015 (transition date) has been recognized as the carrying amount under IND AS.

Certain spares, having a unit value of ₹10.00 lacs and above (threshold based on materiality considering the size of operations of the Company) which meet the definition of PPE as per IND AS 16, i.e. having a life of more than one year, have been capitalized. The carrying value of such spares amounting to ₹ 59.68 crore have been capitalized and accordingly the value of the inventory of stores and spares as on transition date stands reduced.

Depreciation on such spares amounting to ₹ 39.14 crore has been provided (based on such spares becoming available for use) and have been adjusted to the retained earnings as on 01.04.2015 and an amount of ₹ 2.74 crore has been charged off to Statement of Profit and Loss during the year 2015-16.

The value of Lease hold land amounting to ₹ 3.88 crore (net block) being the lease premium, originally recognized under Fixed Assets as per previous IGAAP stands derecognized and has been reported as Prepaid Expense under IND AS as on 01.04.2015. An amount of ₹ 0.7 crore from the value of leasehold originally capitalized has been derecognized and charged off to retained earnings.

The value of Railway Wagons amounting to ₹ 0.48 crore (net block) given on lease recognized as part of fixed assets under previous IGAAP has been reclassified as Lease Receivable under finance lease arrangement as per IND AS. The impact of reclassification as Lease Receivable amounting to ₹ 1.99 crore has been credited to retained earnings.

#### b. Investment Property

Under previous IGAAP separate classification of properties held as Investment Property was not required and was included under Fixed Assets. However under IND AS an amount of ₹ 5.51 crore has been shown separately as Investment Property as on date of transition.

#### c. Investments

##### 1. Share of Investment in Joint Venture

Under previous IGAAP, the Company had carried consolidation using proportionate consolidation method. Under IND AS the investment in joint ventures have to be consolidated using the equity method. Accordingly, Company has recognized an investment of ₹3.60 crore being the share of investments in Joint Ventures under equity method.

##### 2. Fair Value Through Other Comprehensive Income Investments

###### Fair Valuation of Unquoted Equity Instruments

Under previous IGAAP, Company had accounted for long term investment in unquoted equity shares of Indian Potash Limited (IPL) at cost less provision for other than temporary diminution in the value of investments, if any.

Under IND AS, Company has designated this investment as FVTOCI financial asset. IND AS requires such investments to be measured at fair value. As at the date of transition to IND AS, the difference between the fair value and previous IGAAP carrying amount has been recognized as a separate component of equity, in the FVTOCI reserve amounting to ₹ 41.25 crore.

## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### d. Trade receivables

Under previous IGAAP, provision for bad and doubtful debts has been made as per Company's policy under the incurred loss model. Under IND AS, trade receivables are required to be tested for expected credit loss, if any. Accordingly an impairment allowance has been determined based on Expected Loss model (ECL). A provision of ₹ 2.03 crore as on 01.04.2015 has been recognized towards ECL by debiting retained earnings. An amount of ₹ 0.49 crore towards ECL for year ended on 31<sup>st</sup> March 2016 has been recognized in the Statement of profit and loss.

### e. Prior Period Errors\* / Change in Accounting Policy

#### 1. VAT Setoff on Inputs (Prior Period Error)

Company has been filing return for VAT in Maharashtra in accordance with the extant rules and claiming Setoff on VAT paid on inputs. Effective from 01.05.2012 the rules relating to setoff in respect of purchase of natural gas other than fuel were revised, which was inadvertently not considered while filing the returns under VAT. Accordingly a higher setoff was claimed by the Company. During the year 2016-17 in the course of assessment proceedings for the year 2012-13 the fact was brought to the notice of Company and Company is in receipt of an order dated 31.03.2017 disallowing the excess setoff claimed by the Company. Accordingly a lower refund is expected to be received. Based on the same, Company has reassessed its VAT receivables for the years 2012-13 to 2015-16 and has accordingly adjusted its receivables towards VAT refund.

Consequent to reduction in setoff, Company is eligible to claim the increase in cost of gas consumed in urea through subsidy from Government of India.

Accordingly the impact on account of lower set off net of eligible subsidy, commencing from the period 01.05.2012 till 31.03.2015 has been adjusted to retained earnings as on 01.04.2015 i.e. date of transition to IND

AS amounting to ₹ 28.38 crore and for the year 2015-16 an amount of ₹ 17.62 crore has charged to statement of profit and loss.

#### 2. Valuation of Customs Duty (Prior Period Error)

A notice has been received from Customs authorities dated 15.03.2017 seeking certain information in connection with Customs Duty Payable on lighterage or barge charges. As per the same such charges need to be included for assessment of Customs Duty. Owing to incorrect valuation of custom duty paid on import of raw materials by the Company for the period commencing from 2012-13 to 2015-16 warranting payment of additional duty, a liability on account of the same has been considered as a past period expense with necessary adjustment being done to retained earnings amounting to ₹ 0.51 crore as on transition date and statement of profit and loss for the year 2015-16 amounting to ₹ 0.17 crore.

\*As there is objective evidence that these estimates were in error, the above adjustments have been done as per Para 14 of IND AS 101 "First Time Adoption of Indian Accounting Standards" as issued under Company (Indian Accounting Standard) Rules, 2015.

#### 3. Prior period expenses as per IGAAP

Since IND AS requires adjustment of prior period expenses to the financial statements to which it relates, an amount of ₹ 1.08 crore pertaining to FY 2014-15 charged off to statement of profit and loss during the year 2015-16 as a prior period expense under IGAAP, has been debited to retained earnings as on 01.04.2015.

#### 4. Change in Accounting Policy

##### i.) Provision towards Subsidy Receivable \*\*

Hitherto a provision was being reckoned on subsidy receivables outstanding from Government of India for a period more than three years. However during the recent past there have been delays in settlement of subsidy. Since the settlement of subsidy by Government is highly probable despite delays, Company has changed its policy



## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

of recognizing any such provision towards such receivables irrespective of its ageing.

IND AS 8 requires application of change in accounting policy with retrospective effect from the last available financial statement. Accordingly an amount of ₹ 8.74 crore has been adjusted to retained earnings as on 1<sup>st</sup> April 2015. During the year 2015-16, the doubtful subsidy recovered amounting to ₹ 4.36 crore has been adjusted to Statement of Profit and Loss.

Consequent to change in the accounting policy Company has not made a provision of ₹ 16.22 crore towards subsidy receivables outstanding for a period of more than three year during the year 2015-16.

### ii.) **Prepaid Expenses \*\***

Hitherto individual expenses upto ₹ 25,000 were not considered in classifying prepaid expenses which has now been revised to ₹ 1,00,000.

As IND AS 8 requires application of change in accounting policy with retrospective effect from the last available financial statement, an amount of ₹ 0.04 crore has been adjusted to retained earnings as on 1<sup>st</sup> April 2015. During the year 2015-16, an amount of ₹ 0.01 crore charged as prepaid expenses has been adjusted to Statement of Profit and Loss.

\*\* As per IND AS 101 para 27A changes in the above referred accounting policies have been carried out in the financial statements.

### f. **Borrowings / Discounting Adjustments**

Under previous IGAAP, transaction costs incurred in connection with borrowings were amortized upfront and charged to profit or loss for the period. Under IND AS, transaction costs are included in the initial recognition amount of financial liability and charged to statement of profit and loss equally over the term of the loan. Accordingly an amount of ₹ 1.45 crore being the unamortized portion of transaction cost originally charged off under IGAAP has been reinstated with necessary adjustment to retained earnings as on 1<sup>st</sup> April 2015.

Further owing to restatement of financial liabilities at amortized cost the adjustment on account of discounting amounting to ₹ 0.01 crore has been adjusted to retained earnings as on 1<sup>st</sup> April 2015.

### g. **Deferred tax**

Previous IGAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. IND AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of IND AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under previous IGAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity As on the date of transition the net impact on deferred tax liability is ₹ 4 crore.

### h. **Deferred revenue / Other Non-Current Liabilities**

Under previous IGAAP, one-time compensation received towards right to use arrangements was recognized in the statement of profit and loss in the year it was received. Under IND AS such consideration received has been recognized as Deferred Revenue and accordingly an amount of ₹ 12.23 crore has been debited to retained earnings as at 1<sup>st</sup> April 2015, the date of transition.

Government grants, capital in nature, were adjusted to cost of asset under previous IGAAP. Under IND AS the unexpired portion of such grants amounting to ₹ 2.31 crore as on the date of transition have been reclassified as Other Non-Current

## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

Liabilities by debiting retaining earnings.

### i. Other current financial liabilities

The guarantees given by the Company on behalf of FRBL (joint venture entity) to its bankers amounting to ₹ 35.47 crore towards term loans as a part of the Debt restructuring scheme has been accounted for as a financial asset required to be measured at fair value and also tested for loss allowance. Expecting the liability towards financial guarantee to FRBL's bankers may devolve, the Company has provided for loss on impairment of its corporate guarantee amounting to ₹ 35.47 crore towards term loan which has been adjusted to its retained earnings as at 1<sup>st</sup> April 2015, the date of transition to IND AS.

### j. Other payables

Under previous IGAAP, proposed dividend including Dividend Distribution tax is recognized as a liability in the period to which they relate, irrespective of when they are declared. Under IND AS, a proposed dividend is recognized as a liability in the period in which it is declared by the Company (usually when approved by shareholders in a general meeting) or paid.

In the case of the Company, the declaration of dividend occurs after period end. Therefore, the provision towards the proposed dividend amounting to ₹ 119.52 crore as on 31<sup>st</sup> March 2015 has been derecognized under IND AS and adjusted against retained earnings on 1<sup>st</sup> April 2015. The proposed dividend for the year ended on 31<sup>st</sup> March 2016 of ₹ 73.04 crore recognized under previous IGAAP has been reduced from other payables with a corresponding impact in retained earnings.

### k. Sale of goods

Under previous IGAAP, sale of goods was presented as net of excise duty and gross of cash discount. However, under IND AS, sale of goods includes excise duty and is net of cash discount.

Accordingly excise duty on sale of goods is separately presented as an expense in the

statement of profit and loss and sales are reported net of cash discount.

Further applying the principal agent relationship for certain arrangements, under IND AS income / expenses has been recognized on net basis, hitherto which was recognized as gross under previous IGAAP.

### l. Defined benefit obligation

Both under previous IGAAP and IND AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under previous IGAAP, the entire cost, including actuarial gains and losses, are charged to statement of profit and loss. Under Ind AS, remeasurements are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is increased by ₹ 2.13 crore and remeasurement gains on defined benefit plans has been recognized in the OCI net of tax during the year 2015-16.

### m. Derivative instruments / Other Adjustments

Under previous IGAAP in line with the principle of prudence enunciated in Accounting Standard -1, Disclosure of accounting policies as per announcements of Institute of Chartered Accountants of India, Company had not recognized Marked to Market (MTM) gains on outstanding derivative contracts. Under IND AS derivative instruments that are not designated as hedging instruments have been classified as derivative instruments at fair value through profit or loss and accordingly fair valuation of the same has been done. On the date of transition, retained earnings were credited by ₹ 4.00 crore on account of MTM gain and during the year 2015-16, a net MTM loss ₹ 1.85 crore was recognized in the statement of profit and loss.

Further the transaction cost amounting to ₹ 1.53 crore on derivative instruments unamortized under IGAAP (prepaid premium) has been adjusted to retained earnings as on 1<sup>st</sup> April 2015.



**EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

**52.4 Statement showing reconciliation of Other Equity as on 1<sup>st</sup> April 2015**

₹ Crore

Subnote to Note No 52	Particulars	Adjustment to Reserves	Adjustment to OCI	Amount
	<b>Other Equity as per IGAAP as on 1<sup>st</sup> April 2015</b>			<b>2159.24</b>
a	Depreciation on PPE	(37.85)	-	
b	Investment Property	-	-	
c	Investments	-	-	
1	Share of investment in Joint Ventures	3.60	-	
2	Fair Valuation of Unquoted Equity Instruments	-	41.25	
d	Provision towards Expected Credit Loss	(2.03)	-	
e	Prior Period Adjustment / Change in Accounting Policy			
1	Vat Setoff	(28.38)	-	
2	Customs Duty	(0.51)	-	
3	IGAAP Prior Period	(1.08)	-	
4	Change in Accounting Policy - Provision Subsidy Receivable	8.74	-	
5	Change in Accounting Policy - Prepaid Expenses limit	(0.04)	-	
f	Borrowings / Discounting Adjustments	1.46	-	
g	Net impact on Deferred Tax Liabilities	9.70	(13.70)	
h	Deferred Revenue / Other Non-Current Liabilities			
1	One time compensation received	(12.23)	-	
2	Government Grants	(2.31)	-	
i	Other Current Liabilities - Financial Guarantees	(35.47)	-	
j	Other Payables - Dividend and DDT	119.52	-	
k	Sale of Goods	-	-	
l	Defined Benefit Obligations	-	-	
m	Derivative Instruments - MTM Gain / Other Adjustments	2.47	-	
		<b>25.59</b>	<b>27.55</b>	<b>53.14</b>
	<b>Other Equity as per IND AS as on 1<sup>st</sup> April 2015</b>			<b>2212.38</b>

## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### 53. Prior Period Errors and Adjustment

The reconciliation as referred to in note no 52 also includes adjustments relating to prior period errors as detailed in para no. 52.3.e. In accordance with IND AS 8 the relevant disclosures are given as under:

#### A. Impact as on 01.04.2015

##### i.) Line item impacted

Sr. No.	Nature of prior period error	Dr/Cr	Amount (₹/Cr)
1	<b>VAT Setoff</b>		
	Line Item Impacted :		
	1.) Retained Earning	Dr	28.38
	2.) Subsidy Receivable	Dr	8.18
	3.) VAT Receivable	Cr	36.56
2	<b>Custom Duty Demand</b>		
	Line Item Impacted :		
	1.) Retained Earnings	Dr	0.51
	2.) Other Liabilities	Cr	0.51

##### ii.) Impact on retained earnings after adjustment of prior period items

Particulars	Amount (₹/Cr)
Retained Earnings prior to Adjustment	2241.27
Adjustment towards prior period items	(28.89)
Retained Earnings after Adjustment	2212.38

#### B. Impact during the year 2015-16

##### i.) Line item impacted

Sr. No.	Nature of prior period error	Dr/Cr	Amount (₹/Cr)
1	<b>VAT Setoff</b>		
	Line Item Impacted :		
	1.) Cost of Material Consumed	Dr	23.78
	2.) Subsidy Income	Cr	6.16
	3.) Subsidy Receivable	Dr	6.16
	4.) VAT Receivable	Cr	23.78
2	<b>Custom Duty Demand</b>		
	Line Item Impacted :		
	1.) Cost of Material Consumed	Dr	0.17
	2.) Other Liability	Cr	0.17

##### ii.) Impact on statement of profit and loss during 2015-16 after adjustment of prior period items

Particulars	Amount (₹/Cr)
Profit before tax prior to Adjustment	279.45
Adjustment towards prior period items	(17.79)
Profit before tax after Adjustment	261.66



## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

### iii.) Impact of prior period errors on basic and diluted earnings per share (EPS)

For the year 2015-16

Particulars	Amount (₹ Per Share)
EPS prior to adjustment	3.38
Adjustment towards prior period items	(0.32)
EPS after Adjustment	3.06

### 54. Disclosure of additional information pertaining to the Parent Company and Joint Ventures as on 31<sup>st</sup> March, 2017

Name of Entity in the Group	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated profit or loss	Amount (₹ in crore)	As % of consolidated profit or loss	Amount (₹ in crore)	As % of consolidated profit or loss	Amount (₹ in crore)
Parent Company								
Rashtriya Chemicals and Fertilizers Limited	100.00	2925.00	100.01	179.26	100.00	1.97	100.01	181.23
<b>Joint Venture (as per Equity Method)</b>								
Indian								
FACT –RCF Building Products Ltd.	-	-	-	-	-	-	-	-
Urvarak Videsh Limited	-	0.03	-	-	-	-	-	-
Talcher Fertilizers Limited	-	0.01	(0.01)	(0.01)	-	-	(0.01)	(0.01)
<b>Total</b>	<b>100.00</b>	<b>2925.04</b>	<b>100.00</b>	<b>179.25</b>	<b>100.00</b>	<b>1.97</b>	<b>100.00</b>	<b>181.22</b>

### 55. Disclosures relating to Specified Bank Notes

In accordance with Ministry of Corporate affairs notification number G.S.R. 308(E) dated: 30.3.2017 the disclosures relating to Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30<sup>th</sup> December, 2016 is as under:

Disclosure of Specified Bank Notes (SBNs) held and transacted during the period 08/11/2016 to 30/12/2016			
Particulars	₹ 500/- (in count)	₹ 1000/- (in count)	Other Denomination notes (Amount in ₹)
Closing Cash in hand as on 08.11.2016	387	20	2,02,612
(+) Permitted Receipts	69	18	7,91,931
(-) Permitted Payments	-	-	7,21,641
(-) Amount Deposited in Bank	456	38	-
Closing Cash in hand as on 30.12.2016	-	-	2,72,902

## EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

56. Consolidated Employee benefit disclosures, lease disclosures, impairment disclosures and deferred tax liability (net), are not materially different from those disclosed in the standalone financial statements of the Company.
57. The Notes to these Consolidated Financial Statements are disclosed to the extent necessary for presenting a true and fair view of the consolidated financial statements. The Company has given disclosures in the Notes to the extent it is relevant for consolidated financial statements in line with the General Circular No.39/2014 dated 14<sup>th</sup> October 2014.
58. The consolidated financial statement has been prepared based on Management certified financial statements in respect of the joint venture entities viz FACT-RCF Building Products Limited & Talcher Fertilizers Limited and audited financial statements of Urvarak Videsh Limited.
59. For all periods up to and including the year 31<sup>st</sup> March 2016, the Company prepared its financial statements in accordance with the accounting standard prescribed under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).
60. The consolidated financial statements were authorized for issue in accordance with a resolution passed by the Board of Directors on 19<sup>th</sup> May 2017.
61. The financial statements as approved by the Board of Directors are subject to audit by Comptroller and Auditor General of India and final approval by its Shareholders.
62. The figures as on the transition date, previous year have been re-arranged and regrouped wherever necessary and/or practicable to make them comparable with those of the current year.

As per our report of even date attached

For and Behalf of  
**RASHTRIYA CHEMICALS  
AND FERTILIZERS LTD.**

For **Kalyaniwalla & Mistry LLP**  
Chartered Accountants  
Firm Registration No.  
104607W / W100166

For **Chhajer & Doshi**  
Chartered Accountants  
Firm Registration No.  
101794W

**(C. M. T. Britto)**  
Chairman and  
Managing Director  
**DIN : 02449069**

**(Sai Venkat Ramana Damarla)**  
Partner  
Mem. No. 107017

**(Nitesh Jain)**  
Partner  
Mem. No. 136169

**(Suresh Warrior)**  
Director –Finance  
**DIN : 06920261**

Dated : 19<sup>th</sup> May 2017  
Place: Mumbai

**(D.M. Sati )**  
Company Secretary  
**Mem. No. 23683**

Dated : 19<sup>th</sup> May 2017  
Place: Mumbai



**Annexure-1**

**Consolidated Segmentwise Revenue and Results for the period ended 31<sup>st</sup> March 2017**

(₹ in crore)

Sr. No	Particulars	Fertilizers	Trading	Industrial Products	Unallocated	Total
<b>SEGMENT REVENUE</b>						
i.	Sales ( Incl. Subsidy wherever applicable )	6034.11	324.37	841.54	0.00	7200.02
ii.	Other operating Income	3.52	0.88	0.79	17.96	23.15
	Total Revenue	6037.63	325.25	842.33	17.96	7223.17
<b>SEGMENT RESULT</b>						
i.	Segment Results	257.89	10.58	80.42	(11.65)	337.24
ii.	Share of profit / (loss) of Joinr Ventures	(0.01)	-	0.00	-	(0.01)
iii.	Interest Expense	-	-	-	-	93.98
iv.	Interest Income	-	-	-	-	5.47
v.	Profit before Tax	-	-	-	-	248.72
vi.	Tax - Current	-	-	-	-	90.67
vii.	Deferred Tax Liability / ( Asset )	-	-	-	-	1.94
viii.	Tax adjustment of earlier years excess/(short)	-	-	-	-	(23.14)
ix.	Net Profit	-	-	-	-	179.25
<b>OTHER INFORMATION</b>						
i.	Segment Assets	5841.30	143.95	233.48	317.07	6535.80
ii.	Segment Liabilities	1473.09	9.28	52.77	2075.62	3610.76
<b>Other Disclosures</b>						
iii.	Investments in Joint Ventures	0.04	-	0.00	-	0.04
iv.	Capital Expenditure	164.84	0.00	2.84	2.23	169.91
v.	Depreciation and Amortisation	96.23	0.00	38.89	6.17	141.29
vi.	Impairment	0.00	0.00	0.00	0.00	0.00
vii.	Other Non Cash Expenses	7.22	0.00	0.45	0.24	7.91

\*Finance income and costs, and Corporate expenses are not allocated to individual segments as the same are managed on a group basis.

\*Current taxes, deferred taxes and write back of excess tax provisions are also not allocated to those segments as they are also managed on a group basis.

\* Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties.

**Annexure-1**

**Consolidated Segmentwise Revenue and Results for the period ended 31<sup>st</sup> March 2016**

(₹ in crore)

Sr. No	Particulars	Fertilizers	Trading	Industrial Products	Unallocated	Total
<b>SEGMENT REVENUE</b>						
i.	Sales ( Incl. Subsidy wherever applicable )	6809.33	422.76	986.90	-	8218.99
ii.	Other operating Income	7.82	0.11	1.38	13.05	22.36
	<b>Total Revenue</b>	<b>6817.15</b>	<b>422.87</b>	<b>988.28</b>	<b>13.05</b>	<b>8241.35</b>
<b>SEGMENT RESULT</b>						
i.	Segment Results	353.31	25.44	57.01	(32.33)	403.43
ii.	Share of profit / (loss) of Joint Ventures	-	-	(3.57)	-	(3.57)
iii.	Interest Expense	-	-	-	-	145.27
iv.	Interest Income	-	-	-	-	7.07
v.	Profit before Tax	-	-	-	-	261.66
vi.	Tax - Current	-	-	-	-	97.13
vii.	Deferred Tax Liability / ( Asset )	-	-	-	-	14.97
viii.	Tax adjustment of earlier years excess/(short)	-	-	-	-	(19.51)
ix.	Net Profit					169.07
<b>OTHER INFORMATION</b>						
i.	Segment Assets	6961.30	2.85	241.88	446.70	7652.73
ii.	Segment Liabilities	1495.92	-	48.00	3291.95	4835.87
<b>Other Disclosures</b>						
iii.	Investments in Joint Ventures	0.05	-	-	-	0.05
iv.	Capital Expenditure	246.75	-	4.76	9.21	260.72
v.	Depreciation and Amortisation	100.87	-	31.64	6.08	138.59
vi.	Impairment	-	-	9.19	-	9.19
vii.	Other Non Cash Expenses	5.64	-	-	2.57	8.21

\*Finance income and costs, and Corporate expenses are not allocated to individual segments as the same are managed on a group basis.

\*Current taxes, deferred taxes and write back of excess tax provisions are also not allocated to those segments as they are also managed on a group basis.

\* Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties.



**Consolidated Segmentwise Revenue and Results for the year ended 31<sup>st</sup> March 2017 Reconciliations to Amounts Reflected in Financial Statements**

(₹ in crore)

SR. NO.	PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
<b>I</b>	<b>OPERATING REVENUE</b>		
	<b>Segment Revenue</b>		
	India	7204.82	8228.30
	Outside India	0.39	-
	<b>Segment Revenue</b>	<b>7205.21</b>	<b>8228.30</b>
	Unallocated - Management fees	17.96	13.05
	<b>Total Operating Revenue</b>	<b>7223.17</b>	<b>8241.35</b>
<b>II</b>	<b>RECONCILIATION OF PROFITS</b>		
	<b>Segment Profit</b>	348.88	432.19
	Interest Income	5.47	7.07
		<b>354.35</b>	<b>439.26</b>
	less: Finance Costs	93.98	145.27
	Corporate Expenses (unallocated)	11.65	32.33
	Profit Before Tax	<b>248.72</b>	<b>261.66</b>
<b>III</b>	<b>RECONCILIATION OF ASSETS</b>		
	<b>Segment Assets</b>	6218.73	7206.03
	Investments	44.90	43.13
	Corporate Assets + CWIP	29.22	33.88
	Non Current Tax Asset	79.12	48.36
	Vat Receivables	155.41	300.24
	Derivatives not designated as hedges (MTM Gain Receivable)	-	2.15
	Cash & Bank balances	0.75	0.97
	Other assets	7.67	17.97
	<b>Total Assets</b>	<b>6535.80</b>	<b>7652.73</b>
<b>IV</b>	<b>RECONCILIATION OF LIABILITIES</b>		
	<b>Segment Liabilities</b>	1535.14	1543.92
	Borrowings long term	113.84	152.21
	Current maturities of long term Loans	109.50	241.59
	Borrowings Short term	1541.26	2599.65
	Deferred Tax Liabilities	218.81	216.28
	Current Tax Liability	16.15	-
	Corporate Guarantees given	35.47	35.47
	Derivatives not designated as hedges (MTM Loss Payable)	5.38	3.05
	Other current financial liabilities	25.32	36.05
	Other non current financial liabilities	0.16	0.06
	Corporate Provisions	3.03	2.52
	Other Liabilities	6.70	5.07
		<b>3610.76</b>	<b>4835.87</b>

Additional Information, as required under Schedule III to the Companies Act, 2013, as at 31<sup>st</sup> March 2017

Name of Entity in the Group	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated profit or loss	Amount (₹ in crore)	As % of consolidated profit or loss	Amount (₹ in crore)	As % of consolidated profit or loss	Amount (₹ in crore)
<b>Parent Company</b>								
Rashtriya Chemicals and Fertilizers Limited								
<b>Joint Venture (as per Equity Method)</b>								
<b>Indian</b>								
FACT –RCF Building Products Ltd.	-	-	-	-	-	-	-	-
Urvarak Videsh Limited	-	0.03	-	-	-	-	-	-
Talcher Fertilizers Limited	-	0.01	(0.01)	(0.01)	-	-	(0.01)	(0.01)
<b>Total</b>	<b>100.00</b>	<b>2925.04</b>	<b>100.00</b>	<b>179.25</b>	<b>100.00</b>	<b>1.97</b>	<b>100.00</b>	<b>181.22</b>

## SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES / JOINT VENTURES AS PER COMPANIES ACT, 2013

## Part A: Subsidiaries

Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Shareholding	Reasons for non-consolidation:
Not Applicable													

## Part B: Associates and Joint Ventures

## Statement pursuant to Section 129 (3) of the Companies Act, 2013 relating to Associate Companies and Joint Ventures

Name of Joint Venture	Last audited balance sheet date	Shares of Associate / Joint Ventures held by the Company on year end		Amount of investment in Associate / Joint Venture (₹ in crore)	Extent of Holding %	Networth attributable to Shareholding as per the latest audited Balance Sheet (₹ in crore)	Profit / Loss for the year		Description of how there is significant influence	Reason why the associate / joint venture is not consolidated
		No.	Investment				Considered in Consolidation (₹ in crore)	Not Considered in Consolidation (₹ in crore)		
1. FACT-RCF Building Products Ltd.	31-03-2017	32,870,000	32.87	50.00%	(18.70)	-	(11.03)	Note A	**	
2. Urvarak Videsh Limited	31-03-2017	180,000	0.18	33.33%	0.03	-	-	Note A		
3. Talcher Fertilizers Limited	31-03-2017	15,000	0.02	30.00%	0.01	(0.01)	-	Note A		

Note

A: There is significant influence due to percentage(%) of Share Capital.

\* Share of JV in Profit / (Loss) for the year - Urvarak Videsh Limited ₹ 4,646

\*\* As per IND as 28, para 38, If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the entity discontinues recognizing its share of further losses

Para 39 of the standard states that after the entity's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

For and on behalf of the Board of Directors

**RASHTRIYA CHEMICALS AND FERTILIZERS LTD.****(C. M. T. Britto)**

Chairman and Managing Director

**DIN : 02449069****(Suresh Warior)**

Director (Finance)

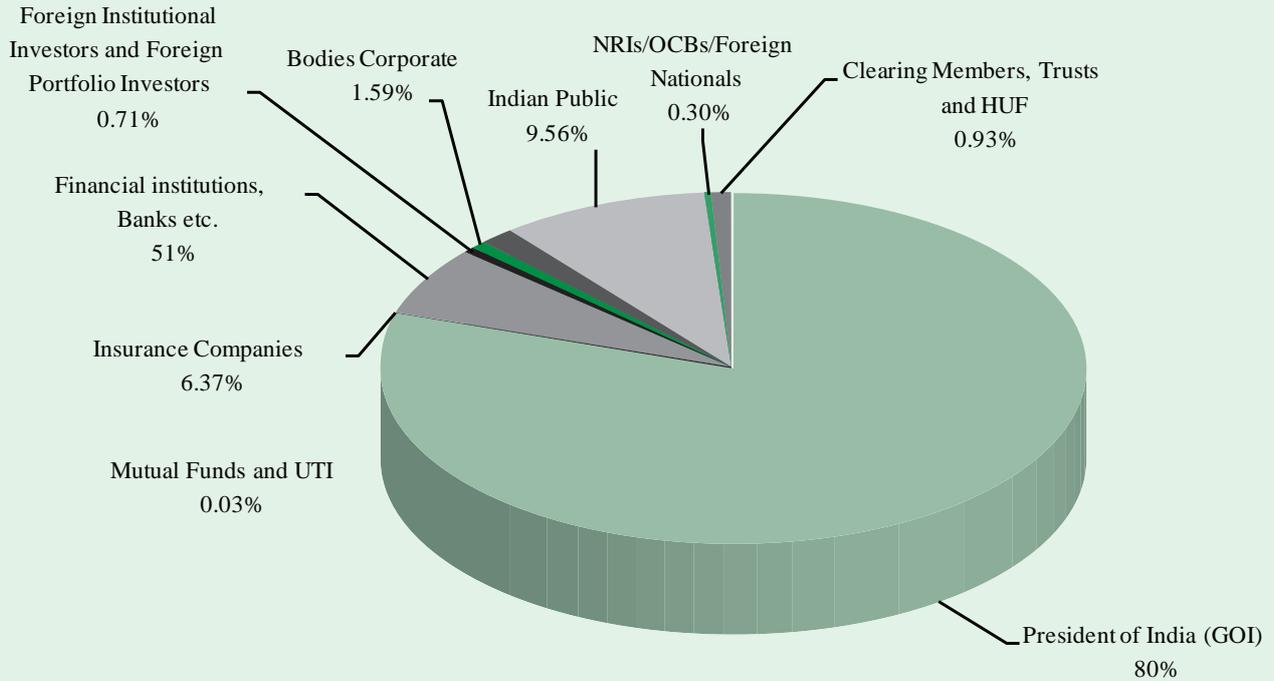
**DIN : 06920261****(D.M. Sati)**

Company Secretary

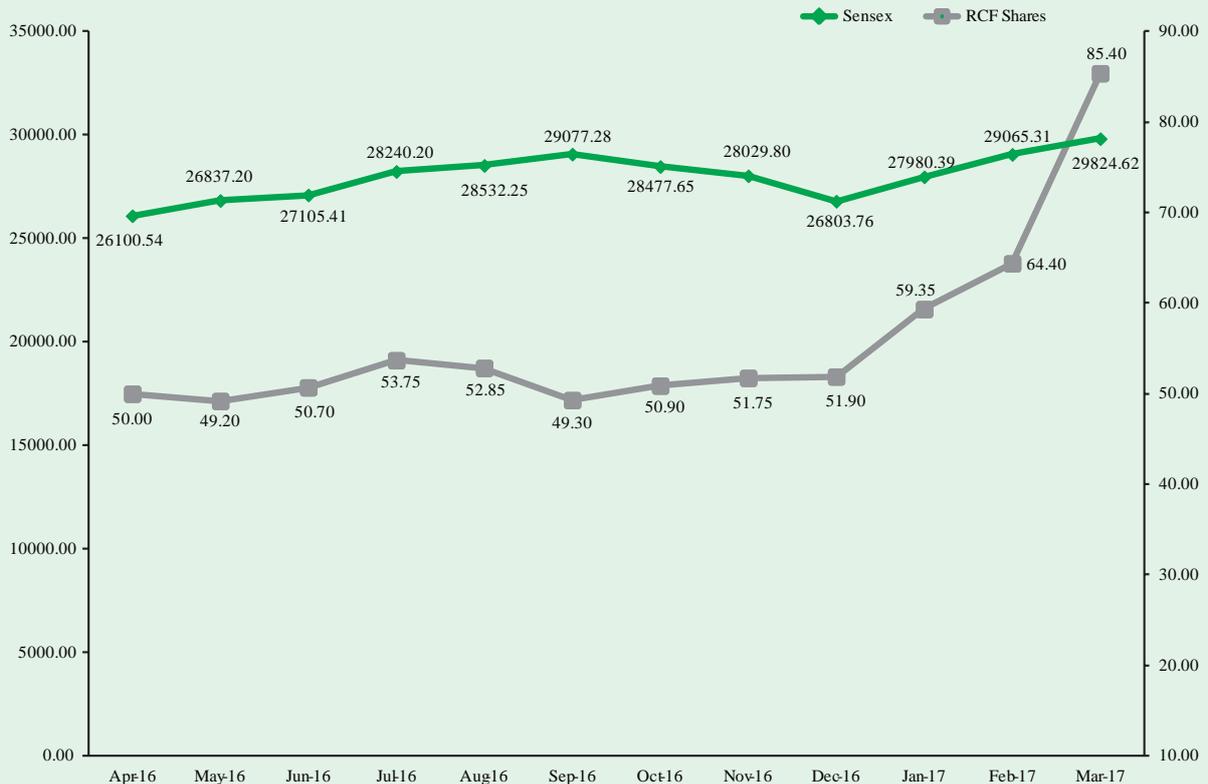
**Mem. No. 23683**Dated : 19<sup>th</sup> May 2017

Place: Mumbai

### SHARE HOLDING PATTERN AS ON 31.03.2017



### PERFORMANCE OF RASHTRIYA CHEMICALS & FERTILIZERS LTD. SHARE PRICE IN COMPARISON WITH BSE SENSEX





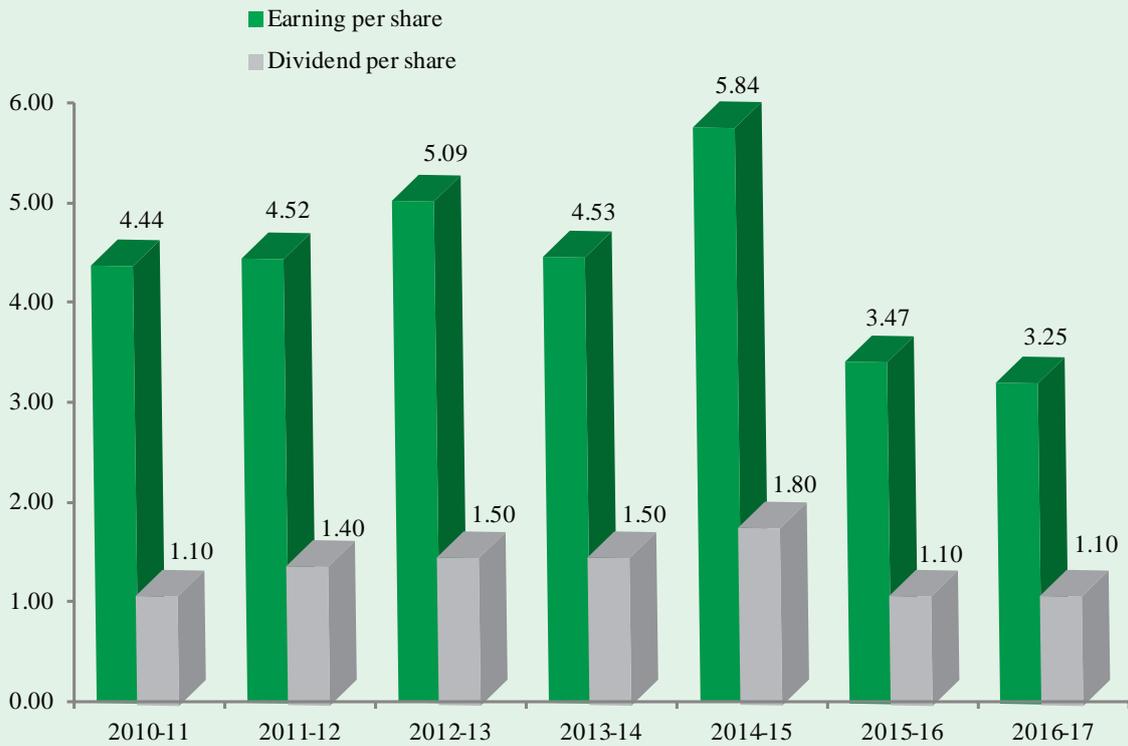
### FERTILIZER AND IPD SALES (₹ CRORE)



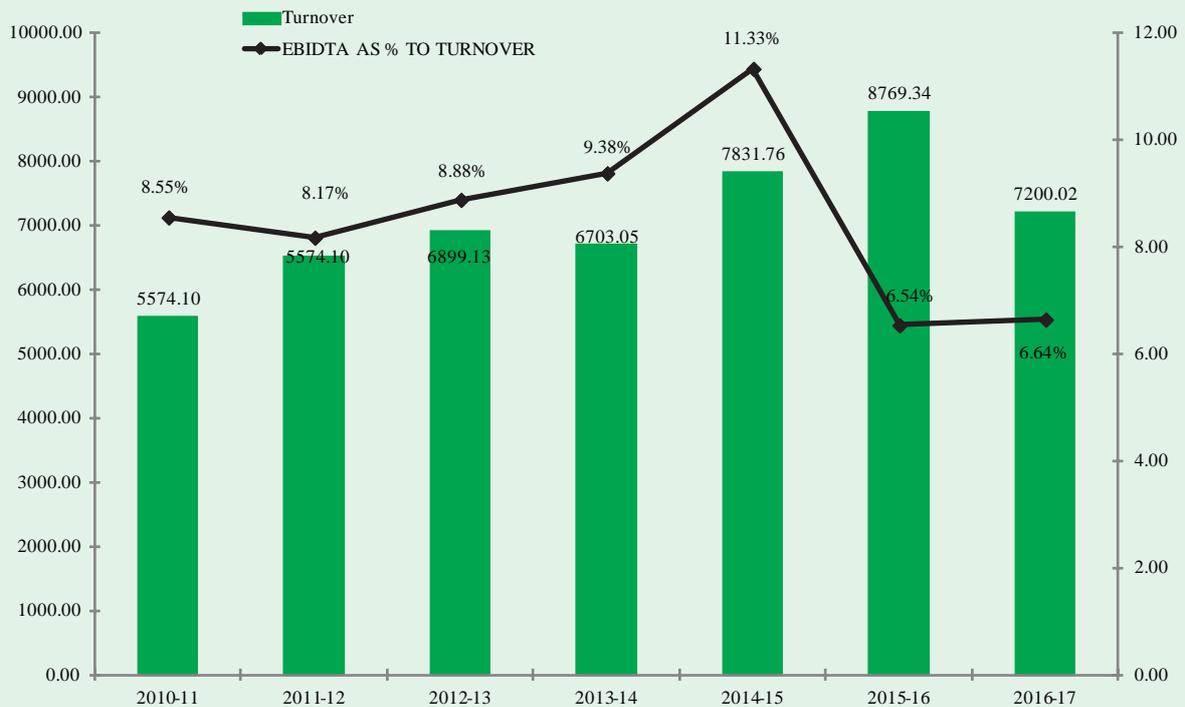
### CAPITAL EMPLOYED & NET WORTH (₹ CRORE)



### EARNINGS & DIVIDEND PER SHARE (₹)

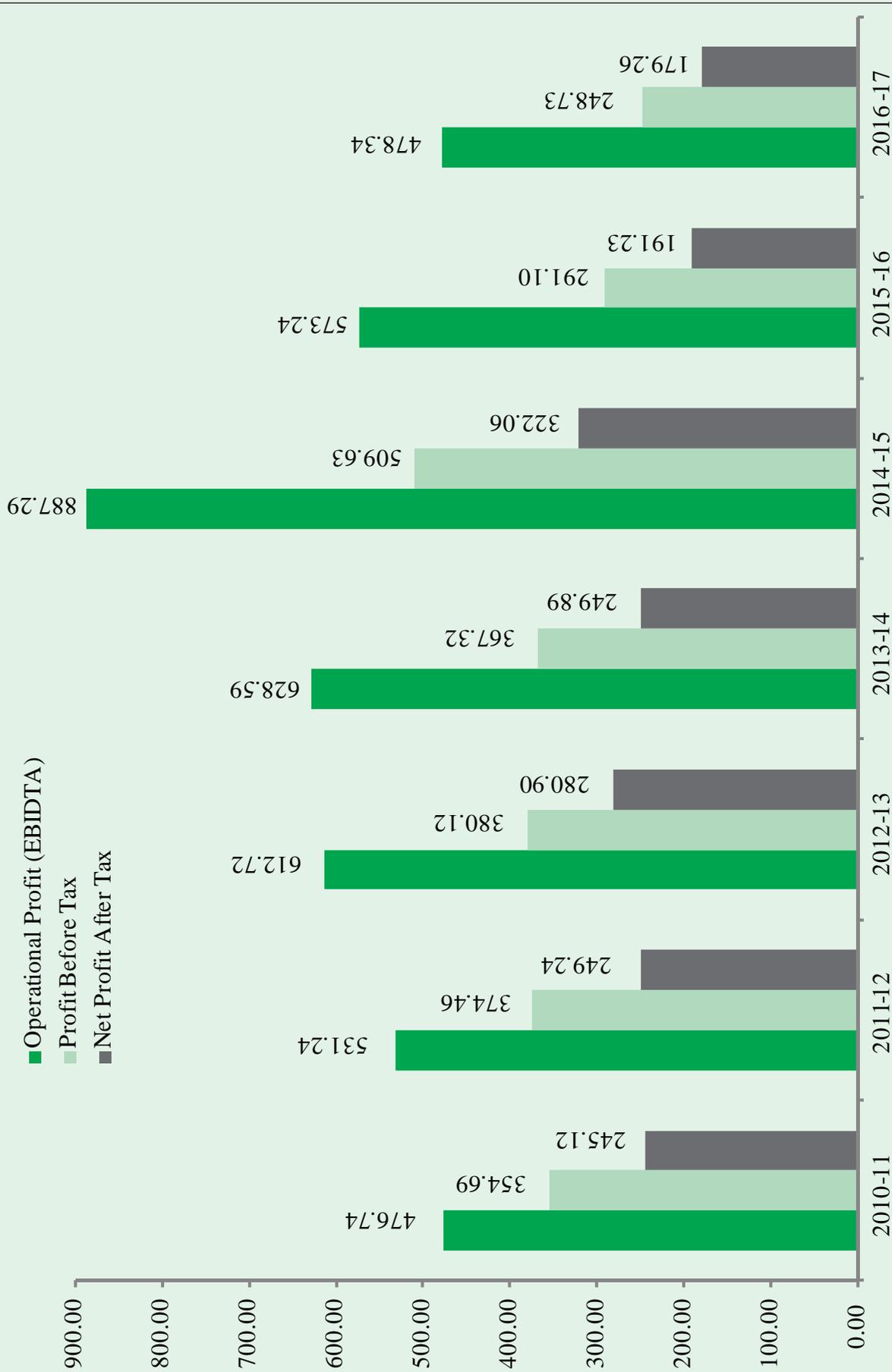


### EBIDTA AS A PERCENTAGE TO TURNOVER (₹ CRORE)





**OPERATIONAL PROFIT (EBIDTA), PBT AND PAT (₹ CRORE)**



# RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

[CIN: L24110MH1978GOI020185]

Registered Office: "Priyadarshini", Eastern Express Highway, Sion, Mumbai - 400 022.  
Phone: 022-24045024/ Fax:022 24045022, Email Id: investorcommunications@rcfltd.com,  
Website: www.rcfltd.com

39<sup>th</sup> Annual General Meeting, Thursday, 21<sup>st</sup> September, 2017

## PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

Name of the Member(s)	
Registered Address	
Email Id	
Folio No./Client ID*	
DP ID*	

\* Applicable for members who are holding shares in dematerialized form.

I/We, being the member(s) of ..... Shares of the above named Company, hereby appoint

1. .... of ..... having email id ..... or failing him
2. .... of ..... having email id ..... or failing him
3. .... of ..... having email id ..... or failing him

And whose signature are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at 39<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, the 21<sup>st</sup> September, 2017 at 3.00 P.M. at "Sivaswamy Auditorium", The Fine Arts Society, Fine Arts Chowk, RC Marg, Chembur, Mumbai 400 071 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolutions
	ORDINARY BUSINESS
1	To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the year ended 31st March, 2017, including Profit & Loss Statement for the year ended 31st March, 2017 and Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2	To declare dividend on equity share capital for the financial year 2016-17
3	To appoint a Director in place of Shri Suresh Warior (DIN: 06920261), who retires by rotation and being eligible, offers himself for reappointment.
4	To appoint a Director in place of Shri Sushil Kumar Lohani (DIN: 06912948), who retires by rotation and being eligible, offers himself for reappointment
5	To fix remuneration of Statutory Auditors for the Financial Year 2017-18
	SPECIAL BUSINESS
6	To appoint Ms Alka Tiwari (DIN 03502306) as a Director of the Company
7	To appoint Shri Suryanarayana Simhadri (DIN 01951750), as an Independent Director of the Company
8	Approval of Cost Auditors remuneration for the financial year 2017-18
9	To approve offer or invitation to subscribe to Secured Non-Convertible Debentures on private placement.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

\_\_\_\_\_  
Signature of Member

Affix Revenue  
Stamp of ₹ 1

Sign across the revenue stamp

\_\_\_\_\_  
(Signature of the First Proxy holder)

\_\_\_\_\_  
(Signature of the Second Proxy holder)

\_\_\_\_\_  
(Signature of the third Proxy holder)

Note:

- (i) This Form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at "Priyadarshini", Eastern Express Highway, Sion, Mumbai- 400 022, not later than 48 hours before the commencement of this meeting.
- (ii) Those Members who have multiple folios with different joint holders may use copies of this Proxy Form.



## Route map to the Venue of the AGM



● “Sivaswamy Auditorium”,  
The Fine Arts Society,  
Fine Arts Chowk,  
RC Marg, Chembur,  
Mumbai 400 071,  
Maharashtra, India.

## FIRST CONSIGNMENT OF CITY COMPOST UNDER SWACHH BHARAT MISSION SCHEME OF GOI



RCF flagged off the first consignment of City Compost under Swachh Bharat Mission Scheme of GoI. The inaugural function was held at Taloja Plant of M/s. Girish Enterprises Private Limited and inaugural flag off was done by Shri S. G. Bhogle, Executive Director( Marketing) and graced by Shri A. T. Jadhav, General Manager(Marketing) & Senior Officials of CIDCO. M/s Deepa Krishi Kendra (RCF Dealer) & farmers from Panvel Taluka were also present.

## 14<sup>TH</sup> NATIONAL AWARDS FOR EXCELLENCE IN COST MANAGEMENT 2016



RCF bagged “14<sup>th</sup> National Award for Excellence in Cost Management 2016 (3<sup>rd</sup> Prize). This award is instituted by Institute of Cost Accountants of India and is given for the excellent efforts made for cost reduction in various fields and achievements. Shri S. S. Kawade, CGM(Fin.), Mrs. Perna Tiwari, CM(Fin.) receiving the award in the presence of Shri Piyush Goyal, Hon’ble Union Minister of State (I/C) for Power, Coal, New and Renewal Energy, Mines, Shri Arjun Ram Meghwal, Hon’ble Union Minister of State for Ministry of Finance & Corporate Affairs and other dignitaries.



## **Rashtriya Chemicals and Fertilizers Limited**

(A Government of India Undertaking)

*Let us grow together*

Registered Office: "Priyadarshini", Eastern Express Highway,  
Sion, Mumbai - 400 022.

Website: [www.rcfld.com](http://www.rcfld.com)