

राष्ट्रीय केमिकल्स एण्ड
फर्टिलाइजर्स लिमिटेड

(भारत सरकार का उपक्रम)
साथ बढे समृद्धि की ओर



**RASHTRIYA CHEMICALS AND
FERTILIZERS LTD.**

(A Government of India Undertaking)
Let us grow together

दिव्येश एम. सती
कंपनी सचिव

DIVYESH M. SATI
COMPANY SECRETARY

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

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

दूरध्वनी/Tel (Off.) : 2404 5024 • फौक्स/Fax : 2404 5022 • ई-मेल / E-mail : dmsati@rcfltd.com • वेबसाईट/Web. : www.rcfltd.com
CIN : L24110MH1978GOI020185

RCF/CS/Stock Exchanges /2016

28th September, 2016

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.
Script Code: 524230	Script Code: RCF EQ

Dear Sir/Madam,

Sub: Submission of 38th Annual Report for the year 2015-16

Pursuant to Regulation 34 of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith 38th Annual Report of the Company for the year 2015-16.

This is for kind your information and record

Yours faithfully,
For Rashtriya Chemicals and Fertilizers Limited


(Divyesh M. Sati)
Company Secretary

Encl: a./a.



Rashtriya Chemicals and Fertilizers Limited

(A Government of India Undertaking)

Let us grow together



38th Annual Report 2015-16

FAI Best Production Performance Award 2015 for Complex Fertilizers Plant



Shri Ananth Kumar, Hon'ble Union Minister of Chemicals & Fertilizers, Govt. of India handing over FAI Best Production Performance Award 2015 for Complex Fertilizers Plant for RCF Trombay Unit to Shri C.M.T. Britto, Director (Technical) in presence of Shri Hansraj Ahir Hon'ble Union Minister of State for Chemicals & Fertilizers, Shri Anuj Kumar Bishnoi, I.A.S, Secretary (Fertilizers), Shri Abir Banerjee, Executive Director (Tr.) and other dignitaries.

FAI Best Production Performance Award 2015 for Nitrogen(Ammonia & Urea) Plants



Shri Ananth Kumar, Hon'ble Union Minister of Chemicals & Fertilizers, Govt. of India handing over FAI Best Production Performance of an operating Fertilizer unit for Nitrogen(Ammonia & Urea) to RCF Thal for the Year 2014-15 to Shri C.M.T. Britto, Director (Technical) in presence of Shri Hansraj Ahir, Hon'ble Union Minister of State for Chemicals & Fertilizers, Shri Anuj Kumar Bishnoi, I.A.S, Secretary (Fertilizers), Shri Umesh Dhattrak, Executive Director (Thal) and other dignitaries.

BOARD of DIRECTORS



Rashtriya Chemicals and Fertilizers Limited
(A Government of India Undertaking)
Let us grow together



Shri Manoj Mishra
Chairman & Managing Director
(From 15.06.2016)



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



Shri C.M.T. Britto
Director (Technical)



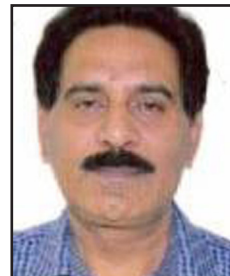
Shri Ashok Ghasghase
Director (Marketing)
(Up to 30.06.2016)



Shri Suresh Warior
Director (Finance)



Shri Sham Lal Goyal, IAS
Jt. Secretary, Dept. of Fertilizers,
New Delhi
(Up to 27.01.2016)



Shri Dharm Pal, IAS
Jt. Secretary, Dept. of Fertilizers,
New Delhi
(From 28.01.2016)



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



Prof. Damodar Acharya
Independent Director



Shri Harin Pathak
Independent Director
(From 08.07.2016)



Shri Bhartkumar Barot
Independent Director
(From 08.07.2016)



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

Mission of the Company

“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.”

Value Statement

“RCF shall Deal all Aspects of Business with Integrity, Honesty, Transparency and with Ulmost Respect to the Stakeholders, by Honouring our Commitment, Providing Results and Striving for the Highest Quality.”

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.”

LETTER from the CHAIRMAN



Dear Shareholders,

It gives me great pleasure to share with you an update on the overall performance of your Company. In a challenging external environment, your Company performed well and delivered another year of profit. Simultaneously, we recognized the need for responsible growth and focused on creating greener and more efficient manufacturing with cleaner fuels, more efficient energy consumption and lesser generation of waste.

We remained committed to our purpose of making sustainable living commonplace across the value chain.

Before deliberating on the performance of the Company, I would like to briefly talk about the state of economy and more particularly, fertilizer industry scenario during 2015-16.

Overview of the Economy

India has achieved robust growth despite very complex global conditions and emerged as a beacon of hope, amongst major economies, by recording the highest gross domestic product (GDP) growth rate of 7.6 per cent for fiscal 2015-16 as against 7.2% in 2014-15. There is high expectation of the growth rate to be maintained in the fiscal 2016-17 by India's overall growth story accompanied with the progressive policies of the government and its commitment towards drastic policy reforms, innovation and technology led governance, benign oil prices, strong domestic consumption demand, implementation of the 7th pay commission to the government employees.

The economy is expected to get a further boost from the passage of Constitution (122nd amendment) Bill, 2014 in the monsoon session of parliament with implementation of GST which will give much desired thrust to "Make in India" initiative. The implementation of a unified GST in India will be one of the most significant reforms introduced in recent times which would go a long way in strengthening the economy as one common market for taxation as well as address key issues of transparency, ease of doing business, simplification of tax laws and will have an overall positive impact on the Indian economy which is now at critical stage.

Overview of the Fertilizer Industry

The financial year 2015-16 was a reasonably good year for the fertilizer industry with overall volumes rising by 7% to 58.2 MMT from 54.1 MMT in financial year 2015 despite second consecutive year of weak monsoons. The domestic production of Urea witnessed healthy 8% growth during the fiscal 2015-16, driven by favorable policy changes of GOI, especially the New Urea Policy 2015 (which altered the policy with regard to reimbursement on the production beyond reassessed capacity) and the Gas Pooling policy (which resulted in uniform gas costs for all gas-based units). As a result, Urea imports fell by 3% year to year to 8.47 MMT in financial year 2016. As the domestic production is expected to remain high at 24.5-25.5 MMT during financial year 2017, the import volumes are expected to remain similar to last year levels. This, along with subdued Urea prices, would lower the import bill further in the financial year 2017. The price of pooled gas for Urea units have fallen to about US\$ 6.5- 6.6/MMBTU during April-May 2016 from -US\$ 7.2-7.3/MMBTU during Feb-March 2016 due to a further 20% reduction in the domestic gas prices w.e.f. April 1, 2016 and subdued spot gas prices. This lowers the cost of production of Urea, which in turn would reduce the subsidy burden for the Government. The revenues of the domestic fertilizer industry posted a modest growth of 5% to ₹ 820.9 billion in financial year 2016 from ₹ 779.4 billion in financial year 2015, driven by higher sales volumes. The profit margins continued to remain under pressure due to high reliance on working capital borrowings to fund subsidy receivable. As subsidy delays are expected to continue and Urea pricing reforms are not expected immediately, the financial performance of the industry is expected to remain impacted in the near- to- medium term. The volume growth during financial year 2015-16 was driven by relatively low opening inventory levels compared with the previous years, and low base effect and was supported by moderate growth in the domestic production of urea and higher import of non-urea fertilizers. During the financial year, urea sales grew by 4% to 31.98 MMT, whereas non-urea sales grew substantially at 13% to 26.19 MMT. However, higher volume growth has resulted in increase in the systemic inventory levels as on end-Mar 2016.

In line with its philosophy of promoting a sustainable environment, Government of India, during the year has mandated 100% production of neem coated urea. Neem coating ensures slow release of nitrogen resulting in lower usage of urea, prevents leaching of soil nutrient and hinders diversion of urea for non-agricultural uses. This will reduce the consumption of urea by 10-15%. As far as environment is concerned, normal prilled Urea use-efficiency is 30% (Paddy crop). In case of Neem Coated Urea, this loss is significantly reduced by about 10%-15%, thereby resulting in less pollution of underground water. Moreover, the usage of Neem Coated Urea is environmental friendly.

The beginning of monsoon this year has been very encouraging with widespread good rains in the month of June and

July. In case the normal rainfall continues during the balance monsoon period, I expect the systemic inventory levels to come down to more reasonable levels by the end of the kharif 2016 season.

Corporate Overview

I am glad to inform you that your Company continues to perform well on a sustained basis. Your Company achieved a turnover of ₹ 8761.64 Crore registering an increase of about 12.5 % over previous year turnover of ₹ 7787.81 Crore. During the year, your Company's margins, besides lower sales of both fertilizers and Industrial Products, have also been adversely impacted by the stringent energy norms specified by the Government with effect from 01.06.2015, higher gas price for non-urea operations, lower IPP of urea for production beyond Re-assessed Capacity, higher financial cost, abundant availability of cheap imported chemicals, steep depreciation in rupees vis-a-vis US\$, delayed disbursement of subsidy etc. All these factors have affected the profitability of the Company. In spite of above factors, your company could earn a Profit Before Tax (PBT) of ₹ 291.10 Crore and Profit After Tax (PAT) of ₹ 191.23 Crore. Your Company achieved a lower fertilizer sales volume of 33.75 lakh MT during 2015-16 as compared to 37.32 lakh MT in the previous year as the Company's major markets were very severely hit by drought. But for the resilience of your Company, the result for the year would have not been so good.

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 for the financial year 2015-16.

Awards & Accolades

As in the past several years, your Company received 'MoU Excellent' rating for 2014-15 from Ministry of Heavy Industries and Public Enterprises.

I am also happy to share with you the several recognitions and awards received by the Company under various category from central as well as state Government and Institutes of repute for conservation in energy, excellence in Cost Management, Best Production performance of an operating fertilizer unit for nitrogen, excellence in Innovation Management, outstanding performance in environment management in Fertilizer Sector, and so on. The details of these awards are more specifically spelt out in the Directors report.

Sustainable Development

As a Company concerned about the need to conserve the natural resources, your Company has already commenced the work on the project of Sewage Treatment Plant (STP) which, when operational, will generate 15 MLD of treated water for usage in plants of RCF and some quantity of this water will be shared with BPCL, the other PSU with whom the Company has entered in to an MoU to this effect. Similarly, as a part of its commitment to promote ecologically sustainable growth by generating greener power, your Company has set up 2 MWp Grid connected Photovoltaic Solar power plant within our factory premises at Trombay, Mumbai to harness renewable energy sources to meet our demands. The power generated is used for captive consumption of the Trombay unit.

Projects

Further, your Company is planning to undertake major projects by participating in the revival of closed fertilizer units, Additional Ammonia Urea project at Thal, Coal Based Fertilizer Plant at Talcher, and a Urea Plant in Iran for import of Urea to India through a JV, the details of such projects are available in the Directors' Report.

The Company is also carrying out a number of energy conservation projects which will improve the profitability of the Company in the coming years. 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 unflinching support and support from the Government, your Company would march ahead successfully.

I am delighted to present the Annual Report for the year 2015-16 and hope to see you on 23rd September, 2016 at the 38th Annual General Meeting of the Company.

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, 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.

Manoj Mishra

Chairman and Managing Director

Mumbai

15th August, 2016

National Energy Conservation Award to RCF Thal



Shri Piyush Goyal, Hon'ble Union Minister of State (I/C) for Power, Coal, New and Renewable Energy giving away National Energy Conservation Award to RCF Thal to Shri R. G. Rajan, CMD, in presence of Shri Pradeep Kumar Pujari, IAS, Secretary (Power), Shri B. P. Pandey, IAS Addl. Secretary (Power), Shri B.N. Sharma, IAS Addl. Secretary (Renewable Energy), Dr. Ajay Mathur, Director General, BEE, Shri Major Singh, Chairperson, CEA.

"13th National Award for Excellence in Cost Management for FY 2014-15"-



RCF bagged "13th National Award for Excellence in Cost Management for FY 2014-15". This award is instituted by Institute of Cost Accountants of India and is given for the excellent efforts made for cost reductions in various fields and achievements. Shri S. Parthasarathy, Executive Director(Fin.), Shri S. S. Kawade, General Manager (Fin.) receiving award at the hand of Shri Najib Shah, IRS, Chairman, Central Board of Excise and Customs, Ministry of Finance, Govt. of India in presence of other dignitaries.

FINANCIAL HIGHLIGHTS AT A GLANCE

Sr. No.	PARTICULARS	₹ Crore													
		2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
1	Turnover (Gross Sales+ Subsidy + Other Income)	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	Profit before Interest(Net), Depreciation and Tax (EBIDTA)	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	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]	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)	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	Profit / (Loss) Before Tax	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.)	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	Profit / (Loss) After Tax	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														
	Rate %	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
	Amount :	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
	Dividend Payout Ratio %	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	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	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	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	RATIOS														
	Current Ratio [CA : 1]	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 [Debits : 1]	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 %	10.30	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 %	5.23	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 %	3.44	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 %	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 %	6.76	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 %	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 %	3.23	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 %	2.14	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 (Rs.)	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 (Rs.)	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 %	6.42	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 Mangers

Name	Designation
Karthikeyan P.	Executive Director (Mktg.)
A. Kundu	Executive Director (Planning & Proj. Devt.)
Umesh V. Dhattrak	Executive Director (Thal)
Ravindra P. Jawale	Executive Director (Trombay)
M. Thyagarajan	Executive Director (QC)
Shirish G. Bhogle	Executive Director (Mktg.)
S. Parthasarathy	Executive Director (Finance)
Saifuddin K. Fidvi	Executive Director (HR)
Ajit S. Kashikar	Chief Gen. Mgr. (Maintenance & Fire & Safety)
Arvind N. Shende	Chief Gen. Mgr. (HSE) Corp.
Suhas S. Varadkar	Gen. Mgr. (Operations), Thal
Arun V. Nawade	Gen. Mgr. (HR)
Bharat G. Galgali	Gen. Mgr. (Commercial)
P. L. C. K. Prasad	Gen. Mgr. (Finance)
Chandraguptarajah S. A.	Gen. Mgr. (IT)
Arvind T. Jadhav	Gen. Mgr. (Mktg)
Sudhir D. Pandare	Gen. Mgr. (Corp.)
V. P. Sreekrishnan	Gen. Mgr. (Operations)
Subhash S. Kawade	Gen. Mgr. (Corp.Finance)
Rajendra P. Paradkar	Gen. Mgr. (Co-Ordination)
Asok Kumar Das	Gen. Mgr. (Projects, PHS & Utilities), Thal
Naresh N. Massand	Gen. Mgr. (Vigilance)
Milind M. Deo	Gen. Mgr. (Technical), Thal

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Company Secretary : Shri D. M. Sati
Email address : investorcommunications@rcfltd.com
Website address : www.rcfltd.com
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-13, Pannalal Silk Mills Compound,
L.B.S.Marg, Bhandup,
Mumbai 400 078.
(022) 25963838

Bankers : State Bank of India
Commercial Branch,
Fort, Mumbai
Statutory Auditors : M/s. NBS & Co., Mumbai
M/s. Kalyaniwalla &
Mistry, Mumbai
Cost Auditors : Shri Suresh D. Shenoy,
Mumbai
M/s V. J. Talati &
Company, Mumbai
Solicitor : M/s M.S. Bodhanwala &
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 EIGHTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the THIRTY EIGHTH 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 Friday, the 23rd day of September, 2016 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 31st March, 2016, including Profit & Loss Statement for the year ended 31st March, 2016 and Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To declare dividend.
3. To fix remuneration of Auditors.
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 appoint a Director in place of Shri Suresh Warior (DIN 06920261), who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

6. To appoint Shri Dharam Pal, 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), Shri Dharam Pal (DIN 02354549), who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. 28th January, 2016 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 a Director of the Company w.e.f. 28th January, 2016, in terms of letter no. 130/8/2003-H.R. -I dated 14th January, 2016 from Ministry of Chemicals & Fertilizers, who shall be liable to retire by rotation."

7. To appoint Shri Harin Pathak, 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 Harin Pathak (DIN 07552994), who was appointed as an Additional Director of the Company 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. 10th June, 2016, or until further order, whichever is earlier, in terms of letter no. 78/2/2006-H.R. -I dated 10th June 2016 from Ministry of Chemicals & Fertilizers . He shall not be liable to retire by rotation."

8. To appoint Shri Bharatkumar Barot, 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 Bharatkumar Barot (DIN 07552993), who was appointed as an Additional Director of the Company 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. 10th June, 2016, or until further order, whichever is earlier, in terms of letter no. 78/2/2006-H.R. -I dated 10th June 2016 from Ministry of Chemicals & Fertilizers . He shall not be liable to retire by rotation”.

9. To appoint Shri G. M. Inamdar, 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 G. M. Inamdar (DIN 07552999), who was appointed as an Additional Director of the Company 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. 10th June, 2016, or until further order, whichever is earlier, in terms of letter no. 78/2/2006-H.R. -I dated 10th June 2016 from Ministry of Chemicals & Fertilizers . He shall not be liable to retire by rotation.”

10. 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 Shri Rohit J. Vora, Cost Accountants and M/s. Musib & Co., Cost Accountants, Mumbai, 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 31st March, 2017, amounting to ₹ 2,14,500/- and ₹1,54,000/- (plus out of pocket expenses incurred in connection with aforesaid audit) respectively, as

also the payment of service tax as applicable 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”.

By order of the Board of Directors

(D. M. Sati)
Company Secretary

Date: 8th August, 2016

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 Saturday, the 17th September, 2016 to Friday, the 23rd September, 2016 [both days inclusive].
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-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (W), Mumbai 400 078.
6. 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 at least seven days prior to the date of Annual General Meeting.

7. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2007-08, 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 27th August, 2015 (date of last Annual General Meeting) on the website of the Company (www.rcfltd.com), as also on the website of the Ministry of Corporate Affairs.

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.

8. 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.
9. Electronic copy of the 38th Annual Report for 2016, 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 2016, indicating process and manner of e-voting along with attendance slip and proxy form, are being sent in the permitted mode.
10. 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.
11. Members/Proxies are requested to bring the Attendance Slip(s) duly filled in.
12. Members may also note that the 38th Annual Report for 2015-16 will also be available on the Company's

website 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.

13. 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 38th 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 Friday, 16th September, 2016.
- 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. 16th September, 2016, may refer to this Notice of the 38th Annual General Meeting of the Company, posted on Company's website www.rcfltd.com for detailed procedure with regard to remote e-Voting. The Notice shall also be available at www.cdslindia.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.rcftd.com and on the website of CDSL www.cdslindia.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.

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

- (i) The remote e-voting period commences on Monday, 19th September, 2016 (9.00 a.m. IST) and ends on Thursday, 22nd September, 2016 (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 Friday, 16th September, 2016, 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
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits 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 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:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">• 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.
Dividend Bank Details OR Date of Birth (DOB)	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. <ul style="list-style-type: none">• 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).

- (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 on, 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 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 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 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.
 - 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 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, under help section or write an email to 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

Shri Dharam Pal, who has been appointed by President of India as Government Nominee Director on the Board of the Company w.e.f. 28th January, 2016, 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 38th Annual General Meeting.

Shri Pal is an IAS officer and is presently Jt. Secretary, Department of Fertilizers, Ministry of Chemicals and Fertilizers. He has varied and rich experience in Government, in different positions, and has great managerial capabilities.



Shri Dharam Pal 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.

Shri Pal 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 Dharam Pal for the office of Director

Except Shri Dharam Pal, 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, recommends the resolution set forth in item no. 6 for the approval of the members.

Item No.7

Shri Harin Pathak who has been appointed by President of India as Independent Director on the Board of the Company, 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 38th Annual General Meeting.

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 of Gujarat but also of 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.

Shri Harin Pathak 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 Harin Pathak 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 Harin Pathak fulfills the conditions for his appointment as an Independent Director as specified in the Act.

Shri Harin Pathak 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 Harin Pathak for the office of Director

Except Shri Harin Pathak, 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, recommends the resolution set forth in item no. 7 for the approval of the members.

Item No.8

Shri Bharatkumar Barot who has been appointed by President of India as Independent Director on the Board of the Company, 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 38th Annual General Meeting.

Shri Barot is a Science graduate and holds degree in Law. He is an eminent parliamentarian and has been elected as member of Legislative Assembly 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, Gujarat, Minister of State in the Department of Technical and Higher Education, Protocol and information and broadcasting, Gujarat, Minister of State for Food and Civil Supply, Gujarat, Minister of State of Rural Development, Gujarat. He has served the people of Gujarat for a period of over two decades as member of the Legislative Assembly. He is head of "Gujarat Rojgar Adhikar Sangh" and State Head of "Vivekanand Yuva Sangh".

Shri Bharatkumar Barot 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 Bharatkumar Barot 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 Bharatkumar Barot fulfills the conditions for his appointment as an Independent Director as specified in the Act.

Shri Bharatkumar Barot 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 Bharatkumar Barot for the office of Director

Except Shri Bharatkumar Barot, 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, recommends the resolution set forth in item no. 8 for the approval of the members.

Item No.9

Shri G. M. Inamdar who has been appointed by President of India as Independent Director on the Board of the Company, 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 38th Annual General Meeting.

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.

Shri G. M. Inamdar 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 G. M. Inamdar 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 G. M. Inamdar fulfills the conditions for his appointment as an Independent Director as specified in the Act.

Shri G. M. Inamdar 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 G. M. Inamdar for the office of Director

Except Shri G. M. Inamdar, 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, recommends the resolution set forth in item no. 9 for the approval of the members.

Item No.10

Pursuant to the recommendation of the Audit Committee, the Board of Directors at their meeting held on 26th May, 2016, has considered and approved the appointment Shri Rohit J. Vora, Cost Accountants (Membership No. M5740) and M/s. Musib & Co., Cost Accountants (Registration No.00217) Mumbai to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017, 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, recommends the resolution set forth in item no. 10 for the approval of the members.

By order of the Board of Directors

(D. M. Sati)
Company Secretary

Date: 8th August, 2016

Place: Mumbai



DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting this 38th Annual Report on the working of your Company together with the Audited Accounts for the year ended 31st March, 2016.

1.0.0 FINANCIAL PERFORMANCE

1.1.0 SUMMARY OF FINANCIAL PERFORMANCE

₹ Crore

Particulars	2015-16	2014-15
Total Revenue	8761.64	7787.81
Total Operating Cost	8183.09	6903.11
Operational Profit	578.55	884.70
Depreciation/Impairment	145.13	258.12
Finance Cost	142.32	116.95
Profit/ (Loss) before tax	291.10	509.63
Provision for Tax (including deferred Tax liability/ Asset)	<u>99.87</u>	<u>187.57</u>
Net Profit / (Loss)	191.23	322.06
Appropriations:		
Dividend	60.69	99.30
Tax and Educational cess on Dividend	12.35	20.22
Balance Transferred to General Reserve	118.19	202.54

1.2.0 HIGHLIGHTS OF PERFORMANCE FOR THE YEAR 2015-2016

- ✓ Revenue for the year increased by 12.50% to ₹ 8761.64 Crore as compared to ₹ 7787.81 Crore in the previous year.
- ✓ Gross profit for the year decreased by 34.61% to ₹ 578.55 Crore as against ₹ 884.70 Crore of previous year.
- ✓ Profit before tax decreased by 42.88% to ₹ 291.10 Crore as compared to ₹ 509.63 Crore in the previous year.
- ✓ Profit after tax decreased by 40.62% to ₹ 191.23 Crore as compared to ₹ 322.06 Crore in the previous year.

The major factors contributing for reduction of the Company's profitability are as under:

- i) Depressed sales of fertilizers both traded and manufactured owing to poor agro-climatic

conditions, glut of fertilizers in the market and lower urea sales due to lower allotment of imported urea.

- ii) Provision made during the year towards pooled price differential for gas used in its non-Urea operations.
- iii) Reduction in preset norms of Urea w.e.f. 1st June 2015 under the New Urea Policy 2015 which were partially off-set by the increase in the savings rate at pooled price of gas.
- iv) 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 & Formic Acid at Thal were suspended.
- v) Steep depreciation in rupee vis-à-vis US\$, Gas Pool Differential payments and delays in receipt of subsidy resulted in higher finance costs as compared to previous year.
- vi) Falling IPP of Urea has impacted the operating margins of production of Urea beyond Reassessed capacity.

1.3.0 MEMORANDUM OF UNDERSTANDING WITH GOVERNMENT OF INDIA

As in the past several years, your Company received 'MoU Excellent' rating for 2014-15 from Ministry of Heavy Industries and Public Enterprises

1.4.0 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 ₹ 1.80 per equity share) for the financial year 2015-16. The total outgo on this accounts works out to ₹ 73.04 Crore (₹ 119.52 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.

1.5.0 APPROPRIATION TO GENERAL RESERVES

Your Company earned a net Profit after Tax of

₹ 191.23 Crore (₹ 322.06 Crore in the previous year). The dividend payout along with Tax and education cess is ₹ 73.04 Crore (₹ 119.52 Crore in the previous year). The balance amount of ₹118.19 Crore (₹202.54 Crore in the previous year) is transferred to General Reserves.

1.6.0 AWARDS WON

As in the past, your Company won many awards during the year 2015-16 some of which are as under:

- 13th National Award by Institute of Cost Accountants of India for excellence in Cost Management;
- 2nd prize in National Energy Conservation Award-2015 from Ministry of Power;
- The Fertiliser Association of India Award for “Best Production performance of an operating fertilizer unit for nitrogen (Ammonia and Urea) for the year 2014-15;
- “Best Safety Practices-2015” Runner’s up award from National Safety Council Maharashtra Chapter;
- Indian Chemical Council Certificate of Merit for excellence in Energy Conservation and Management for the year 2014;
- First Prize for State Level Excellence in Energy Conservation & Management for the year 2014-15 from Maharashtra Energy Development Agency (MEDA), Government of Maharashtra;
- 2nd Prize in ‘10th State level Energy Conservation Award 2014-15’ in Fertilizer sector instituted by MEDA;
- Award for best production performance of an Operating Fertilizer Unit for Complex Fertilizer’ for the year 2014-15 from The Fertiliser Association of India;
- Golden Peacock Innovation Management Award” for excellence in “Innovation Management” for the year 2015.
- 16th Annual Greentech Environment Award for the year 2015 in Platinum category, instituted by Greentech Foundation for outstanding performance in environment management in Fertilizer Sector;

- “Product Innovation Award for 2014-15” from Federation of Indian Council of Chambers of Commerce and Industries (FICCI) for Gypsum Sona (GEOLA) developed by R & D – Bioresearch;
- Performance Excellence Award for Innovative Industrial Engineering Practices from Indian Institution of Industrial Engineering (IIIE) for 2014-15;
- Organizational Excellence Award by Quality Circle Forum of India;
- Excellence in Suggestion Scheme Award by Indian National Suggestions’ Schemes Association;
- National Vigilance Excellence Award 2016 from Vigilance Study Circle, Hyderabad;
- Vigilance Excellence Award from Institute of Public Enterprise, Hyderabad;
- Award for best case study from Central Vigilance Commissioner at the Annual function of Vigilance Study Circle, Mumbai.

2.0.0 OPERATIONAL RESULTS:

2.1.0 Production:

2.1.1 Fertilizers:

Your Company produced 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) during the year as against 32.59 lakh MT of fertilizers (26.01 lakh MT of Urea, 3.97 lakh MT of Suphala 15:15:15 and 2.61 lakh MT of Suphala 20:20:0) produced during the previous year. In terms of nutrients, your Company produced 12.75 lakh MT of Nitrogen (N), 1.04 lakh MT of Phosphate (P₂O₅) and 0.69 lakh M T of Potassium (K₂O) during the year as compared to 13.08 lakh MT of Nitrogen (N), 1.12 lakh MT of Phosphate (P₂O₅) and 0.60 lakh MT of Potassium (K₂O) during the previous year.

2.2.0 MARKETING PERFORMANCE

2.2.1 Fertilizer Division:

Your Company achieved sales volume of 33.75 lakh MT during 2015-16 as compared to 36.89 lakh MT in the previous year. Your Company sold 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 such as DAP, MOP, SSP, Rajphos, NPK etc., compared to 28.58 lakh MT of Urea, 3.89 lakh MT of Suphala 15:15:15, 2.55 lakh MT of Suphala 20:20:0 and 1.87 lakh MT of other bought out products during the previous year. The total sale of manufactured fertilizers during 2015-16 was 30.88 lakh MT as against 32.62 lakh MT in the previous year.

Sales of fertilizers registered reduction of 8.52% 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 ₹1063 Crore as against ₹1125 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 F.Y.2015-16, your Company has done third party export of ABC to the tune of ₹ 50.59 lakh as against ₹ 62.29 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 Risk Management Policy for the 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 financially, their likely effect on the assets, facilities and third parties are assessed regularly. 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:

2.4.1 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 ₹ 5530 Crore. The project is awaiting approval from Government of India.

2.4.2 Coal Based Fertilizer Plant at Talcher

Your Company, along with Coal India Limited (CIL), GAIL (India) Limited (GAIL) and Fertilizer Corporation of India Limited (FCIL), is contemplating to set up a fertilizer complex, comprising of 2200 MTPD ammonia plant, 3850 MTPD Urea plant, at Talcher, Odisha through coal gasification route as feed stock. Coal will be made available by CIL from nearby coalfields. 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 to execute the project.

The Ammonia Synthesis and Urea, plants will be built on lump sum turn key basis for which prequalification bids have been invited and pre-qualified parties have been shortlisted. Project

capital cost is estimated to be approx. ₹ 8000 crore. Tender has been issued to pre-qualified Lump Sum Turn Key (LSTK) vendors. Selection of Coal Gasification Technology and Coal Block allocation is underway.

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 aid much needed urea production capacity for the eastern part of the Country.

2.4.3 Sewage Treatment Plant (STP) at Trombay

Water situation 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 additional Sewage Treatment Plant (STP) adjacent to the existing STP plant 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 process water will be supplied to Bharat Petroleum Corporation Ltd., on mutually agreed terms. Work order has been placed on LSTK contractor at a cost of ₹198 Crore and work is underway.

2.4.4 Solar Power Plant (PV Grid Connected) at Trombay

Your Company has set up 2 MWp Grid connected Photovoltaic Solar power plant within the factory premises at Trombay, Mumbai. The power generated is used for captive consumption at Trombay unit.

This venture is in line with the Solar mission of Government of India and leads RCF's foray into generation of renewable energy resulting in to reduction in the overall carbon footprint of the company.

2.4.5 Iran Project

Your company has been nominated by the Government along with Gujarat State Fertilisers Corporation (GSFC) for the proposed 1.3 million tonne Urea plant in Iran for import of Urea to India. M/s Faradast Energy Falat Company (FALAT), Iran has been shortlisted as prospective Iranian partner. The consortium is planning to set up an

ammonia and Urea plant in Chahbahar in Iran, using natural gas as feedstock which is abundant in that country, with an estimated investment of USD 903 Million.

2.5.0 SUBSIDIARY AND OTHER JOINT VENTURE COMPANIES

A separate statement containing the salient features of financial statements of all subsidiary/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 subsidiary/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 upto 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 subsidiary/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).

2.5.1 Subsidiary Company

Rajasthan Rashtriya Chemicals and Fertilizers Limited, Jaipur

Rajasthan Rashtriya Chemicals and Fertilizers Limited (RRCFL) was a subsidiary of the Company. Since, the Company did not start its activities since inception, the Board of Directors of RRCFL took a decision to close down the Company. Accordingly, the name of RRCFL has been struck off from the Register of Registrar of Companies on 24th November, 2015 and said company is dissolved.

2.5.2 Joint Venture Company

2.5.2.1 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 ₹ 20.06 Crore as against ₹ 4.52 Crore during the previous year. FRBL reported a Loss after Tax of ₹ 16.88 Crore during the year as against ₹ 21.94 Crore in the previous year.

2.5.2.2 Urvarak Videsh Limited (UVL)

Urvarak Videsh Limited (UVL) was incorporated on 18th July, 2008 as a Special Purpose Vehicle (SPV) with equity participation of Rashtriya Chemicals and Fertilizers Limited (RCF), National Fertilizers Limited (NFL) and Krishak Bharti 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 and at the same time keeping the status of the company as active was not serving any purpose, 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 and when the proper opportunity arises in future, business activities can be started by the company by reverting its status as active company.

2.5.2.3 Talcher Fertilizers Limited (Erstwhile Rashtriya Coal Gas Fertilizers Limited)

Your Company has formed a Joint Venture company, with Coal India Limited (CIL), GAIL (India) Limited (GAIL) and Fertilizer

Corporation of India Limited (FCIL), with the name Talcher Fertilizers Limited on 13th November, 2015 for revival of FCIL's fertilizer unit at Talcher by establishing and operating coal gasification based fertilizer complex. The equity participation by RCF, CIL and GAIL is 29.67% each and FCIL is 10.99%. The company is yet to start its operations.

2.5.3 Consolidated Financial Statements

The Consolidated Financial Statements of your Company has been prepared by taking into consideration Joint Venture Companies i.e. FACT-RCF Buildings 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	2015-16	2014-15
Total Revenue	8771.68	7790.06
Total Operating Cost	8189.64	6871.83
Operational Profit	582.04	918.23
Depreciation/Impairment	150.22	263.32
Finance Cost	146.74	121.59
Profit/ (Loss) before tax	285.08	533.32
Provision for Tax (including deferred Tax liability/ Asset)	99.87	187.57
Net Profit / (loss)	185.21	345.75

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 Lab scale development of microbial bio-pesticide "Trichoderma viride"

Bio-pesticides are biological or biologically-derived agents that are usually applied in a manner similar to chemical pesticides, but achieve pest management in an environmentally friendly way. Bio-pesticides, for use against crop diseases, have already established themselves on a variety of crops.

Pesticides based on microorganisms and their products have proven to be highly effective, species specific and eco-friendly in nature, leading to their adoption in pest management strategies around the world.

Microbial pesticides used are bacteria, viruses, fungi, nematodes etc. The fungi used for pest control are *Trichoderma harzianum*, *Trichoderma viride*, *Trichoderma reesei* and many more. *Trichoderma* spp. is fungi from the Hypocreaceae family that are present in nearly all soils. Laboratory scale development of this fungi as biopesticide was carried out successfully. The product will be field tested during the years 2016-17 and 17-18 and commercialized thereafter.

2.6.2 Development of Phosphogypsum based value added Soil Conditioner 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 deletion of soil fertility, erosion and water logging has increased. With a view to make agriculture sustainable, 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% yield and increase of nutrient use efficiency to the extent 50% was reported.

A product patent was applied and published for examination on 18th September 2015 (Indian patent application No. 3248/Mum/2015- Plant Nutrient Composition).

The product was also bestowed with the prestigious FICCI “Innovators Award” for the year 2015.

2.6.3 Development of best nutrient package for pomegranate through specialty fertilizers for enhancing fruit yield and quality

Pomegranate (*Punica granatum* L.) is grown in tropical and subtropical regions of the world. It

is one of the commercially important fruit crops of India. The fruits are known for their sweetness and fine blend of acidity. Maharashtra alone has around 99,000 hectare area under this crop. Hence, work on development and recommendation of the micronutrient management for pomegranate was undertaken in association with Mahatma Phule Krishi Vidyapeeth, Rahuri, Maharashtra in the year 2015-16 as an MOU item.

The yield increase was recorded to be around 20% through utilization of Biola, Microla and Sujala products. The recommendation of the nutrient package by Agriculture University, will now be disseminated among the farmers.

2.6.4 Development of Zinc solubilizing bacteria as biofertilizer

Zinc is one of the most important micronutrients required relatively in small concentrations in tissues for healthy growth & reproduction of plants. Plants must be provided with essential nutrients in available form & in sufficient quantity not only for their proper growth and development but also for their accumulation of essential elements in proper amount in various parts of the plants.

With a view to provide the farming community with cheaper sources of zinc, the development of Zinc solubilising bacteria as biofertilizer was undertaken. The bacteria obtained through natural sources like zinc mines were successfully formulated as biofertilizer. The product will be tested with Agriculture Universities and commercialized during the year 2016-17. With the present scenario of zinc deficiencies in India, the application of zinc solubilizing bacteria with cheap sources of zinc ores will reduce the cost of agri -inputs and provide sustainable solution to mitigate Zn deficiency.

2.6.5 Lab scale study for development of Nanotechnology based fertilizers

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. A research centre “Sarjana” dedicated to Nanotechnology research was inaugurated in the Company. It is one of its kind among the Public sector enterprises in India.

A paper in the field of Nanotechnology regarding its applicability to biofertilizer was presented by our Scientist at an International conference at Florida, USA in October 2015. The paper was bestowed with the Best oral presentation award.

2.6.6 Commercialization of Micronutrient grade for Paddy Basal for Tamilnadu 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). They are as important to plant as primary and secondary nutrients, though plants don't require much of them. Lack of any micronutrient in soil can limit the crop growth even if other nutrients are present in adequate amount. These micronutrients are state specific.

The R & D department of your Company has developed micronutrient grade (No.XI) for Paddy crop basal application in solid form for Tamilnadu state. The product has been commercialized successfully. During the year 2015-16, a quantity of 38.5MT was manufactured and marketed.

2.6.7 Feasibility study for new Biofertilizer plant

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. Bio-fertilizers are living cells of different types of micro-organisms which have an ability to mobilize nutritionally important elements from non-usable to usable form from the soil. Company has a bio-fertilizers plant with current installed capacity of 150 KL per annum. With positive outlook from government for the promotion of biofertilizer in a big way, the demand for these will increase. It is projected

that the coming years may see the growth @ 21.12% annually.

In the above context, the feasibility study (techno-economic) for 150 KL capacity biofertilizer facility was initiated. It is envisaged that the capital subsidy provided by state government to the tune of ₹ 40 lakh will be utilized for the project. IRR & payback period for the project are 18.65% and 2.93 years respectively. This project was also included in the MOU for the year 2015-16.

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) at its two manufacturing units. 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_x, SO₂, Particulate matter (PM₁₀ & PM_{2.5}) & metrological parameters.

The Effluent Treatment plants at Trombay and Thal have ensured that the environment in and around the Units are fully protected. Various schemes with state of the art technologies and modernisation schemes are implemented 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 to Suphala plant for recovery of nutrients. Phosphogypsum from Phosphoric Acid Plant is used in-house in the manufacture of value added building materials viz. rapid wall panels, and wall plaster.

The integrated Effluent Treatment Plant ensures that whatever effluent is discharged from the factory meets the statutory requirements laid down by the Pollution Control Board. Trombay unit of the Company has taken up a massive plantation drive in factory premises, in residential colony and surrounding areas and planted app. 4000 numbers of trees in the year 2015-16. In the Thal factory premises & in residential area during the year 2015-16, plantation of 2500 number of Fruit bearing trees, Teak wood and other species has been under taken .

For increasing awareness regarding environment, 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 Responsibilities”, 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 ₹ 9.65 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 10th 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 6th 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, 6,600 students have availed 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 of 5 to 10 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 11 months of free residential coaching to enable them to get admission in IIT/NIT and other premier engineering colleges. This year 28 of these students were successful in the JEE mains examination.

4.1.1.6 Farmers’ Education:

Company has two farmers training institutes located in Thal and Nagpur. During the year, 6352 farmers attended & benefited from the training programmes conducted at these two Farmers Training Centres. During the programmes, training was imparted to upgrade their farm practices, reduce their overheads and increase their wealth. Special programmes designed for women farmers and the scheduled caste and 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 1,40,417 soil samples were analysed and recommendations given through the twelve static and six mobile soil testing laboratories.

4.1.2 Supply of drinking water to the villages:

Your Company has been providing drinking water for more than 21 years to seven villages around Thal unit through pipelines laid down from the water reservoir in the unit and spent about ₹69.59 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 has engaged Wockhardt Foundation and administered free primary health care through mobile Medical Vans. A total of four Mobile medical vans are running in slums of Trombay and villages of Thal and patients are benefited from free medical services including supply of medicines. Through this facility, ailments like Blood pressure, low Haemoglobin Levels, Oxygen saturation, Malaria, Hepatitis, Dengue, Typhoid, Diabetes, etc., are treated on regular basis, through qualified Doctors. One medical van attends to approx. 25000 patients per annum.

4.1.3.2 Running of pathology lab

M/s Wockhardt Foundation is also engaged in the running of Pathology lab in Chembur near RCF township. Near about 28,000 diagnostic tests were performed for needy patients.

4.1.3.3 Distribution of sanitary napkins (Moksha)

Your Company has engaged Wockhardt Foundation for extending the 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 5,29,000 sanitary napkins were distributed.

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”

Under the national campaign of clean and green India, your Company has contributed ₹ 75 lakh to the “Jalyukta Shivar” scheme in response to the appeal from Govt. of Maharashtra.

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, fruits sapling and free fertilizers to nearby needy villagers.

4.1.8 Your company has constructed Bio toilets at gate No.2, Trombay for Truck Drivers and cleaners through Wockhardt Foundation. Also constructed five toilets in the school where Mid Day Meal is provided. In association with, World Confederation of Warriors and Heal Foundation, Free Medical Check Up and Eye Check Up camps have been organized in the school where RCF is providing Mid Day Meal.

5.0.0 MICRO, SMALL AND MEDIUM ENTERPRISES

Government of India, Ministry of Micro, Small and Medium Enterprises, vide order dated 23rd 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 20% of total annual purchases during the period of three years. The directive also provides that the goals set with respect to procurement to be met from Micro,

Small and Medium Enterprises and achievement made thereto be incorporated in their respective Annual Reports. 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:

- [i] Improvement of Road infrastructure-construction and repairs.
- [ii] Building of Check Dams.
- [iii] Prevention of soil erosion and watershed management.

6.1.1 Rapid wall Project

The Rapid wall project is an example of Company's faith in sustainable development wherein a waste product generated from Phosphoric Acid Plant is converted into useful building material by adopting a novel technology.

6.1.2 New Sewage Treatment plant

Your Company and Bharat Petroleum Corporation Limited (BPCL), have signed an MOU for setting up a new Sewage Treatment Plant (STP) at RCF, Trombay at approx. cost of ₹198 Crore. This Plant will be based on latest Membrane Bio-Reactor 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 in to treated water. The said project when operational will also reduce the load on MCGM Sewage Treatment facility to the extent of 22.75 MLD.

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.

6.1.3 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. The project has been successfully commissioned on 6th January 2016. Based on the average intensity of solar radiation, the project is likely to generate around 3 million units of power on annual basis. 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 atop 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 is in the process of setting up solar rooftop facilities atop 5 locations at Thal and 1 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 2014-15 based on Global Reporting Initiative (GRI) guidelines and National Voluntary Guidelines (NVG) on 'Social, Environmental and Economic Responsibilities of Business' issued by Ministry of Corporate Affairs, Govt. of India. The Report has been hosted on the Company's website.

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 report for 2015-16 would also be published soon.



6.3 WATER CONSERVATION

During the year, your Company has consumed 83,89,070 m³ of raw water as against 93,78,330 m³ during the previous year, resulting in saving of 9,89,260 m³ water at Trombay Unit.

BMC water consumption in this year has come down by 2,76,400 m³, resulting in saving to the tune of ₹ 2.20 Crore.

Your Company has reduced discharge of effluent in to sea by 84, 621 m³ by adopting additional recycling methods . It has also saved the precious BMC water equivalent to ₹ 67.36 Lakh.

Your Company has increased the greenery (Horticulture Area) around the Trombay Unit for which reject water is used. Water from this network is also utilised for toilet/urinal flushing in Trombay Unit.

Your Company has strengthened and extended STP reject water network for scrubbers in ANP and Suphala Plant. It is also utilised in cleaning and washing of equipment and tanks in these plants. This network also provides reject water for different purposes to ETP, PAP, SAP/CNA plants.

Your Company has optimised the following process parameter which has saved equivalent energy and water in Ammonia & Urea Plants:

- i. Strengthened the operation of MP Stripper in Ammonia- I Plant which is saving equivalent DM water.
- ii. Job of CT fan adjustment and drift eliminator carried out in Ammonia V plant.
- iii. Strengthened the operation of water scrubber in Urea Plant with recycle of water for scrubbing etc., helped in reducing water consumption.

7.0.0 VIGILANCE

Dr. A.K. Padhee, Joint Secretary (DOF), is holding the additional charge of Chief Vigilance Officer of the Company . The position of CVO in the company is at par with the Functional Directors. CVO is assisted by a team of Officers drawn from various functional departments and is supported by a Deputy CVO in the rank of General Manager (Vigilance). The activities of Vigilance department cover Corporate Office,

Trombay Unit, Thal Unit and all the Marketing area offices situated accorss the country. In line with the CVC guidelines, the thrust of the Vigilance in your Company is to bring greater transparency, integrity and efficiency. The focus of Vigilance Department is on Preventive and Participative Vigilance.

This is done by keeping a careful watch on various activities through regular inspections and surprise checks. System improvements and corrective actions are taken, wherever necessary. The theme that “All officers are Vigilance Officers” is implemented in your company and alertness and support of all officers is taken in the implementation of Vigilance. Vigilance has focused on spreading awareness on rules/regulations, procedures and solicited information/complaints from all regarding malpractices/corruption.

During the year, Vigilance Department has actively contributed towards Good Management in leveraging technology in all operations that helps in implementing robust e-governance in RCF, in making the tender documents more transparent and relevant, enhanced transparency in existing system of dealing with our Dealers/Vendors and accrued savings by implementing e-procurement in your company thereby ensuring transparency in all procurements. Vigilance Department has also ushered in an era of E Vigilance clearance for NOC for various issues to the employees.

8.0.0 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis report highlighting the industry structure and developments, opportunities and threats, future outlook, risk and concerns etc. is annexed as **Annexure II** and form 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 (Firm Registration Number 104607W) and M/s N.B.S & Co. (Firm Registration Number 110100W) as Joint Statutory Auditors of your Company for the Financial Year 2015-16. The Auditors would be retiring at the conclusion of the Thirty Eight Annual General Meeting.

There is no Audit qualification for the year under review.

The Statutory Auditors for the Financial Year 2016-17 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 Shri Rohit J. Vora (M5740) and M/s. Musib & Co.(F/15026), Cost Accountants, as Cost Auditors to audit the cost accounts of the Company for the year 2016-17 on a remuneration of ₹ 3.68 lakh. 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 Member's approval for the remuneration payable to Shri Rohit J. Vora, and M/s. Musib & Co., 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. The Board Comments in respect of the same is annexed as **Annexure IV** and forms an integral part of this Report.

12.0 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, 2016 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, 2016 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 of guidelines on Corporate Governance and this report needs to be submitted to the Government on quarterly/annual basis. Your Company has been largely 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:

- (i) pertains to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) 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

- (iii) 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

During the year, Shri Dharam Pal (DIN 02354549) has been appointed as Government Nominee Director in place of Shri Sham Lal Goyal (DIN 03342782) w.e.f. 28th January, 2016.

Shri Manoj Mishra (DIN 06408953) has been appointed as Chairman and Managing Director of the Company w.e.f. 15th June, 2016.

Shri R. G. Rajan (DIN 01253189), ceased to be Chairman and Managing Director of the Company w.e.f. 14th June, 2016. The contribution of Shri R. G. Rajan to your Company has been immense. His guidance, suggestions and advice has greatly benefited the Company. The Board places on record its appreciation for the valuable contribution of Shri R. G. Rajan during his tenure as CMD of the Company.

Shri Ashok B. Ghasghase (DIN 06378677) ceases to be Director (Marketing) of the Company on his superannuation w.e.f. 1st July, 2016.

The contribution of Shri Ashok B. Ghasghase to your Company has been immense. His guidance, suggestions and advice has greatly benefited the Company. The Board places on record its appreciation for the valuable contribution of Shri Ashok B. Ghasghase during his tenure as Director (Marketing) of the Company.

The Board of Directors at their meeting held on 8th July, 2016 has appointed Shri Harin Pathak (DIN 07552994), Shri Bharatkumar Barot (DIN 07552993) and Shri G. M. Inamdar (DIN 07552999) as an Independent Directors of the Company.

As per Section 152 of the Companies Act, 2013, 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.

All independent Directors have given declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and 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 Board of Directors has the following committees:

- i. Audit Committee
- ii. Stakeholders Relations 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 committee alongwith their composition, number of meetings and attendance at the meetings are provided in the Corporate Governance Report.

18.0.0 REMUNERATION POLICY

Department of Public Enterprises vide OM No. 2(70)/08- DPE(WC) dated 26th November 2008 has fixed pay scales of Board Level and below Board Level executives and non-unionised supervisors.

19.0.0 MEETINGS OF THE BOARD

Thirteen (13) Board Meetings were held during the year. The details of the number of meetings of the Board held during the financial year 2015-16 forms part of the Corporate Governance Report.

20.0.0 BOARD EVALUATION

Section 134(3) (e) of the Companies Act, 2013 requires the Company to disclose 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. Section 134(3) (p) of the Companies Act, 2013, also 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.

RCF is a government company where directors are appointed by the government of India or on the recommendation of the government. The remuneration etc. of Directors are decided as per the DPE guidelines. The tenure of the Directors are also decided by the government.

RCF, being a government company, has been exempted from the provisions of section 134(3) (e) & p and section 178(2) & (3) of the companies Act, 2013.

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 as also 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 31st March, 2016 is as under:

₹Crore

1	FACT-RCF Building Products Limited	*32.87
2	Urvarak Videsh Limited	*0.18
3	Talcher Fertilizers Limited	0.02
	Total	33.07

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

The details of the advance given by the Company against equity pending for allotment as on 31st March, 2016 is as under:

₹Crore

1	FACT-RCF Building Products Limited	**2.36
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** Company has made full provision towards the said amount.

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 WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rule 14 of the Rules issued thereunder, internal complaint committee formed by your Company has received one complaint of sexual harassment at work place, which was disposed off as per procedure laid down under the Act during the year 2015-16.

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 V”.

26.0.0 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 VI” and forms an integral part of this report..

27.0 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

[Manoj Mishra]
Chairman and Managing Director

Place: Mumbai

Date : 8th August, 2016

Annexure I

**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 : http://www.rcfltd.com/about us/policies/csr policy
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:	₹ 46888.00 Lakh
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above):	₹ 937.76 Lakh
5.	Details of CSR spend for the financial year:	
a.	Total amount spent for the financial year	₹ 965.72 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	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	Adoption of villages	Rural Welfare & Community development	District Ahmednagar & Vardha	25.00	33.10	33.10	Undertaken directly by RCF in association with local panchayat samitis
2	Maintaining quality of Soil , Air and water	Jalyukta Shivar Abhiyan	Marathwada Area of Maharashtra	75.00	75.00	75.00	RCF officials and local collector
3	Supply of safe drinking water to nearby villages of Thal	Rural Welfare & Community development	Thal, Vaishet, Tudal, Boris, Gunjis, Navgaon, Bhal District Raigad (Maharashtra)	83.00	69.59	69.59	Undertaken directly By RCF in association with MIDC
4	Supply of paddy, fruits sapling and free fertilizers to nearby villages of Thal	Livelihood enhancement projects	Thal, District Raigad	7.00	9.73	9.73	Undertaken directly By RCF.
5	Supply and distribution of Mid day meal to 6000 children of various unaided schools	Promoting Education	Vishnu Nagar, Gadkari Khan, Nagababa Nagar, Panjarpol, Khadi Machine, Azad Nagar, Bharat Nagar, Shankar Deul, VashiGaon, Vadvali Gaon, Dosti Acres and adjoining areas of Trombay, Mumbai (Maharashtra)	175.00	237.67	237.67	ISKCON food relief Foundation



Sr. No.	CSR Projects/ Activities	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	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	Students from various Districts in Maharashtra were given training under this initiative.	72.60	72.60	72.60	Centre for Social Responsibility and Leadership
7	Running of 6 centres for children for providing training about moral, ethical, human and health values	Promoting Education	Vishnu Nagar, Gadkari Khan, Nagababa Nagar, Panjarpol, Khadi Machine, Azad Nagar, Bharat Nagar, Shankar Deul, VashiGaon, Vadvali Gaon, Dosti Acres and adjoining areas of Trombay, Mumbai (Maharashtra)	15.00	17.50	17.50	Wockhardt Foundation
8	Providing medical facilities thru Mobile Medical Van	Health and Family welfare	Vishnu Nagar, Gadkari Khan, Nagababa Nagar, Panjarpol, Khadi Machine, Azad Nagar, Bharat Nagar, Shankar Deul, VashiGaon, Vadvali Gaon, Dosti Acres and adjoining areas of Trombay, and villages of Thal – District Raigadh and Mumbai (Maharashtra)	145.00	134.23	134.23	Wockhardt Foundation
9	Distribution of free Sanitary napkins to female population of slums of Chembur and villages of Thal	Health and Family welfare	Vishnu Nagar, Gadkari Khan, Nagababa Nagar, Panjarpol, Khadi Machine, Azad Nagar, Bharat Nagar, Shankar Deul, VashiGaon, Vadvali Gaon, Dosti Acres and adjoining areas of Trombay, and villages of Thal- District Raigadh and Mumbai (Maharashtra)	10.00	10.57	10.57	Wockhardt Foundation
10	Providing scholarship to SC/ ST students of tribal villages for education in annual batches of 10 from 6th, till they reach 12th std.	Reducing inequalities faced by Socially and Economically backward groups and promoting education	Shivaji Military School at Pune. However SC/ ST students from all districts of Maharashtra get the benefit.	50.00	40.48	40.48	Shivaji Military School at Pune

Sr. No.	CSR Projects/ Activities	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
11	Providing 5 Bio Toilets in Schools where Mid day Meal Scheme is operational in Chembur area	Maintaining quality of Soil Air and water	Chembur, Mumbai		12.60	12.60	Wockhardt Foundation
12	Installation of Bio Toilets near gate no – 2 of factory for Truck Drivers and cleaners through Wockhardt Foundation	Maintaining quality of Soil Air and water	Chembur, Mumbai	21.40	8.56	8.56	Wockhardt Foundation
13	Running of Pathology lab in Chembur near RCF township Gate no 2 approx 15000 patients are getting benefit of this scheme	Promoting Health care including preventive health care	Chembur, Mumbai	10.00	21.53	21.53	Wockhardt Foundation
14	Medical camps in slums of Vashi Naka and Cheetah camp	Promoting Health care including preventive health care	Chembur, Mumbai	5.00	5.00	5.00	Heal Foundation
15	Holding of health camps in flood affected area of Tamilnadu	Promoting Health care including preventive health care	Flood affected area of Chennai Tamilnadu	25.00	25.00	25.00	Help Age Foundation for Tamilnadu Flood
16	Study of impact of Water cess on the industries of Maharashtra and Tamilnadu.	Maintaining quality of Soil Air and water	Industries of Maharashtra and Tamilnadu.	4.00	4.00	4.00	Institute of Financial management and Research (IFMR)
17	Seven eye + health camps in slums of Vashi Naka and Cheetah camp thru Warior Foundation	Promoting Health care including preventive health care	Chembur, Mumbai	6.00	6.00	6.00	Warior Foundation
18	Financial Assistance to Chembur Citizen Forum for holding health camp.	Promoting Health care including preventive health care	Chembur Mumbai	7.50	7.50	7.50	Chembur Citizen Forum
19	Contribution to NFCH (National Foundation for Communal Harmony)	Promoting Health care including preventive health care	Delhi	2.00	2.00	2.00	National Foundation for Communal Harmony



Sr. No.	CSR Projects/ Activities	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
20	Financial assistance to Sushrut Hospital for treatment of underprivileged people free of cost with medicines	Promoting Health care including preventive health care	Chembur Mumbai	15.00	15.00	15.00	Shushrut Hospital
21	Construction of 100 Toilets at SansadAdarsh Gram Yojana at village Shahid @ 20000/- per toilet + wash basin	Maintaining quality of Soil Air and water	Dist-Amravati	24.90	24.90	24.90	Shivprabhu Bahu-Uddeshiya Krida Shikshan & Sanskrutik Mandal
22	Holding of farmers Training for Jatropa plantation for 50 farmers per village for 20 villages. Total of 1000 farmers in Bihar	Livelihood enhancement projects	Gaya District, Bihar	9.93	9.93	9.93	Narayani Sewa Samaj Sansthan
23	Rejuvenation of Storm drainage system from Radhapuram to stadium stand in Pallakad Approval obtained and MOU signed in 2015-16 payment of ₹ 6 lakhs is made. Payment of ₹14 lakhs is to be made in 2016-17	Maintaining quality of Soil Air and water	Pallakad, Radhapuraam Dist Kerala	6.00	6.00	6.00	Palakkad Municipality
24	Supply of material to Lokmanya Shikshan Mandal Choundi for construction of school floor(Thal)	Promoting Education	Thal Dist Raigad , Maharashtra	20.00	20.00	20.00	RCF and Lokmanya Shikshan Sanstha
25	Rural Development Projects	Repair of culvert near Ghondhalpada	Dist Raigad, Mharashtra	9.32	9.32	9.32	Undertaken directly By RCF
26	Holding of Kabbadi Tournament in Thal	Promoting Rural Sports	Dist Raigad, Mharashtra	17.64	17.64	17.64	Undertaken directly By RCF
27	Promoting and monitoring differently abled children for one year with special course at Chennai	Livelihood enhancement projects	Chennai, Tamilnadu	10.44	10.44	10.44	V-Excel Foundation

Sr. No.	CSR Projects/ Activities	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
28	Construction of first floor for disabled friendly Residential School in Bangalore	Promoting Education	Bangalore, Karnataka	25.00	25.00	25.00	Samarthanam Trust
29	Maintenance of Acharya garden, Chembur	Maintaining quality of Soil Air and water	Chembur, Mumbai	18.60	18.60	18.60	Chembur Citizen Forum
30	Help to Jawahar Vidya school-run by Lokmanya Shikshan Sanstha,	Promoting Education	Chembur, Mumbai	1.50	1.50	1.50	Undertaken directly By RCF
31	Repairs to Sawitribai Phule School	Promoting Education	Chembur, Mumbai	1.18	1.18	1.18	Undertaken directly By RCF
32	Printing of crop Literature and its distribution free of cost to farmers. This literatures gives information regarding right dosages at right time to right crop etc. which helps farmers to make optimum use of scarce resources like water, fertilizer, seeds pesticides etc.,	Reducing inequalities faced by Socially and Economically backward groups	Rural area at Districts of Maharashtra	13.55	13.55	13.55	Undertaken directly By RCF
		TOTAL		911.56	965.72	965.72	

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.

R. G. Rajan
Chairman and Managing Director

Damodar Acharya
Chairman- CSR Committee

Dated 26th May, 2016

**Annexure II****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****1.0 OVERVIEW OF THE ECONOMY**

India has achieved robust growth despite very complex global conditions and emerged as a beacon of hope, amongst major economies, by recording the highest gross domestic product (GDP) growth rate of 7.6 per cent for fiscal 2015-16 as against 7.2% in 2014-15. There is high expectation of the growth rate to be maintained in the fiscal 2016-17 by India's overall growth story accompanied with the progressive policies of the government and its commitment towards drastic policy reforms, innovation and technology led governance, benign oil prices and strong domestic consumption demand etc.

2.0 INDUSTRY STRUCTURE AND DEVELOPMENT

Chemical fertilizers have played a key role in modern agriculture and in improving the productivity of India. Indian Fertilizer Industry is supporting Indian agriculture since the era of green revolution (1960s). It has grown in the last 50 years and at present ranks third in the World. India is the second largest consumer of fertilizers in the World, after China. It has succeeded in meeting the demand of nearly all chemical fertilizers over the year and now become an important segment of Indian economy. India ranks second in the production of nitrogenous fertilizers and third in phosphatic fertilizers whereas the requirement of potash is met through import since there are no reserves of potash in the country.

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 ministry of chemicals and fertilizers .

In spite of ranking second largest nitrogenous fertilizer producer and third largest phosphatic fertilizer producer in the world, day by day the demand supply of fertilizer in India is increasing which is leading to increased dependence on imports. 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. To meet the projected demand , additional production capacity alongwith stable and conducive policy environment, availability of raw materials, adequate price incentives will play a key role in shaping the future of Indian fertilizer Industry.

At present, there are 30 large size urea plants in the country manufacturing urea, 21 units produce DAP and complex fertilizers and 2 units' manufacture Ammonium Sulphate as a by-product. Besides, there are 105 medium and small scale units in operation producing single super phosphate (SSP).

The financial year 2015-16 was a reasonably good year for the fertilizer industry with overall volumes rising by 7% to 58.2 MMT from 54.1 MMT in financial year 2015 despite second consecutive year of weak monsoons. The domestic production of Urea witnessed healthy 8% growth during the fiscal 2015-16, driven by favourable policy changes of Government of India, especially the New Urea Policy 2015(which altered the policy with regard to reimbursement on the production beyond reassessed capacity) and the Gas Pooling policy (which resulted in similar gas costs for all gas- based units). As a result, Urea imports fell by 3% year to year to 8.47 MMT in financial year 2016. As the domestic production is expected to remain high at 24.5-25.5 MMT during financial year 2017, the import volumes are expected to remain similar to last year levels. This, along with subdued Urea prices, would lower the import bill (and hence the subsidy outlay) further in the year financial year 2017. The price of pooled gas for Urea units have fallen to about US\$ 6.5- 6.6/ MMBTU during April-May 2016 from –US\$ 7.2-7.3/MMBTU during Feb-March 2016 due to a further 20% reduction in the domestic gas prices w.e.f. April 1, 2016 and subdued spot gas prices. This lowers the cost of production of Urea, which in turn would reduce the subsidy burden for the Government. The revenues of the domestic fertilizer industry posted a modest growth of 5% to ₹ 820.9 billion in financial year 2016 from ₹ 779.4 billion in financial year 2015, driven by higher sales volumes. The profit margins continued to remain under pressure due to high reliance on working capital borrowings to fund subsidy receivable. As subsidy delays are expected to continue and Urea pricing reforms are not expected immediately, the financial

performance of the industry is expected to remain impacted in the near-to-medium term. The volume growth during financial year 2015-16 was driven by relatively low opening inventory levels compared with the previous years, and low base effect and was supported by moderate growth in the domestic production of urea and higher import of non-urea fertilizers. During the financial year, urea sales grew by 4% to 31.98 MMT, whereas non-urea sales grew substantially at 13% to 26.19 MMT. However, higher volume growth has resulted in increase in the systemic inventory levels as on End-Mar 2016.

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 the 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 20.97 lakh MT of Urea compared to 21.78 lakh MT produced during the previous year. The energy efficiency for Ammonia & Urea Plants at Thal Unit was lower than previous year on account of shut down of these Plants. The operating stream days for the Ammonia Plant was 352.51 days and Urea was 344.7 days as against 356.02 and 357.75 stream days during the previous year respectively. The energy consumption of Urea was 5.943 Gcal/MT (5.87 Gcal/MT during the previous year) and Ammonia was 8.33 Gcal/MT (8.24 Gcal/MT during the previous year). In terms of nutrients in the fertilisers, the unit produced 9.65 lakh MT of N during the year, compared to 10.02 lakh MT during previous year.

4.2 Trombay Unit:

The Trombay Unit produced 4.49 lakh MT of Urea, 4.62 lakh MT of Suphala 15:15:15 and 1.75 lakh MT of Suphala 20:20:0 during the year compared to 4.23 lakh MT of Urea, 3.97 lakh MT of Suphala 15:15:15 and 2.61 lakh MT of Suphala 20:20:0 produced during the previous year. In terms of Nutrient values, the unit produced 3.11 lakh MT of N, 1.04 lakh MT of P₂O₅ and 0.69 lakh MT of K₂O during the year compared to 3.09 lakh MT of N, 1.16 lakh MT of P₂O₅ and 0.61 lakh MT of K₂O respectively during the previous year. The energy consumption of Urea for 2015-16 is 6.78 Gcal/MT which is less as compared to 6.87 Gcal/MT during the previous year. This is the best ever energy efficiency the Company has accomplished in respect of Trombay Urea Plant.

4.3 Industrial Products:

Your Company produces industrial chemicals at its two units. During the year, your Company produced 0.69 lakh MT of various major industrial chemical products as against 1.52 lakh MT during the previous year. Your Company produces, amongst others, Methanol, Methylamines and derivatives, Sodium Nitrate/ Nitrite, Ammonium Bi-Carbonate, Formic Acid etc.

5.0 OUTLOOK

5.1 In the Union Budget for 2016-17, the Government of India has reduced the budgeted subsidy for fertilizer sector by 2500 Crore to ₹ 70000 Crore for 2016-17 as compared with the revised estimate for 2015-16 while raising the subsidy budget for urea by 1%. The reduction in the overall budgeted subsidy is likely to lead to continuation of subsidy delays for the fertilizer sector. In view of the under-budgeting of subsidy, the liquidity profile of the industry will continue to be weak with spikes in short-term borrowings in the second half of the year and higher interest costs on the same.

5.2 The Government of India during Budget 2016-17 has also announced that direct benefit transfer (DBT) for fertilizers will be launched on a pilot basis, wherein the fertilizer subsidy will be directly transferred to farmer's bank account. If successfully implemented, it would reduce the working capital requirement of the industry, besides reducing urea leakages. However, successful implementation would be a major challenge as setting up the required infrastructure to correctly identify the targeted beneficiaries remains critical for the success of the scheme.

5.3 Recent reforms in the fertilizer sector, including neem –coating to prevent diversion of urea to industrial uses, and gas pooling to provide level playing field and increase in domestic production, are steps in the right direction.

5.4 The price of pooled gas for urea units have fallen due to reduction in the domestic gas prices w.e.f. April 1, 2016 and subdued spot gas prices. This lowers the cost of production of urea, which in turn would reduce the subsidy burden for the Government. Lower subsidy for the industry would in turn lead to lower working capital borrowings for the companies and enable them to reduce their interest cost. Further, lower pooled gas prices favourably impact the profitability of revamped urea capacities earning import parity based pricing. As the domestic gas and LNG prices are expected to remain subdued in the near term, pooled gas prices may also remain muted and would be beneficial for the industry.

5.5 On the investment front, the Government of India is looking at various options to ensure the availability of urea capacity at the lowest cost, including setting up a project in Iran and revival of existing units such as Ramagundam, Talcher, Barauni, Sindri and Gorakhpur.

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 1st 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. Accordingly, the New Pricing Scheme policy and New Investment Policy 2008 stand subsumed. As per NUP 2015, energy norms have been tightened and expected to be further tightened from 1st 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 plus weighted average of other incidental charges which the Government incurs 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 1st 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 as compared to previous year, resulting in a highest ever production of Urea in the country (245 LMT) since independence. This strategy of Government resulted in additional production of 20 lakh MT of Urea during the year in the country and led to import substitution thus achieving the larger objective of "Make in India".

Even though there has been a reduction in domestic as well as international price of gas, the current abysmally low price of imported Urea has created a situation where production of Urea beyond Reassessed capacity has become challenging during 2016-17.

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 NBS, 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 fertilizers and chemical 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 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 Dy. 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 ₹8761.64 crore as against ₹7787.81 crore in previous year (PY). During the year, Profit Before Tax (PBT) stood at ₹ 291.10 Crore and Profit After Tax (PAT) stood at ₹191.23 Crore.

8.1.2 Your Company achieved sales volume of 33.75 lakh MT during 2015-16 as compared to 36.89 lakh MT during the previous year. The total sale of manufactured fertilizers during 2015-16 was

30.88 lakh MT as against 32.62 lakh MT during the previous year. Sales of fertilizers registered reduction of 8.52% over previous year owing to poor agro-climatic conditions and glut of fertilizers in the market.

8.1.3 Industrial Products Division achieved sales turnover of ₹ 1063 Crore as against ₹1125 Crore during the previous year.

8.1.4 Your Company produced 31.83 lakh MT of fertilizers (25.46 lakh MT of Urea, 4.62 lakh MT of Suphala15:15:15 and 1.75 lakh MT of Suphala 20:20:0) during the year as against 32.59 lakh MT of fertilizers (26.01 lakh MT of Urea, 3.97 lakh MT of Suphala15:15:15 and 2.61 lakh MT of Suphala 20:20:0) produced during the previous year.

8.2 Energy Consumption

The energy consumption achieved during the year ended 31st March 2016 as compared to the year ending 31st March 2015 is given below:

Gcal/Mt

Plant	For the year 2015-16	For the year 2014-15
Ammonia Trombay-V	8.815	8.971
Ammonia Thal	8.329	8.240
Urea Thal	5.943	5.869
Urea Trombay	6.779	6.866

9.0 MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF EMPLOYEES

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.

Quality Management Systems, Environment Management Systems, Occupational Health and Safety Systems and 5 S Systems are given focused attention. The work culture of your Company has been enhanced by introducing the Business Excellence Model, DMS, Six Sigma and Lean Quality Circles. Your Company is the first Public Sector Undertaking to have formally introduced Quality Systems in various HR and

HRD processes by being successfully rated at People Capability Maturity Model (PCMM) Level 2. Your Company has initiated necessary action for the improvement in various process areas under PCMM Level 3.

During the year, your Company has conducted Participatory Gender Audit recognized by International Labour Organisation, which was also MoU target under HRM parameter.

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.

Your Company had 3775 employees comprising 1641 Officers and 2134 workmen, as on 31st March, 2016 compared to 3957 employees (1546 officers and 2411 workmen) as on the corresponding date of the previous year.

9.3.0 MATHADI CONTRACT LABOUR MANAGEMENT

Due to cordial relations with Mathadi Labour, Trombay and Thal Units could achieve the targets and recorded new production and dispatch milestones.

Management strongly believes in continuous dialogues and meetings with Unions of Contract Labours. Mutual Trust and Transparency are the key factors in cordial industrial relations.

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.

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 31st March 2016, your Company has on its rolls, 536 employees belonging to Scheduled Caste, 254 belonging to Scheduled Tribe and 432 Other backward castes. During the year, your Company has recruited 25 employees which includes 11 Engineers, 11 officers in finance disciplines, 1 Sr. Medical Asst. (Gynae) and 2 Secretarial Asst. (PWD) in unionised category etc.

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 37 SC/ST students under SC/ST Adoption Scheme.

Medical Camp is organized every year at Chaitya Bhoomi, Dadar on 6th December, on the occasion of ‘Mahaparinirvan Day’. Financial assistance for making arrangement for medical camp and 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. The facility continued during the year. Scholarships were given to meritorious students of SC/ST community in the nearby villages of Thal.

Large number of SC/ST farmers have been trained in the programmes conducted at the Company’s Farmers’ Training Centres at Nagpur and Thal.

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.



Annexure III

BHANDARI & ASSOCIATES**Company Secretaries**

901, Kamla Executive Park, Off. Andheri Kurla Road,
J. B. Nagar, Andheri East. Mumbai- 400 059
Tel: +91 22 4221 5300 Fax: +91 22 4221 5303
Email: mumbai@anilashok.com

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016**

*[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") having (CIN: L24110MH1978GOI020185). 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, 2016**, 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 Company for the financial year ended on March 31, 2016 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, 1992 and Regulation, 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014#
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; #
 - f) The Securities Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the 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 Governances for Central Public Sector Enterprises (CPSEs) 2010; and
- vii. The Fertiliser (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 Listing Agreements entered into by the Company with Stock Exchange(s) under erstwhile Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations, 2015”).

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 Board of Directors comprises seven directors, consisting of four Executive Directors (including the Chairman cum Managing Director); two Nominee Directors and one Independent Director. Section 149 of the Companies Act, 2013, requires that there should be at least one Woman Director and one-third of the total number of directors should be independent directors and Listing Regulation 2015 also requires at least one woman director. The Company does not have a Woman Director and has only one Independent Director. As per the Listing Regulations, 2015, the Chairman being an Executive Director, at least half of the board of directors should be comprise of independent directors. Thus, the Company does not have the required number of Independent Directors on its Board.
- A.2.** The Audit Committee comprises three Directors, consisting of two Executive Director, one Independent Director. Section 177 of the Companies Act, 2013 requires that majority of directors of Audit Committee should be independent and Listing Regulations, 2015 requires two-thirds of the members of audit committee to be Independent Directors. Thus the Company does not have the required number of Independent Directors on its Audit Committee.
- A.3.** The Nomination and Remuneration Committee comprises three Directors of which two are Nominee Directors and One Independent Director. Section 178 of the Companies Act, 2013 and Listing Regulations, 2015 requires that Independent

Directors should be at least half of the total strength of Nomination and remuneration committee. The Company does not have the required number of Independent directors on its Nomination and remuneration committee.

- A.4.** As per the Schedule IV (Code for Independent Directors) pursuant to Section 149(8) of the Companies Act, 2013 and Listing Regulations, 2015, a separate meeting of Independent Directors should be held to review the performance of Non-Independent, Chairperson and the Board as a whole. A separate Meeting of Independent Directors has not been held during the period under review.

We further report that

The Board of Directors of the Company is duly constituted. However, it does not have a proper balance of 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 provisions of the Act.

Adequate notices were given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least in 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 no specific events/actions, having a major bearing on the Company’s affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For Bhandari & Associates Company Secretaries

S.N.Bhandari
Partner

FCS No: 761; CP. No: 366

Mumbai | July 8, 2016

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.



‘Annexure A’

To
The Members

Rashtriya Chemicals and Fertilizers Limited
[CIN: L24110MH1978GOI020185]

Our report 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 8, 2016

Annexure IV

**OBSERVATION OF SECRETARIAL AUDITOR AND MANAGEMENT
EXPLANATION**

Sl. No.	Observations	Management Comments
1	The Board of Directors comprises seven directors, constituting of four Executive Directors (including the Chairman cum Managing Director); two Nominee Directors and one Independent Director. Section 149 of the companies Act, 2013 requires that there should be at least one woman Director and one-third of the total number of directors should be independent Directors and Listing Regulation, 2015 also requires at least one woman director. The company does not have a Woman Director and has only one Independent Director. As per the Listing Regulations, 2015, the Chairman being an Executive Director, at least half of the board of directors should be comprise of Independent directors. Thus, the Company does not have the required number of Independent Directors on its Board.	The Company is a Central Public Sector Undertaking and its Directors on the Board are appointed by the President of India. The present Board of the Company consists of 7 Directors comprising 4 Whole-time Directors (including CMD), 2 Government Nominee Directors and 1 Independent Director. The Company has taken up with Government for appointing balance Independent Directors including one woman director. On 10th June, 2016, Government has appointed three Independent Directors on the Board.
2	The Audit Committee comprises three Directors, consisting of two Executive Directors, one Independent Director. Section 177 of the Companies Act, 2013 requires that majority of directors of Audit Committee should be independent and Listing Regulations, 2015 requires two-thirds of the members of audit committee to be Independent Directors. Thus the Company does not have the required number of Independent Directors on its Audit Committee.	In view of the explanation provided in para 1, the Audit Committee will be reconstituted by inducting the independent directors.
3	The Nomination and Remuneration Committee comprises three Directors of which two are Nominee Directors and One Independent Director. Section 178 of the Companies Act, 2013 and Listing Regulations, 2015 requires that Independent Directors should be at least half of the total strength of Nomination and remuneration committee. The Company does not have the required number of Independent directors on its Nomination and remuneration committee.	In view of the explanation provided in para 1, the Nomination and Remuneration Committee will be reconstituted by inducting the independent directors.
4	As per the Schedule IV (Code for Independent Directors) pursuant to Section 149(8) of the Companies Act, 2013 and Listing Regulations, 2015, a separate meeting of Independent Directors should be held to review the performance of Non-Independent, Chairperson and the Board as a whole. A separate Meeting of Independent Directors has not been held during the period under review.	A Separate meeting of Independent Directors could not be held during the said period as the Company had only one Independent Director on its Board.



Annexure V

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**

In order to save and conserve energy, your Company undertook various steps during the year 2015-16. Several modifications in the plants have resulted in significant reduction in the energy consumption.

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

- Reduction of Steam/Carbon ratio in Primary Reformer from 4.0 to 3.35.
- Cleaning of Waste Heat Recovery coils of Primary reformer by dry ice cleaning.

➤ New Steam Generation Plant

- Dry Ice cleaning of Furnace carried out in Boiler No. 3.
- Replacement of nine stage BFW Pump by eight stage BFW Pump in Boiler no.2.
- Improvement in Boiler efficiency by implementation of Lead-Lag/ cascade combustion control through DCS system

➤ Suphala

- Provision of energy efficient motor in CPT-1 process air compressor.

➤ CNA

- New Cooling water pump for Dilution cooler.

➤ Rapid Wall Plant

- Automation of temperature and level control loop in Calciner.

➤ Electrical Workshop/EES

- Reduction in the monthly power bill of Factory by reducing contract demand from 44MVA to 35MVA.
- Replacement of 230 Volt, 300 Watt, conventional flood light fitting with 24 Volt, 36 Watt, LED Type floodlight fitting.
- Following stringent maintenance schedule for motors in plants.

THAL UNIT

- Pre-heating of fuel natural gas from 40°C to 100 °C with available waste heat in both the Ammonia streams.
- Installation of Methanator interconnection in ammonia plant to reduce start-up time.
- Carried out washing of T.G-I and T.G-II turbine for the first time since inception.
- Installation of Ammonia pre-heaters in Urea-11 and 21.
- Carried out washing of Urea 11 and 31 CO2 compressor turbine .
- Commissioned 50KWp solar plant in October 2015.
- Installation of 2 ft LED tube (10 W) 200 Nos, 4 ft LED tube (18 W) 1200 Nos., FLP LED light fitting (45 W) 230 Nos., 22 W LED Well glass fitting. (50 Nos.), 60 W street light fittings 80 Nos., LED type weatherproof well glass fitting (42 W) 100 Nos., 120W LED Haigh Bay Fittings (95 Nos.) in replacement of conventional light fittings.

Additional investment and proposals being implemented for reduction of consumption of energy**Ammonia Plant**

- Installation of one new higher capacity PAC with GT-HRSG for energy saving. Energy saving expected is 0.28 Gcal/MT of ammonia corresponding to 0.17 Gcal/MT of Urea. Project is expected to be completed in 2018-19.
- PAC-I/II suction air chilling for energy saving shall be implemented. Energy saving is expected to be 0.011 Gcal/MT of Urea. Project is expected to be completed in 2017-18.

Urea Plant

- Performance improvement of CO2 compressors and turbines by revamping. Estimated cost of implementation is ₹175 Crore. Energy saving is expected to be 0.12 Gcal/MT of Urea. Total scheme is expected to be completed in 2018-19.

- Installation of VAM for CO₂ cooling. Estimated cost of implementation is ₹14 Crore. Energy saving is expected to be 0.01Gcal/MT of Urea. (Cost of production shall reduce by ₹212/MT of Urea at provisional pooled gas price for April, 2016). Scheme shall be completed in 2018-19.
- Installation of one new higher capacity PAC with GT-HRSG is expected to reduce urea energy by 0.17 Gcal/MT. (Cost of production shall reduce by ₹300/MT of Urea at provisional pooled gas price for April, 2016)

Steam Generation Plant

- Installation of Gas Turbine power generation of capacity 2 x 25 MW along with 2 x 100 TPH Heat Recovery Steam Generator (HRSG) and associated facilities in Ammonia & Argon plants. Total 13 no. condensing Turbo driven equipment will be converted to motor drives. Existing Steam driven Turbo Generators (STG) of 2 x 15 MW will be stopped. Energy saving is expected to the tune of 0.35 Gcal/MT Urea. Estimated cost is ₹ 482.85 Crore. Project is expected to be completed by Dec.2017.
- M/s TWMS has been appointed as consultant to

B. TECHNOLOGY ABSORPTION

I. Major efforts made towards technology absorption:

Refer section 2.6.0 in the Directors Report.

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

Refer section 2.6.0 in the Directors Report.

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

Sr. No	Details of Technology Imported during last three years	Year of import	Has technology been fully absorbed	If not, area where this has not taken place, reasons thereof and future plan of action/
1	Nil	Nil	Nil	Nil

IV. The expenditure incurred on Research and Development

Sl No.	Particulars	Amounts (₹ in Lakh)
1.	Capital	71.45 Lakh
2.	Recurring	343.96 Lakh
3.	Total	415.41 Lakh
4.	Total R &D expenditure as a percentage of total turn-over	0.05%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

ii.	Total foreign exchange earned	Nil
iii.	Total foreign exchange used	₹ 269.99 Crore

study removal of colloidal silica from D.M water. Savings in Urea energy due to reduction in boiler blow down is expected to be 0.013 Gcal/MT of urea. It is expected to be completed in 2017-18.

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

TROMBAY UNIT

- Installed 5 rooftop solar power generation facilities atop our offices.
- Set up 2 MWp Grid connected Photovoltaic Solar power plant within factory premise.

THAL UNIT

- Commissioned 50KWp solar plant in October 2015.
- Setting up of New 1198KWp solar power plant. Expected to be completed by 31st Mar.,2017.

iii Capital investment on energy conservation equipment

The Company has incurred capital investment of ₹ 8.79 Crore on energy conservation equipment.



Annexure VI

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2016

[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 th 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-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai- 400 078. Tel No.022 25963838

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	57.95
2.	Complex Fertilizers	20122	18.30
3.	Industrial Chemicals	20119	11.96

* As per National Industrial Classification 2008 – Ministry of Statistics and Programme Implementation
On the basis of Gross Turnover

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.	Rashtriya Coal Gas Fertilizers Limited*	U24120OR2015PLC019575	Associate	30.00	2(6)

* The name of Rashtriya Coal Gas Fertilizers Limited has changed to Talcher Fertilizers Limited on 31st May 2016.

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 st April 2015)				No. of Shares held at the end of the year (As on 31 st March 2016)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Promoters									
[1]	Indian									
(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
	Sub Total (A)(1)	441353888	0	441353888	80.00	441353888	0	441353888	80.00	0.00
[2]	Foreign									
(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
	Sub Total (A)(2)	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
	Total Shareholding of Promoter(A) = (A)(1) + (A)(2)	441353888	0	441353888	80.00	441353888	0	441353888	80.00	0.00
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds	151668	18800	170468	0.03	151612	18800	170412	0.03	0.00
(b)	Banks/FI	2664280	0	2664280	0.48	2786448	0	2786448	0.50	0.02
(c)	Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(d)	State Govt.	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	35413151	0	35413151	6.42	35152735	0	35152735	6.37	-0.05
(g)	FII's	16046886	0	16046886	2.91	2254210	0	2254210	0.41	-2.50
(h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others(Specify)									



	Foreign Portfolio Investor	3226477	0	3226477	0.59	1684835	0	1684835	0.31	-0.28
	UTI	0	2400	2400	0.00	0	2400	2400	0.00	0.00
	Sub Total (B)(1)	57502462	21200	57523662	10.43	42029840	21200	42051040	7.62	-2.81
[2]	Non-Institutions									
(a)	Bodies Corporate									
(i)	Indian	8069188	12601	8081789	1.46	8731275	12401	8743676	1.59	0.13
(ii)	Overseas	0	900	900	0.00	0	900	900	0.00	0.00
(b)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	30568402	118272	30686674	5.56	40932460	161202	41093662	7.45	1.89
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	10836383	965200	11801583	2.14	11399653	257700	11657353	2.11	-0.03
(c)	Others(Specify)									
	Non Resident Indians (Repat)	695568	0	695568	0.13	784936	660500	1445436	0.26	0.13
	Non Resident Indians (Non Repat)	153182	0	153182	0.03	233806	0	233806	0.04	0.01
	Foreign Nationals	340	0	340	0.00	280	0	280	0.00	0.00
	Hindu Undivided Family	0	0	0	0.00	3070533	0	3070533	0.56	0.56
	Clearing Member	1372214	0	1372214	0.25	2020226	0	2020226	0.37	0.12
	Trusts	18300	0	18300	0.00	17300	0	17300	0.00	0.00
	Sub Total (B)(2)	51713577	1096973	52810550	9.57	67190469	1092703	68283172	12.38	2.81
	Total Public Shareholding (B)=(B)(1)+(B)(2)	109216039	1118173	110334212	20.00	109220309	1113903	110334212	20.00	0.00
	Total (A)+(B)	550569927	1118173	551688100	100.00	550574197	1113903	551688100	100.00	0.00
C	Shares held by Custodian & ADRs	0	0	0	0.00	0	0	0	0.000	0.00
	Total (A)+(B)+(C)	550569927	1118173	551688100	100.00	550574197	1113903	551688100	100.00	0.00

(ii) SHARE HOLDING OF PROMOTERS

SI No.	Promoter's Name	Shareholding at the beginning of the year (As on 1 st April 2015)			Shareholding at the end of the year (As on 31 st March 2016)			% change in shareholding during the year
		NO of shares	% of total shares	Total	Demat	Physical	Total	
1	PRESIDENT OF INDIA	441353888	80.00	0.00	441353888	80.00	0.00	0.00
	TOTAL	441353888	80.00	0.00	441353888	80.00	0.00	0.00

(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 (01.04.2015 to 31.03.2016)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	Life Insurance Corporation of India	3,07,59,700	5.58	1 st April 2015				
				17 th April, 2015	-60,416	Transfer	3,06,99,284	5.56
				24 th April, 2015	-2,00,000	Transfer	3,04,99,284	5.53
				31 st March, 2016	-	-	3,04,99,284	5.53
2	The New India Assurance Company Limited	23,67,928	0.43	1 st April, 2015				
				31 st March, 2016			23,67,928	0.43
3	Jagdish Amritlal Shah	22,19,000	0.40	1 st April, 2015	-			
				31 st March, 2016			22,19,000	0.40
4	Wisdomtree India Investment Portfolio, Inc.	3,17,181	0.06	1 st April, 2015				
				10 th April, 2015	1,212	Transfer	3,18,393	0.06
				17 th April, 2015	1,212	Transfer	3,19,605	0.06
				1 st May, 2015	1,222	Transfer	3,20,827	0.06
				8 th May, 2015	3,055	Transfer	3,23,882	0.06
				15 th May, 2015	6,110	Transfer	3,29,992	0.06
				22 nd May, 2015	7,332	Transfer	3,37,324	0.06
				29 th May, 2015	8,560	Transfer	3,45,884	0.06
				5 th June, 2015	6,732	Transfer	3,52,616	0.06
				12 th June, 2015	1,857	Transfer	3,54,473	0.06
				10 th July, 2015	-1,240	Transfer	3,53,233	0.06
				31 st July, 2015	-11,777	Transfer	3,41,456	0.06
7 th August, 2015	-21,982	Transfer	3,19,474	0.06				



				14 th August, 2015	-23,783	Transfer	2,95,691	0.05
				21 st August, 2015	-4,270	Transfer	2,91,421	0.05
				28 th August, 2015	-22,555	Transfer	2,68,866	0.05
				4 th September, 2015	-5,481	Transfer	2,63,385	0.05
				11 th September, 2015	-2,436	Transfer	2,60,949	0.05
				25 th September, 2015	4,52,591	Transfer	7,13,540	0.13
				30 th September, 2015	2,93,785	Transfer	10,07,325	0.18
				9 th October, 2015	5,93,753	Transfer	16,01,078	0.29
				16 th October, 2015	11,616	Transfer	16,12,694	0.29
				23 rd October, 2015	11,619	Transfer	16,24,313	0.29
				13 th November, 2015	-54,040	Transfer	15,70,273	0.28
				4 th December, 2015	-15,440	Transfer	15,54,833	0.28
				11 th December, 2015	-7,722	Transfer	15,47,111	0.28
				18 th December, 2015	-19,291	Transfer	15,27,820	0.28
				25 th December, 2015	-23,142	Transfer	15,04,678	0.27
				31 st December, 2015	-46,317	Transfer	14,58,361	0.26
				8 th January, 2016	-34,724	Transfer	14,23,637	0.26
				15 th January, 2016	-34,722	Transfer	13,88,915	0.25
				29 th January, 2016	-18,826	Transfer	13,70,089	0.25
				5 th February, 2016	-52,794	Transfer	13,17,295	0.24
				18 th March, 2016	63,714	Transfer	13,81,009	0.25
				25 th March, 2016	18,427	Transfer	13,99,436	0.25
				31st March, 2016			13,99,436	0.25
5.	United India Insurance Company Limited	9,72,362	0.18	1st April, 2015				
				31st March, 2016			9,72,362	0.18
6.	Dena Bank	8,31,161	0.15	1st April, 2014				
				24 th April, 2015	-2,451	Transfer	8,28,710	0.15
				31st March, 2016			8,28,710	0.15
7.	Lal Tolani	8,27,186	0.15	1st April, 2015				
				31st March, 2016			8,27,186	0.15
8.	National Insurance Company Limited	8,00,000	0.15	1st April, 2015				
				31st March, 2016			8,00,000	0.15
9.	General Insurance Corporation of India	8,00,000	0.15	1st April, 2015				
				31st March, 2016			8,00,000	0.15

10.	Swiss Finance Corporation (Mauritius) Limited	16,35,045	0.30	1st April, 2015				
				17 th April, 2015	1,79,995	Transfer	18,15,040	0.33
				24 th April, 2015	2,14,066	Transfer	20,29,106	0.37
				1 st May, 2015	51,652	Transfer	20,80,758	0.38
				8 th May, 2015	1,50,799	Transfer	22,31,557	0.40
				15 th May, 2015	9,126	Transfer	22,40,683	0.41
				29 th May, 2015	-50,468	Transfer	21,90,215	0.40
				5 th June, 2015	-1,15,288	Transfer	20,74,927	0.38
				12 th June, 2015	-14,396	Transfer	20,60,531	0.37
				19 th June, 2015	-24,016	Transfer	20,36,515	0.37
				26 th June, 2015	-88,900	Transfer	19,47,615	0.35
				3 rd July, 2015	-25,805	Transfer	19,21,810	0.35
				10 th July, 2015	-32,935	Transfer	18,88,875	0.34
				17 th July, 2015	-1,56,326	Transfer	17,32,549	0.31
				24 th July, 2015	-79,740	Transfer	16,52,809	0.30
				31 st July, 2015	-64,691	Transfer	15,88,118	0.29
				7 th August, 2015	55,526	Transfer	16,43,644	0.30
				21 st August, 2015	-59,787	Transfer	15,83,857	0.29
				28 th August, 2015	2,721	Transfer	15,86,578	0.29
				11 th September, 2015	9,033	Transfer	15,95,611	0.29
				18 th September, 2015	-40,839	Transfer	15,54,772	0.28
				9 th October, 2015	-72,324	Transfer	14,82,448	0.27
				16 th October, 2015	7,661	Transfer	14,90,109	0.27
				30 th October, 2015	3,614	Transfer	14,93,723	0.27
				27 th November, 2015	-1,10,116	Transfer	13,83,607	0.25
				4 th December, 2015	-99,895	Transfer	12,83,712	0.23
				11 th December, 2015	-19,298	Transfer	12,64,414	0.23
				15 th January, 2016	-1,14,761	Transfer	11,49,653	0.21
				5 th February, 2016	-19,631	Transfer	11,30,022	0.20
				19 th February, 2016	-12,618	Transfer	11,17,404	0.20
				26 th February, 2016	-65,171	Transfer	10,52,233	0.19
				4 th March, 2016	-2,20,640	Transfer	8,31,593	0.15
				11 th March, 2016	-76,040	Transfer	7,55,553	0.14
				18 th March, 2016	-16,504	Transfer	7,39,049	0.13
				31st March, 2016			7,39,049	0.13



11.	GHI LTP Limited	47,45,466	0.86	1 st April, 2015				
				8 th January, 2016	-10,80,591	Transfer	36,64,875	0.66
				15 th January, 2016	-3,80,000	Transfer	32,84,875	0.60
				22 nd January, 2016	-1,10,000	Transfer	31,74,875	0.58
				4 th March, 2016	-10,50,000	Transfer	21,24,875	0.39
				11 th March, 2016	-19,40,016	Transfer	1,84,859	0.03
				18 th March, 2016	-1,84,859	Transfer	0	0.00
				31 st March, 2016			0	0.00
12	MERRILL Lynch Capital Markets S.A. S.V.	22,41,641	0.41	1 st April, 2015				
				8 th May, 2015	1,15,360	Transfer	23,57,001	0.43
				15 th May, 2015	44,304	Transfer	24,01,305	0.44
				22 nd May, 2015	81,958	Transfer	24,83,263	0.45
				24 th July, 2015	-1,21,199	Transfer	23,62,064	0.43
				31 st July, 2015	-1,03,607	Transfer	22,58,457	0.41
				7 th August, 2015	-31,299	Transfer	22,27,158	0.40
				14 th August, 2015	-3,51,973	Transfer	18,75,185	0.34
				21 st August, 2015	-76,684	Transfer	17,98,501	0.33
				28 th August, 2015	-2,75,148	Transfer	15,23,353	0.28
				4 th September, 2015	-2,32,997	Transfer	12,90,356	0.23
				11 th September, 2015	-1,74,660	Transfer	11,15,696	0.20
				25 th September, 2015	-99,509	Transfer	10,16,187	0.18
				9 th October, 2015	-2,48,289	Transfer	7,67,898	0.14
				23 rd October, 2015	-69,841	Transfer	6,98,057	0.13
				30 th October, 2015	-14,533	Transfer	6,83,524	0.12
				6 th November, 2015	-2,34,803	Transfer	4,48,721	0.08
				27 th November, 2015	-57,989	Transfer	3,90,732	0.07
				11 th December, 2015	-64,604	Transfer	3,26,128	0.06
				26 th February, 2016	-3,20,598	Transfer	5,530	0.00
4 th March, 2016	-4,098	Transfer	1,432	0.00				
11 th March, 2016	-1,432	Transfer	0	0.00				
31 st March, 2016			0	0.00				
13	GHI JBD Limited	20,02,833	0.36	1 st April, 2015				
				8 th January, 2016	-19,45,240	Transfer	57,593	0.01
				22 nd January, 2016	-57,593	Transfer	0	0.00
				31 st March, 2016			0	0.00

14	GHI HSP LTD	1308405	0.24	1st April, 2015				
				4 th March, 2016	-12,75,000	Transfer	33,405	0.01
				18 th March, 2016	-33,405	Transfer	0	0.00
				31st March, 2016			0	0.00
15	Atyant Capital India Fund I	9,97,662	0.18	1st April, 2015				
				10 th April, 2015	15,63,862	Transfer	25,61,524	0.46
				17 th April, 2015	4,00,729	Transfer	29,62,253	0.54
				24 th April, 2015	1,25,000	Transfer	30,87,253	0.56
				9 th October, 2015	1,00,000	Transfer	31,87,253	0.58
				15 th January, 2016	-5,40,000	Transfer	26,47,253	0.48
				29 th January, 2016	-10,25,000	Transfer	16,22,253	0.29
				18 th March, 2016	-13,47,940	Transfer	2,74,313	0.05
				25 th March, 2016	-2,74,313	Transfer	0	0.00
				31st March, 2016			0	0.00
16	DB International (Asia) Limited	9,83,343	0.18	1st April, 2015				
				17 th April, 2015	1,51,279	Transfer	11,34,622	0.21
				24 th April, 2015	71,902	Transfer	12,06,524	0.22
				8 th May, 2015	44,172	Transfer	12,50,696	0.23
				15 th May, 2015	57,683	Transfer	13,08,379	0.24
				10 th July, 2015	-55,510	Transfer	12,52,869	0.23
				17 th July, 2015	-81,154	Transfer	11,71,715	0.21
				7 th August, 2015	-2,73,775	Transfer	8,97,940	0.16
				14 th August, 2015	-1,08,338	Transfer	7,89,602	0.14
				28 th August, 2015	-1,47,796	Transfer	6,41,806	0.12
				4 th September, 2015	-61,942	Transfer	5,79,864	0.11
				18 th September, 2015	76,857	Transfer	6,56,721	0.12
				25 th September, 2015	-1,51,248	Transfer	5,05,473	0.09
				9 th October, 2015	-1,15,474	Transfer	3,89,999	0.07
				30 th October, 2015	-12,460	Transfer	3,77,539	0.07
				12 th November, 2015	-32,507	Transfer	3,45,032	0.06
				11 th March, 2016	-21,147	Transfer	3,23,885	0.06
				18 th March, 2016	42,515	Transfer	3,66,400	0.07
		31st March, 2016			3,66,400	0.066		



(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	1034.81	919.63	-	1954.44
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	2.46	3.50	-	5.96
Total (i+ii+iii)	1037.27	923.13	-	1960.40
Change in Indebtedness during the financial year				
• Addition	563.55	546.80	-	
• Reduction	69.99	-	-	
Net Change				
Indebtedness at the end 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

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/WTD/Manager				Total Amount
		R. G. Rajan	C. M. T. Britto	Ashok Ghasghase	Suresh Warrior	
1.	Gross Salary					
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	48,37,371	37,30,528	37,50,514	33,63,782	1,56,82,195
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	7,76,106	5,62,497	6,87,684	5,09,112	25,35,399
	c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-	-

SI No.	Particulars to Remuneration	Name of MD/WTD/Manager				Total Amount
		R. G. Rajan	C. M. T. Britto	Ashok Ghasghase	Suresh Warior	
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of Profit - others, specify ...	- -	- -	- -	- -	- -
5.	Others i.e. PF, Pension, Leave encashment and medical expenses	4,98,761	3,56,330	14,30,287	3,42,468	26,27,846
	Total (A)	61,12,238	46,49,355	58,68,485	42,15,362	2,08,45,440
	Ceiling as per the Act	N.A.	N.A.	N.A.	N.A.	N.A.

B. Remuneration to other directors

(₹)

SI No.	Particulars of Remuneration	Name of Directors		Total Amount
		Prof. Damodar Acharya		
1	Independent Directors • Fee for attending board committee meetings • Commission • Others, please specify	2,85,000 - -		2,85,000 - -
	Total (1)	2,85,000		2,85,000
2.	Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify	- - -		- - -
	Total (2)	-		-
	Total (B)=(1+2)	2,85,000		2,85,000
	Total Managerial Remuneration(A+B)	-		2,11,30,440
	Overall Ceiling as per the Act	N.A.		N.A.

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

(₹)

SI 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 b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	22,10,423 3,00,663 -	22,10,423 3,00,663 -
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - As % of profit - Others, specify	- -	- -
5.	Others, i.e. PF, Pension and Leave encashment	2,40,609	2,40,609
	Total	27,51,695	27,51,695

**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)
A. COMPANY					
Penalty			Nil		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			Nil		
Punishment					
Compounding					
C. Other officer in Default					
Penalty			Nil		
Punishment					
Compounding					

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 31.03.2016, the Board comprises seven Directors out of which four are Executive Directors including Chairman and Managing Director and three are Non-executive Directors. Out of three Non-executive Directors, two Official (Govt.) Directors are non-independent and hence the composition of the Board is not as per the requirement of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Your Company has been continuously following up with the Government of India to initiate necessary step for appointment of independent directors. 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 31.03.2016, Board comprised the following members:

Sl No.	Name	Category
1	Shri R.G. Rajan (upto 14.06.2016)	Whole-time Chairman and Managing Director
2	Shri C.M.T. Britto	Whole-time Director [Technical]
3	Shri Ashok B. Ghasghase (upto 30.06.2016)	Whole-time Director [Marketing]
4	Shri Suresh Warior	Whole-time Director (Finance) and Chief Financial Officer

5	Shri Sham Lal Goyal, IAS [upto 27.01.2016]	Non-Executive Director – Govt. Nominee.
6	Shri Dharam Pal, IAS, [from 28.01.2016]	Non-Executive Director – Govt. Nominee.
7	Shri S.K.Lohani, IAS	Non-Executive Director – Govt. Nominee
8	Prof. Damodar Acharya	Independent Non-Executive Director

2.2.0 BOARD OF DIRECTORS

The brief profile of all the Directors as on 31.03.2016 and the Director appointed thereafter are give below:

2.2.1 Shri Manoj Mishra, Chairman and Managing Director

Shri Manoj Mishra, has taken over additional charge of Chairman and Managing Director (CMD), of the Company w.e.f. 15th June, 2016.

Shri Mishra is a Member of the Institute of Cost Accountants of India. Shri Mishra has professional experience of more than 30 years in various Public Sector Undertakings and Co-operative sector.

Shri Mishra is also the Chairman and Managing Director of National Fertilizers Limited, Chairman of Ramagundam Fertilizers & Chemicals Limited and Talcher Fertilizers Limited. He is also Director of The Fertilizer Association of India. Shri Mishra held the position of Director (Finance) in State Trading Corporation (STC) before taking over charge of Chairman and Managing Director of National Fertilizers Limited.

Shri Mishra has visited abroad on a number of key assignments related to fertilizer sector as well as for exploring trade opportunities for STC. He had been to Australia, Singapore, Hong Kong, Taipei and African countries in connection with exploring business opportunities in fertilizer sector. He represented STC in different meetings and summits during his visit to Canada, Sri Lanka and Singapore with the objective of business promotion.

With an extensive professional experience in fertilizer industry, Shri Mishra is well conversant with various issues related to the industry. As a team leader, he encourages interaction among



team members for better exchange of ideas, which results in higher productivity in the organization.

The hallmark of Shri Mishra's success is his sustained discipline, hard work and commitment to the profession and company as a whole. It is because of his professional traits and leadership qualities; he was recently conferred the "Icon of the Year" award by the Institute of Cost Accountants of India.

2.2.2 Shri R. G. Rajan, Chairman and Managing Director upto 14.6.2016

Shri R.G. Rajan took over charge as Chairman & Managing Director of Rashtriya Chemicals & Fertilizers Ltd. on 3rd November 2010 and served the Company till 14.06.2016. Prior to this appointment, Shri Rajan was Chairman and Managing Director of Projects & Development India Ltd (PDIL), Noida.

Shri R.G. Rajan is a graduate in Chemical Engineering from Institute of Technology, Banaras Hindu University. He has also done MBA from Strathclyde Business School, Glasgow, U.K. He has more than 35 years of experience in the field of Conceptual Design, Process Design and Project Management. Areas of expertise include Gas Pipelines, LPG Pipelines, Gas Processing Plants and Petro-chemicals.

He started his career with Engineers India Limited where he worked for 5 years. For the next 21 years he has served GAIL (India) Ltd., New Delhi where he rose to the position of Executive Director (Project Development) prior to taking up the position of Chairman & Managing Director, Projects & Development India Ltd., Noida on 8th January 2007. At PDIL he was instrumental in more than doubling of the turnover and trebling of profits. At RCF, he has given special thrust to the revamping of the existing plants to bring down energy consumption, improve production of fertilizers and achieve reliability in operations and safety for consolidation of the existing plants. He also spearheaded the Company in pursuing a number of new projects with an ambitious capex plan for creating additional fertilizer production capacities, both in India and abroad, to take RCF to the next level of growth and attaining 'Navratna' status.

2.2.3 Shri C. M. T. Britto, 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.

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 35 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.

2.2.4 Shri Ashok Ghasghase, Director (Marketing) (upto 30th June, 2016)

Shri Ashok B. Ghasghase has been Director (Marketing) of RCF since 16th August, 2012 and served the Company till his superannuation on 30th June, 2016. Shri Ashok B. Ghasghase, is a graduate in Chemistry from Shivaji University and Law graduate from Lucknow University, Shri Ghasghase has done M.B.A. in Marketing. He joined RCF in the year 1980 as Management Trainee in marketing discipline.

During his 35 years of distinguished career, he has handled various assignments in MIS, Logistics and Trading department under Fertilizer Marketing. He was instrumental in setting up of Trading cell and building up of operational expertise in port handling at various major ports. Under his guidance, efficient Kandla port operations were a major success.

Shri Ghasghase was instrumental in increasing Company's business in the states like Maharashtra, Uttar Pradesh, Gujarat, Punjab and Haryana while holding different positions. He was felicitated for his outstanding performance in Uttar Pradesh. The Industrial Products Division [IPD] has also achieved higher turnover and healthy bottom line for Company during his tenure in IPD.

2.2.5 Shri Suresh Warior, Director (Finance)

Shri Suresh Warior, has been appointed by President of India as Director (Finance) on the Board of the Company w.e.f. 18th July, 2014. 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.

2.2.6 Shri Dharam Pal, Government Nominee Director

Shri Dharam Pal, IAS, is nominated by President of India as Director on the Board of the Company w.e.f. 28th January, 2016. Shri Pal 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.

2.2.7 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.

2.2.8 Prof Damodar Acharya, Independent Director

Prof. Damodar Acharya, is nominated as an Independent Director by President of India w.e.f. 30.01.2014. He holds a Bachelor's degree in Science (Mechanical Engineering) from NIT Rourkela, Masters and Ph.D from IIT Khargapur. Prof. Acharya has about thirty two years of diversified experience in teaching & research work, including as Director, IIT Kharagpur, and in academic administration as Vice-Chancellor, Biju Patnaik University of Technology, Rourkela and Chairman, All India Council of Technical Education (AICTE), New Delhi. Prof. Acharya is

a Director on the Central Board of Reserve Bank of India. He is also an Independent Director on the Board of National Aluminium Co. Limited.

2.2.9 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 of Gujarat but also of 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.

2.2.10 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 is an eminent parliamentarian and has been elected as member of Legislative Assembly 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, Gujarat, Minister of State in the Department of Technical and Higher Education, Protocol and information and broadcasting, Gujarat, Minister of State for Food and Civil Supply, Gujarat, Minister of State of Rural Development, Gujarat. He has served the



people of Gujarat for a period of over two decades as member of the Legislative Assembly. He is head of “Gujarat Rojgar Adhikar Sangh” and State Head of “Vivekanand Yuva Sangh”.

2.2.11 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, 13 [Thirteen] meetings were held by the Board viz. on 16.04.2015, 21.05.2015, 14.07.2015, 10.08.2015, 27.08.2015, 10.10.2015, 12.11.2015, 04.12.2015, 23.12.2015, 15.01.2016, 28.01.2016, 12.02.2016 and 25.02.2016. The number of meetings attended by the Directors during the year are as under:

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 (including this Company)	
				As Chairman	As Director	As Chairman	As Member
Shri R.G. Rajan [Executive]	13	13	Yes	1	2	1	-
Shri C.M.T. Britto [Executive]	13	13	Yes	-	1	-	3
Shri Ashok B. Ghasghase [Executive]	13	13	Yes	-	1	-	2
Shri Suresh Warior (Executive)	13	13	Yes	-	2	-	1
Shri Sham Lal Goyal, I.A.S. [Upto 27.01.2016]	10	01	No	-	-	-	-
Shri Dharam Pal, I.A.S. (From 28.01.2016)	03	03	NA	-	2	-	2
Shri S. K. Lohani, I.A.S.	13	07	Yes	2	1	-	1
Prof. Damodar Acharya Independent Director	13	12	Yes	-	1	3	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/853/2016/07/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 31st March, 2016.

2.3.5 The Board has constituted the following Committees

[i] Audit Committee:

The Audit Committee comprises Prof. Damodar Acharya, as Chairperson with Shri C.M.T. Britto and Shri Ashok Ghasghase as other members. Director [Finance], Chief Vigilance Officer 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 terms of reference to the 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, the composition of the Audit Committee was not in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, which specifies that at least 2/3rd of members should be independent directors.

During the year 2015-16, 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 4 [Four] times on 20.05.2015, 10.08.2015, 12.11.2015, and 08.02.2016 and the attendance was as under:

Name of Director	Number of meetings required to attend	Number of meetings attended
Prof. Damodar Acharya	4	4
Shri C.M.T. Britto	4	3
Shri Ashok B. Ghasghase	4	4

The present constitution of the Audit Committee is as under:

Sl. No.	Name of the Member	Designation
i.	Prof Damodar Acharya, Independent Director	Chairperson
ii.	Shri Harin Pathak Independent Director	Member
iii.	Shri G. M. Inamdar Independent Director	Member
iv.	Shri C. M. T. Britto, Director(Technical)	Member

[ii] Stakeholders Relations Committee:

The Stakeholders Relations Committee comprises Prof. Damodar Acharya, Independent Director and Shri Ashok Ghasghase, Director(Marketing) 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, 11 complaints were received and all have been attended to. Regular reports have been sent to SEBI and Stock Exchanges in this respect. The present constitution of the Stakeholders Relations Committee is as under:

Sl. No.	Name of the Member	Designation
1.	Prof. Bharatkumar Barot, Independent Director	Chairperson
2.	Shri C. M. T. Britto, Director(Technical)	Member
3.	Shri Suresh Warior, Director (Finance)	Member

[iii] Share Transfer Committee:

The Share Transfer Committee was constituted by RCF Board in its 140th meeting held on 17.06.1992. The share transfer committee looks into the following;

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



During the year, Share Transfer Committee consisting of Shri R. G. Rajan as Chairman, Shri C. M. T. Britto and Shri Suresh Warior as members. met regularly to effect transfer of shares, and there are no pending cases for transfer. During the year 2015-16, the Committee met 5 (five) times on 10.08.2015, 04.09.2015, 07.11.2015, 19.01.2016 and 12.02.2016. The present constitution of the Share Transfer Committee is as under:

Sl. No.	Name of the Member	Designation
i.	Shri Manoj Mishra Chairman and Managing Director	Chairman
ii.	Shri C. M. T. Britto, Director(Technical)	Member
iii.	Shri Suresh Warior, Director(Finance)	Member

[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 in its 352nd meeting held on 13.08.2014. 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

However, Nomination and Remuneration Committee consider and approve certain perquisites for Whole-time Directors and below Board-level Executives, which are within the powers of the Board, as well as to approve performance-related pay to the executives of the Company. The Independent Directors are not paid any remuneration except sitting fees for attending meetings of the Board or Committees thereof.

The Nomination and Remuneration Committee comprises Shri Damodar Acharya as Chairperson, Shri Dharam Pal and Shri S. K. Lohani as Members. The present constitution of the Committee is as under:

Sl. No.	Name of the Member	Designation
i.	Shri G. M. Inamdar, Independent Director	Chairperson
ii.	Shri Manoj Mishra Chairman and Managing Director	Member

iii.	Shri S. K. Lohani, Govt. Nominee Director	Member
iv.	Shri B. C. Barot, Independent Director	Member

During the year 2015-16, the Committee met once on 26.10.2015.

RCF, being a government company, has been exempted from the provisions of section 134(3) (e) & p and section 178(2) & (3) of the companies Act, 2013.

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

Committee on Corporate Social Responsibility comprising Prof. Damodar Acharya, Chairman with Shri Dharam Pal, Govt. Nominee Director and Shri C.M.T. Britto, Director [Technical] as members to formulate and recommend to the Board, a CSR policy which shall indicate the 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 2 (two) times on 21.05.2015 and 10.10.2015 during the year.

[vi] Empowered Committee for Procurement

Empowered Committee comprising Shri R. G. Rajan, Chairman and Managing Director as Chairman, Shri C.M.T. Britto, Director(Technical), Shri Ashokkumar Ghasghase, Director(Marketing) and Shri Suresh Warior, Director(Finance) as members approve procurement of the raw materials, fertilizers and imported fertilizers for a value upto ₹100 Crore in each case. With the cessation of office by Shri R. G. Rajan, Shri Manoj Mishra is the Chairman of the Committee.

2.3.6 Remuneration of Directors:

Functional (Executive) Directors are appointed by President of India in accordance with 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 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	0.56	0.05	0.61
2	Shri C.M.T. Britto Director (Technical)	0.43	0.03	0.46
3	Shri Ashok B. Ghasghase Director (Marketing)	0.45	0.14	0.59
4	Shri Suresh Warior Director(Finance)	0.39	0.03	0.42

The Non-Executive Independent Directors are not paid any remuneration. They are only paid sitting fee, for attending the Board Meetings/ Committee meetings, as decided and approved by the Board.

During the year 2015-16, an amount of ₹ 2,85,000 was paid, as sitting fees, to Prof. Damodar Acharya.

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

3.0.0 Code of Conduct for Directors and Senior Management Personnel:

The Company has adopted a code of conduct and ethics which is applicable to the Board of Directors and Senior Management Personnel (one level below the Board of Directors). 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.rcfild.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 2015-16.

R.G. Rajan
Chairman and Managing Director

Place: Mumbai
Date: 26th May, 2016

4.0.0 CEO/ CFO CERTIFICATION FOR THE FINANCIAL YEAR ENDING ON 31ST MARCH, 2016.

This is to certify that:-

- A. We have reviewed financial statements for the financial year ended 31st March, 2016 and the cash flow statement for the year and that to the best of our knowledge and belief :
 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. 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:

1. There has not been any significant change in internal control over financial reporting during the year 2015-16;
2. There has not been any significant change in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
3. There has 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 Warior
Director [Finance] & CFO

R.G. Rajan
Chairman
and Managing Director

Place: Mumbai

Date: 26th May, 2016

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
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.
2012-13	3 p.m. on 30.08.13	"Sivaswamy Auditorium", Fine Arts Society, Mumbai 400 071.

5.2.0 Particulars of Special Resolution passed at the last three AGMs

No special resolution was passed in the previous three Annual General Meetings.

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 passed by 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 Business line, Free press journal, Financial Express, Mint, Nav Bharat, Navshakti, Lokmat 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-13, Pannalal Silk Mill Compound, Bhandup, Mumbai 400 078, 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 ₹ 71.80 [on 9th April, 2015] and minimum of ₹ 35.25 [on 12th February, 2016] at BSE. The monthly highest and

lowest price of the shares is given below:

Sl No	Month	BSE Ltd							National Stock Exchange				
		Sensex	BSE PSU	RCF-High (₹)	RCF-Low (₹)	Shares [cr]	Trades	Value [₹cr]	Nifty	RCF High (₹)	RCF Low (₹)	Shares [cr]	Value [₹ cr]
1	Apr-15	27011.31	7566.09	71.80	57.30	0.70	82137	46.19	8181.50	71.90	57.20	2.43	159.20
2	May-15	27828.44	7815.8	63.90	55.15	0.30	24109	17.71	8433.65	63.90	55.15	0.82	48.71
3	Jun-15	27780.83	7637.76	57.50	52.00	0.32	24005	17.50	8368.50	57.50	51.90	0.97	53.55
4	Jul-15	28114.56	7718.93	61.40	53.10	0.61	39133	34.63	8421.80	61.35	53.05	1.98	112.83
5	Aug-15	26283.09	6915.02	60.40	41.45	0.66	37575	35.13	7971.30	60.45	41.45	1.89	102.06
6	Sep-15	26154.83	6694.79	51.90	39.85	0.44	25113	20.27	7948.90	52.05	39.80	1.27	58.11
7	Oct-15	26656.83	6777.47	53.50	47.35	0.39	22441	19.84	8065.80	53.65	47.60	1.13	57.21
8	Nov-15	26145.67	6881.75	50.70	45.50	0.26	16597	12.40	7935.25	50.90	45.50	0.98	47.50
9	Dec-15	26117.54	6813.67	53.25	44.50	0.56	33121	27.66	7946.35	53.20	44.45	2.11	104.35
10	Jan-16	24870.69	6234.54	51.85	41.15	0.58	36435	26.99	7563.55	51.80	41.40	2.16	100.92
11	Feb-16	23002.00	5525.87	43.80	35.25	0.46	28069	18.54	6987.05	43.90	35.15	1.71	68.66
12	Mar-16	25341.86	6106.65	39.55	35.85	0.70	29491	26.43	7738.40	39.55	35.85	2.52	95.42

7.3.0 Out of the total 55,16,88,100 equity shares, 55,05,74,197 shares, i.e., 99.80% are in demat segment and only 11,13,903 i.e., 0.20% are in physical form.

7.4.0 Your Company's financial year is 1st April, 2015 to 31st March, 2016. The Shareholding pattern as on 31st March, 2016 is as under:

Category	No. of Shares	% of Holding
President of India (GOI)	44,13,53,888	80.00
Mutual Funds and UTI	1,72,812	0.03
Insurance Companies	3,51,52,735	6.37
Financial institutions, Banks etc.	2786448	0.51
Foreign Institutional Investors and Foreign Portfolio Investors	39,39,045	0.71
Bodies Corporate	87,43,676	1.59
Indian Public	5,27,51,015	9.56
NRIs/OCBs/Foreign Nationals	16,80,422	0.30
Clearing Members, Trusts and HUF	51,08,059	0.93
Total	55,16,88,100	100.00

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 205(A) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2009 which remains unclaimed on 31st October, 2016 will be transferred by the Company to the Investor Education and Protection Fund [IEPF] established by the Central Government. The information in respect of unclaimed and unpaid dividend declared for the past seven years is given below:

Sl No	Financial Year	Date of declaration of dividend	Last date for claiming unpaid dividend
1	31.3.2009	25 th September, 2009	31 st October, 2016
2	31.3.2010	28 th June, 2010	3 rd August, 2017
3	31.3.2011	23 rd September, 2011	29 th October, 2018
4	31.3.2012	31 st August, 2012	6 th October, 2019



5	31.3.2013	30 th August, 2013	5 th October, 2020
6	31.3.2014	19 th September, 2014	25 th October, 2021
7	31.03.2015	27 th August, 2015	24 th October, 2022

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 2015-16 subject to the approval of the members at ensuing Annual General Meeting which will be paid after 23rd September, 2016

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 complexes located at Mahul Road, Trombay, Mumbai-400 071 and at Alibag, Thal, 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”, 10th 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 I st Quarterly (unaudited) financial result for FY 2016-2017	On or before 14 th September, 2016
(ii)	Book Closure for the purpose of Dividend and AGM.	17 th September, 2016 to 23 rd September, 2016 (both days inclusive)
(iii)(a)	AGM for 2015-16 : Date	23 rd September, 2016 at 3.00 p.m.

(iii)(b)	AGM for 2015-16: Venue:	“Sivaswami Auditorium”, Fine Arts Society, Chembur Mumbai 400 071.
(iv)	Announcement of unaudited half yearly result for FY 2016-17	On or before 14 th December, 2016
(v)	Announcement of III rd quarterly (unaudited) financial result for FY 2016-17	on or before 15 th February, 2017
(vi)	Announcement of Audited results for FY 2016-17	on or before 30 th May, 2017

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 2015-16 to both BSE and NSE where the securities are listed. There has been no default in the payment of listing Agreement 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 31st March, 2016 is as under:-

Sl No	No. of Shares held	No. of shareholders	% of total	Share amount [₹]	% of total
1	1 - 500	74968	81.37	12353826	2.24
2	501 - 1000	8770	9.52	7365525	1.33
3	1001 – 2000	4150	4.50	6490700	1.18
4	2001 – 3000	1431	1.55	3737865	0.68
5	3001 – 4000	603	0.66	2201770	0.40
6	4001 – 5000	641	0.70	3086421	0.56
7	5001 – 10000	839	0.91	6312858	1.14
8	10001 - and above	730	0.79	510139135	92.47
	Total	92132	100.00	551688100	100.00

9.4.0 Dividend policy.

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)
Apr-15	27011.31	8181.5	7566.09	58.9
Mar-16	25341.86	7738.4	6106.65	38.8
Increase/(decrease)	(1669.45)	(443.1)	(1459.44)	(20.1)
% of Increase/(decrease)	(6.18)	(5.42)	(19.29)	(34.13)

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 in 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, except to the extent of composition of Board and Audit Committee, due to non-appointment of independent directors on the Board.

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

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 & Head Compliance 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

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 31st March, 2016 as stipulated in Clause 49 of the Listing Agreement executed by the Company with the BSE Limited (‘BSE’) and the National Stock Exchange of India Limited (‘NSE’) for the period from April 1, 2015 to November 30, 2015; and as prescribed in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) for the period from December 1, 2015 to March 31, 2016.

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 Agreement/Listing Regulations except:

- a) Company does not have requisite number of Independent Directors on its Board as required under clause 49(II)(A) (1) and Reg. 17(1)(b) of Listing Regulations.
- b) Company does not have a Women Director as required under clause 49(II)(A)(1) and Reg. 17(1)(a) of Listing Regulations.
- c) Company does not have requisite number of Independent Directors on its Audit Committee as required under Clause 49(III)(A)(1) and Reg.18(1)(b) of Listing Regulations.
- d) Company does not have requisite number of Independent Directors on its Nomination and Remuneration Committee as required under Clause 49(IV)(A) and Reg.19(1)(c) of Listing Regulations.
- e) A separate Meeting of Independent Directors has not been held as required under clause 49(II)(B)(6) and Reg. 25(3) 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 8, 2016



STANDALONE FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision 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 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 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 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 financial

statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the notes to the standalone financial statements:

- a) Note No. 33, Consequent to Gas pooling being made applicable to Fertilizer (Urea) sector w.e.f. June 1, 2015, it is expected that a differential pricing of gas may be made applicable for non-Urea usage. Company has represented to Department of Fertilizer (DoF) for maintaining supply of domestic gas for P&K fertilizers and chemicals. Ministry of Petroleum & Natural Gas (MoPNG) vide its order No. L- 13013/3/2012-GP-I, dated: December 16, 2015 has directed GAIL (India) Limited to levy a higher gas price (i.e. the highest rate of Re-gasified Liquefied Natural Gas (RLNG) used for production of urea) for gas consumed in non-urea operations. As the matter relating to the same is pending before the Inter

Ministerial Committee (IMC) of Government of India for decision, Company has represented that any decision on the same be taken only upon the issue being settled by the IMC. However, pending finalisation of price payable as per the said order, Company has recognised a liability of ₹ 181.97 crore for the year ended March 31, 2016 based on the pooled price of gas for its non-urea operations.

- b) Note No. 34, Company expects the compensation towards recognition of increase in cost of gas on account of Petroleum & Natural Gas Regulatory Board order in urea subsidy for the periods relating to 2008-09 to 2010-11 to be notified by Government of India. Accordingly it has not provided for an amount of ₹ 16.22 crore recognised as subsidy receivable towards the same which is outstanding for a period more than three years.
- c) Note No. 10.4, regarding the non-disclosure of cost and depreciation of assets leased to certain Public Sector Undertaking and others.
- d) Note No. 32, regarding the claim of subsidy accounted on estimated basis, pending final settlement of such claims.

Our report is not modified in respect of these matters.

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 of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 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 Auditors General of India, the action taken thereon and its impact on the accounts and financial statement of the Company.
3. Non- Compliance of the Act:
 - a. The Board of Directors comprises seven directors, consisting of four Executive Directors (Including the Chairman cum Managing Directors); two Nominee Directors and one Independent Director. Section 149 of the Act requires that there should be at least one woman Director and

one third of the total number of directors should be independent directors. The Company does not have a woman Director and has only one Independent Director

- b. The Audit Committee comprises three directors, consisting of one Executive Director, one Independent Director and one Nominee Director. Section 177 of the Act requires that majority of directors of Audit Committee should be independent. The Company does not have the required number of independent directors on its Audit Committee.
 - c. The Nomination and Remuneration Committee comprises three Directors of which two are Nominee Directors and One Independent Director. Section 178 of the Act required that Independent Directors should be at least half of the total strength of Nomination and Remuneration Committee. The Company does not have the required number of Independent Directors on its Nomination and Remuneration Committee.
 - d. As per the Schedule IV (Code for Independent Directors) pursuant to Section 149(8) of the Act, a separate meeting of Independent Director should be held to review the performance of Non-Independent, Chairperson and Board as a whole. A separate meeting of Independent Directors has not been held during the period under review.
4. 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone



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 as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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**”; 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 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 financial statements – Refer Note 25 to the standalone 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 contract 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.

For NBS & Co

Chartered Accountants
Firm Regn. No. 110100W

Devdas Bhat

Partner
Membership. No. 048094

Place: Mumbai

Dated: May 26, 2016

For Kalyaniwalla & Mistry

Chartered Accountants
Firm Regn. No. 104607W

Sai Venkata Ramana Damarla

Partner
Membership. No. 107017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in 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, 2016.

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, 2016 (₹ Crore)	Net Block as at March 31, 2016 (₹ 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. No material discrepancies were noticed on physical verification and the same 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 guarantee 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:

(₹ Crore)

Sr. No.	Name of the Statute	Nature of Dues	Amount (₹ Crore)	Period to which the amount relates	Forum where dispute is pending
1	Customs Act, 1962	Demand of Customs duty and penalty (Trombay Unit)	16.35	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	0.53	A.Y 2009-10	Income Tax Appellate Tribunal
5	Income Tax Act, 1961	Disallowance of provision towards wage revision	4.85	A.Y 2007-08	Income Tax Appellate Tribunal
6	Income Tax Act, 1961	Disallowance of additional depreciation claimed	5.08	A.Y 2010-11	Income Tax Appellate Tribunal
7	Income Tax Act, 1961	Demand of Tax for Short Deduction / non deduction of TDS	0.21	A.Y 2009-10 to 2010-11	Commissioner of Income Tax (Appeals)
8	Sales Tax, Maharashtra	Disallowance / errors in calculation of set off etc., in the Assessment Order Passed	6.58	A.Y 2009-10	Joint Commissioner of Sales Tax (Appeals)
			18.24	A.Y 2006-07	
9	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
			3.54	March 2005 to October 2005	Central Excise Tax Appellate Tribunal
			18.61	November 1996 to February 2005 (Interest)	Supreme Court
10	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 (Trombay Unit)	3.66	Prior to 1997 to March 2006	Commissioner, Central Excise, Service Tax Appellate Tribunal
			2.92	August 1986 to February 2000	Commissioner of Central Excise (Appeals)
			1.45	2001 - 2006	Central Excise, Service Tax Appellate Tribunal.

11	Service Tax	Demand of Service Tax on supply of wagons to Central Railway	1.54	April 2008 to December 2011	Commissioner of Central Excise, Customs & Service Tax
			0.18	January 2012 to December 2014	Assistant Commissioner, Central Excise, Customs & Service Tax Appellate Tribunal .
12	Service Tax	Demand of Service Tax on Handling by Transporter Service	0.01	2006-07 & 2007-08	Superintendent (S.T Special Cell), Aurangabad
13	Service Tax	Demand of Service Tax on fees received for operations and maintenance of HWP (Thal Unit)	8.01	October, 2006 to December 2014	Additional Commissioner, Central Excise & Service Tax Mumbai
14	Service Tax	Service Tax on rent on BTAL Wagons	0.14	2008-09 to June 2011	Additional Commissioner, Central Excise & Service Tax, Mumbai
15	Service Tax	Deputation of officials to Joint Venture	0.08	2008-09 to 2013 14	Additional Commissioner, Central Excise & Service Tax, Mumbai

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 NBS & Co
Chartered Accountants
Firm Regn. No. 110100W

For Kalyaniwalla & Mistry
Chartered Accountants
Firm Regn. No. 104607W

Devdas Bhat
Partner
Membership. No. 048094

Sai Venkata Ramana Damarla
Partner
Membership. No. 107017

Place: Mumbai
Dated: May 26, 2016



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 31st March, 2016.

Report on the Directions and Sub-directions issued by the Comptroller and Auditors 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	30,97,278	27,18,957	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**

Details of Leased land are separately available with the Company and are separately disclosed in the asset register.

(₹ Crore)

Gross Block as on 01.4.2015	Additions	Deletions	Gross Block as on 31.3.2016	Accumulated Depreciation (Net of deletions) As on 31.03.2016	Carrying Amount As on 31.3.016
5.14	-	-	5.14	1.42	3.72

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 ₹0.06 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:-

- 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.
- 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 Note no.32 to the standalone financial statements for the year 2015-16.

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 ₹ 3788.01 crore is in agreement with the amount disbursed by the Government of India.

4. (i) Whether amount of (a) bank balance (b) trade receivable (c) trade payables (d) loans and advances for which third party confirmation was not made available has been reported.
- (ii) Where such balance has been confirmed by respective parties, whether it varies widely from the amounts reflected under respective heads in the financial.

The balance confirmation letters were available in case of the balances with the banks and bank loans and the same are reconciled.

In respect of Trade Receivables, as informed to us, during the year 2015-16, the statement of balances was taken from SAP system and sent to the parties for confirmation and about 80.45 % confirmation of balances from debtors has been received and no material differences were noticed.

As regards balance confirmation relating to trade payables despite the Company sending balance confirmation letters, receipt of confirmation of balances is very insignificant despite repeated follow-up. To facilitate reconciliation and review of balances by customers and vendors on a periodic basis, Company has also installed Customer and Vendor Portal in its website which would enable them to view their account online. Further disclosure of amounts in dispute with vendors is included under claims not acknowledged as debts in the notes forming part of financial statements.

Balances of subsidy claim receivables and tax refunds from Government authorities are subject to confirmation which has also been disclosed in note no. 31 of financial statements.

5. 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	7.56%
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 NBS & Co

Chartered Accountants
Firm Regn. No. 110100W

For Kalyaniwalla & Mistry

Chartered Accountants
Firm Regn. No. 104607W

Devdas Bhat

Partner
Membership. No. 048094

Sai Venkata Ramana Damarla

Partner
Membership. No. 107017

Place: Mumbai

Dated: May 26, 2016

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, 2016.

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, 2016 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, 2016, 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 NBS & Co

Chartered Accountants
Firm Regn. No. 110100W

For Kalyaniwalla & Mistry

Chartered Accountants
Firm Regn. No. 104607W

Devdas Bhat

Partner
Membership. No. 048094

Sai Venkata Ramana Damarla

Partner
Membership.No. 107017

Place: Mumbai

Dated: May 26, 2016

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 FOR THE YEAR ENDED 31 MARCH 2016

The preparation of Financial Statements of Rashtriya Chemicals and Fertilizers Limited for the year ended 31 March 2016 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 26 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have been conducted a Supplementary Audit under Section 143(6)(a) of the Act of the Financial Statements of Rashtriya Chemicals and Fertilizers Limited for the year ended 31 March 2016. 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 Auditors' Report.

For and on behalf of the
Comptroller and Auditor General of India

(Roop Rashi)

Principal Director of Commercial Audit and
Ex-officio Member, Audit Board-I, Mumbai

Place: Mumbai

Date: 8 August 2016



BALANCE SHEET AS AT 31ST MARCH 2016

₹ Crore

Particulars	Note No.	AS AT 31.03.2016	AS AT 31.03.2015
I. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	1	551.69	551.69
b) Reserves and Surplus	2	2277.43	2159.24
		2829.12	2710.93
2. NON-CURRENT LIABILITIES			
a) Long term Borrowings	3	152.88	374.56
b) Deferred Tax Liabilities(Net)	4	210.60	196.73
c) Other Long term Liabilities	5	191.18	55.17
d) Long Term Provisions	6	144.96	150.68
		699.62	777.14
3. CURRENT LIABILITIES			
a) Short Term Borrowings	7	2603.16	1511.07
b) Trade Payables	8		
(A) Outstanding dues of micro enterprises and small enterprises		12.20	12.05
(B) Outstanding dues of creditors other than micro enterprises and small enterprises		593.45	584.67
c) Other Current Liabilities	9	771.64	408.16
d) Short Term Provisions	6	176.83	210.46
		4157.28	2726.41
TOTAL		7686.02	6214.48
II. ASSETS			
1. NON CURRENT ASSETS			
(a) FIXED ASSETS	10		
(i) Tangible Fixed Assets		1490.98	1495.08
(ii) Intangible Assets		5.58	5.24
(iii) Capital Work in Progress		149.97	61.16
(b) Non-Current Investments	11	0.19	0.17
(c) Long Term Loans and Advances	12	406.29	199.35
(d) Other Non-Current Assets	13	10.70	9.83
		2063.71	1770.83

BALANCE SHEET AS AT 31ST MARCH 2016

		₹ Crore	
Particulars	Note No.	AS AT 31.03.2016	AS AT 31.03.2015
2. CURRENT ASSETS			
(a) Inventories	14	1215.45	991.64
(b) Trade Receivables	15	4311.42	3297.36
(c) Cash and Bank balances	16	3.15	85.33
(d) Short Term Loans and Advances	12	74.31	38.81
(e) Other Current Assets	13	17.98	30.51
		5622.31	4443.65
		7686.02	6214.48
TOTAL			
Statement of Significant Accounting Policies	A		
Explanatory Information on Financial Statements	25-53		

As per our report of even date attached

For and on behalf of the Board of Directors
RASHTRIYA CHEMICALS AND FERTILIZERS LTD.

For **NBS & Co.**
Chartered Accountants
Firm Regn. No.110100W

For **Kalyaniwalla & Mistry**
Chartered Accountants
Firm Regn. No.104607W

(R.G.Rajan)
Chairman and Managing Director
DIN: 01253189

(Devdas Bhat)
Partner
Membership No: 48094

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

(Suresh Warrior)
Director (Finance)
DIN : 06920261

Dated : 26.05.2016
Place: Mumbai

(D. M. Sati)
Company Secretary
Membership No: 23683

Dated : 26.05.2016
Place : Mumbai

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016**

₹ Crore

PARTICULARS	Note No.	Year Ended 31.03.2016	Year Ended 31.03.2015
I Revenue from Operations (Gross)	17	8791.62	7861.66
Less : Excise Duty		(142.19)	(148.21)
Revenue from Operations (Net)		8649.43	7713.45
II Other Income	18	112.21	74.36
III Total Revenue(I+II)		8761.64	7787.81
IV Expenses:			
Cost of Materials Consumed	19	3499.45	3112.49
Purchases of Stock in Trade	20	867.28	525.88
Changes in Inventories of Finished Goods and Stock in Trade	21	(232.43)	(7.53)
Employee Benefits Expense	22	492.44	526.24
Finance Costs	23	142.32	116.95
Depreciation/Impairment	10	145.13	258.12
Other Expenses	24	3556.35	2746.03
Total Expenses		8470.54	7278.18
V Profit before tax (III-IV)		291.10	509.63
VI Tax Expense			
(1) Current tax		105.51	248.41
(2) Deferred tax		13.87	(60.27)
(3) Taxation adjustment of earlier years Excess(-)/Short(+)		(19.51)	(0.57)
VII Profit for the year		191.23	322.06
VIII Earnings per equity share			
Basic and Diluted Earnings per share	38	3.47	5.84
Statement of Significant Accounting Policies	A		
Explanatory Information on Financial Statements	25-53		

As per our report of even date attached

For and on behalf of the Board of Directors
RASHTRIYA CHEMICALS AND FERTILIZERS LTD.

(R.G.Rajan)
Chairman and Managing Director
DIN: 01253189

(Suresh Warrior)
Director (Finance)
DIN : 06920261

(D. M. Sati)
Company Secretary
Membership No: 23683

Dated : 26.05.2016
Place : Mumbai

For **NBS & Co.**
Chartered Accountants
Firm Regn. No.110100W

(Devdas Bhat)
Partner
Membership No: 48094

Dated : 26.05.2016
Place: Mumbai

For **Kalyaniwalla & Mistry**
Chartered Accountants
Firm Regn. No.104607W

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
A Cash Flow From Operating Activities		
Net Profit before tax	291.10	509.63
Adjustments for :		
Depreciation/Loss on impairment of Assets	146.28	266.03
Profit(-) / Loss on sale of Assets	0.85	8.12
Provision for dimunition in value of investements	2.36	32.87
Interest Income	(6.39)	(5.57)
Dividend Income	(0.11)	(0.09)
Interest and Finance Charges	142.32	116.95
Provision for Bad/Doubtful debts	0.90	6.11
Unrealised Foreign Exchange (Gain) /Loss	(25.03)	25.77
	261.18	450.19
Operating Profit before Working Capital Changes	552.28	959.82
Adjustments for :		
Trade and Other Receivables	(1204.03)	(543.24)
Inventories	(223.81)	(189.10)
Trade Payables and Other Liabilities	343.91	247.91
	(1083.93)	(484.43)
Cash Generated from Operations	(531.65)	475.39
Direct Taxes Paid	(104.00)	(248.50)
Net Cash from Operating Activities ----- A	(635.65)	226.89
B Cash Flow from Investing Activities		
Additions to Fixed Assets (Net of trade credit)	(264.95)	(207.18)
Sale of Fixed Assets	0.28	0.45
Purchase of Investments -Joint Ventures and Subsidiary	(2.38)	(15.18)
Interest Received	6.41	5.53
Dividend Received	0.11	0.09
Deposits	0.39	(0.12)
	(260.14)	(216.41)
Net Cash from Investing Activities ----- B	(260.14)	(216.41)
C Cash Flow from Financing Activities		
Net Proceeds /Repayment of Working capital facilities and short term loans	1111.90	148.94
Proceeds from Term loans	-	100.05

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016**

₹ Crore

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Repayments of Term loans	(39.33)	(31.55)
Interest paid	(139.21)	(116.65)
Dividend paid (including Dividend Distribution tax)	(119.44)	(96.76)
	813.92	4.03
Net Cash from Financing Activities ---- C	813.92	4.03
Net Increase/Decrease(-) in Cash and Cash Equivalent (A+B+C)	(81.87)	14.51
Cash and Cash Equivalents as at 1st April (Opening Balance)	83.23	68.72
Cash and Cash Equivalents as at 31st March (Closing Balance)	1.36	83.23
Components of Cash and Cash Equivalents		
Cash on hand	0.03	0.02
Cheques in hand	0.25	0.02
Balance With Scheduled Banks		
in Current and Cash Credit Accounts	1.05	7.16
in Term Deposits	0.03	76.03
	1.36	83.23

Note:

1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 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

As per our report of even date attached

For and on behalf of the Board of Directors
RASHTRIYA CHEMICALS AND FERTILIZERS LTD.**(R.G.Rajan)**
Chairman and Managing Director
DIN: 01253189**(Suresh Warrior)**
Director (Finance)
DIN : 06920261**(D. M. Sati)**
Company Secretary
Membership No: 23683Dated : 26.05.2016
Place : MumbaiFor **NBS & Co.**
Chartered Accountants
Firm Regn. No.110100W**(Devdas Bhat)**
Partner
Membership No: 48094Dated : 26.05.2016
Place: MumbaiFor **Kalyaniwalla & Mistry**
Chartered Accountants
Firm Regn. No.104607W**(Sai Venkata Ramana Damarla)**
Partner
Membership No: 107017

A. Statement of Significant Accounting Policies forming Part of Accounts for the year ended 31st March 2016

1. Basis of Preparation of Financial Statements:

Accounting Convention:

The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards(AS) under Companies Act 2013 and the relevant provisions of the Companies Act 2013("the Act").The financial statements have been prepared under the historical cost convention, on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

Presentation and disclosure of financial statements

As per criteria set out in the revised Schedule III notified under the Act, all assets and liabilities have been classified as current or non-current which are as under:

Based on the nature of products and the time taken between the acquisition of assets or processing and their realization in cash and cash equivalents, company has ascertained its operating cycle.

The threshold for classification as current or non-current assets is determined either by the realization of such assets within the normal operating cycle or if such asset is expected to be realized within twelve months after the reporting date. Thus 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.

Similarly in case of liabilities the same is classified as current where it is expected to be settled within 12 months after reporting date and where the company does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date.

2. Use of Estimates:

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events

and actions, actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively when revised, in current and future periods.

3. Fixed Assets

Tangible Assets

Tangible Assets are stated at cost net of recoverable taxes, trade discounts and rebates, less accumulated depreciation and impairment loss, if any. The cost of tangible assets comprises its purchase price, borrowing cost attributable to acquisition of qualifying fixed assets up to the date of commissioning of the assets and other incidental expenses incurred up to that date and any cost directly attributable to bringing the asset to its working condition for its intended use and adjustments relating to exchange differences on translation / settlement of long term monetary items pertaining to the acquisition of a depreciable asset.

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 are treated as inventory.

The Government/Institutional grants of capital nature are adjusted to the gross block of relevant Fixed Assets.

Projects under which assets are not ready for their intended use are shown as Capital Work-in-Progress.

Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization and impairment loss, if any. 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 and adjustments, if any, relating to exchange differences on translation / settlement of long term monetary items pertaining to the acquisition of an intangible asset.

4. Depreciation/Amortization -

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 appliances and end user computing devices like desk tops, laptops etc. where it is considered as NIL.



Depreciation on Tangible assets is provided for as per useful lives prescribed in Schedule II to Companies Act, 2013, except for mobile telephones classified under office equipments which are depreciated over a period of 3 years. 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 additions/deductions to Gross Block is calculated on pro-rata basis from the date of such additions/and up to the date of such deductions as per useful lives of such assets on Straight Line Basis.

Depreciation on each item of an asset costing less than Rs.5,000 are depreciated at 100% in the year of capitalization.

Leasehold land is amortized equally over the lease period pro-rata from the month the asset is available to the Company.

Intangible Assets

Intangible assets (software applications) 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 up to ₹1 lakh in each case are being charged off in the year of incurrence.

Impairment of Assets:

The carrying amounts of assets are reviewed at each Balance Sheet date for identifying an impairment based on internal/external factors. Loss on impairment is provided to the extent the carrying amount of assets exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. After recognition of impairment loss, the revised carrying amount less residual value of the impaired asset would be depreciated on systematic basis over its remaining useful life. A previously recognized loss on impairment is increased or reversed depending on the change in the circumstances. 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.

5. 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, if any, 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. All other borrowing costs are charged to statement of Profit and Loss.

6. Foreign Currency Transactions

Transactions in Foreign currency are recorded in the reporting currency by applying the currency rate as at the date of transaction.

Monetary items denominated in foreign currency are translated at the rates of exchange prevalent on the Balance Sheet date. The resultant exchange differences are recognized in the Statement of Profit and Loss. Non-monetary items are recorded at the rates prevalent on the date of the transaction.

Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the 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.

All other exchange differences (gains or losses) are recognized in the Statement of Profit and Loss in the period in which they arise.

7. Derivative Instruments

The Company uses derivative financial instruments such as forward contracts and options to hedge its exposure associated with foreign currency fluctuations. These derivative instruments are accounted as follows:-

- a) For forward contracts (including instruments which are in substance forward contracts) which are not intended for trading or speculative purposes, the premium or discount on such contracts i.e. (difference between the contract rate and the spot rate on the date of the contract) is recognized as expense or income in the Statement of Profit and Loss over the life of the contract. The difference between the year-end rate and rate on the date of the contract is recognized as exchange difference. Profit or loss arising out of cancellation or renewal of such contracts is recognized as expense or income in the Statement of Profit and Loss for the period.
- b) Outstanding Derivative contracts, other than those covered under Accounting Standard-11 as at the Balance sheet date are marked to market and loss on valuation is recognized in the Statement of Profit and Loss. Gains

if any are ignored in line with the principle of prudence enunciated in Accounting Standard-1, Disclosure of Accounting policies as per the announcement of Institute of Chartered Accountants of India.

8. Investments

Investments that are readily realizable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current Investments are valued at lower of cost and fair value. Long term investments are carried at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

9. Inventory

9.1 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.

9.2 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.

9.3 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. -

Used loose tools are treated as consumed and hence not valued.

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.

9.4 Measurement of Cost / Realizable Value

9.4.1 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.

9.4.2 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 freight incurred is included in valuing stocks in field warehouses and in transit.

9.4.3 Cost of Traded Fertilizers

It comprises of Cost of Purchases as defined under 9.4.1 plus bagging, handling and transportation costs incurred to bring the material in its present location and condition.

9.4.4 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 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 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 the year-end lowest selling prices net of variable selling and distribution cost.

10. Trade receivables, other debts, loans and advances are provided for as doubtful upon review on case to case basis.

Subsidy receivable from Government overdue over 3 years are provided for as doubtful.

11. Leases

Assets acquired on leases wherein a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Lease rentals paid for such leases are recognized as an expense as per the lease terms which is more representative of the time pattern of the benefit.

Rental income on leases is accounted for an accrual basis in accordance with the terms of the contract. This is more representative of the time pattern in which benefit derived from the use of the leased asset is diminished.

12. Taxation

Provision for Current Income Tax is made in accordance with the Income Tax Act 1961.

Deferred Tax resulting from “timing difference” between book profit and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future and for unabsorbed depreciation or carry forward of losses where there is a virtual certainty of their adjustment in future.

13. Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprises of cash in hand, cash at bank and short term investments with an original maturity of three months or less.

14. Segment Information

The Company has recognized its factory at Trombay, factory at Thal and Trading, as geographical segments based on location of assets (primary segments) and its activities of manufacture and sale of fertilizers, and manufacture and sale of industrial products as business segments (secondary segments). This is based on its internal reporting, review of performance, decision making relating to future allocation of resources, policy parameters influencing business etc. by the Company's management.

15. Employee Benefits

15.1 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.

15.2 Post-employment benefits:

Contribution to Provident Fund is accounted for on accrual basis. 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 and shortfall, if any, shall be made good by the Company. Such shortfall on account of interest, if any, is recognized in the Statement of Profit and Loss.

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 comprising of gratuity, leave encashment on retirement, post-retirement medical benefits and long term service award are recognized based on the present value of Defined Benefit Obligation based on actuarial valuation carried out as on the date of the Balance Sheet. The actuarial valuation is done as per Projected Unit Method. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of assets, wherever applicable.

16. 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.

For the purpose of calculating diluted EPS, net profit or loss after tax for the year attributable to equity shareholders are divided by the weighted average number of equity shares outstanding during the year and are adjusted for the effects of all dilutive potential equity shares.

17. Research and Development Expenditure

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.

18. Revenue Recognition

Sales are recognized on an accrual basis when all significant risks and rewards of ownership are transferred to the buyer and the Company retains no effective control of the goods transferred.

Gross Sales (net of returns) include excise duty, wherever applicable.

Subsidy income is accounted on the quantity sold during the year.

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.

Other Income is recognized on an accrual basis.

Dividend income is recognized when right to receive dividend is established.

Interest Income is recognized when no significant uncertainty as to its realization exists and is accounted on time proportion basis at contracted rates.

Scrap, salvaged/waste materials and sweepings are accounted for on realization.

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.

19. Debits/Credits Relating to Prior period

Income and expenditure pertaining to earlier period and up to ₹1,00,000/- in each case, are not being classified as relating to "prior period".

20. Prepaid Expenses

Individual expense up to ₹25,000 is not considered in classifying prepaid expenses.

21. Government Grants

Government grants are recognized when there is a reasonable assurance that the same will be received and conditions stipulated for its entitlement are complied with. Revenue grants are recognized in the Statement of Profit and Loss. They are adjusted to the related item of expense. Capital grants are reduced from the Gross Value of the respective assets. Other capital grants in the nature of Promoter's contribution are credited to capital reserve.

22. Contingent Liabilities and Provisions

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 neither recognized nor disclosed in the financial statements.

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore	
NOTE NO. 1	“SHARE CAPITAL”	AS AT 31.03.2016	AS AT 31.03.2015
Authorised			
80,00,00,000 Equity Shares of ₹10/- each.		800.00	800.00
Issued, Subscribed and Paid Up			
55,16,88,100 Equity shares of ₹10/- each fully paid up.		551.69	551.69
TOTAL		551.69	551.69

RECONCILIATION OF SHARES OUTSTANDING AT THE BEGINNING AND END OF THE REPORTING PERIOD

	31.03.2016		31.03.2015	
	No.	₹ Crore	No.	₹ Crore
EQUITY SHARES				
At the beginning of the year	55,16,88,100	551.69	55,16,88,100	551.69
Issued during the year	-	-	-	-
Outstanding at the end of the year	55,16,88,100	551.69	55,16,88,100	551.69

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

	31.03.2016		31.03.2015	
	No.	“% age of share holding	No.	% age of share holding
EQUITY SHARES				
President of India	44,13,53,888	80.00%	44,13,53,888	80.00%
Life Insurance Corporation of India	2,97,61,945	5.39%	3,07,59,700	5.58%

		₹ Crore	
NOTE NO. 2	“RESERVES AND SURPLUS”	AS AT 31.03.2016	AS AT 31.03.2015
General Reserve			
Balance as per last Balance Sheet.		2159.08	1956.54
Add : Transferred from Statement of Profit and Loss		118.19	202.54
Add : Transferred from RCF - EEC Asset Management Reserve		0.16	-
Closing Balance		2277.43	2159.08

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore	
NOTE NO. 2	“RESERVES AND SURPLUS”	AS AT 31.03.2016	AS AT 31.03.2015
RCF - EEC Asset Management Reserve			
	Balance as per last Balance Sheet.	0.16	0.16
	Less: Transfer to General Reserve	0.16	-
	Closing Balance	-	0.16
Surplus in the Statement of Profit and Loss			
	Profit for the year	191.23	322.06
	Less: Appropriations		
	Proposed Dividend (₹1.10 per share, P.Y ₹1.80 per share)	60.69	99.30
	Tax on Dividend	12.35	20.22
	Transfer to General Reserve	118.19	202.54
	Total Appropriations	191.23	322.06
	Net Surplus in the Statement of profit and Loss	-	-
	TOTAL	2277.43	2159.24

		₹ Crore			
NOTE NO. 3	“LONG TERM BORROWINGS”	NON CURRENT		CURRENT MATURITIES	
		AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016	AS AT 31.03.2015
SECURED					
Term Loan from Banks					
1 Rupee Loan from Banks					
	a. Kotak Mahindra Bank	8.34	41.67	33.33	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 10.35% pa and the remaining 50% of the loan carries a floating rate of interest benchmarked to the Bank's PLR plus margin of 0.90% per annum and during the year the rate of interest varied around 10.26% per annum. The rate of interest is now fixed at 10% per annum wef September 2014. Repayment of the said loan will fall due for ₹ 33.33 crore in F.Y. 2016-17 and ₹ 8.34 crore in F.Y. 2017-18.				



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

NOTE NO. 3 “LONG TERM BORROWINGS”	NON CURRENT		CURRENT MATURITIES	
	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016	AS AT 31.03.2015
b. Hongkong and Shanghai Banking Corporation (HSBC) 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 the year.	-	-	-	6.00
	8.34	41.67	33.33	39.33
2 Foreign Currency Loan / External Commercial Borrowings				
a. HSBC Bank (Mauritius) Limited 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 ₹ 59.04 crore in F.Y. 2016-17 and ₹ 71.64 crore in F.Y. 2017-18.	71.64	123.30	59.04	24.41
b. HSBC Bank (Mauritius) Limited 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. Repayment of the said loan would fall due for ₹ 122.72 crore in F.Y. 2016-17.	-	115.79	122.72	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

NOTE NO. 3 “LONG TERM BORROWINGS”	NON CURRENT		CURRENT MATURITIES	
	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016	AS AT 31.03.2015
c. Kotak Mahindra Bank Limited 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 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 ₹ 26.51 crore in F.Y. 2016-17, ₹ 26.51 crore in F.Y. 2017-18, ₹ 26.51 crore in FY 2018-19 and ₹ 19.88 crore in FY 2019-2020.	72.90	93.80	26.50	6.25
	144.54	332.89	208.26	30.66
Amount disclosed under the head "OTHER CURRENT LIABILITIES" (Refer Note No. 9)			(241.59)	(69.99)
TOTAL	152.88	374.56	-	-

₹ Crore

NOTE NO. 4 “DEFERRED TAX LIABILITIES (NET)”	AS AT 31.03.2016	AS AT 31.03.2015
a. Deferred Tax Liability: Depreciation / Impairment <p style="text-align: center;">TOTAL</p>	310.75	302.68
	310.75	302.68
b. Deferred Tax Asset: Provision for doubtful debts/claims/advances Provision for obsolescence of stores Provision for dimunition in value of investments Expenditure allowable on payment basis Other timing differences <p style="text-align: center;">TOTAL</p>	6.05	7.62
	6.58	5.83
	12.26	11.38
	70.72	78.13
	4.54	2.99
	100.15	105.95
Net Deferred Tax Liability	210.60	196.73



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

NOTE NO. 5	“OTHER LONG TERM LIABILITIES”	₹ Crore	
		AS AT 31.03.2016	AS AT 31.03.2015
A)	Trade Payables (Refer Note No. 33)	181.97	-
B)	Others		
	Security Deposit from Vendors	6.50	7.88
	Standing Deposit from Customers	2.70	47.28
	Deposit from Employees	0.01	0.01
	TOTAL	191.18	55.17

₹ Crore

NOTE NO. 6	“PROVISIONS”	LONG TERM		SHORT TERM	
		AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016	AS AT 31.03.2015
A)	Provision for Employee Benefits				
	Leave Salary Encashment	91.28	98.77	96.83	79.71
	Post Retirement Medical Benefits	53.68	51.91	4.43	3.61
		144.96	150.68	101.26	83.32
B)	Other Provisions				
	Proposed Dividend			60.69	99.30
	Tax on Dividend			12.35	20.22
	Provision for Taxation less Advance tax			-	5.09
	Others (Refer Note No. 40)			2.53	2.53
				75.57	127.14
	TOTAL	144.96	150.68	176.83	210.46

₹ Crore

NOTE NO. 7	“SHORT TERM BORROWINGS”	₹ Crore	
		AS AT 31.03.2016	AS AT 31.03.2015
	SECURED:		
	Working Capital facilities from Bank		
	Cash Credit from banks	16.73	26.44
	Working Capital Demand Loan	1120.00	565.00
	Total Secured	1136.73	591.44
	UNSECURED:		
	Foreign currency loans from banks-Buyers Credit	916.43	769.63
	Rupee loans from banks	550.00	150.00
	Total Unsecured	1466.43	919.63
	TOTAL	2603.16	1511.07

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

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 9.35% to 10.10% per annum during the year.

		₹ Crore	
NOTE NO. 8	“TRADE PAYABLES”	AS AT 31.03.2016	AS AT 31.03.2015
Trade Payables			
(A)	Outstanding dues of micro enterprises and small enterprises (Refer Note No. 37)	12.20	12.05
(B)	Outstanding dues of creditors other than micro enterprises and small enterprises	593.45	584.67
TOTAL		605.65	596.72

		₹ Crore	
NOTE NO. 9	“OTHER CURRENT LIABILITIES”	AS AT 31.03.2016	AS AT 31.03.2015
	Current maturities of long term borrowings (Refer Note No. 3)	241.59	69.99
	Interest accrued but not due on borrowings	9.07	5.96
	Income received in advance	58.14	77.61
	Unclaimed dividend *	0.64	0.56
		309.44	154.12
Other Payables			
	Creditors on Capital Account	21.06	13.90
	Trade Deposit from Customers	116.84	52.29
	Earnest Money Deposit & Security Deposit from Vendors	54.54	40.16
	Subsidy on unsold stock	219.82	50.64
Statutory Dues:			
	Withholding taxes	2.48	6.09
	VAT/ Sales tax	4.68	4.58
	Other taxes	4.04	3.48
Other Liabilities:			
	Ex-gratia & employee benefits	22.30	68.62
	Others (Refer Note No. 37)	16.44	14.28
		462.20	254.04
		771.64	408.16

* No amounts are due & payable to Investor Education & Protection Fund



NOTE No. 10

FIXED ASSETS

₹ Crore

FIXED ASSETS Description	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				IMPAIRMENT LOSS		NET BLOCK	
	AS.AT 31.03.2015	Of Additions/ Adjust- ments	Of Deductions/ Adjust- ments	AS.AT 31.03.2016	UPTO 31.03.2015	Provided during the year	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2016	UPTO 31.03.2015	Provided during the year	AS.AT 31.03.2016	AS.AT 31.03.2015
Tangible Assets:												
Land (Freehold)	10.79	-	-	10.79	-	-	-	-	-	-	10.79	10.79
Land (Leasehold)	5.14	-	0.00	5.14	1.25	0.17	0.00	1.42	-	-	3.72	3.89
Roads & Culverts	14.42	4.12	-	18.54	11.14	1.19	-	12.33	-	-	6.21	3.28
Buildings	195.69	9.39	0.61	204.47	119.82	4.55	0.31	124.06	-	-	80.41	75.87
Railway sidings	53.94	0.49	0.00	54.43	42.43	1.61	0.00	44.04	-	-	10.39	11.51
Plant & Machinery	3568.50	95.48	9.55	3654.43	2126.44	113.03	8.90	2230.57	115.07	9.19	1299.60	1326.99
Water System, Sewerage & Drainage	27.54	11.05	-	38.59	20.40	0.52	-	20.92	-	-	17.67	7.14
Miscellaneous Equipments	101.35	12.80	2.26	111.89	70.22	6.32	2.14	74.40	-	-	37.49	31.13
Furniture & Fixtures	14.52	4.56	0.21	18.87	5.52	4.43	0.20	9.75	-	-	9.12	9.00
Office Equipments	41.34	1.69	0.06	42.97	27.86	1.30	0.02	29.14	-	-	13.83	13.48
Transport Vehicles	6.19	0.39	0.09	6.49	4.19	0.63	0.08	4.74	-	-	1.75	2.00
Sub Total	4039.42	139.97	12.78	4166.61	2429.27	133.75	11.65	2551.37	115.07	9.19	1490.98	1495.08
Intangible Assets												
Computer Software	18.16	3.68	-	21.84	12.92	3.34	-	16.26	-	-	5.58	5.24
Sub Total	18.16	3.68	0.00	21.84	12.92	3.34	0.00	16.26	0.00	0.00	5.58	5.24
TOTAL	4057.58	143.65	12.78	4188.45	2442.19	137.09	11.65	2567.63	115.07	9.19	1496.56	1500.32
Previous Year Figures	4010.27	155.97	108.66	4057.58	2322.89	219.39	100.09	2442.19	68.43	46.64	1500.32	1500.32
Capital work in progress											149.97	61.16
TOTAL ASSETS											1646.53	1561.48

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE No. 10

FIXED ASSETS

Notes:

		₹ Crore	
		Year Ended 31.03.2016	Year Ended 31.03.2015
1	Charged to Statement of Profit & Loss:		
	Depreciation and Amortisation provided during the year	135.94	211.48
	Impairment provided during the year	9.19	46.64
	Sub Total	145.13	258.12
	Under Research and Development	0.13	0.17
	As net adjustment relating to Prior Years	1.02	7.74
		146.28	266.03
2	Additions/Adjustments include the following	Item of Asset	
	Exchange Differences	Plant & Machinery	21.34
	Borrowing Costs		11.10
			-
			11.10
3	Land at Thal included in Gross Block (at cost) at ₹ 2.33 Crore is subject to final revision in price.		
4	The Company is charging rent to certain Public Sector Undertakings & other parties for utilising part of its Land & Buildings. It is not feasible to segregate Cost & Depreciation amount in respect of Fixed Asset so utilised & hence has not been disclosed separately		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore	
NOTE NO. 11	“NON-CURRENT INVESTMENTS”	AS AT 31.03.2016	AS AT 31.03.2015
	Unquoted Trade Investments (Fully paid up):		
a	Joint Ventures		
	FACT-RCF Building Products Ltd. (3,28,70,000 equity shares(P.Y.3,28,70,000) of ₹10 each) (Under lock in period upto 31st March 2018)	32.87	32.87
	Less:- Provision for Diminution in the value of investment	(32.87)	(32.87)
		-	-
	Urvarak Videsh Ltd. (1,80,000 equity shares(P.Y.1,80,000) of ₹10 each)	0.18	0.18
	Less:- Provision for Diminution in the value of investment	(0.18)	(0.18)
		-	-
	Rashtriya Coal Gas Fertilizers Limited (15,000 equity shares (P.Y.Nil) of ₹10 each) (Under lock in period for 5 year from date of commercial operation)	0.02	-
		0.02	-
b	Others		
	Indian Potash Limited (3,36,600 equity shares of ₹10 each)	0.17	0.17
		0.17	0.17
	TOTAL	0.19	0.17
	Aggregate Provision for Diminution in the value of investments (Refer Note No. 43)	33.05	33.05

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

NOTE NO. 12	“LOANS AND ADVANCES”	NON CURRENT		CURRENT	
		AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016	AS AT 31.03.2015
a.	Capital Advances -Unsecured Considered good	42.19	13.29	-	-
	Considered Doubtful	-	0.69	-	-
	Less:Provision	-	(0.69)	-	-
		42.19	13.29	-	-
b.	Security Deposits-Unsecured Good (Refer Note No. 25.3)	17.10	16.93	1.63	1.66
	Considered Doubtful	0.19	0.19	-	-
	Less:Provision	(0.19)	(0.19)	-	-
		17.10	16.93	1.63	1.66
c.	Loans and Advances to Related Parties				
	Unsecured -Considered Good	-	-	-	-
	Considered Doubtful	1.86	1.79	-	-
	Less:Provision	(1.86)	(1.79)	-	-
		-	-	-	-
d.	Loans- Employees- Secured Considered Good	1.71	2.18	1.96	2.95
e.	Advances recoverable in cash or kind				
	Unsecured -Considered Good				
	Contractors	-	-	60.74	26.67
	Employees	0.02	0.01	0.21	0.29
	VAT Receivable	296.03	165.28	-	-
	Others	0.16	0.21	6.85	4.01
		296.21	165.50	67.80	30.97
	Considered Doubtful -Others	8.83	8.04	-	-
	Less:Provision for doubtful advances	(8.83)	(8.04)	-	-
		-	-	-	-
f.	Advance Income Tax (Net of Provision)	48.36	0.02	-	-
g.	Deposits with Customs,Port Trust etc.	0.63	0.77	1.62	1.55
h.	Prepaid expenses	0.09	0.66	1.30	1.68
	TOTAL	406.29	199.35	74.31	38.81



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

NOTE NO. 13	“OTHER ASSETS”	NON CURRENT		CURRENT	
		AS AT	AS AT	AS AT	AS AT
		31.03.2016	31.03.2015	31.03.2016	31.03.2015
Unsecured-Considered Good, unless Otherwise Stated					
	Unamortized Premium on Forward contracts	-	-	2.41	1.53
	Interest Accrued	-	-	0.13	0.15
	Assets held for Disposal (Refer Note no. 46)	-	-	0.72	0.72
	Other Receivables	10.70	9.83	14.72	28.11
	Other Receivables - Considered Doubtful	0.26	1.18	-	-
	Less: Provision for doubtful Receivables	(0.26)	(1.18)	-	-
		<u>10.70</u>	<u>9.83</u>	<u>14.72</u>	<u>28.11</u>
	Advance against Equity Pending allotment	2.36	-	-	-
	Less: Provision towards diminution in value	(2.36)	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>10.70</u>	<u>9.83</u>	<u>17.98</u>	<u>30.51</u>

₹ Crore

NOTE NO. 14	“ INVENTORIES”	AS AT	AS AT
		31.03.2016	31.03.2015
	Raw materials	353.40	362.70
	Finished Goods	372.86	166.58
	Stock in Trade/Bought out Products	59.56	44.05
	Intermediary Products	42.52	29.88
	By products	10.08	10.04
	Stores & Spares, packing materials and Petroleum products	396.05	394.24
	Less: Provision for Obsolescence etc./Loss under Investigation (Refer Note No. 36)	(19.02)	(15.85)
		<u>377.03</u>	<u>378.39</u>
	Certified Emission Reduction Credits (Refer Note No. 45) (No. of Units C.Y. 9,73,738 , P.Y. 9,73,738)	-	-
	TOTAL	<u>1215.45</u>	<u>991.64</u>
Inventory Includes:			
i)	In Transit		
	Raw Materials	124.76	76.14
	Finished Goods	5.84	16.60
ii)	Stores and Spares		
	a) Under inspection	4.52	1.99
	b) Platinum & Rhodium stolen in earlier year and under investigation which is not available for verification	0.21	0.21
	c) With fabricators	16.66	11.41

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

NOTE NO. 15	“TRADE RECEIVABLES”	NON CURRENT		CURRENT	
		AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016	AS AT 31.03.2015
	Overdue for a period exceeding six months				
	Secured-considered good				
	Debtors			0.40	0.52
				0.40	0.52
	Unsecured-considered good				
	Debtors			0.51	0.91
	Subsidy Receivables			1151.42	894.92
				1151.93	895.83
	Other Debts				
	Secured-considered good				
	Debtors			90.77	87.52
				90.77	87.52
	Unsecured-considered good				
	Debtors			292.30	207.73
	Subsidy Receivables			2776.02	2105.76
				3068.32	2313.49
	Debtors Unsecured Considered Doubtful	1.95	1.43		
	Less: Provision for doubtful debts	(1.95)	(1.43)		
		-	-		
	Subsidy Receivables - Considered Doubtful	4.38	8.74		
	Less: Provision for doubtful subsidy	(4.38)	(8.74)		
		-	-		
	Sub Total - Sundry Debtors			383.98	296.68
	Sub Total - Subsidy Receivables			3927.44	3000.68
	TOTAL			4311.42	3297.36



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore	
NOTE NO. 16	“CASH AND BANK BALANCES”	AS AT 31.03.2016	AS AT 31.03.2015
Cash and Cash Equivalents			
	Cash on hand	0.03	0.02
	Cheques in hand	-	0.02
	Remittances in transit	0.25	-
	Deposits with original maturity less than 3 months	0.03	76.03
	In Current and Cash Credit accounts	1.05	7.16
		1.36	83.23
Other Bank Balances			
	Deposits with original maturity more than 3 months but less than 12 months	1.15	1.54
	In unpaid Dividend Account	0.64	0.56
		1.79	2.10
		3.15	85.33

		₹ Crore	
NOTE NO. 17	“REVENUE FROM OPERATIONS”	Year Ended 31.03.2016	Year Ended 31.03.2015
1	Sales		
	A. Manufactured Products	17A	
	Fertilizers	2424.83	2482.24
	Industrial Products	992.04	1049.39
		3416.87	3531.63
	Less: Excise duty	(142.19)	(148.21)
		3274.68	3383.42
	B. Bought-out Products	17A	
	Fertilizers	778.47	423.61
	Net Sales	4053.15	3807.03
2.	Other Operating Revenues	17B	
	Subsidy on Urea & Complex Fertilizers	4574.00	3876.52
	Sale of Scrap	9.23	18.14
	Management Fees -For Services rendered	13.05	11.76
	TOTAL	4596.28	3906.42
	Revenue from Operations(Net)	8649.43	7713.45

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

NOTE NO. 17A	“SALES - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2016	Year Ended 31.03.2015
1	Manufactured		
	A. Fertilizers		
	Urea	60.11	659.95
	Suphala 15 : 15 : 15	742.95	632.89
	Suphala 20 : 20 : 0 (Ammonium Nitrate Phosphate)	298.40	392.48
	Neem coated Urea	1276.47	730.77
	Others	46.90	66.15
		2424.83	2482.24
	B. Industrial Products		
	Methanol	0.43	104.12
	Ammonia	402.74	323.54
	Methylamines	84.59	119.81
	Ammonium Nitrate Melt	276.99	251.73
	Others	227.29	250.19
		992.04	1049.39
2	Bought-out Products		
	Imported Muriate of Potash	142.99	155.12
	Imported Urea	96.05	124.11
	Single Super Phosphate	0.29	53.09
	Sale of Swapped gas	528.13	0.00
	Others	11.01	91.29
		778.47	423.61
	TOTAL *	4195.34	3955.24

* Sales are net of trade rebates and discounts (C.Y. ₹ 115.99 crore, P.Y. ₹ 127.19 crore)

₹ Crore

NOTE NO. 17B	“SUBSIDY ON UREA & COMPLEX FERTILIZERS”	Year Ended 31.03.2016	Year Ended 31.03.2015
	Manufactured Fertilizers		
	Price	3887.38	3182.03
	Freight	509.50	492.27
		4396.88	3674.3
	Bought-out Fertilizers		
	Price	127.69	152.09
	Freight	49.43	50.13
		177.12	202.22
	TOTAL	4574.00	3876.52



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore	
NOTE NO. 18	“ OTHER INCOME”	Year Ended 31.03.2016	Year Ended 31.03.2015
Interest Income			
	On Loans to Employees *	-	0.01
	On Deposits with Bank and Others	1.10	2.94
	From Customers	2.89	2.38
	From Others	2.40	0.24
	* (C.Y. ₹ 32,743 ; P.Y. ₹ 1,25,269)		
	TOTAL	6.39	5.57
Other Income			
	Lease rent for railway wagons	0.71	0.71
	Dividend from Trade Investment	0.08	0.08
	Dividend from other than Trade Investment	0.03	0.01
	Profit on sale of fixed assets (Net)	0.12	0.04
	Bad debts recovered	0.58	4.83
	Provisions for Doubtful debts/advances/obsolescence no longer required	7.27	3.70
	Liabilities/Provisions for expenses of earlier years no longer required	23.27	8.56
	Rent received, recovery of electricity etc.	25.68	23.78
	Miscellaneous Income	48.08	27.09
		105.82	68.80
	Less: Transfer to Research and Development Expenses (Refer Note No. 24C) (C.Y. ₹ 15,638 ; P.Y. ₹ 66,737)	-	(0.01)
		112.21	74.36

		₹ Crore	
NOTE NO. 19	“COST OF MATERIALS CONSUMED”	Year Ended 31.03.2016	Year Ended 31.03.2015
	Raw Materials	3370.59	2961.38
	Packing Materials	128.86	151.11
	TOTAL	3499.45	3112.49

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

NOTE NO. 19A	“ITEMWISE BREAKUP OF MATERIALS CONSUMED”	Year Ended 31.03.2016	Year Ended 31.03.2015
RAW MATERIALS			
	Rock Phosphate	168.03	224.83
	Di-Ammonium Phosphate	119.86	46.51
	Mono-Ammonium Phosphate	229.91	230.24
	Muriate of Potash	268.87	223.12
	Natural Gas	2468.36	2,144.06
	Others	115.56	92.62
	TOTAL	3370.59	2961.38

₹ Crore

NOTE NO. 20	“PURCHASES OF STOCK IN TRADE”	Year Ended 31.03.2016	Year Ended 31.03.2015
RAW MATERIALS			
	Imported Urea	85.41	202.93
	Imported Muriate of Potash	255.47	202.24
	NPK 10:26:26	-	71.03
	Swapped Gas	515.21	-
	Others	11.89	49.68
	TOTAL	867.98	525.88
	Less: Transferred to Plant for internal consumption		
	Imported DAP	0.70	-
	TOTAL	867.28	525.88

₹ Crore

NOTE NO. 21	“CHANGES IN INVENTORIES OF FINISHED GOODS & STOCK-IN-TRADE”	Year Ended 31.03.2016	Year Ended 31.03.2015
Opening Stock			
	Finished Goods 21A	166.58	176.57
	Intermediary Products	29.88	27.54
	By-Products	10.04	8.70
	Stock in trade 21A	44.06	29.57
	Carbon Credits	-	0.88
	Sub-Total	250.56	243.26



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

NOTE NO. 21	“CHANGES IN INVENTORIES OF FINISHED GOODS”	Year Ended 31.03.2016	Year Ended 31.03.2015	
Closing Stock				
	Finished Goods	21B	372.86	166.58
	Intermediary Products		42.52	29.88
	By-Products		10.08	10.04
	Stock in trade	21B	59.57	44.06
	Sub-Total		485.03	250.56
Changes in Inventories				
	Differential Excise duty on stocks of Finished goods		(234.47)	(7.30)
			2.04	(0.23)
	TOTAL		(232.43)	(7.53)

₹ Crore

NOTE NO. 21A	“OPENING STOCK - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2016	Year Ended 31.03.2015
Finished Goods			
1	Manufactured		
	A Fertilizers		
	Urea (Trombay)	14.10	24.73
	Urea (Thal)	43.57	55.41
	Complex Fertilizers	77.46	51.22
	Others	24.08	31.59
	B Industrial Products	7.37	13.62
		166.58	176.57
2	Bought-out Products		
	Fertilizers		
	Imported Di Ammonium Phosphate	0.19	18.14
	Imported Urea	41.99	0.00
	Single Super Phosphate	0.41	5.25
	Water Soluble Fertilizers	0.43	4.95
	Others	1.04	1.23
		44.06	29.57
	TOTAL	210.64	206.14

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore	
NOTE NO. 21B	“CLOSING STOCK - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2016	Year Ended 31.03.2015
Finished Goods			
1	Manufactured		
	A Fertilizers		
	Urea (Trombay)	55.26	14.10
	Urea (Thal)	166.95	43.57
	Complex Fertilizers	115.43	77.46
	Others	31.64	24.08
	B Industrial Products	3.58	7.37
		372.86	166.58
2	Bought-out Products		
	Fertilizers		
	Imported Muriate of Potash	55.94	-
	Imported Urea	-	41.99
	Others	3.63	2.07
		59.57	44.06
	TOTAL	432.43	210.64

		₹ Crore	
NOTE NO. 22	“EMPLOYEE BENEFITS EXPENSE”	Year Ended 31.03.2016	Year Ended 31.03.2015
	Salaries, Wages and Bonus	414.58	430.57
	Contribution to Provident Fund and other funds	44.26	42.09
	Contribution to Gratuity Fund	3.19	16.15
	Workmen and Staff Welfare Expenses	55.37	59.79
		517.40	548.60
	Less : Salaries, Wages, Bonus and contribution Included in :		
	Research and Development (Refer Note No. 24C)	(3.29)	(3.78)
	Share recoverable from Thal Ammonia Extension and Others	(21.67)	(18.58)
		(24.96)	(22.36)
	TOTAL	492.44	526.24



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

NOTE NO. 23	“FINANCE COSTS”	Year Ended 31.03.2016	Year Ended 31.03.2015
	Interest on Term Loans-From Banks	13.78	18.04
	Interest on Working capital from Banks	71.55	60.33
	Interest on other loans and deposits	4.07	3.76
	Interest on taxes	0.35	3.58
	Other Borrowing & Finance Costs	1.61	1.37
	Applicable net loss on foreign currency transactions and translation in respect of borrowings	50.96	29.87
	TOTAL	142.32	116.95

₹ Crore

NOTE NO. 24	“ OTHER EXPENSES”	Year Ended 31.03.2016	Year Ended 31.03.2015
	Stores and Spares	51.41	60.21
	Power and fuel	2341.43	1468.73
	Water Charges	38.78	107.64
	Repairs and Maintenance 24A	153.28	160.68
	Freight and Handling Charges	803.89	748.41
	Rent	10.30	7.35
	Rates and Taxes	5.39	6.55
	Insurance	15.86	15.35
	Cash Discounts and Other Rebates	25.14	22.07
	Miscellaneous Expenses 24B	110.99	149.34
	Less: Transferred to Research & Development Expenses (Refer Note No. 24C)	(0.12)	(0.30)
	TOTAL	3556.35	2746.03

₹ Crore

NOTE NO. 24A	“REPAIRS AND MAINTENANCE”	Year Ended 31.03.2016	Year Ended 31.03.2015
	Plant and Machinery	93.91	105.14
	Buildings	39.11	32.37
	Other Assets	20.35	23.40
		153.37	160.91
	Less: Transferred to Research & Development Expenses (Refer Note No. 24C)	(0.09)	(0.23)
	TOTAL	153.28	160.68

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

NOTE NO. 24B	“MISCELLANEOUS EXPENSES”	Year Ended 31.03.2016	Year Ended 31.03.2015
	Security expenses-Factory and Others	36.04	30.14
	Electricity Charges-Township and Offices	8.63	8.64
	Advertisement	5.59	6.33
	Bank Charges	1.39	1.49
	Promotion and Publicity	4.74	4.42
	Hire Charges for vehicles	4.55	4.80
	Travelling expenses	5.28	5.74
	Entertainment Expenses	0.21	0.24
	Donations	-	0.02
	Research and Development expenses	3.88	4.96
	Loss on Fixed Assets Sold /Discarded	0.97	8.16
	Losses/ Damages and other amounts written off	0.86	2.50
	Foreign exchange Loss/(Gain)	(1.27)	(10.78)
	Provision for dimunition in value of investments	2.36	32.87
	Corporate Social Responsibility expenses (Refer Note no.51)	9.66	8.30
	Provision for Doubtful Debts/ Claims/ Advances	0.90	6.11
	Provision for obsolescence of stores	4.95	11.16
	Bad debts written off	0.06	1.92
	Prior period Items -Debit(+)/Credit(-)	1.08	8.16
	Recovery of share of common expenses	(22.01)	(21.66)
	Other expenses **	43.12	35.82
	TOTAL	110.99	149.34

** Includes Directors' sitting fees C.Y. ₹ 2,85,000, P.Y. ₹ 2,50,000

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

₹ Crore

NOTE NO. 24C	“RESEARCH & DEVELOPMENT EXPENSES”	Year Ended 31.03.2016	Year Ended 31.03.2015
	Salaries and Staff Welfare Expenses	3.29	3.78
	Repairs and Maintenance	0.09	0.23
	Depreciation	0.13	0.17
	Other Expenses	0.37	0.77
	Handling charges	-	0.02
	Sub Total	3.88	4.97
	Less: Transferred from Other Income (C.Y. ₹ 15,638 ; P.Y. ₹ 66,737)	-	(0.01)
	TOTAL	3.88	4.96

₹ Crore

NOTE NO. 24D	“PRIOR PERIOD ITEMS”	Year Ended 31.03.2016	Year Ended 31.03.2015
	Interest	0.01	0.41
	Materials Consumed	-	(0.37)
	Depreciation	1.02	7.74
	Others	0.05	0.38
	TOTAL	1.08	8.16

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

25 CONTINGENT LIABILITIES NOT PROVIDED FOR:

25.1 Claims against the Company not acknowledged as debts to the extent ascertainable (Interest cannot be estimated reliably) aggregates to ₹ 397.07 crore (P.Y. ₹ 390.54 crore) which include the following:

- a) Claims preferred by local Authorities amounting to ₹8.34 crore (P.Y. ₹ 8.34 crore) (net of payment made/liability provided of ₹ 3.95 crore (P.Y. ₹ 3.95 crore). The Capitalization of land at Kurul Township and factory at Thal Unit has been made subject to Arbitration awards/Court decisions in this behalf.
- b) Invoices/debit notes raised by M/s GAIL (India) Ltd. which are as under:

₹ Crore

Sr. no.	Particulars	As at 31.3.2016	As at 31.3.2015
1	Increased gas transmission charges for ONGC pipeline *	64.30	56.59
2	Price difference between APM and Non APM gas supplies for the period February 2012 to October 2014	114.93	97.99
3	For non-submission for FICC certified gas utilization data	39.39	39.39
	Total	218.62	193.97

* With reference to item mentioned in serial no.1 above, as per the orders of Mumbai High Court, GAIL (India) Ltd. has been restrained from taking any further action on the matter and both the Companies have been directed to resolve the matter through arbitration and the same is under process.

- c) Water charges claimed by Municipal Corporation of Greater Mumbai ₹1.78 crore (P.Y. ₹ 1.22 crore).
- d) Claims before arbitrators/courts, are ₹ 9.62 crore (P.Y. ₹ 11.05 crore).
- e) Claims against the Company not acknowledged as debts.

₹ Crore

In respect of Matters under dispute with various authorities	As at 31.3.2016	As at 31.3.2015
Excise Duty (D)	8.04	22.58
Excise Duty (S)	6.78	4.05
Sales Tax (D)	30.59	27.82
Income Tax (D)	21.62	28.52
Service Tax (D)	10.77	12.06
Custom Duty (D)	80.93	80.93

(D) (Demands raised)/(S) (Show cause notice issued).

- f) 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.

25.2 In respect of Naphtha purchased by the company at concessional rate of excise duty for the purposes other than mentioned in the exemption notification for the period November 1996 to February 2005, the Company's appeal against the order of CESTAT confirming the demand of excise duty was set aside by the Bombay High Court and the Company paid an amount of ₹ 9.66 crore towards duty and ₹ 2.00 crore towards penalty which was charged to Statement of Profit and Loss account in an earlier year. The Company has appealed against the said order and obtained a Stay in the Hon'ble Supreme Court towards the demand of penalty amounting to ₹ 4.67 crore (inclusive of payment of ₹ 2.00 crore). Further an intimation was received from excise authorities seeking payment of ₹18.61 crore towards interest in the said matter in year 2013-14 which has been disputed by the Company since the matter is already resting with Hon'ble Supreme Court. The appeal is yet to be heard.

Further, for the period from March 2005 to October 2005, a show cause notice has been served on similar issue for payment of duty amounting to ₹ 1.77 crore, penalty of similar amount and interest at an appropriate rate which has been stayed by CESTAT on a Stay application filed by the Company, however the appeal is yet to be heard.

Pending court hearing, no provision is considered necessary.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

25.3 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.12) 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.

25.4 During 2004-05, Commissioner of Customs (Imports) Mumbai had allowed clearance of the Air Compressor package consignment under provisional assessment on payment of applicable custom duties, furnishing of Bank guarantees towards demand and a revenue deposit of ₹ 5.75 crore.

Thereafter Commissioner of Customs passed an Order for payment of Custom Duty and penalty aggregating to ₹ 25.62 crore against the above matter. Company has paid ₹ 9.27 crore against provisional assessment including Countervailing Duty (CVD) & Cenvat Credit amounting to ₹ 4.49 crore has been availed on the CVD paid.

The Order has been challenged before CESTAT / High Court and by an Order dated 20th June 2007, Bombay High Court stayed the order passed by the Commissioner of Customs and also against invoking the bank guarantees. Bombay High Court has now ordered CESTAT to hear the Appeal filed by RCF and the appeal before bench of CESTAT is expected to be heard. Company has been advised by solicitors and advocates that the demand is not

tenable and no provision is considered necessary.

In respect of clause 25.1 to 25.4 above, it is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flows, if any.

26. Corporate Guarantee executed by the Company on behalf of its Joint Venture Company, FACT-RCF Building Products Ltd aggregates to ₹ 37.67 crore (P.Y. ₹ 37.67 crore).

27. Capital Commitments

Particulars	₹ Crore	
	As at 31.3.2016	As at 31.3.2015
Capital Expenditure Commitments	619.29	270.74
Commitment Towards Investments	7.64	10.00

28. Company has acquired entire wagons (416 wagons) originally under lease from SBI Leasing Group. Further, under the "Own Your Wagons Scheme" of Indian Railways, these wagons have been sub-leased to Indian Railways. The estimated future revenue on this account is ₹ 2.82 crore (P.Y. ₹ 3.53 crore). Period wise classification is as below.

Particulars	₹ Crore	
	Year ended 31.3.2016	Year ended 31.3.2015
Not Later than one year	0.71	0.71
Later than one year but not later than 5 years	2.11	2.82
Later than 5 years	-	-
Total	2.82	3.53
Lease rent (Income) recognized in Statement of Profit and Loss	0.71	0.71

29. 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 30,97,278 Sq. meters, property cards for 3,78,321 Sq. meters (P.Y. 3,93,198 Sq. meters) are yet to be transferred in the name of the Company.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

30. 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.

31. 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.

32. 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.

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

<u>Particulars</u>	Year ended 31.3.2016	Year ended 31.3.2015
	Urea	Urea
For the Year	237.97**	500.51**

**Includes Subsidy against marketing margin against RIL gas for use in production of Urea of ₹ 4.03 crore (P.Y. ₹ 87.40 crore), as an interim relief, as directed by Delhi High Court on the referred matter.

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. An amount of ₹ 198.94 crore has been withheld as at 31st March 2016 (₹ 96.89 crore as at 31st March 2015) 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.

33. As per notification no. L-120223/2015-GP-II, dated 20th May, 2015 of Ministry of Petroleum and Natural Gas (MOPNG), Gas Pooling has become applicable from 1st 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 16th 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. As the matter relating to the same is pending before the Inter Ministerial Committee of Government of India, Company has represented that any decision on the same be taken only upon the issue being settled by the IMC. However pending finalization of price payable as per letter no. L-13013/3/2012-GP-1, dated 16th December, 2015 of MOPNG, a liability of ₹ 181.97 crore has been recognized based on the pooled price of gas, also for its non-urea operations.

34. In accordance with the policy of provision for bad and doubtful debts the Company makes provision towards subsidy due from the Government of India which is outstanding for a period more than 3 years. However, Company has not provided for an amount of ₹ 16.22 crore being the compensation towards recognition of increase in cost of gas on account of Petroleum and Natural Gas Regulatory Board (PNGRB) order for the periods relating to 2008-09 to 2010-11. Company expects the same to be notified by Government of India and accordingly no provision is required.

35. As per requirements of Accounting Standard -28, Company has carried out impairment testing of its Cash Generating Units/Fixed Assets at the year end. Such a test of impairment is carried out considering an estimated useful life of 10 Years for arriving at the value in use. Accordingly, a



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

provision for impairment has been made towards, Dimethyl Formamide, Carbon Monoxide Plants at Thal and Methylamines Plant at Trombay of ₹ 9.19 crore (P.Y. ₹ 46.64 crore).

The status of provision made towards impairment is as under:-

₹ Crore

Sr No.	Plant	2015-16			
		Balance in Provision account at the beginning of the year	Provision for Impairment made during the year	Reversal of Provision during the year	Balance in Provision account at the end of the year
1	Sodium Nitrate/Nitrite	0.97	-	-	0.97
2	Chikton	0.85	-	-	0.85
3	Rapidwall	52.28	-	-	52.28
4	Formic Acid	3.87	-	-	3.87
5	Methanol	57.10	-	-	57.10
6	Dimethyl Formamide	-	0.05	-	0.05
7	Carbon Mono Oxide	-	8.06	-	8.06
8	Methylamines- Trombay	-	1.08	-	1.08
	Total	115.07	9.19	-	124.26

₹ Crore

Sr. No.	Plant	2014-15			
		Balance in Provision account at the beginning of the year	Provision for Impairment made during the year	Reversal of Provision during the year	Balance in Provision account at the end of the year
1	Sodium Nitrate/Nitrite	0.66	0.31	-	0.97
2	Chikton	0.85	-	-	0.85
3	Rapidwall	51.46	0.82	-	52.28
4	Argon	15.46	-	15.46	-
5	Formic Acid	-	3.87	-	3.87
6	Methanol	-	57.10	-	57.10
	Total	68.43	62.10	15.46	115.07

36. 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. 35, 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 31.3.2016	As on 31.3.2015
A	Inventory		
1	Surplus Stores and Spares	13.08	11.16
2	Disposable Surplus	10.53	8.58

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

Sr. No.	Particulars	As on 31.3.2016	As on 31.3.2015
3	Specific stores and spares of impaired assets	9.34	9.29
4	Material Stolen	0.21	0.21
	Total	33.16	29.25
B	Provision		
1	Provision made for Disposable Surplus	9.94	6.81
2	Provision reckoned on stores and spares for impaired assets	8.87	8.83
3	Provision for Material Stolen	0.21	0.21
	Total	19.02	15.85

37. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act 2006 is as under:-

₹ Crore

Sr. No.	Particulars	As on 31.3.2016	As on 31.3.2015
1	Principal amount remaining unpaid as on 31 st March	12.20	12.05
2	Interest due thereon 31 st March	0.01	NIL
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
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.	NIL	NIL
5	Interest accrued and remaining unpaid as 31 st March	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

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.

38. Company has recognized its factory at Trombay, factory at Thal and Trading, as geographical segments (primary segments) and its activities of manufacture and sale of fertilizers, and manufacture and sale of industrial products as business segments (secondary segments) in accordance with Accounting Standard –17 on Segment reporting prescribed under the Companies Act, 2013. The segment wise revenue, expenses and capital employed are given in Annexure-1.

39. Information as per Accounting Standard (AS-18) on Related Party Disclosures is given below:-

Company is under the administrative control of Ministry of Chemicals and Fertilizers, Government of India and is within the meaning of state controlled enterprise as per para 10.13 of Accounting Standard-18.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**1) **Relationship****JOINT CONTROLLED ENTITIES**

Name of the Company	Country of Incorporation	Percentage of ownership interest as on	
		31-3-2016	31-3-2015
1) FACT-RCF BUILDING PRODUCTS LTD.	India	50.00	50.00
2) URVARAK VIDESH LTD.	India	33.33	33.33
3) RASHTRIYA COAL GAS FERTILIZERS LIMITED	India	30.00	-

Transactions during the year with the above referred related parties:

₹ Crore

Sr. No.	Particulars	Year ended 31.3.2016		Year ended 31.3.2015	
1	Contribution towards share capital	0.02	RCGFL 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*	0.01*	FRBL 0.01*
4	Advances given	0.07	FRBL 0.07	0.09	FRBL 0.09

* (C.Y. ₹ 15,500, P.Y. ₹ 96,518)

The company has made a full provision for diminution in value of investment amounting to ₹ 0.18 crore in the year 2013-14, in respect of its joint venture Urvarak Videsh Limited. Further a full provision for diminution in the value of investment amounting to ₹ 32.87 crore has been reckoned in respect of its joint venture FRBL. Consequent to the same the amount given as advances to FRBL has been fully provided for as doubtful. As a part of its additional equity commitment, Company during the year contributed an additional amount of ₹ 2.36 crore which has also been provided for in similar lines as above.

Balance Outstanding:

₹ Crore

Sr. No.	Particulars	Year ended 31.3.2016	Year ended 31.3.2015
		Joint Ventures	Joint Ventures
1	Guarantees given (as security for term loan availed by FRBL from Banks)	FRBL - 37.67	FRBL - 37.67
2	Advances Given (for meeting working capital requirements)	FRBL- 1.85	FRBL - 1.79

2) **Key Management Personnel**

- (i) Shri R.G.Rajan, Chairman & Managing Director
- (ii) Shri CMT Britto, Director (Technical)
- (iii) Shri Ashokkumar Ghasghase, Director (Marketing)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

- (iv) Shri. Suresh Warior Director (Finance) & CFO from 18th July, 2014
- (v) Shri D.M.Sati, Company Secretary from 1st August, 2014
- (vi) Shri R.H. Kulkarni, ED (Finance & CFO) from 13th May, 2014 to 17th July, 2014
- (vii) Shri K.C.Prakash, Company Secretary, upto 31st July, 2014

Details relating to parties referred in above.

Remuneration: -

₹ Crore

Particulars	Year ended 31.3.2016	Year ended 31.3.2015
Shri. R.G.Rajan	0.61	0.51
Shri. CMT Britto	0.46	0.38
Shri.Ashok Kumar Ghasghase	0.59	0.38
Shri.Suresh Warior	0.42	0.20
Shri.D.M.Sati	0.30	0.15
Shri R.H.Kulkarni	0.00	0.05
Shri K.C.Prakash	0.00	0.46
Total	2.38	2.13

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.

40. Disclosure as per Accounting Standard 29 on “Provisions, Contingent Liabilities and Contingent Assets” as on 31st March 2016.

₹ Crore

Particulars	Balance as on 31.3.2015	Addition	Utilization	Reversal	Balance as on 31.3.2016
Disputes and Claims,	2.53	-	-	-	2.53
Legal Matters (*)	(2.53)	-	-	-	(2.53)

Figures in brackets are in respect of previous year.

(*) 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.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016****41. Earnings per Share –Basic and Diluted**

Particulars	Year ended 31.3.2016	Year ended 31.3.2015
Net profit after tax as per Statement of Profit and loss (₹ crore) (A)	191.23	322.06
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)	3.47	5.84

42. In compliance with Accounting Standard 27 on “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	
		31-3-2016	31-3-2015
1) FACT-RCF BUILDING PRODUCTS LTD.	India	50.00	50.00
2) URVARAK VIDESH LTD.	India	33.33	33.33
3) RASHTRIYA COAL GAS FERTILIZERS LIMITED	India	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.
- 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.
- C) **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 13th 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).

The Company’s share in assets, liabilities ,income ,expenditure, contingent liabilities and capital commitments compiled on the basis of audited / un-audited financials received from the above referred jointly controlled entities is as follows:-

₹ Crore

Sr. No.	Particulars	31/3/2016 (Audited)	31/3/2016 (Unaudited)	31/3/2016 (Total)	31/03/2015 (Audited)
1	Non-Current Assets	-	47.59	47.59	51.93
2	Current Assets	0.04	7.51	7.55	2.84
3	Non-Current Liabilities	-	40.95	40.95	40.20
4	Current Liabilities	0.01	14.82	14.83	9.19
5	Income	-	10.03	10.03	2.25
6	Expenditure	0.01	18.47	18.48	13.23
7	Contingent Liability	-	7.10	7.10	7.08
8	Capital Commitments	-	2.33	2.33	2.33

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

43. Provision / Write off of Investments in Joint Ventures and Subsidiary:

A) Provision in Joint Ventures

i) FACT-RCF Building Products Ltd. (FRBL)

Investments held primarily to protect, facilitate existing business or trading relations, often called Trade Investments are not made with the intention that they will be available as additional cash resources and are classified as Long term. The investment in FRBL has been made with a long term perspective and is strategic in nature and categorized under Long term Trade Investments. Further as a part of Corporate Debt Restructuring program of FRBL, additional equity and Corporate Guarantees have been given by the Company.

The unaudited financial statements of FRBL as at 31st March 2016 report a loss of ₹ 16.88 crore (P.Y. ₹ 21.94), thus resulting in accumulated loss of ₹ 75.49 crore (P.Y. ₹ 58.61 crore).

FRBL's performance has marginally improved during the current 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 completely turning around.

Since the assessment of diminution in value of long term investment is required to be done based on existing Net worth etc. and in accordance with Accounting Standard-13, a full provision towards the value of investments in FRBL amounting to ₹ 32.87 crore (P.Y. ₹ 32.87 crore) and also towards the outstanding loans & advances amounting to ₹ 1.85 crore (P.Y. ₹ 1.79 crore) as on 31st March, 2016 has been reckoned. As a part of its additional equity commitment, Company during the year contributed additional amount of ₹ 2.36 crore which has also been provided for in similar lines as above.

ii) Urvarak Videsh Ltd.

Company has made a full provision for

diminution in value of investment amounting to ₹ 0.18 crore in the year 2013-14, in respect of its joint venture Urvarak Videsh Limited.

B) Write off of Subsidiary:

i) Rajasthan Rashtriya Chemicals and Fertilizers Ltd.

Consequent to No objection received from Department of Fertilizers, the said Company's name has been stricken off in the register of ROC, Rajasthan on 24.11.2015 under fast track mode and the said company stands dissolved. The investment in the same had been written off by the company in the year 2013-14.

44. Miscellaneous expenses include auditors' remuneration as per details given below:-

₹ Crore

Sr. No.	Particulars	Year ended 31.3.2016	Year ended 31.3.2015
1	Audit fees for the year (incl. service tax)	0.21	0.18
2	Audit fees for Limited review	0.02	0.02
3	Audit fees for Consolidated Financial Statement (incl. service tax)	0.01	0.01
4	For Certificate and other expenses	0.17	0.09
5	For travelling and out of pocket expenses	0.00*	0.00*

*(C.Y. ₹ 16,138/-) (P.Y. ₹ 50,479/-)

45. The position of (Net) Certified Emission Reductions (CER's) or Carbon Credits allotted and held by the company is as under:-

Particulars	Unit	2015-16	2014-15
CER's at the beginning of the year	No.	9,73,738	8,41,425
CER's Allotted	No.	-	1,32,313
CER's Sold	No.	-	-
CER's held at year end	No.	9,73,738	9,73,738

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

CER's under certification	No.	Nil	Nil
Depreciation, operating and maintenance cost of emission reduction equipment's expensed during the year	₹ Crore	0.51	0.81

46. Company has handed over possession of land measuring 48849.74 sq.mtrs , adjacent to the Company's township at Chembur, Mumbai, to MMRDA (Mumbai Metropolitan Region Development Authority) (a statutory body under Government of Maharashtra) for the construction of public road. However formalities pertaining to transfer of ownership and consideration for exchange of land are yet to be completed, pending which Company has classified the same as assets held for disposal under other current assets amounting to ₹ 0.07 crore in Note No.13 to financial statements.

47. Employee Benefits:-

The required disclosure under the Revised Accounting Standard 15 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 ₹33.35 crore (P.Y. ₹ 30.99 crore) has been charged off to statement of Profit and loss towards contribution by the Company.

In terms of the guidance on implementing the revised AS-15 issued by the Accounting Standard Board of the Institute of Chartered Accountants of India, the Provident Fund Trust set up by the Company is treated as Defined Benefit Plan since the Company has to meet the shortfall in the fund assets, if any. However, as at the year end, no

shortfall remains to be provided for. Further, having regard to the assets of the Fund and the Return on the Investments, the Company does not expect any deficiency in the foreseeable future. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of provident fund liability based on the assumptions listed below and determined that there is no shortfall as at 31st March, 2016

The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

- Projection is restricted to five years or earlier, if retirement occurs
- Expected guaranteed interest rate 8.80 %
- Discount rate 7.56 %

The total plan liabilities under the RCF Ltd. Employees Provident Fund Trust as at 31st March 2016 (as per the unaudited financial statement) is ₹ 972.97 crore (P.Y. ₹ 888.33 crore) as against total plan assets of ₹ 972.97 crore (P.Y. ₹ 888.33 crore). The funds of the trust have been invested under various securities as prescribed by regulatory authorities.

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, charge on account of Gratuity to Statement of Profit and Loss amounts to ₹3.19 crore (P.Y. ₹16.15 crore).

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 31st March 2016 is ₹188.11 crore (P.Y. ₹178.48 crore)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

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 honouring 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 ₹ 10.81 crore (P.Y. ₹ 10.98 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.

₹ Crore

	As at 31 st March 2016		As at 31 st March 2015	
	Gratuity (Funded)	Post Retirement Medical Benefits (Non Funded)	Gratuity (Funded)	Post Retirement Medical Benefits (Non Funded)
1) Components of Employer expenses				
Service Cost	1.61	1.52	1.73	1.50
Interest Cost	15.19	4.37	16.20	3.60
Expected Return on Plan Assets	(14.00)	-	(16.51)	-
Provision for employees on deputation	-	-	1.06	-
Unpaid benefits	-	-	(0.23)	-
Actuarial (gain)/Loss	0.39	26.92	13.90	33.64
Net expense/(gain) recognized in the statement of Profit and Loss	3.19	32.81	16.15	38.74
2) Changes in Benefit Obligations				
Present value of Obligation at year beginning	191.09	55.00	179.37	39.92
Service Cost	1.61	1.52	1.73	1.50
Interest Cost	15.19	4.37	16.20	3.60
Actuarial(gain)/Loss	2.49	26.92	12.83	33.64
	[3.69-1.20]		[14.37-1.54]	
Benefits paid	(18.23)	(30.18)	(19.04)	(23.67)
Present value of Obligation at year end	192.15	57.63	191.09	55.00
3) Changes in Plan Assets				
Fair value of Plan Assets , at year beginning	176.18	-	189.75	-



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

Expected return on Plan Assets	14.00	-	16.51	-
Employer's contributions	15.27	-	(9.97)	-
Benefits paid	(15.40)	-	(19.04)	-
Actuarial gain/(Loss)	2.10	-	(1.07)	-
Fair value of Plan Asset at the year end	192.15	-	176.18	-
Excess Plan assets over Obligation	-	-	(14.91)	-
Category of Plan Assets				
GOI securities	1.72%	-	2.30%	-
PSU/ State Government Securities	1.09%	-	3.58%	-
SBI Life Insurance Company Ltd.	35.14%	-	32.76%	-
Life Insurance Corporation of India	39.11%	-	43.02%	-
Kotak Mahindra Old Mutual Fund	2.80%	-	-	-
HDFC SL	20.14%	-	18.34%	-
Total	100.00%	-	100.00%	-
Experience Adjustments				
a) On Plan Liability(Gains)/ Losses	(1.04)	24.94	(1.54)	28.73
b) On Plan Assets (Losses)/Gains	(16.28)	-	(1.07)	-
Actuarial Assumptions				
Discount Rate(per annum)	7.56%	7.56%	7.95%	7.95%
Expected Rate of Return on Assets(per annum)	7.56%	-	7.95%	-
Salary Escalation/Annual increase in health care cost	8.00%	-	8.00%	-

Gratuity: -

Year	Present Value of Obligation (₹crore)	Fair Value of Plan Assets (₹crore)	Difference (₹crore)	Discount Rate	Expected Rate of Return on assets	Salary escalation
2011-12	173.11	173.11	-	8.50%	8.60%	4.00%
2012-13	184.39	189.12	4.73	8.00%	8.70%	4.00%
2013-14	179.37	189.74	10.73	9.03%	8.70%	5.50%
2014-15	191.08	176.18	(14.90)	7.95%	7.95%	8.00%
2015-16	192.15	192.15	-	7.56%	7.56%	8.00%

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.

48 The position of Hedged Foreign currency exposures are as under:-

₹ Crore

Particulars	Hedged Exposure	Cross Currency	As on 31.3.2016	As on 31.3.2015
Foreign Currency exchange contracts	Buyer's credit/Supplier's credit availed for import of raw materials	USD	526.83	259.18
	Long Term Borrowings	USD	5.35	-

Financial and Derivative Instruments

The status of derivative instruments outstanding is as under:-

in USD million

Hedging Instrument		Hedged Exposure	Currency	As on 31.3.2016	As on 31.3.2015
Seagulls / Call Spreads	USD / INR	Buyers / External commercial borrowings	USD	79.91	42.12
Interest Rate Swap	USD / INR	External Commercial Borrowing	USD	-	23.60
Full Currency Swap (Principal and Interest)	INR / USD	Rupee Term Loan	USD	6.77	12.18

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:-

₹ Crore

Particulars	As on 31.3.2016	As on 31.3.2015
Foreign currency term loans	347.46	363.55
Buyer's credit/Suppliers credit for import of raw materials and others	545.25	663.44
Advances/receivable from suppliers	14.47	3.07

The functional classification of the same is as under:-

₹ Crore

Particulars	Year ended 31.3.2016	Year ended 31.3.2015
Water charges	0.70	1.24
Miscellaneous expenses	8.96	7.06
Total	9.66	8.30

The other disclosures are as under:-

₹ Crore

Particulars	Year ended 31.3.2016	Year ended 31.3.2015
Gross amount required to be spent by the Company during the year	9.38	8.03
Amount spent during the year (on purpose other than construction / acquisition of assets controlled by the company)	8.62	7.43
Amount yet to be paid in cash	1.04	0.87

49. In line with the principle of prudence enunciated in Accounting Standard-1, Disclosure of Accounting policies as per the announcement of Institute of Chartered Accountants of India, Company has not recognized an amount of ₹ 2.76 crore (P.Y. ₹ 5.72 crore) being the mark to market gains on outstanding derivative contracts as at 31st March 2016.

50. The dispute relating to manufacture of Single Super Phosphate on job work basis given to third party has been referred to arbitration. Company's provision towards amount doubtful of recovery amounting to ₹ 3.83 crore (P.Y. ₹ 3.83 crore) still continues.

51. Disclosure relating to Corporate Social Responsibility "CSR" Activities

Company during the year has incurred an expenditure of ₹ 9.66 crore (P.Y. ₹ 8.30 crore) towards the same which is reported under Note No. 24 "Other Expenses" & Note 24B "Miscellaneous expenses".

52. Additional Information:

Additional information in respect of goods manufactured, value of imports calculated on CIF basis, expenditure in foreign currency during the year on account of royalty, know-how etc., consumption of raw material, spare parts and



components during the year, earnings in foreign exchange, etc. is as follows:

A. QUANTITATIVE INFORMATION IN RESPECT OF EACH CLASS OF GOODS MANUFACTURED			
		Metric Tonnes	
Sr.No.	PRODUCTS	ANNUAL PRODUCTION Without Adjustment for Shortages/ Excesses	
		2015-2016	2014-2015
1	Ammonia (Trombay-I)	1,36,060	1,39,025
2	Ammonia (Trombay-V)	3,78,130	3,58,815
3	Ammonia (Thal)	13,14,940	13,39,430
4	Urea (Trombay-V)	4,49,540	4,23,480
5	Urea (Thal)	20,96,800	21,78,010
6	Suphala 15:15:15 –Complex Fertilizer	4,61,385	3,96,810
7	Suphala 20:20:0 –Ammonium Nitro phosphate	1,75,365	2,60,520
8	Methanol	-	64,443
9	Ammonium Bicarbonate	28,808	30,851
10	Argon (million NM3)	2.14	1.85
11	Argon (million NM3) Thal	3.81	4.30
12	Nitric Acid (100%)-(HPNA)	1,09,220	1,05,200
13	Nitric acid (100%)(MPNA)	2,51,890	2,65,890
14	Sulphuric Acid (98%)	81,823	98,089
15	Phosphoric Acid	19,026	26,050
16	Dilute Sulphuric Acid	81,823	98,761
17	Sodium Nitrate/Nitrite	-	3,798
18	Concentrated Nitric Acid	23,664	25,681
19	Methylamines - (Trombay)	1,217	4,782
20	Methylamines - (Thal)	10,552	12,049
21	Ammonium Nitrate (100%)	1,08,510	1,01,868
22	Dimethyl formamide	1,092	2,846
23	Di Methyl Acetamide	1,627	1,952
24	Carbon Monoxide Plant (million NM3)	1.51	4.17
25	Biola (Liquid) (Ltrs)	1,25,700	1,25,700
26	Microla (Ltrs)	3,95,200	3,58,100
27	Formic Acid	1,664	5,504
28	Sujala 19:19:19 & Sujala 13:40:13	6,310	6,025

B. VALUE OF IMPORTS CALCULATED ON COST, INSURANCE, FREIGHT BASIS			
		₹ Crore	
Particulars		Year ended 31.3.2016	Year ended 31.3.2015
i)	Raw materials *	801.23	835.54
ii)	Imported Traded Goods	235.47	186.16
ii)	Components and Spare parts	10.12	9.05
iii)	Capital Goods	49.46	47.78
* Includes in transit as at year end ₹ 124.76 crore (Previous year ₹ 76.14 crore and excludes imports through Indian agencies ₹ Nil (Previous year ₹ 11.36 crore)			

C. EXPENDITURE IN FOREIGN CURRENCY		₹ Crore	
Particulars		Year ended 31.3.2016	Year ended 31.3.2015
i)	On account of Royalty, know- how, professional consultancy fees, interest, license fees and other matters	32.10	24.91
ii)	Expenditure on foreign tours	0.99	0.13
iii)	Subscription to journals	0.43	0.11
D. EARNINGS IN FOREIGN EXCHANGE		₹ Crore	
Particulars		Year ended 31.3.2016	Year ended 31.3.2015
i)	Export of Goods calculated on FOB basis	-	0.73

D. CONSUMPTION OF RAW MATERIALS, SPARES AND COMPONENTS		₹ crore			
Particulars	2015-2016		2014-2015		
	Value Estimated	Total Consumption %	Value Estimated	Total Consumption %	
A. Raw Materials					
Imported	811.48	24.08	754.57	25.48	
Indigenous	2559.11	75.92	2206.81	74.52	
Total	3370.59	100.00	2961.38	100.00	
B. Spares and Components					
Imported	14.83	15.47	17.79	6.90	
Indigenous	81.04	84.53	113.80	93.10	
Total	95.87	100.00	131.59	100.00	

53. Previous year figures have been re-arranged and regrouped wherever necessary and/or practicable to make them comparable with those of the current year.

For and on behalf of the Board of Directors
RASHTRIYA CHEMICALS AND FERTILIZERS LTD.

For **NBS & Co.**
Chartered Accountants
Firm Regn. No.110100W

For **Kalyaniwalla & Mistry**
Chartered Accountants
Firm Regn. No.104607W

(R.G.Rajan)
Chairman and Managing Director
DIN: 01253189

(Devdas Bhat)
Partner
Membership No: 48094

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

(Suresh Warrior)
Director (Finance)
DIN : 06920261

Dated : 26.05.2016
Place: Mumbai

(D. M. Sati)
Company Secretary
Membership No: 23683

Dated : 26.05.2016
Place: Mumbai



Annexure-I
₹ Crore

Sr. No	Particulars	TROMBAY			THAL			TRADING			TOTAL			
		Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total	
	SEGMENT REVENUE													
i.	Sales (Incl. Subsidy wherever applicable)	2721.21	512.27	3233.48	4082.21	365.06	4447.27	955.63	-	955.63	7759.05	877.33	13.05	8649.43
ii.	Inter Segement Revenue			-			-			-				-
	Total Revenue	2721.21	512.27	3233.48	4082.21	365.06	4447.27	955.63	-	955.63	7759.05	877.33	13.05	8649.43
	SEGMENT RESULT													
i.	Segment Results	164.54	9.77	174.31	235.76	10.84	246.60	25.43		25.43	425.73	20.61	-	446.34
ii.	Less: Other Unallocable Expenditure (Net of Unallocable Income)			9.44			14.95			2.15				18.22
iii.	Interest Expense													142.32
iv.	Interest Income													6.39
v.	Operating Profit									9.93				292.19
vi.	Prior Period Expenses / (Income)			0.11			0.98			0.00				1.09
vii.	Profit before Tax													291.10
viii.	Tax - Current													105.51
ix.	Deferred Tax Liability / (Asset)													13.87
x.	Excess Provision of Tax written Back													(19.51)
xi.	Net Profit													191.23
	OTHER INFORMATION													
i.	Segment Assets	2950.61	126.41	3077.02	3803.46	116.80	3920.26	263.77		263.77	7017.84	243.21		7261.05
ii.	Unallocated Corporate Assets												424.97	424.97
iii.	Total Assets	2950.61	126.41	3077.02	3803.46	116.80	3920.26	263.77	-	263.77	7017.84	243.21	424.97	7686.02
iv.	Segment Liabilities	795.72	18.90	814.63	516.31	9.84	526.15	31.06	0.00	31.06	1343.10	28.74		1371.84
v.	Unallocated Corporate Liabilities												3485.06	3485.06
vi.	Total Liabilities	795.72	18.90	814.63	516.31	9.84	526.15	31.06	-	31.06	1343.10	28.74	3485.06	4856.90
vii.	Capital Expenditure			183.24			67.44			0.75			9.28	260.72
viii.	Depreciation			65.90			71.93						7.30	145.13
viii.	Other Non Cash Expenses			1.88			3.59			0.23			0.20	5.90

STANDALONE SEGMENTWISE REVENUE & RESULTS FOR THE YEAR ENDED 31.03.2015

Annexure-I

₹ Crore

Sr. No	Particulars	TROMBAY			THAL			TRADING			TOTAL		
		Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total
	SEGMENT REVENUE												
i.	Sales (Incl. Subsidy wherever applicable)	2465.56	574.19	3039.75	3678.24	357.86	4036.10	625.84	0.00	625.84	6769.64	932.05	7713.45
ii.	Inter Segement Revenue			-			-						
	Total Revenue	2465.56	574.19	3039.75	3678.24	357.86	4036.10	625.84	0.00	625.84	6769.64	932.05	7713.45
	SEGMENT RESULT												
i.	Segment Results	224.91	83.95	308.86	402.40	22.50	424.90	34.35		34.35	661.66	106.45	768.11
ii.	Less: Other Unallocable Expenditure (Net of Unallocable Income)			74.13			4.39			6.63			139.33
iii.	Interest Expense												116.95
iv.	Interest Income												5.57
v.	Operating Profit			176.95			384.87			13.52			517.40
vi.	Prior Period Expenses / (Income)			6.78			0.58			0.41			7.77
vii.	Profit before Tax			170.17			384.29			13.11			509.63
viii.	Tax - Current												248.41
ix.	Deferred Tax Liability / (Asset)												(60.27)
x.	Excess Provision of Tax written Back												(0.57)
xi.	Net Profit												322.06
	OTHER INFORMATION												
i.	Segment Assets	2329.64	146.90	2476.54	3117.23	134.05	3251.28	150.69		150.69	5597.56	280.95	5878.51
ii.	Unallocated Corporate Assets												335.97
iii.	Total Assets	2329.64	146.90	2476.54	3117.23	134.05	3251.28	150.69	0.00	150.69	5597.56	280.95	6214.48
iv.	Segment Liabilities	508.88	36.87	545.75	313.57	20.19	333.75	146.11	0.00	146.11	968.56	57.05	1025.61
v.	Unallocated Corporate Liabilities												2477.94
vi.	Total Liabilities	508.88	36.87	545.75	313.57	20.19	333.75	146.11	-	146.11	968.56	57.05	3503.55
vii.	Capital Expenditure			76.96			64.38			0.56			145.73
viii.	Depreciation			179.90			68.05						258.12
ix.	Other Non Cash Expenses			9.52			4.90			2.98			52.06



CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated 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, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement 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 Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated 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 and consolidated cash flows of the Company and its jointly Controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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 financial statements by the Directors of the Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these

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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Company and its jointly controlled entities as at March 31, 2016, and the consolidated profit and their consolidated cash flows for the year ended on that date.

**Emphasis of Matter**

We draw attention to the following matter in the Notes to the consolidated financial statements:

- a) Note No. 31, Consequent to Gas pooling being made applicable to Fertilizer (Urea) sector w.e.f. June 1, 2015, it is expected that a differential pricing of gas may be made applicable for non-Urea usage. Company has represented to Department of Fertilizer (DoF) for maintaining supply of domestic gas for P&K fertilizers and chemicals. Ministry of Petroleum & Natural Gas (MoPNG) vide its order No. L-13013/3/2012-GP-I, dated: December 16, 2015 has directed GAIL (India) Limited to levy a higher gas price (i.e. the highest rate of Re-gasified Liquefied Natural Gas (RLNG) used for production of urea) for gas consumed in non-urea operations. As the matter relating to the same is pending before the Inter Ministerial Committee (IMC) of Government of India for decision, Company has represented that any decision on the same be taken only upon the issue being settled by the IMC. However, pending finalisation of price payable as per the said order, Company has recognised a liability of ₹181.97 crore for the year ended March 31, 2016 based on the pooled price of gas for its non-urea operations.
- b) Note No. 32, Company expects the compensation towards recognition of increase in cost of gas on account of Petroleum & Natural Gas Regulatory Board order in urea subsidy for the periods relating to 2008-09 to 2010-11 to be notified by Government of India. Accordingly it has not provided for an amount of ₹16.22 crore recognised as subsidy receivable towards the same which is outstanding for a period more than three years.
- c) Note No. 10.4, regarding the non-disclosure of cost and depreciation of assets leased to certain Public Sector Undertaking and others.
- d) Note No. 30, regarding the claim of subsidy accounted on estimated basis, pending final settlement of such claims.

Our report is not modified in respect of these matters.

Other Matter

- a) We did not audit the financial statement of one jointly controlled entity, namely Urvarak Videsh

Limited, whose financial statements reflects the Company's Share of Total assets (net) of ₹0.04 Crore as at March 31, 2016, total revenues of ₹ 0.00* Crore (*₹0.27 lakh) and net cash outflows amounting to ₹0.00 Crore for the year then ended, as considered in the consolidated financial statement. These financial statements and other financial information has been audited by other auditor whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it related to the amounts and disclosures included in respect of this jointly controlled entity and our report in terms of sub section (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entity is based solely on the reports of the other auditor.

- b) We did not audit the financial statement of two jointly controlled entities, namely FACT RCF Building Products Limited and Rastriya Coal Gas Fertilizers Limited, whose financial statements reflect the Company's Share of Total assets (net) of ₹55.11 crore as at March 31, 2016, total revenues of ₹10.02 crore and net cash outflows amounting to ₹0.41 crore for the year then ended, as considered in the consolidated financial statement. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it related to the amounts and disclosures included in respect of these jointly controlled entities and our report in terms of sub section (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entities is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Company.

Our Opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and 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 Auditors General of India, the action taken thereon and its impact on the accounts and financial statement of the Company.
2. Non- Compliance of the Act:
 - a. The Board of Directors comprises seven directors, consisting of four Executive Directors (Including the Chairman cum Managing Directors); two Nominee Directors and one Independent Director. Section 149 of the Act requires that there should be at least one woman Director and one third of the total number of directors should be independent directors. The Company does not have a woman Director and has only one Independent Director
 - b. The Audit Committee comprises three directors, consisting of one Executive Director, one Independent Director and one Nominee Director. Section 177 of the Act requires that majority of directors of Audit Committee should be independent. The Company does not have the required number of independent directors on its Audit Committee.
 - c. The Nomination and Remuneration Committee comprises three Directors of which two are Nominee Directors and One Independent Director. Section 178 of the Act required that Independent Directors should be at least half of the total strength of Nomination and Remuneration Committee. The Company does not have the required number of Independent Directors on its Nomination and Remuneration Committee.
 - d. As per the Schedule IV (Code for Independent Directors) pursuant to Section 149(8) of the Act, a separate meeting of Independent Director should be held to review the performance of Non-Independent, Chairperson and Board as a whole. A separate meeting of Independent Directors has not been held during the period under review.
3. 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 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, 2016 and taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its jointly controlled entity incorporated in India, none of the directors of the Company and its jointly controlled entity incorporated in India is disqualified as on March 31, 2016 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 25 to the consolidated 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.

For NBS & Co
CHARTERED ACCOUNTANTS
Firm Reg. No. 110100W

For KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Firm Reg. No. 104607W

Devdas Bhat
Partner
Membership No.: 048094

Sai Venkata Ramana Damarla
Partner
Membership No. : 107017

Dated: May 26, 2016
Place: Mumbai

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, 2016.

Report on the directions and sub-directions issued by the Comptroller and Auditors 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 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	30,97,278	27,18,957	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

Details of Leased land are separately available with the Company and are separately disclosed in the asset register.

(₹ Crore)

Gross Block as on 01.4.2015	Additions	Deletions	Gross Block as on 31.3.2016	Accumulated Depreciation (Net of deletions) As on 31.03.2016	Carrying Amount As on 31.3.016
5.14	-	-	5.14	1.42	3.72

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 ₹0.06 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 Note no.32 to the standalone financial statements for the year 2015-16.

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 ₹3788.01 crore is in agreement with the amount disbursed by the Government of India.

4. (i) Whether amount of (a) bank balance (b) trade receivable (c) trade payables (d) loans and advances for which third party confirmation was not made available has been reported.

(ii) Where such balance has been confirmed by respective parties, whether it varies widely from the amounts reflected under respective heads in the financial.

The balance confirmation letters were available in case of the balances with the banks and bank loans and the same are reconciled.

In respect of Trade Receivables, as informed to us, during the year 2015-16, the statement of balances was taken from SAP system and sent to the parties for confirmation and about

80.45 % confirmation of balances from debtors has been received and no material differences were noticed.

As regards balance confirmation relating to trade payables despite the Company sending balance confirmation letters, receipt of confirmation of balances is very insignificant despite repeated follow-up. To facilitate reconciliation and review of balances by customers and vendors on a periodic basis, Company has also installed Customer and Vendor Portal in its website which would enable them to view their account online. Further disclosure of amounts in dispute with vendors is

included under claims not acknowledged as debts in the notes forming part of financial statements.

Balances of subsidy claim receivables and tax refunds from Government authorities are subject to confirmation which has also been disclosed in note no. 31 of financial statements.

5. 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	7.56%
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 NBS & Co
Chartered Accountants
Firm Reg. No. 110100W

For KALYANIWALLA & MISTRY
Chartered Accountants
Firm Reg. No. 104607W

Devdas Bhat
Partner
Membership No.: 048094

Sai Venkata Ramana Damarla
Partner
Membership No. : 107017

Place: Mumbai
Dated: May 26, 2016



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 financial statements for the year ended March 31, 2016.

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 financial statement of the Company as of and for the year ended March 31, 2016, 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 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, 2016, 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 effectiveness 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 Rashtriya Coal Gas 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 NBS & Co
CHARTERED ACCOUNTANTS
Firm Reg. No. 110100W

For KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Firm Reg. No. 104607W

Devdas Bhat
Partner
Membership No.: 048094

Sai Venkata Ramana Damarla
Partner
Membership No. : 107017

Place: Mumbai
Dated: May 26, 2016



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 FOR THE YEAR ENDED 31 MARCH 2016

The preparation of Consolidated Financial Statements of Rashtriya Chemicals and Fertilizers Limited for the year ended 31 March 2016 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 26 May 2016.

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 for the year ended 31 March 2016. We conducted a Supplementary Audit of the Financial Statements of Rashtriya Chemicals Fertilizers Limited but did not conduct Supplementary Audit of the Financial Statements of FACT-RCF Building Products Limited, Urvarak Videsh Limited and Rashtriya Coal Gas Fertilizers Limited for the year ended on that date. This Supplementary 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 Auditors' report.

For and on behalf of the

Comptroller and Auditor General of India

(Roop Rashi)

Principal Director of Commercial Audit and
Ex-officio Member, Audit Board-I, Mumbai

Place: Mumbai

Date: 8 August 2016

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2016

		₹Crore	
Particulars	Note No.	AS AT 31.03.2016	AS AT 31.03.2015
I. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	1	551.69	551.69
b) Reserves and Surplus	2	2276.80	2164.63
		2828.49	2716.32
2. NON-CURRENT LIABILITIES			
a) Long Term Borrowings	3	193.83	414.76
b) Deferred Tax Liabilities(Net)	4	210.60	196.73
c) Other Long Term Liabilities	5	191.18	55.17
d) Long Term Provisions	6	144.96	150.68
		740.57	817.34
3. CURRENT LIABILITIES			
a) Short Term Borrowings	7	2603.16	1511.07
b) Trade Payables	8		
(A) Outstanding dues of Micro Enterprises and Small Enterprises		12.20	12.05
(B) Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		599.06	586.14
c) Other Current Liabilities	9	780.86	415.88
d) Short Term Provisions	6	176.83	210.46
		4172.11	2735.60
TOTAL		7741.17	6269.26
II. ASSETS			
1. NON CURRENT ASSETS			
(a) FIXED ASSETS	10		
(i) Tangible Fixed Assets		1538.53	1546.63
(ii) Intangible Assets		5.58	5.24
(iii) Capital Work in Progress		149.97	61.50
(b) Non-Current Investments	11	0.17	0.17
(c) Long Term Loans and Advances	12	406.29	199.35
(d) Other Non-Current Assets	13	10.76	9.87
		2111.30	1822.76

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2016**

		₹ Crore	
Particulars	Note No.	AS AT 31.03.2016	AS AT 31.03.2015
2. CURRENT ASSETS			
(a) Inventories	14	1218.07	993.36
(b) Trade Receivables	15	4315.46	3297.51
(c) Cash and Bank balances	16	3.85	85.62
(d) Short Term Loans and Advances	12	74.41	39.47
(e) Other Current Assets	13	18.08	30.54
		5629.87	4446.50
TOTAL		7741.17	6269.26
Statement of Significant Accounting Policies	A		
Explanatory Information on Consolidated Financial Statements	25-42		

As per our report of even date attached

For and on behalf of the Board of Directors
RASHTRIYA CHEMICALS AND FERTILIZERS LTD.For **NBS & Co.**
Chartered Accountants
Firm Regn. No.110100WFor **Kalyaniwalla & Mistry**
Chartered Accountants
Firm Regn. No.104607W**(R.G.Rajan)**
Chairman and Managing Director
DIN: 01253189**(Devdas Bhat)**
Partner
Membership No: 48094**(Sai Venkata Ramana Damarla)**
Partner
Membership No: 107017**(Suresh Warrior)**
Director (Finance)
DIN : 06920261Dated : 26.05.2016
Place: Mumbai**(D. M. Sati)**
Company Secretary
Membership No: 23683Dated : 26.05.2016
Place: Mumbai

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore	
PARTICULARS	Note No.	Year Ended 31.03.2016	Year Ended 31.03.2015
I Revenue from Operations (Gross)	17	8801.64	7863.78
Less : Excise Duty		(142.19)	(148.21)
Revenue from Operations (Net)		8659.45	7715.57
II Other Income	18	112.23	74.49
III Total Revenue(I+II)		8771.68	7790.06
IV Expenses:			
Cost of Materials Consumed	19	3500.06	3113.06
Purchases of Stock in Trade	20	867.28	525.88
Changes in Inventories of Finished Goods and Stock in Trade	21	(233.62)	(8.03)
Employee Benefits Expense	22	493.70	527.51
Finance Costs	23	146.74	121.59
Depreciation/Impairment	10	150.22	263.32
Other Expenses	24	3562.22	2713.41
Total Expenses		8486.60	7256.74
V Profit before tax (III-IV)		285.08	533.32
VI Tax Expense			
(1) Current tax		105.51	248.41
(2) Deferred tax		13.87	(60.27)
(3) Taxation adjustment \ of earlier years Excess(-) / Short(+)		(19.51)	(0.57)
VII Profit for the year		185.21	345.75
VIII Earnings per equity share			
Basic and Diluted Earnings per share	38	3.36	6.27
Statement of Significant Accounting Policies	A		
Explanatory Information on Consolidated Financial Statements	25-42		

As per our report of even date attached

For and on behalf of the Board of Directors
RASHTRIYA CHEMICALS AND FERTILIZERS LTD.

(R.G.Rajan)
Chairman and Managing Director
DIN: 01253189

(Suresh Warrior)
Director (Finance)
DIN : 06920261

(D. M. Sati)
Company Secretary
Membership No: 23683

Dated : 26.05.2016
Place: Mumbai

For **NBS & Co.**
Chartered Accountants
Firm Regn. No.110100W

(Devdas Bhat)
Partner
Membership No: 48094

Dated : 26.05.2016
Place: Mumbai

For **Kalyaniwalla & Mistry**
Chartered Accountants
Firm Regn. No.104607W

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
A Cash Flow From Operating Activities		
Net Profit before tax	285.07	533.32
Adjustments for :		
Depreciation/Loss on impairment of Assets	151.37	271.23
Profit(-) / Loss on sale of Assets	0.86	8.12
Interest Income	(6.40)	(5.69)
Dividend income	(0.11)	(0.09)
Interest and Finance Charges	142.32	116.95
Provision for Bad/Doubtful debts	0.83	4.32
Unrealised Foreign Exchange (Gain) /Loss	(25.03)	25.77
	263.84	420.61
Operating Profit before Working Capital Changes	548.91	953.93
Adjustments for :		
Trade and Other Receivables	(1207.45)	(560.17)
Inventories	(224.71)	(189.46)
Trade Payables and Other Liabilities	349.61	255.91
	(1082.55)	(493.71)
Cash Generated from Operations	(533.63)	460.22
Direct Taxes Paid	(104.00)	(248.50)
Cash Flow before Extraordinary Items	(637.63)	211.72
Net Cash from Operating Activities ----- A	(637.63)	211.72
B Cash Flow from Investing Activities		
Additions to Fixed Assets(Net of trade credit)	(265.70)	(207.43)
Sale of Fixed Assets	0.28	0.45
Interest Received	6.42	5.65
Dividend Received	0.11	0.09
Deposits	0.39	(0.12)
	(258.50)	(201.36)
Net Cash from in Investing Activities ----- B	(258.50)	(201.36)
C Cash Flow from Financing Activities		
Net proceeds/(Repayment) of Working capital facilities and short term loans	1111.90	148.94
Proceeds from Term loans	0.75	100.05
Repayments of Term Loans	(39.33)	(32.23)
Interest paid	(139.21)	(116.65)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Dividend paid (including Dividend Distribution Tax)	(119.44)	(96.76)
	814.67	3.35
Net Cash from Financing Activities ---- C	814.67	3.35
Net Increase/Decrease(-) in Cash and Cash Equivalent (A+B+C)	(81.46)	13.71
Cash and Cash Equivalents as at 1st April (Opening Balance)	83.52	69.81
Cash and Cash Equivalents as at 31st March (Closing Balance)	2.06	83.52
Components of Cash and Cash Equivalents		
Cash on hand	0.04	0.02
Cheques in hand	0.00	0.02
Balances with Scheduled Banks		
in Current and Cash Credit accounts	1.08	7.42
in Term Deposits	0.69	76.06
	1.12	7.46

The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on Cash Flow Statement and presents cash flows by operating, investing and financing activities

Figures in the Bracket are outflows / deductions

Figures of the previous year have been regrouped / rearranged wherever necessary to make it comparable to the current year presentation

As per our report of even date attached

For and on behalf of the Board of Directors
RASHTRIYA CHEMICALS AND FERTILIZERS LTD.

For **NBS & Co.**
Chartered Accountants
Firm Regn. No.110100W

For **Kalyaniwalla & Mistry**
Chartered Accountants
Firm Regn. No.104607W

(R.G.Rajan)
Chairman and Managing Director
DIN: 01253189

(Devdas Bhat)
Partner
Membership No: 48094

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

(Suresh Warrior)
Director (Finance)
DIN : 06920261

Dated : 26.05.2016
Place: Mumbai

(D. M. Sati)
Company Secretary
Membership No: 23683

Dated : 26.05.2016
Place : Mumbai



A. Statement of Significant Accounting Policies forming Part of Consolidated Financial Statements for the year ended 31st March 2016

1. Basis of Preparation of Consolidated Financial Statements:

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 Rashtriya Coal Gas Fertilizers Ltd. (RCGFL)].

Accounting Convention:

The Consolidated Financial Statements of the Company and its Jointly Controlled Entities have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards (AS) under Companies Act 2013 and the relevant provisions of the Companies Act 2013 (“the Act”). The financial statements have been prepared under the historical cost convention, on an accrual basis. The accounting policies have been consistently applied by the Company and its Jointly Controlled Entities and are consistent with those used in the previous year.

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 2016.

Principles of Consolidation:

The financial statements of Jointly Controlled Entities are combined by applying proportionate consolidation method on a line by line basis on items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27-“Financial Reporting of Interests in 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 31-3-2016	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
Rashtriya Coal gas Fertilizers Limited	India	30%	13-Nov-2015

Presentation and disclosure of financial statements

As per criteria set out in the revised Schedule III notified under the Act, all assets and liabilities have been classified as current or non-current which are as under:

Based on the nature of products and the time taken between the acquisition of assets or processing and their realization in cash and cash equivalents, company has ascertained its operating cycle.

The threshold for classification as current or non-current assets is determined either by the realization of such assets within the normal operating cycle or if such asset is expected to be realized within twelve months after the reporting date. Thus 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.

Similarly in case of liabilities the same is classified as current where it is expected to be settled within 12 months after reporting date and where the company does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date.

2. Use of Estimates:

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively when revised, in current and future periods.

3. Fixed Assets

Tangible Assets

Tangible Assets are stated at cost net of recoverable taxes, trade discounts and rebates, less accumulated depreciation and impairment loss, if any. The cost of tangible assets comprises its purchase price, borrowing cost attributable to acquisition of qualifying fixed assets up to the date of commissioning of the assets and other incidental expenses incurred up to that date and any cost directly attributable to bringing the asset to its working condition for its intended use and adjustments relating to exchange differences on translation / settlement of long term monetary items pertaining to the acquisition of a depreciable asset.

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 are treated as inventory.

The Government/Institutional grants of capital nature are adjusted to the gross block of relevant Fixed Assets.

Projects under which assets are not ready for their intended use are shown as Capital Work-in-Progress.

Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization and impairment loss, if any. 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 and adjustments, if any, relating to exchange differences on translation / settlement of long term monetary

items pertaining to the acquisition of an intangible asset.

4. Depreciation/Amortization -

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 appliances and end user computing devices like desk tops, laptops etc. where it is considered as NIL.

Depreciation on 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. 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 additions/deductions to Gross Block is calculated on pro-rata basis from the date of such additions/and up to the date of such deductions as per useful lives of such assets on Straight Line Basis.

Depreciation on each item of an asset costing less than ₹5,000 are depreciated at 100% in the year of capitalization.

Leasehold land is amortized equally over the lease period pro-rata from the month the asset is available to the Company.

Intangible Assets

Intangible assets (software applications) 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 up to ₹1 lakh in each case are being charged off in the year of incurrence.

Impairment of Assets:

The carrying amounts of assets are reviewed at each Balance Sheet date for identifying an impairment based on internal/external factors. Loss on impairment is provided to the extent the carrying amount of assets exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. After



recognition of impairment loss, the revised carrying amount less residual value of the impaired asset would be depreciated on systematic basis over its remaining useful life. A previously recognized loss on impairment is increased or reversed depending on the change in the circumstances. 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.

5. 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, if any, 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. All other borrowing costs are charged to statement of Profit and Loss.

6. Foreign Currency Transactions

Transactions in Foreign currency are recorded in the reporting currency by applying the currency rate as at the date of transaction.

Monetary items denominated in foreign currency are translated at the rates of exchange prevalent on the Balance Sheet date. The resultant exchange differences are recognized in the Statement of Profit and Loss. Non-monetary items are recorded at the rates prevalent on the date of the transaction.

Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the 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.

All other exchange differences (gains or losses) are recognized in the Statement of Profit and Loss in the period in which they arise.

7. Derivative Instruments

The Company uses derivative financial instruments

such as forward contracts and options to hedge its exposure associated with foreign currency fluctuations. These derivative instruments are accounted as follows:-

- a) For forward contracts (including instruments which are in substance forward contracts) which are not intended for trading or speculative purposes, the premium or discount on such contracts i.e. (difference between the contract rate and the spot rate on the date of the contract) is recognized as expense or income in the Statement of Profit and Loss over the life of the contract. The difference between the year-end rate and rate on the date of the contract is recognized as exchange difference. Profit or loss arising out of cancellation or renewal of such contracts is recognized as expense or income in the Statement of Profit and Loss for the period.
- b) Outstanding Derivative contracts, other than those covered under Accounting Standard-11 as at the Balance sheet date are marked to market and loss on valuation is recognized in the Statement of Profit and Loss. Gains if any are ignored in line with the principle of prudence enunciated in Accounting Standard-1, Disclosure of Accounting policies as per the announcement of Institute of Chartered Accountants of India.

8. Investments

Investments that are readily realizable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current Investments are valued at lower of cost and fair value. Long term investments are carried at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

9. Inventory

9.1 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.

9.2 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.

9.3 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. -

Used loose tools are treated as consumed and hence not valued.

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.

9.4 Measurement of Cost / Realizable Value

9.4.1 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.

9.4.2 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 freight incurred is included in valuing stocks in field warehouses and in transit.

9.4.3 Cost of Traded Fertilizers

It comprises of Cost of Purchases as defined under 9.4.1 plus bagging, handling and transportation costs incurred to bring the material in its present location and condition.

9.4.4 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 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 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 the year-end lowest selling prices net of variable selling and distribution cost.

10. Trade receivables, other debts, loans and advances are provided for as doubtful upon review on case to case basis.

Subsidy receivable from Government overdue over 3 years are provided for as doubtful.

11. Leases

Assets acquired on leases wherein a significant portion of the risks and rewards of ownership are



retained by the lessors are classified as operating leases. Lease rentals paid for such leases are recognized as an expense as per the lease terms which is more representative of the time pattern of the benefit.

Rental income on leases is accounted for an accrual basis in accordance with the terms of the contract. This is more representative of the time pattern in which benefit derived from the use of the leased asset is diminished.

12. Taxation

Provision for Current Income Tax is made in accordance with the Income Tax Act 1961.

Deferred Tax resulting from “timing difference” between book profit and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future and for unabsorbed depreciation or carry forward of losses where there is a virtual certainty of their adjustment in future.

13. Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprises of cash in hand, cash at bank and short term investments with an original maturity of three months or less.

14. Segment Information

The Company has recognized its factory at Trombay, factory at Thal and Trading, as geographical segments based on location of assets (primary segments) and its activities of manufacture and sale of fertilizers, and manufacture and sale of industrial products as business segments (secondary segments). This is based on its internal reporting, review of performance, decision making relating to future allocation of resources, policy parameters influencing business etc. by the Company's management.

15. Employee Benefits

15.1 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.

15.2 Post-employment benefits:

Contribution to Provident Fund is accounted for on accrual basis. 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 and shortfall, if any, shall be made good by the Company. Such shortfall on account of interest, if any, is recognized in the Statement of Profit and Loss.

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 comprising of gratuity, leave encashment on retirement, post-retirement medical benefits and long term service award are recognized based on the present value of Defined Benefit Obligation based on actuarial valuation carried out as on the date of the Balance Sheet. The actuarial valuation is done as per Projected Unit Method. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of assets, wherever applicable.

16. 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.

For the purpose of calculating diluted EPS, net profit or loss after tax for the year attributable to equity shareholders are divided by the weighted average number of equity shares outstanding during the year and are adjusted for the effects of all dilutive potential equity shares.

17. Research and Development Expenditure

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.

18. Revenue Recognition

Sales are recognized on an accrual basis when all significant risks and rewards of ownership are transferred to the buyer and the Company retains no effective control of the goods transferred.

Gross Sales (net of returns) include excise duty, wherever applicable.

Subsidy income is accounted on the quantity sold during the year.

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.

Other Income is recognized on an accrual basis.

Dividend income is recognized when right to receive dividend is established.

Interest Income is recognized when no significant uncertainty as to its realization exists and is accounted on time proportion basis at contracted rates.

Scrap, salvaged/waste materials and sweepings are accounted for on realization.

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.

19. Debits/Credits Relating to Prior period

Income and expenditure pertaining to earlier period and up to ₹1,00,000/- in each case, are not being classified as relating to "prior period".

20. Prepaid Expenses

Individual expense up to ₹25,000/- is not considered in classifying prepaid expenses.

21. Government Grants

Government grants are recognized when there is a reasonable assurance that the same will be received and conditions stipulated for its entitlement are complied with. Revenue grants are recognized in the Statement of Profit and Loss. They are adjusted to the related item of expense. Capital grants are reduced from the Gross Value of the respective assets. Other capital grants in the nature of Promoter's contribution are credited to capital reserve.

22. Contingent Liabilities and Provisions

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 neither recognized nor disclosed in the financial statements.

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE NO. 1	“SHARE CAPITAL”	₹ Crore	
		AS AT 31.03.2016	AS AT 31.03.2015
Authorised			
	80,00,00,000 Equity Shares of ₹10/- each.	800.00	800.00
Issued, Subscribed and Paid Up			
	55,16,88,100 Equity shares of ₹10/- each fully paid up.	551.69	551.69
	TOTAL	551.69	551.69

RECONCILIATION OF SHARES OUTSTANDING AT THE BEGINNING AND END OF THE REPORTING YEAR

	31.03.2016		31.03.2015	
	No.	₹ Crore	No.	₹ Crore
EQUITY SHARES				
At the beginning of the year	55,16,88,100	551.69	55,16,88,100	551.69
Issued during the year	-	-	-	-
Outstanding at the end of the year	55,16,88,100	551.69	55,16,88,100	551.69

Terms/Rights Attached to Equity shares

The Group has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.

DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE GROUP

	31.03.2016		31.03.2015	
	No.	% age of share holding	No.	% age of share holding
EQUITY SHARES				
President of India	44,13,53,888	80.00%	44,13,53,888	80.00%
Life Insurance Corporation of India	2,97,61,945	5.39%	3,07,59,700	5.58%

NOTE NO. 2	“RESERVES AND SURPLUS”	₹ Crore	
		AS AT 31.03.2016	AS AT 31.03.2015
General Reserve			
	Balance as per last Balance Sheet	2164.47	1938.24
	Add : Transferred from Statement of Profit and Loss	112.17	226.23
	Add : Transfer from RCF - EEC Asset Management Reserve	0.16	-
	Closing Balance	2276.80	2164.47

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore	
NOTE NO. 2	“RESERVES AND SURPLUS”	AS AT 31.03.2016	AS AT 31.03.2015
RCF - EEC Asset Management Reserve			
	Balance as per last Balance Sheet.	0.16	0.16
	Less: Transfer to General reserve	0.16	
	Closing Balance	-	0.16
Surplus in the Statement of Profit and Loss			
	Profit for the year	185.21	345.75
	Less: Appropriations		
	Proposed Dividend (₹1.10 per share, PY ₹1.80 per share)	60.69	99.30
	Tax on Dividend	12.35	20.22
	Transfer to General Reserve	112.17	226.23
	Total Appropriations	185.21	345.75
	Net Surplus in the Statement of profit and Loss	-	-
	TOTAL	2276.80	2164.63

		₹ Crore			
NOTE NO. 3	“LONG TERM BORROWINGS”	NON CURRENT		CURRENT MATURITIES	
		AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016	AS AT 31.03.2015
SECURED					
Term Loan from Banks					
1 Rupee Loan from Banks					
	a. Kotak Mahindra Bank	8.34	41.67	33.33	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 10.35% pa and the remaining 50% of the loan carries a floating rate of interest benchmarked to the Bank's PLR plus margin of 0.90% per annum and during the year the rate of interest varied around 10.26% per annum. The rate of interest is now fixed at 10% per annum wef September 2014. Repayment of the said loan will fall due for ₹ 33.33 crore in F.Y. 2016-17 and ₹ 8.34 crore in F.Y. 2017-18.				



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

NOTE NO. 3 “LONG TERM BORROWINGS”	NON CURRENT		CURRENT MATURITIES	
	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016	AS AT 31.03.2015
<p>b. Hongkong and Shanghai Banking Corporation (HSBC) 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 the year.</p>	-	-	-	6.00
<p>c (i) State Bank of India(SBI) (Amount sanctioned ₹ 20.05 crore)</p>	7.53	7.52	0.70	-
<p>(ii) Dena Bank (Amount sanctioned ₹44.00 crore)</p>	22.46	20.29	1.94	-
<p>(iii) New India Co-operative Bank (Amount sanctioned ₹ 24 crore) As per multi Banking loan agreement, secured</p>	10.97	12.39	1.18	-
<p>The above loans by SBI,Dena Bank and New India Co-operative Bank are secured by</p> <p>a) First charge on all movable and immovable asset present and future leasehold land of Joint Venture entity ranking pari passu with other term lenders.</p> <p>b) Based on Company’s request the terms loan account was restructured by Corporate Debt Restructuring (CDR) Cell during 2013-14 with the following major terms and conditions:</p> <ol style="list-style-type: none"> Cut Off Date (COD) as September 1, 2012. Rate of interest is 11% p.a.with re-set option annually after three years. Term Loan repayable in twenty structured quarterly instalments commencing from 31st December 2015. Overdue interest as on COD and future interest on Term Loan for thirty months from COD to be transferred to Funded Interest Term Loan (F I T L). Rate of interest at 11.00% p.a with reset option once in three years. 				

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2016**

NOTE NO. 3 “LONG TERM BORROWINGS”	NON CURRENT		CURRENT MATURITIES	
	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016	AS AT 31.03.2015
5. FITL to be repaid in twelve structured quarterly installments commencing from December 2015. Interest on FITL to be serviced as and when applied.				
6. Non CDR lender - MAS New India Co-operative Bank to fall in line with CDR restructuring terms.				
7. Initial working capital requirement is assessed as ₹6.00 crore. After meeting the Dena Bank’s share of ₹4.40 crore, the balance ₹1.60 crore is to be bought in by the Company to bridge the gap.				
8. As a common security for Term Loan and Working Capital finance, Corporate guarantees from Promoter Companies on a equal share is required to be given. (₹37.67 crore) being 50% share, P.Y. (₹37.67 crore)				
	49.29	81.87	37.15	39.33
SECURED				
2 Foreign Currency Loan / External Commercial Borrowings				
a. HSBC Bank (Mauritius) Limited 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 ₹59.04 crore in F.Y. 2016-17 and ₹ 71.64 crore in F.Y. 2017-18.	71.64	123.30	59.04	24.41
b. HSBC Bank (Mauritius) Limited 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. Repayment of the said loan would fall due for ₹ 122.72 crore in F.Y. 2016-17.	0.00	115.79	122.72	-



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore			
NOTE NO. 3	“LONG TERM BORROWINGS”	NON CURRENT		CURRENT MATURITIES	
		AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016	AS AT 31.03.2015
c. Kotak Mahindra Bank Limited		72.90	93.80	26.50	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 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 ₹ 26.51 crore in F.Y. 2016-17, ₹ 26.51 crore in F.Y. 2017-18, ₹ 26.51 crore in FY 2018-19 and ₹ 19.88 crore in FY 2019-2020.				
		144.54	332.89	208.26	30.66
	Amount disclosed under the head “OTHER CURRENT LIABILITIES” (Refer Note No. 9)			(245.41)	(69.99)
	TOTAL	193.83	414.76	-	-

		₹ Crore	
NOTE NO. 4	“DEFERRED TAX LIABILITIES (NET)”	AS AT 31.03.2016	AS AT 31.03.2015
a. Deferred Tax Liability:			
	Depreciation / Impairment	310.75	302.68
	TOTAL	310.75	302.68
b. Deferred Tax Asset:			
	Provision for doubtful debts/claims/advances	6.05	7.62
	Provision for obsolescence of stores	6.58	5.83
	Provision for dimunition in value of investments	12.26	11.38
	Expenditure allowed on payment basis	70.72	78.13
	Other Timing Differences	4.54	2.99
	TOTAL	100.15	105.95
	Net Deferred Tax Liability	210.60	196.73

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore	
NOTE NO. 5	“OTHER LONG TERM LIABILITIES”	AS AT 31.03.2016	AS AT 31.03.2015
A)	Trade Payables	181.97	-
B)	Others		
	Security Deposit from Vendors	6.50	7.88
	Standing Deposit from Customers	2.70	47.28
	Deposit from Employees	0.01	0.01
	TOTAL	191.18	55.17

		₹ Crore			
NOTE NO. 6	“PROVISIONS”	LONG TERM		SHORT TERM	
		AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016	AS AT 31.03.2015
A)	Provision for Employee Benefits				
	Leave Salary Encashment	91.28	98.77	96.83	79.71
	Post Retirement Medical Benefits	53.68	51.91	4.43	3.61
		144.96	150.68	101.26	83.32
B)	Other Provisions				
	Proposed Dividend			60.69	99.30
	Tax on Dividend			12.35	20.22
	Provision for Taxation less Advance Tax				5.09
	Others			2.53	2.53
				75.57	127.14
	TOTAL	144.96	150.68	176.83	210.46

		₹ Crore	
NOTE NO. 7	“SHORT TERM BORROWINGS”	AS AT 31.03.2016	AS AT 31.03.2015
SECURED:			
Working Capital facilities from Bank			
	Cash Credit from banks	16.73	26.44
	Working Capital Demand Loan	1120.00	565.00
	Total Secured	1136.73	591.44
UNSECURED:			
	Foreign currency loans from banks-Buyers Credit	916.43	769.63
	Rupee loans from banks	550.00	150.00
	Total Unsecured	1466.43	919.63
	TOTAL	2603.16	1511.07

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 9.35% to 10.10% per annum during the year.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2016**

		₹ Crore	
NOTE NO. 8	“TRADE PAYABLES”	AS AT 31.03.2016	AS AT 31.03.2015
Trade Payables			
(A)	Outstanding dues of micro enterprises and small enterprises	12.20	12.05
(B)	Outstanding dues of creditors other than micro enterprises and small enterprises	599.06	586.14
TOTAL		611.26	598.19

		₹ Crore	
NOTE NO. 9	“OTHER CURRENT LIABILITIES”	AS AT 31.03.2016	AS AT 31.03.2015
	Current maturities of long term debt (Refer Note No.3)	245.41	73.81
	Interest accrued but not due on borrowings	9.72	6.61
	Interest accrued but due on borrowings	0.41	0.41
	Income received in advance	58.14	77.61
	Unclaimed dividend *	0.64	0.56
		314.32	159.01
Other Payables			
	Creditors on Capital Account	21.06	13.90
	Trade Deposit from Customers	116.84	52.29
	Earnest Money Deposit & Security Deposit from Vendors	54.54	40.16
	Subsidy on unsold stock	219.82	50.64
Statutory Dues:			
	Withholding Taxes	2.48	6.09
	VAT/Sales Tax	4.68	4.58
	Other taxes	4.54	3.54
Other Liabilities:			
	Ex-gratia & employee benefits	22.30	68.62
	Others	20.28	17.05
		466.54	256.87
		780.86	415.88

* No amounts are due and payable to Investor Education and Protection Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE No. 10

FIXED ASSETS

₹ Crore

FIXED ASSETS Description	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTISATION			IMPAIRMENT LOSS			NET BLOCK				
	AS.AT 31.03.2015	Of Additions/ Adjust- ments	Of Deductions/ Adjust- ments	AS.AT 31.03.2016	UPTO 31.03.2015	Provided during the year	UPTO 31.03.2016	On items Sold/ Discarded/ Adjusted	UPTO 31.03.2016	UPTO 31.03.2015	Provided during the year	UPTO 31.03.2016	AS.AT 31.03.2015	AS.AT 31.03.2016
Tangible Assets:														
Land (Freehold)	10.79	-	-	10.79	-	-	-	-	-	-	-	-	10.79	10.79
Land (Leasehold) #	11.18	-	-	11.18	3.11	0.46	3.57	-	3.57	-	-	3.57	7.61	8.07
Roads & Culverts	14.42	4.12	-	18.54	11.14	1.19	12.33	-	12.33	-	-	12.33	6.21	3.28
Buildings	203.47	9.63	0.61	212.50	120.78	5.23	125.71	0.31	125.71	-	-	125.71	86.79	82.68
Railway sidings	53.94	0.49	-	54.43	42.43	1.61	44.04	-	44.04	-	-	44.04	10.39	11.51
Plant & Machinery	3617.74	96.31	9.55	3704.50	2135.15	117.16	2243.41	8.90	2243.41	115.07	9.19	124.26	1336.83	1367.52
Water System, Sewerage & Drainage	27.54	11.05	-	38.59	20.40	0.52	20.92	-	20.92	-	-	-	17.67	7.14
Miscellaneous Equipments	101.35	12.80	2.26	111.89	70.22	6.32	74.40	2.14	74.40	-	-	-	37.49	31.13
Furniture & Fixtures	14.56	4.56	0.21	18.91	5.52	4.43	9.75	0.20	9.75	-	-	-	9.15	9.03
Office Equipments	41.34	1.69	0.06	42.97	27.86	1.30	29.14	0.02	29.14	-	-	-	13.83	13.48
Transport Vehicles	6.19	0.39	0.09	6.49	4.19	0.63	4.74	0.08	4.74	-	-	-	1.75	2.00
Sub Total	4102.52	141.05	12.78	4230.79	2440.81	138.85	2568.01	11.65	2568.01	115.07	9.19	124.26	1538.51	1546.63
Intangible Assets														
Computer Software	18.17	3.68	-	21.85	12.92	3.34	16.26	-	16.26	-	-	-	5.59	5.24
TOTAL	4120.69	144.73	12.78	4252.64	2453.73	142.19	2584.27	11.65	2584.27	115.07	9.19	124.26	1544.11	1551.87
Previous Year Figures	4073.26	156.08	108.66	4120.67	2329.23	224.59	2453.73	100.09	2453.73	68.43	46.64	115.07	1551.87	
Share of Joint Venture Assets included in above	63.11					5.09	16.63							
Capital work in progress													149.97	61.50
TOTAL ASSETS													1694.08	1613.37



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE No. 10**FIXED ASSETS****Notes:**

		₹ Crore	
		Year Ended 31.03.2016	Year Ended 31.03.2015
1	Charged to Statement of Profit & Loss:		
	Depreciation and Amortisation provided during the year	141.03	216.68
	Impairment provided during the year	9.19	46.64
	Sub Total	150.22	263.32
	Under Research and Development	0.13	0.17
	As net adjustment relating to Prior Years	1.02	7.74
		151.37	271.23
2	Additions/Adjustments include the following	Item of Asset	
	Exchange Differences	Plant & Machinery	21.34
	Borrowing Costs		-
			21.34
3	Land at Thal included in Gross Block (at cost) at ₹ 2.33 Crore is subject to final revision in price.		
4	The Company is charging rent to certain Public Sector Undertakings & other parties for utilising part of its Land & Buildings. It is not feasible to segregate Cost & Depreciation amount in respect of Fixed Asset so utilised & hence has not been disclosed separately		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

NOTE NO. 11	“NON-CURRENT INVESTMENTS “	AS AT 31.03.2016	AS AT 31.03.2015
	Unquoted Investments		
	Others		
	Indian Potash Limited (3,36,600 equity shares of ₹ 10 each)	0.17	0.17
		0.17	0.17

₹ Crore

NOTE NO. 12	“LOANS AND ADVANCES”	NON CURRENT		CURRENT	
		AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016	AS AT 31.03.2015
a.	Capital Advances -Unsecured Considered good	42.19	13.29	-	-
	Considered Doubtful	-	0.69	-	-
	Less:Provision	-	(0.69)	-	-
		42.19	13.29	-	-
b.	Security Deposits-Unsecured Good (Refer Note No. 25.3)	17.10	16.93	1.63	1.66
	Considered Doubtful	0.19	0.19		
	Less:Provision	(0.19)	(0.19)		
		17.10	16.93	1.63	1.66
c.	Loans- Employees- Secured Considered Good	1.71	2.18	1.96	2.96
d.	Advances recoverable in cash or kind				
	Unsecured - Considered good				
	Contractors	-	-	60.74	26.67
	Employees	0.02	0.01	0.21	0.29
	VAT Receivable	296.03	165.28	0.03	0.61
	Others	0.16	0.21	6.90	4.02
		296.21	165.50	67.87	31.58
	Considered Doubtful -Others	8.83	8.04	-	-
	Less:Provision for doubtful advances	(8.83)	(8.04)	-	-
		-	-	-	-



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

NOTE NO. 12	“LOANS AND ADVANCES”	NON CURRENT		CURRENT	
		AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016	AS AT 31.03.2015
e.	Advance Income Tax (Net of Provision)	48.36	0.02	0.00	0.03
f.	Deposits with Customs, Port Trust etc.	0.63	0.77	1.62	1.55
g.	Prepaid expenses	0.09	0.66	1.32	1.69
	TOTAL	406.29	199.35	74.40	39.47

₹ Crore

NOTE NO. 13	“OTHER ASSETS”	NON CURRENT		CURRENT	
		AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016	AS AT 31.03.2015
Unsecured-Considered Good, unless Otherwise Stated					
	Unamortized Premium on Forward contracts	-	-	2.41	1.53
	Interest Accrued	-	-	0.13	0.15
	Assets held for Disposal			0.72	0.72
	Other Receivables	10.76	9.87	14.82	28.13
	Other Receivables - Considered Doubtful	0.26	1.18	-	-
	Less:Provision for Doubtful Receivables	(0.26)	(1.18)	-	-
		10.76	9.87	14.82	28.13
	TOTAL	10.76	9.87	18.08	30.54

₹ Crore

NOTE NO. 14	“ INVENTORIES”	AS AT 31.03.2016	AS AT 31.03.2015
	Raw materials	354.10	363.26
	Finished Goods	374.31	167.41
	Stock in Trade / Bought out Products	59.56	44.05
	Intermediary Products	42.52	29.88
	By Products	10.08	10.04
	Stores & Spares, Packing Materials and Petroleum Products	396.52	394.57
	Less: Provision for Obsolescence/Loss under Investigation	(19.02)	(15.85)
		377.50	378.72
	Certified Emission Reduction Credits (No. of Units C.Y.9,73,738; P.Y.9,73,738)	-	-
	TOTAL	1218.07	993.36

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore	
NOTE NO. 14	“ INVENTORIES ”	AS AT 31.03.2016	AS AT 31.03.2015
Inventory Includes:			
i) In Transit			
Raw Materials		124.76	76.14
Finished Goods		5.84	16.60
ii) Stores and Spares			
a) Under inspection		4.52	1.99
b) Platinum & Rhodium stolen in earlier year and under investigation which is not available for verification		0.21	0.21
c) With fabricators		16.66	11.41

		₹ Crore			
NOTE NO. 15	“TRADE RECEIVABLES”	NON CURRENT		CURRENT	
		AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016	AS AT 31.03.2015
Overdue for a period exceeding six months					
Secured-considered good					
Debtors				4.44	0.67
				4.44	0.67
Unsecured-considered good					
Debtors				0.51	0.91
Subsidy Receivables				1151.42	894.92
				1151.93	895.83
Other Debts					
Secured-considered good					
Debtors				90.77	87.52
Subsidy Receivables				-	-
				90.77	87.52
Unsecured-considered good					
Debtors				292.30	207.73
Subsidy Receivables				2776.02	2105.76
				3068.32	2313.49



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

₹ Crore

NOTE NO. 15	“TRADE RECEIVABLES”	NON CURRENT		CURRENT	
		AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016	AS AT 31.03.2015
	Debtors Unsecured Considered Doubtful	1.95	1.43		
	Less: Provision for doubtful debts	(1.95)	(1.43)		
		-	-		
	Subsidy Receivables - Considered Doubtful	4.38	8.74		
	Less: Provision for doubtful subsidy	(4.38)	(8.74)		
		-	-		
	Sub Total - Sundry Debtors			388.02	296.83
	Sub Total - Subsidy Receivables			3927.44	3000.68
	TOTAL			4315.46	3297.51

₹ Crore

NOTE NO. 16	“CASH AND BANK BALANCES”	AS AT 31.03.2016	AS AT 31.03.2015
	Cash and Cash Equivalents	0.04	0.02
	Cash on hand	-	0.02
	Cheques in hand	0.25	-
	Remittances in transit	0.69	76.06
	Deposits with original maturity less than 3 months	1.08	7.42
	In Current and Cash Credit accounts	2.06	83.52
	Other Bank Balances	1.15	1.54
	Deposits with original maturity more than 3 months but less than 12 months	0.64	0.56
	In unpaid Dividend Account	1.79	2.10
	TOTAL	3.85	85.62

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore	
NOTE NO. 17	“REVENUE FROM OPERATIONS”	Year Ended 31.03.2016	Year Ended 31.03.2015
1	Sales		
	A. Manufactured Products	17A	
	Fertilizers	2424.83	2482.24
	Industrial Products	1002.06	1051.51
		3426.89	3533.75
	Less: Excise duty	(142.19)	(148.21)
		3284.70	3385.54
	B. Bought-out Products	17A	
	Fertilizers	778.47	423.61
	Net Sales	4063.17	3809.15
2.	Other Operating Revenues	17B	
	Subsidy on Urea & Complex Fertilizers	4574.00	3876.52
	Sale of Scrap	9.23	18.14
	Management Fees -For Services rendered	13.05	11.76
	TOTAL	4596.28	3906.42
	Revenue from Operations(Net)	8649.45	7715.57

		₹ Crore	
NOTE NO. 17A	“SALES - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2016	Year Ended 31.03.2015
1	Manufactured		
	A. Fertilizers		
	Urea	60.11	659.95
	Suphala 15 : 15 : 15	742.95	632.89
	Suphala 20 : 20 : 0 (Ammonium Nitrate Phosphate)	298.40	392.48
	Neem coated Urea	1276.47	730.77
	Others	46.90	66.15
		2424.83	2482.24
	B. Industrial Products		
	Methanol	0.43	104.12
	Ammonia	402.74	323.54
	Methylamines	84.59	119.81
	Ammonium Nitrate Melt	276.99	251.73
	Others	237.31	252.31
		1002.06	1051.51



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore	
NOTE NO. 17A	“SALES - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2016	Year Ended 31.03.2015
2	Bought-out Products		
	Imported Muriate of Potash	142.99	155.12
	Imported Urea	96.05	124.11
	Single Super Phosphate	0.29	53.09
	Sale of Swapped gas	528.13	0.00
	Others	11.01	91.29
		778.47	423.61
	TOTAL *	4205.36	3957.36

* Sales are net of trade rebates and discounts (C.Y ₹ 115.99 crore, P.Y. ₹ 127.19 crore)

		₹ Crore	
NOTE NO. 17B	“SUBSIDY ON UREA & COMPLEX FERTILIZERS”	Year Ended 31.03.2016	Year Ended 31.03.2015
Manufactured Fertilizers			
	Price	3887.38	3182.04
	Freight	509.50	492.27
		4396.88	3674.31
Bought-out Fertilizers			
	Price	127.69	152.09
	Freight	49.43	50.13
		177.12	202.22
	TOTAL	4574.00	3876.52

		₹ Crore	
NOTE NO. 18	“ OTHER INCOME”	Year Ended 31.03.2016	Year Ended 31.03.2015
Interest Income			
	On Loans to Employees*	-	0.01
	On Deposits with Bank and Others	1.11	2.98
	From Customers	2.89	2.38
	From Others	2.40	0.24
	*(C.Y. ₹ 32,743, P.Y. ₹ 1,25,269)		
	TOTAL	6.40	5.61

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore	
NOTE NO. 18	“ OTHER INCOME”	Year Ended 31.03.2016	Year Ended 31.03.2015
Other Income			
	Lease rent for railway wagons	0.71	0.71
	Dividend from Trade Investment	0.08	0.08
	Dividend from other than Trade Investment	0.03	0.01
	Profit on sale of fixed assets (Net)	0.12	0.04
	Bad debts recovered	0.58	4.83
	Provisions for Doubtful debts/advances/obsolescence no longer required	7.27	3.70
	Liabilities/Provisions for expenses of earlier years no longer required	23.27	8.56
	Rent received, recovery of electricity etc.	25.68	23.78
	Miscellaneous Income	48.09	27.18
		105.83	68.89
	Less: Transfer to Research and Development Expenses (Refer Note 24C)	-	(0.01)
	(C.Y. ₹ 15,638 ; P.Y. ₹ 66,737)	112.23	74.49

		₹ Crore	
NOTE NO. 19	“COST OF MATERIALS CONSUMED”	Year Ended 31.03.2016	Year Ended 31.03.2015
Raw Materials	19A	3371.20	2961.95
Packing Materials		128.86	151.11
	TOTAL	3500.06	3113.06

		₹ Crore	
NOTE NO. 19A	“ITEMWISE BREAKUP OF MATERIALS CONSUMED”	Year Ended 31.03.2016	Year Ended 31.03.2015
RAW MATERIALS			
	Rock Phosphate	168.03	224.83
	Di-Ammonium Phosphate	119.86	46.51
	Mono-Ammonium Phosphate	229.91	230.24
	Muriate of Potash	268.87	223.12
	Natural Gas	2468.36	2144.06
	Others	116.17	93.19
	TOTAL	3371.20	2961.95



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore	
NOTE NO. 20	“PURCHASES OF STOCK IN TRADE”	Year Ended 31.03.2016	Year Ended 31.03.2015
RAW MATERIALS			
	Imported Urea	85.41	202.93
	Imported Muriate of Potash	255.47	202.24
	NPK 10:26:26	-	71.03
	Swapped Gas	515.21	-
	Others	11.89	49.68
	TOTAL	867.98	525.88
	Less: Transferred to Plant for internal consumption		
	Imported DAP	0.70	-
	TOTAL	867.28	525.88
		₹ Crore	
NOTE NO. 21	“CHANGES IN INVENTORIES OF FINISHED GOODS & STOCK-IN-TRADE”	Year Ended 31.03.2016	Year Ended 31.03.2015
Opening Stock			
	Finished Goods 21A	167.41	176.90
	Intermediary Products	29.88	27.54
	By-Products	10.04	8.70
	Stock in trade 21A	44.06	29.57
	Carbon Credits	-	0.88
	Sub-Total	251.39	243.59
Closing Stock			
	Finished Goods 21B	374.87	167.41
	Intermediary Products	42.52	29.88
	By-Products	10.08	10.04
	Stock in trade 21B	59.57	44.06
	Sub-Total	487.04	251.39
	Changes in Inventories	(235.66)	(7.80)
	Differential Excise duty on stocks of Finished goods	2.04	(0.23)
	TOTAL	(233.62)	(8.03)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore	
NOTE NO. 21A	“OPENING STOCK - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2016	Year Ended 31.03.2015
Finished Goods			
1	Manufactured		
	A Fertilizers		
	Urea (Trombay)	14.10	24.73
	Urea (Thal)	43.57	55.41
	Complex Fertilizers	77.46	51.22
	Others	24.08	31.59
	B Industrial Products	7.37	13.62
		166.58	176.57
2	Bought-out Products		
	Fertilizers		
	Imported Di Ammonium Phosphate	0.19	18.14
	Imported Urea	41.99	0.00
	Single Super Phosphate	0.41	5.25
	Water Soluble Fertilizers	0.43	4.95
	Others	1.04	1.23
		44.06	29.57
	TOTAL	210.64	206.14

		₹ Crore	
NOTE NO. 21B	“CLOSING STOCK - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2016	Year Ended 31.03.2015
Finished Goods			
1	Manufactured		
	A Fertilizers		
	Urea (Trombay)	55.26	14.10
	Urea (Thal)	166.95	43.57
	Complex Fertilizers	115.43	77.46
	Others	31.64	24.08
	B Industrial Products	3.58	7.37
		372.86	166.58



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore	
NOTE NO. 21B	“CLOSING STOCK - PRODUCT WISE BREAK-UP”	Year Ended 31.03.2016	Year Ended 31.03.2015
2	Bought-out Products		
	Fertilizers		
	Imported Di Ammonium Phosphate	55.94	-
	Imported Muriate of Potash	-	41.99
	Others	3.63	2.07
		<u>59.57</u>	<u>44.06</u>
	TOTAL	<u>432.43</u>	<u>210.64</u>

		₹ Crore	
NOTE NO. 22	“EMPLOYEE BENEFITS EXPENSE”	Year Ended 31.03.2016	Year Ended 31.03.2015
	Salaries, Wages and Bonus	415.83	431.69
	Contribution to Provident Fund and other funds	44.26	42.15
	Contribution to Gratuity Fund	3.19	16.15
	Workmen and Staff Welfare Expenses	55.37	59.89
		<u>518.66</u>	<u>549.87</u>
	Less : Salaries, Wages, Bonus and contribution to Provident Fund & Other funds		
	Included in :		
	Research and Development Expenses (Refer Note No. 24C)	(3.29)	(3.78)
	Share recoverable from Thal Ammonia Extension and Others	(21.67)	(18.58)
		<u>(24.96)</u>	<u>(22.36)</u>
	TOTAL	<u>493.70</u>	<u>527.51</u>

		₹ Crore	
NOTE NO. 23	“FINANCE COSTS”	Year Ended 31.03.2016	Year Ended 31.03.2015
	Interest on Term Loans-From Banks	18.20	22.68
	Interest on Working capital from Banks	71.55	60.33
	Interest on other loans and deposits	4.07	3.76
	Interest on taxes	0.35	3.58
	Other Borrowing & Finance Costs	1.61	1.37
	Applicable net loss on foreign currency transactions and translation in respect of borrowings	50.96	29.87
	TOTAL	<u>146.74</u>	<u>121.59</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore	
NOTE NO. 24	“ OTHER EXPENSES”	Year Ended 31.03.2016	Year Ended 31.03.2015
Stores and Spares		51.86	60.26
Power and Fuel		2341.77	1469.51
Water Charges		38.78	107.64
Repairs and Maintenance	24A	153.44	160.80
Freight and Handling Charges		803.91	748.37
Rent		10.30	7.35
Rates and Taxes		5.41	6.60
Insurance		15.87	15.35
Cash Discounts and other Rebates		25.14	22.07
Miscellaneous Expenses	24B	115.86	115.76
Less: Transferred to Research & Development Expenses (Refer Note no. 24C)		(0.12)	(0.30)
TOTAL		3562.22	2713.41

		₹ Crore	
NOTE NO. 24A	“REPAIRS AND MAINTENANCE”	Year Ended 31.03.2016	Year Ended 31.03.2015
Plant and Machinery		94.07	105.26
Buildings		39.11	32.37
Other Assets		20.35	23.40
		153.53	161.03
Less: Transferred to Research & Development Expenses (Refer Note No. 24C)		(0.09)	(0.23)
TOTAL		153.44	160.80

		₹ Crore	
NOTE NO. 24B	“MISCELLANEOUS EXPENSES”	Year Ended 31.03.2016	Year Ended 31.03.2015
Security expenses-Factory and Others		36.04	30.14
Electricity Charges-Township and Offices		8.63	8.64
Advertisement		5.60	6.40
Bank Charges		1.39	1.49
Promotion and Publicity		4.74	4.42
Hire Charges for vehicles		4.55	4.80
Travelling expenses		5.39	5.82
Entertainment Expenses		0.21	0.24



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		₹ Crore	
NOTE NO. 24B	“MISCELLANEOUS EXPENSES”	Year Ended 31.03.2016	Year Ended 31.03.2015
	Donations	0.00	0.02
	Research and Development expenses	3.88	4.96
	Loss on Fixed Assets Sold /Discarded	0.97	8.16
	Losses/Damages and other amounts written off	0.86	2.50
	Foreign exchange Loss/(Gain)	(1.27)	(10.78)
	Corporate Social Responsibility expenses	9.66	8.30
	Provision for Doubtful Debts/ Claims/ Advances	0.90	4.32
	Provision for obsolescence of stores	4.95	11.16
	Bad debts written off	0.06	1.92
	Prior period Items -Debit(+)/Credit(-)	1.08	8.16
	Recovery of share of common expenses	(22.01)	(21.66)
	Other expenses **	50.23	36.75
	TOTAL	115.86	115.76

** Includes Directors' sitting fees C.Y. ₹ 2,85,000, P.Y. ₹ 2,50,000

		₹ Crore	
NOTE NO. 24C	“RESEARCH & DEVELOPMENT EXPENSES”	Year Ended 31.03.2016	Year Ended 31.03.2015
	Salaries and Staff Welfare Expenses	3.29	3.78
	Repairs and Maintenance	0.09	0.23
	Depreciation	0.13	0.17
	Other Expenses	0.37	0.77
	Handling charges	0.00	0.02
	Sub Total	3.88	4.97
	Less: Transferred from Other Income (C.Y. ₹ 15,638 ; P.Y. ₹ 66,737)	-	(0.01)
	TOTAL	3.88	4.96

		₹ Crore	
NOTE NO. 24D	“PRIOR PERIOD ITEMS”	Year Ended 31.03.2016	Year Ended 31.03.2015
	Interest	0.01	0.41
	Materials Consumed	-	(0.37)
	Depreciation	1.02	7.74
	Others	0.05	0.38
	TOTAL	1.08	8.16

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

25. CONTINGENT LIABILITIES NOT PROVIDED FOR:

25.1 Claims against the Company not acknowledged as debts to the extent ascertainable (Interest cannot be estimated reliably) aggregates to ₹. 404.17 crore (P.Y. ₹ 397.62 crore) which include the following:

a) Claims preferred by local Authorities amounting to ₹ 8.34 crore (P.Y. ₹ 8.34 crore) (net of payment made/liability provided of ₹ 3.95 crore (P.Y. ₹ 3.95 crore). The Capitalization of land at Kurul Township and factory at Thal Unit has been made subject to Arbitration awards/Court decisions in this behalf.

b) Invoices/debit notes raised by M/s GAIL (India) Ltd. which are as under:

₹ Crore

Sr. no	Particulars	As at 31-3-2016	As at 31-3-2015
1	Increased gas transmission charges for ONGC pipeline *	64.30	56.59
2	Price difference between APM and Non APM gas supplies for the period February 2012 to October 2014	114.93	97.99
3	For non-submission for FICC certified gas utilization data	39.39	39.39
	Total	218.62	193.97

* With reference to item mentioned in serial no.1 above, as per the orders of Mumbai High Court, GAIL (India) Ltd. has been restrained from taking any further action on the matter and both the Companies have been directed to resolve the matter through arbitration and the same is under process.

c) Water charges claimed by Municipal Corporation of Greater Mumbai ₹ 1.78 crore (P.Y. ₹ 1.22 crore).

d) Claims before arbitrators/courts, are ₹ 9.62 crore (P.Y. ₹ 11.05 crore).

e) Claims against the Company not acknowledged as debts.

₹ Crore

In respect of Matters under dispute with various authorities	As at 31-3-2016	As at 31-3-2015
Excise Duty (D)	10.82	25.36
Excise Duty (S)	6.78	4.05
Sales Tax (D)	30.59	27.82
Income Tax (D)	21.62	28.52
Service Tax (D)	10.77	12.06
Custom Duty (D)	80.93	80.93

(Demands raised)/(S) (Show cause notice issued).

f) 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.

25.2 In respect of Naphtha purchased by the company at concessional rate of excise duty for the purposes other than mentioned in the exemption notification for the period November 1996 to February 2005, the Company's appeal against the order of CESTAT confirming the demand of excise duty was set aside by the Bombay High Court and the Company paid an amount of ₹ 9.66 crore towards duty and ₹ 2.00 crore towards penalty which was charged to Statement of Profit and Loss account in an earlier year. The Company has appealed against the said order and obtained a Stay in the Hon'ble Supreme Court towards the demand of penalty amounting to ₹ 4.67 crore (inclusive of payment of ₹ 2.00 crore). Further an intimation was received from excise authorities seeking payment of ₹ 18.61 crore towards interest in the said matter in year 2013-14 which has been disputed by the Company since the matter is already resting with Hon'ble Supreme Court. The appeal is yet to be heard.

Further, for the period from March 2005 to October 2005, a show cause notice has been served on similar issue for payment of duty amounting to ₹ 1.77 crore, penalty of similar amount and interest at an appropriate rate which has been stayed by CESTAT on a Stay application filed by the Company, however the appeal is yet to be heard.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

Pending court hearing, no provision is considered necessary.

- 25.3 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 ₹ 16.00 crore to BMC (included in Note no.12) 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.

- 25.4 During 2004-05, Commissioner of Customs (Imports) Mumbai had allowed clearance of the Air Compressor package consignment under provisional assessment on payment of applicable custom duties, furnishing of Bank guarantees towards demand and a revenue deposit of ₹ 5.75 crore.

Thereafter Commissioner of Customs passed an Order for payment of Custom Duty and penalty aggregating to ₹ 25.62 crore against the above matter. Company has paid ₹ 9.27 crore against provisional assessment including Countervailing Duty (CVD) & Cenvat Credit amounting to ₹ 4.49 crore has been availed on the CVD paid.

The Order has been challenged before CESTAT / High Court and by an Order dated 20th June 2007, Bombay High Court stayed the order passed by the Commissioner of Customs and also against invoking the bank guarantees. Bombay High Court has now ordered CESTAT to hear the Appeal filed

by RCF and the appeal before bench of CESTAT is expected to be heard. Company has been advised by solicitors and advocates that the demand is not tenable and no provision is considered necessary.

In respect of clause 25.1 to 25.4 above, it is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flows, if any.

26. Capital Commitments

₹ Crore

Particulars	As at 31-3-2016	As at 31-3-2015
Capital Expenditure Commitments	621.62	273.07

27. 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 30,97,278 Sq. meters, property cards for 3,78,321 Sq. meters (P.Y. 3,93,198 Sq. meters) are yet to be transferred in the name of the Company.
28. 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.
29. 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.
30. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

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 31-3-2016	Year ended 31-3-2015
	Urea	Urea
For the Year	237.97**	500.51**

**Includes Subsidy against marketing margin against RIL gas for use in production of Urea, ₹ 4.03 crore (P.Y. ₹ 87.40 crore), as an interim relief, as directed by Delhi High Court on the referred matter.

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. An amount of ₹ 198.94 crore has been withheld as at 31st March 2016 (₹ 96.89 crore as at 31st March 2015) 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.

31. As per notification no. L-120223/2015-GP-II, dated 20th May, 2015 of Ministry of Petroleum and Natural Gas (MOPNG), Gas Pooling has become applicable from 1st 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 16th December, 2015 has directed GAIL (I) Ltd. to levy a higher gas price (i.e. the highest rate of RLNG used for production of urea) for use in non-urea operations. As the matter relating to

the same is pending before the Inter Ministerial Committee (IMC) of Government of India, Company has represented that any decision on the same be taken only upon the issue being settled by the IMC. However pending finalization of price payable as per letter no. L-13013/3/2012-GP-1, dated 16th December, 2015 of MOPNG, a liability of ₹ 181.97 crore has been recognized based on the pooled price of gas also for its non-urea operations.

32. In accordance with the policy of provision for bad and doubtful debts the Company makes provision towards subsidy due from the Government of India which is outstanding for a period more than 3 years. However Company has not provided for an amount of ₹ 16.22 crore being the compensation towards recognition of increase in cost of gas on account of Petroleum and Natural Gas Regulatory Board (PNGRB) order for the periods relating to 2008-09 to 2010-11. Company expects the same to be notified by Government of India and accordingly no provision is required.
33. Company has recognized its factory at Trombay, factory at Thal and Trading, as geographical segments (primary segments) and its activities of manufacture and sale of fertilizers, and manufacture and sale of industrial products as business segments (secondary segments) in accordance with Accounting Standard -17 on Segment reporting prescribed under the Companies Act, 2013. The segment wise revenue, expenses and capital employed are given in **Annexure-1**.
34. **Information as per Accounting Standard (AS-18) on Related Party Disclosures is given below:-**

Company is under the administrative control of Ministry of Chemicals and Fertilizers, Government of India and is within the meaning of state controlled enterprise as per para 10.13 of Accounting Standard-18.

Key Management Personnel

- (i) Shri R.G.Rajan, Chairman & Managing Director
- (ii) Shri C.M.T. Britto, Director (Technical)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

- (iii) Shri Ashokkumar Ghasghase, Director (Marketing)
- (iv) Shri Suresh Warior Director (Finance) & CFO from 18th July, 2014
- (v) Shri D.M.Sati, Company Secretary from 1st August, 2014
- (vi) Shri R.H. Kulkarni, ED (Finance & CFO) from 13th May, 2014 to 17th July, 2014
- (vii) Shri K.C.Prakash, Company Secretary, upto 31st July, 2014

Details relating to parties referred in above.

Remuneration: -

₹ Crore

Particulars	Year ended 31-3-2016	Year ended 31-3-2015
Shri. R.G.Rajan	0.61	0.51
Shri. CMT Britto	0.46	0.38
Shri.Ashok Kumar Ghasghase	0.59	0.38
Shri.Suresh Warior	0.42	0.20
Shri.D.M.Sati	0.30	0.15
Shri R.H.Kulkarni	0.00	0.05
Shri K.C.Prakash	0.00	0.46
Total	2.38	2.13

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.

35 Earnings per Share –Basic and Diluted

	Year ended 31-3-2016	Year ended 31-3-2015
Net profit after tax as per Statement of Profit and loss (₹ Crore) (A)	185.21	345.75
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)	3.36	6.27

36. In compliance with Accounting Standard 27 on “Financial Reporting of Interests in Joint Ventures”. The required information is as under:-

JOINTLY CONTROLLED ENTITIES

Name of the Company	Country of Incorporation	Percentage of ownership interest as on	
		31-3-2016	31-3-2015
1) FACT-RCF Building Products Ltd.	India	50.00	50.00
2) Urvarak Videsh Ltd.	India	33.33	33.33
3) Rashtriya Coal Gas Fertilizers Ltd	India	30.00	-

- A) **FACT-RCF BUILDING PRODUCTS LTD(FRBL)**:-A Joint venture Company with Fertilizers and Chemicals Travancore Ltd. (FACT) for manufacture of rapid building materials from Gypsum at Kochi.
- B) **URVARAK VIDESH LTD(UVL)**: - A joint venture with National Fertilizers Ltd. and KRIBHCO for revival of closed Fertilizer Units of FCI/HFC group of companies has been formed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

- C) **RASHTRIYA COAL GAS FERTILIZERS LIMITED(RCGFL):** - A new Joint venture Company with Coal India Limited (CIL), GAIL (India) Limited and Fertilizer Corporation of India Limited (FCIL) is incorporated on 13th 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).

The Company's share in assets, liabilities, income, expenditure, contingent liabilities and capital commitments compiled on the basis of audited / un-audited financials received from the above referred jointly controlled entities is as follows:-

₹ Crore

Sr. No.	Particulars	As at 31-03-2016 (Audited)	As at 31-03-2016 (Unaudited)	As at 31-03-2016 (Total)	As at 31-03-2015 (Audited)
1	Non-Current Assets	-	47.59	47.59	51.93
2	Current Assets	0.04	7.51	7.55	2.84
3	Non-Current Liabilities	-	40.95	40.95	40.20
4	Current Liabilities	0.01	14.82	14.83	9.19
5	Income	-	10.03	10.03	2.25
6	Expenditure	0.01	18.47	18.48	13.23
7	Contingent Liabilities	-	7.10	7.10	7.08
8	Capital Commitments	-	2.33	2.33	2.33

37. The following table shows the reconciliation between the Net profit as per Consolidated Financial Statements and Standalone Financial Statements:

₹ Crore

SrNo	Particulars	As on 31.3.2016	As on 31.3.2015
1	Net Profit as per Consolidated Financial Statements	185.21	345.75
2	Less: Intercompany Adjustments		
	a) Provision towards diminution in the investments made in JV entity (FRBL)	(2.37)	(32.87)
	b) Provision for doubtful debts on the loans paid to the JV entity (FRBL)	(0.06)	(1.79)
3	Add: Share in the loss of the JV entity - FRBL 50% share	8.45	10.97
4	Net profit as per Standalone Financial Statements	191.23	322.06

38. Disclosure of additional information pertaining to the Parent Company and Joint Ventures

Name of Entity in the Group	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss	
	As % of consolidated net assets	Amount ₹ Crore	As % of consolidated net assets	Amount ₹ Crore
Parent Company				
Rashtriya Chemicals and Fertilizers Limited	101.35	2866.60	104.56	193.66
Joint Ventures (as per Proportionate Consolidation Method)				
Indian				
FACT – RCF Building Products Ltd.	(1.34)	(37.96)	(4.56)	(8.45)
Urvarak Videsh Limited	(0.01)	(0.15)	(0.00)	(0.00)
Rashtriya Coal Gas Fertilizers Limited	-	-	-	-
Total	100.00	2828.49	100.00	185.21



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

39. 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.
40. 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 14th October 2014.
41. The previous year's figures have been reinstated based on the audited financials of FACT-RCF Building Products Ltd. which were previously consolidated as per Management certified accounts and the financials of Urvarak Videsh Ltd. which were not previously consolidated as the Joint Venture was not considered material and has now been consolidated based on the audited financials for the year 2015-16.
42. Previous year figures 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 on behalf of the Board of Directors
RASHTRIYA CHEMICALS AND FERTILIZERS LTD.

For **NBS & Co.**
Chartered Accountants
Firm Regn. No.110100W

For **Kalyaniwalla & Mistry**
Chartered Accountants
Firm Regn. No.104607W

(R.G.Rajan)
Chairman and Managing Director
DIN: 01253189

(Devdas Bhat)
Partner
Membership No: 48094

(Sai Venkata Ramana Damarla)
Partner
Membership No: 107017

(Suresh Warrior)
Director (Finance)
DIN : 06920261

Dated : 26.05.2016
Place: Mumbai

(D. M. Sati)
Company Secretary
Membership No: 23683

Dated : 26.05.2016
Place: Mumbai

CONSOLIDATED SEGMENTWISE REVENUE & RESULTS FOR THE YEAR ENDED 31.03.2016

Annexure-I
₹ Crore

Sr. No	Particulars	TROMBAY			THAL			TRADING			TOTAL			
		Ferti lizers	Indu strial Prod- ucts	Total	Ferti lizers	Indu strial Prod- ucts	Total	Ferti lizers	Indu strial Prod- ucts	Total	Ferti lizers	Indu strial Prod- ucts	Total	
	SEGMENT REVENUE													
i.	Sales (Incl. Subsidy wherever applicable)	2721.21	512.27	3233.48	4082.21	365.06	4447.27	955.63	-	955.63	7759.05	877.33	23.07	8659.45
ii.	Inter Segement Revenue			-			-							
	Total Revenue	2721.21	512.27	3233.48	4082.21	365.06	4447.27	955.63	-	955.63	7759.05	877.33	23.07	8659.45
	SEGMENT RESULT													
i.	Segment Results	164.54	9.77	174.31	235.76	10.84	246.60	25.43		25.43	425.73	20.61	(1.60)	444.74
ii.	Less: Other Unallocable Expenditure (Net of Unallocable Income)			9.44			14.95			2.15			(8.32)	18.22
iii.	Interest Expense													146.74
iv.	Interest Income												(0.01)	6.39
v.	Operating Profit									9.93				286.17
vi.	Prior Period Expenses / (Income)			0.11			0.98			0.00				1.09
vii.	Profit before Tax													285.08
viii.	Tax - Current													105.51
ix.	Deferred Tax Liability / (Asset)													13.87
x.	Excess Provision of Tax written Back													(19.51)
xi.	Net Profit													185.21
	OTHER INFORMATION													
i.	Segment Assets	2950.61	126.41	3077.02	3803.46	116.80	3920.26	263.77		263.77	7017.84	243.21	55.15	7316.20
ii.	Unallocated Corporate Assets												424.97	424.97
iii.	Total Assets	2950.61	126.41	3077.02	3803.46	116.80	3920.26	263.77	-	263.77	7017.84	243.21	480.12	7741.17
iv.	Segment Liabilities	795.72	18.90	814.63	516.31	9.84	526.15	31.06	0.00	31.06	1343.10	28.74	55.78	1427.62
v.	Unallocated Corporate Liabilities												3485.06	3485.06
vi.	Total Liabilities	795.72	18.90	814.63	516.31	9.84	526.15	31.06	-	31.06	1343.10	28.74	3540.84	4912.68
vii.	Capital Expenditure			183.24			67.44			0.75			10.02	261.46
viii.	Depreciation			65.90			71.93						12.39	150.22
viii.	Other Non Cash Expenses			1.88			3.59			0.23			0.20	5.90



Annexure-1
₹ Crore

Sr. No	Particulars	TROMBAY			THAL			TRADING			TOTAL									
		Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total	Fertilizers	Industrial Products	Total							
	SEGMENT REVENUE																			
i.	Sales (Incl. Subsidy wherever applicable)	2465.56	574.19	3039.75	3678.24	357.86	4036.10	625.84	0.00	625.84	6769.64	932.05	13.88	7715.57						
ii.	Inter Segement Revenue			-			-													
	Total Revenue	2465.56	574.19	3039.75	3678.24	357.86	4036.10	625.84	0.00	625.84	6769.64	932.05	13.88	7715.57						
	SEGMENT RESULT																			
i.	Segment Results	224.91	83.95	308.86	402.40	22.50	424.90	34.35		34.35	661.66	106.45	28.33	796.44						
ii.	Less: Other Unallocable Expenditure			74.13			4.39			6.63			54.18	139.33						
	(Net of Unallocable Income)																			
iii.	Interest Expense																			
iv.	Interest Income																			
v.	Operating Profit			176.95			384.87			13.52			(34.25)	541.09						
vi.	Prior Period Expenses / (Income)			6.78			0.58			0.41				7.77						
vii.	Profit before Tax			170.17			384.29			13.11				533.32						
viii.	Tax - Current													248.41						
ix.	Deferred Tax Liability / (Asset)													(60.27)						
x.	Excess Provision of Tax written Back													(0.57)						
xi.	Net Profit													345.75						
	OTHER INFORMATION																			
i.	Segment Assets	2329.64	146.90	2476.54	3117.23	134.05	3251.28	150.69		150.69	5597.56	280.95	54.78	5933.29						
ii.	Unallocated Corporate Assets												335.97	335.97						
iii.	Total Assets	2329.64	146.90	2476.54	3117.23	134.05	3251.28	150.69	0.00	150.69	5597.56	280.95	390.75	6269.26						
iv.	Segment Liabilities	508.88	36.87	545.75	313.57	20.19	333.75	146.11		146.11	968.56	57.05	49.39	1075.01						
v.	Unallocated Corporate Liabilities												2477.94	2477.94						
vi.	Total Liabilities	508.88	36.87	545.75	313.57	20.19	333.75	146.11	-	146.11	968.56	57.05	2527.33	3552.94						
vii.	Capital Expenditure			76.96			64.38			0.56			4.08	145.98						
viii.	Depreciation			179.90			68.05						15.37	263.32						
viii.	Other Non Cash Expenses			9.52			4.90			2.98			34.66	52.06						

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES / JOINT VENTURES AS PER THE 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
Rajasthan Rashtriya Chemicals and Fertilizers Limited													

The company has been dissolved in November 2015

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		Extent of Holding %	Network Shareholding as per the latest audited Balance Sheet (₹ Crore)	Profit / Loss for the year		Description of how there is significant influence	Reason why the associate / joint venture is not consolidated
		No.	Amount of investment in Associate / Joint Venture (₹ Crore)			Considered in Consolidation (₹ Crore)	Not Considered in Consolidation (₹ Crore)		
1. FACT –RCF Building Products Ltd.	31-03-2016	3,28,70,000	32.87	50.00%	(37.97)	(8.45)	-	Note A	-
2. Urvarak Videsh Limited	31-03-2016	1,80,000	0.18	33.33%	(0.15)	(0.00)	-	Note A	-
3. Rashtriya Coal Gas Fertilizers Limited	31-03-2016	15,000	0.02	30.00%	(0.00)	(0.00)	-	Note A	-

Note

A: There is significant influence due to percentage(%) of Share Capital.

₹

(35,196.48)

(804.25)

* Share of JV in Profit / (Loss) for the year - Urvarak Videsh Limited

* Share of JV in Profit / (Loss) for the year - Rashtriya Coal Gas Fertilizers Limited

For and on behalf of the Board of Directors
RASHTRIYA CHEMICALS AND FERTILIZERS LTD.

(R.G. Rajan)

Chairman and Managing Director

DIN. 01253189

(Suresh Warior)

Director (Finance)

DIN. 06920261

(D.M. Sati)

Company Secretary

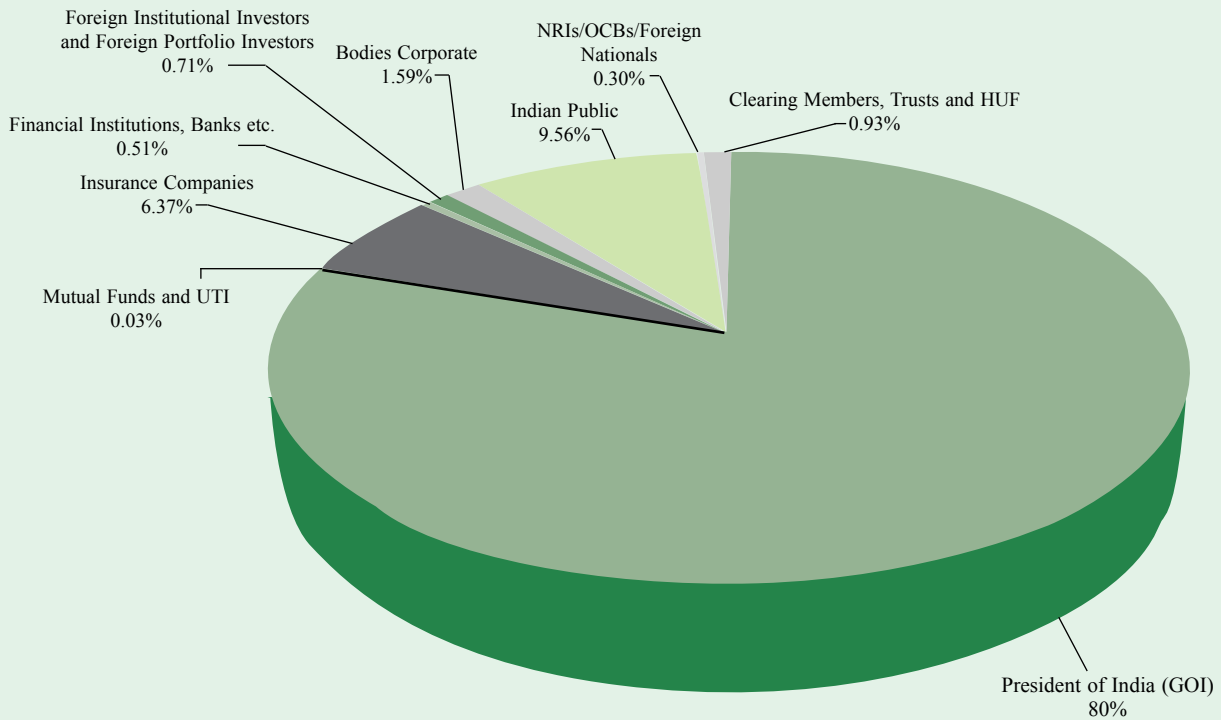
Membership No. 23683

Dated : 26.05.2016

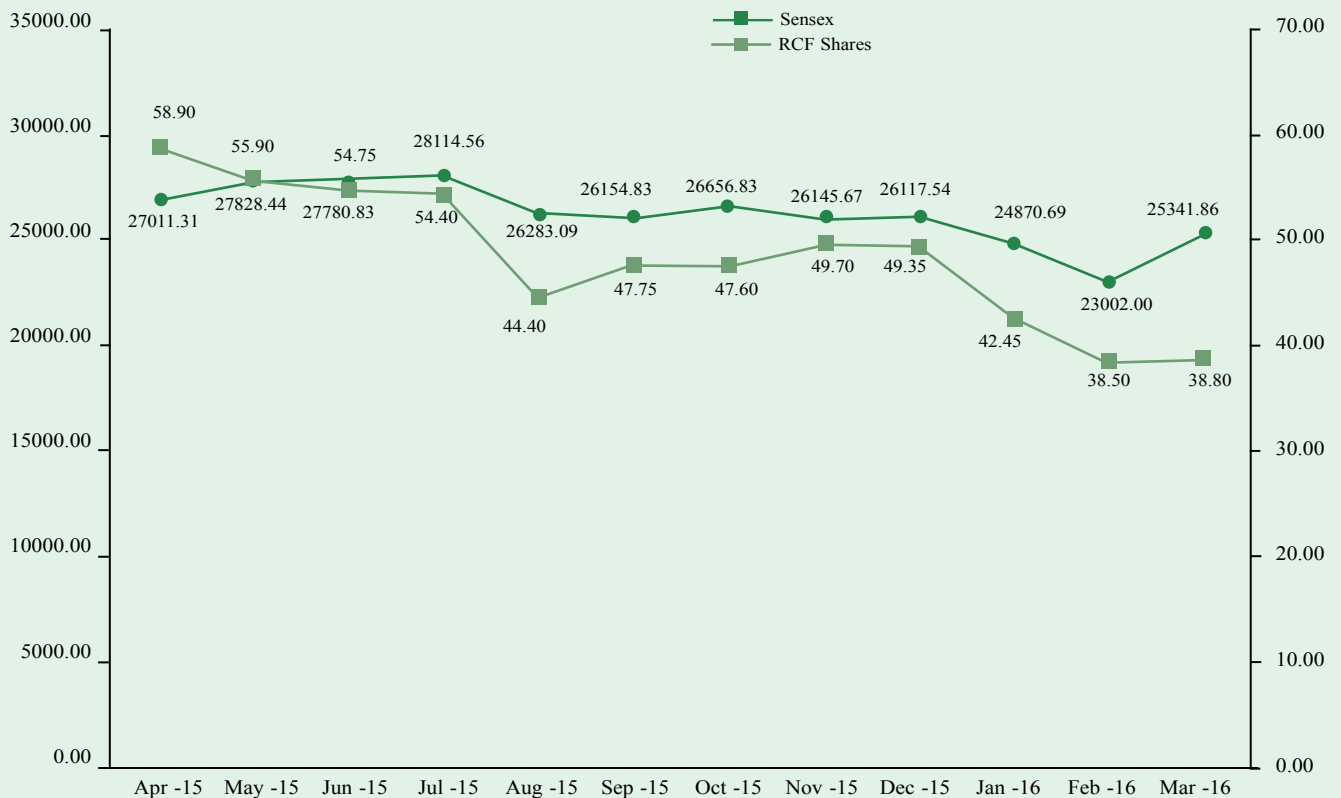
Place: Mumbai



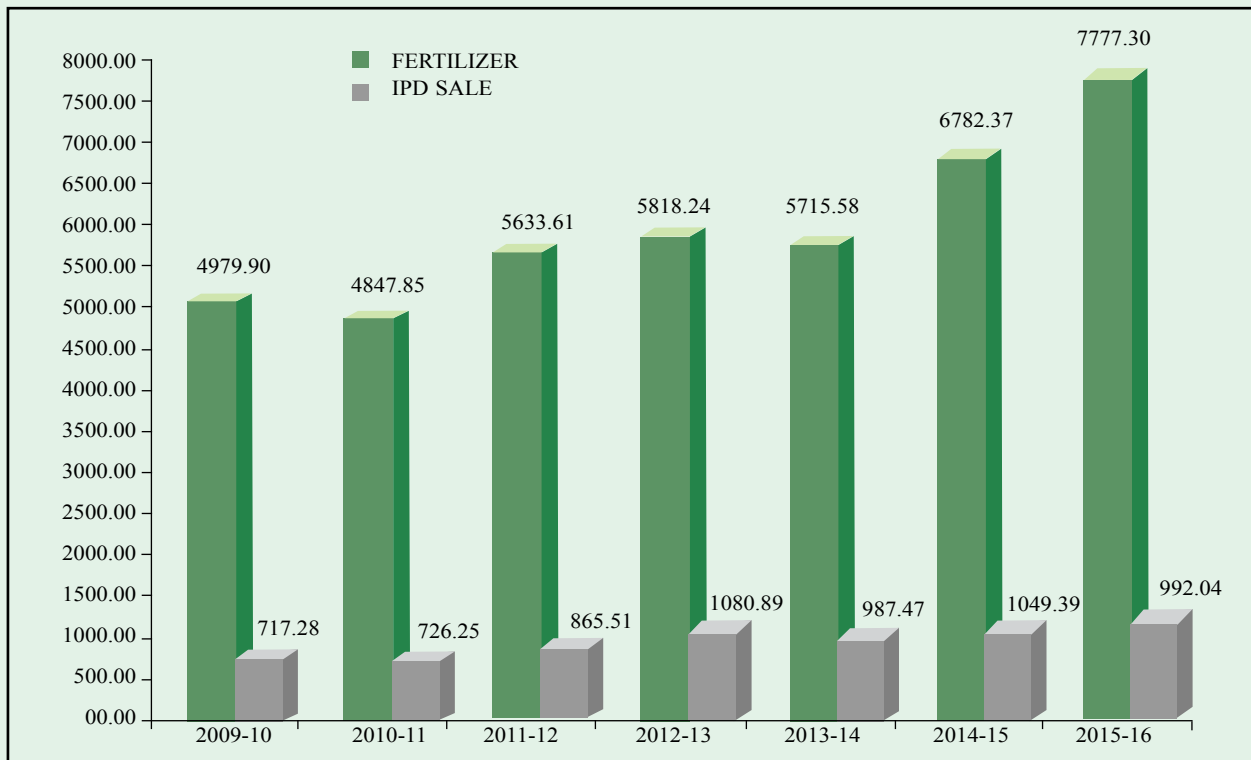
SHARE HOLDING PATTERN AS ON 31.03.2016



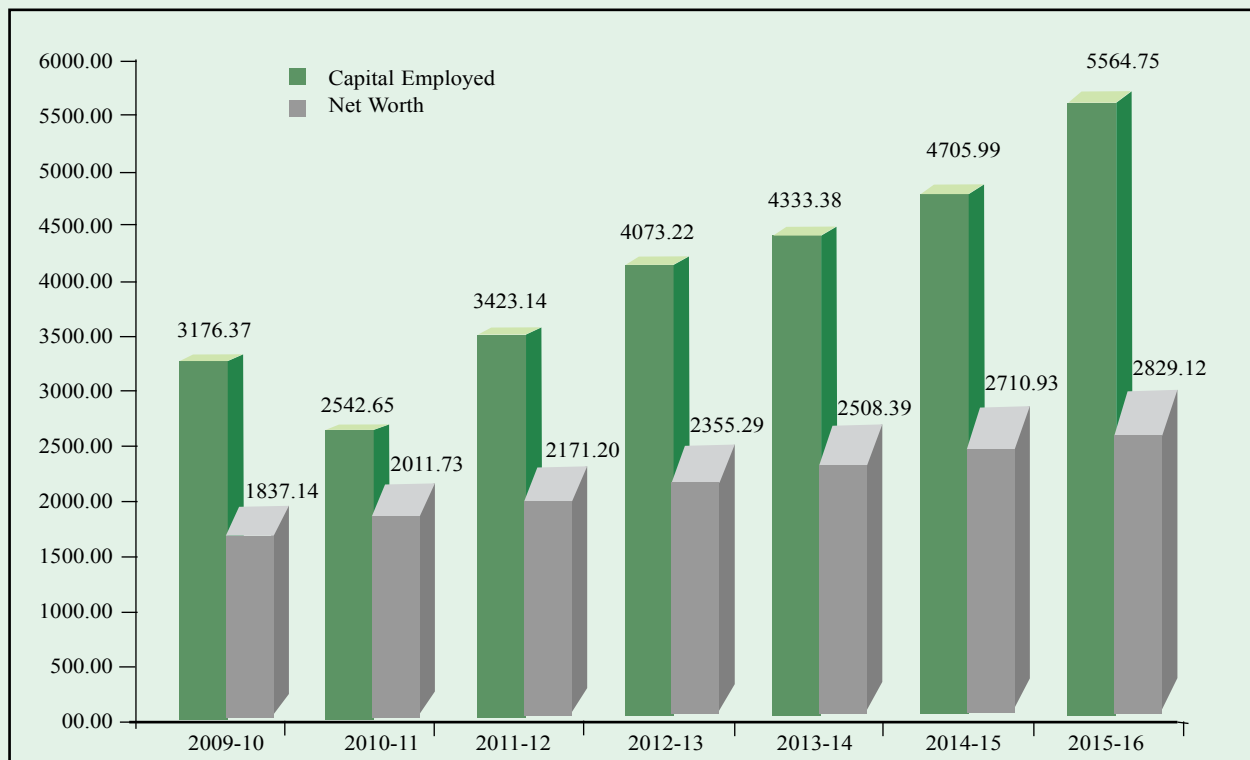
PERFORMANCE OF RASHTRIYA CHEMICALS & FERTILIZERS LTD. SHARE PRICE IN COMPARISON WITH BSE SENSEX



FERTILIZER AND IPD SALES (₹ CRORE)

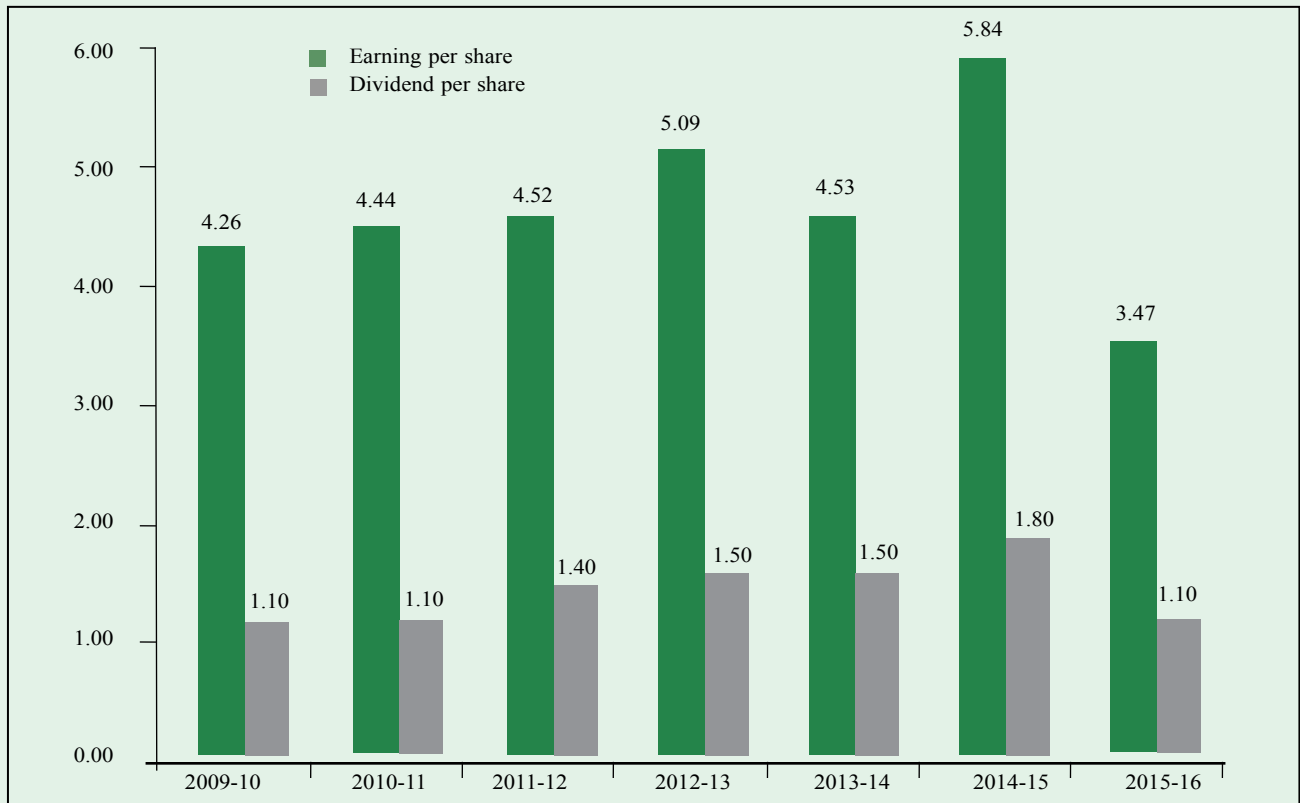


CAPITAL EMPLOYED & NET WORTH (₹ CRORE)

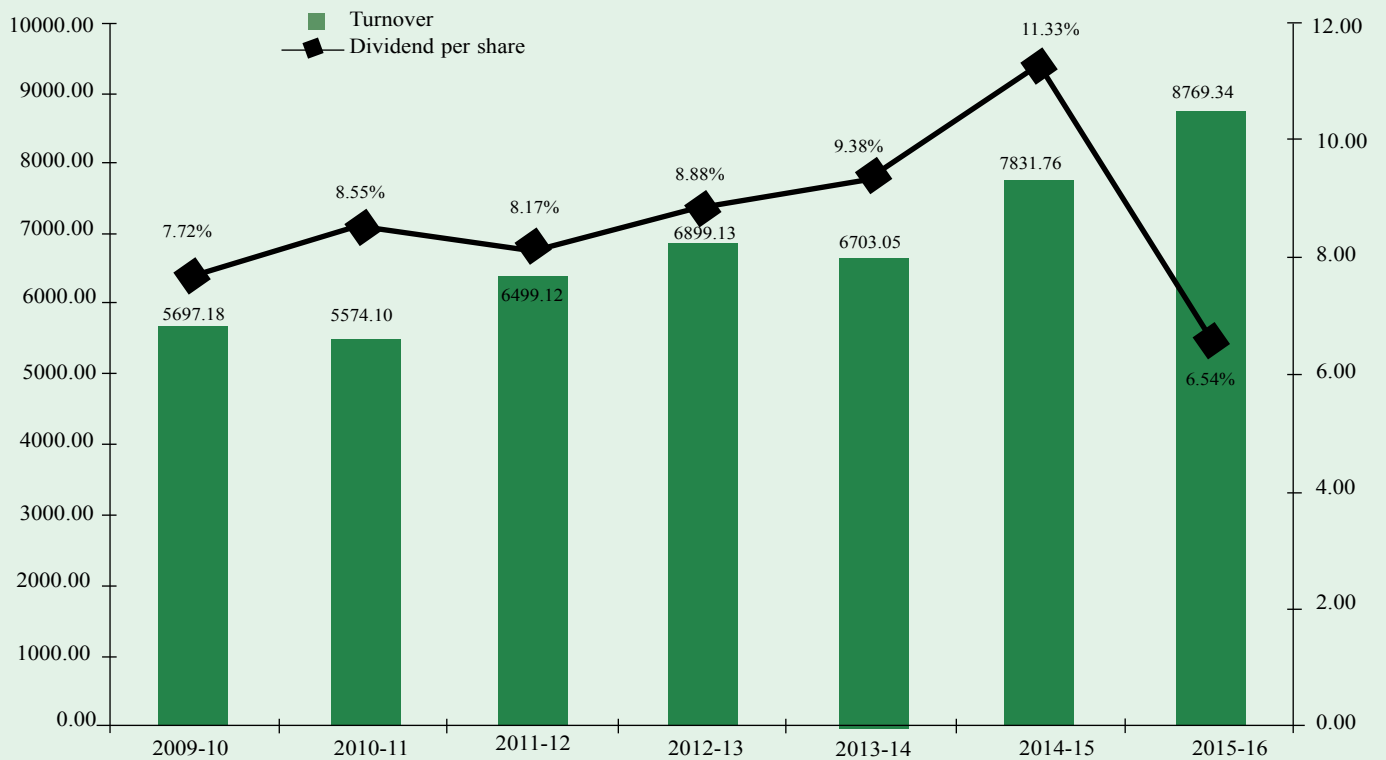




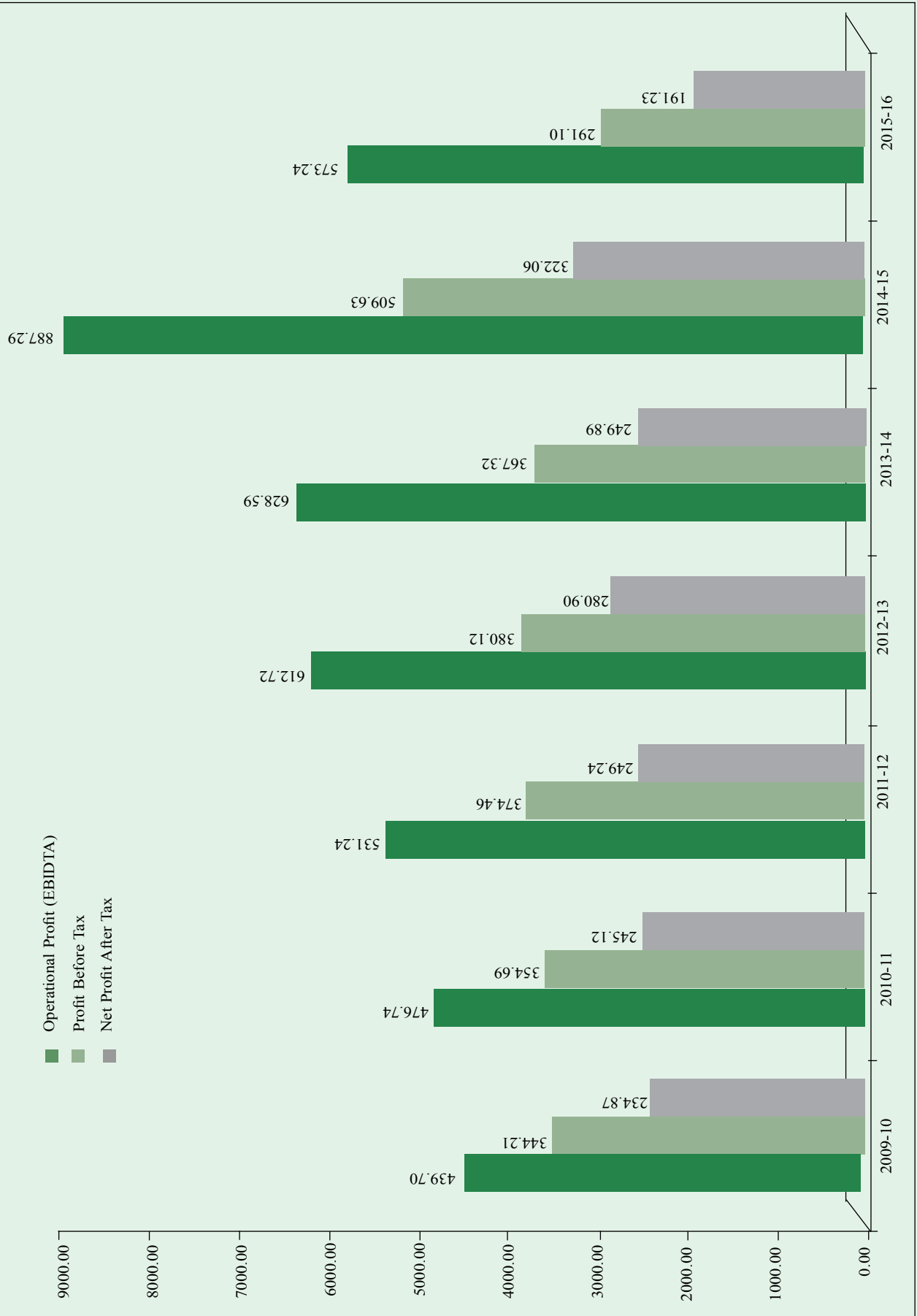
EARNINGS & DIVIDEND PER SHARE (₹)



EBIDTA AS A PERCENTAGE TO TURNOVER (₹ CRORE)



OPERATIONAL PROFIT (EBIDTA), PBT AND PAT (₹ CRORE)





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.

RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

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

Corporate Identification No.: L24110MH1978GOI020185

Phone: 022-24045024/ Fax:022 24045022

Email Id: investorcommunications@rcfltd.com

Website: www.rcfltd.com

38th Annual General Meeting, Friday, 23rd September, 2016

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*	

I/We being the member(s) of Shares of the above named Company hereby appoint:

1. Name:

Address:

Email Id: _____ or failing him

2. Name:

Address:

Email Id: _____ or failing him

3. Name

Address

Email Id _____ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/belief at 38th Annual General Meeting of the Company to be held on Friday, the 23rd September, 2016 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.	Resolution	For	Against
	Ordinary Resolutions		
1.	To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the year ended 31 st March, 2016, including Profit & Loss Statement for the year ended 31 st March, 2016 and Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.		



2.	To declare dividend.		
3.	To fix remuneration of Auditors.		
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 appoint a Director in place of Shri Suresh Warior (DIN: 06920261), who retires by rotation and being eligible, offers himself for reappointment.		
	Special Resolutions		
6.	To appoint Shri Dharam Pal, as a Director of the Company		
7.	To appoint Shri Harin Pathak, as an Independent Director of the Company		
8.	To appoint Shri Bharatkumar Barot, as an Independent Director of the Company		
9.	To appoint Shri G. M. Inamdar, as an Independent Director of the Company		
10.	Approval of Cost Auditors remuneration		

Signed this _____ day of _____ 2016

Signature

Affix Revenue
Stamp of ₹ 1

Sign across the revenue stamp

(Signature of the First Proxy holders)

(Signature of the Second Proxy holders)

(Signature of the third Proxy holders)

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.

BT-CSR Excellence Award 2016



Shri C.M.T. Britto, Director (Technical), RCF receiving BT-CSR Excellence Award 2016 organised by Bureaucracy Today in association with ET Now at the hands of Hon'ble Shri Anant Geete, Union Cabinet Minister for Heavy Industries and Department of Public Enterprises at New Delhi. RCF received this award in the Promotion of Health Care category for their Mid day Meal scheme implemented for the needy schools of Chembur Area.

Vigilance Excellence Award



Shri Naresh Massand, General Manager(Vigilance), RCF receiving Vigilance Excellence Award at the seventh Conclave of Vigilance Officers organised by Institute of Public Enterprise, Hyderabad along with Vigilance team



Let us grow together



The more we nourish the earth, the more India gets rich



Since its inception in the early sixties, RCF has been a major driving force behind India's agricultural productivity. And our resounding success has its roots in our belief. The belief that when we empower the farming community, it leads to inclusive growth. All along, we've been a true & trusted companion of Indian farmers. Today, the nation requires to sustain self-reliance through **sustainable agriculture**. And we stand firmly committed to continue providing quality agricultural inputs and sound agronomical services to the farmers for ensuring higher farm productivity with proper care of soil.

Performance that inspires:

- Leading manufacturer of fertilizers in the country
- Serving the Indian farmers for the last 5 decades
- Rated among the top 5 companies in the fertilizer sector
- A wide product portfolio comprising 'Ujjwala' urea, 'Suphala' complex grades (15:15:15 & 20:20:0), 'Sujala' water soluble fertilizers, 'Biola' bio-fertilizer, 'Microla' micro-nutrients
- A pioneer in the chemicals field as well, producing more than 20 industrial chemicals

The way forward:

- Thal expansion project to produce 1.27 million tonnes of urea per annum
- To set up fertilizer complex at Talcher in consortium with CIL, GAIL and FCIL through coal gasification route
- To set up JV projects for urea in resource-rich countries of Middle East
- To enter into long term off-take agreements for rock phosphate and potash
- Strong focus on sustainable development



**RASHTRIYA CHEMICALS
AND FERTILIZERS LTD**
(A Government of India Undertaking)